



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of Council
THROUGH: Sherilyn Lombos, City Manager
FROM: Jonathan Taylor, Economic Development Manager
DATE: August 9, 2021

SUBJECT:

Public Hearing to Consider a Proposed Ordinance Creating the Southwest and Basalt Creek Development Area Urban Renewal Area and Plan

RECOMMENDATION:

Staff recommends that the City Council hold a public hearing on the proposed ordinance which creates the Southwest and Basalt Creek Development Area Urban Renewal Area and Plan.

EXECUTIVE SUMMARY:

Background:

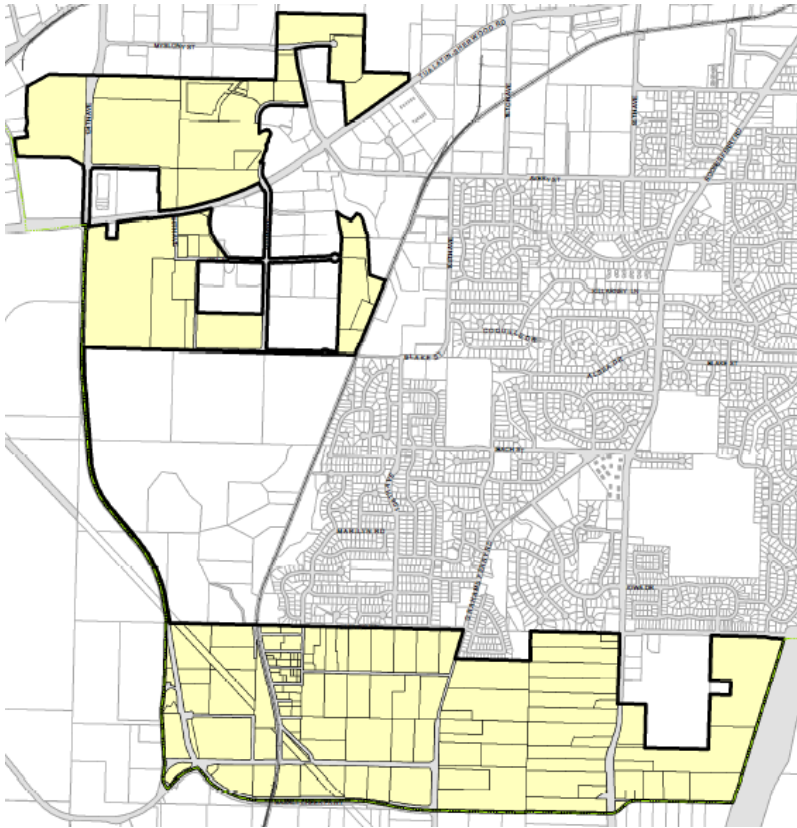
On September 28, 2020, the Tualatin City Council was presented the Proposed Study Area 1 Feasibility Study. The study indicated the total potential tax increment financing (TIF) revenue over a 30-year period is estimated to be between \$28.4 million and \$55.5 million, depending on the future growth in assessed value in the Southwest and Basalt Creek Development Area. Three growth scenarios were analyzed as described in the attached feasibility study. The growth scenarios would support a total maximum indebtedness (i.e., the total principal amount of projects to be funded) between \$24.5 million and \$48.7 million. When accounting for inflation and adjusting the maximum indebtedness to be reported in constant 2020 dollars, the forecast for the true financial capacity of the URA was projected to be between \$13.6 million and \$26.2 million.

The results of the feasibility study have the following key implications:

- Urban renewal could generate significant financial capacity for the Basalt Creek Area and Southwest Industrial Area in the City of Tualatin, including funding for up to \$26.2 million of projects. This funding could pay for significant infrastructure improvements and other high priority economic development projects in this area.
- This financial capacity would not be available immediately, but would build slowly over time. As an example, the soonest the City could adopt an urban renewal plan would be in calendar year 2021, which would result in the Urban Renewal Agency first receiving tax increment revenue in Fiscal Year 2023. Over the first five years of the District (from FY 2023 through FY 2027), annual tax increment revenue is projected to grow to \$400,000. This revenue stream (when combined with financing options, and adjusting for inflation) is projected to support funding for less than \$2 million of projects during this time period. Thus, long-term financial capacity does not necessarily translate into substantial short-term financial capacity.
- Past planning efforts for the Basalt Creek and Southwest Industrial Area have identified key infrastructure projects that are needed in the area. Because of these past planning efforts, there is a clear vision and specific list of projects that could be funded with urban renewal. An urban renewal

plan for the Basalt Creek and Southwest Industrial Area could likely gather sufficient public input through the typical urban renewal planning process, which includes input from an advisory committee.

Proposed Urban Renewal Boundary



Plan Goals

The goals of the Plan represent its basic intents and purposes.

Goal 1: Public Involvement

Implement community involvement practices.

Goal 2: Employment Land Development

Encourage land development that provides high density employment opportunities. Encourage land development in ways that strengthen the local tax base and support Tualatin's employment lands as a major local and regional employment center. Manage land development impacts to the environment and other uses.

Goal 3: Transportation Infrastructure

Maintain and enhance the transportation system to reduce travel times, provide travel-time reliability, provide a functional and smooth transportation system, and promote access and safety for all users. Allow for a variety of alternative transportation choices for residents of and visitors to Tualatin to support a high quality of life and community livability. Support local employment, local businesses, and a prosperous community while recognizing Tualatin's role in the regional economy.

Goal 4: Utility Infrastructure

Provide public services and facilities to meet the present and future needs of the Area.

Goal 5: Developer Assistance and Incentives

Facilitate development and redevelopment on sites in the Area, stimulating growth, providing new employment opportunities and an increased tax base in the Area. Assist in the provision of infrastructure to support the development of additional housing options in the Area.

District 1 Urban Renewal Task Force

District 1 Urban Renewal Task Force (Task Force) was created by Resolution 622-20 by the Tualatin Development Commission tasked with: A. Review the proposed urban renewal plan boundary and make recommendations for size and location of District 1; B. Identify and recommend projects in the proposed area; and C. Review financial analysis and impacts of the proposed district and project.

Task Force members were: Christen Sacco (City Council), Cassandra Ulven (Tualatin Valley Fire and Rescue), Theresa Haskins (Property Owner Representative – Portland General Electric), Grace Lucini (Property Owner), Jilian Felton (Property Owner Representative – Community Partners for Affordable Housing), and Janelle Thompson (Tualatin Planning Commission)

The Task Force met on March 18, 2021 (Meeting 1), April 8, 2021 (Meeting 2), and April 29, 2021 (Meeting 3) via the virtual platform Zoom. Meeting 1 provided an introduction of the Task Force members, staff and consultant; the purpose of the Task Force, the background of the feasibility study; an urban renewal 101, and boundary discussion. Meeting 2 included a boundary discussion update and proposed projects. The boundary update incorporated comments from Community Partners for Affordable Housing. Meeting 3 provided a review of the financial plan and memo. On June 29, 2021, the Urban Renewal Task Force meet for a fourth meeting at the request of Grace Lucini. This meeting was held to officially vote and recommend the proposed projects and boundaries. The task force approved the proposed boundary and projects. Grace Lucini dissent and provided dissenting comments to be included in the minutes.

Agenda and meeting minutes can be referenced at:

<https://www.tualatinoregon.gov/economicdevelopment/proposed-area-1-task-force>

Identified Projects

The identified projects presented in the draft plan for the Basalt and Southwest Development Area were sourced from existing strategic/development plans adopted by the City of Tualatin. The projects are divided into six areas of focus: Transportation, Sewer, Storm Drainage, Developer Assistance and Incentives, Acquisition/Disposition, Administration

Transportation

1. 124th/Future Blake Street Signal
Project Cost: \$656,000
Document Source: Capital Improvement Plan, Transportation System Plan
Design and construct a new traffic signal at the new intersection of the recently-constructed 124th Ave with the future extension of Blake Street along with or after the future Blake Street construction.
2. Tonquin Trail
Project Cost: \$2,343,000
Document Source: Capital Improvement Plan, Basalt Creek Concept Plan, Parks and Recreation Master Plan.

The preferred alignment for the regional Ice Age Tonquin Trail includes a section bordering the Basalt Creek Planning Area as part of a 22-mile trail alignment through Wilsonville, Tualatin, and Sherwood with trail facility types varying by location based upon landscape and setting. The Ice Age Tonquin Trail is intended to connect in the north to the Tualatin River Greenway Trail, Fanno Creek Trail, and the Westside Trail, and to the south to the Willamette River.

3. Blake Street
Project Cost: \$1,500,000
Document Source: Capital Improvement Plan

Preliminary planning and conceptual design and construction of the future Blake Street between 115th Ave and 124th Avenue.

Sewer

1. Tonquin Loop Sewer
Project Cost: \$657,000
Document Source: Capital Improvement Plan, Sewer Master Plan

Most of the sanitary sewer in the Basalt Creek Planning Area will be an 8-inch gravity system installed by developers. The construction timeline of this pipe depends on both the construction of Basalt Creek area pump station #4 and development progress in the western portion of the planning area. Because this project is entirely driven by new development, it is eligible for SDC reimbursement. "Build 2,170 feet of 10 inch sanitary sewer service in the Basalt Creek Planning Area to serve new commercial and residential development."

2. Basalt Creek Gravity Sewer
Project Cost: \$3,838,000
Document Source: Sewer Master Plan

The Basalt Creek Conceptual Plan includes approximately 34,250 feet of 8-inch gravity pipe within the planning area. These projects will be funded by developers, and scheduling will be coordinated with the City and CWS. It is expected that the residential portion of the planning area will develop within the next 10 years, while the commercial and industrial portions may develop in the next 20 years.

3. Basalt Creek Pump Stations and Force Mains
Project Cost: Responsible Agent Clean Water Services (Identified Need)

The conceptual sanitary sewer design for Basalt Creek includes the construction of six new pump stations, each with 6-inch force mains. One pump station is in the Wilsonville portion of the planning area and will be constructed by Wilsonville. CWS will own and operate the five remaining pump stations in the planning area and will also be responsible for construction costs.

4. SW Tualatin Gravity Sewer
Project Cost: \$418,000
Document Source: Sewer Master Plan

The proposed conceptual sewer layout for the Southwest Tualatin Concept Area also includes three 8-inch sewer lines to serve the area. It is expected that all gravity sewer in the planning area will be funded by developers and scheduling will be coordinated with the City and CWS. The southern region of the area is serviced by a proposed gravity line that will drain into the Basalt Creek Pump Station 4. The northeastern portion is serviced by a proposed gravity line that connects to existing sewer along SW Ite Street. The northwestern sewer section connects to existing sewer along SW 124th Avenue, and receives flow from the surrounding area as well as the proposed Southwest Tualatin Pump Station.

Developer Assistance and Incentives

Facilitate development and redevelopment on sites in the Area, stimulating growth and providing new employment opportunities and additional mixed use and commercial growth in the Area.

Small Business Grants

Provide small industrial and office space owners and businesses façade grants to update, modernize existing façade infrastructure.

Acquisition/Disposition

Acquisition/Disposition are allowed in the Plan. Based on sales comparables of notable vacant land, these will be used in accordance with land acquisition to assist with targeted development based on submitted request for proposals. Prior to any property being acquired, it must be identified in the Plan in Section VIII.

Administration

Authorizes expenditures for the administrative costs associated with managing the URA including budgeting and annual reporting, planning and the implementation of projects in the Area.

Removed Projects:

1. Basalt Creek Park
Project Cost: \$19,900,000

Evaluate land opportunities to support recreation needs and protect natural resources for a new neighborhood park in south Tualatin to serve residents and employees. Acquire land and develop park and recreation facilities in future years. This project fulfills four of the Council 2030 Vision initiatives: Connected Informed & Engaged, Vibrant & Accessible Gathering Places, Safe, Desirable & Welcoming Neighborhoods, and Environmentally Active & Responsible.

Reason for Removal: Based on the statements and recommendations from overlapping taxing districts, this project commits forgone tax increment revenue to non-tax increment increasing efforts.

Citizen Proposed Projects:

1. Stormwater Management Plan

This project was proposed by Grace Lucini at Task Force Meeting #2 on April 8, 2021. City Staff does not recommend this project at this time based on the City of Tualatin Community Development Department budgeting \$100,000 for FY 2021/2022.

2. Goal 5 Inventory

This project was proposed by Grace Lucini at Task Force Meeting #2. This project is described as creating a natural resource inventory based on the State of Oregon Planning Goal 5. This is an eligible project for tax increment revenue financing. The Tualatin Development Commission must follow all land use efforts and regulations set forth by the Tualatin City Council and cannot supersede with its own efforts. If the City Council wishes for the Tualatin Development Commission to assume this project, clear direction must be given.

Virtual Open House

A virtual, self-guided open house for interested individuals was available during the month of July. This open house will provide stations to learn about the urban renewal efforts in the proposed area and to provide opportunities for public input and comments. The virtual open house will be located on the City of Tualatin's Urban Renewal Page.

Conformance to the Tualatin Development Code and the Tualatin Comprehensive Plan

On June 28, 2021 the Tualatin Development Commission adopted Resolution 628-21 to commence the formal review process and forwarded the proposed urban renewal plan to the Tualatin Planning Commission to determine conformance with the Tualatin Development Code and the Tualatin Comprehensive Plan. On July

15, 2021, the Tualatin Planning Commission approved by motion that the proposed Southwest and Basalt Creek Development Area Plan is in conformance.

Washington County Board of Commissioners

Due to the inclusion of unincorporated areas in to the proposed Plan, the Washington County Board of Commissioners must approve by resolution the proposed plan. On August 3, 2021, City Staff and Consultant presented to the Commissioners during a regularly schedule work session. On August 17, 2021, the Commissioners will consider a resolution for adoption. Noted changes requested by the Commissioners will be forwarded to the Tualatin City Council for consideration on August 23, 2021 during the consideration of adoption of the proposed Plan.

Formal Review Process

At the time of this staff report, no overlapping taxing districts have submitted proposed comments or changes to the proposed urban renewal plan. The consult and confer period ends on August 14, 2021. If comments or changes are requested, those proposed changes or comments will be forwarded to the Tualatin City Council for consideration on August 23, 2021 during the consideration of adoption of the proposed plan.

PUBLIC NOTICE

As required by ORS 457, the City of Tualatin has noticed this plan by mailing notices to all utility customers of the City of Tualatin and mailed public notices to all property owners in unincorporated areas. In addition, the City of Tualatin noticed the public hearing in the Tigard-Tualatin Times.

OUTCOMES OF DECISION:

Upon the completion of the public hearing, the proposed ordinance and draft plan will advance to consideration for adoption on August 23, 2021.

ALTERNATIVES TO RECOMMENDATION:

None.

FINANCIAL IMPLICATIONS:

None

ATTACHMENTS:

- Proposed Ordinance
- Draft - Southwest and Basalt Creek Development Area Plan
- Draft - Report Accompanying the Southwest and Basalt Creek Development Area Plan
- Power Point