

**Oregon City Urban Renewal Agency
Adopted Biennial Budget
July 1, 2015 through June 30, 2017**

Introduction

It is my pleasure to present the Oregon City Urban Renewal Agency's 2015-2017 Proposed Biennial Budget. The budget is balanced and has been prepared in accordance with Oregon Budget Law. For the period July 1, 2015 through June 30, 2017, the total budget is \$7,708,910.

The Oregon City Urban Renewal Commission (OCURC) is responsible for providing oversight for urban renewal activities in the District as specified in the Downtown/North End Urban Renewal Plan, amended in September 2007. The OCURC is currently composed of seven voting members; Oregon City's Mayor, four City Commissioners, and two additional members from the community.

The activities of the Urban Renewal Agency are accounted for in a separate special revenue fund since it receives restricted resources. The budget development process for the fund is similar to that of the City of Oregon City, but the District's Budget Committee is a separate entity from the City's Budget Committee.

The overall goals for the Agency as defined in the Downtown/North End Urban Renewal Plan include:

- ❖ Improve traffic capacity and safety, pedestrian facilities, recreational facilities, and other public facilities
- ❖ Improve the renewal area as a commercial and employment center and stimulate private development
- ❖ Fulfill Metro 2040 Growth Concepts consistent with Oregon City's Comprehensive Plan

These goals include specific objectives such as the elimination of blighted conditions, construction of public improvements, and increasing assessed values in the area. Project activities listed in the plan include transportation improvements, parks and open space improvements, development assistance, public facility and services improvements, and public infrastructure. Successful accomplishment of these objectives establishes the foundation for the proposed budget and is supported by the core values that were revised by the OCURC on March 10, 2015:

- ❖ Return on investment, both qualitative and quantitative
- ❖ Dedication of resources, processes, and investment in underutilized or affected areas
- ❖ Cultivation of the Urban Renewal District as a destination
- ❖ Job creation
- ❖ Economic development
- ❖ Historical and cultural interpretation

In March, the OCURC and staff met to discuss the Agency's progress and to establish the 2015-2017 goals and priorities. They confirmed the above core values and agreed on the priorities for the upcoming biennium. Consensus was reached on continuing with projects that have been commenced during the current biennium and to see the projects through to completion.

Budget Highlights

The proposed urban renewal budget is funded by total biennial revenues of \$4.7 million (excluding beginning fund balance), 97% of which are from property taxes. Revenues from property taxes increased by \$178,235, or 4.1%, over the previous budget. Assessed value increment increases are budgeted conservatively at 4.0% and 3.5% for the biennium. If development occurs at the Cove or Landfill areas as discussed below, significant additional increment will be realized and eventually added to the tax rolls. In addition to property taxes, the budget includes \$60,000 in rental income from two houses the Agency owns (on 2nd Street and Tumwater Drive), as well as lease income from Clackamas Landscape for use of an Agency owned property on Washington Street. Interest income of \$34,000 is also budgeted.

Projected spending for the biennium totals \$6.2 million and is comprised of \$1.6 million in materials and contracted services, \$1.3 million in capital projects, and \$3.3 million of debt repayments. Materials and services are the OCURC's operating expenditures, including administration and legal costs, as well as continued funding of the Adaptive Reuse/Rehab and Storefront Grant Programs. The combined total of the grant programs is \$640,000.

The proposed budget includes funding for two major capital projects. A total of \$750,000 is allocated to the Clackamette Cove project for utility infrastructure. The Cove project consists of mixed-use development (apartments, offices, and a recreation building) on former industrial land surrounding a 53-acre lagoon. The OCURC has been working with a developer for years to finalize a Disposition and Development Agreement (DDA) for the project. New developers are now partnering with the existing development group, and it appears the partnership will support completion of the project. Just this month, the OCURC reached a landmark decision, approving the development and soil excavation agreements for the project. In addition to the Cove project, \$500,000 has been budgeted for completion of the McLoughlin Boulevard Phase II project. Most of that project will be completed in the current biennium, including significant pedestrian access enhancements, which greatly improve the City's northeast gateway.

The former landfill site on Washington Street, next to Home Depot, remains undeveloped. Commercial developers have expressed interest in the past, but a project has yet to launch. The OCURC will continue to reach out to developers and coordinate with the current property owners to support a project. Both the Cove and landfill projects, if properly developed, should trigger other significant investments in the Oregon City "Regional Center" and help promote job creation and economic vitality.

The Downtown/North End Urban Renewal Plan includes an established debt limit of \$130.1 million as a maximum for urban renewal investment ("maximum indebtedness"). Debt outstanding at July 1, 2015 will be approximately \$11.8 million, as required by Oregon Law to finance the District's operations.

Downtown/North End District Activities for the 2013-2015 Biennium

As this biennium comes to a close, it is important to note significant activities completed within the District. Those accomplishments are listed below:

1. Clackamette Cove – The original project has now become two separate projects with Grand Cove, LLC proposing to develop the privately owned property located behind the shopping center (once part of the Cove project) and Clackamette Cove, LLC remaining as the developer of property owned by the Urban Renewal Agency. As mentioned previously, The OCURC has approved the DDA for the Cove project and the Soil Excavation and Site Improvement Agreement for the Grand Cove, LLC project.

2. Amtrak/Train Depot – Improvements have been completed to the train depot facility, including removal of asbestos and old flooring, rebuilding of walls, and redesign of the restrooms. Additional tenant improvements have been requested in the proposed budget to include new flooring and minor modifications so that the building can be leased.
3. North End Opportunities – An inventory of economic development opportunities has been undertaken for the north end of downtown. The focus is on infill development, job creation and mixed use buildings. The inventory project will be applied toward business development and recruitment efforts.
4. “Land of Opportunity” Marketing Campaign – “Land of Opportunity” sale signs were created and placed at 922 Main Street, 12th and Main Street and 1910 Clackamette Drive displaying property and contact information. The properties have also been advertised through Oregon Public Broadcasting, Business Expansion Journal, Expansion Solutions Magazine, the Daily Journal of Commerce, Clackamas County Answer Guide (2012 & 2013) and the City of Oregon City website. In August of 2014, the OCURC agreed to a twelve-month contract with the commercial real estate firm, Collier’s International, to professionally market the properties and work closely with the Economic Development Department in evaluating proposals.
5. McLoughlin Blvd Enhancement Project –Phase II construction work is nearly complete. Urban renewal funding of almost \$1 million was allocated during the current biennium and unexpended amounts have been carried forward in the proposed budget to complete the project. Significant improvements have been made to the area between the I-205 overpass and the Clackamas River Bridge.
6. Storefront Grant Program – During the current biennium, approximately \$300,000 in grants have been awarded to local businesses for storefront improvements. This is a very successful program that has created a more attractive, sustainable and business-friendly downtown area. The investments have directly influenced economic activity in the District.
7. Adaptive Reuse Grant Programs – The Adaptive Reuse/Rehab Grant program was continued over the current biennium; approximately \$75,000 in funding was awarded. The program is proposed to continue into the new biennium as well, with \$400,000 budgeted for several anticipated project applications.

Proposed 2015-2017 Downtown/North End District Activities

As mentioned previously, during the OCURC planning meeting in March, work plan priorities were established for the upcoming biennium. Specifically, a consensus was reached around the following:

- ❖ Continue with the Cove project
- ❖ Continue with grant programs (Storefront and Adaptive Reuse)
- ❖ Continue to pursue development of the former landfill site
- ❖ Continue to pursue redevelopment of the infill lots
- ❖ Participate in a parking study

The OCURC has identified all of the items above as “high priority,” and they are viewed as the projects with the most potential for generating benefit to the District. With these priorities in mind, the following activities are funded in the proposed budget.

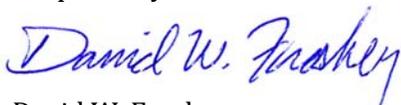
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1. Clackamette Cove – A total of \$750,000 has been allocated for utility infrastructure to support the Clackamette Cove project.
2. Amtrak/Train Depot – Additional tenant improvements of \$40,000 are scheduled to be completed early next fiscal year.
3. McLoughlin Blvd Enhancement Project Phase II – The McLoughlin Blvd Enhancement Project, Phase II will include the completion of the improvements between Dunes Drive and the Clackamas River Bridge. A total of \$500,000 has been budgeted to complete the project over the next year.
4. Former Landfill Site – Dialogue between staff, elected officials, and potential developers for this site will continue.
5. Marketing and Analyses – The Agency, in partnership with Collier’s International, is aggressively marketing the 10th & Main Street, 12th & Main Street and 1910 Clackamette Drive properties for future development. A total of \$30,500 has been allocated in the biennium for marketing and matching funds for a Metro planning grant to complete a parking analysis. Additionally, \$20,000 has been included in the budget for land surveys that are essential for development of the properties.
6. Storefront Improvement Grant – This program will continue into the next budget cycle; a budget of \$120,000 is set aside in each of the two years.
7. Adaptive Reuse/Rehabilitation Program – The budget proposed for the biennium totals \$400,000 and will be used for retrofitting existing buildings for reuse consistent with the goals of the District. Ideal project examples are the conversion of vacant or underutilized space on second and third story buildings to residential use, or the conversion of ground floors to retail use.

The coming years will be important in the history of the Oregon City Urban Renewal Commission. Both the Cove and former landfill site projects present challenging opportunities. Decisions on these projects will shape both the physical and financial future of the City for years to come. The Willamette Falls Legacy Project, which may take years to redevelop, will also have a lasting impact on the City’s downtown. The proposed biennial budget continues many of last year’s projects, but also includes the introduction of some new strategies to help stimulate investment within the District.

In closing, many thanks to each of our Urban Renewal Commissioners for their commitment to Oregon City and the economic vitality of the District. Their dedication to establishing goals and priorities has provided the foundation for this budget. I also want to thank the entire Urban Renewal Budget Committee for assuming the important task of receiving and reviewing this budget on behalf of the community. Special thanks to Economic Development Manager, Eric Underwood and Finance Director, Wyatt Parno, for their assistance to the URA throughout the year and for preparation of this budget.

Respectfully,



David W. Frasher
Executive Director, OCURA

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	2011-2012 Actual	2012-2013 Actual	2013-2015 Amended Biennial Budget	2015-2017 Proposed Budget	2015-2017 Approved Budget	2015-2017 Adopted Budget
Resources						
Property Taxes						
Property Taxes - Current & Prior	\$ 1,823,027	\$ 2,018,800	\$ 4,338,285	\$ 4,516,520	\$ 4,516,520	\$ 4,516,520
Total Property Taxes	1,823,027	2,018,800	4,338,285	4,516,520	4,516,520	4,516,520
Other Income						
Interest Income	16,716	21,004	36,000	34,000	34,000	34,000
Rental Income	5,803	48,437	51,000	120,000	120,000	120,000
Sale of Property	-	-	300,000	-	-	-
Total Other Income	22,519	69,441	387,000	154,000	154,000	154,000
Proceeds from Borrowing						
Bonds	-	3,446,400	-	-	-	-
Beginning Fund Balance	2,597,493	3,008,520	3,461,246	3,038,390	3,038,390	3,038,390
Total Resources	\$ 4,443,039	\$ 8,543,161	\$ 8,186,531	\$ 7,708,910	\$ 7,708,910	\$ 7,708,910
Requirements						
Materials & Services						
Marketing	41,899	36,615	50,000	\$ 30,500	\$ 30,500	\$ 30,500
Miscellaneous	28,980	16,134	40,000	45,000	45,000	45,000
Property taxes	3,248	3,364	4,000	10,000	10,000	10,000
Rentals maintenance	152	3,574	20,600	5,000	5,000	5,000
Legal & consultant fees	45,107	85,049	180,000	180,000	180,000	180,000
Administration	229,613	230,468	562,974	597,104	597,104	597,104
Bond Issue Costs	-	15,935	-	-	-	-
Other Materials & Services	-	-	25,000	50,000	50,000	50,000
Rehab Program	-	45,000	405,000	400,000	400,000	400,000
Storefront Grant Program	44,484	182,463	295,000	240,000	240,000	240,000
Permits	-	-	3,374	3,400	3,400	3,400
Contract Services	-	-	-	20,000	20,000	20,000
Property Maintenance	-	-	20,000	21,000	21,000	21,000
Total Materials & Services	393,483	618,602	1,605,948	1,602,004	1,602,004	1,602,004
Capital Outlay						
Amtrak Station	9,613	2,784	73,000	40,000	40,000	40,000
McLoughlin Blvd Project Phase II	43,820	51,480	930,000	500,000	500,000	500,000
Clackamette Cove	44,276	7,782	-	750,000	750,000	750,000
Development Project Incentives	-	-	911,000	-	-	-
Downtown Pedestrian Alleyways	-	-	34,000	-	-	-
Main Street 5th - 10th	-	-	1,800	-	-	-
Other Small Projects	-	-	-	10,000	10,000	10,000
Total Capital Outlay	97,709	62,046	1,949,800	1,300,000	1,300,000	1,300,000
Debt Service	943,327	4,356,659	3,102,880	3,318,233	3,318,233	3,318,233
Contingency						
Debt Service Reserve	1,934,821	1,934,821	1,140,000	1,140,000	1,140,000	1,140,000
Operating Contingency	1,073,699	1,571,033	387,903	348,673	348,673	348,673
Total Contingency	3,008,520	3,505,854	1,527,903	1,488,673	1,488,673	1,488,673
Total Requirements	\$ 4,443,039	\$ 8,543,161	\$ 8,186,531	\$ 7,708,910	\$ 7,708,910	\$ 7,708,910