

***CORNELIUS  
URBAN RENEWAL  
AGENCY  
ADOPTED BUDGET  
2020-2021***



# CORNELIUS URBAN RENEWAL AGENCY 2020-2021 BUDGET COMMITTEE

## BOARD MEMBERS:

John Colgan, Chair  
Jeffrey C Dalin  
Dave Schamp  
Steve Heinrich  
Luis Hernandez

## APPOINTED MEMBERS:

Brad Coffey  
Jennifer Heuer  
Ralph Brown  
Jose Orozco  
Andrew Dudley

## ADMINISTRATIVE STAFF

Budget Officer – City Manager .....Rob Drake  
Community Development Director .....Ryan Wells  
Finance Director .....Ellie Jones

## BUDGET CALENDAR

|                         |   |
|-------------------------|---|
| February 3 (Mon)        | URA Board approves budget calendar and appoints a Budget Officer  |
| Feb 28- Mar 31          | Finance Department prepares proposed Cornelius URA budget   |
| April 8 (Wed)*          | Publish 1st Notice announcing Budget Committee meeting  |
| April 15 (Wed)*         | Publish 2nd Notice announcing Budget Committee meeting  |
| April 29 & May 6        | Budget Committee meetings, Budget Hearing and Budget Committee approval   |
| May 6- May 30           | Summary Budget and Hearing notice published   |
| June 1 (Mon)            | URA Board adopts budget; Resolution adopting budget; Make appropriations; Levy and Categorize tax   |
| No later than July 15th | -2 copies of notice of levy and adopted resolutions go to County Assessor<br>Copy of entire budget to County Clerk<br>Submit final Financial Summaries to Washington County |

\*2 notices announcing the Budget committee meetings must be published with 5 days between notices (5-30 Days before the meetings)

# CORNELIUS URBAN RENEWAL AGENCY

## FY 2020-2021 BUDGET MESSAGE

### INTRODUCTION

The Cornelius Urban Renewal Agency (URA) receives its revenue (taxes) based on the increase in the assessed values of the properties within the district boundaries above the "frozen" base values at the time the District was established. This method of taxation is referred to as Tax Increment Financing (TIF) since only the incremental increase in taxes after a certain date is given to the URA, not the entire tax assessed. Revenues for the URA increase dramatically as new buildings are built or older buildings are significantly remodeled or restored within the URA's District boundary, thus increasing their assessed values.

### BUDGET HIGHLIGHTS

One of the goals of urban renewal is to strengthen and grow the tax rolls by spurring new development. This new development is critical in "growing" the TIF funding by increasing the assessed value of the urban renewal area. Redevelopment of existing buildings triggers a new assessment of the additional value added to the property whereas a new development in the area triggers a complete 100% assessment of the property at today's value. To be able to continue implementing the Urban Renewal Plan, the tax increment must continue to grow and in order for that to happen more impactful new development projects should be a priority.

This is the first year of implementation of the Cornelius URA. The early years of URA implementation tend to be rather modest, as the TIF revenues are rather small and require a few years to grow to more usable balances. Taking advantage of a current opportunity, a significant portion of the short-term URA revenues are being allocated to the acquisition of a key strategic commercial property in the downtown. This action depends on financial support from partnering state agencies, which comes in the form of grants and loans to be repaid over time by TIF revenues. Other than to cover minor administrative expenses and costs related to the property acquisition loan, the TIF revenues for this first year are being banked in order to facilitate more robust programming in future years.

The Cornelius Urban Renewal Agency looks forward to funding a number of transformative projects to revitalize the urban renewal area and we are excited about building momentum through the implementation of this first strategic property acquisition project. FY 2021-2022 is expected to include the pilot season for developer incentive programs to assist private business and property owners to improve the aesthetic and functional appeal of their businesses and thus, cumulatively, the aesthetic quality of the Urban Renewal District as a whole.

Rob Drake  
City Manager

**ESTIMATED TAX INCREMENT REVENUES  
AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED**

The table to the right shows a summary of the financial capacity of the URA, including how the total TIF revenue translates to the ability to fund urban renewal projects in constant 2019 dollars in five-year increments.

| <b>TIF Capacity of the Area</b> |               |
|---------------------------------|---------------|
| Total TIF (YOE\$)               | \$ 45,337,391 |
| Maximum Indebtedness (YOE\$)    | \$ 25,600,000 |
| Capacity (2019\$)               | \$ 13,087,438 |
| Years 1-5                       | \$ 2,868,750  |
| Years 6-10                      | \$ 1,423,750  |
| Years 11-15                     | \$ 4,995,000  |
| Years 16-30                     | \$ 3,799,938  |

The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the urban renewal area in 2050, a 30-year urban renewal plan. The time frame of urban renewal is not absolute; it may vary depending on the actual ability to meet the maximum indebtedness. If the economy is slower, it may take longer; if the economy is more robust than the projections, it may take a shorter time period. These assumptions show one scenario for financing and that this scenario is financially feasible.

The maximum indebtedness is \$25,600,000 (twenty-five million six hundred thousand dollars). The estimated total amount of tax increment revenues required to service the maximum indebtedness of \$25,600,000 is \$45,337,391 and is made up of revenues from the division of taxes from permanent rate levies.

The tables below show more detailed estimates of tax revenues. Loans or bonds may be taken to complete projects before tax revenues are available.

**Estimated Tax Increment Revenues**

|                   | Total      | FYE 2021 | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 | FYE 2029 | FYE 2030 |
|-------------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| TIF: Current Year | 44,712,307 | 114,050  | 166,125  | 231,251  | 298,656  | 368,420  | 440,626  | 526,036  | 614,862  | 707,240  | 803,314  |
| TIF: Prior Years  | 625,085    | -        | 1,711    | 2,492    | 3,469    | 4,480    | 5,526    | 6,609    | 7,891    | 9,223    | 10,609   |
| Total Resources   | 45,337,391 | 114,050  | 167,836  | 233,743  | 302,125  | 372,900  | 446,153  | 532,645  | 622,752  | 716,463  | 813,923  |

|                   | FYE 2031 | FYE 2032  | FYE 2033  | FYE 2034  | FYE 2035  | FYE 2036  | FYE 2037  | FYE 2038  | FYE 2039  | FYE 2040  |
|-------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| TIF: Current Year | 903,231  | 1,007,145 | 1,115,215 | 1,227,608 | 1,344,497 | 1,466,061 | 1,592,488 | 1,723,972 | 1,860,715 | 2,002,928 |
| TIF: Prior Years  | 12,050   | 13,548    | 15,107    | 16,728    | 18,414    | 20,167    | 21,991    | 23,887    | 25,860    | 27,911    |
| Total Resources   | 915,281  | 1,020,693 | 1,130,322 | 1,244,336 | 1,362,911 | 1,486,229 | 1,614,479 | 1,747,859 | 1,886,575 | 2,030,839 |

|                   | FYE 2041  | FYE 2042  | FYE 2043  | FYE 2044  | FYE 2045  | FYE 2046  | FYE 2047  | FYE 2048  | FYE 2049  | FYE 2050  |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| TIF: Current Year | 2,115,089 | 2,304,647 | 2,464,617 | 2,481,747 | 2,525,003 | 2,569,989 | 2,616,774 | 3,040,000 | 3,040,000 | 3,040,000 |
| TIF: Prior Years  | 30,044    | 31,726    | 34,570    | 36,969    | 37,226    | 37,875    | 38,550    | 39,252    | 45,600    | 45,600    |
| Total Resources   | 2,145,133 | 2,336,373 | 2,499,187 | 2,518,716 | 2,562,229 | 2,607,864 | 2,655,324 | 3,079,252 | 3,085,600 | 3,085,600 |

## Capital Project List

| Project  | Description  | Total Estimated Cost | Expected year of completion |
|--|--|----------------------|-----------------------------|
| Estby purchase and brownfield remediation  | Purchase, demolition; assumes state grants for cleanup.  | \$ 238,703           | 2021                        |
| New "Welcome to Cornelius" sign on west side; easement acquisition                               | Design, construct and install a monument similar to the monument on east side of City.   | \$ 65,562            | 2022                        |
| Add bulbouts along 11th - 14th between Adair and Davis   | Extend the sidewalk area into the parking lane to provide a more convenient and comfortable pedestrian connection.   | \$ 1,535,299         | 2023-2035                   |
| Downtown bike racks, garbage cans, and benches   | Install bike racks, garbage cans, and benches that fit with the current streetscape.   | \$ 48,617            | 2023-2035                   |
| Railroad ROW property acquisition  | This project authorizes the purchase of the Railroad ROW within the Area; assumes state grants for brownfield cleanup.   | \$ 562,750           | 2023                        |
| Purchase and demo house adjacent to library, develop parking                                     | Purchase, demolition, paving, striping, landscaping, and frontage costs for a parking lot adjacent to City Hall.   | \$ 472,710           | 2023                        |
| Decorative informational signs   | Design, construct and install decorative informational signs.  | \$ 16,883            | 2023                        |
| Connections and equipment for downtown holiday lighting  | Purchase and installation of equipment for downtown holiday lighting.  | \$ 33,765            | 2023                        |
| Add electrical conduit and service to downtown   | Add electrical conduit and service to downtown.  | \$ 86,948            | 2024                        |
| Close-in Neighborhood Frontage Improvements  | Install sidewalk improvements including the planting of street trees.  | \$ 2,132,451         | 2024-2034                   |
| Reconstruct downtown couplet alleyways with pedestrian amenities and decorative features         | These treatments include but are not limited to stormwater-friendly surfacing, bulbouts at entrances, special paving, lighting, minor furnishings, minor landscaping (planter boxes), utility work (drainage), curb extensions with driveway aprons at street entries, miscellaneous building adjustments.   | \$ 358,230           | 2025                        |
| Alleyway connection road treatments (11th, 12th, 13th, 14th)                                     | Install colored or textured street crossings to reinforce connectivity.  | \$ 47,764            | 2025                        |
| Splash Pad and Plaza   | Design and install a plaza with pavement, utilities, furnishings, lighting, landscaping, art, shelter, splash pad fountain and signage.  | \$ 1,266,800         | 2027                        |
| Western States Fire Apparatus building acquisition and redevelopment into indoor farmer's market | This project authorizes the purchase of the Western States Fire Apparatus building and also the costs incurred to bring it up to current seismic standards.  | \$ 1,343,900         | 2029                        |
| Core Neighborhood pathways   | Improve the core neighborhood pathway system, particularly around Cornelius Elementary.  | \$ 346,050           | 2030                        |
| Bus stops/amenities  | Add and upgrade transit stop amenities as needed, to include sheltered stops with seating, landing pads, route information, bicycle parking and improved lighting.   | \$ 312,685           | 2030-2038                   |
| Neighborhood Trailheads  | Provide neighborhood trailheads on future Council Creek Regional Corridor that include light landscaping, simple signage, light paving for access, fencing and bollards.   | \$ 498,312           | 2030                        |
| Other downtown street crossing treatments  | Install colored or textured street crossings to reinforce connectivity.  | \$ 579,960           | 2032                        |
| N 29th Ave Frontage Improvements   | Supplement Community Development Block Grant (CDBG), Washington County Transit Development Tax, and other funding sources for frontage improvements including curb, gutter, sidewalk, street trees, street lights and utility undergrounding.  | \$ 587,400           | 2032                        |
| Convert downtown streetlights to LED and Option C (City owned & maintained)                      | Convert downtown streetlights to LED and Option C (City owned & maintained).   | \$ 293,700           | 2032                        |
| Town Center Gateway Features   | Design, construct and install five gateways (3 along highway couplet, 2 at north/south arterials). Gateway features may include but are not limited to signage, flag poles, landscaping, lighting, art piece, curb extensions, and utility work.   | \$ 1,512,600         | 2033                        |
| Add shepherd's crook lights between Adair and Barlow, 11th -14th                                 | Add shepherd's crook lights between Adair Street and Barlow, Street 11th -14th Avenues.  | \$ 743,760           | 2036                        |
| Fred Meyer road frontage improvements  | Install improvements to the Haney site which is defined as North 26th Avenue to Lot 3. Improvements include street and frontage improvements.  | \$ 1,617,280         | 2037                        |
| Core Neighborhood alleyway improvements  | Install concrete alleyway improvements to improve connectivity and reduce maintenance.   | \$ 2,384,202         | 2038-2041                   |
| 14th Avenue Greenway Treatments  | Provide a multi-modal connection between the Town Center and the planned Council Creek regional trail to the north and the Tualatin River to the south (Alpine Street to Council Creek Regional Trail within the Urban Renewal Area). The greenway would have a unique cross-section to promote walking and biking trips. The available right-of-way is generally 40-feet wide and constrained with existing fronting development. | \$ 1,399,728         | 2039                        |
| N Holladay Extension (4th to City Boundary)  | Extend Holladay Street from 4th Avenue to the west city limits, construct as an Industrial Collector, with sidewalks and bike lanes. Alignment should connect with a future street extension from Yew Street. (Maximum urban renewal expenditure 50% of project costs)   | \$ 1,916,100         | 2040                        |
|  |  |                      |                             |
|  | TOTALS   | \$ 20,402,159        |                             |

# Urban Renewal Agency

## Program Summary

The Cornelius Urban Renewal Agency administers the adopted Cornelius Urban Renewal Plan. Urban renewal allows for the use of tax increment financing, a financing source that is unique to urban renewal, to fund its projects. Tax increment revenues - the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established - are used to repay borrowed funds.

The purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped, called blighted areas in Oregon Revised Statutes (ORS) 457.010. In general, urban renewal projects can include construction or improvement of streets, utilities, and other public facilities; assistance for rehabilitation or redevelopment of property; acquisition and re-sale of property from willing sellers; and improvements to public spaces.

## Objectives 2020-2021

- Acquire, demolish, cleanup commercial property located in downtown area
- Secure option or right of first refusal for purchase of residence adjacent to City Hall

## REVENUES

Revenues will come from a combination of \$114,050 in tax increment revenues and an anticipated \$250,000 loan from Business Oregon's Brownfields Redevelopment Program.

| Description            | Actual<br>2017-2018 | Actual<br>2018-2019 | Budget<br>2019-2020 | Proposed<br>2020-2021 | Approved<br>2020-2021 | Adopted<br>2020-2021 |
|------------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|----------------------|
| Net Working Capital    | \$ -                | \$ -                | \$ -                | \$ -                  | \$ -                  | \$ -                 |
| Interest               | \$ -                | \$ -                | \$ -                | \$ -                  | \$ -                  | \$ -                 |
| Property Tax - Current | \$ -                | \$ -                | \$ -                | \$ 114,050            | \$ 114,050            | \$ 114,050           |
| Loan Proceeds          | \$ -                | \$ -                | \$ -                | \$ 250,000            | \$ 250,000            | \$ 250,000           |
| <b>TOTAL REVENUES</b>  | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 364,050</b>     | <b>\$ 364,050</b>     | <b>\$ 364,050</b>    |

## EXPENDITURES

### Materials and Services

The budget expenditures for Materials and Services is for auditing, accounting, and legal services.

### Capital Outlay

The capital expenditures are for acquisition, demolition, and remediation of a commercial property located in the downtown area, and costs for right of first refusal or option for purchase of residence adjacent to City Hall.



*Blighted commercial property identified for City acquisition and cleanup*

| Description                   | Actual<br>2017-2018 | Actual<br>2018-2019 | Budget<br>2019-2020 | Proposed<br>2020-2021 | Approved<br>2020-2021 | Adopted<br>2020-2021 |
|-------------------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|----------------------|
| Professional Services         | \$ -                | \$ -                | \$ -                | \$ 7,000              | \$ 7,000              | \$ 7,000             |
| <b>MATERIALS AND SERVICES</b> | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 7,000</b>       | <b>\$ 7,000</b>       | <b>\$ 7,000</b>      |
| Land                          | \$ -                | \$ -                | \$ -                | \$ 244,008            | \$ 244,008            | \$ 244,008           |
| <b>CAPITAL OUTLAY</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 244,008</b>     | <b>\$ 244,008</b>     | <b>\$ 244,008</b>    |
| Contingency                   | \$ -                | \$ -                | \$ -                | \$ 113,042            | \$ 113,042            | \$ 113,042           |
| Unappropriated                | \$ -                | \$ -                | \$ -                | \$ -                  | \$ -                  | \$ -                 |
| <b>TOTAL EXPENDITURES</b>     | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 364,050</b>     | <b>\$ 364,050</b>     | <b>\$ 364,050</b>    |

Contingency funds will be carried over to the next fiscal year.

# URBAN RENEWAL FAQs

## **What is Urban Renewal?**

Urban Renewal is one of the few tools for encouraging local economic development. It has been used for decades in cities including more than 100 urban renewal areas in Oregon. Urban renewal plans provide cities with an alternative revenue stream called tax increment financing. This revenue stream may be used on projects and programs in specifically designated urban renewal areas.

## **How does Tax Increment Financing Work?**

While urban renewal itself does not increase property tax rates, it does function on the increases in property tax revenues from year-to-year. An individual property tax payer's property taxes may increase for two reasons. One, the assessor can increase property values at a rate of up to 3% per year and does so in most cases, and, two, if the individual completed a substantial renovation or new construction on their property resulting in increased assessed valuation. When an urban renewal area is created, the property tax revenue from that area is diverted into two revenue streams. The first stream is called "the frozen base". The frozen base is the total assessed value of the urban renewal area from the year the urban renewal area was formed. The property taxes from the frozen base revenue stream continues to go to the regular taxing jurisdictions, such as the city, the county, and the school district. The second revenue stream is any increase over the frozen base which is called "the increment". The increment represents the basis for tax increment financing and is any increase assessed valuation and the resulting property tax revenues above the frozen base. The second revenue stream goes to the Urban Renewal Agency for use on projects, programs, and administration throughout the life of the district.

## **How are Overlapping Taxing Districts Impacted by Urban Renewal?**

The overlapping taxing districts continue to receive property tax revenues on the frozen base assessed value of the area, but do not receive property tax revenues from any growth in the area. Schools are not directly impacted by urban renewal. They are funded on a per-student basis from the State School Fund as determined by the Oregon Legislature. That per-student funding amount is not directly impacted due to urban renewal in your community. Once an urban renewal area is terminated, there will generally be an increase in property tax revenues to all taxing jurisdictions. This increase of property tax revenue is a result of the ability to concentrate funding in a specific area, encouraging economic development in the area.

## **How does an Urban Renewal Area Function?**

An urban renewal area is run by an urban renewal agency which at its most basic level has income, expenses, and a spending limit. The income for an urban renewal agency is its yearly tax increment financing revenues. The expenses for an urban renewal agency are its yearly expenditures on projects, programs and administration. The spending limit for an urban renewal agency is its "maximum indebtedness." Maximum indebtedness is the total amount of money that can be spent in an urban renewal area on projects, programs, and administration.



## URBAN RENEWAL FAQs (continued)

### **What types of Programs or Projects are Eligible under Urban Renewal?**

Urban renewal agencies can do certain projects or activities under an adopted Urban Renewal Plan. These activities generally include:

- Construction or improvement of public facilities including streets, utilities, parks and other public uses.
- Acquisition and improvement of property.
- Participation with developers for property improvement.

### **How does Urban Renewal Impact Property Tax Payers?**

The “division of taxes”, which represents the vast majority of tax increment financing revenues, does not increase property tax rates. Regardless, every taxpayer in a city where an urban renewal district exists will see an indication of urban renewal as a line item on their property tax bill. This can be confusing, but just remember that when an urban renewal area is created, it changes how the existing taxes paid on a property are divided out amongst the taxing districts. Your total property tax bill amount would remain exactly the same with or without urban renewal - the money would just be distributed differently among the taxing jurisdictions. This division of taxes allows for a portion of the property taxes to be paid to the Urban Renewal Agency to complete projects in your community.

# GLOSSARY

**Fiscal Year:** July 1 to June 30 of the following calendar year.

**Frozen Base:** The total assessed value including all real, personal, manufactured, and utility values within an urban renewal area at the time of adoption. The county assessor certifies the assessed value after the adoption of an urban renewal plan. The tax revenues from the frozen base continue to be collected and distributed to the various taxing jurisdictions for the duration of the urban renewal plan.

**Increment:** That part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement.

**Maximum Indebtedness:** The amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

**Tax Increment Financing (TIF):** Funds that are associated with the division of taxes accomplished through the adoption of an urban renewal plan. Through the use of TIF, municipalities typically divert future property tax revenue increases from a defined area or district toward an economic development project or public improvement project in the community. TIF funds are not appropriated directly from a city's budget, but the city incurs loss through foregone tax revenue.

**Tax increment revenues:** The funds allocated by the Assessor to an urban renewal area due to increases in assessed value over the frozen base within the area.

**Urban Renewal:** An economic development tool that allows cities to borrow against future tax increases in a designated area to create funds for street or façade improvements, pedestrian amenities, and loans or grants to make development more feasible in difficult locations. An area can qualify for urban renewal if at least part of the specified area meets the definition of blight (as defined in ORS 457.010(1)(A-E)). For a city to use urban renewal, it must establish an urban renewal agency and it must adopt an urban renewal plan. Tax increment financing (TIF) is the financing tool to implement urban renewal.

**Urban Renewal Agency:** An agency created by state law (ORS Chapter 457) but specifically “activated” by the city council. The agencies are separate legal bodies from the council, but in most cases the urban renewal agency board is composed of members of the city council. This Agency is responsible for administration of the urban renewal plan.

**Urban Renewal Area:** Also known as an urban renewal district, the geographic area within which urban renewal projects may be implemented, and the area from which the frozen base is calculated to determine the maximum indebtedness.

**Urban Renewal Plan:** To do urban renewal projects with tax increment financing, the projects must be authorized in an adopted urban renewal plan. The plan applies to a specific geographic area of the city, which is called the urban renewal area. In adopting the plan, the city council must find that the area is eligible for urban renewal because of existing “blight,” which is defined as conditions such as deteriorated buildings and lack of adequate infrastructure.

**Urban Renewal Project or Project:** Any work or undertaking carried out under ORS 457.170 in an urban renewal area.