

Minutes of the Veneta Urban Renewal Agency & City Council Work Session

June 27, 2005

Agency: Chairman Tim Brooker, Darrell Carman, Thomas Cotter, and Marion Esty

Council Present: Mayor Tim Brooker, Darrell Carman, Thomas Cotter, and Marion Esty

Absent: Fred Miller

Others: Ric Ingham, City Administrator; Sheryl Hackett, City Recorder; Margaret Boutell, Community Services Director; Mark Stephens, Building & Planning Official; Milo Meecham, Lane Council of Governments; Samantha Haschert; Jim Bruvold, James Dean, & James Eagle Eye, Veneta Planning Commission; Earle Ellson; and Josh Palmer, West Lane News

1. URBAN RENEWAL AGENCY

Milo Meecham from LCOG made a presentation and gave an overview of the Veneta Urban Renewal Agency. He explained that urban renewal is a means of debt financing which is used to support projects that will end or reduce “urban blight” to help foster community development through public improvements. Typical there is a positive effect for the community as a whole because the specific public improvements attract new businesses and older residential neighborhoods are upgraded.

The way urban renewal works is through tax increment financing that pays off the indebtedness incurred by the urban renewal agency for the improvement projects. The agency does not increase taxes, it just diverts some of the property taxes that result from the increased value. The taxes that go into urban renewal do not reduce the tax that goes to the other taxing district, the taxes for those districts just doesn’t go up as much. The tax income is shared but the amount of the income is larger because without urban renewal the property values would not increase as much. The taxes paid into the urban renewal agency come from both inside and outside the district. The projects the urban renewal taxes are used for can have an impact on locations outside the urban renewal district.

The maximum area within a City that can be within an urban renewal district is 25%. Veneta’s Urban Renewal District covers about 24% of the City.

The first amendment to Veneta’s Urban Renewal Plan was done in May 1998 to set a maximum

indebtedness of \$13,613,603.00 in response to Measure 50. Any change to the maximum indebtedness would require a substantive amendment. When the \$13 million indebtedness was established it was attached to a smaller group of projects than what was in the original plan. Those projects included City Hall, the water and sewer system upgrades, and Territorial Park. The total indebtedness also included administrative costs. With the exception of the sewer system upgrades which was to receive 24% of its funding from urban renewal, the cost of the projects selected were to be funded at 100%.

In response to a question, Milo said the maximum indebtedness of \$13 million is a lifetime limit.

As debt gets paid down the money does not become available again. It is okay to pay more in interest, the indebtedness is the amount of the principal only.

In response to a question from Earle Ellson, Milo said urban renewal does not create a new taxing district; therefore, any affect it has on compression is very minimal. Urban renewal takes a small part of the taxes that are paid and diverts it.

Milo said Veneta's projects total about \$9 million, leaving about \$5 million unallocated. He said there is some flexibility in how that indebtedness is used, the important thing for the Council to remember is that projects are chosen based on what is good for the district, not the City as a whole.

The 1998 amendments acknowledged there was not enough money to do all of the projects on the original project list for Veneta's Urban Renewal Agency. It also took into account inflation because there was some uncertainty about when the projects would be done.

The options the City has for the urban renewal district are to (1) make no changes, (2) borrow money to start the delayed projects, (3) allocate some or all of the uncommitted funds to other projects on the list, (4) make a substantive change to increase or decrease the maximum indebtedness, or (5) make other substantive changes to the plan by adding projects or decreasing the size of the district.

Once the maximum indebtedness is incurred and paid off, the Urban Renewal Agency should be disbanded. In response to a question, Milo said the Urban Renewal Agency can move money to other projects on the original list without it being a substantive change; however, he said the City should get legal advise before making any changes.

He said there is nothing illegal about making substantive amendments; however, it reopens the plan to a review

In summary, Milo said the next step for the City's Urban Renewal Agency are (1) keep things status quo and make no changes, (2) create a task force similar to the 1984 task force to study options and make recommendations, or (3) hold additional Council/Agency work sessions to

discuss the options.

In response to a question from Mayor Brooker, Milo said the indebtedness could be used for any costs directly related to the specific projects, such as the poplars for the sewer facility and well 10 site for the water system. He said the original plan and amendment did not go into a lot of detail; however, if the City decided they wanted a backup water or sewer facility, that would probably not fit into the existing project list.

City Administrator Ric Ingham pointed out the last page of the handout shows the impact on the other taxing districts. He said all of the growth in Veneta has taken place outside the urban renewal area so it is unknown whether or not the estimate has kept up with the increased property value. Milo said once the Urban Renewal Agency sets a maximum indebtedness the impact on the other districts does not change. The impact on the Urban Renewal District does change a little as the property values both inside and outside the area changes.

Ric said the tax rate does not change, it is the increase in assessed value that gives the district more money. The improvements made with urban renewal funds increase property values so the other districts also get more money.

James Dean asked if the purpose of the urban renewal agency is to put money into an area that is blighted so the value of that property increases, then why has the money from Veneta's Urban Renewal District been used in that area. In response, Ric said 25% of the money can be used outside of the district. He said Veneta's infrastructure was considered blighted. Although the projects have not been specifically earmarked for a downtown renovation or industrial park, infrastructure improvements have been made within the district.

Milo said any time urban renewal supports a project that has an impact outside the district, an assessment has to be done to show the City is financing 76% of the cost for that project and the Urban Renewal District is financing no more than 24% of the project.

James Dean said if there is any money left or any potential future money in the Urban Renewal Agency it should be used to clean up the blight within the district itself.

Ric pointed out that there has been some development in the urban renewal area, such as the BiMart store, that could not have been done without the sewer and water improvements. He said the improvements needed to help make the urban renewal area more attractive did benefit the entire City.

By consensus, the Urban Renewal Agency and City Council said they would like to hold another work session to discuss the future of Veneta's Urban Renewal Agency.

2. **CITY DESIGN STANDARDS**

Former Planning Assistant Samantha Haschert presented her thesis project on Design Standards for the City of Veneta. She gave examples of design standards and gave reasons for setting standards and how to go about it. She also presented statistics on the current land uses in the Veneta Downtown area and a list of the assets and challenges for the area. She said one of the biggest advantages to design standards is to promote a feeling of community and to make the area a place people want to visit. She provided a list of the steps necessary to develop design standards for the downtown area. She said the key to successful design standards are implementation and enforcement. At the conclusion of her presentation she provided the City with two copies of her report.

3. **OTHER:** None

4. **ADJOURN**

Mayor Brooker adjourned the Veneta Urban Renewal Agency and temporarily adjourned the Veneta City Council at 7:08 p.m.

T. J. Brooker, Chairman
Veneta Urban Renewal Agency

T. J. Brooker, Mayor
Veneta City Council

ATTEST:

Sheryl Hackett, City Recorder
(minutes prepared by SLHackett)