



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

**AGENDA**  
**Joint Meeting of:**  
**COLUMBIA GATEWAY**  
**URBAN RENEWAL AGENCY**  
**&**  
**URBAN RENEWAL ADVISORY COMMITTEE**

Conducted in a Handicap Accessible Meeting Room

Tuesday, November 21, 2006

5:30pm

City Hall Council Chambers

313 Court St.

The Dalles, OR

- I. Call to Order – Chair of the Agency Board
- II. Roll Call
- III. Pledge of Allegiance
- IV. Approval of Agenda
- V. Discussion: The Future of Urban Renewal in The Dalles
  - A. How Urban Renewal Works – Jeff Tashman, Urban Renewal Consultant
  - B. History of Urban Renewal in The Dalles and How We Got Here – Dan Durow
  - C. Current Status – Dan Durow
  - D. Current District Projects – Nolan Young
  - E. Brainstorming: New Projects – Nolan Young
  - F. Plan Options – Jeff Tashman
  - G. Project Prioritization – Nolan Young
  - H. Map Exercise – Nolan Young
  - I. Direction on Options to Pursue – Nolan Young
- VI. Next U.R. Advisory Committee Meeting Date: December 19, 2006
- VII. Adjourn

**Note: Please bring Urban Renewal Plan document and Urban Renewal Budget to meeting.**



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## MEMORANDUM

**TO:** Agency Board and Advisory Committee  
**FROM:** Denise Ball, Administrative Secretary *DB*  
**SUBJECT:** Agenda Material for Combined Meeting November 21, 2006  
**DATE:** November 15, 2006

Enclosed with this memo are two additional documents for your review prior to the November 21, 2006 combined meeting. I apologize that they were not included in the original mailing. Please add them to your Agenda packet and bring them to the meeting. Also, remember to bring your Urban Renewal Plan Document and current Urban Renewal Budget to the meeting.





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CITY OF THE DALLES

## AGENDA STAFF REPORT Columbia Gateway Urban Renewal Agency

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
November 27, 2006		

**TO:** Agency Board and Advisory Committee

**FROM:** Nolan K. Young, City Manager *NKY*

**DATE:** November 13, 2006

**ISSUE:** Future of Urban Renewal in The Dalles

### **BACKGROUND:**

The Columbia Gateway Urban Renewal District was formed in 1990 after an extensive public process. Shortly after the agency issued their first bonds Ballot Measure 5 was adopted. Urban Renewal would have had a detrimental impact on the other non-school taxing districts in the county if it collected the needed revenue to pay off the bonds. Urban Renewal therefore chose to refund the bonds and to not collect any increment that would cause compression.

As the county slowly got out of compression Urban Renewal began to collect some tax increment (the amount of increase in tax value of properties in the District). In 1996 a demonstrator of the Urban Renewal Downtown Streetscape project was done. In 1996 ballot measure 47 was adopted, ballot measure 50 which replaces 47 was approved in 1997. This measure allowed Urban Renewal Districts to continue. In the time since the Urban Renewal District was formed the District has collected over 8 million dollars in tax increments.

In 1998 the Urban Renewal District was shrunk through a mediated process with voters who were dissatisfied with the tax impact of the Urban Renewal District. A primary concern was that the agency had a 36 million dollar maximum debt limit which they felt was too much for a community of this size.

The last 10 years the Urban Renewal District has been collecting tax increment and doing projects. Attached is a list of projects which have been completed.

Projects completed by June 30, 2006

1. Demolition of old cabins – Mill Creek and 6<sup>th</sup> Street, north side
2. Downtown Streetscape 2<sup>nd</sup>. Street
3. Commodore II, building redevelopment
4. Acquisition of Parking lot on 1<sup>st</sup> and Court
5. Civic Auditorium Ballroom restoration
6. West 6<sup>th</sup>. Street, Mill Creek Bridge restoration
7. Thompson Park sidewalk construction
8. Grain Elevator demolition
9. Downtown West Gateway/Transition design with Thompson Park
10. Downtown East Gateway/Transition design with Flour Mill
11. Downtown Riverfront/Union Street Underpass construction
12. Property Rehabilitation Grant and Loan Program: Columbia River Bank building, Sigman's building, Granada Theater, Art Center, Masonic Lodge, American Legion, and Old St. Peter's Landmark.
13. Acquisition of Mill Creek Greenway Property
14. Demolition of Hillco Gas Station
15. Demolition of older buildings; south side Mill Creek and 6<sup>th</sup> Street
16. Flour Mill purchase

#### **Future of Current Urban Renewal District:**

The future of the current Urban Renewal District includes a sunset date of 2015; the remaining maximum indebtedness is about \$6 million. At the current rate of collection at that time we will have only collected 3.5 million dollars. An Amendment to the plan would be needed to collect the full amount.

Attached is a Memorandum from Urban Renewal Specialist Jeff Tashman that lists four options to help the community to better utilize Urban Renewal to eliminate community blight. The Memo also discusses the process that must be followed for each the following four options:

1. Current Plan: Amend or remove the time limit on collection of tax increment revenue to allow for issuance of maximum indebtedness.

2. Current Plan: Extend time for collection of tax increment revenue and increase the maximum indebtedness.
3. Current Plan: Extend time for collection of tax increment revenue, increase the maximum indebtedness and expand the Urban Renewal Area.
4. New Plan: Establishing a new Urban Renewal Plan for the Westside industrial/commercial area.

**BUDGET IMPLICATIONS:**

Any extension of the District or its maximum indebtedness has an impact of City Property Tax revenue either in funds with held for the Urban Renewal District or in new investment made in the community generated by development within the District.

**BOARD ALTERNATIVES:**

1. Select the preferred option.
2. Postpone decision for future meeting.



## URBAN RENEWAL OVERVIEW FOR THE DALLES

### **I. WHAT IS URBAN RENEWAL?**

The purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped. These areas can have old deteriorated buildings and bad streets and utilities or the areas can lack streets and utilities altogether. The Dalles has one urban renewal area - Downtown/Columbia Gateway. Other areas of The Dalles may be appropriate for urban renewal.

Urban renewal provides the following tools:

- It allows for the use of tax increment financing (explained below) to finance improvement projects.
- It allows for special flexibility in working with private parties to complete development projects.

#### **A. Types of Urban Renewal Projects and Programs**

Urban renewal projects can include:

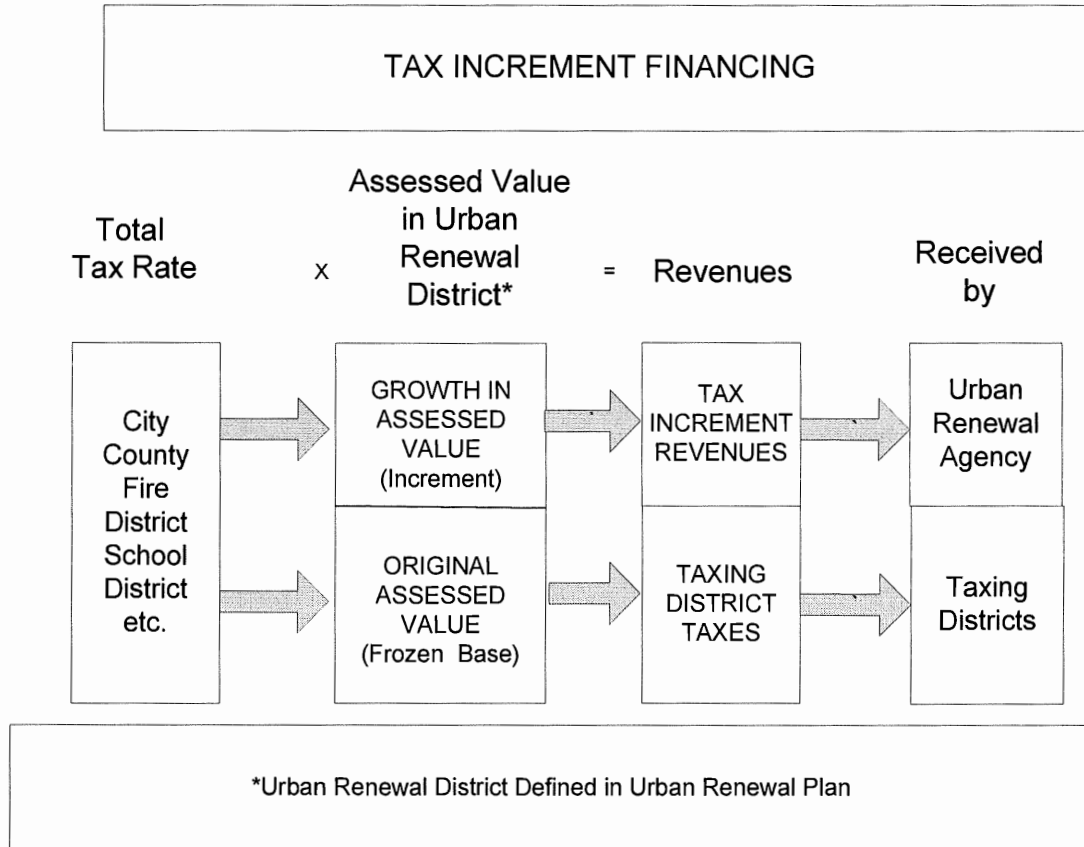
- Construction or improvement of streets, utilities and other public facilities.
- Assistance for rehabilitation or redevelopment of property.
- Acquisition and re-sale of property (site assembly) from willing sellers

#### **B. Tax Increment Financing (TIF)**

Urban renewal is unique in that it brings its own financing source: tax increment financing (TIF). Tax increment *revenues* are the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established. The assessed value of an urban renewal area at the time the plan is adopted is called the “frozen base”. Growth above the base is called the “increment.”

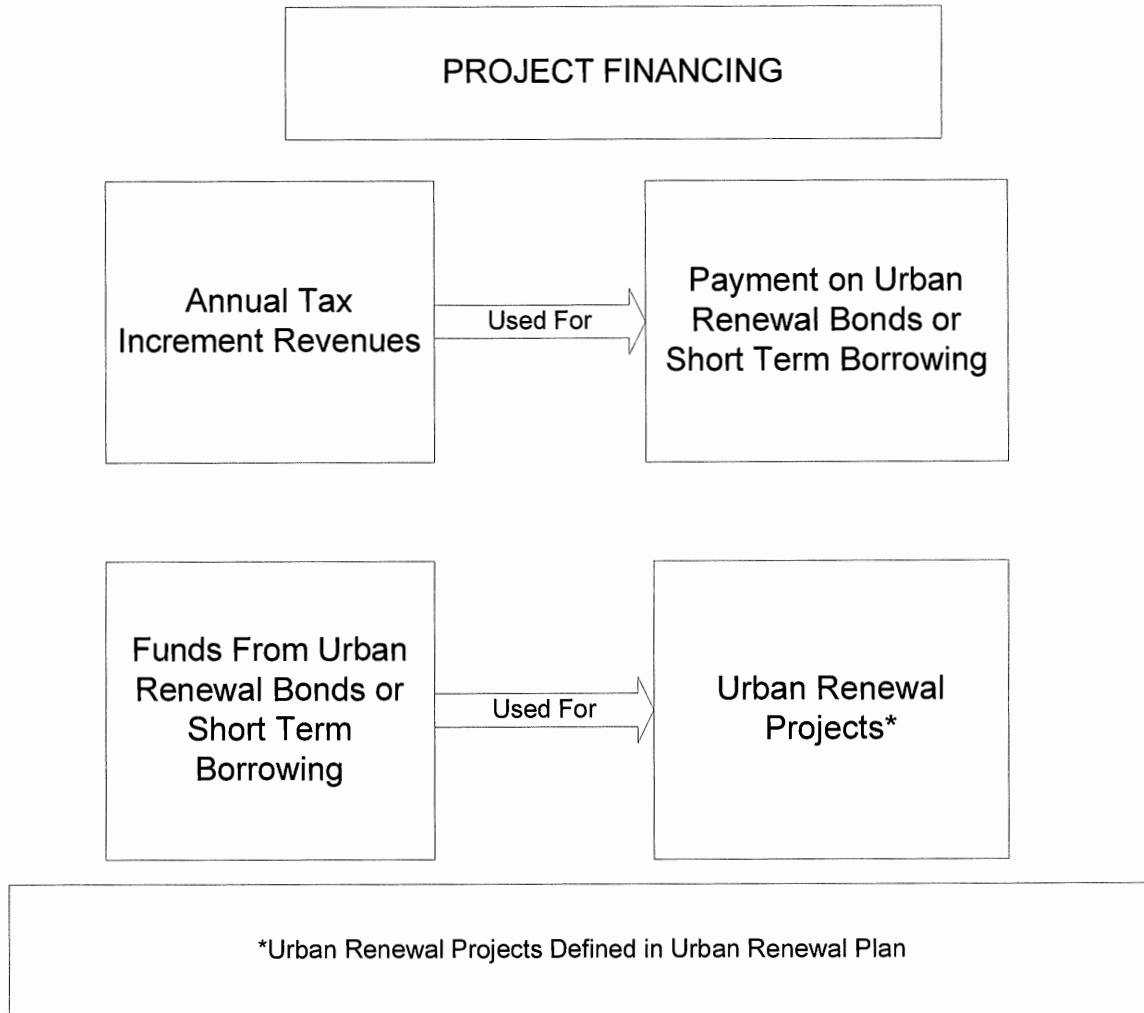
The diagram below shows how this works:

*Urban Renewal Overview for The Dalles*



The annual tax increment revenues have to be used to make payment on borrowings and can't be spent directly on projects. The funds borrowed are used to pay for urban renewal projects. This is shown below:

*Urban Renewal Overview for The Dalles*

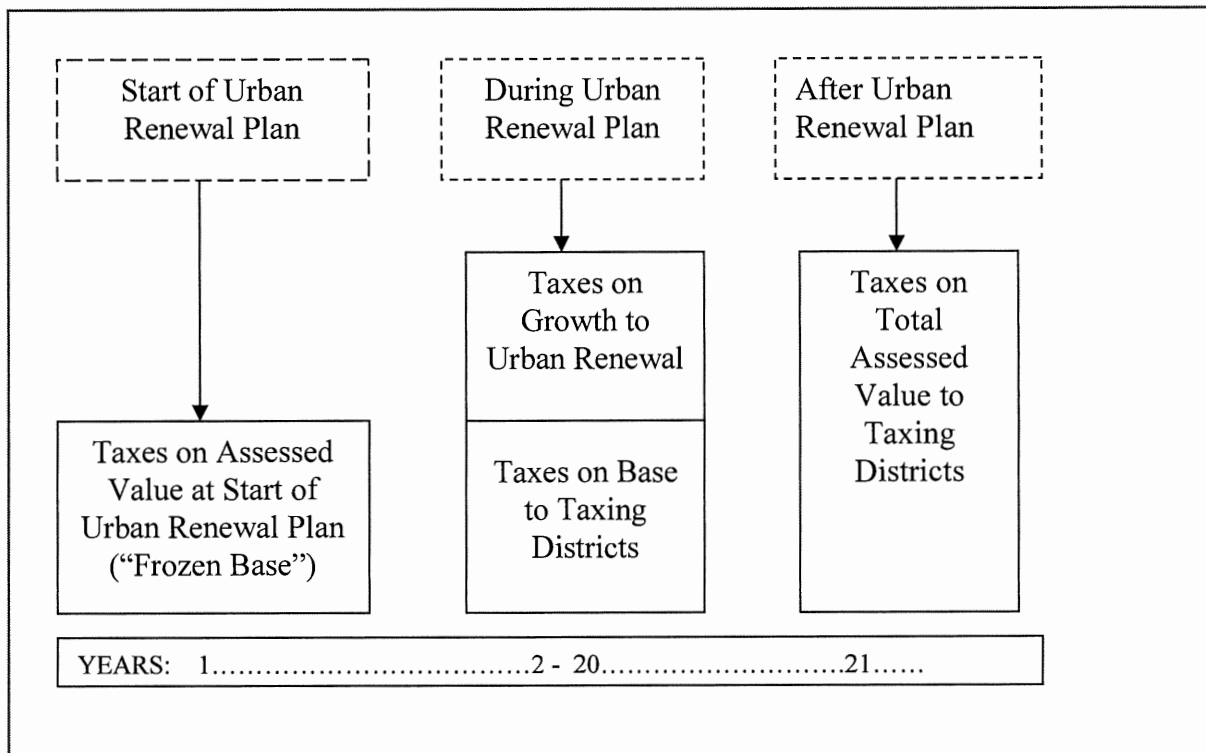




*Urban Renewal Overview for The Dalles*

Though the amount of tax increment revenue is determined by the growth inside the urban renewal area, for the purpose of complying with Measure 5 property tax limits, the taxes are actually raised from all property within the city. The normal taxes<sup>1</sup> paid by each property owner in the city are divided, so that taxing districts and the urban renewal agency get their proper share.

Over time the urban renewal plan helps create growth in assessed values. After the plan is completed, the taxing districts revenues are higher than they would have been without an urban renewal plan. This is shown in the diagram below:



<sup>1</sup> The property tax rates for General Obligation bonds approved prior to 10/6/2001 will be increased very slightly to generate tax increment revenues and raise enough money for debt service.

**II. ARE THERE LIMITS ON USE OF URBAN RENEWAL?**

Existing statutes limit the scope and size of urban renewal plans and require a thorough public process for adopting or making major changes to urban renewal plans.

- For cities with less than 50,000 people the limits are 25% of land area and assessed value.
- Adoption or major changes of an urban renewal plan require that the city “consult and confer” with affected taxing districts, present the plan or amendment to the planning commission and adopt the plan or change by non emergency ordinance. Notice of the hearing on adoption of the plan or amendment must sent to each individual household within the city.
- Every urban renewal plan has a limit on the amount of tax increment debt used to finance the plan. Increasing this “maximum indebtedness” also involves the same public process as the original adoption of the plan. If the Downtown/Columbia Gateway Plan is amended to increase the maximum indebtedness (or to increase the size of the urban renewal area by more than 1%), a substantial amendment will be required.



MEMORANDUM

TO: Dan Durow  
FROM: Jeff Tashman  
SUBJECT: Alternatives for Columbia Gateway/Downtown Urban Renewal Plan  
DATE: 2 October 2006

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The Columbia Gateway/Downtown Urban Renewal Plan has two important limits on its use of tax increment financing. Section 701 of the Plan states that the collection of tax increment revenues “shall be terminated not later than June 30, 2015.” This same section also states that the maximum indebtedness that can be issued is \$14,227,353.

Currently we estimate that the Agency can issue \$5,927,149 in additional debt within the maximum indebtedness limit. However, the time limit on collection of tax increment revenues does not allow enough revenues to be collected to issue this amount of debt. A rough estimate of the borrowing capacity in FY 07/08 dollars is \$3,500,000.

In addition, there have been needs identified by staff and the Urban Renewal Advisory Committee for investments in the urban renewal area that cannot be met within the existing maximum indebtedness limit.

Part of the Urban Renewal Area extends along West 2<sup>nd</sup> Street. It primarily consists of larger commercially and industrially zoned parcels. The development of this sector is functionally related to the development of additional industrial and commercial land to the west. The City believes that additional public investments are needed to promote development in this area to the west of the Area.

**Suggested Alternatives**

Several alternatives exist for addressing these issues. The alternatives described below consist of three alternatives for amending the existing Plan and one alternative calling for adoption of a new Urban Renewal Plan. Following the description of the alternatives we provide estimates of the time and consultant cost of undertaking each alternative.

1. Current Plan: Amend or remove the time limit on collection of tax increment revenue to allow for issuance of maximum indebtedness.

The first alternative is to amend the current Plan to extend or remove the provision terminating the collection of tax increment revenues at the end of Fiscal Year 2014/2015 so that the full amount of maximum indebtedness can be issued. Such a change would be considered a substantial amendment to the Plan and therefore would require the following procedural steps:

- Public involvement
- Planning Commission recommendation after public hearing noticed as a legislative land use action
- Consultation with affected taxing districts
- Presentation to the County Court
- Notice of hearing before City Council provided to individual households throughout the City
- Council public hearing
- Council adoption of non-emergency ordinance, which can be referred to City voters with a sufficient number of signatures on a petition.

The current Urban Renewal Plan was amended in 1999 after a mediated settlement with opponents of the original plan. Any major changes to the Plan, as in any of the first three alternatives, should be done with extensive public involvement so that the City Council can be assured that proposed changes have community-wide support.

2. Current Plan: Extend time for collection of tax increment revenues and increase the maximum indebtedness.

This alternative would add upon the first alternative to also increase the maximum indebtedness that could be issued under the Plan. It would also require a substantial amendment process as described above.

3. Current Plan: Extend time for collection of tax increment revenue, increase the maximum indebtedness and expand the Urban Renewal Area.

This alternative would add to the second alternative to also expand the size of the Urban Renewal Area. The Area could be expanded by 20% of its existing size, or about 63 acres. The expansion could encompass additional parts of the western commercial and industrial corridor. Like the first two alternatives, it would require a substantial amendment process.

4. New Plan: Establishing a new Urban Renewal Plan for the Westside industrial/commercial area.

This alternative would result in a new Urban Renewal Plan for the Westside area. It could be undertaken in addition to alternatives 1, 2 or 3. The required procedural steps for a new urban renewal plan are the same as for a substantial amendment but the amount of review and discussion required would be greater.

**Time and Cost Estimates**

The table below shows the estimated time and consultant cost for each of the four alternatives described above. Alternatives 2, 3 and 4 include a series of worksessions with the Urban Renewal Advisory Committee in addition to the normal adoption process. A more refined budget for any of these alternatives can be developed with addition direction from the City.

The estimated fees include legal review of the amendments, notices and ordinances by Jeannette Launer, Attorney. We assume that the City would provide GIS support and would also prepare a legal description for any urban renewal area boundary change or new urban renewal area.

	Time in Months	Estimated Consultant Cost
Alternative 1 – Extend time	3	\$ 5,000.00
Alternative 2 – Extend time plus increase indebtedness	6	\$ 10,000.00
Alternative 3 – Extend time, increase indebtedness and increase area	6	\$ 16,000.00
Alternative 4 – New Urban Renewal Plan	8	\$ 28,000.00

**Next Steps**

From our discussion last Wednesday, it appeared that the anticipated next steps are:

1. Meet with department managers to gather comments and recommendations regarding potential urban renewal projects.
2. Refine description of alternatives as necessary.
3. Present alternatives to joint meeting of Urban Renewal Advisory Committee and City Council, tentatively scheduled for November 21.





URBAN RENEWAL ANNUAL REPORT FOR FY 2005-06

The City of The Dalles has an urban renewal agency, the Columbia Gateway Urban Renewal Agency, (Agency) that receives property taxes to pay for projects and programs to improve the Columbia Gateway/Downtown Urban Renewal Area. Each year, urban renewal agencies provide a summary of their finances for public information. This report is in addition to the annual agency budgets, which are adopted only after a public hearing.

Urban renewal agencies can receive property taxes in two ways. First, they are entitled to the amount of property taxes that is imposed on the increase in property values (taxable assessed values) within the urban renewal area since the urban renewal plan for the area was adopted. This process is called the "division of tax" process.

Second, for urban renewal plans that were adopted prior to December 6, 1996, the urban renewal agencies may receive funds from a Special Urban Renewal Levy. The Dalles' Urban Renewal Agency receives taxes only from the division of tax process and is prohibited from receiving taxes from a special levy.

In FY 2005/2006, the Agency received \$916,164 from the division of taxes

The Agency used funds received from property taxes to make payments on debt for financing urban renewal projects or to reserve funds for future debt payments. The Agency made \$464,615 in debt payments and deposited \$15,729 into reserves. Revenue in the capital fund exceeded new expenditures by \$59,344 increasing the fund balance to \$1,026,521.

The division of taxes process results in some property taxes that may have been received by the "taxing districts" that levy property taxes within the urban renewal area (for example, Wasco County or the City of The Dalles) being paid over to the Agency. The taxing districts forego a share of the property tax income during the life of an urban renewal plan so that the urban renewal agencies can carry out activities that increase property values in the long term.

The Columbia/Gateway Urban Renewal Area was reduced in size in FY 1998/1999. Because the incremental assessed value was greater in FY 1997/98 than it was in FY 1999/2000, the taxing districts actually gained revenues as a result. This was a one-time change in a prior year and is therefore not reflected in the table of this year's annual report.

The table below shows the property taxes raised for the Columbia Gateway Urban Renewal Plan from the permanent rate levies of each of the taxing districts that levies property taxes within the Urban Renewal Area. This amount represents the "property taxes foregone" by the taxing district because of the tax increment financing of the Urban Renewal Plan. The table also shows the percent of the permanent rate levy that the property taxes foregone represent.

For the North Wasco School District and Region 9 ESD, the foregone property taxes have a small and indirect impact on the districts' total revenues, because of state funding of K-12 Districts and Educational Service Districts.

Taxing District	Permanent Rate	Incremental Assessed Value	Taxes Raised for Urban Renewal	Total Levy Extended	Percent of Levy
WASCO COUNTY	4.2523	47,425,924	201,100	5,878,855	3.4%
PORT OF THE DALLES	0.2007	47,425,924	9,518	466,473	2.0%
THE DALLES CITY	3.0155	47,425,924	143,013	1,832,155	7.8%
REGION 9 ESD JT W/HR	0.4678	47,425,924	22,186	638,875	3.5%
NORTH WASCO SD 21	5.2399	47,425,924	248,507	5,353,366	0.4%
NORTHERN WASCO PARK & REC	0.6799	47,425,924	32,245	526,733	6.1%
COLUMBIA GORGE COMMUNITY COLLEGE	0.2703	47,425,924	12,819	994,121	1.3%
MID-COL FIRE & RESCUE	2.1004	47,425,924	99,613	2,275,731	4.4%

This Fiscal Year the Agency expects to receive \$963,087 from the division of taxes.

These funds received from property taxes will be used to make payments on debt for financing urban renewal projects or to keep in a reserve fund for future debt payments. The Agency intends to spend \$470,160 for debt payments.

This fiscal year the Agency expects to receive \$0.00 by issuing debt.

#### Fiscal Year 2006-07 Budget

	<u>Capital Projects Fund</u>	<u>Bond Fund</u>
Resources:		
Beginning Fund Balance	\$1,078,215	\$ 464,746
Tax Incrmt Proceeds	\$ 520,848	\$ 442,239
Bond Proceeds	\$ 0	\$ 0
Interest and other Income	\$ 24,000	\$ 18,675
<b>Total Resources</b>	<b>\$1,623,063</b>	<b>\$ 925,660</b>
Expenditures:		
Materials and Servs	\$ 385,198	\$ 0
Capital Outlay	\$1,221,615	\$ 0
Debt Service	\$ 0	\$ 925,660
Unappropriated	\$ 0	\$ 0
<b>Total Expenditures:</b>	<b>\$1,623,063</b>	<b>\$ 925,660</b>