

RESOLUTION NO. 3747

A RESOLUTION APPROVING A TWELFTH 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. Eleven amendments to the Plan have been previously adopted with the most recent being dated November 17, 2014.
2. On February 1, 2016 the Newport Urban Renewal Agency held a work session at which it received an update on the status of urban renewal funded projects in South Beach. This included the extension of SW Abalone and 30th streets, improvements to SW Brant and SW 27th streets, the retrofit of the Safe Haven Hill tsunami assembly area, and the 35th and US 101 - Ferry Slip Road project. Agency was advised that the projects were within anticipated budgets, with the exception of the tsunami assembly area.
3. The budget for the Safe Haven Hill retrofit has increased to almost \$885,000 as a result of design changes to sidewalk and retaining wall improvements within the US 101 highway right-of-way. The plan revisions were required by the Oregon Department of Transportation (ODOT) late in the design process. Most of the funding for the Safe Haven Hill retrofit project has come from a Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant, and an additional \$191,910 has been secured from FEMA to help cover the additional project costs.
4. Agency allocated \$200,000 for the Safe Haven Hill retrofit in Phase 1 of the Plan and an additional \$25,000 is needed to ensure that the twenty-five (25) percent local government cash match requirement associated with this grant is met so that all of the additional FEMA funds can be leveraged. For this reason, this minor amendment shifts \$25,000 of unused funds from the SW Abalone and Brant Street projects to the Safe Haven Hill retrofit project.
5. With the City shifting \$187,643 of funds out of its Street System Development Charge contingency to the SW Abalone Street project, Agency is able to repurpose an equivalent amount of urban renewal funds from the SW Abalone Street project to the 35th and US 101 - Ferry Slip Road project. When taken into consideration with other excess funds from the now substantially complete SW Abalone, SW Brant, SW 30th and SW 27th street projects, Agency can increase total funding for the 35th and US 101 - Ferry Slip Road project by \$380,000 with this minor amendment.
6. Agency desires to increase funding for the 35th and US 101 - Ferry Slip Road project by this amount to ensure there are sufficient financial resources available to complete the work. The City of Newport, on behalf of the Agency, is close to completing planned improvements to Ferry Slip Road. This is only a portion of the project. The balance of the work will be completed by the Oregon Department of Transportation (ODOT), and

includes the construction of 35th Street between Abalone and Ferry Slip Road, relocation of the traffic signal from 32nd to 35th street, sidewalk along US 101 from the bridge to 35th Street, and the closure of the Ferry Slip Road and US 101 intersection. ODOT is in the early stages of designing the improvements and there are a number of unknowns that could impact the budget. Allocating an additional \$380,000 provides reserves that can be drawn upon in the event there are unanticipated costs that come to light as the project moves forward.

7. 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 are responsive to these requirements and 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.
8. Changes to the Plan are outlined in detail in this Minor Amendment Twelve 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.
9. The Newport City Council and Urban Renewal Agency considered Minor Amendment Twelve to the South Beach Urban Renewal Plan and Report at a public meeting on April 18, 2016 and voted to approve the twelfth amendment.

THE CITY OF NEWPORT RESOLVES AS FOLLOWS:

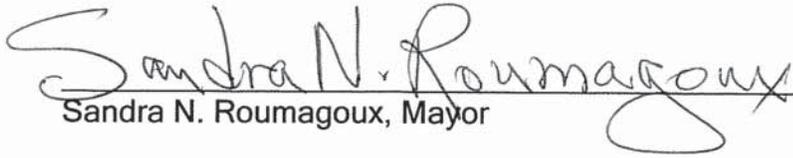
Section 1. Minor Amendment Twelve to the South Beach Urban Renewal Plan and Report is hereby adopted as attached in Exhibit A.

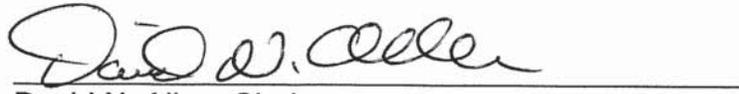
Section 2. The Executive Director of the Newport Urban Renewal Agency is hereby directed to record Minor Amendment Twelve to the South Beach Urban Renewal Plan and Report with the Lincoln County Clerk and shall distribute a copy of the adopted document to the governing bodies of the taxing entities within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

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

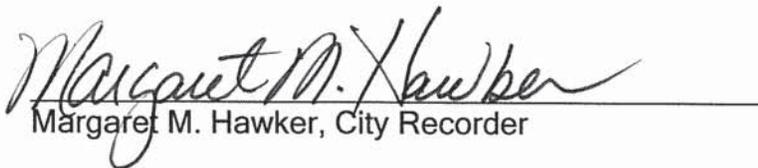
Adopted by the Newport City Council and the Newport City Council acting as the Newport Urban Renewal Agency on April 18, 2016.

Signed on April 19, 2016.


Sandra N. Roumagoux, Mayor


David N. Allen, Chair
Newport Urban Renewal Agency

ATTEST:


Margaret M. Hawker, City Recorder

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

Exhibit A, City of Newport Resolution No. 3747

April, 2015

An Update to the Sixth Amendment
to the South Beach Urban Renewal Plan and Report

Prepared by:
the City of Newport
Community Development Department

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- 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.

Amendment X (Minor) Newport Urban Renewal Agency Sept. 4, 2013

Moved \$850,000 for the extension of SW Abalone Street from SW 29th to SW Anchor Way from Phase 3 to Phase 2 to fund access improvements for OMSI's new Coastal Discovery Center. Shifted \$390,000 from Phase 1 to Phase 2 as match to State funding for 35th Street – 101 to Ferry Slip Road commercial street and signal project, and added \$125,000 to Phase 2 for right-of-way acquisition. Eliminated funding for multi-use path along west side of SW Abalone between the Bridge and 29th Street because project has been funded with other resources. Moved \$1,000,000 programmed for the extension of sewer service to the airport from Phase 2 to Phase 3. Reduced the projected annual revenue growth rate from 7.1% to 3.0% for Phases 2 and 3 and updated corresponding revenue projections.

Adjusted the budgets of Phase 2 projects to provide funding for the Agency to purchase a 2.33-acre parcel at the NE corner of US 101 and 35th Street (Portion of Lot 2, Block J, Harborton Subdivision). Phase 2 funding for strategic site acquisition for reuse; site preparation for reuse; and acquisition for economic development, community facilities, and affordable housing were consolidated under the heading of “strategic site acquisition for reuse” and the budget was increased from \$500,000 to \$1,540,000 for the purpose of purchasing the above referenced property. To offset this increase, \$100,000 in funding for a wetland mitigation bank, \$150,000 earmarked as match for street paving LIDs in the Coho/Brant neighborhood, and \$110,000 in funding for the SW 26th Street Lift Station was eliminated. Funding for right-of-way acquisition was reduced from \$375,000 to \$265,000 and funds for park, open space, and trail acquisition were reduced from \$200,000 to \$50,000. In sum, the reductions listed, in conjunction with \$420,000 in unexpended funds from Phase 1 off-set the increase in funding for site acquisition.

II. URBAN RENEWAL REPORT MINOR AMENDMENT XII

This minor amendment reallocates \$405,000 in excess funds from the soon to be completed SW Abalone, SW Brant, SW 30th and SW 27th street projects, with \$25,000 going to the retrofit of the Safe Haven Hill tsunami assembly area and \$380,000 to the 35th and US 101 – Ferry Slip Road project.

The budget for the Safe Haven Hill retrofit increased to almost \$885,000 as a result of design changes to sidewalk and retaining wall improvements within the US 101 highway right-of-way. The plan revisions were required by the Oregon Department of Transportation (ODOT) late in the design process. Most of the funding for this project has come from a Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant, and an additional \$191,910 has been secured from FEMA to help cover the additional expenses. Agency allocated \$200,000 for this project in Phase 1 and the additional \$25,000 of funds are needed to ensure that the twenty-five (25) percent local government cash match requirement associated with this FEMA grant is met so that all of the additional FEMA funds can be leveraged.

With the City shifting \$187,643 of funds out of its Street System Development Charge contingency to the SW Abalone Street project, Agency is able to repurpose an equivalent amount of urban renewal funds from the SW Abalone Street project to the 35th and US 101 – Ferry Slip Road project. When taken into consideration with other excess funds from the now substantially complete SW Abalone, SW Brant, SW 30th and SW 27th street projects, Agency can increase its total contribution to the 35th and US 101 – Ferry Slip Road project by \$380,000.

Increased funding for the 35th and US 101 – Ferry Slip Road project is needed to ensure there are sufficient financial resources available to complete the work. The City of Newport, on behalf of the Agency, is close to completing planned improvements to Ferry Slip Road. This is only a portion of the project. The balance of the work will be completed by the Oregon Department of Transportation (ODOT), and includes the construction of 35th Street between Abalone and Ferry Slip Road, relocation of the traffic signal from 32nd to 35th street, sidewalk along US 101 from the bridge to 35th Street, and the closure of the Ferry Slip Road/US

101 intersection. ODOT is in the early stages of designing the improvements and there are a number of unknowns that could impact the budget. Allocating an additional \$380,000 provides reserves that can be drawn upon in the event there are unanticipated costs that come to light as the project moves forward.

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 providing for adequate funding for needed public safety and transportation improvements. The Safe Haven Hill tsunami assembly area retrofit will ensure that local residents and employees of South Beach businesses have a refuge that they access in a short amount of time in the event of a near shore Cascadia earthquake and associated tsunami. The refuge is also a critical piece of infrastructure that will allow additional development to occur that would otherwise not happen out of concerns that much of South Beach is within a tsunami inundation area.

Construction of the 35th Street and US 101 intersection; relocation of the US 101 traffic signal from 32nd Street to 35th Street; construction of 35th Street from Abalone to Ferry Slip; widening of Ferry Slip Road with a new multi-use path; and the installation of sidewalk along the west and east sides of US 101 will improve traffic flow and mobility. This project, jointly funded with ODOT, will also complete the street and bike/pedestrian network in this portion of South Beach creating opportunities for properties in the area to develop or redevelop in a manner that enhances the overall tax base.

A. PROJECT PHASES

The projects proposed to implement the South Beach Urban Renewal Plan were organized into three phases consistent with Substantial Amendment 5. Minor Amendments 6, 7, 8, 9, 10, and 11 refined the listed projects and made adjustments to the timing of the work. Minor Amendment XII makes further refinements and adjustments, as follows:

1. Phase 1 – 2009/12

Phase 1 funding for tsunami evacuation route improvements for Safe Haven Hill is increased from \$200,000 to \$225,000. The estimate for the total cost of the project is increased to \$885,000.

2. Phase 2 – 2013/16

Funding for the 35th Street – 101 to Ferry Slip Road project is increased by \$380,000, bringing the total urban renewal contribution to \$1,770,000. The estimate for the total cost of the project is increased to \$3,617,000.

3. Phase 3 – 2017/20

No changes are being made to Phase 3 projects.

B. PROJECTS AND COST ESTIMATES

1. Phase 1 – 2009/12

PUBLIC RIGHTS OF WAY	Cost Estimate	URA Portion
Streets		
Ach 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
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 50th	\$320,000*	\$320,000*
Sanitary Sewer line same POW	\$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	\$557,000	\$200,000
Improvements for Safe Haven Hill	\$885,000	\$225,000
Total:	\$7,028,500	\$4,273,500
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: Project shown in ~~double-strikeout~~ have been completed. Urban renewal funds for projects depicted in *italics* have been budgeted for expenditure. Project descriptions and figures in **bold** are revisions with this amendment.

2. Phase 2 – 2013/16

PUBLIC RIGHTS OF WAY	Cost Estimate		UR Portion
<u>Streets</u>			
35th Street – 101 to Ferry Slip Road	\$2,167,000	\$3,617,000	\$1,390,000 \$1,770,000
Commercial Street Prototype, relocate 32nd Street Signal, widen Ferry Slip (Coho/Brant Projects #10 and #11)			
Anchor Way 35th to 40th		\$0	\$0
<u>Sidewalks</u>			
Ferry Slip Rd – 20th 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
<u>Acquisition/Development</u>			
TSP Projects - right of way		\$450,000	\$265,000
<u>Existing Street/ROW improvements including: paving, storm water, pedestrian/bicycle paths and landscaping:</u>			
SW Abalone St – SW 29th to Anchor Way (Coho/Brant Project #8 (Moved from Phase 3))		\$1,773,000	\$850,000 \$650,000
SW 27th – SW Brant to SW Abalone (Coho/Brant Project #2A)		\$145,000	\$145,000 \$122,000
SW 30th – SW Brant to SW Abalone (Coho/Brant Project #5)		\$311,000	\$150,000 \$125,000
SW Brant – SW 27th to SW 30th (Coho Brant Project #7)		\$707,000	\$707,000 \$550,000
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	\$0
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
<u>UTILITIES</u>			
<u>Sewer</u>			
SW 26th Street Sanitary Lift Station Upgrade (Coho/Brant Project #16)		\$110,000	\$0
<u>Utility Lines</u>			
Bury existing/new lines underground		\$300,000	\$300,000
<u>PUBLIC AMENITIES</u>			
Neighborhood Park Development		\$350,000	\$0
Neighborhood Park/Open Space/Trail Acquisition or Development: Funding for contribution toward SE Chestnut Street trail project		\$200,000	\$50,000
<u>ACQUISITION/DEVELOPMENT</u>			
Strategic Site Acquisition for Re-Use: Purchase of parcel at NE Corner of US 101 and 35th Street Portion of Lot 2, Block J, Harborton		\$250,000	\$1,540,000 (Note: figure includes \$420,000 unexpended Phase 1 funds)
Site Prep for Re-Use		\$100,000	\$0
Strategic Site Acquisition for Economic Development, Community Facilities, and Affordable Housing		\$500,000	\$0
<u>SPECIAL PROJECT IDEAS</u>			
Wetland Mitigation Bank		\$100,000	\$0
	Total:	\$8,354,000	\$5,746,000
	Unexpended Phase 1 funds shifted to Phase 2 with Minor Amendment XI:		-\$420,000
			\$5,326,000
	Revenue Estimate (3.0% growth)		\$5,370,000

Note: Projects shown in ~~double-strikeout~~ have been completed. Urban renewal funds for projects depicted in *italics* have been budgeted for expenditure. Project descriptions and figures in **bold** are revisions with this amendment.

3. Phase 3 – 2017/20

PUBLIC RIGHTS OF WAY	Cost Estimate	UR Portion
Streets		
40 th and 101 Signal and Intersection Improvements (Moved from Phase II)	\$2,624,000	\$1,000,000
50 th and 101 Intersection Improvements	\$1,970,000	\$400,000
Sidewalks		
Abalone St. – Abalone extension to US 101 (Coho/Brant Project #13B)	\$165,000	\$0
35 th 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 29 th 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.

V. FINANCIAL ANALYSIS OF THE AMENDMENT

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**

Fiscal Year	Taxing Districts																Total Tax Revenue
	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	
	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	
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	\$1,782,653
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	\$1,848,185
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	\$1,808,906
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	\$1,891,500
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	\$1,948,245
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	\$2,006,692
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	\$2,066,893
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	\$2,128,900
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	\$2,192,767
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	\$2,258,550
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	\$2,326,307
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	\$2,396,096
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	\$2,467,979
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	\$2,542,018
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	\$2,618,279
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	\$2,696,827
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	\$2,777,732
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	\$2,861,064

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 IMPLAN² (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		
<u>Direct:</u>		Jobs
NOAA Contractors (Ship repair, research, etc.)		63.4
<u>Indirect/Induced 2/:</u>		
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 by 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.