



OFFICE OF COUNTY COUNSEL

PUBLIC SERVICES BUILDING
 2051 KAEN ROAD OREGON CITY, OR 97045

June 25, 2015

Board of County Commissioners
 Clackamas County

Members of the Board:

Stephen L. Madkour
 County Counsel

Kimberley Ybarra
Kathleen Rastetter
Chris Storey
Scott C. Ciecko
Alexander Gordon
Amanda Keller
Nathan K. Boderman
Christina Thacker
 Assistants

Adopting a Board Resolution in the matter of the
 Clackamas County Response to the City of Sandy
 Request for Consent Regarding Certain Changes to Its
 Urban Renewal Plan Area and Authorized Indebtedness

Purpose/Outcome	The purpose of this Board Order is to concur or reject the proposed increase in the maximum indebtedness of the City of Sandy Urban Renewal Plan Area as stated in the Urban Renewal Plan Amendment and concur or reject a modified revenue sharing proposal from the City of Sandy
Dollar Amount and Fiscal Impact	The proposed amendment to the Plan would increase its maximum indebtedness from \$18,500,000 to \$67,000,000, with an estimated pay off of all debt in 2048. This would decrease the amount of funding available to the general fund of Clackamas County by an average of approximately \$300,000 per year, for a total of \$9,891,622
Funding Source	The revenue is diverted to urban renewal uses and is not made up from other sources. It will result in a decrease in funds available to support services funded by the general fund of Clackamas County
Safety Impact	The Urban Renewal Plan Amendment includes street improvements that will increase safety for motorists.
Duration	If adopted, the Urban Renewal Plan Amendment will pay off all debt in 2048. The City of Sandy has indicated that they will try to pay debt off earlier if possible.
Previous Board Action/Review	On June 16, the Board of County Commissioners received testimony from staff from the County and City of Sandy regarding the proposed Plan Amendment and approved putting the matter for discussion at their June 25, 2015 Business Meeting
Contact Person	Chris Storey, Assistant County Counsel
Contract No.	n/a at this time

BACKGROUND:

The City of Sandy, Oregon adopted the Sandy Urban Renewal Plan (the "Plan") on December 21, 1998 by Ordinance No. 98-18 (the "Plan") and are now considering a substantial amendment to the Plan to increase its maximum indebtedness from \$18,000,000 to \$67,000,000 ("Urban Renewal Plan Amendment"), which increase

exceeds the statutory limit of 20% of the original maximum indebtedness, as adjusted, under Oregon Revised Statute ("ORS") 457.

The increase in maximum indebtedness of more than 20% of the original maximum indebtedness, as adjusted, requires the concurrence of those taxing districts imposing at least 75 percent of the amount of taxes imposed under permanent rate limits in the urban renewal area. Revenue-sharing can be modified by agreement of those taxing districts imposing at least 75% of the amount of taxes imposed under permanent rate limits in the urban renewal area.

Clackamas County ("County") imposes permanent rate property taxes in the Sandy Urban Renewal Area and the Board of County Commissioners as its governing body may concur or reject the maximum indebtedness of the Plan as stated in the Urban Renewal Plan Amendment and modified revenue sharing. All debt is estimated to be paid by fiscal year end (FYE) 2048.

If the Plan changes go forward, the Plan would decrease the amount of funding available to the County by an average of approximately \$300,000 per year, for a total of \$9,891,622. The County represents approximately 16.26% of the underlying permanent levy that may vote on the measure.

Staff has prepared a draft resolution that may be adopted to either concur with or reject the proposal for the Board's consideration. Also attached is a memorandum submitted by the City of Sandy staff in response to questions raised by Board members during their initial discussion of the issue on June 16th.

RECOMMENDATION:

Staff respectfully recommends that the Board of the County Commissioners hold a public discussion with opportunity for public input, and decide to either concur with or reject the City of Sandy's proposal on behalf of the County.

Respectfully submitted,



Chris Storey
Assistant County Counsel

Attachments:
Model Resolution
City of Sandy Memo

WHEREAS, the City of Sandy, Oregon adopted the Sandy Urban Renewal Plan on December 21, 1998 by Ordinance No. 98-18 (the "Plan"); and

WHEREAS, the Sandy Urban Renewal Agency and the City of Sandy are considering a substantial amendment to the Plan to increase its maximum indebtedness from \$18,000,000 to \$67,000,000 ("Urban Renewal Plan Amendment"), which increase exceeds the statutory limit of 20% of the original maximum indebtedness, as adjusted, under Oregon Revised Statute ("ORS") 457; and

WHEREAS, the increase in maximum indebtedness of more than 20% of the original maximum indebtedness, as adjusted, requires the concurrence of those taxing districts imposing at least 75 percent of the amount of taxes imposed under permanent rate limits in the urban renewal area; and

WHEREAS, revenue-sharing can be modified by agreement of those taxing districts imposing at least 75% of the amount of taxes imposed under permanent rate limits in the urban renewal area; and

WHEREAS, Clackamas County imposes permanent rate property taxes in the Sandy Urban Renewal Area and wishes to indicate its [concurrence][rejection] with the increase in the maximum indebtedness of the Plan as stated in the Urban Renewal Plan Amendment and wishes to indicate its [concurrence][rejection] with the modified revenue sharing that is estimated to pay off all debt by fiscal year end (FYE) 2048;

NOW, THEREFORE, it is hereby resolved:

1. The Board hereby [concurs with][rejects] the increase in the maximum indebtedness of the Sandy Urban Renewal Plan as indicated in the Urban Renewal Plan Amendment, which increase is more than 20% of the original maximum indebtedness as adjusted.
2. The Board hereby [concurs with][rejects] the modified revenue sharing as projected in the financial model where all debt is estimated to be paid off in FYE 2048 and shown as Exhibit A to this resolution. The Board understands that these are estimates based on projected tax increment revenues and actual payments will depend on actual tax increment revenue amounts.

In the Matter of Clackamas County
Response to the City of
Sandy Request for
Consent Regarding Certain
Changes to Its Urban Renewal Plan
Area and Authorized Indebtedness

RESOLUTION No. _____
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Dated this 25th day of June, 2015.

CLACKAMAS COUNTY BOARD OF COMMISSIONERS

Chair

Recording Secretary



**CITY OF
SANDY**

39250 PIONEER BOULEVARD • SANDY, OR 97055

PHONE (503) 668-5533

FAX (503) 668-8714

Gateway to Mt. Hood

June 17, 2015

Clackamas County Board of County Commissioners
2051 Kaen Road
Oregon City, OR 97045

Re: City of Sandy Proposed Urban Renewal Amendment

Chair Ludlow and County Commissioners:

Some concerns were raised by the County Commission at the policy meeting on June 16, 2015 regarding the City of Sandy's proposed urban renewal amendment. Below are some bullet points that hopefully help to address those concerns.

- Operations for the recreation/aquatic center would be paid through programs, memberships, and a proposed fee on the City of Sandy utility bill. A survey firm was hired to conduct a poll of the residents of the city in July of 2014. The purpose of the survey was to gauge support for a fee on the utility bill to fund operations for the recreation/aquatic center. Over 73% of the respondents said they would support or strongly support a \$3/month fee on the utility bill to support the operation of a recreation/pool facility. This would generate the amount needed for operational costs and would also grow as the population grows. Programs at the current pool have been self-sustaining.

Although it has been clear that pools by themselves tend to lose money, we have found that when paired with a recreation center, they have a greater chance of succeeding. Prior to construction of any facility, the city would tour various facilities around the state to look at best practices. The passage of the urban renewal amendment would not obligate the city to construct the facility, it would only provide a method to do so.

- Several projects are proposed that could stimulate economic growth and activity. There are road extensions proposed in the area of Highway 26 and 362nd that could encourage development of a highly visible 106 acres of commercial land. Our land use code is flexible enough to also allow some industrial uses in this commercial zone as well.

The recreation/aquatic center project is being proposed on a site with a school and pool facility that are over 40 years old and showing signs of deterioration. Although the area

of this project is zoned commercial, businesses have been reluctant to locate off of the main highway. This project could generate the traffic flow necessary to encourage other commercial entities to locate in this area. It will also be an attractive amenity for future residents who may want to locate to the City of Sandy. The alternative would be a vacant pool building and a deteriorating middle school which could reasonably be considered blight. Although a recreation/aquatic center may not meet a strict definition of infrastructure, it would certainly would address the issue of blight in an area where the city would like to promote economic development activity.

- The fiscal impact to the County for the current urban renewal plan is roughly \$200,000 per year. Under the proposed amendment with the modified revenue sharing, that amount would grow to \$366,000 by the year 2048. Under the modified revenue sharing plan, approximately \$14,000 would be allocated back to the County General Fund in year 2022 and that would grow to approximately \$353,000 by the year 2048. The amendment as proposed would extend the urban renewal area for another 33 years. If revenues are greater than the estimates in the proposal, this time frame may be reduced.
- One concern raised at the policy meeting was that raising the debt limit to \$67 million would be too much for a small city to bear. The change in the debt limit from \$18 million to \$67 million does not require the urban renewal board to issue bonds for the additional \$49 million. It only sets a cap on the total debt that can be incurred over the life of the urban renewal plan. Debt would only be issued to fund the planned projects and only if there were enough of the tax increment each year to provide a sufficient amount to cover the debt payments. The city has a stellar “AA” bond rating with Standard & Poor’s and would continue to maintain or improve that bond rating.
- There has been a number of things the city has done for public outreach. This includes several public hearings, a public forum attended by roughly 50 participants, and two notices in a newsletter that go to all utility customers in the city. There have also been over a dozen articles run by two different newspaper publications over the last two years that have covered the issues surrounding the pool. The city also keeps a news item on the city website that shows the updates for the urban renewal amendment.

I will be available to provide any additional information at the business meeting on June 25th if there are additional questions. Thank you for your consideration.

Sincerely,



Seth Atkinson

City Manager