

ORDINANCE NO. 1738

AN ORDINANCE RELATING TO AMENDING THE WEST LINN MUNICIPAL CODE BY ADDING TO CHAPTER 2 COMMUNITY ADVISORY GROUPS, SECTION 2.098 (1)–(3) CREATING AN URBAN RENEWAL AGENCY, DECLARING THAT BLIGHTED AREAS EXIST IN THE CITY OF WEST LINN, ESTABLISHING THE NEED FOR AN URBAN RENEWAL AGENCY IN THE CITY, AND ELECTING A METHOD FOR EXERCISING OF THE POWER OF AN URBAN RENEWAL AGENCY WITHIN THE CITY.

Annotated to show ~~deletions~~ and additions to the code sections being modified. Deletions are ~~bold lined through~~ and additions are **bold underlined**.

WHEREAS, Chapter II, Section 4, of the West Linn City Charter provides:

Powers of the City. The City shall have all powers which the Constitution, statutes and common law of the United States and of this State now or hereafter expressly or implied grant or allow the City, as fully as though this Charter specifically enumerated each of those powers;

WHEREAS, there exists in the City of West Linn blighted areas as defined in ORS 457.010(1) as identified by the Feasibility Study Update included as Attachment A; and

WHEREAS, such blighted areas impair economic values and negatively impact the health, safety, and welfare of the City's citizens; and

WHEREAS, some portions of these blighted areas may be improved by development and rehabilitation to eliminate the conditions of blight; and

WHEREAS, these development and rehabilitation activities and the prevention and reduction of blight are public purposes for which public money may be spent; and

WHEREAS, there is a need to establish an urban renewal agency to assist in the elimination of blight in West Linn; and

WHEREAS, ORS 457.035 authorizes the City to activate the powers of its urban renewal agency by adoption of a nonemergency ordinance declaring that blight exists and that there is a need for an urban renewal agency to function in the City and electing one of three ways to exercise the powers of an urban renewal agency in the City.

NOW, THEREFORE, THE CITY OF WEST LINN ORDAINS AS FOLLOWS:

SECTION 1. Amendments. West Linn Municipal Code Section 2 Community Advisory Groups is amended to establish Section 2.098 Urban Renewal Agency and sub-sections (1) (2) and (3) to read as follows:

2.098 Urban Renewal Agency

- (1) The City Council finds and declares that blighted areas as defined in ORS 457.010 exist in the City and that there is a need for an Urban Renewal Agency to function in the City.
- (2) The City Council elects to exercise the powers of the Urban Renewal Agency itself.
- (3) The corporate name of the Agency activated by this chapter shall be the “West Linn Redevelopment Agency.”

SECTION 2. Severability. The sections, subsections, paragraphs and clauses of this ordinance are severable. The invalidity of one section, subsection, paragraph, or clause shall not affect the validity of the remaining sections, subsections, paragraphs and clauses.

SECTION 3. Codification. Provisions of this Ordinance shall be incorporated in the City Code and the word “ordinance” may be changed to “code”, “article”, “section”, “chapter” or another word, and the sections of this Ordinance may be renumbered, or re-lettered, provided however that any Whereas clauses and boilerplate provisions need not be codified and the City Recorder or the designee is authorized to correct any cross-references and any typographical errors.

SECTION 4. Operating Rules. The West Linn Redevelopment Agency shall comply with WLMC 2.045(2) and follow adopted Council Rules as they are periodically amended, except when the City Council specifically authorizes the Agency to create its own operating rules.

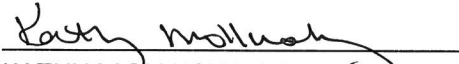
SECTION 5. Effective Date. This ordinance shall take effect on the 30th day after its passage.

The foregoing ordinance was first read by title only in accordance with Chapter VIII, Section 33(c) of the City Charter on the 13th day of June, 2022, and duly PASSED and ADOPTED this 13th day of June, 2022.



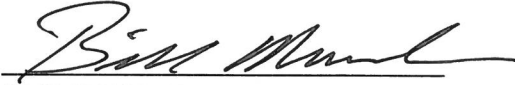
JULES WALTERS, MAYOR

ATTEST:



KATHY MOLLUSKY, CITY RECORDER

APPROVED AS TO FORM:



CITY ATTORNEY

MEMO

TO: John Williams, Assistant City Manager
Darren Wyss, Planning Manager

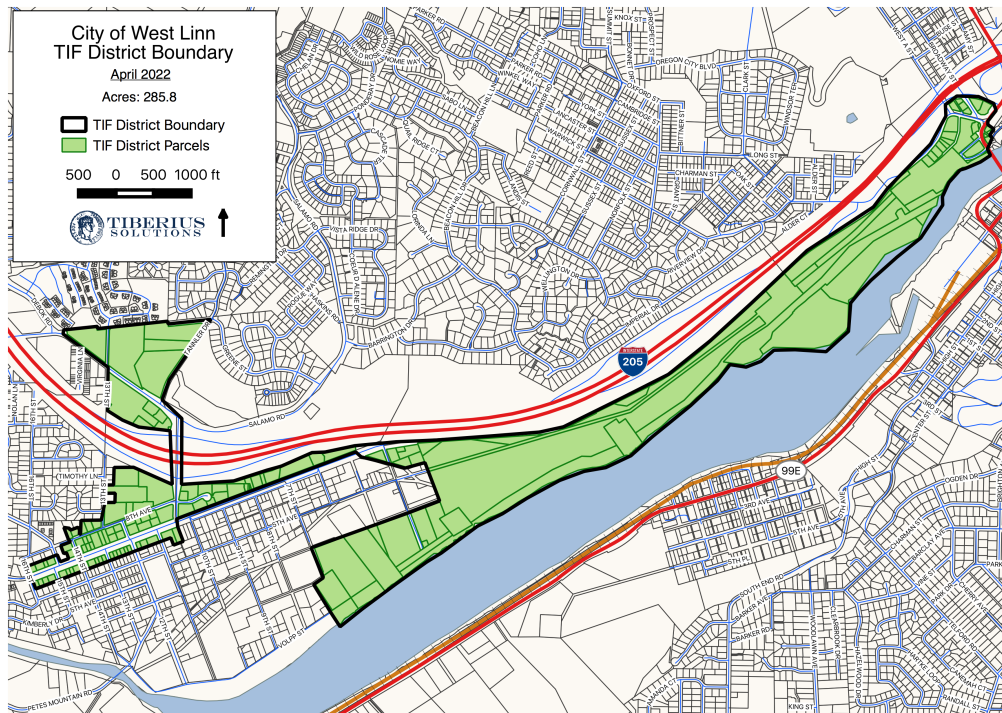
FROM: Elaine Howard, Elaine Howard Consulting, LLC

RE: Update on the Feasibility Analysis

DATE: April 29, 2022

Elaine Howard Consulting, LLC in collaboration with Tiberius Solutions LLC conducted an update to the tax increment financing (TIF) feasibility study for the City of West Linn. This memorandum summarizes the analysis required in Phase I of our scope of work including a summary memorandum from Tiberius Solutions, The Tiberius Solutions' memo which is attached to this memorandum summarizes the results of the financial analysis. The Study Area is shown on Exhibit 1.

Exhibit 1 – Map of Proposed TIF District Boundary



The Scope of Work for the analysis of the feasibility of a tax increment area in the Willamette Falls Drive and Old Town areas in West Linn (Study Area) identified the following component parts of the feasibility analysis:

1. Identify potential projects: Attachment 1 shows the potential projects both from the master plans for this area and from staff input on other potential projects. There are significant projects that can be undertaken in the Study Area to improve the area and increase the potential for the Study Area to be an economic contributor to West Linn. This is an initial list that will be refined with stakeholder input.
2. Evaluate conditions of blight: Blight is officially defined by ORS 457.010. It includes
 - a. The existence of inadequate streets and other rights of way, open spaces and utilities; (ORS 457.010(1)(e))
 - b. A growing lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare. (ORS 457.010(1)(h))

The Study Area meets these two criteria for blight as there are many infrastructure projects identified for the Study Area and shown in Attachment 1 and much of the Study Area is underdeveloped or not developed to the full potential according to the zoning for the property.

3. Review the Comprehensive Plan

The City of West Linn Comprehensive Plan (Comprehensive Plan) was originally adopted in December of 1983 and has been updated over the years with the most recent update in October of 2016. The Comprehensive Plan contains 15 Goal Statements. There is wide support in the goals and policies of the Comprehensive Plan for the development of the Study Area. If

direction is given for the full development of a tax increment plan, each section of the Comprehensive Plan will be analyzed for the tax increment plan's conformance to the Comprehensive Plan.

The *West Linn Willamette Falls 2021 Conceptual Design Plan* adopted in July of 2021 specified the transportation improvements needed within the Study Area and recommended specific changes to the *City of West Linn 2016 Transportation Systems Plan*. Those changes will be incorporated into any projects which might be included in a tax increment plan.

It is understood that specific zoning and comprehensive plan changes are being considered in the Study Area. The planning process for a TIF plan can continue despite these changes as long as the existing comprehensive plan designations will support the amount of development being contemplated as part of the financial analysis of the Study Area. This point has been confirmed with City of West Linn staff.

4. Review TIF District boundary based on projects and requirements in state law.

The potential boundary has been reviewed with West Linn staff and contains all property needed to undertake the projects being contemplated for the Study Area.

The Study Area boundary meets the statutory limitations of less than 25% of the city acreage and assessed value. The acreage of the Study Area has 243.31 acres in tax lots and 42.49 acres in rights of way for a total of 285.80 acres and has approximately \$162,572,571 in total assessed value.

Exhibit 2 Assessed Value and Acreage Percentages

	Acreage	Projected Assessed Value
TIF Area	285.80	\$162,572,571
City of West Linn	5,184	\$4,159,558,660
Percentages	5.51%	3.90%

5. Update financial projections

Attachment A is a summary memorandum from Tiberius Solutions which presents the financial projections for the Study Area. The memorandum includes the summary table shown in Exhibit 3 that details the amount of tax increment revenues that would be available for projects in 20, 25 and 30 year timeframes.

Exhibit 3 – Financial Capacity

Duration	20 Years	25 Years	30 Years
Net TIF	\$32,300,000	\$56,400,000	\$89,000,000
Maximum Indebtedness	\$28,200,000	\$48,200,000	\$75,400,000
Capacity (2022\$)	\$19,100,000	\$29,600,000	\$41,800,000
Years 1-5	\$2,900,000	\$2,900,000	\$2,900,000
Years 6-10	\$5,600,000	\$6,300,000	\$6,300,000
Years 11-15	\$5,800,000	\$6,700,000	\$7,500,000
Years 16-20	\$4,900,000	\$6,900,000	\$8,000,000
Years 21-25	\$0	\$6,800,000	\$8,600,000
Years 26-30	\$0	\$0	\$8,600,000

Source: Tiberius Solutions

6. Update evaluation of impacts to overlapping taxing districts. Exhibit 4 and Exhibit 5 show the estimated impacts to the overlapping taxing districts of the three different scenario options, 20, 25 and 30 years.

Exhibit 4 – Impacts to Taxing Districts, General Government

FYE	City of West Linn	Clackamas County City	Extension & 4H	County Library	County Soil Conservation	TVF&R	Port of Portland	Srv 2 Metro	Vector Control	Subtotal
2025		(\$39,963)	(\$831)	(\$6,606)	(\$831)	(\$25,352)	(\$1,165)	(\$1,606)	(\$108)	(\$111,700)
2026	(\$54,719)	(\$62,054)	(\$1,291)	(\$10,257)	(\$1,291)	(\$39,367)	(\$1,809)	(\$2,493)	(\$168)	(\$173,448)
2027	(\$74,902)	(\$84,943)	(\$1,767)	(\$14,041)	(\$1,767)	(\$53,887)	(\$2,477)	(\$3,413)	(\$230)	(\$237,426)
2028	(\$96,095)	(\$108,977)	(\$2,266)	(\$18,013)	(\$2,266)	(\$69,134)	(\$3,177)	(\$4,379)	(\$295)	(\$304,602)
2029	(\$118,347)	(\$134,212)	(\$2,791)	(\$22,184)	(\$2,791)	(\$85,143)	(\$3,913)	(\$5,393)	(\$363)	(\$375,138)
2030	(\$141,712)	(\$160,709)	(\$3,342)	(\$26,564)	(\$3,342)	(\$101,952)	(\$4,686)	(\$6,457)	(\$434)	(\$449,200)
2031	(\$166,245)	(\$188,531)	(\$3,921)	(\$31,163)	(\$3,921)	(\$119,602)	(\$5,497)	(\$7,575)	(\$510)	(\$526,965)
2032	(\$192,005)	(\$217,744)	(\$4,528)	(\$35,992)	(\$4,528)	(\$138,135)	(\$6,349)	(\$8,749)	(\$589)	(\$608,618)
2033	(\$219,052)	(\$248,418)	(\$5,166)	(\$41,062)	(\$5,166)	(\$157,594)	(\$7,243)	(\$9,981)	(\$672)	(\$694,354)
2034	(\$247,452)	(\$280,625)	(\$5,836)	(\$46,386)	(\$5,836)	(\$178,026)	(\$8,182)	(\$11,275)	(\$759)	(\$784,377)
2035	(\$277,272)	(\$314,443)	(\$6,539)	(\$51,975)	(\$6,539)	(\$199,479)	(\$9,168)	(\$12,634)	(\$850)	(\$878,901)
2036	(\$308,583)	(\$349,951)	(\$7,278)	(\$57,845)	(\$7,278)	(\$222,005)	(\$10,204)	(\$14,061)	(\$946)	(\$978,151)
2037	(\$341,460)	(\$387,235)	(\$8,053)	(\$64,008)	(\$8,053)	(\$245,658)	(\$11,291)	(\$15,559)	(\$1,047)	(\$1,082,364)
2038	(\$375,981)	(\$426,383)	(\$8,867)	(\$70,479)	(\$8,867)	(\$270,493)	(\$12,432)	(\$17,132)	(\$1,153)	(\$1,191,787)
2039	(\$412,227)	(\$467,489)	(\$9,722)	(\$77,273)	(\$9,722)	(\$296,570)	(\$13,631)	(\$18,784)	(\$1,264)	(\$1,306,682)
2040	(\$450,286)	(\$510,650)	(\$10,620)	(\$84,407)	(\$10,620)	(\$323,951)	(\$14,889)	(\$20,518)	(\$1,381)	(\$1,427,321)
2041	(\$490,248)	(\$555,968)	(\$11,562)	(\$91,898)	(\$11,562)	(\$352,701)	(\$16,211)	(\$22,339)	(\$1,503)	(\$1,553,992)
2042	(\$532,207)	(\$603,553)	(\$12,552)	(\$99,764)	(\$12,552)	(\$382,888)	(\$17,598)	(\$24,251)	(\$1,632)	(\$1,686,997)
2043	(\$576,265)	(\$653,517)	(\$13,591)	(\$108,023)	(\$13,591)	(\$414,585)	(\$19,055)	(\$26,258)	(\$1,767)	(\$1,826,652)
2044	(\$622,526)	(\$705,980)	(\$14,682)	(\$116,694)	(\$14,682)	(\$447,866)	(\$20,584)	(\$28,366)	(\$1,909)	(\$1,973,290)
SUBTOTAL: 20	(\$5,697,584)	(\$6,501,345)	(\$135,208)	(\$1,074,634)	(\$135,208)	(\$4,124,387)	(\$189,562)	(\$261,222)	(\$17,577)	(\$18,171,965)
2045	(\$671,100)	(\$761,065)	(\$15,828)	(\$125,800)	(\$15,828)	(\$482,812)	(\$22,191)	(\$30,579)	(\$2,058)	(\$2,127,259)
2046	(\$722,102)	(\$818,905)	(\$17,031)	(\$135,360)	(\$17,031)	(\$519,505)	(\$23,877)	(\$32,903)	(\$2,214)	(\$2,288,927)
2047	(\$775,655)	(\$879,636)	(\$18,294)	(\$145,399)	(\$18,294)	(\$558,032)	(\$25,648)	(\$35,344)	(\$2,378)	(\$2,458,679)
2048	(\$831,885)	(\$943,405)	(\$19,620)	(\$155,939)	(\$19,620)	(\$598,486)	(\$27,507)	(\$37,906)	(\$2,551)	(\$2,636,918)
2049	(\$890,927)	(\$1,010,361)	(\$21,012)	(\$167,007)	(\$21,012)	(\$640,963)	(\$29,459)	(\$40,596)	(\$2,732)	(\$2,824,069)
SUBTOTAL: 25	(\$9,589,251)	(\$10,914,717)	(\$226,993)	(\$1,804,138)	(\$226,993)	(\$6,924,185)	(\$318,244)	(\$438,550)	(\$29,509)	(\$30,507,818)
2050	(\$952,920)	(\$1,080,666)	(\$22,475)	(\$178,628)	(\$22,475)	(\$685,563)	(\$31,509)	(\$43,421)	(\$2,922)	(\$3,020,578)
2051	(\$1,018,014)	(\$1,154,485)	(\$24,010)	(\$190,830)	(\$24,010)	(\$732,394)	(\$33,662)	(\$46,387)	(\$3,121)	(\$3,226,912)
2052	(\$1,086,362)	(\$1,231,996)	(\$25,622)	(\$203,642)	(\$25,622)	(\$781,566)	(\$35,922)	(\$49,501)	(\$3,331)	(\$3,443,562)
2053	(\$1,158,127)	(\$1,313,382)	(\$27,314)	(\$217,094)	(\$27,314)	(\$833,196)	(\$38,295)	(\$52,771)	(\$3,551)	(\$3,671,046)
2054	(\$1,233,481)	(\$1,398,838)	(\$29,092)	(\$231,220)	(\$29,092)	(\$887,408)	(\$40,786)	(\$56,205)	(\$3,782)	(\$3,909,903)
TOTAL: 30	(\$15,038,156)	(\$17,094,083)	(\$355,505)	(\$2,825,551)	(\$355,505)	(\$10,844,312)	(\$498,417)	(\$686,835)	(\$46,216)	(\$47,779,818)

Source: Tiberius Solutions; Note: Total impact for 20- and 25-year scenarios do not reflect required revenue sharing in final years.

Exhibit 5 -Impacts to Taxing Districts, Education

FYE	Clackamas Communtiy College	ESD Clackamas	West Linn/Wilsonville School District	Subtotal Education	Total All
2025	(\$9,278)	(\$6,129)	(\$80,923)	(\$96,330)	(\$208,030)
2026	(\$14,408)	(\$9,516)	(\$125,657)	(\$149,581)	(\$323,030)
2027	(\$19,722)	(\$13,027)	(\$172,007)	(\$204,755)	(\$442,181)
2028	(\$25,302)	(\$16,712)	(\$220,674)	(\$262,688)	(\$567,290)
2029	(\$31,161)	(\$20,582)	(\$271,774)	(\$323,517)	(\$698,655)
2030	(\$37,313)	(\$24,646)	(\$325,429)	(\$387,388)	(\$836,588)
2031	(\$43,773)	(\$28,912)	(\$381,767)	(\$454,452)	(\$981,417)
2032	(\$50,555)	(\$33,392)	(\$440,922)	(\$524,870)	(\$1,133,488)
2033	(\$57,677)	(\$38,096)	(\$503,035)	(\$598,808)	(\$1,293,162)
2034	(\$65,155)	(\$43,036)	(\$568,253)	(\$676,444)	(\$1,460,821)
2035	(\$73,006)	(\$48,222)	(\$636,732)	(\$757,961)	(\$1,636,862)
2036	(\$81,251)	(\$53,667)	(\$708,636)	(\$843,554)	(\$1,821,705)
2037	(\$89,907)	(\$59,385)	(\$784,134)	(\$933,426)	(\$2,015,790)
2038	(\$98,996)	(\$65,389)	(\$863,407)	(\$1,027,792)	(\$2,219,580)
2039	(\$108,540)	(\$71,693)	(\$946,644)	(\$1,126,877)	(\$2,433,559)
2040	(\$118,561)	(\$78,312)	(\$1,034,043)	(\$1,230,916)	(\$2,658,237)
2041	(\$129,083)	(\$85,261)	(\$1,125,812)	(\$1,340,156)	(\$2,894,149)
2042	(\$140,131)	(\$92,559)	(\$1,222,169)	(\$1,454,859)	(\$3,141,856)
2043	(\$151,732)	(\$100,221)	(\$1,323,344)	(\$1,575,297)	(\$3,401,949)
2044	(\$163,912)	(\$108,267)	(\$1,429,578)	(\$1,701,757)	(\$3,675,046)
SUBTOTAL:	(\$1,509,463)	(\$997,024)	(\$13,164,940)	(\$15,671,427)	(\$33,843,392)
2045	(\$176,702)	(\$116,714)	(\$1,541,123)	(\$1,834,540)	(\$3,961,799)
2046	(\$190,131)	(\$125,584)	(\$1,658,246)	(\$1,973,961)	(\$4,262,889)
2047	(\$204,231)	(\$134,898)	(\$1,781,225)	(\$2,120,354)	(\$4,579,033)
2048	(\$219,037)	(\$144,677)	(\$1,910,353)	(\$2,274,067)	(\$4,910,985)
2049	(\$234,583)	(\$154,946)	(\$2,045,937)	(\$2,435,465)	(\$5,259,534)
SUBTOTAL:	(\$2,534,146)	(\$1,673,844)	(\$22,101,824)	(\$26,309,815)	(\$56,817,633)
2050	(\$250,906)	(\$165,727)	(\$2,188,301)	(\$2,604,934)	(\$5,625,511)
2051	(\$268,045)	(\$177,048)	(\$2,337,782)	(\$2,782,875)	(\$6,009,787)
2052	(\$286,041)	(\$188,935)	(\$2,494,738)	(\$2,969,714)	(\$6,413,276)
2053	(\$304,937)	(\$201,416)	(\$2,659,541)	(\$3,165,894)	(\$6,836,940)
2054	(\$324,778)	(\$214,521)	(\$2,832,585)	(\$3,371,884)	(\$7,281,787)
TOTAL:	(\$3,968,853)	(\$2,621,491)	(\$34,614,772)	(\$41,205,116)	(\$88,984,934)

Source: Tiberius Solutions

Note: Total impact for 20- and 25-year scenarios do not reflect required revenue sharing in final years.

Document /Project Name	Cost	Description
Willamette Falls Drive Concept Plan		
Pedestrian Plan, Project P56	\$34,813,000	Project P56 involves installing sidewalks on WFD from West A Street to Sunset Avenue. This segment of WFD is addressed by Segment 4 of the WFD Concept Plan
Pedestrian Plan Project, P57		Project P57 involves installing sidewalks on WFD from Sunset Avenue to 10th Street. This segment of WFD is addressed by Segment 3 of the WFD Concept Plan;
Bicycle Plan, B12		Project B12 involves installing cycle tracks on WFD from Willamette Drive to Sunset Avenue. This segment of the WFD is addressed by Segment 4 of the WFD Concept
Bicycle Plan, B13		Project B13 involves installing cycle tracks on WFD from Sunset Avenue to 10th Street. This segment of WFD is addressed by Segment 3 of the WFD Concept Plan; therefore, this project should be removed from the TSP.
Bicycle Plan, B38	High \$400,000	Install two-way cycle track on north side of the roadway from Tannler Drive to Barrington Drive
Motor Vehicle Plan, M17		Project M17 involves installing a traffic signal at the WFD/Sunset Avenue intersection. The location and orientation of the WFD/Sunset Avenue intersection will be reconfigured as part of the WFD Concept Plan; therefore, this project should be removed from the TSP.
Motor Vehicle Plan, M33		Project M33 involves installing a traffic signal at the WFD/Willamette Drive intersection. The location and orientation of the WFD/Willamette Drive intersection will be reconfigured as part of the WFD Concept Plan; therefore, this project should be removed from the TSP and the City should refer to the WFD Concept plan.

Transportation Systems Plan		
P2 5th Avenue Sidewalks	High \$250,000	Install sidewalks on the north side of the roadway from 11th Street to 7th Street
P4 8th Avenue Sidewalks	High \$55,000	Install sidewalks on the south side of the roadway from 12th Street to 400 feet east of 12th Street
P 96 Tannler Drive Sidewalks	Medium \$235,000	Install sidewalks on both sides of the roadway from Blankenship Road to Greene Street
LSC		8th Avenue extension from 14th Street to Dollar Street Local Street Low
M2 Tannler Street Realignment	Medium \$900,000	Realign Tannler Street at Blankenship Road to align with the driveway located approximately 350 feet west
M3 Willamette Falls Drive/12th Street	Medium \$300,000	Install a traffic signal when warranted
M4 Willamette Falls Drive/14th Street	Medium \$20,000	Install all way stop control when warranted
M7 8th Avenue	Low \$300,000	Upgrade from 10th Street to 14th Street
M19 8th Court	Medium \$0 (to be completed by the developer)	Establish a crossover easement from the 8th Court terminus to Willamette Falls Drive when development occurs to preserve ingress and egress for existing and future development and provide relief to the 8th Court/10th Street intersection and secondary emergency access.
M20 10th Street	Medium \$40,000 This cost represents the estimated local City contribution to overall project cost (25 percent).	Install dual eastbound left-turn lanes at the 10 th Street/Willamette Falls Drive intersection.
M22 10th Street/8th Avenue- Court	Medium \$10, 000 This cost represents the estimated local City contribution to overall project cost (25 percent).	Install channelization at the intersection to restrict the eastbound left, eastbound-through, northbound left, and westbound-through movements.

Transportation Systems Plan, continued		
M23 Street/Blankenship Road	Medium \$500,000 This cost represents the estimated local City contribution to overall project cost (25 percent).	Widen Blankenship-Salamo Road to provide dual left-turnlanes at the westbound and northbound approaches to the intersection. Also, add a second exclusive right-turn lane at the eastbound approach to the intersection to address queuing.
M24 10th Street/ Willamette Falls Drive	Medium \$75,000 ² This cost represents the estimated local City contribution to overall project cost (25 percent).	Install a traffic signal when warranted

West Linn Sanitary Sewer Master Plan Update		
5.3.1.3 Willamette Drive (P-3)	\$269,000	<p>Project P-3 is located in wastewater basin 2B and consists of upsizing 614 feet of existing 12-inch gravity main to 15-inch gravity main along Willamette Drive between Magone Lane and Pimlico Drive. In addition, 69 feet of 15-inch gravity main is to be upsized to 18-inch gravity main along Dillow Drive from Willamette Drive to Tulane Street. This project resolves deficiencies identified under existing conditions due to relatively flat slopes for both sections of pipe. Both sections of pipe are surrounded by steeper sections upstream and downstream, a configuration that typically triggers the HGL to rise in the flat portions of the system.</p> <p>This is a medium priority project and is estimated to cost \$269,000. Note, this project is located in a basin (wastewater basin 2B), where an I/I reduction program might mitigate the need for this improvement.</p>

West Linn Storm Drainage Master Plan		
P1	\$20,000	Tannler Drive/Bernert Creek Basin Feasibility Study
R-9		Public Pond #18 Retrofit X
C-2	\$847,000	5th Avenue Culvert Replacement
C-3	\$282,000	Sunset Creek at Willamette Falls Drive Culvert Replacement
West Linn Water System Master Plan		
ES 9 - Plate 1 in Appendix		Water Main and replacement of existing main
1	\$1,187,200	Willamette Falls Dr. from PRV to Pump Station Willamette 10 20 1 3,710 75% 320
2	\$311,910	Willamette Falls Dr. from Britton to Ostman Willamette 3, 4 12 2 1,686 56% 185
5	\$355,625	12th St. from Tualatin Ave. to Volpp St. on to 9th St. up to 5th Ave. Willamette 6 8 5 2,845 0%
6	\$84,750	10th St. from 5th Ave. to Leslies Way Willamette 2 8 5 678 0% 125

Parks and Recreation	FROM TABLE G-1	2019 P&R Master Plan
Willamette River Fishing Dock/Ladder	\$120,000	Add permanent parking area, improve signage and access, provide covered area, connect to trail
Planned Willamette River Riverfront Trail	\$1,000,000	Acquire trail corridor property or easements and connect trail from Bernert Landing to Arch Bridge. Cost is a percentage of full \$1,825,000 cost in plan, which includes area outside of TIF District
Future Riverfront Park	\$17,025,000	Acquire property and transform into regional park to potentially include interpretation, swimming dock, plaza, heated shelter for events, tables, non-motorized boat launch, protect and restore natural resources, integrate extraordinary play opportunities, create trailhead, parking areas.

OTHER		
Parking Lot in Downtown Willamette Area	\$8,000,000	Placeholder if appropriate for TIF plan. This project is not contained in any plan. Not discussed publicly, vetted, or costed.
Public Plaza in Historic City Hall Area	\$3,000,000	Placeholder if appropriate for TIF plan. This project is not contained in any plan. Not discussed publicly, vetted, or costed.
Parking Lot in Historic City Hall Area	\$8,000,000	Placeholder if appropriate for TIF plan. This project is not contained in any plan. Not discussed publicly, vetted, or costed.
Façade Improvement Program - Commercial Areas in District	\$2,000,000	
River viewpoints along paths and roads	\$1,000,000	Benches, paving, etc.
Streetscape improvements and beautification within District Area	\$1,000,000	Benches, lights, sidewalks, ADA crosswalks, etc.



DATE: May 12, 2022
TO: Elaine Howard, Elaine Howard Consulting
FROM: Nick Popenuk and Ali Danko
SUBJECT: WEST LINN TAX INCREMENT FINANCING FEASIBILITY STUDY – RESULTS
SUMMARY

Tiberius Solutions, in collaboration with Elaine Howard Consulting, conducted tax increment financing (TIF) feasibility study for the City of West Linn. This memorandum summarizes the results of the financial analysis. A map of the proposed TIF District boundary is included as an attachment to this memorandum.

Future Growth in Assessed Value

The forecast of assessed value within the potential TIF District includes appreciation of existing property value (limited by the Oregon Constitution to a maximum of 3% annually), and increase in value from new construction (not subject to the 3% limit). To determine the appropriate assumption for growth in assessed value in the TIF district, Tiberius Solutions, in consultation with City staff, reviewed the following:

- **Historical Assessed Value Growth.** From fiscal year ending (FYE) 2017 through FYE 2022, the City of West Linn has experienced a compound annual growth rate (CAGR) in assessed value of 3.5% and Clackamas County has experienced a CAGR in assessed value of 4.6%.¹
- **Previously Completed Analysis.** In August 2019, Tiberius Solutions, in collaboration with ECONorthwest, conducted an initial feasibility assessment for the potential TIF Area. For this assessment, ECONorthwest provided assumptions on potential future new development within the TIF District, including two scenarios for future growth in assessed values. The more conservative scenario that assumed no substantial redevelopment of “the Ponds” area resulted in an average annual growth in assessed value of 4.9%.²

In consultation with City staff, Tiberius Solutions determined 5.0% to be an appropriate assessed value growth rate, reflecting the development potential anticipated in the previous analysis, and being only slightly higher than the recent countywide historical trends. A 5.0% growth rate is the equivalent of annual new construction value between \$6.8 and \$7.5 million per year, on average, assuming an equal split between residential and commercial construction.

Consolidated Tax Rate

All new TIF Plans are “permanent rate” plans. The consolidated tax rate is equal to the sum of all permanent tax rates. Local option levies and general obligation bond levies are not impacted by new TIF Plans. The TIF District would be located in Tax Code Area (TCA) 003-002. Exhibit 1 shows the consolidated tax rate for TCA 003-002 in FYE 2022.

¹ Source: Clackamas County Assessment & Taxation, SAL Table 4a, FYE 2017 through FYE 2022

² ECONorthwest, Urban Renewal Initial Feasibility Assessment, August 2019

Exhibit 1. Consolidated Tax Rate

Taxing District	Rate
General Government	
City of West Linn	\$ 2.1200
Clackamas County City	\$ 2.4042
County Extension & 4H	\$ 0.0500
County Library	\$ 0.3974
County Soil Conservation	\$ 0.0500
TVF&R	\$ 1.5252
Port of Portland	\$ 0.0701
Road District 2 WL	\$ -
Srv 2 Metro	\$ 0.0966
Vector Control	\$ 0.0065
<i>Subtotal</i>	\$ 6.7200
Education	
Clackamas Communtiy College	\$ 0.5582
ESD Clackamas	\$ 0.3687
West Linn/Wilsonville School District	\$ 4.8684
<i>Subtotal</i>	\$ 5.7953
Total	\$ 12.5153

Source: Clackamas County Assessment & Taxation, SAL Table 4a and Tax Code Rate Detail, FYE 2022

Tax Increment Revenue Forecast

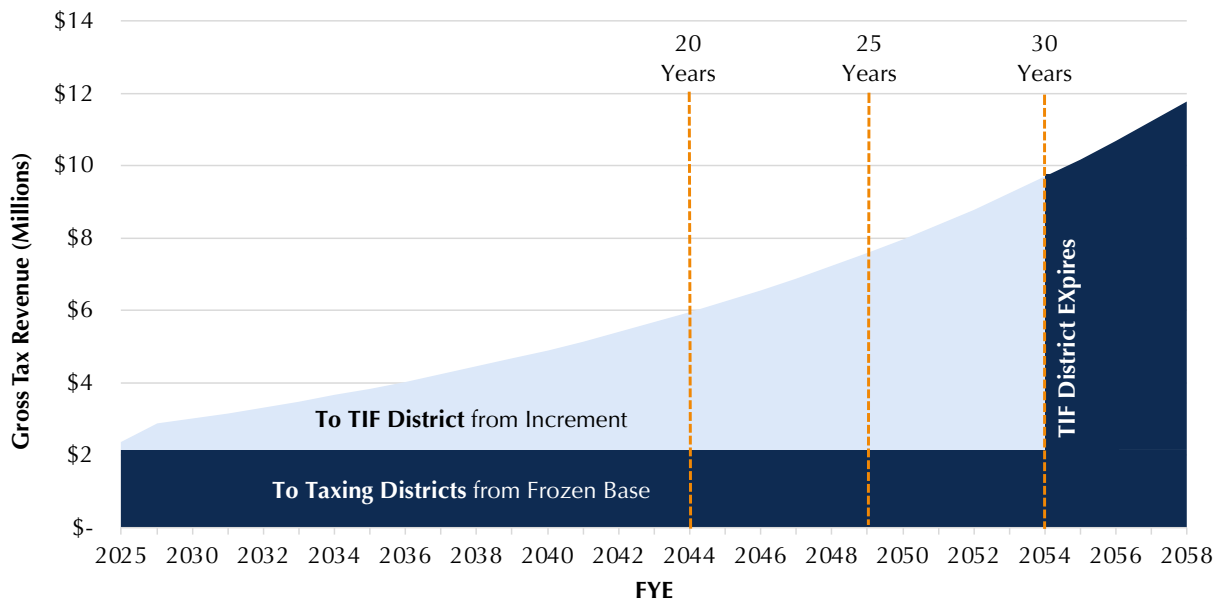
Exhibit 2 and Exhibit 3 show the forecast of TIF for the potential TIF District. The analysis assumes that if the City adopts a new TIF District, the effective date would be between January 1 and October 1, 2023. Therefore, the frozen base would be calculated using the FYE 2023 tax roll, and the first year that the TIF District would collect TIF is FYE 2025. Exhibit 2 shows annual TIF projections through FYE 2054. Total TIF over this 30-year period is estimated to be \$89.6 million. Alternatively, if the City were to only collect TIF for a 25-year period (through FYE 2049), total TIF revenue is estimated to be \$56.8 million, and total TIF for a 20-year period (through FYE 2044) is estimated to be \$33.8 million. The significant difference in TIF revenue between the 20, 25, and 30-year periods is due to the compound growth in assessed value that is typical for TIF Districts, resulting in significantly more revenue in the later years than the early years.

Exhibit 2. TIF Revenue Forecast

FYE	Assessed Value			Tax Rate	TIF Revenue				
	Total	Frozen Base	Increment		Gross	Adjustments	Net (Current)	Net (Prior)	Net (Total)
2025	\$ 188,198,072	\$ 170,701,199	\$ 17,496,873	\$ 12.5153	\$ 218,979	\$ (10,949)	\$ 208,030	\$ -	\$ 208,030
2026	\$ 197,607,976	\$ 170,701,199	\$ 26,906,777	\$ 12.5153	\$ 336,746	\$ (16,837)	\$ 319,909	\$ 3,120	\$ 323,030
2027	\$ 207,488,375	\$ 170,701,199	\$ 36,787,176	\$ 12.5153	\$ 460,403	\$ (23,020)	\$ 437,382	\$ 4,799	\$ 442,181
2028	\$ 217,862,794	\$ 170,701,199	\$ 47,161,595	\$ 12.5153	\$ 590,242	\$ (29,512)	\$ 560,729	\$ 6,561	\$ 567,290
2029	\$ 228,755,934	\$ 170,701,199	\$ 58,054,735	\$ 12.5153	\$ 726,572	\$ (36,329)	\$ 690,244	\$ 8,411	\$ 698,655
2030	\$ 240,193,731	\$ 170,701,199	\$ 69,492,532	\$ 12.5153	\$ 869,720	\$ (43,486)	\$ 826,234	\$ 10,354	\$ 836,588
2031	\$ 252,203,417	\$ 170,701,199	\$ 81,502,218	\$ 12.5153	\$ 1,020,025	\$ (51,001)	\$ 969,023	\$ 12,394	\$ 981,417
2032	\$ 264,813,588	\$ 170,701,199	\$ 94,112,389	\$ 12.5153	\$ 1,177,845	\$ (58,892)	\$ 1,118,953	\$ 14,535	\$ 1,133,488
2033	\$ 278,054,268	\$ 170,701,199	\$ 107,353,069	\$ 12.5153	\$ 1,343,556	\$ (67,178)	\$ 1,276,378	\$ 16,784	\$ 1,293,162
2034	\$ 291,956,982	\$ 170,701,199	\$ 121,255,783	\$ 12.5153	\$ 1,517,553	\$ (75,878)	\$ 1,441,675	\$ 19,146	\$ 1,460,821
2035	\$ 306,554,832	\$ 170,701,199	\$ 135,853,633	\$ 12.5153	\$ 1,700,249	\$ (85,012)	\$ 1,615,237	\$ 21,625	\$ 1,636,862
2036	\$ 321,882,574	\$ 170,701,199	\$ 151,181,375	\$ 12.5153	\$ 1,892,080	\$ (94,604)	\$ 1,797,476	\$ 24,229	\$ 1,821,705
2037	\$ 337,976,702	\$ 170,701,199	\$ 167,275,503	\$ 12.5153	\$ 2,093,503	\$ (104,675)	\$ 1,988,828	\$ 26,962	\$ 2,015,790
2038	\$ 354,875,537	\$ 170,701,199	\$ 184,174,338	\$ 12.5153	\$ 2,304,997	\$ (115,250)	\$ 2,189,747	\$ 29,832	\$ 2,219,580
2039	\$ 372,619,314	\$ 170,701,199	\$ 201,918,115	\$ 12.5153	\$ 2,527,066	\$ (126,353)	\$ 2,400,713	\$ 32,846	\$ 2,433,559
2040	\$ 391,250,279	\$ 170,701,199	\$ 220,549,080	\$ 12.5153	\$ 2,760,238	\$ (138,012)	\$ 2,622,226	\$ 36,011	\$ 2,658,237
2041	\$ 410,812,793	\$ 170,701,199	\$ 240,111,594	\$ 12.5153	\$ 3,005,069	\$ (150,253)	\$ 2,854,815	\$ 39,333	\$ 2,894,149
2042	\$ 431,353,433	\$ 170,701,199	\$ 260,652,234	\$ 12.5153	\$ 3,262,141	\$ (163,107)	\$ 3,099,034	\$ 42,822	\$ 3,141,856
2043	\$ 452,921,105	\$ 170,701,199	\$ 282,219,906	\$ 12.5153	\$ 3,532,067	\$ (176,603)	\$ 3,355,463	\$ 46,486	\$ 3,401,949
2044	\$ 475,567,160	\$ 170,701,199	\$ 304,865,961	\$ 12.5153	\$ 3,815,489	\$ (190,774)	\$ 3,624,715	\$ 50,332	\$ 3,675,046
2045	\$ 499,345,517	\$ 170,701,199	\$ 328,644,318	\$ 12.5153	\$ 4,113,082	\$ (205,654)	\$ 3,907,428	\$ 54,371	\$ 3,961,799
2046	\$ 524,312,792	\$ 170,701,199	\$ 353,611,593	\$ 12.5153	\$ 4,425,555	\$ (221,278)	\$ 4,204,277	\$ 58,611	\$ 4,262,889
2047	\$ 550,528,432	\$ 170,701,199	\$ 379,827,233	\$ 12.5153	\$ 4,753,652	\$ (237,683)	\$ 4,515,969	\$ 63,064	\$ 4,579,033
2048	\$ 578,054,854	\$ 170,701,199	\$ 407,353,655	\$ 12.5153	\$ 5,098,153	\$ (254,908)	\$ 4,843,246	\$ 67,740	\$ 4,910,985
2049	\$ 606,957,596	\$ 170,701,199	\$ 436,256,397	\$ 12.5153	\$ 5,459,880	\$ (272,994)	\$ 5,186,886	\$ 72,649	\$ 5,259,534
2050	\$ 637,305,476	\$ 170,701,199	\$ 466,604,277	\$ 12.5153	\$ 5,839,693	\$ (291,985)	\$ 5,547,708	\$ 77,803	\$ 5,625,511
2051	\$ 669,170,749	\$ 170,701,199	\$ 498,469,550	\$ 12.5153	\$ 6,238,496	\$ (311,925)	\$ 5,926,571	\$ 83,216	\$ 6,009,787
2052	\$ 702,629,287	\$ 170,701,199	\$ 531,928,088	\$ 12.5153	\$ 6,657,240	\$ (332,862)	\$ 6,324,378	\$ 88,899	\$ 6,413,276
2053	\$ 737,760,752	\$ 170,701,199	\$ 567,059,553	\$ 12.5153	\$ 7,096,920	\$ (354,846)	\$ 6,742,074	\$ 94,866	\$ 6,836,940
2054	\$ 774,648,789	\$ 170,701,199	\$ 603,947,590	\$ 12.5153	\$ 7,558,585	\$ (377,929)	\$ 7,180,656	\$ 101,131	\$ 7,281,787
Total - 20 Years					\$ 35,154,538	\$ (1,757,727)	\$ 33,396,811	\$ 446,581	\$ 33,843,392
Total - 25 Years					\$ 59,004,860	\$ (2,950,243)	\$ 56,054,617	\$ 763,016	\$ 56,817,633
Total - 30 Years					\$ 92,395,793	\$ (4,619,790)	\$ 87,776,004	\$ 1,208,930	\$ 88,984,934

Notes: Adjustments include losses from delinquent taxes, discounts from early payment, compression, and truncation; total net TIF in 20- and 25- year scenarios do not include adjustments from revenue sharing in final years.

Exhibit 3. Gross TIF Revenue Forecast



Financial Capacity

Net TIF revenue gives a general idea of the financial capacity of the potential TIF District each year but is insufficient to understand the total funding available for projects over the life of the TIF District. Most TIF Districts will typically use financing (incurring debt through bonds, loans, or other financial instruments) to accelerate the timing of available funding at the expense of future interest payments. To estimate borrowing capacity, we created a hypothetical finance plan, showing how much funding could become available for projects over time, based on generic assumptions for debt. For this analysis, we assumed a series of loans would be incurred over the life of the TIF District with 10 to 20-year amortization periods, a 5% interest rate, and a 1.5 minimum debt service coverage ratio.

Exhibit 4 summarizes the financial capacity of the proposed TIF District for a 20-year, 25-year, and 30-year duration. Total net TIF is the cumulative amount of TIF revenue that would be received by the TIF District over its duration. Maximum indebtedness (a term defined in Oregon Statutes related to TIF) is the total principal amount of indebtedness that could be incurred by the TIF District. Maximum indebtedness is stated in nominal (i.e., “year of expenditure”) dollars. The capacity in 2022 dollars shows the maximum indebtedness figure adjusted for inflation and presented in “real” dollars. This is the most useful measure of financial capacity. The capacity in 2022 dollars is also shown in five-year periods to provide a sense of when funding would become available over time.

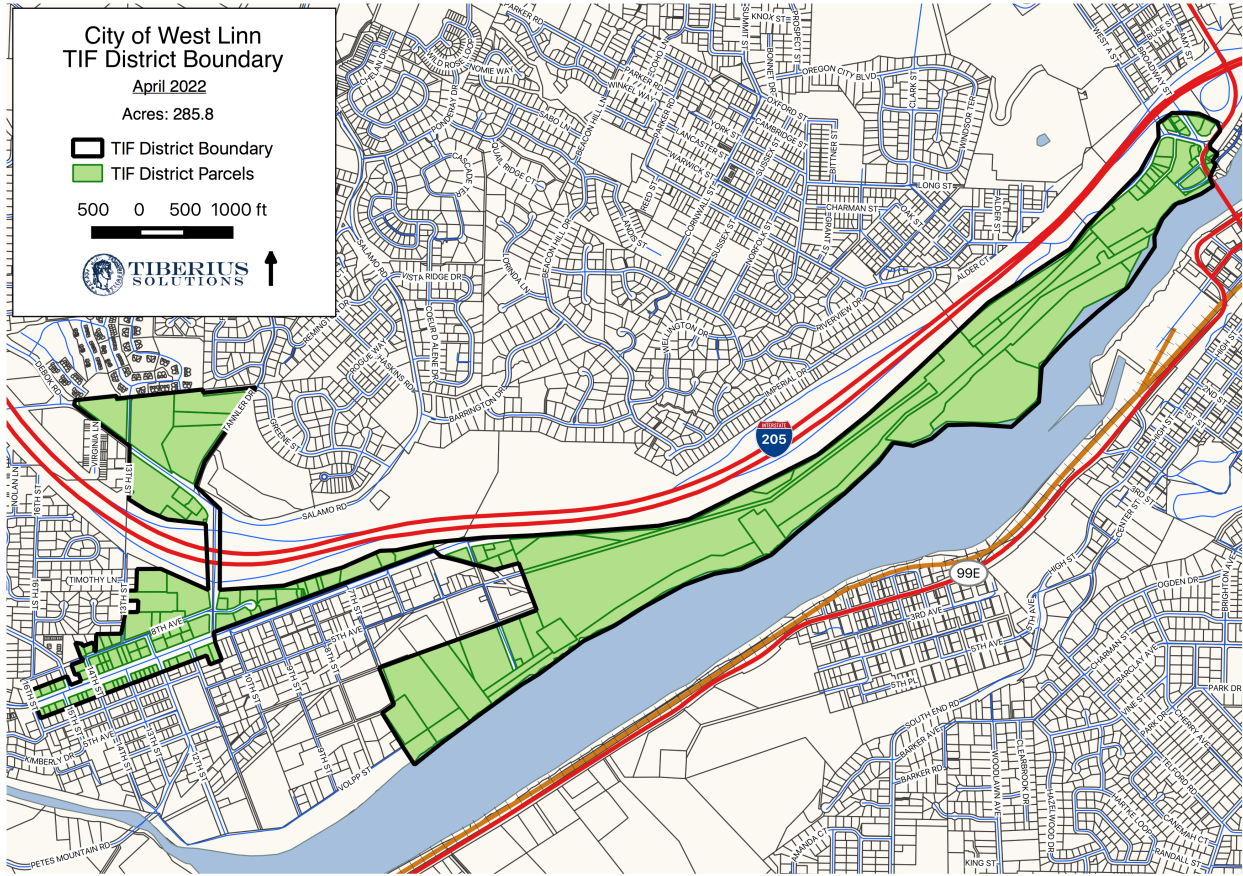
Exhibit 4. Financial Capacity

Duration	20 Years	25 Years	30 Years
Net TIF	\$ 32,300,000	\$ 56,400,000	\$ 89,000,000
Maximum Indebtedness	\$ 28,200,000	\$ 48,200,000	\$ 75,400,000
Capacity (2022\$)	\$ 19,100,000	\$ 29,600,000	\$ 41,800,000
Years 1-5	\$ 2,900,000	\$ 2,900,000	\$ 2,900,000
Years 6-10	\$ 5,600,000	\$ 6,300,000	\$ 6,300,000
Years 11-15	\$ 5,800,000	\$ 6,700,000	\$ 7,500,000
Years 16-20	\$ 4,900,000	\$ 6,900,000	\$ 8,000,000
Years 21-25	\$ -	\$ 6,800,000	\$ 8,600,000
Years 26-30	\$ -	\$ -	\$ 8,600,000

Key findings from the analysis include:

- A TIF District with a 20-year duration is forecast to generate \$32.3 million of cumulative net TIF revenue, which could support a maximum indebtedness of \$28.2 million, equivalent to \$19.1 million of capacity for projects when adjusted for inflation and presented in constant 2022 dollars.
- A TIF District with a 25-year duration is forecast to generate \$56.4 million of cumulative net TIF revenue, which could support a maximum indebtedness of \$48.2 million, equivalent to \$29.6 million of capacity for projects when adjusted for inflation and presented in constant 2022 dollars. This represents a 55% increase in financial capacity when compared to a 20-year duration.
- A TIF District with a 30-year duration is forecast to generate \$89.0 million of cumulative net TIF revenue, which could support a maximum indebtedness of \$75.4 million, equivalent to \$41.8 million of capacity for projects when adjusted for inflation and presented in constant 2022 dollars. This represents a 40% increase in financial capacity when compared to the 25-year duration, and is more than double the financial capacity of the 20-year duration.

Attachment A: Proposed TIF District Boundary



Attachment B: How Tax Increment Financing Works

Tax Increment Financing (TIF) is an economic and redevelopment financing tool permitted by Oregon Revised Statute (ORS) chapter 457. TIF allows municipalities (cities and counties) across Oregon to collect the incremental property tax revenues in a TIF District and spend that revenue on infrastructure and economic development projects and programs within the TIF District.

Overview

TIF Plans

To establish a TIF District a municipality must adopt an TIF plan. ORS 457 defines the specific requirements of TIF plans. Key elements of TIF plans include:

- Boundary of the TIF District, including a map and legal description
- Goals and objectives for the TIF District
- Eligible projects to be funded in the TIF District
- Findings of “Blight” within the TIF District as defined in ORS 457.010
- The dollar limit on the cumulative amount of indebtedness that the TIF District may incur, known as “Maximum Indebtedness”

Tax Increment Financing

Tax Increment Financing allows municipalities to use TIF revenue to fund projects and programs within a TIF District. When a TIF District is established, the existing assessed value in the TIF District is certified as the “Frozen Base” value. As assessed value in the TIF District increases over time, the difference between the total assessed value and the frozen base is considered “Increment” assessed value. Each year, property tax revenue generated by the frozen base of the TIF District is distributed normally to all overlapping taxing districts, and the TIF District receives all the property tax revenue generated from the increment, called TIF revenue.

Maximum Indebtedness

Once a TIF District has incurred the full amount of maximum indebtedness, it cannot incur additional debt, and once a TIF District has collected sufficient TIF revenue to fully repay the maximum indebtedness, the TIF District loses its ability to collect TIF revenue, effectively resulting in the termination of the TIF District.

Consolidated Tax Rate

Oregon statutes governing TIF have been amended over time, resulting in different types of TIF plans. A key difference is the determination of which tax rates are included in the calculation of TIF revenue. All new TIF plans are “permanent rate” plans. The consolidated tax rate is equal to the sum of all permanent tax rates. Local option levies and general obligation bond levies are not impacted by new TIF Plans.

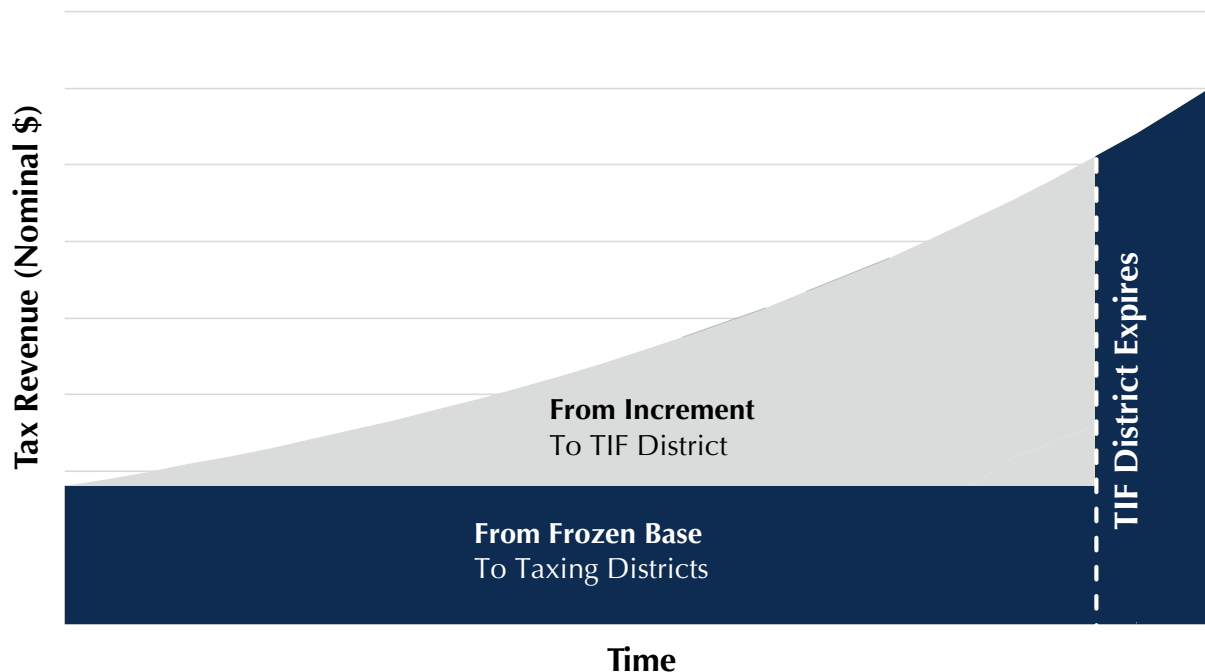
Tax Increment Financing

When a TIF District is established, the assessed value of all property within the TIF District boundary establishes the frozen base value. When assessed value in the TIF District grows over time, the difference between the total assessed value and the frozen base is considered increment assessed value. Each year, property tax revenue from the frozen base in the TIF District is distributed normally to all overlapping

taxing districts, and the TIF District receives all the property tax revenue generated from the increment, called TIF revenue.

TIF revenue can only be spent to repay indebtedness incurred on behalf of the TIF District, and the proceeds from that indebtedness can only be spent on capital projects located within the TIF District that are identified in the corresponding TIF plan. Once all indebtedness for a TIF District has been repaid, the TIF plan may be terminated, which results in all future tax revenue being returned to the overlapping taxing districts. Exhibit 5 illustrates the general tax revenue distribution within a TIF District boundary over the life of the TIF District.

Exhibit 5. Example Tax Revenue Distribution in a TIF District



Source: Tiberius Solutions

The local county assessor calculates total TIF Revenue to be generated by a TIF District by multiplying the increment assessed value of a TIF District by the applicable consolidated tax rate. Although the amount of tax revenue to be raised is calculated based on the assessed value of properties within a TIF District, that tax is actually imposed upon all properties citywide. The local county assessor divides the total tax revenue to be raised for a TIF District by the aggregate assessed value of all property citywide, which results in an TIF District tax rate. This rate is then extended to all properties citywide. All other component property tax rates that were included in the consolidated tax rate are reduced proportionally, so that the imposition of the TIF District tax rate does not result in any net increase to the total tax rate. In short, TIF District tax revenues are calculated based on property values within the TIF District, but are paid by all properties citywide.

Maximum Indebtedness

TIF plans are required to include a maximum indebtedness limit. As stated earlier, TIF Districts are only allowed to spend TIF revenue on debt service. Thus, the maximum indebtedness functions as a limit on the cumulative amount of TIF revenue that can be spent on projects in a TIF District. Note that maximum indebtedness does not function as a revolving credit limit. In other words, paying off previous debt for a TIF District does not free up maximum indebtedness capacity to be used on future

indebtedness. Once a TIF District incurs the full amount of maximum indebtedness, it cannot incur additional debt to fund additional projects.

Consolidated Tax Rate

Oregon statutes governing TIF have been amended over time, resulting in different types of TIF plans that are subject to different provisions. Oregon statutes establish three major classifications of TIF plans: permanent rate plans, reduced rate plans, and standard rate plans. The determination of each of these plan types is primarily dependent upon the effective date of the plan, or the effective dates of certain subsequent substantial amendments to a plan. A fundamental difference among these types of TIF plans is the method for determining the consolidated tax rate as described below.

- “Permanent Rate Plans” have a consolidated tax rate equal to the total of all permanent property tax rates for overlapping taxing districts.
- “Reduced Rate Plans” have a consolidated tax rate equal to the total of all tax rates for overlapping taxing districts except for the following:
 - TIF District special levies
 - Local option levies approved by voters on or after October 6, 2001
 - General obligation bond levies approved by voters on or after October 6, 2001
- “Standard Rate Plans” have a consolidated tax rate equal to the total of all tax rates for overlapping taxing districts except for the following:
 - TIF District special levies
 - Local option levies approved by voters on or after January 1, 2013

Revenue Sharing

Plans initially approved or substantially amended to increase maximum indebtedness on or after January 1, 2010 are subject to additional provisions in ORS regarding revenue sharing. For such plans, revenue sharing occurs when a plan achieves certain thresholds of annual TIF revenue, relative to the maximum indebtedness of the plan.³

Overview of Oregon’s Property Tax System

Property Tax Ballot Measures

Oregon’s property tax system is largely defined by two property-tax-related ballot measures that were approved by voters in the 1990s: Measure 5 passed in 1990 and Measure 50 passed in 1997.

Prior to the passage of Measures 5 and 50, Oregon had a levy-based property tax system. This meant that each taxing district would decide the dollar amount to levy each year based on budget requirements, and that levy amount would be converted into a levy by dividing the total levy amount by the total value of property district-wide. This system resulted in annual variations in the effective tax rates for individual properties each year.

³Formulas for calculating required Revenue Sharing are defined in ORS 457.470. For most TIF plans in Oregon, the formulas refer to the initial Maximum Indebtedness of a Plan.

Measure 5 limited the property taxes paid by individual property owners to \$10 per \$1,000 of real market value for general government taxes and \$5 per \$1,000 of real market value for education taxes. Levies passed by voters to repay general obligation bonds were excluded from these limits.

Measure 50, passed in 1997, was a further overhaul of Oregon's property tax system, including the following key elements:

- Switching from a levy-based system to a rate-based system, including the establishment of permanent tax rates for each taxing district instead of variable levies. Note that in addition to permanent tax rates, taxing districts may also impose local option levies and levies for general obligation bonds, both of which are temporary in nature and are subject to voter approval.
- Reducing assessed value. Assessed value is no longer equal to real market value. In fiscal year 1997-98, a maximum assessed value for each property was established, which was equal to 90% of its assessed value from two years prior (fiscal year 1995-96).
- Limiting assessed value growth. Growth in maximum assessed value was limited to three percent annually. The actual assessed value used to calculate a property's tax bill is equal to the lesser of the property's maximum assessed value and real market value.

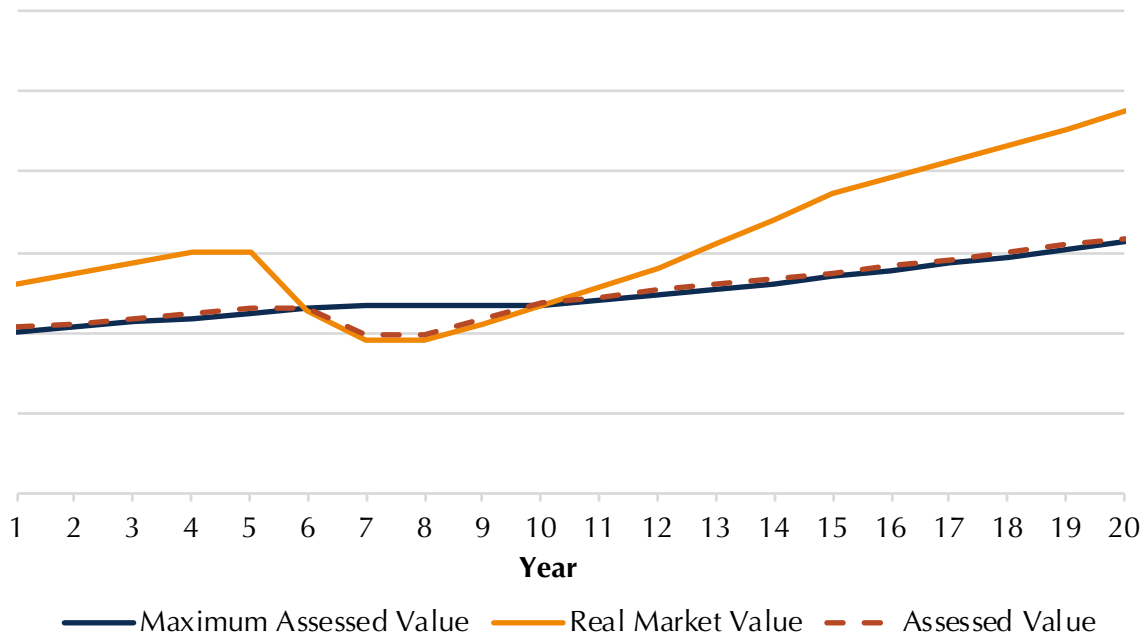
There are some exceptions to the three percent limit in maximum assessed value growth. The most common exceptions are new construction and significant improvements that did not exist in 1995-96 when the maximum assessed value was established. To determine the exception value in these situations a changed property ratio is used to establish the initial maximum assessed value. The changed property ratio is calculated annually as the ratio between aggregate assessed value and aggregate real market value for each property class (residential, multifamily, commercial/industrial, etc.) in each county. The changed property ratio is applied to the real market value of all new development to determine initial maximum assessed value, after which time, it grows at three percent per year like all other existing property.⁴

Illustration of Assessed Value Calculation

Exhibit 6 shows the relationship between maximum assessed value, real market value, and assessed value for a hypothetical property. Real market value fluctuates based on market conditions. For all years where real market value is greater than maximum assessed value, maximum assessed value grows at three percent. From year one through year six, the property's real market value is greater than the property's maximum assessed value. The property's assessed value must be the lower of the two, and is therefore equal to the maximum assessed value. In years six through ten, the property's real market value dips below the property's maximum assessed value. In these years, the assessed value is equal to the real market value and maximum assessed value remains constant. When real market value grows past maximum assessed value beginning in year ten, assessed value is once again equal to maximum assessed value, and the maximum assessed value resumes annual growth of three percent per year.

⁴ Other exceptions include: partitioning or subdividing a property, rezoning a property and change of use consistent with that zone, and the disqualification or termination of property tax exemptions (e.g., property transferring from public to private ownership).

Exhibit 6. Maximum Assessed Value, Real Market Value, and Assessed Value for a Hypothetical Property

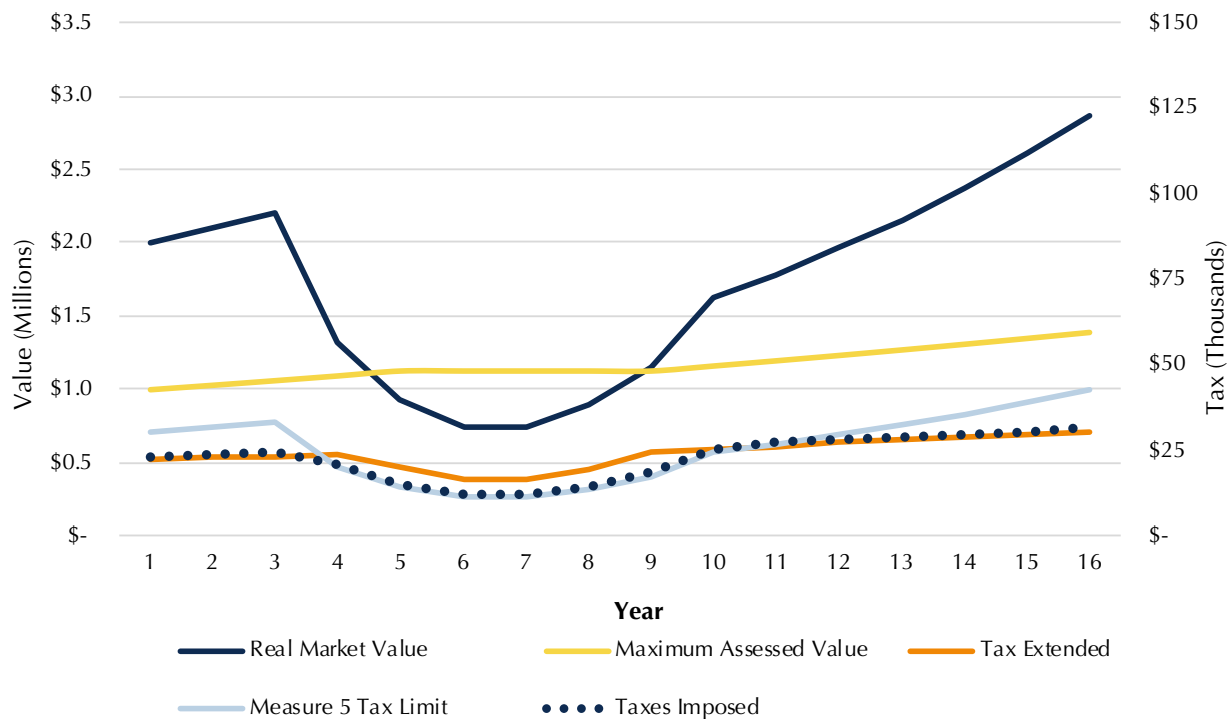


Measure 5 Compression

As stated earlier, Measure 5 limits the property taxes paid by individual property owners to \$10 per \$1,000 of real market value for general government taxes and \$5 per \$1,000 of real market value for education taxes. If either of these limits are exceeded by the taxes extended on an individual property, the taxes imposed are reduced proportionally until the Measure 5 limits are met. Local option levies are reduced first. If local option levies are reduced to zero and a property is still exceeding its Measure 5 limits, then permanent rate levies are reduced proportionally until the limits are no longer exceeded. General obligation bonds are never reduced, as they are not subject to Measure 5 limits.

Exhibit 7 shows the effect of Measure 5 compression on a hypothetical property. In years one through three, the Measure 5 tax limits for the property are higher than the taxes extended to the property. Therefore, the property pays the total tax extended. Beginning in year four, declining real market value results in a corresponding decrease in the maximum allowable tax bill, and the property finds itself in “compression” due to Measure 5. Therefore, the taxes extended are proportionally reduced until they conform to Measure 5 limits. The compression loss is the difference between tax extended and tax imposed. By year 12, real market value has grown enough so that the taxes extended are once again below the Measure 5 limits, and the property no longer experiences compression.

Exhibit 7. Compression of Hypothetical Property



Property Types

The State of Oregon classifies all taxable property into one of four types: real, personal, manufactured, and utility. Below, we describe these property types and highlight considerations for forecasting future changes in assessed value.

- Real** property includes land, buildings, structures, and improvements. Real property typically makes up the majority of property value in an area. Real property is typically the most reliable property type to forecast. Changes in real market value of real property are tied to broader market trends. At this time, most real property accounts in Oregon have a significant gap between real market value and maximum assessed value, which means that the assessed value is equal to maximum assessed value, which experiences three percent growth each year from appreciation. Factors that can cause a real property account to experience a change in maximum assessed value other than three percent appreciation include: construction of new property, demolition of an existing structure, establishment or expiration of tax exemptions (such as a transfer of ownership from public to private use, or vice versa), and rezoning with a corresponding change in use.
- Personal** property includes all property that “enhances or promotes” a business.⁵ This includes machinery, equipment, and décor/office furniture. Personal property for personal use (e.g., home furniture and appliances) are exempt. The Department of Revenue maintains multiple schedules for depreciation of value, based on the specific type of personal property. Personal property tends to depreciate relatively rapidly, but these losses in value are generally offset by further reinvestment in new personal property accounts.

⁵ Oregon Department of Revenue, Methods for Valuing Personal Property, 2020

- **Manufactured** property includes all manufactured structures (i.e., mobile homes). Unlike other types of housing, the real market value of mobile homes depreciate over time. In the early years after construction, a manufactured property account may experience modest growth in assessed value based on the maximum allowed three percent growth in maximum assessed value. However, over time the real market value of the property will likely drop below the maximum assessed value, leading to a sustained decrease in assessed value from manufactured property in future years.
- **Utility** property include the value of any privately-owned utility provider, including: communication, electric, gas, water, pipelines, air transportation, private railcars, railroads, heating, toll bridges, and small electrics.⁶ The Oregon Department of Revenue assesses the value of these properties annually, based on reports submitted by the owners. The value is not explicitly based on geography, but the State apportions assessed value to each tax code area each year based on factors, including the physical location of utility assets. Because utility value is calculated by the State each year, based on reports of value provided by the utilities themselves, the assessed value of utility accounts can be volatile, and difficult to forecast.

⁶ Oregon Department of Revenue, Centrally Assessed Companies

Attachment 2: Proposed Tax Increment Finance Advisory Committee positions.

One each from:

- Bolton Neighborhood Association
- Sunset Neighborhood Association
- Willamette Neighborhood Association
- West Linn Planning Commission
- West Linn Budget Committee
- West Linn Economic Development Committee
- Tualatin Valley Fire and Rescue District (impacted taxing agency)
- West Linn-Wilsonville School District (impacted taxing agency)
- Historic Willamette Main Street
- Portland General Electric (majority property owner in district)
- Belgravia (owns potential redevelopment area around Historic City Hall)
- Citizen at large, hopefully with equity/housing affordability focus

Note: Clackamas County is the other large impacted taxing agency but has an adopted policy position of not participating in Urban Renewal discussions.