

Oregon City Urban Renewal Agency
Adopted Biennial Budget
July 1, 2023, through June 30, 2025

Introduction

The Oregon City Urban Renewal Agency's 2023-2025 Proposed Biennial Budget is balanced and has been prepared in accordance with Oregon Budget Law. For the period July 1, 2023, through June 30, 2025, the total budget is \$15,927,600.

The Agency is a separate legal entity from the City of Oregon City that is established under State law. Oregon Revised Statutes Chapter 457.035(1) creates "a public body corporate and politic to be known as the urban renewal agency" for each municipality. The Oregon City Urban Renewal Commission is responsible for providing oversight for the District as specified in the Downtown/North End Urban Renewal Plan, amended in September 2007.

On November 8, 2016, voters approved Measure 3-514, which was intended to limit the use of urban renewal in Oregon City. On July 18, 2017, the Circuit Court determined that the measure is preempted by Oregon Revised Statutes Chapter 457. The Court found that the measure is inconsistent with State law and the Agency's expenditures are not restricted. This decision was appealed to the Oregon Court of Appeals. On November 15, 2022, the Court of Appeals declared that a portion of the measure, specifically part E of Section 59 in the Oregon City Municipal Code is unenforceable as preempted by state law.

The Urban Renewal Commission approved the 11th amendment to the Urban Renewal Plan on December 21, 2022. This amendment updated the project plan to three primary projects, which are the Rossman Landfill, Clackamette Cove, and the Stimson Property, and several secondary projects, including the County Courthouse on Main Street, Improvements to the End of the Oregon Trail Interpretive Center, and downtown railroad Quiet Zone, and development of the vacant 12th and Main Street property.

On May 16, 2023, voters rejected Measure 3-597, which requested the approval for the Urban Renewal Agency to borrow up to \$44 million for projects in the Urban Renewal Plan. The proposed budget presented reflects a status quo budget while recognizing that the Urban Renewal Commission has yet to determine the future of the Urban Renewal Agency after learning the outcome of the election. In spite of this, the responsibility of the Urban Renewal Budget Committee is to review the proposed budget and determine the tax levy, the uses of all resources, and approve the budget. Subsequently, the Urban Renewal Commission has the responsibility to review the approved budget, revise if necessary, and adopt the budget. While the timing of the election in May, the requirement to adopt a budget by June 30, and the publication of mandatory newspaper notices for Budget Committee meetings all complicated the forward process, the Urban Renewal Agency must still meaningfully determine the future. At a minimum, the declaration of the tax increment for the 2023-24 and 2024-25 tax years will determine if the agency continues to collect new revenue (approximately \$3.15 million per year) toward the projects identified above. The second key choice of the Urban Renewal Agency is the use of new tax increment revenue as well as existing funds on hand (\$9.2 million). The future is in the hands of the Urban Renewal Agency.

Budget Highlights

The proposed budget is funded by total biennial revenues of \$6.7 million (excluding beginning fund balance), 95% of which are from property taxes. Revenues increased by \$68,000, or 1%, over the previous budget. Tax increment increases are budgeted at 2.0% for each year of the biennium. Other revenue sources include income from property rentals and investment income.

Projected spending for the biennium totals \$15.86 million and is comprised of minimum operating and legal costs as well as capital projects. Finally, the budget includes costs to operate Agency owned rental

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properties. An operating contingency of \$0.64 million is available for appropriation to projects pending the Urban Renewal Commission's review.

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").

Respectfully,



Anthony J. Konkol III
Executive Director, OCURA

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| Urban Renewal | 2017-2019 Actual | 2019-2021 Actual | 2021-2023 Amended Budget | 2023-2025 Proposed Biennium | 2023-2025 Approved Biennium | 2023-2025 Adopted Biennium |
|----------------------------------|---------------------|----------------------|--------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Resources | | | | | | |
| Beginning Fund Balance | \$ 3,399,456 | \$ 5,468,808 | \$ 3,073,311 | \$ 9,230,800 | \$ 9,230,800 | \$ 9,230,800 |
| Property Taxes | 5,390,098 | 6,237,989 | 6,287,500 | 6,336,800 | 6,336,800 | 900,000 |
| Rental Income | 164,347 | 208,197 | 221,000 | 240,000 | 240,000 | 240,000 |
| Interest Income | 217,125 | 181,543 | 90,000 | 90,000 | 90,000 | 90,000 |
| Other Income | 95,000 | 126 | 30,000 | 30,000 | 30,000 | 30,000 |
| Total Resources | \$ 9,266,026 | \$ 12,096,663 | \$ 9,701,811 | \$ 15,927,600 | \$ 15,927,600 | \$ 10,490,800 |
| Requirements | | | | | | |
| Agency Administration | \$ - | \$ 440,000 | \$ 440,000 | \$ 440,000 | \$ 440,000 | \$ 440,000 |
| Legal & Consultant Services | 5,537 | 176,448 | 240,000 | 240,000 | 240,000 | 240,000 |
| Rental Expenses | 49,628 | 64,039 | 100,000 | 100,000 | 100,000 | 100,000 |
| Cost Reimbursement | - | 867,490 | - | - | - | - |
| Operating Materials and Supplies | 7,856 | 8,947 | 12,000 | 14,000 | 14,000 | 14,000 |
| Community Programs and Grants | 120,000 | - | - | - | - | - |
| Capital Outlay | 395,038 | 40,450 | - | 15,069,600 | 15,069,600 | 9,632,800 |
| Principal and Interest | 3,219,159 | 7,526,578 | - | - | - | - |
| Operating Contingency | - | - | 8,909,811 | 64,000 | 64,000 | 64,000 |
| Unappropriated Fund Balance | 5,468,808 | 2,972,711 | - | - | - | - |
| Total Requirements | \$ 9,266,026 | \$ 12,096,663 | \$ 9,701,811 | \$ 15,927,600 | \$ 15,927,600 | \$ 10,490,800 |

BUDGET HIGHLIGHTS

- ❖ Agency Administration includes minimum staff time/contracts to operate (policy meetings, contract management, investments, debt service, financial audits, impact reports, etc.).
- ❖ Legal & Consultant Services are costs to administer the future projects and support the Commission.
- ❖ Rental Expenses are costs to manage and maintain properties (Amtrak Station, Clackamas Landscape, two houses).
- ❖ Operating Materials and Services are costs for transcription and audit services.
- ❖ Capital Outlay represents the balance of available funds for capital projects as identified in the Urban Renewal Plan.

ADOPTED BUDGET HIGHLIGHTS

- ❖ Property Taxes: Incremental Assessed Value is \$0 in 2023-24 with prior year tax collections as \$46,000. Incremental Assess Value is \$55,165,000 in 2024-25, which anticipates approximately \$828,000 in 2024-25 levy collections plus prior years tax collections as \$26,000.
- ❖ Capital Outlay reduced to reflect lower revenue.

Note - 2023-2025 Proposed Biennium column amounts for Beginning Fund Balance and Operating Contingency do not add across. This is intentional as they represent balances at a specific point in time (beginning or end of the budget period).