



AGENDA & Notice of City Council Work Session & Regular City Council Meeting

The City Council of the City of Newport will hold a work session on Monday, November 4, 2013, at 11:00 A.M., followed by regular meeting of the City Council at 6:00 P.M. The work session will be held in Conference Room A at City Hall, and the regular meeting will be held in the Council Chambers, City Hall, located at 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the agenda follows.

The meeting locations are accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder 541.574.0613.

The City Council reserve the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the work session and/or meeting.

CITY COUNCILWORK SESSION Monday, November 4, 2013 - 11:00 A.M. Conference Room A

- I. Additional Work Session Items Not Listed on the Agenda (for this and future work sessions)
 - II. Review of Draft City Manager Employment Agreement
 - III. Financial Discussion (Gazewood)
 1. Room Tax
 2. Monthly Budget Report Format
 - IV. Discussion Regarding Medical Marijuana Dispensaries (Miranda)
 - V. Overview of the City's Real Property Assets - Part 2 - Developed Lands (Tokos)
 - VI. PAC and VAC Phone and Internet
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COUNCIL MEETING AGENDA
Monday, November 4, 2013 - 6:00 P.M.
Council Chamber

Anyone wishing to speak on an agenda item should complete a Public Comment Form and give it to the City Recorder. Public Comment Forms are located at the entrance to the City Council Chamber. Anyone commenting on a subject not on the agenda will be called upon during the Public Comment section of the agenda. Comments pertaining to specific agenda items will be taken at the time the matter is discussed by the City Council.

I. Pledge of Allegiance

II. Call to Order and Roll Call

III. Additions/Deletions and Approval of Agenda

IV. Public Comment

This is an opportunity for members of the audience to bring to the Council's attention any item not listed on the Agenda. Comments will be limited to three (3) minutes per person with a maximum of 15 minutes for all items. Speakers may not yield their time to other.

V. Consent Calendar

The consent calendar consists of items of a repeating or routine nature considered under a single action. Any Councilor may have an item on the consent agenda removed and considered separately on request.

- A. Approval of City Council Minutes from the Work Session and Regular Meeting of October 21, 2013 (Hawker)

VI. Officer's Reports

- A. Mayor's Report
- B. City Manager's Report
 - 1. Project Management Report

VII. Discussion Items and Presentations

Items that do not require immediate Council action, such as presentations, discussion of potential future action items.

- A. Initiating Feasibility Study on Forming a Northside Urban Renewal District (Tokos)
- B. Report on Visual Arts Center Re-Envisioning Process

VIII. Action Items

Citizens will be provided an opportunity to offer comments on action items after staff has given their report and if there is an applicant, after they have had the opportunity to speak. (Action items are expected to result in motions, resolutions, orders, or ordinances.)

- A. Authorization to Proceed with Partitioning the Visual Arts Center Property. (Tokos)
- B. Consideration of Resolution No. 3649 Establishing The National Incident Management System As the Standard For Incident Management in the City of Newport
- C. Approval of City Manager Employment Agreement with Spencer Nebel

IX. Council Reports and Comments

X. Public Comment (Additional time for public comment - 5 minutes per speaker)

XI. Adjournment

Memorandum

To: Newport City Council

From: Derrick Tokos, Community Development Director 

Date: October 31, 2013

Re: Overview of the City's Real Property Assets - Part 2 - Developed Lands

Similar to Part 1 where we reviewed vacant lands in the City's real property inventory, I am putting together PowerPoint slides for each of the City's developed parcels. It has taken me longer than I had hoped to complete the research so unfortunately the slides will not be available in advance of the work session. However, I can certainly plan on posting the information to the City's website immediately after our meeting on Monday.

October 21, 2013
Noon
Newport, Oregon

CITY COUNCIL WORK SESSION

Councilors present: Saelens, Roumagoux, Beemer, Busby, Allen, Swanson, and Sawyer.

Staff present: Smith, Hawker, and Gazewood.

Media present: Dave Morgan from News Lincoln County.

Roumagoux called the meeting to order and roll was taken.

1. Roumagoux asked whether there were other items, not on the agenda, that Council wished to discuss during this work session. Roumagoux reported that agenda items five and six are not necessary and can be removed from the agenda as Council selected a City Manager last week. She requested that an item be added regarding the background checking of the selected City Manager candidate.
2. Regarding the background check for Spencer Nebel who was selected as City Manager contingent upon a successful background check, it was agreed to:
 - A. Routine police background check;
 - B. Beemer and Busby will travel to Sault Ste. Marie, Michigan, to conduct a further background investigation;
 - C. An employment agreement negotiating team, consisting of Roumagoux, Swanson, Allen, and Rob Connell, will draft an employment agreement and work with Nebel to fine tune it.

It was noted that Nebel plans to attend the city awards banquet on December 13, and his first day will be December 16.

3. Tokos made a PowerPoint presentation regarding vacant city-owned real properties. Busby asked about the categories of city-owned properties and the benefits/uses for those properties. He asked whether there are things that could be done to the properties to make them more saleable. Tokos first discussed city-owned beach properties, and noted that the next property discussion will focus on city-owned developed properties. Busby asked whether there is any advantage in deeding the beach properties to the state. Tokos reviewed other city-owned, undeveloped properties, including: quarry property; landfill property; Schooner Creek property; Agate Beach site; Big Creek Open Space; NE 6th Street property; NE Klamath Place property; Little Creek Open Space; reservoir properties; Forest Park Open Space properties; San Bay-O Open Space; Harney Street lots; NE Iler Street properties; US 20 and Harney Street; NW Grove Street properties; NE 10th Street properties; NW High Street properties; Sam Moore Parkway; SW 9th Street properties; SW 9th Street - Museum properties; NW Nye and 3rd Streets; SW Neff Way; Don Davis Park properties; Coast Park Open Space; SW 10th Street properties; Bayfront properties; South Beach Open Space; Coastal Gully Open Space; Wastewater Treatment Plant property; Airport industrial property.

4. A review/discussion ensued regarding the airport. Busby explained the Part 139 certification that the airport has. He noted that the Part 139 certificate is only required for airports with regular air carrier services using aircraft with more than nine seats and for charter flights using aircraft with more than 31 seats. He added that the certification entails developing rules and processes and having certain equipment and conditions which the FAA certifies. The certification requires minimum standards and processes, security, fuel, markings, and signage, fire service, and together shows a standard minimum level of safety. Busby noted that from the airport user point of view, the facility is good, but it costs money. A discussion ensued regarding whether the Part 139 certification is necessary. Busby reported that a number of the Part 139 provisions fall under the grant assurances. Busby suggested determining what the savings would be. Allen asked whether there is anything in the Master Plan that indicates why the city wanted a Part 139 certification. Busby noted that if the cost is low, it is nice, but if the costs are substantial, not having the certification may be a way to save money if there is no impact to safety and economic development. He suggested looking at the Part 139 certification next year. Busby noted that the airport is the only one of three coastal airports with an ILS. Allen asked whether the Part 139 certification is being looked at by the Airport Committee. Busby reported that the airport receives more than \$700,000 of support from the General Fund. He added that there is some match, and the rest is in excess of what the airport is bringing. Allen suggested checking with former airport directors to determine the rationale for the Part 139 certification. Roumagoux asked how long the resurfacing of the runways will last and whether the resurfacing was related to the Part 139 certification. Busby noted that the resurfacing is not directly related to the Part 139. He added that the navigational aids are owned and maintained by the FAA. Roumagoux asked whether the Airport Committee supports the Part 139 certification. Busby suggested looking at the airport's annual subsidy and determining how much has to be done and whether the subsidy can be reduced. He added that the city can do what it wishes with the airport as long as it meets its grant obligations.
5. Gazewood distributed a handout related to questions previously posed by Busby. He reported that the original issue was the production of a financial summary of all the city funds and revenues in excess of expenditures in the FY2013/2014. Gazewood noted that the net revenue and net expenditures show that revenues have been exceeded by \$4.2 million. He added that there are some embedded issues, including the fact that the LB-1 form, relative to the beginning balance, was misreported. He noted that it was reported at \$17.9 million, and the audited report had a combined balance of \$16.8 million, so the LB-1 form was overstated by \$1 million. He reviewed various funds. He stated that estimates should be done in May or June in order to develop accurate projections. Gazewood noted that the net revenues less the net expenditures create the beginning fund balances. He added that there is an offset due to interfund transfers and internal service reimbursements. Gazewood noted that the audit will look at whether any appropriation has been exceeded, at which time the entire fund would be reviewed. He noted that the General Fund supports parks and recreation, and that the General Fund and the Transient Room Tax Fund support the airport. Allen noted that the LB-1 form provides a small picture of the budget mechanisms and transfers. Gazewood noted that the LB-1 form shows the entire budget. He noted that it is the City Council's complete authorization to set

appropriation levels. He added that when a department head proposes a budget, the Finance Director must perform revenue projections to support the incoming departmental budgets. He stated that the City Manager must conclude acceptable levels of support within the span of an amount that the Finance Director has determined is available for spending. Gazewood reported that the Budget Committee has a statutory responsibility to question spending levels and transfers, and its fourteen members must decide to accept, change, decrease, or increase the proposed budget, and in the end, it must approve the budget and tax levy. Saelens noted that accurate budgeting is not possible without the ability to track actual expenses on a monthly basis. Allen asked whether, next year, the LB-1 form will have additional summary that provides a more complete picture. Gazewood suggested comparing the 2008 budget and summary and the current budget and summary. Busby noted that if the budget is done correctly, the LB-1 form should be accurate. Gazewood added that in looking at the operating revenues versus the operating expenses, it is a logical conclusion to find an excess. He noted that funds that cannot support themselves drain important assets.

Having no further business, the meeting adjourned at 2:27 P.M.

October 21, 2013
6:00 P.M.
Newport, Oregon

The City Council of the City of Newport met on the above date in the Council Chambers of the Newport City Hall. On roll call, Beemer, Allen, Roumagoux, Busby, Swanson, Sawyer, and Saelens were present.

Staff present was Interim City Manager Smith, City Recorder Hawker, Community Development Director Tokos, Interim Finance Director Gazewood, Public Works Director Gross, and Police Lieutenant Malloy.

PLEDGE OF ALLEGIANCE

Council and the audience participated in the Pledge of Allegiance.

PUBLIC COMMENT

Bruce Koike, Interim President of OCCC, reviewed annual statistics indicating that enrollment is up. He reported that there are two upcoming events: a Williams Lecture Series presentation entitled "For a Planet Free of Plastic Pollution," and the Oyster Cloyster.

Elinor DeSosa reported that there is a potential buyer for businesses located in close proximity to VAC. She asked whether it is possible that one big buyer could buy all the properties and build a large rental complex.

CONSENT CALENDAR

The consent calendar consisted of the following items:

- A. Approval of City Council minutes from the Town Hall Meeting of September 30, 2013, Special City Council Meeting of October 14, 2013, Work Session and Regular Meeting of October 7, 2013;
- B. Acknowledgment of Accounts Paid for September 2013;
- C. OLCC Application - M&P Authentic Thai Cuisine.

MOTION was made by Beemer, seconded by Saelens, to approve the consent calendar with the changes to the minutes as noted by Allen. The motion carried unanimously in a voice vote.

OFFICER'S REPORTS

Mayor's Report. Roumagoux reported that she had met with Caroline Bauman, Tom DiCorcia of Business Oregon, and Mr. Nakayama, visiting from Japan, who were touring cities along the coast to see how Oregon deals with industry.

Roumagoux reported that she attended the Greater Newport Chamber of Commerce Board Meeting.

Roumagoux reported that she participated in the City Manager interview process on October 17 and 18.

City Manager's Report. Smith reported that the Artisan's Show at the Recreation Center was a huge success.

Smith reported that the staff had received three bids for the repair of the elevator at the VAC. He noted that the low bid was approximately \$33,000, and that the window replacement would cost approximately \$3,000, for a total of \$36,000. He added that one of the VAC's arts user groups had contributed \$1,000 toward these repairs.

Smith noted that he was asked, at the last meeting, to bring forward recommendations and a process to discuss how the VAC would be funded in the future and a response to the four questions that were identified at the previous Council meeting. He added that because the OCCA board does not meet until October 22, staff was asked to meet after that time so that direction from the OCCA board could be solicited. He stated that in the interim, staff would like to put two agenda items on the next agenda: one is continue to move forward with the partitioning of the VAC properties; and the other is to present the process developed for future funding possibilities and public/private partnerships of the VAC.

Allen stated that he supports putting the partitioning issue on the agenda, but noted that does not mean he supports a particular decision. He added that unless the partitioning issue is addressed at this time, it will not be completed in time for budget discussions in March.

Busby noted that he understands the need, but that the discussion should include solid information on what and why this action is necessary.

Roumagoux reported that the OCCA board meetings are open to the public. She asked Smith whether he would like to attend the next OCCA board meeting.

DISCUSSION ITEMS AND PRESENTATIONS

Report on Policy Regarding Reserves, Contingencies, and Ending Fund Balances.

Gazewood read a report on the financial reserves, contingencies, and unappropriated ending fund balances. He stated that the current policy is in conflict with state statutes. He reviewed Attachment A which provides a comparison of contingency accounts to budgeted revenues. Gazewood noted that the existing policy does not define operating revenue, and it is necessary to resolve what operating revenues are. He added that, for example, if the city has bond proceeds, the bond proceeds should not be considered in this calculation. He added that one-time grants are similar, and that these should not be considered to determine levels that should be set aside for some purpose. He proposed a City Council work session to discuss these issues. Gazewood reported that as of January, the policy requires that the Finance Director perform a complete analysis of the unappropriated fund balance, and provide a full report to the Budget Committee. He stated that it is imperative that some of these issues are resolved so that no one has to interpret what the policy means. Gazewood reiterated that the budgeted revenue figures include transfers and reimbursements. Roumagoux asked where the day-to-day expenses would be reported. Gazewood noted that is a key figure because the policy requires that the unappropriated ending fund balance shall be no less than one month's operating expenditures (8.33%) of the funds' estimated annual operating revenues.

Gazewood added that the city also needs to define what operating expenditures are. He stated that some areas are extremely high in terms of percentage factors. He noted that when there is a 10 or 11 million dollar fund with a contingency of \$74,000, it will not do any good if a real problem arises during the course of the year. Allen asked about operating costs that are associated with the General Fund in each department. Gazewood noted that in terms of operating revenue, the question should be whether interfund transfers, reimbursements generated from services provided, one-time grants, and bond proceeds should be included in the revenue total to determine unappropriated fund balances. Sawyer stated that the city had copied the Corvallis policy in an effort to raise ending fund balances. Gazewood stated that he suspects that Corvallis has a good idea of what it refers to as operating revenues and operating expenditures. He added that in terms of making the decision to define operating revenues, he would not want loan proceeds or one-time grants to be included as it would mess up the figures and cause money to be set aside that should not necessarily be set aside. He stated that this would restrict funding for other things. Gazewood noted that Linda Brown thought that David Marshall meant operating revenues to be exclusive of grants and transfers, but that this issue needs to be cleared up so that there is no confusion in the future. He added that operating expenditures should be defined as personal and material services and capital outlay items.

Gazewood reported that based upon the FY12/13 data, Council can expect to see pretty good information. He stated that there are issues in the FY13/14 budget, for example, the General Fund shows a decrease in the unappropriated ending fund balance. He added that the balance brought forward is slightly over 2.3 million dollars, but the budget itself, reduces that 2.3 million dollars to 1.1 million dollars so there is a 1.2 million dollar drop. Gazewood reported that in the water fund, the preliminary ending balance is less than projected to be carried forward. He noted that the Wastewater Fund has a more serious issue with a significant difference that has to be addressed to determine what the appropriate expenditure level for that fund should be. Gazewood added that it is late in the year to give this kind of report, and stated that he truly expects that next year will be a different story as he completes the overall reorganization of the Finance Department. Gazewood reported that Attachment B provides three different scenarios, and if you compare the different revenue scenarios to the unappropriated ending fund balances of June 30, 2013, you will see the actual unappropriated ending fund balances. He noted that when the books are closed and the figures are there, the only change would be if the auditor finds something that needs to be adjusted. He noted that in this case, he will provide the corrected data, reopen the books to put the entry in, and what is shown in the audit report will be the correct and final balances at the end of the fiscal year. Gazewood stated that those balances are used to finance the ensuing fiscal year. Allen asked whether Gazewood was anticipating the unappropriated ending fund balances at the end of FY2012/2013. Gazewood reported that he had made some adjustments in the past week, but did not expect significant differences between what the city will end up with and what the auditor finds. Saelens noted that several issues were discussed where definitions were different, noting that the real issue might be a lack of clear direction. He added that until the policies are clarified, the city could find itself in this sort of error-prone situation. He noted that a lot of good suggestions have come forward and that he is looking forward to discussing the issues at an upcoming work session. Roumagoux noted that this has been a great discussion that a lot of time

and effort had gone into. It was suggested that this item be placed on the work session agenda of December 16. Gazewood noted that the policy requires a complete review by January. Roumagoux thanked Gazewood for his extra work. Allen reported that he had looked at the Corvallis policy and that it contains a definition for operating expenses.

COUNCIL REPORTS AND COMMENTS

Sawyer reported that he and Swanson participated in a recent radio show, and that the show went well.

Sawyer reported that he had an enjoyable time last week during the City Manager interviews. He noted that it demonstrated the community working together in the effort and added that everything had gone smoothly. He stated that Bob Gibson and Jeri Kundsden had done an excellent job. He thanked everyone involved in the process.

Saelens reported that he had attended recent meetings of the Bicycle/Pedestrian Advisory Committee and the Parks and Recreation Committee. He noted that the Chair of the Bicycle/Pedestrian Committee had resigned, and that he hoped that a replacement committee member could have an interest in, or focus on, walking, noting that the Committee needs additional walkers at this time.

Swanson reported that she had attended the Senior Center Advisory meeting. She reviewed various upcoming events.

Busby stated that Jeri Knudsen and Bob Gibson had done a good job on the City Manager recruitment process. He noted that the process had gone well to date, and that he and Beemer will travel to Sault Ste. Marie, Michigan to collect additional background information.

Busby acknowledged the passing of Oly Olson. He stated that Olson had contributed a lot to the community and that he would be missed.

Beemer reported that he plans to attend a Port of Newport meeting tomorrow night.

Allen reported that the Infrastructure Task Force met on October 10, and that there was an update from the city's grant consultant. He noted that there are opportunities that the city is taking advantage of, and that it has been valuable to have the grant consultant on board. Allen noted that during this meeting, Gazewood reviewed the city's Standard and Poor's ratings for the last few years. He added that the final component of the meeting was a review of future funding possibilities presented by Tokos. He noted that the next meeting will be held on October 31, with two meetings in November, one in December, and a recommendation in January as anticipated by the resolution creating the Task Force.

Allen reported that he attended a recent OCZMA meeting. He noted that the staff is currently Georgia York who is handling the work and communicates well. He added that this a leaner and more efficient organization.

Allen reported that he attended a recent FINE meeting at which there was an update on the OSU Sentinel north test site where testing occurred during the summer. He noted that the south test site is still going through the permitting process with the Bureau of Ocean Energy Management.

Allen reported that he attended the League of Women Voters panel discussion on the ballot measure regarding county commissioners being elected on a nonpartisan basis.

Allen thanked all panelists who participated in the City Manager selection process. He noted that there were three candidates with very diverse backgrounds. He distributed copies of an e-mail that he sent on October 19, regarding the reporting of discussions that occurred during executive sessions, relative to the recruitment of a City Manager. He noted that Council had adopted a resolution with criteria, guidelines, and a timeline for hiring a City Manager, and it was a conscious decision on the part of Council to allow confidentiality. He added that the two-day process was primarily conducted in executive session, and deliberations occurred in executive session, but that Council went into open session and announced its top candidate. He stated that he is concerned because an on-line news report disclosed items from an executive session. He noted that everyone should adhere to the confidentiality rules, and this breach highlights the importance of confidentiality for various reasons. Sawyer suggested a memo to media outlets, and Allen noted that several media people adhered to the confidentiality, but one violated it.

ADJOURNMENT

Having no further business, the meeting adjourned at 7:28 P.M.

Margaret M. Hawker, City Recorder

Sandra N. Roumagoux, Mayor



Ted Smith
Interim City Manager
CITY OF NEWPORT
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Newport, OR 97365
t.smith@newportoregon.gov

Interim Manager's Report Through November 1, 2013

Following is the Interim City Manager's report for the period ending September 13:

Interim City Manager/Staff Interactions

The Interim City Manager met with the following individuals (some on multiple occasions) during this reporting period:

Spencer Nebel, Melissa Roman, Lance Vanderbeck, Terry Durham, Chuck Norman, Chief Phil Paige, Bob Gazewood, Jim Protiva, Tim Gross, Derrick Tokos, Jim Salisbury, Richard Dutton, Rebecca Cohen, Sheryl Eldridge and Rob Connell.

In addition, the Interim City Manager met with the following employee groups:

Airport staff, Library staff, Library Supervisors, Department Heads.

Committee Attendance

The Interim City Manager met with the following committees, task forces or sub groups: Infrastructure Task Force.

Citizens, Clubs and Other Organizations

The Interim City Manager met with the following people, groups of people or organizations: Rotary Club of Newport, Chamber of Commerce.

The Interim City Manager has corresponded with incoming City Manager Spencer Nebel to get direction as to how Mr. Nebel wants the transition process to proceed. One of the items discussed concerned the interviews for a finance director and how Mr. Nebel would participate. The Interim City Manager offered to hold off interviews until Mr. Nebel arrives, giving him the opportunity to make this very important hire.

Of Note:

The window of opportunity to apply for Connect Oregon Grants has, or will soon, close. No staff members have time, nor have they projects that meet the requirements of Connect Oregon at this time.

The City's Budget has \$10,000 available for non-profit grants. Does Council want to proceed with those grants? If so, staff will get the word out.

On October 21, the Interim City Manager met with Mark McConnell, representing the Oregon Coast Council for the Arts, and Grants Project Manager, Melissa Roman, about the funding disbursement schedule for City Tourism Grant Funds and about the upcoming implementation schedule for the sound system upgrade at the Performing Arts Center.

On October 23, the Interim City Manager attended a meeting of the Yaquina Bay Economic Foundation. Bob Cowen, the new Director at the Hatfield Marine Science Center spoke about plans being developed by Oregon State University to broaden their class offering up and down the coast and specifically about OSU plans for Newport.

On October 28, and 29, the Interim City Manager was on vacation.

On October 30, the Interim City Manager, Community Development Director and City Recorder met with staff and members of the Board of the Oregon Coast Council for the Arts to frame a discussion concerning the future of the Visual Arts Center. A full report of that meeting is included.

On October 31, the Interim City Manager and Laura Swanson teamed up to hand out candy to Halloween visitors at City Hall. Each year, the City works in partnership with Deco District businesses to provide a safe environment to children going door-to-door for Tricks or Treats.

As the selected representative of the Oceanbooks Library Consortium, the Interim City Manager attended a meeting of the Board of Directors of the Oregon Digital Library Consortium. This group pools funds for the purchase and licensing of Digital e-books and Digital audio-books. As a consortium the group is able to offer thousands, as opposed to hundreds of digital offerings to patrons at Newport, Lincoln City and Tillamook County Libraries.

Respectfully Submitted,

Ted Smith

Future of the Visual Arts Center -- Recap
Meeting held at City Hall
October 30, 2013.

In attendance:

Sally Houck	OCCA and Director of the VAC
Ruth Kier	Administrative Assistant to the VAC Director
Derrick Tokos	City of Newport
Kay Moxness	OCCA Board Member
Sandi Williams	OCCA Board President
Catherine Rickbone	OCCA Executive Director
Utchung Cheung	OCCA Board Member
Ted Smith	City of Newport
Mark McConnell	OCCA Board Member
Peggy Hawker	City of Newport

After much discussion the group outlined two different paths of action that the Council can take to move the process forward.

One path is for the Council to express its desire to keep the Visual Arts Center (VAC) at its present location. This could be done in the form of a resolution which would state that the City does not intend to sell the VAC so that the property could be put to different use, and that it will work with the community to pursue a financially sustainable plan to continue operations at the VAC. If this approach is chosen, the members of the OCCA Board agreed to take the lead in developing a plan of action by the Council's first meeting in March. This plan would look strategically at the VAC's business model, its operations, maintenance, and ownership, and may result in a recommendation that the property be sold to a non-profit or similar entity if such a sale would put the Visual Arts Center on more solid financial footing.

Another option is for the Council to engage the community and seek its input regarding the City's role in supporting the visual arts and whether or not the VAC fulfills a "public interest." If this direction is chosen, then the OCCA Board respectfully requests the City take the lead and hire a 3rd party consultant to structure the outreach process and collect the information. The OCCA and its members would participate as stakeholders. Engaging a qualified consultant would lend credibility to the process and the resulting recommendations would inform the Council as to the next steps it should take regarding the future of the VAC. If this path is pursued then any further discussion about the sale of the VAC would be tabled until the process is concluded. It is unlikely that this process could be completed by March.

Staff explained that partitioning the VAC property must be done to clean up lot lines that run through the building. OCCA members expressed some distrust with the partitioning process, feeling it is a prelude to selling the VAC and that the public process they are being asked to work through is a show or a sham. Staff explained that partitioning the land would make it easier for the VAC to be sold in the future if that is something that the Council elects to do, but that it is also needed to avoid building code complications should major repairs or renovations be needed.

OCCA Board members are concerned that the idea of selling the VAC may “scare off” potential donors to the fundraising campaign that is currently being pursued to upgrade and enhance the Performing Arts Center. OCCA members acknowledged that there is no evidence that this has occurred to date. Staff suggested that if OCCA is concerned about the City’s intentions with regards to the PAC that it seek an agreement with the Council that speaks directly to the City’s and OCCA’s long term commitment to that facility and that such an agreement might be helpful with future fundraising efforts.

Resolution of Support for the Visual Arts Center

The City of Newport's Visual Arts Center was built in 1983 by the City of Newport Urban Renewal Commission. (Quote from that business item on the agenda then to show why and what the hopes were?)

The City of Newport and Development Commission has owned and maintained the Visual Arts Center for the public interest for the past 30 years.

The Visual Arts Center has been a key element and catalyst in the economic development and success of the Nye Beach Neighborhood of the City of Newport.

The City of Newport has contracted with the Oregon Coast Council for the Arts to operated the Visual Arts Center since _____, and has utilized tourism tax dollars to subsidize the cost of operations as a tourist facility.

The arts industry has a significant impact on the tourism economy in dollars spent, earnings, and employment in the City of Newport.

The Visual Arts Center is an important part of the arts industry in attracting residents and tourists alike to the City of Newport.

The City Council held a public meeting on October 7, 2013 where ___ hours of testimony and petitions containing more than 1,000 signatures were presented in support of continuing the operation of the Visual Arts Center for the public interest.

The "value" of the Visual Arts Center to the City of Newport cannot be assigned a dollar value, but lies within the fabric and character of the City of Newport.

It is in the best interest of the City of Newport to assure that the Visual Arts Center continues to operate and provide the programming and instruction that have become a part of the character of Nye Beach and the greater community.

The City Council will pursue a financially sustainable plan in partnership with the greater community to continue the operations of the Visual Arts Center for many years to come.

The financial sustainability plan will be adopted in March 2014.

October 30, 2013

City Council,

Attached you will find excerpts from several planning and economic development documents the Council has adopted over the years. The Visual Arts Center, and the arts industry in general, have played a vital role in economic development. The arts continue to play a key role in shaping the image of Newport. The value added to the city justifies the investment in the arts infrastructure over the past 30 years. These excerpts also justify any future use of funds to maintain and sustain this industry, and the role it plays in economic development.

Mark McConnell

A handwritten signature in black ink, appearing to read "Mark McConnell", with a long, sweeping flourish extending to the right.

July 30, 2012

TO: Newport EOA Technical Advisory Committee

CC: Derrick Tokos

FROM: Bob Parker and Beth Goodman -Eco Northwest

SUBJECT: NEWPORT ECONOMIC DEVELOPMENT STRATEGY

NEWPORT'S VISION FOR ECONOMIC DEVELOPMENT

The City of Newport embraces change and works collaboratively to create a dynamic, entrepreneurial, and forward looking community.

Newport's dynamic and collaborative waterfront community represents its diverse economy - an innovative and technologically advanced fishing and seafood industry; a rapidly growing marine research enterprise; and a resourceful coastal tourism and recreation industry. Newport's citizens place a high value on education, invest in lifelong learning, and upgrade skills for tomorrow's economy. People and families are attracted to the region for its diverse job opportunities and entrepreneurial environment. Residents invest in a quality of life reflected in numerous recreational opportunities, substantial infrastructure and support services, a vibrant arts community, and a beautiful and sustainable natural environment.

- Tourism is one of Newport's existing employment clusters, with about 1,500 jobs in and direct travel spending of \$122.7 million annually from tourism-related industries in 2010.1 Tourism is seasonal, with the majority of tourism spending in summer and the lowest tourism spending in winter. If growing employment in tourism is a high priority, actions will be required to capture a larger share of regional tourism spending, and reduce the volatility of tourism's seasonality.**

Lincoln County
Economic Development Strategies:
Long-Range Plan
2010-2011

GOAL 5. ARTS AND CULTURE*:

Develop the arts as an economic resource.

Lincoln County has a thriving arts and cultural scene that is remarkable for a rural county. Our goal is to establish this place as a major arts and cultural destination for tourists, creative professionals and retirees. The arts enhance the quality of life and we want to support local artists. By working with artists and arts organizations we reach the county's potential as an arts destination.

Strategy 1.1 Support visual artists, writers, musicians, and performing artists. In cooperation with the Oregon Coast Council for the Arts, we can bring training and marketing resources to continually upgrade the professionalism and income in this sector. Relationships between the arts and the business community are mutually beneficial and should be strengthened.

Strategy 1.2 Improve access to cultural opportunities, increase participation, and encourage art in public spaces. Accessible art enhances community livability, and helps educate the public about art. Underwriting, flexible pricing, transportation options, and a variety of venues help provide access. The level of cultural awareness for young people is raised through after-school, summer, free, or outdoor programs.

Strategy 1.3 Support cultural facilities, projects and tourism: Collaborations and partnerships for cultural tourism are essential and include pursuing grants, fundraising, events and volunteering. Our support for cultural facilities encourages and promotes historic preservation, libraries, cultural centers, galleries, and even culinary kitchens. All of these enhance our county's quality of life.

Strategy 1.4 Understand, Use, and Increase the Creative Vitality Index for Lincoln County: This index measures the economic health of the arts-related component of the economy. It uses employment, census and participation measures to give a picture of an area.

Partners: Oregon Coast Council for the Arts, Lincoln County Cultural Coalition, Lincoln County Historical Society, other museums, arts and cultural organizations.

*We use the word "arts" to also include culture for brevity.

**NEWPORT
TRAVEL IMPACTS, 1991-2010P**

Prepared for the
Greater Newport Chamber of Commerce
555 S.W. Coast Highway
Newport, Oregon 97365-4914

Prepared by
Dean Runyan Associates
833 S.W. Elmwood Avenue, Suite 920
Portland, Oregon 97205
503.226.2973

May 2011

**Newport, Oregon
Travel Impacts, 2004-2010p**

	2004	2005	2006	2007	2008	2009	2010p
Total Direct Travel Spending (\$Million)							
Destination Spending	110.4	110.5	115.6	117.6	118.2	117.8	119.4
Other Travel*	2.2	2.7	3.2	3.4	3.9	2.7	3.3
Total Direct Spending	112.6	113.2	118.8	121.0	122.1	120.5	122.7
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	26.5	26.6	28.8	30.5	28.6	28.5	29.2
Food Service	24.1	24.3	25.3	25.8	26.8	28.1	28.2
Food Stores	14.1	13.9	14.1	14.4	15.0	15.1	15.0
Local Tran. & Gas	6.4	7.3	8.2	8.8	10.2	7.9	9.1
Arts, Ent. & Rec.	19.5	19.1	19.5	19.1	19.0	19.2	18.9
Retail Sales	19.7	19.4	19.7	19.0	18.6	19.0	19.1
Destination Spending	110.4	110.5	115.6	117.6	118.2	117.8	119.4
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	19.0	18.9	19.9	21.3	21.7	21.5	21.7
Arts, Ent. & Rec.	5.1	5.0	5.2	5.6	5.9	5.6	5.8
Retail***	4.3	4.2	4.3	4.3	4.6	4.6	4.5
Other Travel**	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Direct Earnings	28.6	28.4	29.6	31.6	32.5	32.0	32.3
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	1,010	970	960	1,030	1,040	990	1,000
Arts, Ent. & Rec.	330	300	310	320	310	310	320
Retail***	220	220	210	210	220	220	210
Other Travel**	20	20	20	20	20	10	10
Total Direct Employment	1,580	1,500	1,490	1,580	1,580	1,540	1,540
Government Revenue Generated by Travel Spending (\$Million)							
# Local Tax Receipts	1.8	2.1	2.3	2.4	2.2	2.2	2.3
# State Tax Receipts	2.5	2.5	2.6	2.7	2.8	2.8	2.8
# Total Local & State	4.3	4.6	4.9	5.1	5.0	5.0	5.1

†Details may not add to totals due to rounding.

*Other Travel spending includes ground transportation spending and related impacts for travel to other Oregon visitor destinations, and travel agencies.

**Other Travel employment and earnings includes all ground transportation, except motor fuel, and travel agencies.

***Retail includes gasoline.

Excerpts from:

Employment Lands &
Conceptual Land Use Planning Project:
Economic Planning

Submitted to:

City of Newport

Community Development Department

169 SW Coast Highway

Newport, Oregon 97365

September 2005

(with minor language modifications as adopted by the Newport City Council)

OBJECTIVE 5: FORMALLY IDENTIFY THE NEWPORT AREA POPULATION OF VISUAL AND PERFORMING ARTISTS

Strategy 1: Create a Comprehensive Newport-Area Visual and Performing Artist EMPLOYMENT LANDS AND CONCEPTUAL LAND USE PLANNING PROJECT (with minor modifications adopted by City Council) September 2005 Page ____ CITY OF NEWPORT COMPREHENSIVE PLAN: Appendix C. 16 Registry for Cluster Promotion Purposes

Responsible Party: Newport Chamber of Commerce in Coordination with an Economic Development Position and if Necessary, the Oregon Coast Council for the Arts (OCCA).

Time Schedule: To Be Determined

Unit of Measure: Completed Census of Local Artists; Expanded Marketing of the Newport Arts and Culture Cluster

Strategy 2: Assist in the Creation of an Inventory of Occasionally Leaseable, Low-Cost Space Suitable for Studio Space, Artist Workshops and Classes Driven by Frequent Overflow from the Visual Arts Center

Responsible Party: Economic Development Position in coordination with the Newport Visual Arts Center, Performing Arts Center and the OCCA

Time Schedule: To Be Determined

Unit of Measure: Working Directory of Available, Suitable Space

OBJECTIVE 3: CREATE AN IDENTITY FOR THE NEWPORT AREA AS THE PREMIER COASTAL ARTS AND CULTURAL LOCATION BETWEEN CALIFORNIA AND CANADA

Strategy 1: Strengthen Ties Between Willamette Valley Culture and Arts Venues, Particularly Galleries and Amenities in Portland

Responsible Party: OCCA and a Newly-Created Newport Arts and Culture Cluster Trade Group with Support from an Economic Development Position

Time Schedule: On-Going

Unit of Measure: Increased Gallery Counts, Artist Counts and Touring Performance Counts

Strategy 2: Develop a Long-Term Strategy for Attracting a Fine Arts School and/or Substantial Studio Investment, such as a Bronze Foundry or Other Proven Attractor

Responsible Party: OCCA and a Newly-Created Newport Arts and Culture Cluster Trade Group with Support from an Economic Development Position

Time Schedule: On-Going

Unit of Measure: Increased Gallery Counts, Artist Counts and Art & Culture Tourism

Arts, culture and dining amenities in Nye Beach have driven the emergence of that district as a strong and distinct tourist draw in counterpoint to the more-established working Bayfront.

4. Arts & Culture Industry Cluster

The City of Newport has significantly invested in its local culture and arts community relative to other coastal communities from Northern California to Canada. The result has been cultural and arts venues and offerings that would be typical of larger cities. The Newport Performing Arts Center, the Newport Visual Arts Center, the Lincoln County Historical Society Museum, a planned Maritime Museum, the numerous galleries, workshops and related attractions have helped bolster Newport's tourism industry and broader economy.

Arts & Culture employment grew at an impressive 5.7% annual rate during the recent recession, posting the second-largest growth rate among industry clusters.

Payroll and wage growth for the Arts & Culture sector were among the fastest-growing in the local economy, though average pay in the industry is the lowest among clusters.

Arts & Culture has generated the fastest rate of employer attraction and start-up among Newport's clusters at 14.5% annual growth (four new employers to total 12 by 2003).

Methodology limitations for the above analysis somewhat understate the true significance of the Arts & Culture cluster for the Newport economy.

In terms of employment, the Arts & Culture cluster accounts for only 1.2% of Newport's economy as calculated in this analysis. However, high volunteer employment rates, owner-operator galleries, independent artists that do not report employment, and isolation of Arts & Culture from broader Tourism industry and support service statistics largely understate true employment share, wage rates and total share of the local economy.

Enhancement of local arts has helped make the Nye Beach area an economic success, drawing shoppers and destination tourists that might not otherwise visit Newport.

Arts events and venues provide year-round visitor and resident activities and amenities that are not subject to seasonal patterns.

Expansion of the Arts and Culture cluster has helped bring visitors to Newport for longer stays; arts and culture patrons also have been observed to spend

more per diem than the average Coast tourist, driving the recent expansion of fine dining venues, among others, in Newport.

Demand for art workshops, classes and activities has already outstripped space available at the Visual Arts Center.

Newport's arts and culture cluster competes in a primary market area that stretches the length of the Oregon Coast due to its primarily regional appeal within the State and limited distance from coastal art and culture venues from Willamette Valley urban areas. Lincoln City and Cannon Beach host the most competitive clusters, though Astoria's arts and culture community is on the rise.

3. Tourism Industry

Tourism Industry Vision

The City of Newport features a local tourism industry that enjoys innovative coordination within the industry, with other Newport industry sectors and with the local public sector to ensure long-term economic opportunities for its businesses and residents.

Tourism Industry Goals

Unique Visitor Packages and Experiences due to Collaboration between all Entertainment, Arts, Historical, Recreation, Research and Hospitality Sectors
Coordination between the Tourism Industry and Local Educational Institutions that Creates a Skilled Workforce and Career Opportunities for Residents
Effective and Attractive Infrastructure to Enhance Newport as a Destination
Adequately Funded Not-For-Profit Components of the Broader Tourism Industry
Preserved Image as a Smaller Beach/Fishing Town of Convenient Distance from Valley Cities and Pleasant Weather

CHAPTER 14.30 DESIGN REVIEW STANDARDS

14.30.010 Purpose. Design review districts may be adopted by the City of Newport in accordance with applicable procedures to ensure the continued livability of the community by implementing standards of design for both areas of new development and areas of redevelopment. Design review is an important exercise of the power of the City to regulate for the general welfare by focusing on how the built environment shapes the character of the community.

The Newport Comprehensive Plan identifies six potential urban design districts within the Newport Peninsula including the City Center District (and Highway 101 corridor), Waterfront District, Nye Beach District, Upland Residential District, East Olive District, and the Oceanfront Lodging/Residential District. Additionally, neighborhood plans may be adopted for other areas of Newport that include as an objective the implementation of design review to maintain and/or provide a flexible approach to development by offering two methods of design review from which an applicant can choose. One method of design review is under clear and objective design standards and procedures to allow development that is consistent with the standards to occur with certainty in a timely and cost effective manner. A second alternative method of design review is review under design guidelines, which are a more flexible process for proposals that are creative/innovative and meet the identified guidelines of the applicable design review district.

It is further the purpose of these standards to:

- A. Preserve the beautiful natural setting and the orientation of development and public improvements in order to strengthen their relationship to that setting.
- B. Enhance new and redeveloping architectural and landscape resources to preserve and strengthen the historic, scenic and/or identified neighborhood character and function of each setting.
- C. Improve the vehicular and pedestrian networks in order to improve safety, efficiency, continuity, and relationships connecting Newport neighborhoods.
- D. Strengthen Newport's economic vitality by improving its

desirability through improved appearance, function, and efficiency.

- E. Improve the built environment in order to strengthen the visual appearance and attractiveness of developed areas.
- F. Implement the goals and objectives of the adopted neighborhood plans.

14.30.020 Definitions. The following words and phrases for the purposes of the design review ordinance shall have the following meanings:

- A. "Community Development Director shall mean the Community Development Director/Planning Director or designate.
- B. "Design guidelines" shall mean the mandatory general design criteria with which a project is required to be in compliance. The design guidelines are applicable for applications that do not meet the design standards.
- C. "Design review" shall mean the process of applying design guidelines and/or design standards as applicable to a project.
- D. "Design standards" shall mean the mandatory specific design criteria with which a project must demonstrate compliance. If the project does not meet the design standards, then the project is reviewed under the design guidelines.
- E. "Footprint" shall mean the total square footage of the area within the perimeter of the building as measured around the foundation of a building.
- F. "Gross floor area" shall mean the total square footage of floor area within the exterior walls of a building excluding crawl spaces and unenclosed porches/decks.
- G. "Substantial reconstruction" shall mean the value of the exterior construction work requiring a building permit that is 25% or more of the real market value of an existing commercial structure and 35% or more of the real market value of an existing residential structure based on the value on the most current rolls of the Lincoln County Tax

Assessor. Value of the work to be done shall be the valuation of the work as determined for the building permit on which the cost of the permit is based. In the case where one or more additional building permits involving exterior work are applied for within one year of the date of issuance of the first building permit for exterior work, the value of the exterior construction work on the projects shall be counted as one project for the purposes of determining the percentage of exterior construction work value.

14.30.030 Council Review of Design Review Districts and Implementing Regulations

- A. Within 10 years of the date of the adoption of an ordinance establishing a design review district and the implementing regulations, the City Council shall consider reviewing the proposed design review district and the implementing regulations by soliciting public comment on the design review district and the implementing regulations. The Council shall provide public notice that the Council is considering reviewing the proposed design review district and implementing regulations and shall accept public comment on whether or not to review the proposed design review district and the implementing regulations. Following the acceptance of public comment on reviewing the proposed design review district and implementing regulations, the Council shall decide whether or not to review the proposed design review district and implementing regulations. If the Council decides to review the proposed design review district and implementing regulations, the Council may proceed in a manner provided by the Comprehensive Plan, Zoning Ordinance, and/or state law for review of the design review district and implementing regulations. The ability to amend an ordinance relating to design review, without the above process, as provided by the Comprehensive Plan, Zoning Ordinance, and/or state law is not precluded by this section.
- B. The following are the 10 year review dates for the established design review district:
1. Historic Nye Beach Design Review District. For the Historic Nye Beach Design Review District, the process in Section 14.30.030(A) shall be initiated by the City Council by December 1, 2013.



Memo

To: Ted Smith, Interim City Manager and City Council
From: Timothy Gross, PE, Director of Public Works/City Engineer
Date: October 31, 2013
Re: Capital Projects Status Update

- Project: Big Creek Road Landslide Repairs**
Project Number: 2011-003
Status: Pilings for wall are complete. Contractor is setting lagging.
Next Task: Storm sewer installation.
Budget: \$750,000
Description: This project will restore Big Creek Road. A January of 2011 storm caused portions of the road to slide away, making the road unsafe for vehicles and jeopardizing a buried water main and electrical and telecommunications overhead transmission lines. This project is 75% funded through FEMA and 25% through IFA (Oregon).
- Project: Lower Big Creek Reservoir Drawdown Pipe Repair**
Project Number: 2012-012
Status: Trash guard has been installed. Project is complete.
Next Task: Close out project.
Budget: \$160,000
Description: Repair a structurally deficient and functionally obsolete 30-inch corrugated metal outfall pipe with a 24-inch HDPE Liner and structural grout.
- Project: Agate Beach/NE 71st Waterlines and Lakewood Hills Pump Station**
Project Number: 2011-018 and 2012-013
Status: Contractor is installing watermain on the NE end of NE 71st Street.
Next Task: Watermain installation on Hwy 101 & Avery.
Budget: \$1.3 MM
Description: Installing a new water distribution pipeline along US-101 in the Agate Beach area and along NE 71st St for Phase 1 of the NE 71st St. Water System Improvements Project. The Lakewood Hills Pump Station which will improve performance and reliability for pressure and fire flow.

Project: Agate Beach Wastewater Improvements/ Big Creek Force Main

Project Number: 2012-024
Status: SRF Funding Application pending review. City staff met with DEQ staff to finalize documents for application on Tuesday, Oct 15th. Waiting for letter from DEQ to finalize application.
Next Task: SRF Funding Application approval. When funding is approved and City executes contract with DEQ, the project can be advertised. Staff expects the funding approval to be completed within a month.
Budget: \$1.3 MM
Description: Installing a new force main from the Big Creek pump Station to the Northside pump station along NW Oceanview Drive, up NW 17th Street to NE Nye Street and then south on NW Nye Street. The existing force main is undersized and in poor condition.

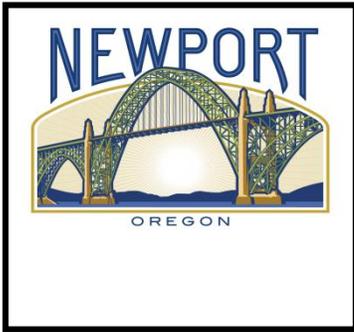
Project: 2013 Street Overlay Project

Project Number: 2013-005
Status: Contract documents are in development. City staff is preparing some of the streets for contractor work. Project will be advertised beginning Wed, Nov 6.
Next Task: Advertise the project.
Budget: \$279,943
Description: The annual overlay project generally mills old asphalt then overlay streets with 2 inches of new asphalt on streets with bad pavement condition. This year City staff plans to build curb and a 5' wide sidewalk on the north side of NE 3rd Street between NE Fogarty and NE Harney Streets just south of the Fairgrounds and repave the north lane. In addition the intersection of NE Fogarty and NE 3rd will be paved. NE Benton Street between NE 8th and NE 10th will have curb and storm drain added then be paved. NW 3rd Street between Hwy 101 and NW Coast Street will be milled and overlaid. The approaches of SW Alder and SW Lee Streets at Hwy 101 will be overlaid in anticipation of the new crosswalk improvements at these locations.

Project: Big Creek Dam 1 and 2 Assessment

Project Number: 2011-025
Status: Geotechnical firms are currently doing soil testing on the dams.
Next Task: Soils analysis of samples.
Budget: \$350,000
Description: This analysis will continue the previous geotechnical analysis that was conducted on the dam structures to eliminate some of the assumptions that had to be made on the last study because of the inability to access certain parts of the dam for drilling. When the soils analysis is complete, the consultant will develop a feasibility study identifying remediation options and costs.

The City in conjunction with assistance from Chase Park Grants and HDR Engineering Inc. have submitted a grant application to the Oregon Department of Water Resources to assist in funding the feasibility study for Big Creek Dams 1 and 2. This application was submitted Nov. 1 and may yield up to \$250,000 in additional funding for this project. Awards for this grant should take place sometime after the 1st of the year.



Agenda Item # VII.A
Meeting Date November 4, 2013

CITY COUNCIL
AGENDA ITEM SUMMARY
City of Newport, Oregon

Issue/Agenda Title: Feasibility Study for Forming an Urban Renewal District north of the Yaquina Bay Bridge

Prepared By: Derrick Tokos Dept Head Approval: DT City Mgr Approval: _____

ISSUE BEFORE THE COUNCIL: Presentation and discussion about a process for determining the feasibility of forming an urban renewal district north of the bay.

STAFF RECOMMENDATION: The feasibility study is a planned project that implements the recommendations of the Economic Opportunity Analysis that the City completed in 2012. It is also a Council goal to initiate the feasibility study. Staff is looking for a general consensus that the approach outlined will provide the Council with the type of information it will need to determine if the City should proceed to form a district.

PROPOSED MOTION: None. This is a discussion item.

KEY FACTS AND INFORMATION SUMMARY: The City of Newport has historically had two urban renewal districts, one on each side of the bay. The city is no longer collecting an urban renewal tax increment for the district north of the bay, and that district is scheduled to close soon. The district in South Beach is open to new projects through 2020 and is scheduled to close in 2027.

Urban renewal is a program for improving poorly developed, or underdeveloped areas within the city through investment in capital projects (streets, sewers, water lines, etc.), rehabilitation and/or demolition of buildings, and the acquisition and improvement of property. This is accomplished with tax increment financing. It is not a new tax. Rather, tax increment financing allows for reinvestment of a portion of existing tax revenue back into the community for the purpose of enhancing property values and the overall tax base.

In 2012, an in-depth study and public engagement process was completed that centered on the question of how the City can best facilitate economic development within the community. This study, called an Economic Opportunity Analysis (EOA), contains specific recommendations and implementation measures. One of those recommendations is to explore the possibility of forming a new urban renewal district that is focused on the US 101 and US 20 highway corridors, and if it is feasible to put such a district in place.

The proposed feasibility study will (a) explore up to three potential urban renewal area boundaries; (b) include high/medium/low projections for assessed value growth; (c) outline potential borrowing and debt service schedules, assuming bond issues every five years; and (d) allocate bond proceeds to general "broad" categories of potential projects. Information will be summarized in a memo with an estimate of financial impacts to taxing districts. Concepts will be vetted with the taxing districts so that their feedback can inform future Planning Commission and City Council deliberations on whether or not or how to proceed with forming a district. State law restricts the cumulative size of urban renewal districts to no more than 25% of the assessed value within a city's limits and 25% of the total acreage with a city (ORS 457.420). Maximum debt limits for new districts are also capped at \$50 million (2010 dollars) unless concurrence is received from the affected taxing districts (ORS 457.190). These factors will be considered as part of the feasibility study. The consulting firm ECONorthwest will be retained to assist in preparing financial information and maps at a cost of up to \$10,000.

At an October 28, 2013 work session, the Newport Planning Commission and its advisory committee evaluated the concept and concluded that this process for conducting a feasibility study is appropriate and should produce information needed to determine if the city should proceed with a new district. The Commission suggested that the options for establishing boundaries for a new district address the following scenarios: (a) properties along the US 101/US 20 corridors where the EOA showed the lowest improvement to land values exist; (b) an expanded district along these same highway corridors that factors in additional acreage and assessed value allowances attributed to potential annexation of reservoir properties and unincorporated lands in South Beach; and (c) a boundary that includes portions of Agate Beach where there is underdeveloped public infrastructure in addition to the highway corridors to the south.

This feasibility study concept is being brought forward at this time in order to take advantage of the newly released tax rolls. Should the results of the study lead the Council to the conclusion that a district should be formed then a more in depth public involvement process will be needed to develop the urban renewal plan and list of specific projects. It is possible that both steps could be completed before the tax rolls are updated again, simplifying the financial analysis.

OTHER ALTERNATIVES CONSIDERED: Staff considered the viability of conducting the feasibility study entirely “in-house.” Having a third party expert that specializes in the preparation and analysis of financial information and studies of this nature lends credibility to the process. Because ECONorthwest assisted the city in preparing the Economic Opportunity Analysis, they have valuable insights into the issues an urban renewal district would address, making them an ideal partner.

CITY COUNCIL GOALS: Initiating a feasibility study was a Council goal for fiscal year 2013/14.

ATTACHMENT LIST:

- PowerPoint Presentation
- Minutes from the 10/28/13 Planning Commission Work Session
- Document titled “An Overview of Urban Renewal,” prepared by Tashman Johnson, LLC, dated October 2000
- Excerpts from a report by Elaine Howard Consulting, LLC, titled “Urban Renewal in Oregon 2002-2012”

FISCAL NOTES: The Community Development Department has funds budgeted for this project.

Feasibility of Forming an Urban Renewal District North of the Yaquina Bay Bridge

Newport City Council
November 4, 2013 Meeting

Topic Areas

- Brief Urban Renewal Overview
- Statutory Considerations
- Rationale for Forming a District
- Feasibility Study Framework
- Initial Concepts
- Commission Recommendations

What is Urban Renewal?

- A program for improving certain parts of a city through development of poorly developed or underdeveloped areas (i.e. “blight”)
- Is authorized pursuant to ORS Chapter 457, and requires the creation of an Urban Renewal Agency and the development of an Urban Renewal Plan
- Plan must be developed through a public process that engages impacted taxing entities
- Plan must further identify the specific geographic area, the maximum permissible debt limit, and projects to be funded

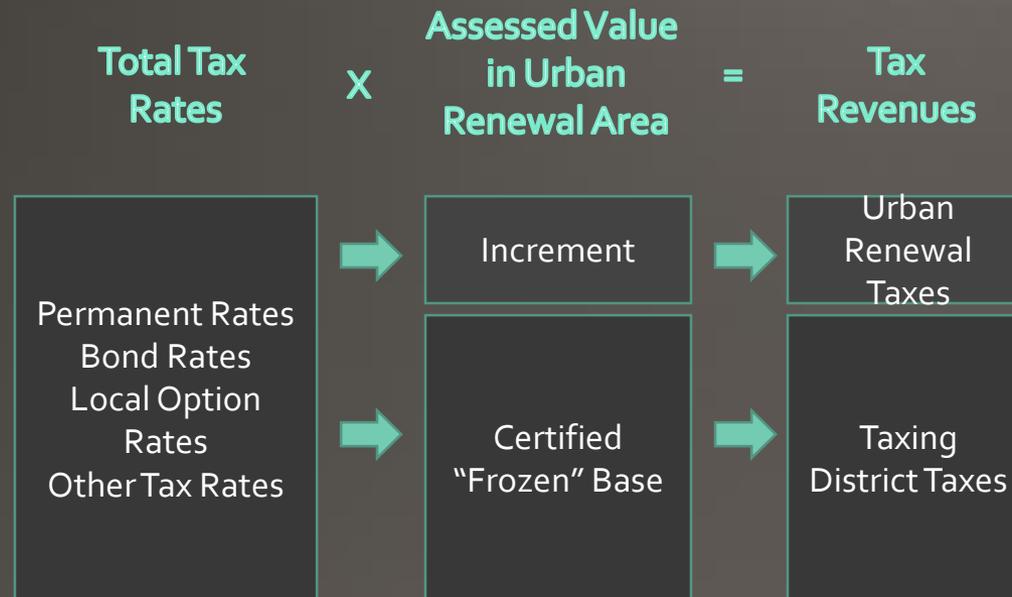
Why Create a District?

- Creates a financing mechanism for capital projects to address “blight” conditions
- That mechanism, tax increment financing, is not a new tax. Rather, it allows for reinvestment of a portion of the existing tax revenue back into the identified area
- Provides authority to buy and assemble sites for development or redevelopment
- Allows for special flexibility in working with private parties to complete development projects

Projects that can be funded

- Construction or improvements to streets, utilities and other public uses
- Demolition or rehabilitation of buildings/improvements
- Acquisition and improvement of property
- Re-sale or lease of property

Tax Increment Financing



- Tax increment financing leverages the existing tax base to finance improvements.
- Frozen base established when district is formed. Increase above that serves as the increment.
- Financed improvements increase health of the tax base, so that all taxing entities benefit when district closes and increment is released.

Urban Renewal Pay-off (What happens once a district closes)

Table 1 – Urban Renewal Areas That Have Closed Since 2002

Locality	Urban Renewal Area	Frozen Base	Excess value at Closing
Clackamas County	Government Camp	\$23,856,470	\$135,756,313
Cottage Grove	Row River	\$7,641,993	\$35,076,778
Grants Pass	Grants Pass Parkway	\$67,117,103	\$159,849,022
Jackson County	White City	\$199,936,047	\$504,065,859
Lebanon	Lebanon I	\$1,808,007	\$12,762,338
Newberg	Newberg	\$139,638,471	\$3,385,844
Newport	Newport North Side	\$9,910,265	\$33,666,500
Oregon City	Oregon City Hilltop	\$5,352,090	\$59,103,413
Redmond	South Airport Industrial	\$725,425	\$62,615,277
Salem	Pringle Creek	\$18,977,000	\$40,184,890
Tualatin	Leveton	\$3,660,924	\$255,489,075
Tualatin	Central	\$14,067,089	\$180,221,311
Waldport	Waldport 1	\$16,319,563	\$23,965,007
<i>Total Excess Assessed Value</i>			<i>\$1,506,141,627</i>

ORS 457.420 Limitations

- Restricts the cumulative size of urban renewal districts to not more than 25% of:
 - the total assessed value within a city's limits, and
 - the total acreage within a city
- The South Beach Urban Renewal District contains:
 - \$154,000,320 in assessed value (2012-2013). This represents 12.88% of the total assessed value of property in the City of Newport
 - 1,169 acres of land, which is about 600 acres under the 25% limit
- Impact of Potential Annexations:
 - If 309 acres of city reservoir land is annexed, size limit for a north-side district increases to 677 acres. If 340 acres of unincorporated pockets in South Beach are also annexed then size limit increases to 762 acres

ORS 457.190 Debt Limits

- Limits maximum indebtedness for each new urban renewal plan to \$50 million (2010 dollars) unless concurrence is received from affected taxing entities

How We Got Here: The Newport Economic Opportunity Analysis

- Established Newport's Economic Vision
- Analyzed existing and forecasted employment considering federal, state, and local employment trends
- Evaluated commercial and industrial site needs, particularly for target industries
- Inventoried available employment lands
- Summarized Newport's economic development objectives
- Identified steps the City can take to help the community achieve its economic development objectives

Technical Advisory Committee

- Caroline Bauman , Economic Development Alliance of Lincoln County
- Chris Chandler, Central Lincoln PUD
- John Clark, Whaler Motel
- Lorna Davis, Greater Newport Chamber of Commerce
- Will Emery/Bonnie Serkin, Industrial Property Owners
- Guy Faust, Oregon Coast Community College, Small Business Development Center
- Mike Larimer , Samaritan Pacific Communities Hospital
- John Lavrakas, Advanced Research Corp. (small businesses)
- Mark McConnell, Newport Mayor
- Don Mann, Port of Newport
- Woody Ouderkirk, Mishey Real Estate
- Glen Small, Newport Planning Commission
- Patrick Wingard, Dept. of Land Conservation and Development
- Will Summers, Oregon Employment Department
- Gil Sylvia/George Boehlert, Hatfield Marine Science Center

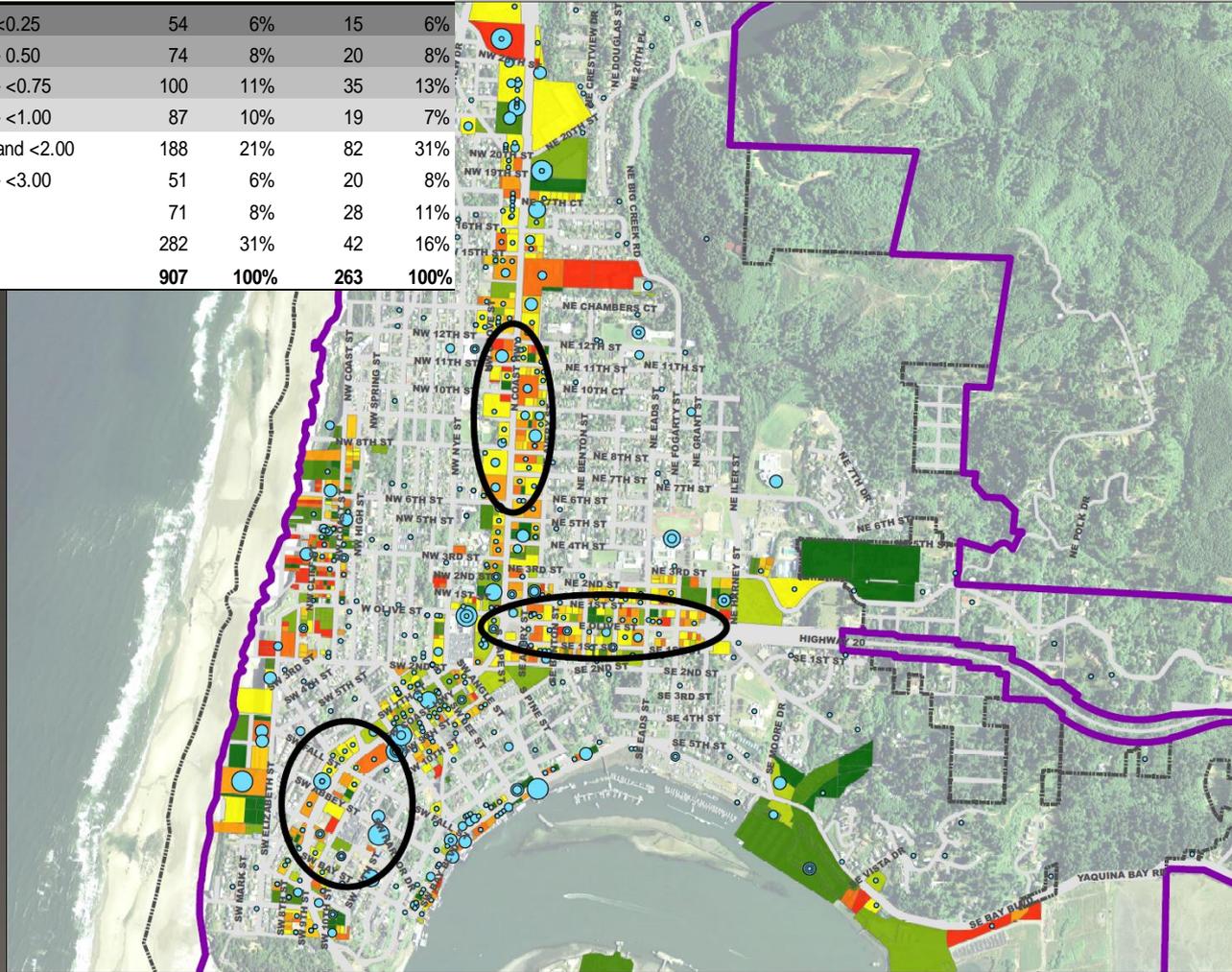
Technical Advisory Committee Schedule



Underutilized Commercial and Industrial Lands (From 2012 Economic Opportunity Analysis Report)

Potential commercial redevelopment districts

Improvement to Land Value Ratio	Tax Lots		Acres	
	Number	Percent	Number	Percent
>0.00 - <0.25	54	6%	15	6%
>=0.25 - 0.50	74	8%	20	8%
>=0.50 - <0.75	100	11%	35	13%
>=0.75 - <1.00	87	10%	19	7%
>=1.00 and <2.00	188	21%	82	31%
>=2.00 - <3.00	51	6%	20	8%
>=3.00	71	8%	28	11%
No Data	282	31%	42	16%
Total	907	100%	263	100%



Map 2-1
Potential
Redevelopment
Target Districts
City of Newport

Urban Growth Boundary
City Limits

IMPROVEMENT/LAND VALUE RATIO



**Employment
Employees**



ECONorthwest, June 2012

Commercial and Industrial Land Supply (2012 Newport Economic Opportunity Analysis)

Goal: Provide an adequate number of sites of suitable sizes, types, and locations to accommodate a variety of economic opportunities over the planning period

- Policy 6. The City shall encourage better use of underutilized and/or blighted commercial sites.
 - Action: Evaluate creation of an urban renewal district north of Yaquina Bay
 - Rationale: An urban renewal district would provide the city with additional tools for land acquisition and potentially funding for economic development and infrastructure projects through authority created by the district
 - Who does it: City of Newport
 - When: Evaluation of urban renewal district should occur Year 1; steps to establish the district, should it have Council support should occur year 2. Implementation in subsequent years.
 - Benchmarks: Evaluation of urban renewal district; establish district; completion of projects

2013/2014 Newport Council Goal

Prepare initial concepts for new north-side
Urban Renewal District (bridge to Wal-Mart)

Feasibility Study Concept

- Evaluate financial feasibility of up to three potential urban renewal area boundaries
 - Include high/medium/low projections for assessed value growth
 - Outline potential borrowing and debt service schedules, assuming bond issues every five years
 - Allocate bond proceeds to general “broad” categories of potential projects
- Analysis to be summarized in a memo with estimate of financial impacts to other taxing districts
- Concepts would then be vetted with other taxing entities and their feedback would inform the Commission and City Council as to a preferred approach
- ECONorthwest to be retained to assist in preparing financial projections and maps at a cost of up to \$10,000. Funds are budgeted for this project

Impacted Taxing Entities

- Lincoln County
- Lincoln County Schools
- Linn-Benton-Lincoln Education Service District
- Lincoln County Extension Service
- Oregon Coast Community College
- Hospital District
- Port of Newport
- Lincoln County Transit

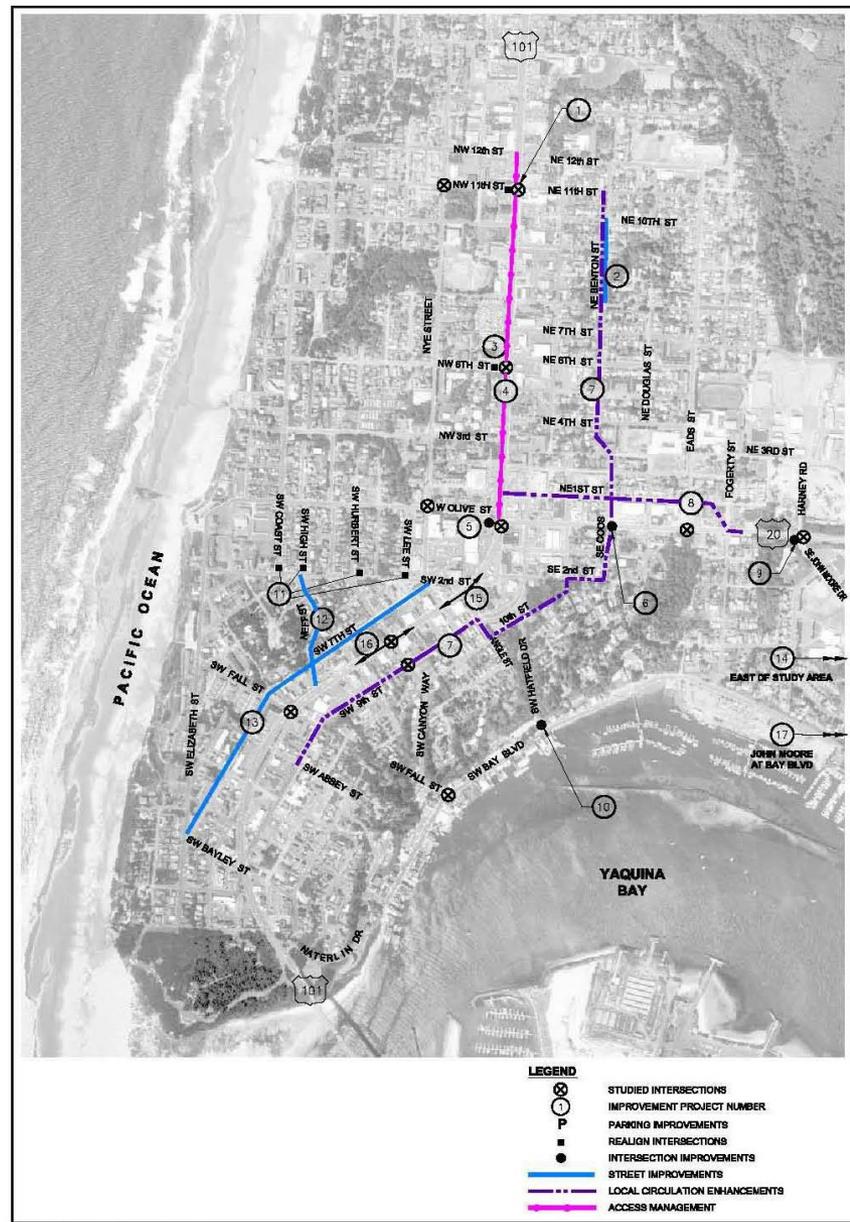
Phase II: Forming a District

- Development of an Urban Renewal Plan (would include ad-hoc committee)
- Identification of specific projects by plan phase
- Preparation of planning level cost estimates
- Detailed projections of assessed value growth
- Findings establishing blight conditions and conformance with the Newport Comprehensive Plan
- Presentation to affected taxing districts
- Community outreach
- Planning Commission and City Council hearings

Transportation System Plan Concepts

- Outlines concepts for future US 101 couplet to relieve traffic in downtown and expand commercial base
- Includes concepts for intersection improvements along US 101 and US 20 to improve traffic flow

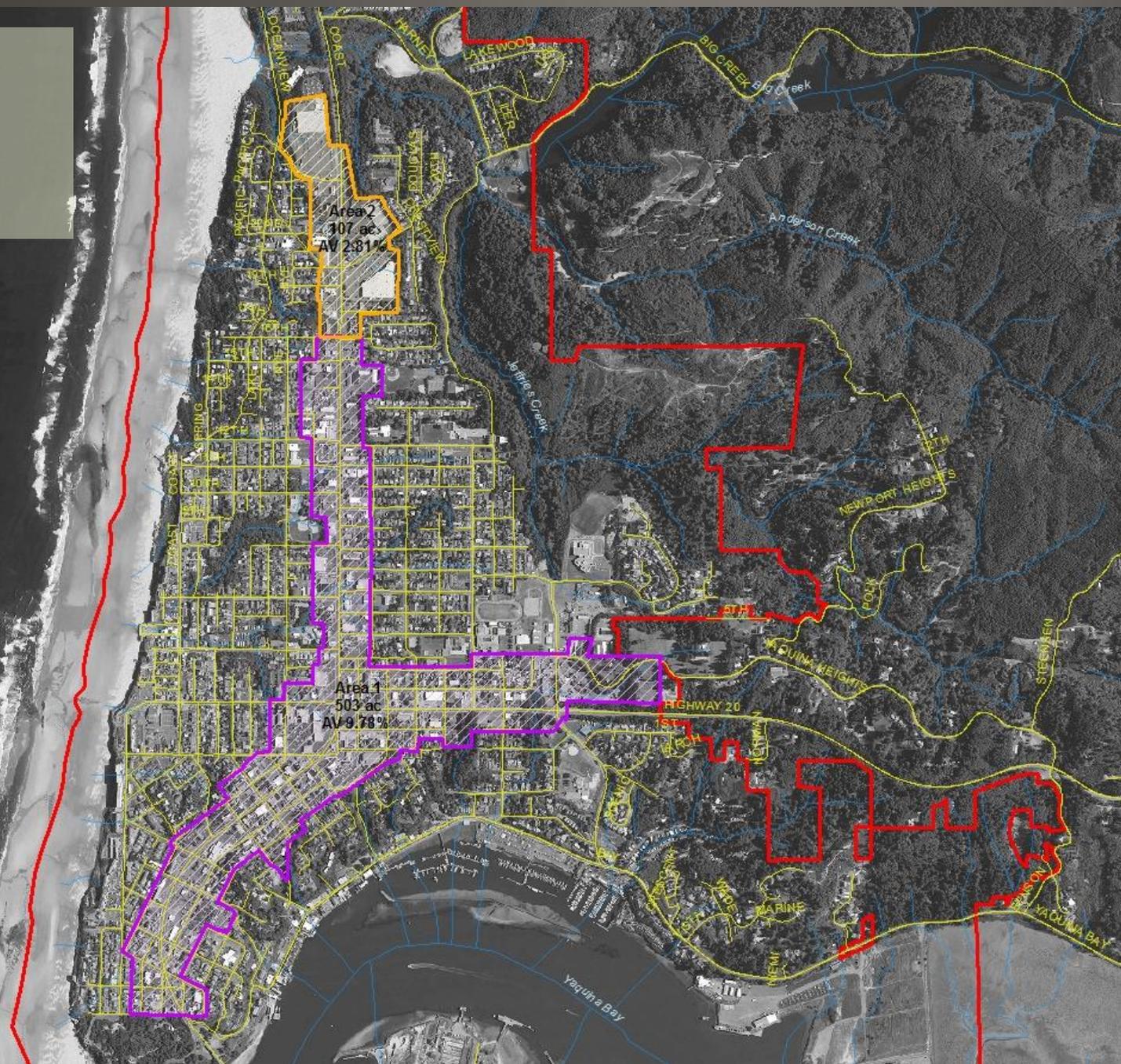
* Note: Where possible, project concepts should draw from existing plans that have been vetted with the public



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Figure 4-2 North Newport Local Street Plan Projects

Highway Corridor
URA Concept
Base Map
(2009 Aerial Image)

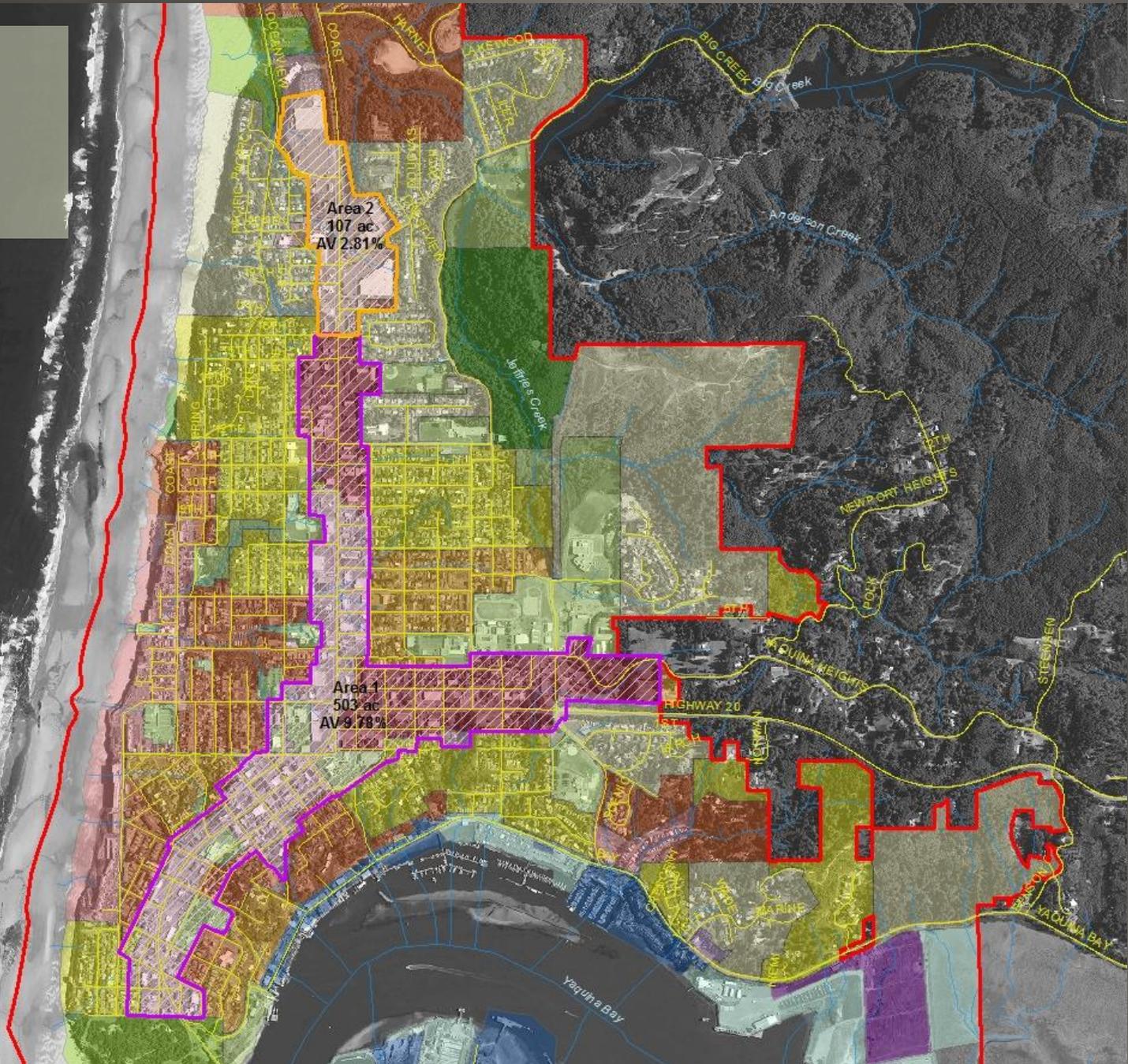


Highway Corridor URA Concept Zoning Map (2009 Aerial Image)

Newport Zoning

Zone

- C-1 Retail and Service
- C-2 Tourist
- C-3 Heavy
- I-1 Light
- I-2 Medium
- I-3 Heavy
- P-1 Public Structures
- P-2 Public Parks
- P-3 Public Open Space
- R-1 Low Density Single-Family
- R-2 Medium Density Single-Family
- R-3 Medium Density Multi-Family
- R-4 High Density Multi-Family
- W-1 Water Dependent
- W-2 Water Related



Planning Commission Observations (October 28, 2013 Work Session)

- Process for conducting feasibility study is appropriate and should produce information needed to determine if the City should proceed with a new district
- Options for sizing a district should include:
 - US 101/US 20 corridors where EOA showed lowest improvement to land value ratios exist
 - Expanded US 101/US 20 concept considering additional acreage and assessed value allowance provided as a result of reservoir and/or South Beach annexations
 - Combination of portions of Agate Beach and the US 101/US 20 corridors with boundaries that need not be contiguous. This option could consider residential areas in Agate Beach where infrastructure improvements are needed

Draft MINUTES
City of Newport Planning Commission
Work Session
Newport City Hall Conference Room 'A'
Monday, October 28, 2013

Planning Commissioners Present: Jim Patrick, Bill Branigan, Gary East, Rod Croteau, Mark Fisher, and Jim McIntyre.

Planning Commissioners Absent: Glen Small (*excused*).

Citizens Advisory Committee Members Present: Lee Hardy and Bob Berman.

Citizens Advisory Committee Members Absent: Suzanne Dalton (*excused*).

City Staff Present: Community Development Director (CDD) Derrick Tokos and Executive Assistant Wanda Haney.

Chair Patrick called the Planning Commission work session to order at 6:00 p.m. and turned the meeting over to CDD Tokos.

A. New Business.

1. Discussion about developing concepts to kick off a new North-Side Urban Renewal District. Tokos said that this was the kick off conversation about the process of the feasibility to form an Urban Renewal District (URD) north of the bridge. He noted that the City used to have a north-side district for many decades, but it is effectively closed. Tokos had a PowerPoint presentation to outline some of the information in the materials he gave the Commissioners in their packets. He included a brief overview of the statutory considerations, which were in the staff memo; the rationale for forming a district; the feasibility study framework; and the initiation concepts. He was hoping to get the Planning Commission's recommendation of whether this sounds like it's going in the right direction or not and if the Commission has an opinion on appropriate study area boundaries. Tokos explained that an urban renewal program is to improve certain parts of a city; those that are poorly developed or underdeveloped. It's called blight. It might be an area with no sidewalks, substandard streets, where the development is dated and old and not worth as much as it otherwise could be on the tax rolls. Also in these areas you typically don't have the best quality of life either. An Urban Renewal District is developed through public process.

Tokos noted that this proposal for the north side is entirely within the City, so there is no requirement that the County approve it. In South Beach there was because portions of the district are in unincorporated areas. A feasibility study would be done first. Assuming an option comes out of that, the Planning Commission and the City Council will actually form a district where it gets into more detail. Tokos explained that once formed, a URD provides a funding mechanism; tax increment financing. It's not a new tax. It taxes a portion of the existing tax base and allows for it to be reinvested back into an area. It allows the district to upgrade public infrastructure; to buy and assemble sites for development or redevelopment; and it allows the district flexibility to work with private parties that we don't have with the Council. Tokos said that raises the question of whether the Council should consider a separate Urban Renewal body as in the past. He said there is an Urban Renewal Agency that exists. Currently it is the City Council, which is commonly done. They have to open their meeting separately. The City had a separate body back in 2007 or 2008. Fisher gave a background story of how there was a disagreement, so that body was dissolved and the Council took over those duties.

Tokos explained that the most common type of projects under an Urban Renewal District are construction of streets, utilities, water lines and sewer lines, burying utility lines, and other public uses. The Performing Arts Center, City Hall, the Visual Arts Center, and the Parks and Rec Center all came in under the prior north-side URD. Also included were the Bay Front boardwalk, the Abbey Street Pier, and the Archway and turnaround walking area in Nye Beach. Tokos added that most people probably don't realize how much water and sewer work was done under the north-side URD. Fisher asked if two districts can overlap. Tokos said no they can't, but the Nye Beach district is done. He said it is officially closed as soon as a minor obligation debt is wrapped up within the next six months or so. So, it is effectively closed; and that increment was released. Tokos continued that other projects can be for the demolition or rehab of buildings, acquisitions and improvement of property, and repair of property.

Tokos explained the concept of tax increment financing. At the time a URD is put in place, the tax base is frozen in place (i.e. a frozen base). Every increment above that goes into urban renewal; and that is what finances projects. Tokos said, assuming that it's 3%, that 3% increment each year is what would be funding the URD. He said that a given year's annual collections usually isn't enough to fund a project; so a financing plan is put in place and you borrow in phases and pay that back with those increments. Berman asked if then we get a plan and wait for the money to build up; and Tokos said it takes a few years. Patrick asked how long the South Beach URD is running. Tokos said that he thought it maybe began in 1982. It was extended in 2007 or 2008 to 2020. The City let the north-side go so that that increment could be released. Croteau asked when the frozen base is

established; and Tokos said at the time the district is put in place. The base will be whatever you are getting at that point in time. He said at some point, when it is put in place, the base would be frozen at a certain level. It is based on the assessments at that time. They cannot go backwards. The collected increment is invested into capital projects over a period of years. The assessed values are increased; and when it is released, the taxing entities benefit from the growth in assessed value attributed to the URD investments. Tokos had included a 2012 report from Elaine Howard, LLC because he thought it might be interesting for the Commissioners to see. He noted that there were some 40 odd districts formed over the last ten years. He showed the districts that had closed since 2002. For the Newport north-side that closed, the frozen base was \$9,910,265; and the excess value at closing was \$33,666,500. Tokos gave an example that a district is created and say that a fire district is part of that URD; if there is a project for a public improvement such as a new fire hall, that's a benefit to the fire district that occurs during the period of time that the frozen base is in place.

Tokos said that, as explained in the staff memo, under ORS 457.420 we have limits. The City can only have so much in urban renewal at any given time. We can have no more than 25% of the total assessed value within the city limits and no more than 25% of the city's acreage. He said that what hurts us a bit in South Beach are portions of the district that are outside the city because they still have to be counted against the city's overall assessed value and acreage. He said that the City may want to pursue annexation to address that. Once they are in the city, it equals out. Patrick agreed that is the long-term goal. Tokos said that the South Beach URD otherwise is just under 13% of the City's total assessed value. Just a little over half of our threshold is tied up in South Beach. He said it is a larger percent of our total acreage. There is only about 600 acres left, unless we factor in future annexations. With the 307 acres of the city reservoir site, that goes up to 677 acres of capacity. Tokos said that the South Beach URD closes in 2027; 2020 for new projects, and the last seven years for debt retirement.

Fisher talked about how there were those that had wanted to take all of that South Beach Urban Renewal money to build a convention center, and the urban renewal folks said no, it's mainly for infrastructure. The convention center eventually fell through, and the money was available to do infrastructure like streets, utilities, and undergrounding. He said he would hate to see something like this happen and build something like an "Eiffel Tower". Tokos said it has to do with the plan and what it says. He said the more general it is, the more flexibility there is to do what Fisher was just talking about. The more specific it is, like the current South Beach plan, there is not a lot of wiggle room. Patrick thought that if the City is limited to 25% assessed value and 600 acres, we will run into the money sooner than acreage. Tokos said it would be pretty close. He said that he doesn't have the new assessment rolls yet, so the numbers are ballpark and would be fleshed out during the feasibility study process. He noted that if the pockets in South Beach were annexed, in addition to the reservoir land, the allowance for the north-side would increase to 762 acres. Patrick asked, and Tokos explained that districts do not have to be contiguous; you can have two distinct pockets. Tokos continued that ORS 457.190 sets the city's maximum indebtedness for each new urban renewal plan at \$50 million. If you go over that, you have to have the taxing entities buy off. The maximum indebtedness for the South Beach plan is \$38,750,000.

Tokos' PowerPoint presented how we got here to this conversation. He explained that there had been a lot of work to get to this point. Throughout 2010-2012 the City did an economic opportunity analysis. There was a lot of analysis that went into that work. ECONorthwest was brought in to assist with data collection, mapping, and technical analysis. There was a large Technical Advisory Committee formed. He presented a list of the names of the members and their affiliations. The employment lands were inventoried. There was a summary of the City's economic development objectives. He said we went through a long, lengthy process to get there. Part of what came out was the improvement to land ratio values, which gives a good sense of whether these properties are really valuable and if they are really adding to the tax base. If there is a low improvement to land value ratio, then a property is at a point where it will likely be redeveloped. He said along the corridors, you see vacant buildings and old commercial buildings that are not desirable to prospective tenants. This study just bore it out; the corridors are dragging us down. One recommendation that came out of the group was for the City to encourage better use of underutilized commercial properties by evaluating the creation of a new URD north of the Bay.

In 2013/2014, the City Council said they were taking the first step in implementing these policies with a goal to prepare the initial concepts for a new north-side Urban Renewal District from the bridge to Walmart. Tokos thought that at least one of the concepts needs to fit closely to that, but that doesn't mean something couldn't come in to pull in Agate Beach as Patrick had mentioned. He thought we should have up to three feasibility study concepts in order to have a variety. A broad range of project categories would be developed and high, medium, and low projections would be prepared for assessed value growth. Here it would be very general; but as we move forward, we would want to get very specific. The analysis would be summarized in a memo format with an estimate of financial impacts to the other districts. We would then meet with the taxing entities to get their feedback on which approach to take. ECONorthwest would be retained to assist. The cost would be up to \$10,000 for that. CDD has funds budgeted for that this year. Tokos said we want a third party to develop those numbers.

Berman asked if the impact is that these districts don't get any of that 3% increase. Tokos said it can be set up that way. You can also elect to take partial increments. It has to be fleshed out. He thought on South Beach there was a percentage increment that it took; but he would have to look. The feasibility process is where we would flesh out what the impacts would be and what the options are in setting that. Tokos presented a list of affected entities, which includes Lincoln County, LCSO, Linn-Benton-

Lincoln ESD, Lincoln County Extension Service, OCCC, Hospital District, Port of Newport, and Lincoln County Transit. Berman asked, and Tokos said that they don't have to sign off on it. It goes through public hearings process. Taxing district sign-off is required if the city proposes a maximum indebtedness limit that is over the \$50 million. Patrick said that we could go over later on, but we have to get permission. Tokos agreed, saying that we have to go through a substantial amendment formal hearing process because we are messing with our indebtedness.

Tokos continued, that Phase II is forming the district. He said that assuming there is general consensus on an approach to take coming out of the feasibility study, we would actually form a district where we would identify specific projects and prepare cost estimates, detailed assessed value growth projections, and findings establishing blight conditions and that the urban renewal plan conforms to the Comprehensive Plan. Presentations would be made to the affected taxing districts. There would be additional community outreach. Finally there would be the Planning Commission and the City Council hearings. Tokos said we are having this conversation now because we wanted to use the most recent tax rolls coming out in October. We can move this process along as soon as that comes out.

Tokos showed the Transportation System Plan concepts. He noted that in putting a URD concept together, we want to think about what we have in the Comprehensive Plan for future capital projects. That should be what we are using to put projects together and for setting the district boundaries. A lot of this work has already been done. The map Tokos presented shows the concepts to do that couplet that would split traffic on US 101 downtown. Options were to utilize SW 7th Street or SW 9th Street. Those are expensive projects that urban renewal could be a potential funding source for. Tokos noted that we don't finance everything in South Beach with urban renewal money. The Safe Haven Hill is \$200 thousand from urban renewal and \$600 thousand from FEMA. The Hatfield project was less than \$2 million urban renewal and about \$1.1 million from State. The 35th and 101 improvements are \$2 million State and \$1.5 million urban renewal. Tokos said that having urban renewal funds puts you in a position to come to the table and leverage other resources. It puts you in the front of the line with more limited funding coming from the federal level. He said that if you put 30%, 40%, or 50% down, that is a big deal. Tokos presented a concept map showing what a new district boundary might look like. Indicating on the map, Tokos explained that Area 1 picks up the areas with the lowest improvement to land values from the Economic Opportunity Analysis. It encompasses a little over 500 acres and 9.8% of assessed value; keeping the city under the 25% limit. If you draw it to include Fred Meyers and Walmart, it puts the district over 600 acres and 1/2% over 25%. That could be added, but we would probably have to take a few properties strategically out; or if we did the South Beach annexation, it would change it a little bit. If the reservoir annexation went through, we would be fine for acreage but still over on assessment. The next slide showed that he tucked it tight to the commercial districts. Both 9th and 7th Streets are entirely in. That is one of the TSP concepts, so you would want it in. It is retail and heavy commercial for the most part. McIntyre asked what the benefit was of having the Walmart and Fred Meyers section in a URD. Patrick said it is the Council's goal to underground those utilities. McIntyre thought that is probably one of the better parts of the city. Tokos said the intersections could use improvement. The only real area for development would be the Safeway property. There is some potential there; but that's about it. Patrick suggested maybe if we just cut Walmart out, we possibly could do this. Tokos said there are some other places like some heavy commercial off Yaquina Heights that we may not want in there. We probably would want to have the batch plant in there because it is at the intersection of Hwy 20 and John Moore.

Tokos said that he just wanted to give the Commissioners something showing what 600 acres and an additional 12% might look like. He believes that we could form a pretty meaningful district. This may change with the 2013 assessed rolls, but we would be able to do something that addresses the three areas along Highways 20 and 101 that have the most depressed value. Croteau suggested that we could go further up 101 into Agate Beach if we had any extra. Tokos agreed that there is a lot of infrastructure work that could be done up there. He noted that this area depicted is exclusively commercial. It's solely focused on commercial. In Agate Beach we can get into residential properties easily. He said that maybe we could have ECONorthwest include that and have a conversation about the benefits of involving residential versus all commercial. Patrick agreed that gives options, but he thinks that sticking fairly tight to the corridors is what we want to do. Berman asked if you can develop them as you go along, like if you decide you want to buy the old Salvation Army building and tear it down. Patrick said that NOAA wasn't in the original plan. Tokos said we had to do an amendment. Tokos said these are living documents; and it is expected that you will have a fairly large number of amendments over time. When you form a district, the detailed plans may make sense but then some opportunity comes along in the next 5-10 years and you might want to come in and adjust that. He noted that we have a nice structure to the South Beach plan. We put in detail as much as we could and in other areas set out categories knowing that they would be refined in the future. Then you can do that as a minor amendment because that concept is already in the plan. He gave an example of public structure construction. If you had that public structure concept in there and it had to be refined, then it would be a minor amendment. Tokos said that is the way the South Beach Plan is structured. The north-side was a very old plan and was very general and very flexible. The South Beach plan has just bullet categories and breaks them out by phasing, which gives them relative priority. In South Beach, projects have been moved from Phase 1, 2, or 3. There were some Phase 1 projects that didn't get done, and we are done with that element of the plan.

McIntyre asked how the hospital fits in. Tokos said that is something that we want to talk to them about because they have expansion plans. But any project of consequence will have impacts on somebody. He said that the couplet opens up additional commercial property for development. It would make those properties abutting it more attractive for development. Then the

city center can redevelop. Those types of projects have the potential of positive impacts on assessed values. Croteau asked if there was any talk about moving the armory. Tokos said there has been some conversation about if we can't move them up to the airport. He believes there may be a reversionary clause in the deed. He doesn't know definitively that the state would give us the property back; but there is opportunity there. It's maybe not the best for the armory to be in the city center; maybe it's better at the airport. We have the FAA grants to revamp the runway because they feel that the Newport airport will be accessible in the event of a catastrophe. So maybe it would be nice to have the National Guard down there with all of their equipment.

Tokos said that his question to the Planning Commission is if this sounds like a reasonable approach. He will have a similar conversation with the City Council at their next meeting; and he can convey the Planning Commission's thoughts. Tokos said at the regular meeting, the Commission could make a motion if they wanted to pass something along. Patrick said he was happy with it just being informal at this point. He thought that \$10,000 for the study sounds good. He thought a concept with what is shown here and maybe adding an option for Agate Beach. Fisher thought the idea is reasonable, but said that the devil's in the details. Croteau thought maybe we could incorporate an option of what would happen if the annexation of the reservoir and the pockets in South Beach happen and would increase our assessment base and our acreage. Tokos noted as a third option a bigger concept based on annexation.

Berman wondered if there were any other areas for potential urban renewal. Patrick said that other than South Beach, which already has a district, there are Highways 20 and 101 and Agate Beach. Nye Beach used to be in a district. Croteau wondered if through this we could think of a new bridge or bridge construction. Patrick said it is too far out and too much money. Croteau said that what we do through urban renewal might be impacted by an additional bridge. Tokos said that if this is a district that will be closing in the next twenty years, the only thing with the bridge might be funds for part of the study work. The rationale would be that by contributing money for planning, it might make the replacement process go smoother and faster. Patrick thought maybe it could be in there as a line item. Tokos said we are just starting the bridge planning work. In terms of actual replacement, it's likely 40-50 years.

Tokos said that what he got from the Commission is that they are comfortable with the approach and are in favor of three scenarios: the district just shown, an Agate Beach option, and a US 20 and 101 option that is a little bigger that includes acreage through annexation.

Patrick thought an Agate Beach option could help the north entry to look better. In answer to a question, Tokos said that the City has an ODOT Scenic Byways grant to improve the parking area up by Roby's with restrooms, showers, surfer access, and Gilbert Way will get completed. Fisher asked about OMSI in South Beach. Tokos said that South Beach Urban Renewal is actually putting in a large amount of money for that with close to a million dollars between 30th and Abalone and probably a little more from OMSI and Investors XII. It is a three-way contribution.

Tokos will add a slide to this PowerPoint for the City Council talking about what the Planning Commission's conversation has been. He noted that the City Council, probably as the Urban Renewal Agency, can initiate the feasibility study; and we will retain ECONorthwest. When we actually do the plan, it has to go through hearings before both the Planning Commission, who makes a recommendation, and the City Council.

B. Adjournment. Having no further discussion, the work session meeting adjourned at 6:56 p.m.

Respectfully submitted,

Wanda Haney
Executive Assistant



Tashman Johnson LLC
Consultants in Policy, Planning & Project Management

AN OVERVIEW OF URBAN RENEWAL

Tashman Johnson LLC

October, 2000

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I. URBAN RENEWAL SUMMARY

A. What Is Urban Renewal?

The purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped. These areas can have old deteriorated buildings and bad streets and utilities or the areas can lack streets and utilities altogether.

Urban renewal provides three types of authority that are not otherwise available to local governments.

- First it allows for the use of tax increment financing (explained below) to finance improvement projects.
- Second, it allows for special powers to buy and assemble sites for development or redevelopment, if that is desired.
- And third, it allows for special flexibility in working with private parties to complete development projects.

For a city to use urban renewal, it must establish an urban renewal agency and it must adopt an urban renewal plan.

B. What is an Urban Renewal Agency?

Urban renewal agencies are created by state law (ORS Chapter 457) but are specifically “activated” by the city council. The agencies are separate legal bodies from the council, but in most cases the urban renewal agency board is composed of members of the city council.

C. What are Urban Renewal Plans?

To do urban renewal projects with tax increment financing, the projects must be authorized in an Urban Renewal Plan. The plan applies to a specific geographic area of the city, which is called the Urban Renewal Area. In adopting the Plan, the city council must find that the area is eligible for urban renewal because of existing “blight,” which is defined as conditions such as deteriorated buildings and lack of adequate infrastructure.

D. How is an Urban Renewal Plan Adopted?

To adopt an urban renewal plan:

First, the city council or urban renewal agency decides that it wants to consider an area for a possible plan. This decision is usually in response to interest in the community in revitalizing the area.

Then the eligibility and feasibility of the area as an urban renewal area is studied. This “feasibility study” includes information about property values, development conditions, availability and condition of streets and utilities and other key factors.

If the area is found eligible by the Council and it wishes to proceed with urban renewal, an urban renewal plan and report is prepared. The planning must involve citizens at

every stage, and especially when it comes to determining what projects and activities are to be undertaken.

An urban renewal plan must be presented to the Planning Commission for its recommendations and then must be adopted by the City Council after a public hearing is held. Notice of the public hearing must be sent to each individual household in the city.

E. What Can Happen Under An Urban Renewal Plan?

Urban renewal agencies can do certain projects or activities under an adopted urban renewal plan. These activities include:

1. Construction or improvement of streets, utilities and other public uses.

The most common type of urban renewal project is infrastructure development, including streets and utilities. Urban renewal also commonly funds parks, plazas and pedestrian facilities.

2. Rehabilitation or conservation of existing buildings

An urban renewal agency can assist in rehab projects of any type (residential, commercial, industrial) typically through loans and grants to private property owners.

3. Acquisition and improvement of property

An urban renewal agency can acquire property, typically for re-sale for private or a combination of public/private development. The agency has the power of eminent domain (condemnation) for redevelopment purposes, which is not a clear power of cities or counties themselves. The agency must identify properties to be acquired in the urban renewal plan. Properties must be acquired at fair market value. Once acquired, urban renewal agencies can clear and improve the properties prior to resale or lease. Any persons or businesses displaced by agency acquisition are entitled to relocation assistance.

4. Re-sale or lease of property

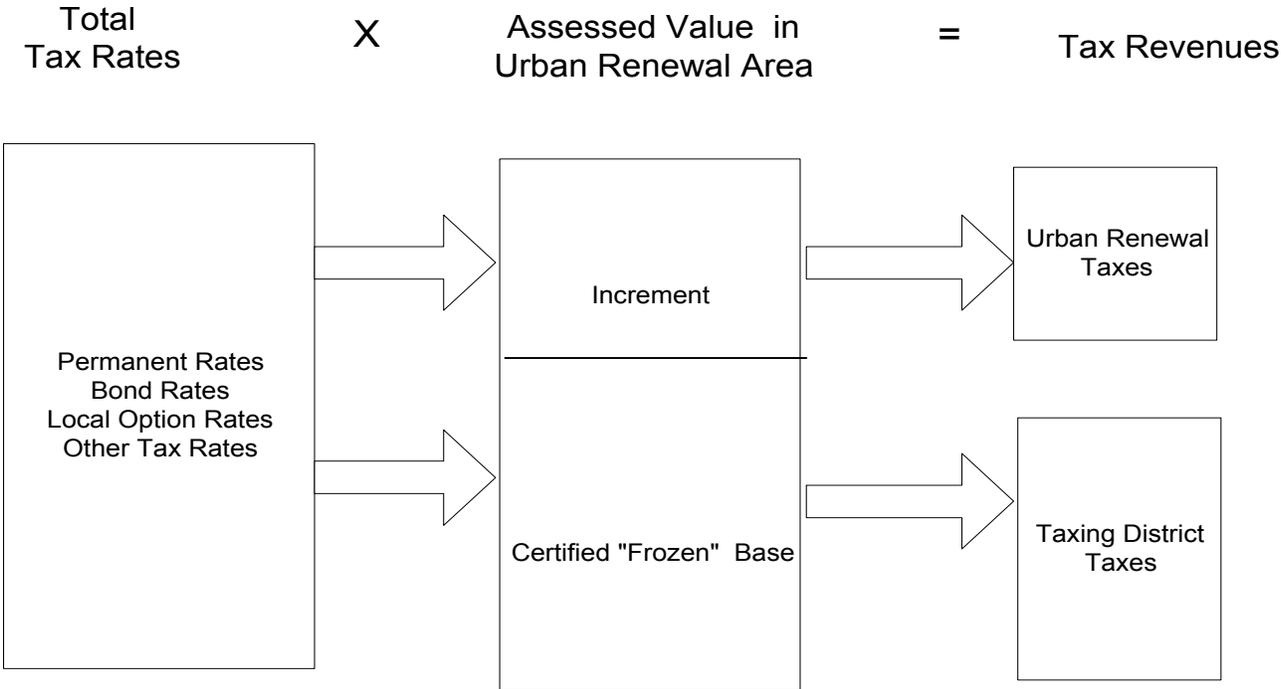
An urban renewal agency can sell or lease property it owns for redevelopment. Unlike cities and counties, the agency can legally sell for less than fair market value. Property can be sold for its "fair re-use value" which is the value for a specified use required in the urban renewal plan.

F. How are Urban Renewal Plans Financed?

Urban renewal is unique in that it can be financed by urban renewal taxes or tax increment financing. Urban renewal taxes are the taxes generated by the *increase* in total assessed values in the urban renewal area from the time the urban renewal area is first established. The assessed value of an urban renewal area at the time the plan is adopted is called the "frozen base". Growth above the base is called the "increment."

The diagram below shows how this works.

Urban Renewal Taxes for New Urban Renewal Plans



II. HOW TO ESTABLISH AN URBAN RENEWAL PROGRAM

Many communities wish to approach the establishment of an urban renewal program in two stages or phases. The first phase consists of a feasibility study that provides the governing body with a factual basis for deciding whether and/or how to proceed. The second phase consists of preparing an urban renewal plan and report and going through the adoption process. The tasks that commonly are included in the two phases are described below.

A. **Phase One: Urban Renewal Feasibility Study**

A feasibility study may include the following tasks:

1. Review Existing Plans and Studies

Review comprehensive plan, facilities plans (Water, Sanitary Sewer, Storm Sewer, Transportation, Parks) and other relevant documents.

2. Meet with City Council/County Commission, Staff, Planning Commission Members and Others to Discuss Urban Renewal

Meet with representatives of the governing body, Planning Commission, property and business owners and others to gain a better understanding of the community. This could also be an opportunity to talk about urban renewal and discuss how it has been used in other municipalities.

3. Assess Conditions of "Blight" Required to Establish Urban Renewal Area

Within an overall study area, generally assess conditions of "blight" which must be found by the governing body in order to establish an Urban Renewal Area. Blighted conditions include substandard buildings, inadequate streets or utilities and underutilized property, as evidenced by the value of improvements to the value of land.

4. Determine Tentative Urban Renewal Area Boundary in Conformance with Assessed Value and Area Limitations

Based on the general assessment of conditions and discussion with the City regarding identified project needs, make a preliminary recommendation of an urban renewal boundary that meets statutory limits on assessed value and area (no more than 25% of the city total in either).

5. Estimate Potential Revenue Capacity of Urban Renewal Area

Prepare a preliminary estimate of urban renewal tax revenues from the tentatively defined area.

6. Evaluate Options for Proceeding

Based on the previous work, evaluate options for proceeding with an urban renewal plan.

B. **Phase Two: Urban Renewal Plan and Report**

State law [ORS 457.085(2)and(3)] describes in detail the required contents of an urban renewal plan and urban renewal report. Only the plan itself is adopted by the municipal-

ity; the report accompanies the plan and provides background information, analysis and support for the findings that must be made in adopting a plan. The urban renewal agency must provide for public involvement in all stages of the preparation of an urban renewal plan.

1. Urban Renewal Plan Contents

An urban renewal plan is required to contain:

- A description of each urban renewal project to be undertaken
- An outline of the major project activities planned for the urban renewal area or areas. (A “project” may be a site specific undertaking, a series of related undertakings or a program of activities.)
- A map and legal description of the urban renewal area.
- An explanation of how the plan relates to local objectives, such as relevant objectives of the comprehensive plan, target area plans and other public policy statements.
- An indication of proposed land uses (which must conform to the comprehensive plan and zoning code).
- A description of relocation methods for residents or businesses that must move because of Agency projects
- If public acquisition of property is required by the plan, a description of property to be acquired by the Agency (if any) and how it will be disposed of (e.g. sale or lease), along with a schedule for acquisition and disposition.
- If the plan calls for the use of tax increment financing, a limit on the maximum amount of indebtedness to be issued to carry out the plan.
- A description of what types of changes to the plan are to be considered substantial amendments. Substantial amendments must be adopted using the same process as the adoption of the original plan. The following amendments must be considered substantial: (1) expanding the urban renewal area by more than one percent; and (2) increasing the maximum amount of indebtedness that may be issued.
- If the plan calls for the development of a public building (e.g. a fire station), an explanation of how the building serves or benefits the urban renewal area.

2. Urban Renewal Report Contents

An urban renewal report must contain:

- A description of the physical, social and economic conditions within the urban renewal area and the impact of the plan, including fiscal impacts, in terms of increased population and the need for additional public services.
- The reasons why the urban renewal area (or areas) was selected.
- The relationship between each urban renewal project and the conditions within the area.
- The estimated costs of the projects and the sources of project funding.
- The completion date for each project.
- The amount of tax increment funds that are estimated to be required and the year in which the Agency plans to pay off all outstanding tax increment indebtedness.

An Overview of Urban Renewal

- A financial analysis that shows the plan to be financially feasible.
 - An analysis of the impact on the tax rates and/or revenues of the taxing districts that overlap the urban renewal area; and
 - A relocation report which includes
 - an analysis of businesses or residents that may be required to relocate
 - a description of the methods to be used in the relocation program; and
 - an analysis (number and cost range) of the existing housing units that may be destroyed or altered and the housing units that may be added.
3. Procedural Requirements for Adoption of an Urban Renewal Plan

There are various procedural requirements that relate to adopting an urban renewal plan. In addition, as mentioned above, the Agency must provide for public involvement in all stages of the development of the plan.

a) Planning Commission Review

If the municipality has a planning commission, the plan and report must be presented to the commission for its recommendation before the plan may be presented to the city council or county commission for adoption.

b) Affected Taxing Districts

The plan and report must be sent to the governing body of any taxing district that is affected by the plan. (Taxing districts that levy taxes within the urban renewal area are usually considered to be the affected taxing districts.) Any written recommendations of these taxing districts must be accepted, rejected or modified by Council in adopting the plan.

c) Presentation to County

A City proposing to adopt an urban renewal plan must present the proposed Plan to the County Board of Commissioners for their comment. No action is required of the County Commission.

d) Approval of the Plan

To take effect, the plan (not including the report) must be approved by Council by non-emergency ordinance. There is no statutory requirement for a vote on the plan. There are requirements for notice of the hearing at which the ordinance is considered; requirements for the contents of the ordinance; and requirements for a notice after the ordinance is adopted.

e) Notice Requirements

Direct notice of the public hearing on the ordinance adopting the plan must be mailed to each individual or household in any one of the following groups within the city and any portion of the urban renewal area that extends beyond the city: real property owners; registered voters; utility customers; or postal patrons.

The notice must state in plain language:

- the time and location of the hearing;
- that the plan may affect property tax rates;
- that debt may be issued up to a maximum amount;

An Overview of Urban Renewal

- that the ordinance adopting the plan may be referred to the voters; and;
- that a copy of the ordinance, plan and report are available for review by contacting a designated person.

f) Public Hearing

At the public hearing on the ordinance, Council should hear the report and recommendations of the urban renewal agency, take public testimony and consider the recommendations, if any, of the planning commission and of affected taxing districts. Any written recommendations of the affected taxing districts must be formally accepted, rejected, or modified.

g) Ordinance Requirements

The ordinance must be a non-emergency ordinance and it must incorporate the plan (not the report) by reference. During the period between the adoption of the ordinance and its effective date, the adoption ordinance can be referred to voters for their approval.

The ordinance must contain findings, supported by the contents of the urban renewal report, that:

- Each urban renewal area is blighted;
- The rehabilitation and redevelopment of the area(s) is necessary to protect the public health, safety or welfare.
- The plan conforms to the comprehensive plan and economic development plan, if any, of the municipality and that the plan provides an outline of planned urban renewal projects.
- That relocation requirements have been met.
- That any property acquisition called for in the plan is necessary to achieve the objectives of the plan.
- That the plan is economically sound and feasible.
- That the city or county will assume any responsibilities given to it under the plan.

h) Notice of Adoption of Ordinance

Within four days of adoption of the ordinance adopting the plan, Council must publish a notice that the ordinance has been approved and that 90 days after adoption of the plan, the plan will be conclusively presumed valid.

III. POSSIBLE TIME LINE

Phase I	4 months
Phase II	9 months

If a plan is adopted by the Council with an ordinance effective by the end of September, 2001, then the “frozen base” will be calculated using property values from FY 2000/2001. If the Plan is adopted and effective prior to December 31, 2001, the first tax increment revenues would be received in FY 2002/2003.

Urban Renewal in Oregon 2002-2012



 ELAINE HOWARD
CONSULTING, LLC

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Association of Oregon Redevelopment Agencies

The Association of Oregon Redevelopment Agencies (AORA), formed in 1987, represents established urban renewal agencies in Oregon. Urban renewal agencies may be initiated by cities or counties, and their boards can be the municipal governing body or a housing authority, or members may be appointed by the governing body.

Leadership of AORA is vested in a board of three officers, which includes a President, Vice-President, and Secretary/Treasurer. In addition, the executive committee includes one elected executive committee member at-large, and the immediate past president also serves. AORA holds at least two general membership meetings each year, one of which is at the League of Oregon Cities' annual conference. Other meetings are convened on an as-needed basis. AORA is a resource for urban renewal agencies and public and private redevelopment professionals that:

- Promotes urban renewal 'best practices' among the state's urban renewal agencies;
- Provides a forum for discussion with professional colleagues throughout the state on issues pertinent to redevelopment;
- Provides education and information to the Legislature and state agencies on issues related to redevelopment and tax increment financing;
- Evaluates and coordinates urban renewal agency responses to litigation on urban renewal and redevelopment; and
- Assists the League of Oregon Cities.

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Bandon crabbing dock

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Astoria, Beaverton, Canby, Carestream, Eugene, Florence, Gresham, Hillsboro, Lake Oswego, Lebanon Lincoln City, Tillamook, Newport, Portland Development Commission, Redmond, The Dalles, Tualatin, White City, and Kathryn Fong Stephens provided photos for this document. The remainder of the photos were provided by Elaine Howard Consulting, LLC.

The small photos on the pages are all from urban renewal districts throughout Oregon. Although not all of the projects were funded with urban renewal financing, they all add to the positive atmosphere in each urban renewal area.

Document Credits

A sincere thank you to all of the representatives of urban renewal agencies and individuals who were interviewed and who provided content for this report.



Portland Pearl District park

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Introduction

This document is an update to Urban Renewal in Oregon: History, Case Studies, Policy Issues, and Latest Developments, which was prepared for AORA by Tashman Johnson, LLC in 2002. The original document was written in honor of Lyle Stewart's pioneering work in the field of urban renewal in Oregon and can be found on the AORA website at <http://www.orurbanrenewal.org/>.

This update contains four main parts. First is an update of legislative events that have impacted urban renewal, including the impacts of HB 3056, the 2009 legislation changes. The most complicated provision regards maximum indebtedness of plans, in both the adoption of substantial amendments and in setting the original maximum indebtedness for new plans. Second, nine new case studies are presented that highlight the issues of importance to urban renewal in 2012. These new case studies focus on urban renewal agencies that are leveraging their urban renewal dollars with private investments, are innovative in their use of urban renewal to address local concerns and needs, and have engaged in substantial public involvement. Included in the studies is also a story about a successful substantial amendment (post-2009 legislation) and a case study on non-traditional urban renewal investing. In the second section, the case studies from the 2002 document have also been updated. Third, critical issues that urban renewal agencies face now and will face in the future are examined. The last section is a summary of legal events that have had an impact on urban renewal.

Urban renewal in Oregon is continually evolving. As of 2012, there are 75 urban renewal agencies in Oregon with 109 different urban renewal areas. The urban renewal agencies throughout the state are making important strides in their communities, leveraging investments, making infrastructure improvements, helping to spur development that will increase the assessed values in the community, and creating jobs. Innovative uses of urban renewal are setting examples for other communities to follow. To further share information about the successes of urban renewal, AORA is encouraging urban renewal agencies to gather and produce information about the results of their activities.

To begin an urban renewal area, the locality first designates the area. Once that area is designated, the county assessor allocates the increased taxes in that area to the urban renewal agency for use on projects and programs within the area. As property values rise, projects are completed by the urban renewal agency that further enhance private development and economic prosperity in the area. Once an urban renewal area has completed the projects and reached its maximum indebtedness it is terminated. The resulting increase in assessed values has increased the property tax base, thereby increasing taxes for all taxing jurisdictions.

Several urban renewal plans have been terminated since 2002, and have added over \$1.5 billion in assessed value to the Oregon property tax rolls.

Table 1 – Urban Renewal Areas That Have Closed Since 2002

Locality	Urban Renewal Area	Frozen Base	Excess value at Closing
Clackamas County	Government Camp	\$23,856,470	\$135,756,313
Cottage Grove	Row River	\$7,641,993	\$35,076,778
Grants Pass	Grants Pass Parkway	\$67,117,103	\$159,849,022
Jackson County	White City	\$199,936,047	\$504,065,859
Lebanon	Lebanon I	\$1,808,007	\$12,762,338
Newberg	Newberg	\$139,638,471	\$3,385,844
Newport	Newport North Side	\$9,910,265	\$33,666,500
Oregon City	Oregon City Hilltop	\$5,352,090	\$59,103,413
Redmond	South Airport Industrial	\$725,425	\$62,615,277
Salem	Pringle Creek	\$18,977,000	\$40,184,890
Tualatin	Leveton	\$3,660,924	\$255,489,075
Tualatin	Central	\$14,067,089	\$180,221,311
Waldport	Waldport 1	\$16,319,563	\$23,965,007
<i>Total Excess Assessed Value</i>			<i>\$1,506,141,627</i>

New urban renewal districts are being formed with measurable success, as shown by the Growth in Assessed Value (defined as Excess Value by County Assessors) column in Table 2.

Table 2 – New Urban Renewal Areas Formed 2002-2011

Locality	Urban Renewal Area	Frozen Base	Growth in Assessed Value
Astoria	Astor West	\$21,843,363	\$31,964,793
Bend	Juniper Ridge	\$13,752,568	\$74,873,298
Bend	Murphy Crossing	\$66,271,530	\$4,667,286
Boardman	Central Boardman	\$2,756,350	\$392,990
Carlton	Carlton	\$14,535,207	\$2,583,923
Clackamas County	North Clackamas Revitalization	\$392,816,387	\$90,372,043
Coburg	Coburg	\$15,462,696	\$21,930,532
Culver	Culver	\$7,241,905	\$1,293,220
Dallas	Dallas	\$25,137,464	\$8,166,797
Depoe Bay	Depoe Bay	\$14,255,390	\$11,925,150
Estacada	City of Estacada	\$21,489,369	\$7,250,847
Florence	Florence	\$81,000,000	\$25,252,874
Garibaldi	Garibaldi	\$17,922,850	\$3,558,736

Locality	Urban Renewal Area	Frozen Base	Growth in Assessed Value
Gresham	Rockwood-West Gresham	\$437,507,294	\$184,731,016
Hillsboro	Downtown Hillsboro	\$425,000,000	\$9,531,373
Hood River	Waterfront	\$11,872,754	\$8,489,267
Hood River County	Windmaster	\$31,159,753	\$9,096,959
Jacksonville	Jacksonville	\$37,371,452	\$20,662,780
Klamath Falls	Town Center	\$3,917,950	\$12,581,390
Lebanon	North Gateway	\$8,365,939	\$11,188,310
Madras	Madras	\$41,853,156	\$21,942,895
Molalla	Molalla	\$44,915,940	\$14,907,026
Monmouth	Monmouth	\$34,718,870	\$9,473,228
North Plains	North Plains	\$20,226,429	\$6,934,129
Pendleton	Pendleton	\$73,535,650	\$29,809,127
Portland	Willamette Industrial	\$481,400,000	\$46,606,563
Reedsport	Reedsport	\$30,843,739	\$5,128,924
Salem	Mill Creek	\$1,012,524	\$46,686,682
Salem	South Waterfront	\$23,799,930	\$18,229,558
Salem	McGilchrist	\$103,001,366	\$31,530,961
Silverton	Silverton	\$66,643,849	\$24,034,044
Sisters	Downtown Sisters	\$4,109,868	\$9,230,009
Springfield	Glenwood	\$106,986,910	\$20,975,016
Springfield	Springfield Downtown	\$124,231,412	\$12,447,849
Tigard	Tigard	\$66,510,860	\$26,128,485
Tillamook	Tillamook	\$62,100,000	\$23,666,157
Troutdale	Troutdale Riverfront	\$19,177,950	\$4,927,204
Waldport	Waldport 2	\$683,340	\$2,713,940
Warrenton	Warrenton	\$60,136,994	\$43,451,283
Wilsonville	Westside	\$14,972,924	\$162,247,689
Winston	Winston	\$13,934,239	\$4,835,859
Wood Village	Wood Village	\$38,346,200	\$1,564,688
Yachats	Yachats	\$26,475,995	\$19,153,495
<i>Total</i>		<i>\$3,136,405,096</i>	<i>\$1,145,858,018</i>

Urban renewal areas established in 2012 with frozen bases not yet determined by county assessors are shown in Table 3.

Table 3 – Urban Renewal Areas Formed 2012

Locality	Urban Renewal Area	Estimated Frozen Base
Portland	Neighborhood Prosperity	New areas: no estimates
Lake Oswego	Lake Grove Village Center	\$150,834,268
Hood River	Heights Business District	\$49,465,955
Central Point	Central Point	\$131,424,528
Beaverton	Central Beaverton	\$782,678,336
<i>Total</i>		<i>\$1,114,403,087</i>

It is clear that many localities value the ability to focus investments within their communities through the use of urban renewal. This tool has evolved since the 2002 Urban Renewal in Oregon: History, Case Studies, Policy Issues, and Latest Developments document.

Perhaps the most influential piece of legislation for urban renewal in recent history, House Bill (HB) 3056, was adopted in 2009 (specifics will be discussed later in this document). As of this writing in 2012, the impacts of this bill are just becoming apparent. With the local political climate always in mind, communities are making decisions on how best to proceed under the new legislation. For the few urban renewal agencies that have increased the maximum indebtedness of their plans since the passage of this legislation (7% of the existing urban renewal areas), the increases are either staying specifically within the limits prescribed by the statute, or, if they exceed the statutory limitations, the requests come with extensive outreach to the impacted taxing jurisdictions and the community at-large.

Since the passage of HB 3056, there has been a marked increase in interaction between communities and the affected taxing jurisdictions. The tightened economy has caused all taxing jurisdictions to become more vigilant about protecting resources and, as a result, they have become more aware of the factors impacting those resources. Some cities and counties are also asking their urban renewal agencies to underlevy,¹ another new provision of the 2009 legislative action. Some school districts, which historically have not objected to urban renewal, as they are said not to be *directly* impacted by urban renewal but to instead be *indirectly* impacted because of the State School Funding Formula, are becoming more involved in urban renewal planning.

The downturn in the economy in the last few years has heightened awareness of the temporary effects of urban renewal on taxing jurisdictions. The termination of urban renewal in California in 2012 is causing some concern in Oregon that the ideas behind the California legislation might creep across the border. A few “watch dog” groups and anti-urban renewal activists have sprung up around the state, and some have already had success in limiting urban renewal powers in some communities.

¹To underlevy is to ask for less than the full division of taxes allowed for in an urban renewal area.

Each urban renewal area in Oregon is different, and each is creating an individual and unique identity for its respective community. Cities and counties make sure to tailor their investments to suit their needs; while investments in non-profits or city facilities are not reasonable expenditures in some areas, they are good examples of facilitating private investment in others. There is no checklist to determine the success of urban renewal, but this document will provide examples of communities throughout Oregon that have made decisions locally about how this funding mechanism can help facilitate growth and vitality in their community.



Silverton signage



Legislative History Bullets

In the 2002 document, a chronology of significant legislative events concerning urban renewal was compiled. That history tells the legislative history of urban renewal in Oregon from 1949-2002. Below is an update to that section, bringing the chronology current to the publication of this document.

2003

HB 2187 was passed at the request of the Oregon Department of Revenue (DOR) for statutory changes related to the implementation of the Supreme Court decision in the *Shilo* case. HB 2187 states that all urban renewal division of tax revenues, including those resulting from the division of school bonds, local option levies, or general obligation (GO) bond taxes are to be considered general government taxes for the purpose of applying the Measure 5 limits. **This means that all taxpayers in a locality that has urban renewal see urban renewal as a line item on their tax statements, even though it is not an additional tax.** This may also impact compression calculations, as school taxes that are in an urban renewal area are now shifted to the general government category, both relieving pressure in the schools category and adding pressure in the general government category.

HB 2589 was passed, adding urban renewal agencies to housing authorities as agencies that may **choose to not disclose records that are submitted by applicants for loans, grants, and tax credits.** These records are exempt in the hands of an urban renewal agency unless “public interest requires disclosure in a particular instance.”²

2006

Voter approval of **Ballot Measure 39**, which, as stated in the official title, “**Prohibits Public Body From Condemning Private Real Property if Intends to Convey to Private Party.**”³ In general, the measure prevents a government from condemning property (that is, requiring the owner of private property to sell it to the government) if the government plans to then sell the property to another private owner for development.

2007

Passage of **HB 2140**, codified as ORS 279C.880-.870, substantially changed the **application of prevailing wage laws to public-private development projects.** (More on this in the [Continuation of Legal Points.](#))

2009

Passage of **HB 3056**, codified in various sections of ORS Chapter 457, **introduced several new and significant concepts** that relate to the



Hood River streetscape

² ORS 192.502(17(a))

³ ORS 35.015-.018

calculation of tax increment collections (including tax increment financing (TIF) sharing). HB 3056 also added **limitations on maximum indebtedness** for new urban renewal plans and substantial amendments to urban renewal plans that change a plan's maximum indebtedness. HB 3056 also changed the standard for discontinuing the collection of TIF. Now, when an urban renewal agency finds that the urban renewal debt service fund (which holds TIF collections attributable to a plan) has sufficient funds to pay off the maximum indebtedness of that plan (not the outstanding indebtedness for the plan as under the former law), the agency must inform the county assessor of that fact and the assessor will discontinue collection of TIF. HB 3056 also allows an agency to underlevy its TIF collections in any one year, or for the remaining years during TIF collection. Lastly, HB 3056 changed timeline requirements for the filing of an urban renewal annual report.

The major principles of HB 3056, as applied outside of Portland,⁴ are:

1. Initial Maximum Indebtedness Limits

Limits on initial amount of maximum indebtedness (MI) in an urban renewal plan adopted after January 1, 2010:

- a. If total frozen base is \$50 million or less, total maximum indebtedness may not exceed \$50 million;
- b. If total frozen base is more than \$50 million, but less than or equal to \$150 million, then maximum indebtedness may not exceed \$50 million, plus 1/2 of difference between \$50 million and \$150 million;
- c. If total frozen base is greater than \$150 million, total maximum indebtedness may not exceed \$100 million, plus 35% of amount over \$150 million.

2. Maximum Indebtedness Increases

Increases in maximum indebtedness may not exceed an aggregate of 20% of the original

maximum indebtedness of the plan, but with an "indexing" of the original maximum indebtedness from July 1, 1999, or 1 year after the plan was initially approved, whichever is later. "Index" is the same index the urban renewal agency uses to estimate project costs in setting maximum indebtedness for the plan. The indexing only happens once.



Redmond streetscape

⁴ The City of Portland is governed by alternate provisions in ORS Chapter 457.470 as to these matters.

3. Revenue Sharing

Possibility of TIF sharing with overlapping taxing districts:

- a. Applies only to plans adopted after January 1, 2010, OR plans that are substantially amended to increase maximum indebtedness after January 1, 2010;
- b. Begins in the later of the 11th year after initial plan adoption OR when TIF collections equal or exceed 10% of the initial maximum indebtedness;
- c. For any year when TIF collections equal or exceed 10% of the initial maximum indebtedness, but are less than 12.5% of the initial maximum indebtedness, the urban renewal agency receives that 10%, plus 25% of the TIF between the 10% and 12.5%. Overlapping taxing districts receive 75% of the TIF between the 10% and 12.5%; and
- d. For any year when TIF collections equal or exceed 12.5% of the initial maximum indebtedness, the urban renewal agency receives that 12.5%. Any TIF collections greater than 12.5% are distributed to the overlapping taxing districts.

4. Concurrence

Any of the provisions summarized in paragraphs 1-3 immediately above may be changed if the municipality obtains the **written concurrence of the overlapping taxing districts that impose at least 75%** of the taxes imposed under permanent rate limits in the urban renewal area in the year immediately prior to the municipality action approving or amending a plan.

5. Underlevy

Agencies may direct the county assessor to collect less than all the TIF generated by “divide the taxes,”⁵ either on an annual basis or permanently. If an agency notifies the assessor on Form UR50 that it wishes to take less than the full amount of revenue that would be available under the normal allocation of TIF dollars, the assessor will allocate the funds not requested back to the taxing districts.

6. Indebtedness v. Maximum Indebtedness

The measurement for discontinuing the collection of TIF is now whether or not the urban renewal agency “debt service fund” that holds TIF collections has sufficient funds to repay the plan’s **maximum indebtedness**, not the then outstanding **indebtedness**.



Springfield signage

⁵ Divide the taxes is the terminology used to define how urban renewal funds are collected by the assessor. [The State of Oregon’s website](#) states: Division of tax revenue is calculated by splitting local government property taxes between the local governments that levied the taxes and the urban renewal agency. The split is recalculated each year based on value growth within the plan area. This tax splitting may have a couple different effects depending on the levy type. For operating (permanent rate) levies that are levied at a particular rate, division of tax does not change the tax rate or cause much change in the overall amount of tax billed, but it does reduce the amount that gets distributed to the local governments.

This change should eliminate the need for “du jour”⁶ bonds to keep a plan in debt on an annual basis.

7. Annual Reports

An urban renewal agency now has until January 31st of the year after the end of the urban renewal agency’s fiscal year to prepare its annual report, thus allowing the agency to use audited financials. The former date was August 1st.

2011

No successful legislation, but first testing in the legislature of the “Cooperation Agreement.” The “Cooperation Agreement” is the agreement forged between the Special Districts Association of Oregon (SDAO) and AORA in 2009 to not bring changes to urban renewal law to the legislature until January 2017.



Pendleton art

⁶ In urban renewal, du jour bonds are bonds that are placed to satisfy the need to create debt. They are typically placed with a local lending institution and are a transaction that takes place in a day or overnight.

COMPRESSION

Compression is an Oregon tax system issue that reduces the amount of taxes that can be collected in a given year if the collection amount is going to exceed the pre-set maximum established by Measure 5 and adjusted by Measure 50. The calculations, causes, and effects of compression are extremely complicated. If real market values and assessed values are converging, urban renewal can cause increases in compression. However, urban renewal can also be a tool to help facilitate growth that ultimately reduces compression.

The recession of the 2000's, by decreasing the real market value of many properties, has caused compression losses to increase throughout Oregon. Compression occurs when tax rates exceed tax limitations and assessed values and real market values inch closer together. Measure 5, as adjusted by Measure 50, imposed tax rate limits of \$10 per \$1,000 of real market value for General Government categories and \$5 per \$1,000 for Education categories. Urban Renewal is calculated in the General Government category. This classification reallocates the Education portion of taxes within an urban renewal district from Education and moves it into the General Government category.¹¹⁹ Urban renewal taxes divided from levies to repay general obligation bonds that are exempt from Measure 5 are also included in the General Government category. This has the effect of increasing the General Government tax rate, but reducing the Education and Exempt tax rate.

The Measure 5 tax rate limits are exceeded in many areas in the state, but this did not cause significant reductions in taxes collected (compression) until the difference between assessed values and real market values decreased. Compression occurs first on local option levies, then on permanent rate levies. While compression is a concern for all taxing jurisdictions, it is especially a concern for special districts that have local option levies, as those are compressed before any other levies are compressed.

An example of how compression works is shown below. In the first scenario a house with a real market value of \$200,000 and assessed value of \$190,000 experiences compression while a house with a real market value of \$250,000 and assessed value of \$190,000 does not experience compression.

¹¹⁹ This transfer of tax rates from education to general government can be a benefit for schools when dealing with compression. See page 17 of this document for the Lane County Assessor's analysis of compression for Eugene Schools.

1. Scenario I

Assessed Value (AV) \$190,000	Taxes levied
Real Market Value (RMV) \$200,000	
Actual tax rates:	
General Government taxes (\$12.50 per \$1,000 of <i>AV</i>)	\$2,375
Education taxes (\$6.50 per \$1,000 of <i>AV</i>)	\$1,235
Tax rate limits:	
General Government tax limit (\$10 per \$1,000 of <i>RMV</i>)	\$2,000
Education tax limit (\$5 per \$1,000 of <i>RMV</i>)	\$1,000
Compression General Government (M-5 loss)	\$(375)
Compression Education (M-5 loss)	\$(235)

In this scenario, both the general government and education taxes have to be compressed. In this situation, taxing jurisdictions are scheduled to collect \$610 (\$375 + \$235) over the established taxation limit. To ensure the limit is not exceeded, the actual taxes collected are compressed down to the maximum \$2,000 and \$1,000 limits, and the taxing jurisdictions lose out on \$610 of revenue.

If the real market value is higher (i.e. assessed value is a lower percentage of the real market value), compression is less likely to occur. In the scenario below, compression does not occur as the real market value of \$250,000 allows enough capacity to levy the full amount of the taxes for tax rates in excess of the Measure 5 limits. This example is still based on a \$190,000 assessed value.

2. Scenario II

Assessed Value (AV) \$190,000	Taxes levied
Real Market Value (RMV) \$250,000	
Actual tax rates:	
General Government taxes (\$12.50 per \$1,000 of <i>AV</i>)	\$2,375
Education taxes (\$6.50 per \$1,000 of <i>AV</i>)	\$1,235
Tax rate limits:	
General Government tax limit (\$10 per \$1,000 of <i>RMV</i>)	\$2,500
Education tax limit (\$5 per \$1,000 of <i>RMV</i>)	\$1,250
Compression General Government (M-5 loss)	\$0
Compression Education (M-5 loss)	\$0

As shown above, there are two variables to watch when considering compression, the tax rates and the relationship of the RMV to AV of properties. The effect of the recession can be seen in the two scenarios above. The property in these scenarios provides \$3,610 to local taxing jurisdictions when its real market value is \$250,000, however, when that value drops to \$200,000 (similar to what many properties have done throughout the recession), the taxes on the property are compressed down to \$3,000, and the taxing jurisdictions are faced with declining revenues. Also, new local option levies can exacerbate the situation when they are passed, as they increase the tax rates, but not the tax limits.



Tillamook renovation

The only ways to reduce compression are to reduce tax rates, increase the real market values of properties, or raise the taxing limitations, which would take a statewide vote. However, there are not that many plan areas around the state that are within areas where the total general government tax rate is under \$10 and therefore there is no compression at all. According to data from the Oregon Department of Revenue, of the 102 plan areas that received division of tax revenue in 2011-12, 22 suffered no compression loss and another 31 had compression losses of under \$100. For the special levies, out of a statewide total of 22, 10 had no loss and 5 had losses of under \$100.¹²⁰ According to Tom Linhares, Executive Director of the Multnomah County Tax Supervising commission, The City of Portland has 92% of all of the compression losses statewide.¹²¹

Urban renewal can help eliminate or offset the effects of compression in two ways, by raising the real market values of properties and by encouraging new development. Increasing real market values are dependent on a strong real estate market, which typically follows a strong economy. New development is an obvious benefit to taxing jurisdictions as it provides another source upon which to levy taxes. New development is also beneficial to school districts that are using the construction excise tax. It is the desire of many special districts and urban renewal agencies that the impact of urban renewal help facilitate growth in the community that will increase its economic vitality and both increase the real market values of properties and add new development to the tax rolls.

¹²⁰ Tom Linhares, Executive Director, Multnomah County Tax Supervising Commission. 30 August 2012. Personal email.

¹²¹ Linhares, 30 August 2012.

OPPOSITION TO URBAN RENEWAL AND REFERENDUMS ON LIMITING URBAN RENEWAL

Although there is always scrutiny on how tax dollars are allocated, the recent slow economy has only served to heighten sensitivity. With the reduction in overall taxes received by local governments, special districts are not the only groups that have become watchdogs for the use of tax funds. Vocal conservative tax groups, some of whom call themselves “tea partyists,”¹²² have organized to curtail urban renewal activities in different communities throughout Oregon. They are doing this by initiative or referendum petition efforts to limit the authority of urban renewal agencies. Opposition groups have had success, as identified below.

Troutdale

After failing to gain voter approval in a 2002 citizen initiative to overturn an urban renewal plan (plan was overturned by a 73% to 27% vote), Troutdale officials placed an urban renewal plan on the ballot in May of 2006. This was approved by a 63% to 37% margin. More public involvement was involved in the 2006 plan preparation.

Corvallis

The citizens of Corvallis voted on a potential Downtown Corvallis Urban Renewal Plan in May of 2009. The plan had a proposed maximum indebtedness of \$33.3 million and would assist in the implementation of the Downtown Corvallis Strategic Plan and the Corvallis 2020 Vision. Vote was required by a city charter. The plan was not approved by the voters by a 55% to 45% vote.

Stayton

The City of Stayton had prepared a new urban renewal plan that was placed on the May 2010 ballot through a citizen referendum. The ballot measure to approve urban renewal in Stayton was defeated by 51.87%. A key opponent was the fire chief who testified that the fire board voted unanimously to oppose the district.¹²³ Shannon Tureck, a business owner in Stayton, indicted he thought the fire district’s vocal opposition to the measure caused it to fail.¹²⁴ The Plan had a proposed maximum indebtedness of \$10 million with the proposed funding to assist in the implementation of the Downtown Transportation and Revitalization Plan.

¹²² The anti-urban renewal group in Bandon is led by a self-proclaimed “tea-partyist.”

¹²³ Ken Cartwright. “Stayton’s Urban Renewal Plan on Hold.” Salem-News.com. 22 July 2009. http://www.salem-news.com/articles/july222009/stayton_council_7-22-09.php

¹²⁴ Denise Rutton. “Proposal for Stayton’s Urban Renewal appears to be Failing.” *Statesman Journal*. 19 May 2010. <http://www.statesmanjournal.com/article/20100520/NEWS/5200350/Proposal-Stayton-urban-renewal-appears-failing>

Clackamas County

Two initiatives to limit urban renewal were placed on the Clackamas County ballot in November of 2011. One of the initiatives, Measure 386, proposed a countywide vote on any new or substantially amended urban renewal district in unincorporated Clackamas County.¹²⁵

Clackamas County Commissioners thought this would be unfair since it required approval on urban renewal decisions in the unincorporated areas by all voters in Clackamas County, both incorporated and unincorporated. To respond to this initiative, Clackamas County Commissioners drafted a second initiative – Measure 388. Measure 388 would have required a vote to approve an urban renewal plan of only the people who live *inside* the proposed urban renewal district, not a countywide vote. At the election, Measure 386 received more votes (56,269 votes) than Measure 388 (50,819 votes), so Measure 386 has become law.¹²⁶ This result severely limits Clackamas County’s ability to plan new urban renewal areas or complete substantial amendments to urban renewal areas in Clackamas County.

Estacada

In March of 2012, a citizen-led initiative in a special election passed with approval of 80.5% of the voters. The measure requires voter approval of activation or substantial changes to the city’s urban renewal plan. The Estacada Urban Renewal Agency is also now required to send public notices for any additional urban renewal indebtedness to be incurred under its plan.



La Grande renovation

Oregon City

An initiative was placed on the November 2012 ballot in Oregon City that will have limitations for the issuance of urban renewal bonded indebtedness. The proponents felt the initiative would “plug a loophole that has allowed city officials to put taxpayers on the hook for millions of dollars for questionable projects.”¹²⁷ This follows controversy in Oregon City over a proposed urban renewal project that would have assisted the developer CenterCal Properties to develop a \$200 million mall in the Oregon City urban renewal area.

¹²⁵ Rob Manning. “Urban Renewal Measures Battle On The Clackamas Ballot.” *Oregon Public Broadcasting*. 3 November 2011. <http://news.opb.org/article/urban-renewal-measures-battle-clackamas-ballot/>

¹²⁶ Yuxing Zheng. “Clackamas County elections: Voters call for countywide approval of urban renewal; pass public safety levy.” *The Oregonian*. 8 November 2011. http://www.oregonlive.com/oregon-city/index.ssf/2011/11/clackamas_county_elections_vot.html

¹²⁷ Steve Mayes. “Oregon City Urban Renewal Measure Qualifies for November Ballot.” *The Oregonian*. 30 July 2012. http://www.oregonlive.com/oregon-city/index.ssf/2012/07/oregon_city_urban_renewal_meas.html

Albany

In Albany, a small group of urban renewal opponents filed a number of initiatives with the City of Albany, the final of which were filed in February of 2012, all with intention of limiting urban renewal. The initiatives were to:

1. Require voter approval for any new urban renewal plan or expansion of an existing urban renewal plan. This voter approval would be of the majority of all registered voters, not just those voting.¹²⁸
2. Repeal the \$56 million maximum indebtedness limit and prohibit the Albany urban renewal agency from incurring any new debt after February 28, 2012.
3. Limit the total City of Albany debt to that which was in effect on February 28, 2012.¹²⁹



Albany streetscape

The City of Albany reviewed the petitions and rejected the second filing, referenced above. The City's attorney prepared the ballot titles for the other two filings. The petitioner challenged the City's action.¹³⁰ The Linn County Circuit Court upheld the City's rejection of filing #2, and rewrote ballot titles for filings #1 and #3. The petitioner is currently gathering the signatures required to place the measures on the City ballot.

Bandon/Coos County

Bandon began an effort to complete a substantial amendment that would increase their maximum indebtedness in 2011. The amendment was passed in 2012 after obtaining taxing district concurrence. During the process of gaining the concurrence, a citizen's group, Coos County Watchdog, began a campaign in opposition to urban renewal. Coos County Watchdog is a self-proclaimed, "network of individuals concerned with the growth of local government in Coos County. We are



Bandon signage

¹²⁸ Kate Porsche, 31 May 2012, personal email.

¹²⁹ Hasson Herring. "CARA opponent files three new petitions." *Albany Democrat Herald*. 24 February 2012. http://democratherald.com/news/local/cara-opponent-files-three-new-petitions/article_d595d676-5eb5-11e1-879b-001871e3ce6c.html

¹³⁰ "Proposed ballot titles irk CARA petitioner." *Albany Democrat Herald*. 10 March 2012. http://democratherald.com/news/local/proposed-ballot-titles-irk-cara-petitioner/article_01204fbe-6a6a-11e1-8ab7-001871e3ce6c.html

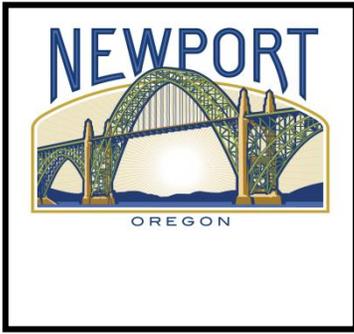
citizens determined to protect our sovereign right to own and control our property.”¹³¹ The group has a website and is actively engaged in trying to eliminate urban renewal in Coos County. In Bandon, after attending and testifying at many of the meetings of the taxing districts on the question of approving the maximum indebtedness increase, the group decided to challenge the amendment through the referendum process. They circulated a petition that received signatures, but when the signatures were verified, there were not sufficient numbers from the citizens of Bandon to refer the issue to a vote. Some of the signatures on the petition were from citizens of other neighboring cities. After the failed attempt to stop the amendment, the same group proposed a city initiative petition to limit urban renewal in the City of Bandon. Bandon's city manager reviewed the petition and determined that the proposal did not meet the one subject requirement of the Oregon Constitution, and the proposal was therefore rejected. The Coos County Watchdogs have stated that they intend to file this same petition in Coos Bay, North Bend, and Coquille.¹³²

Coos County Watchdog has also proposed an initiative to require voter approval of substantial amendments to existing urban renewal plans and new urban renewal plans in Coos County. The proposed legislation also stipulates that an urban renewal plan in Coos County will cease once all current debt is retired. The legislation is similar to that passed in Clackamas County in the November 2011 election.



¹³¹ "Coos County Watchdog." <http://www.cooscountywatchdog.com/about-us.html>

¹³² "Coos County Watchdog." <http://www.cooscountywatchdog.com/1/post/2012/05/initiatives-referendums-referrals-oh-my.html>



Agenda Item # VIII.A.
Meeting Date November 4, 2013

CITY COUNCIL AGENDA ITEM SUMMARY
City of Newport, Oregon

Issue/Agenda Title Consideration of the Need to Partition the Visual Arts Center Property

Prepared By: Derrick Tokos Dept Head Approval: DT City Mgr Approval: _____

ISSUE BEFORE THE COUNCIL: Determination of whether or not it is in the public interest to partition the Visual Arts Center (VAC) property at 777 NW Beach Drive so that the structure and associated parking areas are situated on one parcel of land. The Council tabled consideration of this agenda item at its October 7, 2013 meeting.

STAFF RECOMMENDATION: Staff recommends the Council proceed to partition the property. The partition process can parallel discussions about the future of the VAC and it is a step that the City should take irrespective of whether or not the City Council ultimately decides to sell the building since the current property configuration is also an impediment to any significant remodeling of the structure.

MOTIONS FOR ADOPTION: I move that the Council direct the City Manager to proceed with preparing a partition plat for the Visual Arts Center building and associated parking areas and to authorize the mayor to sign the plat once it is approved and ready to be recorded.

KEY FACTS AND INFORMATION SUMMARY: The Visual Arts Center (777 NW Beach Drive) and its associated parking areas are situated on parts of four separate deeded pieces of land, with the building straddling property lines. There is also a small piece of County owned property surrounded by the City's ownership (Tax Lot 10398). The totality of the City's ownership is larger than the VAC and its parking areas, including public staircases, restrooms, and beachfront property.

Partitioning the property would allow for the VAC and its parking areas to be placed on a parcel of land separate from the public staircases, restrooms and beachfront property. This would help position the property for sale through a sealed bid process or as part of an agreement to convey the property to a non-profit or similar entity to operate the VAC moving forward, either of which would require further City Council action. Partitioning the property in this manner would also resolve property line encroachments which make it difficult to remodel the building under current land use and building codes. The small piece of land owned by the County appears to have resulted from errors in past conveyances. Staff is working with the County to get this property deeded to the City. A partition plat is a land use action and should the process proceed there would be public notice and opportunity to comment prior to a decision being made, pursuant to Chapter 13.05 of the Newport Municipal Code.

OTHER ALTERNATIVES CONSIDERED: Leaving the property in its current condition.

CITY COUNCIL GOALS: None.

ATTACHMENT LIST:

- Map illustrating existing property boundaries
- Title report for the property

FISCAL NOTES: The Community Development Department has sufficient budgeted funds to cover the expense of partitioning the property.

Visual Arts Center and Associated Properties

777 NW Beach Drive



Printed 10/03/2013

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Western Title & Escrow Company
255 SW Coast Highway, Suite 100
Newport, OR 97365
Office Phone: (541) 265-2288
Office Fax: (541) 265-9570

PUBLIC RECORDS REPORT

THIS REPORT IS FOR THE EXCLUSIVE USE OF:

City of Newport
Attention: Derrick Tokos
169 SW Coast Highway
Newport, OR 97365

Date Prepared: September 06, 2013

Report Number: 79684A

Fee: \$0.00

CONDITIONS, STIPULATIONS AND DEFINITIONS

(I) Definitions:

- (a) "Customer": The person or persons named or shown on this cover sheet.
- (b) "Effective date": The title plant date of August 29, 2013.
- (c) "Land": The land described, specifically as by reference, in this public record report and improvements affixed thereto which by law constitute real property.
- (d) "Liens and encumbrances": Include taxes, mortgages, and deeds of trust, contracts, assignments, rights of way, easements, covenants, and other restrictions on title.
- (e) "Public records": Those records which by the laws of the State of Oregon impart constructive notice of matters relating to said land.

(II) Liability of Western Title & Escrow Company:

- (a) THIS IS NOT A COMMITMENT TO ISSUE TITLE INSURANCE AND DOES NOT CONSTITUTE A POLICY OF TITLE INSURANCE.
- (b) The liability of Western Title & Escrow Company for errors or omissions in this public record report is limited to the amount of the fee paid by the customer, provided, however, that Western Title & Escrow Company has no liability in the event of no actual loss to the customer.
- (c) No costs of defense, or prosecution of any action, is afforded to the customer.
- (d) In any event, Western Title & Escrow Company assumes no liability for loss or damage by reason of the following:
 - 1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
 - 2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
 - 3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

4. Discrepancies, encroachments, shortage in area, conflicts in boundary lines or any other facts which a survey would disclose.
5. (i) Unpatented mining claims; (ii) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (iii) water rights or claims or title to water.
6. Any right, title, interest, estate or easement in land beyond the lines of the area specifically described or referred to in this report, or in abutting streets, roads, avenues, alleys, lanes, ways or waterways.
7. Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use or enjoyment of the land; (ii) the character, dimensions or location of an improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at the effective date hereof.
8. Any governmental police power not excluded by (II)(d)(7) above, except to the extent that notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at the effective date hereof.
9. Defects, liens, encumbrances, adverse claims or other matters created, suffered, assumed, agreed to or actually known by the customer.

(III) Report Entire Contract:

Any rights or actions or rights of action that the customer may have or may bring against Western Title & Escrow Company arising out of the subject matter of this report must be based on the provisions of this report. No provision or condition of this report can be waived or changed except by a writing signed by an authorized officer of Western Title & Escrow Company. By accepting this form report, the customer acknowledges and agrees that the customer has been afforded the opportunity to purchase a title insurance policy but has elected to utilize this form of public record report and accepts the limitation of liability of Western Title & Escrow Company as set forth herein.

(IV) Fee:

The fee charged for this Report does not include supplemental reports, updates or other additional services of Western Title & Escrow Company.

REPORT

Report Number: 79684A

Effective Date: August 29, 2013 at 5:00 p.m.

- A. The land referred to in this public record report is located in the County of Lincoln, State of Oregon, and is described as follows:

SEE ATTACHED EXHIBIT "A"

- B. As of the effective date and according to the public records, we find title to the land apparently vested in:

The City of Newport, a political subdivision of the State of Oregon as to Parcels I, II and III and Lincoln County, a political subdivision of the State of Oregon, as to Parcel IV

- C. And as of the effective date and according to the public records, the land is subject to the following liens and encumbrances, which are not necessarily shown in the order of priority:

1. 2013-2014 taxes a lien in an amount to be determined, but not yet payable.
2. As disclosed by the Tax Roll, the premises herein are not subject to assessment by reason of governmental ownership, and at any time said land is returned to private ownership, the property will be subject to taxation.
Account: R1023432, R519148, R121054, R125816, R519149, R519136
3. City liens, if any of the City of Newport.
4. Rights of public and of governmental bodies in that portion of the subject land lying below the mean high water line of the Pacific Ocean and lying within the ocean shore and the dry sand area as declared under the provisions of ORS 390.605 through 390.770 and as found in Thornton v. Hay, 254 Or 584, 452 P2d 671 (1969).
(Parcels I and III)
5. Any adverse claim based upon the assertion that any portion of said land was not tide, submerged or submersible land subject to disposition by the State of Oregon, or that any portion thereof has ceased to be submerged or submersible lands by reason of erosion or by reason of having become upland by accretion.
(Parcels I and III)

END OF REPORT

Any questions concerning the Public Records Report should be directed to Mickey Keeney at 541-265-2288, or email at mkeeney@westerntitle.com.

Order No. 79684A

Exhibit "A"

PARCEL I:

Beginning at a point 35 feet West of the Southeast corner of Lot 2, Block 12, in NYE AND THOMPSON'S ADDITION to the City of Newport, Lincoln County, Oregon; running thence North 75 feet; thence West parallel with the North line of Agnes Street to the meander line of the Pacific Ocean; thence South along said meander line 75 feet to the North line of Agnes Street; thence East along the North line of Agnes Street to the Place of Beginning.

EXCEPTING THEREFROM any portion falling below the mean high tideline of the Pacific Ocean.

PARCEL II:

Beginning at a point 25 feet West and 75 feet North of the Southwest corner of Lot 1, Block 12, in NYE AND THOMPSON'S ADDITION to the City of Newport, Lincoln County, Oregon; thence North 75 feet; thence West 95 feet; thence South 75 feet; thence East 95 feet to the Place of Beginning.

EXCEPTING THEREFROM the South 10 feet thereof.

PARCEL III:

Beginning at a point which is 75 feet North and 120 feet West of the Southeast corner of Lot 2, Block 12, in NYE AND THOMPSON'S ADDITION to the City of Newport, Lincoln County, Oregon; thence North 75 feet; thence West 10 feet; thence South 65 feet; thence West to the meander line line of the Pacific Ocean; thence Southerly along said meander line 10 feet, more or less, to a point from which the point of beginning bears East; thence East to the Point of Beginning.

EXCEPTING THEREFROM any portion falling below the mean high tideline of the Pacific Ocean.

ALSO EXCEPTING THEREFROM any portion lying within N.W. Beach Drive.

ALSO EXCEPTING THEREFROM any portion lying within those parcels of land as described in Bargain and Sale Deed recorded October 20, 1953 in Book 160, Page 562, Lincoln County Records and in Warranty Deed recorded March 2, 1967 in Book 283, Page 300, Lincoln County Records and in Warranty Deed recorded December 2, 1971 on Book 30, Page 410, Lincoln County Records.

PARCEL IV:

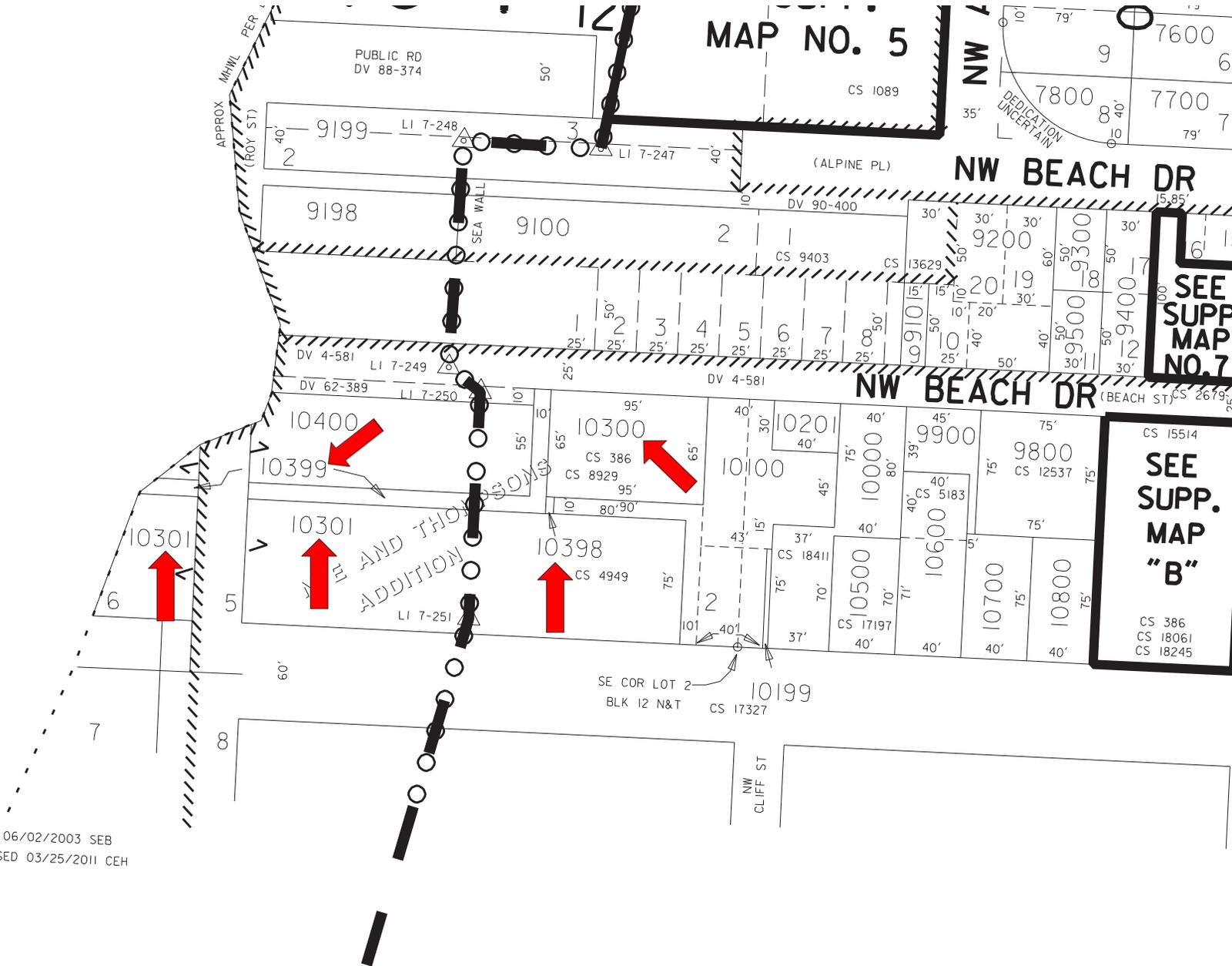
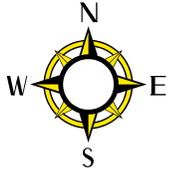
Commencing at a point 25 feet West of the Southeast corner of Lot 2, Block 12, NYE AND THOMPSONS ADDITION, to the City of Newport, Lincoln County, Oregon; thence North 75 feet; thence West 10 feet; thence North 10 feet; thence West 85 feet; thence North 65 feet to the South line of Beach Street; thence West along the South line of Beach Street to the Meander line of the Pacific Ocean; thence Southerly along said Meander line, 75 feet to the Northwest corner of a tract of land sold by H. J. Minthorn to Brouwer and Crocker April 7, 1914 and with the buildings thereon known as The Hot Sea Baths; thence East along the North side of said Hot Sea Baths property to the Northeast corner thereof; thence South along the South side of said Hot Sea Baths property 75 feet to the North line of Agnes Street; thence East long the North line of Agnes Street to the Place of Beginning.

EXCEPTING THEREFROM that portion as described in Deed recorded October 6, 1917 as Document No. 57-53, Lincoln County Records.

ALSO EXCEPTING THEREFROM that portion described in Bargain and Sale Deed recorded August 19,

1975 as Document No. 58-1394, Lincoln County Records.

ALSO EXCEPTING THEREFROM Parcel 2 as described in Warranty Deed recorded October 14, 1982 as Document No. 136-627, Lincoln County Records.



DE 06/02/2003 SEB
REVISED 03/25/2011 CEH



Western Title & Escrow
PRIVACY POLICY NOTICE
June 1, 2005

Western Title & Escrow Company is dedicated in providing a basis of trust with you, our customer, and the public we serve. With respect to the privacy expectations of today's consumers, and the requirements of applicable privacy laws, the Gramm-Leach-Bliley Act (GLBA) has been enacted to protect the privacy of nonpublic personal information relating to consumers and customers. GLBA generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices.

We are providing you with this document, which notifies you of our privacy policies and practices. We reserve the right to change this Privacy Policy Notice from time to time consistent with applicable privacy laws.

In the course of our business we may collect nonpublic personal information about you from the following sources:

- Information we receive from you, such as your social security number and information from applications or other forms we receive from you or your authorized representatives;
- Information about your transaction we secure from our files, or from our affiliates or others;
- Information from our or other internet web sites;
- Information we receive from a consumer reporting agency
- Information we receive from others involved in your transaction, such as the real estate agent or lender; and
- Information from the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

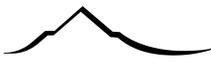
We also may share your personal information:

- to agents, lenders, brokers or representatives to provide you with the services you requested; and
- to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf.

In addition, we will disclose your personal information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your personal information when otherwise permitted by applicable privacy laws such as when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic information.

Exhibit



Western Title & Escrow
PRIVACY POLICY
June 1, 2005

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about a consumer with a nonaffiliated third party unless the institution provides the consumer with a notice of its privacy policies and practices, such as the type of information that it collects about the consumer and the categories of persons or entities to whom it may be disclosed.

Financial institutions can include title insurance companies, title insurance agents, survey companies, attorneys, appraisers, flood certification providers, and other providers of settlement services on residential transactions.

In compliance with the GLBA, we do not share nonpublic personal information about a consumer with a nonaffiliated third party, unless allowed by law.

In compliance with the GLBA, our privacy practices regarding nonpublic personal financial information of consumers and customers (as defined by GLBA) are as follows, subject to any exceptions as permitted by law.

- We protect nonpublic personal information of customers and consumers.
- We allow access on need to know basis only. Only company personnel who need to know can access the information. Examples may include accounting personnel, title examiners, title underwriter personnel, auditors, escrow closers and their assistants, management, scanning personnel, and claims related investigation personnel, including but not limited to retained counsel.
- We allow customers and consumers to review their nonpublic personal information that we have collected, and we allow them to provide us with requests for amendment or deletion of such information, to which we will reasonably respond.
- We require consent from a proper party to the transaction to provide nonpublic personal information relating to their transaction, which includes closed transactions.
- We maintain physical, electronic, and procedural safeguards that comply with law to guard the nonpublic personal information. We allow only authorized personnel to review the information, and we keep closed files in secure storage, with limited access, or we store the files on computer with limited password access.
- We generally do not keep copies of credit reports, loan applications, and tax returns on consumers and customers.
- If we share starter title information, we don't share nonpublic personal information, such as sales price (unless it is public information), policy numbers, or amount of insurance on owner's policies issued to customers.
- We don't share nonpublic personal information, such as social security numbers and bank account information, as may be shown on affidavits of indemnity, instructions to escrow, or as may be provided by a principal lender, broker or real estate agent.
- We periodically inform our personnel about our policy.
- We don't share nonpublic personal information with independent contractors, unless they have a need in the processing of the transaction as allowed by law.

Dated: June 1, 2005
Western Title & Escrow Company



Agenda Item #
Meeting Date

VIII.B
November 4, 2013

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Adoption of the National Incident Management System (NIMS)

Prepared By: Phil Paige, Fire Chief Dept Head Approval: PLP City Manager Approval: _____

Issue Before the Council: Should Council adopt Resolution No. 3649, establishing the National Incident Management System (NIMS) as the standard for incident management in the City of Newport, Oregon?

Staff Recommendation:

Staff recommends adoption of Resolution No. 3649, establishing the National Incident Management System (NIMS) as the standard for incident management in the City of Newport, Oregon.

Proposed Motion:

I move that the Council adopt Resolution No. 3649, establishing the National Incident Management System (NIMS) as the standard for incident management in the City of Newport, Oregon.

Key Facts and Information Summary:

NIMS is the national standard for organizing emergency incidents. FEMA makes several grants, recovery resources and reimbursements available to jurisdictions who formally adopt NIMS as their standard for managing emergencies. The City of Newport has utilized the NIMS standard in the past and most key City officials have already completed the training programs

Other Alternatives Considered:

None

Fiscal Notes:

There is no cost to adopting Resolution 3649. However some FEMA grants and future disaster recovery reimbursements may be jeopardized should the City not adopt this standard.

RESOLUTION NO. 3649

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NEWPORT, OREGON, ESTABLISHING THE NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS) AS THE STANDARD FOR INCIDENT MANAGEMENT IN THE CITY OF NEWPORT, OREGON.

WHEREAS, The President in Homeland Security Directive (HSPD)-5, directed the Secretary of the Department of Homeland Security to develop and administer a National Incident Management System (NIMS), which would provide a consistent nationwide approach for Federal, State, local, and tribal governments to work together more effectively and efficiently to prevent, prepare for, respond to, and recover from domestic incidents, regardless of cause, size, or complexity; and

WHEREAS, the collective input and guidance from all Federal, State, local, and tribal homeland security partners has been, and will continue to be, vital to the development, effective implementation and utilization of a comprehensive NIMS; and

WHEREAS, it is necessary and desirable that all Federal, State, local, and tribal emergency agencies; and personnel coordinate their efforts to effectively and efficiently provide the highest levels of incident management; and

WHEREAS, to facilitate the most efficient and effective incident management it is critical that Federal, State, local, and tribal organizations utilize standardized terminology, standardized organizational structures, interoperable communications, consolidated action plans, unified command structures, uniform personnel qualification standards, uniform standards for planning, training, and exercising, comprehensive resource management, and designated incident facilities during emergencies or disasters; and

WHEREAS, the NIMS standardized procedures for managing personnel, communications, facilities and resources will improve the city's ability to utilize federal funding to enhance local and state agency readiness, maintain first responder safety, and streamline incident management processes; and

WHEREAS, the Incident Command System components of NIMS are already an integral part of various incident management activities throughout the city, including current emergency management training programs; and

WHEREAS, the National Commission on Terrorist Attacks (9-11 Commission) recommended adoption of a standardized Incident Command System; and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Newport, Oregon, that the National Incident Management System (NIMS) is hereby established as the standard for incident management in the City of Newport, Oregon.

PASSED, APPROVED AND ADOPTED this 4th day of November, year 2013, by the Mayor and City Council of the City of Newport, Oregon.

Mayor Sandra Roumagoux

ATTEST:

City Recorder Margaret Hawker

(Seal)