

Report Accompanying the Sutherlin Tax Increment Finance Plan

DRAFT

Sutherlin Tax Increment Finance Plan

Adopted by the City of Sutherlin

DATE

Ordinance No. ____



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I. DEFINITIONS

“Agency” means the Sutherlin Urban Renewal Agency. The Agency is responsible for administration of this Sutherlin TIF Plan.

“Annual report” is the ORS 457.460 requirement for the production of an annual report that gets distributed to the taxing districts.

“Area” or “TIF Area” means the tax increment finance area established for this Plan pursuant to ORS 457, including the properties and rights-of-way located therein.

“Blight” is defined in ORS 457.010(1)(a-i) and identified in the ordinance adopting a TIF plan.

“Board of Commissioners” means the Douglas County Board of Commissioners.

“City” means the City of Sutherlin, Oregon.

“City Council” or “Council” means the Sutherlin City Council.

“Comprehensive Plan” means the City of Sutherlin Comprehensive Plan and its implementing ordinances, policies, and standards.

“County” means Douglas County, Oregon.

“Fiscal year” or “FYE” means the year commencing on July 1 and closing on June 30.

“Frozen base” means the total assessed value including all real, personal, manufactured, and utility values within a TIF area at the time of adoption. The county assessor certifies the assessed value after the adoption of a TIF area plan.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement from the assessor (frozen base).

“Maximum indebtedness” means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness. The maximum indebtedness for this Plan is \$23,700,000.

“Municipality” means any county or any city in the state of Oregon.

“ORS” means the Oregon Revised Statutes and specifically Chapter 457, which relates to urban renewal.

“Plan” or “Sutherlin TIF Plan” means the official plan for the TIF Area pursuant to ORS 457.

“Planning Commission” means the Sutherlin Planning Commission.

“Project(s)” or “TIF Project(s)” means any work or undertaking carried out under the Sutherlin TIF Plan.

“Report Accompanying Sutherlin TIF Plan” or “Report” means the official report that accompanies the Sutherlin TIF Plan pursuant to ORS 457.085(3).

“Revenue sharing” means sharing tax increment proceeds as defined in ORS 457.470.

“Tax increment finance area” or “TIF area” means a blighted area included in a TIF plan.

“Tax increment finance area plan” or “TIF plan” means a plan, as it exists or is changed or modified from time to time, for one or more TIF areas, as provided in ORS 457.

“Tax increment finance area project(s)” or “TIF area project(s)” or “project(s)” means any work or undertaking carried out under ORS 457.170 and ORS 457.180 in a TIF area.

“Tax increment finance area report” or “report” means the official report that accompanies the TIF plan pursuant to ORS 457.085(3).

“Tax increment finance” or “tax increment financing” or “TIF” means the funds that are associated with the division of taxes accomplished through the adoption of a TIF plan.

“Tax increment revenues” means the funds allocated by the assessor to renewal TIF area due to increases in assessed value over the frozen base within the area.

“Urban Renewal” means the statutory authority provided in ORS 457. In this Plan it is synonymous with TIF.

II. INTRODUCTION

This Report on the Sutherlin Tax Increment Finance Plan (Report) contains background information and project details that pertain to the Sutherlin TIF Plan (Plan) for the Sutherlin Tax Increment Area (Area). The Report is not a legal part of the Plan but is intended to provide public information and support the findings made by the Sutherlin City Council as part of the approval of the Plan.

The Report provides the analysis required to meet the standards of ORS 457.085(3), including financial feasibility. The Report contains the information required by ORS 457.085, including:

- A description of the physical, social, and economic conditions in the area;(ORS 457.085(3)(a))
- Expected impact of the Plan, including fiscal impact in light of increased services; (ORS 457.085(3)(a))
- Reasons for selection of the Area; (ORS 457.085(3)(b))
- The relationship between each project to be undertaken and the existing conditions; (ORS 457.085(3)(c))
- The estimated total cost of each project and the source of funds to pay such costs; (ORS 457.085(3)(d))
- The estimated completion date of each project; (ORS 457.085(3)(e))
- The estimated amount of funds required in the area and the anticipated year in which the debt will be retired; (ORS 457.085(3)(f))
- A financial analysis of the Plan; (ORS 457.085(3)(g))
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal or TIF Area; (ORS 457.085(3)(h)) and
- A relocation report. (ORS 457.085(3)(i))

The relationship of the sections of the Report and the ORS 457.085(3) requirements is shown in Table 1. The specific reference in the table below is the section of this Report that most addresses the statute. There may be other sections of the Report that also address the statute.

Table 1 - Statutory References

| Statutory Requirement | Report Section |
|------------------------------|-----------------------|
| ORS 457.085(3)(a) | XI |
| ORS 457.085(3)(b) | XII |
| ORS 457.085(3)(c) | III |
| ORS 457.085(3)(d) | IV |
| ORS 457.085(3)(e) | VII |
| ORS 457.085(3)(f) | V, VI |
| ORS 457.085(3)(g) | V, VI |
| ORS 457.085(3)(h) | IX |
| ORS 457.085(3)(i) | XIII |

The Report provides guidance on how the Plan might be implemented. The Sutherlin Urban Renewal Agency (Agency) has the authority to make adjustments to the implementation assumptions in this Report, as it reviews revenues and potential projects each year. The Agency may allocate budgets differently, adjust the timing of the projects, decide to incur debt at different timeframes than projected in this Report, and make other adjustments to the financials as determined by the Agency. The Agency may also make changes as allowed in the Amendments section of the Plan. These adjustments must stay within the confines of the overall maximum indebtedness of the Plan and statutory limitations.

Note on language: This Report, wherever applicable and permissible, uses the term Tax Increment Financing or TIF rather than “urban renewal”. Utilizing the term TIF does not affect the statutory authority of ORS 457, as it relates to this Report.

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5 | Report Accompanying the Sutherlin TIF Plan

III.THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN TIF AREA PROJECTS AND THE EXISTING CONDITIONS IN THE AREA.

The Projects identified and authorized for the Area are described below, including how they relate to the existing conditions in the Area. The existing conditions were identified by City staff and city documents.

A. Sports Park Facilities:

Kick-start the creation of a community sports park complex that will also stimulate greater community fundraising for a full-service community center. This project will construct a roughed-in roadway onto the site, establish a gravel parking lot, provide utility services on site and assign \$500,000.00 as a grant match for ODOT Safe Routes to Schools (Waite Street) and a Transportation Enhancement grant (Red Rock Road).

The project components are:

- Set-aside for Safe Routes to School and Transportation Enhancement
- Initial road access and parking
- Contingency including utility services and other project components

Existing Conditions: This is now an undeveloped property with the intent to make it a Sports Park Facility. It is without a transportation network.

B. Downtown:

Provide for ongoing investment in future development and redevelopment in the downtown. This project includes an initial demonstration to infuse improvements that will stimulate immediate economic investment and demonstrate the enormous positive impacts of a TIF Area. The initial project is to purchase land for needed parking, provide building façade improvement grants, recruit targeted businesses into downtown and conduct specific land, building and infrastructure improvements that reveal a need for financial investment as projects are executed. These same tools and other tools that may be identified as the initial project is implemented will be provided for the long-term to assist in the development and redevelopment of downtown.

The project components are:

- One-block Initial Demonstration Project
- Property acquisition
- Building restoration grants
- Location Incentives
- Contingency
- Property Acquisition
- Building restoration grants

- Location Incentives
- New and Redevelopment in downtown
- Contingency

Existing Conditions: The Downtown has many un-developed and underdeveloped properties. Only thirteen percent of the tax lots in the Area have an improvement to land ratio of over 2:1, which is a conservative ratio for improvement value to land value in a town the size of Sutherlin. See the I:L table on page 42.

C. Industrial Park:

The County and City own 43 acres of industrially zoned land that is currently inundated by wetlands. The project will pay for wetlands consultation, purchase of wetlands credits, on-site mitigation requirements that will come out of the consultant's analysis, business recruitment incentives and infrastructure improvements for adjacent and on-site services. The project includes expending monies for immediate impact development.

Initial project work:

- Wetlands credits
- Wetlands plan
- Location incentives
- Contingency
- Infrastructure (water, sewer, streets)

Existing Conditions: The location of this is on city and county owned property that is currently inundated by wetlands and not served by a full transportation network nor fully served by utilities. The property is undeveloped.

D. Central Avenue Corridor and Properties at Exit 136:

Construct transportation improvements at the Interstate 5 Exit #136. These funds would kick-start the design, engineering and construction of the Interchange Area Master Plan (IAMP) in partnership with ODOT.

Develop at least one multi-family housing development along Central Avenue. This project would entail the purchase of one significantly blighted area and use monies to encourage a public/private partnership for construction of a multi-family housing complex on this property.

Create an Umpqua Wine Interpretative Center with public and private partners.

The project components are:

- Business Recruitment and Support
- Tourism Partnership/gateway facility
- Property acquisition
- Blight cleanup

- Housing partnership
- Exit 136 area improvements (streetlights/transportation, etc.)
- Gateway Partnership with Umpqua Wine Interpretive Center

Existing Conditions: The single most negative detriment to economic investment is the dramatically antiquated transportation network at Exit #136. It is both now dangerous and significantly insufficient to accommodate existing traffic flow, notwithstanding any new economic investment. The interchange and roadways in the project area have operational, geometric, and structural deficiencies. The existing deficiencies will be exacerbated by traffic increases resulting from development in the area. The Transportation System Plan (TSP) identifies a need to provide an interchange with increased capacity to serve the adopted land use plan for the Area.¹ As shown in the Existing Conditions analysis in Chapter XI of this Report, there are operational and safety deficiencies and structural and geometric deficiencies of the interchange.

There are blighted and underdeveloped properties along the Central Avenue Corridor where potential new housing could add to the health of the downtown. There is presently no Umpqua Wine Interpretive Center, but a burgeoning wine industry and opportunity to bring tourists to the area to support this industry. There is an existing golf course pro shop building that would be converted into a wine center.

¹ 136 Interchange Area Management Plan, Oregon Department of Transportation

E. Administration

Provide for the administration of the Plan.

Examples of eligible projects include:

- Auditing, annual reports, insurance, bond counsel, and other required administrative costs
- Preparation of financial plans and/or financial analyses of projects and proposals
- Personnel, materials, and other associated administrative costs
- Professional consulting services to refine urban design concepts
- Environmental analyses
- Assisting in the preparation of the annual financial report required by this Plan and ORS 457
- Auditing, insurance, bond counsel, financing fees and other required administrative costs and
- Any other powers granted by ORS 457 in connection with the implementation of this Plan

Existing Conditions: There is no existing urban renewal area in Sutherlin, therefore no ability to collect tax increment revenues. Once this Plan is adopted, a tax increment revenue stream will be established, providing a revenue source to pay for administration in the Area.

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

The cost estimates for Projects are shown are in Table 2 below. These are all estimates acknowledging that the Area portions of these project activities must fit within the maximum indebtedness. These costs are shown in year of expenditure (YOE) dollars, which assumes inflation of 3.0% annually.

The Plan assumes that the Agency will use other funds to assist in the completion of the projects within the Area. These sources include but are not limited to City of Sutherlin General Funds, SDCs, local, state and federal grants, and other sources as identified by the Agency. The Agency may pursue regional, county, state, and federal funding, private developer contributions and any other sources of funding that may assist in the implementation of the projects.

The Agency will be able to review and update fund expenditures and allocations on an annual basis when the annual budget is prepared.

Table 2 - Estimated Cost of Each Project

| Project Title | Project Cost (YOE\$) | Percentage of Total Project Cost |
|--------------------------------------|----------------------|----------------------------------|
| Sports Park Facilities | \$1,139,182 | 4.89% |
| Downtown | \$6,133,656 | 26.35% |
| Industrial Park | \$2,590,858 | 11.13% |
| Central Avenue Corridor and Exit 136 | \$12,616,186 | 54.20% |
| Plan Administration ² | \$797,581 | 3.43% |
| TOTAL: | \$23,277,463 | 100.00% |

Source: City of Sutherlin and Tiberius Solutions

² Plan Administration includes \$178,706 of financing fees

V. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through FYE 2046 are calculated based on projections of the growth assessed value of existing property and new development within the Area, and the consolidated tax rate that will apply to the Area.

Recent historical trends in the City of Sutherlin were reviewed in the Urban Renewal Feasibility Study to determine a reasonable growth rate to use for the analysis. Table 3 shows historical growth in assessed value in both the City of Sutherlin and Douglas County from 2008 to 2020. This shows annual growth varying from .7% per year to 5.9% per year in the City of Sutherlin with an average annual growth rate from 2008-2020 of 3.47%. The annual growth rate in Douglas County varies from 1.8% to 4.7% in, with an average annual growth rate from 2008-2020 of 2.92%.

Table 3 – Assessed Value Growth in the City of Sutherlin and Douglas County

| | Douglas County | | City of Sutherlin | |
|-------------------|-----------------------|----------|--------------------------|----------|
| FYE | AV | % Change | AV | % Change |
| 2008 | \$6,885,723,214 | | \$376,025,801 | |
| 2009 | \$7,212,272,535 | 4.70% | \$395,055,275 | 5.10% |
| 2010 | \$7,401,780,678 | 2.60% | \$417,944,043 | 5.80% |
| 2011 | \$7,538,417,900 | 1.80% | \$435,695,036 | 4.20% |
| 2012 | \$7,734,492,563 | 2.60% | \$448,056,435 | 2.80% |
| 2013 | \$7,934,556,418 | 2.60% | \$451,118,182 | 0.70% |
| 2014 | \$8,147,317,561 | 2.70% | \$463,360,912 | 2.70% |
| 2015 | \$8,394,309,886 | 3.00% | \$475,528,622 | 2.60% |
| 2016 | \$8,576,128,282 | 2.20% | \$481,750,152 | 1.30% |
| 2017 | \$8,899,421,933 | 3.80% | \$495,945,040 | 2.90% |
| 2018 | \$9,136,135,643 | 2.70% | \$509,812,934 | 2.80% |
| 2019 | \$9,504,941,445 | 4.00% | \$534,945,184 | 4.90% |
| 2020 | \$9,727,382,109 | 2.30% | \$566,361,766 | 5.90% |
| FYE 2013-FYE 2020 | | 3.00% | | 3.40% |
| FYE 2008-FYE 2019 | | 2.92% | | 3.47% |

Source: Douglas County Assessor, City of Sutherlin AV: Assessed Value

The assumptions include anticipating properties with Enterprise Zone exemptions to come on the tax rolls when those exemptions expire. One property in the URA boundary is currently receiving an Enterprise Zone abatement on three separate tax accounts. The abatement, totaling \$25.8 million in assessed value in FYE 2020, will be fully taxable in FYE 2023, showing a large jump in increment in that year.³

These projections of growth are the basis for the projections in Table 8, Table 9, and Table 10.

The first year of tax increment collections is anticipated to be FYE 2022. Gross TIF⁴ is calculated by multiplying the tax rate times the assessed value used. The tax rate is per thousand dollars of assessed value, so the calculation is “tax rate times assessed value used divided by one thousand.” The consolidated tax rate includes permanent tax rates only, and excludes general obligation bonds and local option levies, which will not be impacted by this Plan.

The tax rates in the Area are shown in Table 4.

Table 4 – Taxing District Rates

| Taxing District | Tax Code Area 13001 | Tax Code Area 13001 |
|-------------------------|----------------------------|----------------------------|
| Jurisdiction Name | Rate | Rate |
| Douglas County | 1.1124 | 1.1124 |
| City of Sutherlin | 5.6335 | 5.6335 |
| WC Sutherlin | 0.5079 | |
| SV 4H Extension Service | 0.0600 | 0.0600 |
| Subtotal | 7.3138 | 6.8059 |
| ED Douglas | 0.5296 | 0.5296 |
| SC Sutherlin 130 | 4.0815 | 4.0815 |
| Umpqua CC | 0.4551 | 0.4551 |
| Subtotal | 5.0662 | 5.0662 |
| TOTAL: | 12.3800 | 11.8721 |

Source: Douglas County Assessor

Table 5 shows the incremental assessed value, tax rates and tax increment revenues each year, adjusted for discounts, and delinquencies, truncation loss, and receipt of delinquent taxes from prior years. The projections assume an annual growth rate of 3.0% for assessed value in the Area. Figure 2 shows expected TIF revenues over time and the projected tax revenues after termination of the Area.

³ Note: Historically, the value of the E-Zone property has declined over the past five years but appears to have essentially stabilized in value over the past couple of years. Between now and when the value comes back on the tax roll (FYE 2023), Tiberius Solutions LLC assumed no change in value. In subsequent years, they assumed 3% annual growth in AV for the E-Zone property, so it would be consistent with what was assumed in the rest of the area

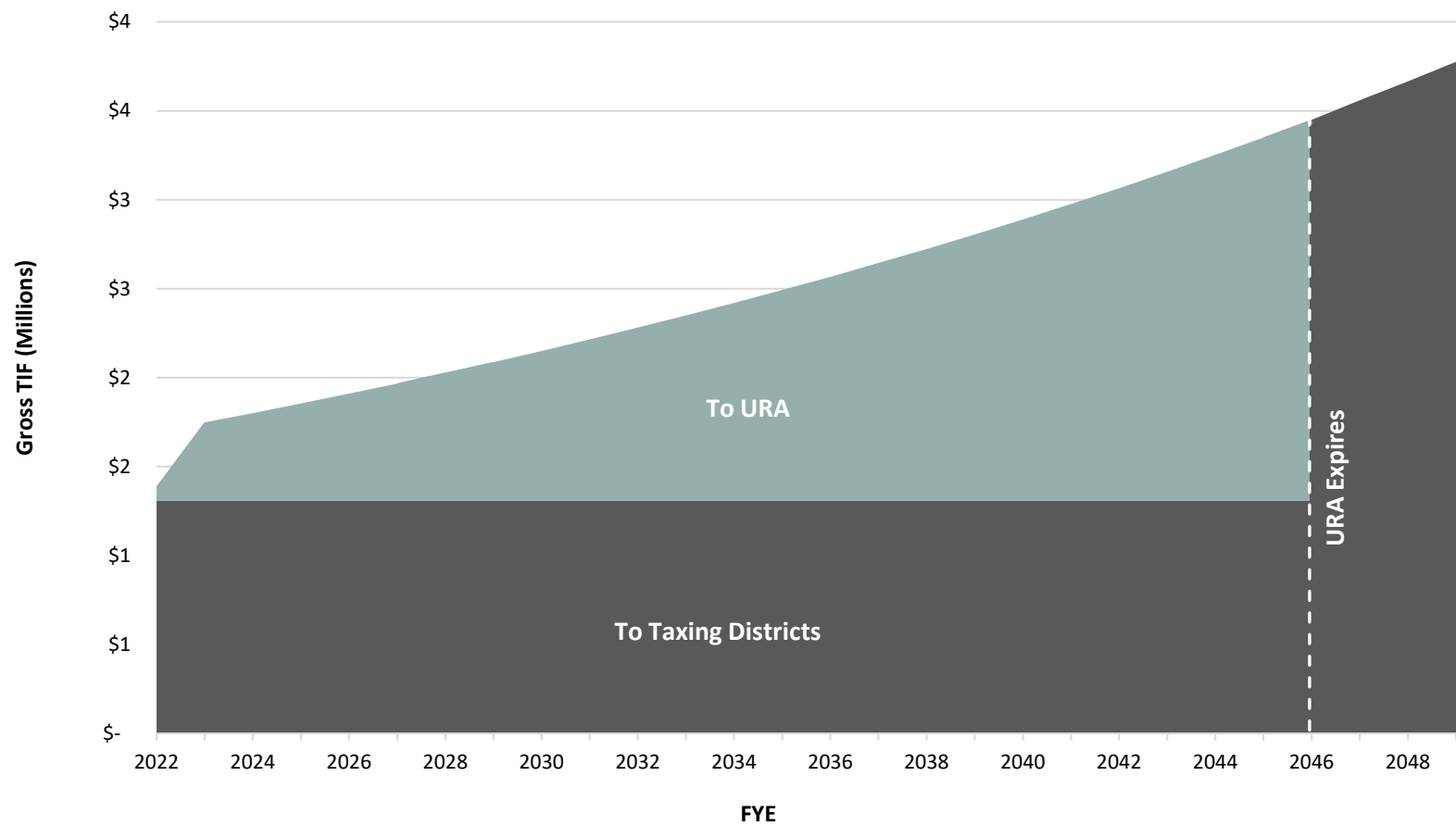
⁴ TIF is also used to signify tax increment revenues

Table 5 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

| FYE | Total AV | Frozen Base AV | Increment Applied | Tax Rate | Gross TIF | Adjustments | Current Year Net | Prior Year Net | Total TIF |
|---------|-------------|----------------|-------------------|----------|------------|-------------|------------------|----------------|------------|
| 2022 | 113,666,771 | 107,141,832 | 6,524,939 | 12.2013 | 79,613 | (3,981) | 75,632 | - | 75,632 |
| 2023 | 142,906,855 | 107,141,832 | 35,765,023 | 12.3304 | 440,995 | (22,050) | 418,946 | 1,134 | 420,080 |
| 2024 | 147,194,059 | 107,141,832 | 40,052,227 | 12.32 | 493,443 | (24,672) | 468,771 | 6,284 | 475,055 |
| 2025 | 151,609,881 | 107,141,832 | 44,468,049 | 12.3114 | 547,464 | (27,373) | 520,091 | 7,032 | 527,123 |
| 2026 | 156,158,177 | 107,141,832 | 49,016,345 | 12.3042 | 603,106 | (30,155) | 572,951 | 7,801 | 580,752 |
| 2027 | 160,842,922 | 107,141,832 | 53,701,090 | 12.298 | 660,417 | (33,021) | 627,397 | 8,594 | 635,991 |
| 2028 | 165,668,209 | 107,141,832 | 58,526,377 | 12.2927 | 719,448 | (35,972) | 683,476 | 9,411 | 692,887 |
| 2029 | 170,638,255 | 107,141,832 | 63,496,423 | 12.2881 | 780,249 | (39,012) | 741,237 | 10,252 | 751,489 |
| 2030 | 175,757,401 | 107,141,832 | 68,615,569 | 12.284 | 842,875 | (42,144) | 800,731 | 11,119 | 811,850 |
| 2031 | 181,030,124 | 107,141,832 | 73,888,292 | 12.2804 | 907,379 | (45,369) | 862,010 | 12,011 | 874,021 |
| 2032 | 186,461,028 | 107,141,832 | 79,319,196 | 12.2772 | 973,818 | (48,691) | 925,128 | 12,930 | 938,058 |
| 2033 | 192,054,858 | 107,141,832 | 84,913,026 | 12.2743 | 1,042,251 | (52,113) | 990,138 | 13,877 | 1,004,015 |
| 2034 | 197,816,504 | 107,141,832 | 90,674,672 | 12.2717 | 1,112,736 | (55,637) | 1,057,100 | 14,852 | 1,071,952 |
| 2035 | 203,750,999 | 107,141,832 | 96,609,167 | 12.2694 | 1,185,337 | (59,267) | 1,126,070 | 15,856 | 1,141,926 |
| 2036 | 209,863,529 | 107,141,832 | 102,721,697 | 12.2673 | 1,260,115 | (63,006) | 1,197,109 | 16,891 | 1,214,000 |
| 2037 | 216,159,434 | 107,141,832 | 109,017,602 | 12.2653 | 1,337,136 | (66,857) | 1,270,279 | 17,957 | 1,288,236 |
| 2038 | 222,644,218 | 107,141,832 | 115,502,386 | 12.2635 | 1,416,468 | (70,823) | 1,345,645 | 19,054 | 1,364,699 |
| 2039 | 229,323,544 | 107,141,832 | 122,181,712 | 12.2619 | 1,498,180 | (74,909) | 1,423,271 | 20,185 | 1,443,456 |
| 2040 | 236,203,251 | 107,141,832 | 129,061,419 | 12.2604 | 1,582,344 | (79,117) | 1,503,226 | 21,349 | 1,524,575 |
| 2041 | 243,289,350 | 107,141,832 | 136,147,518 | 12.259 | 1,669,032 | (83,452) | 1,585,580 | 22,548 | 1,608,129 |
| 2042 | 250,588,030 | 107,141,832 | 143,446,198 | 12.2577 | 1,758,321 | (87,916) | 1,670,405 | 23,784 | 1,694,188 |
| 2043 | 258,105,671 | 107,141,832 | 150,963,839 | 12.2565 | 1,850,288 | (92,514) | 1,757,774 | 25,056 | 1,782,830 |
| 2044 | 265,848,842 | 107,141,832 | 158,707,010 | 12.2554 | 1,945,015 | (97,251) | 1,847,764 | 26,367 | 1,874,131 |
| 2045 | 273,824,309 | 107,141,832 | 166,682,477 | 12.2543 | 2,042,584 | (102,129) | 1,940,454 | 27,716 | 1,968,171 |
| 2046 | 282,039,038 | 107,141,832 | 174,897,206 | 12.2534 | 2,143,079 | (107,154) | 2,035,925 | 29,107 | 2,065,032 |
| TOTAL:: | | | | | 28,891,694 | (1,444,585) | 27,447,109 | 381,168 | 27,828,277 |

Source: Tiberius Solutions

Figure 2 - TIF Projections over Time



Source: Tiberius Solutions

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

Table 6 shows a summary of the financial capacity of the Area, including how the total TIF revenue translates to the ability to fund projects in constant FYE 2020 dollars in five-year increments. Table 8, Table 9, and Table 10 show more detailed tables on the allocation of tax revenues over time.

The Plan is structured to complete all projects and have sufficient tax increment finance revenue to terminate the Area in FYE 2046, a 25-year duration for the Plan. The time frame of the Plan is not absolute; it may vary depending on the actual ability to meet the maximum indebtedness. If the economy is slower, it may take longer; if the economy is more robust than the projections, it may take a shorter time period. These assumptions show one scenario for financing and that this scenario is financially feasible.

The maximum indebtedness is \$23,300,000 (twenty-three million dollars three hundred thousand dollars). The estimated total amount of tax increment revenues required to service the maximum indebtedness of \$23,300,000 is \$27,828,277 which includes expected interest on debt and financing fees and is from the division of taxes from permanent rate levies.

Table 6 - TIF Capacity of the Area

| | |
|------------------------------|----------------------|
| Net TIF (YOE\$) | \$ 27,800,000 |
| Maximum Indebtedness (YOE\$) | \$ 23,300,000 |
| Capacity (2020\$) | \$ 15,400,000 |
| Years 1-5 | \$ 3,000,000 |
| Years 6-10 | \$ 3,800,000 |
| Years 11-15 | \$ 2,900,000 |
| Years 16-20 | \$ 2,700,000 |
| Years 21-25 | \$ 2,800,000 |

Source: Tiberius Solutions

The financial analysis projects when borrowings might occur as identified in Table 7. The Agency may decide to complete borrowings at different times or for different amounts, depending on their analysis at the time. The table below summarizes the principal amounts of the projected borrowings for the Area. The total amounts, including interest, are shown in the second column of Table 8. There may be opportunities for the City/Agency to accelerate the timing of financial capacity in the early years. For example, the City/Agency may find lenders willing to offer more attractive terms, such as lower interest rates, lower required minimum debt service coverage ratios, or a longer amortization period. Additionally, the City/Agency could explore short-term, interim financing strategies, such as a line of credit with interest only payments. Any line of credit would need to be repaid in full after an agreed upon term, most likely through a longer-term borrowing like the ones shown in this analysis. The success of these financial strategies will depend upon market conditions, and the specific terms and conditions that lenders are willing to offer to the City/Agency.

Table 7 - Estimated Borrowings and Amounts

| | Loan A | Loan B | Loan C | Loan D | Loan E |
|------------------|------------|-------------|-------------|-------------|-------------|
| Principal Amount | \$750,000 | \$1,200,000 | \$3,200,000 | \$2,100,000 | \$1,700,000 |
| Interest Rate | 5 % | 5 % | 5 % | 5 % | 5 % |
| Loan Term | 20 | 20 | 20 | 15 | 10 |
| Loan Year | 2020 | 2024 | 2027 | 2032 | 2037 |
| Annual Payment | (\$60,182) | (\$96,291) | (\$256,776) | (\$202,319) | (\$220,158) |

Source: Tiberius Solutions

Table 8 - Tax Incremental Revenues and Allocations to Debt Service, Page 1

| | Total | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 | FYE 2029 |
|-------------------------------|--------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Resources | | | | | | | | | |
| Beginning Balance | | - | - | - | - | - | - | - | - |
| TIF: Current Year | 27,447,109 | 75,632 | 418,946 | 468,771 | 520,091 | 572,951 | 627,397 | 683,476 | 741,237 |
| TIF: Prior Years | 381,168 | - | 1,134 | 6,284 | 7,032 | 7,801 | 8,594 | 9,411 | 10,252 |
| Total Resources | 27,828,277 | 75,632 | 420,080 | 475,055 | 527,123 | 580,752 | 635,991 | 692,887 | 751,489 |
| Expenditures | | | | | | | | | |
| Debt Service | | | | | | | | | |
| Scheduled Payments | | | | | | | | | |
| Loan A | (1,203,639) | (60,182) | (60,182) | (60,182) | (60,182) | (60,182) | (60,182) | (60,182) | (60,182) |
| Loan B | (1,925,822) | - | - | (96,291) | (96,291) | (96,291) | (96,291) | (96,291) | (96,291) |
| Loan C | (5,135,526) | - | - | - | - | - | (256,776) | (256,776) | (256,776) |
| Loan D | (3,034,782) | - | - | - | - | - | - | - | - |
| Loan E | (2,201,578) | - | - | - | - | - | - | - | - |
| Total Debt Service | (13,501,346) | (60,182) | (60,182) | (156,473) | (156,473) | (156,473) | (413,249) | (413,249) | (413,249) |
| Debt Service Coverage Ratio | | 1 | 7 | 3 | 3 | 4 | 2 | 2 | 2 |
| Transfer to URA Projects Fund | (14,326,931) | (15,450) | (359,898) | (318,582) | (370,650) | (424,279) | (222,742) | (279,637) | (338,240) |
| Total Expenditures | (27,828,277) | (75,632) | (420,080) | (475,055) | (527,123) | (580,752) | (635,991) | (692,887) | (751,489) |

Source: Tiberius Solutions

Table 9 - Tax Increment Revenues and Allocations to Debt Service, Page 2

| | FYE 2030 | FYE 2031 | FYE 2032 | FYE 2033 | FYE 2034 | FYE 2035 | FYE 2036 | FYE 2037 | FYE 2038 |
|-------------------------------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
| Resources | | | | | | | | | |
| Beginning Balance | - | - | - | - | - | - | - | - | - |
| TIF: Current Year | 800,731 | 862,010 | 925,128 | 990,138 | 1,057,100 | 1,126,070 | 1,197,109 | 1,270,279 | 1,345,645 |
| TIF: Prior Years | 11,119 | 12,011 | 12,930 | 13,877 | 14,852 | 15,856 | 16,891 | 17,957 | 19,054 |
| Total Resources | 811,850 | 874,021 | 938,058 | 1,004,015 | 1,071,952 | 1,141,926 | 1,214,000 | 1,288,236 | 1,364,699 |
| Expenditures | | | | | | | | | |
| Debt Service | | | | | | | | | |
| Scheduled Payments | | | | | | | | | |
| Loan A | (60,182) | (60,182) | (60,182) | (60,182) | (60,182) | (60,182) | (60,182) | (60,182) | (60,182) |
| Loan B | (96,291) | (96,291) | (96,291) | (96,291) | (96,291) | (96,291) | (96,291) | (96,291) | (96,291) |
| Loan C | (256,776) | (256,776) | (256,776) | (256,776) | (256,776) | (256,776) | (256,776) | (256,776) | (256,776) |
| Loan D | - | - | (202,319) | (202,319) | (202,319) | (202,319) | (202,319) | (202,319) | (202,319) |
| Loan E | - | - | - | - | - | - | - | (220,158) | (220,158) |
| Total Debt Service | (413,249) | (413,249) | (615,568) | (615,568) | (615,568) | (615,568) | (615,568) | (835,726) | (835,726) |
| Debt Service Coverage Ratio | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Transfer to URA Projects Fund | (398,600) | (460,772) | (322,490) | (388,447) | (456,384) | (526,358) | (598,432) | (452,510) | (528,973) |
| Total Expenditures | (811,850) | (874,021) | (938,058) | (1,004,015) | (1,071,952) | (1,141,926) | (1,214,000) | (1,288,236) | (1,364,699) |

Source: Tiberius Solutions

Table 10 - Tax Increment Revenues and Allocations to Debt Service, Page 3

| | FYE 2039 | FYE 2040 | FYE 2041 | FYE 2042 | FYE 2043 | FYE 2044 | FYE 2045 | FYE 2046 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Resources | | | | | | | | |
| Beginning Balance | - | - | - | - | - | - | - | - |
| TIF: Current Year | 1,423,271 | 1,503,226 | 1,585,580 | 1,670,405 | 1,757,774 | 1,847,764 | 1,940,454 | 2,035,925 |
| TIF: Prior Years | 20,185 | 21,349 | 22,548 | 23,784 | 25,056 | 26,367 | 27,716 | 29,107 |
| Total Resources | 1,443,456 | 1,524,575 | 1,608,129 | 1,694,188 | 1,782,830 | 1,874,131 | 1,968,171 | 2,065,032 |
| Expenditures | | | | | | | | |
| Debt Service | | | | | | | | |
| Scheduled Payments | | | | | | | | |
| Loan A | (60,182) | (60,182) | (60,182) | - | - | - | - | - |
| Loan B | (96,291) | (96,291) | (96,291) | (96,291) | (96,291) | - | - | - |
| Loan C | (256,776) | (256,776) | (256,776) | (256,776) | (256,776) | (256,776) | (256,776) | (256,776) |
| Loan D | (202,319) | (202,319) | (202,319) | (202,319) | (202,319) | (202,319) | (202,319) | (202,319) |
| Loan E | (220,158) | (220,158) | (220,158) | (220,158) | (220,158) | (220,158) | (220,158) | (220,158) |
| Total Debt Service | (835,726) | (835,726) | (835,726) | (775,544) | (775,544) | (679,253) | (679,253) | (679,253) |
| Debt Service Coverage Ratio | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Transfer to URA Projects Fund | (607,730) | (688,850) | (772,403) | (918,645) | (1,007,286) | (1,194,878) | (1,288,918) | (1,385,779) |
| Total Expenditures | (1,443,456) | (1,524,575) | (1,608,129) | (1,694,188) | (1,782,830) | (1,874,131) | (1,968,171) | (2,065,032) |

Source: Tiberius Solutions

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The schedule for construction of projects will be based on the availability of funding. The projects will be ongoing and will be completed as directed by the Agency. The Agency may change the completion dates in their annual budgeting process or as project decisions are made in administering the Plan.

The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the Area in FYE 2046, a 25-year program.

The amount of money available for projects in FYE 2020 constant dollars for the Area is \$15,533,346.

Table 11, Table 12 and Table 13, show the \$15,533,346 of project costs in FYE 2020 dollars inflated over the life of the Area, including administrative expenses. All costs shown in Table 11, Table 12 and Table 13 are in year-of-expenditure dollars, which are adjusted by 3.0% annually to account for inflation. Annual expenditures for program administration are also shown. These are predicated on the fact that the Area activities will start off slowly in the beginning years and increase in the final years.

A 3.0% inflation rate is the rate to use in the future if any amendment to increase maximum indebtedness is pursued in accordance with ORS 457.470.

Table 11 - Programs and Costs in Year of Expenditure Dollars, Page 1

| | Total | FYE 2022 | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 | FYE 2029 |
|---------------------------|--------------|-----------|-----------|-------------|-----------|-----------|-------------|-----------|-----------|
| Resources | | | | | | | | | |
| Beginning Balance | | - | 97,230 | 3,051 | 283 | 305 | 203 | 212 | 266 |
| Interest Earnings | 532 | - | 486 | 15 | 1 | 2 | 1 | 1 | 1 |
| Transfer from TIF Fund | 14,326,931 | 15,450 | 359,898 | 318,582 | 370,650 | 424,279 | 222,742 | 279,637 | 338,240 |
| Bond/Loan Proceeds | 8,950,000 | 750,000 | - | 1,200,000 | - | - | 3,200,000 | - | - |
| Total Resources | 23,277,463 | 765,450 | 457,614 | 1,521,648 | 370,934 | 424,586 | 3,422,946 | 279,850 | 338,507 |
| Expenditures (YOE \$) | | | | | | | | | |
| Sports Park Facilities | (1,139,182) | | | (49,972) | (15,419) | (17,673) | (146,235) | (11,275) | (13,831) |
| Downtown | (6,133,656) | (318,270) | | (291,730) | (89,962) | (103,528) | (853,305) | (66,254) | (81,159) |
| Industrial Park | (2,590,858) | | (437,080) | (116,714) | (35,938) | (41,435) | (341,297) | (26,476) | (32,359) |
| Central Ave. Corr/Ex. 136 | (12,616,186) | (318,270) | | (1,020,941) | (210,761) | (242,641) | (1,998,219) | (155,310) | (189,979) |
| Financing Fees | (178,706) | (14,706) | | (24,000) | | | (64,000) | | |
| Administration | (618,875) | (16,974) | (17,483) | (18,008) | (18,549) | (19,106) | (19,678) | (20,269) | (20,877) |
| Total Expenditures | (23,277,463) | (668,220) | (454,563) | (1,521,365) | (370,629) | (424,383) | (3,422,734) | (279,584) | (338,205) |
| Ending Balance | | 97,230 | 3,051 | 283 | 305 | 203 | 212 | 266 | 302 |

Source: Tiberius Solutions

Table 12 - Programs and Costs in Year of Expenditure Dollars, Page 2

| | FYE 2030 | FYE 2031 | FYE 2032 | FYE 2033 | FYE 2034 | FYE 2035 | FYE 2036 | FYE 2037 | FYE 2038 |
|---------------------------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-------------|-----------|
| Resources | | | | | | | | | |
| Beginning Balance | 302 | 169 | 142 | 283 | 312 | 194 | 260 | 300 | 253 |
| Interest Earnings | 2 | 1 | 1 | 1 | 2 | 1 | 1 | 2 | 1 |
| Transfer from TIF Fund | 398,600 | 460,772 | 322,490 | 388,447 | 456,384 | 526,358 | 598,432 | 452,510 | 528,973 |
| Bond/Loan Proceeds | - | - | 2,100,000 | - | - | - | - | 1,700,000 | - |
| Total Resources | 398,904 | 460,942 | 2,422,632 | 388,731 | 456,698 | 526,553 | 598,693 | 2,152,812 | 529,227 |
| Expenditures (YOE \$) | | | | | | | | | |
| Sports Park Facilities | (16,530) | (19,102) | (103,221) | (15,860) | (18,908) | (21,968) | (25,033) | (91,565) | (21,961) |
| Downtown | (96,358) | (112,120) | (602,501) | (93,250) | (110,420) | (128,068) | (146,349) | (534,681) | (128,191) |
| Industrial Park | (38,570) | (44,848) | (240,943) | (37,300) | (44,168) | (51,258) | (58,572) | (213,872) | (51,242) |
| Central Ave. Corr/Ex. 136 | (225,775) | (262,583) | (1,410,873) | (218,513) | (258,806) | (300,071) | (342,764) | (1,251,996) | (300,303) |
| Financing Fees | | | (42,000) | | | | | (34,000) | |
| Administration | (21,502) | (22,147) | (22,811) | (23,496) | (24,202) | (24,928) | (25,675) | (26,445) | (27,238) |
| Total Expenditures | (398,735) | (460,800) | (2,422,349) | (388,419) | (456,504) | (526,293) | (598,393) | (2,152,559) | (528,935) |
| Ending Balance | 169 | 142 | 283 | 312 | 194 | 260 | 300 | 253 | 292 |

Source: Tiberius Solutions

Table 13 - Programs and Costs in Year of Expenditure Dollars, Page 3

| | FYE 2039 | FYE 2040 | FYE 2041 | FYE 2042 | FYE 2043 | FYE 2044 | FYE 2045 | FYE 2046 |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Resources | | | | | | | | |
| Beginning Balance | 292 | 260 | 263 | 455 | 523 | 288 | 490 | 466 |
| Interest Earnings | 1 | 1 | 1 | 2 | 3 | 1 | 2 | 2 |
| Transfer from TIF Fund | 607,730 | 688,850 | 772,403 | 918,645 | 1,007,286 | 1,194,878 | 1,288,918 | 1,385,779 |
| Bond/Loan Proceeds | - | - | - | - | - | - | - | - |
| Total Resources | 608,023 | 689,111 | 772,666 | 919,102 | 1,007,812 | 1,195,167 | 1,289,410 | 1,386,247 |
| Expenditures (YOE \$) | | | | | | | | |
| Sports Park Facilities | (25,250) | (28,898) | (32,369) | (38,897) | (42,630) | (50,820) | (54,858) | (276,907) |
| Downtown | (148,171) | (168,690) | (189,751) | (226,866) | (249,463) | (296,992) | (320,770) | (776,807) |
| Industrial Park | (59,268) | (67,368) | (75,900) | (90,632) | (99,667) | (118,716) | (128,350) | (138,885) |
| Central Ave. Corr/Ex. 136 | (347,018) | (394,994) | (444,426) | (531,526) | (584,186) | (695,624) | (751,465) | (159,142) |
| Financing Fees | | | | | | | | |
| Administration | (28,056) | (28,898) | (29,765) | (30,658) | (31,578) | (32,525) | (33,501) | (34,506) |
| Total Expenditures | (607,763) | (688,848) | (772,211) | (918,579) | (1,007,524) | (1,194,677) | (1,288,944) | (1,386,247) |
| Ending Balance | 260 | 263 | 455 | 523 | 288 | 490 | 466 | - |

Source: Tiberius Solutions

VIII. REVENUE SHARING

Revenue sharing is defined in ORS 457.470. The statute identifies certain thresholds where the impacted taxing jurisdictions will receive a share of the incremental growth in the Area. The first threshold is when annual tax increment finance revenues exceed 10% of the original maximum indebtedness of the Plan (10% of \$23,300,000 is \$2,330,000). In the year after reaching the 10% threshold, the Agency will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold. The threshold is not projected to be met in the Plan. If actual assessed value growth is higher than projected, revenue sharing could be realized.

The second threshold is when annual tax increment finance revenues exceed 12.5% of the maximum indebtedness (\$2,912,500). If this threshold is met, revenue for the Area would be capped at 12.5% of the maximum indebtedness, with all additional tax revenue being shared with affected taxing districts. This threshold is not projected to be met.

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the 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. These projections are for impacts estimated through FYE 2046 and are shown in Table 14 and Table 15.

The Sutherlin School District and the Douglas Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the Plan are shown in the following tables. 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, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level.

Table 14 and Table 15 show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. Table 14 shows the general government levies, and Table 15 shows the education levies.

Table 14 - Projected Impact on Taxing District Permanent Rate Levies - General Government

| FYE | Douglas County | City of Sutherlin | WC Sutherlin | 4H and Extension | Subtotal |
|----------------|-----------------------|--------------------------|---------------------|-------------------------|---------------------|
| 2022 | (6,895) | (34,920) | (2,040) | (372) | (44,228) |
| 2023 | (37,899) | (191,932) | (15,601) | (2,044) | (247,476) |
| 2024 | (42,893) | (217,224) | (17,276) | (2,314) | (279,706) |
| 2025 | (47,628) | (241,201) | (18,814) | (2,569) | (310,211) |
| 2026 | (52,504) | (265,897) | (20,399) | (2,832) | (341,632) |
| 2027 | (57,527) | (291,334) | (22,031) | (3,103) | (373,995) |
| 2028 | (62,701) | (317,534) | (23,712) | (3,382) | (407,329) |
| 2029 | (68,029) | (344,520) | (25,444) | (3,669) | (441,663) |
| 2030 | (73,518) | (372,316) | (27,227) | (3,965) | (477,026) |
| 2031 | (79,171) | (400,945) | (29,064) | (4,270) | (513,451) |
| 2032 | (84,994) | (430,434) | (30,956) | (4,584) | (550,969) |
| 2033 | (90,992) | (460,807) | (32,905) | (4,908) | (589,612) |
| 2034 | (97,169) | (492,092) | (34,913) | (5,241) | (629,414) |
| 2035 | (103,532) | (524,314) | (36,980) | (5,584) | (670,411) |
| 2036 | (110,086) | (557,504) | (39,110) | (5,938) | (712,637) |
| 2037 | (116,836) | (591,689) | (41,303) | (6,302) | (756,130) |
| 2038 | (123,789) | (626,900) | (43,563) | (6,677) | (800,928) |
| 2039 | (130,950) | (663,167) | (45,890) | (7,063) | (847,070) |
| 2040 | (138,326) | (700,523) | (48,287) | (7,461) | (894,596) |
| 2041 | (145,924) | (738,998) | (50,755) | (7,871) | (943,548) |
| 2042 | (153,749) | (778,629) | (53,298) | (8,293) | (993,969) |
| 2043 | (161,809) | (819,448) | (55,917) | (8,728) | (1,045,902) |
| 2044 | (170,111) | (861,491) | (58,615) | (9,175) | (1,099,393) |
| 2045 | (178,662) | (904,796) | (61,394) | (9,637) | (1,154,489) |
| 2046 | (187,470) | (949,400) | (64,256) | (10,112) | (1,211,238) |
| TOTAL:: | (2,523,167) | (12,778,015) | (899,748) | (136,093) | (16,337,023) |

Source: Tiberius Solutions

Table 15 - Projected Impact on Taxing District Permanent Rate Levies – Education

| FYE | ED Douglas | Sutherlin School District | Umpqua Community College | Subtotal Education | Total All |
|---------------|--------------------|----------------------------------|---------------------------------|---------------------------|---------------------|
| 2022 | (3,283) | (25,300) | (2,821) | (31,404) | (75,632) |
| 2023 | (18,043) | (139,056) | (15,505) | (172,604) | (420,080) |
| 2024 | (20,421) | (157,380) | (17,548) | (195,349) | (475,055) |
| 2025 | (22,675) | (174,751) | (19,485) | (216,911) | (527,123) |
| 2026 | (24,997) | (192,644) | (21,480) | (239,121) | (580,752) |
| 2027 | (27,388) | (211,073) | (23,535) | (261,996) | (635,991) |
| 2028 | (29,851) | (230,055) | (25,652) | (285,558) | (692,887) |
| 2029 | (32,388) | (249,607) | (27,832) | (309,827) | (751,489) |
| 2030 | (35,001) | (269,745) | (30,077) | (334,823) | (811,850) |
| 2031 | (37,693) | (290,487) | (32,390) | (360,570) | (874,021) |
| 2032 | (40,465) | (311,852) | (34,772) | (387,089) | (938,058) |
| 2033 | (43,320) | (333,857) | (37,226) | (414,403) | (1,004,015) |
| 2034 | (46,261) | (356,523) | (39,753) | (442,537) | (1,071,952) |
| 2035 | (49,290) | (379,869) | (42,357) | (471,515) | (1,141,926) |
| 2036 | (52,410) | (403,915) | (45,038) | (501,363) | (1,214,000) |
| 2037 | (55,624) | (428,682) | (47,799) | (532,106) | (1,288,236) |
| 2038 | (58,934) | (454,192) | (50,644) | (563,771) | (1,364,699) |
| 2039 | (62,344) | (480,468) | (53,574) | (596,386) | (1,443,456) |
| 2040 | (65,855) | (507,532) | (56,591) | (629,979) | (1,524,575) |
| 2041 | (69,473) | (535,408) | (59,700) | (664,580) | (1,608,129) |
| 2042 | (73,198) | (564,120) | (62,901) | (700,220) | (1,694,188) |
| 2043 | (77,035) | (593,694) | (66,199) | (736,928) | (1,782,830) |
| 2044 | (80,988) | (624,155) | (69,595) | (774,738) | (1,874,131) |
| 2045 | (85,059) | (655,529) | (73,094) | (813,682) | (1,968,171) |
| 2046 | (89,252) | (687,845) | (76,697) | (853,794) | (2,065,032) |
| TOTAL: | (1,201,249) | (9,257,738) | (1,032,267) | (11,491,254) | (27,828,277) |

Source: Tiberius Solutions Please refer to the explanation of the schools funding in the preceding section

Table 16 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2047.

The Frozen Base is the assessed value of the Area established by the county assessor at the time the Area is established. Excess Value is the increased assessed value in the Area above the Frozen Base. The Frozen Base indicated in the table below is the consultant's estimate. It is expected the number may vary slightly as the assessor determines the Frozen Base after the Area is established.

Table 16 - Additional Revenues Obtained after Termination of Tax Increment Financing, FYE 2047.

| Taxing District | Tax Rate | From Frozen Base | From Excess Value | Total |
|---------------------------|-----------------|-------------------------|--------------------------|--------------------|
| General Government | | | | |
| Douglas County | 1.1124 | 119,185 | 203,968 | 323,153 |
| City of Sutherlin | 5.6335 | 603,584 | 1,032,950 | 1,636,534 |
| WC Sutherlin | 0.5079 | 35,268 | 69,740 | 105,008 |
| SV 4H Extension Service | 0.06 | 6,428 | 11,002 | 17,430 |
| Subtotal | 7.3138 | 764,465 | 1,317,660 | 2,082,125 |
| Education | | | | |
| ED Douglas | 0.5296 | 56,742 | 97,107 | 153,849 |
| SC Sutherlin 130 | 4.0815 | 437,300 | 748,377 | 1,185,677 |
| Umpqua CC | 0.4551 | 48,760 | 83,446 | 132,206 |
| Subtotal | 5.0662 | 542,802 | 928,930 | 1,471,732 |
| TOTAL: | 12.38 | \$1,307,267 | \$2,246,590 | \$3,553,857 |

Source: Tiberius Solutions

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AND TIF AREAS

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in a TIF area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the Frozen Base (assumed to be FYE 2020 values), including all real, personal, personal, manufactured, and utility properties in the Area, is projected to be \$104,034,472. The Douglas County Assessor will set the Frozen Base once the Plan is adopted. The total assessed value of the City of Sutherlin in FYE 2020 is \$566,361,766⁵.

The percentage of assessed value of the TIF area in Sutherlin is 18.37%, below the 25% threshold.

The Area contains 615.3 acres, including public rights-of-way. This puts 15.14% of the City's acreage in a TIF area, which is below the 25% statutory threshold. The information on acreage and assessed value percentages is shown below in Table 17.

Table 17 – TIF Area Conformance with Assessed Value and Acreage Limits

| | Assessed Value | Frozen Base | Acreage |
|-----------------------------|-----------------------|--------------------|----------------|
| City of Sutherlin | \$566,361,766 | | 4,064 |
| Sutherlin TIF Area | | \$104,034,472 | 615.3 |
| % in Urban Renewal/TIF Area | 18.37% | | 15.14% |

Source: Compiled by Elaine Howard Consulting, LLC with data from City of Sutherlin and Douglas County Department of Assessment and Taxation (FYE 2020)

⁵ Douglas County FYE 2020 Sal 4a

XI. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. Physical Conditions

1. Land Use

The Area measures 615.3 total acres in size, which is composed of 643 individual parcels encompassing 516.31 acres, and an additional 98.99 acres in public rights-of-way. An analysis of FYE 2019-2020 property classification data from the Douglas County Department of Assessment and Taxation database was used to determine the land use designation of parcels in the Area. By acreage, Exempt uses account for the most prevalent land use within the Area (28.42%). This was followed by Commercial (25.03%). Detailed land use designations in the Area can be seen in Table 18.

Table 18 - Land Use in the Area

| Land Use | Parcels | Acreage | Percent of Acreage |
|-----------------|----------------|----------------|---------------------------|
| Commercial | 242 | 129.21 | 25.03 |
| Exempt | 67 | 146.72 | 28.42 |
| Industrial | 35 | 98.64 | 19.10 |
| Miscellaneous | 5 | 0.30 | 0.06 |
| Multi-Family | 37 | 31.09 | 6.02 |
| Residential | 252 | 67.94 | 13.16 |
| TOTAL: | 643 | 516.31 | 100.00 |

Source: Compiled by Elaine Howard Consulting, LLC with data from the City of Sutherlin using the Douglas County Department of Assessment and Taxation database (FYE 2020)

2. Comprehensive Plan Designations

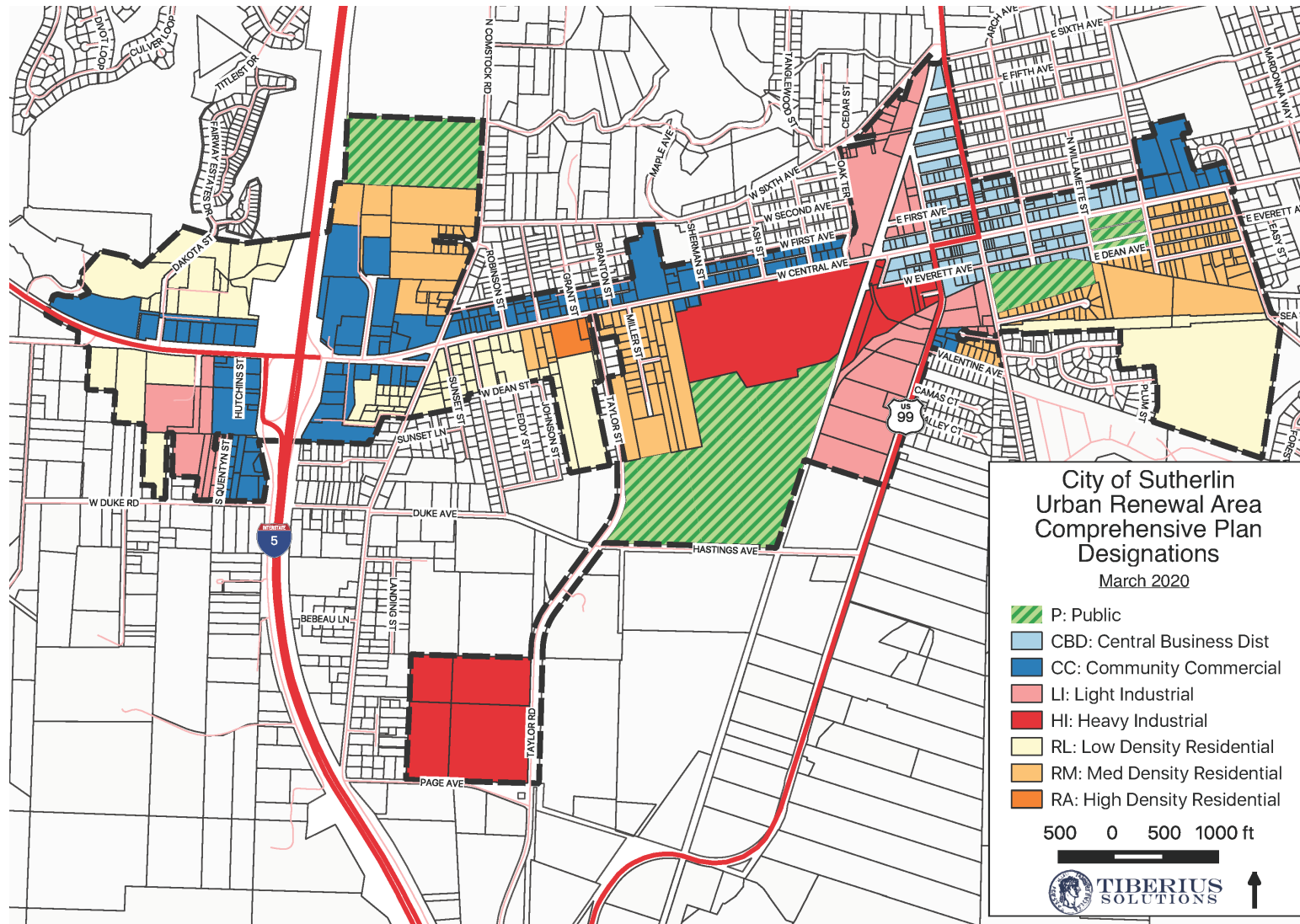
The most prevalent comprehensive plan designation by acreage in the Area is Medium Density Residential (23.94%). The second most prevalent comprehensive plan designation in the Area is Low Density Residential (20.46%). Detailed comprehensive plan designations in the Area can be seen in Table 19.

Table 19 – Comprehensive Plan Designations in the Area

| Comprehensive Plan Designation | Parcels | Acreage | Percent of Acreage |
|---------------------------------------|----------------|----------------|---------------------------|
| Medium Density Residential | 173 | 123.58 | 23.94% |
| Low Density Residential | 81 | 105.66 | 20.46% |
| Commercial Community | 153 | 82.58 | 15.99% |
| Public | 13 | 76.3 | 14.78% |
| Light Industrial | 49 | 56.1 | 10.87% |
| Heavy Industrial | 12 | 39.54 | 7.66% |
| Commercial Business District | 158 | 29.62 | 5.74% |
| High Density Residential | 4 | 2.92 | 0.57% |
| TOTAL: | 643 | 516.3 | 100.00% |

Source: Compiled by Elaine Howard Consulting, LLC with data from the City of Sutherlin

Figure 3 – TIF Area Comprehensive Plan Designations



Source: Tiberius Solutions

3. ***Zoning Designations***

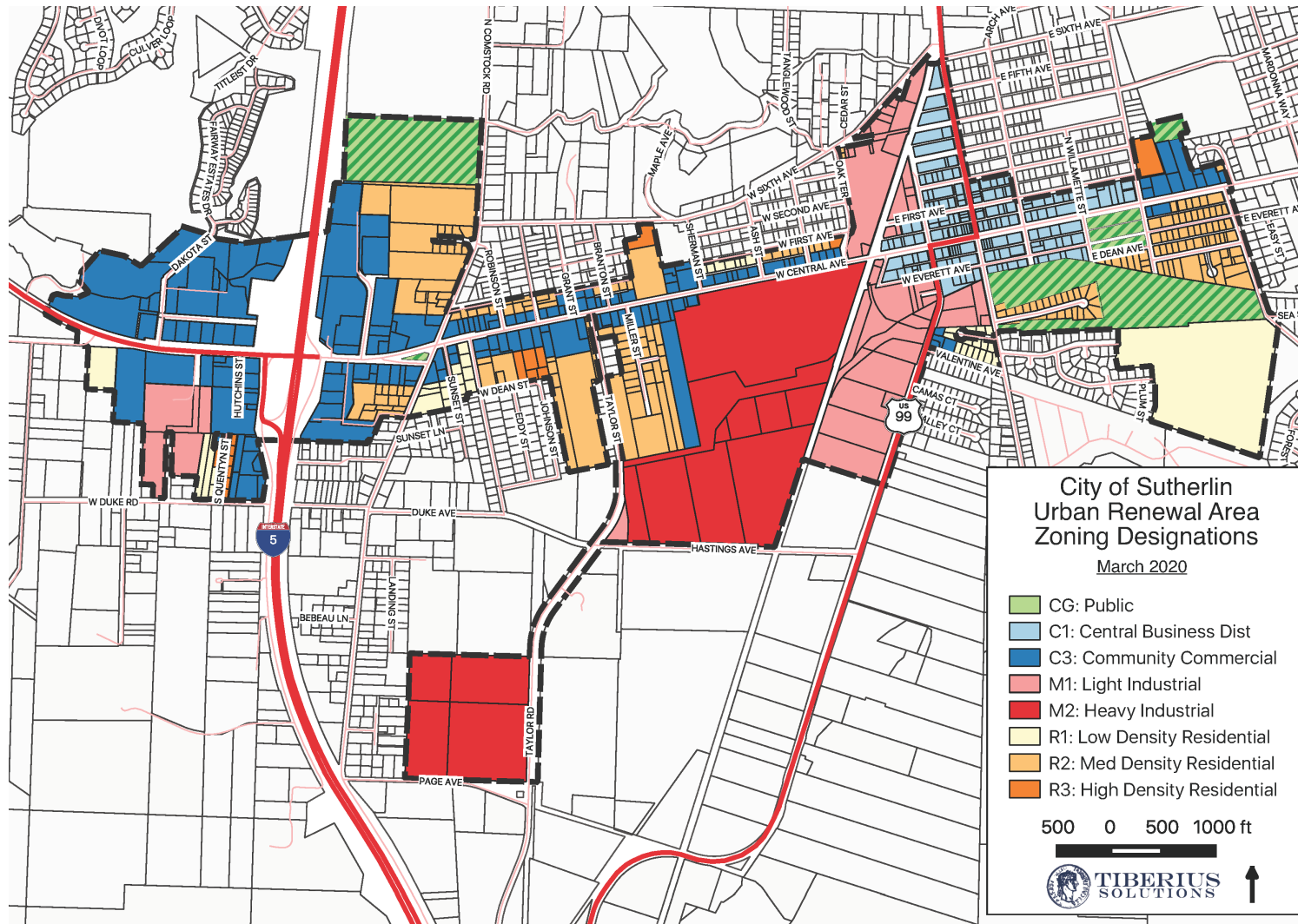
The most prevalent zoning designation by acreage in the Area is Community Commercial (23.03%). The second most prevalent zoning designation in the Area is General Industrial (22.62%). Detailed zoning designations in the Area can be seen in Table 20.

Table 20 - Zoning Designations in the Area

| Zoning Designation | Parcels | Acreage | Percent of Acreage |
|----------------------------|----------------|----------------|---------------------------|
| Community Commercial | 162 | 118.92 | 23.03% |
| General Industrial | 14 | 116.77 | 22.62% |
| Medium Density Residential | 192 | 81.95 | 15.87% |
| Light Industrial | 47 | 64.11 | 12.42% |
| Public | 10 | 51.14 | 9.91% |
| Low Density Residential | 44 | 47.69 | 9.24% |
| Downtown Commercial | 161 | 30.08 | 5.83% |
| Multi-family Residential | 13 | 5.64 | 1.09% |
| TOTAL: | 643 | 516.31 | 100.00% |

Source: Compiled by Elaine Howard Consulting, LLC with data from the City of Sutherlin

Figure 4 – TIF Area Zoning Designations



Source: Tiberius Solutions;

B. Infrastructure

This section identifies the existing conditions in the Area to assist in **establishing blight in the ordinance adopting the Plan.** There are projects listed in several City of Sutherlin infrastructure master plans that relate to these existing conditions.

There are also deficiencies in the transportation system that have been identified by City staff for inclusion. **This does not mean that all of these projects are included in the Plan.** The specific projects that are included in the Plan are listed in Section III of this Report.

1. Transportation

The Sutherlin Transportation Systems Plan (TSP) identified the following projects in the Capital Improvement List. The project costs were using 2005 construction cost indexes and do not reflect unique costs such as significant environmental mitigation.

The interchange and roadways in the project area have operational, geometric, and structural deficiencies. The existing deficiencies will be exacerbated by traffic increases resulting from development in the area. The Transportation System Plan (TSP) identifies a need to provide an interchange with increased capacity to serve the adopted land use plan for the area.⁶

Interstate 5 Exit 136 Operational and Safety Deficiencies

The configuration of the interchange, particularly as related to the southbound ramps, combined with traffic volume increases that have occurred with development in the west part of Sutherlin, results in operational and safety deficiencies. Some of these were previously identified in the City of Sutherlin Transportation System Plan (TSP). The operational and safety deficiencies are:

- Access points are located closer to ramp terminals than prescribed by ODOT standards and contribute to traffic conflicts, loss of interchange efficiency and potential safety problems.
- There is insufficient capacity at key locations along Oregon Highway 138 (OR 138) to accommodate traffic from planned development.
- With only modest development consistent with adopted plans in the vicinity of the interchange or more distant areas of the west part of Sutherlin, the intersection of OR 138 with Park Hill Lane (which serves as an extension of the southbound ramp terminal) will fail to meet ODOT mobility standards without signalization.

⁶ 136 Interchange Area Management Plan, Oregon Department of Transportation

Interstate 5 Exit 136 Structural and Geometric Deficiencies

The original interchange, constructed decades ago, used different design standards and practices than those used today. When compared to current standards, the interchange exhibits numerous deficiencies. Substantial improvements were made in 2005 and 2006 when the mainline bridge was replaced and modifications were made to the northbound ramps. The principal geometric and structural deficiencies are:

- The southbound ramps use a “gull-wing” configuration that is no longer a standard design.
- Some ramps do not meet design current standards or achieve minimum standards rather than the higher “desirable” standard.

Table 21 - Transportation Projects in the Area

| Block # | Project | Estimated Cost |
|---------|---|---|
| | Waite Street Improvements | \$1,081,698\$2,188,850 |
| | Oregon Highway 138 – 5 lane upgrade from Ft. McKay to Comstock | \$3,406,698 (State) |
| | I-5 Interchange- west side of IC at Oregon 138 Connection from New Parkway to Central | \$2,192,667 (State) \$1,506,566 (City) |
| | Ash Street – Central to 1 st overlay | \$5,952 |
| 300 | Dean Avenue E. overlay | \$17,340 |
| 100 | Everett Avenue W. grind and inlay | \$17,262 |
| 200 | Everett Ave W. overlay | \$10,760 |
| 8-900 | First Avenue W. slurry seal | \$2,248 |
| 100 | First Avenue E. cracking | \$200 |
| 200 | First Avenue E. slurry seal minor cracking | \$2,164 |
| 300 | First Avenue E. slurry seal pitted surfaces | \$9,665 |
| 4-500 | First Avenue W. slurry seal | \$3,408 |
| 1200 | First Avenue W. overlay | \$7,650 |
| 700 | First Avenue W. slurry seal | \$2,088 |
| | Front Street overlay | \$12,600 |
| | Hawthorne Street overlay | \$34,400 |
| | Oak Street grind and overlay | \$49,755 |
| 1300 | Sunset Avenue overlay | \$12,580 |
| | Sunset Street overlay | \$22,450 |
| | Taylor Street slurry seal | \$18,344 |
| | Umatilla Street S. grind and inlay | \$35,860 |
| | Waite Street S. rebuild | \$600,000 |
| | Willamette Street S. overlay | \$18,480 |

Source: City of Sutherlin

2. **Storm Drain**

The Storm Drain Master Plan was completed by The Dyer Partnership Engineers & Planners, Inc. in 2014. The following projects within the Area were identified in the Storm Drain Master Plan.

Table 22 – Storm Drain Projects in the Area

| Project | Estimated Cost |
|--|----------------|
| N. State Street, bound by E. Central and Third Ave | \$230,845 |
| N. Calapooia St, north of E. Central Ave | \$108,795 |
| Between Grant Street and Branton Street, bound by W. Second Avenue and W. Central Avenue | \$166,396 |

Source: City of Sutherlin

3. **Water**

The Water Master Plan was completed by The Dyer Partnership Engineers & Planners, Inc in 2017. The following projects within the Area were identified in the Water Master Plan.

Table 23 – Water Projects in the Area

| Project – Improvement Capital | Estimated Cost |
|---|----------------|
| Alley S. of 1 st . Umpqua/Will (8") | \$60,000 |
| Myrtle Street Water Line Improvement | \$89,000 |
| E. 1 st Street Water Line Improvement – N State Street to N. Umpqua Street | \$273,000 |

Source: City of Sutherlin

4. **Utility Providers**

The following utility providers have services within the City of Sutherlin:
Pacific Power and Light

Avista Utilities
CenturyLink
Charter Communications
Douglas Electric Co-Op
Sutherlin Water Control District
City of Sutherlin Water
City of Sutherlin Sewer

5. **Parks and Open Space**

The *Sutherlin Parks and Open Space Plan* established the need for additional open space and parks facilities in the Area. The specific recitation is shown below. The table is from the *Sutherlin Open Space Plan* document.

Section 6.2 Existing and Future Parks

Based on an assumption of shared facility use, the Needs Analysis identified a need for 6 to 12 neighborhood parks and 4 to 10 community parks (Section 5.2, Needs Assessment). Not all neighborhood and community parks need to be the same, containing the same or similar array of elements. Indeed, quality park and open space planning recognizes unique qualities of a particular site and develops a specific park plan around a balance of a site's unique features with the overall community need for park resources. Thus the array of identified neighborhood and community parks in Sutherlin can have variety. In particular, the 5 identified community parks (3 community parks and 2 sports parks) each has a unique, identifiable focus. Table 6.3 of the Sutherlin Parks and Open Space Plan outlines this approach.

Table 6.3 – Park Functions⁷

| Community Park | Park Function |
|--|---|
| <i>Central Park / Festival Grounds (C-1)</i> | <i>Functions as a host location for community events and festivals</i> |
| <i>Cooper Creek Reservoir (C-2) facility</i> | <i>Functions as a boating and picnicking</i> |
| <i>Ford's Pond (C-3)</i> | <i>Could function as an open expanse of informal open space</i> |
| <i>Westside Sports Park (S-1)</i> | <i>A host location for tournament-level regulation sports such as softball and soccer</i> |
| <i>Eastside Sports Park (S-2)</i> | <i>A shared location with the Sutherlin School District for baseball and football</i> |

6. Wetlands

The Area has significant wetlands as shown in the WD # 2012-0352R Reissuance of Wetland Delineation Report for the Sutherlin Industrial Park.⁸

⁷ *Sutherlin Parks and Open Space Plan*, SATRE Associates, Table 6.3, p. 44.

⁸ The *Wetlands Delineation Determination Report* was transmitted to the Department of State Lands with a determination letter on December 20, 2018 concurring with the wetland and waterway boundaries.

C. Social Conditions

Within the Area, there are 289 tax lots shown as residential use in the land use table. Table 18. According to the US Census Bureau, American Community Survey 2013-2017 Five Year Estimates, the block groups that most closely represent the Area have 2,734 residents, 93% of whom are white. These block groups represent more residents than exist in the Area but are the closest block groups to represent the Area.

Table 24 - Race in the Area

| Race | Number | Percent |
|--|--------|---------|
| White alone | 2,544 | 93.1% |
| Black or African American alone | - | 0.0% |
| American Indian and Alaska Native alone | 59 | 2.2% |
| Asian alone | 45 | 1.6% |
| Native Hawaiian and Other Pacific Islander alone | - | 0.0% |
| Some other race alone | 33 | 1.2% |
| Two or more races | 53 | 1.9% |
| TOTAL: | 2,734 | 100% |

Source: American Community Survey 2013-2017 Five Year Estimates

The largest percentage of residents are between 55 to 64 years of age (16%).

Table 25 - Age in the Area

| Age | Number | Percent |
|-------------------|--------|---------|
| Under 5 years | 271 | 10% |
| 5 to 9 years | 135 | 5% |
| 10 to 14 years | 227 | 8% |
| 15 to 17 years | 54 | 2% |
| 18 to 24 years | 319 | 12% |
| 25 to 34 years | 372 | 14% |
| 35 to 44 years | 224 | 8% |
| 45 to 54 years | 200 | 7% |
| 55 to 64 years | 446 | 16% |
| 65 to 74 years | 241 | 9% |
| 75 to 84 years | 199 | 7% |
| 85 years and over | 46 | 2% |
| TOTAL: | 2,734 | 100% |

Source: American Community Survey 2013-2017 Five Year Estimates

In the block groups, 14% of adult residents have earned a bachelor's degree or higher. Another 30% have some college education without a degree, and 42% have graduated from high school with no college experience.

Table 26 - Educational Attainment in the Area

| Educational Attainment | Number | Percent |
|---|---------------|----------------|
| Less than high school | 135 | 8% |
| High school graduate (includes equivalency) | 730 | 42% |
| Some college | 526 | 30% |
| Associate's degree | 102 | 6% |
| Bachelor's degree | 182 | 11% |
| Master's degree | 53 | 3% |
| Professional school degree | - | 0% |
| Doctorate degree | - | 0% |
| TOTAL: | 1,728 | 100% |

Source: American Community Survey 2013-2017 Five Year Estimates

The most common travel time to work class was 10 to 19 minutes, with 40% of journeys being in this class. This was followed by less than 10 minutes travel time class, which represented 29% of journeys.

Table 27 - Travel Time to Work in the Area

| Travel Time | Number | Percent |
|----------------------|---------------|----------------|
| Less than 10 minutes | 297 | 29% |
| 10 to 19 minutes | 407 | 40% |
| 20 to 29 minutes | 246 | 24% |
| 30 to 39 minutes | 34 | 3% |
| 40 to 59 minutes | 17 | 2% |
| 60 to 89 minutes | - | 0% |
| 90 or more minutes | 7 | 1% |
| TOTAL: | 1,008 | 99% |

Source: American Community Survey 2013-2017 Five Year Estimates

Of the means of transportation used to travel to work, the majority, 86% drove alone with another 9% carpooling

Table 28 - Means of Transportation to Work in the Area

| Means of Transportation | Number | Percent |
|--------------------------------|---------------|----------------|
| Drove alone | 913 | 86% |
| Carpooled | 91 | 9% |
| Bicycle | - | 0% |
| Walked | 4 | 0% |
| Other means | - | 0% |
| Worked at home | 49 | 5% |
| TOTAL: | 49 | 100% |

Source: American Community Survey 2013-2017 Five Year Estimates

D. Economic Conditions

1. Taxable Value of Property within the Area

The estimated total assessed value of the Area calculated with data from the Douglas County Department of Assessment and Taxation for FYE 2020, including all real, personal, manufactured, and utility properties, is estimated to be \$104,122,628.

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 Value Ratio," or "I:L." The values used are real market values. In TIF Areas, the I:L is often used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives.

Table 29 shows the improvement to land ratios (I:L) for properties within the Area. There are 70 parcels totaling 34.90% of the total acreage that are "exempt" from taxation as they are owned by governmental agencies or non-profits. There are 105 parcels totaling 23.17% of the acreage that have no improvement value. Excluding the Exempt parcels, there are 283 parcels representing 39.48% of the acreage that have I:L ratios less than 1.0. In other words, the improvements on these properties are worth less than the land they sit on. A reasonable I:L ratio for properties in the Area is 2.0, or an improvement worth twice as much as the land it is on. One hundred and nine of the parcels in the Area, totaling 13.32% of the acreage, have I:L ratios of 2.0 or more in FYE 2020. In summary, approximately 52.77% of the Area is underdeveloped and not contributing significantly to the tax base in the City.

Table 29 - Improvement to Land Ratios in the Area

| Improvement to Land Ratio | Parcels | Acreage | Percent of Acreage |
|----------------------------------|----------------|----------------|---------------------------|
| Exempt | 70 | 180.22 | 34.90% |
| No Improvement Value | 105 | 119.63 | 23.17% |
| 0.01-0.50 | 63 | 40.15 | 7.78% |
| 0.51-1.00 | 115 | 44.03 | 8.53% |
| 1.01-1.50 | 123 | 39.37 | 7.62% |
| 1.51-2.00 | 58 | 24.1 | 4.67% |
| 2.01-2.50 | 37 | 24.6 | 4.76% |
| 2.51-3.00 | 18 | 9.47 | 1.83% |
| 3.01-4.00 | 23 | 11.57 | 2.24% |
| > 4.00 | 31 | 23.17 | 4.49% |
| TOTAL: | 643 | 516.31 | 100.00% |

Source: Compiled by Elaine Howard Consulting, LLC with data from the Douglas County Department of Assessment and Taxation (FYE 2020)

E. Impact on Municipal Services

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

The projects being considered for future use of tax increment funding are for sports park development, assistance for development and re-development of the Downtown, transportation and utility infrastructure including infrastructure improvements and wetlands mitigation to jumpstart development in the industrial area creating jobs for Sutherlin residents, Central Avenue Corridor transportation improvements, business support and development support including property acquisition, blight cleanup and a Gateway Partnership with the Umpqua Wine Interpretative Center. Tax increment financing is a method for funding projects that would otherwise be funded by the City general fund or SDCs, or delayed until resources are available.

It is anticipated that these improvements will catalyze development on the undeveloped and underdeveloped parcels in the Area. This development will require City services. However, since the property is within the City limits, and the level of redevelopment has been planned for based on the Comprehensive Plan and zoning designations, the City has anticipated the need to provide services to the Area. As the development will be new construction or rehabilitation, it will be constructed to current building codes, which will aid in the needs for fire protection and lessen the burden on fire response.

The financial impacts from tax increment collections will be countered by future economic development, and, in the future, adding increases in assessed value to the tax base for all taxing jurisdictions, including the City.

XII. REASONS FOR SELECTION OF EACH TIF AREA IN THE PLAN

The reason for selecting the Area is to provide the ability to fund projects and programs necessary to cure blight within the Area.

XIII. RELOCATION REPORT

When the Agency acquires occupied property under the Plan, residential or commercial occupants of such property shall be offered relocation assistance as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations, as necessary, for the administration of relocation assistance. The Agency will comply with all applicable state laws in providing these potential benefits.

There are plans to acquire land for infrastructure in the Area which may trigger relocation benefits in the future. However, no specific acquisitions that would result in relocation benefits have been identified in the Plan. All acquisitions will be reviewed for the potential of applicable relocation benefits.