

CITY OF COOS BAY

ORDINANCE NO. 419

AN ORDINANCE MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO AND APPROVING THE NINTH AMENDMENT TO THE CITY OF COOS BAY EMPIRE DISTRICT URBAN RENEWAL PLAN

WHEREAS, the City Council of the City of Coos Bay approved the Empire District Urban Renewal Plan by adoption of Ordinance No. 216, on August 30, 1995, which Plan has thereafter been amended eight times. The Empire District Urban Renewal Plan, as amended through the Eighth Amendment is referred to herein as the "Plan";

WHEREAS, the Urban Renewal Agency of Coos Bay ("Agency"), as the duly authorized and acting urban renewal agency of the City of Coos Bay, Oregon, is proposing to amend the Plan to delete the last date for issuance of bonded indebtedness and change the definition of "Substantial Amendment". Such amendments are proposed so that the provisions of the Plan match current statutory provisions; and

WHEREAS, under the terms of Section VII of the Plan an extension of the last date for issuance of bonded indebtedness of the Plan is a Substantial Amendment and requires the notice, hearing, and approval procedures required by ORS 457.095, and special notice as provided in ORS 457.120; and

WHEREAS, the Agency, pursuant to the requirements of ORS Chapter 457, has prepared the amendment which is attached to this Ordinance as Exhibit A, and incorporated herein by this reference ("Amendment"). The Amendment deletes the last date for issuance of bonded indebtedness of the Plan and makes changes to the definition of Substantial Amendment; and

WHEREAS, the Agency has caused the preparation of a report accompanying the Amendment as required by ORS 457.085(3) ("Report"), which Report dated November 9, 2009 is attached to this Ordinance as Exhibit B and incorporated herein by this reference; and

WHEREAS, the Amendment and the Report were forwarded to the City of Coos Bay Planning Commission for recommendation, the Planning Commission considered the Amendment and Report on November 10, 2009 and recommended by approval of the Planning Commission Recommendation dated November 10, 2009 that the City Council approve the Amendment; and

WHEREAS, the Amendment and the Report were forwarded on November 12, 2009 to the governing body of each taxing district affected by the Amendment, and the Agency has thereafter consulted and conferred with said districts; and

WHEREAS, the City Council has not received written recommendations from the governing bodies of the affected taxing districts, and

RETURN TO: City of Coos Bay
City Recorder
500 Central Avenue
Coos Bay OR 97420

WHEREAS, on October 30, 2009 the City caused notice of the hearing to be held before the City Council on the Amendment, including the required statements of ORS 457.120(3), to be mailed to property owners in the City of Coos Bay, and on November 18, 2009 notice of the public hearing to be published in The World newspaper; and

WHEREAS, on December 1, 2009 the City Council held a public hearing to review and consider the Amendment, the Report, the Planning Commission Recommendation, and to receive public testimony; and

WHEREAS, after consideration of the record presented through this date, the City Council does by this Ordinance desire to approve the Amendment.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF COOS BAY HEREBY ORDAINS THAT:

Section 1. The Amendment complies with all requirements of ORS Chapter 457 and the specific criteria of 457.095(1) through (7), in that, based on the information provided in the Report, the Planning Commission Recommendation and the public testimony before the City Council:

1. The area designated in the Plan as the Empire District Urban Renewal Area ("Area") is blighted, as defined by ORS 457.010(1) and continues to be eligible for inclusion within the Plan because of conditions described in the Report in Section II, including the underdevelopment of property within the Area (ORS457.010(1)(g) and (h)) and the lack of adequate streetscape improvements (ORS 457.010(e);

2. The rehabilitation and redevelopment described in the Amendment to be undertaken by the Agency is necessary to protect the public health, safety or welfare of the City because absent the completion of urban renewal projects, the Area will fail to contribute its fair share of property tax revenues to support City services and will fail to develop and/or redevelop according the goals of the City's Comprehensive Plan;

3. The Amendment conforms to the Coos Bay Comprehensive Plan and provides an outline for accomplishing the projects described in the Plan, as more fully described in the Plan as amended by this Amendment;

4. No residential displacement will occur as a result of the acquisition and disposition of land and redevelopment activities proposed in the Amendment and therefore the Amendment does not include provisions to house displaced persons;

5. The acquisition of real property provided for in the Amendment is necessary for the development of public facilities in the Area and for the development of adequate streets and utilities, as more fully described in Section II of the Report;

6. Adoption and carrying out the Plan, as amended by this Amendment is economically sound and feasible in that eligible projects and activities will be funded by urban renewal tax revenues derived from a division of taxes pursuant to section 1c, Article IX of the Oregon Constitution and ORS 457.440 and other available funding as more fully described in Section II of the Report; and

EXHIBIT A

NINTH AMENDMENT TO THE EMPIRE DISTRICT URBAN RENEWAL PLAN

December 2009

(Deletions are shown as strikethrough.)

The last paragraph of Section VI. A. of the Plan, "General Description of Financing Methods" will be changed as follows:

The funds obtained by the Agency shall be used to pay or repay any cost, expense, advances or any other indebtedness incurred in planning or undertaking the Plan or in otherwise exercising any of the powers granted by ORS 457. ~~No bonded indebtedness shall be issued after December 31, 2011.~~

The second paragraph of Section VII of the Plan, "Renewal Plan Amendments" will be changed as follows:

For the purposes of the document, "substantial amendment" means:

- Adding land to the urban renewal area, except for an addition of land that totals not more than one percent of the existing area of the urban renewal area;
- ~~Extending the date after which no bonded indebtedness excluding bonded indebtedness issued to refinance or refund existing bonded indebtedness issued or to be issued under the urban renewal plan.~~
- Increasing the maximum amount of bonded indebtedness excluding indebtedness issued to refinance or refund existing bonded indebtedness issued or to be issued under the Plan.
- ~~Revisions in the Renewal Area Boundary, other than the permitted 1%.~~
- ~~Extending the term of the Plan for this district.~~

EXHIBIT B

REPORT ON NINTH AMENDMENT TO EMPIRE DISTRICT URBAN RENEWAL PLAN

I. INTRODUCTION

The Ninth Amendment to the Empire District Urban Renewal Plan (the "Plan") effects two changes:

The last date for issuance of bonded debt (December 31, 2011) is deleted. Current statutes do not require a last date for issuance of debt. The amount of debt is limited by the maximum indebtedness of the Plan, which was established in 1998 at \$12,550,011.

The definition of substantial amendment in the Plan is changed to reduce such amendments to the two amendments that are required by statute.

The Amendment does not change any of the substantive elements of the Plan (such as its goals and objectives, projects and redevelopment activities, maximum indebtedness, and property acquisition provisions) and therefore many parts of the Urban Renewal Report that accompanies a substantial amendment of an urban renewal plan are not applicable.

The impacts of the removal on overlapping taxing districts are not materially affected because the Plan allowed issuance of bonds up to December 31, 2011 and there is no legal limit on the term of these bonds and therefore the projected use of tax increment revenues for payment of debt is not necessarily affected by the Amendment.

As of July 1, 2009, the Plan had a balance of \$10,143,981. Projections by the Urban Renewal Agency of the City of Coos Bay ("Agency") show repayment of all debt issued under the maximum indebtedness by June 30, 2024.

II. FINANCIAL ANALYSIS

The financial analysis of the Ninth Amendment consists of (1) projecting the future tax increment revenues of the Plan, (2) allocating such revenues to the payment of principal and interest on debt within the maximum indebtedness of the Plan and projecting the permanent rate property tax levies foregone by the overlapping taxing districts during and after the projected use of tax increment financing.

A. Future Tax Increment Revenues

The projection of future tax increment revenues is based on historical growth rates and professional judgment about the development potential in the Urban Renewal Area. Since the fiscal year ending (FYE) 1998 the total assessed value in Empire has grown at an average annual rate of 7.2%. In the years since FYE 2002, the average annual growth rate has been 5.2%.

REPORT ON NINTH AMENDMENT TO EMPIRE DISTRICT
URBAN RENEWAL PLAN

Table 1. Shows the historical data on total and incremental assessed value in the Empire District.

Table 1: Historic Assessed Value

FY ending June 30	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Base	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166
Increment	12,812,051	13,956,980	14,897,771	16,207,896	17,816,831	19,546,799	20,668,208	22,214,664	23,975,270	25,230,632	27,612,733	28,987,630	35,618,393
Total	36,584,217	37,729,146	38,669,937	39,980,062	41,588,997	43,318,965	44,440,374	45,986,830	47,747,436	49,002,798	51,384,899	52,769,796	59,390,559
Growth In Total AV		8.94%	6.74%	8.79%	9.93%	9.71%	5.74%	7.48%	7.93%	5.24%	9.44%	4.98%	22.87%

Future growth in total assessed value is projected within these parameters, starting at 3.0% to reflect current real estate market conditions. The projected growth rate increases to 6.0% for several years and then drops to a growth rate of 5.0%. Table 2 below shows the projected future assessed value and shows the percentage increase in total assessed value used in the projection. The “base” assessed value is subtracted from the total assessed value to calculate the “increment” or incremental assessed value.

Table 2: Projected Total and Incremental Assessed Value

FY ending June 30	2011	2012	2013	2014	2015	2016	2017	2018
Base	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166
Increment	37,478,300	39,435,328	41,494,546	43,661,293	45,941,181	48,340,120	50,864,325	53,520,339
Total	61,250,466	63,207,494	65,266,712	67,433,459	69,713,347	72,112,286	74,636,491	77,292,505
Growth In Total AV	3.00%	5.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

FY ending June 30	2019	2020	2021	2022	2023	2024	2025
Base	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166	23,772,166
Increment	56,315,043	59,255,680	62,349,870	65,605,632	69,031,401	72,636,056	76,428,937
Total	80,087,209	83,027,846	86,122,036	89,377,798	92,803,567	96,408,222	100,201,103
Growth In Total AV	6.00%	6.00%	6.00%	6.00%	6.00%	5.00%	5.00%

The tax increment revenues projected for Empire are equal to the projected increment times the projected property tax rate, as shown in Table 3:

Table 3: Projected Tax Increment Revenues

FY ending June 30	2011	2012	2013	2014	2015	2016	2017	2018
Increment	37,478,300	39,435,328	41,494,546	43,661,293	45,941,181	48,340,120	50,864,325	53,520,339
Property Tax Rate	15.0208	14.7863	14.7863	14.7863	14.7863	14.7863	14.7863	14.7863
Tax Increment Revenues, Gross	562,954	583,103	613,551	645,589	679,300	714,772	752,095	791,368
Tax Increment Revenues, Net @ .98	551,695	571,441	601,280	632,677	665,714	700,476	737,053	775,540

FY ending June 30	2019	2020	2021	2022	2023	2024	2025
Increment	56,315,043	59,255,680	62,349,870	65,605,632	69,031,401	72,636,056	76,428,937
Property Tax Rate	14.7863	14.7863	14.7863	14.7863	14.7863	14.7863	14.7863
Tax Increment Revenues, Gross	832,691	876,172	921,924	970,065	1,020,719	1,074,019	1,130,101
Tax Increment Revenues, Net @ .98	816,037	858,649	903,485	950,663	1,000,305	1,052,538	1,107,499

REPORT ON NINTH AMENDMENT TO EMPIRE DISTRICT
URBAN RENEWAL PLAN

B. Projected Payment of Remaining Maximum Indebtedness

The maximum indebtedness not issued for the Plan as of this date is \$10,143,981, shown in Table 4 below.

Table 4: Remaining Maximum Indebtedness

Empire Maximum Indebtedness	12,550,011	Balance
Series 2000	1,320,000	11,230,011
Series 2003 (Less Refunding)	1,086,030	10,143,981

The number of years for issuing and repaying maximum indebtedness depends on the nature of the debt incurred. The time is minimized using short term debt, which results in all revenues used for principal and little to none for interest. Using this method of financing, 15 years (FYE 2010 – 2024) are needed to repay the maximum indebtedness as shown in Table 5.

Table 5: Issuance and Repayment of Maximum Indebtedness

FY ending June 30	2011	2012	2013	2014	2015	2016	2017
Tax Increment Revenues, Gross	562,954	583,103	613,551	645,589	679,300	714,772	752,095
Tax Increment Revenues, Net @ .98	551,695	571,441	601,280	632,677	665,714	700,476	737,053
Short Term Debt	320,898	340,841	370,979	450,633	459,789	494,899	531,842

FY ending June 30	2018	2019	2020	2021	2022	2023	2024
Tax Increment Revenues, Gross	791,368	832,691	876,172	921,924	970,065	1,020,719	1,074,019
Tax Increment Revenues, Net @ .98	775,540	816,037	858,649	903,485	950,663	1,000,305	1,052,538
Short Term Debt	786,453	825,198	868,235	913,520	961,170	1,011,308	887,794

Total Short Term Debt	10,143,981
-----------------------	------------

C. Revenues Foregone by Taxing Districts

The projected permanent rate property tax revenues foregone by the overlapping taxing districts are shown in Table 5 below. Again, these impacts are not impacts of the amendment, per se, because the period of time for use of tax increment financing in the Plan was not limited, only the last date for issuance of debt. If bonds were issued on December 31, 2011 with a duration of 15 years, the tax increment financing would be in place until FY 2025/2026.

REPORT ON NINTH AMENDMENT TO EMPIRE DISTRICT
URBAN RENEWAL PLAN

Table 6: Tax Increment Revenues Foregone (FY 2010/2011- 2023/2024)

Present Value Revenues Foregone	Total	Average Per Year	FY 09/10 Permanent Rate Levy	Percent Average Impact of FY 09/10 Levy
4H COOS CO. 4H/EXT, SER. DIST.	47,338	3,156	370,538	0.9%
LI COOS LIBRARY SER DIST	388,565	25,904	3,041,501	0.9%
CO COOS	575,677	38,378	4,506,129	0.9%
CI COOS BAY	3,392,706	226,180	5,174,130	4.4%
ED SO COAST-JT/W CCD *	236,263	15,751	1,849,353	0.9%
SC COOS BAY 9 *	2,413,591	160,906	6,960,394	2.3%
CC SWOCC-JT/W CCD	374,065	24,938	2,892,594	0.9%
PT COOS BAY	326,194	21,746	1,446,079	1.5%
PT AIRPORT DIST- COOS COUNTY	127,940	8,529	1,001,455	0.9%

*The revenues foregone and gained by Coos Bay Schools and the South Coast Educational Service District are mitigated by state funding. The impacts of urban renewal are indirect and apply statewide from all urban renewal plans.

It is projected that by the end of FY 2030/2031, a period of seven years after the termination of the tax increment financing, the taxing districts would have gained revenues in excess of the revenues foregone, all in today's dollars. This is shown in Table 7 below.

Table 7: Tax Increment Revenues Gained (FY 2024/2025 – 2030/2031)

Present Value Revenues Gained	
4H COOS CO. 4H/EXT, SER. DIST.	47,911
LI COOS LIBRARY SER DIST	393,272
CO COOS	582,651
CI COOS BAY	3,433,804
ED SO COAST-JT/W CCD *	239,125
SC COOS BAY 9 *	2,442,828
CC SWOCC-JT/W CCD	378,596
PT COOS BAY	330,145
PT AIRPORT DIST- COOS COUNTY	129,490

D. Economic Conditions: Building to Land Value Ratios

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property's improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the "Improvement to Land Ratio" or "I:L." The values used are real market values. In urban renewal areas, the I:L may be used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives. A healthy condition of real estate investment in the

REPORT ON NINTH AMENDMENT TO EMPIRE DISTRICT
URBAN RENEWAL PLAN

Empire District Area would be 5:1 or more. There are 20 parcels, or 3.41 percent of the parcels in the Area that meet this improvement ratio.

Table 8 below "Improvement to Land Ratio of Parcels in the Area," shows the improvement to land ratios for taxable properties within the Area. Of the properties with an improvement value, approximately 95% percent have less than 5.0 improvement value; the I:L ratios for improved properties in the urban renewal study area are very low.

These conditions exhibit a prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered in accordance with ORS 477.010(1)(g). In addition, this growing lack of proper utilization of land results in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare, constitutes blight in accordance with ORS 457.010(1)(h).

Table 7: Improvement to Land Ratios

I:L Ratio	Parcels	% of Assessed Parcels
0 - 0.5	33	8%
0.51 - 1	92	23%
1.1 - 1.5	73	18%
1.51 - 2	49	12%
2.1 - 3	42	10%
3.1 - 4	20	5%
4.1 - 5	5	1%
>5	20	5%
Assessed	408	

7. The City shall assume and complete any activities prescribed it by the Plan.

Section 2. The Ninth Amendment to the Empire District Urban Renewal Plan is hereby approved based upon review and consideration by the City Council of the Plan and Report, and the Planning Commission Recommendations, each of which is hereby accepted, and the public testimony in the record.

Section 3. The City Manager shall forward forthwith to the Agency a copy of this Ordinance.

Section 4. The Agency shall thereafter cause a copy of the Amendment to be recorded in the Records of Coos County, Oregon.


Section 5. The City Manager, in accordance with ORS 457.115, shall publish notice of the adoption of the Ordinance approving the Amendment, including the provisions of ORS 457.135, in the The World newspaper no later than four (4) days following adoption of this Ordinance.

The foregoing ordinance was passed by the City Council of the City of Coos Bay this 1st day of December 2009 by the following vote:


Yes: Councilors Mark Daily, Jon Eck, Joanie Johnson, Stephanie Kramer, Gene Melton, and John Pundt.

No: None

Absent: Mayor Jeff McKeown



Jeff McKeown
Mayor of the City of Coos Bay
Coos County, Oregon

ATTEST: 

Rae Lea Cousens
City Recorder of the City of Coos Bay
Coos County, Oregon