MINUTES

KEIZER URBAN RENEWAL AGENCY
Monday, June 22, 1998
Keizer City Hall
Robert L. Simon Council Chambers
Keizer, Oregon

CALL TO ORDER

Jim Keller called the meeting to order at 7:02 p.m. Roll call was taken as follows:

Present:
Carl Beach
Jim Keller
Jerry McGee
Dawn Meier
Garry Whalen

Absent:
Dennis Koho
Al Miller

Staff:
Wally Mull, City Manager
Susan Gahlsdorf, Finance Director
Tracy L. Davis, City Recorder

PUBLIC TESTIMONY

There was no public testimony to come before the Agency.

PUBLIC HEARING

Jim Keller opened the public hearing.

RESOLUTION – ADOPTING 1998-99 URBAN RENEWAL BUDGET AND MAKING APPROPRIATIONS

Susan Gahlsdorf, Finance Director reported the recommended Urban Renewal Agency Fiscal Year 1998-99 budget is before the Agency for consideration. The Agency has the authority to reduce or increase expenditures by up to ten percent of any fund without holding additional public hearings. Ms. Gahlsdorf clarified the adjustments that have come to the attention of the staff since the recommendation of the Budget Committee. These adjustments are a result of the refinancing of the urban renewal bonds and the addition of the buy-in fee for CCTV. Ms. Gahlsdorf indicated by using Option One as the method of collecting tax, the tax increment revenue is estimated to be $2,011,227 for the fiscal year. The total appropriation for the 98-99 fiscal year is $7,666,325.

FMAGIC

Presenting testimony to the Council was:

Mark Midema, 419 Dorcus Drive NE, Keizer addressed the Agency as a representative of the **Keizer Fire District.** He explained that prior to the adoption of measure 50, the tax increment assessed within the Urban Renewal District did not have a financial impact on the Keizer Fire District due to their ability to certify a certain dollar amount. However, with the adoption of measure 50 the system has moved from a dollar-based tax system to a rate based tax system. The growth of the increment in the future will have a negative impact on other taxing jurisdictions, including the Fire District. Mr. Midema urged the Agency to adopt financing option three for the least impact to the Keizer Fire District and other taxing jurisdictions. As an example, he noted the adoption of option one will not allow the Fire District to set aside funds for future purchases such as a ladder truck.

Charlie Kupper, Urban Renewal Agency Consultant explained the differences in the financing options. He pointed out option one provides a benefit to the taxpayer by allowing the renewal agency to collect more money within the division of tax amount. This would reduce any amount necessary under a special levy. He understood the desire of the Agency is to not implement a special levy, however future years might require this. Under option one there is less benefit to the surrounding tax jurisdictions because the new values from 98-99 forward would not be available to apply to their permanent tax rates. Mr. Kupper noted in option two there would be not be any money raised through the division of taxes, only by special levy. Furthermore, option three splits the difference by allowing a fixed dollar amount to be set through the division of tax method which would free all unneeded new values to the other taxing jurisdictions.

In response to an inquiry by Jerry McGee, Mr. Kupper explained the term special levy is not a special bond issue voted on by the taxpayers. When calculating the tax increment revenues, the Assessor first determines the maximum amount the Agency is entitled to. The division of tax method takes the current level of incremental value in the area and multiplies it by the consolidated ballot measure tax rate. This calculation through the division of tax method would give Keizer approximately half of the five million dollar maximum. Then if the desire would be to go to the maximum amount, these monies would be raised through the special levy process. Only the monies raised through the special levy would appear on the tax statements. Mr. Kupper pointed out previously the City has chose not to collect any amounts through the special levy process.

Jerry McGee confirmed if any additional revenue were received, it would allow the early termination of the debt if no additional projects were added.

In regards to the potential effect on other taxing jurisdictions, Mr. Kupper explained that in the 1997-98 fiscal year, all other taxing jurisdictions have been made whole by virtue of increased values within the urban renewal district. There is no financial detriment to these agencies at this point, only future potential.

With regards to any potential effect on the general fund of the City, Ms. Gahlsdorf did not believe there would be any negative impact in the future under option one.

Mr. Midema explained the guidelines established by measures five and fifty prevent taxing jurisdictions from exceeding the ten-dollar limit and the three-percent growth. With the potential of the urban renewal district obtaining the maximum amount each year, it may effect the Fire District's ability to purchase additional equipment without asking for a special levy.

Referring to a table showing potential revenues forgone by other taxing bodies, Mr. Kupper pointed out the effect over the life of the urban renewal district ranges from .055% to 6.2%. The efforts of urban renewal increase the overall valuation, which in the end will be a benefit to all.

In response to an inquiry from Dawn Meier, Mr. Kupper stated the maximum indebtedness for this urban renewal district is approximately $22,000,000. This does not preclude the City from creating another urban renewal district area in the future.

Carl Beach understood option one is beneficial to the taxpayers and option three is beneficial to the taxing bodies.

Mr. Kupper pointed out under any of the three options, the Agency could take the maximum amount of revenue the Assessor calculates. However, the option choice changes how much you can take under the division of tax method. Presently, the Agency is getting approximately 50% of maximum tax increment revenue under the division of tax. If the Agency desires the maximum amount, it must use the special levy method as outlined in option one. Option two does not allow funds to be received under the division of tax, only via a special levy. Under option three the Agency can choose to cap the amount received under the division of tax.

Carl Beach confirmed the special levy would affect the taxpayers, not the tax bodies. The special levy would only affect the taxing jurisdictions, if it caused compression. However, the City is far from compression at this point.

Mr. Midema pointed out the option choice is only available at this time. This decision will affect the Agency and the other taxing jurisdictions for years to come. He urged the Agency to adopt option three, which would cap the amount and allow everyone to share in the increase in value for years to come.

If option three is chosen, and the division of tax revenue is limited, Mr. Kupper explained the chart displaying the potential revenue forgone by other taxing bodies would show zero. Furthermore, the list of urban renewal projects are completed by the year 2006, however the current bonded indebtedness is shown through the year 2013. Mr. Kupper stated the debt could be paid off in the year 2006 with the rate of increment presently collected.

Ms. Gahlsdorf believed by choosing option three, beginning in 1999, the budgeted $2,000,000 could be collected by division of taxes and the special levy. This would require a specific amount be specified to the Assessor. Mr. Kupper noted the Agency must decide a financing option prior to July 1st. If a decision is not made, the default will be option one.

Jim Keller expressed his concern with placing the projects outlined in the urban renewal plan above the public services provided by the City, County, Fire District, and other taxing jurisdictions. He hoped the Agency could find a balancing point for all parties.

Garry Whalen concurred with the public safety issues expressed by Mr. Keller. However, he believed additional information is necessary before making a final decision.

Jerry McGee believed the decision of the Agency to take option one would not cause a decrease in the amount of money distributed to the other taxing jurisdictions, only the ability to collect additional revenue in the future.

Mr. Midema pointed out the addition of the Wittenberg Inn and other developments at the Chemawa interchange will require additional fire equipment and public safety officers in the future. He expressed his concern it may be necessary to request a special bond for additional funds from the voters in the future.

Responding to a question from Jim Keller, Mr. Kupper pointed out most of the urban renewal agencies in Oregon are opting for option one. He believed one of the urban renewal districts in Salem has chosen option three. In addition, Carol Samuels, who serves as our financial advisor on the urban renewal project, has recommended option one.

Dawn Meier pointed out this is a complicated issue that has a lot of uncertainty. She thanked Mr. Midema for bringing this issue before the Agency. Ms. Meier announced as a member of the Fire District Board, this issue was discussed recently, however she did not believe this would be considered an exparte contact or conflict of interest. In conclusion, she is a firm supporter of option three.

Greg Frank, Fire District Chief, 5316 Arcade Avenue NE, Keizer addressed the Agency Board as a member of the Keizer Urban Renewal Board. Mr. Kupper presented these options to the Board in December 1997 with the understanding that additional information would be provided and a recommendation would be sent forth to the Urban Renewal Agency. Mr. Frank voiced his disappointment in the role the Board was given on this matter.

In his role as Fire Chief, Mr. Frank expressed his frustrations with the manner in which the District was provided notice of this hearing and the opportunity to provide comment, either positive or negative. Mr. Frank requested the specific taxing agencies affected by choosing option one, receive the projected $47,348 in revenue and specific urban renewal projects be put on hold.

Responding to an inquiry by Jerry McGee, Mr. Kupper believed most of the 60 urban renewal districts in Oregon are choosing option one. Furthermore, he understood the City's continued desire to minimize the financial impact to the citizens. He believed option one provides the most benefit to the taxpayers. Mr. Kupper stated if option three is chosen a special meeting will be necessary to draft an Ordinance for adoption prior to July 1st. If option one is chosen, an ordinance is not necessary, only a resolution reaffirming the choice of option one.

Responding to an inquiry by Garry Whalen, Fire District Chief Frank believed the delivery of the notice of the amendment to the urban renewal plan packet does not constitutes a negative or positive response from the District. He felt there was inadequate time to review the material and respond.

There was no further testimony to come before the Agency.

Jim Keller closed the public hearing.

Jim Keller moved a Resolution Adopting the Fiscal Year 1998-99 Urban Renewal Agency Budget and Making Appropriations including the recommendations made by staff reflecting the 1998 Series A and 1998 Series B Refinancing of the 1996 Series A and 1996 Series B debt and the $14,000 Appropriation for $14,000 for the CCTV buy-in fee. Carl Beach seconded the Motion.

Jerry McGee pointed out there was a savings of $150,000 by refinancing the bonds, however he believed this should be shown as a redirecting of the funds from a payment of interest to a payment of projects. The savings this year is approximately $13,884, which is shown in the contingency line item, instead of reduction of the bond.

Ms. Gahlsdorf explained the bonded debt is less than it was for the 1996 series. There is a $150,000 in interest savings.

In regards to the past establishment of the $1.00 per $1000 cap implemented by the Agency, Mr. Kupper explained the adoption of measure 50 no longer calculates in this method. Mr. McGee suggested this accountability be replaced with an estimation of projects, timelines, and budget guidelines.

The Motion passed as follows:

AYES: Beach, Keller, McGee, Meier, and Whalen (5)
NAYS: None (0)
ABSTENTIONS: None (0)
ABSENT: Koho and Miller

ADMINISTRATIVE ACTION

Wally Mull, City Manager explained an amendment to the North River Road Urban Renewal Plan is necessary to include a maximum amount of indebtedness that may be issued or incurred under the plan.

CONSIDERATION OF THIRD AMENDMENT TO KEIZER NORTH RIVER ROAD URBAN RENEWAL PLAN

Charlie Kupper, Urban Renewal District Consultant, pointed out on page 5 – item "c" the second sentence should read…*This cash will be applied to pay indebtedness to carry out the projects and activities shown on table 4.*

Dawn Meier expressed her concern that this amendment is prepared under the assumption the City Council will choose the financing option one.

In response to an error pointed out by Jerry McGee, Mr. Kupper explained the term *or $5,000,000* on page 6 – item 4 of the plan should be stricken. Furthermore, page one is the actual plan amendment and the additional pages are supporting documents. He believed it is not critical that the mention of option one in this portion of the plan is detrimental if another option is chosen.

Mr. Kupper noted the intent of the third amendment is to specify the maximum amount of indebtedness. Based upon the Agency's direction to take only the division of tax amount, the estimates are based upon the maximum amount allowed under this provision. If a decision were made for option three, this would limit the amount under the division of taxes and increase the length of the plan. The maximum indebtedness amount of $22,390,384 would be difficult to change at this point.

<u>Jim Keller moved the Urban Renewal Agency approves and recommends to the City Council the Third Amendment to the Keizer North River Road Urban Renewal Plan. Garry Whalen seconded the Motion.</u>

<u>The Motion passed as follows:</u>

<u>AYES:</u> Beach, Keller, McGee, and Whalen (4)
<u>NAYS:</u> Meier (1)
<u>ABSTENTIONS:</u> None (0)
<u>ABSENT:</u> Koho and Miller (2)

KEIZER URBAN RENEWAL BOARD APPOINTMENTS

Jim Keller reported Mayor Koho has recommended the appointment of Don Jensen to fill the unexpired term on the Keizer Urban Renewal Board. This would fill the vacancy created by the resignation of John Preston.

Jerry McGee announced he is recommending the appointment of Tom Woods to fill the vacancy created by the resignation of Sam Goesch.

Jim Keller moved to appoint Don Jensen and Tom Woods to the Keizer Urban Renewal Board to fill the present vacancies. Garry Whalen seconded the Motion.

Carl Beach suggested a recommendation be forwarded to the Keizer Urban Renewal Board to adopt an attendance policy similar to the Keizer Planning Commission.

Jim Keller believed this matter should be discussed at the next Keizer Urban Renewal Board meeting.

The Motion passed as follows:

AYES: Beach, Keller, McGee, Meier, and Whalen (5)
NAYS: None (0)
ABSTENTIONS: None (0)
ABSENT: Koho and Miller (2)

RESOLUTION – DECLARING PUBLIC NECESSITY AND PURPOSE FOR ACQUIRING LAND ON CHERRY AVENUE

Wally Mull, City Manager reported this resolution gives the authority to purchase the necessary right of way along Cherry Avenue. The legal descriptions of the property are available for review if needed.

Jim Keller moved a Resolution Declaring the Public Necessity and Purpose for Acquiring Parcels of Land Along Both Sides of Cherry Avenue Within the City of Keizer. Jerry McGee seconded the Motion.

The Motion passed as follows:

AYES: Beach, Keller, McGee, Meier, and Whalen (5)
NAYS: None (0)
ABSTENTIONS: None (0)
ABSENT: Koho and Miller (2)

CONSENT CALENDAR

Items on the consent calendar included:

a. Approval of the November 17, 1997 Urban Renewal Agency Minutes

b. Approval of May 18, 1998 Urban Renewal Agency Minutes

c. Approval of June 1, 1998 Urban Renewal Agency Minutes

Jim Keller moved for approval of the items on the Consent Calendar. Dawn Meier seconded the Motion.

The Motion passed as follows:

AYES: Beach, Keller, McGee, Meier, and Whalen (5)
NAYS: None (0)
ABSTENTIONS: None (0)
ABSENT: Koho and Miller (2)

OTHER BUSINESS There was no other business to come before the Agency.

WRITTEN COMMUNICATIONS There were no written communications to come before the Agency.

ADJOURNMENT The Urban Renewal Agency meeting was adjourned at 8:51 p.m.

Tracy L. Davis

Tracy L. Davis, CMC
City Recorder

APPROVED:

(absent)
Dennis Koho-Chair

URBAN RENEWAL AGENCY MEMBERS:

Garry Whalen
Garry Whalen

Carl E. Beach
Carl Beach

Dawn Meier

(absent)
Al Miller

Jim Keller
Jim Keller

Jerry McGee
Jerry McGee

approved:
November 9, 1998