

Coos County Urban Renewal Agency  
Board Meeting

Wednesday, April 12, 2017, 4:30pm

125 Central Ave, Coos Bay, OR 97420  
2<sup>nd</sup> Floor Conference Room

**COOS COUNTY URBAN RENEWAL AGENCY  
NORTH BAY DISTRICT**

P.O. Box 1215 • Coos Bay, Oregon 97420 • 541-267-7678

**M E M O R A N D U M**

**TO:** Coos County Urban Renewal Agency Board  
and all Interested Parties

**FROM:** John Burns, Agency Administrator

**DATE:** April 6, 2017

**SUBJECT:** CCURA Meeting Notice

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**NOTICE OF REGULAR CCURA MEETING**

A public meeting of the Coos County Urban Renewal Agency Board – North Bay District, Coos County, State of Oregon, will be held in the Port of Coos Bay Second Floor Conference Room, located at 125 Central Avenue, Suite 230, Coos Bay, Oregon, 97420. The meeting will take place on **Wednesday, April 12, at 4:30 p.m.**

JB:aw

**COOS COUNTY URBAN RENEWAL AGENCY  
REGULAR BOARD MEETING  
4:30 P.M. Wednesday, April 12, 2017**

Port of Coos Bay Conference Room, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

**AGENDA**

**1. CALL MEETING TO ORDER**

**2. INTRODUCTION OF GUESTS**

**3. CONSENT ITEMS**

- A. Approval of January 19, 2017, Board Meeting Minutes
- B. Approval of February 27, 2017, Work Session Minutes
- C. Informal Audit Report for Fiscal Year 2015-2016

**4. ACTION ITEMS**

- A. CCURA Plan Amendment – Discussion of duration versus Maximum Indebtedness:  
Presented by F. Jacquot

**5. PUBLIC COMMENT**

**6. SCHEDULE NEXT MEETING DATE**

**7. OTHER/ADJOURN**

- A. New Budget Committee Members

# Consent Items

**COOS COUNTY URBAN RENEWAL AGENCY  
REGULAR BOARD MEETING  
4:30 P.M Thursday, January 19, 2017**

Port of Coos Bay Conference Room, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

**DRAFT MINUTES**

**ATTENDANCE**

**Agency Board Members:** Chairman Todd Goergen, At Large; Eric Farm, Port Commissioner; Brianna Hanson, Port Commissioner; Jennifer Groth, City of Coos Bay; Howard Graham, City of North Bend; John Sweet, Coos County; Melissa Cribbins, Coos County; Joe Benetti, Coos Bay; Nathan McClintock, Legal Counsel

**Guests:** Hans Gundersen, Port Staff; John Burns, Port Staff; Fred Jacquot, Port Staff; Amrha Wimer, Port Staff; Margaret Barber, Port Staff; Wendy Abel, Abel Insurance; Chris McKlosky, Boy Scouts of America; Jerry McKlosky, Boy Scouts of America

**1. CALL MEETING TO ORDER**

Chair Todd Goergen called the meeting to order at 4:30pm

**2. INTRODUCTION OF GUEST**

**3. CONSENT ITEMS**

**A. Approval of September 27, 2016, Board Meeting Minutes**

Upon a motion by Jennifer Groth (Second by John Sweet), the Agency Board Members voted to approve the September 27, 2016, Board Meeting Minutes. **Motion Passed**

**B. Audit Financial Report Fiscal Year 2014-2015**

The report was generated by Laura Fisher, a partner at Hough, MacAdam, Wartnik, Fisher & Gorman, LLC. Initially, the impression was that there was not enough activity to warrant a full financial review but upon further evaluation and understanding that debt transactions qualify for the minimum threshold for a report. The report did identify a few errors made by the Port staff. None of the errors were shown to have impact on the position of the agency. They were errors in how funds were transferred between the different funds in the agency. The financial results are 1.58 million cash in the bank. There was very little operating activity of the agency.

Chairman Todd Goergen asked that the Agency enter executive session at the end of the regular session to discuss the management of the CCURA.

Upon a motion by Melissa Cribbins (Second by John Sweet), the Agency Board Members voted to add an executive session to the agenda. **Motion Passed.**

### **C. Informal Audit Report for Fiscal Year 2015-2016**

Financial activity for this fiscal year falls below the required qualifications for a full review of the financials. The Port insisted that a 3rd party review the financials because they believe it is valuable to see how the Agency is performing. There were a few errors identified regarding posting funds incorrectly and not reconciling the funds. There is some discrepancy between the funds but the total amount of expenditures and the financial position is accurately reflected. The financial position of the Agency was virtually unchanged as the operating expenditures fell below the tax receipts for the year. The amount on the books for the Agency is just over 1 million.

John Sweet asked if he could have additional time to review the audit. It was agreed that it will be discussed more at the next meeting after everyone had additional time to review the document.

Brianna Hanson asked if any errors were also checked on the Ports accounts as well. Hans Gundersen stated that the Port has a different software system that it uses for its financials.

### **D. CCURA Board Membership Renewals/Replacements - As Approved by Coos County**

Melissa Cribbins stated that the Adam Foxworthy was appointed at the last meeting.

## **4. ACTION ITEMS**

### **A. Authorization to Execute with Howard Consulting – Presented by Fred Jacquot**

At the direction of the Coos County Urban Renewal Agency Board of Directors, Port of Coos Bay staff worked with Agency and Port Counsels and the Agency Board President to negotiate with Howard Consulting Services, LLC, the contract scope of work, terms, and conditions for consulting services to amend the Agency's Urban Renewal Plan. The currently presented contract has passed legal and insurance review by Agency and Port Counsel and agents, and identifies the tasks and services desired by the Agency.

The proposed contract will be between Howard Consulting, LLC and the Coos County Urban Renewal Agency. Howard Consulting, LLC will manage the project, perform the base plan amendment, and coordinate the necessary public outreach and agency approval activities. Howard will subcontract with Tiberius Solutions and ECONorthwest for public finance and economic feasibility analysis of the base plan amendment, and BergerABAM and BST Associates for engineering and economic analysis of current and planned projects.

The Contract scope of work includes the base plan amendment work proposed in the Howard Consulting quote for the not to exceed fee of \$51,700, and the proposed options B and C to update and identify projects in the urban renewal district for the not to exceed fee of \$63,074. During negotiations with Howard Consulting it was determined that initiating the base work independent of the optional scope would result in a longer project schedule, redundant project activities, and additional project cost. The entire identified project scope is expected to take six months, and will be completed for the total not to exceed fee of \$114,774. Fees for this project will be paid for with the Professional Services budget in the Agency's Special Fund.

Additionally, as Howard Consulting is a sole-proprietor LLC, the standard Port contract insurance language was adjusted to better suit the planned contract activities and Howard Consulting's insurance

portfolio. The language changes included modifications to the Employers' Liability limits, the General, Automotive, and Professional Liability requirements, and the deletion of the excess/umbrella coverage requirement.

Under the procurement rules governing this process, the Agency Board of Directors has the option to reject the contract out of convenience; to postpone execution of the contract pending additional negotiation and review; to authorization execution of the contract as submitted; or to authorization execution of the contract with Board approved revisions. Rejection or postponement of contract execution will result in additional time necessary to complete the project, and may result in additional cost.

Port staff requests the Agency Board of Director's authorize Agency Board President Todd Goergen to execute the proposed contract with Howard Consulting, LLC to perform the base and optional scope of work identified in the contract body and exhibits for the specified not to exceed fee.

Upon a motion by Eric Farm (Second by Melissa Cribbins), the Agency Board Members voted to authorize Agency Board President Todd Goergen to execute the contract with Howard Consulting, LLC to perform the base and optional scope of work identified in the contract for the not to exceed fee of \$114,774. **Motion Passed**

**B. Update on Fundraising for Health & Science Tech Building – Presented by SWOCC Foundation**

Umpqua Bank provided bridge funding. **This Action Item was removed from discussion.**

**C. Presentation from Boys Scouts of America – Presented by Chris McKlosky and Jerry McKlosky**

Chris McKlosky is a Boy Scout with troop 761 who is working on his Eagle Scout project and is proposing to clean up the North Spit Overlook property. Mr. McKlosky stated that there is overgrowth on trails, rail damage, broken picnic tables, asphalt erosion, missing parking lines, damaged signs, trash piles and additional improvements that are needed on the property. To paint the parking lot, clear out brush, fix railing and trash pickup it should be around \$1200.00.

Brianna Hanson asked where the maintenance funds would come from? It was stated that it would be the property owner's responsibility to maintain.

John Sweet asked if there are any insurance issues. It was stated that Boy Scouts are fully insured.

Todd Goergen will look at cost on what it would take to make the improvements outside of the Boy Scout project scope.

Wendy Abel stated that if a "security camera in use" sign is posted without a security camera it could open up for a negligent claim against the Port.

Upon a motion by John Sweet, (second by Howard Graham) the CCURA authorized up to \$2,000.00, for construction of fencing and other facilities at the Overlook with provision that the Chair work with Boy Scout Chris McKlosky. **Motion Passed**

5. **PUBLIC COMMENT**

There was no public comment.

6. **SCHEDULE NEXT MEETING DATE**

4:30 pm, Wednesday, April 12, 2017

7. **OTHER/ADJOURN**

Regular Session was adjourned and a recess to Executive Session was called at 4:57pm



**COOS COUNTY URBAN RENEWAL AGENCY  
PLAN AMENDMENT WORK SESSION  
4:30 P.M. Thursday, February 27, 2017**

Port of Coos Bay Conference Room, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

**DRAFT MINUTES**

**ATTENDANCE**

**Agency Board Members:** Chairman Todd Goergen, At Large; Eric Farm, Port Commissioner; Brianna Hanson, Port Commissioner; Jennifer Groth, City of Coos Bay; John Sweet, Coos County; Adam Foxworthy, At Large; Nathan McClintock, Legal Counsel

**Guests:** Hans Gundersen, Port Staff; John Burns, Port Staff; Fred Jacquot, Port Staff; Amrha Wimer, Port Staff; Elaine Howard, Elaine Howard Consulting, LLC; Scott Vanden Bos, Elaine Howard Consulting, LLC.; Scott Keillor, BergerABAM; Scott McMahon, BergerABAM; Greg Henderson, Southern Oregon Business Journal

**1. CALL MEETING TO ORDER**

Chair Todd Goergen called the meeting to order at 4:30pm

**2. INTRODUCTION OF GUEST**

**3. GENERAL BACKGROUND FOR AMENDMENT:**

Today's meeting is a work session to inform the Agency Board members of the project plan that Elaine Howard Consulting, LLC has put together to accomplish the substantial plan amendment. This meeting is the initial project milestone to kick off the project. The purpose of the plan amendment is to extend the Agency's duration pending expiration in 2018. Additionally, the most recent plan amendment from 2006 includes projects that have been completed, partially completed, economic assumptions and other project details that are no longer valid. The board felt it was important to seek professional guidance for the plan amendment to ensure a proper process was executed. Through the request for proposal process, the board received and accepted a proposal from Elaine Howard Consulting, LLC and their subcontract team to amend the plan, change or remove the duration provision of plan, review and update project lists, update financial analysis and to give a plan amendment that can be approved and enacted by the Agency.

**4. BACKGROUND ON URBAN RENEWAL**

Scott Vanden Bos from Elaine Howard Consulting, LLC discussed what Urban Renewal is. Urban renewal is enacted federally and implemented at the state level. It is used throughout Oregon to address blighting influence in designated areas. Urban renewal provides a financing mechanism to implement city or county plans by increases in property taxes within an area to fund projects within the same area. The amount of spending in an area is controlled by maximum indebtedness, in each urban renewal plan.

Mr. Vanden Bos stated that urban renewal is used along the coast of Oregon along with Central Oregon and there are a few local urban renewal agencies.

Mr. Vanden Bos described blight and stated that it is an ugly word that most cities or counties do not like associated with them but in order to have urban renewal you need to have it associated with your area. It is defined by State Statute ORS 457 and generally covers underdevelopment or underutilization of property, poor conditions of buildings or inadequacy of infrastructure including streets and utilities.

Mr. Vanden Bos described maximum indebtedness (MI). It is a total amount of money that can be spent on projects, programs and administration over the life of an urban renewal plan. MI is now the constraining factor of urban renewal plans where in the past it was the duration provision. The MI for North Bay Urban Renewal area is \$60,900,390 with a duration provision that expires in 2018. The plan was adopted on September 29, 1986 and was amended in 1998 to add the MI which was required of every plan.

Commissioner Farm asked how MI is determined. Mr. Vanden Bos answered that there are a couple ways it can be determined. One way is to determine financial projects to see how much revenue the area will generate over a specific time period. Another way is to look at a project list and decide how much money is needed for all the projects.

Commissioner Hanson asked if MI stays static for the duration or is it fluid with the projects in the pipeline. Ms. Howard stated that the \$60,900,390 is the total amount that can be spent and any amount that is spent on projects, programs and administration gets deducted off that amount. Ms. Howard and her team will be working to figure out what amount is currently left then take that information to see how long it will take the Agency to reach the total amount.

Commissioner Farm asked when MI resets. Ms. Howard answered that it never resets but you can amend it. Mr. Vanden Bos stated that MI can be amended up to 20% of the original amount and anything over that will need 75% of taxing districts to approve the amendment.

Commissioner Hanson asked if it is a cumulative spending amount. Ms. Howard explained that it is a cumulative spending limit and every urban renewal in the state has one. Ms. Howard went on to explain that an agency must spend the money by accumulating debt. If an agency does a bond sale and pays interest payments to the bond holders, it is not included in MI and only the principal amount will be deducted.

Commissioner Hanson asked if the intent of an urban renewal agency is to expire and meant to be temporary. Ms. Howard said that is correct and all urban renewals are set to expire.

Mr. Vanden Bos described how urban renewal financing works. Once an area is designated as an urban renewal area, tax assessed value of properties within the area are frozen. Taxes from the frozen base go to all taxing jurisdictions and increased taxes over the frozen base go to the urban renewal agency for use in the area. All tax bills in the county show urban renewal division of taxes. Increment can still accrue after projects are completed to help pay off debt.

Ms. Howard clarified that the amount of money that is allocated to projects must be completed and paid off within the time set in a duration provision if there is one. Ms. Howard suggested that the Agency should not have a duration provision since the statute does not require it any longer. There are political reasons why an agency might want to add a duration provision. One reason would be to show a

commitment to other taxing jurisdictions that there is an end date so they will start to get their share of taxes.

Mr. Goergen would like to make an action item for the next board meeting to remove the duration provision.

Mr. Vanden Bos discussed state limitations of urban renewals. Populations under 50,000 can have 25% of assessed value of property and acreage in the county. Populations over 50,000 can have 15% of assessed value of property and acreage in the county. If there is an existing plan, there are limitations on changes that can be made to the plan. A plan cannot be increased in size by more than 20% of the original acreage and MI cannot be increased by more than 20% of the original MI.

Mr. Goergen asked what if land changed from federal land into private ownership. Ms. Howard said that ownership does not matter. If an agency has 100 acres you may only add 20 acres. If you remove acreage you do not get to have extra capacity to add more back, you only get the 20%.

Mr. Vanden Bos explained that an urban renewal will typically last for 25 to 30 years but may last a few years longer to pay off the debt. The time period is not a requirement of ORS 457. After urban renewal, the value of the area is increased and returned to the tax rolls and all taxing jurisdictions benefit from increased taxes. The area is improved and it better serves the citizens of the community.

Mr. Vanden Bos talked about how taxing districts are affected. Mr. Vanden Bos explained that taxing districts continue to receive taxes off the frozen base; however, they forgo taxes on growth from the frozen base. There is the concept of “but for urban renewal” which means that the growth in an urban renewal area would hypothetically not accrue if urban renewal had not been in the area. If the growth had not accrued, the taxing jurisdictions would not be missing out on any growth. Mr. Goergen stated that on the flip side, the people opposing these types of agencies would argue that they would have come here anyways. Mr. Vanden Bos then stated that at the end of urban renewal, taxing districts receive increased revenue from taxes. Coordination with taxing districts is key because there are situations when the agency might want to change or pass their plan.

Mr. Vanden Bos stated that North Bay collects a special levy that is calculated annually by the assessor’s office. Last year’s special levy was \$118,251.10 and the revenue from division of taxes was \$95,904.06. A special levy is an extra property tax in addition to urban renewal. Urban renewal does not increase property tax but a special levy will increase property taxes.

Mr. Jacquot asked if the revenue from division of taxes is the increment above the frozen base for properties in the district and the special levy is assessed on all the taxable properties in the county. Mr. Vanden Bos stated that Mr. Jacquot was correct. Ms. Howard explained that there are only four or five urban renewal areas in Oregon that have a special levy provision. Special levy comes from older plans that didn’t have a MI. When the legislature established MI, they had each urban renewal plan designate what kind of plan they were out of four options. Ms. Howard explained one option was the type of plan that takes division of taxes but also has the ability to implement a special levy. Agencies didn’t think they would have enough money to complete projects with the new tax revenue generation after MI was established.

Mr. Vanden Bos showed a slide on how impacts to taxing districts are calculated. Mr. Vanden Bos stated that it is typically explained by bringing a hypothetical property into an urban renewal area. The hypothetical property coming into the urban renewal area in 2018 is worth \$100,000.00. It has a 3%

growth going into the urban renewal area. In 2017 it pays \$1,535.98 in taxes and in 2018 it will pay \$1,582.06 in taxes. In 2017 the frozen base would be established and the increase in taxes of \$46.08 will be the line item that goes to urban renewal for this particular property. The line item that goes towards urban renewal is calculated for every property in the urban renewal area. Once it has been calculated, they come up with an overall number for the urban renewal area and that number is distributed amongst every property in the county. Every property in the county has urban renewal on their property tax bill. It is taken from taxing districts and does not make your property tax bill increase but it is coming from every property tax bill in the county. Mr. Vanden Bos stated that each taxing district is paying a little to urban renewal. Mr. Vanden Bos also stated that there is one bond for Coos County that is affected by urban renewal. The way a bond is affected by urban renewal is that Coos County gets the full amount from the bond and urban renewal takes \$2,584.00. The overall tax bills in the county go up enough to make up the \$2584.00 which is not a big increase. Ms. Howard stated that some urban renewal areas can say that they do not increase property tax bills; however, this agency cannot say that because of the bond. The bond should expire soon because this relates to any bond that was issued prior to 2001 and once it is expired it will no longer impact the tax bills. Any new bonds passed won't be impacted. Ms. Groth asked what the bond was for. Commissioner Sweet stated it was for the pipe line.

**5. AMENDMENT OVERVIEW: PORTIONS OF PLAN TO BE AMENDED, TIMEFRAME FOR COMPLETION**

Mr. Vanden Bos stated the 6-month timeline is:

| <b>Month</b> | <b>Phase</b>   |
|--------------|--|
| 1 & 2        | Project overview, existing conditions and financial analysis |
| 3            | Draft amendment  |
| 4            | Presentation to Urban Renewal Agency                         |
| 5            | Coos County Planning Commission                              |
| 6            | Coos County Commission for approval – Substantial Amendment  |

Mr. Jacquot stated the next Agency meeting is scheduled for April 12, 2017 where the discussion point about the deletion of the duration provision can be addressed. Mr. Jacquot and Mr. Goergen do not believe there needs to be a separate presentation for the Port. Commissioner Sweet asked if the presentation for the county can be earlier instead of just at the end of the project. Ms. Howard said she will change the schedule so that it can be presented earlier during the draft amendment phase.

**6. PROJECT UPDATES AND NEW PROJECT IDENTIFICATION**

Scott Keillor from BergerABAM will be reviewing the projects that are from the 2006 plan to see what is still valid. Mr. Keillor stated that he will also look at the project descriptions and update the plan. The 2006 plan has a table with the plan level cost estimates of about \$48 million worth of projects. The first step is to look at the existing plan and determine what is feasible and what might be off the table and index those dollars to the 2017 amount. The objective is to come up with a refined list for the next phase with input from working with staff. Mr. Keillor explained there was one rail spur that was a \$5 million item that has been completed and there is another spur in the plan but does it make sense to still complete. Mr. Gundersen stated the Agency might want to add Internet capabilities to the plan. Once the analysis is done, a memo will be completed that will be shared with the board. Mr. Keillor stated that the agency will also want to do due diligence on new project ideas that will be needed over the next 20 years. Mr. Keillor said feedback will be important and will be provided through the meeting series. The project list

will be turned over so that all the numbers that were discussed can be put into the plan. There are some pieces of projects that have changed since 2006 or that have gone away, some that are brand new or some that need additional plan elements.

Mr. Goergen asked if part of the effort of identifying new projects will also include reaching out to stakeholders to see what their plans are and if the urban renewal agency might be able to help. Mr. Keillor said that they will be contacting them and getting introduction through staff and see what expansion plans that can be accommodated.

There will be a formatted project description, project cost section for each of the elements that will be in the proposal for the urban renewal update.

Mr. Goergen asked if new projects are identified but the outstanding MI is not enough, can we capture in this process bumping up the MI by the 20%. Ms. Howard said that the agency can because it must be done by a substantial amendment and that is what the agency is doing. Given the fact that the agency is only getting about \$200,000 a year with a \$60 million MI, which would have been reduced over the years, but the reality will be that it will take the agency a long time to get to the \$60 million and the agency will have to face the question of how long do they keep going. Ms. Howard did state that after touring the area that she can see that nothing is going to happen in that area unless the agency is able to help it so the agency can tell the taxing jurisdictions that they are not missing out and nothing will happen unless the agency exists, so existing for longer is ok. Ms. Howard thinks the agency will not reach the MI for a really long time and she can tell the agency how many projects can be done over that time period and what the present value is but due to inflation it will cost more.

Mr. Jacquot stated there were a couple of opportunities between feasibility and indebtedness balance for consideration. One was to identify the projects in the plan amendment and identify the portion of the project that the agency was willing to commit to and find other financing sources to make up the difference. The other concept was that the agency can seek private partnership to fund the construction of a project by taking out debt for that project and the private entity would pay the urban renewal agency back. Mr. Jacquot explained that a developer will front the cost which will increase the tax increment that then will finance the debt to pay back. Ms. Howard shared an example of how that would work from a hospital in Lebanon that was contacted by a medical school. The hospital went to the city and told the city that there is property across the street that they want to put the medical school on but there is no infrastructure to this site. The city then called Elaine Howard Consulting, LLC and she told them that they could do an urban renewal there. The hospital and medical school paid for all the infrastructure to go in and then a lot of development followed. With the return of taxes the city is repaying the hospital and medical school through urban renewal for the upfront cost of the infrastructure. The reason they know that they will get paid back is because they know that their taxes are dedicated to coming back to them through the urban renewal agency and they know they are paying the taxes so they know the agency will have the money.

Mr. Jacquot asked for clarification on his understanding. Mr. Jacquot stated that in order for an urban renewal agency to invest funds in a project it has to be in the project plan and if a project is not on the list there would need to be a minor amendment to add. Ms. Howard said that it would have to be on the project list to fund. Ms. Howard stated that in order to amend the project list it would depend on the agency amendments and she suggested the agency revive the amendment section of the plan because it is outdated and it is irrelevant to how urban renewal plans are written today. The way Ms. Howard writes new urban renewal plans is that there are only two levels of amendments that are substantial amendments. The two are increasing maximum indebtedness or adding acreage over 1% of existing

acreage because they are the only two things required by statute to be a substantial amendment. Everything else is a minor amendment which can be done by a resolution within the agency. The reality is to make sure the agency has enough money to add a project. Mr. Goergen stated that the project list from 1998 was very generalized and that was to build in flexibility. Ms. Howard added that a lot of urban renewals are used as match for grant funding which is the best way to use the money. Ms. Howard stated that a project list will be completed and have the total project cost but also include what the urban renewal share will be and then put "other portions funded by". Mr. Jacquot asked if it can say other portions funded by "to be determined" which Ms. Howard said that is possible and you could add "other sources as available".

Commissioner Hanson asked if there was any reason to be general on the project list since projects tend to lead to other projects that might not have been considered when the plan was created. Ms. Howard stated that she can do a general plan if a client wants the flexibility. In some cases, there are some agencies who have stakeholders who want to know exactly what is going to happen. An example would be if it states in the plan that there will be high speed internet project for the area in X year then it might cause development that might not have happened.

Mr. Goergen stated that there could be a mix of both general categories and specific projects based on the updated financial analysis. Ms. Howard stated that plans always have redevelopment and acquisition but they are never specified up front and you can do a minor amendment.

Mr. Jacquot stated that he believes a balanced approach would be a good outcome. Mr. Jacquot stated that in past agency meetings it had been discussed the desire to have some recreational and conservation projects as part of the plan but thinks it is best to keep those projects general.

Ms. Howard said that when she typically does an amendment the areas that the agency gets involved in are projects and financing and trying to balance the two. There is a lot of other stuff that Ms. Howard and Mr. Vanden Bos have to do that complies with the statute that will be done behind the scenes.

## **7. OTHER/ADJOURN**

Mr. Jacquot read the action items from the meeting:

1. Add duration provision discussion to next Agency meeting.
2. Develop a tentative schedule for the Plan Amendment presentation to meet the time constraints of the three county commissioners so they can participate.
3. Provide communication during the two months of development including the identification of potential projects and review of the existing projects.
4. Outreach to stake holders. Ms. Howard suggested that if there is a fire district that they should be contacted.

Ms. Howard stated that a consult and conifer letter will be sent to all taxing jurisdictions. It says that the Agency is considering an urban renewal plan amendment with a yearly analysis of what the impacts might be. It allows for them to provide written comment and the county commission has to consider it in the ordinance and reply to it. If it is a taxing jurisdiction that might have an issue, it is best to contact them upfront and ask if they want to be involved in any way or if there any projects that they think might need to be done.

Meeting was adjourned and at 5:37 pm

# Action Items

## MEMO

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TO: Fred Jacquot, Director of Port Development

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FROM: Elaine Howard

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RE: Duration and Maximum Indebtedness of North Bay Urban Renewal Area

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DATE: April 7, 2017

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### **Duration Background:**

The North Bay Urban Renewal Plan currently has a duration provision in Section 8, Plan Duration and Validity, written as, "This plan may remain in effect for a period of not more than twenty (20) years from the First Plan Amendment. The plan may remain in effect after termination of the division of ad valorem taxes provided for in Section 7." This duration provision can be removed in the same substantial amendment that is being proposed currently as duration is no longer required by ORS 457.

When it comes to duration provisions and urban renewal there are two options, one, have a set duration stipulated by your plan or two, have no set duration stipulated by your plan. When considering whether to extend or possibly remove a duration provision key issues include pleasing taxing districts and tax payers and reaching your maximum indebtedness. One of the most common complaints among taxing districts and citizens critical of urban renewal is that it takes too long, or that durations get out of control. However, if your district does not achieve the growth expected, or needed, you may not be able to reach your maximum indebtedness in the amount of time set by your duration provision.

This leads to the main argument for elimination of a duration provision, which is to enable a district to reach its' maximum indebtedness. Because duration is no longer the controlling factor of urban renewal in ORS 457, maximum indebtedness is, it is perfectly



acceptable for an urban renewal agency to eliminate its' duration provision in order to obtain its' maximum indebtedness. However, there may be backlash from overlapping taxing districts or tax payers who thought they had a time frame commitment from the urban renewal agency.

### **Tax Code Areas:**

Of the twelve different tax code areas in the North Bay Urban Renewal Area two are of special importance. The first is tax code area 6932, which has a frozen base value of \$36,949,088. The current assessed value (AV) of tax code area 6932 is \$27,650,363. This means that before any increment will be seen from tax code area 6932, there will need to be \$9,298,725 in AV growth in the area. A detailed breakdown of the assessed value and ownership of parcels in tax code area 6932 is shown in Exhibit 1.

The second tax code area to note is 6902, which is producing the majority of increment for the urban renewal area. In FYE 2017, tax code area 6902 generated 97.5% of the total tax increment finance revenue in the Area (excluding revenue from the special levy). The frozen base for tax code area 6902 is \$808,658 and the excess value is \$11,056,649. The breakdown of the assessed value and ownership of parcels of the tax code area is shown in Exhibit 2.

As shown by the table, the main contributor to the assessed value in tax code area 6902 is Southport Lumber Co., LLC.

### **Maximum Indebtedness:**

We have not yet been able to establish how much of the \$60,900,390 of maximum indebtedness of the North Bay Urban Renewal Area has been used. However, in order to come to a decision about the extension or deletion of the duration provisions, it is helpful to provide an estimate of the revenue producing capacity of the urban renewal area. The estimates of cumulative future tax increment revenue are preliminary and only consider tax increment finance revenue generated by tax code area 6902 and the urban renewal special levy. The table presents two scenarios for assessed value growth in the urban renewal area. The first is the 3% allowed by the Oregon Constitution and the other is .06% which is the average growth for this tax code area in the urban renewal area over the last 7 years.

| Growth Rate | 3.00%        | 0.06%       |
|-------------|--------------|-------------|
| 20 years    | \$5,978,000  | \$4,620,481 |
| 25 years    | \$8,051,347  | \$5,811,421 |
| 30 years    | \$10,460,079 | \$7,039,501 |
| 35 years    | \$13,257,613 | \$8,305,853 |
| 40 years    | \$16,505,874 | \$9,611,636 |

The table indicates that given the growth achieved in the urban renewal area historically, and even given the 3% growth allowed by the Oregon Constitution, the North Bay Urban Renewal Area will produce at most \$16,505,874 of tax increment over a 40 year time period. Typically the maximum indebtedness produced off this tax increment is about 70%, the other 30% is used for interest, although this ratio of tax increment revenue to borrowing capacity (or maximum indebtedness) can vary substantially based on the specific financing assumptions for debt incurred. In this case, assuming 3% assessed value growth would mean using about \$11,554,112 of maximum indebtedness over 40 years (70% of \$16,505,874).

If substantial growth occurs in the urban renewal area, this could change the projections. If that growth occurs in tax code area 6932, no new increment will be produced until over \$9,298,725 of growth occurs. If it occurs elsewhere in the urban renewal area, it will produce tax increment. The projections in the table above assume a 2017 assessed value of \$11,866,807. So, if another \$12 million of assessed value is placed on the tax rolls, the tax increment could double. That still reaches about \$33 million of tax increment, and a smaller amount of actual maximum indebtedness.

The bottom line is that the maximum indebtedness of this urban renewal area is far in excess of the potential of the area unless a major project occurs. Given this, we have four recommendations:

1. The duration provision should be deleted from the North Bay Urban Renewal Plan. An extension of 20 years provides very little capacity. Even an extension of 40 years does not allow the urban renewal area to reach its maximum indebtedness. While there may be some consternation from taxing districts, you will be able to show them the projected annual impacts of the urban renewal area.
2. The Port and/or the Coos County Urban Renewal Agency should provide the consultant a list of potential development and associated assessed value to add into the financial analysis. (This has already been requested as part of the pending amendment.)
3. After updated information about potential assessed value in addition to the existing information about existing assessed value, the Coos County Urban Renewal Agency should make a determination of an appropriate amount of time to continue urban renewal and adjust the list of projects to meet the potential amount of tax increment revenue in that time period. This does not mean re-establishing a duration provision, but using a timeframe to enable the decisions about which projects can reasonably be funded.
4. While you may not want to change (reduce) the maximum indebtedness amount, you may want to note a reasonable expectation on the amount of Maximum Indebtedness you will expect the North Bay Urban Renewal Area to reach.

**Exhibit 1 - Tax Code Area 6932**

| <b>TXCD</b> | <b>AV</b>   | <b>OWNER</b>                             | <b>ACRES</b> |
|-------------|-------------|--|--------------|
| 6932        | \$5,847,429 | FORT CHICAGO HOLDINGS II U.S., LLC       | 69.17        |
| 6932        | \$4,550,350 | SOUTHPORT LUMBER CO., LLC                | 33.53        |
| 6932        | \$4,010,310 | LESSOR                                   | 44.64        |
| 6932        | \$3,324,090 | ROSEBURG FOREST PRODUCTS CO.             | 228.88       |
| 6932        | \$1,900,000 | NORTHWEST NATURAL GAS CO.                | 0            |
| 6932        | \$1,602,030 | SOUTHPORT LUMBER CO., LLC                | 0            |
| 6932        | \$1,264,000 | PACIFICORP                               | 0            |
| 6932        | \$1,148,490 | ROSEBURG FOREST PRODUCTS CO.             | 0            |
| 6932        | \$641,000   | VERIZON COMMUNICATIONS                   | 0            |
| 6932        | \$600,214   | FORT CHICAGO HOLDINGS II U.S., LLC       | 97.11        |
| 6932        | \$587,640   | ROSEBURG FOREST PRODUCTS                 | 0            |
| 6932        | \$398,000   | AT & T INC                               | 0            |
| 6932        | \$383,280   | FORT CHICAGO HOLDINGS II U.S. LLC        | 157.39       |
| 6932        | \$338,160   | DB WESTERN INC                           | 0            |
| 6932        | \$326,020   | FORT CHICAGO HOLDINGS II U.S. LLC        | 67.9         |
| 6932        | \$280,000   | AT & T INC                               | 0            |
| 6932        | \$120,400   | MANUFACTURER SERVICES                    | 0            |
| 6932        | \$119,570   | FORT CHICAGO HOLDINGS II U.S., LLC       | 16.25        |
| 6932        | \$81,000    | FRONTIER COMMUNICATIONS                  | 0            |
| 6932        | \$43,650    | LESSOR                                   | 0.04         |
| 6932        | \$29,540    | PAPE MATERIAL HANDLING, INC.             | 0            |
| 6932        | \$27,860    | LESSOR                                   | 0            |
| 6932        | \$15,250    | PRAXAIR, INC.                            | 0            |
| 6932        | \$5,120     | FORT CHICAGO HOLDINGS II U.S. LLC        | 4.76         |
| 6932        | \$2,000     | FRONTIER COMMUNICATIONS                  | 0            |
| 6932        | \$1,890     | CISSNA, ROBERT L.                        | 2.56         |
| 6932        | \$1,720     | CIT FINANCE LLC                          | 0            |
| 6932        | \$720       | VEND WEST SERVICES, INC.                 | 0            |
| 6932        | \$410       | PITNEY-BOWES, INC.                       | 0            |
| 6932        | \$220       | PITNEY BOWES GLOBAL FINANCIAL SERVICES L | 0            |
| 6932        | \$0         | OREGON INTERNATIONAL PORT OF COOS BAY    | 191.58       |
| 6932        | \$0         | U.S.A.                                   | 13.75        |
| 6932        | \$0         | U.S.A.                                   | 5.9          |
| 6932        | \$0         | OREGON INT'L PORT OF CB                  | 160.23       |
| 6932        | \$0         | EDGE WIRELESS                            | 0            |
| 6932        | \$0         | ATC SEQUOIA, LLC                         | 0            |
| 6932        | \$0         | OREGON INT'L PORT OF CB                  | 102.84       |
| 6932        | \$0         | OREGON INTERNATIONAL PORT OF COOS BAY    | 182.24       |
| 6932        | \$0         | CIT TECHNOLOGY FINANCING SERVICES, INC   | 0            |

## Exhibit 2 - Tax Code Area 6902

| <b>TXCD</b> | <b>AV</b>   | <b>OWNER</b>                             | <b>ACRES</b> |
|-------------|-------------|--|--------------|
| 6902        | \$9,998,950 | SOUTHPORT LUMBER CO., LLC                | 0            |
| 6902        | \$342,208   | OREGON DUNES SAND PARK, LLC              | 19.45        |
| 6902        | \$289,110   | SOUTHPORT CHIPCO. LLC                    | 29.31        |
| 6902        | \$196,000   | PACIFICORP                               | 0            |
| 6902        | \$191,000   | CENTRAL LINCOLN PUD                      | 0            |
| 6902        | \$89,170    | OREGON DUNES SAND PARK, LLC              | 37.5         |
| 6902        | \$86,790    | DOUGLAS A. PARKER REVOCABLE LIVING TRUST | 3.22         |
| 6902        | \$57,330    | SOUTHPORT CHIPCO, LLC                    | 3.94         |
| 6902        | \$42,000    | COOS BAY RAILROAD OPERATING COMPANY LLC  | 0            |
| 6902        | \$25,319    | OREGON DUNES SAND PARK, LLC              | 17.6         |
| 6902        | \$25,000    | FRONTIER COMMUNICATIONS                  | 0            |
| 6902        | \$21,290    | DESIGN SPACE MODULAR BUILDINGS, INC      | 0            |
| 6902        | \$11,500    | OREGON DUNES SAND PARK, LLC              | 6.3          |
| 6902        | \$8,220     | OREGON DUNES SAND PARK, LLC              | 3.53         |
| 6902        | \$1,740     | OREGON DUNES SAND PARK, LLC              | 2.82         |
| 6902        | \$1,290     | COOS PACIFIC SAND, LLC                   | 0            |
| 6902        | \$1,170     | COOS COUNTY                              | 9.5          |
| 6902        | \$540       | RAYONIER WASHINGTON TIMBERLANDS COMPANY  | 5            |
| 6902        | \$520       | COOS COUNTY                              | 4.38         |
| 6902        | \$260       | OREGON DUNES SAND PARK, LLC              | 2.3          |
| 6902        | \$210       | NORTHERN LEASING SYSTEMS, INC            | 0            |
| 6902        | \$100       | R.L. GOERGEN & SONS, LLC                 | 1.22         |
| 6902        | \$50        | COOS COUNTY                              | 0.63         |
| 6902        | \$40        | VEND WEST SERVICES, INC.                 | 0            |
| 6902        | \$0         | U.S.A.                                   | 627.97       |
| 6902        | \$0         | OREGON INTERNATIONAL PORT OF COOS BAY    | 80           |
| 6902        | \$0         | U.S.A.                                   | 637.4        |
| 6902        | \$0         | STATE OF OREGON DEPT OF STATE LANDS      | 11.08        |
| 6902        | \$0         | STATE OF OREGON DEPT OF STATE LANDS      | 2.3          |
| 6902        | \$0         | STATE OF OREGON DEPT OF STATE LANDS      | 0.3          |
| 6902        | \$0         | U.S.A.                                   | 80           |

|      |     |                                       |        |
|------|-----|---------------------------------------|--------|
| 6902 | \$0 | OREGON INT'L PORT OF CB               | 48     |
| 6902 | \$0 | U.S.A.                                | 72     |
| 6902 | \$0 | COOS BAY-NORTH BEND WATER BOARD       | 1.65   |
| 6902 | \$0 | U.S.A.                                | 32.23  |
| 6902 | \$0 | U.S.A.                                | 274.39 |
| 6902 | \$0 | OREGON INTERNATIONAL PORT OF COOS BAY | 22.12  |
| 6902 | \$0 | U.S.A.                                | 210.03 |
| 6902 | \$0 | OREGON INTERNATIONAL PORT OF COOS BAY | 298.03 |
| 6902 | \$0 | OREGON INT'L PORT OF CB               | 0.76   |
| 6902 | \$0 | DIVISION OF STATE LANDS, LESSOR       | 2.91   |
| 6902 | \$0 | U.S.A.                                | 249.92 |
| 6902 | \$0 | OREGON INT'L PORT OF CB               | 19.6   |
| 6902 | \$0 | OREGON INT'L PORT OF CB               | 13.4   |
| 6902 | \$0 | OREGON INT'L PORT OF CB               | 10.38  |
| 6902 | \$0 | U.S.A.                                | 276.85 |
| 6902 | \$0 | U.S.A.                                | 75.11  |
| 6902 | \$0 | U.S.A.                                | 40.6   |
| 6902 | \$0 | STATE OF OREGON DEPT OF STATE LANDS   | 82.8   |
| 6902 | \$0 | U.S.A.                                | 5.48   |
| 6902 | \$0 | U.S.A.                                | 19.2   |
| 6902 | \$0 | U.S.A.                                | 10.06  |
| 6902 | \$0 | U.S.A. CORPS OF ENGINEERS             | 281.6  |
| 6902 | \$0 | OREGON INT'L PORT OF CB               | 0      |
| 6902 | \$0 | COOS COUNTY                           | 0      |
| 6902 | \$0 | COOS COUNTY                           | 0      |
| 6902 | \$0 | COOS COUNTY                           | 23     |
| 6902 | \$0 | COOS COUNTY                           | 0      |
| 6902 | \$0 | BENTON FLAXEL TRUST; ETAL             | 0.12   |
| 6902 | \$0 | COOS COUNTY                           | 0.25   |
| 6902 | \$0 | OREGON INT'L PORT OF CB               | 2.39   |
| 6902 | \$0 | OREGON INT'L PORT OF COOS BAY         | 17.31  |
| 6902 | \$0 | GREATAMERICA FINANCIAL SERVICES CORP  | 0      |
| 6902 | \$0 | NMHG FINANCIAL SERVICES, INC.         | 0      |

|      |     |  |   |
|------|-----|--|---|
| 6902 | \$0 | CIT TECHNOLOGY FINANCING SERVICES, INC   | 0 |
| 6902 | \$0 | BANC OF AMERICA LEASING & CAPITAL, LLC   | 0 |
| 6902 | \$0 | PITNEY BOWES GLOBAL FINANCIAL SERVICES L | 0 |
| 6902 | \$0 | GE EQUIP MIDTICKET LLC 2011-1            | 0 |
| 6902 | \$0 | STEVE DAYTON                             | 0 |
| 6902 | \$0 | SOUTHPORT LUMBER CO., LLC                | 0 |
| 6902 | \$0 | COOS BAY TIMBER OPERATORS, INC.          | 0 |
| 6902 | \$0 | NORTHWEST NATURAL GAS CO.                | 0 |