

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE



ANNUAL FINANCIAL IMPACT REPORT

FOR THE FISCAL YEAR ENDING JUNE 30, 2022

This report fulfills the requirements, prescribed in Oregon Revised Statutes (ORS) 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

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Introduction

Urban Renewal Agencies (URAs) must prepare an annual financial impact report of carrying out the urban renewal plan for the governing body of the municipality by January 31st each year, for the preceding fiscal year, in accordance with Oregon Revised Statutes 457.460.

Background

Through significant public involvement, in order to protect the public health, safety, and welfare of the public, in 2006 the citizen committee created, and the City of Troutdale adopted, the Troutdale Riverfront Renewal Plan (Plan) to eliminate blight and foster development and redevelopment in the Plan Area.

The City also established the Urban Renewal Agency of the City of Troutdale (Agency) and assigned the Plan to the Agency to implement and manage. The Agency is a distinct legal entity that is separate from the municipality of the City of Troutdale. The Agency board is composed of the Troutdale City Council members, which is common among URAs throughout Oregon. The Agency and its activities are funded by tax increment financing. The staff and expenditures for the Agency are administered through an intergovernmental agreement with the City.

Goals

When developing the URA Plan and Report, formulated a series of Goals and Objectives to guide activities funded by, or related to the URA. The Goals and Objectives are listed in the Plan, and the goals are reiterated here:

- Promote the Redevelopment of the Area for a Mix of Retail, Office, Residential and Public Uses.
- Provide a Greater Level of Goods and Services for Troutdale.
- Increase the Awareness of the Development Community of the Opportunities Within the Area.
- Create Employment Opportunities for Troutdale Residents.
- Improve Transportation Linkages.
- Improve Access to and Enjoyment of the Sandy Riverfront.

- Provide Public Spaces for Events and Other Uses by Troutdale Residents, Patrons of Area Businesses and Tenants and Residents Within the Area.
- Preserve and Enhance Troutdale's Natural, Cultural and Historic Resources.

Financial Impact Report

Pursuant to Oregon Laws 2019, Chapter 580, section 10, (enrolled HB 2174) the requirements of the ORS 457.460 annual financial impact report were expanded. This report is in fulfillment of the expanded current law. The reporting focus is the financial impact resulting from ORS 457.420 to 457.460: Tax Increment Financing of Urban Renewal Indebtedness. The report includes a financial summary of the preceding year and the budget for the current fiscal year. It also includes an analysis of the financial impact of carrying out the urban renewal plan on the tax collections for the overlapping taxing districts.

Tax Increment Financing

Funding for URA's may come from a variety of sources, but the most common source is through tax increment financing. Tax increment financing is the basic means of financing urban renewal projects in the State of Oregon and becomes available when an urban renewal plan is adopted.

The funds are frequently referred to as the "TIF" the tax increment financing of urban renewal projects. The TIF funds come from property taxes which would already have been paid anyway to all the various overlapping taxing districts (county, city, port, school district). A tiny portion of those taxes through the "division-of-taxes" method are sliced off and redirected to the URA instead. The taxing districts forgo a share of the property tax income during the lifespan of an urban renewal plan so that the URAs can carry out activities that increase property values in the long term.

The tax increment process occurs:

- When a plan is adopted, a snapshot of the total assessed value in the renewal area is the starting value and becomes the "frozen base" of assessed value for the lifespan of the URA.
- Each subsequent year the renewal plan is in operation the County Assessor re-calculates the total assessed values in the renewal area.
- The difference between the current year assessed value, and the starting frozen base value, is the increase in assessed value, and is known as the "increment value" or excess value.
- Tax increment revenue is produced for the URA when total levy rate for each overlapping taxing district is applied to the increment value.
- The tax increment revenue produced is then distributed by the County Assessor directly

to URA, rather than to each overlapping taxing district, a process referred to as the division-of-taxes method as the provided in section 1c, Article IX of the Oregon Constitution.

Although Urban Renewal is a separate item on property tax statements, for URA's established after 1997 local property owners pay the same amount of tax whether or not an urban renewal district is established in their area, except for bonds issued prior to October 2001. The Reynolds School District has paid off the one older series of general obligation bonds outstanding which resulted in the URA collecting a small amount in addition to total amount of property taxes which would have been paid otherwise.

FINANCIAL REPORTING

The ORS 457.460 required annual financial impact report is to be filed with the governing body by January 31st each year for the preceding fiscal year and is to include a specific summary of the financial activity of the URA. The following financial information meets the requirements of this statute.

Money Received -- Past Fiscal Year

ORS 457.460 (1)(a) requires a reporting of "the amount of money received during the preceding fiscal year" and this information is shown in Table 1, below.

Table 1

Revenue - FY 2021-2022

Property Tax Increment Revenue	\$ 172,395
Revenue from Debt Issuance	200,000
Interest Income	14,786
All Other Program Revenue	<u>35,946</u>
Total:	\$ 423,126

Money Expended -- Past Fiscal Year

ORS 457.460 (1)(b) requires a reporting of the "purposes and amounts for which money received" that "were expended during the preceding fiscal year." This means any money received through urban renewal and spent on urban renewal activities, and this information is shown in Table 2, below.

Table 2

Expenditures - FY 2021-2022

Materials and Services	\$ 156,818
Capital Outlay	-
Debt Service	<u>201,647</u>
Total:	\$ 358,465

Money to be Received -- Current Fiscal Year

ORS 457.460 (1)(c) requires a reporting of an “estimate of moneys to be received during the current fiscal year.” This means an estimate of all income to be gained from urban renewal in the current fiscal year and this information is shown in Table 3, below.

Table 3

Revenue Expected - FY 2022-2023

Property Tax Increment Revenue	\$ 181,857
Revenue from Debt Issuance	4,300,000
Grants & Entitlements	1,500,000
Interest Income	6,000
All Other Program Revenue	30,000
Beginning Fund Balance	218,561
Total:	<u>\$ 6,236,418</u>

Money to be Expended -- Current Fiscal Year

ORS 457.460 (1)(d) requires a reporting of a “budget setting forth the purposes and estimated amounts” which “are to be expended during the current fiscal year.” This means a summarized budget listing the amount and types of expenses the money will fund, and this information is shown in Table 4, below.

Table 4

Budget - FY 2022-2023

Materials and Services	\$ 540,000
Capital Outlay	4,250,000
Debt Service	210,000
Contingency	1,212,112
Ending Fund Balance	24,306
Total:	<u>\$ 6,236,418</u>

Maximum Indebtedness

ORS 457.460 (1)(e) requires a reporting of “the maximum indebtedness including the amount of indebtedness incurred through the end of the immediately preceding fiscal year.” This information is shown in Table 5, below.

Table 5

<u>Maximum Indebtedness</u>	Total Authorized	Amt. Incurred Through FY 2021-2022	Amt. Remaining
Maximum amount of indebtedness; the amount of tax increment revenues which may be collected through the division-of-taxes method for financing of urban renewal projects and programs.	\$ 7,000,000	\$ 2,100,000	\$ 4,900,000
Full Faith & Credit Obligations; not supported tax increment revenues, subject to the State lending of credit prohibition, and repayment from program revenues	\$ 6,500,000	\$ 6,500,000	\$ 0

Impact on Taxing Districts

ORS 457.460 (1)(f) requires a reporting of an “analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts.” URA’s do not create an additional tax. Instead, during the agency’s lifespan, overlapping taxing districts “forego” a percent of their permanent rate. This information is shown in Table 6, below.

Table 6

Impact on Taxing Districts

<u>TAXING DISTRICT</u>	<u>Taxes Imposed</u>	<u>Taxes Forgone to URA</u>	<u>% taxes forgone</u>
PORT OF PORTLAND	\$ 5,764,481	\$ 817	0.014%
CITY OF TROUTDALE	6,110,905	44,467	0.722%
METRO	7,840,344	981	0.013%
EAST MULT SOIL/WATER - GOV	5,605,571	1,144	0.020%
MULTNOMAH COUNTY	356,037,305	51,333	0.014%
MULTNOMAH COUNTY LIBRARY	100,037,588	14,386	0.014%
MULTNOMAH ESD	38,414,182	5,395	0.014%
MT HOOD COMM COLLEGE	12,063,547	5,722	0.047%
REYNOLDS SCHOOL DIST #7	30,813,984	52,603	0.170%
Totals:	\$ 562,687,908	\$ 176,848	0.031%

The Reynolds School District and the Multnomah Education Service District are not directly affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the above table. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone because of the use of Tax Increment Financing are replaced, as determined by a funding formula at the State level with State School Fund revenues.

Report Distribution and Publication

ORS 457.460 (2)(a)&(b) requires the annual financial impact report to be distributed to each taxing district affected by the URA plan, to provide an agency representative to consult with and respond to district questions, and to publish a summary of the report in accordance with ORS 457.115.

The report is to be distributed to the following as taxing districts affected by the Troutdale Riverfront Renewal Plan:

- Multnomah County,
- Metro,
- Port of Portland,
- City of Troutdale,
- Multnomah County Library District,
- East Multnomah Soil and Water Conservation District,
- Multnomah Education Service District,
- Mt. Hood Community College, and the
- Reynolds School District.

The City of Troutdale Finance Director, Erich Mueller, is the representative of the agency which shall be available to consult with affected taxing districts and respond to questions. He may be reached at: (503) 665-5175, email erich.mueller@troutdaleoregon.gov, City of Troutdale, 219 E. Historic Columbia River Hwy, Troutdale, OR 97060.

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THE CONFLUENCE

AT TROUTDALE

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