

REPORT ACCOMPANYING THE SOUTH WATERFRONT
URBAN RENEWAL PLAN

September 4, 2007

City of Salem

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REPORT ON PROPOSED
SOUTH WATERFRONT URBAN RENEWAL PLAN

I. INTRODUCTION

The South Waterfront Urban Renewal Report (the Report) contains background information and project details for the South Waterfront Urban Renewal Plan (the Plan). The Report is not a legal part of the Plan but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

The Report provides the information required in ORS 457.085(3). The format of the Report is based on this statute.

II. EXISTING PHYSICAL AND ECONOMIC CONDITIONS AND IMPACT ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the South Waterfront Urban Renewal Area (the “Area”), documenting the occurrence of “blighted areas” as defined by ORS 457.010(1).

A. Physical Conditions

1. Land Use

The northern portion of the Area is presently occupied by the Boise Cascade facility. As detailed in the 2006 ULI Report, this area is in industrial use. The facility was originally used as a saw mill by Capitol Lumber in 1866. Between 1920 and 1955, Oregon Pulp and Paper Company used it as a calcite base sulfite paper mill. In 1962, Boise Cascade purchased the property for use as a paper mill. Most recently the facility has been used for paper cutting and distribution. The ULI report states the Boise Cascade plant is inefficient and nearing functional obsolescence due to the following conditions:

- It has multistory buildings which are no longer efficient for manufacturing/processing.
- The building layout is inefficient for current distribution uses.
- Truck access through the city and around the site is difficult.
- It is not readily accessible from Interstate 5.

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Figure 1. Existing Boise Cascade Site Buildings



The site contains numerous structures as shown in Figure 1.

- Building A is commonly known as the Fry Warehouse. It is reinforced concrete, built in the late 1920's. There are five floors above ground and a full basement. The building has 10,000 square feet a floor, for a total of 60,000 square feet.
- Building B, the two story Old Mill building was constructed in the late 1800's and features a wood truss ceiling on the upper floor.
- Building C was built in 1934 and was the old machine room which has been converted to a paper storage warehouse. It has a footprint of 137' by 220'. The basement level spans Pringle Creek.
- Building D was built in 1922 and measures approximately 126' by 47'. It has three floors and a basement. The building is constructed of reinforced concrete.
- Building E measures 80' by 197' and is called the OPACO warehouse. It was built in 1941 using a heavy timber construction system. It consists of three floors and a basement.
- Building F is 36' by 59' and was annexed to building D.

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- Building G was constructed of reinforced concrete in 1965. It has an irregular footprint of 300’ by 288’. It includes a basement, ground floor, and second floor and has a flat wood truss roof. The basement is below grade.
- There are four tanks on the lower portion of the plant, a steel Bunker Oil tank, two stock tanks, and a clay tile tank. All are abandoned and have been cleaned out.
- A “No Further Action” letter was issued for the property by the Oregon Department of Environmental Quality in June 2007.

Some of these buildings could be potentially reused, others should be demolished. The reuse recommendations of the ULI report are shown below in Table 1.

Table 1: Reuse chart

Building	Disposition	Potential use
A. Fry Warehouse	Undetermined	Commuter rail station
B. Old Mill Building	Reuse	Retail, restaurant, daycare, office
C. Old Machine Room	Demolish	Pringle Creek daylighting
D. Unnamed Building over Pringle Creek	Demolish	Pringle Creek daylighting
E. OPACO Warehouse/Paper Factory	Reuse	Commercial/office/athletic club
F. Paper Mill	Demolish	View corridor
G. South Warehouse	Reuse	Parking/residential/grocery
Tanks	Undetermined	

There is a large parking lot bordered by Riverfront Park on the north and west, the Burlington Northern Santa Fe Railroad tracks on the east and by Pringle Creek on the south.

The present Boise Cascade site is constrained by a combination of underutilized and functionally obsolete buildings, vacant lots, inadequate transportation system, inadequate landscaping, and a lack of pedestrian-friendly design elements.

South of the Boise Cascade property and north of the new Meridian mixed residential and commercial project, now under construction, is a surface parking lot and older office commercial development.

The portion of the area to the south of Mission Street is a variety of commercial, retail/commercial and neighborhood commercial uses. The structures are a mix of older and newer one to two story buildings with on site surface parking lots.

The Area is approximately 369 acres, consisting of 73 individual properties that are currently zoned for commercial business, commercial office, retail commercial, railroad, residential agriculture and general industrial. This represents less than one percent of the City’s total land area. Just over 26 acres of the 369 acres consist of public rights-of-way and waterways.

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The Area is served by Commercial Street as the peripheral arterial running north and south through the site and neighborhood streets running east and west through the site. The Burlington Northern Santa Fe Railroad tracks run parallel to Commercial Street through the Area. The area is bounded on the west by the Willamette River to Mission Street. It is bounded on the east by Commercial Street southwards to Mission where the area expands to the east and west to include the properties adjacent to Commercial Street.

An analysis of property classification data from Marion County’s 2006-2007 Assessment and Taxation database was used to determine the land use designation of taxlot parcels in the Area. The majority (88.5 percent) of land area in taxlots is classified as Industrial, as illustrated in Table 2. The second largest taxable classification, Commercial improved, accounts for just 3.2 percent of the total taxlot area. Other uses are centrally assessed, residential improved, commercial land only, and city property. There are 7.2 acres of tax exempt uses in the Area. The existing land uses as determined by the County Assessor is shown in Figure 2 below.

Table 2. Land Use – Property Classification

Property Classification	Count	Taxlot Acres*	% of Total Taxlot Acres
Centrally assessed	5	0.5	0.2%
Residential improved, 1 acre and under, inside city or urban growth boundary	1	0.2	0.1%
Commercial land only	7	3.6	1.1%
Commercial improved	41	10.8	3.2%
Industrial principal plants, State responsibility	10	303	88.5%
Fully Exempt: City property	8	2.5	0.8%
Fully Exempt	1	22	6.4%
Total	73	342.6	100%

*Includes information from recorded taxlots. This number does not account for approximately 26.4 acres of public rights-of-way and waterways in the Urban Renewal Area.

2. Zoning

Land within the Area is zoned General Industrial, Retail Commercial, Commercial Office, Residential Agriculture and Central Business District. See Figure 2 for current zoning designations. In addition to the underlying zoning districts, there is a Willamette Greenway overlay, mixed use overlay, and an urban development overlay. Some of the uses recommended in the ULI Panel report are not permitted under the industrial zoning of the Boise property. The City intends to consider changes to the current comprehensive plan designation and zoning to encourage redevelopment of the area.

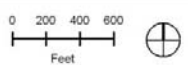
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Figure 2. Zoning



- | | | | | |
|-------------------------------------|------------------------|---------------------------|-------------------------|----------|
| South Waterfront Urban Renewal Area | Mixed-Use Overlay Zone | Central Business District | General Industrial | parks |
| Urban Development Overlay | Commercial Office | Retail Commercial | Residential Agriculture | Railroad |

Urban Renewal Area Zoning
South Waterfront Urban Renewal Area



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B. Infrastructure

1. Transportation

As detailed in the Land Use and Zoning section, Commercial Street is the major arterial street which serves the Area. Commercial Street lacks capacity to safely serve increased traffic in the Area from new mixed use development on the Boise Cascade site and other development within the Area. Vehicular access into the Boise site is constrained on all sides. There is a railroad line which runs north and south through the site. There are no pedestrian or bicycle linkages through the Boise Cascade site. There are no bicycle lanes on Commercial Street.

Balancing among various transportation needs will be critical component for providing safe and accessible routes for freight, trains, automobiles, bicyclists and pedestrians as the Area's commercial and mixed use development intensifies.

2. Water, Sewer and Storm Drainage Facilities

The area has adequate water, sewer and storm drainage facilities to serve the site. Future development will be required to connect to existing services.

3. Parks and Open Space

There are no public parks and open space facilities in the Area.

4. Public Spaces

There are no public spaces in the Area.

5. Public Parking

Currently, there are surface parking lots located throughout the area. Otherwise, there are no public parking facilities in the Area.

6. Public Buildings

There are no public buildings in the Area.

C. Social Conditions

Currently, the Area contains one residential dwelling which is a non-conforming use. Therefore social conditions are not relevant to the existing conditions analysis.

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D. Economic Conditions

1. Taxable Value of Property Within the Area

The estimated total assessed value of the Area, including all taxable properties, is \$26,011,200. This represents less than one percent of the City’s total assessed value less current incremental assessed value in the City’s urban renewal areas.

2. Improvement to Land Value Ratio

Table 3 below, “Improvement to Land Ratio,” shows the improvement to land ratios for taxlots within the study area. To measure how fully developed a parcel is, one can compare the value of the buildings and other improvements on the property to the value of the land itself. This relationship is called the “improvement to land value” (I:L ratio). I:L ratios for healthy properties in this part of Salem could range between 7.0-10.0 or more. The existing Boise Cascade industrial facilities have high assessed values, so the I:L ratio does not indicate underdevelopment of this property under the existing zoning. The property would be considered to be underdeveloped if the zoning designation was to change to permit mixed residential and commercial use. As the table shows, the majority of the properties in the study area do not have an improvement value. This is largely due to the lack of development on Minto Island. The remaining properties reflect a low I:L value and therefore are considered to be underdeveloped.

Table 3. Improvement to Land Ratio

Improvement-to-Land Ratio	Count	Acres	% of Total
No Improvement Value	27	326.1	95.2%
< or equal to 1	24	5.7	1.7%
1 to 2	12	3.3	1%
2 to 5	7	1.7	0.5%
> 5	3	5.8	1.7%
Change: Salem Audubon			
Total	73	342.6*	100.0%

*Includes information from recorded taxlots. This number does not account for approximately 26.4 acres of public rights-of-way and waterways in the Urban Renewal Area.

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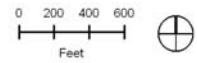
Figure 3. Improvement to Land Ratio



Source: Salem GIS, 2006

- | | | | |
|-------------------------------------|---------------------------|----------------|--|
| South Waterfront Urban Renewal Area | Improvement to Land Ratio | 1 - 2 | Pringle Creek Urban Renewal Area |
| No building value | Less than 1 | 2 - 5 | Riverfront Downtown Urban Renewal Area |
| | | Greater than 5 | parks |

Improvement to Land Ratio
South Waterfront Urban Renewal Area



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E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (“affected taxing districts”) is described in section IX of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

Increases in commercial and mixed use occupancies within the Area will generally result in higher demand for fire, life safety and public safety services.

The increased occupancies within the Area will also increase the demand for water, sewer and storm drainage services. Increased residential occupancies will place demands on the library and school systems in addition to the services listed above.

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

There is one urban renewal area in the Plan and it was selected to improve existing conditions in the Area and prevent the future occurrence of blighted areas as defined in ORS 457.010(1).

IV. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of a municipality’s total assessed value (AV) and the total area that can be contained in urban renewal areas at the time of their establishment to 15% for municipalities over 50,000 in population. The Area is within the statutory limitation of 15% for both parameters. Table 4 below shows the conformance to these limitations.

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Table 4. Conformance to Assessed Value/Acreage Limits

Urban Renewal Area	Frozen Base Assessed Value	Acres
Current Urban Renewal Areas	403,222,600	3,341
South Waterfront	26,011,220	369
Total	429,233,820	3,710
Total Acreage, City of Salem		30,100
Total Assessed Value City of Salem Less Incremental Assessed Value in Urban Renewal Areas	8,040,850,605	
Percent of Salem AV in Urban Renewal Areas	5.3%	
Percent of Salem Area in Urban Renewal Area		12.3%

V. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

This section describes the relationship between the urban renewal projects called for in the Plan and conditions generally described in Section II of this Report and more particularly described below.

There are existing deficiencies in the urban infrastructure which will serve anticipated needs in the South Waterfront Urban Renewal Area. Deficiencies include inadequate transportation improvements and inadequate pedestrian and bicycle access to Pringle Creek, Minto Island and the Willamette River.

A. Pedestrian Improvements

Pedestrian improvements include:

1. Pringle Creek Access Improvements

This project includes a multi-use path along Pringle Creek which would extend the existing paths by Mirror Pond under Commercial Street, connecting to a path alongside Pringle Creek. This project would greatly improve the multi-modal connections between Bush Park, Riverfront Park and Willamette University using the existing path system. In addition, if pedestrian access is improved along

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Pringle Creek, it will be necessary to, at a minimum, facilitate pedestrian safety crossing treatments at the railroad tracks.

2. The Minto Island Property Acquisition and Multi-Use Path

This project includes acquisition of land for passive and active recreation use including construction of a multi-use pathway system complementary to existing and planned park improvements on the island. Anticipated work includes, but is not limited to, grading, paving, surveying, erosion control, excavation, and other activities generally associated with the construction of trail and pathway improvements.

3. Multi-use Path Willamette Riverfront

This project would construct a multi-use path along the Willamette Riverfront which would provide for future connections to the Riverfront Park to the north.

4. Public Plaza, State Street Terminus

This project would develop a public plaza to provide a gathering place within the Area.

Relationship to Existing Conditions:

There are presently no pedestrian connections at Pringle Creek through the Area or to the Willamette River, and there is no safety crossing of the railroad to allow access to Pringle Creek. Minto Island is not in full public ownership, and the multi-use pathway system is not constructed. There is no connecting pathway along the Willamette Riverfront and no public plaza.

B. Transportation Improvements

Transportation improvements include:

1. Street Connection to Boise Site and Traffic Signal

This project would create a signalized intersection on Commercial Street at Bellevue to improve traffic circulation. The likely location would be to realign Bellevue Street so it enters Commercial Street opposite the Civic Center driveway.

2. State Street Extension

This project would construct an extension to allow transportation turnaround on park side of the project as proposed by the ULI report.

3. Extend bike lanes on Commercial Street SE through Owens or Mission

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This project would require parking pockets to replace parking that would be lost by adding bike lanes.

4. Streetscape Improvements

This project would include accent paving, sidewalk reconstruction, lighting, street trees, furnishings, transit pullouts and other related activities within the public right of way and adjacent private property to promote pedestrian circulation and public transportation use in the renewal area.

5. General Transit Improvements

This project would provide funds for improvements related to a future commuter rail station serving the site.

Relationship to Existing Conditions:

There is no existing signalized connection from Commercial Street into the site. Bellevue is not presently aligned with adjacent streets. State Street does not presently provide access to the site. There are no streetscape improvements in the Area. There are no bike lanes in the Area. There are no commuter rail improvements nor is there a commuter rail station at the present time.

C. Loan or Grant Programs

Loan or grant programs include:

1. Rehabilitation and Redevelopment Fund

The Rehabilitation and Redevelopment Fund will provide loans and/or grants to assist with planning and pre-development activities as well as property development, rehabilitation or redevelopment and other improvements. Technical assistance, in the form of site studies, market studies, environmental studies and impact assessments, feasibility analyses, engineering and design and other activities directly related to development of the property in the Area may also be provided.

2. Environmental Remediation Matching Fund

The Environmental Remediation matching funds will assist in environmental remediation in the Area.

3. LEED Certification Fund

This fund would encourage LEED building standards by assisting property owners with resources to complete the certification process.

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Relationship to Existing Conditions:

None of these programs currently exist within the Area.

VI. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

Table 5 below shows the estimated total cost of each project and the estimated sources of funds to address such costs, with all figures in 2007 dollars. This analysis is based on known projects at the time of preparation of the Plan and does not include projects authorized by the Plan, but unknown at this time. The full funding for these projects is anticipated to come from tax increment funds. Project phasing is shown in Table 6.

Table 5. Urban Renewal Projects and Programs

Projects	Costs
1. Pringle Creek Access Improvements	\$1,960,000
2. Minto Island Property Acquisition and Multi-Use Path	1,000,000
3. Multi-use Path Willamette Riverfront	975,000
4. Public Plaza, State Street Terminus	800,000
5. Street Connection to Boise Site and Traffic Signal	750,000*
6. State Street Extension	400,000*
7. Extend Bike Lanes on Commercial St. through Owens or Mission	800,000
8. Streetscape Improvements	1,400,000
9. General Transit Improvements Related to Future Commuter Rail	250,000
Capital Projects Total Estimate:	8,335,000
1. Rehabilitation and Redevelopment Fund	3,000,000
2. Environmental Remediation Matching Fund	1,000,000
3. LEED Certification Fund	500,000
Funds Total Estimate:	4,500,000
Total Cost Estimate of Projects:	\$12,835,000

*These estimates do not include right-of-way acquisition
Anticipated Source of Funds: Tax Increment Funds

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Table 6. Project Phasing

FY Ending June 30	2010	2011	2012	2013	2014	2015	2016
Revenues							
Beginning Balance	0	0	245,997	1,205,486	1,179,811	561,412	1,963,493
Debt Proceeds							
Tax Increment Debt - Long Term		5,731,325	3,087,228			1,740,036	
Tax Increment Debt - Short Term	0	0	0	337,339	324,718	109,195	305,626
Other							
Interest	0	0	3,690	18,082	17,697	8,421	29,452
Total	0	5,731,325	3,336,915	1,560,907	1,522,227	2,419,065	2,298,572
Expenditures							
Administration	0	408,281	144,478	0	51,321	0	13,877
Bond Issuance Costs	0	143,283	77,181	1,500	1,500	45,001	1,500
Capital Projects							
Pringle Creek Access Improvements		2,292,923					
Minto Island Property Acquisition and Multi-use Path		93,589					
Multi-Use Path, Willamette River Front			593,118		513,213		138,773
Public Plaza, State Street Terminus							
Street Connection to Boise Site/Signal		877,394					
State Street Extension							
Commercial Street Bicycle Lanes							
Streetscape Improvements		818,901	851,657				
Transit-Related Improvements							
Total Capital Projects		4,082,806	1,444,775	0	513,213	0	138,773
Rehabilitation and Redevelopment Fund							
Environmental Remediation Matching Fund		233,972	243,331	253,064	263,186	273,714	284,662
LEED Certification Fund		77,991	81,110	84,355	87,729	91,238	94,887
		38,995	40,555	42,177	43,864	45,619	47,444
Transfer to Bond Fund							
		500,000	100,000				
Total Expenditures	0	5,485,328	2,131,429	381,096	960,814	455,572	581,144
Ending Balance	0	245,997	1,205,486	1,179,811	561,412	1,963,493	1,717,428

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Table 6. Project Phasing, continued.

FY Ending June 30	2017	2018	2019	2020	2021	2022
Revenues						
Beginning Balance	1,717,428	1,751,265	1,819,650	514,907	129,860	1,368,277
Debt Proceeds						
Tax Increment Debt - Long Term				4,852,091	4,701,845	
Tax Increment Debt - Short Term	453,649	505,452	558,680	0	0	609,812
Other						
Interest	25,761	26,269	27,295	7,724	1,948	20,524
Total	2,196,838	2,282,986	2,405,625	5,374,722	4,833,653	1,998,613
Expenditures						
Administration	0	0	128,083	420,367	257,121	0
Bond Issuance Costs	1,500	1,500	1,500	121,302	117,546	1,500
Capital Projects						
Pringle Creek Access Improvements						
Minto Island Property Acquisition and Multi-use Path				1,531,868		
Multi-Use Path, Willamette River Front					506,515	
Public Plaza, State Street Terminus			640,413	640,413		
Street Connection to Boise Site/Signal						
State Street Extension			640,413			
Commercial Street Bicycle Lanes				1,332,059		
Streetscape Improvements				699,331	1,631,772	
Transit-Related Improvements					432,919	
Total Capital Projects	0	0	1,280,826	4,203,670	2,571,207	0
Rehabilitation and Redevelopment Fund	296,049	307,891	320,206	333,015	346,335	360,189
Environmental Remediation Matching Fund	98,683	102,630	106,735	111,005	115,445	120,063
LEED Certification Fund	49,341	51,315	53,368	55,502	57,723	60,031
Transfer to Bond Fund						
Total Expenditures	445,573	463,336	1,890,718	5,244,862	3,465,376	541,783
Ending Balance	1,751,265	1,819,650	514,907	129,860	1,368,277	1,456,830

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Table 6. Project Phasing, continued.

FY Ending June 30	2023	2024	2025	2026	2027	TOTAL
Revenues						
Beginning Balance	1,456,830	1,215,288	649,147	51,140	51,907	
Debt Proceeds						
Tax Increment Debt - Long Term	0		0		0	20,112,525
Tax Increment Debt - Short Term	300,000					3,504,473
Other						0
Interest	21,852	18,229	9,737	767	779	238,228
Total	1,778,683	1,233,518	658,885	51,907	52,685	23,855,226
Expenditures						
Administration	0	0	0	0	0	1,423,527
Bond Issuance Costs	1,500	0	0	0	0	516,313
Capital Projects						
Pringle Creek Access Improvements						2,292,923
Minto Island Property Acquisition and Multi-use Path						1,625,456
Multi-Use Path, Willamette River Front						1,751,620
Public Plaza, State Street Terminus						1,280,826
Street Connection to Boise Site/Signal						877,394
State Street Extension						640,413
Commercial Street Bicycle Lanes						1,332,059
Streetscape Improvements						4,001,661
Transit-Related Improvements						432,919
Total Capital Projects	0	0				14,235,270
Rehabilitation and Redevelopment Fund	374,596	389,580	405,163			4,684,953
Environmental Remediation Matching Fund	124,865	129,860	135,054			1,561,651
LEED Certification Fund	62,433	64,930	67,527			780,826
Transfer to Bond Fund						600,000
Total Expenditures	563,394	584,370	607,745	0	0	23,802,540
Ending Balance	1,215,288	649,147	51,140	51,907	52,685	

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VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The sequencing and prioritization of project activities authorized under this urban renewal plan will be done by the Urban Renewal Agency Board through the annual budget the 10 Year Spending Plan. It is estimated that all construction activities identified in the Plan will be completed by FY 2021/2022, with the ability to loan funds through loan programs extending to 2025.

VIII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 7 shows the yearly tax increment revenues and their allocation to debt service and debt service reserve funds. It is anticipated that all debt will be retired by the end of FY 2027. The total amount of tax increment revenues required to service debt is \$30,887,713.

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Table 7. Tax Increment Revenues, Debt Service and Debt Service Reserves

Fiscal Year Ending	2010	2011	2012	2013	2014	2015	2016	2017
Beginning Balance	0	55,913	699,778	1,033,412	978,554	978,554	1,151,906	1,151,906
Tax Increment Revenues	55,913	713,733	1,098,192	1,140,366	1,183,701	1,314,882	1,334,494	1,482,516
Interest	0	1,118	13,996	20,668	19,571	19,571	23,038	23,038
Transfer from Bond Proceeds	0	500,000	100,000					
Total	55,913	1,270,764	1,911,965	2,194,446	2,181,825	2,313,007	2,509,438	2,657,460
Debt Service								
Bond 1		570,987	570,987	570,987	570,987	570,987	570,987	570,987
Bond 2			307,567	307,567	307,567	307,567	307,567	307,567
Bond 3						173,352	173,352	173,352
Bond 4								
Bond 5								
Total Long Term DS	0	570,987	878,554	878,554	878,554	1,051,906	1,051,906	1,051,906
Defeasance of Outstanding Bonds								
Reserve	0	570,987	878,554	878,554	878,554	1,051,906	1,051,906	1,051,906
Short Term Debt				337,339	324,718	109,195	305,626	453,649
Total Expenditures	0	1,141,973	1,757,107	2,094,446	2,081,825	2,213,007	2,409,438	2,557,460
Ending Balance	55,913	128,791	154,858	100,000	100,000	100,000	100,000	100,000

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SOUTH WATERFRONT URBAN RENEWAL PLAN

Table 7. Tax Increment Revenues, Debt Service and Debt Service Reserves, continued.

Fiscal Year Ending	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Balance	1,151,906	1,151,906	1,151,906	1,558,768	2,090,874	2,103,722	2,508,749	3,369,872
Tax Increment Revenues	1,534,320	1,587,548	1,919,123	2,504,653	2,584,565	2,666,675	2,814,670	2,903,108
Interest	23,038	23,038	23,038	31,175	41,817	42,074	50,175	67,397
Transfer from Bond Proceeds								
Total	2,709,264	2,762,492	3,094,067	4,094,597	4,717,257	4,812,471	5,373,594	6,340,377
Debt Service								
Bond 1	570,987	570,987	570,987	570,987	570,987	570,987	570,987	570,987
Bond 2	307,567	307,567	307,567	307,567	307,567	307,567	307,567	307,567
Bond 3	173,352	173,352	173,352	173,352	173,352	173,352	173,352	173,352
Bond 4			483,392	483,392	483,392	483,392	483,392	483,392
Bond 5				468,424	468,424	468,424	468,424	468,424
Total Long Term DS	1,051,906	1,051,906	1,535,298	2,003,722	2,003,722	2,003,722	2,003,722	2,003,722
Defeasance of Outstanding Bonds								
Reserve	1,051,906	1,051,906	1,535,298	2,003,722	2,003,722	2,003,722	2,003,722	2,003,722
Short Term Debt	505,452	558,680	0	0	609,812	300,000		
Total Expenditures	2,609,264	2,662,492	3,070,596	4,007,445	4,617,257	4,307,445	4,007,445	4,007,445
Ending Balance	100,000	100,000	23,470	87,152	100,000	505,027	1,366,150	2,332,932

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Table 7. Tax Increment Revenues, Debt Service and Debt Service Reserves, continued.

Fiscal Year Ending	2026	2027
Beginning Balance	4,336,655	5,984,629
Tax Increment Revenues	2,993,977	3,087,346
Interest	86,733	119,693
Transfer from Bond Proceeds		
Total	7,417,365	9,191,668
Debt Service		
Bond 1		
Bond 2	307,567	
Bond 3	173,352	173,352
Bond 4	483,392	483,392
Bond 5	468,424	468,424
Total Long Term DS	1,432,736	1,125,169
Defeasance of Outstanding Bonds		
Reserve	1,125,169	1,125,169
Short Term Debt		
Total Expenditures	2,557,904	2,250,337
Ending Balance	4,859,461	6,941,330

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IX. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues of \$30,887,713 are based on projections of the assessed value of development within the Area.

Table 8 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues. These in turn provide the basis for the projected impacts on the Taxing Districts' Permanent Rate in Table 9.

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Table 8: Projected Incremental Assessed Value

Fiscal Year Ending June 30	2009	2010	2011	2012	2013	2014	2015	2016
Base Assessed Value	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200
Total Assessed Value	26,011,200	29,210,412	66,849,507	91,614,635	94,134,038	96,722,724	109,510,622	112,522,164
Incremental Assessed Value		3,199,212	40,838,307	65,603,435	68,122,838	70,711,524	83,499,422	86,510,964
Value New Development	0	2,483,904	36,835,808	22,926,767	0	0	10,128,023	0
Appreciation Percentage	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Appreciation Dollars		715,308	803,286	1,838,361	2,519,402	2,588,686	2,659,875	3,011,542
Total Property Tax Rate		18.3969	18.3969	17.6209	17.6209	17.6209	16.5760	16.2376
Tax Increment Revenues		58,856	751,298	1,155,992	1,200,386	1,246,001	1,384,086	1,404,730

Table 8: Projected Incremental Assessed Value, continued.

Fiscal Year Ending June 30	2017	2018	2019	2020	2021	2022	2023	2024
Base Assessed Value	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200
Total Assessed Value	122,117,994	125,476,239	128,926,835	150,421,776	188,379,819	193,560,264	198,883,171	208,477,244
Incremental Assessed Value	96,106,794	99,465,039	102,915,635	124,410,576	162,368,619	167,549,064	172,871,971	182,466,044
Value New Development	6,501,470	0	0	17,949,453	33,821,444	0	0	4,124,786
Appreciation Percentage	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Appreciation Dollars	3,094,360	3,358,245	3,450,597	3,545,488	4,136,599	5,180,445	5,322,907	5,469,287
Total Property Tax Rate	16.2376	16.2376	16.2376	16.2376	16.2376	16.2376	16.2376	16.2376
Tax Increment Revenues	1,560,544	1,615,074	1,671,103	2,020,129	2,636,477	2,720,595	2,807,026	2,962,811

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Table 8: Projected Incremental Assessed Value, continued.

Fiscal Year Ending June 30	2025	2026	2027
Base Assessed Value	26,011,200	26,011,200	26,011,200
Total Assessed Value	214,210,368	220,101,153	226,153,935
Incremental Assessed Value	188,199,168	194,089,953	200,142,735
Value New Development	0	0	0
Appreciation Percentage	2.75%	2.75%	2.75%
Appreciation Dollars	5,733,124	5,890,785	6,052,782
Total Property Tax Rate	16.2376	16.2376	16.2376
Tax Increment Revenues	3,055,903	3,151,555	3,249,838

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SOUTH WATERFRONT URBAN RENEWAL PLAN

X. IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAID, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area *without the Plan*. Revenues on growth in assessed value that would not occur but for the Plan cannot be considered as foregone.

It is reasonable to project that development within the Area without the Plan would take much longer to occur, would be less extensive and would have lower assessed values. The analysis summarized below in Table 9 assumes that the redevelopment of the Boise site would not occur without urban renewal. There are small impacts (increases) on tax rates for bonds approved by voters prior to October 5, 2001.

Table 9 below shows no impacts on the Salem Keizer School District or the Willamette Educational Service District. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets, therefore, property taxes foregone are replaced with State School Fund revenues.

Table 9: Projected Impact on Taxing District Permanent Rate Levies During Use of Tax Increment Financing

Taxing District	Present Value, Revenues Foregone - FY 2023	Present Value, Average Annual Revenues Foregone
Marion County	\$1,502,031	\$107,288
City of Salem	2,895,664	206,833
Salem Transit	377,829	26,988
Chemeketa Cooperative Regional Library Service	40,618	2,901
Marion Soil & Water District	24,828	1,773
Chemeketa Community College	\$310,794	\$22,200

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The average impact of foregone revenues as a percentage of the total permanent rate levy of each taxing district is shown in Table 10 below.

Table 10: Average Annual Revenues Foregone as Percent of Levy

Taxing District	Permanent Rate Levy, FY 06/07	Percent of FY 06/07
Marion County	\$48,235,718	0.2%
City of Salem	39,541,025	0.5%
Salem Transit	7,399,573	0.4%
Chemeketa Cooperative Regional Library Service	1,309,357	0.2%
Marion Soil & Water District	769,740	0.2%
Chemeketa Community College	\$10,010,580	0.2%

Table 11 shows the increase in permanent rate levy revenues that would occur after termination of the tax increment financing in FY 2027/2028. By FY 2035/2036 revenues added to the permanent rate levies would exceed the revenues foregone during the use of tax increment financing.

Table 11: Additional Revenues Obtained After Termination of Tax Increment Financing

Taxing District	Present Value, Revenues Gained
Marion County	\$48,335,035
City of Salem	42,518,950
Salem Transit	7,671,347
Chemeketa Cooperative Regional Library Service	1,311,785
Marion Soil & Water District	772,819
Chemeketa Community College	\$10,029,575

XI. RELOCATION REPORT

There are no businesses or residents to be relocated.