



CITY OF TROUTDALE

"Gateway to the Columbia River Gorge"

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**EXECUTIVE
DEPARTMENT**

Fax (503) 665-7265

Administration

City Administrator

City Recorder

Human Resources

Community Services

January 13, 2006

Diane Linn, County Chair
Tom Hansell, Budget Manager
Mid County Street Lighting Service District #14
1620 SE 190th
Portland, OR 97233

RE: Troutdale Riverfront Renewal Plan (urban renewal)

Dear Chair Linn and Mr. Hansell,

The City of Troutdale is considering the adoption of the Riverfront Renewal Plan, an urban renewal plan for the area of the city roughly bounded by 257th Avenue, I-84, the Sandy River and the Union Pacific Railroad tracks. The Plan calls for the use of tax increment financing, which will mean that the property taxes on the growth in assessed value within the urban renewal area are allocated to the city's Urban Renewal Agency, and not to the taxing districts that have levied those taxes.

The rationale for tax increment financing is that without the investments in the area listed in the Plan, the assessed value and resulting property taxes will not grow as well as they could. The Plan deals exclusively with public improvements, including streets and utilities, pedestrian ways, public spaces and a Sandy riverfront park. The investments will support retail, office and housing development that would likely not occur without public support.

The Report accompanying the Plan estimates the property tax revenues that would be foregone by the taxing districts on the entire projected growth in assessed value in the urban renewal area (as opposed to that part of that growth that would be projected to have occurred without urban renewal).

Table 8 of the Report, reproduced below, shows the total projected revenues foregone from FY 2007/2008 through FY 2020/2021, the average revenues per year and the average percent of the taxing district's permanent rate levy that is foregone. The Report anticipates that the tax increment financing of the Plan will continue until FY 2020/2021, and that by FY 2028/2029 the property tax revenues gained by the taxing districts from the urban renewal plan would exceed the revenues foregone. Thereafter all property tax revenues from the urban renewal area would be positive gains in revenue.

Net Present Value of Taxes Foregone	Total	Per Year	Average Percent of Total Permanent Rate Levy
City of Troutdale	2,013,350	154,873	3.02%
Metro	51,655	3,973	0.03%
Multnomah County	2,322,528	178,656	0.07%
Port of Portland	37,484	2,883	0.03%
Mt. Hood Community College	262,925	20,225	0.18%

No revenues foregone are shown for the Reynolds School District or the Multnomah County ESD because those taxing districts receive state funding that is designed to achieve a given level of funding per student, irrespective of the amount of property taxes collected. Note that any local option levies or general obligation bond levies approved by voters after October, 2001 are unaffected by the tax increment financing.

Rates for general obligation bonds approved by voters prior to that time will be slightly higher than otherwise because of the tax increment financing. We estimate that the increase in tax rates for all bonds approved prior to 10/2001 combined will not exceed \$0.035 per \$1,000 of assessed value, and will decline over the course of the tax increment financing of the Plan.

Table 10 of the Report shows the revenues gained from the completion of the urban renewal plan, from FY 2021/2022 through FY 2027/2028. Note that in the latter fiscal year, the gains in property tax revenues exceed the revenues foregone when all figures are converted to present dollars ("net present value").

Net Present Value Gains	
City of Troutdale	2,655,902
Metro	68,140
Multnomah County	3,063,753
Port of Portland	49,447
Mt. Hood Community College	346,836

If you wish to meet to discuss these projected property tax revenue impacts, please let me know. If we receive such requests, we will do our best to schedule a meeting with the City's urban renewal consultant.

The City Council is holding public hearings on the Plan on January 24 and February 14. Any comments, concerns or recommendations that your district submits in writing by 2:00 pm February 13, will be addressed specifically by the City Council in its adopting ordinance.

Sincerely,



Paul Thalhofer,
Mayor

Sincerely,



John Anderson,
City Administrator