

URBAN RENEWAL AGENCY BOARD

AGENDA ITEM SUMMARY



Work Session: Downtown Financing Strategy

Meeting Date: March 8, 2010
Department: CS / PDD
www.eugene-or.gov

Agenda Item Number: A
Staff Contact: Sue Cutsogeorge / Amanda Nobel
Contact Telephone Number: 541-682-5589

ISSUE STATEMENT

The Urban Renewal Agency (URA) Board/City Council will consider four funding strategies for the package of downtown projects (Lane Community College (LCC), public safety improvements and increased police staffing, Veterans Affairs (VA) Willamette Street Clinic, and Park Blocks improvements for the Farmers' Market.) The URA Board is asked to begin the process for making a substantial amendment to the Downtown Urban Renewal Plan, which will include review by the public and overlapping taxing districts prior to making a final decision in May. If the URA Board does not select the Downtown Urban Renewal funding option, the City Council will convene a work session to address the three other funding options.

BACKGROUND

City Council's discussion of downtown revitalization is part of a larger conversation on local economic development actions. (See Attachment A for a summary of council discussions and actions over the past year and Attachment B for a diagram of the strategies and projects.) The most recent council work session occurred on February 22, 2010, and resulted in direction to the City Manager to present to the URA Board for its review:

- 1) A proposed amendment to the Downtown Urban Renewal Plan that would:
 - a. Restrict the use of tax increment funds and increase the spending limit to pay for:
 - (i) Broadway Place Garages' debt, thereby freeing up funds for downtown public safety and property crime reduction;
 - (ii) Proposed LCC new downtown center at the 10th and Charnelton site (no more than \$8 million);
 - (iii) Additional improvements to the Park Blocks of no more than \$500,000 to enhance the area for the Farmers' Market; and
 - (iv) If the VA pursues PeaceHealth's Willamette Street site for a new clinic, no more than \$2.5 million.
 - b. Terminate the Downtown Urban Renewal District as soon as the projects are paid for or sufficient funds are collected to fund those projects (estimated FY2018/2019).
- 2) An analysis of non-tax increment financing funding options, including:
 - a. Existing resources (excluding the facility reserve);
 - b. General Obligation bond; and
 - c. Local Option Levy.

Project-Related Items: Attachment C provides project-related information.

ANALYSIS OF FUNDING OPTIONS

A brief description of the four funding options is provided below. A comparison analysis is included in Attachment D. Example property tax statements for the median Eugene home under each funding option are in Attachment E.

#1. Existing Resources *(Described more fully in Attachment F)*

Under this funding scenario, existing resources include both ongoing proceeds and return of excess revenues from the Downtown Urban Renewal District; liquidating the Downtown Revitalization Loan Program; and reprogramming existing General Fund. (See Attachment G for a full explanation of liquidating the Downtown District.) Existing resources do not include facility reserve or selling other assets. Summary points:

- Least impact to tax bills (a \$1.66 savings/year for the median home)
- Funds generated from terminating tax increment financing in the Downtown District would be utilized for the bulk of the project costs
- Requires reallocating existing General Fund by \$450,000 per year
- Requires issuance of new debt that will tie-up new General Fund revenue for 20-year term
- Discontinues Downtown Revitalization Loan Program
- No vote required
- Interest cost on debt = \$5.2 million
- Total cost = \$24.7 million

#2. General Obligation Bond *(Described more fully in Attachment H)*

A General Obligation (GO) Bond is a borrowing or issuance of debt, the repayment of which is backed by a property tax levied upon all taxable property in the City. Under this funding scenario, the City would ask voters to approve an \$8.2 million GO Bond (\$8 million for project plus bond issuance costs) to fund the LCC project. Funds generated from terminating tax increment financing in the Downtown District would be utilized for the remaining project costs. Summary points:

- New cost to taxpayer of \$7.34/year for 20 years for the median home
- Requires issuance of new debt (aside from the GO Bond) that will tie-up new General Fund revenue for 20-year term
- Vote required
- Interest cost on debt = \$5.7 million
- Total cost = \$25.5 million

#3. Local Option Levy *(Described more fully in Attachment I)*

A local option levy is a limited-term property tax that is paid by all property owners within the City limits. Under this funding scenario, the City could ask voters to approve a local option levy for \$5.7 million over five years to fund additional police officers. Funds generated from terminating tax increment financing in the Downtown District would be utilized for the remaining project costs.

Summary points:

- Largest amount of debt issued and largest amount of interest paid of all the funding options
- New cost to taxpayer of \$7.34/year for the median home
- Levy needs to be approved by voters every five years
- Requires issuance of new debt that will tie-up new General Fund revenue for 20-year term

- Interest cost on debt = \$7 million
- Total cost = \$26.5 million

#4. Downtown Urban Renewal *(Described more fully in Attachment J)*

Urban renewal is a redistribution of existing tax revenue. Under this funding scenario, council would need to amend the Downtown Urban Renewal Plan to increase the spending limit, which would continue the current collection and redistribution of tax revenue. The City Manager recommended this funding option at the February 10, 2010, work session with the following provisions:

- a) the district stop functioning after the projects are complete (estimated for FY2018/2019)
- b) a review panel of community members prepare an annual report on spending
- c) language in the plan be modified to only allow for a limited number of specific projects
- d) boundary expansion for the VA.

Summary points:

- Uses current Downtown District tax increment financing to pay for all project costs
- Lowest overall cost for the projects because it pays debt back over the shortest period of time
- No change in taxes (continues \$1.66 bond rate increase)
- Frees up General Fund revenue earlier (13 years earlier than other options)
- No vote required (could be referred)
- Interest cost on new debt = \$2.2 million
- Total cost = \$21.7 million

RELATED CITY POLICIES

Downtown revitalization and the projects referenced in this material are supported by the Downtown Plan, the council's 2009 Vision and Goals, and a number of plans and reports related to downtown.

URA BOARD OPTIONS

1. Adopt the suggested motion to select the Downtown Urban Renewal funding option.
2. Reject the Downtown Urban Renewal funding option and reconvene as the City Council to address other funding options.
3. Take no action.

AGENCY DIRECTOR'S RECOMMENDATION

The Agency Director recommends moving forward on the downtown revitalization projects using the Downtown Urban Renewal funding option because it is:

- Responsive to community desires to improve downtown safety, increase jobs, and support local businesses, education and the economy;
- Limits economic impacts to individuals, projects, and the General Fund by not creating a new tax; by maintaining General Fund flexibility and returning new General Fund revenue earlier; by minimizing interest costs; and by returning tax revenue to other jurisdictions once the projects are done
- Immediate ability to implement and begin improvements this summer
- Accomplishes downtown goals with resources intended for these purposes
- Allows for continuation of the Downtown Revitalization Loan Program to assist with local business and tenant development downtown

The requested action is to forward the proposed amendments to the Downtown Urban Renewal Plan to the Planning Commission and overlapping taxing districts for their review and input prior to holding a public hearing before the City Council. (Attachment K includes a draft of the amended plan. Attachment L includes a report on the plan that sets out financial information about the impact of the plan. The plan amendment process is described in Attachment J.)

SUGGESTED MOTION

Move to forward to the Planning Commission and overlapping taxing districts the proposed amendments to the Downtown Urban Renewal Plan, consistent with the draft plan and report included in Attachments K and L.

ATTACHMENTS

- A. Summary of Council Discussions and Actions on Economic Development and Downtown
- B. Downtown Strategies and Projects Diagram
- C. Projects Information Update
- D. Comparison of the Funding Options
- E. Taxpayer Impact for Each Funding Option – *Example Tax Statements*
- F. Existing Resources – *Funding Option*
- G. Downtown District No Longer Collects Tax Increment – *Impact*
- H. General Obligation Bond – *Funding Option*
- I. Local Option Levy – *Funding Option*
- J. Downtown Urban Renewal – *Funding Option*
- K. Proposed Downtown Urban Renewal Plan
- L. Report on the Downtown Urban Renewal Plan

FOR MORE INFORMATION

Staff Contact: Sue Cutsogeorge, Finance Director
Telephone: 541-682-5589
Staff e-mail: sue.l.cutsogeorge@ci.eugene.or.us

Staff Contact: Amanda Nobel Flannery, Development Analyst
Telephone: 541-682-5535
Staff e-mail: amanda.nobel@ci.eugene.or.us

Summary of Council Discussions & Actions on Economic Development & Downtown

Council's discussion of downtown revitalization is part of a larger conversation on local economic development actions. Part I is a summary of those discussions and decisions from the past year. Part II is a summary of public involvement on downtown revitalization.

PART I

February 22, 2010: Council resumed discussion of the remaining motions that were already on the table from the February 10 work session and voted as follows:

- 1.d. Present to the Urban Renewal Agency Board for its review a proposed amendment to the downtown urban renewal plan that would 1) restrict the use of tax increment funds and increase the spending limit to pay for (i) the Broadway Place Garages' debt, thereby freeing up funds for additional police officers for downtown public safety and property crime reduction, and (ii) not more than three other projects if their inclusion is approved by later motions, and 2) terminate the downtown urban renewal district as soon as the projects are paid for or sufficient funds are collected to fund those projects. In addition, present to the council, at the same time that the City Manager brings forward a draft amendment to the urban renewal plan, an analysis of both a local option levy and a general obligation bond, instead of tax increment financing, to fund the specified projects. *(Passed 6:2 Brown, Taylor opposed)*
- 1.e. Bring back to council this spring a proposed ordinance requiring vacant properties to pay Downtown Service District fees; and *(Passed 7:1 Clark opposed)*
- 1.f. Work with Downtown Eugene, Inc. and the Chamber of Commerce on partnerships and other funding strategies with a goal of achieving \$350,000 in revenue. *(Passed 6:2 Brown, Taylor opposed)*
- 1g: Direct the City Manager to limit new annual expenditures for the downtown safety initiative to \$2.2 million. *(Passed 7:1 Clark opposed)*

2. Include for the proposed downtown Lane Community College development at 10th and Charnelton \$8 million as part of a proposed urban renewal plan amendment, local option levy, and general obligation bond, a portion of which can facilitate a public plaza or open space area at that site and potentially a downtown public safety substation. *(Passed 6:2 Brown, Taylor opposed)*

3. Include as part of a proposed urban plan amendment, local option levy, and general obligation bond, an additional \$500,000 for improvements to the Parks Blocks to enhance that area for the Farmers' Market. *(Passed 5:3 Brown, Solomon, Taylor opposed)*

4. If the VA pursues PeaceHealth's Willamette Street site for a new VA Clinic, include the VA Clinic as part of a proposed urban renewal plan amendment, local option levy, and general obligation bond. *(Passed 6:2 Brown, Taylor opposed)*

5. Pursue additional grant opportunities for steam conversion and electric vehicle charging stations. *(Passed 8:0)*

6. To look for all other possible sources of funding for the LCC project, aside from a GO bond or levy and excluding the use of Facility Reserves, and including the Urban Renewal funds we currently have. *(Passed 7:1 Brown opposed)*

February 10, 2010: Council reviewed the City Manager's recommendation for downtown projects and funding options. Council adopted three motions prior to postponing the remainder of the discussion to February 22.

1. a. Use \$100,000 of one-time existing urban renewal dollars to purchase and install additional lighting downtown and \$100,000 of one-time dollars (½ from telecomm and ½ from existing urban renewal) to purchase automated behavior crime reporting software and cameras, but only after the Council approves the Manager's plan for number, location, use and on-going costs of the cameras, after considering the cameras expected effectiveness in deterring crime.
(passed 8:0)
 1. b. Pursue use of Springfield jail beds to include the exchange for Springfield's use of Eugene Fire's Training Center. *(Passed 5:3 Brown, Taylor, Zelenka opposed)*
 1. c. Include in the Manager's proposed FY11 budget \$500,000 of the City's HSC contribution for partial funding of the downtown safety initiative, including additional services like Cahoots.
(passed 8:0)
- Moved to postpone *(Passed 6:2 Brown, Taylor opposed)*

January 11, 2010: Council reviewed funding options and discussed connections between options and seven specific projects.

December 14, 2009: Council reviewed eight specific projects to implement the four strategies for downtown revitalization.

October 21, 2009: Council approved continuing downtown discussions according to a set revitalization process and requested staff to return with specific projects and potential tools to implement four strategies for downtown revitalization.

September 14, 2009: On September 14, council reviewed initial results of a downtown revitalization survey conducted by Strategy Research Institute. Similar to the survey conducted the prior year for the road bond, the downtown survey was conducted to provide specific information on the level of community support for particular policies and actions under consideration. The full set of survey questions, response percentages, and a sample cross tabulation by council ward were attached to a memo for council dated October 1.

August 10, 2009: At a workshop, council discussed and categorized desired downtown outcomes after reviewing a summary of the current downtown-related policies, plans, and prior public involvement efforts. Following the workshop, staff compiled councilors' outcomes into collective statements using the model from the City Council Consensus Workshop Report February 6-7, 2009 prepared by Consensus Associates.

July 8, 2009: Council held a follow-up work session on methods to reinforce existing programs and businesses downtown and to create a series of stimulus actions to strengthen the City's role in

community economic development. No formal action was taken; however, council did express interest in talking about desired downtown outcomes prior to resuming discussion on the various tools available for achieving those outcomes.

April 13 & May 27, 2009: Council completed an initial review of possible local stimulus actions on April 13. On May 27, council approved actions on three economic development related items: 1) sale of surplus City real estate for identified development projects, 2) initiation of amendments to extend the expiration period for approved land use applications, and 3) consideration of an amendment to the Downtown Urban Renewal Plan. [On November 9, council approved extending the life of approved land use applications to help projects that may have stalled during difficult economic conditions. The ordinance provides a one-time, automatic three-year extension for certain land use applications that have already gone through a public process and been approved by the City. Council received a memo on strategies for the sale of surplus property dated December 3.]

January 2009: Council unanimously approved a City of Eugene Mayor and City Council Economic Development Statement.

PART II – Summary of Public Involvement on Downtown Revitalization

February 2010: As of February 25, the Vibrant Eugene website had 852 visitors. The Vibrant Eugene online discussion board has 8 discussion topics posted for community input.

January 2010: Staff held two open house events to share information and gather feedback on the potential projects (January 6 and 7) and gathered additional feedback through an online survey. The LCC project received the most support. The downtown parking improvements project received the least amount of support.

On January 28, ERAC considered the projects and supported a priority ranking of LCC, Business Assistance & Housing, VA Clinic, and Safety, as the top four projects. Staff also presented the projects to the Sustainability Commission on January 20 and attended the January 21 Downtown Neighborhood Association meeting to provide an update on council's progress.

November 2009: Vibrant Eugene website and surveys were promoted at First Friday Artwalk with an incentive of Hult Center ticket drawing for survey respondents. The local KVAL news station held a televised town hall on downtown revitalization and safety.

December 2010: ERAC met to review proposed downtown projects. The Vibrant Eugene website added an online community discussion board (<http://vibranteugene.activeboard.com/index.spark>).

October 2009: Vibrant Eugene website (www.vibranteugene.org) was launched providing information on downtown revitalization efforts and opportunities, an on-line survey to collect public input and a Downtown Eugene twitter (<http://twitter.com/DowntownEugene>).

ERAC reviewed the downtown revitalization survey results and the proposed downtown strategies of jobs and redevelopment, safety, parking, and arts and amenities. The Planning Commission reviewed the downtown revitalization public involvement plan and survey results.

September 2009: A random sample telephone survey on downtown revitalization was conducted in late August and early September. Results from the survey mirrored the council's desire to focus on specific projects as part of a downtown revitalization plan. Survey results indicated that 86% of respondents support the expansion of LCC's downtown campus, 85% support a Veteran's Medical clinic, and 70% of respondents support matching grants to improve local businesses. After hearing a specific list of potential downtown revitalization projects, 70% of respondents supported this form of economic development, and 53% reported supporting subsidies for economic development downtown. Other priorities for downtown revitalization mentioned in the survey included adequate/free parking, greater police presence, and easing regulations/providing incentives for locating businesses downtown.

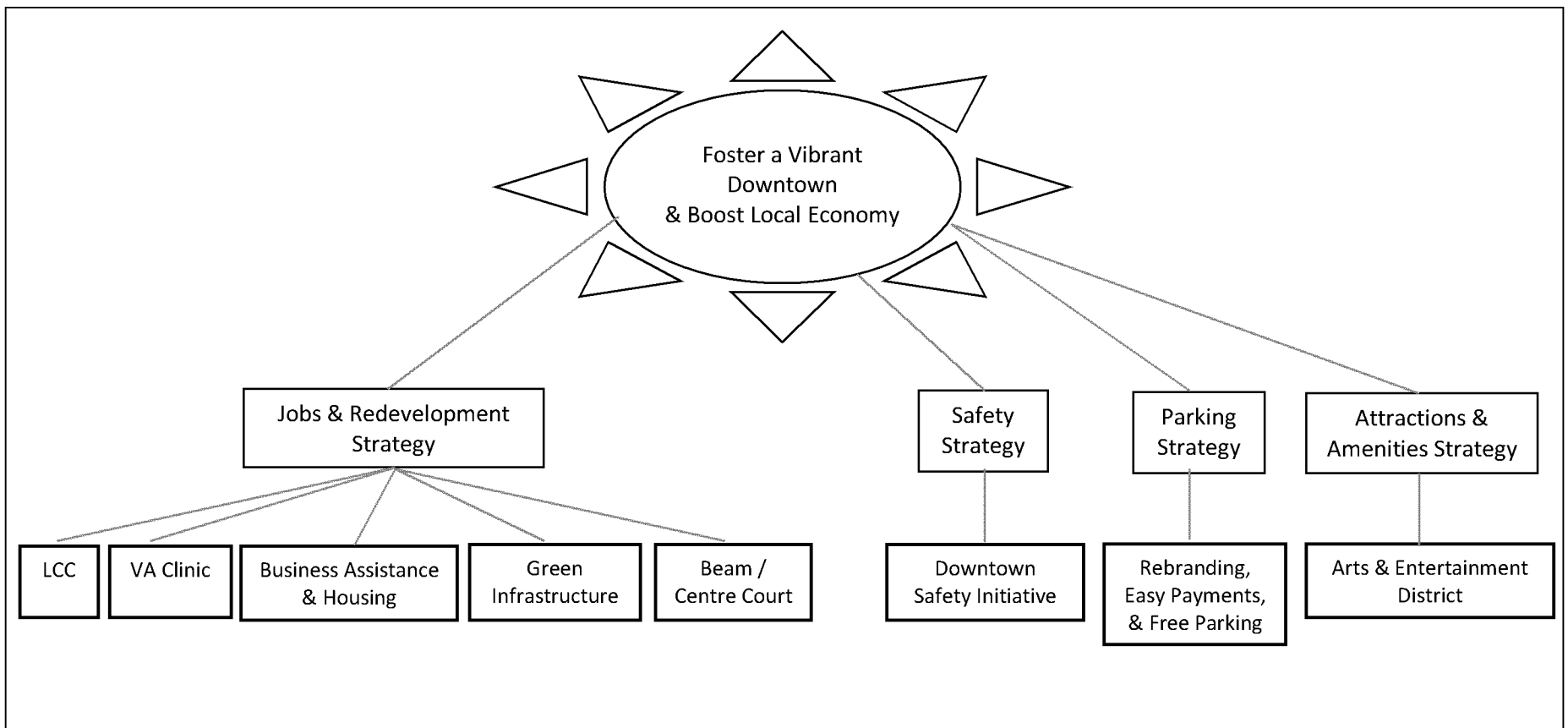
The Planning Commission received an update on downtown revitalization and reviewed a summary of downtown related plans.

July 2009: City Manager presented at a Downtown Neighborhood Association meeting.

Previous years: The City has done public outreach on the potential redevelopment of downtown including creating the Downtown Vision, Downtown Plan, and the West Broadway Advisory Committee Recommendations.

Downtown Strategies and Projects Diagram

The eight projects discussed in December are grounded in council’s recent downtown collective statements and strategies; public input from the downtown revitalization survey; prior public involvement; and planning documents. They are designed to contribute to boosting the local economy and fostering a vibrant downtown through the four downtown strategies (jobs and redevelopment, safety, parking, and attractions and amenities). The projects shown below were a starting point for public and council discussions and adjusted based on subsequent conversations.



Projects Information Update

Farmers' market stated need – In January, staff met with the Executive Director of Lane County Farmers' Market to discuss the current location at the Park Blocks. At that time, several specific improvements were mentioned that would enable the Farmers' Market to stay and grow at the Park Blocks. These included the following:

1. Street improvements along 8th Avenue, such as narrowing the street or curb extensions (without closing 8th Avenue, since that action would limit the transportation/access options)
2. Public toilets (or even portable facilities) in the back corner on the north end of Park Street
3. Relocating or modifying the wall at the south-east corner, behind the Hey Bales stand
4. Electrical upgrades and improved access particularly along Park Street
5. Improvements in the right of way along Park Street to enable the farmers' booths to be more compatible with nearby businesses
6. Free parking for customers in the Butterfly Lot
7. Free parking for the Farmers' Market (continuing the policy recently initiated)
8. Addressing the customer "bottleneck" on the south-west corner, such as by relocating trees or adding permeable pavers
9. Landscape changes or additional maintenance of the grassy areas
10. Exploring the possibility of expanding Farmers' Market activities into the Free Speech Plaza

LCC's Projected Need – LCC has secured \$17.5 million derived from their local bond measure (\$9 million), State matching funds (\$8 million), and a federal energy-related grant (\$500,000). The pending feasibility analysis will include a detailed project cost estimate (not including land acquisition). LCC is seeking New Market Tax Credits, potential federal stimulus dollars, and \$8 million from the City to help complete the project financing. LCC has indicated that debt financing for the education building is not possible because there are no operating funds in their education program budget to pay debt service.

Status of the Veterans Affairs Clinic Relocation – The VA received 5 responses to its December request for proposals. The VA has scheduled site visits during the first two weeks of March. By mid-June the VA will issue a "solicitation" for one or more selected sites for responders to provide design and financing information. The lease award is estimated for the last quarter of 2010 or the first quarter of 2011. Occupancy is targeted to December 2012.

The 12th and Willamette site is only one of the possible locations and the City has limited influence on site selection. The City can, however, help make the 12th and Willamette site more competitive in the selection process by helping to fund energy upgrades and building/infrastructure improvements.

Comparison of the Funding Options

(\$ in millions)

	Existing Resources	GO Bond	Local Option Levy	Downtown Urban Renewal
SOURCES OF FUNDS				
Urban Renewal – Existing Cash	\$2.4	\$2.4	\$2.4	\$4.0
Urban Renewal – Future Revenue ¹	--	--	--	9.1
Liquidate the Downtown Loan Program	1.9	--	--	--
New Debt Paid from General Fund or Urban Renewal	7.0	1.2	9.5	7.7
General Fund Revenue ¹	8.6	8.8	8.9	--
Reallocate Existing General Fund Services	4.8	--	--	--
Debt Paid by New Tax – GO Bond for LCC	--	8.2	--	--
Local Option Levy for Police	--	--	5.7	--
Parking Fund for Police FY19 ²	--	--	--	0.9
Interest on GO Bonds from Property Taxes ¹	--	4.9	--	--
Total Sources	\$24.7	\$25.5	\$26.5	\$21.7
USES OF FUNDS				
Pay for LCC, VA, Farmers' Market	\$11.0	\$11.0	\$11.0	\$11.0
Pay for Police Officers thru FY19 ²	7.3	7.3	7.3	7.3
Legal/Debt Issuance/Administration	1.2	1.3	1.2	1.2
Interest Cost on New Debt	5.2	5.9	7.0	2.2
Total Uses	\$24.7	\$25.5	\$26.5	\$21.7
Reallocation of Existing General Fund – annual amount	\$0.45	--	--	--
Voter Approval	No	Required	Required	Could be referred
Amount of GO Bond / 5 Year Levy (thru FY19)	--	\$8.2	\$5.7	--
Change to Median Taxpayer – annual amount ³	(\$1.66)	\$7.34	\$7.34	--
Year \$ Returned to General Fund for Other Purposes ⁴	2032	2032	2032	2019
Downtown Loan Program Status	Discontinued	Continued	Continued	Continued

Note: Cost of funding police officers, and associated revenues, shown through FY19 only. FY19 was chosen as the ending point to match the expected ending point for tax increment financing.

¹ Excludes the principal on debt to avoid double-counting.

² For UR scenario, district pays for parking debt (principal & interest) through FY18. Parking Funds pay General Fund for police officers through FY19.

³ Per the County Assessor, a taxpayer with an assessed value of \$158,477 in FY10, with a total tax bill of \$2,938.

⁴ General Fund bonds repaid over 20 years. Local Option Levy voted on every 5 years.

ATTACHMENT E

Taxpayer Impact for Each Funding Option – Example Tax Statements

Below are four example property tax statements, one for each of the funding options, based on the median home value in Eugene. A comparison of the taxpayer impact is also included as the last page of this attachment. These example tax bills are for information and comparison purposes only with the assumption that the change in bonds or levy taxes and/or urban renewal occurs in the current year. The actual timing of tax bill impacts will be different due to election requirements and year-to-year changes in assessed values. Note that these examples do not take into account the impact on Measure 5 compression, if any, on school taxes.

7-1-2010 TO 6-30-2011 REAL PROPERTY TAX STATEMENT
 LANE COUNTY 125 E. 8TH AVE. EUGENE, OR 97401
 (541) 682-4321

ACCOUNT NUMBER: 10101010	
SITUS ADDRESS:	1862 EUGENE ST. EUGENE, OR 97401
PROP:	ACRES: 0.10
TCA:	
MAP:	
	1862 EUGENE ST. EUGENE, OR 97401

VALUES AS OF 01/01/2009	LAST YEAR	THIS YEAR
REAL MARKET VALUE		
LAND		
STRUCTURES		
TOTAL		
M5 SPECIALLY ASSESSED VALUE		
M5 REAL MKT VALUE		
ASSESSED VALUE		158,447
EXEMPTIONS		
TAXABLE VALUE		158,447

MORTGAGE CO:
LOAN #:

Full Payment with 3% Discount	2/3 Payment with 2% Discount	1/3 Payment No Discount
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<p>Tax Statement With Existing Resources <i>(tax increment is terminated)</i> <i>(Example ONLY)</i></p>
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CURRENT TAX BY DISTRICT

CE Eugene School District	748.99
CE Eugene School District LO	236.61
CE Lane Community College	97.75
CE Lane Education Service Dist	35.24
 Education Totals:	 1,118.59
 CE City of Eugene	 1,105.96
CE City of Eugene - LO Library	36.60
CE Lane County	201.96
Eugene Urban Renewal Downtown	0.00
Eugene Urban Renewal Riverfront	11.75
 General Government Totals:	 1,356.27
 CE City of Eugene Bond I	 51.34
CE City of Eugene Bond II	135.68
CE Eugene School District Bond I	90.60
CE Eugene School District Bond II	128.10
CE Lane Community College Bond (II)	37.00
CE Lane County Bond	18.51
 Bonds Totals:	 461.22
 2009 - 2010 TAXES	 2,936.08
TOTAL TAX	2,936.08

7-1-2010 TO 6-30-2011 REAL PROPERTY TAX STATEMENT
 LANE COUNTY 125 E. 8TH AVE. EUGENE, OR 97401
 (541) 682-4321

ACCOUNT NUMBER: 10101010	
SITUS ADDRESS:	1862 EUGENE ST. EUGENE, OR 97401
PROP:	ACRES: 0.10
TCA:	
MAP:	
	1862 EUGENE ST. EUGENE, OR 97401

VALUES AS OF 01/01/2009	THIS YEAR
REAL MARKET VALUE	
LAND	
STRUCTURES	
TOTAL	
M5 SPECIALLY ASSESSED VALUE	
M5 REAL MKT VALUE	
ASSESSED VALUE	158,447
EXEMPTIONS	
TAXABLE VALUE	158,447

MORTGAGE CO:
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Full Payment with 3% Discount	2/3 Payment with 2% Discount	1/3 Payment No Discount
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CURRENT TAX BY DISTRICT

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 Education Totals:	 1,118.59
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CE Lane County	201.96
Eugene Urban Renewal Downtown	0.00
Eugene Urban Renewal Riverfront	11.75
 General Government Totals:	 1,356.27
 CE City of Eugene Bond I	 51.34
CE City of Eugene Bond II	135.68
CE City of Eugene - DT Bond	9.00
CE Eugene School District Bond I	90.60
CE Eugene School District Bond II	128.10
CE Lane Community College Bond (II)	37.00
CE Lane County Bond	18.51
 Bonds Totals:	 470.22
 2009 - 2010 TAXES	 2,945.08
TOTAL TAX	2,945.08

<p style="font-size: 1.2em; font-weight: bold;">Tax Statement With General Obligation Bond <i>(Example ONLY)</i></p>
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7-1-2010 TO 6-30-2011 REAL PROPERTY TAX STATEMENT
 LANE COUNTY 125 E. 8TH AVE. EUGENE, OR 97401
 (541) 682-4321

ACCOUNT NUMBER: 10101010	
SITUS ADDRESS:	1862 EUGENE ST. EUGENE, OR 97401
PROP:	ACRES: 0.10
TCA:	
MAP:	
	1862 EUGENE ST. EUGENE, OR 97401

VALUES AS OF 01/01/2009	THIS YEAR
REAL MARKET VALUE	
LAND	
STRUCTURES	
TOTAL	
M5 SPECIALLY ASSESSED VALUE	
M5 REAL MKT VALUE	
ASSESSED VALUE	158,447
EXEMPTIONS	
TAXABLE VALUE	158,447

MORTGAGE CO:
LOAN #:

Full Payment with 3% Discount	2/3 Payment with 2% Discount	1/3 Payment No Discount
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CURRENT TAX BY DISTRICT

CE Eugene School District	748.99
CE Eugene School District LO	236.61
CE Lane Community College	97.75
CE Lane Education Service Dist	35.24
Education Totals:	1,118.59
CE City of Eugene	1,105.96
CE City of Eugene - LO Library	36.60
CE City of Eugene - DT Levy	9.00
CE Lane County	201.96
Eugene Urban Renewal Downtown	0.00
Eugene Urban Renewal Riverfront	11.75
General Government Totals:	1,365.27
CE City of Eugene Bond I	51.34
CE City of Eugene Bond II	135.68
CE Eugene School District Bond I	90.60
CE Eugene School District Bond II	128.10
CE Lane Community College Bond (II)	37.00
CE Lane County Bond	18.51
Bonds Totals:	461.22
2009 - 2010 TAXES	2,945.08
TOTAL TAX	2,945.08

<p>Tax Statement with Local Option Levy <i>(Example ONLY)</i></p>
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7-1-2010 TO 6-30-2011 REAL PROPERTY TAX STATEMENT
 LANE COUNTY 125 E. 8TH AVE. EUGENE, OR 97401
 (541) 682-4321

ACCOUNT NUMBER: 10101010	
SITUS ADDRESS:	1862 EUGENE ST. EUGENE, OR 97401
PROP:	ACRES: 0.10
TCA:	
MAP:	
	1862 EUGENE ST. EUGENE, OR 97401

VALUES AS OF 01/01/2009	THIS YEAR
REAL MARKET VALUE	
LAND	
STRUCTURES	
TOTAL	
M5 SPECIALLY ASSESSED VALUE	
M5 REAL MKT VALUE	
ASSESSED VALUE	158,447
EXEMPTIONS	
TAXABLE VALUE	158,447

MORTGAGE CO:
LOAN #:

Full Payment with 3% Discount	2/3 Payment with 2% Discount	1/3 Payment No Discount
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CURRENT TAX BY DISTRICT

CE Eugene School District	739.20
CE Eugene School District LO	236.61
CE Lane Community College	96.72
CE Lane Education Service Dist	34.87
Education Totals:	1,107.40
CE City of Eugene	1,094.17
CE City of Eugene - LO Library	36.60
CE Lane County	199.82
Eugene Urban Renewal Downtown	27.03
Eugene Urban Renewal Riverfront	11.75
General Government Totals:	1,369.37
CE City of Eugene Bond I	51.35
CE City of Eugene Bond II	135.68
CE Eugene School District Bond I	90.43
CE Eugene School District Bond II	128.10
CE Lane Community College Bond (II)	37.00
CE Lane County Bond	18.41
Bonds Totals:	460.97
2009 - 2010 TAXES	2,937.74
TOTAL TAX	2,937.74

**Tax Statement with
 Downtown Urban Renewal
 Current Situation
 (Example ONLY)**

Below is a comparison of the taxpayer impact of the four funding options.

FUNDING OPTIONS

	Existing Resources *	General Obligation Bond	Local Option Levy	Downtown Urban Renewal
CE Eugene School District	748.99	748.99	748.99	739.20
CE Eugene School District LO	236.61	236.61	236.61	236.61
CE Lane Community College	97.75	97.75	97.75	96.72
CE Lane Education Service Dist	35.24	35.24	35.24	34.87
<i>Education Totals:</i>	<i>1,118.59</i>	<i>1,118.59</i>	<i>1,118.59</i>	<i>1,107.40</i>
CE City of Eugene	1,105.96	1,105.96	1,105.96	1,094.17
CE City of Eugene – LO Library	36.60	36.60	36.60	36.60
CE City of Eugene – DT Levy	0.00	0.00	9.00	0.00
CE Lane County	201.96	201.96	201.96	199.82
Eugene Urban Renewal Downtown	0.00	0.00	0.00	27.03
Eugene Urban Renewal Riverfront	11.75	11.75	11.75	11.75
<i>General Government Totals:</i>	<i>1,356.27</i>	<i>1,356.27</i>	<i>1,365.27</i>	<i>1,369.37</i>
CE City of Eugene Bond I	51.34	51.34	51.34	51.35
CE City of Eugene Bond II	135.68	135.68	135.68	135.68
CE City of Eugene – DT Bond	0.00	9.00	0.00	0.00
CE Eugene School District Bond I	90.60	90.60	90.60	90.43
CE Eugene School District Bond II	128.10	128.10	128.10	128.10
CE LCC Bond (II)	37.00	37.00	37.00	37.00
CE Lane County Bond	18.51	18.51	18.51	18.41
<i>Bond Totals:</i>	<i>461.22</i>	<i>470.22</i>	<i>461.22</i>	<i>460.97</i>
TOTAL TAX	2,936.08	2,945.08	2,945.08	2,937.74

* Existing resources do not include facility reserve. This funding option does, however, require cutting the general fund by \$480,000 per year.

Existing Resources – Funding Option
(excluding the facility reserve)

Under this funding scenario, existing resources include the proceeds from terminating the downtown urban renewal district tax increment financing, liquidating the Downtown Revitalization Loan Program (DRLP), and reprogramming existing General Fund. Existing resources do not include facility reserve or selling other assets. Further information is provided in the chart below and followed by other information specific to this funding option. A simplified cash flow is provided at the end. (Note: The chart format is the same in each funding option attachment.)

<p>Sources of Funds</p>	<ul style="list-style-type: none"> ○ Terminating tax increment financing in the Downtown District generates several funding sources <i>(See Attachment G)</i>: <ul style="list-style-type: none"> – New on-going property tax revenue to pay for <ul style="list-style-type: none"> ● on-going services ● annual payments on a \$7 million General Fund bond – Existing excess cash returned to City - \$1.5 million – Amount remaining under the \$33 million cap - \$0.9 million ○ Liquidating the DRLP - \$1.9 million ○ Reprogramming existing General Fund services to free up \$450,000 per year for part of Downtown Safety Initiative (officers) ○ Total sources through FY19 ~ \$24.7 million <p><i>See Section A below for items that are not included in this funding option.</i></p>
<p>Uses of Funds</p>	<ul style="list-style-type: none"> ○ All recommended projects ○ Police officers are funded from new General Fund property tax revenue on-going at \$740,000 starting in FY11 ○ Total uses through FY19 ~ \$24.7 million
<p>How it Works</p>	<p>See below for a cash flow projection that shows how the various sources are available to pay for project and on-going costs.</p>
<p>Implementation Costs</p>	<ul style="list-style-type: none"> ○ Interest on debt ~\$5.2 million ○ Bond issuance costs ~\$150,000 ○ Project legal and professional services ~\$150,000 ○ Project administration through FY19 ~\$900,000
<p>Impact on tax payers</p>	<p>Compared to the current situation, the average taxpayer would pay \$1.66 less per year under this scenario than if Downtown Urban Renewal were to continue operating. <i>(See Attachment G section 3 for more information and Attachment E for example tax statement.)</i></p>
<p>Effect on M5 tax rate cap</p>	<ul style="list-style-type: none"> ○ For schools – Staff has requested information from the tax assessor on this and will forward to council when received ○ For general governments – small additional amount available under the tax rate cap; since there is no compression currently, no impact on revenues to city or county ○ For bonded debt – not included in M5 tax rate cap, so no effect

Financial Impact on taxing districts	<ul style="list-style-type: none"> ○ Redistributes existing Downtown Urban Renewal cash (one-time) ○ Ends ongoing redistribution of taxes to Downtown Urban Renewal District <i>(See Attachment G and L for projected amounts available annually if tax increment financing were to be terminated.)</i>
Timing/Process	<ul style="list-style-type: none"> ○ Collection of tax increment funds would cease as of FY11 and taxing districts would receive one-time and on-going property tax revenues ○ Downtown Urban Renewal District may use remaining amount under the cap on projects included in the current district plan and approved by the URA Board. ○ Downtown District administration of Beam project is assumed to occur through FY11 under any scenario.
Voting/Elections	n/a
Unfunded Items	No more downtown loans
Other Impacts	New General Fund revenue freed up from tax increment financing termination may not provide sufficient funding to pay for inflation on the cost of police officers over time

Additional Information

A. Items not Included in the Existing Resources Funding Option

1. Facility Reserve (per council direction on February 22, 2010)

2. LCC Related Land Values
 - *LCC's existing property:* LCC's current downtown center is on Willamette between 10th & 11th avenues and was appraised at \$1.2 million. LCC needs to occupy the existing building until the new building is complete. The timing associated with selling the property after it has been vacated does not generate (or guarantee) funds that can be used for construction of the new building. LCC has asked the URA to commit to purchase the existing property up front so that the proceeds can be used for the new project, which will be part of the March 10 URA Board work session. If acquired, the property would be redeveloped for either private or public uses pending future action by the URA Board.
 - *URA's 10th & Charnelton Site:* LCC's projected financing gap includes zero land cost; therefore, granting the property to LCC does not reduce the \$8 million need.

3. Sale of City/URA Assets: The sales process (including council actions, advertising, negotiating, and closing) and market uncertainty related to the economy make it difficult to rely on sale proceeds in time to meet LCC's project needs. It may take a long period to identify a buyer and commitment of a specific amount of project funding based on a future sales price could be very volatile in this economy.

How it Works – Cash Flow Projections

The following chart shows a rough estimate of how this scenario would work.

Cash Flow Details

Use Existing Resources to Fund Projects and Eliminate Downtown Urban Renewal District Tax Increment Financing

Note: In order to show the full picture of what happens over time in this scenario, this cash flow **double-counts debt (principal) proceeds**: first, as an amount available to spend on projects, and second, as the debt is repaid over time.

\$ In Millions	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	Debt Pmts <u>FY20-31</u>	<u>Totals</u>
SOURCES											
Beginning Balance	\$0.0	\$0.7	\$0.4	\$0.1	\$0.1	\$0.2	\$0.3	\$0.4	\$0.5	\$0.0	\$0.0
Urban Renewal Tax Increment Funds	\$4.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$4.3
General Fund Revenue	\$1.3	\$1.4	\$1.4	\$1.5	\$1.5	\$1.6	\$1.6	\$1.7	\$1.7	\$7.3	\$21.1
Debt Issued	\$7.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$7.0
Local Option Levy Proceeds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GO Bond Property Taxes for Debt Service Pmts	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<u>\$0.0</u>	<u>\$0.0</u>
Total Sources	\$12.6	\$2.1	\$1.8	\$1.6	\$1.7	\$1.8	\$1.9	\$2.1	\$2.3	\$7.3	\$32.4
USES											
LCC, VA, Farmers Market Project Costs	\$11.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$11.0
Police Officers	\$0.7	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$0.0	\$7.3
Debt Issuance, Legal & Professional Services	\$0.2	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3
Project Administration	\$0.0	\$0.2	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	\$0.7
Debt Service	\$0.0	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	<u>\$7.3</u>	<u>\$12.2</u>
Total Uses	\$11.9	\$1.6	\$1.6	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.6	\$7.3	\$31.5
Ending Balance	\$0.7	\$0.4	\$0.1	\$0.1	\$0.2	\$0.3	\$0.4	\$0.5	\$0.7		

Note: Numbers may not add due to rounding.

Downtown District No Longer Collects Tax Increment – Impact

If the spending limit for the Downtown Urban Renewal Plan is not increased, the Downtown District will:

- 1) stop collecting tax increment funds, changing the on-going distribution of taxes;
- 2) provide any remaining tax increment cash in the Downtown District to the County for redistribution to the overlapping taxing districts (one-time funds); and
- 3) result in a very small reduction to the tax rates for bonded debt.

Below is an explanation and the estimated amounts for each of the three types of impacts.

1. On-Going Impact¹

The chart below sets out the estimated amount of forgone revenue that each of the overlapping taxing districts experienced in the current fiscal year as a result of the Downtown Urban Renewal District. These estimates take into account the effect of the early payment discount and delinquent taxpayers on revenues to each taxing district.

Measure 5 Category	District/Purpose	Amount
Schools *	Eugene School District 4j	\$550,000
	Eugene School District Local Option Levy	0
	Lane Community College	70,000
	Lane ESD	<u>30,000</u>
	Total School Taxes	650,000
General Government	City of Eugene	810,000
	City of Eugene Library Local Option Levy	0
	Lane County	<u>150,000</u>
	Total General Government	960,000
Bonded Debt**	City of Eugene Bonds I	40,000
	City of Eugene Bonds II	0
	Lane County Bonds	10,000
	Eugene School District 4j Bonds I	70,000
	Eugene School District 4j Bonds II	0
	Lane Community College Bonds II	<u>0</u>
	Total Bonded Debt	<u>120,000</u>
Total for All Districts		\$1,730,000

* Amounts listed for schools do not represent the net impact to their respective operating budgets. See "Impact on Schools" section below.

**Bonds I were approved by voters prior to October 2001; Bonds II were approved by voters after October 2001. See item #3 for "Bond Rate Impact."

¹ The impact of the Downtown Urban Renewal District on overlapping taxing districts is explained in the report on the plan (Attachment L Chapter 9).

If the City of Eugene terminated tax increment financing in the Downtown District, the City's General Fund would receive an estimated \$810,000 in additional property taxes, using current year data. The Downtown District pays the General Fund for a portion of the City's shared overhead services, such as payroll, accounts payable, human resources and information services. The General Fund would lose that on-going revenue if tax increment financing were terminated. The FY10 amount paid by the Downtown District is \$17,500, so that is subtracted from the additional property taxes received in order to determine the net benefit to the General Fund. (For the purposes of this AIS, the on-going amount will bond for \$7 million in the "Existing Resources" option, \$1.2 million in the "GO Bond" option, and \$9.5 million in the "Local Option Levy" option. See Attachments F, H, I, and J.)

Impact on Schools

The net impact of the Downtown District on local schools is a loss of about \$31,000 per year (based on FY10) after accounting for the State's system for school funding. The State determines how much money must be allocated for the education of each pupil across the state. If the money is not available from local property taxes, the State will make up the difference. In FY10, the Downtown District diverted \$650,000 of local property taxes that would have gone to local education. The State made up the difference.

If the Downtown District had not diverted those funds, the State would have had the additional \$650,000 to allocate as it chose. In other words, the State could have chosen to allocate the money to education or to some other budgetary priority. Had the State chosen to keep the money in education, some of that money would have returned to Eugene schools based on the applicable statewide school funding formula. Under the formula, Eugene School District 4j would have received about \$20,000; Lane Community College would have received about \$10,000; and Lane Education Service District would have received about \$1,000.

As a result of the Downtown District, the State provided a net \$629,000 for spending in Eugene in FY10. Without the Downtown District tax increment financing, those funds would likely have been used to fund school districts throughout the state instead.

Measure 5 & Compression: The taxes generated by the local option levy for Eugene School District 4j are not directly affected by termination of downtown urban renewal tax revenue collections, but there may be an indirect impact from Measure 5 compression on the levy. Staff has asked the Tax Assessor to provide information on this topic; that information will be provided to the URA Board/City Council when it is available.

Impact on Tax Bills and Tax Rates

The impact of urban renewal is a redistribution of taxes from schools, city, and county line items into an urban renewal line item. (A detailed explanation and example is shown in the Report on the Plan included in Attachment L.) If the Downtown District tax increment financing was terminated, there would be some shifting of the amounts on the line items within an individual tax bill, and a small decrease in bonded debt tax rates. (See Section 3 below.)

2. One-Time Impact

Below is information on the remaining cash in the Downtown District that would be provided to the County for redistribution to the overlapping taxing districts (one-time funds).

History of one-time funds

In 1998, council decided to finance the library with Downtown Urban Renewal funds. The least expensive way to do this was to use City of Eugene borrowing, which was repaid by downtown urban renewal funds. At that time, the urban renewal system was changing significantly and revenues were unpredictable. Since the City's General Fund was back-up in the event that urban renewal revenues were short of being able to pay the bonds, the borrowing was structured to have a cushion that would protect the General Fund. A debt service reserve fund was also maintained to protect the General Fund from having to pay the debt service on these bonds. Council approved these fiscally responsible measures for financing the library, and safeguarding the General Fund.

The cushion that was built into the library financing plan was used to pay for a reduced level of administration in the District, and to pay for additional cash contributions to the library project. The total contribution from the Downtown District to the library project was about \$25 million of the \$36 million, representing nearly 70 percent of the capital cost for the new Library.

In 2004, with the construction of the library complete, the City Council amended the Downtown Urban Renewal Plan to:

- allow funding for other activities, including economic revitalization strategies;
- extend the termination date to June 30, 2024;
- add the Downtown Revitalization Loan Program (DRLP);
- create a public advisory committee to advise staff (Eugene Redevelopment Advisory Committee);
- add the requirement for specific URA Board approval of projects greater than \$250,000 (other than loans); and
- require a public hearing for minor amendments to the plan of \$100,000 (Section 1200, C of the existing Plan).

Current Estimate of One-time Funds Available from no Longer Collecting Tax Increment

The chart below sets out the current estimate of the amount of funds that could be available for redistribution to the overlapping taxing districts, if the Downtown District stopped collecting tax increment in FY11. This is an estimate based on the FY10 budget, current expectations about the items in the budget, and projected activity in FY11 that will be needed to carry out the Beam project. As shown, by the time administration of the Beam project, plus additionally approved projects to reach the \$33 million cap, are undertaken, an estimated \$3.2 million is left in tax increment funds for the Downtown District ("Reserves/Amount available" FY11).

Resources	FY10	FY11
Beginning Working Capital	\$5,896,382	\$4,357,039
Property Taxes	1,730,000	0
Interest Earnings	19,000	90,000
Total Resources	<u>\$7,645,382</u>	<u>\$4,447,039</u>
Requirements	FY10	FY11
Administration	\$330,000	\$330,000
Beam Project	265,000	0
Downtown Initiative	150,000	0
Miscellaneous Projects	134,593	0
Remaining Amount Under \$33 Million Cap	0	850,000
Library Debt Service	2,408,750	0
Total Expenditures	3,288,343	1,230,000
Reserves/Amount Available	4,357,039	3,267,039
Total Requirements	<u>\$7,645,382</u>	<u>\$4,447,039</u>

Amount Remaining Under Maximum Indebtedness Cap

If the Downtown District were to stop collecting tax increment funds, an estimated \$850,000 would be left under the current \$33 million maximum indebtedness cap. This is more than the \$0.5 million that was estimated last year at this time because it is updated for:

- 1) amounts actually spent in FY09, which was a little less than expected;
- 2) FY10 expectations, which include no expenditures for the WG project (\$440,000), and additional expenditures for the Downtown Safety Initiative projects approved by council (\$150,000)

Distribution of One-Time Tax Increment to Overlapping Districts

State law governs the redistribution among the taxing districts of any funds available when tax increment financing is terminated. The County Assessor provided a chart that shows the percentages that each district would receive, based on the current year's information. (The percentages change each year.) Based on an estimated \$3.2 million available for redistribution, the chart shows how the dollars would be split if the redistribution was based on current year percentages. These are one-time dollars that would be available for the districts and purposes shown.

District and Purpose	Percentage	Amount
City of Eugene – operating funds	47.0%	\$1,530,000
Lane County – operating funds	8.6%	280,000
Eugene School District 4j – operating funds *	31.9%	1,010,000
Lane Community College – operating funds	4.2%	140,000
Lane Education Service District – operating funds	1.5%	50,000
Eugene School District 4j – bond funds**	3.9%	130,000
Lane County – bond funds**	0.8%	30,000
City of Eugene – bond funds**	2.2%	70,000
Total	100.0%	\$3,270,000

* Staff has asked the State about net effect on schools in light of the school funding formula. It is not known yet whether 4j would get use of the additional funds, or whether they would offset State funds that otherwise would come to 4j.

**These dollars must be deposited into the jurisdiction’s bond funds to be used to pay debt service on general obligation bonds.

3. Bond Rate Impact

Urban renewal nominally affects voter-approved local option levies and bonds because the affected district has less property value to levy taxes against, resulting in slightly higher tax rates. (Urban renewal does not elongate debt repayment). For the Downtown District, which is a “Reduced Rate” plan, the increase in bonded debt tax rates only affects bonds that were approved by voters prior to October 2001, according to Oregon statutes.

An estimate was made of the impact of this small increase in bonded debt tax rates, assuming tax increment financing in the Downtown District was terminated. The bonded debt tax rates would be reduced by about \$0.0105 per \$1000 of assessed value, which would translate into a tax bill reduction of about \$1.66 per year for the average Eugene household. This is about 0.05% of the \$2,938 bill for the median taxpayer in the current year. (See Attachment E for example tax statements.)

General Obligation Bond – Funding Option

A General Obligation (GO) Bond is a borrowing or issuance of debt, the repayment of which is made from a property tax levied upon all taxable property in the City. Under this funding scenario, the City could ask voters to approve an \$8.2 million GO Bond (\$8 million for the project and bond issuance costs) to fund the LCC project cost. The City would also issue a \$1.2 million General Fund bond. Detailed information is provided in the chart below and followed by a simplified cash flow. (Note: The chart format is the same in each funding option attachment.)

<p>Sources of Funds</p>	<ul style="list-style-type: none"> ○ Termination of tax increment financing in the Downtown District generates several funding sources (<i>See Attachment G</i>): <ul style="list-style-type: none"> – New on-going property tax revenue for <ul style="list-style-type: none"> ● on-going services ● annual payments on a \$1.2 million General Fund bond – Existing excess cash returned to City - \$1.5 million – Amount remaining under the \$33 million cap - \$0.9 million ○ GO Bonds of \$8.2 million issued to pay for the LCC project and bond costs ○ Total sources through FY19 ~ \$25.5 million <p><i>This scenario assumes that the downtown loan program continues and is not depleted to pay for project costs.</i></p>
<p>Uses of Funds</p>	<ul style="list-style-type: none"> ○ All recommended projects ○ Police officers are funded from new General Fund property taxes on-going at \$740,000 starting in FY11 ○ Total uses through FY19 ~ \$25.5 million
<p>How it Works</p>	<p>Voters approve a new property tax. See below for a cash flow projection that shows how the various sources are available to pay for project and on-going costs.</p>
<p>Implementation Costs</p>	<ul style="list-style-type: none"> ○ Interest on debt ~\$5.9 million ○ Bond issuance costs ~\$300,000 (\$150,000 for each bond) ○ Project legal and professional services ~\$150,000 ○ Project administration through FY19 ~\$900,000
<p>Impact on taxpayers</p>	<p>Compared to the current situation, the average taxpayer would pay about \$7.34 more per year, consisting of a reduction of \$1.66 per year due to termination of tax increment financing, and \$9 per year for the new GO bond. (<i>See Attachment E for example tax statement.</i>)</p>
<p>Effect on M5 tax rate cap</p>	<ul style="list-style-type: none"> ○ For schools – Staff has requested information from the tax assessor on this and will forward to council when received ○ For general governments – small additional amount available under the tax rate cap; since there is no compression currently, no impact on revenues to city or county ○ For bonded debt – not included in M5 tax rate cap, so no effect
<p>Financial Impact on overlapping taxing districts</p>	<ul style="list-style-type: none"> ○ Redistributes existing Downtown Urban Renewal cash (one-time) ○ Ends ongoing redistribution of taxes to Downtown Urban Renewal District (<i>See Attachments G & L for projected amounts available annually if tax increment financing were to be terminated.</i>)

Timing/Process	<ul style="list-style-type: none"> ○ Collection of tax increment funds would cease as of FY11 and taxing districts would receive one-time and ongoing property tax revenues. ○ GO bond proceeds could be available ~3 months after a successful election. ○ Property taxes for GO Bonds would be levied starting in FY12. ○ Downtown Urban Renewal District may use remaining amounts under the cap on projects included in the current district plan and approved by the URA Board. ○ Downtown District administration of Beam project is assumed to occur through FY11 under any scenario.
Voting/Elections	<p><i>Referred by council:</i></p> <ul style="list-style-type: none"> ○ By June 28 for September 21 ballot (<i>double majority required</i>) ○ By August 9 for November 2 ballot
Unfunded Items	<p>Downtown loan program more limited (must operate on interest earnings instead of Downtown District administration).</p>
Other Imacts	<ul style="list-style-type: none"> ○ LCC project delayed to wait for results of ballot <ul style="list-style-type: none"> – Minimum: 1 year (project completed September 2014) – Maximum: no project, if rejected by voters ○ The new General Fund revenue freed-up from tax increment financing termination may not provide sufficient funding to pay for inflation on the cost of police officers over time

How it Works – Cash Flow Projections

The following chart shows a rough estimate of how this scenario would work.

Cash Flow Details

GO Bond for LCC project and Eliminate Downtown Urban Renewal District Tax Increment Financing

Note: In order to show the full picture of what happens over time in this scenario, this cash flow **double-counts debt (principal) proceeds**: first, as an amount available to spend on projects, and second, as the debt is repaid over time.

\$ In Millions	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Debt Pmts	Totals
										FY20-31	
SOURCES											
Beginning Balance	\$0.0	\$0.6	\$0.3	\$0.0	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2	\$0.0	
Urban Renewal Tax Increment Funds*	\$2.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4
General Fund Revenue*	\$0.9	\$0.9	\$1.0	\$1.0	\$1.0	\$1.0	\$1.1	\$1.1	\$1.1	\$1.3	\$10.3
Debt Issued	\$9.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.4
Local Option Levy Proceeds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GO Bond Property Taxes for Debt Service Pmts	\$0.0	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$7.7	\$13.0
Total Sources	\$12.7	\$2.2	\$1.9	\$1.7	\$1.7	\$1.8	\$1.9	\$1.9	\$2.0	\$9.0	\$35.1
USES											
LCC, VA, Farmers Market Project Costs	\$11.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$11.0
Police Officers	\$0.7	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$0.0	\$7.3
Debt Issuance, Legal & Professional Services	\$0.3	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5
Project Administration	\$0.0	\$0.2	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	\$0.7
Debt Service	\$0.0	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$9.0	\$15.2
Total Uses	\$12.0	\$1.8	\$1.8	\$1.6	\$1.6	\$1.7	\$1.7	\$1.7	\$1.7	\$9.0	\$34.6
Ending Balance	\$0.6	\$0.3	\$0.0	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2	\$0.3		

Note: Numbers may not add due to rounding.

* See Attachment G for full description.

Local Option Levy – Funding Option

A local option levy is a limited-term property tax that is paid by all property owners within the City limits. Under this funding scenario, the City would ask voters to approve a 5-year renewable local option levy for \$5.7 million. The City would also issue a \$9.5 million General Fund bond. Detailed information is provided in the chart below and followed by a simplified cash flow. (Note: The chart format is the same in each funding option attachment.)

<p>Sources of Funds</p>	<ul style="list-style-type: none"> ○ Termination of tax increment financing in the Downtown District generates several funding sources (<i>See Attachment G</i>): <ul style="list-style-type: none"> – New on-going property tax revenue for <ul style="list-style-type: none"> ● on-going services ● annual payments on a \$9.5 million General Fund bond – Existing excess cash returned to City - \$1.5 million – Amount remaining under the \$33 million cap - \$0.9 million ○ Local option levy of \$5.7 million to pay for a portion of the Downtown Safety Initiative (officers) ○ Total sources through FY19 ~ \$26.5 million <p><i>This scenario assumes that the downtown loan program continues and is not depleted to pay for project costs.</i></p>
<p>Uses of Funds</p>	<ul style="list-style-type: none"> ○ All recommended projects ○ Police officers are funded from 5-year renewable local option levy at \$740,000 starting in FY11 ○ Total uses through FY19 ~ \$26.5 million
<p>How it Works</p>	<p>New property tax. See below for a cash flow projection that shows how the various sources are available to pay for project and on-going costs.</p>
<p>Implementation Costs</p>	<ul style="list-style-type: none"> ○ Interest on debt ~\$7 million ○ Bond issuance costs ~\$150,000 ○ Project legal and professional services ~\$150,000 ○ Project administration through FY19 ~ \$900,000
<p>Impact on taxpayers</p>	<p>Compared to the current situation, the average taxpayer would pay about \$7.34 more per year, consisting of a reduction of \$1.66 per year due to termination of the Downtown Urban Renewal district, and \$9 per year for the new levy. (<i>See Attachment E for example tax statement.</i>)</p>
<p>Effect on M5 tax rate cap</p>	<ul style="list-style-type: none"> ○ For schools – Staff has requested information from the tax assessor on this and will forward to council when received ○ For general governments – small reduction in amount available under the tax rate cap; since there is no compression currently, no impact on revenues to city or county ○ For bonded debt – not included in M5 tax rate caps, so no effect
<p>Financial Impact on overlapping taxing districts</p>	<ul style="list-style-type: none"> ○ Redistributes existing Downtown Urban Renewal cash (one-time) ○ Ends ongoing redistribution of taxes to Downtown Urban Renewal District (<i>See Attachments G & L for projected amounts available annually if tax increment financing in the District were to be terminated.</i>)

Timing/Process	<ul style="list-style-type: none"> ○ Collection of tax increment funds would cease as of FY11 and taxing districts would receive one-time and ongoing additional property tax revenues. ○ Levy proceeds could be available in FY12, if there is a successful election by May of 2011. ○ Downtown Urban Renewal District may use remaining amount under the cap on projects included in the current district plan and approved by the URA Board. ○ Downtown District administration of Beam project is assumed to occur through FY11 under any scenario.
Voting/Elections	<p><i>Referred by council:</i></p> <ul style="list-style-type: none"> ○ By June 28 for September 21 ballot (<i>double majority required</i>) ○ By August 9 for November 2 ballot ○ Must be renewed every 5 years by a vote
Unfunded Items	Downtown loan program more limited (must operate only on interest earnings instead of downtown district administration).
Other Impacts	n/a

How it Works – Cash Flow Projections

The following chart shows a rough estimate of how this scenario would work.

Project Funding Details

LOL for portion of police officers (DT Safety Initiative) and Eliminate Downtown Urban Renewal District Tax Increment Financing

Note: In order to show the full picture of what happens over time in this scenario, this cash flow **double-counts debt (principal) proceeds**: first, as an amount available to spend on projects, and second, as the debt is repaid over time.

\$ In Millions	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	Debt Pmts	<u>Totals</u>
										<u>FY20-31</u>	
SOURCES											
Beginning Balance	\$0.0	\$0.9	\$0.5	\$0.1	\$0.1	\$0.1	\$0.0	\$0.2	\$0.3	\$0.0	
Urban Renewal Tax Increment Funds*	\$2.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4
General Fund Revenue*	\$0.9	\$0.9	\$1.0	\$1.0	\$1.0	\$1.0	\$1.1	\$1.1	\$1.1	\$9.9	\$18.9
Debt Issued	\$9.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.5
Local Option Levy Proceeds	\$0.0	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.8	\$0.8	\$0.8	\$0.0	\$5.7
GO Bond Property Taxes for Debt Service Pmts	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Sources	\$12.8	\$2.4	\$2.1	\$1.8	\$1.8	\$1.8	\$1.9	\$2.1	\$2.2	\$9.9	\$36.5
USES											
LCC, VA, Farmers Market Project Costs	\$11.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$11.0
Police Officers**	\$0.7	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$0.0	\$7.3
Debt Issuance, Legal & Professional Services	\$0.2	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3
Project Administration	\$0.0	\$0.2	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	\$0.7
Debt Service	\$0.0	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$9.9	\$16.5
Total Uses	\$11.9	\$1.8	\$1.8	\$1.7	\$1.7	\$1.7	\$1.7	\$1.8	\$1.8	\$9.9	\$35.8
Ending Balance	\$0.9	\$0.5	\$0.1	\$0.1	\$0.1	\$0.0	\$0.2	\$0.3	\$0.4		

Note: Numbers may not add due to rounding.

*See Attachment G for full description.

**One-time funds from termination of tax increment financing would be used to pay for officers in FY11. Levy proceeds would be received starting in FY12.

Downtown Urban Renewal – Funding Option

Under this funding scenario, council would need to amend the Downtown Urban Renewal District Plan to increase the spending limit, which would continue the redistribution of taxes. The City Manager recommended this funding option at the February 10, 2010 work session provided that:

- a) the district stop functioning after the projects are complete (estimated for 2019);
- b) a review panel of community members is established to prepare an annual report on spending; and
- c) language in the plan is modified to allow four specific projects only.

Further information is provided in the chart below and followed by other information specific to this funding option. A simplified cash flow is provided at the end. (Note: The chart format is the same in each funding option attachment.)

Sources of Funds	<ul style="list-style-type: none"> ○ Continue Downtown District tax increment financing ○ Amend Downtown District (<i>see section A below</i>): <ul style="list-style-type: none"> – Spending limit increase by \$16.15 million: <ul style="list-style-type: none"> ● allows initial access to funds for projects ● each project would need secondary URA Board/Budget Committee approvals – End District when projects completed (estimated for FY2018/19) ○ Includes parking fund for police in FY19 ○ Total sources through FY19 ~ \$21.7 million
Uses of Funds	<ul style="list-style-type: none"> ○ All recommended projects ○ Police funded through parking fund when URA assumes debt repayment for Broadway Place Garages (<i>See section B below</i>) ○ Total uses through FY19 ~ \$21.7 million
How it Works	Redistribution of taxes. See the cash flow projection below that shows how the various sources are available to pay for project and on-going costs.
Implementation Costs	<ul style="list-style-type: none"> ○ Debt issuance costs ~\$150,000 ○ Interest on new debt ~\$2.2 million ○ Project legal and professional services ~\$150,000 ○ Project and district administration through FY19 ~ \$900,000
Impact on taxpayers	<ul style="list-style-type: none"> ○ Not a new tax; no change in tax bill from this funding option ○ The bonded debt tax rate impact from the Downtown District is \$1.66 for the average household per year (\$0.0105/\$1000 of assessed value). (<i>See Attachment E for an example tax statement.</i>)
Effect on M5 tax rate cap	No change in M5 tax rate cap from this scenario
Financial Impact on overlapping taxing districts	<ul style="list-style-type: none"> ○ County \$150,000 (FY10 est.) ○ Net Schools less than \$31,000 (FY10 estimate) - <i>See section D below</i> (For more information see the report on the plan – Attachment L Chapter 9.)

Timing/Process	<ul style="list-style-type: none"> ○ Multiple part / month process <i>(See Section E below)</i> ○ If started March 8: <ul style="list-style-type: none"> – review by taxing districts, public, planning commission – public hearing April 19 – ordinance action May 24
Voting/Elections	<ul style="list-style-type: none"> ○ No election required ○ If referred by voters = November 2 ballot ○ If referred by Council: <ul style="list-style-type: none"> – By June 28 for September 21 ballot – By August 9 for November 2 ballot
Unfunded items	n/a
Other Impacts	n/a

Additional Information

A. Proposed Plan Amendments

The requested action will forward the possible amendments to the Downtown Urban Renewal Plan to the Planning Commission and overlapping taxing districts for their review and input prior to holding a public hearing with the City Council.

Three potential amendments to the Downtown Urban Renewal Plan are proposed at this time: (i) increase maximum indebtedness by \$16.15 million, for a total of \$49.15 million, for only the four specified projects; (ii) terminate the District as soon as projects are paid for, debt issued to fund the projects is repaid, or sufficient funds are collected to fund those projects or debt; and (iii) expand the boundaries of the District to incorporate the 12th and Willamette site for the VA Clinic.

Increasing the maximum indebtedness figure is necessary to allow the URA to spend tax increment dollars on additional projects. The current “maximum indebtedness” of \$33 million has nearly been spent, with the bulk spent on the library. ***Adopting a “maximum indebtedness” figure does not authorize or obligate the District to enter into debt.*** Rather, it allows the current and future URA Boards to have the ability to fund projects over time, either with cash or by issuing debt. Each project will require subsequent approval by the URA Board / Budget Committee.

Attachment K includes a draft of the amended plan. Attachment L includes a draft report on the plan that describes, among other things, the financial impact of the plan. The cost of the proposed projects is \$17 million with a maximum indebtedness of \$16.15 million after deducting the \$0.9 million that has not been spent under the current cap. (The total cost with interest comes to \$21.7 million.)

If the URA Board adopts the proposed motion, the plan and report will be sent to the Planning Commission and the overlapping taxing districts for comment, and will be available

for citizen review prior to the public hearing and ordinance amending the plan. (The plan amendment process is described in section E below.)

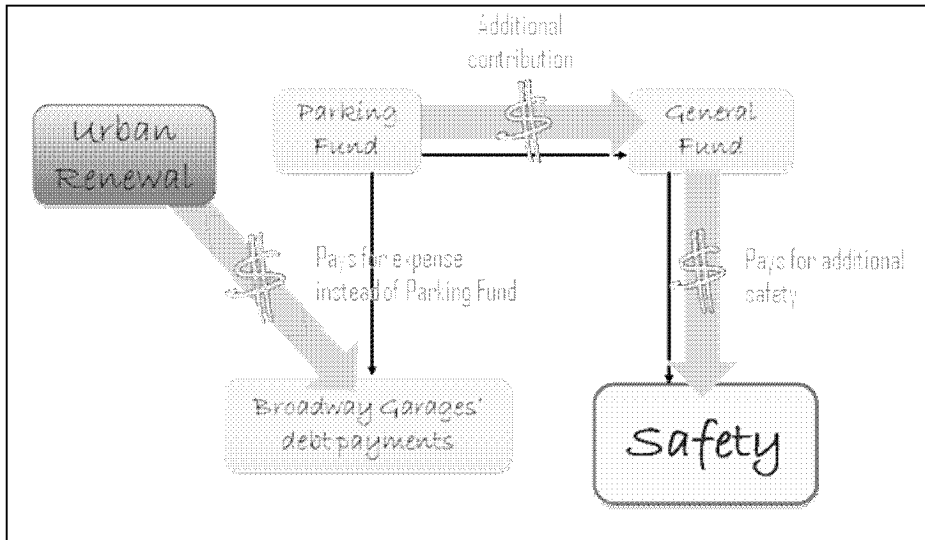
By initiating the process, council is not committed to enacting the proposed amendments. Circulating the plan amendment to the various groups, allows them to provide input to the council on the possibility of making proposed amendments to the plan. Council has the authority to adopt plan amendments that differ from the ones circulated to the public.

Timeline: The URA Board is requested to take action on March 8 to forward the plan and report to the Planning Commission and to the overlapping taxing districts. In addition, council would hold a public hearing in April and consider an ordinance to amend the urban renewal plan in May.

B. Broadway Place Garages’ Debt & Downtown Safety Initiative (Officers)

The Parking Fund currently pays between \$700,000 and \$800,000 each year on debt issued for the Broadway Place Garages. The debt is scheduled to be repaid through FY18, and the total principal amount outstanding is \$4.81 million.

If the Downtown District makes the Garages’ debt payment, the Parking Fund could have that additional amount to contribute to the General Fund. The General Fund could then use the funds for the Downtown Safety Initiative (officers). The proposed process is illustrated below.



C. Downtown Urban Renewal District Administration

Based on council/community priorities and the level of activity, staffing and administration costs in the urban renewal districts have varied over the years. For example, council reduced Downtown District administration over a three year period in conjunction with limiting expenditures to completion of the library as part of the 1998 plan amendment.

Then in 2004, council added projects to the Downtown Urban Renewal Plan with a subsequent increase in staffing. (Admin was 0.14 FTE for FY01- FY04; 0.75 FTE in FY05; 1.15 FTE for FY06 & FY07; and 1.4 FTE for FY08 through to current.)

The FY10 Budget for admin includes:

1. \$200,000 in legal fees for Beam's construction financing
2. \$440,000 for 10th & Charnelton costs that were budgeted for the WG project
3. \$150,157 personnel and \$56,000 materials & supplies

D. Net Impact to Schools

As a result of the Downtown District, schools get more state funds and less local funds. The estimated net impact to schools is that they would receive about \$31,000 more if the Downtown District did not use tax increment financing. (See Attachment G for a description of what would happen if the Downtown District stopped receiving a portion of property tax revenue.) This estimate does not take into account any effect from Measure 5 compression. The Tax Assessor has been asked for information about this topic and that information will be passed on to council when it becomes available.

The Downtown District does not collect tax increment funds from bonds or levies approved by voters after October 2001, including the Eugene School District 4j local option levy and the recent bond measure passed for LCC.

E. Timeline for Proposed Plan Amendment – DRAFT

March 8 URA work session to initiate plan amendments

[Council Break March 11 – April 11]

Mar 12 1) Notify taxing districts, by mail, that amendments are proposed and inform them of the proposed hearing date (April 19)

- Districts receive a copy of the draft plan and are invited to comment
- Lane County given an opportunity to meet and review the maximum indebtedness proposed in the plan

2) Mail out postcard to the general public – include hearing date, web address, etc. (ORS 457.120)

3) Place materials and proposals on City website

Mar 29 Planning Commission review and comment

Apr 1 Eugene Redevelopment Advisory Committee (*PDD department advisory committee*)

Apr 19 City Council Public Hearing on ordinance amending the Downtown District Plan

May 10 URA work session to review County's recommendation, comments from other taxing bodies, and the Planning Commission recommendation

May 12 Refined plan amendments prepared by staff, including financial analysis (considering comments received by other jurisdictions, Planning Commission, etc.) Final Plan prepared by staff.

May 24 Council meeting to consider ordinance amending the Downtown District Plan

[If the ordinance is adopted, the referendum signature process would need to be completed by 6/9 at 5pm]

June 23 If council adopts ordinance on May 24, ordinance becomes law (30th day) – unless referendum process successful

[If the referendum is successful, the election would be on 11/2]

How it Works – Cash Flow Projections

The following chart shows a rough estimate of how this scenario would work.

Project Funding Details

Downtown Urban Renewal District to Fund Projects

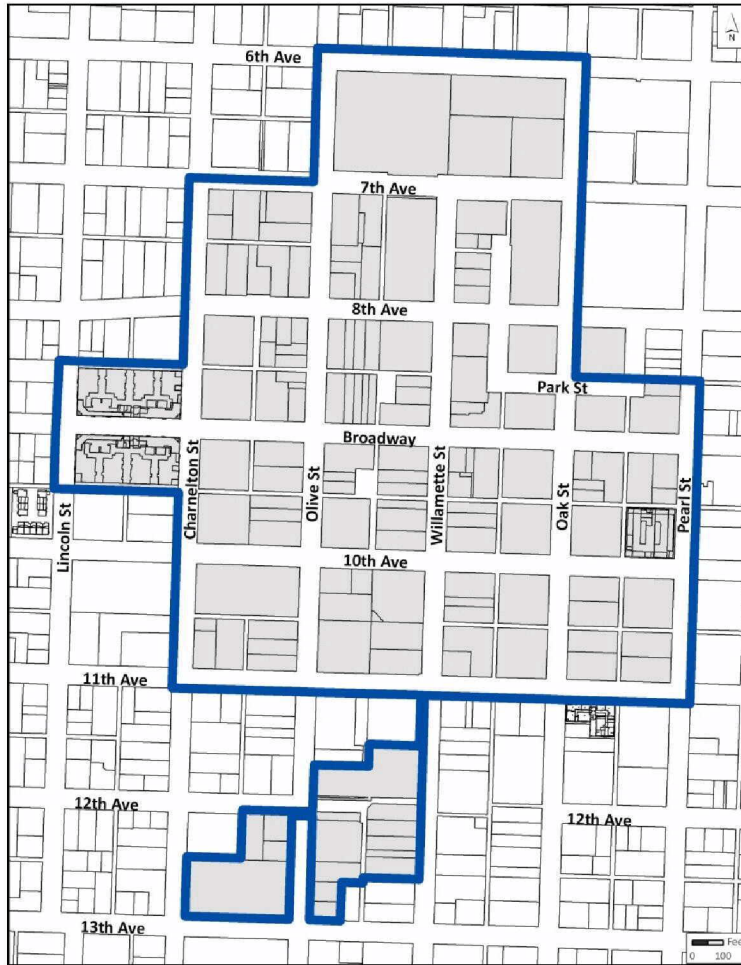
Note: In order to show the full picture of what happens over time in this scenario, this cash flow **double-counts debt (principal) proceeds**: first, as an amount available to spend on projects, and second, as the debt is repaid over time.

\$ In Millions	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>Totals</u>
SOURCES										
Beginning Balance	\$4.0	\$1.8	\$1.5	\$1.3	\$1.4	\$1.5	\$1.6	\$1.7	\$1.9	\$4.0
Urban Renewal Tax Increment Funds*	\$2.0	\$2.0	\$2.1	\$2.2	\$2.2	\$2.2	\$2.3	\$2.3	\$0.0	\$17.4
General Fund Revenue*	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.9	\$0.9
Debt Issued	\$7.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$7.7
Local Option Levy Proceeds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GO Bond Property Taxes for Debt Service Pmts	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<u>\$0.0</u>
Total Sources	\$13.7	\$3.9	\$3.7	\$3.5	\$3.6	\$3.7	\$3.9	\$4.1	\$2.8	\$30.0
USES										
LCC, VA, Farmers Market Project Costs	\$11.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$11.0
Police Officers	\$0.7	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$7.3
Debt Issuance, Legal & Professional Services	\$0.2	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3
Project Administration	\$0.0	\$0.2	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.7
Debt Service	\$0.0	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2	<u>\$9.9</u>
Total Uses	\$11.9	\$2.2	\$2.3	\$2.1	\$2.1	\$2.1	\$2.1	\$2.2	\$2.2	\$29.2
Ending Balance**	\$1.8	\$1.5	\$1.3	\$1.4	\$1.5	\$1.6	\$1.7	\$1.9	\$0.6	

*Including interest earnings on fund balance.

**In this scenario, one year of debt service is kept in reserve to protect the General Fund until the debt is paid off. The reserve is used to make the final payment.

Urban Renewal Plan for the Downtown Urban Renewal District



Adopted July 1968

- Modified -

December 1968

December 1989

June 1998

September 13, 2004

_____, 2010

Urban Renewal Agency of the City of Eugene, Oregon



URBAN RENEWAL PLAN FOR THE DOWNTOWN URBAN RENEWAL DISTRICT

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I. ADOPTION

Resolution Number	Date	Purpose
Resolution No. 257	3-Jul-68	Adoption of the Urban Renewal Plan for the Central Eugene Project (the Plan).

II. AMENDMENTS

Amendment Number	Date	Purpose
Resolution No. 1609	19-Dec-68	<ul style="list-style-type: none"> ○ Modified the Plan to allow for additional projects as required by HUD to receive additional federal funds.
Ordinance No. 19648	8-Nov-89	<ul style="list-style-type: none"> ○ Aligned the Plan with Metro Plan policies: strengthen the area's position as a regional service center, maintain the Eugene central business district as a vital center, incorporate principles of compact urban growth, encourage retail and commercial development in the downtown area, and promote the development of parking structures in the downtown core. ○ Expiration set for FY10.
Ordinance No. 20120	1-Jun-98	<ul style="list-style-type: none"> ○ Responded to Measure 50 to a) include a maximum amount of indebtedness and b) select Option 1 for the city-wide special levy as the method for collecting ad valorem property taxes for payment of debts related to urban renewal projects. ○ Limited expenditure of new funds to completing existing projects and construction of a new main library. ○ Removed the business assistance loan program. ○ Approved a plan to reduce district administration costs over the following three years.
Ordinance No. 20328	13-Sep-04	<ul style="list-style-type: none"> ○ Expanded the projects for which tax increment funds could be used ○ Created a public advisory committee ○ Added the requirement for specific Agency approval of projects greater than \$250,000 (other than loans), and adding a limit of \$100,000 on the mandate for a public hearing in the event of a plan change (applies to minor amendments that can be approved by the URA without ORS 457.095 approval – Section 1200, C of the 2004 Plan). ○ Added the Downtown Revitalization Loan Program (DRLP).

URBAN RENEWAL PLAN FOR THE DOWNTOWN URBAN RENEWAL DISTRICT

Section 100 – Introduction

The Downtown Urban Renewal District Plan (formerly known as the Central Eugene Project Plan), was updated in 2010 for the sole purpose of funding four new projects: (1) assistance to Lane Community College (LCC) for development on the on the 10th and Charnelton Development Site; (2) additional assistance in funding the Broadway Place Garages; (3) improvements to the Parks Blocks to provide better opportunities for the Farmers’ Market; and (4) assistance with a Veterans Affairs (VA) clinic, if the 12th and Willamette site is selected by the VA. No other new projects will be funded with tax increment dollars. Upon the repayment of debt related to these new projects and previously approved projects, the Downtown Urban Renewal District will be terminated, any unused tax increment funds will be returned to Lane County for redistribution to overlapping taxing districts, and other assets and liabilities transferred to the City of Eugene.

Section 200 – Definitions

The following definitions will govern this Plan.

10th and Charnelton Site means the Agency owned property bounded by Charnelton Street on the west, 10th Avenue on the south, and Olive Street on the east. The downtown public library is directly across 10th Avenue from this site.

2010 Amendment means the update to the Plan that was completed in 2010.

Agency means the Urban Renewal Agency of the City of Eugene.

Broadway Place Garages means the structured parking at Broadway and Charnelton streets.

Downtown Plan The Policies in the Downtown Plan were adopted by the Eugene City Council in 2004 as a refinement of the Eugene Springfield Metropolitan Area General Plan.

Plan means the Downtown District Urban Renewal Plan.

Plan Area means the property included in the Downtown Urban Renewal District as more fully described in Section 300.

Projects means (1) assistance to LCC for development on the 10th and Charnelton Site; (2) additional assistance in funding the Broadway Place Garages; (3) improvements to the Parks Blocks to provide better opportunities for the Farmers’ Market; and (4) assistance related to a new VA Clinic, if the VA chooses the 12th and Willamette site.

Tax Increment Financing means a method of financing urban renewal projects as authorized by ORS Chapter 457.

Section 300 – Legal Descriptions

The Downtown Urban Renewal District includes that area of approximately 75 acres. The Plan Area includes all of the land within the boundaries designated on the Plan Area Map attached as Exhibit A and described as containing all lots or parcels of property, situated in the City of Eugene, County of Lane, State of Oregon, bounded generally as described also in Exhibit B.

Section 400 – Goals and Objectives

A. GOALS

The goals of the Plan are to:

1. Improve the function, condition, and appearance of the Plan Area through:
 - a. Redevelopment of the excavated vacant lot at the 10th and Charnelton Site;
 - b. Maintenance of critical parking assets;
 - c. Improved safety for visitors to locations and business within the Plan Area;
 - d. Improved site for the Farmers' Market; and
 - e. Redevelopment of an underutilized medical clinic for use by Veterans Affairs.
2. Eliminate blight and blighting influences;
3. Strengthen the economic conditions of the Plan Area; and
4. Enhance downtown's role as the regional economic, governmental, and cultural center and a central location for public and private development and investment.

B. OBJECTIVES

Development in the Plan Area has been intended to implement the adopted policies contained in the Downtown Plan and to develop downtown as the heart of a livable, sustainable city. The objectives for the 2010 Amended Plan are to ensure that:

1. LCC is able to redevelop the 10th and Charnelton Site with a building that will bring thousands of people into the Plan Area;
2. The Broadway Place Garages remain available and in good condition to support other development and redevelopment in downtown and, at the same time, to enable improvements to public safety downtown;
3. The Farmers' Market can continue to bring hundreds of employees and residents into the Plan Area; and
4. Some local public funds are available to maximize the chances that the VA chooses the 12th and Willamette site.

Section 500 – Land Use Plan

The use and development of all land within the Plan Area shall comply with the regulations prescribed in the City's comprehensive plan, zoning ordinance, subdivision ordinance, City charter, or any other applicable local, State or Federal laws regulating the use of property within an urban renewal area.

Section 600 – Project Activities

To achieve the objectives of this Plan, the Agency may undertake the following activities, and no others, with tax increment funds:

A. LANE COMMUNITY COLLEGE NEW DOWNTOWN CENTER

The Agency may spend up to \$8 million of tax increment funds (not counting payment of debt issuance or interest costs) to assist LCC in the development of a new downtown building for its programs, at the 10th and Charnelton Site. Upon agreement by LCC and the City, the project may include a public plaza or open space area at the site and potentially a downtown public safety station.

LCC is proposing to build a new 80,000 square foot mixed-use state of the art downtown education facility. The education building is targeted for LEED Platinum certification. LCC is also considering the construction of approximately 200 beds of student housing on the 10th & Charnelton site. The new highly-sustainable education building is expected to be a teaching tool for LCC's nationally recognized Energy Management program and become a model for sustainable development. The new education facility will secure LCC's presence downtown for several decades and will be a major activity generator for downtown. Existing education programs and new programs to be included in the new building will draw thousands of students and visitors to the facility each year. Additionally, new housing residents will generate more activity in the downtown core. This landmark building, coupled with the activity generated through the project, will become a major anchor which will support adjacent retail and services, enhance the perception of safety by introducing high volumes of new pedestrian traffic, and attract new investments in the area. The Agency may provide assistance with project related costs for the new education facility and housing, including construction hard and soft costs, site improvements, infrastructure, open space, green building features, art and other project related cost.

The Agency may acquire the existing LCC Downtown Center property located at 1059 Willamette Street. This acquisition would facilitate its redevelopment and reuse. If acquired, the property would be redeveloped for either private or public uses pending future action by the Agency Board. Such redevelopment would be accomplished either through retention, resale, or lease depending on the redevelopment plan for the property. It is anticipated that redevelopment of the property would be accomplished by the end of 2019.

B. BROADWAY PLACE GARAGES & PUBLIC SAFETY IMPROVEMENTS

Construction of parking garages has been an authorized project activity for this plan area for many years. As one of those projects, the Agency previously provided initial assistance for the construction of the Broadway Place Garages. The Agency now may spend up to \$4.9 million of tax increment funds (not counting payment of interest costs for the debt) to assist the City in repaying the debt on those garages, provided that the City agrees to a) continue to make the garages available for businesses and residents downtown and b) enhance public safety in the Plan Area.

The Broadway Place Garages provide an essential public parking facility to serve the business, customer and resident parking needs in the District. The District is a parking exempt zone which relieves property owners from the requirement to provide imbedded parking in new and redeveloped properties. The Broadway Place Garages support continued redevelopment in the District by providing vital parking capacity.

C. PARK BLOCKS IMPROVEMENTS FOR THE FARMERS' MARKET

The Agency may spend up to \$500,000 of tax increment funds on improvements to the Parks Blocks in order to make that location more attractive and functional for the Farmers' Market.

D. VA CLINIC

If the VA chooses the 12th and Willamette site for its new VA Clinic, the Agency may spend up to \$2.5 million of tax increment funds for public infrastructure near that location for parking, transportation improvements, or other infrastructure improvements necessary to serve that site. The proposed VA clinic would provide an array of important medical support services to the veteran community. Locating this facility within the Plan Area would create an active commercial hub with extended hours of operation. The significant numbers of clients together with the ongoing presence of medical and support staff would contribute to commercial opportunities and the value of commercial property within the Plan Area.

E. ADMINISTRATIVE ACTIVITIES

1. The Agency may retain the services of independent professional people or organizations to provide administrative or technical services such as:
 - a. Preparation of market, feasibility, or other economic studies;
 - b. Preparation of design, architectural, engineering, landscaping architectural, planning, development, or other developmental studies;
 - c. Provision of accounting or audit services; and
 - d. Assistance with preparation of the annual financial report required under Section 800 of this Plan.

2. The Agency may acquire, rent, or lease office space and office furniture, equipment, and facilities necessary for it to conduct its affairs in the management and implementation of this Plan.
3. The Agency may invest its reserve funds in interest-bearing accounts or securities.
4. The Agency may borrow money, accept advances, loans, or grants from any legal source, issue urban renewal bonds and receive tax increment proceeds as provided for in Section 700 of this Plan.
5. The Agency also may continue to operate the downtown revitalization loan program. (All dollars loaned must come from the loan fund and not from tax increment revenues.)

F. EXISTING ACTIVITIES

The Agency may complete projects authorized prior to the 2010 Amendment.

Section 700 – Methods for Financing the Projects

The Agency may borrow money and accept advances, loans, grants, and other legal forms of financial assistance from the Federal government, the State, City, County, or other public body, or from any source, public or private, for the purposes of undertaking and carrying out the Projects authorized by this Plan.

Ad valorem taxes, if any, levied by a taxing body upon the taxable real and personal property situated in the urban renewal area, shall be divided in accord with and pursuant to Section 1c, Article IX of the Oregon Constitution and ORS 457.420 through 457.460, and used by the Agency for the Projects authorized by this Plan.

The Agency shall adopt and use a fiscal year ending June 30 accounting period. Each year, the Agency shall develop a budget in conformance with the provisions of ORS Chapter 294 and ORS 457.460, which shall describe sources of revenue, proposed expenditures, and activities.

Section 800 – Annual Financial Statement Required

A financial statement shall be prepared and provide information in accordance with ORS 457. The statement shall be filed with the City Council and notice shall be published in accordance with ORS 457.

Section 900 – Citizen Participation

The activities and projects defined in this Plan, and the adoption of amendments to this Plan shall be undertaken with the participation of citizens, owners, tenants as individuals, and organizations who reside within or who have financial interest within the Plan Area together

with the participation of general residents of the City. The Agency Director shall convene not less than once each year a committee of such persons to prepare a report to the Director on a) the activities of the Agency for the previous fiscal year, and b) whether the Agency's expenditure of tax increment dollars was limited to the projects authorized by this Plan and the associated administrative costs authorized by the Plan. The Director shall forward that report to the Agency Board upon its receipt.

Section 1000 – Non-Discrimination

In the preparation, adoption, and implementation of this Plan no public official or private party shall take any action to cause any person, group, or organization to be discriminated against in a manner that violates Section 4.613 of the Eugene Code, 1971.

Section 1100 – Recording of this Plan

A copy of the City Council's ordinance approving this Plan shall be recorded with the recording officer of Lane County.

Section 1200 – Procedures for Changes or Amendments

It is the intent of this Plan that, except as provided in the following paragraphs, no changes will be made to the Plan. The purpose of the 2010 Amendment is to authorize the Projects, and once those projects are completed and the debt on those projects is repaid (or tax increment funds have been accumulated sufficient to pay that debt when due), that the division of taxes for the Plan Area cease.

ORS 457.085(2)(i), however, requires that an urban renewal plan include a description of what types of plan amendments constitute "substantial amendments" which require the same notice, hearing and approval procedure required of the original plan. The statute also identifies two types that must be included as "substantial amendments" (increases in maximum indebtedness and expansions of territory in excess of 1%). It is the intent of this Plan that, with the exceptions listed below, there be no amendments, substantial or otherwise. Since the statutes require a description of substantial amendments, the Plan defines all amendments as substantial amendments, other than the following.

The following amendments will be treated as minor amendments, and may be made by resolution of the Agency Board:

1. Amendments to correct clerical or similar errors;
2. Amendments to respond to a decision by a court or state agency if someone challenges the 2010 Amendment and this Plan is remanded.

Section 1300 – Duration and Validity of Approved Plan

A. DURATION OF THE PLAN

Taxes may be divided under this Plan only until the maximum indebtedness for the Plan Area has been issued and paid or the Agency has determined that it will not issue the full amount of that maximum indebtedness, and all indebtedness that will be issued has been issued and paid. When that indebtedness has been paid the Agency will notify the assessor pursuant to ORS 457.450(2) to cease dividing taxes for the Plan Area, and shall return any unused tax increment funds to Lane County for redistribution to overlapping taxing districts. However, this plan may remain in effect until the Agency transfers any remaining assets and liabilities of the Plan Area to the City of Eugene. As of the date of the 2010 Amendment, it is estimated that the last fiscal year for which taxes will be divided is FY2017/2018.

B. VALIDITY

Should a court of competent jurisdiction find any word, clause, sentence, section, or part of this Plan to be invalid, the remaining words, clauses, sentences, section, or parts shall be unaffected by any such finding and shall remain in full force and effect for the duration of the Plan.

Section 1400 – Maximum Indebtedness

The sum of \$33,000,000 was established in 1998 as the spending limit (maximum amount of new indebtedness which could be issued or incurred from tax increment funds) under this Plan after June 1, 1998. That figure was developed using the estimated project costs, plus a 5% annual inflation factor.

The 2010 Amendment increased the maximum indebtedness amount by \$16.15 million, to a total of \$49.15 million. This is below the limits imposed under ORS 457.220 for the maximum indebtedness increases allowed without concurrence of the overlapping taxing districts, which would be a total maximum indebtedness figure of \$67.7 million, as of March 2010.

The maximum indebtedness limit established by this Section 1400 does not apply to or limit:

1. The obligation of the Agency to pay interest on indebtedness issued or incurred under this Plan;
2. Any indebtedness issued to refund indebtedness issued or incurred under this Plan, to the extent that the refunding indebtedness does not exceed the principal amount of the refunded indebtedness, plus the amount of the refunding indebtedness that is used to pay costs of the refunding;
3. Funds to repay indebtedness existing on the date of the 1998 Amendment; and
4. Expenditures made from funds other than tax increment funds, such as loans made from the Downtown Revitalization Loan Program.

EXHIBIT A: Plan Area Map

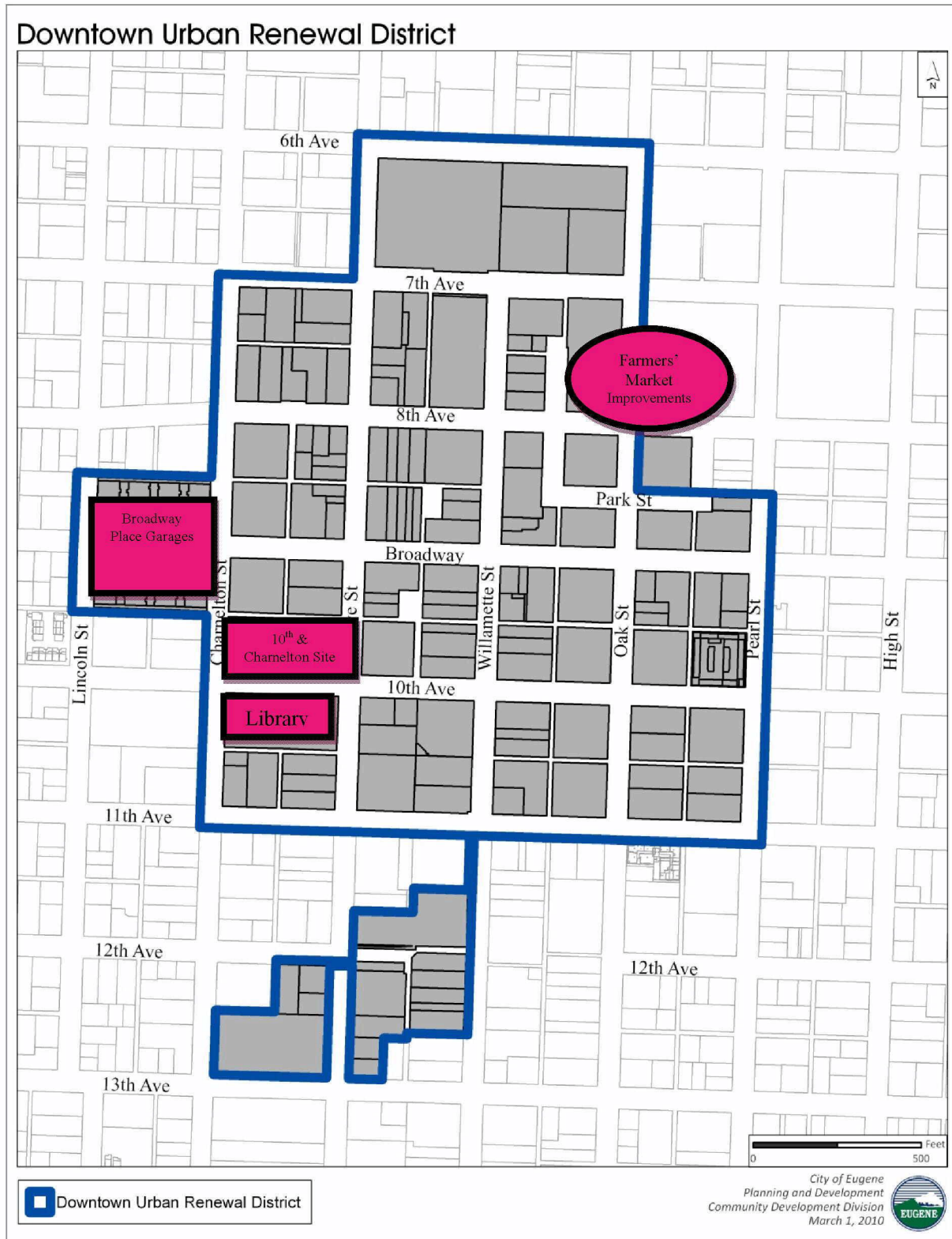


EXHIBIT B: Plan Area Description

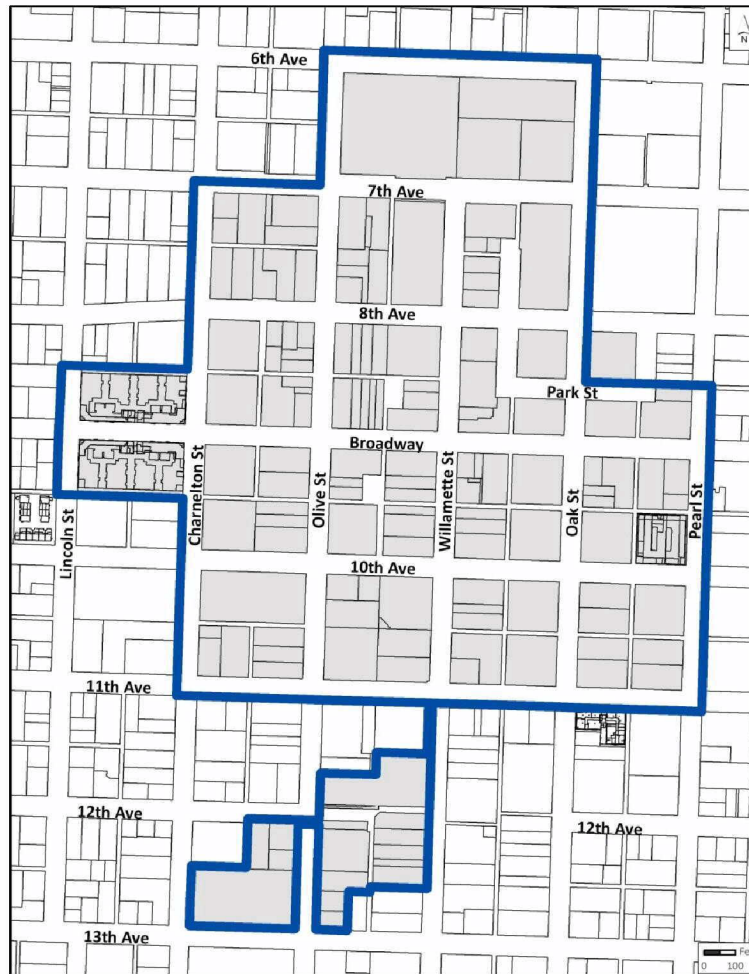
Beginning at the southwest corner of the intersection of 11th Avenue and Charnelton Street in the City of Eugene, Lane County, Oregon, commencing northerly along the west right-of-way line of Charnelton Street to the point of intersection of the south right-of-way line of the alley between 10th Avenue and Broadway;

- (1) thence, westerly along the south right-of-way line of said alley to the west line of Lincoln Street;
- (2) thence, northerly along the west right-of-way line of Lincoln Street to the point of intersection of the north right-of-way line of the alley between Broadway and 8th Avenue if extended;
- (3) thence, easterly along the north right-of-way line of said alley to the west right-of-way line Charnelton Street;
- (4) thence, northerly along the west right-of-way line of Charnelton Street to the northwest corner of the intersection of 7th Avenue and Charnelton Street;
- (5) thence, easterly along the north right-of-way line of 7th Avenue to the northwest corner of the intersection of 7th Avenue and Olive Street;
- (6) thence, northerly along the west right-of-way line of Olive Street to the northwest corner of the intersection of 6th Avenue and Olive Street;
- (7) thence, easterly along the north right-of-way line of 6th Avenue to the northeast corner of the intersection of 6th Avenue and Oak Street;
- (8) thence, southerly along the east right-of-way line of Oak Street to the northeast corner of Oak Street and South Park Avenue;
- (9) thence, easterly along the north right-of-way line of South Park Avenue extended to the east right-of-way line of Pearl Street;
- (10) Thence, southerly along the east line of Pearl Street to the southeast corner of the intersection of Pearl Street and West 11th Avenue,
- (11) Thence West along the south right-of-way line of West 11th Avenue to a point being 12.00 feet easterly of the Southwest corner of the intersection of West 11th Avenue and Willamette Street;
- (12) Thence southerly running 12.00 feet distant and parallel to the westerly right-of-way line of Willamette Street to a point being on the extension of the south line of a tract of land sold by D.R. Christian and wife to Nathan G. Coleman by deed recorded in Book B, Page 448, Lane County Oregon Deed Records;
- (13) thence West 179.00 feet to the east boundary of Curries Addition to Eugene Oregon as platted and recorded in Book 2, Page 71, Lane County Oregon Plat Records;
- (14) thence South along said east boundary to a point being opposite of the Southeast corner of Lot 3 of said Curries Addition
- (15) thence West to the Southeast corner of said Lot 3 of Curries Addition;
- (16) thence West 60.00 feet along the south line of said Lot 3;
- (17) thence South to the North right-of-way line of West 13th Avenue;

- (18) thence West along said right-of-way line to the Northeast corner of the intersection of Olive Street and West 13th Street;
- (19) thence North along the East right-of-way line of said Olive Street to a point being on the extension of the south right-of-way line of West 12th Avenue;
- (20) thence West along the extension of the right-of-way line of West 12th Avenue to the Southwest corner of the intersection of West 12th Avenue and Olive Street;
- (21) thence South along the west right-of-way line of Olive street to the Northwest corner of the intersection of Olive Street and West 13th Avenue;
- (22) thence West along the North right-of-way line of West 13th Avenue to the Northeast corner of the intersection of West 13th Avenue and Charnelton Street;
- (23) thence North along the East right-of-way line of Charnelton Street to the Southwest corner of lot 6, Block 2 of Ira Hawleys Addition to Eugene City as platted and recorded in Book G, Page 512 Lane County Oregon Plat Records;
- (24) thence East along the south line of said Lot 6 to the Southwest corner of Lot 5, Block 2 of the Ira Hawleys Addition to Eugene City;
- (25) Thence North along the West lines of Lots 5,4 and 1 in Block 2 of Ira Hawleys Addition to Eugene City to point 12.00 feet north of the Northwest corner of Lot 1 of Ira Hawleys Addition to Eugene City;
- (26) Thence East parallel to the south right-of-way line of West 12 Avenue to the East right-of-way line of Olive Street;
- (27) Thence north along the east right-of-way line of Olive Street to the Northwest corner of Lot 7, Block A of Dorris Addition as platted and recorded in Book R, Page 314 Lane County Oregon Plat Records;
- (28) Thence East along the north line of said Lot 7 to a point being 7.00 feet east of the Southwest corner of Lot 1, Block A of said Dorris Addition;
- (29) Thence North to the North line of said Lot 1, Block A of Dorris Addition;
- (30) Thence East to the Westerly right-of-way line of Willamette Street;
- (31) Thence North along said westerly right-of-way line of Willamette Street to the Southwest corner of the intersection of Willamette Street and West 11th Avenue.
- (32) Thence West along the south right-of-way line of West 11th Avenue to the southwest corner of the intersection of West 11th Avenue and Charnelton street also being the point of beginning and there ending.

DOWNTOWN URBAN RENEWAL DISTRICT REPORT

For the Downtown Urban Renewal District Plan
Originally Adopted July 3, 1968 by Eugene Urban Renewal Agency Ordinance No. 257
Amended December 19, 1968 by Eugene City Council Ordinance No. 1609
Amended November 8, 1989 by Eugene City Council Ordinance No. 19648
Amended June 1, 1998 by City Council Ordinance No. 20120
Amended September 13, 2004 by City Council Ordinance No. 20328
Amended _____, 2010 by City Council Ordinance No. _____



City of Eugene



ACKNOWLEDGEMENTS

Eugene City Council and Urban Renewal Agency Board

Mayor Kitty Piercy
Alan Zelenka, President
Mike Clark, Vice President
George Brown
Andrea Ortiz
George Poling
Chris Pryor
Jennifer Solomon
Betty Taylor

City of Eugene Staff

Jon Ruiz, City Manager
Susan Muir, Director of Planning and Development Department
Glenn Klein, City Attorney

Denny Braud
Sue Cutsogeorge
Rebekah Dohrman
Nan Laurence
Amanda Nobel Flannery
Mike Sullivan
Richie Weinman
Sarah Zaleski

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REPORT ON THE DOWNTOWN URBAN RENEWAL DISTRICT PLAN

Chapter 1: Introduction

The 2010 Amendment to the Downtown Urban Renewal District Plan (the “Plan”) makes the following changes to the Plan:

- Specifies four project activities to be undertaken in the Plan and removes language that allowed for flexibility in project selection;
- Sets an increase in the maximum indebtedness to allow for those specific projects;
- Expands the district boundary to accommodate the VA Clinic project; and
- Sets the expectation that the Downtown Urban Renewal District will be terminated after repayment of all debt issued to fund the limited set of projects.

The City of Eugene has prepared an amendment to the Plan, originally adopted on July 1968 and modified December 1968, December 1989, June 1998, and September 2004. City Council considered downtown over the course of 2009 with the desire to foster a vibrant downtown while also providing near-term economic stimulus. City Council discussed desired downtown outcomes, selected four key strategies, and, ultimately, selected specific projects. This Report accompanies the Plan and consists of text, tables, and appendices.

The Downtown Urban Renewal District area contains approximately 75 acres (the “Plan Area”). The legal description for the Plan Area is in Section 300 of the Plan and is further described on graphic exhibits included in the Plan and in the appendix to this Report.

Chapter 2: Description of Physical, Social, Economic, and Environmental Conditions in the Plan Area

Note: This description and assessment is only current to the identified dates.

A. Physical Conditions

1. Land Area

The Plan Area encompasses about 75 acres, after the 5 acre boundary expansion included in the 2010 Amendment. (See Appendix, Exhibit A for a map of the Plan Area.) The total incorporated land area for the City of Eugene, of March 2010, is 28,056. The Plan Area represents about 0.27 percent of the City's total land area. This area combined with the Riverfront Urban Renewal District of approximately 178 acres, equals 253 acres in renewal districts, which is less than one percent of the City's total land area. This one percent is well below the 15 percent maximum allowed by Oregon State law.

2. Existing Land Use and Zoning

Table 1 below shows generalized land use as of March 2010 by category. Table 2 shows the zoning as of March 2010 by zoning district. A description of each use permitted is found in the City Land Use Code. (The zoning map is located in the Appendix, Exhibit B.)

Table 1 Generalized Land Use & Acres		Table 2 Zoning & Acres		
<i>Land Use Designation</i>	<i>Acres</i>	<i>Zoning Designation</i>	<i>Zoning</i>	<i>Acres</i>
Alleys, Walkways, Bikepaths	2.8	Community Commercial	C2	0.7
Communication	0.7	Historic	S-H	0.1
Educational	0.8	Major Commercial	C3	43.9
General Services	13.9	Public Land	PL	2.3
Government	5.0	Non-Zoned	-	28.0
Industrial	0.2	Public Right of Way		
Parks	1.2	Total		75.0
Recreation	6.2	<i>Data: March 2010</i>		
Religious, Charitable	0.1			
Residential, Multi-family	5.9			
Retail Trade	18.5			
Roads	26.1			
Transportation Related	1.8			
Vacant	0.9			
Total	84.3			

*Data: March 2010
(Total does not equal Downtown Urban Renewal District acreage of 75 due to rounding and vertical land use designation, i.e. parking below residential.)*

3. Sanitary Sewer System

The sanitary sewer system was upgraded as part of the original renewal project. This upgrading consisted of relining the existing lines with plastic pipe liners. Each building was reconnected at that time. The engineering analysis showed that the existing capacity was sufficient.

4. Water Delivery System

According to the Eugene Water and Electric Board, the water delivery system throughout the original Downtown Urban Renewal District is in sufficient condition and of sufficient capacity to support additional development.

5. Steam Utility System

Due to high system losses through an aging infrastructure, price fluctuations for fuel, and an eroding customer base, buildings that use steam for heating face an unfavorable economic environment. The Eugene Water & Electric Board plans to decommission the steam utility, which serves almost 70 customers in the Plan Area, by June 2012. Additionally, the cost of steam operation increases for the remaining customers as each building leaves the system.

6. Streets, Alleys, Sidewalks, etc.

Major portions of the streets, alleys and sidewalks within the Plan Area were upgraded as part of the original renewal project and remain in good condition.

B. Social Conditions

1. Housing

Census 2000 data reports that there are 278 housing units in Census Blocks that cover the Plan Area. In a 2004 Planning and Development Department analysis, three major housing developments provide a total of 196 housing units within the Plan Area. Census 2000 data reports that housing in the area is predominantly rental, with over 99% of housing renter occupied.

2. Socio-Economic

As of Census 2000, 331 people were living in Census Blocks that cover the Plan Area. In and surrounding the Plan Area, the median income was substantially lower than the City median income. See Table 3 below. See Appendix Exhibit C for a map of census boundaries.

Table 3 – Household Median Income

City	\$35,850	
Census Tract 3900	\$ 23,571 <i>Block Group 1</i>	\$ 15,076 <i>Block Group 2</i>

Data: Census 2000, DP-1, SF3, Table P53;

3. Employment

In April 2008, there were 299 employers with 4,791 employees in the Downtown Urban Renewal District. The largest employers in the district were Professional, Scientific, and Technical Services (18.4%), Health Care and Social Assistance (15.8%), Government (12.6%), and Accommodation and Food Services (12.3%) (Data: Lane Council of Governments, Oregon Employment Departments 2008 Quarterly Census of Employment and Wages (QCEW)).

C. Economic Conditions

1. Value of Property

The FY2009/2010 taxable assessed value for the entire City is \$11,633,024,852. The total assessed value for the Plan Area as of FY2009/2010 is \$154,980,036. The table below demonstrates that the frozen base for the combined urban renewal districts is well within the 15% limit imposed by ORS 457.

Table 4 – Assessed Value of the Frozen Base

	Downtown Urban Renewal District	Riverfront Urban Renewal District	Total	Total as a % of City AV
Frozen Base	\$31,386,991	\$50,609,448	\$81,996,439	0.7%

After expansion of the boundary for the district, the frozen base will increase by approximately \$14 million, bringing the total frozen base for all districts to 0.8% of assessed value in the City.

2. Relationship of the Value of Improvements to the Value of Land

The current ratio of improvement value to land value within the Plan Area, based on 2009 assessment records and excluding all tax exempt property, is 3.3 to 1. The accepted improvement to land value ratios of healthy, viable, and prosperous areas in Oregon cities are 5 to 1 and greater.

D. Environmental Conditions

Environmental conditions within the Plan Area are not expected to change. The area has been an established commercial business area for many years. Most streets, sidewalks, alleys, and sewers are in place and will be upgraded and maintained. The public park areas within the Plan Area will be upgraded and maintained as needed.

Chapter 3: Expected Impact, Including Fiscal Impact, of the Plan in Light of Added Services or Increased Population

The 2010 Amendment allows for four specific projects (described in more detail in Chapter 5) that will improve the function, condition, and appearance of the development area through:

- Redevelopment of an excavated vacant lot into a new Lane Community College Downtown Center;
- Maintenance of critical parking assets;
- Improved safety for visitors to locations and business within the Plan Area;
- Improved site for the Farmers' Market; and
- Redevelopment of an underutilized medical clinic for use by Veterans Affairs.

These four projects also support the Plan goal to strengthen the economic conditions of the Plan Area. One measure of this goal is the expected increase in the taxable property values caused by the projects. Areas adjacent to the Plan Area are also expected to become more viable. From FY2010/2011 through the estimated remaining life of the district (FY2018/2019), property values in the Plan Area are estimated to increase by about \$45 million. The projects will also contribute to the goal of enhancing downtown's role as the regional economic, governmental, and cultural center and central location for public and private development and investment.

The 2010 Amendment projects are not expected to have a significant impact on the Eugene 4j School District. The zoning criteria of C2 and C3 do not encourage residential housing. However, the LCC new downtown center project on the 10th & Charnelton Development Site may include housing. Most likely the housing would be for college aged students or adults. Past experience also shows residential complexes developed around the Plan Area have focused on adult housing. Based on LCC's preliminary plans and the prior experience, the new downtown center should have no or minimal impact on the Eugene 4j School District. The added adult population created by this housing project may impact LCC, particularly the Downtown Center, and the University of Oregon with increased registration. The other projects in the Plan are not expected to have any significant impact on the Eugene 4j School District.

All four of the projects, like all development projects, are expected to impact police services, transportation, utilities, and other public services. Projects within the Plan Area were chosen for the way in which they support recent City Council strategies for downtown and planning efforts for the downtown area, such as the Downtown Plan. These planning documents were based on assumptions about the expected need for new and improved services due to population growth and other factors. The Plan is expected to facilitate improvements within the district, thereby implementing the goals of the planning documents. Therefore, the projects under the Plan do not result in an intensification of development beyond that previously anticipated under the planning documents.

The 2010 Amendment follows the passage of Ballot Measure 50 and its implementation rules. In the Measure 50 environment, taxing bodies “forego” revenue produced by the growth in values over a Plan Area’s frozen base. The Urban Renewal Agency will use tax increment revenues to carry out the Plan. The use of tax increment revenues will affect the property tax revenues and bonded debt tax rates of other taxing jurisdictions that share assessed value with Eugene’s Urban Renewal Agency. The property tax impacts are described in Chapter 9.

Chapter 4: Reasons for Selection of the Plan Area

The original Plan Area was adopted in 1968 with approximately 70 acres. This area was selected after comprehensive community process under the guidance of the Federal Department of Housing and Urban Development (HUD). In 2010, the URA Board proposed an expansion to the Plan Area by 5 acres to include the potential VA Clinic area. (See Exhibit D for a map of the Plan Area with the expansion area highlighted.) Two of the four goals of the Plan are 1) improving the function, condition, and appearance of the Plan Area and 2) reducing blight and blighting influences.

According to ORS 457.010, "blighted areas" means areas that, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community. A blighted area is characterized by the existence of one or more of the following conditions:

- (a) The existence of buildings and structures, used or intended to be used for living, commercial, industrial or other purposes, or any combination of those uses, that are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:
 - (A) Defective design and quality of physical construction;
 - (B) Faulty interior arrangement and exterior spacing;
 - (C) Overcrowding and a high density of population;
 - (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities; or
 - (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;
- (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;
- (c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;
- (d) The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;

- (e) The existence of inadequate streets and other rights of way, open spaces and utilities;
- (f) The existence of property or lots or other areas that are subject to inundation by water;
- (g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;
- (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare; or
- (i) A loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.

Chapter 5: Relationship Between Existing Conditions and Each Project Activity Undertaken in the Plan

All project activities set forth in Section 600 of the Plan are intended to correct the existing deficiencies in the Plan Area as described in this report (See Chapter 2).

The proposed 2010 Amendment project activities are:

- 1) Assistance to LCC for development on the 10th and Charnelton Site;
- 2) Additional assistance in funding the Broadway Place Garages;
- 3) Improvements to the Parks Blocks to provide better opportunities for the Farmers' Market; and
- 4) Assisting with a VA clinic, if the 12th and Willamette site is selected by the VA.

- 1) LCC New Downtown Center:** The Agency owns the 10th and Charnelton Development Site bounded by Charnelton Street on the west, 10th Avenue on the south, and Olive Street on the east. The site is significantly underutilized in its present configuration – a quarter block of surface parking and a quarter block remnant from demolition of the former Sears department store.

LCC approached the Agency regarding acquisition of the property for a new downtown facility. On January 25, 2010, the URA Board provided direction to enter into an exclusive negotiation with LCC, negotiate a purchase and sale agreement, and return to the URA Board for final approval of the terms. LCC has provided educational services from downtown for over 30 years at 1059 Willamette Street. The current facility no longer meets the needs of the college, and LCC intends to build and own a new, mixed-use building from which to offer educational and other services in downtown Eugene. The extensive hours of operation will create both daytime and evening activity at a key intersection of downtown. Economic opportunities for current and future downtown businesses will be created as students, employees, and visitors support restaurants, retail, services and cultural venues. In addition to Energy Management, Business Development, continuing education, and a

variety of other classes, the multi-use facility will include space for tenants and other community uses, possibly a public safety station. There is also a possibility that student housing could be incorporated as part of the redevelopment plan.

The Downtown Public Library, immediately across 10th Avenue, is a community asset that will benefit greatly from development on the Agency owned site, especially the development proposed by LCC. The Agency invested significantly in the Library. The Downtown Eugene Public Library project was built and equipped for just over \$36 million. About half of that amount came from City debt obligations that were issued in 2000 through a partnership with the Eugene Urban Renewal Agency (URA). The payments on the debt of about \$2.5 million per year came from the URA. Beginning in 1993, the URA purchased the land on which the library was built for \$875,000. The City borrowed \$18.5 million which was to be repaid from tax increment dollars from the URA. The URA also contributed additional cash to the project, with a total of about \$25 million of the \$36 million project coming from URA, representing nearly 70 percent of the capital cost for the new Library. The remaining 30 percent came from a combination of sources, including \$5 million raised by the Eugene Public Library Foundation's Capital Campaign, sale of assets, and proceeds from a local option property tax levy of \$1.9 million.

- 2) **Broadway Place Garages:** The Plan Area is parking exempt, which means that property owners are not required to provide parking. Yet parking availability is critical to the economic success of downtown. As such, the Agency has participated in several projects to provide structured parking opportunities within the Plan Area. One such project was the Broadway Place Garages. Continued provision of Broadway Place parking will support LCC's New Downtown Center project and other redevelopment along West Broadway, such as Lord Leebrick's property. Given City budgetary issues, continued operation and stability of the Broadway Place Garages will be enhanced by the Agency assuming the debt repayment on the garages. It would also make it possible for the parking fund to provide financial support for increased safety services.

Background: The Agency assembled the two half-blocks that were used to develop the Broadway Place mixed-use project. Agency funds in the amount of \$2.6 million were contributed to the parking structure construction costs. The City sold development rights for housing to be constructed on top of the parking structures. The Broadway Place mixed-use project includes 170 apartment units, ground floor commercial space, and 740 structured parking spaces. It is a major anchor for the west-end of downtown and a popular residential destination with very low vacancy rates. Availability of parking was a contributing factor to Enterprise Rent-A-Car locating downtown and employing 300 people.

- 3) **Park Blocks Improvements for the Farmers' Market:** The Lane County Farmers' Market operates multiple times per week during the spring, summer, and fall on a portion of the Park Blocks. Although the Agency has completed several improvements to the Park Blocks, the Farmers' Market continues to encounter issues with the space, such as access to electricity and level and paved surfaces. Improvements to the Park Blocks and expansion of

available space will support a cornerstone of downtown activity and one of the most significant public event venues in the city. The Park Blocks are the historic center and most identifiable public space in downtown. For the past few years, the Farmers' Market has expressed a need and desire to expand its offerings to maintain financial viability and potentially operate year-round. The Agency will improve the Parks Blocks in order to make that location more attractive and functional for the Farmers' Market.

- 4) VA Clinic:** The 12th and Willamette site is currently owned by PeaceHealth. However, the majority of the building is now vacant. Therefore, PeaceHealth has expressed an interest in securing a tenant for this site. The Department of Veterans Affairs (VA) is currently seeking a suitable site where it can locate an expanded clinic. The Plan Area may be ideal for the VA clinic because of the central location and proximity to Lane Transit District's Eugene Station and the Greyhound Station. The building is large enough to accommodate the size desired by the VA (an estimated 110,000 - 120,000 square feet). The site also has adequate on-site parking.

PeaceHealth anticipates that the VA's Request for Proposals to select a new site, once issued, will favor a building with modern systems and sustainable features. The PeaceHealth clinic is currently comprised of a building that was constructed in the 1920's, 1950's and 1960's. Substantial rehabilitation is needed to update the buildings and to potentially make it LEED certified. A new HVAC system would replace the EWEB-supplied steam system and new energy efficient lighting would need to be installed. The new clinic will likely include a full pharmacy and laboratory.

Therefore, the Plan proposes that if the VA selects the 12th and Willamette site for its clinic, then urban renewal funds could be used to support the VA in locating downtown. The VA Clinic downtown project is supported by the Downtown Plan (Implementation Strategy D: Work with local, state and federal offices to locate, remain or expand downtown; Implementation Strategy F: Work with major medical providers to locate their facilities in and near downtown) and the Growth Management Policies.

Chapter 6: Estimated Total Cost of Each Project or Activity, Sources of Money, and Anticipated Completion Date for Each Project or Activity

This Report on the 2010 Plan Amendment includes a table showing the project activities to be carried out following the adoption of the amendment and the estimated cost. [Table 5](#) shows that urban renewal financing is estimated to provide \$17 million (or approximately 49%) of funding out of an estimated total of \$34.5 million of public and private investment from FY2010/2011 through FY2018/2019.

Table 5 lists the project activities included in the Plan. Below is a short description of each of the Plan amendment projects.

Lane Community College New Downtown Center: The Agency will consider the terms for an agreement between the Agency and Lane Community College (LCC). The specific project activities to be undertaken will be defined by the Agency, set out in the agreement with LCC, and may include integration of a public safety station and/or open space within the development project. LCC currently has \$17.5 million in other funds to contribute to the project. LCC is undergoing a feasibility analysis that will provide a detailed cost estimate for the project. The total project cost is expected to significantly exceed the \$17.5 million that has been secured to date. Construction is anticipated to start in early 2011, for completion no later than 2013.

Broadway Place Garages: The Agency will support the Broadway Place Garages by making the annual debt payments (both principal and interest), which will secure the financial stability of the garages, enhance safety services and relieve the struggling Parking Fund within the City of Eugene. The support will take place starting in FY2010/2011.

Farmers' Market Space Improvements on the Park Blocks: The Agency will spend up to \$500,000 on improvements to the Park Blocks in order to make that location more attractive and functional for the Farmers' Market. The improvements will start in FY2010/2011.

VA Clinic: The Department of Veterans Affairs (VA) is planning to locate an expanded clinic in leased space in the Eugene area. Downtown Eugene may be an ideal area for the clinic. The lease award is estimated for the last quarter of 2010 or the first quarter of 2011. If the downtown location is selected, the Agency will consider the terms for an agreement between the Agency and VA and/or the property owner. The specific project activities to be undertaken will be defined by the Agency and set out in an agreement. Although no estimate was used for private party or VA contribution, other such contributions would be anticipated. The VA plans to occupy the new location (as selected through the RFP) by December 2012.

Project Delivery Administration: Actions for this activity include program administration (project management, financial services, debt issuance and administration); legal services; reporting (budgets, financials); preparation of market, feasibility, or other economic studies; preparation of design, architectural, engineering, landscaping architectural, planning, development, or other developmental studies; providing accounting or audit services; providing special rehabilitation, restoration, or renovation feasibility and cost analysis studies; assisting in preparation of the annual financial report required under Section 800 of the Plan; providing property acquisition appraisals; and evaluation of the plan and the success of its activities. The Agency may also acquire, rent, or lease office space and office furniture, equipment, and facilities necessary for it to conduct its affairs in the management and implementation of this plan.

Projections for district administration assume that once the LCC and Beam projects are complete, district administration expenses will be reduced to a minimal level that will be sufficient to ensure administration of outstanding debt, budget development, and financial report preparation. Specifically, the administration projection includes staffing at 1.4 FTE for years FY11 through FY13 followed by 0.14 FTE for years FY14 through FY19. Additional items in

the projection include legal and consulting fees necessary to protect the City/Agency and complete the Plan Projects, debt issuance cost needed for the projects, and property management.

Table 5	
List of Project Activities and the Estimated Cost	
Project Activity	Total Estimated Cost
LCC New Downtown Center	\$ 8,000,000
Broadway Place Garages & Public Safety Improvements	\$ 4,810,000
Park Block Improvements for the Farmers' Market	\$ 500,000
VA Clinic	\$ 2,500,000
Project Delivery Administration (through FY2018/2019)	\$ 1,190,000
Projects Funded from Urban Renewal Agency	\$ 17,000,000
Projects Funded from Private Sources and Other Federal, State and Local Government	\$ 17,500,000
<i>TOTAL Funding for All Projects</i>	<u>\$ 34,500,000</u>

Project activities will begin in FY2010/2011. Decisions on priorities of funding for project activities will be made by the Agency Board in its annual budget process and at regular Agency Board meetings, all of which are open to the public. Construction of the projects contemplated in the 2010 Amendment is expected to be completed by 2013. Debt issued to fund the projects is estimated to be paid off by FY2018/2019.

The Agency Director shall convene not less than once each year a committee of such persons to prepare a report to the Director on a) the activities of the Agency for the previous fiscal year, and b) whether the Agency's expenditure of tax increment dollars was limited to the projects authorized by this Plan and the associated administrative costs authorized by the Plan. The Director shall forward that report to the Agency Board upon its receipt.

Chapter 7: Estimated Amount of Money and Anticipated Year in Which Indebtedness will be Retired or Otherwise Provided For Under ORS 457.420 to 457.460

The total cost of all projects is estimated at \$17,000,000 between FY2010/2011 and FY2018/2019. The projects will be funded with a combination of urban renewal tax increment financing under ORS 457 and other sources. The Agency may apply for funding from other federal, state, and local grants in order to complete the projects. Non-City developers will fund some of the project costs. In addition, the public facilities included within the Plan may also be funded in part with other public funds, such as systems development charges and general obligation bonds, among other sources.

Oregon Revised Statutes require that each urban renewal district that receives property taxes include a “maximum indebtedness” limit in their urban renewal plan. “Maximum indebtedness” is a required spending cap for all property tax expenditures over a period of time. “Maximum indebtedness” is not a legal debt limit. It is more like a spending limit.

Adopting a maximum indebtedness figure does not authorize or obligate the Agency to spend money or enter into debt. Within the maximum indebtedness limitation, the Agency Board has the ability to fund projects over time, either with cash or by issuing debt.

Certain expenditures are included in the maximum indebtedness calculation and certain expenditures are excluded. For instance, cash payments for projects and administrative expenses are included in the calculation, but expenditures made from sources other than tax increment revenues are not included in the spending limit, such as Downtown Revitalization Loan Program funds. In addition, interest on debt is not included in maximum indebtedness, nor is the refinancing of existing indebtedness. The specific limitations of the maximum indebtedness amount are spelled out in the Plan.

The City Council amended the Plan in 1998 to include a maximum indebtedness limit of \$33 million. The \$33 million figure represented the amount that the Agency was allowed to cumulatively spend in tax increment revenues starting in 1998. That figure was based on the estimated cost of building a new main library, plus continuation of the administrative costs in the district, preparing annual financial statements, disposing of the former Sears building on 10th Avenue and Charnelton Street, overseeing completion of the Broadway Place and Overpark elevator projects, and administering the loan portfolio. It included an annual inflation factor of 5% on project costs, and excluded existing debt.

As of FY10, the maximum indebtedness limit of \$33 million has almost been fully spent or committed, with the bulk having been spent on building the downtown library. The amount of remaining maximum indebtedness at any given time is an estimate based on both actual historic spending and estimated future commitments. The amount currently remaining uncommitted is estimated at about \$850,000, after taking into account district administration

through FY2010/2011. Additional projects for the downtown safety initiative are expected to use some of that remaining capacity prior to the 2010 Amendment.

In the 2009 legislative session, HB 3056 was approved and includes changes to ORS 457, the urban renewal statutes. One of those changes is that increases in maximum indebtedness may not exceed an aggregate of 20% of the original maximum indebtedness of the plan, including an indexing from July 1, 1998 to July 1, 2009.¹ The index that may be used is the inflation rate included in the initial maximum indebtedness calculations. Under the provisions of this new statute, the \$33 million original maximum indebtedness would increase to \$56.4 million, using the original 5% inflation rate from July 1, 1998 to July 1, 2009. The greatest maximum indebtedness figure allowed (without overlapping taxing district concurrence), including a 20% increase from that amount, would be \$67.7 million.

In order to complete the four projects, it is estimated that an increase of \$16,150,000 is needed in the maximum indebtedness limit. The increase is calculated as follows:

LCC Project	\$8,000,000
VA Clinic	2,500,000
Farmers Market	500,000
Garage Debt (principal only)	4,810,000
Legal/Debt Issuance/Administration	<u>1,190,000</u>
Total Funds Needed for Projects	\$17,000,000
Less: Amount Remaining Under Current Spending Cap	<u>-850,000</u>
Net Amount of Maximum Indebtedness Increase	\$16,150,000
Not Included in Maximum Indebtedness Cap:	
Interest on LCC Project Debt (estimated)	2,200,000
Interest on Parking Garage Debt	1,500,000

**It should also be noted that when the garage debt is paid off, the City's Parking Fund will continue to pay for the cost of police officers. That amount is not included in the chart above.*

The increase in maximum indebtedness of \$16,150,000 would result in a revised maximum indebtedness figure of \$49,150,000, which represents cumulative spending in the Downtown District from 1998 to the end of the Plan. This revised maximum indebtedness amount is the estimated amount needed to accomplish the projects under the current project assumptions and to provide for district administration. It is within the limits established under ORS 457.470.

Table 6 in Exhibit E includes information about future revenues and expenditures in the district. The timing and amounts for individual project activities will be determined by the Agency Board each year during the annual budget process. Completion dates for individual activities may be

¹ This provision may be changed if written concurrence is obtained from the overlapping taxing districts that impose at least 75% of the taxes under permanent rate limits in the Plan Area.

affected by changes in the plans of other private or public partners, local economic and market conditions, changes in the availability of tax increment funds, and changes in priorities for carrying out project activities. The Agency will convene a committee at least once each year to prepare a report on expenditures from the previous fiscal year in comparison to the Plan. The Director shall forward that report to the Agency Board upon its receipt.

Current projections show that the tax increment revenues should be sufficient to pay for the projects and associated debt by FY2018/2019. The district would terminate once the debt is repaid. (The district is not expected to need to collect tax revenue in the final year, FY2019.)

Chapter 8: Financial Analysis of the Plan with Sufficient Information to Determine Feasibility

The financial analysis of the plan shown in [Table 6](#) in [Exhibit E](#) includes the anticipated tax increment revenues over the projected remaining life of the Plan. The analysis shows that the anticipated tax increment revenues are based on reasonable projections of new development and appreciation in existing property values. The projection of tax increment revenues is based on the following assumptions:

- The Plan Area will be expanded in FY12, increasing the frozen base by approximately \$14 million.
- Property assessed values will increase by 2% per year, which includes increases on existing property as well as a small amount of new investment in existing downtown area properties.
- One significant, new taxable development is anticipated during the remainder of the life of the district. Beam Development is currently working on rehabilitating the Centre Court building, at Willamette and Broadway. The projections assume that this project is completed and generates additional taxable value within the district.
- The Broadway Place development's Multi-Unit Property Tax Exemption will expire, and the project will start paying additional taxes beginning in FY11.
- Tax rates applicable to the Downtown District are projected to go down over time, due to the Oregon statute that says that certain urban renewal plans may only collect tax increment on permanent tax rates or bonds and levies approved by voters prior to October 6, 2001. In particular, bonded debt tax rates applicable to the Downtown District will be reduced as bonds approved by voters prior to October 6, 2001 are retired.

The projections result in urban renewal tax revenues between FY2010/2011 and FY2018/2019 of approximately \$17 million. Together with other revenues and existing fund balances, these

revenues will support the \$16,150,000² of increased maximum indebtedness proposed under this Plan Amendment. In addition to the redevelopment projects, the revenues will be sufficient to pay for administrative activities, including an allocation of central service overhead costs. Those costs are projected to increase over time due to inflation at a rate of 2% per year.

The Agency will also carry a reserve on outstanding bonds until those bonds are fully paid off, as well as a balance equal to two months of operating costs each year, per City of Eugene financial policy.

Chapter 9: Fiscal Impact Statement that Estimates the Impact of the Tax Increment Financing, Both Until and After the Indebtedness is Repaid, Upon All Entities Levying Taxes Upon Property in the Plan Area

Taxing bodies that overlap with the Agency are affected by the use of tax increment funds to implement the Plan. When a district is first created, the assessed value within the Plan Area is established as the “frozen base.” This is a way of keeping the overlapping taxing districts “whole” as of the date the urban renewal district is created. In theory, if urban renewal efforts are successful, the value of the district will grow above the base. That increase is called the “incremental value” or “excess value.” Property taxes from the overlapping jurisdictions (schools, general governments, bonds) are then divided among the jurisdictions that continue to receive taxes on the frozen base. The URA receives taxes on the incremental value. This has an impact on the amount of revenue that the overlapping jurisdictions receive, versus what they would have received if there were no urban renewal districts in effect.

Impact on Tax Bills: In addition to the impact on the overlapping taxing jurisdictions, urban renewal also makes individual tax bills look different. ***Urban renewal districts do not impose new taxes; rather, they redistribute taxes from overlapping taxing districts to the urban renewal districts.*** There are two basic steps to understand how an individual’s tax bill is affected by tax increment financing in Oregon. The first step determines the amount of property taxes that the urban renewal agency should receive, and the second step determines how the taxes are accounted for on property tax statements.

The first step in determining how tax increment financing affects an individual’s tax bill consists of applying the tax rates of the taxing districts (such as the city, county and school districts) to the incremental value of the urban renewal district. That product is the amount of taxes that the urban renewal agency should receive. The second step determines how to divide or split

² The proposed 2010 Amendment, including the maximum indebtedness increase, will be reviewed by Planning Commission, the overlapping taxing districts, and the general public. After this review, the City Council may choose a different maximum indebtedness figure.

the tax rates of the taxing districts so that when those “divided rates” are applied to all tax bills in the City, the urban renewal agency receives its share, and the taxing districts receive the remainder.

The Lane County Assessor determines how the tax rates for the schools, city, and county should get divided between the taxing districts and the urban renewal districts. As of December 2010, there are seven urban renewal districts in Lane County. As an example, the City’s permanent tax rate is \$7.0058 per \$1,000 of assessed value. The Lane County Assessor divides that tax rate into three pieces: \$6.9056 goes to the City of Eugene, \$0.0744 goes to the Downtown Urban Renewal District, and \$0.0258 goes to the Riverfront Urban Renewal District. This calculation is done for each tax rate on the tax bill.

After taking the information from the Lane County Assessor about the division of tax rates, an analysis can determine how an individual tax bill is affected by urban renewal division of tax. For the median Eugene home that the Lane County Assessor calculated for FY2009/2010, this median taxpayer would essentially pay the same amount of total taxes before or after urban renewal division of taxes. The difference is that the tax revenues are reallocated from the overlapping taxing districts to the urban renewal districts. [Table 7 in Exhibit F](#) sets out this calculation for the average taxpayer in Eugene. As can be seen, **the before and after urban renewal views of this taxpayer’s bill are within one penny of each other.** That penny represents the effects of truncation and rounding.

Impact on Tax Rates: Urban renewal nominally affects voter-approved local option levies and bonds because the affected district has less property value to levy taxes against, resulting in slightly higher tax rates. Based on the FY2009/2010 tax rates, the estimated impact of this slight tax rate increase from the Downtown Urban Renewal District is about \$1.66 for the average Eugene taxpayer, which represents less than 0.05% of the total tax bill of \$2,938 in FY2009/2010.

Impact on Overlapping Taxing District Revenues: For the overlapping taxing jurisdictions, a share of property taxes from the “excess value” or “incremental value” is not collected by the overlapping jurisdictions during the period of an active district, which reduces revenues. The incentive for the overlapping districts to support urban renewal is higher property tax revenues in the long-run. When the district is ended, the overlapping taxing districts are able to tax the entire value within the district. Under the theory of urban renewal, this value is higher than it would have been if there had been no district in effect. In general, urban renewal does not directly affect an individual school system’s budget because schools are funded by the state on a per-pupil basis.

The estimated amount of urban renewal taxes to be divided over the remaining term of the Plan (net of discounts, delinquents, etc.) is shown in Table 8 in Exhibit G. Only the permanent tax rates of the overlapping jurisdictions are considered in this analysis because there are no local option levies included in urban renewal revenues for the Downtown Urban Renewal

District, and bonded debt tax rates will be reduced from year to year until the existing bonds are paid off.

As can be seen in Table 8, in FY2009/2010, it is estimated that the City of Eugene would forego about \$810,000 of revenue because of the Downtown Urban Renewal District tax increment financing. In FY2018/2019 after tax increment financing is terminated, the City of Eugene is estimated to receive \$1,140,000 of additional tax revenue per year. Lane County is estimated to forego \$150,000 of revenue in the first fiscal year, and to benefit by \$210,000 of additional tax revenue per year after division of tax is terminated in FY2018/2019. The combined school districts are estimated to forego \$650,000 of revenue in the first fiscal year, and to benefit by \$920,000 of additional annual tax revenue after the district is terminated in FY2018/2019. As mentioned above, however, the impact on schools is really an impact on the state's budget because schools are mainly funded on a per-pupil funding formula rather than by the level of property tax dollars generated within their boundaries.

The net impact of the Downtown District on local schools is a loss of about \$31,000 per year (based on FY10) after accounting for the State's system for school funding. The State determines how much money must be allocated for the education of each pupil across the state. If the money is not available from local property taxes, the State will make up the difference. In FY10, the Downtown District diverted \$650,000 of local property taxes that would have gone to education. The State made up the difference.

If the Downtown District had not diverted those funds, the State would have had the additional \$650,000 to allocate as it chose. In other words, the State could have chosen to allocate the money to education or to some other budgetary priority. Had the State chosen to keep the money in education, some of that money would have returned to Eugene schools based on the applicable statewide school funding formula. Under the formula, Eugene School District 4j would have received about \$20,000; LCC would have received about \$10,000; and Lane Education Service District would have received about \$1,000.

As a result of the Downtown District, the State provided a net \$629,000 for spending in Eugene. Without the Downtown District tax increment financing, those funds would be used to fund school districts throughout the state.

Reduced Rate Plan: The Downtown District is a "reduced rate plan" under the statutes, which means that the property taxes that may be used to fund urban renewal activities is limited to the permanent tax rates and any bonds or local option levies that were approved by voters prior to October 2001. The projected tax rate used to generate urban renewal revenues for the Downtown District will be reduced over time as bonds approved by voters before October 2001 are paid off. Urban renewal tax increment revenue is counted towards the Measure 5 general government tax rate cap of \$10 per \$1,000 of assessed value. In Eugene, the general government category of taxes is not currently in Measure 5 tax rate compression, so this is not a significant factor in evaluating the impact of urban renewal on the overlapping taxing district revenues.

Chapter 10: Relocation Report

A. Requirement

An analysis of the existing residences of businesses required to relocate permanently or temporarily as a result of Agency actions under ORS 457.170.

Response

No specific relocation activity is identified in the Plan. If urban renewal assistance results in relocation requirements, a relocation plan will be developed for that purpose. Relocation activities and assistance would be provided in accordance with ORS 281.045 through 281.105.

B. Requirement

A description of the methods to be used for the temporary or permanent relocation of persons living in and businesses situated in, the Plan Area in accordance with ORS 281.045 through 281.105.

Response

No specific relocation activity is identified in the Plan. If urban renewal assistance results in relocation requirements, a relocation plan will be developed for that purpose. Relocation activities and assistance would be provided in accordance with ORS 281.045 through 281.105.

C. Requirement

An enumeration, by cost range, of the existing housing units in the plan area to be destroyed or altered and new units to be added.

Response

No specific existing housing units are proposed to be removed by actions of the Plan.

D. Requirement

A description of new residential units which are likely to be constructed within the Plan Area.

Response

Some new residential units are expected to be constructed within the Plan Area.

Chapter 11: Appendix

Exhibit A: Plan Area Map

Exhibit B: Zoning District Map

Exhibit C: Census Boundaries Map

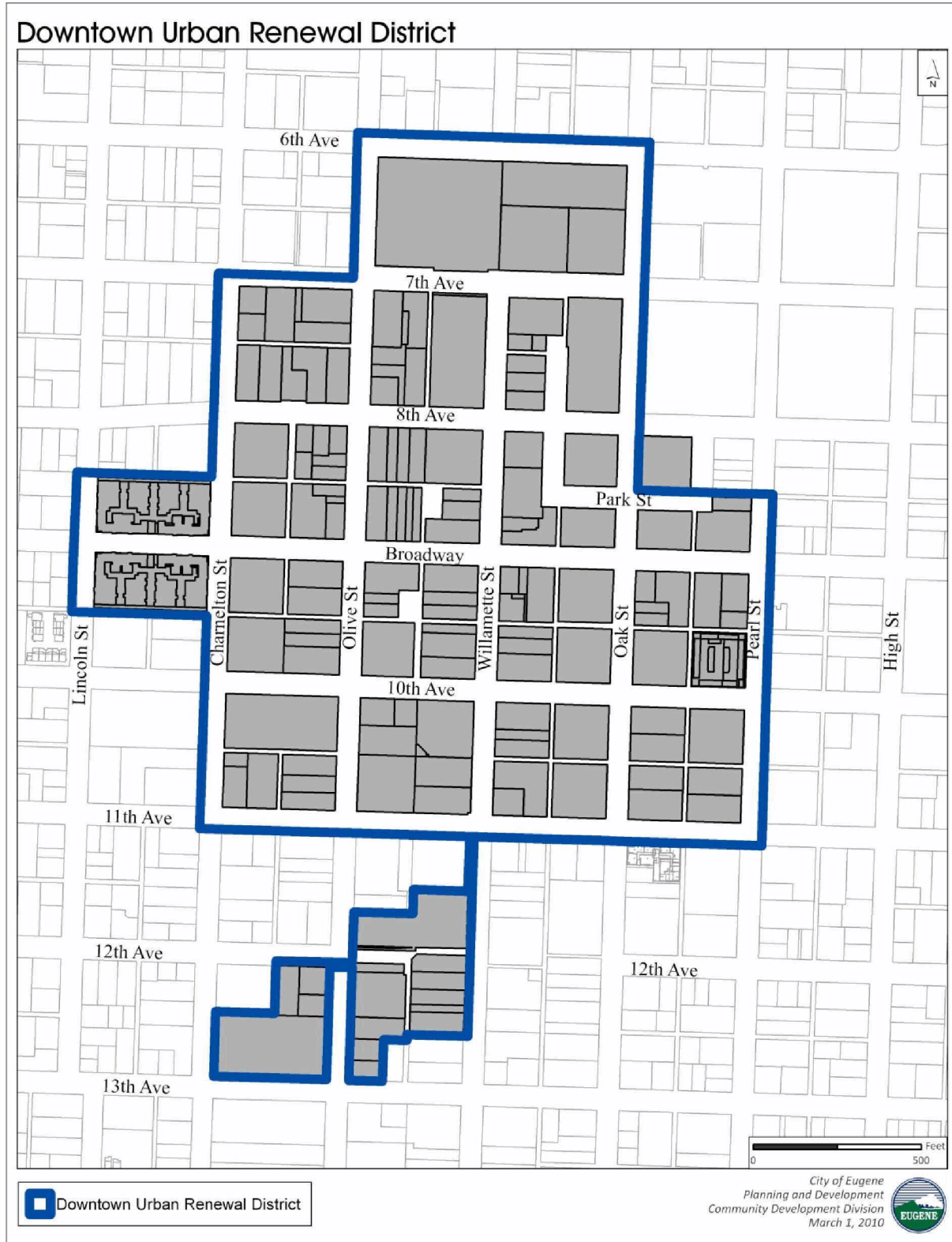
Exhibit D: Plan Area Map with 2010 Expansion Area Highlighted

Exhibit E: Projected Revenues and Expenditures for the Plan Area

Exhibit F: Impact of Urban Renewal on an Individual Tax Bill

Exhibit G: Impact of the Plan on Overlapping Taxing Jurisdictions

Exhibit A – Plan Area Map



Caution: This map is based on imprecise source data, subject to change and for general reference only.

Exhibit B – Zoning District Map

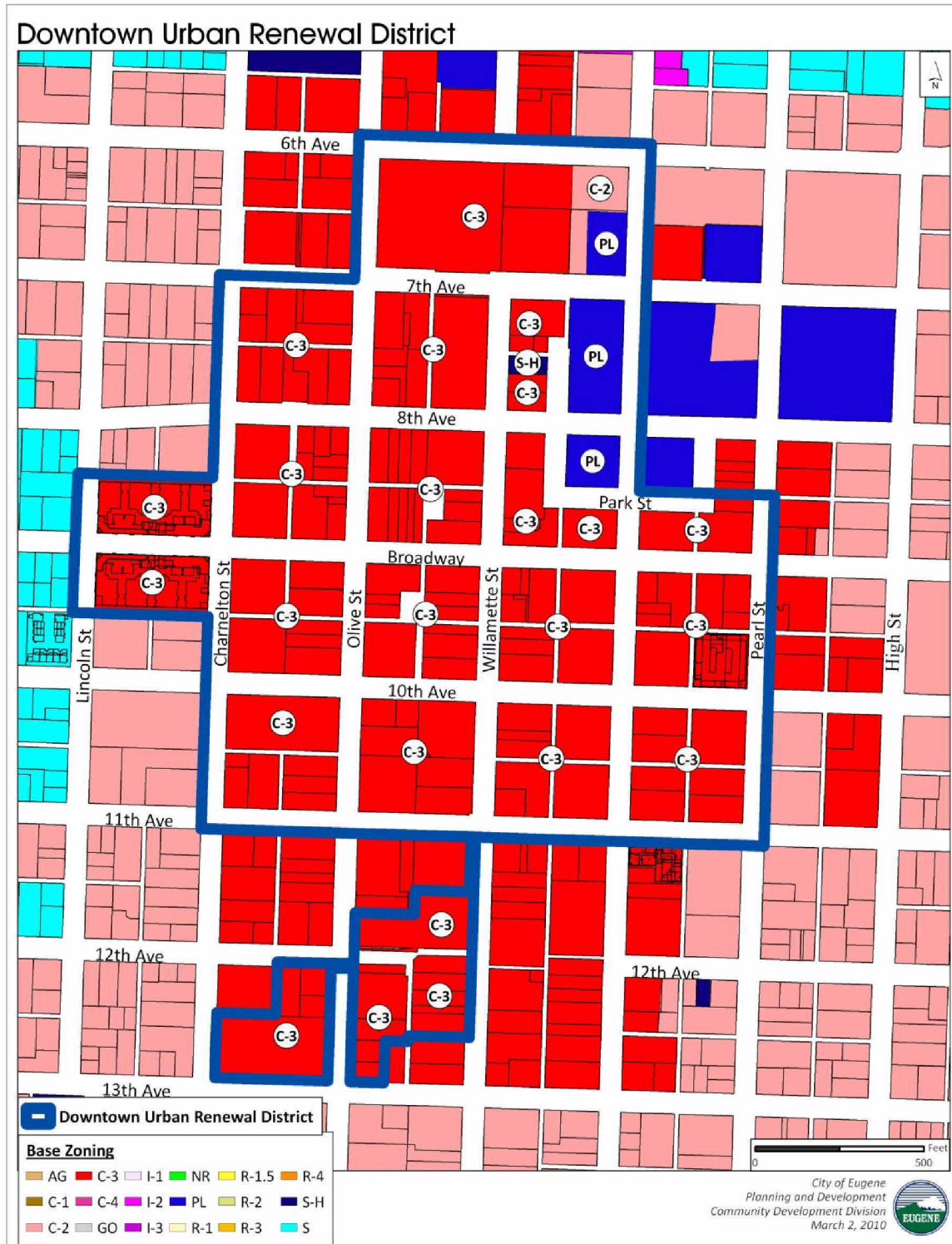
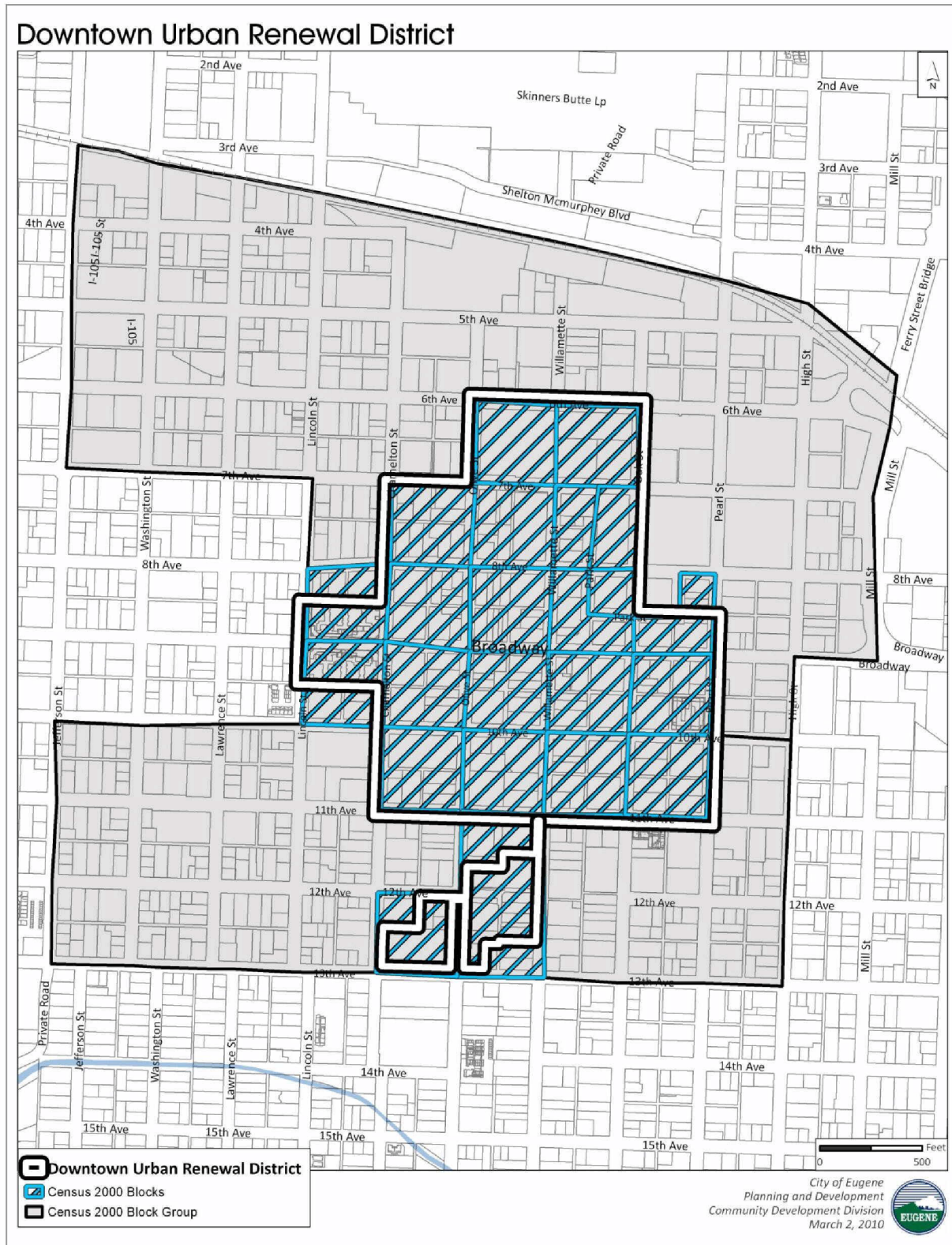
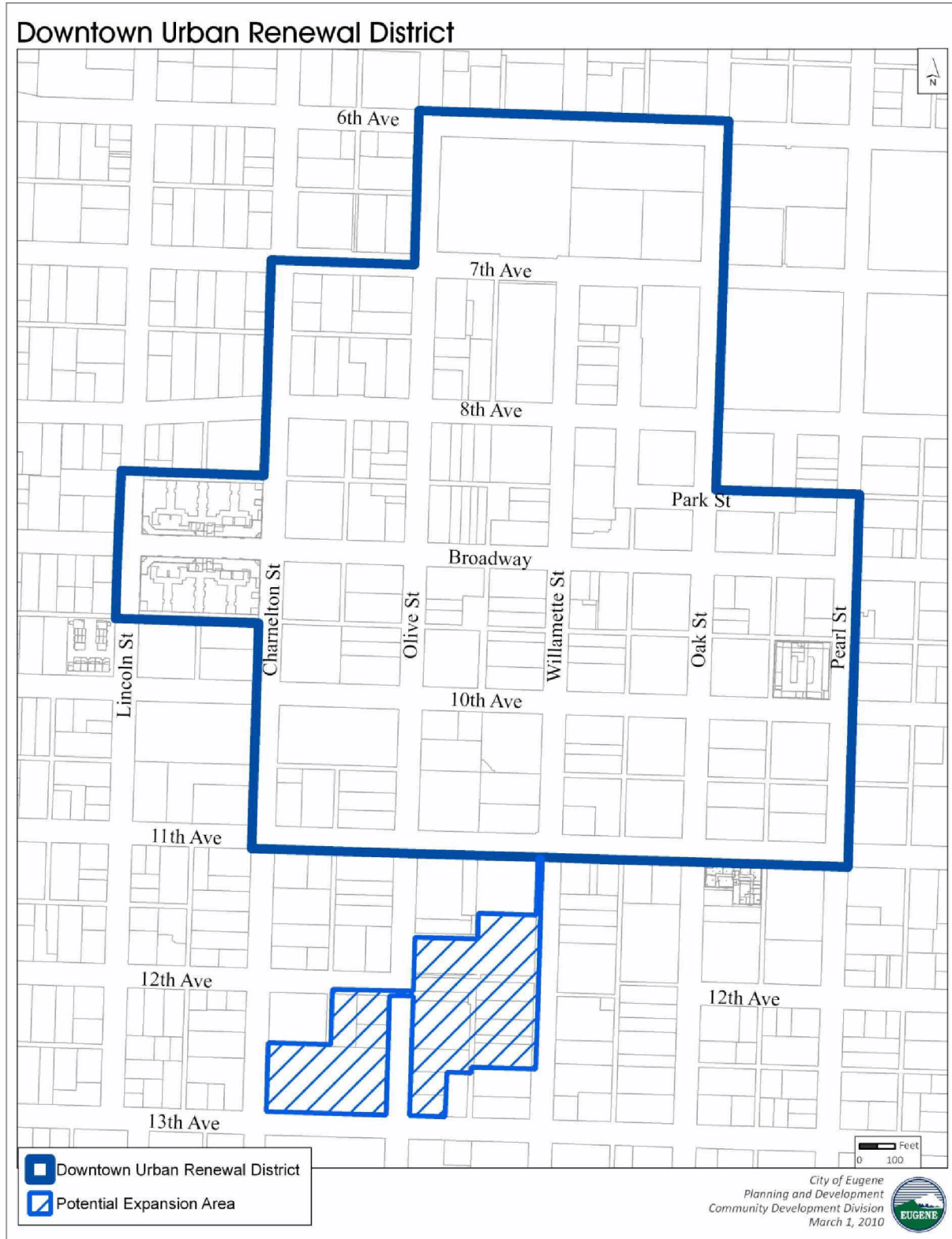


Exhibit C – Census Boundaries Map



Caution: This map is based on imprecise source data, subject to change and for general reference only.

Exhibit D: Plan Area Map with 2010 Expansion Area Highlighted



Caution: This map is based on imprecise source data, subject to change and for general reference only.

Exhibit E: Projected Revenues and Expenditures for the Plan Area

Table 6

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Totals FY11-19
Resources											
Property Taxes	1,730,000	1,920,000	1,960,000	2,080,000	2,130,000	2,130,000	2,180,000	2,220,000	2,280,000	-	16,900,000
Debt Issued	-	7,700,000	-	-	-	-	-	-	-	-	7,700,000
DRLP Loan Repayments	80,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	1,710,000
BEDI Grant/108 Loan for Beam	6,700,000	-	-	-	-	-	-	-	-	-	-
Interest Earnings	40,000	92,000	62,000	62,000	52,000	62,000	62,000	72,000	72,000	83,000	619,000
Beginning Working Capital	8,002,350	4,404,008	1,895,501	1,562,589	1,343,536	1,446,961	1,546,861	1,687,086	1,864,661	2,078,311	4,404,008
Total Resources	16,552,350	14,306,008	4,107,501	3,894,589	3,715,536	3,828,961	3,978,861	4,169,086	4,406,661	2,351,311	31,333,008
Requirements											
Expenditures											
Administration	530,000	480,000	355,000	350,000	55,000	55,000	55,000	57,000	60,000	63,000	1,530,000
DRLP Loans Granted	2,360,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	1,710,000
Beam Project	6,500,000	-	-	-	-	-	-	-	-	-	-
DT Initiative	150,000										
Miscellaneous Projects	134,593										-
LCC project	-	8,000,000	-	-	-	-	-	-	-	-	8,000,000
VA Clinic project		2,500,000	-	-	-	-	-	-	-	-	2,500,000
Farmers Market improvements		500,000	-	-	-	-	-	-	-	-	500,000
Debt Service on UR Debt	-	-	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	9,920,000
Intergvt'l Exps - Library & Other	2,473,750										-
Intergvt'l Exps - Parking Debt	-	740,506	759,913	771,053	783,575	797,100	806,775	817,425	838,350	-	6,314,697
Total Expenditures	12,148,343	12,410,506	2,544,913	2,551,053	2,268,575	2,282,100	2,291,775	2,304,425	2,328,350	1,493,000	30,474,697
Debt Service Reserve	-	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	-	-
Other Reserves	4,404,008	655,501	322,589	103,536	206,961	306,861	447,086	624,661	838,311	858,311	858,311
Total Reserves	4,404,008	1,895,501	1,562,589	1,343,536	1,446,961	1,546,861	1,687,086	1,864,661	2,078,311	858,311	858,311
Total Requirements	16,552,351	14,306,008	4,107,501	3,894,589	3,715,536	3,828,961	3,978,861	4,169,086	4,406,661	2,351,311	31,333,008

Note: Administration includes project legal and professional services, debt issuance costs and project administration.

Exhibit F: Impact of Urban Renewal on an Individual Tax Bill

Table 7

Comparison of Tax Bill Before and After Urban Renewal Reallocation						
For Median Eugene Home in FY10 - 2009 Tax Year						
	Taxes Before	Taxes Directed to:			Taxes Billed	
	Urban Renewal				After Urban Renewal	
	Reallocation	Taxing Districts	Downtown UR	Riverfront UR	Reallocation	Difference
School Taxes						
Eugene School District	\$752.39	\$739.20	\$9.79	\$3.39	\$739.20	(\$13.18)
Eugene School District LOL	\$237.67	\$236.61	\$0.00	\$1.06	\$236.61	(\$1.06)
Lane Community College	\$98.09	\$96.72	\$1.03	\$0.35	\$96.72	(\$1.38)
Lane ESD	\$35.37	\$34.87	\$0.36	\$0.13	\$34.87	(\$0.49)
	\$1,123.52	\$1,107.40	\$11.19	\$4.93	\$1,107.40	(\$16.11)
General Government Taxes						
City of Eugene	\$1,110.05	\$1,094.17	\$11.79	\$4.09	\$1,094.17	(\$15.88)
City of Eugene Library Levy	\$36.73	\$36.60	\$0.00	\$0.13	\$36.60	(\$0.13)
Lane County	\$202.70	\$199.82	\$2.14	\$0.74	\$199.82	(\$2.88)
Eugene Downtown UR	\$0.00	\$0.00	\$0.00	\$0.00	\$27.03	\$27.03
Eugene Riverfront UR	\$0.00	\$0.00	\$0.00	\$0.00	\$11.75	\$11.75
	\$1,349.48	\$1,330.59	\$13.93	\$4.96	\$1,369.37	\$19.90
Bonded Debt Taxes						
Lane County Bond	\$18.67	\$18.41	\$0.19	\$0.06	\$18.41	(\$0.25)
Eugene Bond I	\$52.08	\$51.35	\$0.54	\$0.19	\$51.35	(\$0.73)
Eugene Bond II	\$136.17	\$135.68	\$0.00	\$0.49	\$135.68	(\$0.49)
Eugene 4J Bond I	\$92.03	\$90.43	\$1.19	\$0.41	\$90.43	(\$1.60)
Eugene 4J Bond II	\$128.67	\$128.10	\$0.00	\$0.57	\$128.10	(\$0.57)
LCC Bond	\$37.12	\$37.00	\$0.00	\$0.13	\$37.00	(\$0.13)
	\$464.74	\$460.97	\$1.92	\$1.85	\$460.97	(\$3.77)
Total Taxes	\$2,937.73	\$2,898.96	\$27.03	\$11.74	\$2,937.74	\$0.01
Source: Based on tax rates per the Lane County Assessor, Levy Child/Parent Detail Report, Tax Year 2009, TCA 00400						
Assessed Value for Median Home in Eugene			\$158,447			
Any slight differences of \$0.01 are due to truncation and rounding.						

Exhibit G: Impact of the Plan on Overlapping Taxing Jurisdictions

Table 8

	Actual FY10	Projected FY11	Projected FY12	Projected FY13	Projected FY14	Projected FY15	Projected FY16	Projected FY17	Projected FY18	Projected * FY19
District Revenue Impact **										
<i>School District 4J</i>	\$550,000	\$600,000	\$620,000	\$660,000	\$680,000	\$700,000	\$720,000	\$730,000	\$760,000	\$780,000
<i>Lane Community College</i>	\$70,000	\$80,000	\$80,000	\$90,000	\$90,000	\$90,000	\$90,000	\$100,000	\$100,000	\$100,000
<i>Lane Education Service District</i>	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$40,000	\$40,000
<i>City of Eugene</i>	\$810,000	\$890,000	\$910,000	\$970,000	\$1,000,000	\$1,030,000	\$1,060,000	\$1,080,000	\$1,110,000	\$1,140,000
<i>Lane County</i>	\$150,000	\$160,000	\$170,000	\$180,000	\$180,000	\$190,000	\$190,000	\$200,000	\$200,000	\$210,000
Permanent Tax Rates										
<i>School District 4J</i>	\$4.7485	\$4.7485	\$4.7485	\$4.7485	\$4.7485	\$4.7485	\$4.7485	\$4.7485	\$4.7485	\$4.7485
<i>Lane Community College</i>	\$0.6191	\$0.6191	\$0.6191	\$0.6191	\$0.6191	\$0.6191	\$0.6191	\$0.6191	\$0.6191	\$0.6191
<i>Lane Education Service District</i>	\$0.2232	\$0.2232	\$0.2232	\$0.2232	\$0.2232	\$0.2232	\$0.2232	\$0.2232	\$0.2232	\$0.2232
<i>City of Eugene</i>	\$7.0058	\$7.0058	\$7.0058	\$7.0058	\$7.0058	\$7.0058	\$7.0058	\$7.0058	\$7.0058	\$7.0058
<i>Lane County</i>	\$1.2793	\$1.2793	\$1.2793	\$1.2793	\$1.2793	\$1.2793	\$1.2793	\$1.2793	\$1.2793	\$1.2793
Incremental Value in the Downtown UR Dist.	123,590,000	135,090,000	138,420,000	147,420,000	151,600,000	155,860,000	160,210,000	164,640,000	169,160,000	173,770,000
<i>Notes: Property tax collections for all years is:</i>	94%									
<i>Existing property values increase at 2% per year</i>										
<i>Broadway Place tax exemption expires in FY11</i>										
<i>Boundary expansion occurs in FY12</i>										
<i>Beam development is complete and pays taxes starting in FY13</i>										

* The listed amounts for FY19 will be revenue provided to the various entities. (The Downtown District is not expected to collect tax increment in FY19.)

** The impact on schools is really an impact on the State's budget because schools are mainly funded on a per-pupil funding formula rather than by the level of property tax dollars generated within their boundaries. See Chapter 9 "Impact on Overlapping Taxing District Revenues" section for more information.