RESOLUTION NO. 3646

A RESOLUTION APPROVING A TENTH AMENDMENT TO THE SOUTH BEACH URBAN RENEWAL PLAN AND REPORT

FINDINGS:

1. City of Newport adopted a South Beach Urban Renewal Plan and Report ("Plan"), dated September 12, 1983, by Ordinance No. 1341, and Lincoln County did subsequently approve the Plan by Resolution 83-26-9. Nine amendments to the Plan have been previously adopted with the most recent being dated September 2012.

2. In March of 2013 the Newport Urban Renewal Agency, City of Newport and Oregon Museum of Science and Industry (OMSI) entered into a nonbinding Memorandum of Understanding that outlines how the parties will work together to fund and construct road infrastructure needed to support the development of OMSI's new Outdoor Science Camp in South Beach.

3. SW Abalone Street will serve as the primary access to the OMSI facility until such time as a new signalized intersection at SW 35th Street and US 101 is constructed. This will require that the street be extended from its present location opposite SW 29th Street, south to SW Anchor Way. The project is currently programmed for Phase 3 of the Plan and it is necessary that it be moved to Phase 2 so that construction can be funded in 2014/2015. The Plan calls for the Agency to contribute roughly 50% of the project costs ($850,000). OMSI will also contribute funds as specified in the MOU.

4. The City of Newport and Newport Urban Renewal Agency have put together a funding package to construct a new signalized intersection at US 101 and SW 35th Street. This work will tie together with the extension of SW Abalone Street. A portion of the funding will come from the State of Oregon, and the project is being evaluated for inclusion on the 2015-2018 State Transportation Improvement Plan (STIP). Should the project be approved for the STIP, then the Agency will be responsible for providing $1.54 million in matching funds. This requires that $390,000 be shifted from Phase 1 to Phase 2 so that funding is available should the State schedule the project for construction in 2016. The project scope includes removal of the signal at SW 32nd Street, widening of Ferry Slip Road, closure of the Ferry Slip and US 101 intersection, and sidewalk/path construction. An additional $125,000 has been added to the right-of-way acquisition budget to ensure sufficient funds are available to purchase land needed for these improvements.

5. Shifting additional projects to Phase 2, requires that corresponding adjustments be made to ensure that the total contribution of urban renewal funds to Phase 2 and Phase 3 projects is consistent with anticipated borrowing limits. To that end, a project calling for the construction of a gravity sewer line along US 101 to the airport has been moved from Phase 2 to Phase 3. This $1,000,000 project is unlikely to be needed within the Phase 2 construction window. Phase 2 funding has been eliminated for the construction of a multi-use path along the west side of SW Abalone Street, between Marine Science Drive and where SW Abalone is to be extended. This is because the

project has been funded through a FEMA grant to improve access to the Safe Haven Hill tsunami evacuation assembly area. Funding for sidewalk improvements along the south side of SW Abalone, between the extension and US 101, has been eliminated as a Phase 3 project because the improvements will not be needed until the adjoining commercial site develops. At that time the city can reasonably require the developer to construct the sidewalk as part of their frontage improvements.

6. This minor amendment adjusts the timing for when urban renewal funds will be available for the SW Abalone Street and STIP projects. It does not change the scope or nature of the projects from what was vetted with the public and adopted in the Coho/Brant Infrastructure Refinement Plan, completed August of 2012, and Newport Transportation System Plan update, completed November 2012.

7. Considering that Phase 1 is now complete, it is appropriate that the financial component of the Plan, Part V, be updated. This Amendment updates tax increment revenue estimates to reflect actual collections for the 4 years since Major Amendment Five extended the life of the district to 2027. It further revises the annual revenue growth rate from 7.1% to 3.0% and incorporates borrowing for Phase 1 projects and refunding of pre-existing and Phase 1 debt into the debt service schedule. The changes establish that the Agency can achieve its Phase 2 and Phase 3 project objectives under a more conservative revenue forecast.

8. Consistent with ORS 457.085, the Plan and Report must specifically identify projects and provide a financial analysis with sufficient information to determine the Plan's feasibility before urban renewal funds can be expended. The proposed amendments address these requirements, but do not alter the major assumptions, purposes and objectives underlying the Plan. They, therefore, are properly characterized and adopted as minor plan amendments under Agency Resolution No. 91-4, the 3rd amendment to the Plan, Plan Section VIII.

9. Changes to the Plan are outlined in detail in this Minor Amendment Ten to the South Beach Urban Renewal Plan and Report, and are consistent with the requirements for minor amendments set forth in Chapter 457 of the Oregon Revised Statutes and the third amendment to the South Beach Urban Renewal Plan and Report, dated September 11, 1991, by Ordinance 91-4, which contains the provisions for amending the Plan. While minor amendments, as opposed to Substantial Amendments, are not required to be recorded, a copy of this Minor Amendment should nonetheless be filed with the Lincoln County Clerk to maintain a clear record of the amendments to the Plan. Copies of this Minor Amendment should also be provided to taxing entities within the district.

10. The Newport City Council and Urban Renewal Agency considered Minor Amendment Ten to the South Beach Urban Renewal Plan and Report at a public meeting on September 3, 2013 and voted to approve the Tenth Amendment.

THE CITY OF NEWPORT AND THE NEWPORT URBAN RENEWAL AGENCY RESOLVE AS FOLLOWS:

Section 1. Minor Amendment Ten to the South Beach Urban Renewal Plan and Report is hereby adopted as attached in Exhibit A.

Section 2. The Executive Director of the Newport Urban Renewal Agency is hereby directed to record Minor Amendment Ten to the South Beach Urban Renewal Plan and Report with the Lincoln County Clerk and shall distribute a copy of the adopted document to the governing bodies of the taxing entities within the district.

Section 3. This resolution shall be effective immediately upon passage.

Adopted by the Newport City Council and the Newport Urban Renewal Agency on September 3, 2013.

Signed on September 4, 2013.

Sandra N. Roumagoux

Sandra N. Roumagoux, Mayor

Richard K. Beemer

Richard Beemer, Chair
Newport Urban Renewal Agency

ATTEST:

Margaret M. Hawker

Margaret M. Hawker, City Recorder

CITY OF NEWPORT
MINOR AMENDMENT TEN TO THE SOUTH BEACH URBAN RENEWAL PLAN AND REPORT

Exhibit A, City of Newport Resolution No. 3646

August, 2013

An Update of the Sixth Amendment
Prepared by Consultants:

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TABLE OF CONTENTS

I. URBAN RENEWAL PLAN AMENDMENTS. 2

II. URBAN RENEWAL REPORT MINOR AMENDMENT X 4

III. RELATIONSHIP BETWEEN THE PROJECTS TO BE UNDERTAKEN WITH THE AMENDMENT AND THE EXISTING CONDITIONS IN THE AREA 5

IV. PROJECT COSTS AND TIMING 6
- A. PROJECTS PHASES 6
- B. PROJECTS AND COST ESTIMATES 7
- C. ESTIMATED COMPLETION DATE 10

V. FINANCIAL ANALYSIS OF THE AMENDMENT 11
- A. ANTICIPATED TAX INCREMENT FUNDS 11
- B. ESTIMATED AMOUNT OF MONEY REQUIRED UNDER ORS 457 12
- C. ANTICIPATED YEAR IN WHICH INDEPTEDNESS WILL BE RETIRED 14
- D. PROJECT REVENUES AND EXPENDITURES 14
- E. STATEMENT OF FISCAL IMPACT ON OTHER JURISDICTIONS UNDER ORS 457.420-457.440 14
- F. IMPACTS ON TAXPAYERS 17

APPENDIX

NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPORTS 18

I. URBAN RENEWAL PLAN AMENDMENTS

The South Beach Urban Renewal Plan was adopted in 1983. Since its adoption, the Urban Renewal Agency has executed five minor (Amendments 3, 6, 7, 8, and 9) and four substantial amendments (1, 2, 4 and 5). The purpose and date of adoption for each amendment is noted below.

Amendment I	Newport Urban Renewal Agency	April 8, 1987
	Lincoln County Commission	Feb 25, 1987

Provides a project outline for:

- Site acquisition of the public viewing aquarium,
- Land acquisition for Highway 101 access roads.
- Site acquisition and construction of the Wastewater Treatment Plant
- Airport frontage road improvements, and
- Site acquisition and construction of an Exhibition Building.

Amendment II	Newport Urban Renewal Agency	October 14, 1987
	Lincoln County Commission	September 16, 1987

Deletes two land areas from the District:

- South Beach State Park/South Jetty area (411.16 acres)
- Newport Airport and a portion of forested land north of the airport. (565.14 acres)
- Total area removed from the Urban Renewal District: 976.30 acres

Amendment III (Minor) Newport Urban Renewal Agency
September 11, 1991

Proposes to finance the Plan through tax increment financing and that no bonded indebtedness shall be issued after December 31 2010. Defines Substantial Amendment as equivalent to a Major Amendment and defines Minor Amendments.

Amendment IV	Newport Urban Renewal Agency	May 13, 1998
	Lincoln County Commission	April 29, 1998

Established a maximum level of indebtedness in the amount of $38,750,000 and selected Option "One" for the method to collect ad valorem property taxes

Amendment V Newport Urban Renewal Agency February 2, 2009
Lincoln County Commission January 14, 2009

The purpose of Substantial Amendment V was to reduce or eliminate the blighted conditions in the district and extend the effective period of the plan from 2010 to 2020. The blighted conditions in the district include:

- Sub-Standard street improvements, rights of way and traffic signalization and management.
- Incomplete pedestrian/bicycle circulation systems and Tsunami evacuation routes.
- Inadequate water storage capacity and distribution lines.
- Under sized or absent sanitary sewer collection service lines.
- Incomplete winter storm water management systems
- Inadequate neighborhood recreation facilities and open space.

New projects were identified based on more recent planning and engineering plans. A new revenue forecast, revenue bond strategy and phased implementation program was prepared.

Amendment VI (Minor) Newport Urban Renewal Agency May 3, 2010

Revised the phasing and financing of the projects in Substantial Amendment 5 to improve ingress and egress to the new NOAA Pacific Marine Operations Center and adjacent existing attractions. The amendment also included revisions to the tax increment revenue forecast, as well as a new schedule of existing debt service obligation resulting from refinancing said debt.

Amendment VII (Minor) Newport Urban Renewal Agency Nov. 1, 2010

Amendment VII identified the acquisition of a natural coastal gully and foredune area adjacent to South Beach State Park as a specific Neighborhood Park/Open Space Site acquisition project. The property is roughly 2.5 acre in size and includes portions of Blocks 7, 8, 10, 11 and 15 of the Waggoner's Addition to South Beach subdivision.

Amendment VIII (Minor) Newport Urban Renewal Agency Oct. 17, 2011

Shifted $200,000 in funding for tsunami evacuation route improvements from Phase 2 to Phase 1 and identifies Safe Haven Hill as a specific project. To avoid impacting revenue estimates for each Phase, $200,000 of funds programmed for right-of-way acquisition was shifted from Phase 1 to Phase 2.

Amendment IX (Minor) Newport Urban Renewal Agency Sept. 17, 2012

Incorporated Coho/Brant Infrastructure Refinement Plan Tier 1 and Tier 2 priority projects into Phases 2 and 3. Updated descriptions and cost estimates for intersection improvements at US 101 and 32nd Street, US 101 and 35th Street, US 101 and 40th Street, and US 101 and 50th Street, along with shared use path/sidewalk improvements to Ferry Slip Road to align with adopted amendments to the Newport Transportation System Plan. Shifted a portion of planned sidewalk work for SW Abalone from Phase 3 to Phase 2.

In March of 2013 the Newport Urban Renewal Agency, City of Newport and Oregon Museum of Science and Industry (OMSI) entered into a nonbinding Memorandum of Understanding that outlines how the parties will work together to fund and construct road infrastructure needed to support the development of a new Outdoor Science Camp in South Beach. One of the roads, SW Abalone Street, will serve as the primary access to the facility until such time as a new signalized intersection at SW 35th and US 101 is constructed. Construction of SW Abalone from SW 29th to SW Anchor Way, the segment needed to access the OMSI property, is programmed for Phase 3 of the South Beach Urban Renewal Plan. This amendment moves the project to Phase 2 so that construction can be funded in 2014/2015. The Plan calls for the Agency to contribute roughly 50% of the project costs ($850,000). OMSI will also contribute funds as specified in the MOU.

The City of Newport and Newport Urban Renewal Agency have put together a funding package to construct a new signalized intersection at US 101 and SW 35th Street. This work will tie together with the extension of SW Abalone Street. A portion of the funding will come from the State of Oregon, and the project is currently being evaluated for inclusion on the 2015-2018 State Transportation Improvement Plan (STIP). Should the project be approved for the STIP, then the Agency will be responsible for providing $1.54 million in matching funds. This requires that $390,000 be shifted from Phase 1 to Phase 2 so that funding is available should the State schedule the project for construction in 2016. The project scope includes removal of the signal at SW 32ND Street, widening of Ferry Slip Road, closure of the Ferry Slip and US 101 intersection, and sidewalk/path construction. An additional $125,000 has been added to the right-of-way acquisition budget to ensure sufficient funds are available to purchase land needed for these improvements.

A project to construct a gravity sewer line along US 101 to the airport has been moved from Phase 2 to Phase 3. It is unlikely that the project will be needed within the Phase 2 construction window. Phase 2 funding has been eliminated for the construction of a multi-use path along the west side of SW Abalone Street, between Marine Science Drive and where SW Abalone is to be extended. This is because the project has been funded through a FEMA grant to improve access to the Safe Haven Hill tsunami evacuation assembly area. Funding for sidewalk improvements along the south side of SW Abalone, between the extension and US 101, has been eliminated as a Phase 3 project because the improvements will not be needed until the adjoining commercial site develops. At that time the city can reasonably require the developer to construct the sidewalk as part of their frontage improvements. In sum, these changes balance the Phase 2 and Phase 3 project lists so that they are consistent with anticipated borrowing limits.

Details of the above described projects are contained in the Coho/Brant Infrastructure Refinement Plan completed August of 2012. That plan was funded by the Agency and included substantial public engagement to identify the nature and scope of the needed improvements.

Minor Amendment X revises the financial component of the Plan (Part V) to reflect actual collections for the first 4 years and to depict a more conservative 3.0% tax increment growth rate. Final figures for Phase 1 borrowing and refunding are included in Table V-2 and the debt service schedule has been updated.

III. Relationship Between the Projects to be Undertaken with the Amendment and the Existing Conditions in the Area

The physical and economic conditions described in the original Environmental Assessment and the Supplemental Report have improved within the past twenty-five (25) years. However, many areas remain deficient relative to vehicular and pedestrian circulation, utility services, storm water management, and public recreation and open space.

The amendments address these deficiencies by aligning Phase 2 funding with road infrastructure projects where the Agency has willing financial partners thus leveraging limited resources. In extending SW Abalone Street, the Agency, in partnership with OMSI, is facilitating the construction of an Outdoor Science Camp that will revitalize an underdeveloped area and add to the growing marine research and education/industrial presence in the community. Construction of the SW 35th Street and US 101 intersection and the relocation of the signal from SW 32nd Street and US 101 to SW 35th Street will improve traffic flow on US 101 enhancing access to area businesses. This partnership with the State will also complete the street and bike/pedestrian network in this portion of South Beach creating opportunities for privately owned parcels to develop or redevelop in a manner that enhances the overall tax base.

Updates to Part V of the Plan provide policymakers more accurate information with which to gauge the financial health of the urban renewal district. Also, taking a more conservative approach to estimating anticipated tax increment revenues makes it more likely that the Agency will be able to adhere to the project borrowing schedule outlined in the Plan.

A. PROJECT PHASES

The projects proposed to implement the South Beach Urban Renewal Plan are organized into three phases consistent with Substantial Amendment 5. Minor Amendments 6, 7, 8, and 9 refined the listed projects and made adjustments to the timing of the work. Minor Amendment X makes further refinements and adjustments, as follows:

1. Phase 1 – 2009/12

Funding for street improvements along SE 35th Street and Ferry Slip Road, in the amount of $390,000, was shifted from Phase 1 to Phase 2 where the larger portion of the funding for that project is located. Costs for the Highway 101, 40th to 50th Street sewer line project were reduced by $123,000 to reflect actual expenditures.

2. Phase 2 – 2013/16

Funding for construction of 35th Street and US 101 intersection improvements, relocation of the 32nd Street signal to 35th Street, and the widening of Ferry Slip Road is increased from $1,000,000 to $1,390,000 to reflect a consolidation of the Phase 1 and Phase 2 projects. Funding for the extension of a shared use path along the west side of SW Abalone, between Marine Science Drive and the Abalone extension is eliminated because that project is being funded through a FEMA grant. Funds for Phase 2 right-of-way acquisition have been increased from $250,000 to $375,000. Construction of SW Abalone Street from SW 29th Street to Anchor Way is a project that has been shifted from Phase 3 to Phase 2, with the Urban Renewal contribution remaining unchanged at $850,000. Planned extension of a gravity sewer line south to the airport, at $1,000,000 has been moved to Phase 3.

3. Phase 3 – 2017/20

Funding for the extension of a shared use path on the south side of SW Abalone Street from the Abalone extension east to US 101 has been eliminated as that is an improvement that would be developer funded when the adjoining commercial site is improved. Construction of SW Abalone Street from SW 29th Street to Anchor Way is moved to Phase 2 and the US 101 gravity sewer line extension to the airport has been moved into this phase, from Phase 2.

B. PROJECTS AND COST ESTIMATES

1. Phase 1 – 2009/12

PUBLIC RIGHTS OF WAY	Cost Estimate	URA Portion
Streets		
~~Ash St. Design & Construct~~	~~425,000*~~	~~425,000*~~
~~Coho/Brant Area – Plan and Design~~	~~70,000*~~	~~70,000*~~
Coho/Brant Area – Construct	850,000	550,000
SE 35th & Ferry Slip Road (Shifted to Phase 2)	**464,000**	**0**
~~Marine Science Drive~~	~~2,304,000~~	~~1,138,000~~
~~Realign Rogue and 25th~~	~~448,000~~	~~448,000~~
~~Pacific Way Improvements~~	~~251,000~~	~~251,000~~
Sidewalks		
~~OSU Dr. to Marine Sc. Dr.~~	~~70,000~~	~~0~~
~~OSU Dr. (Abalone to Ferry Slip)~~	~~67,500~~	~~67,500~~
Acquisition		
TSP Projects - right of way	*300,000*	*150,000*
UTILITIES		
Water		
~~Hwy 101 – 40th to 50t~~	~~320,000*~~	~~320,000*~~
~~Sanitary Sewer line-same ROW~~	~~600,000~~	~~**477,000**~~
PUBLIC AMENITIES		
Neighborhood Park/Open Space Site Acquisition (OPRD Grant $150,000)	275,000	125,000
~~Purchase of 2.5 acre coastal gully & foredune site adjacent to South Beach State Park~~	~~225,000~~	~~225,000~~
ACQUISITION/DEVELOPMENT	0	0
COMMUNITY IMPROVEMENT PROGRAMS	0	0
SPECIAL PROJECT IDEAS		
Wetland Planning/Mitigation Bank	200,000	200,000
Trails – easement acquisitions	100,000	100,000
~~South Jetty Trail~~	~~317,000~~	~~317,000~~
Tsunami Evacuation Route Improvements for Safe Haven Hill	*557,000*	*200,000*
Total:	$7,028,500	**$4,248,500**
Revenue Estimate (7.1% growth)		$4,774,000

* These projects were budgeted at the time of Substantial Amendment No. 5 and have never been included in the revenue estimates.

Note: Figures in **bold** are revisions proposed with this amendment. Projects shown in ~~strikeout~~ have been completed. Urban renewal funds for projects depicted in *italics* have been budgeted for expenditure. It is unlikely that any other listed Phase 1 projects will be funded.

2. Phase 2 – 2013/16

PUBLIC RIGHTS OF WAY	Cost Estimate	UR Portion
Streets		
35th St. – 101 to Ferry Slip Road Commercial Street Prototype, relocate 32nd Street Signal, widen Ferry Slip (Coho/Brant Projects #10 and #11) **(Includes Phase 1 and Phase 2 funds)**	2,167,000	**1,390,000**
Anchor Way 35th to 40th	0	0
Sidewalks		
Ferry Slip Rd - 29th to Marine Science Dr. (Shared use path and Sidewalk, SB Peninsula Refinement Plan)	104,000	104,000
SW Abalone – Marine Science Dr. to Abalone extension (Coho/Brant Project #13A)	325,000	**0**
Acquisition/Development		
TSP Projects - right of way	450,000	**375,000**
Existing Street/ROW improvements including: paving, storm water, pedestrian/bicycle paths and landscaping:		
SW Abalone St – SW 29th to Anchor Way (Coho/Brant Project #8 (Moved from Phase 3))	**1,773,000**	**850,000**
SW 27th – SW Brant to SW Abalone (Coho/Brant Project #2A)	145,000	145,000
SW 30th – SW Brant to SW Abalone (Coho/Brant Project #5)	311,000	150,000
SW Brant – SW 27th to SW 30th (Coho Brant Project #7)	707,000	707,000
SE Ferry Slip Rd – 32nd to Ash	144,000	144,000
Match for LIDs formed to implement Tier 2 and Tier 3 Coho/Brant improvements	150,000	150,000
SW Abalone & SW 35th St. Stormwater Improvements (Coho/Brant Project #18)	84,000	42,000
SW 26th St. and SW Brant St. Stormwater Improvements (Coho/Brant Project #17)	84,000	84,000
UTILITIES		
Sewer		
SW 26th Street Sanitary Lift Station Upgrade (Coho/Brant Project #16)	110,000	110,000
Utility Lines		
Bury existing/new lines underground	300,000	300,000
PUBLIC AMENITIES		
Neighborhood Park Development	350,000	0
Neighborhood Park/Open Space/Trail Acquisition or Development	200,000	200,000
ACQUISITION/DEVELOPMENT		
Strategic Site Acquisition for Re-Use	250,000	100,000
Site Prep for Re-Use	100,000	100,000
Strategic Site Acquisition for Economic Development, Community Facilities and Affordable Housing	500,000	300,000
SPECIAL PROJECT IDEAS		
Wetland Mitigation Bank	100,000	100,000
Total:	**$8,354,000**	**$5,351,000**
Revenue Estimate (**3.0% growth**)		$5,370,000

3. Phase 3 – 2017/20

	Cost Estimate	UR Portion
PUBLIC RIGHTS OF WAY		
Streets		
40th and 101 Signal and Intersection Improvements (Moved from Phase II)	$2,624,000	$1,000,000
50th and 101 Intersection Improvements	1,970,000	400,000
Sidewalks		
Abalone St. – Abalone extension to US 101 (Coho/Brant Project #13B)	165,000	**0**
35th St. – Ferry Slip to estuary turn)	400,000	400,000
Acquisition/Development	250,000	0
Existing Street/ROW improvements including: paving, storm water, pedestrian/bicycle paths and landscaping		
Match for LIDs formed to implement Tier 2 and Tier 3 Coho/Brant improvements	200,000	200,000
UTILITIES		
Water		
12" Bay Under-crossing Pipeline	995,000	795,000
King Ridge Reservoir (15% of Cost)	196,200	0
Sewer		
101 Gravity line south to Airport (Moved from Phase 2)	**1,000,000**	**1,000,000**
Henderson Creek Piping	280,000	280,000
Henderson Creek Lift Station	323,000	323,200
Storm		
Project 5a – Redirect Drainage	1,480,000	1,480,000
Utility Lines		
Bury existing/new lines underground	200,000	200,000
PUBLIC AMENITIES		
Street Tree and Open Space Planting	100,000	100,000
Street Furniture	50,000	50,000
Gateway to South Beach	700,000	100,000
Neighborhood Park/Open Space Acquisition	200,000	200,000
COMMUNITY IMPROVEMENT PROGRAMS		
Fund Storefront Facade Loan/Grant Program	100,000	100,000
SPECIAL PROJECT IDEAS		
Trails – Acquire and Develop	100,000	100,000
Coastal Gully Open Space Improvements (Coho/Brant Project #19)	200,000	200,000
SW Coho St, SW 29th St to Jetty Way (Coho/Brant Project #12)	100,000	100,000
Tsunami Evacuation Route Improvements	200,000	200,000
Wetland Mitigation Bank	100,000	100,000
Total:	$12,706,200	**$7,328,200**
Revenue Estimate (**3.0% growth**)		$7,360,000
Grand Total for Phases 1 through 3 Projects		**$16,927,700**

C. ESTIMATED COMPLETION DATE

The projects planned to be accomplished within the next ten years are expected to be awarded no later than December 31, 2020 and completed in a timely manner. The projects are divided in to three phases. The agency may adjust the design and construction of specific projects depending on the needs of the community and the urban renewal district as a whole.

- Phase 1 2009-2012
- Phase 2 2013-2016
- Phase 3 2017-2020

The three phases will enable the agency to plan and implement the financial plan in Section V.

A. ANTICIPATED TAX INCREMENT FUNDS

As stated in Oregon Revised Statutes Chapter 457 (ORS 457), tax increment funds are anticipated from growth in assessed value within the Area over the course of the Plan. Growth in assessed value is projected to occur through appreciation in property values ("appreciation percentage"), limited to no more than three percent annually, and through changes in property that add value that are "excepted" from the three percent limit. Such "exception value" results from factors such as subdivision or rezoning of land and from construction of improvements.

Table V-1 shows projections of growth in tax increment funds (i.e. expected tax increment revenue). The projections are based on reasonable expectations of near-term future development and utilize conservative assumptions about residential and commercial development that is likely to occur in the South Beach Urban Renewal District. Projections in Substantial Amendment 5 assumed average annual growth of 7.1%, with a temporary 75% reduction due to the slowdown in residential development. With the 10th Minor Amendment, a 3.0% average growth rate is assumed through 2027 with actual figures being used through fiscal year 2012-2013. The projections also assume a tax collection rate of 94.2%.

Table V-1:
Urban Renewal Area Tax Increment Revenue Estimates

Year	SB-URD Annual Revenue	SB-URD Cumulative Revenue
2009-10	$1,782,653	$1,782,653
2010-11	$1,848,185	$3,630,838
2011-12	$1,808,906	$5,439,744
2012-13	$1,891,500	$7,331,244
2013-14	$1,948,245	$9,279,489
2014-15	$2,006,692	$11,286,181
2015-16	$2,066,893	$13,353,074
2016-17	$2,128,900	$15,481,974
2017-18	$2,192,767	$17,674,741
2018-19	$2,258,550	$19,933,291
2019-20	$2,326,307	$22,259,598
2020-21	$2,396,096	$24,655,694
2021-22	$2,467,979	$27,123,673
2022-23	$2,542,018	$29,665,691
2023-24	$2,618,279	$32,283,970
2024-25	$2,696,827	$34,980,797
2025-26	$2,777,732	$37,758,529
2026-27	$2,861,064	$40,619,593

SOURCE: Lincoln County Assessor's Office and City of Newport

Unlike many urban renewal districts in Oregon, the SB-URD geographically spans six distinct property tax codes rather than one. For instance, the vast majority of assessed value in the District is within City of Newport jurisdiction (85%), but that portion only represents two of the six tax codes and combinations of local public service providers. Therefore, there are six different Measure 50 SB-URD tax code rates and six different projected assessed values. The tax increment projections are based on the combined value of the property tax codes and applicable tax rates for each affected taxing jurisdiction.

B. Estimated Amount of Money Required Under ORS 457

The total expected tax increment revenue that is not committed to previous incurred debt, through 2027, is $26,721,011. This revenue will be used to repay indebtedness incurred to finance Phase 2 and Phase 3 projects in this Plan Amendment. Table V-2 below shows the expected increment revenue and debt service schedule. Since Phase 1 is complete its debt service has been added to the existing debt service column. That is, columns "B" and "D" from the prior version of this table have been merged. Fiscal years 2014-15 and 2019-20, when the District is scheduled to incur debt for Phase 2 and Phase 3 projects, are highlighted.

Table V-2:
Projected Revenues, Debt Service and Other Expenditures

	(A) URA Incremental Revenue 3%	(B & D) Total Existing Debt Service	(E) Remaining Uncommitted Revenue	(F) Phase II Debt Service	(G) Remaining Uncommitted Revenue	(H) Phase III Debt Service	(I) Remaining Uncommitted Revenue
2010-11	$1,848,185	$1,314,972	($480,394)		($480,394)		($480,394)
2011-12	$1,808,906	$1,339,603	($108,106)		($108,106)		($108,106)
2012-13	$1,891,500	$1,332,148	$296,039		$296,039		$296,039
2013-14	$1,948,245	$1,376,405	$921,331		$921,331		$921,331
2014-15	**$2,006,692**	**$1,215,078**	**$1,588,657**	**$729,700**	**$321,892**		**$321,892**
2015-16	$2,066,893	$1,221,148	$2,262,910	$729,700	$1,049,851		$1,049,851
2016-17	$2,128,900	$1,270,243	$2,909,491	$729,700	$1,750,139		$1,750,139
2017-18	$2,192,767	$1,243,638	$3,559,315	$729,700	$2,453,669		$2,453,669
2018-19	$2,258,550	$1,097,800	$4,923,319	$729,700	$3,871,380		$3,871,380
2019-20	**$2,326,307**	**$763,550**	**$6,569,626**	**$729,700**	**$5,571,393**	**$1,249,993**	**$3,585,391**
2020-21	$2,396,096	$545,075	$8,217,073	$729,700	$7,272,547	$1,249,993	$5,360,146
2021-22	$2,467,979	$609,675	$9,972,659	$729,700	$9,081,839	$1,249,993	$7,243,039
2022-23	$2,542,018	$569,250	$12,367,240	$729,700	$11,530,127	$1,249,993	$9,764,928
2023-24	$2,618,279		$14,833,659	$729,700	$14,103,959	$1,249,993	$12,412,361
2024-25	$2,696,827		$17,374,070		$17,374,070	$1,249,993	$15,756,073
2025-26	$2,777,732		$19,990,694		$19,990,694	$1,249,993	$18,446,297
2026-27	$2,861,064		$22,685,816		$22,685,816	$1,249,993	$21,215,021
Term of Loan (Years)				10			
Total Amount Borrowed				$5,370,656		$7,360,087	

Individual columns of financial projections in Table V-2 are labeled and described as follows:

(A) Annual Tax increment estimated to be collected by South Beach URA. Years 2010-11 and 2011-12 are actual tax increment received; Year 2012-13 is budgeted tax increment; Balance of years are increased at the conservative rate of 3% per year.

(B & D) Current Existing Debt Service, including Phase I Debt Service *

(E) Revenue remaining after existing debt service obligation and reserve is met. **

(F) New annual debt service to adequately fund projects identified in Phase II of South Beach URA Plan document, schedule to begin in FY 2014-15

(G) Revenue remaining after existing debt service obligation and reserve is met, Phase II debt service obligation and reserve requirements are met

(H) New annual debt service to adequately fund projects identified in Phase III of South Beach URA Plan document, schedule to begin in FY 2019-20

(I) Revenue remaining after existing debt service obligation and reserve is met, Phase II and Phase III debt service obligation and reserve requirements are met

* Phase I borrowing original plan to borrow $4.773,611, the SB URA actually only borrowed $2.1 Million and refunded existing debt to a lower rate a savings of $558,561 over the life of the debt. Also the SB Construction Fund had a beginning Fund balance FY 2010-11 of $2,177,128, this is prior to the $2.1 Mil borrowing

** SB URA Debt Fund beginning Fund Balance for FY 2010-11 was $743,331, as well as the loan reserves amount, there was never a negative fund balance.

Based on projections in Table V-2, revenues are expected to be sufficient to enable retirement of planned debt as early as FY 2023-24. To the extent that additional debt is taken on by the District in later years for circumstances currently unseen, substantial unobligated revenues expressed in Column (I) of Table V-2 would be reduced accordingly and retirement of all debt would be delayed to no later than FY 2026-27.

C. Anticipated Year in which Indebtedness will be Retired

Table V-2 shows the anticipated schedule debt payment for existing debt and the Plan Amendment. All debts are scheduled to be retired by year 2027, though anticipated incremental revenues would be sufficient to retire all planned debt as early as fiscal year 2023-2024.

D. Projected Revenues and Expenditures

Table V-2 shows the annual anticipated revenues and expenditures for the Plan Amendment. The revenues result from tax increment revenue that is not already committed to financing existing debt. The total debt service for existing debt is $13,898,582. Expenditures are based on potential debt schedules to finance the projects described in Phases 2 and 3 of Section IV of this Plan Amendment. The total project costs and the Plan's share of those costs are also shown in Section V. For conservative revenue estimates, in addition to incremental tax revenues the District is assumed to realize 3% annual return on uncommitted revenues carried forward to the subsequent fiscal year.

E. Statement of Fiscal Impact on Other Jurisdictions under ORS 457.420-457.440

The use of tax increment financing creates a fiscal impact on the taxing districts (e.g. the City, the County, the Community College) that levy taxes within the Area. This impact consists of those districts foregoing the taxes that would have been levied on the increase in assessed value within the Area while tax increment financing is in effect.

In order to project these impacts, it is necessary to estimate the growth in assessed value that would have occurred without the Plan. The Plan's projects are anticipated to create assessed value growth that would not occur but for the Plan. Therefore the taxes that are foregone are those resulting from projected development without the public improvements developed under the Plan. It should be noted that revenue estimates in Tables V-1 and V-2 are lower than projections in Table V-3 due to realized property tax collection loss at approximately 6%.

Table V-3 shows the revenues foregone by the affected taxing districts, through 2027. The revenues foregone by the taxing districts equal their permanent tax rates times the projected incremental assessed value, plus the tax rates associated with general obligation bonds approved by voters before October 2001 times the bonding district's incremental assessed value. Note that the property tax revenues foregone by the Lincoln County School District do not result in revenue

losses to the School District because of the system of state funding of K-12 education. The impacts are shown to illustrate what they would be if the school funding system is materially changed and property tax revenues become directly relevant. With Minor Amendment X, Table V-3 was amended to reflect a more conservative 3.0% annual increase in increment revenue.

The tax increment revenues terminate after 2027, and the additional revenues that are available to these taxing districts are projected to repay the districts for revenues foregone during the Plan.

Table V-3:
Projected Property Tax Revenues Foregone

	Taxing Districts																
	City of Newport			Lincoln County School		Lincoln County		Newport RFPD	Pacific Community Hospital	Lincoln Cnty Library	Oregon Coast Community College	Lincoln Cnty Transportation	Lincoln Cnty Extension	Linn-Benton-Lincoln ESD	Port of Newport	Water - Seal Rock	
	Permanent Rate	GO Bond	GO Bond	Permanent Rate	GO Bond	Permanent Rate	GO Bond	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	
Fiscal Year	5.5938	0.4348	0.9240	4.9092	0.7894	2.8202	0.0377	0.9108	0.3625	0.2465	0.1757	0.0974	0.0451	0.3049	0.0609	0.0126	Total Rever
2009-10	$557,970	$43,318	$92,163	$548,701	$88,241	$315,173	$4,278	$10,874	$40,466	$3,031	$19,609	$10,874	$4,991	$34,049	$6,774	$2,139	$1,782
2010-11	$579,776	$45,096	$95,736	$570,165	$91,670	$327,498	$0	$11,459	$42,139	$3,142	$20,330	$11,274	$5,175	$35,485	$7,023	$2,218	$1,848
2011-12	$567,454	$44,137	$93,701	$558,048	$89,722	$320,538	$0	$11,215	$41,243	$3,075	$19,898	$11,034	$5,065	$34,731	$6,874	$2,171	$1,808
2012-13	$640,651	$0	$105,735	$629,491	$0	$361,655	$0	$13,619	$46,531	$3,594	$22,509	$12,484	$5,864	$39,154	$7,755	$2,459	$1,891
2013-14	$659,871	$0	$108,907	$648,376	$0	$372,504	$0	$14,027	$47,927	$3,702	$23,184	$12,858	$6,040	$40,329	$7,988	$2,533	$1,948
2014-15	$679,667	$0	$112,174	$667,827	$0	$383,680	$0	$14,448	$49,365	$3,813	$23,880	$13,244	$6,221	$41,539	$8,227	$2,609	$2,006
2015-16	$700,057	$0	$115,539	$687,862	$0	$395,190	$0	$14,882	$50,846	$3,927	$24,596	$13,641	$6,407	$42,785	$8,474	$2,687	$2,066
2016-17	$721,058	$0	$119,006	$708,498	$0	$407,046	$0	$15,328	$52,371	$4,045	$25,334	$14,051	$6,600	$44,068	$8,728	$2,768	$2,128
2017-18	$742,690	$0	$122,576	$729,753	$0	$419,257	$0	$15,788	$53,942	$4,166	$26,094	$14,472	$6,798	$45,390	$8,990	$2,851	$2,192
2018-19	$764,971	$0	$126,253	$751,645	$0	$431,835	$0	$16,262	$55,560	$4,291	$26,877	$14,906	$7,002	$46,752	$9,260	$2,936	$2,258
2019-20	$834,446	$0	$0	$819,093	$0	$470,612	$0	$18,843	$60,484	$5,118	$29,311	$16,284	$7,444	$50,946	$10,236	$3,489	$2,326
2020-21	$859,480	$0	$0	$843,665	$0	$484,730	$0	$19,408	$62,298	$5,271	$30,191	$16,773	$7,668	$52,475	$10,543	$3,594	$2,396
2021-22	$885,264	$0	$0	$868,975	$0	$499,272	$0	$19,991	$64,167	$5,430	$31,097	$17,276	$7,898	$54,049	$10,859	$3,702	$2,467
2022-23	$911,822	$0	$0	$895,045	$0	$514,250	$0	$20,590	$66,092	$5,592	$32,029	$17,794	$8,134	$55,670	$11,185	$3,813	$2,542
2023-24	$939,177	$0	$0	$921,896	$0	$529,678	$0	$21,208	$68,075	$5,760	$32,990	$18,328	$8,378	$57,340	$11,520	$3,927	$2,618
2024-25	$967,352	$0	$0	$949,553	$0	$545,568	$0	$21,844	$70,118	$5,933	$33,980	$18,878	$8,630	$59,061	$11,866	$4,045	$2,696
2025-26	$996,372	$0	$0	$978,039	$0	$561,935	$0	$22,500	$72,221	$6,111	$34,999	$19,444	$8,889	$60,832	$12,222	$4,167	$2,777
2026-27	$1,026,264	$0	$0	$1,007,381	$0	$578,793	$0	$23,175	$74,388	$6,294	$36,049	$20,027	$9,155	$62,657	$12,589	$4,292	$2,861

F. Impacts on Taxpayers

This amendment to the phasing and financing of projects in Substantial Amendment 5, and subsequent amendments will not change the SB-URD's impact on taxpayers. General obligation bonds approved by voters before October 2001 are subject to the division of tax. There are five such general obligation bonds in the SB-URD. They are all scheduled to retire by 2019, prior to the previously scheduled sunset of the SB-URD. These bonds will continue to be subject to the division of tax, regardless of any extension to the SB-URD plan.

Any general obligation bonds approved after October 2001 are not subject to the division of tax.

NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPACTS

NOAA Marine Operations Center Tax Revenue Impacts

The National Oceanic and Atmospheric Administration (NOAA) recently reconfirmed its decision to award the Port of Newport, Oregon its long-term lease decision for its Pacific Marine Operations Center (MOC). In response to this decision, the potential property tax revenue implications of this decision to Newport's South Beach Urban Renewal Area were evaluated.

Methodology & Limitations

This analysis quantifies the tax revenue impacts for specific jurisdictions resulting from economic activity generated by NOAA's decision to relocate its Pacific MOC to Newport. At this time, little information is available regarding anticipated spending by the facility for on-going operations, repairs, etc. As such, we relied on secondary sources where possible, using our best estimate of historical operations activity in the Seattle area, the former home of the Pacific MOC.

Finally, in light of present uncertainty, where specific measures were not available, we established defensibly conservative estimates designed to err on a lower level estimate.

Findings

Estimating Private MOC Spending Locally

It was assumed that NOAA's Pacific MOC will spend roughly $80 million annually on various operations, repair/maintenance activity, and various federal contracts related to these activities annually. This assumption was based on a July 2009 editorial in the Seattle Times co-authored by representatives from the Port of Seattle, Seattle City Council, the University of Washington, and a major NOAA MOC contractor in Seattle.[1] The editorial declared annual direct and indirect economic activity related to NOAA's MOC at roughly $180 million annually. This figure was evaluated in light of other available information about other NOAA investments in the Seattle area to arrive at a more conservative estimate of $80 million in direct activity, specifically in Newport.

Table 1: Baseline Contract Spending

BASELINE MOC SPENDING ASSUMPTIONS	
Total Estimated Direct Spending 1/:	**$80,000,000**
Private Share 2/:	33%
Spending to Private Firms:	$26,400,000
Newport's Capture of Private Spending 2/:	50%
Spending to Private Firms in Newport:	$13,200,000

1/ Based on editorial in the Seattle Times, July 2009. Contributors included Jean Godden, Seattle City Council; Bill Bryant, Port of Seattle Commissioner, Steve Welch, CEO of Pacific Shipyards; and Mark Emmert, President of the University of Washington.

2/ Conservative assumptions made by Johnson Reid, LLC

[1] "NOAA Should Keep its Marine Operations on Lake Union." The Seattle Times July 30, 2009. Editorial Contributors included Jean Godden, Seattle City Council; Bill Bryant, Port of Seattle Commissioner, Steve Welch, CEO of Pacific Shipyards; and Mark Emmert, President of the University of Washington.

To estimate the ***private development*** impacts of this spending, we assumed that one-third of spending activity took the form of private contracts. This assumption is considered conservative based on our professional opinion.

Finally, we assumed that the Newport economy could capture half of the private contract spending of the Pacific MOC. This assumes that the remaining half of the activity would leak to other communities such as Portland, Astoria, or remain in Seattle. This process results in an approximation of $13.2 million in annual contract spending estimated to be captured in the Newport economy.

Translating Contract Spending Into Jobs

Estimates of direct and secondary (indirect/induced) job impacts were developed by utilizing impact multipliers from IMPLAN[2] (IMpacts for PLANing) economic impact analysis model. Developed by the Forest Service to assist in land and resource management planning, IMPLAN is an economic impact model designed for analyzing the effects of industry activity upon all other industries in an economic area.

Utilizing this methodology, we estimate a total of 100 private, permanent jobs resulting from NOAA spending in Newport, at least 63 of which would be direct employment due to federal contract awards for the local private sector.

[2] Minnesota IMPLAN Group (MIG), Inc., Stillwater, Minnesota

TABLE 2: JOB IMPACTS OF CONTRACT SPENDING

Contract Spending, Jobs, and Multipliers		
Direct Private Contract Spending 1/:	$13,200,000	**Multiplier**
Direct Jobs 2/:	63.4	*4.8 jobs/$1 million*
Indirect & Induced 2/:	37.0	*2.8 jobs/$1 million*
Contract. Jobs:	***100.3***	

Jobs By Industry Type	
Direct:	**Jobs**
NOAA Contractors (Ship repair, research, etc.)	63.4
Indirect/Induced 2/:	
Food services and drinking places:	4.0
Real estate establishments:	2.6
Wholesale trade businesses:	2.6
Employment services:	1.3
Accounting, tax preparation, bookkeeping, and payroll services	1.3
Offices of physicians, dentists, and other health practitioners:	1.3
Private hospitals:	1.3
Civic, social, professional, and similar organizations:	1.3
Retail Stores - Food and beverage:	1.3
Other Retail/Commercial Services:	19.8

1/ From Table 1

2/ Jobs Multipliers generated buy IMPLAN.

CALCULATING THE SHARE OF JOBS CAPTURED BY SOUTH BEACH

The industries identified in Table 2 into general land use types are based on the typical space utilization of each industry. This translates into roughly 66 industrial jobs, 25 commercial jobs, and 9 office jobs. Secondly, we apply a 20% capture factor for the South Beach district which translates into an estimate of approximately 20 jobs supported in the district.

TABLE 3: SOUTH BEACH CAPTURE OF JOB IMPACTS BY LAND USE TYPE

Space Type	Total Newport Jobs Impacts 1/	South Beach Jobs Impacts 2/
Industrial	66.0	13.2
Commercial	25.1	5.0
Office	9.2	1.8
TOTAL:	***100.3***	***20.1***

1/ From Table 2

2/ Assumes a conservative 20% capture rate for South Beach, Johnson Reid, LLC

Conversion of Jobs to Developed Space

We then multiplied the number of estimated jobs captured in the South Beach District by a typical square footage per job by land use type. These assumptions are based on the U.S. Department of Energy's Commercial Building Energy Consumption Survey. This process yields an estimate of roughly 25,200 private, developed square feet supported by NOAA contract spending in South Beach.

Table 4: Private Employment Impact Development in the South Beach

Space Type	South Beach Jobs Impacts 1/	Est. Sq. Ft. per Job 2/	Est. Development Impacts (Sq. Ft.)
Industrial	13.2	1,510	19,932
Commercial	5.0	883	4,429
Office	1.8	468	865
TOTAL:	***20.1***	***N/A***	***25,226***

1/ From Table 3

2/ Calculated as a weighted average across industries based on Newport's existing distribution. Derived from The U.S. Department of Energy's Commercial Building Energy Consumption Survey. (2003)

Conversion of New Development to Market Value & Taxable Assessed Value

In Table 5, the supportable space was translated into land by standard Floor Area Ratios (FAR) by land use type, yielding an estimate of 2.0 improved acres. Secondly, we apply per acre development costs by land use type to each land/space estimate to calculate replacement cost of improvements. This analysis conservatively assumes market value is equal to replacement cost.

Table 5: Estimated Market Value Generated by NOAA's Contract Spending Locally

Space Type	NOAA Impact	Assumed F.A.R 2/	Improved Acres	Per Acre Improvement Cost 3/	Est. Market Replacement Value	2009-10 CPR 4/	Taxable Assessed
Industrial	19,932	0.30	1.53	$1,511,500	$2,305,419	1	$2,305,419
Commercial	4,429	0.25	0.41	$1,971,000	$801,636	0.58	$464,949
Office	865	0.35	0.06	$2,361,500	$133,961	0.58	$77,698
TOTAL:	***25,226***	***N/A***	***2.0***	***N/A***	***$3,241,016***	***N/A***	***2,848,065***

1/ From Table 4

2/ Assumes a typical, low-rise development profile with 4 parking spaces per 1,000 square feet of space.

3/ RS Means Construction Cost Estimator

4/ Changed Property Ratio: The adjustment made from new improvement market value to taxable assessed value under Measure 50.

SOURCE: Lincoln County Assessor's Office and Johnson Reid, LLC

We then applied the Lincoln County 2009-10 Changed Property Ratio (CPR) by land use type, which revealed an estimated increase in taxable assessed value of $2.85 million. Therefore, $13.2 million in locally captured economic activity resulting from NOAA Pacific MOC decision is expected to translate into an increase of $2.85 million in new, taxable assessed value in the South Beach Urban Renewal District.

Contribution to South Beach Urban Renewal District Growth

The estimated $2.85 million in new, taxable assessed value as a result of NOAA facility-induced economic growth will directly contribute to the South Beach Urban Renewal District total, taxable assessed value and by extension, annual incremental tax revenue. The increase in assessed property value is equivalent to 2.9% of existing District value in 2009.

For purposes of conservative District revenue forecasting, we assumed the new, taxable assessed value would be constructed and enter the tax rolls in equal increments over a four year period. Therefore, in fiscal years 2011-12 through 2014-15, the District is assumed to grow by $712,000 annually due solely to NOAA facility impact growth. Detailed projections of District property tax revenue growth are found in Table V-1 of the plan amendment report.