

**REPORT TO ACCOMPANY THE
*COBURG INDUSTRIAL AREA URBAN RENEWAL PLAN***

JUNE 30, 2001

COBURG URBAN RENEWAL AGENCY

CITY OF COBURG

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SECTION I INTRODUCTION

The Coburg City Council activated the Coburg Urban Renewal Agency on January 2, 2001. The Coburg Urban Renewal Agency has prepared the Report (“the Report”) to accompany the Coburg Industrial Park Urban Renewal Plan in accordance with Oregon Revised Statutes (ORS), Chapter 457. As required by ORS 457.085(3), this document includes the following:

1. A description of the physical, social, and economic conditions in the urban renewal area in the plan and the expected impact, including the fiscal impact, of the plan in light of added services and population;
2. Reasons for selection of each urban renewal area in the plan;
3. The relationship between each project to be undertaken under the plan and the existing conditions in the urban renewal area;
4. The estimated total cost of each project and the sources of money to pay such costs;
5. The anticipated completion date for each project;
6. The estimated amount of money required in the urban renewal area under ORS 457.420 and 457.460 and the anticipated year in which the indebtedness will be retired or otherwise provided for under ORS 457.420 to 457.460;
7. A financial analysis of the plan with sufficient information to determine feasibility;
8. A 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 the property in the urban renewal area; and
9. A relocation report (if applicable)

The sections of the report will address these nine components. The final section will provide information to satisfy ORS 457.420(2)(a), which sets limits upon the amount of land area and assessed value that may be included within the urban renewal areas.

The Plan and Report pertain to the Coburg Industrial Park Urban Renewal Area (“the Area”). A map of the Area is included in the Plan as Exhibit A. A written legal description is set forth in the Plan as Exhibit B. The Area includes approximately 117.6 acres.

SECTION II A DESCRIPTION OF THE PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS IN THE URBAN RENEWAL AREA AND THE EXPECTED IMPACT OF THE PLAN

The City of Coburg does not have a municipal sewer system. Despite the lack of a sewer system, there has been a significant amount of commercial and industrial development in Coburg’s industrial area adjacent to Interstate 5 since the early-1990s.

There are now more than twice as many employees (2,000+) in the industrial area as there are residents in Coburg (969 – per 2000 US Census).

PHYSICAL CONDITIONS

The Coburg Urban Renewal Area is located in the industrial area adjacent to Interstate-5 on the eastern boundary of the City of Coburg.

Land Use, Zoning, and Plan Designation

Existing land uses in the area are primarily industrial and commercial (79 acres), with 39 undeveloped acres. Every developed parcel is considered *underdeveloped*. For example, some parcels have drain fields that will be available for development once the sewer system is completed – other parcels have parking lots for vehicle sales and may be developed with a more intensive use once sewers are available.

All properties are within the Coburg city limits and are zoned and designated Light Industrial.

Condition of Streets and Utilities

The two largest manufacturing firms have private wastewater treatment systems (sequence batch reactor, recirculating gravel filter). The remainder of the existing developments in the Urban Renewal Area use on-site septic systems.

Currently the City of Coburg is in the process of making improvements to its existing water system. The roads and stormwater facilities in the area are adequate at this time.

SOCIAL AND ECONOMIC CONDITIONS

There were approximately 969 people living in Coburg at the time of the 2000 US Census. The estimated number of employees in Coburg is over 2,000 – with the vast majority of employees working in the Urban Renewal Area. There are no residences in the Urban Renewal Area.

The average assessed value per acre of the vacant land in the Coburg Urban Renewal Area is approximately \$43,000. This is far below the market value for similar properties in the region.

EXPECTED IMPACT, INCLUDING FISCAL IMPACT, OF PLAN IN LIGHT OF ADDED SERVICES OR INCREASED POPULATION

A sewer system in the Urban Renewal Area is expected to stimulate commercial and industrial development in the Area. The Plan will be adding municipal sewer services in the Area, as well as enabling the development of citywide sewer services.

The employees filling the additional jobs created by new development will impact the city facilities. The largest issue is roads and traffic. The city is currently undertaking a

transportation demand management study to address the issue of traffic and commuting to and from the industrial area. The study team includes state, regional, and transit district transportation planners, elected officials, business owners, and city staff. The city is also exploring options to encourage more affordable housing so employees can live and work in Coburg, rather than commute from outside the city.

The presence of sewers will not be the only factor affecting development in the Urban Renewal Area, or the rest of Coburg. Installation of sewers will create development options not presently available to Coburg. In this way, installing sewers will allow the city to exercise more control over development, to make certain that whatever development occurs will be consistent with the desires of a majority of the residents of the city.

CONFORMANCE WITH LAND AREA AND ASSESSED VALUE LIMITS

ORS 457.420(2)(b) limits the urban renewal land area for municipalities with less than 50,000 residents to 25% of the total land area, or 25% of the total assessed value of that municipality.

Lane County records indicate that there are 472.05 acres inside the Coburg city limits. The Coburg Urban Renewal Area (URA) is comprised of approximately 117.62 acres. This represents just under 25% of the land area in Coburg. The taxable value in the URA for fiscal year 2000-2001 is just under 18% of the total taxable value inside the Coburg city limits. There are no other urban renewal areas in the City of Coburg.

	Inside Coburg City Limits	Inside Potential URD	Percent of City
Total Acres	472.05	117.62	24.92%
Total Taxable Value	\$83,074,286	\$14,914,028	17.95%

SECTION III REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

Vacant and underdeveloped properties in the Coburg Industrial Area were selected for inclusion the Urban Renewal Area. This selection ensures that any future development will be done with adequate sewer facilities to protect water quality. It will also enable safe and hygienic development of vacant and underdeveloped properties.

The northern portion of the Area is separated from the southern portion of the Area by land that is outside the city limits. This land is not expected to be developed to urban levels of density or intensity until it is annexed to the city. For this reason, and because of the need to limit the Urban Renewal Area to no more than 25% of the total area of the city, this property was not included in the urban renewal area.

SECTION IV THE RELATIONSHIP BETWEEN EACH PROJECT TO BE UNDERTAKEN UNDER THE PLAN AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

There is currently no sewer service in the Urban Renewal Area. Construction of a sewer system will provide a basic level of service to an industrial area with significant economic development potential, while simultaneously protecting water quality.

SECTION V THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEY TO PAY SUCH COSTS

Estimated costs, including capital and operating costs, are shown in *Table 1. Summary of Projected Revenues and Expenditures*.

The ability to pay off the debt to be incurred is based on projections of urban renewal taxes, which in turn are based on projected development in the area, as well as the expiration of enterprise zone exemptions. Development projections are based on the assumption that vacant and underdeveloped properties will develop at an even pace over a ten-year period. Their future expected value is based on the current average value of adjacent developed properties adjusted for inflation at 3% per year, as well as the expected expiration of an estimated \$12 million enterprise zone exemption.

SECTION VI THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The project engineers – Brown & Caldwell – anticipate construction of the treatment facility and the collection system for the Urban Renewal Area properties will be completed in the Spring and Summer of 2004, with a citywide project completion date of Fall 2004.

SECTION VII THE ESTIMATED AMOUNT OF MONEY REQUIRED IN THE URBAN RENEWAL AREA UNDER ORS 457.420 AND 457.460 AND THE ANTICIPATED YEAR IN WHICH THE INDEBTEDNESS WILL BE RETIRED OR OTHERWISE PROVIDED FOR UNDER ORS 457.420 TO 457.460

It is anticipated that the maximum amount of indebtedness under the Plan will be \$9,000,000, reflecting project activities, area management, and proportionate demand of the area on the citywide sewer system. No additional indebtedness would be incurred under the Plan when either the maximum indebtedness amount is reached, or

the Urban Renewal Area no longer has indebtedness or any plan to incur indebtedness within the next year, whichever occurs first. Urban Renewal Area indebtedness is anticipated to be retired or provided for by the end of FY 2023/24.

SECTION VIII A FINANCIAL ANALYSIS OF THE PLAN WITH SUFFICIENT INFORMATION TO DETERMINE FEASIBILITY

Table 1 demonstrates that projected tax increment proceeds are sufficient to cover the Area's proportionate share of the projected expenditures and that the Plan is financially feasible. Additional revenue will be provided by state and federal grants, local improvement district assessments, and user fees.

SECTION IX A FISCAL IMPACT STATEMENT THAT ESTIMATES THE IMPACT OF THE TAX INCREMENT FINANCING UPON ALL ENTITIES LEVYING TAXES UPON THE PROPERTY IN THE URBAN RENEWAL AREA

The maximum revenues of each taxing district with a permanent rate will be determined by applying the permanent rate to the assessed value within the taxing district. Under this system of taxation, the fiscal impacts of urban renewal consist primarily of tax revenues forgone by taxing districts. To a lesser extent, impacts in terms of increased tax rates to tax payers will result from any levy other than permanent rates. For example, if voters approve a local option levy or exempt bond levy, the tax rate necessary to raise the amount approved may be higher as a result of the existence of the Plan.

Table 2 projects the amount of tax revenue that will be forgone by each district over a 22-year period. By the end of FY 2023/24, sufficient urban renewal tax revenue is projected to be collected to retire all outstanding indebtedness necessary to finance the plan. Urban renewal taxes would therefore be projected to cease after FY 2023/24. The forgone revenues are those revenues resulting from taxes on the level of development that would occur without urban renewal. The projection with urban renewal assumes new development resulting from urban renewal as well as new development naturally occurring in the market. The permanent rates are based on FY 2000/01 rates. No other adjustments were made since many of them require voter approval or will not exist for a significant duration of the plan.

SECTION X A RELOCATION REPORT

No relocations are planned in the Urban Renewal Area.