

COTTAGE GROVE CITY COUNCIL  
WORK SESSION MINUTES  
April 22, 2024

CALL TO ORDER

Mayor Solesbee called the meeting to order at 6:02 pm in the Council Chambers at City Hall.

ROLL CALL

PRESENT IN THE COUNCIL CHAMBERS: Mayor Candace Solesbee and Councilors Alex Dreher, Greg Ervin, Mike Fleck, Dana Merryday, Chalice Savage and Jon Stinnett.

PRESENT VIA ZOOM WEBINAR:

COUNCIL ABSENT:

STAFF PRESENT IN THE COUNCIL CHAMBERS: City Manager Mike Sauerwein, Assistant City Manager Jake Boone, City Recorder Mindy Roberts, Public Works and Development Director Faye Stewart, Police Chief Cory Chase and City Planner Eric Mongan.

STAFF PRESENT ZOOM WEBINAR: Finance Director Roberta Likens

CITY ATTORNEY:

MEDIA PRESENT:

Public Works and Development Director Faye Stewart introduced Elaine Howard, Elaine Howard Consulting LLC to present results of the Cottage Grove Urban Renewal Feasibility Study.

Elaine Howard presented the Cottage Grove Urban Renewal Feasibility Study, attached as Exhibit A. She explained how Urban Renewal functions, how the revenue is generated and can be used, the impacts on other taxing districts, the process used to create an Urban Renewal Agency and shared two Urban Renewal areas created as study examples.

Councilor Ervin asked if the low growth and high growth financial projections are in relationship to development.

Elaine Howard responded that the projections are relationship to growth in development or in projects that would help facilitate growth like street improvements and building improvements.

Councilor Fleck shared the history of a previous Urban Renewal District in Cottage Grove and what took place when it was closed. He asked if projects would be determined based on an anticipated level of revenue or revenue actually received.

Elaine Howard responded that projects would be chosen between the low and high level of financial projections and would be identified in the original plan.

Councilor Merryday asked if street repairs could be considered a project.

Elaine Howard responded that Urban Renewal is not a tool for street repairs or maintenance, such as fixing pot holes. She added that infrastructure projects such as rebuilding a street, could potentially be considered.

Councilor Merryday asked if blighted properties could be addressed utilizing Urban Renewal.

Elaine Howard responded that eminent domain cannot be used to purchase vacant or blighted property, but there could be an opportunity to negotiate with the property owner.

Councilor Merryday asked for clarification regarding distribution.

Elaine Howard listed three steps taken to distribute Urban Renewal Taxes:

1. Calculation, which is limited to the Urban Renewal Area.
2. Distribution, which is put on every tax bill City wide.
3. Collection, which is provided to the Assessor and passed on to the Urban Renewal Agency.

Councilor Ervin asked for an explanation regarding transition periods between Urban Renewal Areas; if there could be gaps, how long could transpire before a new area could be established and if they have to be contiguous.

Elaine Howard responded that an Urban Renewal Area ends when it has reached Maximum Indebtedness (MI) or when a decision is made to end it. She added that once an Urban Area is terminated projects can be put into another area or restarted.

Councilor Savage clarified that other taxing districts would remain at their tax rate, while the Urban Renewal continues to grow.

Elaine Howard shared photographs of improvements that other communities made utilizing Urban Renewal.

Public Works and Development Director Faye Stewart shared that a Main Street Refinement Plan was approved for Downtown Cottage Grove that was on a much larger scale than the upcoming downtown revitalization. He said an Urban Renewal Area could be considered for Downtown Cottage Grove to complete that vision.

Councilor Stinnett asked if improvements to the Armory could be considered.

Public Works and Development Director said he believes that Armory improvements could be considered a viable project for Urban Renewal.

Mayor Solesbee adjourned the Work Session at 6:56 pm

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Mindy Roberts, City Recorder

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Candace Solesbee, Mayor

DRAFT



Exhibit A

# COTTAGE GROVE URBAN RENEWAL FEASIBILITY STUDY



# ROADMAP

1. Urban Renewal Basics
2. Feasibility Study
3. Next Steps



# URBAN RENEWAL BASICS

NOT A NEW TAX!



# CRASH COURSE | UR 101

# CRASH COURSE | UR 101





# CRASH COURSE | UR 101



**PROPERTY TAX  
INCREASES**

- 1. 3% Appreciation
- 2. Substantial Improvements



**REGULAR TAXING  
JURISDICTIONS**  
City, County, Etc.

# CRASH COURSE | UR 101

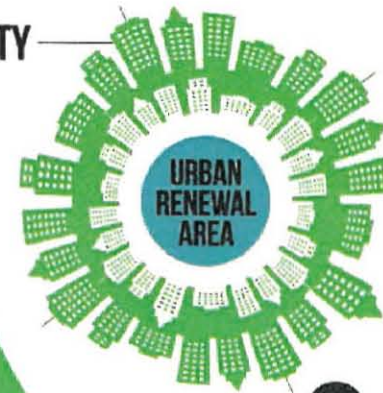


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CITY



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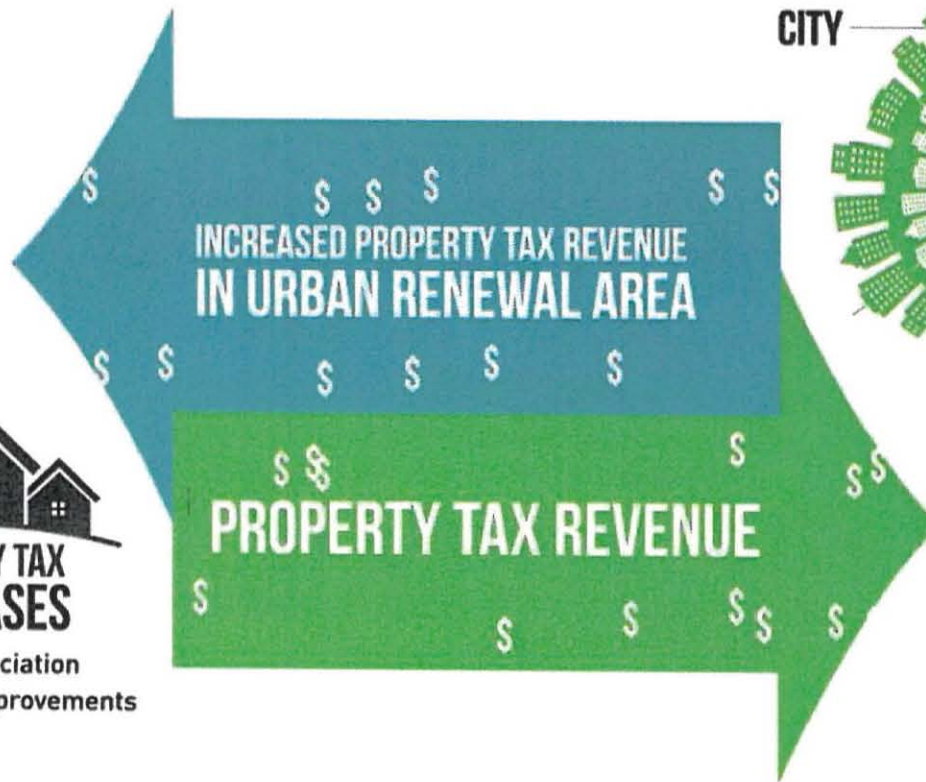


**URBAN RENEWAL AGENCY**

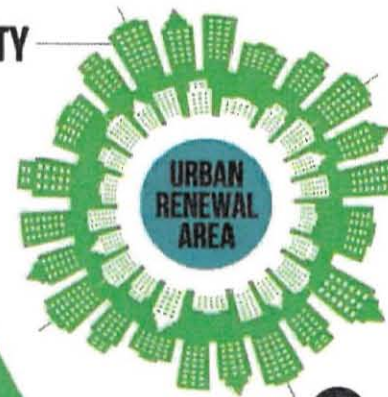


**PROPERTY TAX INCREASES**

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CITY



**REGULAR TAXING JURISDICTIONS**  
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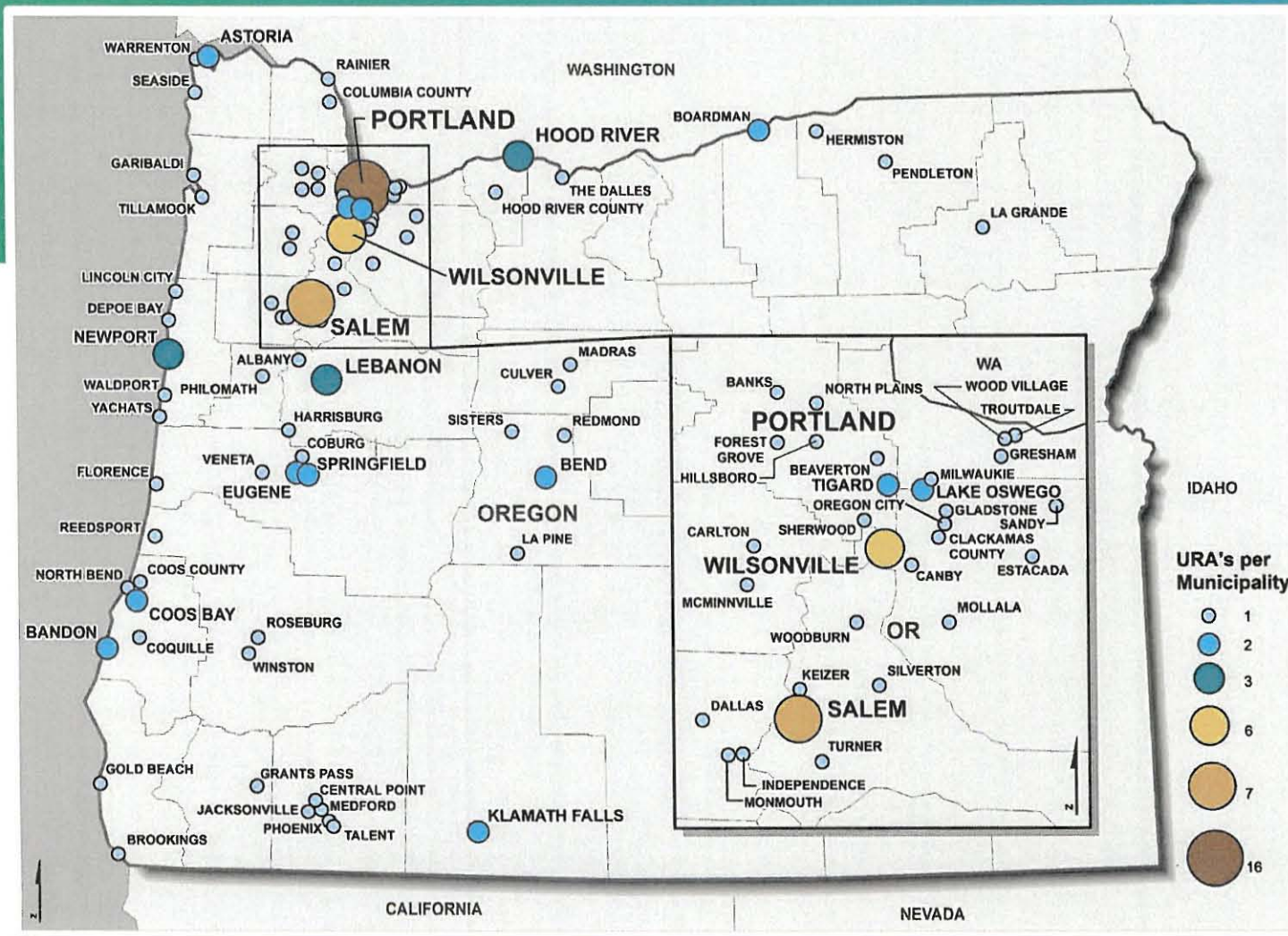


# WHAT IS URBAN RENEWAL?

- Economic development tool
- Unique in that it is a financing tool, but also a plan with projects
- Used to address “blighting” influences in specific areas
- Functions on increases in property tax revenues in “Urban Renewal Areas”
- Used all over Oregon (Map on next slide)



# CITIES WITH URBAN RENEWAL





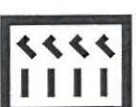
# WHY USE URBAN RENEWAL?



Many opportunities for improvements and redevelopments in cities that need funding



City general funds typically lack the funds to contribute to these opportunities



Urban Renewal provides a funding source to bridge the gap

# WHAT IS BLIGHT?

- ❖ Blight is a precondition to any Urban Renewal Area
- ❖ Specific criteria defined by state statute, generally covers:
  - Underdevelopment or underutilization of property
  - Poor condition of buildings
  - Inadequacy of infrastructure including streets and utilities



# HOW DOES AN URBAN RENEWAL AREA FUNCTION?

## 1. Income Source

- ❖ Yearly property tax collections based on growth within Boundary (more detail on mechanism in later slide)

## 2. Expenses

- ❖ Projects, programs, and administration

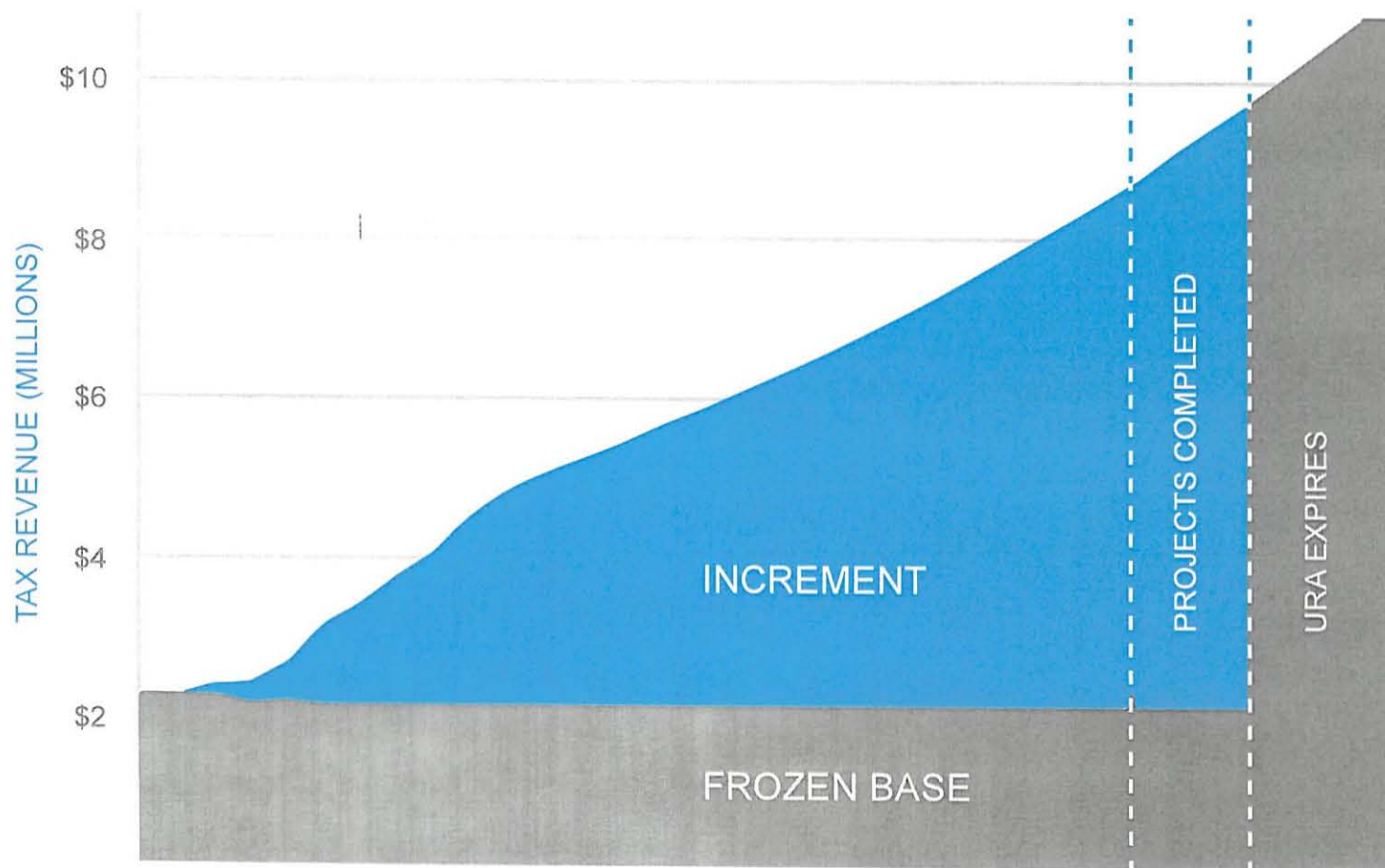
## 3. Spending Limit

- ❖ Capped by Maximum Indebtedness (MI):
  - The total amount of money that can be spent over the life of the district on projects, programs, and administration.

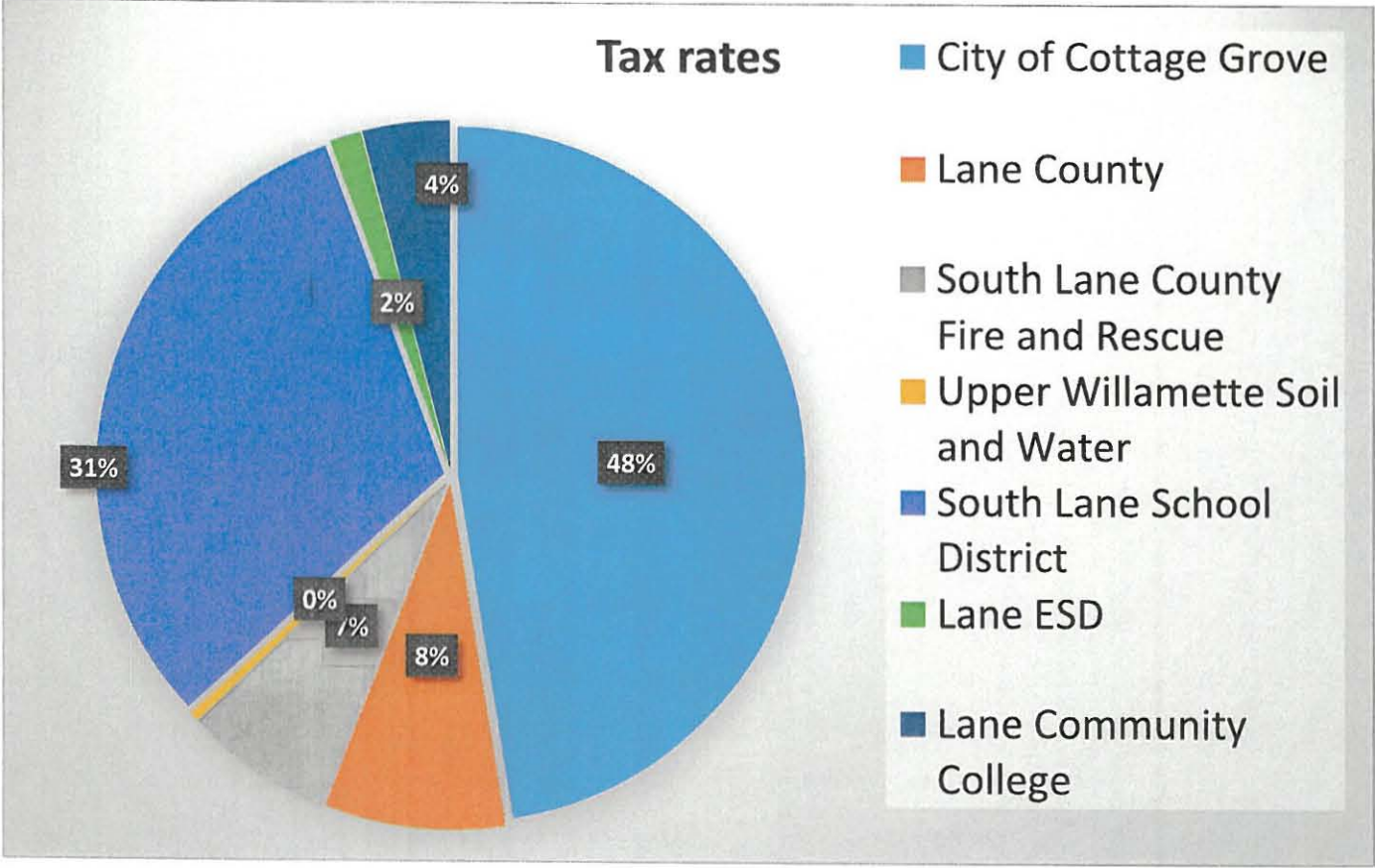




# HOW DOES URBAN RENEWAL FINANCING WORK?



# LEVERAGING CITY TAX RATE



# A HYPOTHETICAL PROPERTY TAX BILL

Taxing District	Rate	Property Value	Property Value without UR	Property Value With UR
Property Value		\$380,000	\$391,400	\$391,400
City of Cottage Grove	7.2087	\$2,739	\$2,821	\$2,739
Lane County	1.2793	\$486	\$501	\$486
South Lane County Fire and Rescue	1.0335	\$393	\$405	\$393
Upper Willamette Soil and Water	0.0700	\$27	\$27	\$27
South Lane School District	4.7532	\$1,806	\$1,860	\$1,806
Lane ESD	0.2232	\$85	\$87	\$85
Lane Community College	0.6191	\$235	\$242	\$235
Urban Renewal				\$227
Total	15.1870	\$7,577	\$7,805	\$7,805



# PROPERTY TAXES AND URBAN RENEWAL

- Urban Renewals Division of Taxes does not increase property taxes, it uses increases in property taxes that were already happening
- Urban Renewal is a line item on your property tax bill
- The Assessor must go through the following steps when distributing Urban Renewal Taxes:
  1. “Calculation” of TIF to be collected
  2. “Distribution” of TIF Citywide to property tax payers
  3. “Collection” of property tax revenues



# IMPACTS TO TAXING DISTRICTS

- ❖ Urban Renewal does not provide new money
  - Diverts funds that would go to other property tax districts
- ❖ Continue receiving taxes on frozen base
- ❖ Temporarily forego taxes on any growth in Urban Renewal area
- ❖ Growth may not have occurred but not for urban renewal



# URBAN RENEWAL AND LOCAL SCHOOL DISTRICTS



An Indirect Impact

# URBAN RENEWAL IMPACT

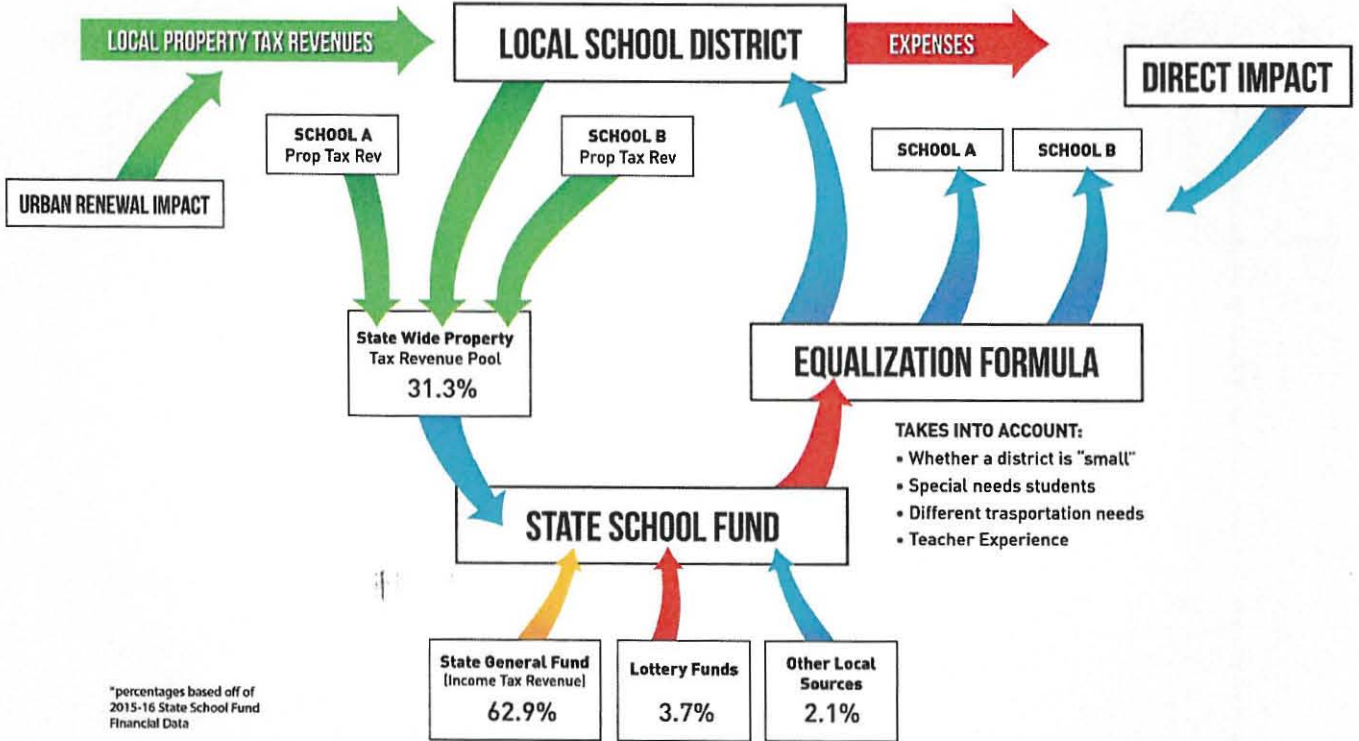
## Regular Taxing District





# URBAN RENEWAL IMPACT

## Local Schools

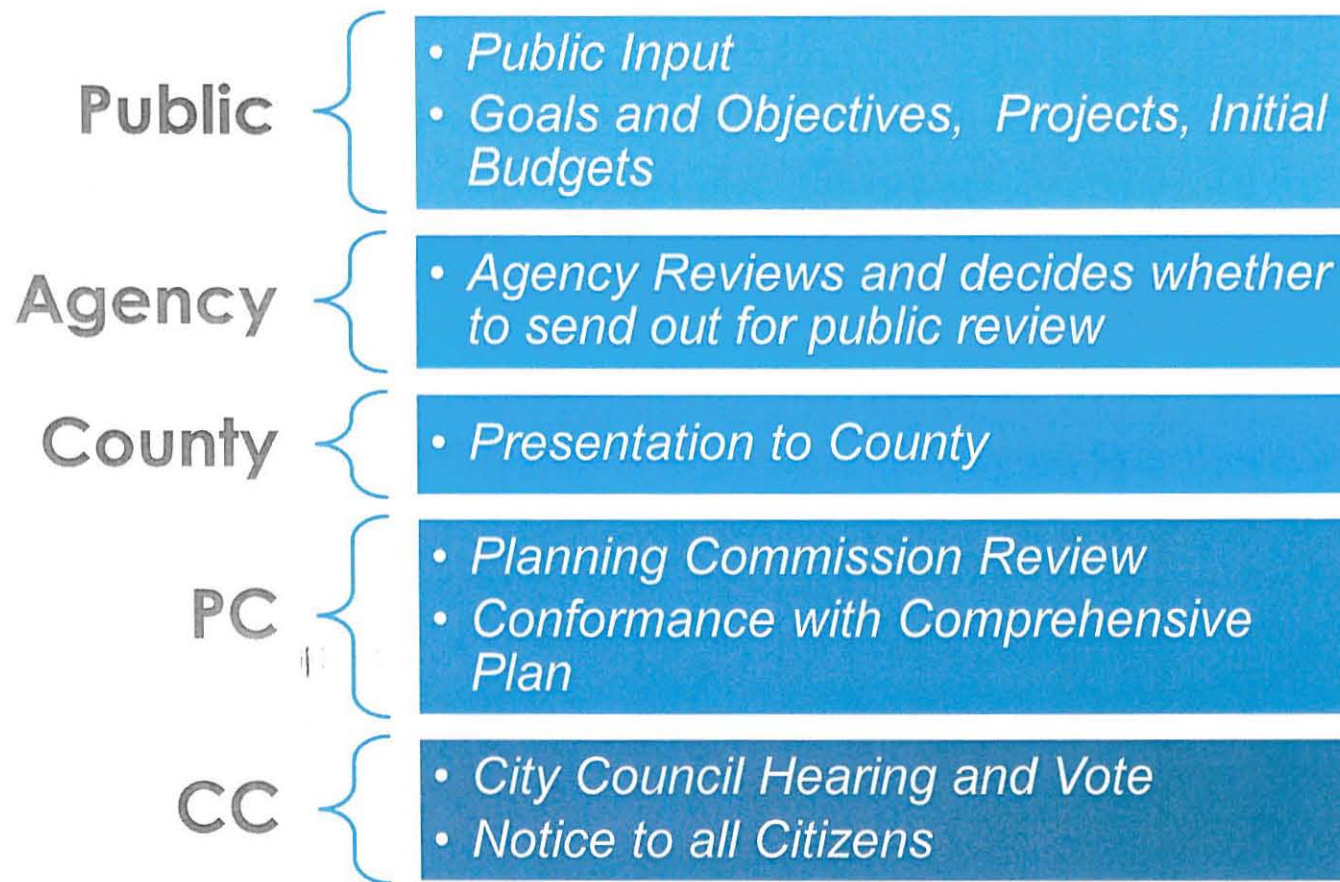


# STATE LIMITATIONS ON URBAN RENEWAL



- ❖ Population under 50,000
  - 25% of Assessed Value of Property in City
  - 25% of Acreage of City
- ❖ Existing Plan limitations:
  - Can not be increased in size by more than 20% of original Plan acreage
  - Maximum Indebtedness (MI) can not increase by more than 20% of original MI, indexing
    - May increase MI above 20% as adjusted only with concurrence from 75% of other taxing districts

# HOW IS A PLAN/SUBSTANTIAL AMENDMENT ADOPTED?







# PROJECT LIMITATIONS

ORS 457.170, 180

- a. Work of a housing authority
- b. Rehabilitation and conservation
- c. Acquisition
- d. Demolition
- e. Street and utility improvements
- f. Repair and rehabilitation of buildings
- g. Relocation
- h. Disposition
- i. Neighborhood development programs
- j. Making of grants and loans

# FEASIBILITY STUDY

Two boundaries and two potential durations

<b>Statutory Limitations</b>	<b>Boundary 1</b>	<b>Boundary 2</b>
<b>Assessed Value</b>		
A. AV of URA inside City limits (FYE 2024)	\$ 61,439,167	\$ 105,292,827
B. Total AV in City	\$ 826,788,098	\$ 826,788,098
<b>Limit Check (A)/(B)</b>	<b>7.4%</b>	<b>12.7%</b>
<b>Acreage</b>		
A. Acreage of URA	143	190
B. Acreage of City	2,412.80	2,412.80
<b>Limit Check (A)/(B)</b>	<b>5.9%</b>	<b>7.9%</b>





# FINANCIAL PROJECTIONS – BOUNDARY 1

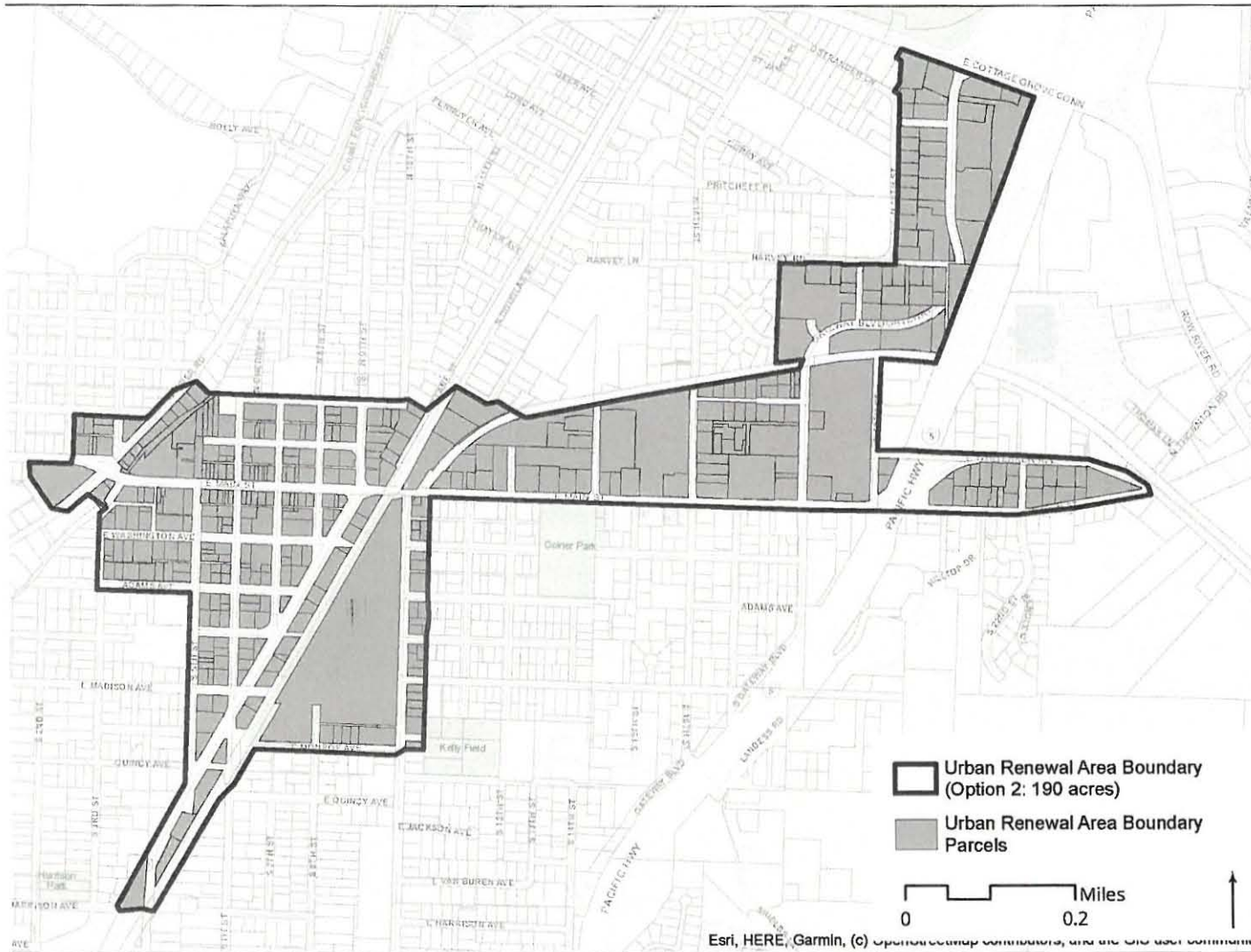
	Low Growth	High Growth
<b>Annual RMV Increase Required (2024 \$)</b>	<b>\$ 600,000</b>	<b>\$ 2,700,000</b>
<b>Net TIF</b>	<b>\$ 22,700,000</b>	<b>\$ 34,400,000</b>
<b>Maximum Indebtedness Capacity (2024\$)</b>	<b>\$ 11,200,000</b>	<b>\$ 16,600,000</b>
Years 1-5	\$ 1,300,000	\$ 1,300,000
Years 6-10	\$ 1,900,000	\$ 2,600,000
Years 11-15	\$ 2,000,000	\$ 3,000,000
Years 16-20	\$ 2,000,000	\$ 3,100,000
Years 21-25	\$ 1,600,000	\$ 2,600,000
Years 26-30	\$ 2,400,000	\$ 4,100,000

Duration is not a requirement in a Plan, only used for forecasting financial capacity

# IMPACTS ON TAXING DISTRICTS BOUNDARY 1

	25-Year Duration		30-Year Duration	
	Low Growth	Medium Growth	Low Growth	Medium Growth
<b>General Government</b>				
City of Cottage Grove	\$7,100,000	\$10,200,000	\$10,800,000	\$16,300,000
Lane County	\$1,300,000	\$1,800,000	\$1,900,000	\$2,900,000
South Lane County Fire & Rescue	\$1,000,000	\$1,500,000	\$1,500,000	\$2,300,000
Upper Willamette Soil & Water	\$100,000	\$100,000	\$100,000	\$200,000
<i>Subtotal</i>	<i>\$9,500,000</i>	<i>\$13,500,000</i>	<i>\$14,400,000</i>	<i>\$21,700,000</i>
<b>Education</b>				
South Lane School District	\$4,700,000	\$6,700,000	\$7,100,000	\$10,800,000
Lane Community College	\$600,000	\$900,000	\$900,000	\$1,400,000
Lane ESD	\$200,000	\$300,000	\$300,000	\$500,000
<i>Subtotal</i>	<i>\$5,500,000</i>	<i>\$7,900,000</i>	<i>\$8,400,000</i>	<i>\$12,700,000</i>
<b>Total</b>	<b>\$15,000,000</b>	<b>\$21,400,000</b>	<b>\$22,700,000</b>	<b>\$34,400,000</b>

# BOUNDARY 2





# FINANCIAL PROJECTIONS - BOUNDARY 2

	<b>Low Growth</b>	<b>High Growth</b>
<b>Annual RMV Increase</b>		
<b>Required (2024 \$)</b>	<b>\$ 1,100,000</b>	<b>\$ 4,600,000</b>
<b>Net TIF</b>	<b>\$ 39,000,000</b>	<b>\$ 58,900,000</b>
<b>Maximum Indebtedness</b>	<b>\$ 33,600,000</b>	<b>\$ 51,300,000</b>
<b>Capacity (2024\$)</b>	<b>\$ 19,300,000</b>	<b>\$ 28,600,000</b>
Years 1-5	\$ 1,800,000	\$ 1,800,000
Years 6-10	\$ 3,200,000	\$ 4,100,000
Years 11-15	\$ 3,500,000	\$ 5,300,000
Years 16-20	\$ 3,400,000	\$ 5,500,000
Years 21-25	\$ 2,900,000	\$ 4,700,000
Years 26-30	\$ 4,300,000	\$ 7,200,000

Duration is not a requirement in a Plan, only used for forecasting financial capacity

# IMPACTS ON TAXING DISTRICTS BOUNDARY 2

	25-Year Duration		30-Year Duration	
	Low Growth	Medium Growth	Low Growth	Medium Growth
<b>General Government</b>				
City of Cottage Grove	\$12,200,000	\$17,400,000	\$18,500,000	\$28,000,000
Lane County	\$2,200,000	\$3,100,000	\$3,300,000	\$5,000,000
South Lane County Fire & Rescue	\$1,800,000	\$2,500,000	\$2,700,000	\$4,000,000
Upper Willamette Soil & Water	\$100,000	\$200,000	\$200,000	\$300,000
<i>Subtotal</i>	<i>\$16,300,000</i>	<i>\$23,200,000</i>	<i>\$24,600,000</i>	<i>\$37,200,000</i>
<b>Education</b>				
South Lane School District	\$8,100,000	\$11,500,000	\$12,200,000	\$18,400,000
Lane Community College	\$1,000,000	\$1,500,000	\$1,600,000	\$2,400,000
Lane ESD	\$400,000	\$500,000	\$600,000	\$900,000
<i>Subtotal</i>	<i>\$9,500,000</i>	<i>\$13,500,000</i>	<i>\$14,400,000</i>	<i>\$21,700,000</i>
<b>Total</b>	<b>\$25,800,000</b>	<b>\$36,700,000</b>	<b>\$39,000,000</b>	<b>\$58,900,000</b>

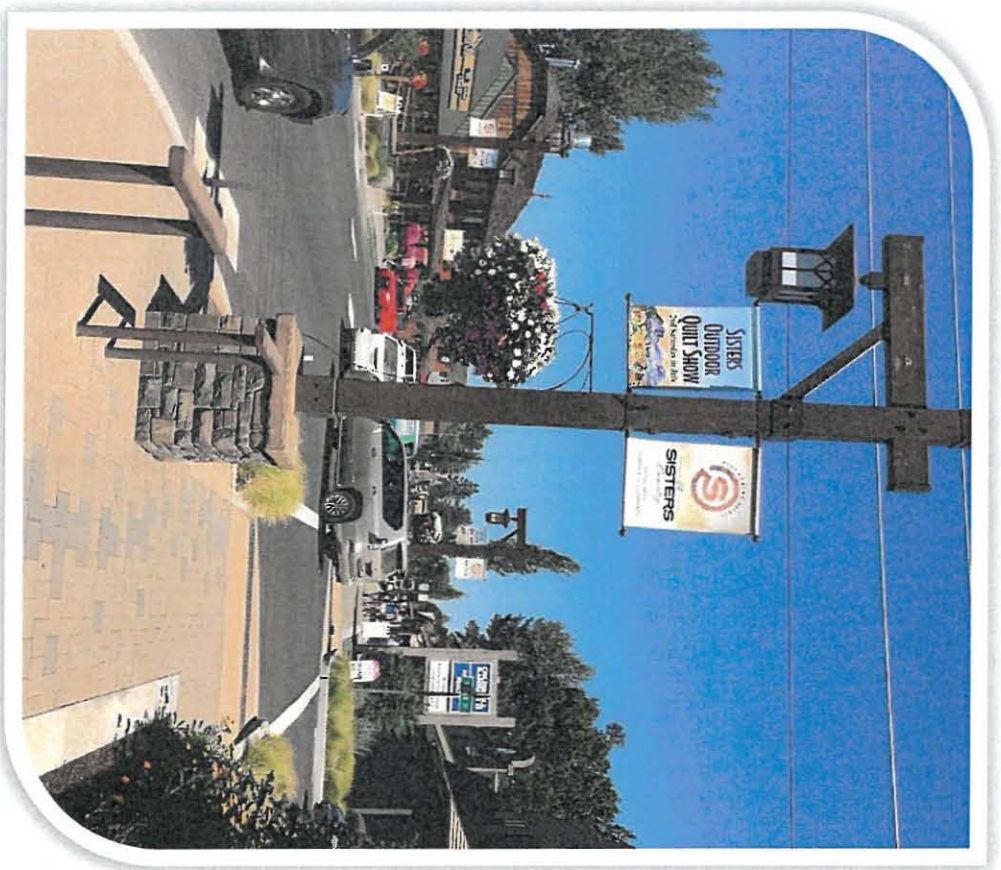


# Streetscape: Estacada



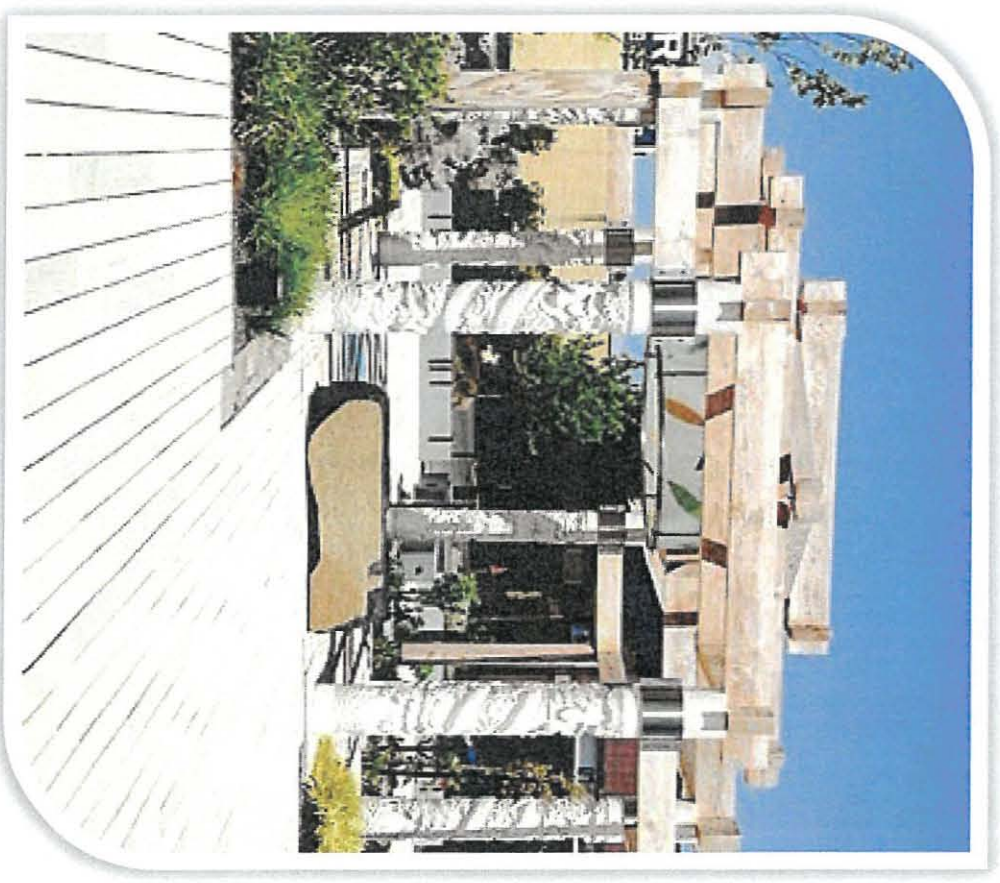
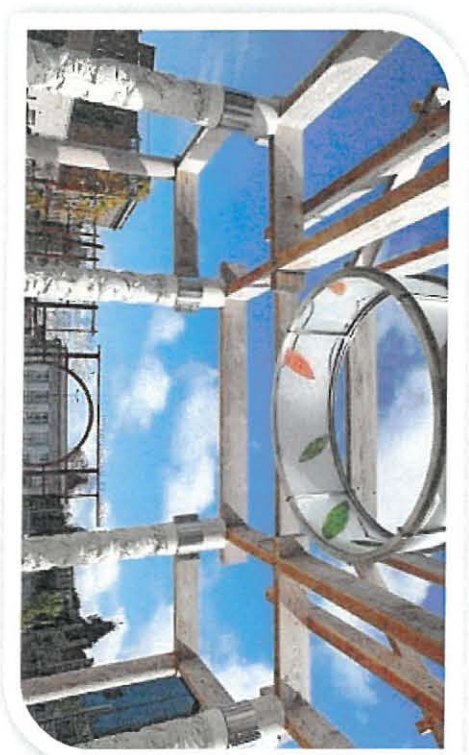


# Streetscape: Sisters





# Parks: Garden of Surging Waves Astoria





# Streetscape: Florence





# Storefront: Sandy





# Storefront: Sandy



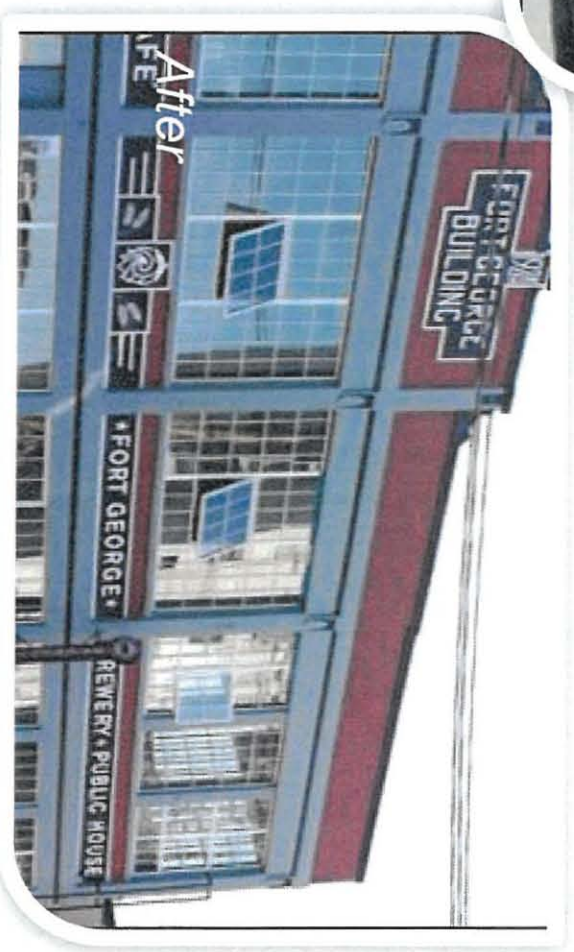
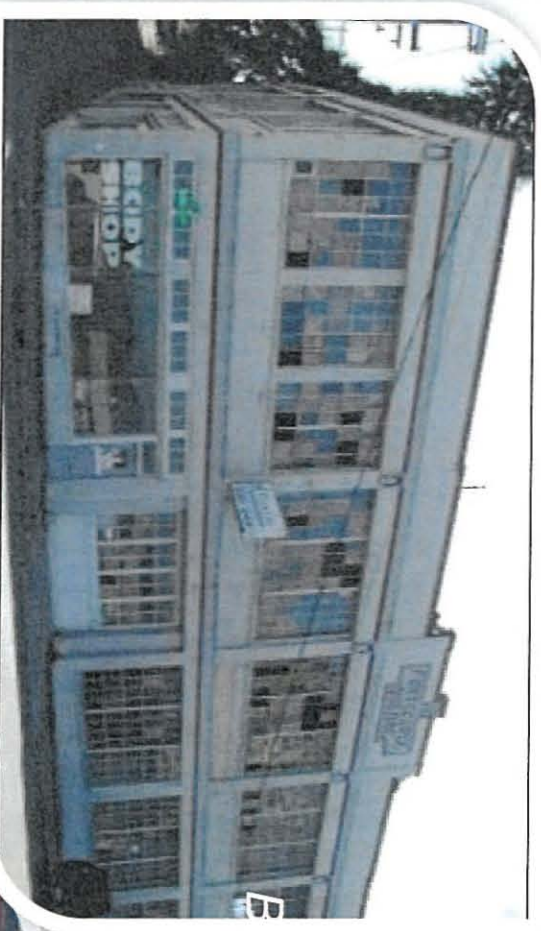


# Redevelopment: Bandon Face Rock Creamery

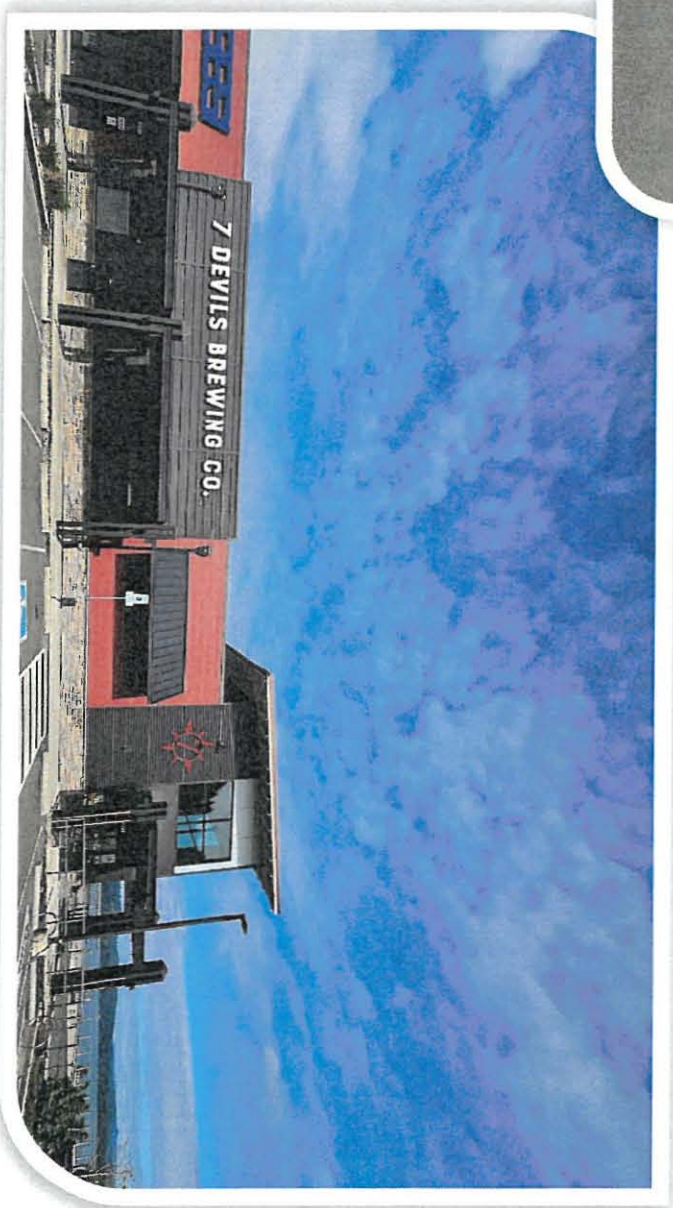




# Redevelopment: Fort George Brewery & Pub Astoria



# Redevelopment: Coos Bay







## NEXT STEPS

- City Council determination on whether they would like to proceed with establishing an urban renewal agency and the development of an urban renewal plan and report.
- If so, establish Cottage Grove Urban Renewal Agency.
- Prepare Cottage Grove Urban Renewal Plan and Report.
- Provide information to the community and taxing district partners on the process.
- Prepare a draft urban renewal plan and report to be reviewed with the urban renewal agency.
- Formal consult and confer with taxing districts, providing them a copy of the draft plan and report and providing 45 days for formal input.
- Planning Commission review of conformance of the urban renewal plan to the comprehensive plan.
- Presentation to Lane County.
- City Council hearing that is noticed city wide and consideration of a non-emergency ordinance.