

CITY OF NEWPORT
SUBSTANTIAL AMENDMENT THIRTEEN TO THE SOUTH BEACH
URBAN RENEWAL PLAN AND REPORT

Exhibit A, City of Newport Resolution No. _____

_____, 2018

Prepared by:
the City of Newport
Community Development Department
169 SW Coast Highway
Newport, Oregon 97365

SUBSTANTIAL AMENDMENT XIII URBAN RENEWAL PLAN & REPORT

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I. URBAN RENEWAL PLAN AMENDMENTS

The South Beach Urban Renewal Plan was adopted in 1983. Since its adoption, the Urban Renewal Agency has executed seven minor (Amendments 3, 6, 7, 8, 9, 10 and 11) 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.

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.

Amendment XI (Minor) Newport Urban Renewal Agency Nov. 17, 2014

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.

Amendment XII (Minor) Newport Urban Renewal Agency Apr. 18, 2016

Reallocated \$405,000 in excess funds from the 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.

II. URBAN RENEWAL REPORT SUBSTANTIAL AMENDMENT XIII

This substantial amendment to the South Beach Urban Renewal Plan moves the deadline for awarding projects from December 31, 2020 to December 31, 2025. Extending the date after which no bonded indebtedness can be issued with respect to the Plan, or any project undertaken under the Plan, is defined in the Third Amendment to the South Beach Urban Renewal Plan as a substantial amendment. The thresholds for what constitutes a “substantial” or “minor” amendment from that Third Amendment are incorporated into this document. The Plan identifies 2027 as the year by which all debt is to be retired, allowing the district to be closed. This substantial amendment will not change that date.

Timelines for the project phases have been adjusted from three to six years to better reflect the length of time it either has, or will take to engage community stakeholders on refinements to “conceptual projects” contained in the Plan, secure needed funding, design, bid and construct projects. This change to the phasing also aligns with the new deadline for completing projects.

In addition to the above, this amendment addresses the following:

- Documents the current level of funding for the US 101 SE 32nd Street – SE 35th Street Improvement project.
- Reflects the final reconciliation of the Safe Haven, SW Abalone, SW 30th, SW Brant, SW 27th and SE Ferry Slip Road projects all of which are now complete.
- Shows additional funding for line undergrounding along SE Ferry Slip Road and US 101.
- Provides funding for a refinement plan to map out future use of the Agency owned property at the NE corner of the future SE 35th and US 101 intersection.
- Clarifies Phase 3 project objectives and updates estimates.
- Updates tax increment revenue and debt projections.

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 additional time for the Agency to complete identified Phase 2 and Phase 3 projects without changing the 2027 date by which all debt is to be retired so that the Plan can be closed and the tax increment released to the affected taxing entities.

Key infrastructure in Phase 3, including the redundant under bay water line, 40th and US 101 signal and intersection Improvements, and the sewer extension south to the Airport and nearby unincorporated residential areas, are critical to the future development of South Beach. These projects are complex, necessitating public outreach, project refinement, funding agreements, design and construction considerations that preclude them from moving forward without the extension proposed with this substantial amendment. Some, such as the SE 40th and US 101 signal, are not yet timely but are likely to be so by 2025. Currently budgeted Phase 2 projects will reshape the public space along US 101 between the bridge and SE 40th Street. That work will not be completed for a couple of years. When it is finished, it is likely to inform how the Agency might best proceed with public amenities and park projects identified in Phase 3. This can only occur; however, if additional time is provided to initiate urban renewal projects.

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, 11, and 12 refined the listed projects and made adjustments to the timing of the work. Substantial Amendment XIII expands the phasing from three to six year increments, and makes further refinements and adjustments, as follows:

1. Phase 1 – 2009/15

Phase 1 projects have been implemented. Final cost figures are provided for the Safe Haven Hill Tsunami Evacuation Route project, which was the last Phase 1 project to be completed.

2. Phase 2 – 2014/20

Shows the final cost of completed projects and current budgeted amounts for funded, ongoing projects. Additional funds for the 35th and 101 and related project components is being provided by the Oregon Department of Transportation and is programmed in the current Statewide Transportation Improvement Plan. Additional funding for the Ferry Slip Road and US 101 Line Undergrounding project has been budgeted out of the City of Newport line undergrounding fund. The refinement plan for the US 101 Commercial – Industrial Corridor, and demolition reserve are budgeted projects that are being added to the list. Use of TSP project right-of-way funds has been clarified to apply to the SE 50th and SE 62nd Street rights-of-way the Agency is seeking to purchase under an MOU with the property owner and a potential easement to address storm drainage issues in the vicinity of SE 40th Street.

3. Phase 3 – 2019/25

Cost estimates for Phase 3 projects include inflationary adjustments. Projects listed as “not funded” were addressed in a prior phase, are not needed based upon analysis contained in recent City capital facility plans, or require more time for implementation than this extension to 2025 will allow. The scope of some projects have been altered by recent facility plan updates, including the under-bay water line crossing, sewer extension to the airport, and US 101 storm drain crossing. The cost estimates for those projects, included in this amendment, draw from those updated plans.

B. PROJECTS AND COST ESTIMATES

1. Phase 1 – 2009/15

PUBLIC RIGHTS OF WAY	Cost Estimate	UR Portion
<u>Streets</u>		
Ach Street Design and Construct	\$425,000	\$355,000
Coho/Brant Area Plan and Design	\$70,000	\$60,000
Coho/Brant Area Construct	----	Not funded (Shifted to Phase 2)
Marine Science Drive (Including widening, multi-use path, roundabout and lighting)	\$2,304,000	\$1,138,000
Realign Rouge Access and 25th	\$448,000	\$448,000
Pacific Way Improvements	\$251,000	\$251,000
<u>Sidewalks</u>		
Marine Science Drive (Abalone to Ferry Slip)	\$67,500	\$67,500
<u>Acquisition</u>		
TSP Project Right-of-Way		
Realign, Expand and Extend SW Abalone Street right of way	\$315,000	\$286,000
<u>UTILITIES</u>		
Water Line US 101 – 40th to 50th	\$320,000	\$320,000
Sanitary Sewer US 101 – 40th to 50th	\$600,000	\$477,000
<u>PUBLIC AMENITIES</u>		
Neighborhood Park/Open Space Acquisition; 2.5-acre coastal gully and foredune site adjacent to South Beach State Park	\$225,000	\$225,000
<u>SPECIAL PROJECT IDEAS</u>		
Wetland Planning/Mitigation Bank	----	Not funded
Trails – Easement Acquisition	----	Not funded
South Jetty Trail	\$317,000	\$317,000
Tsunami Evacuation Route Improvements to Safe Haven Hill	\$1,594,000	\$272,500
 Total:		\$3,802,000
Existing “cash on hand” when Phasing Plan Started:		-\$2,177,128
Proceeds from the Phase 2 borrow:		-\$2,100,000
Excess increment transferred to Phase 2:		\$475,128

2. Phase 2 – 2014/20

PUBLIC RIGHTS OF WAY	Cost Estimate	UR Portion
<u>Streets</u>		
35th Street – 101 to Ferry Slip Road: Commercial Street Prototype, relocate 32nd St Signal to SE 35th, Construct 35th Street from Abalone to Ferry Slip Rd. with multi-use path (Coho/Brant Projects #10 and #11)	\$5,057,114	\$2,495,097
	\$0	\$0
SW Abalone St – SW 29th to Anchor Way (Coho/Brant Project #8 (Moved from Phase 3))	\$2,929,021	\$2,037,699
SW 27th – SW Brant to SW Abalone (Coho/Brant Project #2A)		
SW 30th – SW Brant to SW Abalone (Coho/Brant Project #5)		
SW Brant – SW 27th to SW 30th (Coho Brant Project #7)		
SW Abalone & SW 35th St. Stormwater Improvements (Coho/Brant Project #18)		
SW 26th St. and SW Brant St. Stormwater Improvements (Coho/Brant Project #17)		
SE Ferry Slip Rd – 32nd to Ash with shared use path from Ash to Marine Science Drive	\$1,354,873	\$1,354,873
Anchor Way 35th to 40th	---	Not funded
<u>Acquisition/Development</u>		
TSP Projects - right of way:		
Re-align SE 50th Street right-of-way and acquire SE 62nd Street right-of-way, obtain storm drainage easement in the vicinity of SE 40th and US 101	\$200,000	\$200,000
Match for LIDs formed to implement Tier 2 and Tier 3 Coho/Brant improvements		Not funded (shifted to Phase 3)
<u>UTILITIES</u>		
<u>Sewer</u>		
SW 26th Street Sanitary Lift Station Upgrade (Coho/Brant Project #16)	---	Not funded
<u>Utility Lines</u>		
Ferry Slip Road and US 101 Line Undergrounding	\$1,600,000	\$1,000,000
<u>PUBLIC AMENITIES</u>		
Neighborhood Park Development		Not funded
Neighborhood Park/Open Space/Trail Acquisition: Funding for contribution toward SE Chestnut Street trail project	\$200,000	\$50,000
<u>ACQUISITION/DEVELOPMENT/SITE PREP FOR REUSE</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	\$1,540,000	\$1,540,000
Site Prep for Reuse: Demolition Reserve for Parcel at NE Corner of US 101 and SE 35th Street	\$250,000	\$141,000
Refinement Plan for the South Beach US 101 Commercial – Industrial Corridor	\$75,000	\$75,000
Strategic Site Acquisition for Economic Development, Community Facilities, and Affordable Housing		Not funded
<u>SPECIAL PROJECT IDEAS</u>		
Wetland Mitigation Bank		Not funded
Total:		\$8,893,669
Unexpended Phase 1 funds shifted to Phase 2 with Minor Amendment XI:		-\$475,128
Proceeds from lease of Agency property:		-\$141,000
Proceeds from the Phase 2 borrow:		-\$5,400,000
Pay as you go increment:		-\$2,877,541

Note: Projects shown in ~~double-strikeout~~ have been completed. Urban renewal funds for projects depicted in **bold** are budgeted capital projects.

3. Phase 3 – 2019/2025

	Escalated Cost Estimate (2020)	UR Portion
PUBLIC RIGHTS OF WAY		
<u>Streets</u>		
40 th and US 101 Signal and Intersection Improvements (Moved from Phase 2)	\$3,500,000	\$1,750,000
50 th and US 101 Intersection Improvements		
<u>Sidewalks</u>		
Abalone Street Multi-Use Path Extension (Coho/Brant Project #12B)		Not funded (Shifted to Phase 2)
SE 35 th Street from Ferry Slip Road to Estuary Turn	\$605,000	\$605,000
<u>Acquisition/Development</u>		
Match for LIDs formed to implement Tier 2 and Tier 3 Coho/Brant improvements (Moved from Phase 2)	\$250,000 \$1,100,000	\$250,000 \$200,000
UTILITIES		
<u>Water</u>		
12-inch Bay Under-crossing Pipeline	\$3,530,000	\$2,800,000
<u>Sewer</u>		
Extend Gravity Sewer to Airport/Surfland	\$6,300,000	\$3,000,000
Henderson Creek Piping		Not funded
Henderson Creek Lift Station		Not funded
<u>Storm</u>		
170-feet of 36-inch storm drain crossing US 101 in the vicinity of Southshore	\$150,000	\$75,000
<u>Utility Lines</u>		
Bury existing/new underground utility lines	\$200,000	\$200,000
PUBLIC AMENITIES		
Neighborhood Park (Under Bridge Space – Coho Brant Plan)	\$694,000	\$300,000
Gateway to South Beach	\$100,000	\$100,000
Street Tree and Open Space Planting	\$100,000	\$100,000
Street Furniture	\$50,000	\$50,000
COMMUNITY IMPROVEMENT PROGRAMS		
Fund Storefront Façade Loan/Grant Program		Not funded
SPECIAL PROJECT IDEAS		
Trail Acquisition/Development	\$100,000	\$100,000
Coastal Gully Open Space Improvements (Coho/Brant Project #19)	\$735,000	\$250,000
Jetty Trail Improvement (SW Coho Street. SW 29 th Street, Jetty Way (Coho/Brant Project #12)	\$640,000	\$300,000
Tsunami Evacuation Route Improvements	\$200,000	\$200,000
Wetland Mitigation Bank		Not funded
Total:		\$10,280,000
	Proceeds from lease of Agency property:	-\$100,000
	Proceeds from the Phase 3 borrow:	-\$7,400,000
	Pay as you go increment:	-\$2,780,000

C. ESTIMATED COMPLETION DATE

Projects are expected to be awarded no later than December 31, 2025 and completed in a timely manner. The projects are divided in to three, six year 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 2009-2015
- Phase 2 2014-2020
- Phase 3 2019-2025

The three phases will enable the agency to plan and implement the financial plan in Section V. Some portion of the Phase 3 projects will be implemented with “pay as you go” increment, and it is anticipated that all debt will be retired by FYE 2027.

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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 actual and projected growth in tax increment funds (i.e. expected tax increment revenue). Figures through the end of FYE 2017 show the full 100% increment as determined by the Lincoln County Assessor. Projections for FYE 2018 through 2027 utilize a conservative 2.2% annual growth rate to account for residential and commercial development that is likely to occur in the South Beach Urban Renewal District.

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

Year	SB-URD Annual Revenue	SB-URD Cumulative Revenue
2009-10	\$1,858,912	\$1,858,912
2010-11	\$1,936,846	\$3,795,758
2011-12	\$1,911,051	\$5,706,809
2012-13	\$1,860,545	\$7,567,354
2013-14	\$1,874,391	\$9,441,745
2014-15	\$1,890,921	\$11,332,666
2015-16	\$2,061,104	\$13,393,770
2016-17	\$2,277,272	\$15,671,042
2017-18	\$2,327,372	\$17,998,414
2018-19	\$2,378,574	\$20,376,988
2019-20	\$2,430,903	\$22,807,891
2020-21	\$2,484,383	\$25,292,274
2021-22	\$2,539,039	\$27,831,313
2022-23	\$2,594,898	\$30,426,211
2023-24	\$2,651,986	\$33,078,196
2024-25	\$2,710,329	\$35,788,526
2025-26	\$2,769,957	\$38,558,482
2026-27	\$2,830,896	\$41,389,378

SOURCE: 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 \$15,669,089. This revenue will be used to repay indebtedness incurred to finance Phase 3 projects in this Plan Amendment. Table V-2 below shows the expected increment revenue and debt service schedule.

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

	(A) URA Incremental Revenue 2.2%	(B) Total Existing Debt Service	(C) Reserve Requirement	(D) 2015 Issue Debt Service (Phase 2)	(E) 2019 Issue Debt Service (Phase 3)	(F) Debt Reserve	(G) Pledged Coverage	(H) Total Debt Service	Remaining Uncommitted Revenue (Annual)	(I) Remaining Uncommitted Revenue (Aggregate)
2017	\$2,277,272	\$1,270,243	\$317,963	\$246,807			1.90	\$1,517,050	\$760,222	\$254,960
2018	\$2,327,372	\$1,243,638		\$273,309		\$529,481	2.29	\$1,516,947	\$810,425	\$1,065,385
2019	\$2,378,574	\$1,097,800		\$418,762	\$300,000	-	1.81	\$1,816,562	\$562,012	\$1,627,397
2020	\$2,430,903	\$763,550		\$753,321	\$375,000	-	1.75	\$1,891,871	\$539,032	\$2,166,429
2021	\$2,484,383	\$545,075		\$972,140	\$425,000	-	1.72	\$1,942,215	\$542,168	\$2,708,597
2022	\$2,539,039	\$609,675		\$744,966	\$500,000	-	1.87	\$1,854,641	\$684,398	\$3,392,995
2023	\$2,594,898	\$569,250		\$784,522	\$625,000	-	1.75	\$1,978,772	\$616,126	\$4,009,121
2024	\$2,651,986			\$1,016,820	\$700,000	-	2.18	\$1,716,820	\$935,166	\$4,944,286
2025	\$2,710,329			\$1,016,641	\$850,000	-	1.98	\$1,866,641	\$843,688	\$5,787,975
2026	\$2,769,957				\$2,351,491	-	1.50	\$2,351,491	\$418,466	\$6,206,440
2027	\$2,830,896				\$2,903,224			\$2,903,224		
Term of Loan (Years)				10	9					
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. For FYE 2017 the figure represents the 100% increment reported by the Lincoln County Assessor. Actual collections for any given year will fall short of that figure due to delinquencies. Tax increments for FYE 2018 to FYE 2027 are increased at a conservative rate of 2.2% per year.
- (B) Includes the 2007 Series, 2008 Series, and 2010B Series bonds. The 2010B bond was dedicated to projects listed in Phase 1 of this Plan.
- (C) Applies only to the 2007 Series, 2008 Series, and 2010B Series bonds.
- (D) Annual debt service to fund projects identified in Phase II of this Plan, with initial payment in FYE 2016.
- (E) Annual debt service to fund projects identified in Phase III of this Plan, with initial payment in FYE 2019.
- (F) Reserve created with FYE 2018 amended budget to ensure that the Urban Renewal Agency has sufficient funds to satisfy its pledged coverage requirement, which stipulates that 125% of the debt service amount be available on an annual basis to ensure there are sufficient funds for debt service.
- (G) Projected pledged coverage ratio for each fiscal year assuming remaining uncommitted revenue is retained.
- (H) Total debt service obligation for the South Beach URA.
- (I) Annual tax increment remaining after debt service obligations and reserve are met.
- (j) Aggregate amount of uncommitted revenue after debt service and reserve are met. A portion of this revenue may be used as "pay as you go" funds for projects provided the 125% pledged coverage ratio is met. The \$254,960 figure is the beginning fund balance for FYE 2018 and reflects that a portion of the uncommitted FYE 2017 increment was used to fund the debt reserve shown in column (F).

Based on projections in Table V-2, revenues are expected to be sufficient to retire incurred debt by FYE 2027. Column (I) of Table V-2 shows that there is significant uncommitted tax increment revenue to address currently unforeseen issues or to potentially retire the debt earlier than FYE 2017. This chart does not include the \$2.54 million dollar commercial property the Agency acquired in Phase 2, and sale of that property would provide additional funds to retire debt.

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 FYE 2027.

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 \$21,356,234. Expenditures are based on potential debt schedules to finance the projects described in Phase 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 2.2% 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 table has not been updated with this plan amendment, considering that this substantial amendment is not changing the closure date of the district.

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.

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**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.

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VI. FUTURE AMENDMENTS TO THE PLAN

A. THIRD AMENDMENT TO THE SOUTH BEACH URBAN RENEWAL PLAN, ADOPTED SEPTEMBER 11, 1991 (CITY RESOLUTION NO. 91-4)

Amendment 3 to the South Beach Urban Renewal Plan sets out criteria for future amendments to the Plan. It replaced the provisions contained in Section VIII of the original South Beach Urban Renewal Plan, adopted September 12, 1983 (City Ordinance No. 1341, County Resolution No. 83-26-9)

All amendments or changes to the Plan are to be made in writing and approved by the Agency, the City Council, or both. The amendments or changes may be substantial amendments or minor amendments as hereinafter defined.

Substantial amendments to the Plan shall be approved by the City Council by non-emergency ordinance pursuant to ORS 457.095 and 457.220 after public notice and hearing. Minor amendments to the Plan shall be approved by the Agency and by the City Council by resolution, except as hereinafter provided.

The terms “substantial amendment” is the equivalent of “major amendment,” as used with respect to certain previous amendments. The following amendments or changes to the Plan shall be considered substantial amendments:

1. Adding land to the Urban Renewal area (except such minor additions of land as may be authorized by statute as not constituting a substantial amendment).
2. Extending the date after which no bonded indebtedness shall be issued with respect to the Plan or any project undertaken or to be undertaken under the Plan.
3. Increasing the maximum amount of bonded indebtedness, excluding bonded indebtedness used to refinance or refund existing bonded indebtedness, issued or to be issued under the Plan, to the extent that the Plan may specify a limitation upon the maximum amount of such bonded indebtedness.
4. Adding a new project, activity or program which:
 - a. Serves or performs a substantially different function from any project, activity or program specified in this Plan; and
 - b. Is estimated to cost (excluding administrative costs) in excess of \$500,000.00 adjusted annually from July 1, 1991 at a rate equal to the construction cost index applicable to the Urban Renewal Area.

5. Making other changes in the Plan which alter the major assumptions, purposes and objectives underlying the Plan.

All amendments or changes to the Plan which are not substantial amendments, as specified above, shall be considered minor amendments. The implementation of the plan by specification of work and projects to carry out a project conceptually approved within the Plan shall constitute a minor amendment, if any amendment be required at all for such purpose. Minor amendments shall also include, but not be limited to, identification of property for acquisition pursuant to projects, and activities or programs specified in this Plan for public use or for private redevelopment.

From time to time, during the implementation of this Plan, the City Council may officially approve amendments or modifications to the City's Comprehensive Plan and implementing ordinances. Furthermore, the City Council may from time to time amend or approve new codes, regulations or ordinances which affect the implementation of this Plan. When such amendments, modifications or approvals have been officially enacted by the City Council, such amendments, modifications or approvals, to the extent they may affect the provisions of this Plan, shall be deemed minor amendments to the Plan and shall, by reference, become a part of this Plan, without the necessity for action on the part of the Agency.

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NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPACTS

(PREPARED WITH AMENDMENT SIX TO THE SOUTH BEACH URBAN RENEWAL PLAN)

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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
<u>Office</u>	<u>1.8</u>	<u>468</u>	<u>865</u>
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
<u>Office</u>	<u>865</u>	<u>0.35</u>	<u>0.06</u>	<u>\$2,361,500</u>	<u>\$133,961</u>	<u>0.58</u>	<u>\$77,698</u>
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.

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