



DATE: November 27, 2019  
TO: Columbia County Development Agency, Board of Directors  
FROM: Nick Popenuk  
SUBJECT: UPDATED TAX INCREMENT FINANCE PROJECTIONS, FYE 2020

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Each year, Tiberius Solutions reviews updated tax roll data from the Columbia County Assessor regarding property values and tax increment finance (TIF) revenue for the Port Westward Urban Renewal Area (URA). We compare the actual numbers against the prior year forecast, and then make updated projections for future years that feed into the short-term budget process and long-term financial plans for the Columbia County Development Agency (Agency). This memorandum summarizes the key findings from the FYE 2020 updated TIF forecast.

## Comparison to Prior Year Forecast

Data from the Columbia County Assessor's Office shows that the Assessor will impose \$3,542,718 in gross TIF for the Port Westward URA for fiscal year ending (FYE) 2020. After accounting for discounts, delinquencies, rate truncation, and collection of prior-year delinquencies, we anticipate net TIF revenue received by the URA for FYE 2020 will be \$3,278,683. This is estimated to be 10% more than net TIF revenue in FYE 2019 (\$3,068,549).<sup>1</sup>

The increase in TIF revenue in FYE 2020 is driven by an increase in assessed value in the area. Total assessed value increased from \$408.6 million in FYE 2019 to \$436.6 million in FYE 2020. This is an increase of \$28.0 million, or 6.8%. Our prior year forecast estimated that assessed value in the area would experience a minor decrease of \$700,000 (-0.2%).

The larger than expected TIF revenue this year was primarily due to one utility account for PGE which increased in assessed value from \$334.0 to \$363.7 million, an increase of \$29.1 million or 8.9%. This single account represents 83% of the total taxable value of the URA, and therefore has an outsized impact on annual changes in TIF revenue. Note that this account excludes PGE value for the most recently built power plant at Port Westward which is receiving Strategic Investment Program (SIP) tax abatement benefits.

This is the second year in a row that PGE property in the area has experienced significant increases in assessed value. However, the value of individual utility accounts is notoriously volatile. Historically, this specific utility account experienced no net change in value from FYE 2012 to FYE 2018. Thus, despite the significant increase in value over the past two years, we do not anticipate sustained growth in value in future years.

The most valuable real property account in the area is owned by Columbia Pacific Biorefinery, with an assessed value of \$29.0 million in FYE 2020. This account experienced a decrease in value of \$3.5 million from FYE 2019, equal to -10.7%. This is the sixth consecutive year that the account has depreciated in value, and we anticipate this pattern of depreciation will continue in future years.

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<sup>1</sup> Note: Net TIF revenue for FYE 2019 is based on prior year forecast. This will be updated with actuals when the FYE 2019 audit is completed.

Most other property accounts in the URA experienced little change in value, with the majority of properties experiencing modest depreciation from FYE 2019 to FYE 2020.

## **Updated Financial Projections for FYE 2021 and Beyond**

The future forecast of TIF revenues for the URA is based on individual growth rate assumptions for each tax account in the area, informed by the historical trends for each tax account. Despite the strong growth experienced by the URA in FYE 2020, the long-term trends still suggest more conservative assumptions are appropriate going forward. In the aggregate, our updated forecast calls for a slow decline in assessed value in the area, at an average annual rate of -0.1% per year from FYE 2020 to FYE 2030.

The decline in TIF revenues is exacerbated somewhat by the scheduled expiration of a Clatskanie School District GO Bond in FYE in FYE 2021, which will reduce the consolidated tax rate of the URA by approximately 9%.

Next year, in FYE 2021, we forecast that the URA will be eligible to impose \$3.5 million in gross TIF revenue. However, per the outcome of ongoing negotiations with the Port of Columbia County, the Agency may choose to underlevy TIF revenue at an amount significantly less than the maximum allowed.

Alternatively, the Agency may choose to make early payments on the outstanding water and rail loans. Based on the updated forecast, it appears that the Agency will have sufficient resources to fully pay off both loans in FYE 2021, if the Agency chooses to do so. This means that FYE 2021 could be the final year for the Agency to collect TIF. However, this depends on successful negotiation of a reimbursement agreement with the Port, and policy choices by the Agency, regarding any further use of remaining maximum indebtedness for additional projects.