

**REPORT ACCOMPANYING THE FIRST
AMENDMENT TO THE LAKE GROVE
VILLAGE CENTER URBAN RENEWAL
PLAN**

September 25, 2015

City of Lake Oswego

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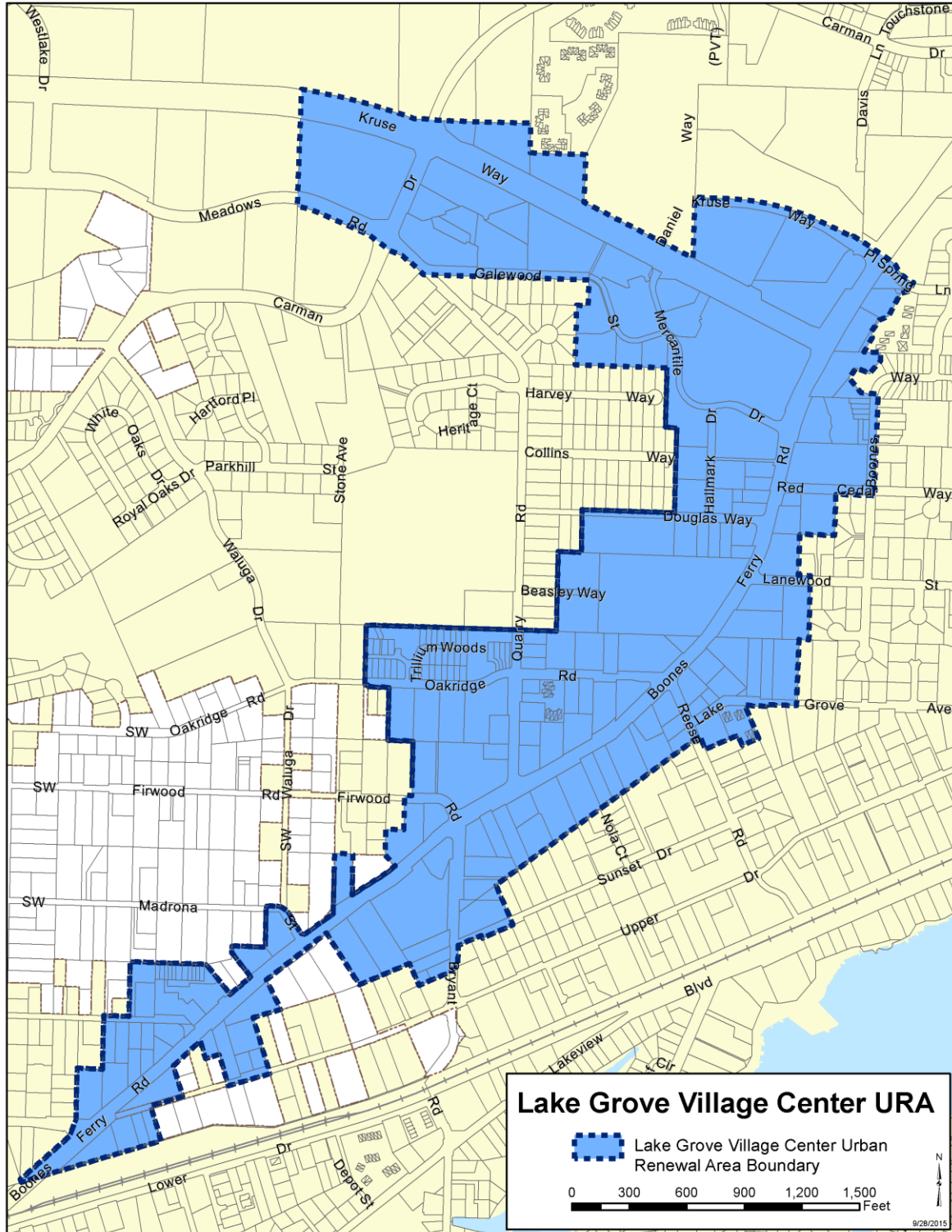
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I. Introduction

The Report on the First Amendment to the Lake Grove Village Center Urban Renewal Plan (Report) contains background information and project details pertaining to the First Amendment to the Lake Grove Village Center Urban Renewal Plan (First Amendment). The First Amendment will add property to the boundary of the Lake Grove Village Center Area (Area) and will delete some right of way. The Plan area boundary is shown in Figure 1, the proposed changes on Figures 2a and 2b, with the proposed new Lake Grove Urban Renewal Plan (Plan) boundary in Figure 3. The Report is not a legal part of the First Amendment, but is intended to provide public information and a basis for the findings made by the City Council as part of the approval of the First Amendment.

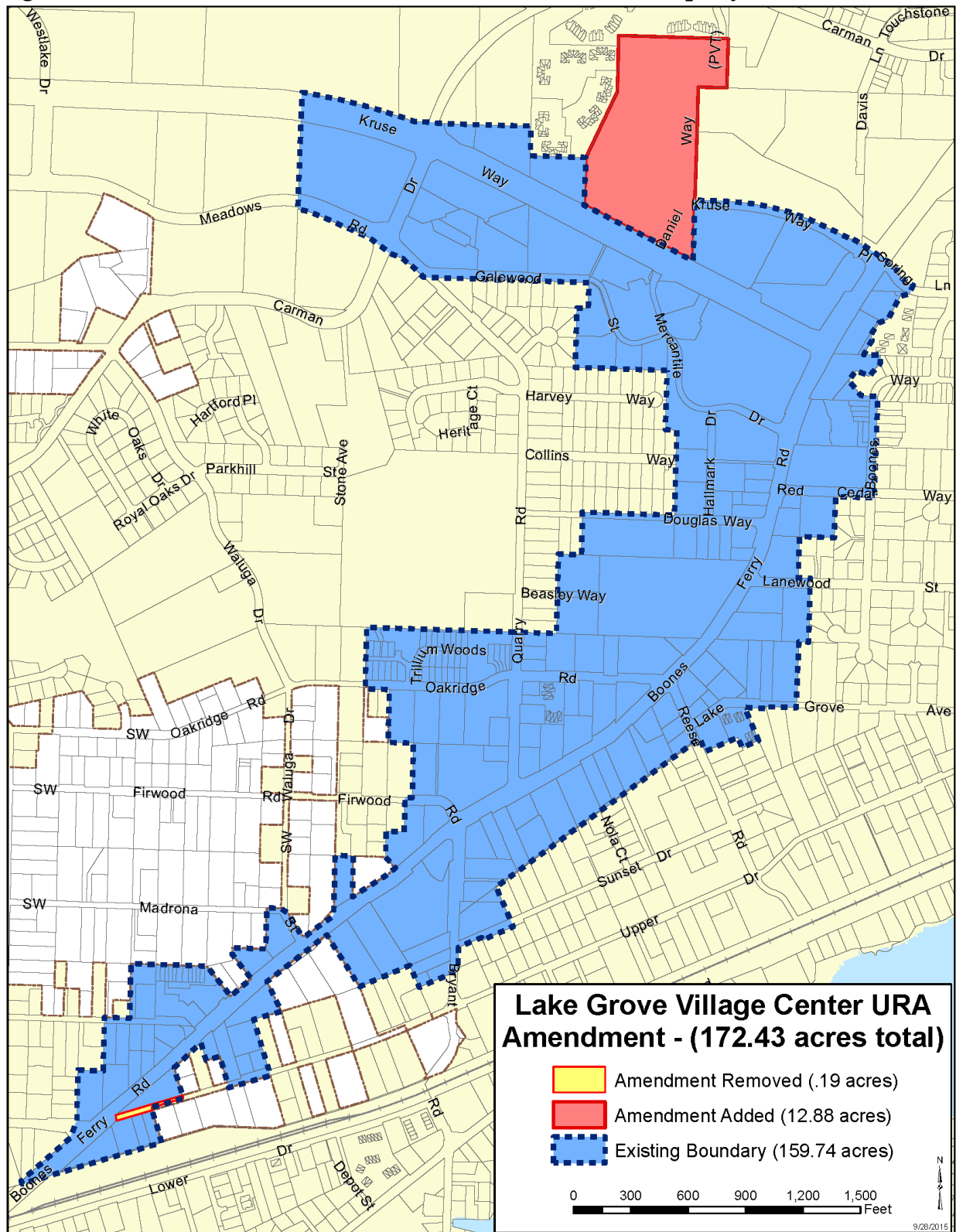
The Report provides the information required by ORS 457.085(3). The format of the Report is based on this statute. Since the Lake Grove Urban Renewal Plan was recently adopted (2012) and the existing conditions within the Area have not significantly changed, many of the components of the Report are not being updated as part of this First Amendment.

Figure 1 – Lake Grove Village Center Urban Renewal Plan Area Boundary Before Amendment



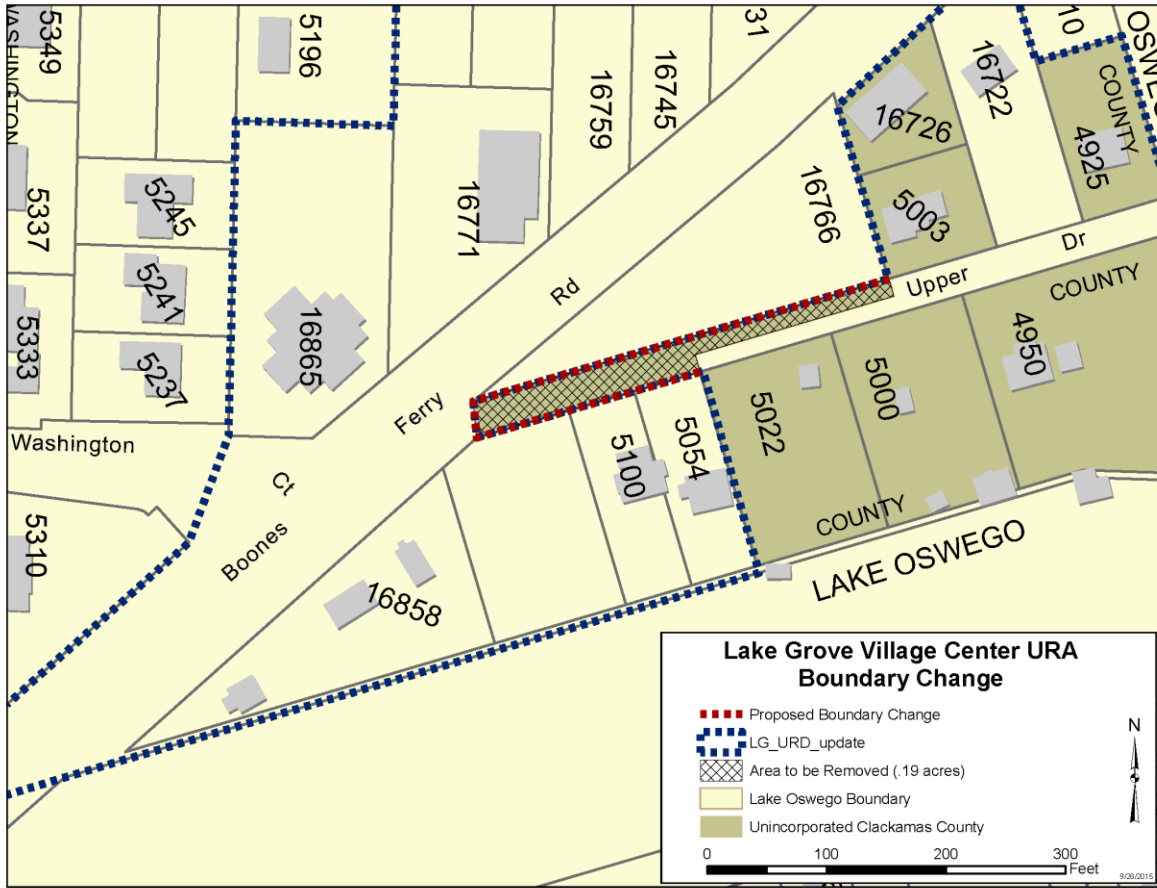
Source: City of Lake Oswego GIS

Figure 2a– Lake Grove Urban Renewal First Amendment Property



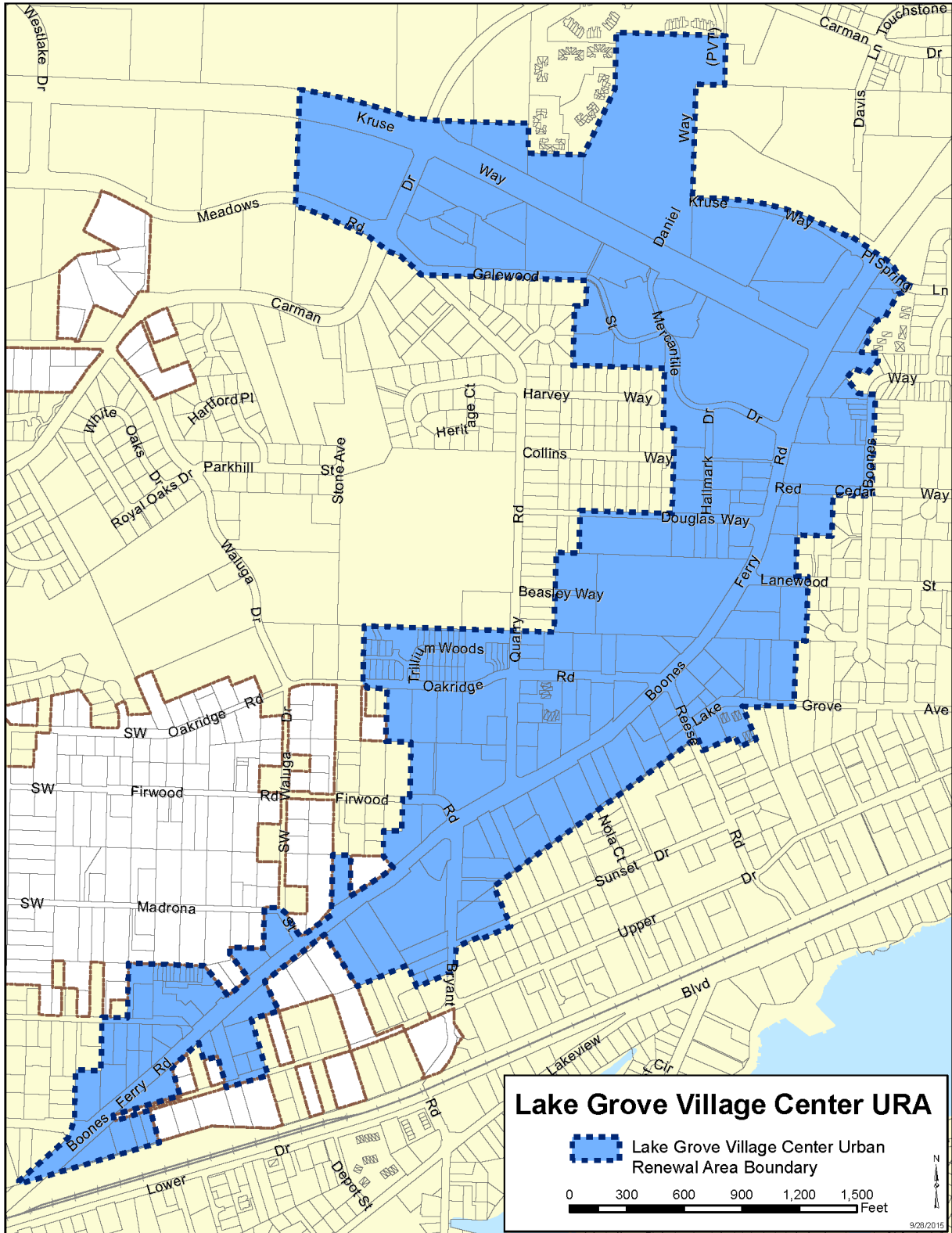
Source: City of Lake Oswego GIS

Figure 2b – Removal Property



Source: City of Lake Oswego GIS

Figure 3 – Revised Lake Grove Village Center Urban Renewal Plan Area Boundary



Source: City of Lake Oswego GIS

II. Existing Physical, Social, and Economic Conditions and Impacts on Municipal Services

This section of the Report describes existing conditions of the property to be added to the urban renewal area, and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1). The property to be added in the First Amendment is 4101 Kruse Way, specifically 21E08BB05300, also known as the West End Building (WEB) property. The tables for land use, zoning, comprehensive plan designations, and improvement to land ratios will represent the full urban renewal area with the specifics of the First Amendment in the narrative preceding the table.

Physical Conditions

Land Use

The 12.88 acre parcel to be added in the First Amendment is presently an exempt use as classified by the Clackamas County Assessor. Prior to August 22, 2015 it was used for city of Lake Oswego Parks Department offices and programming of parks and recreation classes and activities, and office space for the Lake Oswego-Tigard Water Partnership. It is now owned by Yakima Products. The assessor will re-classify the use from exempt to commercial in October of 2016. For the purposes of this table, the use is shown as commercial. There are 36.53 acres of right of way, for total acreage of the Area of 172.43.

Table 1 - Land Use of Area

Existing Land Use	Tax lots with Amendment	Acres with Amendment	Percent of Acres
Commercial	99	88.0	64.75%
Vacant	49	20.3	14.94%
SF Residential	62	7.7	5.67%
MF Residential	40	9.5	6.99%
School/Exempt	4	10.4	7.65%
Total	254	135.9	100.00%

Source: City of Lake Oswego GIS

Zoning and Comprehensive Plan Designations

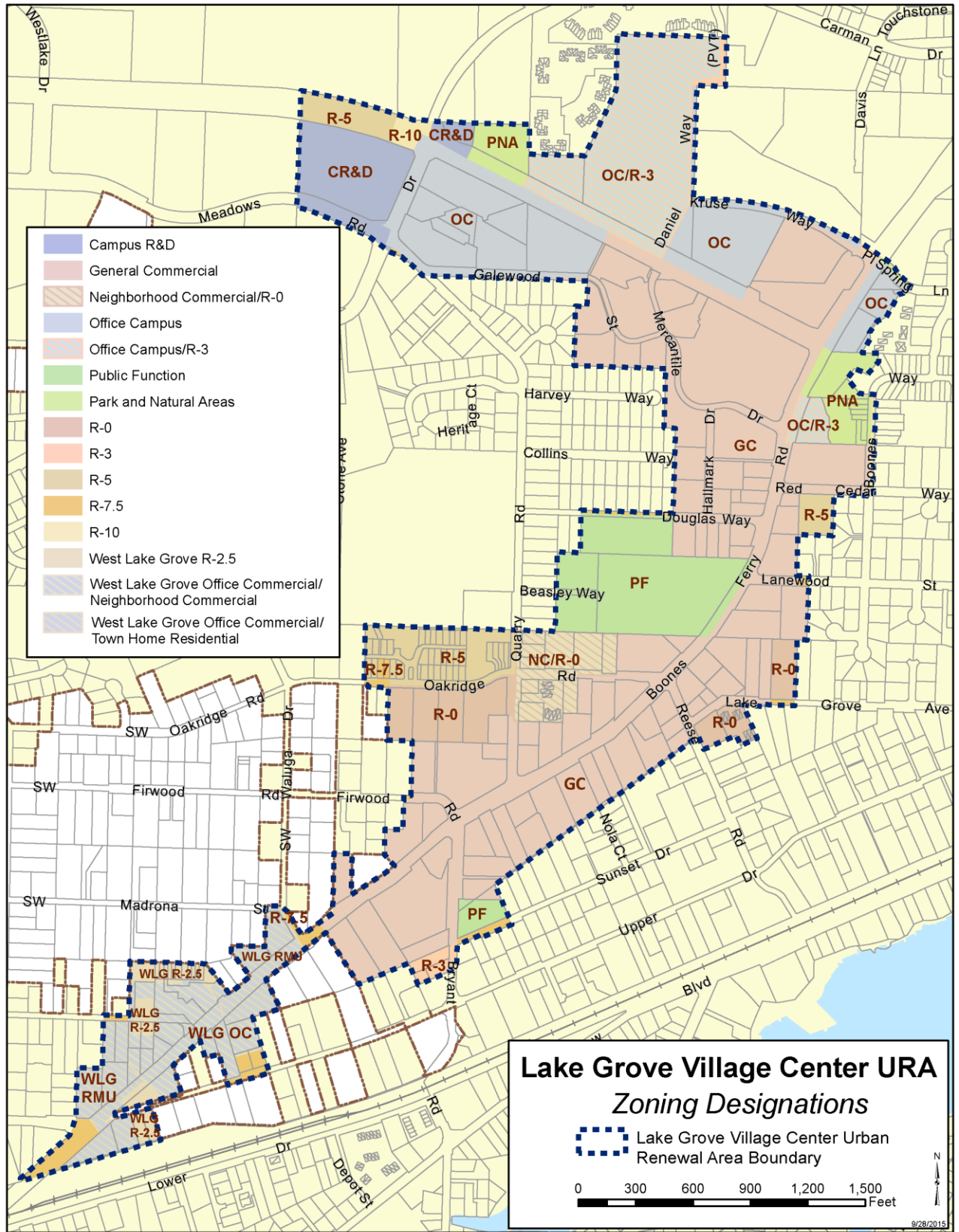
The property being added in the First Amendment is zoned as OC/R-3, Office Campus/Residential 3. This is also the comprehensive plan designation. Table 2a and Figure 4 indicate the zoning of the Area and Table 2b and Figure 5 show the comprehensive plan designations of the Area. If the table shows 0 tax lots, the acreage represents right of way only.

Table 2a –Zoning of Area

Zoning	Acres	Tax lots	Percentage of Total Acreage
General Commercial	75.90	85	44.02%
Office Campus	20.21	14	11.72%
Office Campus/R-3	15.22	3	8.83%
Public Function	11.95	6	6.93%
R-5	7.69	44	4.46%
Campus Research and Development	6.84	2	3.97%
WLG Residential Mixed-Use	6.42	9	3.72%
R-0	6.29	19	3.65%
WLG Office Campus	5.58	15	3.24%
Parks and Natural Area	4.80	10	2.78%
Neighborhood Commercial/R-0	4.48	26	2.60%
R-7.5	2.90	4	1.68%
WLG R-2.5	2.21	14	1.28%
R-3	1.10	3	0.64%
R-10	0.84	0	0.49%
Total	172.43	254	100.00%

Source: City of Lake Oswego GIS WLG – West Lake Grove R – Residential

Figure 4 - Zoning of the Area



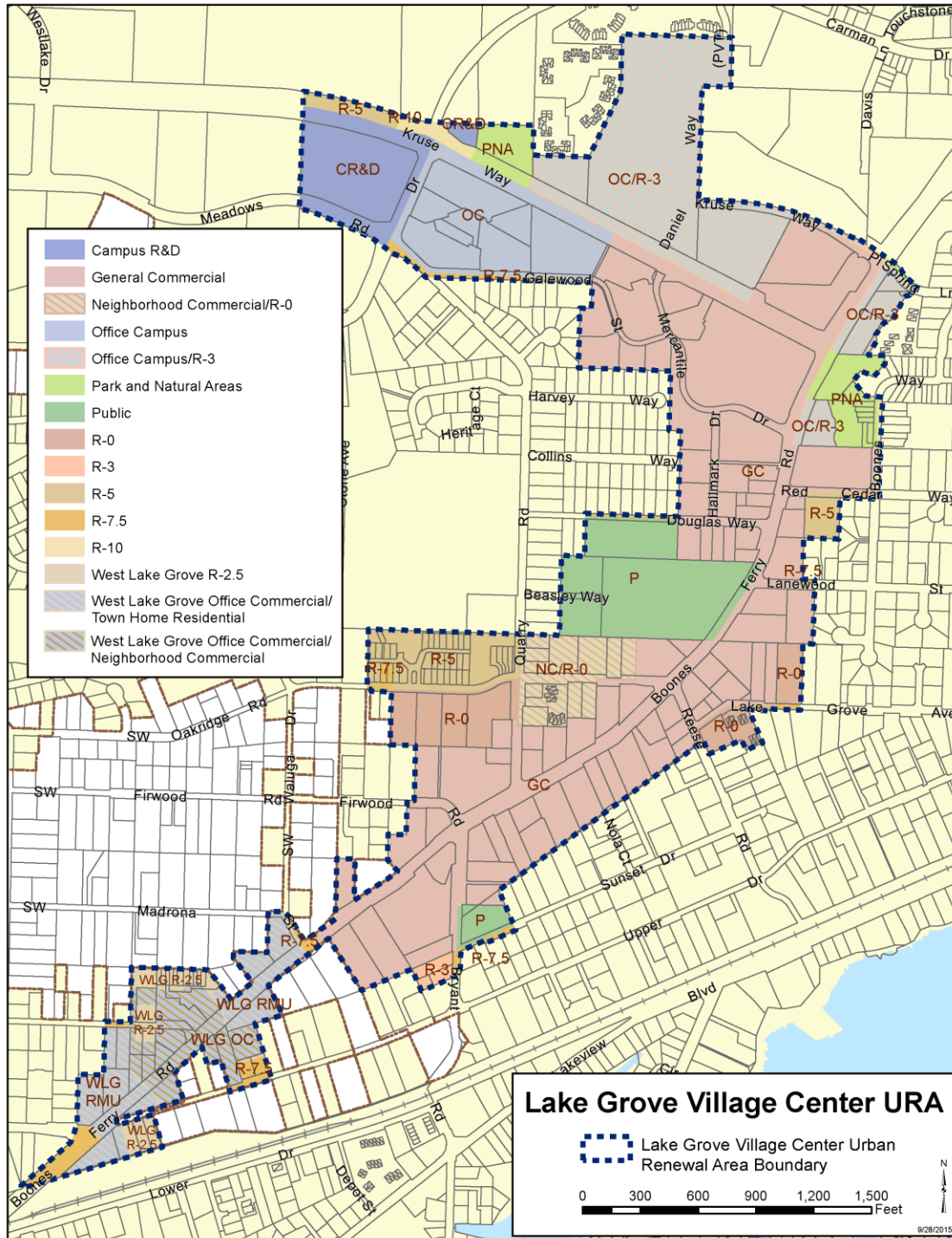
Source: Lake Oswego GIS

Table 2b - Comprehensive Plan Designations of Area

Comprehensive Plan	Acres	Tax Lots	Percentage of Total Acreage
General Commercial	74.66	84	43.30%
Office Campus/R-3	23.20	9	13.46%
Public	12.20	6	7.08%
Office Campus	11.52	8	6.68%
Campus Research and Development	8.10	2	4.70%
R-5	6.93	44	4.02%
WLG Residential Mixed-Use	6.57	8	3.81%
R-0	6.44	19	3.74%
WLG Office Commercial	5.58	15	3.24%
Neighborhood Commercial /R-0	5.22	27	3.02%
Parks and Natural Area	4.80	10	2.78%
R-7.5	3.53	4	2.05%
WLG R-2.5	2.09	15	1.21%
R-10	0.94	0	0.54%
R-3	0.66	3	0.38%
Total	172.43	254	100.00%

Source: City of Lake Oswego GIS WLG– West Lake Grove R – Residential

Figure 5 – Comprehensive Plan Designations



Source: Lake Oswego GIS

Infrastructure: Existing Conditions

Other than the one project noted below, the existing conditions of the infrastructure in the Area have not changed since the adoption of the original urban renewal plan, so revisions to this section are not required. There are still deficiencies in the

transportation network, including parking, as described in detail in the 2012 Report Accompanying the Lake Grove Village Center Urban Renewal Plan.

Project Completed since 2012:

Lake Oswego-Tigard waterline project: Improvements were constructed in Lanewood Street to the West Waluga water reservoir.

Social Conditions

There are no residents in the First Amendment Area.

Economic Conditions

There is presently no total assessed value of the First Amendment area, as it is exempt from property tax payments because it was a public use on July 1, 2015 (ORS 311.410(1)). The property will change to a private use on the FY 2016/17 property tax rolls. The assessed value of the Lake Grove Village Center Urban Renewal Area inclusive of the First Amendment is \$179,677,819. The frozen base value is \$150,812,257.

Improvement to Land 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 neighborhood/mixed-use commercial district would have an improvement to land value of 4:1. Sixty nine percent of the properties are below the 4:1 ratio, an additional 11% are non-taxable, 2.8% have no land value and 15% have no improvement value. The I:L ratio of the Amendment property is .59, well below the healthy indicator, indicating an underdevelopment of the property. In the table below, the property is combined with the .51 – 1.0 category.

Table 3 – Improvement to Land Ratio

Improvement/Land Ratio	Tax lots	Acres	Percent of Acres
Not Taxable	16	14.75	10.86%
No Land Value (Condos and condo assoc)	44	3.81	2.80%
No Improvement Value (Vacant)	31	20.40	15.01%
0.01 - 0.50	24	11.08	8.16%
0.51 - 1.00	18	28.71	21.13%
1.01 - 1.50	21	15.30	11.26%
1.51 - 2.00	35	8.48	6.24%
2.01 - 2.50	31	10.57	7.78%
2.51 - 3.00	16	7.46	5.49%
3.01 - 4.00	12	12.62	9.29%
>4.0	6	2.70	1.99%
Total	254	135.86	100%

Source: Base data from Clackamas County Assessor

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 the section on Impact of Tax Increment Financing in this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

It is not anticipated that adding the property to the urban renewal area will have an impact on municipal services to the property. The property had commercial uses prior to the First Amendment and will continue to have commercial uses after the First Amendment.

III. Reasons for Selection of Each Urban Renewal Area in the Plan

The reason for selecting the Area is to cure blight, in the Area. The blight in the Area as a whole is inadequate streets and utilities and improvement to land ratios that are not as high as they should be.

IV. The Urban Renewal Projects and the Relationship Between Urban Renewal Projects and the Existing Conditions in the Urban Renewal Area

There are no new projects identified in the First Amendment.

V. The Estimated Total Cost of Each Project and the Sources of Moneys to Pay Such Costs

There are no new projects identified in the First Amendment. However, the financial analysis has been updated to incorporate the impacts of this amendment and other new development that has occurred since the 2012 plan adoption.

Table 4 – Project Fund

<i>PROJECT FUND</i>		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<i>Resources</i>							
Beginning Fund Balance		\$0	\$0	\$9,900,000	\$149,500	\$446,785	\$874,964
Pay-as-you-go (Transfer from TIF Fund)	\$ 19,345,887	\$0	\$0	\$0	\$296,537	\$425,945	\$592,299
City Bond (Transfer from D/S Fund)	\$ 17,400,000		\$17,400,000				
GO Bond Transfer	\$ -						
Transfer from TIF Fund for URA admin	\$ 2,506,680	\$51,750	\$107,640	\$111,950	\$116,430	\$121,090	\$124,720
Interest Earnings	\$ 362,215	\$0	\$0	\$49,500	\$748	\$2,234	\$4,375
Total Resources	\$ 39,614,782	\$51,750	\$17,507,640	\$10,061,450	\$563,215	\$996,054	\$1,596,358
<i>Expenditures (nominal \$)</i>							
Boones Ferry Road - Phase 1	-\$ 17,300,000		-\$7,500,000	-\$9,800,000			
Boones Ferry Road - Phase 2	-\$ 7,920,305						
Parking	-\$ 2,725,600						
URA Admin	-\$ 2,506,680	-\$51,750	-\$107,640	-\$111,950	-\$116,430	-\$121,090	-\$124,720
Transfer to D/S Fund	-\$ 9,162,197						
Total Expenditures	-\$ 39,614,782	-\$51,750	-\$7,607,640	-\$9,911,950	-\$116,430	-\$121,090	-\$124,720
Ending Fund Balance		\$0	\$9,900,000	\$149,500	\$446,785	\$874,964	\$1,471,638

Source: ECONorthwest

Table 4 – Project Fund, continued

<i>PROJECT FUND</i>	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
<i>Resources</i>						
Beginning Fund Balance	\$1,471,638	\$2,253,875	\$3,231,346	\$1,688,726	\$3,074,120	\$4,539,345
Pay-as-you-go (Transfer from TIF Fund)	\$774,879	\$966,202	\$1,166,823	\$1,376,950	\$1,449,854	\$1,603,397
City Bond (Transfer from D/S Fund)						
GO Bond Transfer						
Transfer from TIF Fund for URA admin	\$128,460	\$132,310	\$136,280	\$140,370	\$144,580	\$148,920
Interest Earnings	\$7,358	\$11,269	\$16,157	\$8,444	\$15,371	\$22,697
Total Resources	\$2,382,335	\$3,363,656	\$4,550,606	\$3,214,490	\$4,683,925	\$6,314,359
<i>Expenditures (nominal \$)</i>						
Boones Ferry Road - Phase 1						
Boones Ferry Road - Phase 2						
Parking			-\$2,725,600			
URA Admin	-\$128,460	-\$132,310	-\$136,280	-\$140,370	-\$144,580	-\$148,920
Transfer to D/S Fund						
Total Expenditures	-\$128,460	-\$132,310	-\$2,861,880	-\$140,370	-\$144,580	-\$148,920
Ending Fund Balance	\$2,253,875	\$3,231,346	\$1,688,726	\$3,074,120	\$4,539,345	\$6,165,439

Source: ECONorthwest

Table 4 – Project Fund, continued

<i>PROJECT FUND</i>	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
<i>Resources</i>						
Beginning Fund Balance	\$6,165,439	\$8,024,389	\$10,128,116	\$4,568,805	\$6,808,909	\$9,116,614
Pay-as-you-go (Transfer from TIF Fund)	\$1,828,123	\$2,063,605	\$2,310,353	\$2,217,260	\$2,273,660	\$0
City Bond (Transfer from D/S Fund)						
GO Bond Transfer						
Transfer from TIF Fund for URA admin	\$153,390	\$157,990	\$162,730	\$167,610	\$172,640	\$177,820
Interest Earnings	\$30,827	\$40,122	\$50,641	\$22,844	\$34,045	\$45,583
Total Resources	\$8,177,779	\$10,286,106	\$12,651,840	\$6,976,519	\$9,289,254	\$9,340,017
<i>Expenditures (nominal \$)</i>						
Boones Ferry Road - Phase 1						
Boones Ferry Road - Phase 2			-\$7,920,305			
Parking						
URA Admin	-\$153,390	-\$157,990	-\$162,730	-\$167,610	-\$172,640	-\$177,820
Transfer to D/S Fund						-\$9,162,197
Total Expenditures	-\$153,390	-\$157,990	-\$8,083,035	-\$167,610	-\$172,640	-\$9,340,017
Ending Fund Balance	\$8,024,389	\$10,128,116	\$4,568,805	\$6,808,909	\$9,116,614	\$0

Source: ECONorthwest

VI. The Anticipated Completion Date for Each Project

There are no new projects identified in the First Amendment. The anticipated completion dates are shown in Table 4, above.

VII. The Estimated Amount of Tax Increment Revenues Required and the Anticipated Year in Which Indebtedness Will Be Retired

There are no increased tax increment revenues required to service the maximum indebtedness. However, with the addition of the First Amendment property, it is anticipated that the duration of the plan will be reduced by one year. The new construction of other properties in the Area since the 2012 plan adoption has projected to decrease the time of the urban renewal plan by 5 years, from FY 2038-39 to FY 2033-34. The First Amendment projects to further reduce that time frame to FY 2032-33.

Table 5 – TIF Fund

<i>TIF Fund</i>		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Resources							
Beginning Fund Balance		\$619,590	\$1,073,383	\$704,246	\$435,214	\$0	\$0
TIF for URA	\$ 43,280,680	\$502,445	\$1,056,238	\$1,162,499	\$1,298,679	\$1,870,137	\$2,040,121
Interest Earnings	\$ 15,501	\$3,098	\$5,367	\$3,521	\$2,176	\$0	\$0
Total Resources	\$ 46,396,465	\$1,125,133	\$2,134,988	\$1,870,266	\$1,736,069	\$1,870,137	\$2,040,121
Expenditures							
Transfer to Project Fund For URA admin	-\$ 2,506,680	-\$51,750	-\$107,640	-\$111,950	-\$116,430	-\$121,090	-\$124,720
Transfer to Debt Service Fund	-\$ 21,711,815	\$0	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102
Transfer to Other City Resources	\$ -	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Project Fund for other projects	-\$ 19,345,887	\$0	\$0	\$0	-\$296,537	-\$425,945	-\$592,299
Total Expenditures	-\$ 43,564,382	-\$51,750	-\$1,430,742	-\$1,435,052	-\$1,736,069	-\$1,870,137	-\$2,040,121
Ending Fund Balance		\$1,073,383	\$704,246	\$435,214	\$0	\$0	\$0

Source: ECONorthwest

Table 5 – TIF Fund, continued

<i>TIF Fund</i>	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Resources						
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0
TIF for URA	\$2,226,441	\$2,421,614	\$2,626,205	\$2,840,422	\$2,917,536	\$3,075,419
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0
Total Resources	\$2,226,441	\$2,421,614	\$2,626,205	\$2,840,422	\$2,917,536	\$3,075,419
Expenditures						
Transfer to Project Fund For URA admin	-\$128,460	-\$132,310	-\$136,280	-\$140,370	-\$144,580	-\$148,920
Transfer to Debt Service Fund	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102
Transfer to Other City Resources	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Project Fund for other projects	-\$774,879	-\$966,202	-\$1,166,823	-\$1,376,950	-\$1,449,854	-\$1,603,397
Total Expenditures	-\$2,226,441	-\$2,421,614	-\$2,626,205	-\$2,840,422	-\$2,917,536	-\$3,075,419
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0

Source: ECONorthwest

Table 5 – TIF Fund, continued

<i>TIF Fund</i>	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Resources						
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0
TIF for URA	\$3,304,615	\$3,544,697	\$3,796,185	\$3,707,972	\$3,769,402	\$720,003
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0
Total Resources	\$3,304,615	\$3,544,697	\$3,796,185	\$3,707,972	\$3,769,402	\$720,003
Expenditures						
Transfer to Project Fund For URA admin	-\$153,390	-\$157,990	-\$162,730	-\$167,610	-\$172,640	-\$177,820
Transfer to Debt Service Fund	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$542,183
Transfer to Other City Resources	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Project Fund for other projects	-\$1,828,123	-\$2,063,605	-\$2,310,353	-\$2,217,260	-\$2,273,660	\$0
Total Expenditures	-\$3,304,615	-\$3,544,697	-\$3,796,185	-\$3,707,972	-\$3,769,402	-\$720,003
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0

Source: ECONorthwest

Table 6 – Tax Increment Revenues, Other Funds and Allocations to Debt Service

<i>Debt Service Fund</i>	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<i>Resources</i>						
Beginning Balance		\$0	\$0	\$0	\$0	\$0
Transfer from TIF Fund	\$21,711,815	\$0	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102
Transfer from Other City Resources	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from Project Fund	\$9,162,197	\$0	\$0	\$0	\$0	\$0
Bond/Loan Proceeds	\$17,748,000		\$17,748,000			
Total Resources	\$48,622,012	\$0	\$19,071,102	\$1,323,102	\$1,323,102	\$1,323,102
<i>Expenditures</i>						
Disbursement of Bond Proceeds	-\$17,400,000		-\$17,400,000			
Finance Fees	-\$348,000		-\$348,000			
Debt Service - City Bond	-\$30,874,012		-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102
Total Expenditures	-\$48,622,012	\$0	-\$19,071,102	-\$1,323,102	-\$1,323,102	-\$1,323,102
Ending Balance		\$0	\$0	\$0	\$0	\$0

Source: ECONorthwest

Table 6 – Tax Increment Revenues, Other Funds and Allocations to Debt Service, continued

<i>Debt Service Fund</i>	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
<i>Resources</i>						
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from TIF Fund	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102
Transfer from Other City Resources	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from Project Fund	\$0	\$0	\$0	\$0	\$0	\$0
Bond/Loan Proceeds						
Total Resources	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102
<i>Expenditures</i>						
Disbursement of Bond Proceeds						
Finance Fees						
Debt Service - City Bond	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102
Total Expenditures	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0

Source: ECONorthwest

Table 6 – Tax Increment Revenues, Other Funds and Allocations to Debt Service, continued

<i>Debt Service Fund</i>	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
<i>Resources</i>						
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from TIF Fund	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102	\$542,183
Transfer from Other City Resources	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from Project Fund	\$0	\$0	\$0	\$0	\$0	\$9,162,197
Bond/Loan Proceeds						
Total Resources	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102	\$1,323,102	\$9,704,380
<i>Expenditures</i>						
Disbursement of Bond Proceeds						
Finance Fees						
Debt Service - City Bond	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$9,704,380
Total Expenditures	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$1,323,102	-\$9,704,380
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0

Source: ECONorthwest

VIII. Financial Analysis of the Plan

The estimated tax increment revenues through FY 2032-33, as shown above, are based on projections of the assessed value of development within the Area and the total tax rate that will apply in the Area. Table 7 shows the estimated exception assessed values of the Area. Exception value is the value of new development or major rehabilitation that is projected to occur in the Area. These values include the Parkway Veterinary Hospital, Wells Fargo Bank, Kruse Village, Citizen’s Bank, Kruse Way/Boones Ferry Senior housing, and the West End Building. The West End Building is projected to come onto the tax rolls in FY 2016-17.

Table 7 – Exception Value Estimates

FY	AV (2015 \$)	Exception AV	Inflation Index
2014-15		\$0	1.0000
2015-16	\$1,779,761	\$1,833,154	1.0300
2016-17	\$31,810,251	\$33,747,495	1.0609
2017-18		\$0	1.0927
2018-19	\$1,071,594	\$1,206,079	1.1255
2019-20	\$27,008,952	\$31,311,478	1.1593

Source: ECONorthwest with information from City of Lake Oswego

Table 8 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues (adjusted for compression, truncation, under-collection, penalties, and interest at 4%). These projections of increment are the basis for the projections in the preceding tables.

Table 8 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FY	Assessed Value	Frozen Base	Excess Value	Tax Rate	Tax Increment Finance Revenue			
					Gross TIF	Adjustments	Net TIF	Cumulative TIF
2014-15	\$ 179,677,819	\$150,812,257	\$ 28,865,562	\$ 14.5885	\$ 421,105	\$ (21,055)	\$ 400,050	\$ 400,050
2015-16	\$ 186,933,574	\$150,812,257	\$ 36,121,317	\$ 14.4895	\$ 523,380	\$ (20,935)	\$ 502,445	\$ 902,495
2016-17	\$ 226,774,744	\$150,812,257	\$ 75,962,487	\$ 14.4841	\$ 1,100,248	\$ (44,010)	\$ 1,056,238	\$ 1,958,733
2017-18	\$ 234,797,726	\$150,812,257	\$ 83,985,469	\$ 14.4184	\$ 1,210,936	\$ (48,437)	\$ 1,162,499	\$ 3,121,232
2018-19	\$ 245,437,494	\$150,812,257	\$ 94,625,237	\$ 14.2963	\$ 1,352,791	\$ (54,112)	\$ 1,298,679	\$ 4,419,911
2019-20	\$ 287,797,896	\$150,812,257	\$ 136,985,639	\$ 14.2209	\$ 1,948,059	\$ (77,922)	\$ 1,870,137	\$ 6,290,048
2020-21	\$ 300,858,939	\$150,812,257	\$ 150,046,682	\$ 14.1631	\$ 2,125,126	\$ (85,005)	\$ 2,040,121	\$ 8,330,169
2021-22	\$ 314,540,382	\$150,812,257	\$ 163,728,125	\$ 14.1650	\$ 2,319,209	\$ (92,768)	\$ 2,226,441	\$ 10,556,610
2022-23	\$ 328,871,693	\$150,812,257	\$ 178,059,436	\$ 14.1667	\$ 2,522,515	\$ (100,901)	\$ 2,421,614	\$ 12,978,224
2023-24	\$ 343,883,742	\$150,812,257	\$ 193,071,485	\$ 14.1690	\$ 2,735,630	\$ (109,425)	\$ 2,626,205	\$ 15,604,429
2024-25	\$ 359,608,863	\$150,812,257	\$ 208,796,606	\$ 14.1706	\$ 2,958,773	\$ (118,351)	\$ 2,840,422	\$ 18,444,851
2025-26	\$ 376,080,927	\$150,812,257	\$ 225,268,670	\$ 13.4910	\$ 3,039,100	\$ (121,564)	\$ 2,917,536	\$ 21,362,387
2026-27	\$ 393,335,414	\$150,812,257	\$ 242,523,157	\$ 13.2093	\$ 3,203,561	\$ (128,142)	\$ 3,075,419	\$ 24,437,806
2027-28	\$ 411,409,489	\$150,812,257	\$ 260,597,232	\$ 13.2093	\$ 3,442,307	\$ (137,692)	\$ 3,304,615	\$ 27,742,421
2028-29	\$ 430,342,083	\$150,812,257	\$ 279,529,826	\$ 13.2093	\$ 3,692,393	\$ (147,696)	\$ 3,544,697	\$ 31,287,118
2029-30	\$ 450,173,975	\$150,812,257	\$ 299,361,718	\$ 13.2093	\$ 3,954,359	\$ (158,174)	\$ 3,796,185	\$ 35,083,303
2030-31	\$ 468,761,155	\$150,812,257	\$ 317,948,898	\$ 13.2093	\$ 4,199,882	\$ (167,995)	\$ 4,031,887	\$ 39,115,190
2031-32	\$ 488,138,290	\$150,812,257	\$ 337,326,033	\$ 13.2093	\$ 4,455,841	\$ (178,234)	\$ 4,277,607	\$ 43,392,797
2032-33	\$ 508,338,953	\$150,812,257	\$ 357,526,696	\$ 13.2093	\$ 4,722,677	\$ (188,907)	\$ 4,533,770	\$ 47,926,567

Source: ECONorthwest

Table 9 shows the projected revenue sharing for the Area, including the projected impact of the First Amendment and development within the Area since original adoption of the Plan. The revenue sharing is projected to occur in FY 2030-31, one year earlier than projected if the First Amendment was not adopted. Revenue sharing triggers are defined in Section IX.

Table 9 - Projected Revenue Sharing

FY	Total	TIF	
		for URA	Shared
2014-15	\$400,050	\$400,050	\$0
2015-16	\$502,445	\$502,445	\$0
2016-17	\$1,056,238	\$1,056,238	\$0
2017-18	\$1,162,499	\$1,162,499	\$0
2018-19	\$1,298,679	\$1,298,679	\$0
2019-20	\$1,870,137	\$1,870,137	\$0
2020-21	\$2,040,121	\$2,040,121	\$0
2021-22	\$2,226,441	\$2,226,441	\$0
2022-23	\$2,421,614	\$2,421,614	\$0
2023-24	\$2,626,205	\$2,626,205	\$0
2024-25	\$2,840,422	\$2,840,422	\$0
2025-26	\$2,917,536	\$2,917,536	\$0
2026-27	\$3,075,419	\$3,075,419	\$0
2027-28	\$3,304,615	\$3,304,615	\$0
2028-29	\$3,544,697	\$3,544,697	\$0
2029-30	\$3,796,185	\$3,796,185	\$0
2030-31	\$4,031,887	\$3,707,972	\$323,915
2031-32	\$4,277,607	\$3,769,402	\$508,205
2032-33	\$4,533,770	\$720,003	\$3,813,767

Source: ECONorthwest

IX. Impact of the Tax Increment Financing

This section describes the impact of tax increment financing of the Plan, 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. These projections are for impacts estimated through FY 2032-33, and are shown in Tables 10a and 10b, below. Table 11 shows the tax revenues projected to be available to taxing jurisdictions once the Area is terminated. These are estimates only, and the changes in the economy may impact the projections made for the Area.

Note that, in FY 2030-31 the Area's TIF revenue is projected to meet the 10% of initial maximum indebtedness trigger stated in the ORS statutes (10% of \$36,000,000 is \$3,600,000). At that 10% limit, the affected taxing jurisdictions will begin receiving a portion of the TIF revenues (Revenue Sharing). These are estimates, and given the extended period before Revenue Sharing may occur, they cannot be certain. The Agency will notify the Assessor to initiate Revenue Sharing once this threshold is met.

The impacts of the Plan on the Lake Oswego School District (LOSD) and Clackamas Education Service District (CESD) are not easily summarized, as Oregon K-12 school funding is determined under a statewide formula that seeks to equitably allocate funding to each district based primarily on enrollment. The foregone revenues for these education districts shown in Table 10b are more accurately categorized as a reduction in resources for schools statewide. As this reduction is shared with all other school districts statewide, the actual impact to LOSD and CESD funding is significantly less than their amounts summarized in Table 8b.

Statewide, local property tax revenues for K-12 education derived from permanent levy rates are combined with a fixed biennial allocation from the State's General Fund to effectively form a statewide pool of funds for K-12 public schools and education service districts called the State School Fund (SSF). Allocations from the SSF to individual districts are calculated primarily on a per-student basis, with adjustments for certain demographic and socio-economic factors and costs of transportation, among other things. Thus, the impacts of the Plan on LOSD and CESD permanent rate property tax revenues shown in Table 10b would effectively be spread across all K-12 districts statewide. The final impact of the Plan specific to

LOSD and CESD is equal to each district's respective share of SSF revenues, multiplied by the foregone statewide revenues for K-12 education districts.

LOSD's allocation of the SSF is approximately 1.1%. Applying this percentage to the projected impacts summarized in Table 10b, the cumulative impact of the amendment over the life of the Plan is approximately \$3,795 in nominal dollars (unadjusted for inflation). However, when these figures are adjusted for inflation (assuming 3.0% per year), the impact of the amendment on the School District appears negative (-\$875), instead of positive. This is because the Plan amendment would have negative impacts to the School District in early years, but positive impacts in the later years (due to an accelerated timeline for closing down the district). Those positive impacts in the later years appear large in nominal dollars, but when adjusted for inflation they are less significant. Looking at the expected length of the Plan, the average annual impact would be negligible, at -\$46 per year.

The impacts for LOSD described in the previous paragraph are most certain for the upcoming biennium, as state funding for K-12 schools is subject to the state's biennial budgeting process, which includes political as well as practical considerations, and it is possible that future legislative actions could change state funding of the SSF in direct response to the amount of statewide property taxes diverted to urban renewal programs. If only the Second biennial period for the proposed urban renewal plan is used, lost revenues for LOSD as a result of the Plan will be approximately \$863 for the 2015-17 biennial period.

The Lake Oswego School District is presently experiencing impacts of compression on their local option levies. The Lake Oswego School District local option levies are not projected to experience additional losses because of this Plan. As market values increase, compression is less of a concern for all local governments.

New commercial and residential development in the Area will be subject to the construction excise taxes that are collected for the Lake Oswego School District.

Tables 10a and 10b show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. The projections in the Total Impacts column do not exactly match the tax increment projections in Tables 8 and 9 because in the years 2015-2026 there are GO bonds issued prior to 2001 that have an impact on the overall TIF revenue generation, but are an impact on the tax payer not on the taxing jurisdictions. In addition, the tables show that the final year of the Plan brings in additional positive revenues to the taxing jurisdictions.

Table 10a - Projected Impact on Taxing District Permanent Rate Levies – General Government

FY	General Government									
	Clackamas County (City)	County Extension & 4H	County Library	County Soil Cons	City of Lake Oswego (in SD)	Lake Grove Park	Port of Portland	Metro	Vector Control	Subtotal
2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016-17	(\$42,179)	(\$877)	(\$6,972)	(\$877)	(\$87,198)	(\$737)	(\$1,230)	(\$1,694)	(\$114)	(\$141,878)
2017-18	(\$43,760)	(\$910)	(\$7,234)	(\$910)	(\$90,468)	(\$764)	(\$1,276)	(\$1,758)	(\$118)	(\$147,198)
2018-19	(\$45,620)	(\$949)	(\$7,541)	(\$949)	(\$94,312)	(\$797)	(\$1,330)	(\$1,833)	(\$123)	(\$153,454)
2019-20	(\$47,787)	(\$994)	(\$7,899)	(\$994)	(\$98,792)	(\$835)	(\$1,394)	(\$1,921)	(\$129)	(\$160,745)
2020-21	(\$50,057)	(\$1,041)	(\$8,274)	(\$1,041)	(\$103,485)	(\$875)	(\$1,460)	(\$2,012)	(\$135)	(\$168,380)
2021-22	(\$52,435)	(\$1,091)	(\$8,667)	(\$1,091)	(\$108,401)	(\$916)	(\$1,529)	(\$2,106)	(\$142)	(\$176,378)
2022-23	(\$54,926)	(\$1,142)	(\$9,078)	(\$1,142)	(\$113,549)	(\$959)	(\$1,602)	(\$2,207)	(\$148)	(\$184,753)
2023-24	(\$57,534)	(\$1,196)	(\$9,511)	(\$1,196)	(\$118,943)	(\$1,005)	(\$1,678)	(\$2,312)	(\$156)	(\$193,531)
2024-25	(\$60,267)	(\$1,253)	(\$9,962)	(\$1,253)	(\$124,592)	(\$1,053)	(\$1,757)	(\$2,422)	(\$163)	(\$202,722)
2025-26	(\$63,130)	(\$1,313)	(\$10,435)	(\$1,313)	(\$130,511)	(\$1,103)	(\$1,841)	(\$2,537)	(\$171)	(\$212,354)
2026-27	(\$66,128)	(\$1,375)	(\$10,931)	(\$1,375)	(\$136,710)	(\$1,156)	(\$1,928)	(\$2,657)	(\$178)	(\$222,438)
2027-28	(\$69,270)	(\$1,441)	(\$11,450)	(\$1,441)	(\$143,205)	(\$1,210)	(\$2,020)	(\$2,783)	(\$187)	(\$233,007)
2028-29	(\$72,560)	(\$1,509)	(\$11,994)	(\$1,509)	(\$150,006)	(\$1,268)	(\$2,115)	(\$2,915)	(\$196)	(\$244,072)
2029-30	(\$76,007)	(\$1,580)	(\$12,564)	(\$1,580)	(\$157,132)	(\$1,328)	(\$2,216)	(\$3,054)	(\$205)	(\$255,666)
2030-31	(\$20,282)	(\$421)	(\$3,353)	(\$421)	(\$41,929)	(\$355)	(\$592)	(\$815)	(\$55)	(\$68,223)
2031-32	\$9,893	\$206	\$1,635	\$206	\$20,453	\$173	\$288	\$397	\$27	\$33,278
2032-33	\$545,143	\$11,338	\$90,109	\$11,338	\$1,126,995	\$9,524	\$15,895	\$21,904	\$1,474	\$1,833,720
Total	(\$266,906)	(\$5,548)	(\$44,121)	(\$5,548)	(\$551,785)	(\$4,664)	(\$7,785)	(\$10,725)	(\$719)	(\$897,801)

Source: ECONorthwest

Table 10b - Projected Impact on Taxing District Permanent Rate Levies – Education

Education					
FY	ESD Clackamas	PCC	LOSD	Subtotal	Total
2014-15	\$0	\$0	\$0	\$0	\$0
2015-16	\$0	\$0	\$0	\$0	\$0
2016-17	(\$6,468)	(\$4,961)	(\$78,433)	(\$89,862)	(\$231,740)
2017-18	(\$6,711)	(\$5,147)	(\$81,374)	(\$93,232)	(\$240,430)
2018-19	(\$6,996)	(\$5,367)	(\$84,832)	(\$97,195)	(\$250,649)
2019-20	(\$7,328)	(\$5,621)	(\$88,862)	(\$101,811)	(\$262,556)
2020-21	(\$7,676)	(\$5,888)	(\$93,083)	(\$106,647)	(\$275,027)
2021-22	(\$8,041)	(\$6,168)	(\$97,504)	(\$111,713)	(\$288,091)
2022-23	(\$8,423)	(\$6,461)	(\$102,136)	(\$117,020)	(\$301,773)
2023-24	(\$8,823)	(\$6,768)	(\$106,987)	(\$122,578)	(\$316,109)
2024-25	(\$9,242)	(\$7,089)	(\$112,069)	(\$128,400)	(\$331,122)
2025-26	(\$9,681)	(\$7,426)	(\$117,392)	(\$134,499)	(\$346,853)
2026-27	(\$10,142)	(\$7,778)	(\$122,968)	(\$140,888)	(\$363,326)
2027-28	(\$10,623)	(\$8,148)	(\$128,810)	(\$147,581)	(\$380,588)
2028-29	(\$11,127)	(\$8,535)	(\$134,928)	(\$154,590)	(\$398,662)
2029-30	(\$11,656)	(\$8,940)	(\$141,337)	(\$161,933)	(\$417,599)
2030-31	(\$3,110)	(\$2,386)	(\$37,715)	(\$43,211)	(\$111,434)
2031-32	\$1,517	\$1,163	\$18,396	\$21,076	\$54,354
2032-33	\$83,601	\$64,123	\$1,013,713	\$1,161,437	\$2,995,157
Total	(\$40,929)	(\$31,397)	(\$496,321)	(\$568,647)	(\$1,466,448)

Source: ECONorthwest **NOTE: Lake Oswego Schools and the Clackamas Education Service District are not directly impacted, as they are allocated funding through the State School Funding Formula that is based on per pupil counts.**

Table 11 shows the tax revenues projected to be available to taxing jurisdictions once the Area is terminated. These are estimates only, and the changes in the economy may impact the projections made for the Area. The table depicts the taxes from the frozen base of the Area that the taxing jurisdictions receive throughout the life of the Plan, and the taxes estimated from the additional taxes that will be received by the taxing jurisdictions once the Plan is terminated, estimated to be in FY 2033-34. The final column estimates the total amount of taxes estimated for the year that the Plan is expected to be terminated.

Table 11 – Additional Revenues Projected After Termination of Tax Increment Financing

Tax District Name	Tax Rate	Tax Revenue in FY 2033-34 (year after expiration)		
		From Frozen Base	From Excess Value	Total
General Government				
Clackamas County (City)	\$2.4042	\$362,583	\$910,196	\$1,272,779
County Extension & 4H	\$0.0500	\$7,541	\$18,929	\$26,470
County Library	\$0.3974	\$59,933	\$150,450	\$210,383
County Soil Cons	\$0.0500	\$7,541	\$18,929	\$26,470
City of Lake Oswego (in SD)	\$4.9703	\$749,582	\$1,881,685	\$2,631,267
Lake Grove Park	\$0.0420	\$6,334	\$15,901	\$22,235
Port of Portland	\$0.0701	\$10,572	\$26,539	\$37,111
Metro	\$0.0966	\$14,568	\$36,571	\$51,139
Vector Control	\$0.0065	\$980	\$2,461	\$3,441
Total General Government	\$8.0871	\$1,219,634	\$3,061,662	\$4,281,296
Education				
ESD Clackamas	\$0.3687	\$55,604	\$139,585	\$195,189
Portland Community College	\$0.2828	\$42,650	\$107,064	\$149,714
Lake Oswego School District	\$4.4707	\$674,236	\$1,692,544	\$2,366,780
Total Education	\$5.1222	\$772,491	\$1,939,193	\$2,711,684
Total	\$13.2093	\$1,992,124	\$5,000,855	\$6,992,979

Source: ECONorthwest **Note: The school district and ESD revenues will not be new direct revenues, due to State School Funding Formula.**

Table 12 shows the projected impacts of bond rates of taxpayers as a result of this Plan. This impact is due to the spreading of pre-2001 GO Bond rates to taxpayers to equal the amount that would have been raised from properties in the urban renewal area. In other words, properties within the URA have some property tax revenues

diverted from paying GO bonds that go to the urban renewal agency. However, jurisdictions still need to pay 100% of their scheduled debt service payment, so the GO bond tax rate is increased, causing taxpayers to contribute more property tax revenues to offset the loss of tax revenue. For new urban renewal areas, bonds and local option levies issued after 2001 are not impacted by urban renewal.

The last column of Table 11 show what these impacts would be for a property with an assessed value of \$100,000. The impact is minimal, with a projected \$2.54 for the life of the district for a property with a \$100,000 value. This table ends in FY 2025-26 as all bonds issued prior to 2001 should be paid off at that time.

Table 12 – Projected Impact on Bonds

FY	GO bond tax rate			Property Tax Paid per \$100,000 AV		
	without amendment	with amendment	impact of amendment	without amendment	with amendment	impact of amendment
2014-15	1.36	1.36	0.0000	\$135.71	\$135.71	\$0.00
2015-16	1.28	1.28	0.0000	\$128.02	\$128.02	\$0.00
2016-17	1.27	1.28	0.0030	\$127.48	\$127.78	\$0.30
2017-18	1.21	1.21	0.0029	\$120.91	\$121.20	\$0.29
2018-19	1.09	1.09	0.0029	\$108.70	\$108.99	\$0.29
2019-20	1.01	1.01	0.0027	\$101.16	\$101.43	\$0.27
2020-21	0.95	0.96	0.0025	\$95.38	\$95.63	\$0.25
2021-22	0.96	0.96	0.0026	\$95.57	\$95.83	\$0.26
2022-23	0.96	0.96	0.0026	\$95.74	\$96.00	\$0.26
2023-24	0.96	0.96	0.0027	\$95.97	\$96.24	\$0.27
2024-25	0.96	0.96	0.0027	\$96.13	\$96.40	\$0.27
2025-26	0.28	0.28	0.0008	\$28.17	\$28.25	\$0.08
2026-27	0.00	0.00	0.0000	\$0.00	\$0.00	\$0.00
Total				\$1,228.94	\$1,231.48	\$2.54

Source: ECONorthwest

X. Compliance With Statutory Limits on Assessed Value and Size of Urban Renewal Area

In cities with a population under 50,000, ORS 457.420 limits the amount of acreage and assessed value in an urban renewal area to 25% of the total acreage in the city and 25% of the assessed value, exclusive of urban renewal excess value. The changes from this amendment still allow the city of Lake Oswego to be in conformance with these requirements. There will be 3.47% of the assessed value in urban renewal, and 4.58% of the total acreage in urban renewal.

Table 13 – Existing Urban Renewal Areas

Urban Renewal Areas	Frozen Base Assessed Value	Acres
East End Redevelopment Area	\$52,081,513	156.0
Lake Grove Village Center Area	\$150,812,257	172.4
Total	\$202,893,770	328.4
City of Lake Oswego*	\$5,853,951,556	7,168
% of Total	3.47%	4.58%

Source: City of Lake Oswego *minus excess value of urban renewal

XI. Relocation report

There is no relocation anticipated due to this Plan. If any property acquisition under the Plan occurs requiring relocation of the occupants of the acquired property, LORA will follow applicable state and federal regulations to relocate such occupants.