



Urban Renewal Task Force Meeting – July 22, 2020

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Urban Renewal Agency

of the City of Wilsonville, Oregon



Annual Urban Renewal Report
For Fiscal Year Ending
June 30, 2019

Introduction

The Urban Renewal Agency of the City of Wilsonville is a separate municipal corporation responsible for governing the City's three urban renewal areas. The three areas include the Year 2000, West Side, and Coffee Creek plan areas. A map of the City detailing the urban renewal area borders is displayed on the final page of this report.

Each year all urban renewal agencies must prepare a notice for the governing body and the general public in accordance with ORS 457.460. The notice is to include a financial recap of the preceding year and the budget for the current fiscal year. Additionally, it is to include an analysis of the impact of carrying out the urban renewal plan on the tax rate for each of the overlapping governmental units within the urban renewal district.

The following report satisfies the requirements of the statute and expands upon those minimum requirements by providing the reader more detailed information about Wilsonville's Urban Renewal Agency and its activities. The required notice for each urban renewal area is incorporated at the end of each respective section.

The Urban Renewal Concept

Tax increment financing is used in areas where private development has stagnated or is not feasible without public sector investment and partnership. Public investment through urban renewal is one way to change those conditions. The types of urban renewal activities undertaken generally include land assembly and development of infrastructure and public amenities (i.e. streets, utility lines, lighting, public open spaces, parks).

As the result of the publicly funded efforts, investment becomes feasible for private developers. Developments consistent with the City's urban renewal plan are then allowed to go forward.

How Tax Increment Financing Works

Urban renewal is a mechanism that freezes the assessed value in a designated geographical area at a point in time. As the assessed property value in the designated urban renewal area grows above that frozen base, the incremental revenue is distributed to the Urban Renewal Agency to pay for urban renewal projects intended to encourage private development. During the process of forming urban renewal areas, the desired projects, which may include public improvements like roadways, parks, and other amenities, are identified in an urban renewal plan. Urban renewal financing in the form of a bond is obtained to fund the projects, and the desired improvements are completed. Private development in the area then becomes more feasible. As property values rise with increased development, tax revenues increase, and that increase is used to pay off the urban renewal bonds.

Urban Renewal Value and Area Caps

Oregon state law allows Wilsonville to create urban renewal districts with up to 25% of the city’s total land area. As of June 30, 2019, the total land area for the city was approximately 5,046 acres and 22.2% (1,118 acres) of the total was within one of the City’s existing urban renewal districts.

The law also limits the total assessed value within all urban renewal districts to 25% of the city’s total assessed value. The assessed values are measured at the time a district is created or subsequently adjusted. The table below presents the Urban Renewal value and area cap tests.

District	Area Cap Test		Assessed Value Test	
	Acreage	% of City	Amount	% of City
Year 2000 Plan	449	8.9%	\$ 45,326,441	1.2%
West Side Plan	411	8.1%	18,017,272	0.5%
Coffee Creek	258	5.1%	99,003,704	2.6%
Combined	1,118	22.2%	162,347,417	4.3%
Total City	5,046		\$ 3,789,225,581	

Tax Increment Calculations

Tax increment is used for the payment of debt for urban renewal activities described in the urban renewal plans adopted by the City of Wilsonville.

To determine the amount of the tax increment allocation, the total assessed value within each urban renewal area is segregated by the County Assessor into two parts: (a) the total taxable assessed value in the district at the time the Urban Renewal Plan was adopted (Frozen Base Value) adjusted by under-levying, by the urban renewal area, and by properties added or removed from the area, and (b) the difference between the Frozen Base Value and the current total assessed value (Incremental Value).

With the passage of measure 50, urban renewal property taxes are generated by two processes. First is a process called “division of tax,” referring to taxes levied by each overlapping government or special district on the Incremental Value. Second is a Special Levy on property within Wilsonville. This special tax rate protects bondholders and permits the Urban Renewal Agency to recover increment “lost” due to roll back of assessed values and tax rates. The Special Levy can only be assessed on a limited amount of indebtedness – explained in the Financing the Urban Renewal Projects section. The City has not assessed the Special Levy since 2002-03 and was precluded from doing so when it approved a substantial plan amendment in June 2007. The table below displays the tax increment available for three districts: Year 2000 Plan, West Side Plan and Coffee Creek as well as the effect of under-levying for fiscal year 18-19.

Tax Increment Available for Fiscal Year Ended June 30, 2019

	<u>Year 2000 Plan¹</u>	<u>West Side Plan²</u>	<u>Coffee Creek Plan</u>
Total Assessed Value	\$499,772,685	\$676,932,760	\$126,234,559
Less: Frozen Base Value	<u>(45,326,441)</u>	<u>(18,017,272)</u>	<u>(99,003,704)</u>
Incremental Value	\$454,446,244	\$658,915,488	\$27,230,855
Tax Increment			
Taxes Available 18-19 (est.)	\$6,135,024	\$8,565,901	\$255,803
Taxes Levied 18-19	<u>4,000,000</u>	<u>5,000,000</u>	<u>255,803</u>
Taxes available to overlapping districts	\$2,135,024	\$3,565,901	\$0

1 Year 2000 Plan division of taxes limited to \$4.2 million per Urban Renewal Board commitment

2 West Side Plan increment limited to \$5.0 million, per legislation

Property Tax Limitation and Tax Increment

(Measure 5)

In November 1990, Oregon voters passed a property tax limitation measure (Measure 5) that established a \$10 limit per thousand of real market value for property tax collection for local governments. It is important to note that the \$10 limit is based on real market value rather than assessed value of a property. The impact of this measure on urban renewal is that repayment of urban renewal debt (past, present, or future) must now come within the \$10 limit for local governments.

In a 2002 Oregon Supreme Court ruling, the limitations of Measure 5 were clarified so that urban renewal tax dollars related to the division of taxes from education are to be included in the general government category when determining the \$10 limit. Similarly, Measure 5 established a \$5 limit per thousand of real market value for education. The effect of this ruling accelerates the likelihood of the general government category taxes hitting the \$10 ceiling but decreases the likelihood of the education category reaching the \$5 ceiling. In 2018-2019, the cumulative tax rate for all local governments within Wilsonville City limits ranged between \$6.7654 and \$9.3289 per thousand depending upon which tax code area the property resides.

Effect of Urban Renewal on Tax Collections (Measure 50)

Carrying out the urban renewal plans has an effect on various taxing entities sharing (over-lapping) the property within the Wilsonville Urban Renewal districts. Measure 50 required a change from a levy-based system to a rate based system, resulting in a modification of the way the County Assessor computes the allocation of taxes from the overlapping districts.

The division of taxes process means that taxes associated with the incremental value is received by the Urban Renewal Agency instead of the various taxing districts (e.g. Clackamas County, City of Wilsonville, West Linn Wilsonville School District, Tualatin Valley Fire & Rescue, among others).

The following table shows the taxing districts that levy taxes within the city’s Urban Renewal Agency, the total amount of taxes levied, and the percent of those taxes that were received by the Wilsonville Urban Renewal Agency.

District	Taxes Levied ¹	Allocation to Year 2000 ²	Year 2000 UR as %	Allocation to West Side ²	West Side UR as %	Allocation to Coffee Creek	Coffee Creek UR as %
Clackamas County	\$135,510,805	\$774,085	0.6%	\$964,326	0.7%	\$0	0.0%
Washington County	\$148,630,666	\$0	0.0%	\$0	0.0%	\$37,659	0.0%
City of Wilsonville	\$9,551,122	\$781,641	8.2%	\$974,037	10.2%	\$86,227	0.9%
Clackamas Extension & 4-H	\$2,541,221	\$15,882	0.6%	\$20,026	0.8%	\$0	0.0%
Clackamas Library District	\$20,197,622	\$127,748	0.6%	\$159,171	0.8%	\$0	0.0%
Clackamas Soil Conservation Distr.	\$2,541,880	\$15,882	0.6%	\$20,026	0.8%	\$0	0.0%
Tualatin Soil Conservation Distr.	\$4,486,517	\$0	0.0%	\$0	0.0%	\$1,152	0.0%
Tualatin Valley Fire & Rescue	\$88,313,853	\$473,148	0.5%	\$589,255	0.7%	\$59,020	0.1%
West Linn/Wilsonville Schools	\$40,422,697	\$1,613,917	4.0%	\$2,011,209	5.0%	\$0	0.0%
Sherwood School District	\$32,278,795	\$0	0.0%	\$0	0.0%	\$80,656	0.2%
Clackamas ESD	\$17,982,920	\$121,511	0.7%	\$151,346	0.8%	\$0	0.0%
ESD Northwest Regional	\$9,886,089	\$0	0.0%	\$0	0.0%	\$2,561	0.0%
Clackamas Community College	\$28,138,283	\$224,422	0.8%	\$280,017	1.0%	\$0	0.0%
Portland Community College	\$44,661,363	\$0	0.0%	\$0	0.0%	\$4,729	0.0%
Vector Control	\$330,444	\$2,072	0.6%	\$2,417	0.7%	\$0	0.0%
Port of Portland	\$8,117,908	\$21,540	0.3%	\$27,016	0.3%	\$2,434	0.0%
Metro Service District	\$37,046,243	\$29,937	0.1%	\$37,239	0.1%	\$3,037	0.0%

¹ Combined Clackamas/Washington Counties (values from property tax schedules 4a)

² Values from Clackamas/Washington County Table 4E
 Amounts rounded to the nearest whole percent.

TIF Zone Urban Renewal District Sites

On March 12, 2013, the citizens of Wilsonville voted in favor of creating up to six single-property Urban Renewal Districts to incentivize capital investment and job creation by manufacturers. By 2014, three of the TIF Zones had been leased or purchased by businesses who would not benefit from the TIF Zone program within the program’s time frame. Consequently, the City Council eliminated these three TIF Zones in the fall of 2014. The three remaining TIF Zones also remained unused and the program completely expired November 2019.

Financial Reports

The tables on the following pages contain financial information on the three funds used to account for the activities of the Urban Renewal Agency. The reports were prepared by the Finance Department of the City of Wilsonville using a modified accrual basis of accounting pursuant to ORS 457.460. The fiscal year is the period running July through June of the respective years indicated. Financial Reports can be found at the end of each section: the Year 2000 Plan, West Side Plan and Coffee Creek Plan.

Year 2000 Plan

Plan Adopted

The Year 2000 Plan was adopted August 29, 1990. Plan Mission Statement: To eliminate blight in areas within the Agency’s jurisdiction, and in the process, attract aesthetically pleasing, job producing private investments that will improve and stabilize property values and protect the area’s residential livability and its environmental values.

Financing the Urban Renewal Projects

To pay for urban renewal projects, the Agency must issue debt. Maximum Indebted became a requirement in 1998 and the limit of \$53,851,923 was adopted on June 15, 1998. A substantial plan amendment passed in June, 2007, that increased the maximum debt limit to \$92,687,423. An additional substantial plan amendment was passed in May 2018, and increased the maximum debt limit to \$107,196,524. The table below summarizes the debt activity for the Year 2000 Plan.

Date	Issue Amount	Key Projects
<u>Maximum Indebtedness</u>		
Adopted August 19990	\$ 53,851,923	
Increased June 2007	38,835,500	
Increased May 2018	<u>14,509,101</u>	
Total Maximum Indebtedness	<u>107,196,524</u>	
<u>Debt Issued</u>		
June 1994	8,760,000	Park land, Memorial Dr, High School IGA
December 1996	3,075,000	Wilsonville Rd and Interchange
June 1998	3,000,000	Wilsonville Rd and Interchange
June 2000	6,000,000	Wilsonville Rd and Town Center Park
August 2001	3,000,000	Wilsonville Rd - various portions
June 2002	5,000,000	Wilsonville Rd - various portions
June 2003	3,000,000	Wilsonville Rd - various portions
December 2003	10,000,000	Wilsonville Rd, High School improvements
September 2005	4,850,000	Town Center Park, Murase Park
September 2005	10,000,000	City Hall construction
October 2007	4,200,000	Wesleyan Church property acquisition
June 2009	3,000,000	Wilsonville Rd Interchange improvements
September 2010	8,000,000	Wilsonville Rd Interchange improvements
April 2013	3,500,000	Sewer Plant Upgrade, Canyon Creek So Road
June 2014	2,000,000	Canyon Creek So to Town Center Loop East
May 2015	2,000,000	Canyon Creek So to Town Center Loop East
April 2016	2,000,000	East-West Connector; Town Ctr Concept Plan
June 2018	<u>3,000,000</u>	5th St Extension
Total debt issued through June 2018	<u>84,385,000</u>	
Balance Available, June 30, 2019	<u>\$ 22,811,524</u>	Maximum Indebtedness less Total Debt Issued
Outstanding Debt as of June 30, 2019	<u>\$ 5,155,000</u>	

Year 2000 Plan
Statement of Resources and Expenditures
CAPITAL PROJECTS FUND

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
	<u> </u>	<u> </u>
REVENUES		
Investment revenue	\$ 76,360	\$ 55,165
Other	-	-
Total Revenues	<u>76,360</u>	<u>55,165</u>
EXPENDITURES		
5th Street Extension	64,152	6,343,000
Boekman Dip Bridge	31,348	850,000
Town Center Stage Cover	-	15,000
Planning, Financing, and Administration	626,878	798,531
Contingency	-	<u>1,160,891</u>
Total Expenditures	<u>722,378</u>	<u>9,167,422</u>
Excess (deficiency) of revenues over (under) expenditures	(646,018)	(9,112,257)
OTHER FINANCING SOURCES (Uses)		
Issuance of debt	-	<u>9,000,000</u>
Net change in fund balances	(646,018)	(112,257)
Fund balances - beginning	<u>3,187,661</u>	<u>112,257</u>
Fund balances - ending	<u>\$ 2,541,643</u>	<u>\$ -</u>

Year 2000 Plan
Statement of Resources and Expenditures
Debt Service Fund

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Tax Increment	\$ 4,204,610	\$ 4,075,000
Interest Income	277,548	135,405
Total Revenues	4,482,158	4,210,405
EXPENDITURES		
Payment of Bond Principal	360,000	380,000
Short Term Debt	-	9,000,000
Interest Expense	234,388	900,000
Total Expenditures	594,388	10,280,000
Net change in fund balances	3,887,770	(6,069,595)
Fund balances - beginning	9,331,877	10,366,877
Fund balances - ending	\$ 13,219,647	\$ 4,297,282

Year 2000 Plan
Statement of Resources and Expenditures
Program Income Fund

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Interest Income	\$ 48,297	\$ 10,000
Other Income	149,452	\$ 135,000
Total Revenues	197,749	145,000
EXPENDITURES		
Materials & Services	20,037	50,000
Capital Project - Art Tech Siding Replacement	79,749	-
Capital Project - I5 Pedestrian Bridge	1,512,000	-
Total Expenditures	1,611,786	50,000
Net change in fund balance	(1,414,037)	95,000
Fund balances - beginning	2,128,303	666,554
Fund balances - ending	\$ 714,266	\$ 761,554

West Side Plan

Plan Adopted

The West Side Urban Renewal Plan was adopted November 3, 2003 (Ordinance #560).

Its mission is to eliminate blight in areas within the Agency’s jurisdiction, and in the process, attract aesthetically pleasing, job producing private investments that will improve and stabilize property values and protect the area’s residential livability and its environmental values.

At creation, the district encompassed 394 acres and had a frozen tax base of \$3,605,856 (restated for Measure 50 impact). A substantial plan amendment in September, 2008 (URA Resolution 174) added 62 acres and \$12,920,432 to the frozen base. In 2016, 45 acres were removed to make way for the formation of the Coffee Creek Urban Renewal District.

Financing the Urban Renewal Projects

To pay the cost of urban renewal projects, the Agency must issue debt. At plan adoption, a debt limit of \$40,000,000 was created. A substantial plan amendment was adopted in February 2016 (URA Resolution 253) which increased the maximum indebtedness to \$49,400,000. The table below summarizes the debt activity for the West Side Plan.

Date	Issue Amount	Key Projects
<u>Maximum Indebtedness</u>		
Adopted November 2003	\$ 40,000,000	
Increased February 2016	<u>9,400,000</u>	
	49,400,000	
<u>Debt Issued</u>		
June 2005	15,000,000	Boeckman Rd Extension, School property
September 2005	10,000,000	Boeckman Rd, Barber St
June 2008	5,000,000	Boeckman Rd, Barber St, park improvements
April 2013	2,000,000	Villebois parks and fire sprinklers
June 2014	2,000,000	Barber Street extension, Villebois Parks
May 2015	1,000,000	Barber Street extension, Villebois parks
July 2015	5,000,000	Barber Street extension, Villebois parks,
January 2019	<u>3,000,000</u>	Tooze Road
Total debt issued through June 2019	43,000,000	
Balance Available, June 30, 2019		
(Maximum Indebtedness less Total Debt Issued)		
	<u>\$ 6,400,000</u>	
Outstanding Debt as of June 30, 2019	<u>\$ 23,498,713</u>	

West Side Plan
Statement of Resources and Expenditures
Capital Projects Fund

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Investment revenue	\$ 25,156	\$ 25,000
Total Revenues	<u>25,156</u>	<u>25,000</u>
EXPENDITURES		
Tooze Rd. Construction Project	750,000	-
Planning, Financing, and Administration	376,623	277,670
Water System Development Charges	500,000	700,000
Contingency	-	1,073,738
Total Expenditures	<u>1,626,623</u>	<u>2,051,408</u>
Excess (deficiency) of revenues over (under) expenditures	(1,601,467)	(2,026,408)
OTHER FINANCING SOURCES		
Issuance of debt	<u>3,000,000</u>	-
Net change in fund balances	1,398,533	(2,026,408)
Fund balances - beginning	649,098	2,026,408
Fund balances - ending	<u>\$ 2,047,631</u>	<u>\$ -</u>
Adjustment from budgetary basis to generally accepted accounting basis:		
Development charge payable	<u>(1,263,395)</u>	
Fund balances - generally accepted accounting principles basis	<u>\$ 784,236</u>	

**West Side Plan
 Statement of Resources and Expenditures
 Debt Service Fund**

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Tax Increment	\$ 5,192,879	\$ 4,980,000
Interest Income	328,027	165,000
Total Revenues	<u>5,520,906</u>	<u>5,145,000</u>
EXPENDITURES		
Payment of Bond Principal	4,899,985	1,925,000
Interest Expense	959,176	975,000
Total Expenditures	<u>5,859,161</u>	<u>2,900,000</u>
Net change in fund balance	(338,255)	2,245,000
Fund balances - beginning	11,835,393	11,213,232
Fund balances - ending	<u>\$ 11,497,138</u>	<u>\$ 13,458,232</u>

**West Side Plan
 Statement of Resources and Expenditures
 Program Income Fund**

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Interest Income	\$ 41,417	\$ 80
Total Revenues	<u>41,417</u>	<u>80</u>
EXPENDITURES		
Planning, Financing, and Administration	78,007	-
Capital Project - Tooze Road	1,894,914	-
Total Expenditures	<u>1,972,921</u>	<u>-</u>
Net change in fund balance	(1,931,504)	80
Fund balances - beginning	2,120,351	5,351
Fund balances - ending	<u>\$ 188,847</u>	<u>\$ 5,431</u>

Coffee Creek Plan

Plan Adopted

The Coffee Creek Urban Renewal Plan was adopted on October 17, 2016 (Ordinance No. 796).

The Coffee Creek Urban Renewal area seeks to develop a new employment area in Northwest Wilsonville that will attract general industrial, warehouse, flex, and research and development related business. The Coffee Creek Urban Renewal area is composed of approximately 258.35 total acres and is entirely within Washington County. Key projects identified for improvement are infrastructure enhancements to existing roadways, utility development, and property acquisition and disposition. The first increment was received in FY 17-18 and capital expenditures are not expected until FY 19-20 or later.

Financing the Urban Renewal Projects

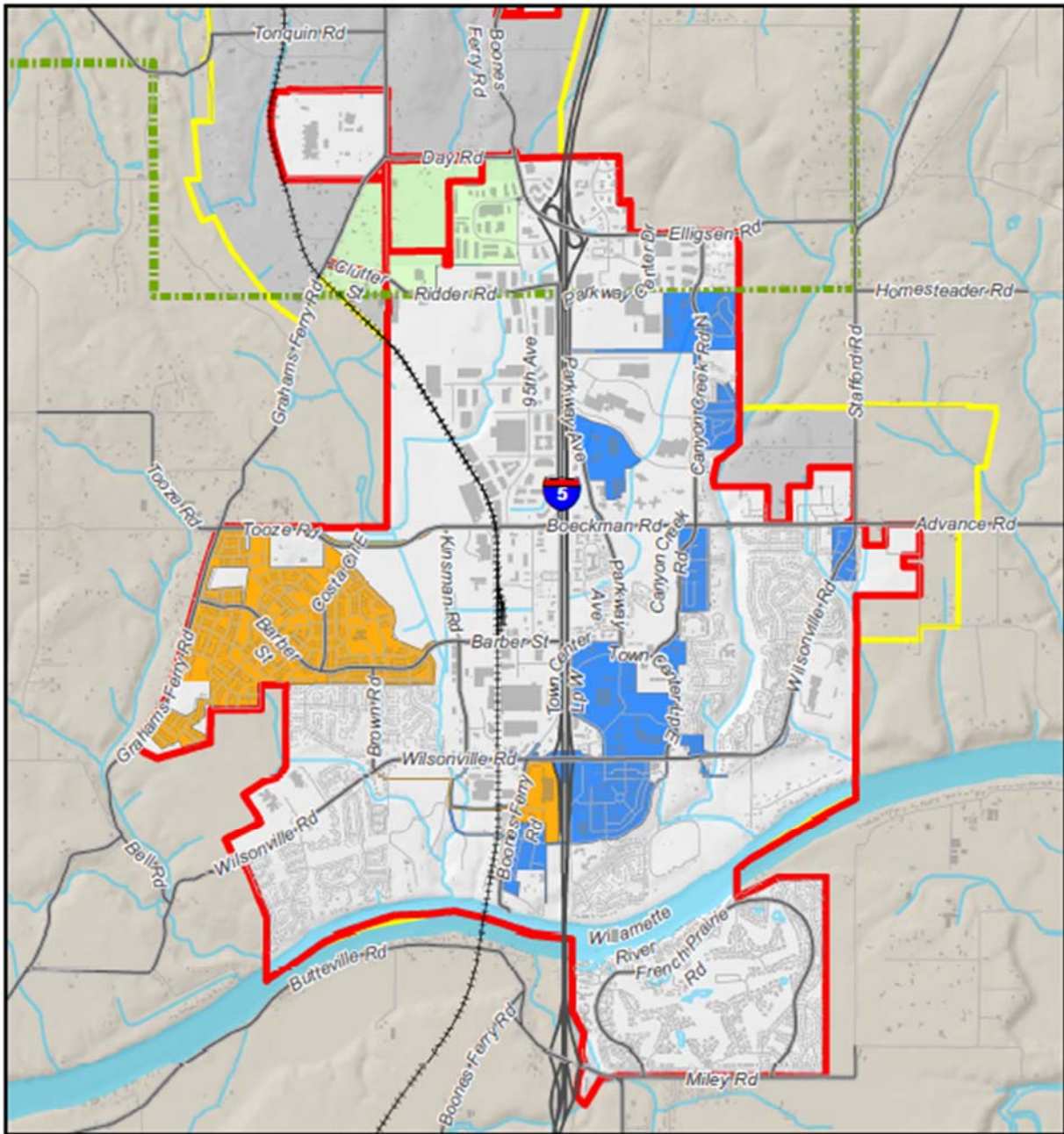
To pay the cost of urban renewal projects, the Agency must issue debt. At plan adoption, a debt limit of \$67,000,000 was created. In April 2019, the City issued Urban Renewal revenue bonds with an interest rate of 3.19% in the total amount of \$3,800,000. The final maturity will be in June 2029. The principal balance outstanding on the bonds at June 30, 2019 is \$3,800,000.

Coffee Creek Plan Statement of Resources and Expenditures Capital Projects Fund

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Investment revenue	\$ 2,033	\$ 25,000
Total Revenues	2,033	25,000
EXPENDITURES		
Planning, Financing, and Administration	23,913	224,040
Capital Project - Garden Acres Rd		1,745,238
Contingency	-	1,843,722
Total Expenditures	23,913	3,813,000
Excess (deficiency) of revenues over (under) expenditures	(21,880)	(3,788,000)
OTHER FINANCING SOURCES		
Issuance of debt	3,800,000	
Net change in fund balances	3,778,120	(3,788,000)
Fund balances - beginning	-	3,788,000
Fund balances - ending	\$ 3,778,120	\$ -

**Coffee Creek Plan
 Statement of Resources and Expenditures
 Debt Service Fund**

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Tax Increment	\$ 247,708	\$ 291,000
Interest Income	4,530	265
Total Revenues	<u>252,238</u>	<u>291,265</u>
EXPENDITURES		
Payment of Bond Principal	-	280,000
Interest Expense	-	140,000
Total Expenditures	<u>-</u>	<u>420,000</u>
Net change in fund balance	252,238	(128,735)
Fund balances - beginning	<u>207,604</u>	<u>490,369</u>
Fund balances - ending	<u>\$ 459,842</u>	<u>\$ 361,634</u>



The City of Wilsonville, Oregon
 Clackamas and Washington Counties

Urban Renewal Areas

- Coffee Creek URA
- Year 2000 URA
- West Side URA
- City Limits
- County Boundary
- UGB



1/5/2020
 0 Miles 0.5



City of Wilsonville, Oregon

Urban Renewal Agency

(a component unit of the City of Wilsonville, Oregon)

Annual Financial Report

for the Fiscal Year Ended June 30, 2019

- 50 Year Anniversary Edition -

URBAN RENEWAL AGENCY
OF THE
CITY OF WILSONVILLE

(A component unit of the City of Wilsonville, Oregon)

ANNUAL
FINANCIAL
REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

(A component unit of the City of Wilsonville, Oregon)

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING JUNE 30, 2019

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URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

(A component unit of the City of Wilsonville, Oregon)

Governing Body Under ORS 457

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Tim Knapp	Agency Chair	December 31, 2020
Kristin Akervall	Member	December 31, 2020
Joann Linville	Member	December 31, 2020
Charlotte Lehan	Member	December 31, 2022
Ben West	Member	December 31, 2022

Principal Officials

Bryan Cosgrove	Executive Director
Barbara Jacobson	City Attorney
Cathy Rodocker	City Finance Director
Kimberly Veliz	City Recorder

Mailing Address

29799 SW Town Center Loop, East
Wilsonville, OR 97070-0220

www.ci.wilsonville.or.us

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INDEPENDENT AUDITOR'S REPORT

The Agency Officials
Urban Renewal Agency of the City of Wilsonville
Wilsonville, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Wilsonville, a component unit of the City of Wilsonville, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Wilsonville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Urban Renewal Agency of the City of Wilsonville's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Urban Renewal Agency of the City of Wilsonville, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, as listed in the table of contents in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Wilsonville's basic financial statements. The introductory section and supplementary data are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary data, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 18, 2019, on our consideration of the Urban Renewal Agency of the City of Wilsonville's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co
Tualatin, Oregon
December 18, 2019

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2019

As management of the City of Wilsonville's Urban Renewal Agency (the "Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. The focus is on current year activities and should be read in conjunction with the financial statements that follow.

REPORT LAYOUT

The report consists of agency-wide statements, fund financial statements, notes to the statements, and supplementary information. The agency-wide statements include the Statement of Net Position and the Statement of Activities.

Statement of Net Position – The Statement of Net Position provides a focus on the unrestricted assets related to the Agency's governmental activities. This statement reflects capital assets including infrastructure and long-term liabilities for the Agency.

Statement of Activities – The Statement of Activities focuses on the program costs and their matching resources. General taxes are the primary resource for funding urban renewal programs. This Statement provides information on the changes to net position.

Fund Statements – Following the agency-wide statements is a section containing fund financial statements. The Agency presents each of its seven funds as major funds.

Notes and Supplementary Information – The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. For each fund a Budgetary Comparison Schedule is presented.

AGENCY AS A WHOLE

Statements of Net Position

TABLE 1
NET POSITION AT JUNE 30, 2019 AND 2018
(in thousands)

	Governmental Activities	
	2019	2018
Assets:		
Cash and investments	\$ 34,390	\$ 30,375
Other assets	350	612
Capital assets	17,374	13,094
Total assets	<u>52,113</u>	<u>44,081</u>
Liabilities:		
Other liabilities	1,424	2,546
Long-term debt	32,454	30,914
Total liabilities	<u>33,878</u>	<u>33,460</u>
Net position:		
Net investment in capital assets	(11,302)	(17,819)
Restricted for debt service	25,404	21,916
Unrestricted (deficit)	4,134	6,524
Total net position	<u>\$ 18,236</u>	<u>\$ 10,621</u>

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Highlights of Net Position

- Capital assets increased \$4.28 million. The increase was due primarily to an increase in construction on Tooze Road (110th to Grahams Fry) and the I-5 Pedestrian Bridge. The increase in capital assets is also reflected in the change of net investment in capital assets.
- Long-term debt increased \$1.5 million. The net increase was due to a combination of debt issuance for the Coffee Creek District and regularly scheduled repayment of debt in accordance with the established bond amortization schedules.

Statements of Activities

TABLE 2
FOR FISCAL YEARS ENDING JUNE 30, 2019 AND 2018
(in thousands)

	Governmental Activities	
	2019	2018
General revenues		
Taxes	\$ 9,331	\$ 9,126
Interest	803	321
Other	149	151
Total revenues	<u>10,284</u>	<u>9,598</u>
Expenses		
Community development	1,480	1,429
Interest on debt	1,189	1,270
Total expenses	<u>2,670</u>	<u>2,699</u>
Revenues over expenses	7,614	6,899
Transfer of assets		
to primary government	-	(134)
Change in net position	7,614	6,765
Beginning net position (deficit)	10,621	3,856
Ending net position (deficit)	<u>\$ 18,236</u>	<u>\$ 10,621</u>

Highlights of Activities

- Tax increment revenue totaled \$9.3 million and is restricted to repayment of debt. This revenue is up 2.2% from the prior year.
- There were no transfers of completed urban renewal improvement projects to the City.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Budgetary Highlights

The Agency's adopted budget was amended five times during the fiscal year. The first amendment increased the Year 2000 Program Income Fund budget by \$512,050 with \$440,000 for capital outlay costs associated with the Boeckman Dip Bridge project and the remaining \$72,050 to roll over unused funds from the prior fiscal year for the Town Center Concept Plan project. The second amendment increased the Year 2000 Capital Projects Fund budget by an additional \$1,512,000 relating to property acquisition for the I-5 Pedestrian Bridge project. The third amendment increased the Year 2000 Program Income Fund budget by \$1,815,000 with \$1,750,000 for property acquisitions for the 5th street to Kinsman Extension Project and the remaining \$65,000 for project management fees on the Town Center Concept Plan project. The fourth amendment increased the Year 2000 Capital Projects Fund budget by \$22,500 for project management fees associated with the Town Center Concept Plan project. The final amendment increased the Coffee Creek Capital Projects Fund for \$15,000 for amounts associated with bond issuance costs.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

The West Side Plan Debt Service Fund ending fund balance decreased by \$.3 million to \$11.5 million at year end. Revenues are primarily from property taxes and expenditures consist of debt service (principal and interest) payments.

The West Side Plan Capital Projects Fund ending fund balance increased by \$1.6 million to \$.8 million at year end. The fund issued \$3.0 million of short term debt during the year to complete capital projects, which was repaid by the West Side Plan Debt Service Fund. There are no significant revenue resources for this fund and expenditures primarily consist of materials and services and capital outlay designed to consume this fund balance.

The West Side Plan Program Income Fund ending fund balance decreased by \$1.9 million to \$.2 million at year end. There are no significant revenue resources for this fund and expenditures primarily consist of materials and services and capital outlay designed to consume this fund balance.

The Year 2000 Plan Debt Service Fund ending fund balance increased by \$3.9 million to \$13.2 million at year end. Revenues are primarily from property taxes and expenditures consist of debt service (principal and interest) payments.

The Year 2000 Plan Capital Projects Fund ending fund balance decreased by \$.6 million to \$2.5 million at year end. Expenditures primarily consist of materials and services and capital outlay designed to consume this fund balance.

The Year 2000 Plan Program Income Fund ending fund balance decreased by \$1.4 million to \$.7 million at year end. There are no significant revenue resources for this fund and expenditures primarily consist of materials and services and capital outlay designed to consume this fund balance.

The Coffee Creek Debt Service Fund ending fund balance increased by \$.25 million to \$.46 million at year end. Revenues are primarily from property taxes, there were no expenditures in the current year.

The Coffee Creek Capital Projects Fund ending fund balance increased by \$3.8 million to \$3.8 million at year end. Expenditures primarily consist of materials and services and capital outlay designed to consume this fund balance. There were no expenditures in the current year as this fund was established in 2019.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019 the Agency had invested \$17.4 million in capital assets as reflected in the following table.

TABLE 3
CAPITAL ASSETS AT JUNE 30, 2019 AND 2018
(in thousands)

	Governmental Activities	
	2019	2018
Land	\$ 7,163	\$ 7,163
Buildings & improvements	981	1,034
Construction in progress	9,229	4,897
Total	\$ 17,374	\$ 13,094

As of June 30, 2019, land held includes possible future park and recreation sites. The Year 2000 Plan District includes property acquired in a prior year from the Wesleyan Church and property north of City Hall which is held for future development. The West Side District includes property acquired in the Villebois area. The increase in construction in progress is predominately related to improvements on projects including the Tooze Road project as well as the I-5 Pedestrian Bridge. Generally, at the completion of a project the capital assets are transferred to the City at cost. Additional information about the Agency's capital assets and depreciation can be found beginning on page 24 in the Notes to the Basic Financial Statements.

Debt Outstanding

As of year-end, the Agency had \$32.5 million in debt outstanding, \$1.5 million more than the prior year. Of the outstanding debt, \$3.8 million is a new issuance from the Coffee Creek District, \$5.2 million is from the Year 2000 Plan District, and the remaining \$23.5 million is from the West Side District. Additional information about the Agency's debt and amortization terms can be found beginning on page 25 of the Notes to the Basic Financial Statements.

TABLE 4
DEBT OUTSTANDING AT JUNE 30, 2019 AND 2018
(in thousands)

	Governmental Activities	
	2019	2018
Coffee Creek District:		
Series 2019 Bonds	\$ 3,800	\$ -
Year 2000 Plan District:		
Series 2010 Bonds	5,155	5,515
West Side District:		
Series 2009 Bonds	6,005	6,480
Series 2011 Credit Facility	3,485	3,705
Series 2012 Credit Facility	5,770	6,120
Series 2013 Credit Facility	5,400	5,695
Series 2015 A- Taxable	2,678	3,083
Series 2016 B Non-Taxable	161	316
	\$ 32,454	\$ 30,914

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2019

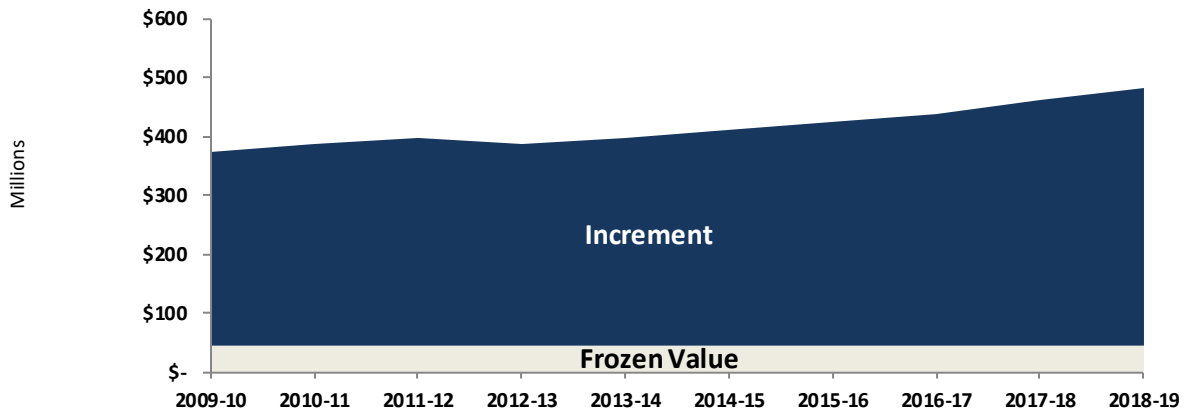
ECONOMIC FACTORS

The Urban Renewal Agency continues to be an important partner in economic development within the City of Wilsonville, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Increasing property values within the boundaries of the Agency translate into increasing tax increment revenue available. That tax increment revenue is then used to pay debt service on bonds issued to fund projects and improvements. The following tables illustrate the growth of assessed values within the Agency's three established districts.

Year 2000 Plan District

For many years the Year 2000 Plan District has enjoyed a continuous growth in its incremental value. In 2004-05 the Board approved the removal of certain taxable properties from the District. Since then other removals have occurred, each reduction with the intent to limit tax increment revenues to approximately \$4 million per year. Beginning in fiscal year 2010-11 the Agency chose to under levy to achieve the \$4 million level. This level is sufficient to cover debt service requirements for existing and planned future debt.

TABLE 5
YEAR 2000 PLAN ASSESSED VALUES
 (by component)

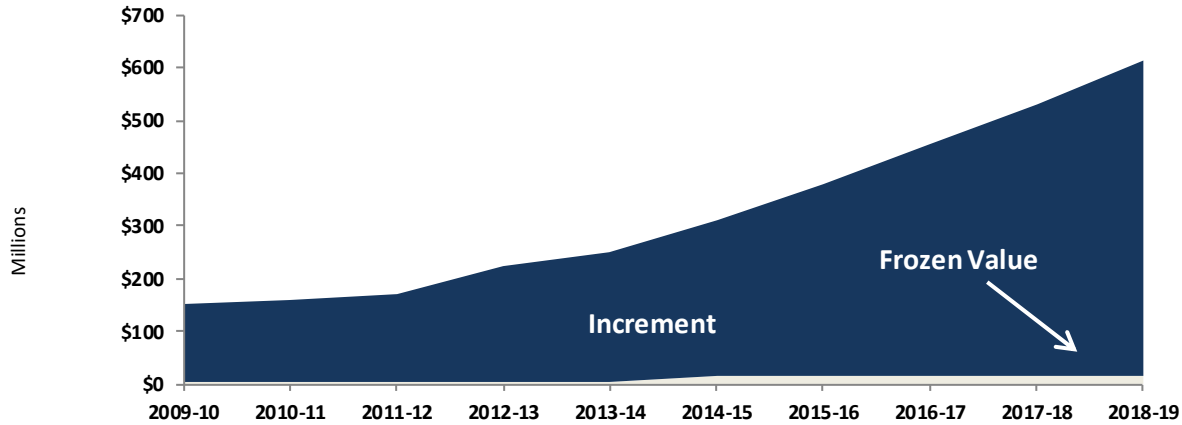


West Side District

In October 2003, the Urban Renewal Board created a new district known as the West Side Urban Renewal Area. As the graph illustrates, the District has experienced rapid growth in assessed value. The tax from the new growth is used to pay the debt service of the District. The increase in the frozen value in 2009-10 is due to the addition of approximately 60 acres to the District including the property on which a Fred Meyer development is located.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2019

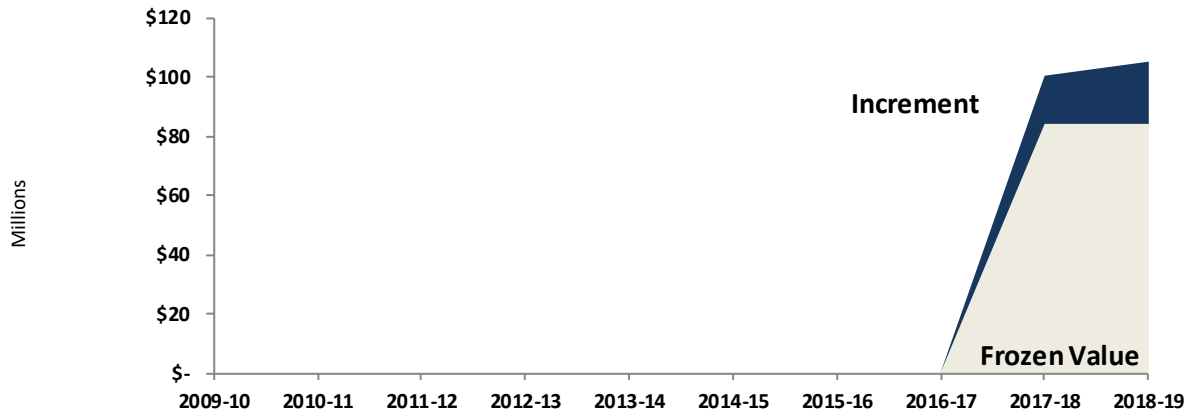
TABLE 6
WEST SIDE DISTRICT ASSESSED VALUES
(by component)



Coffee Creek District

In October 2016, the Urban Renewal Board created a new district known as the Coffee Creek Urban Renewal Area. This new district encompasses approximately 216 acres within the City's municipal boundaries to foster economic development within this area, primarily focusing on light industrial opportunities.

TABLE 7
COFFEE CREEK DISTRICT ASSESSED VALUES
(by component)



FINANCIAL CONTACT

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, you should contact the Agency's Finance Director at 29799 SW Town Center Loop E, Wilsonville, Oregon 97070 or via email to rodocker@ci.wilsonville.or.us. Financial information for current and prior years is also available at www.ci.wilsonville.or.us.

**BASIC
FINANCIAL
STATEMENTS**

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URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

(a component unit of the City of Wilsonville, Oregon)

Statement of Net Position

June 30, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 9,324,713
Restricted cash and investments	25,064,987
Receivables	350,212
Capital assets:	
Land, non-depreciable assets, and construction in progress	16,392,393
Other capital assets, net of depreciation	981,169
Total assets	<u>52,113,474</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	65,591
Other accrued liabilities	1,263,395
Interest payable	95,158
Long-term debt due within one year	2,475,263
Noncurrent liabilities:	
Long-term debt due after one year	29,978,460
Total liabilities	<u>33,877,867</u>
NET POSITION	
Net investment in capital assets	(11,302,041)
Restricted for debt service	25,403,814
Unrestricted	4,133,834
Total net position	<u>\$ 18,235,607</u>

The notes to the financial statements are an integral part of this statement.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component unit of the City of Wilsonville, Oregon)
Statement of Activities
For the year ended June 30, 2019

Functions/Programs	Direct Expenses	Net (Expense) Revenue and Change in Net Position
Governmental activities:		
Community development	\$ 1,480,235	\$ (1,480,235)
Interest on long-term debt	<u>1,189,363</u>	<u>(1,189,363)</u>
Total governmental activities	<u>2,669,598</u>	<u>(2,669,598)</u>
General revenues:		
Property taxes, levied for debt service		9,331,064
Investment revenue		803,368
Other revenue		<u>149,452</u>
Total general revenues		<u>10,283,884</u>
Change in net position		7,614,286
Net position (deficit) - beginning		<u>10,621,321</u>
Net position (deficit) - ending		<u>\$ 18,235,607</u>

The notes to the financial statements are an integral part of this statement.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component unit of the City of Wilsonville, Oregon)
Balance Sheet
Governmental Funds
June 30, 2019

	West Side Plan			Year 2000 Plan			Coffee Creek		Total Governmental Funds
	Debt Service Fund	Capital Projects Fund	Program Income Fund	Debt Service Fund	Capital Projects Fund	Program Income Fund	Debt Service Fund	Capital Projects Fund	
ASSETS									
Cash and investments	\$ -	\$ 2,043,980	\$ 205,576	\$ -	\$ 2,583,846	\$ 714,266	\$ -	\$ 3,777,045	\$ 9,324,713
Restricted cash and investments	11,442,091	-	-	13,164,300	-	-	458,596	-	25,064,987
Interest receivable	25,042	3,651	-	21,867	6,659	-	17	1,075	58,311
Property taxes receivable	159,848	-	-	128,194	-	-	3,859	-	291,901
Total assets	<u>\$ 11,626,981</u>	<u>\$ 2,047,631</u>	<u>\$ 205,576</u>	<u>\$ 13,314,361</u>	<u>\$ 2,590,505</u>	<u>\$ 714,266</u>	<u>\$ 462,472</u>	<u>\$ 3,778,120</u>	<u>\$ 34,739,912</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ 16,729	\$ -	\$ 48,862	\$ -	\$ -	\$ -	\$ 65,591
Development charge payable	-	1,263,395	-	-	-	-	-	-	1,263,395
Total liabilities	<u>-</u>	<u>1,263,395</u>	<u>16,729</u>	<u>-</u>	<u>48,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,328,986</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - property taxes	129,843	-	-	94,714	-	-	2,630	-	227,187
FUND BALANCES									
Restricted	11,497,138	-	-	13,219,647	-	-	459,842	-	25,176,627
Assigned	-	784,236	188,847	-	2,541,643	714,266	-	3,778,120	8,007,112
Total fund balances	<u>11,497,138</u>	<u>784,236</u>	<u>188,847</u>	<u>13,219,647</u>	<u>2,541,643</u>	<u>714,266</u>	<u>459,842</u>	<u>3,778,120</u>	<u>33,183,739</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,626,981</u>	<u>\$ 2,047,631</u>	<u>\$ 205,576</u>	<u>\$ 13,314,361</u>	<u>\$ 2,590,505</u>	<u>\$ 714,266</u>	<u>\$ 462,472</u>	<u>\$ 3,778,120</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund:	17,373,562
Deferred inflows of resources, including property taxes earned but unavailable, are reported in the fund:	227,187
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the funds:	
Notes and bonds payable	(32,453,723)
Interest payable on long-term debt	(95,158)
Total Net Position	<u>\$ 18,235,607</u>

The notes to the financial statements are an integral part of this statement.

URBAN RENEWAL AGENCY OF WILSONVILLE
(a component unit of the City of Wilsonville, Oregon)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2019

	West Side Plan			Year 2000 Plan			Coffee Creek		Total Governmental Funds
	Debt Service Fund	Capital Projects Fund	Program Income Fund	Debt Service Fund	Capital Projects Fund	Program Income Fund	Debt Service Fund	Capital Projects Fund	
REVENUES									
Taxes	\$ 5,192,879	\$ -	\$ -	\$ 4,204,610	\$ -	\$ -	\$ 247,708	\$ -	\$ 9,645,197
Investment revenue	328,027	25,156	41,417	277,548	76,360	48,297	4,530	2,033	803,368
Other revenues	-	-	-	-	-	149,452	-	-	149,452
Total revenues	<u>5,520,906</u>	<u>25,156</u>	<u>41,417</u>	<u>4,482,158</u>	<u>76,360</u>	<u>197,749</u>	<u>252,238</u>	<u>2,033</u>	<u>10,598,017</u>
EXPENDITURES									
Current operating:									
Community development	-	678,364	78,007	-	626,878	20,037	-	23,913	1,427,199
Debt service:									
Principal	1,899,985	-	-	360,000	-	-	-	-	2,259,985
Interest	959,176	-	-	234,388	-	-	-	-	1,193,564
Capital outlay	-	750,000	1,894,914	-	95,500	1,591,749	-	-	4,332,163
Total expenditures	<u>2,859,161</u>	<u>1,428,364</u>	<u>1,972,921</u>	<u>594,388</u>	<u>722,378</u>	<u>1,611,786</u>	<u>-</u>	<u>23,913</u>	<u>9,212,911</u>
Excess (deficiency) of revenues over (under) expenditures	2,661,745	(1,403,208)	(1,931,504)	3,887,770	(646,018)	(1,414,037)	252,238	(21,880)	1,385,106
OTHER FINANCING SOURCES									
Issuance of debt	-	-	-	-	-	-	-	3,800,000	3,800,000
Transfers in	-	3,000,000	-	-	-	-	-	-	3,000,000
Transfers out	(3,000,000)	-	-	-	-	-	-	-	(3,000,000)
Total other financing sources	<u>(3,000,000)</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,800,000</u>	<u>3,800,000</u>
Net change in fund balance	(338,255)	1,596,792	(1,931,504)	3,887,770	(646,018)	(1,414,037)	252,238	3,778,120	5,185,106
Fund balances - beginning	11,835,393	(812,556)	2,120,351	9,331,877	3,187,661	2,128,303	207,604	-	27,998,633
Fund balances - ending	<u>\$ 11,497,138</u>	<u>\$ 784,236</u>	<u>\$ 188,847</u>	<u>\$ 13,219,647</u>	<u>\$ 2,541,643</u>	<u>\$ 714,266</u>	<u>\$ 459,842</u>	<u>\$ 3,778,120</u>	<u>\$ 33,183,739</u>

The notes to the financial statements are an integral part of this statement.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component unit of the City of Wilsonville, Oregon)
**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities**
For the year ended June 30, 2019

Net change in fund balances - total governmental funds	\$	5,185,106
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report additions to capital assets.		
Expenditures for capital assets	\$ 4,332,163	
Less current year depreciation	<u>(53,036)</u>	4,279,127
 Revenues in the Statement of Activities that do not provide current financial resources are not reported. as revenues in the funds.		
Property taxes		(314,133)
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bond and loan proceeds		(3,800,000)
Principal payments		2,259,985
 Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest		4,201
Change in Net Position	<u>\$</u>	<u>7,614,286</u>

The notes to the financial statements are an integral part of this statement.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

(a component unit of the City of Wilsonville, Oregon)

Notes to the Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the Urban Renewal Agency (the "Agency") have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Agency

The Urban Renewal Agency, a component unit of the City of Wilsonville, Oregon, was organized on June 4, 1990 and commenced operations during Fiscal Year 1993 under the provisions of Oregon Revised Statutes, Chapter 457 (ORS 457), to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal areas. As provided by ORS 457, the Wilsonville City Council comprises the Urban Renewal Agency's Board. The principal funding source is from bond sales, which are repaid from tax increment revenues and interest earnings. Project management and administration are performed by City personnel.

The Agency is a legally separate entity governed by the Agency's Board. The City Council has the ability to impose its will over the Agency as determined on the basis of budget adoption, taxing authority and funding for the Agency. Therefore, under the criteria of the Governmental Accounting Standards Board, the Agency is considered a component unit of the City of Wilsonville and the Agency's financial activities are included as a blended component unit in the basic financial statements of the City.

The Agency has no potential component units.

Basic Financial Statements

The Agency's financial operations are presented at both the agency-wide and fund financial levels. All activities of the Agency are categorized as governmental activities.

The agency-wide financial statements display information about the Urban Renewal Agency as a whole. The focus is on its sustainability. As such, the reporting presents the change in the aggregate financial position of the Agency, resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position demonstrates the Agency's financial position by displaying the difference between its total assets and total liabilities. The net position is further subdivided into three categories: net investment in capital assets, restricted for debt service and unrestricted.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses and revenues are clearly identifiable with a specific function. All costs are supported by general revenues which include property taxes and interest earnings.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary and fiduciary activities. Currently, the Agency has only governmental fund types.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

(a component unit of the City of Wilsonville, Oregon)

Notes to the Basic Financial Statements

June 30, 2019

Basis of Presentation

The financial transactions of the Agency are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GAAP set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. For purposes of presentation, each of the Agency's funds is presented as a major fund.

Debt Service Funds - Account for the accumulation of resources and payment of principal and interest on the Urban Renewal Bonds. The principal sources of revenue are tax increment revenues and interest earnings.

Capital Projects Funds - Account for the acquisition and development of capital assets. The principal revenue sources are bond proceeds and interest earnings.

Program Income Funds - Accounts for Urban Renewal projects funded from program income.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded, regardless of the measurement focus.

The *Agency-Wide Financial Statements* are presented on a *full accrual* basis of accounting with an *economic resource* measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

The *Fund Financial Statements* are presented on a *modified accrual* basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the agency-wide statements, reconciliations are provided to explain the differences between the fund financial statements and the agency-wide statements.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the investment pool maintained by the Agency. Investments are stated at the mark to market rate.

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Receivables and Payables

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. All property taxes receivable are due from property owners within the urban renewal area.

In the fund financial statements, property taxes receivable that have been collected within 60 days of fiscal year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as a deferred inflow of resource as it is deemed unavailable to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. In the agency-wide financial statements, property taxes receivable is recognized as revenue when earned.

Capital Assets

Capital assets which include property and infrastructure (e.g. roads, pathways, street lights, parks, etc.) are reported in the agency-wide financial statements. Capital assets are defined by the Agency as assets with an initial individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of donation. In the governmental fund statements, capital assets are charged to expenditures as purchased.

Generally, when construction projects are completed, the project's capital assets are transferred from the Agency to the City of Wilsonville at cost. Land and related improvements are transferred from the Agency to the City when the property has been developed and open for public use. Proceeds from the sale of capital assets held by the Agency are recognized as program income within the Agency. Once transferred to the City any subsequent sale is recognized and reported by the City.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position, and is provided on the straight-line basis over the following estimated useful lives:

ASSET	YEARS
Buildings and improvements	25-40
Improvements other than buildings	10-20
Infrastructure	20-40

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Long-Term Debt

In the agency-wide financial statements, long-term debt is reported as a liability of the governmental activities in the Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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Use of Estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption

Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the agency-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the agency's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the agency's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These fund balances categories are:

- *Non-spendable*: Includes resources that are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories, prepaids and deposits, and assets held for resale.
- *Restricted*: Includes resources that are restricted by external creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- *Committed*: Includes amounts that can only be used for the specific purposes determined by a resolution approved by the Agency governing body. Commitments may be established, modified, or rescinded only through an approved resolution by the Agency's governing body.
- *Assigned*: Represents amounts that reflect the Agency's intended use of resources. Authority to classify a portion of fund balance as assigned is explicitly granted to the Agency Board of Directors, City Manager, and the Finance Director as part of the yearly budget resolution passed and approved by the Urban Renewal Agency, Board of Directors.
- *Unassigned*: This classification is used to report any deficit fund balance amounts.

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June 30, 2019

Fund balance by classification for the year ended June 30, 2019 is as follows:

Fund balances	West Side Plan			Year 2000 Plan			Coffee Creek	
	Debt Service	Capital Projects	Program Income	Debt Service	Capital Projects	Program Income	Debt Service	Capital Projects
Restricted:								
Bond covenants	\$ 2,717,903	\$ -	\$ -	\$ 603,025	\$ -	\$ -	\$ -	\$ -
Debt service	8,779,235	-	-	12,616,622	-	-	459,842	-
Assigned:								
Capital projects	-	784,236	-	-	2,541,643	-	-	3,778,120
Other purposes	-	-	188,847	-	-	714,266	-	-
	<u>\$ 11,497,138</u>	<u>\$ 784,236</u>	<u>\$ 188,847</u>	<u>\$ 13,219,647</u>	<u>\$ 2,541,643</u>	<u>\$ 714,266</u>	<u>\$ 459,842</u>	<u>\$ 3,778,120</u>

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets for Agency funds are adopted in accordance with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described below.

Each May, the proposed budget is submitted to the Budget Committee (consisting of the Agency Board members and an equal number of appointed citizens). The Agency is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting in accordance with state budget laws. Estimated revenues and expenditures are budgeted for by fund, program and object. Information on the past two years’ actual revenues, expenditures, and ending fund balances, as well as current year estimates, are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens’ comments, and then approves a budget and submits it to the Agency Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Board without additional public hearings and notice requirements. After the Board adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The budgets are adopted and monitored at the program level with the exception of contingency, debt service and transfers out. The exceptions are adopted and monitored at the object group level. Appropriations lapse as of year-end.

The Board may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Additional resources that are unexpected may be added to the budget through the use of a supplemental budget, which requires publication in a local newspaper, a public hearing and approval by the Board. Expenditure appropriations may not be legally exceeded except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. During the fiscal year ended June 30, 2019, the Urban Renewal Agency Board approved five supplemental resolutions. The supplementals included increases to various capital projects and the related project management fees. The additional increases to the budget were offset by a decrease in contingency.

Excess of Expenditures Over Appropriations

There were no excess of expenditures over appropriations for the fiscal year.

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June 30, 2019

3. DETAILED NOTES ON ALL FUNDS

Cash and Investments

Cash and investments are comprised of the following:

Deposits with financial institutions		\$ 2,398,199
Investments:		
Commercial paper and corporate bonds	\$ 6,617,527	
US Agency obligations	6,558,480	
Local government investment pool	<u>18,815,494</u>	
Total investments		<u>31,991,501</u>
Total pooled cash and investments		<u><u>\$ 34,389,700</u></u>

Cash and investments are reflected on the balance sheet as follows:

Cash and investments	\$ 9,324,713
Restricted cash and investments	<u>25,064,987</u>
	<u><u>\$ 34,389,700</u></u>

The Agency participates in the State of Oregon Local Investment Pool (LGIP or Pool) which is an open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895 and is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed, like that of a prudent investor, exercising reasonable care, skill, and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State’s Office audits the Pool annually. The Division’s report on the Pool as of and for the year ended June 30, 2019 was unqualified and may be obtained at the Oregon State Treasury, 350 Winter St. NE, Ste 100, Salem, OR 97310.

The Agency’s position in pool at June 30, 2019 is stated at cost which approximates fair value. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets. All investments are valued using quoted market prices (Level 1 inputs).

<u>US Agency Corporations (Level 1)</u>	<u>Commercial Paper And Corporate Bonds (Level 2)</u>	<u>Local Government Investment Pool (Level 2)*</u>
\$ 6,558,480	\$ 6,617,527	\$ 18,815,494

Reference should be made to the City of Wilsonville’s Comprehensive Annual Financial Report for the year ended June 30, 2019 for further information on compliance with Oregon Revised Statutes relating to the collateralization of deposits and categorization of investments.

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Notes to the Basic Financial Statements

June 30, 2019

Credit Risk

As required by the Agency's investment policy, which adheres to the State of Oregon statutes, all investments were rated A1 through AAA by the Moody's Investor Services or Standard and Poor's reporting agencies. The State of Oregon Local Government Investment Pool is not rated.

At June 30, 2019, the Agency's investments were rated as follows:

	Commercial Paper and Corporate Bonds	US Agency Corporations	Local Government Investment Pool
Aaa	\$ -	\$ 6,558,480	\$ -
Aa3	999,010	-	-
Aa2	2,247,848	-	-
Aa	-	-	-
A2	1,384,029	-	-
A1	-	-	-
Unrated	1,986,640	-	18,815,494
	<u>\$ 6,617,527</u>	<u>\$ 6,558,480</u>	<u>\$ 18,815,494</u>

Concentration of Risk

The City's investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any single corporate entity and its affiliates or subsidiaries that is in excess of five percent of the City's total investments (ORS 294.035). Additionally, the policy requires the maximum investments in aggregate for all commercial paper and corporate bonds to be limited to 35% of the total investment portfolio.

Interest Rate Risk

The Agency's investment policy explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. For commercial paper and corporate bonds, the maximum maturity is 18 months. The Agency intends to hold all investment until maturity.

Maturities of investments as of June 30, 2019 are as follows:

	Less than 6	6-12 Months	12-18 Months	Total
Commercial Paper and Corporate Bonds	\$ 4,485,000	\$ 1,748,268	\$ 384,259	\$ 6,617,527
US Agency Corporations	4,498,040	1,514,070	546,370	6,558,480
Local Government Investment Pool	18,815,494	-	-	18,815,494
	<u>\$ 27,798,534</u>	<u>\$ 3,262,338</u>	<u>\$ 930,629</u>	<u>\$ 31,991,501</u>

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Notes to the Basic Financial Statements

June 30, 2019

Capital Assets

Capital assets for urban renewal activities, net of depreciation, consist of the items listed below:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Transfers to City</u>	<u>Balance June 30, 2019</u>
Land	\$ 7,163,066	\$ -	\$ -	\$ -	\$ -	\$ 7,163,066
Building	1,034,205	-	-	(53,036)	-	981,169
Construction in progress	4,897,164	4,332,163	-	-	-	9,229,327
	<u>\$ 13,094,435</u>	<u>\$ 4,332,163</u>	<u>\$ -</u>	<u>\$ (53,036)</u>	<u>\$ -</u>	<u>\$ 17,373,562</u>

Debt

In the following paragraphs, long-term debt information is presented separately with respect to each debt obligation. The table below presents current year changes in those obligations, and the current portions due for each issue.

	<u>Balance July 1, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2019</u>	<u>Due In Subsequent Year</u>
Urban Renewal, Coffee Creek District					
Series 2019 Bonds	\$ -	\$ 3,800,000	\$ -	\$ 3,800,000	\$ 137,329
Urban Renewal, Year 2000 District					
Series 2010 Bonds	5,515,000	-	(360,000)	5,155,000	370,000
Urban Renewal, West Side District					
Series 2009 Bonds	6,480,000	-	(475,000)	6,005,000	500,000
Series 2011 Long-Term	3,705,000	-	(220,000)	3,485,000	225,000
Series 2012 Long-Term	6,120,000	-	(350,000)	5,770,000	360,000
Series 2013 Long-Term	5,695,000	-	(295,000)	5,400,000	305,000
Series 2015A- Taxable	3,083,195	-	(405,486)	2,677,709	416,920
Series 2015-B Non-Taxable	315,513	-	(154,499)	161,014	161,014
	<u>\$ 30,913,708</u>	<u>\$ 3,800,000</u>	<u>\$ (2,259,985)</u>	<u>\$ 32,453,723</u>	<u>\$ 2,475,263</u>

The Urban Renewal has pledged its tax increment revenues and earnings for repayment of the obligation. If a bond is defaulted, by failure to make required principal or interest payments or other covenants, action to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction.

Urban Renewal Tax Increment

Coffee Creek District, Series 2019

In April 2019, the City issued Urban Renewal revenue bonds with an interest rate of 3.19% in the total amount of \$3,800,000. The final maturity will be in June 2029. The principal balance outstanding on the bonds at June 30, 2019 is \$3,800,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 137,329	\$ 139,478
2021	161,244	115,564
2022	166,429	110,379
2023	171,781	105,027
2024	177,304	99,504
2025-2029	2,985,913	408,246
	<u>\$ 3,800,000</u>	<u>\$ 978,198</u>

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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Notes to the Basic Financial Statements

June 30, 2019

Year 2000 Plan District, Series 2010

In December 2010, the City issued Urban Renewal revenue bonds with an interest rate of 4.35% in the total amount of \$8,000,000. The final maturity will be in June 2025. The principal balance outstanding on the bonds at June 30, 2019 is \$5,155,000.

Year Ending June 30,	Principal	Interest
2020	\$ 370,000	\$ 219,088
2021	390,000	203,363
2022	405,000	186,788
2023	420,000	169,575
2024	440,000	151,725
2025	3,130,000	133,025
	<u>\$ 5,155,000</u>	<u>\$ 1,063,564</u>

West Side District-Series 2009

In February 2009, the City issued Urban Renewal revenue bonds for the Urban Renewal West Side District. The issue, in the amount of \$10,000,000, carries an interest rate of 4.9%. The final maturity will be December 2023. The balance outstanding as of June 30, 2019 is \$6,005,000.

Year Ending June 30,	Principal	Interest
2020	\$ 500,000	\$ 281,996
2021	525,000	256,883
2022	550,000	230,545
2023	575,000	202,983
2024	3,855,000	94,448
	<u>\$ 6,005,000</u>	<u>\$ 1,066,855</u>

West Side District-Series 2011

In June 2011, the Agency converted a short-term, interest only line of credit to long-term debt. The issue, in the amount of \$5,000,000, carries an interest rate of 4.65%. The final maturity will be June 2026. The balance outstanding at June 30, 2019 is \$3,485,000.

Year Ending June 30,	Principal	Interest
2020	\$ 225,000	\$ 153,340
2021	235,000	143,440
2022	245,000	133,100
2023	260,000	122,320
2024	270,000	110,880
2025 - 2026	2,250,000	185,680
	<u>\$ 3,485,000</u>	<u>\$ 848,760</u>

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June 30, 2019

West Side District-Series 2012

In June 2012, the Agency converted a short-term, interest only line of credit to long-term debt. The issue, in the amount of \$8,000,000, carries an interest rate of 3.40%. The final maturity will be June 2027. The balance outstanding at June 30, 2019 is \$5,770,000.

Year Ending June 30,	Principal	Interest
2020	\$ 360,000	\$ 190,410
2021	375,000	178,530
2022	385,000	166,155
2023	400,000	153,450
2024	410,000	140,250
2025 - 2027	3,840,000	337,590
	<u>\$ 5,770,000</u>	<u>\$ 1,166,385</u>

West Side District-Series 2013

In June 2013, the Agency converted a short-term, interest only line of credit to long-term debt. The issue, in the amount of \$7,000,000, carries an interest rate of 3.499%. The final maturity will be June 2028. The balance outstanding at June 30, 2019 is \$5,400,000.

Year Ending June 30,	Principal	Interest
2020	\$ 305,000	\$ 189,000
2021	315,000	178,325
2022	330,000	167,300
2023	340,000	155,750
2024	350,000	143,850
2025 - 2028	3,760,000	448,175
	<u>\$ 5,400,000</u>	<u>\$ 1,282,400</u>

West Side District-Series 2015 A

In July 2015, the City issued Urban Renewal revenue bonds for the Urban Renewal West Side District. The issue, in the amount of \$4,250,000, carries an interest rate of 2.63%. The final maturity will be July 2025. The balance outstanding at June 30, 2019 is \$2,677,709.

Year Ending June 30,	Principal	Interest
2020	\$ 416,920	\$ 67,422
2021	428,331	56,012
2022	439,867	44,475
2023	451,714	32,628
2024	463,828	20,515
2025	477,049	7,970
	<u>\$ 2,677,709</u>	<u>\$ 229,022</u>

West Side District-Series 2015 B

In July 2015, the City issued Urban Renewal revenue bonds for the Urban Renewal West Side District. The issue, in the amount of \$750,000, carries an interest rate of 3.65%. The final maturity will be July 2020. The balance outstanding at June 30, 2019 is \$161,014.

Year Ending June 30,	Principal	Interest
2020	\$ 161,014	\$ 3,744

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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Notes to the Basic Financial Statements

June 30, 2019

4. OTHER INFORMATION

Property Tax Limitation

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations. The limitation specifies \$10 as the maximum allowable tax for each \$1,000 of property real market value imposed by local governments other than schools. Urban renewal debt is not exempted from the limitation and must be levied within the \$10 cap. Because overlapping local government rates have been less than \$10 this limitation has not adversely affected the Agency.

In May 1997, Oregon voters approved a property tax measure that rolled back assessed values to 90% of the 1995-96 amounts and limits future years' growth to 3% with exceptions for substantial improvements. The measure also created a fixed property tax rate for each government's operating levy. Additionally, the measure states that the Legislative Assembly shall enact laws that allow collection of ad valorem property taxes sufficient to pay indebtedness incurred to carry out urban renewal plans. These collections shall cease when the indebtedness is paid.

Tax Abatement

The Agency has authorized tax exempt status for five low income apartment complexes: Autumn Park Apartments, Charleston Apartments, Creekside Woods, Rain Garden Apartments and Wiedemann Apartments. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is being used for any purpose other than the provision of low income housing, or if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2019 the Agency's forgone property tax revenue is \$49,156.

Encumbrance Accounting

All outstanding encumbrances lapse at year-end and are re-appropriated as required to the subsequent year.

GASB Pronouncements Implemented

GASB Statement 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2019.

SUPPLEMENTARY

DATA

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CITY OF WILSONVILLE, OREGON
Urban Renewal - West Side Plan Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 5,080,000	\$ 5,080,000	\$ 5,192,879	\$ 112,879
Investment revenue	95,790	95,790	328,027	232,237
Total revenues	<u>5,175,790</u>	<u>5,175,790</u>	<u>5,520,906</u>	<u>345,116</u>
EXPENDITURES				
Debt service:				
Principal	4,901,018	4,901,018	4,899,985	1,033
Interest	962,914	962,914	959,176	3,738
Contingency	8,272,714	8,272,714	-	8,272,714
Total expenditures	<u>14,136,646</u>	<u>14,136,646</u>	<u>5,859,161</u>	<u>8,277,485</u>
Net change in fund balances	(8,960,856)	(8,960,856)	(338,255)	8,622,601
Fund balances - beginning	<u>11,860,856</u>	<u>11,860,856</u>	<u>11,835,393</u>	<u>(25,463)</u>
Fund balances - ending	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 11,497,138</u>	<u>\$ 8,597,138</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - West Side Plan Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Investment revenue	\$ 13,000	\$ 13,000	\$ 25,156	\$ 12,156
EXPENDITURES				
Materials and services	882,540	882,540	876,623	5,917
Capital outlay	750,000	750,000	750,000	-
Contingency	2,032,998	2,032,998	-	2,032,998
Total expenditures	<u>3,665,538</u>	<u>3,665,538</u>	<u>1,626,623</u>	<u>2,038,915</u>
Excess (deficiency) of revenues over (under) expenditures	(3,652,538)	(3,652,538)	(1,601,467)	2,051,071
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
Net change in fund balances	(652,538)	(652,538)	1,398,533	2,051,071
Fund balances - beginning	<u>652,538</u>	<u>652,538</u>	<u>649,098</u>	<u>(3,440)</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	2,047,631	<u><u>\$ 2,047,631</u></u>
Adjustment from budgetary basis to generally accepted accounting basis:				
Development charge payable			<u>(1,263,395)</u>	
Fund balances - generally accepted accounting principles basis			<u><u>\$ 784,236</u></u>	

CITY OF WILSONVILLE, OREGON
Urban Renewal - West Side Plan Program Income Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 52,530	\$ 52,530	\$ 41,417	\$ (11,113)
EXPENDITURES				
Materials and services	250,000	250,000	78,007	171,993
Capital outlay	3,550,000	3,550,000	1,894,914	1,655,086
Contingency	7,900	7,900	-	7,900
Total expenditures	<u>3,807,900</u>	<u>3,807,900</u>	<u>1,972,921</u>	<u>1,834,979</u>
Net change in fund balances	(3,755,370)	(3,755,370)	(1,931,504)	1,823,866
Fund balances - beginning	<u>3,755,370</u>	<u>3,755,370</u>	<u>2,120,351</u>	<u>(1,635,019)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,847</u>	<u>\$ 188,847</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,075,000	\$ 4,075,000	\$ 4,204,610	\$ 129,610
Investment revenue	188,000	188,000	277,548	89,548
Total revenues	<u>4,263,000</u>	<u>4,263,000</u>	<u>4,482,158</u>	<u>219,158</u>
EXPENDITURES				
Debt service:				
Principal	5,000,000	5,000,000	360,000	4,640,000
Interest	900,000	900,000	234,388	665,612
Contingency	<u>2,500,000</u>	<u>2,500,000</u>	-	<u>2,500,000</u>
Total expenditures	<u>8,400,000</u>	<u>8,400,000</u>	<u>594,388</u>	<u>7,805,612</u>
Excess (deficiency) of revenues over (under) expenditures	(4,137,000)	(4,137,000)	3,887,770	8,024,770
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(88,000)</u>	<u>(88,000)</u>	-	<u>88,000</u>
Net change in fund balances	(4,225,000)	(4,225,000)	3,887,770	8,112,770
Fund balances - beginning	<u>9,416,801</u>	<u>9,416,801</u>	<u>9,331,877</u>	<u>(84,924)</u>
Fund balances - ending	<u>\$ 5,191,801</u>	<u>\$ 5,191,801</u>	<u>\$ 13,219,647</u>	<u>\$ 8,027,846</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 67,100	\$ 67,100	\$ 76,360	\$ 9,260
EXPENDITURES				
Materials and services	561,774	649,274	626,878	22,396
Capital outlay	750,000	2,500,000	95,500	2,404,500
Contingency	2,198,093	360,593	-	360,593
Total expenditures	<u>3,509,867</u>	<u>3,509,867</u>	<u>722,378</u>	<u>2,787,489</u>
Excess (deficiency) of revenues over (under) expenditures	(3,442,767)	(3,442,767)	(646,018)	2,796,749
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>88,000</u>	<u>88,000</u>	<u>-</u>	<u>(88,000)</u>
Net change in fund balances	(3,354,767)	(3,354,767)	(646,018)	2,708,749
Fund balances - beginning	<u>3,354,767</u>	<u>3,354,767</u>	<u>3,187,661</u>	<u>(167,106)</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,541,643</u></u>	<u><u>\$ 2,541,643</u></u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Program Income Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 40,000	\$ 40,000	\$ 48,297	\$ 8,297
Other revenues	127,000	127,000	149,452	22,452
Total revenues	<u>167,000</u>	<u>167,000</u>	<u>197,749</u>	<u>30,749</u>
EXPENDITURES				
Materials and services	50,000	50,000	20,037	29,963
Capital outlay	80,000	1,592,000	1,591,749	251
Contingency	2,130,576	618,576	-	618,576
Total expenditures	<u>2,260,576</u>	<u>2,260,576</u>	<u>1,611,786</u>	<u>648,790</u>
Net change in fund balances	(2,093,576)	(2,093,576)	(1,414,037)	679,539
Fund balances - beginning	<u>2,093,576</u>	<u>2,093,576</u>	<u>2,128,303</u>	<u>34,727</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 714,266</u>	<u>\$ 714,266</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Coffee Creek Plan Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 255,803	\$ 255,803	\$ 247,708	\$ (8,095)
Investment revenue	4,024	4,024	4,530	506
Total revenues	<u>259,827</u>	<u>259,827</u>	<u>252,238</u>	<u>(7,589)</u>
EXPENDITURES				
Contingency	<u>461,051</u>	<u>461,051</u>	<u>-</u>	<u>461,051</u>
Net change in fund balances	(201,224)	(201,224)	252,238	453,462
Fund balances - beginning	<u>201,224</u>	<u>201,224</u>	<u>207,604</u>	<u>6,380</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,842</u>	<u>\$ 459,842</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Coffee Creek Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 2,033	\$ 2,033
EXPENDITURES				
Materials and services	-	30,000	23,913	6,087
Contingency	-	3,770,000	-	3,770,000
Total expenditures	-	3,800,000	23,913	3,776,087
Excess (deficiency) of revenues over (under) expenditures	-	(3,800,000)	(21,880)	3,778,120
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	3,800,000	3,800,000	-
Net change in fund balances	-	-	3,778,120	3,778,120
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 3,778,120	\$ 3,778,120

**INDEPENDENT AUDITOR'S
REPORT REQUIRED
BY OREGON
STATE REGULATIONS**

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *OREGON STATE REGULATION***

The Agency Officials
Urban Renewal Agency of the City of Wilsonville
Wilsonville, Oregon

We have audited the basic financial statements the Urban Renewal Agency of the City of Wilsonville, a component unit of the City of Wilsonville, Oregon, as of and for the year ended June 30, 2019 and have issued our report thereon dated December 18, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

Compliance

As part of obtaining reasonable assurance about whether the Urban Renewal Agency of the City of Wilsonville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. The Agency does not receive highway funds.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The Agency does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. In connection with our testing, nothing came to our attention that caused us to believe the Urban Renewal Agency of the City of Wilsonville was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control


In planning and performing our audit, we considered the Urban Renewal Agency of the City of Wilsonville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Urban Renewal Agency of the City of Wilsonville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Urban Renewal Agency of the City of Wilsonville's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
December 18, 2019



DATE: July 15, 2020
TO: Jordan Vance, City of Wilsonville
FROM: Nick Popenuk and Ali Danko, Tiberius Solutions
SUBJECT: WILSONVILLE INVESTMENT NOW (WIN) PROGRAM - PROPOSED UPDATE

Background

In 2013, the Wilsonville City Council approved the designation of six separate properties as individual urban renewal districts. Each of these properties were referred to as a Tax Increment Financing (TIF) zone. The TIF zones used the same funding mechanism and State legislative framework as standard urban renewal districts. However, rather than fund large-scale, long-term projects, the TIF zones were intended to provide property tax rebates as a development incentive for qualifying companies who invest in any of the six properties.

Ultimately, none of the development that occurred within the TIF Zones met the eligibility thresholds established for the program, and the existing TIF Zones incentive program expired in November 2019. City staff have identified a potential new approach to modify the program going forward.

Benefits of the Program

The program was originally designed in a recession environment to incentivize development on vacant or under-utilized industrial warehouses and convert the spaces to higher-value manufacturing facilities.

The benefits offered to, and requirements for qualifying businesses were patterned off of the Enterprise Zone program administered by the State of Oregon. Wilsonville did not meet State requirements for establishing an Enterprise Zone (maximum thresholds for unemployment and median family income). The lack of an Enterprise Zone, puts Wilsonville at a disadvantage when potential industrial developers compare sites in Wilsonville to sites in other communities. The TIF Zones helped to mitigate this disadvantage.

Limitations of the Program

The original approach to TIF Zones had limitations as an economic development tool:

- It required identifying a handful of specific sites in advance, and therefore is not applicable to the vast majority of potential development sites in the City.
- The thresholds for qualifying development are rigid, and did not allow flexibility to accommodate a wider range of potential businesses.
- Each site required the adoption of an urban renewal plan. Those plans have annual administrative requirements, and also require consultation with affected taxing districts to renew or extend the plans when they reach their schedule termination dates.

City staff are recommending a new approach to TIF Zones, to resolve these limitations. The new approach is called the Wilsonville Investment Now (WIN) Program.

Key Elements of the Proposed Wilsonville Investment Now (WIN) Program

Key elements of the proposed concept include:

- **Eligibility Criteria.** The three existing categories of program qualifications would remain the same under the new program: value of new construction, number of new employees, and compensation of new employees. However, the proposed thresholds have been adjusted to provide greater flexibility, in recognition that no development in the past has qualified under the existing thresholds in the program.
- **Tiers of Benefits.** The proposal calls for different levels of benefits being offered to businesses that meet different qualifying thresholds.
- **Citywide Eligibility.** The new program will not designate specific properties up-front, but allow any qualified development to utilize the program citywide.
- **Tax Rebate.** As with the original TIF Zone program, qualified developments would receive a tax rebate if all standards are met, as opposed to a tax abatement. This means participating businesses will pay property tax up front and on time, but receive a partial or full rebate later once they demonstrate that they have met the required thresholds.
- **WIN Area Formation Approach.** City Council would adopt the framework and WIN Program up front, but would not adopt individual WIN areas until later, once a developer has submitted a qualifying application for a specific site.

The new approach would provide the City with a more effective and attractive incentive program to attract new businesses.

Benefits for Qualifying Businesses

Original TIF Zone Program

The original TIF Zone Program offered a property tax rebate for qualifying businesses. The rebate would be offered for three years, and would equal 75% of the tax increment finance (TIF) revenue generated by the new investment. Note that the program was implemented through the adoption of “reduced rate” urban renewal plans. This meant that not all components of the consolidated property tax rate were subject to the rebate program. Applicable tax rates included:

- Permanent rate tax levies
- General obligation bond levies approved by voters prior to October 6, 2001
- Local option levies approved by voters prior to October 6, 2001.

Proposed New WIN Program

The proposed new WIN program would still provide a property tax rebate for qualifying businesses. However, the applicable tax rates subject to TIF through urban renewal has decreased over time. New urban renewal plans are defined as “permanent rate” plans, and only collect TIF revenue generated from permanent rate tax levies. All general obligation bond and local option levies are excluded from the calculation of TIF revenue. All WIN plans would be permanent rate plans.

The proposed new program therefore calls for **rebating 100% of the TIF revenue** generated by the new investment, less the costs to the City of administering the program.

Additionally, the proposed new WIN program identifies **two tiers of qualifying benefits**. Full benefits are proposed to include a tax rebate **for a period of seven years**. Partial benefits are proposed to include a tax rebate **for a period of four years**. The duration of these proposed benefits are loosely based on the State Enterprise Zone program.

Enterprise Zones offer a similar tax abatement program, resulting in a 100% abatement of property tax revenue for three to five years. Because the WIN program is only able to offer a rebate on the permanent tax rates, as opposed to the full consolidated tax rate, it results in a lesser incentive than Enterprise Zones on an annual basis. Thus, a longer time period is proposed for the new WIN program to provide cumulative benefits that are similar in scale to the Enterprise Zone program.

Eligibility Requirements

Original TIF Zone Program

The original TIF Zone Program required businesses to meet minimum qualifying thresholds for new capital investment, employment, and compensation. These eligibility requirements had no flexibility, and only one single tier of benefits. To qualify, an eligible business must meet each of the following minimum criteria:

- Capital investment: \$25,000,000
- New jobs: 75
- Compensation: 125% of County average (Clackamas County annual average wage, 2019: \$54,802; Washington County annual average wage, 2019: \$73,226¹)

Proposed New WIN Program

The proposed new WIN program is intended to have flexible eligibility requirements, as well as two tiers of qualifying benefits (full incentive, and partial incentive). The program would consider the same three factors as the original TIF Zone program: **capital investment, employment, and compensation**. Businesses would be awarded points, based on each of these factors, and a minimum total score would be required to qualify for each tier of benefits.

Policy 4.1.3 of Wilsonville's Comprehensive Plan states that "the City shall encourage light industry compatible with the residential and urban nature of the City." The policy's Implementation Measure 4.1.3.c states that the City should "favor capital intensive, rather than labor intensive, industries within the City."² This proposed new WIN program reflects Implementation Measure 4.1.3.c by assigning relatively more weight to capital investment than to jobs.

The proposed scoring system is summarized as:

- Capital Investment
 - 1 point per \$500,000 investment
- Points per job, based on percent of median County average wage of those jobs
 - Under 100%: 0 points per job
 - Between 100% and 125%: 0.2 points per job
 - Between 125% and 150%: 0.4 points per job

¹ State of Oregon, Employment and Wages by Industry (QCEW), all industries and all ownerships

² D-13

- 150% and above: 0.6 points per job
- Scoring
 - Under 60 points: no incentive
 - Greater than or equal to 60 points, under 80 points: partial incentive
 - Greater than or equal to 80 points, full incentive

Graphs of Qualifying Thresholds

The charts below illustrate how the proposed new scoring system would apply to hypothetical businesses. Each chart shows a specific range of compensation. For that compensation range, we illustrate a range of possible combinations of capital investment and employment, and their eligibility for the proposed WIN program incentives.

- Businesses within the light blue area of the charts would qualify for the full WIN program incentive.
- Business within the dotted blue and white area of the charts would qualify for a partial WIN program incentive.
- Businesses within the dark blue of the charts would not qualify for the WIN program incentive.

Exhibit 1 includes three hypothetical development examples to provide additional context for understanding the charts:

- Example A: \$5 million investment, 100 jobs (no incentive)
- Example B: \$15 million investment, 200 jobs (partial incentive)
- Example C: \$45 million investment, 350 jobs (full incentive)

Exhibit 1. Incentives for Average Wages between 100% and 125% of County Wage

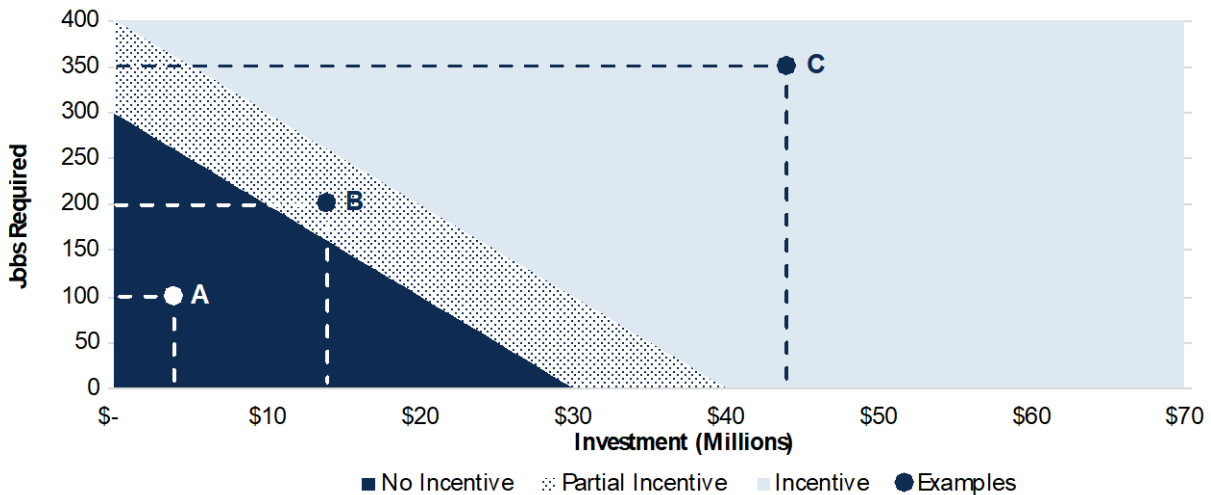


Exhibit 2. Incentives for Average Wages between 125% and 150% of County Wage

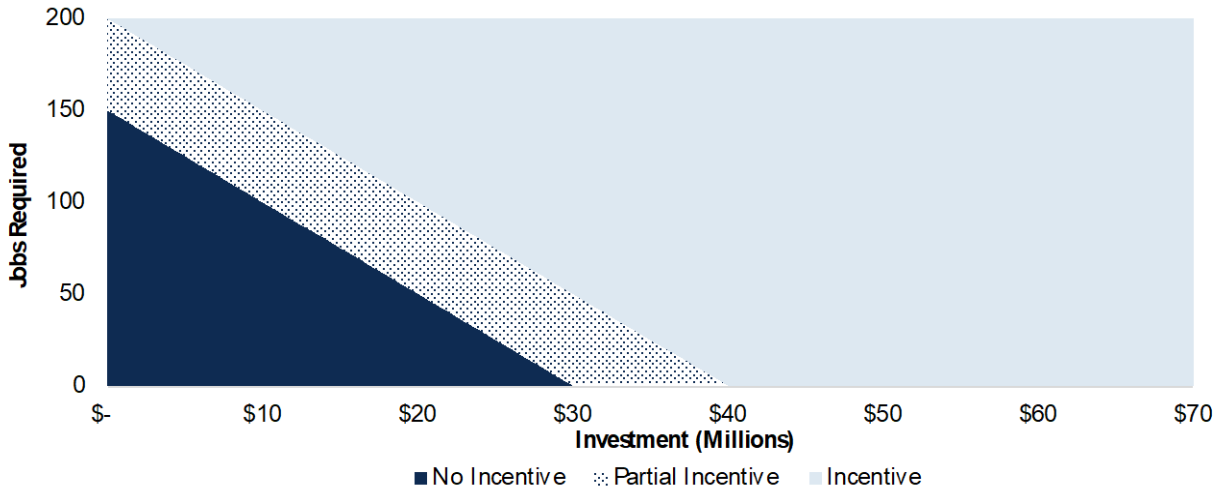
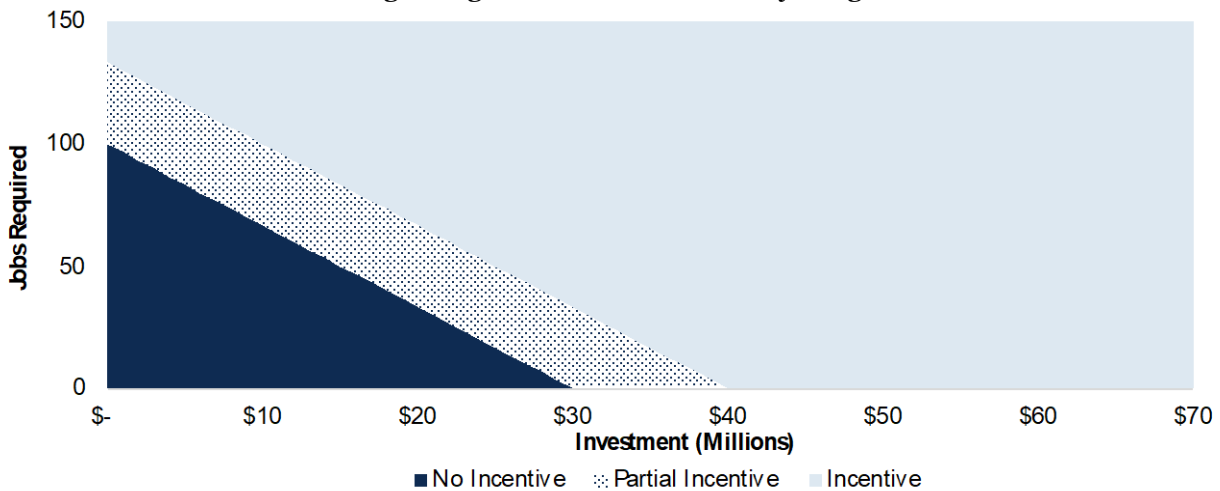


Exhibit 3. Incentives for Average Wages Over 150% of County Wage



The link below shows a web-based 3-D scatter plot chart that illustrates the qualifying thresholds for all three criteria (investment, employment, and compensation) simultaneously : <https://plotly.com/~alisondanko/5/>

Example Developments

Exhibit 4 below shows how three actual developments from elsewhere in the Portland metro region would qualify for the proposed WIN program, and what level of rebate each would receive. These example projects all received Enterprise Zone benefits from the State of Oregon. While the Daimler Trucks project would also receive full benefits under the proposed WIN program, the other two examples would only receive partial benefits, or no benefits, due to the relatively low amounts of capital investment, employment, and wages.

Exhibit 4. Example Developments

	Daimler Trucks <i>City of Portland</i>	FedEx Ground <i>City of Portland</i>	Cummins <i>City of Portland</i>
Development Details			
Capital Investment	\$ 142,000,000	\$ 30,336,000	\$ 24,241,810
Jobs	539	57	22
Average Salary	\$ 107,962	\$ 48,169	\$ 54,787
Incentive Type			
Total Points	587	61	49
Incentive	Full	Partial	No
Years of Rebate	7	4	0
Taxes Paid (Year 1\$) - Wilsonville			
<i>Year 1</i>			
Taxes Paid	\$ 1,716,359	\$ 366,672	\$ 293,012
Taxes Paid to WIN Area	\$ 1,164,627	\$ 248,804	\$ -
Rebate Received	\$ 1,164,627	\$ 248,804	\$ -
Rebate % of Taxes Paid	68%	68%	0%
<i>Total (Over Rebate Period)</i>			
Taxes Paid	\$ 12,014,512	\$ 1,466,689	\$ -
Taxes Paid to WIN Area	\$ 8,152,387	\$ 995,215	\$ -
Rebate Received	\$ 8,152,387	\$ 995,215	\$ -

Source: Multnomah County Assessor Report, Continuing Investment, 2019

Note: Multnomah County average annual wage used to calculate points total.

Geographic Eligibility

Original TIF Zone Program

The original TIF Zone program identified six specific sites within the City of Wilsonville, and established urban renewal plans for each of those sites. The selected sites generally included large, vacant warehouses. Development interested in other sites throughout the City were not eligible to pursue the TIF Zone incentives.

Proposed New WIN Program

The new WIN program would be available to industrial development anywhere within Wilsonville city limits, with the exception of property located within an existing urban renewal area. The new program would provide far greater flexibility in the application of the tool, and would make the tool a more attractive incentive when marketing the City of Wilsonville to prospective developers. This added flexibility would require the City to wait to adopt an urban renewal plan to implement a WIN area until after the City approves an application from a qualifying developer for a specific site.

Program Application

Proposed New WIN Program

The new WIN program was created with the intent to be as easy and objective as possible. The application is a single spreadsheet with clear criteria, inputs, and calculations. Any applicant can enter their own development assumptions and other information into the application spreadsheet to see their eligibility for the program. The information provided by the developer is subject to verification by City staff to ensure the developer has financial capacity to deliver the proposed development before a WIN area will be formed.

Interested developers must submit an application form to the City prior to beginning any construction work on the new development. After receiving a developer's application, City staff will meet with the applicant during a preauthorization conference, providing an opportunity for deliberate review of the application and underlying assumptions. This approach is modeled after the State's Enterprise Zone application program.

The City will need to dedicate staff time for answering pre-application questions, deliberate review of completed applications (including follow-up), the establishment of the WIN areas, and once the development has occurred, verification of actual investment, jobs, and wages. WIN areas will also require staff time for ongoing administration in accordance with ORS 457.

After City staff approves a developer application for the program, the City would then need to go through the adoption process for a new urban renewal plan to implement the actual TIF mechanism that would be used to fund the program and provide the tax rebate to qualifying developers. By statute, all urban renewal plans must be adopted by a non-emergency ordinance. All new urban renewal plans must include the following steps in the adoption process:

1. Review by the urban renewal Agency.
2. Transmittal to all taxing districts with required 45-day comment period prior to City Council vote on ordinance.
3. Review by the Planning Commission for conformance with the comprehensive plan.
4. Presentation to the County (vote of approval is not required).
5. Notice to all citizens of a public hearing.
6. Public hearing and City Council vote on non-emergency ordinance.

The process of plan adoption for each new WIN Area is anticipated to take four months.