

REPORT ACCOMPANYING THE NORTH
GATEWAY URBAN RENEWAL PLAN

City of Lebanon

September 10, 2008

TABLE OF CONTENTS

I. INTRODUCTION	3
II. EXISTING PHYSICAL, SOCIAL AND ECONOMIC CONDITIONS AND IMPACT ON MUNICIPAL SERVICES.....	5
III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN	16
IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA.....	16
V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS.....	24
VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT.....	27
VII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED	27
VIII. FINANCIAL ANALYSIS OF THE PLAN.....	30
IX. IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAYED, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA.....	34
X. RELOCATION REPORT.....	35
XI. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA	35

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

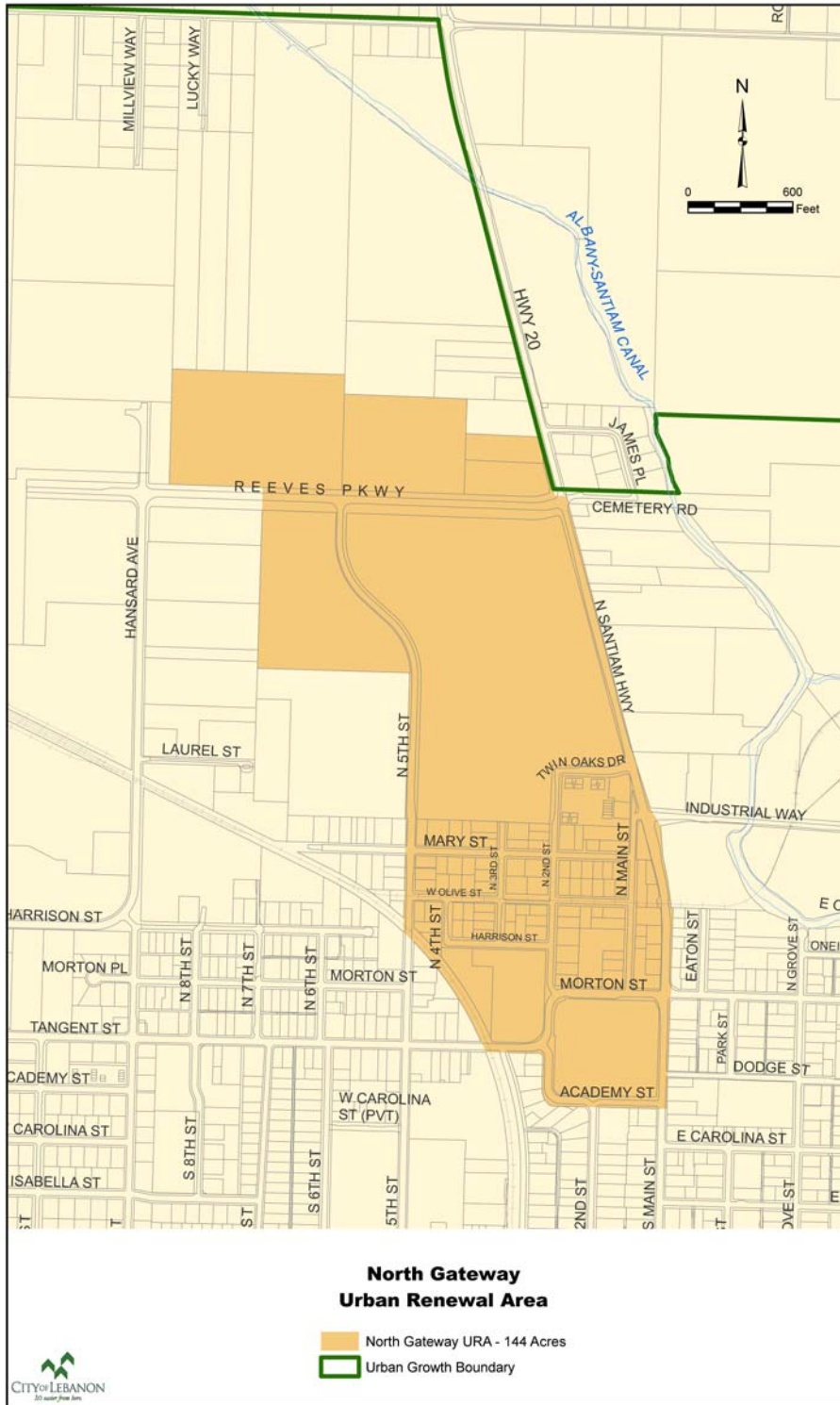
I. INTRODUCTION

The North Gateway Urban Renewal Report (the “Report”) contains background information and project details for the North Gateway 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.

The Area is shown in Figure 1.

Figure 1. North Gateway Urban Renewal Area



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

This section of the Report describes existing conditions within the North Gateway 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 Area, shown in Figure 1 above, contains approximately 144 acres, including right of way. The Assessor’s office shows 116.83 acres in parcels. The GIS data shows 114.89 acres in parcels. Of that total, 83.14 acres is vacant Mixed Use (MU) land and is west of Highway 20 and straddling Reeves Parkway.

Highway 20 borders the east side of the area, running north and south. The highway provides the major transportation access to the Area and is included in the URA boundary from its intersection with Academy Street in the south to its intersection with Gore Drive in the north. Transportation within the Area is conducted mainly along Reeves Parkway, North 5th Street, Morton Street and Academy Street.

An analysis of property classification data from Linn County 2007-08 Assessment and Taxation database was used to determine the land use designation of parcels in the Area. The largest portion (60.44 percent) of the Area is classified as Farm and Range, as shown in Table 1, “Existing Land Use (FY 2007-08)”. The second largest classification, Residential, accounts for 23.18 percent of the Area. The remaining Area is divided between Commercial, Multiple Unit Housing, Common PUD, and Abatement land. The acreage calculation in Table 1 will vary from the total area acreage as there is right of way included in the total area acreage calculation.

Table 1. Existing Land Use of Proposed Area (FY 2007-2008)

Land Use	Parcels	Acres	% of Total
Abatement Land	2	3.60	3.08%
Commercial	31	12.30	10.53%
Common PUD	1	1.49	1.28%
Farm and Range	2	70.62	60.44%
Multi. Hsg	2	1.75	1.50%
Residential	82	27.08	23.18%
<i>Total</i>	<i>120</i>	<i>116.83</i>	<i>100.00%</i>

Source: Linn County Assessor

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

2. Zoning

As illustrated in Table 2 and Figure 2, 83.10 acres (71.09 percent) of the Area is zoned for Mixed Use. Another 26.78 percent, or 31.30 acres is zoned Residential Mixed Density. The remaining zone, Highway Commercial, consists of 2.50 acres, or 2.14 percent of the Area. The information in Table 2 was acquired using GIS, and the information used in Table 1 was acquired from the Assessor's Office. The GIS numbers vary slightly from the Assessor's but this is standard, and the variation is very small (0.07 acres).

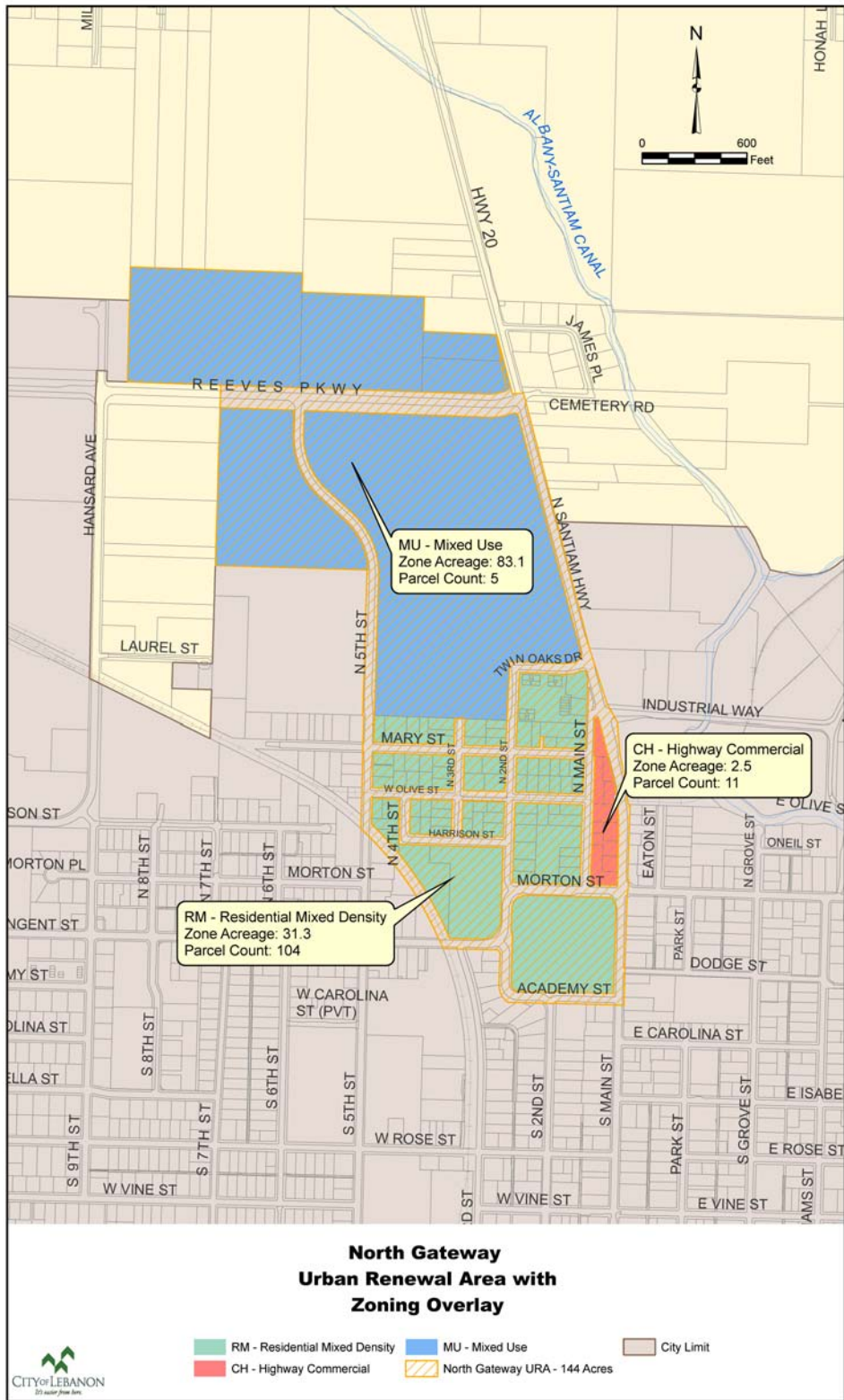
Table 2. Existing Zoning of Proposed Area

Land Use Zone	Parcels	Acres	% of Total (Acres)
Mixed Use	5	83.10	71.09%
Residential Mixed Density	104	31.30	26.78%
Highway Commercial	11	2.50	2.14%
<i>Total</i>	<i>120</i>	<i>116.90</i>	<i>100.00%</i>

Source: City of Lebanon GIS

Figure 2. Lebanon Urban Renewal Area Zoning

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN



B. Infrastructure

1. Transportation

The main part of the study area, the properties adjacent to Reeves Parkway (83.10 acres) is presently vacant property with no internal transportation network. Reeves Parkway has utilities running in it, but those utilities would need to be extended for any future development in the Area.

Running north-south down the east side of the Area is Highway 20, which turns into Main Street in downtown Lebanon and is a major transportation corridor. It provides the main access to the Area from the north. The street is characterized by a lack of sidewalks in the northernmost part of the Area, and old, narrow sidewalks in disrepair and wide travel lanes that enable traffic to move at a fast pace in the southern part of the Area. The highway is unaccommodating to pedestrians and bicyclists in its current condition. The highway is inadequate to meet the demands of projected development in the Area.

The streets in the residential/mixed use zoning area west of Main Street are not fully developed and some are without sidewalks. The streets are inadequate to meet the demands of the projected development in the Area.

The classifications of streets in the Area are as follows:

Principal Arterials

- a. Highway 20/Santiam Highway/Main Street
- b. Tangent Street

Arterials

- a. Reeves Parkway
- b. Academy Street

Collectors

- a. North 5th Street

Local Roads

The remaining streets in the Area are classified as Local Roads.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

The bicycle classifications in the Area are as follows:

Existing Bike Lanes

- a. North 5th Street
- b. Tangent Street
- c. Reeves Parkway

High Priority Bike Lanes

- a. North 2nd Street

Streets

The streets located within the proposed Area range from very good to poor condition as rated by the City of Lebanon pavement management program. The following table lists each street and its condition.

<u>Street</u>	<u>Classification</u>	<u>Surface & Condition</u>
Reeve's Parkway	Parkway	Asphalt - Good
Second Street	Local Residential	Asphalt – Fair to Very Good
Third Street	Local Residential	Gravel/Paved – Fair to Poor
Fourth Street	Local Residential	Gravel - Poor
Fifth Street	Collector	Asphalt – Very Good
Highway 20	Principal Arterial	Asphalt - Good
Morton Street/Tangent	Principal Arterial	Asphalt – Good
North Main Street	Local Residential	Asphalt – Poor to Very Poor
Mary Street	Local Residential	Asphalt – Good to Fair
Harrison Street	Local Residential	Asphalt - Poor
Twin Oaks	Local Residential	Asphalt – Fair
Olive Street	Local Residential	Asphalt – Poor to Very Poor

Most of the paved streets within the Area are built to city standards in that they have curbs, gutters and sidewalks with the exceptions of Fourth Street and portions of Third Street.

There are two primary areas within the Area that are either undeveloped or underdeveloped and are not served by City streets. They are: (1) the area north of Reeve's Parkway; and (2) the area bound by Reeve's Parkway on the north, Mary Street on the south, Highway 20 to the east and Fifth Street to the west. The conditions of the existing streets and the lack of an adequate street network constrain the Area from proper development.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

2. Water, Sewer and Storm Drainage Facilities

Water:

With exception of the following list, the water system within the proposed Area is in good condition. Most of the waterlines within the developed areas are 6-inches and larger and provide adequate domestic and fire suppression flow.

The following water lines are undersized (2" or 4") and are targeted to be replaced by the City's small waterline replacement program:

<u>Street</u>	<u>Line Size</u>
North Second – Harrison to Mary	4" Copper
North Third – Harrison to Olive	2" Galvanized Iron

The water system is inadequate to meet the projected development in the Area.

Sewer:

The sanitary sewer system within the Area provides adequate flow capacity for both the developed and undeveloped areas. The majority of this capacity is provided by the existing 54-inch Westside Interceptor (WSI) trunk line which runs west to east through the Area. All the property north of Mary Street yet to be developed is designed to be served by the existing WSI. The slope of the land within the Area is down to the northwest. This makes gravity sewer service to the north of Reeve's Parkway difficult. Therefore, a pump station is necessary to pump wastewater to the existing WSI. The remaining sanitary sewer lines within the Area range from 6-inch to 10-inch lines, which are nearing the end of their useful service life. The sewer system is inadequate to meet the projected development demands in the Area.

Storm Drainage:

Storm drainage within the Area flows toward two areas. The south portion of the Area, from Mary Street south, flows through existing storm drainage pipes to the Hospital Slough located on the east edge of the Area behind the Samaritan Hospital. The north portion of the Area, from Mary Street north, flows north through the existing storm drainage system on Fifth Street to a swale along the south side of Reeve's Parkway. The area north of Reeve's Parkway flows north to a ditch system along Gore Road. Overall the storm drainage system functions well given the existing level of development. However, the storm drainage system is inadequate to meet the development demands in the Area.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

1. Parks and Open Space

The proposed skatepark is located in the Area south of Harrison Street, east of the railroad line and north of West Tangent Street. Academy Square is located in the Area at 65 Academy Street. The skatepark is not yet constructed and Academy Square is in need of extensive landscaping.

2. Public Spaces

There are four publicly owned lots in the area. They are Tax Lots 4600, 4700, 4800 and 1409. These lots are presently either vacant or used for the Lebanon Senior Center.

3. Public Parking

There is public parking in the Area on Tax Lot 4800.

4. Public Buildings

The Lebanon Senior Center is located in the Area at 65 Academy Street. A future library will be located at 55 Academy Street, immediately south of the Lebanon Senior Center. The Senior Center requires physical upgrading and improvements to its HVAC system and exterior siding

Across Morton Street and to the east of the Senior Center, a new Justice Center is under construction at 40 N. 2nd Street.

C. Social Conditions

There are 84 parcels in the Area classified by the Linn County Assessor as having residential use, 82 of them as single-family residences and 2 as multi-family residences.

As of the United States Census of 2000, there were 12,950 people, 5,078 households, and 3,442 families residing in the City of Lebanon. The population density was 2,467.7 people per square mile (952.4/km²). There were 5,457 housing units at an average density of 1,039.9 per square mile (401.3/km²).

The racial makeup of the city as of the 2000 census is shown in Table 3. The Census calculates Hispanic or Latino of any race as a separate category.

Table 3. Racial Characteristics

Racial Characteristics	Percentage
White	93.98%
African American	0.17%
Native American	1.03%
Asian	0.96%
Pacific Islander	0.08%
Other	3.78%
<i>Total</i>	<i>100.00%</i>

Source: United States Census of 2000

Hispanic or Latino of any race was 3.69 percent of the population.

There were 5,078 households, out of which 33.1 percent had children under the age of 18 living with them, 50.2 percent were married couples living together, 13.1 percent had a female householder with no husband present, and 32.2 percent were non-families. Individuals comprised 27.6 percent of all households and 14.5 percent had someone living alone who was 65 years of age or older. The average household size was 2.51 and the average family size was 3.02.

The population by age category in the 2000 census is shown in Table 4.

Table 4. Population by Age

Age	Percentage
<18	27.00%
18-24	8.50%
25-44	27.00%
45-64	19.70%
65 >	17.80%

Source: United States Census of 2000

The median age was 36 years. For every 100 females there were 91.1 males. For every 100 females age 18 and over, there were 87.2 males.

The median income is shown in Table 5.

Table 5. Median Income

Category	Income in Dollars Per Year
Family	\$37,818
Male	\$32,448
Female	\$24,796
Per Capita	\$14,968

Source: United States Census of 2000

About 14.4 percent of families and 15.7 percent of the population were below the poverty line, including 20.8 percent of those under age 18 and 7.9 percent of those age 65 or over.

The Portland State University Population Research Study of March 2008 estimates the population of Lebanon has increased to 14,705 as of July 1, 2007, a 14 percent increase in population over 7 years.

D. Economic Conditions

1. Taxable Value of Property within the Area

The estimated total assessed value of the Area, including all real, personal, personal manufactured and utility properties, is \$8,107,234 or 1.26 percent of the City of Lebanon’s total assessed value. The total assessed value of the City of Lebanon is \$643,686,333.

2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property’s improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the “Improvement to Land Ratio” or “I:L”. The values used are real market values. In urban renewal areas, the I:L may be used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives. A healthy condition of real estate investment in the Lebanon area would be 7:1.

Table 6 below, “Improvement to Land Ratio,” shows the improvement to land ratios for taxable properties within the Area. As the table shows, over 85.42 percent of the study area’s acreage has less than 1.5 improvement value; the I:L ratios for improved properties in the urban renewal study area are very low.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

The parcel count in Table 3 is for taxable properties only. There are 21 parcels that have no I:L ratio as the assessor has no value listed for the land because properties are non taxable. These parcels account for 1.96 acres, which is why the total acreage calculation in this chart varies from the total acreage calculation in the Assessor’s Use chart. There are 11 parcels with no improvement value, showing a pattern of underdeveloped property.

Table 6. I:L Ratio of Parcels in the Area

I:L Ratio	Parcels	Acres	% of Total
No Improvements	11	82.10	71.46%
0.0 - 0.5	7	5.31	4.62%
0.5 - 1.0	15	4.11	3.58%
1.0 - 1.5	42	6.62	5.76%
1.5 - 2.0	21	5.11	4.45%
2.0 - 2.5	4	2.72	2.37%
2.5 - 3.0	3	0.66	0.57%
3.0 - 4.0	2	7.75	6.75%
4.0 - 5.0	0	0.00	0.00%
>5.0	1	0.51	0.44%
<i>Total</i>	<i>106</i>	<i>114.89</i>	<i>100.00%</i>

Source: Linn County Assessor data

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.

Projected increases in mixed use, commercial, and residential occupancies within the Area will generally result in higher demand for fire, life safety, and public safety services. The projected increase in occupancies within the Area will also raise the demand for water, sewer and storm drainage services.

These impacts will be offset by funding from the Plan for an improved transportation network within the area, increased public infrastructure, including water and sewer, which will provide incentives for developing sites. These developed sites will have employment opportunities for the citizens of Lebanon. There is also park funding and funding for improvements to the Senior Center and for a training center for the Linn Benton Community College as part of the Plan. These improvements help offset impacts from the urban renewal area.

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

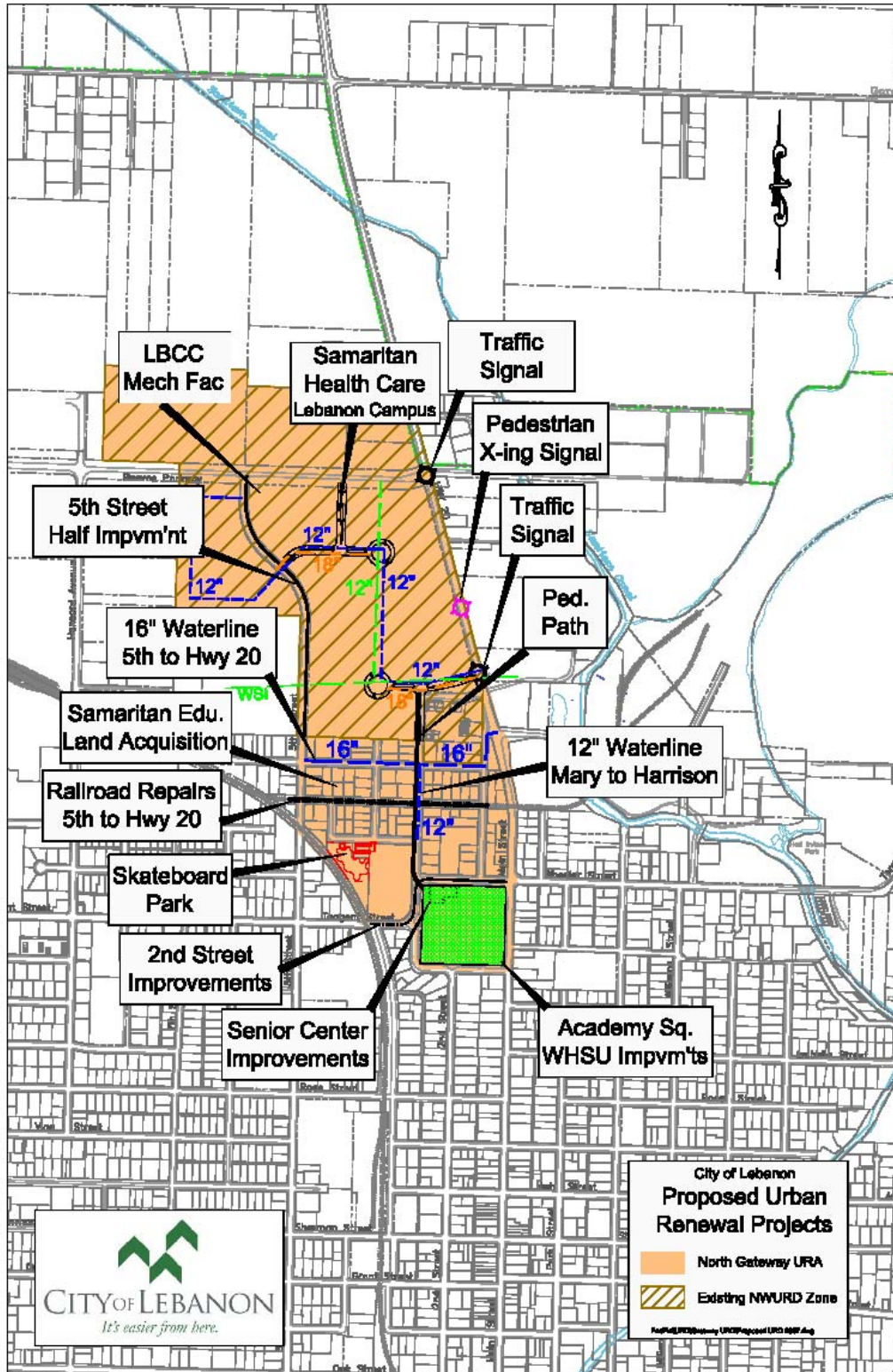
There is one urban renewal area in the Plan and it was selected to improve and prevent the future occurrence of blighted areas as defined in ORS 457.010(1).

IV. 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 I of this Report, and more particularly described below. The Project Map is shown in Figure 3.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Figure 3. Project Map



POM

City of Lebanon

A. Transportation Improvements: Streets

1. *Samaritan Healthcare Lebanon Campus Street & Utility Network*

This includes the development of a street and utility network on the Samaritan Healthcare Lebanon Campus. The Samaritan Healthcare Lebanon Campus is a proposed mixed use development located across Highway 20 from the existing Samaritan Lebanon Community Hospital. The improvements will be a street network and the provision of utilities to these parcels.

Relationship to Existing Conditions

The campus area is currently undeveloped and is being used to grow rye grass seed. There is no street network or utilities internal to the parcel. The existing street network is inadequate to serve the future development which will occur in the Area.

2. *5th Street Half-Street Improvements*

This provides for the construction of 5th Street to a collector standard with a center turn and install a sidewalk on the east side.

Relationship to Existing Conditions

Currently, 5th Street has two travel lanes, bike lanes and a sidewalk on the west side. The existing street is inadequate to serve the future development which will occur in the Area.

3. *N. 2nd Street Pedestrian Way*

This provides for the construction of a pedestrian way along North 2nd Street to connect the new Justice Center/Library/Senior Center to the proposed hospital development north of Mary Street and west of Highway 20. The pedestrian path is proposed to be a minimum of 10 feet wide and will encourage the use of alternative transportation among these civic centers.

Relationship to Existing Condition

North 2nd Street is currently fully built out, including curb, gutter, and sidewalks and is a paved residential street. It does not, however, have the 10 foot pedestrian pathway. The existing pedestrian way is inadequate to serve the future development which will occur in the Area.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

4. *Tangent/2nd/Morton Street Improvements*

This provides for construction of street improvements. The construction of the Medical College will increase traffic on Morton Street and 2nd Street. To help handle the increase in traffic volume, a left turn lane will be constructed on 2nd Street to alleviate congestion at the 2nd Street and Morton Street and the 2nd Street and Tangent Street intersections.

Relationship to Existing Conditions

There is no left turn lane on 2nd Street at Morton Street, and congestion is evident at this time and expected to increase. The existing street is inadequate to serve the future development which will occur in the Area.

5. *Santiam Highway Traffic Signals*

This provides for installation of traffic signals. Signals are proposed at the intersections of Highway 20 with Reeves Parkway and Twin Oaks Drive. The signals will help maintain an acceptable level of service along Highway 20 as growth and development increases traffic volume.

Relationship to Existing Conditions

These intersections are currently un-signalized and operate at an acceptable level of service. However, with the proposed development, it is anticipated that the intersections will not be at an acceptable level of service.

6. *Pedestrian Crossing of Highway 20*

Improvements, including striping and a pedestrian activated signal, will be made for a pedestrian crossing of Highway 20 to the medical school.

Relationship to Existing Conditions

There is presently no pedestrian activated signal nor is there striping for the pedestrian crossing of Highway 20 to the proposed medical school. The safety provisions of a pedestrian crossing are inadequate for the planned development of the Area.

B. Railroad Improvements

1. *Lebanon Short Line Railroad Repair - Phase I: Olive Street (5th to N. Main Street)*

This provides for the repair and upgrade of rail spur line. The City of Lebanon gained ownership of the rail spur line from 5th Street and Olive Street to Industrial Way. The line serves the industrial properties located in the SCIP industrial park. The first phase of the repair is along Olive Street from 5th Street to Highway 20.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

The scope of the repairs involves replacing the failed railroad base rock and installing new ties and a heavier gauge rail and reconstruction of the street.

Relationship to Existing Conditions

The existing line is in poor condition and will be repaired and upgraded to continue to serve as a functioning rail spur line. The existing line is inadequate to serve the future development needs of the Area. The existing condition of Olive Street is inadequate to serve the Area.

C. Utilities: Water

1. Mary/2nd/N. Main St. Waterline - 16" Waterline

Installation of a 16-inch water line along Mary Street from 5th Street to North Main Street and along North Main Street to Highway 20.

Relationship to Existing Conditions

This area is currently served by water, however, the oversized 16" water line is necessary to increase flows and pressure to the initial Medical College buildings as well as help complete a planned 16-inch water line loop around the City. The existing water distribution system is inadequate to meet the initial phases of the Medical College needs.

2. 2nd St. Mary to Harrison St. - 12" Waterline

Installation of a 12-inch water line along 2nd Street from Harrison Street to Mary Street.

Relationship to Existing Conditions

This area is currently served by a smaller diameter water line, however, the oversized 12" water line is necessary to increase flows and pressure for the full build-out of the URD area. The existing water distribution system is inadequate to meet the future development needs of the Area.

C. Parks

1. Skateboard Park - Harrison and 4th

This will include the construction of a skateboard park. The skateboard park is a community driven project lead by volunteers. The City has offered the land and proposed matching funding of \$150,000 to assist in the development and construction of the project. The proposed location is north of the new Justice Center adjacent to Harrison Street which is currently undeveloped.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Relationship to Existing Conditions

The park does not presently exist. The facilities for youth recreation are insufficient in the Area.

2. *Academy Square/WHSU Improvements*

This includes the installation of pathways, additional parking, transit, and site improvements as well as building improvements to facilitate the mutual public and student use of Western University Health Sciences structures and the new Lebanon Public Library. Academy Square is the location of the existing Senior Center, new Library and Justice Center. Site improvements will include structural landscaping features, additional walkways, fencing, plants, a public plaza/outdoor meeting/assembly area, public transit facilities and potential expansion of the new Lebanon Public Library to facilitate joint use with Western University.

Relationship to Existing Conditions

Currently Academy Square is the site of the Lebanon Senior Center with minimal landscaping improvements. The existing site is not adequate to serve the demand for recreational and educational uses, including a possible library expansion to serve the WHSU and other student populations.

D. Miscellaneous

1. *Senior Center Improvements*

This will include the construction updates for the Senior Center. Some of the improvements remaining to be completed are the installation of air conditioning, exterior siding and additional parking. Additional updates will be completed to further maximize the use of the available space.

Relationship to Existing Conditions

The Senior Center building was purchased from the Lebanon Community School District. Minor improvements have been made to update the building for use as a senior center. Additional improvements are necessary for the building to adequately service the senior clientele.

2. *Samaritan Educational Land Acquisition*

This will include the acquisition of land for Samaritan Healthcare. Samaritan Healthcare Lebanon Campus is a proposed mixed use development, located across Highway 20, opposite the existing Samaritan Lebanon Community Hospital. This is a proposed 55.5-acre development consisting of a college campus, an event center, commercial/retail space, office space, a research/industrial park, and a hotel/conference center. This development has the potential to expand in the future. To do this, additional land will need to be purchased and re-developed. This project may include demolition.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Relationship to Existing Conditions

This land is not in the ownership of Samaritan Healthcare. It is privately owned. The development proposed by Samaritan Healthcare will require land in addition to that which they already own. The existing land is not adequate to fill the projected needs of Samaritan Healthcare.

3. Linn Benton Community College (LBCC) Mechatronics Training Facility

This will include assistance in construction of a training facility. This project provides funding to assist LBCC in constructing a new Mechatronics Training Facility. The facility will be located at the existing LBCC campus at Industrial Way and Highway 20.

Relationship to Existing Conditions

This training facility does not exist. The LBCC facilities in the Area are not adequate to meet the needs of the LBCC.

4. Wetland Mitigation

This will include funds for assistance with wetlands mitigation with the funding guidelines to be designed by the Agency upon adoption of the Plan.

Relationship to Existing Conditions

A wetland mitigation fund does not exist for this area. The ability of the City to assist in wetland mitigation is not adequate in the Area.

5. System Development Charges and Permits

This will provide funding to reimburse Building and Public Improvement Development Charges (SDCs) and City of Lebanon Permits for construction within the Area.

Relationship to Existing Conditions

There is no existing program for the reimbursement of SDCs or Permits in the Area. The ability of the City to provide reimbursement is not adequate in the Area.

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

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

Table 7. Project Expenditures and Money to Pay Costs

FY Ending June 30		2009	2010	2011	2012	2013	2014
Revenues							
Beginning Balance		0	0	107,210	230,613	41,920	443,818
Tax Increment Debt Proceeds							
Note 1			5,500,000	2,350,000		2,500,000	
Short Term Debt		0	0	0	0	0	0
Total			5,500,000	2,457,210	230,613	2,541,920	443,818
	Cost in 2008\$	1	2	3	4	5	6
Expenditures							
Materials and Services			100,000	103,000	106,090	109,273	112,551
Bond Issuance Costs		0	0	0	0	0	0
Urban Renewal Projects							
Infrastructure Improvements	Total TI Cost (2008\$)						
Streets							
Sam. Healthcare Lebanon Campus Street & Utility Network I	1,135,530		1,204,684				
Sam. Healthcare Lebanon Campus Street & Utility Network II	1,345,170		1,427,091				
5th Street Half Street Improvements	458,000					530,948	
N. 2nd Street Ped. Way	70,700						
Tangent/2nd/ Morton Street Improvements	1,900,000		2,015,710				
Santiam Highway Traffic Signals	800,000					463,710	
Ped Crossing Hwy 20	200,000			218,545			
Railroad							
Lebanon Short Line Railroad Repair Phase I	500,000						
Utilities: Water							
Mary/2nd/ Harrison 12"	88,000		93,359				
Mary/2 nd N Main St. Waterline	434,900					504,168	
Parks							
Sk8teboard Park Harrison and 4 th	225,000						
Academy Square-WUHS Corridor Improvements	1,000,000						
Miscellaneous							
Senior Center Improvements	250,000						
Samaritan Educational Land Acquisition	500,000						
Linn Benton CC Mechatronics Training Fac.	1,500,000			1,639,091			
Wetland Mitigation	200,000					231,855	
SHS SDC's and Permits	667,200		70,783	72,907	75,094	77,347	79,667
Total Capital Projects	11,274,500	0	4,811,627	1,930,543	75,094	1,808,803	79,667
Contingency @ 10%	1,127,450	0	481,163	193,054	7,509	180,803	7,967
Total	12,401,950	0	5,392,790	2,226,597	188,693	2,098,102	200,185

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Table 7. Project Expenditures and Money to Pay Costs, cont.

FY Ending June 30	2015	2016	2017	2018	2019	2020	2021	2022	
Revenues									
Beginning Balance	243,633	546,366	20,464	84,092	228,305	116,713	106,413	95,804	
Tax Increment Debt Proceeds									
Note 1	2,200,000		1,000,000	1,700,000					
Total	2,443,633	546,366	1,020,464	1,784,092	228,305	116,713	106,413	95,804	
	Cost in 2008\$	7	8	9	10	11	12	13	14
Expenditures									
Materials and Services	115,927	119,405	122,987	126,677	10,000	10,300	10,609	10,927	
Bond Issuance Costs	0	0	0	0	0	0	0	0	
Urban Renewal Projects									
Infrastructure Improvements	Total TI Cost (2008\$)								
Streets									
Sam. Healthcare Lebanon Campus Street & Utility Network I	1,135,530								
Sam. Healthcare Lebanon Campus Street & Utility Network II	1,345,170								
5th Street Half Street Improvements	458,000								
N. 2nd Street Ped. Way	70,700								
Tangent/2nd/ Morton Street Improvements	1,900,000								
Santiam Highway Traffic Signals	800,000			537,567					
Ped Crossing Hwy 20	200,000								
Railroad									
Lebanon Short Line Railroad Repair Phase I	500,000		652,387						
Utilities: Water									
Mary/2nd/ Harrison 12"	88,000								
Mary/2 nd N Main St. Waterline	434,900				504,168				
Parks									
Sk8teboard Park Harrison and 4 th	225,000	285,023							
Academy Square -WUHS Corridor	1,000,000	1,229,874							
Miscellaneous									
Samaritan Educational Land Acquisition	500,000			671,958					
Linn Benton CC Mechatronics Training Facility	1,500,000								
Wetland Mitigation	200,000								
SHS SDC's and Permits	667,200	82,057	84,519	87,054	89,666	92,356			
Total Capital Projects	11,274,500	1,619,400	369,542	739,441	1,299,191	92,356	0	0	0
Contingency @ 10%	1,127,450	161,940	36,954	73,944	129,919	9,236	0	0	0
Total	12,401,950	1,897,267	525,902	936,373	1,555,787	111,592	10,300	10,609	10,927

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Table 7. Project Expenditures and Money to Pay Costs, cont.

FY Ending June 30	2023	2024	2025	2026	2027	2028	2029	Totals
Revenues								
Beginning Balance	84,877	73,622	62,029	50,088	37,790	25,122	12,074	
Tax Increment Debt Proceeds								
Note 1								15,250,000
Short Term Debt	0	0	0	0	0	0	0	
Total	84,877	73,622	62,029	50,088	37,790	25,122	12,074	
	TI Cost in 2008\$	15	16	17	18	19	20	21
Expenditures								
Materials and Services	11,255	11,593	11,941	12,299	12,668	13,048	12,074	1,142,624
Bond Issuance Costs	0	0	0	0	0	0		0
Urban Renewal Projects								
Infrastructure Improvements	Total TI Cost (2008\$)							
Streets								
Sam. Healthcare Lebanon Campus Street & Utility Network I	1,135,530							1,204,684
Sam. Healthcare Lebanon Campus Street & Utility Network II	1,345,170							1,427,091
5th Street Half Street Improvements	458,000							530,948
N. 2nd Street Ped. Way	70,700							0
Tangent/2nd/ Morton Street Improvements	1,900,000							2,015,710
Santiam Highway Traffic Signals	800,000							1,001,276
Ped Crossing Hwy 20	200,000							218,545
Railroad								
Lebanon Short Line Railroad Repair Phase I	500,000							652,387
Utilities: Water								
Mary/2nd/ Harrison 12"	88,000							93,359
Mary/2 nd N Main St. Waterline	434,900							434,900
Parks								
Sk8teboard Park Harrison and 4 th	225,000							285,023
Academy Square WUHS Corridor	1,000,000							1,229,874
Senior Center Improvements	250,000							307,468
Samaritan Educational Land Acquisition	500,000							671,958
Linn Benton CC Mechatronics Training Facility	1,500,000							1,639,091
Wetland Mitigation	200,000							231,855
SHS SDC's and Permits	667,200							811,451
Total Capital Projects	11,274,500	0	0	0	0	0		12,824,888
Contingency @ 10%	1,127,450	0	0	0	0			1,282,489
Total	12,401,950	11,255	11,593	11,941	12,299	12,668	13,048	15,250,000

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

Projects will be ongoing and accomplished in increments. Estimated completion dates are shown in Table 7, starting on page 22 of this Report.

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

Table 8 shows the tax increment revenues and their allocation to loan repayments, reimbursements, debt service and debt service reserve funds. It is anticipated that all debt will be retired by the end of FY 2032/2033. The maximum indebtedness is Fifteen Million Seven Hundred Thousand dollars (\$15,700,000). The total amount of tax increment revenues required to service debt is \$27,005,525.

Table 8. Tax Increment Revenues

FY Ending June 30	2010	2011	2012	2013	2014	2015	2016	2017
Revenues								
Beginning Balance	0	8,574	19,694	45,312	79,832	79,832	79,832	79,832
Yr Tax Increment Revenue	8,574	111,196	256,180	345,195	677,427	697,957	982,078	1,126,142
Bond Proceeds								
Total Revenues	8,574	119,770	275,874	390,507	757,258	777,788	1,061,909	1,205,973
Expenditures								
To Project Fund								
Principal		0	0	0	137,691	165,106	347,482	508,920
Interest	0	100,076	230,562	310,676	539,736	532,851	634,596	617,222
Total	0	100,076	230,562	310,676	677,427	697,957	982,078	1,126,142
Ending Balance	8,574	19,694	45,312	79,832	79,832	79,832	79,832	79,832
Note Draws	0	5,500,000	2,350,000	0	2,500,000	0	2,200,000	0
Total	0	5,500,000	2,350,000	0	2,500,000	0	2,200,000	0
Principal Balance	0	5,500,000	8,024,924	8,195,608	10,794,712	10,657,021	12,691,915	12,344,433
Interest Rate 5.00%	0	275,000	401,246	409,780	539,736	532,851	634,596	617,222
Capitalized Interest		174,924	170,684	99,105	0	0	0	0

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Table 8. Tax Increment Revenues, cont.

FY Ending June 30	2018	2019	2020	2021	2022	2023	2024	2025
Revenues								
Beginning Balance	79,832	79,832	79,832	79,832	79,832	79,832	79,832	79,832
Year Tax Increment Revenues	1,154,295	1,228,187	1,271,174	1,315,665	1,361,713	1,409,373	1,451,654	1,495,204
Bond Proceeds								
Total Revenues	1,234,127	1,308,019	1,351,005	1,395,496	1,441,545	1,489,205	1,531,486	1,575,035
Expenditures								
To Project Fund								
Principal	512,519	527,037	596,376	670,686	750,268	835,442	919,495	1,009,019
Interest	641,776	701,150	674,798	644,979	611,445	573,931	532,159	486,185
Total	1,154,295	1,228,187	1,271,174	1,315,665	1,361,713	1,409,373	1,451,654	1,495,204
Ending Balance	79,832	79,832	79,832	79,832	79,832	79,832	79,832	79,832
Note Draws	1,000,000	1,700,000	0	0	0	0	0	0
Total	1,000,000	1,700,000	0	0	0	0	0	0
Principal Balance	12,835,514	14,022,994	13,495,957	12,899,581	12,228,895	11,478,627	10,643,185	9,723,690
Interest	641,776	701,150	674,798	644,979	611,445	573,931	532,159	486,185
Capitalized Interest	0	0	0	0	0	0	0	0

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Table 8. Tax Increment Revenues, cont.

FY Ending June 30	2026	2027	2028	2029	2030	2031	2032	2033	Totals
Revenues									
Beginning Balance	79,832	79,832	79,832	79,832	79,832	79,832	79,832	79,832	
Year Tax Increment Revenues	1,540,060	1,586,262	1,625,918	1,666,566	1,708,230	1,750,936	1,794,710	440,829	27,005,525
									0
Bond Proceeds									0
Total Revenues	1,619,891	1,666,093	1,705,750	1,746,398	1,788,062	1,830,768	1,874,541	520,660	
Expenditures									
To Project Fund									0
Principal	1,104,326	1,205,745	1,305,688	1,411,621	1,523,866	1,642,765	1,768,677	520,660	17,463,389
Interest	435,734	380,517	320,230	254,946	184,365	108,171	26,033	0	9,542,136
Total	1,540,060	1,586,262	1,625,918	1,666,566	1,708,230	1,750,936	1,794,710	520,660	9,542,136
Ending Balance	79,832	79,832	79,832	79,832	79,832	79,832	79,832	0	27,005,525
Note Draws	0	0	0	0	0	0			15,250,000
Total	0	0	0	0	0	0			15,250,000
									0
Principal Balance	8,714,671	7,610,344	6,404,600	5,098,912	3,687,291	2,163,425	520,660		193,365,584
Interest	435,734	380,517	320,230	254,946	184,365	108,171	26,033		9,668,279
Capitalized Interest	0	0	0	0	0				444,712
Maximum Indebtedness									15,694,712

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

VIII. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through FY 2027/2028 as shown above are based on projections of the assessed value of development within the Area and payment of fees. The projections assume development of the Western University of Health Sciences medical campus within the Area. It also assumes residential development north of Reeves Parkway.

Table 9 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues (not adjusted for undercollection, penalties and interest). These, in turn, provide the basis for the projections in Table 8.

Table 9. Projected Incremental Assessed Value, Tax Rates and Tax Increment Revenues (Dollars)

FY Ending June 30	2009	2010	2011	2012	2013	2014	2015
Prior AV	10,288,975	10,546,199	10,809,854	17,402,241	27,594,924	34,991,956	58,767,196
Percent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
New Development Assessed Value		0	6,322,140	9,757,628	6,707,158	22,900,441	0
Total AV	10,546,199	10,809,854	17,402,241	27,594,924	34,991,956	58,767,196	60,236,376
Incremental AV	257,224	520,879	7,113,266	17,305,949	24,702,981	48,478,221	49,947,401
Base	10,288,975	10,288,975	10,288,975	10,288,975	10,288,975	10,288,975	10,288,975
Tax Rate	0.0000	17.3278	16.4549	15.5821	14.7093	14.7093	14.7093
Tax Increment Revenues (Unadjusted for Compression, Under Collection)		9,026	117,048	269,663	363,364	713,081	734,691
Tax Increment Revenues (Unadjusted for Compression, Under Collection of 5%)		8,574	111,196	256,180	345,195	677,427	697,957

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Table 9. Projected Incremental Assessed Value, Tax Rates and Tax Increment Revenues (Dollars), cont.

FY Ending June 30	2016	2017	2018	2019	2020	2021	2022
Prior AV	60,236,376	70,279,759	80,589,296	82,604,028	87,891,919	90,968,136	94,152,020
Percent Increase	2.50%	2.50%	2.50%	2.50%	3.50%	3.50%	3.50%
New Development Assessed Value	8,537,474	8,552,543	0	3,222,790	0	0	0
Total AV	70,279,759	80,589,296	82,604,028	87,891,919	90,968,136	94,152,020	97,447,341
Incremental AV	59,990,784	70,300,321	72,315,053	77,602,944	80,679,161	83,863,045	87,158,366
Base	10,288,975	10,288,975	10,288,975	10,288,975	10,288,975	10,288,975	10,288,975
Tax Rate	14.7093	14.7093	14.7093	14.7093	14.7093	14.7093	14.7093
Tax Increment Revenues (Unadjusted for Compression, Under Collection)	1,033,766	1,185,412	1,215,047	1,292,829	1,338,078	1,384,910	1,433,382
Tax Increment Revenues (Unadjusted for Compression, Under Collection of 5%)	982,078	1,126,142	1,154,295	1,228,187	1,271,174	1,315,665	1,361,713

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Table 9. Projected Incremental Assessed Value, Tax Rates and Tax Increment Revenues (Dollars), cont.

FY Ending June 30	2023	2024	2025	2026	2027	2028	2029
Prior AV	97,447,341	100,857,998	103,883,738	107,000,250	110,210,258	113,516,565	116,354,480
Percent Increase	3.50%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%
New Development Assessed Value	0	0	0	0	0	0	0
Total AV	100,857,998	103,883,738	107,000,250	110,210,258	113,516,565	116,354,480	119,263,342
Incremental AV	90,569,023	93,594,763	96,711,275	99,921,283	103,227,590	106,065,505	108,974,367
Base	10,288,975	10,288,975	10,288,975	10,288,975	10,288,975	10,288,975	10,288,975
Tax Rate	14.7093	14.7093	14.7093	14.7093	14.7093	14.7093	14.7093
Tax Increment Revenues (Unadjusted for Compression, Under Collection)	1,483,551	1,528,057	1,573,899	1,621,116	1,669,749	1,711,493	1,754,280
Tax Increment Revenues (Unadjusted for Compression, Under Collection of 5%)	1,409,373	1,451,654	1,495,204	1,540,060	1,586,262	1,625,918	1,666,566

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Table 9. Projected Incremental Assessed Value, Tax Rates and Tax Increment Revenues (Dollars), cont.

FY Ending June 30	2030	2031	2032	2033
Prior AV	119,263,342	122,244,925	125,301,048	128,433,574
Percent Increase	2.50%	2.50%	2.50%	2.50%
New Development Assessed Value	0	0	0	0
Total AV	122,244,925	125,301,048	128,433,574	131,644,414
Incremental AV	111,955,950	115,012,073	118,144,599	121,355,439
Base	10,288,975	10,288,975	10,288,975	10,288,975
Tax Rate	14.7093	14.7093	14.7093	14.7093
Tax Increment Revenues (Unadjusted for Compression, Under Collection)	1,798,137	1,843,091	1,889,168	1,936,397
Tax Increment Revenues (Unadjusted for Compression, Under Collection of 5%)	1,708,230	1,750,936	1,794,710	1,839,577

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

IX. 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.

The tables below show no impacts on the Lebanon Public Schools School District or the Educational Service District. 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 with State School Fund revenues.

Table 10. Projected Impact on Taxing District Permanent Rate Levies During Use of Tax Increment Financing

Taxing District	Present Value, Total Revenues Foregone Through 2033	Average Present Value Per Year
Linn County	\$1,114,586	\$46,441
Lebanon City	\$4,495,099	\$187,296
Lebanon Fire District	\$1,977,829	\$82,410
Lebanon Aquatic Center	\$210,035	\$8,751
Linn Benton Community College	\$439,236	\$18,301

The average impact of foregone revenues as a percentage of the total permanent rate levy of each taxing district is shown in Table 11 below.

Table 11. Average Annual Revenues Foregone as Percent of Levy

Taxing District	FY 2007/2008 Levy	Percent of Levy
Linn County	\$8,846,368	0.5%
Lebanon City	\$3,306,230	5.7%
Lebanon Fire District	\$2,866,268	2.9%
Lebanon Aquatic Center	\$327,194	2.7%
Linn Benton Community College	\$3,216,411	0.6%

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

Table 12 shows the increase in permanent rate levy revenues that would occur after termination of the tax increment financing in FY 2032/2033. By FY 2041/2042, revenues added to the permanent rate levies would substantially equal the revenues foregone during the use of tax increment financing.

Table 12. Additional Revenues Obtained After Termination of Tax Increment Financing by FY 2041/2042.

Taxing District	Present Value, Total Revenues Gained FY 2034 - 2042
Linn County	\$1,247,125
Lebanon City	\$5,029,628
Lebanon Fire District	\$2,213,021
Lebanon Aquatic Center	\$235,011
Linn Benton Community College	\$491,467

X. RELOCATION REPORT

There are no businesses or residents to be relocated under the Plan at its adoption.

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

State law limits the percentage of both a municipality’s total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25 percent for municipalities under 50,000 in population. As noted above, the estimated total assessed value of the Area, including all real, personal, personal manufactured and utility properties is \$8,107,234, and the frozen base of all other Lebanon URAs combined is \$27,461,631. This will bring the total AV of Lebanon URAs to \$35,568,865, which is 5.53 percent of the City of Lebanon’s total assessed value, and well within the 25 percent statutory limitation. The estimated total acreage of the Area is 144 acres, including public right of way. Other URAs contain 888 acres. Prior to the adoption of this Plan, the Northwest Lebanon URA will be reduced by approximately 112 acres, making the total in other URAs 776 acres. The City of Lebanon is approximately 4,375 acres. Therefore, 20.34 percent of the acreage in the City would be in urban renewal areas, and 5.53 percent of the assessed value of the City would be in urban renewal areas. This is below the statutory limitation of 25 percent in both cases.

The acreage, and thereby the frozen base, of the Northwest Lebanon Urban Renewal Area will be decreased in a City Council action prior to the formation of this Area. The acreage decrease is shown in the chart below. The assessed value decrease will be shown after adoption of the ordinance by City Council. Therefore, the table below shows more assessed value in urban renewal areas than will

REPORT ON NORTH GATEWAY URBAN RENEWAL PLAN

actually exist. However, the total value with the present calculation is only 5.53 percent, well below the 25 percent limit. This percentage will decrease when the assessor calculates the new frozen base for the Northwest URA.

Table 13. URA Conformance with AV and Area Limits

Urban Renewal Area	Acres	Frozen Base/Assessed Value
Cheadle Lake	230.44	\$18,643,396
Northwest Lebanon	657.79	8,818,235
Northwest removal prior to North Gateway adoption	(98)	(*)
Northwest removal prior to North Gateway (Pioneer School)	(13.69)	0
North Gateway	144	8,107,234
Total Urban Renewal Areas	890	35,568,865
City	4375.14	\$643,686,333
<i>Total Amount of City in URAs</i>	<i>20.34%</i>	<i>5.53%</i>

** this will be calculated by the Assessor's office once the actions are approved by the City Council.*