

Toledo Urban Renewal Feasibility Study





April 9, 2021

Judy Richter, City Manager

PO Box 220
City of Toledo
Toledo, Oregon 97391

Dear Toledo Team,

The Urban Renewal Feasibility Study for Toledo is attached. The study has been completed by Elaine Howard Consulting, LLC and Tiberius Solutions LLC. It shows that a new urban renewal area could be adopted and comply with both the statutory acreage and assessed value limitations. It identifies the potential amount of tax increment revenues that could be received and the resulting dollars available for projects in the urban renewal area over a 30-year duration.

Thank you to your staff who has helped to provide the information for this study.

The next steps to consider, if the city council decides to proceed, are identified in the study.

Sincerely,

A handwritten signature in blue ink that reads 'Elaine Howard'.

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Executive Summary

Results

The City of Toledo, Oregon is conducting a feasibility study for an urban renewal area (URA) to serve the downtown and other under and undeveloped property along Highway 20, North on A Street NW, and to the southwest of Highway 20 from the railroad tracks to the Yaquina River. The purpose of this feasibility study is to:

- determine the study area boundary meets the limitations imposed under ORS 457 on acreage and assessed value in an urban renewal area,
- examine the financial feasibility of urban renewal in the study area, and to
- examine the impacts on taxing districts as a result of the potential creation of a URA in Toledo.

This report provides the City of Toledo with baseline data to understand the financial capacity of a new URA. The assumptions are for a thirty-year time period to incur debt and a thirty-year timeframe to pay off all debt for the URA with an assessed value growth rate of 3.5% as directed by the city. The potential amount of maximum indebtedness for the URA is \$30,900,000 with \$19,000,000 in 2021 dollars to allocate to projects. If this amount of funding is more than is needed in the URA, the time frame for urban renewal could be shortened or the boundary could be reduced.

Implications and Next Steps

The results of the feasibility study have the following key implications:

- Urban renewal could generate significant financial capacity for the City of Toledo.

If the City desires to move forward with an urban renewal plan, it would lead to the following next steps:

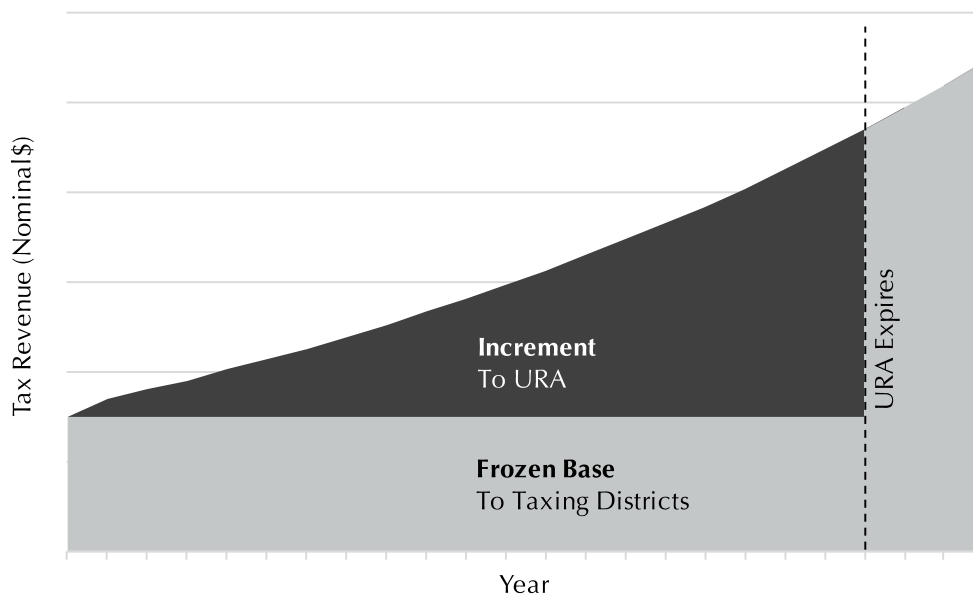
- Select a consultant with expertise in establishing urban renewal plans.
- Form an urban renewal agency.
- Establish an advisory committee and conduct public outreach.
- Determine the final boundary and project list.
- Complete blight and existing conditions analysis.
- Conduct outreach to affected taxing districts.
- Conduct the formal public review process of urban renewal plans including review by the urban renewal agency, planning commission and a public hearing and vote by the City Council.
- To enable the Agency to capture any ongoing growth in the potential URA, the urban renewal plan should be adopted by September 1, 2021.

Background

How Urban Renewal Works

Urban renewal, permitted by Oregon Revised Statute (ORS) 457, is primarily used by cities and counties across Oregon as a revenue source for funding capital projects to help revitalize “blighted” areas. When an URA is established, the assessed value within the URA boundary becomes the “frozen base” value. When assessed value in the URA grows over time, the difference between the total assessed value and the frozen base is considered “increment” value. Each year, property tax revenue from the frozen base in the URA is distributed normally to all overlapping taxing districts, and the URA receives all the property tax revenue generated from the increment, called “tax increment finance” (TIF) revenue. TIF revenue can only be spent on capital projects located in the URA. After the URA expires, all tax revenue is distributed to the overlapping taxing districts. Exhibit 1 illustrates the general tax revenue distribution within a URA boundary over the life of the URA.

Exhibit 1. Example Urban Renewal Revenue Distribution



Urban renewal is a division of taxes; it does not create a new tax or increase the existing tax rate. Therefore, the financial impacts of an URA are borne by overlapping taxing districts, and not by individual tax payers. TIF revenue collected by a URA results in revenue foregone by the overlapping taxing districts.

Financial Restrictions and Limitations on Urban Renewal

TIF revenue can only be spent on capital projects, not operations. For example, TIF revenue could be used to pave a new road, but could not be used to pay for ongoing maintenance activities for that road. Additionally, TIF revenue can only be spent on projects located within the URA, and those projects must be to the benefit of the URA.

Urban renewal plans are required to have a “maximum indebtedness”, which functions as a limit on the cumulative amount of TIF that can be spent on projects in the URA. Note that maximum indebtedness does not function as a revolving credit limit. In other words, paying off debt for old projects does not

free up maximum indebtedness to be used on future projects. Once a URA incurs the full amount of maximum indebtedness, it cannot incur additional debt to fund additional projects. ORS limits the maximum indebtedness of a URA based on the URA's frozen base. If the frozen base is \$50 million or less, maximum indebtedness cannot exceed \$50 million. This limitation fits your city.

Urban renewal plans may also include sunset provisions that establish a final date for incurring debt and/or collecting TIF revenue. Any such sunset provisions are not required by statute.

Other Limitations on Urban Renewal

For cities with populations of less than 50,000, ORS limits the frozen base assessed value of urban renewal areas to no more than 25% of total citywide assessed value.¹ Similarly, ORS limits the acreage of urban renewal areas to no more than 25% of total citywide acreage.

Oregon's Property Tax System

To fully understand how urban renewal land tax increment financing work, it is important to also understand key elements of Oregon's property tax system. Oregon's property tax system is largely defined by two property-tax-related ballot measures that were approved by voters in the 1990s: Measure 5 passed in 1990 and Measure 50 passed in 1997.

Measure 5 limited the property taxes paid by individual property owners to \$10 per \$1,000 of real market value (RMV) for general government taxes and \$5 per \$1,000 of real market value for education taxes. Levies passed by voters to repay general obligation bonds were excluded from these limits.

Measure 50, passed in 1997, was a further overhaul of Oregon's property tax system, including the following key elements:

- Switching from a "levy-based" system to a "rate-based" system, including the establishment of permanent tax rates for each taxing district instead of variable levies. Note that in addition to permanent tax rates, taxing districts may also impose local option levies and levies for general obligation bonds, both of which are temporary in nature and are subject to voter approval.
- Reducing assessed value. Assessed value is no longer equal to real market value. In fiscal year 1997-98, a maximum assessed value (MAV) for each property was established, which was equal to 90 percent of its assessed value from two years prior (fiscal year 1995-96).
- Limiting assessed value growth. Growth in MAV was limited to three-percent annually. The actual assessed value used to calculate a property's tax bill is equal to the lesser of the property's MAV and RMV.

There are some exceptions to the three percent limit in MAV growth. The most common exceptions are new construction and significant improvements that did not exist in 1995-96 when the MAV was established. To determine the "exception value" in these situations, a "changed property ratio" (CPR) is used to establish the initial MAV. The CPR is calculated annually as the ratio between aggregate AV and aggregate RMV for each property class (residential, multifamily, commercial/industrial, etc.) in each

¹ For the purposes of this calculation, ORS requires that the amount of increment value from any existing URAs that impose division of tax revenues be subtracted from the total citywide assessed value.

county. The CPR is applied to the RMV of all new development to determine initial MAV, after which time, it grows at 3% per year like all other existing property.²

What is Revenue Sharing?

In 2009, the Oregon Legislature enacted HB 3056, which, among other things, established a system of revenue sharing for URAs. These revenue sharing provisions only apply to URAs adopted after 2009 and older URAs that have been amended to increase maximum indebtedness after 2009. When URAs attain certain thresholds of annual tax revenue, some of this tax revenue is released from the URA and shared with the other taxing districts.

When tax revenues reach 10% of the URA's maximum indebtedness, then a portion of the TIF above that level is shared with overlapping taxing districts (specifically 25% of the TIF above this threshold remains with the URA, and the remaining 75% of TIF is returned to taxing districts). Additionally, when TIF revenues for the URA reach 12.5% of the maximum indebtedness, TIF revenues for the URA are capped at the amount, with all TIF revenues above 12.5% of maximum indebtedness being shared with overlapping taxing districts.

The analysis for the Toledo study area studied indicates it would not begin revenue sharing in the projected 30-year lifetime of the URA. However, if the amount of tax increment revenues forecasted in this feasibility study are more than the Agency will need for projects in the early years of the URA, revenue sharing could be a way to reduce the early impacts on the taxing districts.

Methods

The methods used for this feasibility study to establish potential maximum indebtedness and define impacts on the taxing jurisdictions included the following key steps:

- Step 1. Define boundary options.
- Step 2. Determine the consolidated tax rate
- Step 3. Determine the assessed value of the frozen base
- Step 4. Forecast future growth in assessed value
- Step 5. Calculate tax increment finance revenue and estimate amounts available for projects
- Step 6. Estimate impacts on taxing districts

² Other exceptions include: partitioning or subdividing a property, rezoning a property and change of use consistent with that zone, and the disqualification or termination of property tax exemptions (e.g., property transferring from public to private ownership).

Step 1. Define boundary options and determine the assessed value of the frozen base

The City of Toledo defined the boundary option as shown in Exhibit 3. It encompasses 311.75 acres, and \$ 41,242,091 in assessed value in fiscal year ending (FYE) 2021.

Using Lincoln County assessment data, we identified all tax accounts (or fractions thereof) located within each boundary. For non-situs utility property, we estimated the value within each boundary based upon ratios of utility property to real property in each tax code area. All properties within the boundary options are located within tax code areas 203, 270, and 280. It is recommended that property within tax code areas 270 and 280 be removed from the urban renewal area, or annexed to the city as those properties are currently outside the city limits. If these properties remain in the boundary of the urban renewal area, the county will also have to approve the formation of the urban renewal area.

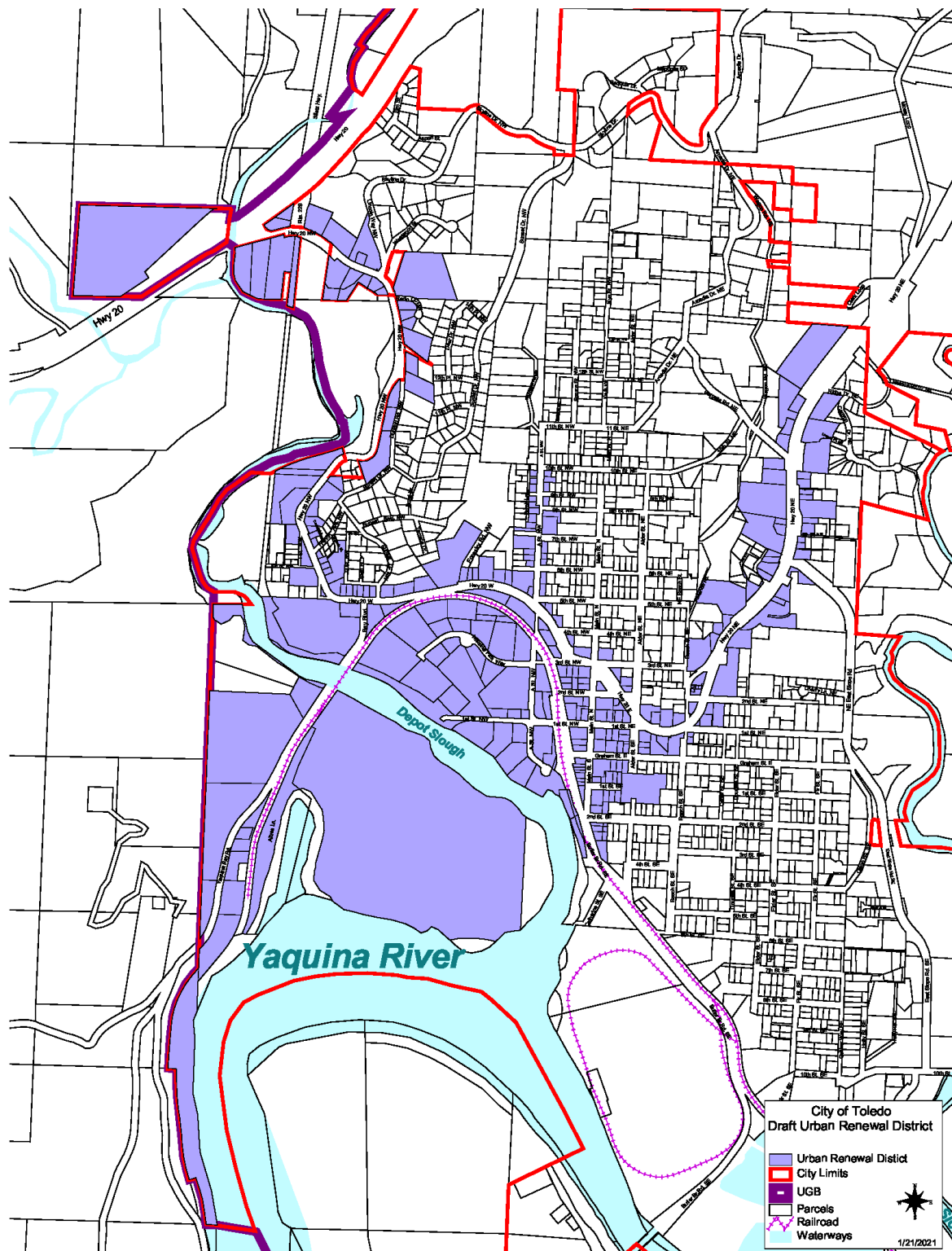
ORS 457 limits the total amount of assessed value and acreage that can be included in urban renewal districts in a city the size of Toledo to 25% of acreage and 25% of assessed value. This potential URA does not exceed the assessed value and acreage statutory authority for urban renewal in Toledo, shown in Exhibit 2. The assessed value of the proposed URA is based on FYE 2021 data from the Lincoln County Assessor.

Exhibit 2 - Statutory Limitation on Assessed Value and Acreage

	Acreage	Assessed Value
Urban Renewal Area	311.75	\$41,242,091
City of Toledo	1,591	\$424,189,670
Percent in URA	19.59%	9.77%

Source: City of Toledo e mail on February 9, 2021 and Lincoln County Assessor

Exhibit 3– Potential Urban Renewal Boundary



Source: City of Toledo

Step 2. Determine applicable tax rates

All properties within the boundary options are located within tax code areas 203, 270, and 280. It is anticipated that property within tax code areas 270 and 280 will be removed from the urban renewal area as those properties are outside the city limits. Details of the applicable tax rate for tax code area 203 are shown below in Exhibit 4. All new urban renewal plans are “permanent rate” plans. The consolidated tax rate is equal to the sum of all permanent tax rates. Local option levies and general obligation bond levies are not impacted by new urban renewal plans. There are no general obligation (GO) bonds impacted by the proposed boundary as Oregon statutes preclude new URAs from including GO bond rates for all bonds. Tax rate information was obtained from Lincoln County FYE 2021 Assessor Summary Table 4a.

The Lincoln County School District and the Linn-Benton-Lincoln Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the charts. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone because of the use of Tax Increment Financing are replaced, as determined by a funding formula at the State level with State School Fund revenues.

Exhibit 4 - Applicable Tax Rates for Toledo Feasibility Study, FY 2020/21, Code Area 203

Jurisdiction Name	Type	Rate
Lincoln County General	Permanent	\$ 2.8202
Lincoln County Animal Services	Permanent	\$ 0.1100
Lincoln County Extension	Permanent	\$ 0.0451
Lincoln County Transportation	Permanent	\$ 0.0974
Greater Toledo Pool	Permanent	\$ 0.7700
Port of Toledo	Permanent	\$ 0.2345
City of Toledo	Permanent	\$ 5.1800
Subtotal	Gen. Govt.	\$ 9.2572
Lincoln County School District	Permanent	\$ 4.9092
Oregon Coast CC	Permanent	\$ 0.1757
Linn-Benton ESD	Permanent	\$ 0.3049
Subtotal	Education	\$ 5.3898
Total	All	\$ 14.6470

Source: Lincoln County Assessor's Office, SAL 4a, FYE 2021

Step 3. Forecast future growth in assessed value

The Lincoln County Assessor's Office provided data on the assessed value of all properties in the City of Toledo for FYE 2021. The current assessed value of the boundary option was inflated by 3.5% to get the estimated frozen base. Growth rates for assessed value vary over time, depending on market cycles and new development. In Oregon, appreciation is capped at 3.0% per year, which means any growth above 3.0% per year requires new development to occur.

In this potential URA there is projected assessed value growth of approximately thirty million dollars in the initial year of tax increment collections, which will provide a jump start to the URA that does not often happen in urban renewal areas. This projected increase in assessed value is due to new development in the area that is planned or currently underway, including development on Port-owned property and investment by Georgia Pacific within the proposed URA boundary. Note that for the Georgia Pacific investment, only \$25 million of value is assumed to be taxable, per the terms of the proposed Strategic Investment Program (SIP) property tax abatement.

Step 4. Calculate tax increment revenue and revenue sharing

Gross TIF revenue is calculated as the product of the increment assessed value and the consolidated tax rate each year. However, actual TIF received (i.e., net revenue) in a given year tends to be lower, due to discounts (from paying early), delinquencies (unpaid taxes), truncation loss (lost revenue due to rounding of tax bills), and compression loss (for properties where the taxes imposed would exceed constitutional limits). Our forecast of net TIF revenue assumes a 5.0% adjustment factor to convert from gross to net revenue, based on our experience with other jurisdictions across the State.

Calculating tax increment revenue is done by forecasting assessed value, based on assumed assessed value growth as described in Step 3, and then subtracting the initial assessed value (the frozen base) to determine the "excess value". The excess value is that amount of growth in the URA including both new development (exception value) and the annual growth of assessed values within the URA. This excess value is multiplied by the applicable tax rate for each tax code area to determine the total amount of tax increment revenue, also referred to as TIF. Then, the revenue sharing thresholds are applied to determine the portion of tax increment revenue that will be collected by the URA and the portion that will be shared with overlapping taxing districts. Exhibit 5 shows the projections of assessed value, tax increment revenues, adjustments, and the portion of TIF projected to be received by the URA. Tax increment revenues would begin in FYE 2023 if an URA is adopted by the Toledo City Council by September 1, 2021.³ If the URA is approved after that date, the first year of tax increment would be delayed and Toledo could miss some of the growth that is happening in the study area at this time.

The amount of funding projected to be available for projects over incremental time periods are shown in Table 7.

The analysis is for a 30-year time period for collecting TIF. The estimated total net TIF revenues for a 30-year time period is \$36,400,000. This includes 5% adjustment for discounts (from paying early), delinquencies (unpaid taxes), truncation loss (lost revenue due to rounding of tax bills), and compression loss, plus prior year tax collections. The total TIF collections of \$36,400,000 is higher than

³ An urban renewal area is adopted through a non-emergency ordinance which does not go into effect for thirty days after adoption.

the maximum indebtedness as the maximum indebtedness does not include interest paid on any borrowings. Interest rates of 5% are forecasted for borrowings. If this amount of funding is more than is needed in the URA, the time frame for urban renewal could be shortened or the boundary could be reduced.

Exhibit 5 - Projected TIF Revenues over a 30 Year Period

Assessed Value					Tax Rate	Tax Increment Finance				
FYE	Total	Frozen Base	Increment - Used	Increment- Not Used		Gross TIF	Adjustments	Net TIF (Current Year)	Net TIF (Prior Year)	Net TIF (Total)
2023	\$ 76,598,131	\$ 41,424,091	\$ 35,174,040	\$ -	\$ 14.6456	\$ 515,144	\$ (25,757)	\$ 489,387	\$ -	\$ 489,387
2024	\$ 79,117,691	\$ 41,424,091	\$ 37,693,600	\$ -	\$ 14.6450	\$ 552,021	\$ (27,601)	\$ 524,420	\$ 7,341	\$ 531,761
2025	\$ 81,720,593	\$ 41,424,091	\$ 40,296,502	\$ -	\$ 14.6444	\$ 590,119	\$ (29,506)	\$ 560,613	\$ 7,866	\$ 568,479
2026	\$ 84,409,611	\$ 41,424,091	\$ 42,985,520	\$ -	\$ 14.6439	\$ 629,477	\$ (31,474)	\$ 598,003	\$ 8,409	\$ 606,412
2027	\$ 87,187,608	\$ 41,424,091	\$ 45,763,517	\$ -	\$ 14.6435	\$ 670,137	\$ (33,507)	\$ 636,630	\$ 8,970	\$ 645,600
2028	\$ 90,057,544	\$ 41,424,091	\$ 48,633,453	\$ -	\$ 14.6431	\$ 712,143	\$ (35,607)	\$ 676,536	\$ 9,549	\$ 686,085
2029	\$ 93,022,480	\$ 41,424,091	\$ 51,598,389	\$ -	\$ 14.6427	\$ 755,539	\$ (37,777)	\$ 717,762	\$ 10,148	\$ 727,910
2030	\$ 96,085,576	\$ 41,424,091	\$ 54,661,485	\$ -	\$ 14.6423	\$ 800,372	\$ (40,019)	\$ 760,353	\$ 10,766	\$ 771,120
2031	\$ 99,250,100	\$ 41,424,091	\$ 57,826,009	\$ -	\$ 14.6420	\$ 846,689	\$ (42,334)	\$ 804,355	\$ 11,405	\$ 815,760
2032	\$ 102,519,429	\$ 41,424,091	\$ 61,095,338	\$ -	\$ 14.6417	\$ 894,541	\$ (44,727)	\$ 849,814	\$ 12,065	\$ 861,879
2033	\$ 105,897,049	\$ 41,424,091	\$ 64,472,958	\$ -	\$ 14.6414	\$ 943,977	\$ (47,199)	\$ 896,778	\$ 12,747	\$ 909,525
2034	\$ 109,386,571	\$ 41,424,091	\$ 67,962,480	\$ -	\$ 14.6412	\$ 995,051	\$ (49,753)	\$ 945,299	\$ 13,452	\$ 958,750
2035	\$ 112,991,721	\$ 41,424,091	\$ 71,567,630	\$ -	\$ 14.6409	\$ 1,047,818	\$ (52,391)	\$ 995,427	\$ 14,179	\$ 1,009,606
2036	\$ 116,716,349	\$ 41,424,091	\$ 75,292,258	\$ -	\$ 14.6407	\$ 1,102,333	\$ (55,117)	\$ 1,047,216	\$ 14,931	\$ 1,062,148
2037	\$ 120,564,436	\$ 41,424,091	\$ 79,140,345	\$ -	\$ 14.6405	\$ 1,158,655	\$ (57,933)	\$ 1,100,722	\$ 15,708	\$ 1,116,431
2038	\$ 124,540,098	\$ 41,424,091	\$ 83,116,007	\$ -	\$ 14.6403	\$ 1,216,844	\$ (60,842)	\$ 1,156,002	\$ 16,511	\$ 1,172,513
2039	\$ 128,647,583	\$ 41,424,091	\$ 87,223,492	\$ -	\$ 14.6401	\$ 1,276,963	\$ (63,848)	\$ 1,213,115	\$ 17,340	\$ 1,230,455
2040	\$ 132,891,288	\$ 41,424,091	\$ 91,467,197	\$ -	\$ 14.6400	\$ 1,339,076	\$ (66,954)	\$ 1,272,122	\$ 18,197	\$ 1,290,319
2041	\$ 137,275,755	\$ 41,424,091	\$ 95,851,664	\$ -	\$ 14.6398	\$ 1,403,248	\$ (70,162)	\$ 1,333,086	\$ 19,082	\$ 1,352,168
2042	\$ 141,805,676	\$ 41,424,091	\$ 100,381,585	\$ -	\$ 14.6396	\$ 1,469,550	\$ (73,478)	\$ 1,396,073	\$ 19,996	\$ 1,416,069
2043	\$ 146,485,904	\$ 41,424,091	\$ 105,061,813	\$ -	\$ 14.6395	\$ 1,538,052	\$ (76,903)	\$ 1,461,149	\$ 20,941	\$ 1,482,090
2044	\$ 151,321,450	\$ 41,424,091	\$ 109,897,359	\$ -	\$ 14.6394	\$ 1,608,826	\$ (80,441)	\$ 1,528,385	\$ 21,917	\$ 1,550,302
2045	\$ 156,317,496	\$ 41,424,091	\$ 114,893,405	\$ -	\$ 14.6392	\$ 1,681,950	\$ (84,098)	\$ 1,597,853	\$ 22,926	\$ 1,620,779
2046	\$ 161,479,396	\$ 41,424,091	\$ 120,055,305	\$ -	\$ 14.6391	\$ 1,757,502	\$ (87,875)	\$ 1,669,627	\$ 23,968	\$ 1,693,594
2047	\$ 166,812,688	\$ 41,424,091	\$ 125,388,597	\$ -	\$ 14.6390	\$ 1,835,561	\$ (91,778)	\$ 1,743,783	\$ 25,044	\$ 1,768,828
2048	\$ 172,323,089	\$ 41,424,091	\$ 130,898,998	\$ -	\$ 14.6389	\$ 1,916,213	\$ (95,811)	\$ 1,820,403	\$ 26,157	\$ 1,846,560
2049	\$ 178,016,514	\$ 41,424,091	\$ 136,592,423	\$ -	\$ 14.6388	\$ 1,999,544	\$ (99,977)	\$ 1,899,567	\$ 27,306	\$ 1,926,873
2050	\$ 183,899,072	\$ 41,424,091	\$ 142,474,981	\$ -	\$ 14.6387	\$ 2,085,643	\$ (104,282)	\$ 1,981,361	\$ 28,494	\$ 2,009,855
2051	\$ 189,977,079	\$ 41,424,091	\$ 148,552,988	\$ -	\$ 14.6386	\$ 2,174,603	\$ (108,730)	\$ 2,065,873	\$ 29,720	\$ 2,095,593
2052	\$ 196,257,063	\$ 41,424,091	\$ 154,832,972	\$ -	\$ 14.6385	\$ 2,266,518	\$ (113,326)	\$ 2,153,193	\$ 30,988	\$ 2,184,181
Total						\$ 37,784,110	\$ (1,889,205)	\$ 35,894,904	\$ 506,126	\$ 36,401,030

Source: Tiberius Solutions, LLC

Step 5. Create a draft finance plan and identify money available for projects

The final step in the analysis is to take the annual forecast of TIF for the URA and translate it into a finance plan, showing the years in which projects would be funded, the debt incurred, and the timing for retiring the debt. A detailed finance plan was developed for Toledo by Tiberius Solutions LLC. The finance plan includes information on how much and when tax increment (TIF) revenues will be available.

Exhibit 6 summarizes the financial capacity of the 30-year URA in 5-year increments, in rounded constant 2021 dollars. Given a 30-year URA, the financial capacity is approximately \$19,000,000 with a projected maximum indebtedness of \$30,900,000. The maximum indebtedness is the figure that is adopted by the city council when an urban renewal plan is adopted.

Toledo could specify \$19,000,000 of projects, programs and administration in today's costs (constant 2021 dollars) for this scenario. The difference between the Maximum Indebtedness and the available funding is due to inflation increasing the project costs over time. For example, a project estimated to cost \$1 million in 2021 dollars will actually cost approximately \$1.3 million in year 10, using a 3% inflation rate

Exhibit 6 - Financial Capacity Over Time

Total Net TIF	\$	36,400,000
Maximum Indebtedness	\$	30,900,000
Capacity (2020\$)	\$	19,000,000
Years 1-5	\$	5,300,000
Years 6-10	\$	2,800,000
Years 11-15	\$	2,700,000
Years 16-20	\$	2,600,000
Years 21-25	\$	2,400,000
Years 26-30	\$	3,200,000

In most URAs, the projects would be completed in a shorter timeframe than the life of the district. The district lasts longer in order to pay off remaining debt. If a shorter duration of urban renewal is desired, that can be accomplished by issuing less debt and therefore having less maximum indebtedness and less funding to do projects. Conversely, a longer duration of urban renewal would provide additional TIF revenue to complete additional projects.

Exhibit 7 shows a 30-year URA duration and shows the projected Tax Increment Fund. Because significant development is occurring at the Port and on the Georgia Pacific property, this URA will see significant tax increment revenue in the early years of the URA. The projections anticipate "pay as you go" financing until FYE 2024 when a bond could be issued to be paid off in FYE 2043. Pay as you go financing means that the URA uses the annual TIF revenues to fund projects, not incurring formal debt.

Exhibit 7 - Finance Plan, Tax Increment Fund Part 1

	Total	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Resources								
TIF: Current Year	35,894,904	489,387	524,420	560,613	598,003	636,630	676,536	717,762
TIF: Prior Years	506,126	-	7,341	7,866	8,409	8,970	9,549	10,148
Total Resources	36,401,030	489,387	531,761	568,479	606,412	645,600	686,085	727,910
Expenditures								
Debt Service								
Scheduled Payments								
Loan A	(7,061,348)	-	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)
Loan B	(3,209,703)	-	-	-	-	-	-	-
Loan C	(3,166,559)	-	-	-	-	-	-	-
Loan D	(2,648,556)	-	-	-	-	-	-	-
Total Debt Service, Scheduled Only	(16,086,166)	-	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)
Total Debt Service	(16,086,166)	-	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)
Debt Service Coverage Ratio			1.51	1.61	1.72	1.83	1.94	2.06
Transfer to URA Projects Fund	(20,314,864)	(489,387)	(178,694)	(215,412)	(253,345)	(292,533)	(333,018)	(374,843)
Total Expenditures	(36,401,030)	(489,387)	(531,761)	(568,479)	(606,412)	(645,600)	(686,085)	(727,910)

Source: Tiberius Solutions LLC

Table 7 - Finance Plan, Tax Increment Fund Part 2

	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Resources								
TIF: Current Year	760,353	804,355	849,814	896,778	945,299	995,427	1,047,216	1,100,722
TIF: Prior Years	10,766	11,405	12,065	12,747	13,452	14,179	14,931	15,708
Total Resources	771,120	815,760	861,879	909,525	958,750	1,009,606	1,062,148	1,116,431
Expenditures								
Debt Service								
Scheduled Payments								
Loan A	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)
Loan B	(160,485)	(160,485)	(160,485)	(160,485)	(160,485)	(160,485)	(160,485)	(160,485)
Loan C	-	-	-	-	-	-	(186,268)	(186,268)
Loan D	-	-	-	-	-	-	-	-
Total Debt Service, Scheduled Only	(513,553)	(513,553)	(513,553)	(513,553)	(513,553)	(513,553)	(699,821)	(699,821)
Total Debt Service	(513,553)	(513,553)	(513,553)	(513,553)	(513,553)	(513,553)	(699,821)	(699,821)
Debt Service Coverage Ratio	1.50	1.59	1.68	1.77	1.87	1.97	1.52	1.60
Transfer to URA Projects Fund	(257,567)	(302,207)	(348,326)	(395,973)	(445,198)	(496,054)	(362,327)	(416,610)
Total Expenditures	(771,120)	(815,760)	(861,879)	(909,525)	(958,750)	(1,009,606)	(1,062,148)	(1,116,431)

Source: Tiberius Solutions LLC

Table 7 - Finance Plan, Tax Increment Fund Part 3

	FYE 2038	FYE 2039	FYE 2040	FYE 2041	FYE 2042	FYE 2043	FYE 2044	FYE 2045
Resources								
TIF: Current Year	1,156,002	1,213,115	1,272,122	1,333,086	1,396,073	1,461,149	1,528,385	1,597,853
TIF: Prior Years	16,511	17,340	18,197	19,082	19,996	20,941	21,917	22,926
Total Resources	1,172,513	1,230,455	1,290,319	1,352,168	1,416,069	1,482,090	1,550,302	1,620,779
Expenditures								
Debt Service								
Scheduled Payments								
Loan A	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)	(353,067)	-	-
Loan B	(160,485)	(160,485)	(160,485)	(160,485)	(160,485)	(160,485)	(160,485)	(160,485)
Loan C	(186,268)	(186,268)	(186,268)	(186,268)	(186,268)	(186,268)	(186,268)	(186,268)
Loan D	-	-	-	-	(240,778)	(240,778)	(240,778)	(240,778)
Total Debt Service, Scheduled Only	(699,821)	(699,821)	(699,821)	(699,821)	(940,599)	(940,599)	(587,531)	(587,531)
Total Debt Service	(699,821)	(699,821)	(699,821)	(699,821)	(940,599)	(940,599)	(587,531)	(587,531)
Debt Service Coverage Ratio	1.68	1.76	1.84	1.93	1.51	1.58	2.64	2.76
Transfer to URA Projects Fund	(472,692)	(530,634)	(590,498)	(652,347)	(475,470)	(541,492)	(962,771)	(1,033,247)
Total Expenditures	(1,172,513)	(1,230,455)	(1,290,319)	(1,352,168)	(1,416,069)	(1,482,090)	(1,550,302)	(1,620,779)

Source: Tiberius Solutions LLC

Table 7 Finance Plan, Tax Increment Fund Part 4

	FYE 2046	FYE 2047	FYE 2048	FYE 2049	FYE 2050	FYE 2051	FYE 2052
Resources							
TIF: Current Year	1,669,627	1,743,783	1,820,403	1,899,567	1,981,361	2,065,873	2,153,193
TIF: Prior Years	23,968	25,044	26,157	27,306	28,494	29,720	30,988
Total Resources	1,693,594	1,768,828	1,846,560	1,926,873	2,009,855	2,095,593	2,184,181
Expenditures							
Debt Service							
Scheduled Payments							
Loan A	-	-	-	-	-	-	-
Loan B	(160,485)	(160,485)	(160,485)	(160,485)	-	-	-
Loan C	(186,268)	(186,268)	(186,268)	(186,268)	(186,268)	(186,268)	(186,268)
Loan D	(240,778)	(240,778)	(240,778)	(240,778)	(240,778)	(240,778)	(240,778)
Total Debt Service, Scheduled Only	(587,531)	(587,531)	(587,531)	(587,531)	(427,046)	(427,046)	(427,046)
Total Debt Service	(587,531)	(587,531)	(587,531)	(587,531)	(427,046)	(427,046)	(427,046)
Debt Service Coverage Ratio	2.88	3.01	3.14	3.28	4.71	4.91	5.11
Transfer to URA Projects Fund	(1,106,063)	(1,181,297)	(1,259,028)	(1,339,342)	(1,582,809)	(1,668,547)	(1,757,135)
Total Expenditures	(1,693,594)	(1,768,828)	(1,846,560)	(1,926,873)	(2,009,855)	(2,095,593)	(2,184,181)

Source: Tiberius Solutions LLC

Exhibit 8 - Finance Plan, URA Projects Fund Part 1

	Total	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Resources								
Transfer from TIF Fund	20,314,864	489,387	178,694	215,412	253,345	292,533	333,018	374,843
Bond/Loan Proceeds	10,500,000	-	4,400,000	-	-	-	-	-
Total Resources	30,814,864	489,387	4,578,694	215,412	253,345	292,533	333,018	374,843
Expenditures (YOE \$)								
Projects	(30,604,864)	(489,387)	(4,490,694)	(215,412)	(253,345)	(292,533)	(333,018)	(374,843)
Financing Fees	(210,000)	-	(88,000)	-	-	-	-	-
Total Expenditures	(30,814,864)	(489,387)	(4,578,694)	(215,412)	(253,345)	(292,533)	(333,018)	(374,843)
Ending Balance		-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

Table 6 - Finance Plan, URA Projects Fund Part 2

	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Resources								
Transfer from TIF Fund	257,567	302,207	348,326	395,973	445,198	496,054	362,327	416,610
Bond/Loan Proceeds	2,000,000	-	-	-	-	-	2,100,000	-
Total Resources	2,257,567	302,207	348,326	395,973	445,198	496,054	2,462,327	416,610
Expenditures (YOE \$)								
Projects	(2,217,567)	(302,207)	(348,326)	(395,973)	(445,198)	(496,054)	(2,420,327)	(416,610)
Financing Fees	(40,000)	-	-	-	-	-	(42,000)	-
Total Expenditures	(2,257,567)	(302,207)	(348,326)	(395,973)	(445,198)	(496,054)	(2,462,327)	(416,610)
Ending Balance	-	-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

Table 6 - Finance Plan, URA Projects Fund Part 3

	FYE 2038	FYE 2039	FYE 2040	FYE 2041	FYE 2042	FYE 2043	FYE 2044	FYE 2045
Resources								
Transfer from TIF Fund	472,692	530,634	590,498	652,347	475,470	541,492	962,771	1,033,247
Bond/Loan Proceeds	-	-	-	-	2,000,000	-	-	-
Total Resources	472,692	530,634	590,498	652,347	2,475,470	541,492	962,771	1,033,247
Expenditures (YOE \$)								
Projects	(472,692)	(530,634)	(590,498)	(652,347)	(2,435,470)	(541,492)	(962,771)	(1,033,247)
Financing Fees	-	-	-	-	(40,000)	-	-	-
Total Expenditures	(472,692)	(530,634)	(590,498)	(652,347)	(2,475,470)	(541,492)	(962,771)	(1,033,247)
Ending Balance	-	-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

Table 6 - Finance Plan, URA Projects Fund Part 4

	FYE 2046	FYE 2047	FYE 2048	FYE 2049	FYE 2050	FYE 2051	FYE 2052
Resources							
Transfer from TIF Fund	1,106,063	1,181,297	1,259,028	1,339,342	1,582,809	1,668,547	1,757,135
Bond/Loan Proceeds	-	-					
Total Resources	1,106,063	1,181,297	1,259,028	1,339,342	1,582,809	1,668,547	1,757,135
Expenditures (YOE \$)							
Projects	(1,106,063)	(1,181,297)	(1,259,028)	(1,339,342)	(1,582,809)	(1,668,547)	(1,757,135)
Financing Fees	-	-	-	-	-	-	-
Total Expenditures	(1,106,063)	(1,181,297)	(1,259,028)	(1,339,342)	(1,582,809)	(1,668,547)	(1,757,135)
Ending Balance	-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

Step 6. Impacts on Taxing Districts

Tax increment financing through urban renewal is not finding “new” money. These tax revenues are generated from the existing property tax rates of other taxing districts that overlap the URA. An URA would impact these affected taxing districts by redirecting a portion of these property tax revenues to the URA. The impact to other taxing districts is measured in terms of “foregone revenue”. Table 8 and Table 9 summarize the amount of foregone revenue that would be caused by the proposed URA. Note that the foregone revenue for the Lincoln County School District and Linn-Benton-Lincoln Regional Education Service District does not have a direct impact on school funding, as funding is equalized at the State level.

The amount of foregone revenues is equal to the amount of tax increment revenue needed to pay debt service on the maximum indebtedness. In general, these impacts start off very small, and grow over time as the assessed value of the URA grows. However, in the Toledo study, the amount of tax increment revenue is significant from the beginning, due to the development at the Port and Georgia Pacific properties. For example, in Table 8, the City of Toledo is estimated to have a total impact of \$173,040 in FYE 2023 (the first year in which tax increment would be collected), and an impact of \$771,536 in FYE 2052 (the 30th year tax increment would be collected).

To the extent that urban renewal investment is successful in stimulating new taxable development, not all of the foregone revenues should truly be categorized as impacts to taxing districts. Successful URAs cause new development to occur, above and beyond the level that would have occurred without urban renewal. In these situations, the property taxes would not have existed but for the URA’s targeted investments, so even though these tax revenues show up as tax increment revenue, and as foregone revenues, they might not be a negative impact to taxing districts. Note that the analysis was **not** conducted at the detailed level required to estimate the portion of tax increment revenue in the proposed URA that would likely be generated by new development dependent upon urban renewal investment.

Exhibit 9 - Impacts to Taxing Districts, General Government

FYE	Lincoln County	Lincoln County Animal	Lincoln County Extension	Lincoln County Transportation	Greater Toledo Pool	Port of Toledo	City of Toledo	East Lincoln County Fire	Lincoln County Library	Subtotal General Government
2023	(94,238)	(3,676)	(1,507)	(3,255)	(25,730)	(7,836)	(173,040)	(3)	(1)	(309,285)
2024	(102,402)	(3,994)	(1,638)	(3,537)	(27,959)	(8,515)	(188,007)	(4)	(1)	(336,057)
2025	(109,477)	(4,270)	(1,751)	(3,781)	(29,890)	(9,103)	(200,974)	(6)	(1)	(359,254)
2026	(116,786)	(4,555)	(1,868)	(4,033)	(31,886)	(9,711)	(214,370)	(8)	(2)	(383,218)
2027	(124,337)	(4,850)	(1,988)	(4,294)	(33,948)	(10,339)	(228,208)	(9)	(2)	(407,975)
2028	(132,137)	(5,154)	(2,113)	(4,564)	(36,078)	(10,987)	(242,505)	(11)	(3)	(433,552)
2029	(140,196)	(5,468)	(2,242)	(4,842)	(38,278)	(11,657)	(257,275)	(13)	(3)	(459,975)
2030	(148,522)	(5,793)	(2,375)	(5,129)	(40,551)	(12,350)	(272,534)	(15)	(3)	(487,273)
2031	(157,124)	(6,129)	(2,513)	(5,427)	(42,900)	(13,065)	(288,298)	(17)	(4)	(515,475)
2032	(166,010)	(6,475)	(2,655)	(5,733)	(45,326)	(13,804)	(304,585)	(19)	(4)	(544,611)
2033	(175,191)	(6,833)	(2,802)	(6,050)	(47,832)	(14,567)	(321,410)	(21)	(5)	(574,711)
2034	(184,675)	(7,203)	(2,953)	(6,378)	(50,422)	(15,356)	(338,794)	(23)	(5)	(605,809)
2035	(194,475)	(7,585)	(3,110)	(6,716)	(53,097)	(16,171)	(356,753)	(25)	(6)	(637,938)
2036	(204,598)	(7,980)	(3,272)	(7,066)	(55,862)	(17,012)	(375,307)	(27)	(6)	(671,131)
2037	(215,058)	(8,388)	(3,439)	(7,427)	(58,717)	(17,882)	(394,476)	(29)	(7)	(705,425)
2038	(225,864)	(8,810)	(3,612)	(7,801)	(61,668)	(18,781)	(414,281)	(32)	(7)	(740,855)
2039	(237,029)	(9,245)	(3,791)	(8,186)	(64,716)	(19,709)	(434,743)	(34)	(8)	(777,460)
2040	(248,563)	(9,695)	(3,975)	(8,585)	(67,865)	(20,668)	(455,883)	(37)	(9)	(815,279)
2041	(260,481)	(10,160)	(4,166)	(8,996)	(71,119)	(21,659)	(477,724)	(39)	(9)	(854,353)
2042	(272,793)	(10,640)	(4,362)	(9,421)	(74,481)	(22,683)	(500,290)	(42)	(10)	(894,722)
2043	(285,515)	(11,136)	(4,566)	(9,861)	(77,954)	(23,741)	(523,604)	(45)	(10)	(936,431)
2044	(298,658)	(11,649)	(4,776)	(10,315)	(81,543)	(24,833)	(547,692)	(47)	(11)	(979,525)
2045	(312,238)	(12,179)	(4,993)	(10,784)	(85,250)	(25,963)	(572,580)	(50)	(12)	(1,024,048)
2046	(326,268)	(12,726)	(5,218)	(11,268)	(89,081)	(27,129)	(598,294)	(53)	(12)	(1,070,050)
2047	(340,765)	(13,291)	(5,449)	(11,769)	(93,039)	(28,335)	(624,861)	(56)	(13)	(1,117,578)
2048	(355,742)	(13,875)	(5,689)	(12,286)	(97,128)	(29,580)	(652,311)	(59)	(14)	(1,166,686)
2049	(371,218)	(14,479)	(5,936)	(12,821)	(101,354)	(30,867)	(680,672)	(63)	(15)	(1,217,424)
2050	(387,207)	(15,103)	(6,192)	(13,373)	(105,719)	(32,196)	(709,976)	(66)	(15)	(1,269,848)
2051	(403,727)	(15,747)	(6,456)	(13,943)	(110,230)	(33,570)	(740,253)	(69)	(16)	(1,324,013)
2052	(420,797)	(16,413)	(6,729)	(14,533)	(114,890)	(34,989)	(771,536)	(73)	(17)	(1,379,978)
TOTAL:	(7,012,091)	(273,501)	(112,136)	(242,174)	(1,914,513)	(583,058)	(12,861,236)	(995)	(231)	(22,999,939)

Source: Tiberius Solutions, LLC

Exhibit 10 - Impacts to Taxing Districts, Education

FYE	Lincoln County School District	Oregon Coast CC	Linn-Benton ESD	Subtotal Education	Total All General Gov & Education
2023	(164,043)	(5,871)	(10,188)	(180,102)	(489,387)
2024	(178,254)	(6,380)	(11,071)	(195,704)	(531,761)
2025	(190,569)	(6,820)	(11,836)	(209,226)	(568,479)
2026	(203,292)	(7,276)	(12,626)	(223,194)	(606,412)
2027	(216,436)	(7,746)	(13,442)	(237,625)	(645,600)
2028	(230,015)	(8,232)	(14,286)	(252,533)	(686,085)
2029	(244,044)	(8,734)	(15,157)	(267,935)	(727,910)
2030	(258,537)	(9,253)	(16,057)	(283,847)	(771,120)
2031	(273,509)	(9,789)	(16,987)	(300,285)	(815,760)
2032	(288,978)	(10,343)	(17,948)	(317,268)	(861,879)
2033	(304,959)	(10,914)	(18,940)	(334,814)	(909,525)
2034	(321,470)	(11,505)	(19,966)	(352,941)	(958,750)
2035	(338,527)	(12,116)	(21,025)	(371,668)	(1,009,606)
2036	(356,150)	(12,747)	(22,120)	(391,016)	(1,062,148)
2037	(374,357)	(13,398)	(23,251)	(411,006)	(1,116,431)
2038	(393,168)	(14,071)	(24,419)	(431,658)	(1,172,513)
2039	(412,602)	(14,767)	(25,626)	(452,995)	(1,230,455)
2040	(432,681)	(15,486)	(26,873)	(475,040)	(1,290,319)
2041	(453,426)	(16,228)	(28,161)	(497,815)	(1,352,168)
2042	(474,859)	(16,995)	(29,492)	(521,347)	(1,416,069)
2043	(497,003)	(17,788)	(30,868)	(545,659)	(1,482,090)
2044	(519,882)	(18,607)	(32,289)	(570,778)	(1,550,302)
2045	(543,521)	(19,453)	(33,757)	(596,730)	(1,620,779)
2046	(567,944)	(20,327)	(35,274)	(623,545)	(1,693,594)
2047	(593,178)	(21,230)	(36,841)	(651,249)	(1,768,828)
2048	(619,251)	(22,163)	(38,460)	(679,874)	(1,846,560)
2049	(646,189)	(23,127)	(40,133)	(709,449)	(1,926,873)
2050	(674,022)	(24,123)	(41,862)	(740,007)	(2,009,855)
2051	(702,780)	(25,152)	(43,648)	(771,580)	(2,095,593)
2052	(732,493)	(26,216)	(45,494)	(804,202)	(2,184,181)
TOTAL:	(12,206,139)	(436,857)	(758,097)	(13,401,092)	(36,401,032)

Source: Tiberius Solutions, LLC

Note that the foregone revenue for the Lincoln County School District and the Linn-Benton-Lincoln Regional Education Service District does not have a direct impact on school funding, as funding is equalized at the State level.

Blight Findings

ORS 457.010 defines blight and states that “A blighted area is characterized by the existence of one or more of the following conditions”. In ORS 457.010, a full list of blighting conditions follows the general statement. These conditions constitute blight as defined by ORS 457.010. The official blight findings would be made in a future ordinance adopting the urban renewal plan. However, initial blight findings relating to the conditions in the potential urban renewal area are sufficient to allow for the creation of an urban renewal agency.

Next Steps

This Urban Renewal Feasibility Study will be presented to the Toledo City Council. If they direct staff to pursue the development of an urban renewal plan, the following steps must be completed:

1. Establish an Urban Renewal Agency. This is done through adoption of a non-emergency ordinance by the Toledo City Council.
2. Decide whether to hire a consultant to assist in the urban renewal plan preparation and adoption process. The typical cost is from \$30,000 to \$35,000 and that cost difference is attributed to the number of meetings in the public input process. The number of meetings varies depending on the type of public input that is used. Many cities form an advisory committee that meets three times to provide input on the preparation of the urban renewal plan. The advisory committee helps to inform the taxing districts of the potential use of urban renewal and helps to garner public input on and support for the formation of the urban renewal area. Public input is a required component of the urban renewal plan process. If an advisory committee is not used, a public Open House is usually held.
3. Decide on a public input strategy: Advisory Committee and Open House or only an Open House.
4. Prepare an Urban Renewal Plan (Plan) pursuant to ORS 457.085 including goals and objectives and projects to pursue.
5. Decide on the projects to be included in the Plan.
6. Complete the Report that accompanies the Plan. This Report must comply with ORS 457.087, both identifying existing conditions and establishing financial feasibility. There is generally a large amount of city staff input in this document, as existing conditions must be identified, and projects defined. FYE 2021 data was used for this feasibility study as that was what was available at the time the financial feasibility was analyzed. If an urban renewal plan is authorized immediately, we can use this data.
7. Present the draft Plan to the Urban Renewal Agency for their review, and if desired, pass a motion to start the public review process.
8. Receive public input, generally taking the form of a Public Open House.
9. Present to the Toledo Planning Commission for their finding of conformance of the Toledo Urban Renewal Plan with the Toledo Comprehensive Plan.
10. Present to the Lincoln County Commission. No action on their behalf is required.
11. Consult and confer with affected taxing districts.
12. Conduct a public hearing in front of Toledo City Council, advertised to a specific group as identified in 457.120. Review of a non-emergency ordinance.
13. Publish notice if the ordinance for the Plan is adopted.

14. Complete a legal description of the URA that is typically done outside of the urban renewal plan consultant's contract. This legal description must be complete by the final action in front of City Council.
15. Timing of the adoption of a Plan is important. There are two important factors in timing. The first is which tax roll will be used to establish the frozen base. If the Plan is adopted and the 30-day period for a non-emergency ordinance occurs prior to the certification of the FYE 2022 tax roll by the County Assessor (in early October), the frozen base that is established for the URA uses the FY 2020/2021 assessed values, based on values as of January 1, 2020. This potentially captures increases in assessed value growth as well as any new growth that will come on the tax roll in FY 2022/2023. If you do not adopt a plan by this timeframe, you will use property values as of January 1, 2021 as your frozen base. To meet the deadline of using January 1, 2020 values for your frozen base, the Plan must be adopted by September 1, 2021.

The second important timing factor is when the Urban Renewal Agency will begin tax increment collections. If the Plan is adopted prior to Jan 1, 2022, increment will be distributed in FYE 2023. (This will happen if you meet the prior deadline of September 1, 2021.) If the Plan is adopted after January 1, 2022, the first increment is distributed in FYE 2024. To meet this deadline, the Plan must be adopted by December 1, 2021.

The process of preparing and adopting an urban renewal plan typically takes over six months. However, in this case, the City will want to move more quickly to ensure an urban renewal plan is adopted prior to September 1, 2021.