

Coos
County

Urban
Renewal
Agency

First
Amendment
To The
Urban
Renewal Plan

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FIRST AMENDMENT TO COOS COUNTY NORTH BAY URBAN RENEWAL PLAN

Background

This First Amendment to the North Bay Urban Renewal Plan for the County of Coos County is undertaken pursuant to ORS 457.190(3)(c)(A), which provides:
“Each existing urban renewal plan that provides for a division of taxes pursuant to ORS 457.420 to 457.460 may be changed by substantial amendment no later than July 1, 1998, to include a maximum amount of indebtedness that may be issued or incurred under the plan determined as described in subparagraph (B) of this paragraph. The additional notices required under ORS 457.120 are not required for an amendment adopted pursuant to this paragraph.”

Pursuant to ORS 457.190(3)(c)(A), the First Amendment to the Coos County Renewal Agency's North Bay Urban Renewal Plan therefore adds the following new section to the North Bay Urban Renewal Plan: New wording is shown in *italics*.

Section 9 - Establishment of Maximum Debt

The maximum amount of indebtedness that may be issued or incurred under the North Bay Urban Renewal Plan is \$60,900,390.

REPORT ON THE FIRST AMENDMENT TO THE NORTH BAY URBAN RENEWAL PLAN

Background

The First Amendment to the North Bay Urban Renewal Plan is carried out pursuant to the requirements of ORS 457.190(3)(c)(A), which requires that this North Bay Urban Renewal Plan be amended to include a maximum amount of indebtedness that may be issued or incurred under the plan. Calculating and inserting this maximum amount of indebtedness requires changes to information in the Report on the October 1986 Plan.

The Report on the First Amendment to the North Bay Urban Renewal Plan therefore makes the following changes and additions to the Report on the Plan: New wording is shown in *italics*.

Section 6 - Financial Feasibility

Section 6 of the Report on the Plan is hereby revised to read:

ORS 457.190(3)(c)(B) states that the maximum amount of indebtedness that may be issued or incurred under the plan, as determined for the purposes of meeting the requirements of this paragraph, shall be based upon good faith estimates of the scope and costs of projects, included, but not limited to increases in the costs due to reasonably anticipated inflation.

A. Estimated Project Costs and Completion Dates

Project costs have been updated from the October 1986 adoption date to March 1998. Costs were updated using the construction cost index from the Engineering News Record.

The October 1986 construction cost index was 4344, and the March 1998 index was 5874.

The 1530 points difference in the index constitutes a 35 % growth in costs during the 1987-1998 period. The original 1986 plan costs therefore were increased 20 % to account for inflation of construction costs.

Table 8 of the Report on the Plan is hereby replaced by a new Table 8 on the following page. The list of activities to be undertaken under this North Bay Urban Renewal Plan are shown in the Table on the following page, along with their 1998 costs.

TABLE 8 - Project costs Updated to 1998 Values		
Total Project Costs	1986	1998
Wastewater Plant Construction	\$90,000	\$121,699
Sanitary Collection System	\$500,000	\$676,105
Access Road Construction	\$100,000	\$135,221
Parkway Extension	\$1,000,000	\$1,352,210
Water System Improvements	\$910,000	\$1,230,511
Industrial Wastewater Plant	\$10,000,000	\$13,522,099
Outfall Modification	\$500,000	\$676,105
Sewer Line Construction	\$630,000	\$851,892
Wastewater Plant Expansion	\$90,000	\$121,699
Water System Improvements - Phase	\$2,300,000	\$3,110,083
Mitigation Activities	\$30,000	\$40,566
Docking Facility Construction - Phase	\$5,000,000	\$6,761,050
Docking Facility Construction - Phase	\$4,300,000	\$5,814,503
Rail Corridor Preparation	\$2,930,000	\$3,961,975
Marshalling Yard Site Preparation	\$2,000,000	\$2,704,420
Access Road Construction	\$750,000	\$1,014,157
Mitigation Activities	\$1,000,000	\$1,352,210
TOTALS	\$32,130,000	\$43,446,506

Update of Costs to 1998 Values - Administration

The 1986 plan did not include administrative costs. Costs of administering the renewal plan are most appropriately covered from Agency revenues, or these costs become a burden on the City's general fund revenues. Administrative costs will be covered within the total maximum indebtedness for the North Bay Urban Renewal Area.

B. Estimate of Total Cost to Complete Project Activities and Date of Completion

The costs shown in Table 8 of this First Amendment are 1998 costs. Anticipated annual tax increment revenues, and anticipated revenues from other sources will not be sufficient to carry out all project activities in 1998. Project activities instead will be undertaken as revenues become available, either through short or longer term borrowings. The need to phase project activities will lead to further inflation of project costs. Recent construction cost increases shown in the Engineering News Record are in the 2.4% range. The 1998 costs from Table 8 are therefore further increased by 2.4% annually, until revenues and borrowings are sufficient to cover all project activity costs.

Tables 5, 6, and 7 of the Report on the Plan are hereby deleted and replaced by a new Table 9. Table 9 shows the estimated total principal cost to complete all remaining activities in the North Bay Urban Renewal Area.

TABLE 9			
NORTH BAY URBAN RENEWAL AREA			
COST OF PROJECTS THROUGH ANTICIPATED COMPLETION DATE FOR PROJECT ACTIVITIES			
	Cost	Outlay	Balance, end
Year	of year	during year	of year
1998	\$43,446,506	\$96,417	\$43,350,089
1999	\$44,397,915	\$124,713	\$44,273,202
2000	\$45,343,342	\$153,858	\$45,189,483
2001	\$46,281,770	\$183,878	\$46,097,892
2002	\$47,212,137	\$298,508	\$46,913,629
2003	\$48,047,591	\$755,655	\$47,291,936
2004	\$48,435,042	\$1,226,517	\$47,208,525
2005	\$48,349,615	\$1,711,504	\$46,638,111
2006	\$47,765,414	\$1,808,386	\$45,957,028
2007	\$47,067,868	\$1,908,174	\$45,159,694
2008	\$46,251,261	\$2,010,956	\$44,240,305
2009	\$45,309,649	\$2,116,821	\$43,192,829
2010	\$44,236,854	\$2,225,862	\$42,010,992
2011	\$43,026,451	\$2,338,175	\$40,688,277
2012	\$41,671,764	\$2,453,856	\$39,217,908
2013	\$40,165,854	\$11,028,772	\$29,137,083
2014	\$29,841,363	\$11,405,171	\$18,436,191
2015	\$18,881,818	\$11,792,863	\$7,088,955
2016	\$7,260,304	\$7,260,304	\$0
	Est. Cost to complete	\$60,900,390	

Notes on Table 9

(a) Outlays on Project Activities

Annual outlays on project activities are based upon anticipated annual tax increment revenues over the life of the project, interest earnings, proceeds from borrowings, and other resources available to the Agency. Anticipated annual tax increment revenues are shown in Table 10 of this Report.

(b) Costs of debt and principal on existing debt

Coos County North Bay Urban Renewal Area currently has no outstanding indebtedness. It is anticipated that the Renewal Agency will issue a long term bond or other form of borrowing to carry out project activities. The principal amount and timing of the Bond Issue or issues are not yet established. The principal amount and debt service are based upon an assumption that the borrowing will be for a ten year term, at 5% interest, and will require a 1.5 to 1 debt service coverage ratio. A debt service reserve of 10%, and 1.5 % cost of issue are expected to be funded from bond proceeds. This net amount is available for carrying out project activities.

(c) Other resources

No additional resources are anticipated to be available for carrying out project activities.

C. Anticipated Date For Completion of Project Activities

Table 9 anticipates that revenues will be sufficient to carry out all project activities by the year 2016-17. At that point, the tax increment collections for this plan are expected to be terminated.

These dates depend on many assumptions regarding the level and timing of increases in values in values within the urban renewal area, and upon the assumption that there will be no adverse changes to Oregon's property tax system, or urban renewal statutes. If these assumptions prove incorrect, the anticipated dates for completion will change.

Tables 8 and 9 in Section 6 of the Report on the First Amendment to the Plan show the anticipated costs of project activities, and the estimated time required to carry out all project activities, and pay off indebtedness. The principal source of revenue to carry out project activities will be annual tax increment revenues of the Renewal Agency. Anticipated tax increment revenues are shown in Table 10, on the following page.

TABLE 10		
PROJECTED TAX INCREMENT		
	% Growth in	Maximum
Year	Incremental	Increment
1998-99	39.847%	\$94,526
1999-00	29.348%	\$122,268
2000-01	23.370%	\$150,842
2001-02	19.511%	\$180,272
2002-03	62.340%	\$292,655
2003-04	153.144%	\$740,838
2004-05	62.312%	\$1,202,467
2005-06	39.542%	\$1,677,945
2006-07	5.661%	\$1,772,927
2007-08	5.518%	\$1,870,759
2008-09	5.386%	\$1,971,525
2009-10	5.264%	\$2,075,315
2010-11	5.151%	\$2,182,218
2011-12	5.046%	\$2,292,328
2012-13	4.948%	\$2,405,741
2013-14	349.447%	\$10,812,521
2014-15	3.413%	\$11,181,541
2015-16	3.399%	\$11,561,630

The tax increment revenues shown in Table 10 are based on the following assumptions:

1. *It is assumed that Option One will be selected as the tax increment revenue certification method.*
2. *It is assumed that the renewal agency will certify 100 % of its maximum revenue in each year of the projection period.*
3. *It is assumed that total assessed value within the urban renewal area will increase 3 % annually in each year of the projection period.*
4. *In addition to the indexing of values, it is assumed that new construction will add the following additional values to the North Bay Urban Renewal Area:*
 - *\$50,000 of value will be added each year in the period 1998-99 to 2001-02.*
 - *\$8 million in new value will be added in the year 2002-03. That will reflect the value of a new project expected to start in 1999, as the project comes off its Enterprise Zone exemption.*
 - *Value gains of \$20 million are estimated in each of the three years beginning 2003-04. The assumption is that the Nucor Steel facility would be under construction by 1999-2000. These \$20 million value gains would represent major satellite industries siting near Nucor. The year 2003 is the first year they would begin coming off the Enterprise Zone exemption.*
 - *\$1 million in new value is added in each year from 2006-07 through 2012-13.*
 - *\$400 million in new value is added in the year 2013-14. This represents the full value of Nucor when it comes off the 15 year tax abatement.*
 - *\$1 million in new value is added in the years 2014-15 and 2015-16.*
5. *These revenue projections are consistent with Ballot Measure 50 provisions on value increases, and produce annual growth and renewal values consistent with growth patterns in the recent past for Coos County North Bay Urban Renewal Area.*

D. Financial Feasibility

The revenues shown in Table 10 are expected to be sufficient to carry out all project activities currently shown in the North Bay Urban Renewal Plan, and to retire project indebtedness within a reasonable period of time. It is financially feasible to carry out the North Bay Urban Renewal Plan for North Bay Urban Renewal Area.

The First Amendment to the North Bay Urban Renewal Plan adds a new Section 8 to read as follows:

SECTION 8 - BALLOT MEASURE 50 IMPACTS

Section 4, "Fiscal Impacts on Taxing Districts", of the original Report on the North Bay Urban Renewal Plan addresses increases in property tax rates which result from carrying out the urban renewal program. The permanent Ballot Measure 50 tax rates for overlapping taxing bodies have been increased as a result of being calculated without including the 1997-98 level of incremental values in Coos County Urban Renewal Area .

Under Ballot Measure 50, the choice of tax increment revenue certification method can

impact the potential property tax revenues received by overlapping tax bodies. A Table 11 hereby is added to Section 8 to the Report on the First Amendment to the North Bay Urban Renewal Plan.

Table 11 shows the anticipated cumulative incremental values in the Renewal Area over the life of the Plan, and the anticipated property tax revenues foregone as a result of taxing bodies not being able to apply their permanent BMS0 tax rates to those values. The dollars foregone in each year also are shown as a percentage of the total potential property tax revenues for that body would increase if it had access to the renewal area values.

Table 11 is shown on the following page.

COOS COUNTY OPTION ONE - POTENTIAL REVENUE IMPACTS ON TAX BODIES TABLE 11													
Year	Cumulative New Incremental Values in area	County taxes foregone on new values	Amt foregone as % of Total County Tax	City taxes foregone on new values	Amt foregone as % of Total City Tax	Port taxes foregone on new values	Amt foregone as % of Total Port Tax	Library tax foregone on new values	Amt foregone as % of Total Library Tax	Hospital tax foregone on new values	Amt foregone as % of Total Hospital Tax	C.Coll tax foregone on new values	Amt foregone as % of Total C.Coll tax
1998-99	\$1,296,320	\$1,401	0.055%	\$594	0.724%	\$422	0.222%	\$946	0.055%	\$1,153	0.330%	\$911	0.051%
1999-00	\$2,631,529	\$2,845	0.107%	\$1,207	1.337%	\$856	0.431%	\$1,920	0.107%	\$2,340	0.639%	\$1,848	0.099%
2000-01	\$4,006,795	\$4,331	0.155%	\$1,837	1.936%	\$1,303	0.627%	\$2,923	0.156%	\$3,563	0.929%	\$2,814	0.144%
2001-02	\$5,423,319	\$5,863	0.201%	\$2,487	2.493%	\$1,764	0.811%	\$3,957	0.202%	\$4,822	1.200%	\$3,809	0.186%
2002-03	\$10,832,339	\$11,710	0.383%	\$4,967	4.660%	\$3,523	1.538%	\$7,903	0.385%	\$9,632	2.269%	\$7,609	0.355%
2003-04	\$32,403,629	\$35,028	1.089%	\$14,857	12.274%	\$10,538	4.281%	\$23,642	1.094%	\$28,813	6.231%	\$22,760	1.011%
2004-05	\$54,622,058	\$59,046	1.745%	\$25,044	18.413%	\$17,763	6.729%	\$39,852	1.752%	\$48,570	9.681%	\$38,367	1.620%
2005-06	\$77,507,039	\$83,785	2.355%	\$35,537	23.457%	\$25,205	8.923%	\$56,549	2.365%	\$68,919	12.705%	\$54,441	2.187%
2006-07	\$82,078,570	\$88,727	2.386%	\$37,633	23.697%	\$26,692	9.031%	\$59,885	2.396%	\$72,984	12.853%	\$57,652	2.216%
2007-08	\$86,787,247	\$93,817	2.414%	\$39,792	23.910%	\$28,223	9.128%	\$63,320	2.423%	\$77,171	12.986%	\$60,959	2.242%
2008-09	\$91,637,185	\$99,060	2.438%	\$42,016	24.099%	\$29,800	9.215%	\$66,858	2.448%	\$81,484	13.103%	\$64,366	2.264%
2009-10	\$96,632,620	\$104,460	2.460%	\$44,306	24.265%	\$31,425	9.291%	\$70,503	2.470%	\$85,926	13.207%	\$67,875	2.284%
2010-11	\$101,777,919	\$110,022	2.479%	\$46,665	24.410%	\$33,098	9.357%	\$74,257	2.489%	\$90,501	13.297%	\$71,489	2.302%
2011-12	\$107,077,576	\$115,751	2.495%	\$49,095	24.535%	\$34,822	9.415%	\$78,124	2.505%	\$95,213	13.375%	\$75,211	2.317%
2012-13	\$112,536,223	\$121,652	2.509%	\$51,598	24.640%	\$36,597	9.463%	\$82,106	2.519%	\$100,067	13.441%	\$79,045	2.330%
2012-13	\$517,158,630	\$559,048	10.167%	\$237,117	58.981%	\$168,180	31.491%	\$377,319	10.204%	\$459,857	40.578%	\$363,252	9.496%
2013-14	\$534,919,709	\$578,248	10.480%	\$245,261	59.795%	\$173,956	32.224%	\$390,277	10.518%	\$475,651	41.395%	\$375,728	9.790%
2014-15	\$553,213,620	\$598,024	10.799%	\$253,648	60.601%	\$179,905	32.963%	\$403,625	10.839%	\$491,918	42.213%	\$388,577	10.091%

Compression

For the 1998-99 year, the special levy required to carry out the North Bay Urban Renewal Plan was only 1.3 cents per thousand of valuation in Coos County. Under Ballot Measure 50, compression effects will vary from tax code to tax code and even from property to property. It is possible therefore, that the levy for the North Bay Urban Renewal Area might have contributed to some compression losses of revenue for units of general government in Coos County. However, even if the special levy was a factor in compression losses, note that the 1.3 cents would represent only a minuscule percentage of a total \$10.00 rate. The revenue loss from compression which might be attributable to the North Bay levy likewise would be minuscule.

Future urban renewal levies may further affect compression of general government revenues. The possibility of compression impacts will increase if, and as, the special levies for the North Bay area increase substantially. No substantial increases are envisioned for the next several years. If the values for Nucor Steel, or a like development are added to the incremental values for the North Bay Urban Renewal Area, the maximum tax increment revenues for the Renewal Agency could increase substantially, as could the special levy needed to realize the maximum revenue. It currently is estimated that those Nucor values would not appear until at least the year 2013. In any event, the Urban Renewal Agency is not obliged to take the maximum revenue to which it is entitled. Decisions on whether to employ a special levy, and the amount of the special levy, will be made each year, in the County and Urban Renewal Agency budget process.

Effect on Bond Rates

The presence of the North Bay Urban Renewal Area impacts the tax rate for bonds issued by overlapping taxing bodies. The table below shows the decrease in bond tax rates that would result if the 1997-98 incremental values from the North Bay Renewal Area were available for calculating tax rates. The Table indicates that the tax rates for bonds would decrease less than one cent per thousand of valuation in the affected tax codes.

North Bay Urban Renewal Area			
First Amendment to Renewal Plan			
Impact on Bond Rates			
	County Bond	S.D. #9 Bond	Port of Coos Bay
Levy	\$1,671,669	\$382,231	\$23,431
AV to set rate	\$2,493,517,221	\$1,003,345,970	\$1,513,954,174
Bond Rate	\$0.6704	\$0.3810	\$0.0155
Add UR increment	\$3,253,284	\$3,253,284	\$3,253,284
New Rate	\$0.6695	\$0.3797	\$0.0154
Rate change	-\$0.0009	-\$0.0012	\$0.0000
Total Rate Change	-\$0.0021		

