

MINUTES

**City of Newport City Council and Planning Commission
Joint Work Session
Newport City Hall Conference Room A
January 12, 2015
12:00 noon**

City Council Members Present: Mayor Sandra Roumagoux, Laura Swanson, Ralph Busby, Dean Sawyer, Wendy Engler, and David Allen.

City Council Members Absent: Mark Saelens.

Planning Commissioners Present: Jim Patrick, Rod Croteau, Bill Branigan, Lee Hardy, Bob Berman, Mike Franklin, and Gary East.

PC Citizens Advisory Committee Members Absent: Suzanne Dalton and Dustin Capri.

City Staff Present: City Manager Spencer Nebel, Community Development Director (CDD) Derrick Tokos, City Recorder Peggy Hawker, City Attorney Steve Rich, and Executive Assistant Wanda Haney.

Chair Patrick called the Planning Commission work session to order at 12:00 noon noting that the agenda item was to discuss the process for the possible formation of a North Side Urban Renewal District. He turned the meeting over to CDD Tokos, who asked if first City Manager Nebel wanted to make a few comments.

Nebel noted that we have had a preliminary study as well as a number of discussions about creating a new Urban Renewal District for the north side of Newport. Through the course of several discussions, Nebel and Tokos have met with the various taxing districts to brief them on the potential new Urban Renewal District. He said that basically Tokos in his memo has outlined the process and various questions that need to be responded to or at least discussed as part of our discussion today outlining how we should be proceeding with this issue. There's also discussion as part of the list from an organizational standpoint about how we should lay this out. Should we continue as we have with the City Council serving as the Urban Renewal District? Should we create a new Urban Renewal District Board? If we have the City Council continue to be Urban Renewal, should there be a group that's appointed to work with the Council going forward and the Planning Commission on the various aspects of this plan. There are some organizational questions that we will get into as well. He thought our hope at the end of today's work session is to share some ideas, thoughts, and concerns about these various issues and get some direction on how we are going to proceed next with this issue. Nebel turned the meeting back to Tokos to work through the issues he had listed and then open it up for general discussion.

A. Unfinished Business.

1. Discussion regarding the public process for the possible formation of a North Side Urban Renewal District.

Analysis & outreach conducted to date: Tokos said that he would begin by working off his memorandum of January 9th that he put together as kind of a list of discussion topics. He said that in many respects Nebel had done a really nice job of covering the first part in terms of review of the feasibility study. The City spent some time and resources to do a feasibility study to determine if it's viable for the City to form a new district north of the bridge. The City Council and the Planning Commission have been heavily involved in that both in the review of the analysis as it was performed and identification of potential projects so that we could actually start to frame what it might look like so we could see if it was financially feasible. Three different scenarios were produced, and the maps showing each are included in the packet. All three are viable. He said it's more incumbent upon the City Council to make a decision and probably provide some sidebars should you decide to move forward with an Urban Renewal District for a task force to then begin to refine it. Tokos said, as Nebel had noted, he and Nebel met with each of the affected taxing entities; which were generally supportive, but each one had their own angle to it. Lincoln County School District recognizes that they are actually held financially harmless as a result of this because of the way they are funded, which is from the State based on enrollment. They still had some thoughts. Their primary thought was kind of a minor change. They would like to see the school district's properties by the fairgrounds included so that some solution to Eads could potentially be out there since that's been an ongoing issue with it cutting through their campus. Swanson asked what other taxing entities Nebel and Tokos had met with. Tokos said they met with the County, which picks up a few other taxing entities; not only the general county, but also transportation, and also the animal shelter. They met with the Port of Newport, the Hospital District, and the Community College. They offered to meet with the Linn Benton/Lincoln broader education district; but after reviewing the proposal, they indicated that they didn't need to meet with us. Tokos said he believes they covered all of those on the list that are the affected taxing entities. Each one wanted to know what the near-term impact was going to be to them; and they would like an opportunity to weigh in on that. He thought that, if you elect to move forward, it's going to be important to have a point

of time that's structured where they can actually provide formal comment because that will get them motivated to get that information into the record and help inform you as policymakers.

Updated tables showing impacts to taxing districts. Tokos said he tried to work with Nebel and ECONorthwest to reframe the information in a couple of different ways so it's really clear to all taxing entities; the City included because it's the one that gets hit the most. He wanted to frame the information to be very clear in terms of likely impacts. He said in the packet are a number of tables we have. He noted that the first one he will look at is the "Impact to Taxing Districts." You have the small option, the mid option, and the large option; which show the impact in terms of the taxes that otherwise would have been collected and available for general fund purposes that are redirected to Urban Renewal; the impact on an annual basis from forming a new district. What is on the back of each of these pages is a new table showing in terms of percentages the impact to the total tax revenue to these districts. That is South Beach, which is already in effect, plus the formation of a new North Side District. That's just another way of framing it so they can see the impact. He has included two examples in the packet, but he has done that for each of the taxing entities. They went ahead and did tax revenue projections for each of the taxing entities and discounted it. The table in Example 1 is Lincoln County. It projects out at that 4.5% growth rate. We have our 3%, which is what you would typically get in normal annual increases in assessed value of what you have on the ground, and the extra 1.5% has to do with new development which wouldn't be on the books in previous years. That's the same 4.5% assumption that was done in the feasibility study. You've escalated your assumed assessed value and then discounted it by 7%, which assumes a 93% collection rate. That remainder actually does come in; but at a later date. Generally on any given year we assume 93% is what is available for actual use because the rest of those taxes will come in at a later date. Then you see the small, medium, and large scenarios depicted against that. Tokos was looking at the small, but they're all structured the same. It shows the revenue before Urban Renewal, what you're currently redirecting to the South Beach District, then what would be redirected to a new Urban Renewal District, and the total of that, and what's left is your revenue after Urban Renewal, which is what you would have available for general fund purposes, and then the percent difference. For the County, it's relatively small because their taxing boundary is the entire county so it's relatively small impact to their overall tax base. Whereas, with the City of Newport, which is example 2, it's significantly higher because our geographic boundary is smaller so this proportionately is a larger piece of our tax base. But, it's the same format. He thinks it lays it out very explicitly for each of the taxing entities.

Tokos said he was looking for feedback of whether this does enough. Is there other information we haven't either collected or displayed that would help you or the taxing entities make that decision whether or not to proceed. Busby thought that this information is great, and it's laid out very well. It answers his questions. But he also thinks we need to look at it from the bigger picture and something the public would want to understand. He said Urban Renewal on the surface for a city like us is a good thing because basically we're getting \$3 or something for every dollar we are putting into it. His concern is the bigger concern of can we afford that dollar; can we afford to do this. If you go back and look at our budgets for the last couple of years, we are actually budgeting more than we are taking in already in the overall budget. It looks like that trend will continue unless we make some changes. Our expenses are going up faster than our revenues are increasing. That being the case, this 10-15% withdrawal from the general fund that we're going to be putting in Urban Renewal takes away from potential services that may have to be cut as a result of increasing costs down the road. He recognizes that is very hard to project; but when you look at taking \$3-\$5 hundred thousand out of the city budget to go toward Urban Renewal, that's three to five policemen we wouldn't have or a fire truck we don't get or something like that. He thinks it would be useful if we had some kind of analysis of how we will be able to afford this. He recognizes that as the potential North Side Urban Renewal increases the old South Beach Urban Renewal declines, so in effect it's not a huge change percentage-wise in the amount of money we're taking away from the budget; but nevertheless with increasing expenses and not quite as fast increases in revenue, we have a potential problem unless we cut something down the road. He thinks we ought to address that in this process. Allen said to balance that, even though the property tax will be diverted from the general fund, if you create an Urban Renewal District you have the ability over time to do infrastructure projects which would offset the impact to the water and sewer funds. Busby said that's part of the analysis. Allen said you have to look at it as each fund in the city budget will be impacted differently. The general fund will be impacted negatively; the water and sewer and other infrastructure funds will have a lessening impact in the city budget because Urban Renewal can potentially take up the slack. Busby said he thought of that, and that would be part of the analysis. But, you say you're taking away 15%, but maybe not really; maybe you're only taking away 10% because it's going to projects you're going to do anyway under another account so to speak. He thinks that information ought to be available before we make that decision. He realizes that requires a lot of conjecture; but it's something that needs to be looked at. Allen said if a new district is put in place and the actual plan and the different projects are going to be proposed, we have to look at what are those projects that are being proposed, what impact will those projects have on the city budget meaning will Urban Renewal pay for the majority of those projects and lessen the impact. So a lot of it will have to do with what are the projects that will be delineated. If you don't have the projects delineated, it's going to be less likely to be able to project the impact on the budget; especially to the water and sewer funds.

Patrick said on the information side, maybe we need one with the same setup but without the Urban Renewal District so we can see what it looks like if we don't do anything. Nebel said if you go further back into the packet; there are examples set up assuming increases in revenue. He said, looking in the City medium scenario #2, the first column is the revenue before Urban Renewal. Taking a look at that, column 2 is the commitment we already have for South Beach Urban Renewal that runs through

2027. He said that regardless of what decision we make on the north side, that's something that is going to happen. Patrick said he can't tell what the existing percentages are. Or show it by South Beach just by itself; so where we're at right now. You can't really tell the increase. Nebel said that's a good idea. You can extrapolate that, but it doesn't really show it. Tokos said these are great points, but asked if there's other information on the data itself that you think we need to pull together to help for you to make a decision. Allen said on the large option, it includes a lot of Agate Beach. He asked if any of that is outside the city limits. Tokos said all three options are limited to properties that are already inside the city limits. Allen said if they were outside, we would need the County's buy-in; now we only need to consult with them. Tokos confirmed that was correct.

Tokos said that one thing that's been asked was the issue of if we do nothing, will we realize that kind of growth because a lot of these projects are intended to catalyze growth and economic revitalization of our community. If we don't have enough money, are we going to have enough if we do nothing? One thing with Urban Renewal is to catalyze that growth; it does increase the likelihood that our tax base is going to grow at a more robust level that will then support the costs. He said that's a tougher one to get our arms around. Busby agreed, but said you have the midpoint between three and ten years from now where you may have problems because that's before you will recognize the advantages of it. Patrick said another thing that would help is to get this same format with the district in Nye Beach and the history today in South Beach. Particularly in Nye Beach, showing the history of what we spent and what we realized in the end; because, if you're trying to justify this, it helps to show people previous examples of what we did do.

Berman had a question about the revenue before Urban Renewal on the impact sheets. He said it's unclear what assumptions are being made for increased property tax values and assessed evaluations from the Urban Renewal District as opposed to just normal 3% growth. In other words, we were talking about showing one with no new Urban Renewal District; so if you don't have a new District, how much would "before Urban Renewal" change based on increased property values as a result of Urban Renewal. Nebel didn't think this is that sophisticated. This column is just showing an assumption of 4.5% growth, which is kind of a historic number; it's not trying to measure the impact Urban Renewal would have on increasing or decreasing. This is just a fixed 4.5%. Berman said and that's based on history. He said so realistically then, if we did both, this number is going to go up. Nebel said that is the point Busby is making. We think it should. Projecting that becomes an artistic task. Tokos thought almost a better way is to look at the projects in sum and make a policy judgment as to whether those are quality projects that are in the best interest for this community to pursue. He said we are basically taking a portion of general fund money to invest in infrastructure, which is not that uncommon; but Urban Renewal just happens to be the tool for that. Infrastructure is part of it; but there are also strategic site investments, loans for business façade improvements. He thinks there are a lot of ways you can go with it; but almost a better way is looking at a package of projects and make a policy judgment if those are important projects for the community and if the benefit to the community is enough over the long-term that they warrant this kind of investment. He said he wished he could give a more definitive input. Croteau said we can all look at the numbers and make recommendations based on that; but when it comes to the public, they want to know what kind of projects you are talking about. If you talk revitalization of downtown or traffic issues, they will say yes we need some fixes.

Engler noted that the fairgrounds redevelopment is listed on the projects list. She asked how much the City is going to participate in that. She thought the fairgrounds is a County property. Tokos said it is a County property. He said the figures here are such that they would support things like improving the access at 20th and Harney and widening Harney so there is better access to that property. Basically the infrastructure improvements that would be needed to make that facility enhancement that the County envisions to be viable. The County is still reworking exactly what they want to do. What this shows is that there would be a significant amount of infrastructure work needed to support any kind of meaningful redevelopment; and Urban Renewal would be an important player there. Busby said that was good to know because he had the same question because he didn't know the intention there.

Allen said he had a question policy-wise. We had a north side district for so many years; it closed four to five years ago. The projects that were done were centered around Nye Beach. He noted that a lot of your options include that same area. Agate Beach wasn't included. He thought out of fairness, if we create a new district, we really need to look at areas that were not included in the initial district that was in existence all those years and make sure to cover areas that were not included before. He wasn't saying we shouldn't include some of the older areas; but he thought that at least out of fairness, we should at least look at those. Agate Beach was the area that he was thinking about. Tokos said outside of that, the areas in these scenarios would be the corridor strip for 101 from 20 north and the 20 corridor that weren't really part of that original district. Allen said part of 20 was if you consider some of the properties east of 101 for three blocks; the Recreation Center and everything else. Tokos said he was talking about Highway 20 more in the vicinity of Moore Drive and those areas. Allen said but if you go down to the Bay Front, the Embarcadero and all of those areas were part of it. He said generally though north of Fred Meyer was excluded totally; and if you look at the Highway 20 corridor, some pieces were included in the previous district. He said it just depends on how you want to look at it from a fairness standpoint.

Engler said that she noticed that the couplet right-of-way improvements are the biggest ticket item here. She asked if that's a must-do item; or is that something that's going to be looked at as part of an overall plan. Tokos said it would be the latter. He wanted to provide context for the group about the projects and what they mean at this point and what they would mean moving

forward. He said that the project list was developed between staff and the Planning Commission largely drawing from the various plans that were developed with pretty significant public outreach at different points in time. The couplet is part of the Transportation System Plan with the initial concept of it being either on 7th or 9th. He said these projects aren't set in stone. He would expect that there would be refinements and adjustments should you move forward and form a task force to do that kind of work on the projects list. What is important is that at the end of the day what's in that projects list has to be something that the Planning Commission and the City Council can find to be consistent with our Comprehensive Plan. If we start pulling in some things that have no relationship to our existing economic development policies, which we've done a lot of public outreach to develop, or our transportation, or our water system; then we have issues. That is the box we have to work within. He said with the couplet it is the potential biggest project; but it's also the biggest gain in terms of tax revenue. At the end of the day, is it the best interest in the City Center; it may or may not be. The way he would envision this is, if it ends up in the Plan, you can always scale it down easier than you can expand an Urban Renewal Plan once it's been started. He would envision in a phasing plan, your initial phase would have funds reserved for refinement plan for the City Center where we could do tangible public engagement and sort whether or not the couplet is going to work or not; and if not what the alternative solution is that is going to revitalize the area. That would be Phase 1. He said with Coho/Brant for example, you get some pretty tangible public involvement when you do a refinement plan and have money behind it, and people believe that something is going to happen as a result of that planning effort. He said that these projects right now are at the feasibility study stage. If you elect to move forward, they would be refined into an actual plan. But then again, they are a framework. As that plan moves forward we would expect that they would be refined, just as you refined the South Beach Plan with various amendments, as opportunities come up and you can provide further definition about a project. Allen asked if what Tokos was saying was if the plan has certain projects in it, as you move forward it's easier to revise those projects rather than adding on new ones. That's a more formal process. Tokos confirmed that. Allen said if you feel something might be a potential, put it in the plan but phase it out over time so you have steps along the way of whether to continue it or not. Tokos said exactly.

Engler said that Patrick had mentioned Nye Beach. She noted that all of the Urban Renewal planning that was done came out of the Glick Plan. So they had a really sturdy plan even though they didn't stick to it the whole time. That big streetscaping plan is from that. So, she thinks it's important to have a plan. Allen agreed that a lot of the components of the Glick Plan were put into the Urban Renewal Plan; it was used to create the Urban Renewal Plan.

Nebel noted that we have had discussion on some of the preliminary projects and asked if Tokos wanted to talk about that. Tokos said he would run through the projects. He said that looking at the potential projects list, there are the three different options. The largest would include Agate Beach. There you have some funds that would be reserved for Phase 1 work, which would be a refinement plan. That would be engagement to fine-tune exactly what types of projects are needed in the Agate Beach area and to what scale. From that kind of planning effort, he would imagine an amendment would come through to further define what some of these other categories are. So the Agate Beach improvements to existing local streets, which calls for about a million dollars, through a refinement plan would then get rather specific; such as this kind of street at this location of this nature. He said if you're familiar with how we did it with Coho/Brant, that's kind of how it would play out; you'd have those more detailed projects and then come back and do an amendment. It has funds reserved for storm drainage improvements, improvements at intersection points with 101, and then we have a significant waterline upgrade that's in our Facilities Plan, which is needed to facilitate further growth in that area, that is included as well. Under public buildings there's a contribution toward fairgrounds redevelopment at \$3 million. You see a total cost of \$9 million. You will see total costs far exceeding Urban Renewal contributions as you go down the list; those are estimates as to where other funds would be coming from for the project. With the fairgrounds for example, much of that would be coming from the County. A public safety building is in the small and large options and would be partially funded by Urban Renewal and partly from other sources. Berman asked if it would be worthwhile to have this list annotated somehow with where the rest of the money is coming from; the difference. List potential sources where that money may come from when there's such a big difference like that; he's sure that difference jumps out. Tokos said you could. Berman thought that it seems that an explanation of some of the potential sources for that difference would be useful. Allen asked why the public safety building was left out of the mid option. Tokos said for one, there was some discussion as to whether or not that is the best type of investment to land in Urban Renewal. Then there was some desire to have the feasibility study show some mixing and matching to give some variety in options and numbers. He said, as you can see, the mid option has the lowest total maximum level indebtedness. It was designed to show what happens if you have lower maximum debt level, a larger boundary; and it shows that you are able to ramp up and close down sooner. Allen said so the decision by the feasibility study for the mid option was if the debt is less and the boundary is larger, let's just remove the public safety building instead of something else. Tokos thought it was a decision to pull that out in order to reduce the maximum level of debt and focus more on infrastructure and economic development and revitalization projects. Allen thought that needs to be further clarified because that seems like a big omission. He said you may want to at least note why it's not included in the mid option so in case people are interested in the mid option, you have a choice to put it back in there and just reduce the amount of something else. He said this is just a feasibility study, not policy choice; and he doesn't want to have this feasibility study starting to set policy. Nebel thought that's a good point to make. How you mix and match these is something that will be coming down with the planning process formally. This is really more for illustration purposes, but it also does give you the flavor of what kind of project can be included. Allen said it was the omission that caught his attention.

Continuing through the projects list, Tokos noted that under transportation system enhancements, downtown revitalization and couplet refinement plan was included. Then there's the couplet itself; for which half would come from the State (\$12.5 million) because this is the state highway system, and \$12.5 from Urban Renewal for \$25 million in total. There are intersection realignments that are in our Transportation Plan; for example the dogleg at 6th and 101 which is a major issue. These are existing projects that have already been identified in our Transportation System Plan as important things to do to help revitalize and encourage redevelopment. There are funds for parking improvements that could potentially go for things like partnering with the hospital for example as part of their expansion plans. There's right-of-way acquisition because you have to have some money reserved for that. Similarly with the signal installations or adjustments. We have a number of those within the district. Economic development projects include a range of things like billboard removal, site preparation for reuse, and that would be partnering with businesses for positioning their property on 101 for redevelopment by helping them deal with demolition of older dilapidated structures and things like that. He would expect strings would be attached to anything like this. A program would have to be put in place to actually make it happen. Other line items like storefront façade loans and grants, strategic site acquisition, street trees, landscape island enhancements, way finding improvements, and utility undergrounding are all viable types of projects that would be typical and common in an Urban Renewal District for revitalizing an area. Tokos said at the end of the day, this list provides the framework for moving forward. Should you elect to proceed, an actual plan with specific projects and phasing would have to be put together. You can expect that this will change and morph somewhat. Roumagoux asked, under economic development on the site preparation for reuse, what would be required for demolition. Tokos said this could be set up so these are funds available to assist private developers and property owners. As part of the Economic Development Agency with an economic opportunity analysis and a group of business owners and other stakeholders, there was general recognition that we have a lot of underdeveloped properties on US 101 and US 20 corridors; properties with bad configurations that are difficult to develop, properties with existing improvements that are in bad shape and difficult for the owner to deal with. A program would be set up where if they are willing to do certain things that if you as the Agency felt confident would help revitalize our community, then you would make funds available to them to assist them in say aggregating multiple properties so that they can more effectively be redeveloped or assist them with issues of dealing with old buildings with asbestos issues and things like that where they as the individual property owner right now would like to do something but they're not in a financial position where they can do it all by themselves. That's the concept.

Allen asked what the length of time was for this new district. Tokos said that varies by option. The mid option for example ramps up the quickest and shuts down the quickest. The small and large will take a little longer. With these options, you are talking about initial increment coming off in 2016; probably able to do the first meaningful project between 2018 or 2020; and the close down on these various options varies but are somewhere in the 2040s. The large scenario is in 2044, the small in 2041, and the mid in 2036. For the feasibility study, we set this up to show the different scenarios and how they would play out. The mid option with the smallest maximum level of debt closes quickest. The small has a smaller geographic area but a heavier maximum debt level, which means it closes down over a longer period. The large has a larger project load and also a larger debt level and a larger geographic area. You have those three scenarios to see because at the end of the day if you elect to move forward, it's going to be important that you set some parameters for the task force when putting together the plan. One of the key pieces is that you would like to see a maximum debt level in this range. That gives them a working parameter to not keep loading projects. Similarly with the geographic boundary, they need some guidance on which option you prefer or some variation of those. Allen asked if there is any reference in the statute as far as how the jurisdiction handles the task force, or does it leave it open. Tokos said it's open-ended. Allen said he's talking about a task force in creating a plan as opposed to advising on the management of the plan. Nebel said those processes are something we want to talk about before the meeting breaks up. Allen said what he brought up at the Council meeting in November was for a task force that would advise the Urban Renewal Agency over the next twenty years as projects come forward. Here he's talking about a task force to help in creating the plan, which is a separate issue. Is there anything in the statutes with respect to that? Tokos said no. That's something he was hoping through this meeting we could get; parameters or some guidance as to what the general make-up should be or types of representation you would like to see in a task force if you elect to move forward.

Berman said as he recalled, the cutoff point is if the total cost exceeds \$50 million. Tokos said at \$50 million you have to have the consent from the affected taxing entities; they would have to say yes. Under \$50 thousand, you don't; you just have to consult them. Berman said the Armory could be affected and asked if Tokos had contacted them. Tokos said he hadn't talked to the Oregon Military Department. Roumagoux said maybe we should consider having a representative from the Armory on the task force. Allen said the idea of creating a task force to help develop the plan is something that came out of Tokos' and Nebel's discussion; and he's not really sure how that would work. The one Allen was more focused on back in November was once we have a plan, what do we want to use as an advisory committee if at all. He noted that there used to be a Newport Urban Renewal Advisory Committee for about three years after the Council took over Urban Renewal, but then that was disbanded. He wondered if we should reenact an advisory committee to advise us on Urban Renewal similar to the Planning Commission's citizen advisory committee. That's something he was hoping to hear about from the Planning Commission. Croteau said that he liked the idea of continuity in something like this. He said this is a long-term plan; and you need a committee to look at this over the long haul. He said he is all for it. Allen agreed that more eyes are always good.

Tokos said now that we've covered the projects, he was hoping we could cover the key components of the Urban Renewal Plan briefly and then he has the schedule of steps that would be involved in actually putting the plan together. That is where we can talk a little bit more about the task force make-up that you would want to see in assisting in the development of the plan. Then we have the other conversation about whether to have an advisory committee on an on-going basis. Allen said the issue about whether the City Council should continue as the Urban Renewal Agency or not is something staff brought to your attention. That was never anything that the Council discussed in November. In fact, when the change was made from the Newport Development Commission, which was the old Urban Renewal Agency, and the City Council took over in 2007, there was a lot of discussion to transfer that back to the Council. But, staff wanted to bring it to your attention as an option even though the Council never even discussed it in November. He doesn't think it was on anybody's radar. He was thinking more of an advisory committee to the Council as an Urban Renewal Agency; not the Council basically handing the Urban Renewal Agency back over to something like the Development Commission. He said it's good to bring it up, but he doesn't think there was any discussion about whether we need to do that or not. Nebel said there has not been any consensus on any of these things; we've just had various discussions about it. He said part of the role of this meeting is to put these on the table and see collectively where we might want to go.

Overview of key components of an Urban Renewal Plan. Tokos said that he put together the key components out of the statute that have to be in an Urban Renewal Plan; and these were listed in his memorandum. One thing is that you have to have a specific boundary that has to be described by legal description. It doesn't necessarily have to be contiguous; that is okay. There will have to be some explanation of the physical, social, and economic conditions in this area that warrant the creation of an Urban Renewal District; underdeveloped streets, excessive parcelization, low improvement to land value. He said that we have a fair amount of information of record in our various plans that we can use to back that up; but we will have to explain what the conditions are that warrant it. We will have to describe how our projects listed will address that. If you create a plan, up front we will spend a fair amount of time explaining about what the issues are before we walk into what the projects will be. Digging a little bit more into what the conditions are is going to be part of putting a plan together. Then there would be a description of each of the projects that are to be undertaken; and this would be in a phasing plan. We would be using tax increment financing to fund it. There will be Phase 1, Phase 2, and Phase 3; much like in the South Beach plan. It's not limited to three phases, it could be two or four; whatever makes sense. Berman asked if that second sentence means that the City would be increasing staff. Tokos said, yes, we would be reserving funds for staffing. We would have to adequately staff an Urban Renewal program. He said, if you've seen Urban Renewal programs statewide, what you see is Urban Renewal funds for the administration of it and being able to implement it. Berman said so you would need one or more additional employee. Allen noted that what has happened in the past, if a staff member is used for Urban Renewal, sometimes the Urban Renewal District budget actually compensates the general fund or where that person actually comes out of. Berman said that's reasonable. He was just asking if you envision having to hire additionally for an Urban Renewal Agency of this magnitude. Nebel said we would add some sort of staffing level that's higher than where we are at right now. Patrick noted that Tokos is without an assistant planner right now. If things keep ramping up, he will need it. Allen asked then if you need additional staff, some of that compensation for staff could come out of the Urban Renewal budget. Tokos said yes absolutely, it would be coming out of Urban Renewal because that is what that person would be doing. He said if you look at districts elsewhere like Lincoln City or Coos Bay that is how it is done; your staff resources that you apply toward it are paid out of the Urban Renewal program. Allen said his recommendation is, if you're talking about impacts on the City budget, you may want to put a component in there if Urban Renewal is put into place and additional staffing is needed that Urban Renewal could help pick up the slack so you show lessening impacts somewhere else in the budget; so we're showing those offsetting impacts for the public. Tokos said that's a great point.

Tokos continued that by statute the phasing plan has to have estimated project completion dates. They recognize that they're estimates. Maximum level of indebtedness is a key item that has to be in there. He explained that is the maximum funds that the district can borrow for project purposes and doesn't include costs associated with debt retirement. So, interest on your bonds doesn't count in that total. It is the maximum amount you can actually spend for projects. Tokos said that the breakdown on ad valorem taxes and how it's going to be divided and how it's going to impact the various tax entities has to be in the plan itself. He noted that item "f" is very important, and you have a lot of options here. It talks about the types of future changes to the plan and the process you want to go through to make those changes. A substantial amendment is one that has to go through the same process as you use for putting the plan in place in the first place; you're talking about formal public hearings before the Planning Commission and the City Council and findings of consistency with the Comprehensive Plan. By statute the two things that land you in this are if you increase the maximum level of indebtedness or increase the boundary of the district by more than 1%, it constitutes a substantial amendment. He said that you can call other things substantial amendments if you want to. How you structure that in your plan is something that is going to govern you as you move forward. So, that is something to think about. An example of that would be that you can make it such that anytime you make a change to a listed project or if you change certain projects, you have to go through a substantial amendment. Or maybe you call out that for site acquisition, you want that category to go through substantial amendment or if it's over a certain dollar amount because you want that higher level of public involvement. He said you have a policy choice here that we can draft into the plan. He thinks it's an important conversation, should you decide to move forward, that the task force should have and then the Planning Commission and City Council can ultimately decide how that should be set up. Allen had a procedure question. He noted that Tokos talked about the City Council and wondered if he was talking about the City Council acting as the Urban Renewal Agency, which would be a different entity so to speak. He said that right now when we do a substantial amendment or anything both the Urban Renewal Agency and the

City Council have to sign off on it. He's wondering in doing these hearings, do we have to at least realize that when the City Council is meeting for these hearings it is as the Urban Renewal Agency. Tokos said that is a good point. We want to be clear that for forming the district, it is the City Council. He's pretty confident that is the way the statute reads. Then for every substantial amendment after that, it is the Urban Renewal Agency. Allen said Tokos should check that out because that will change how we notice and everything else. Tokos agreed. He said there are some smaller things in the statute to include in the plan; but those are the big ones to keep in mind that would be part of the plan itself.

Process for adopting the Urban Renewal Plan. Tokos noted that the blue sheet in the packet is a potential schedule he put together. He said that we have the meeting here to review the progress and discuss parameters of moving forward. March 2nd is plugged in as a meeting date to initiate an Urban Renewal District. That provides a formal opportunity for the affected taxing entities to weigh in. Tokos said if everyone is comfortable with this schedule in moving forward, what he would do is take this information that we've developed and look to enhance it with information he has received from the group and get that out to the taxing entities. That lets them know that we had conversations with them and now are getting more serious, and the Council is setting a date to consider formally initiating a process for moving forward. It lets them know that it's an opportunity for them to weigh in and provide feedback of their thoughts on how that should proceed. It creates a formal step for them. He said that there are two potential resolutions that come from that. One would be to set working parameters for the new district; within these boundaries and with a maximum debt level not to exceed this amount. He asked if there are other parameters anyone is thinking about. He wondered if that is enough, or are there other things you could put out there that would provide guidance to a task force? Busby said to put a timeframe. Tokos said he would reiterate to the task force that projects have to conform to the Comprehensive Plan; that is a requirement. The other resolution would be one to establish a task force to develop the plan, if you think that is a good idea. He thinks that is an important piece to have members of the community involved in developing that. He would suggest we provide each of the affected taxing entities an opportunity to participate or have a seat at the table. That would include the Port, the County, the hospital, the school district, and the college. Croteau said a representative from the Chamber of Commerce would be good. Engler asked how about the National Guard; she thinks they should be involved.

Allen thought that by March 2, we should figure out if we do these resolutions or if we create an advisory task force, is that going to be done through the Urban Renewal Agency making a recommendation to the City Council. In the past that is how we handled Urban Renewal issues. He recalled that when the South Beach District was extended, Patricia Patrick-Joling was Chair of the Urban Renewal Agency and handled the outreach and a recommendation was made to the Council. He asked if we want to set up a similar framework for this, meaning that the Urban Renewal Agency is the conduit in which we are doing all of these things, and then the recommendation from the Agency goes up to the City Council, and they also work in conjunction with the Planning Commission. He thought that we need to figure out that procedure as to what makes sense. Busby asked if the existing Urban Renewal Agency is a general Urban Renewal Agency to the City; and Allen said it is. Tokos agreed that it's a general agency for the City. He said statutorily, the Urban Renewal Agency wouldn't typically be involved in the creation of your district. Allen said it's probably not precluded; the Council has to sign off on it, but the statute doesn't say an Urban Renewal Agency can't participate. That's what he's getting at; more stakeholder involvement and more people wearing different hats. His thought is to make it as broad-based as possible.

Nebel said in putting this together, we are operating under the assumption that most folks around the table believe it's a good idea to go forward with a North Side Urban Renewal District. He asked if anyone objected to proceeding with this process. Swanson thought it is a good thing to pursue. She would like to see the downtown healed. Nebel said it sounded like discussion-wise, it's worth pursuing. He said something that impacts a few things is that it seems on the geographic issue, knowing what option or combination makes the most sense maybe should be discussed today as well. We have three identified options. One has the smallest geographic area. The mid option reduces the overall debt but speeds up the cleanup. The largest option, which includes Agate Beach, has the most significant impact on the taxing entities but would have the most significant reinvestment within the City. He wondered if there was interest in discussing whether we should be looking at the smaller option or at the one that includes Agate Beach. Busby thought before he makes any decision like that is he would like to know what we can afford. Allen thought that should be a task of the task force. He said the other taxing entities will probably want to weigh in on that as well as the size. He thought those are good discussions to get into more details with the task force. He thinks the Council and the Planning Commission will have representatives on that task force. Nebel said the geography is somewhat separate from the total amount because you could reduce the overall projects to include a larger geographic area. He thought the geographic area is the succinct question. He asked if there is any further thoughts on including the Agate Beach area. Allen said he wanted public input. Swanson noted that there have been things going on in Agate Beach already. Allen said there are probably a lot of things that could be done that probably can't be done now. There are things happening, but not enough. Croteau thought that the large option includes a lot of things that one would like to see done. It hedges your bet in the sense of spreading the risk of growth across residential, commercial, and industrial. It's the option that provides the most; at least a little bit for everybody. From the point of view of community buy-in, it seems to him that the large option is the way to go; which is a totally different question from the financial one. He's looking at the sales side of it and at the prospects down the road to maximize whatever the investment is. Allen said that his point was that the large option includes Agate Beach, where the others don't; so he's inclined to agree with that one. Busby said, finances aside, if you focus all of your efforts in a small area, you will see more results quicker. Maybe that's a better thing. There's a lot to be said if we focused on one area; we'd see more progress and results.

Allen said if we include the geographic area of the large option and let the task force flesh out that recommendation; they might say do the small area. But at least we are giving the task force the ability to look at the entire scope of all of the areas. If we just say look at this area and leave out Agate Beach, then we're basically making a policy choice without public input. If you include the large area, you have the ability to get stakeholder input to decide whether that area should be included or not. Let that flesh out over time. Busby said if you want the task force to make that decision, then we shouldn't really give them any area; let them pick. You can give them the map as a guideline. They don't necessarily have to pick one of these three; they theoretically could pick the whole city. Patrick added, speaking for the Planning Commission, we settled on large, small, and mid options. We've been hammering on this for a while. That doesn't speak to the argument of what you can afford; we're not covering that. We're just looking at what we thought should be done. That is how the Planning Commission ranked them. Berman said if Agate Beach is not included in an Urban Renewal District, the odds of anything significant getting done up there are slim to none. If you feel that it is important to do something there, this is a mechanism for doing it. You couldn't set up in the future an Urban Renewal District just for Agate Beach; the numbers would never work. Patrick said as far as the old north side district, it included City Center, Nye Beach, Bay Front; and the City Center didn't get anything because it just didn't work. The same thing with South Beach, we are doing things we never thought of; they weren't on the radar. He said the bigger the district is, the easier it is to move your money around inside it. That's one reason the Commission liked the big area; it gave us a lot of options and covered a lot of projects. Croteau said the task force should include representation from the County and any neighborhood or community associations that could be impacted; which the City Center would be one of them. Tokos said there's really no organization up in Agate Beach now; but there are individuals that reside up there or have a business up there that could have a seat around the table.

Nebel asked if on the geographic issue there were any other questions or comments to consider. Swanson said she would just as soon go for broke with the large option. Tokos thought for the March 2nd meeting, what we could do is provide a recommendation for the maximum indebtedness. He suspects you will get a fair amount of feedback from the County and the taxing entities on that as well; so that would be a good opportunity to at least try to pin it down at that meeting. He thought that would make the taxing entities feel better; that the maximum level of indebtedness is not a fluid thing going into task force discussion, and that that they have some sort of assurance that it is going to top out at a certain level. Roumagoux said that she agrees that if Agate Beach isn't included, we will never be able to sell it.

Tokos said, moving on through the schedule, is there anything else in terms of task force membership. Allen said there's one more Planning Commission meeting before the March 2nd Council meeting. He suggested putting that on the Commission's agenda so if the Planning Commission feels like giving additional input as a commission. He would like to see that recommendation come from the Planning Commission. Patrick said the Planning Commission could try to do that; say who the players should be and pass a recommendation up to the City Council. Tokos said, coming out of March 2nd, if things move forward and there are resolutions, we would look to hire a consultant to assist in development of the plan. We have \$30 thousand budgeted for that purpose this fiscal year, which should be a sufficient amount. Berman asked if a resolution is passed to establish a task force, who decides on an actual person-by-person basis who is on it. Tokos said the resolution would establish who is on the task force. Tokos said it could be listed as representation. Allen thought it should be which organizations, and let them decide who they send. Tokos said if it's not an association, if it's an individual resident or business owner, we would possibly want to call that out. Allen said you may want to include some public-at-large representative so you have a catch-all. Tokos said that's a good point. He said he would envision the task force holding probably six to eight meetings over a four-month period; twice a month sort of thing. It may extend to five months. The key here would be that the public hearings would be held before the Planning Commission and the City Council in late summer; August and September. No later than October because of the addition of the new tax rolls. The reason being that we don't want to have to update all of the data, so we want it to be before the tax rolls update to avoid any additional expense.

Urban Renewal Agency decision-making structure to support two Urban Renewal Plans. Tokos said the last item on the agenda was a discussion about, if a second district is created, should the City Council look to change how Urban Renewal works from what is currently being done. Is there any interest in pursuing the creation of an Urban Renewal Agency independent of the City Council? He said the other option would be to put in place an advisory committee to the Urban Renewal Agency, which is sitting as the City Council, which then discussion turns to ongoing and staffed or looking at something more like forming a task force for substantial amendments; that kind of thing. If it's ongoing, one thing he would encourage the group to talk about is if the Planning Commission could fit that role. The Commission has a formal role by statute every time there is a substantial amendment. It would be a way of keeping the Commission engaged in an ongoing basis. Busby asked what the staff recommendation was on that. Nebel said the biggest issue is that every group we have requires staff support. The question would be how we would staff that effort; would we have adequate staff for an independent group? Tokos said personally he feels the Planning Commission makes sense because it has a formal role already in creating Urban Renewal Districts and approving substantial amendments. The Commission also has a role of looking at every facility plan we do. It would not be a new committee, which does pose logistical challenges at times. Allen said, since he brought this issue up in November, when the City Council took over Urban Renewal six years ago, the former Newport Development Commission became an independent advisory committee. They never met much, and so basically disbanded. It was taken off the books, so we would have to recreate it again. This would be advising the Urban Renewal Agency, not the Council. He would like to get input from the Planning

Commission. He said this is an issue way down the line; this doesn't have to be decided immediately. This will only happen if we create a new Urban Renewal District. It's more a task force for putting together the plan that matters. For this other task force, we don't need to decide now. If a plan is in place, then we may need to decide this. He doesn't think we need one for South Beach. He didn't think the Planning Commission has to make a decision today. Nebel said that could even be part of the charge of the task force going forward as well, which would bring it to the Planning Commission which eventually would bring it to the Council. Allen said this would really be an advisory committee to the Urban Renewal Agency; so the Agency would have to decide what it wants. Patrick thought that the Planning Commission would want to discuss it. He thinks there are other ramifications to consider. He prefers to have checks and balances. He said it sounds like the people who are doing the planning are now doing the implementing; unless there is a check that anything the Commission does with Urban Renewal also gets kicked up to the City Council. Patrick said this is where we got into trouble last time.

Nebel said the first question to raise as part of this to see if there is any consensus, the City Council has acted in the past as the Urban Renewal Agency, is there any thought that that doesn't work and we should go a different direction. Swanson was content with the way it is. Allen said he saw it work both ways. It's good to have checks and balances. He said when the Development Commission was taken over by the City Council, we lost those checks and balances; but there is some benefit because it is more efficient having the City Council being the Urban Renewal Agency. But, you lose checks and balances when you have efficiency. If it's worth being more efficient, we could have another checks and balances; an advisory committee could provide that. Roumagoux asked if there would be three then; the Urban Renewal Agency, the City Council basically, and then you would have the Planning Commission and this advisory group. Allen said the Planning Commission has always had a role; they have their statutory role regardless. He said what Patrick is saying is, if the Planning Commission does both, you lose your checks and balances because now the Planning Commission is kind of wearing both hats. He thought if you have a third committee, you have that third checks and balances that lends more credibility. Again, when the City Council took over Urban Renewal, you lost those checks and balances, which was okay; but can we add it back and make it a better process. Roumagoux asked Patrick what he meant by when we got in trouble. Patrick said back when we had an Urban Renewal District headed in a different direction and fighting with the City Council. The City Council wanted to do one thing, and the Urban Renewal Agency wanted to do something else. That's how it got dissolved and turned back into the City Council because we didn't have a process to actually reconcile it. Roumagoux asked Patrick, having lived through all that and seeing that, if he personally would see an advisory committee being beneficial. Patrick said possibly. He wants to talk to the Planning Commission and hash it out. The Commission would have to do some thinking about that. He thinks you could set up a system where we could do it and make better checks and balances. He said the Commission will have to do some talking about it. Allen said if you actually have an advisory committee that advises the Urban Renewal Agency, you want to make sure you have representatives from those areas like Agate Beach. Say you have a Planning Commission and no one is really from the Agate Beach area for a period of time, would you lose something. Whereas with an advisory committee, if somebody from Agate Beach was on that committee, and the Agate Beach area was directly benefiting from projects; again, it's not only about checks and balances, it's about more eyes looking at something and more stakeholder involvement. Nebel thought the representation issue is certainly easier with a stand-alone group because you would have them there to govern that specific geographic area; so that would certainly be an argument to do that. The efficiency is another argument, and checks and balances another.

Nebel said this was good discussion to help us guide some recommendations and alternatives as we get close to the March date. He thought it sounds like the Planning Commission will want to have a heart-to-heart on the issue as well. Allen asked Tokos if he thought that the task force we are creating to create this should weigh in on the later task force. Nebel said potentially they could in time; that's not a time-sensitive issue. If we got that group in place maybe that is really an appropriate discussion item as the plan takes shape. Tokos said we can also take some time and see how some of the other jurisdictions are dealing with Urban Renewal Agencies; what has worked for them and what hasn't. The consultant we would be bringing on board has developed Urban Renewal Districts for other jurisdictions and may have some feedback as well. Allen said put that under the scope of work for the task force that we are creating. Nebel said he didn't see anyone jumping up and down saying that we should have a separate autonomous Urban Renewal Agency separate from the City Council membership. He asked if everyone was comfortable with the current model; and he heard no objections.

Allen said it's probably good just to make it clear that even though we are moving forward with this process to look at creating a district; no decision has been made to create a district. At the end of the day, once this process is undertaken, we may not create a district depending on what we hear. He thinks it's good just to note for the record that we are just starting the process. The final decision is way in the future depending on the information we are going to get. Nebel said but basically there is support for going through the process.

Before adjourning, Patrick wanted to know if the City Council had any problems or advice for the Planning Commission; and nothing specific was mentioned.

B. Adjournment. Having no further discussion, the work session meeting adjourned at 1:27 p.m.

Respectfully submitted,

Wanda Haney
Wanda Haney
Executive Assistant