

City of Warrenton Oregon

Ordinance No. 1104-A

AN ORDINANCE DECLARING THAT BLIGHTED AREAS EXIST IN THE CITY OF WARRENTON, OREGON, ESTABLISHING THE NEED FOR AN URBAN RENEWAL AGENCY IN THE CITY AND ELECTING A METHOD FOR EXERCISE OF THE POWERS OF AN URBAN RENEWAL AGENCY WITHIN THE CITY.

WHEREAS, there exists in the City of Warrenton, blighted areas as defined in ORS 457.010(1); and

WHEREAS, such blighted areas impair economic values and negatively impact the health, safety and welfare of its citizens; and

WHEREAS, some portions of these blighted areas may require acquisition and clearance, but other portions of the blighted areas may be susceptible to conservation and rehabilitation to eliminate the conditions of blight; and

WHEREAS, these acquisition, conservation, rehabilitation and redevelopment activities and the prevention and reduction of blight are public purposes for which public money may be spent and private property acquired pursuant to state law using the powers of an urban renewal agency; and

WHEREAS, ORS 457.035 authorizes the City to activate the powers of its urban renewal agency by adoption of a non-emergency ordinance declaring that blight exists and that there is a need for an urban renewal agency to function in the City and electing one of three ways to exercise the powers of an urban renewal agency in the City.

NOW THEREFORE, THE COMMISSION OF THE CITY OF WARRENTON HEREBY ORDAINS:

Section 1: Based on findings contained in Feasibility of Creating an Urban Renewal District dated November 2, 2006 attached hereto as Exhibit A and incorporated herein by reference the City Commission declares that blighted areas, as defined by ORS 457.010(1), exist within the City and that there is need for an urban renewal agency to function within the City.

Section 2: The City Commission further declares that, pursuant to ORS 457.045(3), all of the rights, powers, duties, privileges and immunities granted to and vested in an urban renewal agency shall be exercised by and vested in the City Commission itself, provided, however, that any act of the City Commission acting as


the urban renewal agency shall be and considered the act of the urban renewal agency only and not of the City Commission.

Section 3: The corporate name of the urban renewal agency activated by this ordinance shall be, and the agency shall be known as, the Warrenton Urban Renewal Agency.

Duly passed by the City Commission this 27th day of February, 2007.

First Reading: 2-13-07
Second Reading: 2-27-07

APPROVED


Gilbert Gramson, Mayor

ATTEST


Linda Engbretson, City Recorder

Feasibility of Creating An URBAN RENEWAL DISTRICT



Prepared for:

City of Warrenton
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October 25, 2006

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I. INTRODUCTION

The City of Warrenton is experiencing substantial residential growth and considerable interest by major commercial enterprises. These opportunities come after several years of negative economic growth brought on by a decline in the forest products and commercial fishing industries.



Today, Warrenton is well positioned to benefit from a general trend of growth among Oregon's scenic coastal communities. The City has recognized that the current and anticipated levels of growth could provide the resources to improve the infrastructure and overall quality of the community.

For these reasons, the City of Warrenton decided to examine the feasibility of using an urban renewal program to meet some of the capital improvement requirements needed to improve the downtown, the Skipanon Waterway marina as well as the overall image of the City.

The consultant met with the Warrenton City Commission at a public meeting in August, 2006. At that meeting, Commission members discussed potential areas to be included in the renewal study area, and preliminary ideas for projects that could be considered in an urban renewal plan

Purpose of the feasibility study

The purpose of this feasibility study is to examine key elements and assumptions underlying an urban renewal district, and determine whether a district as proposed in this feasibility study would be:

- In compliance with the basic requirements of ORS 457, the Oregon statute governing formation of urban renewal areas, and
- Feasible from a financial and policy standpoint.

Issues Evaluated in the study

The following is a list of questions on legal requirements that should be addressed in determining the feasibility of an urban renewal project:

- Has a preliminary boundary for the area been established?
- Does the area within the boundary contain blighting conditions as defined in ORS 457?
- Does the area within the preliminary boundary meet the tests of the 25% limitation on acreage and value within an area?
- Are the proposed project activities eligible as urban renewal activities?
- Has an estimate been made of the renewal project costs and revenues?
- Does it appear that there will be sufficient revenues to carry out project activities?
- Has an estimate been made of a date for completion of all projected activities?

Note: This feasibility report has no legal status as an urban renewal plan as defined in ORS 457. It is prepared purely for information purposes. The City of Warrenton will have to take numerous procedural steps, all in conformance with ORS 457, in order to create a renewal agency, district and an urban renewal plan that meet all ORS 457 standards.

II. FEASIBILITY ANALYSIS AND FINDINGS

A. Boundary and Acreage Limitations

▪ Preliminary Boundary

A map indicating a preliminary urban renewal area boundary is attached as Exhibit 1. The preliminary boundary was finalized after several land area and assessed property value calculations. It is expected that a community based process will be used to endorse, or revise the preliminary boundary of a final urban renewal district.



The principles employed in drawing the boundary were to ensure that development opportunity areas were included, as well as areas where deficiencies existed, or projects were to be undertaken. The preliminary area proposed is irregularly shaped, and is built around commercial, recreation and residential uses as well as vacant land areas within the City of Warrenton.

▪ ORS Requirements

Oregon urban renewal law limits the total acreage in urban renewal areas to 25% of the total acreage within a city. The consultant has calculated that Warrenton contains approximately 17.4 square miles within its City limits. Based on the county assessor's tax lot data, the total acreage in the boundary is approximately 1.4 square miles. The area in the preliminary renewal district boundary represents 8.2% of the total area in Warrenton and is within ORS 457's 25% acreage limitation for renewal areas.

Finding: The preliminary boundary suggested by City staff is within the ORS acreage limitation of 25% of land within the city.

B. Blighting Conditions

▪ ORS Requirements:

In order to form an urban renewal district, the City of Warrenton must find that blighted areas exist within the urban renewal boundary. ORS 457.010 defines "blighted areas" and blighting conditions in the following manner.

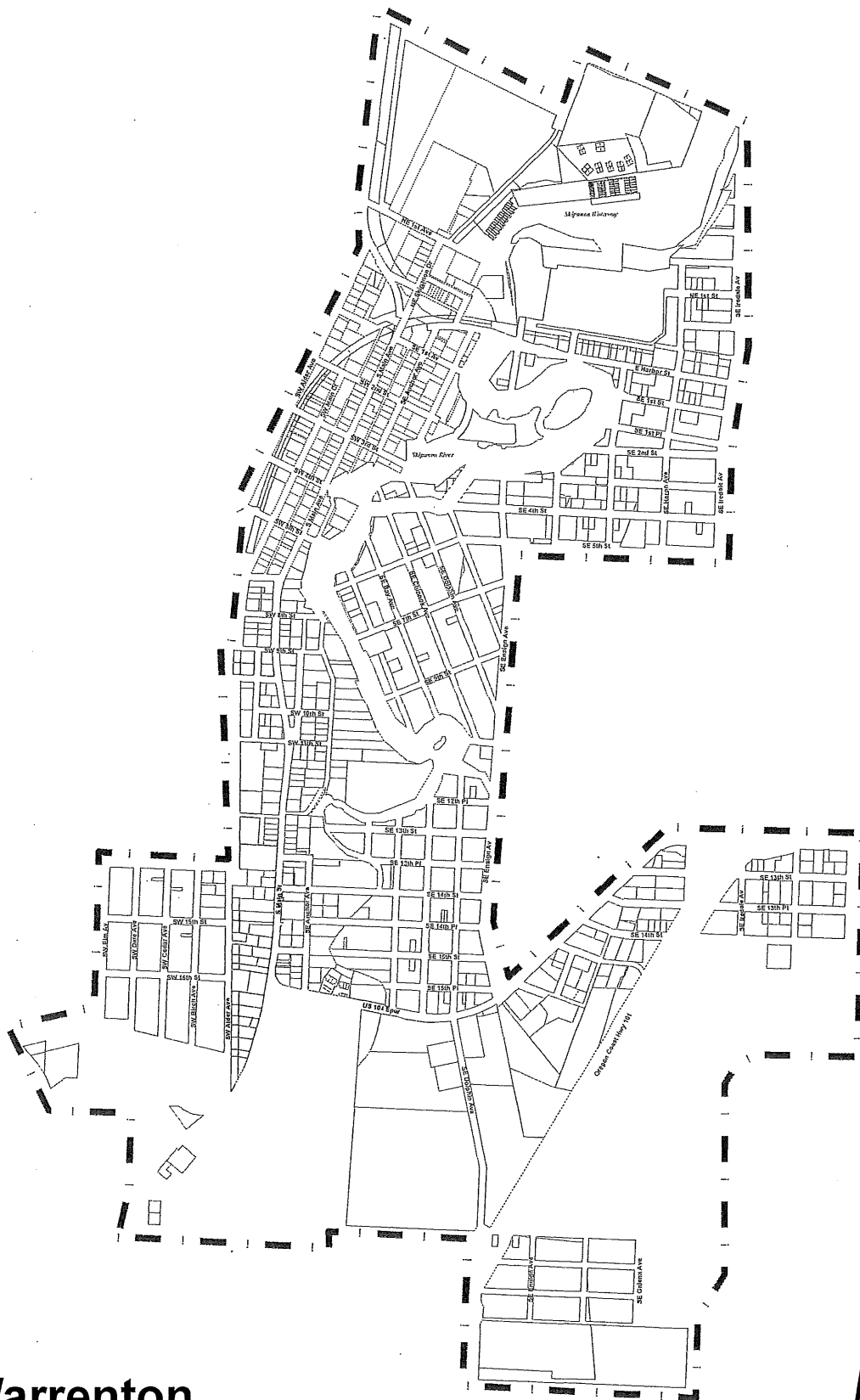
▪ 457.010 Definitions.

As used in this chapter, unless the context requires otherwise:



(1) "Blighted areas" means areas which, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community. A blighted area is characterized by the existence of one or more of the following conditions:

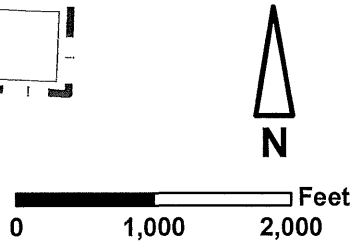
(a) The existence of buildings and structures, used or intended to be used for living, commercial industrial or other purposes, or any combination of those uses, which are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:

- (A) Defective design and quality of physical construction;
- (B) Faulty interior arrangement and exterior spacing;



City of Warrenton
Urban Renewal Analysis
Exhibit 1
 The Benkendorf Associates Corp.
 Oct. 2006

-  Study Boundary
-  Taxlots



- (C) Overcrowding and a high density of population;
- (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities or
- (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;
- (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;
- (c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;
- (d) The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;
- (e) The existence of inadequate streets and other rights of way, open spaces and utilities;
- (f) The existence of property or lots or other areas which are subject to inundation by water;
- (g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;
- (h) A growing or total lack of proper utilization of areas, resulting in a stagnant & unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare; or
- (i) A loss of population & reduction of proper utilization of the area, resulting in its further services elsewhere.

▪ **Blighting Conditions Within Preliminary Boundary:**

The feasibility study revealed the following conditions that constitute “blight” within the preliminary boundary:

1. **Depreciated Values and Reduced Utilization of the Area** The following table provides a summary of the qualitative characteristics of land parcels within the study area regarding utilization of land in the study area.

The following table provides a summary of the qualitative characteristics of land parcels within the study area regarding utilization of land in the study area.

Table 1: Urban Renewal Study Area Parcel Counts by Tax-Exempt Status and Improvements

Area Parcels	Total	Fully	Vacant	Improved		Subtotal
		Exempt	Taxable	Exempt	Taxable	
<i>Totals</i>	<i>1,059</i>	<i>30</i>	<i>465</i>	<i>156</i>	<i>408</i>	<i>564</i>
<i>Percentages of Total Parcels:</i>		<i>2.8%</i>	<i>43.9%</i>	<i>14.7%</i>	<i>38.5%</i>	<i>53.3%</i>

SOURCE: Clatsop County Assessor's Office and Johnson Gardner, LLC

A review of the parcel data reveals underutilization, given the following about the 1,059-parcel study area:

- **Non-Taxable Parcels:** Public sector and other tax-exempt ownership comprises nearly 18% (17.6%) of study area parcels. A great number of these parcels (156, or 14.7%) have taxable improvements but are developed on publicly-owned tax-exempt land. This would indicate a significant share of land area and potential taxable value not assessed and, therefore, not producing property tax for the City, despite service costs to the City.
- **Unimproved Properties:** Despite comprising much of the Warrenton city center, 43.9% of study area parcels (465 parcels) are unimproved.

A second important measure of underutilization of land in the study area is the ratio of improvement value to land value. A high ratio will indicate that development has economic value for the good of commerce within an area, tax revenue generation, and general public welfare. In general, a healthy city center of a smaller community would be expected to have an improvement value to land value ratio of at least 4:1 or 5:1.

We analyzed taxable parcels within the study area and found the following:

- The study area has an improvement to land value ratio of 1.34:1, or roughly 33% the normal range expressed above (\$28,822,622 million in improvement value to \$21,555,664 million in land value).

The parcel underutilization, under productive parcels from the standpoint of tax revenue generation and public welfare, and depreciated values in terms of existing improvements qualifies the study area as a "blighted area" as prescribed by Oregon Revised Statute.

2. **Incompatible Land Uses and Vacant Land** – Approximately, 44 per cent of the lots within the urban renewal area are vacant which represents a stagnant and unproductive condition of land yet these lots have the potential for contributing to the economic health of the City. There are also areas where the mix of older deteriorated commercial uses are impacting the quality of the adjacent residential environment.

3. **Obsolete and deteriorated buildings** - A cursory exterior inspection of buildings within the proposed study area boundary was undertaken to identify buildings deteriorated or exhibiting deferred maintenance. There are a substantial number of residential and commercial buildings in the area which are deteriorated and would benefit from minor and major rehabilitation.

5. **Unimproved Streets and Sidewalks**- There are many streets in the area that are substandard. These streets lack curbs, gutters and sidewalks. Several of these streets are also in need of re-surfacing. There is also a need for bicycle pathways and proper bike path signing, striping and symbols alerting automobile drivers.

Finding on Blighting Conditions: The preliminary review of blighting conditions indicates parcel underutilization, underproductive parcels from the standpoint of tax revenue generation and public welfare, and depreciated values in terms of existing improvements, in the City of Warrenton. There are also obsolete and deteriorated buildings as well many substandard streets and an absence of sidewalks.

Based on the conditions found within the preliminary study area boundary, the area contains one or more of the conditions listed under the definition of "blighted areas" found in ORS 457. The study area therefore appears eligible for inclusion in an urban renewal district. If formation of an urban renewal area continues, information on blighting conditions will be expanded and described in the Urban Renewal Plan and Report.

C. ASSESSED VALUE LIMITATIONS

Oregon Revised Statute (ORS 457.420) on urban renewal limits the total assessed valuation within an urban renewal area to no more than 25% of the total municipal assessed value.

To this end, a review of the Clatsop County 2005/2006 Tax Rate and Valuation Summary Report and Clatsop County Assessor's records indicate the following:

- The City of Warrenton comprised a total taxable assessed value (TAV) of \$295,529,253.
- The proposed urban renewal area comprises a total TAV of \$ 56,496,346.
- The resulting study area share of City taxable assessed value is 19.12%.

Finding: The urban renewal study area complies with ORS 457.420 on municipal taxable assessed value limitation.

D. Eligibility of Proposed Activities

- **ORS Requirements:** The activities to be funded and undertaken with urban renewal revenues should meet the following criteria:
 - They must be activities permitted by urban renewal statute. In general, this means that projects must be of a capital improvement nature, or basic "bricks and mortar" activities.
 - They must be consistent with goals and policies set forth in the City's Comprehensive Plan, and other adopted policy documents.
 - The activities must be located within the renewal area boundary.

1. Potential Renewal Project Activities

At the time this feasibility report is prepared, there is no formal list of project activities for an urban renewal project area. In meetings with the staff and at the August, 2006 meeting, several urban renewal district goals have been identified.

The preliminary list of suggested renewal goals and potential projects is:

- Goal 1 Improve the appearance and create economic opportunity in the downtown by making public improvements and attracting private investment.
- Goal 2 Establish a capital improvement and maintenance program for the City's marina.
- Goal 3 Aggregate and acquire vacant and blighted properties for redevelopment by the private sector.
- Goal 4 Establish a housing and business rehabilitation revolving loan fund with below market interest rates.

2. Potential Projects

- Prepare a Master Maintenance and Improvement Plan for the City's Marina
- Make improvements, as needed, to the water, sanitary and storm sewer systems
- Prepare and implement an overall pedestrian walkway and bike path system for the central city.
- Establish a building awning and other improvement programs in the downtown

Finding: The categories of project goals and activities in the recommendations listed above meet the requirements of ORS 457 and will help to remove the blighting conditions found within the preliminary urban renewal area.

The improvement projects listed are similar to those typically undertaken in other urban renewal districts in Oregon. All of the project goals and supporting activities in the list of recommendations appear eligible for renewal funding.

E. Financial Feasibility

This section defines the methodology of financial feasibility assessment and summarizes findings in keeping with requirements of Oregon Revised Statute on the matter of urban renewal plans. Specifically, ORS 457.085 (3)(g) requires the urban renewal plan to include:

(g) A financial analysis of the plan with sufficient information to determine feasibility;

To this end, a financial feasibility analysis was conducted that documents the following:

- Estimation of future taxable assessed value and resulting tax increment resources available for urban renewal activities;
- Estimation of the timing of tax increment resource availability; and
- Estimation of necessary urban renewal plan duration to sufficiently finance planned projects.

1. Estimates of Revenues to Pay for Plan Activities

There are two primary sources of growth in the assessed value of a taxing district and an urban renewal area under Measure 50:

- 3% maximum growth in the taxable assessed value of a property with no major improvements or renovations in the course of a year; and
- The assessed value from new construction, improvements or major renovation on a property over the course of a year ("exception values").

In other words, even without new construction, improvement, or renovation activity, taxable assessed value of property or properties can increase by up to 3.0% annually under Measure 50.

For the purposes of a conservative financial feasibility analysis, the following assumptions about growth in assessed values and other variables determining future tax increment revenue resources:

- The urban renewal plan will last 20 years;
- The first tax increment revenue receipt will be in 2007;
- The frozen taxable assessed value base of the study area is estimated at \$58,191,236 (Measure 50 TAV);
- 3.0% annual growth in existing taxable assessed values; and
- A \$11.8922 per \$1,000 of TAV combined Measure 50 property tax rate in the study area (Clatsop County Tax Code 30-04).

According to the City of Warrenton, there are presently five private development projects proposed for land within the urban renewal study area. Each project is in various stages of the planning and approval process, therefore conservative assumptions were utilized to calculate potential assessed value for each project.

Table 2 below provides a summary of each of the projects, which are private and, therefore, subject to taxation.

Table 2: Planned New Development in the Urban Renewal Study Area

Improvement	Improvement Assessed Value	Construction Year	Assessment Year
New Auto Dealership (42,500 s.f.)	\$2,345,000	2007	2008
Home Improvement Retail (100,000 s.f.)	\$3,082,000	2007	2008
52 Condominiums	\$6,968,000	2007	2008
Hair Salon & Apartments (6,400 s.f.)	\$737,000	2007	2008
Four 4-Plexes (15,584 s.f.)	\$879,100	2007	2008
TOTALS:	\$14,011,100		

SOURCE: City of Warrenton, Oregon, RS Means.com and Johnson Gardner, LLC

In only one instance (four 4-plexes) have building permits been granted, with a known valuation as a result. In all other instances, assumptions were made to achieve a calculation for assessed value. We further assume that assessed value will roughly equal 67% of project value due to the uncertainty of project details, as well as typical differences between project market values and taxable assessed values.

- A new auto dealership is planned for 4.88 acres. Assuming a floor area ratio (building footprint ratio to parking and landscaping) of 0.2, a 42,500 square foot structure was calculated. RS Means.com, a standard construction industry project cost data source, estimated a project value of \$3.5 million.
- A new home improvement retail center is planned to be 100,000 square feet. RS Means.com calculates a \$4.6 million project value.
- A 52-unit condominium project is planned. We conservatively assume a \$200,000-per-unit market value based on a survey of market conditions of new development in the region.
- A hair salon and apartment building is planned for a 5,000 square foot parcel in the urban renewal study area. It was assumed the building would be two stories. A 0.65 floor area ratio for the building will yield a 6,500 square foot mixed-use structure with surface parking. RS Means.com estimates a \$1.1 million project value.
- Four 4-plex apartments are planned and have an estimated valuation of \$328,022 per structure per building permits.

We would note that the developments summarized above and their values are based on industry standards. These represent very conservative assumptions for the purpose of this analysis based on the information available to the City of Warrenton, at this time. These project descriptions are not, nor are they intended to be, binding for these parcels and their planned development.

All projects were expected to be constructed in late 2006 and 2007. We assume the first year of property tax assessment for all projects will be 2008. We further assume that these projects will be subject to the 3% TAV escalation annually as are all other properties in the proposed urban renewal area. Finally, for conservative analysis, we assume that these are the only new improvements in the proposed urban renewal area for the duration of the 20-year plan lifetime.

Applying these assumptions, estimates of 20-year cumulative new incremental property values, annual revenues and cumulative revenues for the proposed urban renewal district were achieved. Results are displayed in Table 3 and summarized below:

- Cumulative New Incremental Assessed Value: Growth from \$1,745,737 in 2007 to \$70,761,569 by 2026;
- Annual Revenue: Growth from \$20,761 in 2007 to \$841,511 by 2026; and
- Cumulative Revenue Growth: \$9,497,339 over the 20-year period.

Table 3: Urban Renewal Study Area 20-Year Tax Increment Revenue Estimates

Year	Cumulative New Incremental Assessed Values	Annual Revenue	Cumulative Revenue
2007	\$1,745,737	\$20,761	\$20,761
2008	\$17,554,946	\$208,767	\$229,528
2009	\$19,827,332	\$235,791	\$465,318
2010	\$22,167,889	\$263,625	\$728,943
2011	\$24,578,663	\$292,294	\$1,021,238
2012	\$27,061,760	\$321,824	\$1,343,061
2013	\$29,619,349	\$352,239	\$1,695,301
2014	\$32,253,667	\$383,567	\$2,078,868
2015	\$34,967,014	\$415,835	\$2,494,702
2016	\$37,761,762	\$449,070	\$2,943,773
2017	\$40,640,352	\$483,303	\$3,427,076
2018	\$43,605,299	\$518,563	\$3,945,639
2019	\$46,659,195	\$554,880	\$4,500,519
2020	\$49,804,708	\$592,288	\$5,092,807
2021	\$53,044,587	\$630,817	\$5,723,624
2022	\$56,381,661	\$670,502	\$6,394,126
2023	\$59,818,848	\$711,378	\$7,105,504
2024	\$63,359,151	\$753,480	\$7,858,983
2025	\$67,005,662	\$796,845	\$8,655,828
2026	\$70,761,569	\$841,511	\$9,497,339

SOURCE: Clatsop County Assessor's Office & Johnson Gardner, LLC

2. Estimate of Project Costs

At the time this feasibility report is prepared, no estimate of project costs is available. In the absence of details on the scope of these possible activities, this report instead uses a “revenue-side” approach to identifying costs. That approach uses the estimated project revenues to establish a general level of project costs that can be sustained by that revenue. As Table 1 shows, the total tax increment revenues anticipated over a 20 year period are approximately \$9.5 million.

To get a rough estimate of what that revenue stream might be worth in 2006 dollars, the consultant applied a 3% discount rate to the annual revenues shown above. The rate indicates that in 2006 dollars, the revenues would support approximately \$6.5 million in project costs over the plan duration.

3. Estimate of Time Needed to Carry Out Plan Activities

ORS 457 imposes no time restrictions on carrying out an urban renewal plan. As a policy question, however, there is an issue regarding how long the plan might operate before it generates sufficient revenue to pay off estimated project indebtedness, and return the values in the area to the tax rolls. The revenue projections shown in Table 2 imposed a 20 year limit on the collection of tax increment revenue. That is the most common time frame for recent urban renewal plans. Because most urban renewal plans build revenues slowly, and gain revenue momentum in later years, communities with a lengthy or expensive project list may choose a longer plan duration to cover those costs. The plan duration is a City policy choice.

4. Estimate of Maximum Indebtedness to Carry Out Plan

Oregon Revised Statute 457.190 indicates that an urban renewal plan must include an estimate of "maximum indebtedness" for the borrowed principal to fund urban renewal projects. Estimates "shall be based upon good faith estimates of the scope and costs of projects, including but not limited to increases in costs due to reasonably anticipated inflation..." consistent with other provisions of ORS 457.190. The statute does not, however, prescribe specific limits for maximum indebtedness, only that an estimate must be included in the plan.

As this is a feasibility study of a proposed urban renewal area, an estimate of maximum indebtedness is not necessary at this time. After public input and the draft of a formal urban renewal plan, maximum indebtedness for a specific project or projects would be appropriate.

5. Financial Feasibility Evaluation

Table 3 above indicates nearly \$9.5 million in total urban renewal resources generated within the Study Area through 2026. The figure generally reflects an annual inflation rate of 3.0%. Results in Figure 3, when discounted to 2006 dollars assuming 3% inflation, indicate \$6,529,001 in resources generated over the 20-year lifetime of the proposed urban renewal area.

Given the projections summarized above, we find the following:

- Urban renewal resources would begin somewhat modestly, but the addition of known new developments (Table 2) in 2008, an improvement project could reach up to \$2.09 million in cost, assuming 7% interest and a 15-year term.
- Results of the analysis, in our view, are very conservative. This study has assumed new construction to be limited to five known projects in 2007/2008. Thereafter, we have assumed no new construction, improvement, renovation or redevelopment in the study area over the course of the remaining 18 years of the urban renewal period. To the extent that economic and population growth drives development in the study area, particularly when accelerated by urban renewal projects, we believe the potential revenues are understated in this analysis.

Finding: Given these conservative assumptions, an urban renewal district formed within the study area would be financially feasible.

F. Tax Impacts of Carrying out a Plan

1. Urban Renewal Under Ballot Measure 50

Currently under Measure 50¹, property tax rates for each taxing district are fixed and are not impacted by the establishment of an urban renewal district. Accordingly, property tax bills are not affected by the addition of an urban renewal district. Instead, given fixed tax rates and statutory limits on growth in annual taxable assessed value of property, urban renewal resources are actually a diverted share of property tax revenues that would have otherwise gone to local taxing districts. This implies the following:

- Urban renewal tax increment represents foregone property tax revenue previously received by general government taxing districts (County, City, Parks, Hospital, etc.) and to education taxing districts (Public Schools, Community College, Educational Service Districts, etc.).
- Foregone property tax revenues will vary for each taxing district given different tax rates, different taxable assessed values, existence of compression or other factors.
- Public school districts do lose property tax revenue as a result of urban renewal district establishment, though there is no net loss to school district revenues in total due to the State's calculation of per-student spending and the State distribution of tax revenues to schools.

2. Local Impacts

An analysis of foregone property tax revenues for each affected taxing district (Tax Code 30-04) with jurisdiction over the study area was conducted. Detailed results for each taxing district are expressed in Table 4 on the following page.

Over the 20-year study period, we find that a total of \$9,497,339 in property tax revenues will be foregone by taxing districts affected by the preliminary urban renewal district.

- Tax revenue diversion is estimated to begin at \$20,761 in 2007 and grow to \$841,511 by 2026.
- The Warrenton-Hammond School District will experience the largest foregone property tax revenue, at over \$4.5 million over the 20-year study period. Again, the School District will not experience a net loss in funding as a result of an urban renewal district because of the State-determined and funded per-student revenue distribution to local K-12 public school districts, regardless of local school district property tax rates and revenues.
- The 4H & Extension Service is estimated to experience the least total property tax revenue foregone, at only \$42,646 over the 20-year study period.
- Foregone local property tax revenues for the City of Warrenton are estimated to total \$2.52 million through 2026.

Annual estimates in Table 4 are nominal, in that they inherently assume 3.0% annual inflation. Accordingly, estimates actually overstate foregone revenues for the taxing districts because of the time-

¹ *The Urban Renewal Program – Under the Past and Current Property Tax Systems*, State of Oregon Legislative Revenue Office, Publication #1-00, February 2000

value of money. In other words, one dollar in twenty years is worth far less than one dollar today due to inflation, risk, and other variables. Estimates of foregone revenues in constant 2006 dollars are expressed in the bottom row of Table 4.

Results indicate that property tax revenues foregone, and therefore, urban renewal revenue resources in today's dollars will total \$6.53 million over the course of the 20-year duration.

TABLE 4: CUMULATIVE PROPERTY TAX REVENUES FOREGONE BY AFFECTED WARRENTON AREA TAXING DISTRICTS

Measure 50 Property Tax Rates (Per \$1,000 Taxable Assessed Value)											
		Clatsop County	City of Warrenton	Port of Astoria	4H & Extension Service	Sunset Empire Transport	Clatsop Care Center	Northwest Regional ESD	Warrenton-Hammond School District 30	Clatsop Community College	All Levies
	Cumulative New Increment Taxable Assessed Value	1.5287	3.1514	0.2441	0.0534	0.1620	0.1763	0.1538	5.6440	0.7785	11.8922
Year	Cumulative Property Tax Revenues Foregone By Taxing District*										
2007	\$1,745,737	\$2,669	\$5,502	\$426	\$93	\$283	\$308	\$268	\$9,853	\$1,359	\$20,761
2008	\$17,554,946	\$26,836	\$55,323	\$4,285	\$937	\$2,844	\$3,095	\$2,700	\$99,080	\$13,667	\$208,767
2009	\$19,827,332	\$30,310	\$62,484	\$4,840	\$1,059	\$3,212	\$3,496	\$3,049	\$111,905	\$15,436	\$235,791
2010	\$22,167,889	\$33,888	\$69,860	\$5,411	\$1,184	\$3,591	\$3,908	\$3,409	\$125,116	\$17,258	\$263,625
2011	\$24,578,663	\$37,573	\$77,457	\$6,000	\$1,313	\$3,982	\$4,333	\$3,780	\$138,722	\$19,134	\$292,294
2012	\$27,061,760	\$41,369	\$85,282	\$6,606	\$1,445	\$4,384	\$4,771	\$4,162	\$152,737	\$21,068	\$321,824
2013	\$29,619,349	\$45,279	\$93,342	\$7,230	\$1,582	\$4,798	\$5,222	\$4,555	\$167,172	\$23,059	\$352,239
2014	\$32,253,667	\$49,306	\$101,644	\$7,873	\$1,722	\$5,225	\$5,686	\$4,961	\$182,040	\$25,109	\$383,567
2015	\$34,967,014	\$53,454	\$110,195	\$8,535	\$1,867	\$5,665	\$6,165	\$5,378	\$197,354	\$27,222	\$415,835
2016	\$37,761,762	\$57,726	\$119,002	\$9,218	\$2,016	\$6,117	\$6,657	\$5,808	\$213,127	\$29,398	\$449,070
2017	\$40,640,352	\$62,127	\$128,074	\$9,920	\$2,170	\$6,584	\$7,165	\$6,250	\$229,374	\$31,639	\$483,303
2018	\$43,605,299	\$66,659	\$137,418	\$10,644	\$2,329	\$7,064	\$7,688	\$6,706	\$246,108	\$33,947	\$518,563
2019	\$46,659,195	\$71,328	\$147,042	\$11,390	\$2,492	\$7,559	\$8,226	\$7,176	\$263,344	\$36,324	\$554,880
2020	\$49,804,708	\$76,136	\$156,955	\$12,157	\$2,660	\$8,068	\$8,781	\$7,660	\$281,098	\$38,773	\$592,288
2021	\$53,044,587	\$81,089	\$167,165	\$12,948	\$2,833	\$8,593	\$9,352	\$8,158	\$299,384	\$41,295	\$630,817
2022	\$56,381,661	\$86,191	\$177,681	\$13,763	\$3,011	\$9,134	\$9,940	\$8,671	\$318,218	\$43,893	\$670,502
2023	\$59,818,848	\$91,445	\$188,513	\$14,602	\$3,194	\$9,691	\$10,546	\$9,200	\$337,618	\$46,569	\$711,378
2024	\$63,359,151	\$96,857	\$199,670	\$15,466	\$3,383	\$10,264	\$11,170	\$9,745	\$357,599	\$49,325	\$753,480
2025	\$67,005,662	\$102,432	\$211,162	\$16,356	\$3,578	\$10,855	\$11,813	\$10,305	\$378,180	\$52,164	\$796,845
2026	\$70,761,569	\$108,173	\$222,998	\$17,273	\$3,779	\$11,463	\$12,475	\$10,883	\$399,378	\$55,088	\$841,511
		\$1,220,849	\$2,516,768	\$194,943	\$42,646	\$129,376	\$140,797	\$122,828	\$4,507,406	\$621,725	\$9,497,339
Present Value (3% Inflation):		\$839,280	\$1,730,167	\$134,015	\$29,317	\$88,940	\$96,791	\$84,439	\$3,098,643	\$427,408	\$6,529,001

*School district property tax revenues would be foregone under the proposed urban renewal district, but there would be no net loss to school funding, as established by current State of Oregon K-12 per-student funding system.
SOURCE: *The Urban Renewal Program - Under the Past and Current Property Tax Systems*, State of Oregon Legislative Revenue Office, 2000, Clatsop County Assessor's Office, City of Warrenton and Johnson Gardner, LLC

III. SUMMARY OF URBAN RENEWAL FINDINGS

The previous sections of this analysis have provided information on each of the key issues that should be evaluated in making the decision to proceed with an Urban Renewal Plan and Report. In summary, the feasibility findings are these:



- The preliminary area proposed is within the acreage and total value limits established by ORS 457.
- The preliminary area proposed contains blighting conditions as defined by ORS 457.
- The list of potential goals and project activities appears to be eligible for renewal funding.
- The assumptions used in the financial analysis of urban renewal district feasibility were made with good faith and were intended to be very conservative;
- The duration needed to carry out plan activities is initially estimated at twenty years, and is typical of the duration usually required for newly adopted urban renewal plans.
- Potential resources generated by an urban renewal district so specified in this analysis are estimated to be moderate in the early years, but as early as Year 2 a project exceeding \$2.0 million could potentially be financed assuming no significant changes in the cost of borrowing before 2009.

Decisions on the use of resources will be made annually in the new Urban Renewal Agency's budget process. On this basis, it appears there are no technical or legal obstacles to the feasibility of establishing an urban renewal plan for the study area shown on the boundary map. Proceeding with an Urban Renewal Plan and Report is a policy matter for the City Council to decide.

IV. AGENCY ORGANIZATIONAL ALTERNATIVES

There are two alternative approaches to consider in establishing an Urban Renewal Agency.

The first and most commonly used organization is for the Warrenton City Commission to designate the City Commission as the Urban Renewal Commission. The Mayor and Commissioners will need to conduct the Urban Renewal Agency's business in a separate public meeting from standard City business affairs. This can be accomplished by simply conducting the business of the City of Warrenton and the Warrenton Urban Renewal Agency in separate meetings in compliance with Robert's Rules of Order.



The second approach is for the City to establish a separate Commission to manage the Urban Renewal Agency. The Mayor, with the consent of the City Commission, would appoint members to a Commission. The ordinance establishing the Urban Renewal Agency can be specific about the composition of the Commission, such as requiring that the Commission be comprised of one or more members of the City Commission, one member of the Planning Commission and a specific number of citizens at large.

The City Council's of municipalities just starting an urban renewal program can find it difficult to decide whether to establish a separate Commission or to retain direct authority. There are advantages and disadvantages to each of the two options that are currently used in Oregon.

A. City Council as Agency Commission

The advantages of designating the city commission as the agency commission include:

- Direct control is retained by Warrenton's elected officials.
- Decisions of this type of agency Commission will tend to be considered final, as opposed to the decisions of a separate board which might be carried to the City Commission.
- The agency's meetings may be better attended if they are held concurrently with City Commission meetings.

The disadvantages of this alternative include:

- Representation on the agency Commission is limited to the elected officials. Opportunities for other interested citizens (i.e. residents or business owners within the urban renewal area) to directly participate in agency governance are eliminated.
- The membership of the Commission is subject to change with each election, potentially resulting in a lack of continuity in agency policy.
- Agency decisions may tend to be based more on political grounds than sound development considerations.

- Agency issues may not receive sufficient attention from agency members who often have heavy demands placed on them in their roles as city councilors.
- In issues where the interests of the agency and the interests of the city differ, it may be more difficult for these interests to be kept separate. The council may not be as willing to advocate agency interests where these conflict with city interests.

B. Separate Agency Commission

The advantages of designating a separate agency commission include:

- The commission is more likely to devote its full attention to urban renewal matters
- The commission is more likely to represent the interests of the agency in those circumstances where there may be conflicts with the City.
- Agency decisions may be freer of political issues and might be more likely to be made on the basis of sound development considerations. In these cases, the public may find it easier to perceive the differing interests of the agency and the city.
- The commission membership may include one or more elected officials in order to retain a measure of direct control by the municipal governing body. An agency commission may, in fact, be composed of a mix of elected officials and citizens, with the elected officials comprising a majority. This allows for direct control by the City Council while allowing for the continuity that can be provided by citizen members.
- The commission membership may represent particular interests in the community or the urban renewal area.

The disadvantages of this form of governance include:

- The City may be unwilling to truly delegate authority to a separate commission and this may result in “second guessing” of commission decisions.
- The commission may be less directly accountable to the voters of the City
- Commission decisions may not be considered final by the public and may be carried to the Council, causing delays or reversals of commission decisions.

Advisory Committee

Either form of Commission can appoint an advisory committee, although advisory committees are more consistently appointed by Commissions which consist of the City Council. In fact, appointing such a committee can help mitigate some of the disadvantages of having the City Council serve as the agency Commission.

Advisory committees can devote their full attention to urban renewal issues, and the agency board can choose to rely to a great extent in many cases on their advice. Advisory Committees can also broaden participation in urban renewal decisions and can represent varying interests in the community.