



MINUTES
KEIZER URBAN RENEWAL AGENCY
Monday, November 7, 2011
Keizer Civic Center
Keizer, Oregon

CALL TO ORDER Chair Christopher called the session to order at 5:50 p.m. Roll Call was taken as follows:

Present:

Lore Christopher, Chair
Cathy Clark
Mark Caillier
Jim Taylor
Joe Egli
Brandon Smith
David McKane

Staff:

Chris Eppley, City Manager
Shannon Johnson, City Attorney
Nate Brown, Community Development
Marc Adams, Police Chief
Susan Gahlsdorf, Finance Director
Rob Kissler, Public Works Director
Tracy Davis, City Recorder
Elaine Howard, Consultant

PUBLIC TESTIMONY None

PUBLIC HEARING None

ADMINISTRATIVE ACTION

**a. RESOLUTION –
Recommending
to the City
Council approval
of Substantial
Amendment
(Ninth
Amendment) to
the North River
Road Economic
Development**

Finance Director Susan Gahlsdorf explained that the purpose of this amendment is primarily to increase the financial capacity or maximum indebtedness of the plan. She then provided background information noting that in May 2008, at the request of the developers in Keizer Station, the City issued \$26,810,000 in bonds to finance infrastructure within Area A of the Keizer Station and formed a Local Improvement District (LID) to collect assessments from the property owners within the LID area to pay off the bonds. The City collects principal and interest payments from the property owners in the LID Area every six months, but the City is only required to make interest payments until June 1, 2031 when a balloon payment for the entire principal amount is due. In the year 2018 the City has a call option on the debt whereby other proceeds can be used to call the bond. The City has the right to pay down the principal by calling bonds twice per year with the assessments collected. Only assessment payments can be used to make the LID payments. She

**Area Urban
Renewal Plan
(Maximum
Indebtedness
and Changes to
Project)**

explained that the bonds are backed by the full faith and credit of the City's General Fund and that currently the assessments for five parcels are over one year past due. She stressed that the proposed action is in no way a bailout for the developer, it is simply a tool for the City to seek other financial remedies and stay in good financial standing on the debt.

The City has been advised by bond counsel that tax increment financing from the existing Urban Renewal Plan area can be used to support the City's commitment to the LID. The proposed amendment would amend the plan to increase the maximum indebtedness and stipulate that the increased funds be used solely for the LID debt repayment.

The City is currently consulting with the affected taxing jurisdictions to gain their concurrence for this amendment. Marion County Soil and Water has officially given their concurrence; and positive responses have been received from a few other jurisdictions.

In the plan the City is proposing to refund the taxing jurisdictions the specific amounts forgone under the extension of the area plus 4% interest with any proceeds from foreclosure of the properties in default after paying for any fees and administrative expenses of the foreclosure.

Ms. Gahlsdorf then reviewed the significant changes to the proposed amendment:

- Increasing the maximum indebtedness from \$45,890,384 up to \$51,653,891;
- The section on the plan in conformance with the City's Comprehensive Plan;
- Changing the substantial amendment of the Plan to include a requirement that the new revenue under the maximum indebtedness is used by the Agency to address the LID issues;
- Modify a project to the plan to allow the Agency to assist in financing the LID; and
- Provide for acquisition of the properties in default on the LID.

Director Gahlsdorf then directed attention to the updated report accompanying the amendment which analyzed the continued existence of blight in the area and the financial feasibility of increasing the maximum indebtedness.

She then reviewed the process for adopting a substantial amendment concluding with the staff recommendation that the Keizer Urban Renewal Agency forward the North River Road Economic Development Area Urban Renewal Plan proposed amendment and report to the City Council and recommend approval of that plan amendment.

Ms. Gahlsdorf then fielded questions regarding interest earned through the LID, market values of the properties in default and the interest owed

to date on the defaulting properties. Mr. Eppley, Mr. Johnson, Mr. Brown and Consultant Howard then responded to questions and provided clarification regarding the urban renewal goals, the location of the Rawlins property and how the urban renewal funds would be used.

Responding to questioning regarding what would happen if this amendment was not passed Ms. Gahlsdorf explained that the City's long range plan provides a net \$332,000 from Urban Renewal next year; expenditures are outpacing revenues so staff would need to be laid off next year in order to make the City whole over the five year plan.

Further discussion took place regarding the effect of urban renewal on citizen tax bills, parcels in the LID, the extent of the default, estimated market value of the defaulting parcels, reimbursement of taxing jurisdictions, the possibility of ending the District early, assessed property values, and interest rates.

Agent Clark moved that the Keizer Urban Renewal Agency adopt a Resolution Recommending to the City Council approval of Substantial Amendment (Ninth Amendment) to the North River Road Economic Development Area Urban Renewal Plan (Maximum Indebtedness and Changes to Project). Agent Taylor seconded.

Agent Egli offered a friendly amendment to the "Schedule" paragraph on page 13 of the plan, changing "...acquisition of the properties within two years..." to "acquisition of the properties as soon as legally possible..."

Agents Clark and Taylor accepted the amendment.

Agent Egli offered a friendly amendment to page 13 of the proposal, Section 1000, B.2: the addition of "River Road Renaissance gets paid back first from the income funds." Mr. Johnson explained that the City is on the same plane as the other jurisdictions so the proposal is asking that RRR be paid back before, for example, the County.

Amendment was not accepted by Agent Clark.

Ms. Howard interjected that this amendment was not included in what was presented to the taxing jurisdictions so if the amendment was accepted it would be necessary to revisit those jurisdictions and explain the change to them.

Agent Egli moved to amend page 13 of the proposal, Section 1000, B.2 to read: "Upon sale of the properties, the first dollars received would be used to reimburse River Road Renaissance." Councilor Caillier seconded.

Agent Egli explained that River Road Renaissance was set up to alleviate influx of businesses to Keizer Station and now funds are being redirected to Keizer Station and businesses feel they are not being represented. Agent Clark voiced support for making sure that River Road Renaissance

is made whole, but she pointed out that there are no outstanding projects at this time so nothing is being taken from an existing project. She added that she understood that this would be a policy decision for which Council has already shown support, but specifying that the first money goes to hurt overlapping agencies and districts was not something she could support. She concluded that she enthusiastically supported River Road Renaissance and hoped to move forward with more projects.

Motion failed as follows:

AYES: Egli (1)

NAYS: Christopher, Smith, McKane, Caillier, Taylor and Clark (6)

ABSTENTIONS: None (0)

ABSENT: None (0)

Agent Christopher clarified that the motion now being voted on was the original motion with one friendly amendment: Keizer Urban Renewal Agency adopt a Resolution Recommending the City Council approval of Substantial Amendment (Ninth Amendment) to the North River Road Economic Development Area Urban Renewal Plan (Maximum Indebtedness and Changes to Project) as amended with the "Schedule" paragraph on page 13 of the plan, changed from "...acquisition of the properties within two years...." to "acquisition of the properties as soon as legally possible...."

Agent Egli reminded everyone that they were acting as agents not as councilors; this Urban Renewal District was set up to invest funds into a community for growth and funds generated by that growth were to be used to pay back what was borrowed. He pointed out that this extension does not create new growth or funds so is not the purpose of Urban Renewal. Secondly, by taking this action the Urban Renewal District is taking care of the City of Keizer's promise to back the funds; they were not going to share the urban renewal profits with the Agency therefore the Agency should not back them up in return. He suggested that instead of following this route, four employees be laid off which would have less impact than the losses that this urban renewal amendment would have on the overlapping jurisdictions. He chastised those involved for entering into the agreement that is producing the current catastrophic situation stating that vision should have been directed ahead to the worst case scenario four years ago. Mr. Egli noted that two months from now the City will not have access to this money; Keizer has always honored its word and should continue to do so by closing the District.

Agent Smith explained that he represents the City of Keizer and its citizens and not the other taxing districts and his decision would be based on that. The impact on other jurisdictions is not as great a concern to him as the level of service that is provided in the city that has the lowest tax rate in the state and already operates on a "bare bones" staff – about

one-third of the staff of cities of comparable size. He added that it is his job to be sure the City stays solvent for the next 20-30-40 years; it is a difficult vote to make because he swore that he would make sure the District ended as well, but this is the only decision that makes fiscally sound sense.

Agent Clark voiced concurrence with Agent Smith; that this is the most responsible thing to do. She noted that she wanted to ensure the solvency and longevity of the City's most vulnerable fund, the General Fund, that pays for police and planning and day to day operations. She added that the City has made every good faith effort to sunset the District and this action would not violate the intent.

Agent Caillier noted that Agent Egli's comments were compelling but it was his understanding all the jurisdictions receive about \$1,000,000 per year in tax revenue that they would not have had if the area had not been developed. Therefore it is prudent to ask the other jurisdictions if they would support Keizer in this and the only way that can be done is if this amendment is passed.

Motion passed as follows:

AYES: Christopher, Smith, McKane, Caillier, Taylor and Clark (6)

NAYS: Egli (1)

ABSTENTIONS: None (0)

ABSENT: None (0)

Mr. Brown explained that tonight's action refers this matter to the Planning Commission for a recommendation to Council. The Keizer Urban Renewal Board (KURB) is scheduled to meet jointly with the Commission so that they can weigh in on the recommendation that is legally required to be made to the Council. Tonight's action does not implement the change; it simply refers it to Council for formal action.

**CONSENT
CALENDAR**

A. Approval of October 10, 2011 Urban Renewal Agency/City Council Joint Work Session Minutes

B. Approval of October 17, 2011 Urban Renewal Agency Minutes

Agent Christopher moved to approve Item A of the Consent Calendar.

Agent Clark seconded. Motion passed unanimously as follows:

AYES: Christopher, Caillier, Smith, McKane, Egli, Taylor and Clark (7)

NAYS: None (0)

ABSTENTIONS: None (0)

ABSENT: None (0)

Agent Christopher moved to approve Item B of the Consent Calendar.
Agent Clark seconded. Motion passed as follows:

AYES: Smith, McKane, Taylor, Egli and Clark (4)
NAYS: None (0)
ABSTENTIONS: Christopher and Caillier (2)
ABSENT: None (0)

OTHER BUSINESS None

ADJOURNMENT With no further business the meeting was adjourned at 7:02 p.m.

APPROVED:



Lore Christopher, Chair



Debbie Lockhart, Deputy City Recorder

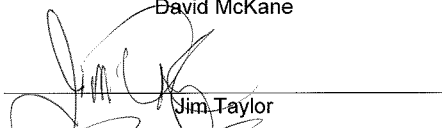
AGENCY MEMBERS




David McKane



Mark Caillier



Jim Taylor



Cathy Clark



Brandon Smith



Joe Egli

Minutes approved: February 6, 2012