

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING

February 15, 2022

5:30 p.m.

VIA ZOOM

- PRESIDING:** Darcy Long, Chair
- BOARD PRESENT:** Diana Bailey, Tracy Dugick, Lindsey Giamei, Tim McGlothlin, Dan Richardson, Kathy Schwartz, one position vacant
- BOARD ABSENT:** Staci Coburn
- STAFF PRESENT:** Urban Renewal Manager Alice Cannon, City Attorney Jonathan Kara, Finance Director Angie Wilson, Secretary Paula Webb

CALL TO ORDER

The meeting was called to order by Chair Long at 5:32 p.m.

PLEDGE OF ALLEGIANCE

Chair Long led the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Dugick and seconded by Schwartz to approve the agenda as submitted. The motion carried 7/0; Bailey, Dugick, Giamei, Long, McGlothlin, Richardson, and Schwartz voting in favor, none opposed, Coburn absent, one position vacant.

APPROVAL OF MINUTES

It was moved by Richardson and seconded by Dugick to approve the minutes of January 18, 2022 as submitted. The motion carried 7/0; Bailey, Dugick, Giamei, Long, McGlothlin, Richardson, and Schwartz voting in favor, none opposed, Coburn absent, one position vacant.

Chair Long acknowledged the service provided by Board Member John Fredrick. Board Member Fredrick, recently deceased, served over five years on the Urban Renewal Agency Board and was an active volunteer in the community.

Manager Cannon shared her appreciation for the opportunity to work with Board Member Fredrick.

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Chair Long welcomed Lindsey Giamei to the Board. Board Member Giamei is a local business owner and property owner.

Manager Cannon stated given Giamei's history as a property owner, business owner, and passionate downtown booster, Cannon trusts Giamei will be a valued member. Cannon said the Board would be heading into the Incentive Program, Annual Goal Setting, and conclusion of the Strategic Plan for the Urban Renewal area. That is a particular strength Giamei will bring to the Board.

PUBLIC COMMENT

None.

DISCUSSION ITEMS

Urban Renewal Annual Financial Reports for Fiscal Year 2020/2021

Manager Cannon stated the financial audit is completed annually, a requirement for both the Urban Renewal Agency Board and the City. For two years, Urban Renewal has had a clean audit. The Annual Report, required by state law, is filed with City Council by January 31 each year, as well as published in the newspaper. The report is intended to provide transparency. The report highlights the amount of urban renewal revenue forgone by each taxing entity.

Chair Long acknowledged Finance Director Wilson and her staff. She said this report is not easy to achieve, it requires a lot of work and effort.

Chair Long encouraged the Board to review revenue given up by taxing entities as a reminder for the Board to be good stewards of those funds.

Updated Urban Renewal Comprehensive Financial Analysis

Manager Cannon introduced consultant Nick Popenuk of Tiberius Solutions LLC, specializing in public finance analysis for many urban renewal agencies across Oregon. His presentation is Exhibit 1.

Popenuk stated much of the work was performed last year: reviewing historical data, updating projections for future growth and assessed value in the area, and determining a new cash flow projection. The updated assessed value and tax information for the current fiscal year is in line with projections provided last year.

Over the past decade growth has been an average of 3.3% per year. Over the last five years, growth has been about 2.5% per year. This is a typical pattern in areas that are largely built out. For the future projection, we extend that same line for the next five or six years – the anticipated duration of this Urban Renewal area.

Based on the forecast of assessed value, we estimate the Tax Increment Financing (TIF) revenues the area will receive each year. Much of this tax increment calculation revolves around assessed value. The total assessed value for the area is approximately \$121 million. This figure is compared to the frozen base value (the value of properties at the time the Urban Renewal area was created). The \$25 million in value has now grown to over \$120 million in value today. The difference between those two figures is known as the increment value, \$96 million. That

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increment value multiplied by the tax rate from the area gives us the amount of gross TIF revenue – the amount the assessor would collect from all properties in the area.

The amount of tax revenue in any given year is two to three percent less than the gross TIF amount due to a number of varying factors.

This gross amount of TIF revenue is different from the actual amount of taxes received in a given year. Tax revenue received is around two to three percent less due to varying factors. The revenue target expected each year based on slow and steady growth in total value leaves the increment value to increase from \$96 million today to \$121 million by 2029. The tax rate stays the same during this whole period, and leads to TIF revenues growing from \$1.6 million today up to \$2.1 million a year by 2029. Relatively conservative projections of future growth and assessed value still lead to fairly strong growth in tax revenues. This increase of roughly a third of today's revenues will be added to the total annual collections by 2029.

Board Member Giamei asked if incentive programs that freeze taxes were considered in the projection. Popenuk replied they were not included in this forecast. This forecast is based on a 2.75% property value growth assumption.

Mr. Popenuk then explained Maximum Indebtedness (MI). MI is the total amount of debt an area can incur over its entire lifespan. The City's MI was first set at \$14 million. In 2009 the plan was amended to increase MI to \$29 million. Once this urban renewal area spends \$29 million of TIF revenue on projects or debt, that is the end. It can no longer spend any more TIF revenue on new projects. It can continue collecting TIF only as necessary to pay off old debt. The Agency is getting close to hitting that \$29 million limit.

Less than \$23 million has been used to date, leaving about \$6 million of remaining capacity on that \$29 million MI limit. In the past fiscal year, expenditures were modest. Revenues other than TIF, such as repayment of loans, were available. Those revenues, sometimes referred to as "program income," are available for use on projects and are not subject to the MI.

The forecast of tax revenues and remaining MI capacity show this area could continue to collect TIF revenue and make expenditures on projects until 2026, when it is anticipated the Agency would hit our MI. At that point, no new projects would be funded with the exception of any program income available. The Agency would continue to collect TIF revenue for another three years, 2029, until all outstanding debt was paid. If this were to occur, the area would collect another \$8.7 million dollars of tax revenue through 2029. The total amount of funding available for projects will be around \$9.2 million.

The possibly \$8.7 million dollars of TI revenue collected between now and 2029 is not free money. It is not an increase in property taxes, it is a division of taxes other overlapping taxing districts are imposing. When we look at the jurisdictions most significantly impacted, the top dollar amount is for the school district. School districts in Oregon have a complicated funding system, but are not directly impacted by anything with tax increment financing. Because of the State's school funding formula, state legislature sets a per student funding amount that applies to all students in all school districts statewide, and the state provides grants to each of those school districts to ensure they receive the same amount of funding. Any change in local property tax revenues is offset by a corresponding change in the amount of state funding provided. The

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County, Fire District and the City are the other three that have the most significant dollar amounts, over \$1 million between now and 2029.

Board Member Richardson asked what hinders any community with an urban renewal agency from dialing up the amount of local taxes foregone by the school district and funneling those into an urban renewal agency, knowing it will be backfilled by the State.

Popenuk replied nothing stops them. He thought one reason for urban renewal areas statewide is that the school districts are commonly entities with the largest tax rate, and they are not directly impacted by it. There is no way to use urban renewal money to take money only from the school district.

Historically, this area has experienced slow and steady growth, around three percent per year. We assume that continues with about 2.75 percent growth moving forward. Annual income will increase from about \$1.6 million today, to \$2.1 million per year by 2029, when we expect this district to sunset. We anticipate about \$9.2 million in capacity for future projects based on the amount of remaining MI capacity, \$6.2 million, plus the existing fund balance, a little over \$3 million. Based on these projects the MI will be met in 2026. After that point in time, new projects can be funded only by program income. TIF received in the next few years will pay off outstanding debt. By 2029 we show this district would close down and no longer collect any tax revenues. With the exception of the school district, the impacted taxing jurisdictions would then see a windfall in terms of increased tax revenue.

Board Member Dugick requested examples of program income. Popenuk replied program income typically includes any repayment of Agency loans and land sales. Program income includes any proceeds from property acquired and subsequently sold, grant funding, and any other funds not directly from tax increment revenue.

Manager Cannon added the example of a balloon payment from the Commodore II project. The loan repayment will be program income.

First Street Project Update

Manager Cannon stated the previous discussion puts the next few years into focus for the Agency. We have \$9.2 million left and four years left to collect revenue.

Manager Cannon elaborated on the First Street project for new participants. This project began in 2008 when we were awarded a \$1.6 million federal grant to complete the “First Street/Riverfront Connection Project.” Project costs were high, working with the railroad on the improvement was difficult, so the project was shelved for a few years. As of 2018 or 2019, the project is back. First Street will be a complete rebuild with new utility lines, some new fill material, new sidewalks with ADA ramps and new asphalt. The project will also include improvements on both Court and Washington Streets. It will touch much of the City on the northern end of downtown. Because it is a federal project that receiving federal funds, we have a cooperative arrangement with ODOT. We have now completed 95% design of the project as of September 2021. The Agency will have to contribute another \$1.1 million this fiscal year to the project. This is not unexpected; we are seeing inflation in construction costs. Unfortunately, I expect to return a year from now requesting additional funding as the cost estimate is refined.

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Cannon stated the project may not be fully constructed in 2023, but we are making good progress.

We have updated all the required right-of-way we will need to acquire as part of this project; ODOT is contracted for that work. Jonathan Kara, City Attorney, will work on a land swap with the railroad. The line between the ROW and the railroad is jagged along this section. Some of our existing First Street is in the railroad ROW.

Chair Long asked for the location of the land swap. Cannon replied the land is south of the railroad. The property line is located somewhere within the existing asphalt.

City Attorney Kara stated he is working closely with Dale McCabe, City Engineer, and Dave Anderson, Public Works Director, to coordinate the details with Union Pacific.

Chair Long asked if the swap would impact the area around the Gitchell Building. Kara thought there would be no impact, but noted the railroad has a right of way adjacent to the building.

Board Member Richardson asked Attorney Kara if the Gitchell/Waldron building was part of the conversation. Kara replied he had not spoken with the railroad regarding the building.

Verbal Update on Tony's Building Asbestos Abatement / Building Demolition Project Update

Manager Cannon stated the Board had authorized staff to move forward with an EPA grant for the Tony's Building project with the intent to reduce demolition costs. The underground storage tank was removed; trace contamination found is within acceptable levels for DEQ. Business Oregon has committed verbally the likelihood of an award of \$250,000 for asbestos abatement. If approved, it will lead to an approval for a grant agreement. They also offered the ability to take advantage of a combination of no interest/low interest loan to cover the remaining costs necessary for demolition of the Tony's Building.

STAFF COMMENTS / PROJECT UPDATES

Manager Cannon said Mr. Carpenter and Ms. McQuade have completed work and passed final inspection on their two eastern storefronts. Staff will work with Attorney Kara on completion of sale. Carpenter now has a permit to move forward with demolition of the portion of the building impacted by the roof collapse.

Chair Long referred to the Agency's goal to better promote successes. Chair Long would like to see an acknowledgement of this success. People have struggled to actually see what we do with urban renewal money. There is a perception that we are not doing much, or that we make poor choices, which is false. Many times the changes are discrete.

Manager Cannon said the Strategic Planning project effort is on pause due to her assignment as Project Manager for the Community Vision Project. She hopes to have the Vision Project before City Council for adoption in early May.

At the March meeting, staff will return with a draft incentive program with research gained from other agencies.

Also at the March meeting, Cannon would like to set annual goals with this group for inclusion in the proposed budget. The Urban Renewal Board budget hearings begin April 12, 2022. The

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proposed budget includes increased funds for the incentive program. The ceiling will also increase in order to offer more to prospective developers and increase return on investment in the final years of the Agency's life.

Manager Cannon said the April focus will be on the budget. In May, the Agency will return to Strategic Planning. Cannon may hire consultants to prepare the report card. It is important to finish the Strategic Plan very soon as the Agency approaches its' end.

A new City Manager be joining our staff this spring or summer. Cannon hopes with that leadership change we will get other ideas from outside the area to leverage investments.

Board Member McGlothlin was invited by Mr. Carpenter to walk-through his development. McGlothlin said the floor is reclaimed wood sent to Portland to be planed and grooved; the building is amazing and an asset to our community.

Board Member Giamei asked if the Strategic Plan included thoughts to ensure the projects included incorporate the taxing entities that have contributed to this program over the years. She saw common themes for schools, libraries, and 4-H.

Manager Cannon suggested additional discussion. The Urban Renewal Plan includes goals and a project list. By state law, an amendment is required to include a new project. Cannon would like to identify each unfinished project on the list with what ties they may have to the schools, fire district, and others so the taxing entities involved know what value they receive out of Urban Renewal investments.

BOARD MEMBER COMMENTS / QUESTIONS

Board Member Schwartz stated the importance of a vibrant downtown to help with workforce recruitment.

Board Member McGlothlin said the Granada Theatre was a great investment in our community. Good things are happening in The Dalles. We need to focus on improvement and leveraging monies to make things better.

Mayor Mays welcomed Lindsey Giamei, and said he expects another Board appointment by the next meeting.

Chair Long requested that the Board both promote and participate in the City's Community Visioning and Planning process. We need to get as much diverse participation as possible. It is important for you to participate, but also important to share the opportunity with anyone and everyone you know – particularly people who do not normally participate in this kind of event. At the upcoming Town Hall meeting people can participate online and in breakout sessions. We will also have another community survey. Everyone can provide survey feedback. The City Council intends for this to be a large part of our long-term development for The Dalles. We want to receive as much input as possible.

Manager Cannon added the Town Hall will be a virtual meeting held March 9, 2022, 5:30 to 7:00 pm.

Board Member Giamei asked if there is a marketing plan to get the word out. She offered her assistance to staff and business owners.

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Manager Cannon said it would likely be posted tomorrow [February 16, 2022] with the link to register. We have an email list of 600 that will be sent out via MailChimp later in the week. Cannon said she would love for the Board to promote the event on their own social media platforms.

Board Member McGlothlin said the Civic Auditorium received a grant to improve the HVAC system. The theatre can now be fully utilized.

ADJOURNMENT

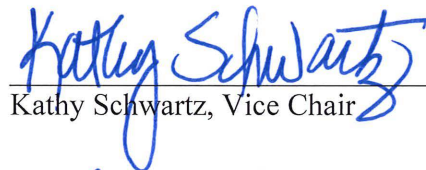
Being no further business, the meeting adjourned at 6:47 p.m.

Submitted by/

Paula Webb, Secretary

Community Development Department

SIGNED:


Kathy Schwartz, Vice Chair

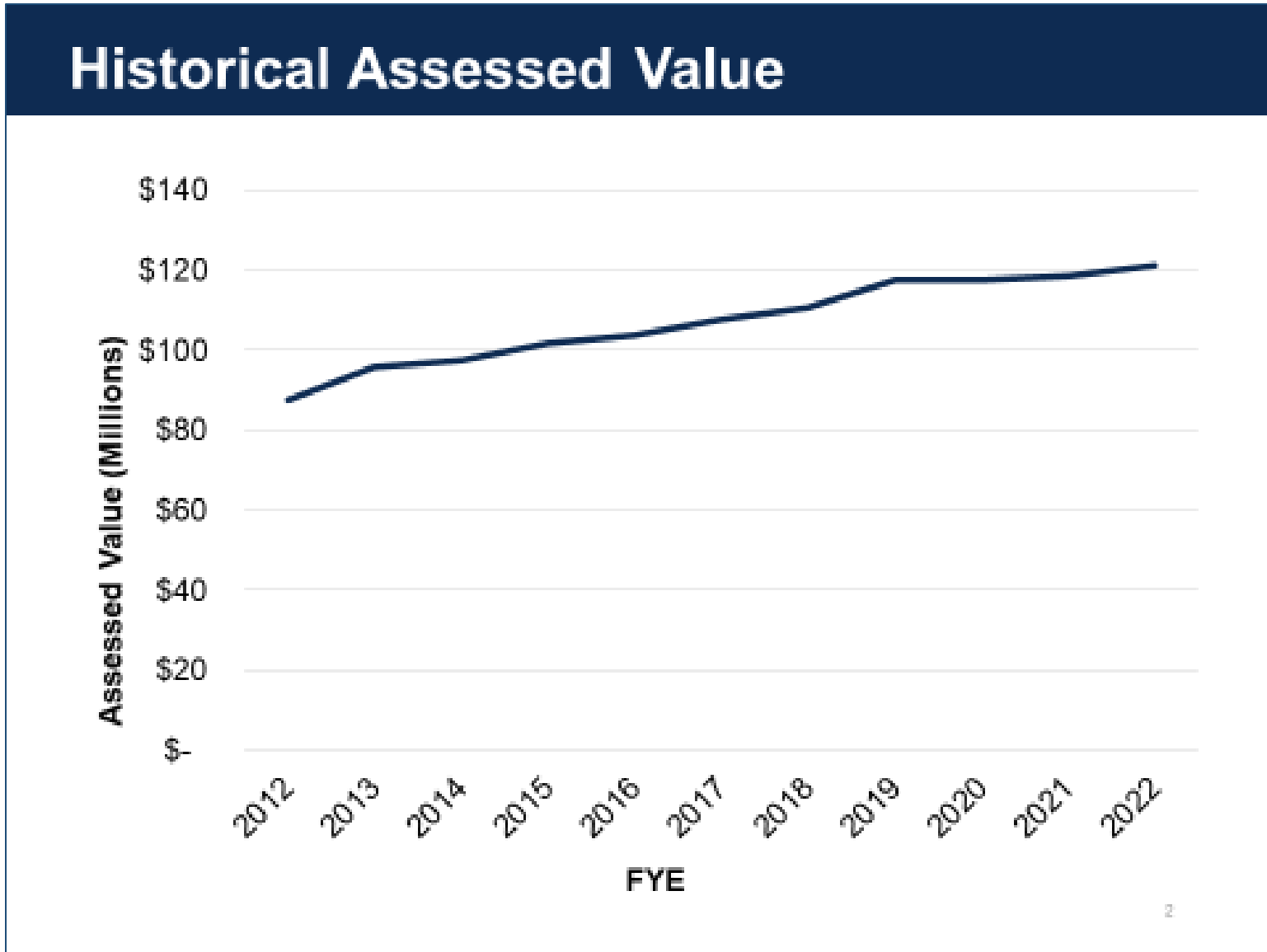
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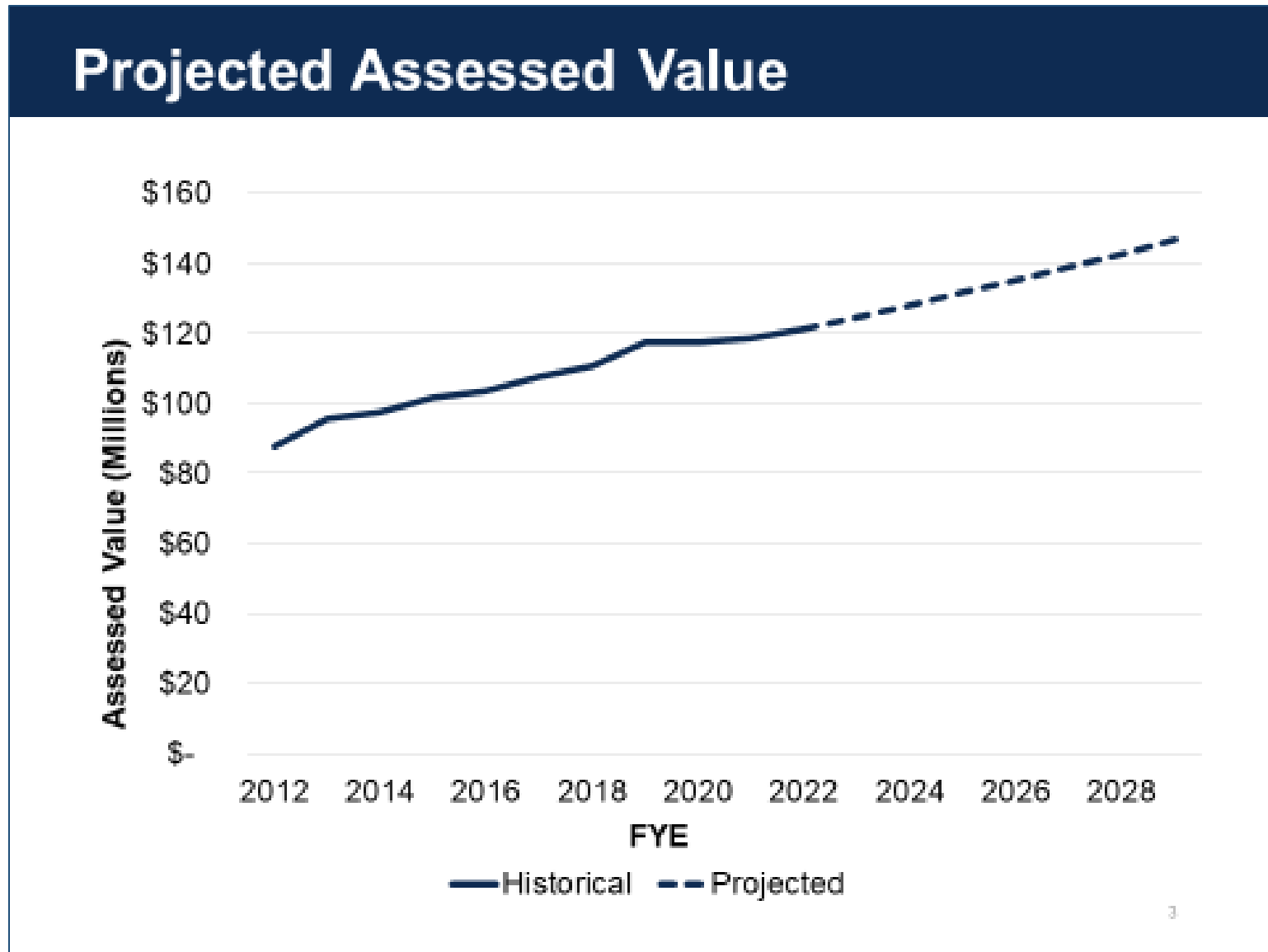

Paula Webb, Secretary
Community Development Department

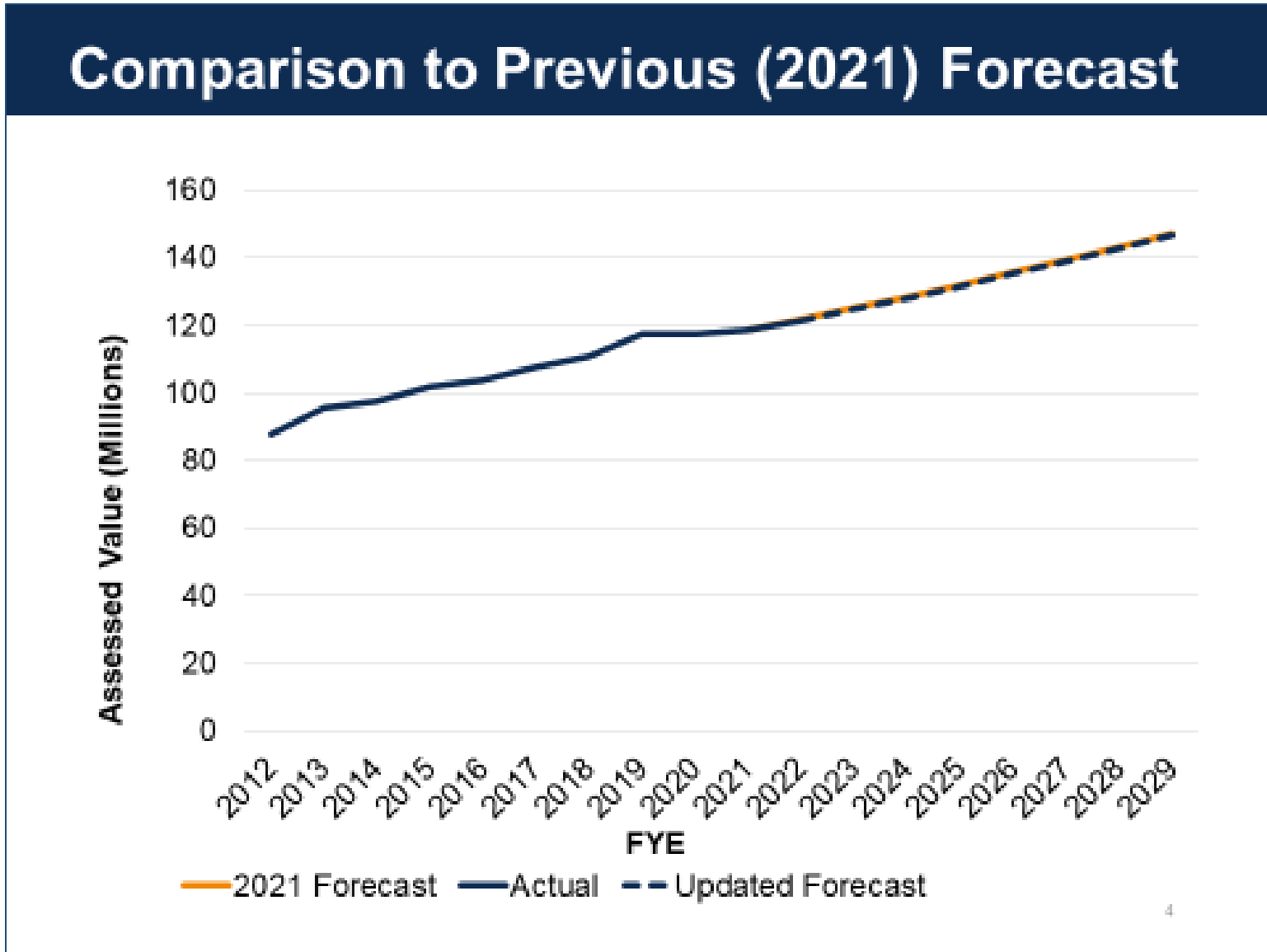
City of The Dalles Urban Renewal Financial Update

Nick Popenuk
February 16, 2022









TIF Forecast

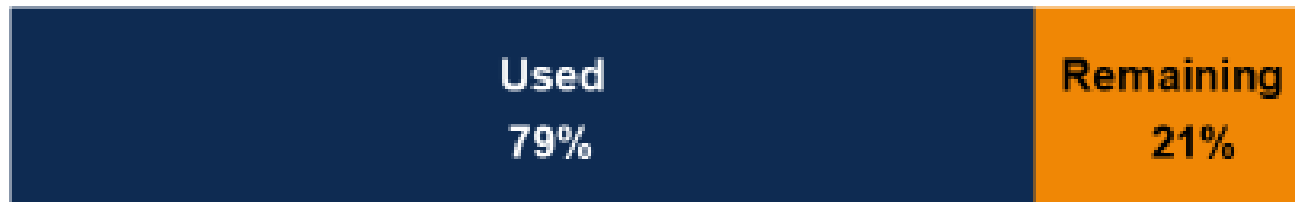
FYE	Assessed Value			Tax Rate	Gross TIF
	Total	Frozen Base	Increment		
2022	\$121,282,394	\$25,076,797	\$96,205,597	\$17.4068	\$1,674,632
2023	\$124,617,660	\$25,076,797	\$99,540,863	\$17.4068	\$1,732,688
2024	\$128,044,646	\$25,076,797	\$102,967,849	\$17.4068	\$1,792,341
2025	\$131,565,874	\$25,076,797	\$106,489,077	\$17.4068	\$1,853,634
2026	\$135,183,936	\$25,076,797	\$110,107,139	\$17.4068	\$1,916,613
2027	\$138,901,494	\$25,076,797	\$113,824,697	\$17.4068	\$1,981,324
2028	\$142,721,285	\$25,076,797	\$117,644,488	\$17.4068	\$2,047,814
2029	\$146,646,120	\$25,076,797	\$121,569,323	\$17.4068	\$2,116,133

Maximum Indebtedness

- 1990 – Plan Adopted without MI
- 1999 – Plan Substantially Amended to Include MI of \$ 14,227,353
- 2009 – Plan Substantially Amended to increase MI to \$ 29,125,583
- Further increases to MI subject to statutory limits

Maximum Indebtedness (MI) Capacity

- Total MI Allowed: **\$29,125,583**
- Total MI Used: **\$22,871,827**
- MI Remaining: **\$6,253,756**



Total Maximum Indebtedness Allowed

Finance Plan Summary

*Continue activities until MI is reached
(estimated FYE 2026) and collect TIF until
debt is scheduled to be repaid (FYE 2029)*

- Future TIF Needed: **\$8,700,000**
- MI Reached: **FYE 2026**
- Total Future Capacity for Projects/Admin:
 - Nominal Dollars: **\$9,200,000**
 - Today's Dollars: **\$8,900,000**

Cumulative Tax Impacts (FYE 2023 – 2029)

Taxing District	Total Impact
General Government	
Wasco County	\$2,114,725
Port of The Dalles	\$99,811
Northern Wasco County Park & Rec	\$338,123
Mid Columbia Fire & Rescue	\$1,044,557
City of The Dalles	\$1,499,648
Wasco County Soil Conservation District	\$124,328
4-H & Extension Service District	\$124,328
Wasco County Library District	\$338,173
<i>Subtotal</i>	\$5,683,694
Education	
Columbia Gorge Community College	\$134,424
Columbia Gorge ESD	\$232,643
North Wasco County SD 21*	\$2,605,872
<i>Subtotal</i>	\$2,972,939
Total	\$8,656,643

Conclusions

- Historical Growth: Slow and steady
- Assumes 2.75% AV growth per year
- TIF grows from \$1.6M to \$2.1M per year
- \$6.2M remaining MI
- \$9.2M capacity for future projects
- MI reached in FYE 2026
- Repay debt through FYE 2029

Questions?

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