



# **Lake Oswego Redevelopment Agency**

*The URBAN RENEWAL AGENCY of the City of Lake Oswego, Oregon*

## **Annual Report**

**for the fiscal year ended June 30, 2011**

*Includes the fiscal impact report*

*Date filed: January 31, 2012*



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## Executive Summary

The Annual Report for the Lake Oswego Redevelopment Agency (LORA) presents a recap of the Agency's work program accomplishments and financial condition for the fiscal year ending June 30, 2011. It also includes a summary of the work program and budget for Fiscal Year 2011-2012.

Each year, urban renewal agencies must also report to the governing body and the general public on the financial impact of carrying out the urban renewal plan on the tax collections for each of the overlapping governmental units within the agency's urban renewal districts. The Annual Report provides for these reporting requirements in accordance with Oregon Revised Statutes 457.460, which can be found at <http://www.leg.state.or.us/ors/457.html>. For Lake Oswego, there is only one urban renewal plan, the East End Redevelopment Plan, which is in place for the East End Redevelopment District.

Fiscal year 2010-2011 was a year of accomplishment and transition for LORA. The following is a summary of the work that was done by the Agency, the year's financial highlights, and other information relevant to the Agency.

### East End Redevelopment Plan Accomplishments

Several East End Redevelopment Plan projects were built and/or designed in Fiscal Year 2010-2011. Projects completed this past year were:

- **Millennium Plaza Park (Phase IV) – Project B**
- **Sundeleaf Plaza (Oswego Lakefront) – Project P**

Projects that were in design and development included:

- **Second Street Improvements – Project C**
- **North Shore Road and State Street Intersection Improvements (Public Improvements and Beautification) – Project V**
- **First Street North Anchor – Project H**

Other accomplishments included:

- Signing a development agreement with the owner of the Lake Twin Theatre to improve the north façade of the Theatre building, integrate the Theatre with the new Sundeleaf Plaza and improve the overall venue for viewing movies and enjoying other types of performances and entertainment;
- The funding and administering of five façade grants for storefront improvements;
- Completing the Downtown Parking Study, which evaluates downtown parking policies, regulations, operations and management, and makes recommendations to improve parking and minimize impediments to redevelopment in the downtown.

### Financial Highlights

The following are financial highlights for fiscal year ended June 30, 2011:

<u>Description</u>	<u>Amount</u>	<u>Dollar change from prior year</u>	<u>Percent change from prior year</u>
Property tax revenue	\$3,193,936	\$32,891	1.0%
Capital and program investment	3,858,205	512,973	15.3%
Outstanding debt	13,275,000	(1,070,000)	7.5%
Fund balance – end of year	5,127,049	(1,880,769)	(26.8%)
Remaining maximum indebtedness	59,041,716	(3,858,205)	(6.1%)
Taxable assessed value in District	237,319,994	5,296,787	2.3%

The rate of increase in the District's taxable assessed value (TAV) was lower than in prior years due to realized reductions to real market value of properties within the District and the minimal redevelopment that occurred, which could be attributable to the overall poor economy. This is similar to lower rates of increase in TAV for other taxing districts in the Metro area including the City of Lake Oswego and Clackamas County. Looking ahead, the Agency anticipates that the current economic conditions affecting TAV will continue for the short term. In the long term, redevelopment activities in the District are projected to increase the rate of TAV growth.

The Agency performed considerable financial analysis this past year, including financial projections through fiscal year 2036. The analysis indicated that while the East End Redevelopment Plan allows borrowing up to the year 2029, the Plan could potentially be fully funded by 2020. This means that the Agency, given reasonable financial projections and program implementation assumptions, could invest its remaining maximum indebtedness of \$59 million by that time. Consequently, the Agency could issue and repay all debt associated with completing the East End Plan by 2029, allowing all tax increment from that point forward to be returned to the overlapping taxing districts.

The financial forecasts reflecting the least interest cost to LORA and shortest duration to repay the maximum indebtedness included utilization of the City's full faith and credit. Based on consultation with the City's financial advisor and bond counsel, the City Council, subsequent to June 30, 2011, authorized the use of the City's full faith and credit for the Agency's most recent debt issues. This resulted in the City recently issuing an \$11 million refunding and new money debt issue and securing a \$10 million line of credit for LORA projects. The City's debt obligation will be repaid with LORA property tax revenue.

### East End Redevelopment Plan Amendments

Also subsequent to June 30, 2011, the City Council approved amendments 14 and 15 to the Plan; Amendment 14 updated the description of the Transit Center/Streetcar Service and First Street North Anchor projects and identified additional potential property acquisitions for the First Street North Anchor project, and Amendment 15 included edits to the Plan for clarity and to reflect completed projects and new project descriptions for the Transit Center/Streetcar Service project and the First Street North Anchor project.

### LORA Staffing Changes

After many years of successfully completing East End Plan projects and overseeing the positive transformation of downtown due to these projects, the Agency's longtime Redevelopment Director, Bob Galante, retired in September 2010. With the Redevelopment Agency being part of the City's new Economic and Capital Development Department, the Executive Director took the opportunity of Mr. Galante's retirement to realign staff assignments for the Department and the Agency. Instead of having one Redevelopment Director and Assistant, the Agency is now staffed by 50% of the Department's four positions: the Department Director, the Economic Development Manager, a new Development Project Manager (reclassified from the Redevelopment Director), and Administrative Assistant. This realignment provides the Agency with a broad set of skills and experience, and a team-oriented approach to delivering projects and programs.

### Fiscal Year 2011-2012 Projects and Programs

In Fiscal Year 2011-2012, the Agency continues to actively implement the East End Redevelopment Plan. The following projects and activities are funded in the adopted 2011-2012 budget:

- **First Street North Anchor – Project H**  
Property acquisition and continued planning for a mixed-use development north of B Avenue at First Street, including a possible new library, public parking, retail and housing.
- **North Shore Gateway (Public Improvements and Beautification) – Project V**  
Construct pedestrian, safety and aesthetic improvements along the west side of the intersection.
- **Second Street Improvements – Project C**  
Finalize design and construct an improvement project including new street lights, street trees, sidewalks and access ramps, roadway surface, and possible storm water treatment facilities.
- **Transit Center/Streetcar Service – Project D**  
Continue to plan for the Lake Oswego to Portland Transit Project, including developing a refinement plan for the Streetcar option.
- **Façade Grants – Project W**  
Administer funding of the Lake Twin Theatre façade improvements (per an approved development agreement) and other requested downtown façade improvements.
- **Downtown Parking Study**  
Develop and adopt necessary Code amendments based on policy recommendations from the Downtown Parking Study.

## Completed Projects

Two significant projects were completed in Fiscal Year 2010-2011.

### *Millennium Plaza Park (Phase IV) – Project B*

The fourth and final phase of Millennium Plaza Park was completed in Fiscal Year 2010-2011. This project extended the plaza south toward Lakewood Bay, allowing for additional space to host various public events, including an expanded Farmer’s Market. It also included a Bosque with Mt. Fuji cherry trees, original Simon Toparovsky sculptures, and an access ramp to the lower Millennium Plaza. LORA’s total investment in the Plaza for all four phases is \$7.7 million. The final phase cost \$2.4 million and was opened to the public in the spring of 2010.

### *Sundeleaf Plaza (Oswego Lakefront) – Project P*

Sundeleaf Plaza was the second project completed in Fiscal Year 2010-2011. Completed in the summer of 2011, this newest city park was named after renowned architect Richard Sundeleaf, who designed several Lake Oswego homes and business in the downtown core. The park features a remarkable view of Lakewood Bay, outdoor seating, a fireplace, pergola with restrooms, and a rain garden. Outdoor dining opportunities will be available at the newly remodeled adjacent Lake Twin Theater in 2012. The total project cost was \$5.5 million including \$2.2 million for land acquisition.

## Active Projects and Programs

### *First Street North Anchor – Project H*

The Agency is planning a mixed-use project on the north side of B Avenue at First Street. Preliminary plan concepts include a new 60,000 square-foot public library, public parking, retail and housing uses. The project will feature a library facility that better meets current and future community needs and will contribute to the vitality and economic activity in the downtown core. LORA is working to assemble properties for the North Anchor project site. A citizen task force will assist with development of a refined program, project costs and funding plan for LORA Board and City Council consideration in 2012.



**Preliminary Concept October 2011**

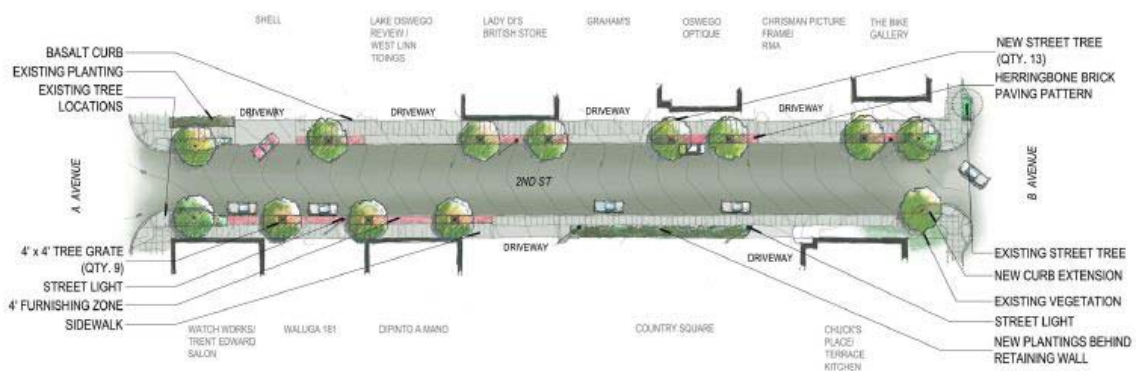
**North Shore Gateway (Public Improvements and Beautification) – Project V**

This project includes pedestrian and landscape improvements along the west side of State Street at its intersection with North Shore Road. The enhancements will slow traffic turning from southbound State Street onto North Shore Road and improve access and safety for pedestrians, including a shorter crosswalk and new accessible ramps on the west side of the intersection and a new sidewalk along the south side of North Shore Road. The project also includes new pedestrian signals, a Lakewood Neighborhood sign, and a bench. The project was completed in November of this fiscal year.



**Second Street Improvements – Project C**

New sidewalks, street-lights, street-trees and landscaping are currently being designed to improve pedestrian safety, activate the block and connect Second Street with downtown. The design phase is scheduled to be completed in late fall and construction is anticipated in 2012.





### *Transit Center/Streetcar Service – Project D*

This project was redefined in 2011 to reflect the new plan for a future streetcar and transit center to be located along the east side of State Street. Planning for the streetcar and transit center in Fiscal Year 2011-2012 included incorporating the design into the Foothills Framework Plan and developing a Refinement Study that narrowed the alignment options for the entire length of the line between Portland and Lake Oswego, and refined project costs, financing options and operations of the streetcar. The Study was finalized in January 2012. Also in January 2012, the Lake Oswego City Council voted to suspend further work on the streetcar project for an unspecified period of time.

### *Lake Twin Theatre – Project W*

The Redevelopment Agency entered into an agreement with Oswego Investors, owner of the Lake Twin Theatre, which will result in improvements to the Theatre building to both complement and activate the City's newest park, Sundeleaf Plaza. The project will provide for a quality theatre and entertainment venue for downtown Lake Oswego while improving the newly visible north facade of the theater building with windows and other aesthetic improvements.



**Facade Grant Program – Project W**

Facade grants provide assistance to businesses and property owners within the downtown urban renewal district to improve the appearance of downtown, maximize business exposure and help assure the livability and economic vitality of the area, in conformance with the Urban Design Plan and the Design Guidelines adopted by LORA.



**2010 Grant Recipient *World Class Wines***

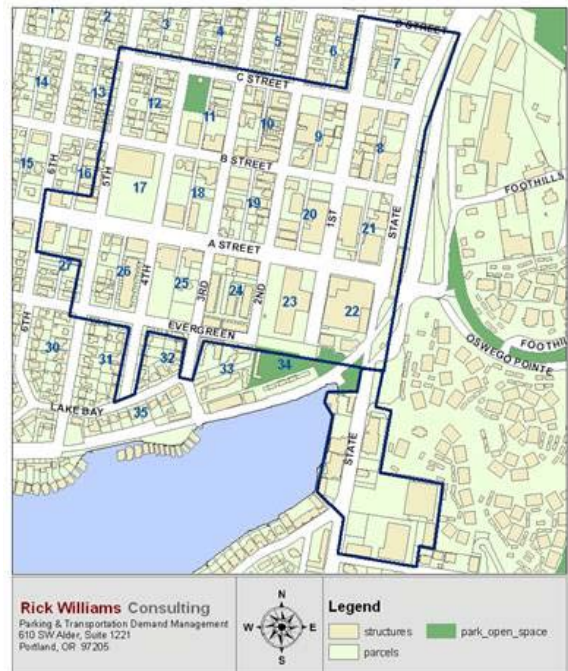


**2010 Grant Recipient *Accessories from the Heart***

**Downtown Parking Study**

In response to community concerns about potential development constraints and a perceived lack of parking, LORA completed an analysis of the downtown parking supply, usage, and code requirements. The study determined that changes to the code, along with the incorporation of parking management best practices, could alleviate many downtown parking challenges.

The Agency is working with the Planning Department to address current issues and plan for future needs. Initial implementation of study recommendations includes development of revised code provisions to allow shared use agreements and ensure efficient parking allowances for future development.



## Financial Information

The financial information included below reports the activities of Lake Oswego's Urban Renewal Agency for the fiscal year ended June 30, 2011 and budgeted activity for the fiscal year ending June 30, 2012. In accordance with ORS 457.460 (1), the financial schedules were prepared using the same basis of accounting used to prepare the Agency's financial statements -- modified accrual basis of accounting. The detailed budget – actual schedules for the fiscal year ended June 30, 2011 by fund are provided in the Appendix. Additionally, complete copies of the Agency's financial statements are available online at <http://www.ci.oswego.or.us/finance/lora.htm>.

### Actual Revenue, Expenditures and Changes in Fund Balance for fiscal year ended June 30, 2011

	Capital Projects Fund	Debt Service Fund	FY 2010-11 Total	FY 2009-10 Total
<b>Revenue</b>				
Property taxes	\$ -	\$ 3,193,936	\$ 3,193,936	\$ 3,161,045
Investment income	-	40,403	40,403	16,863
Miscellaneous	65,507	-	65,507	81,787
Total revenue	65,507	3,234,339	3,299,846	3,259,695
<b>Expenditures</b>				
Materials and services	1,133,284	-	1,133,284	708,660
Capital outlay	2,724,921	-	2,724,921	2,636,572
<b>Debt service</b>				
Principal	-	1,070,000	1,070,000	1,015,000
Interest	-	252,410	252,410	288,333
Total expenditures	3,858,205	1,322,410	5,180,615	4,648,565
Revenues over (under) expendit	(3,792,698)	1,911,929	(1,880,769)	(1,388,870)
<b>Other financing sources (uses)</b>				
Transfers in (out)	1,959,721	(1,959,721)	-	-
Net change in fund balance	(1,832,977)	(47,792)	(1,880,769)	(1,388,870)
Beginning fund balance	5,856,093	1,151,725	7,007,818	8,396,688
Ending fund balance	\$ 4,023,116	\$ 1,103,933	\$ 5,127,049	\$ 7,007,818

## Schedule of Capital Outlay Expenditures for fiscal year ended June 30, 2011

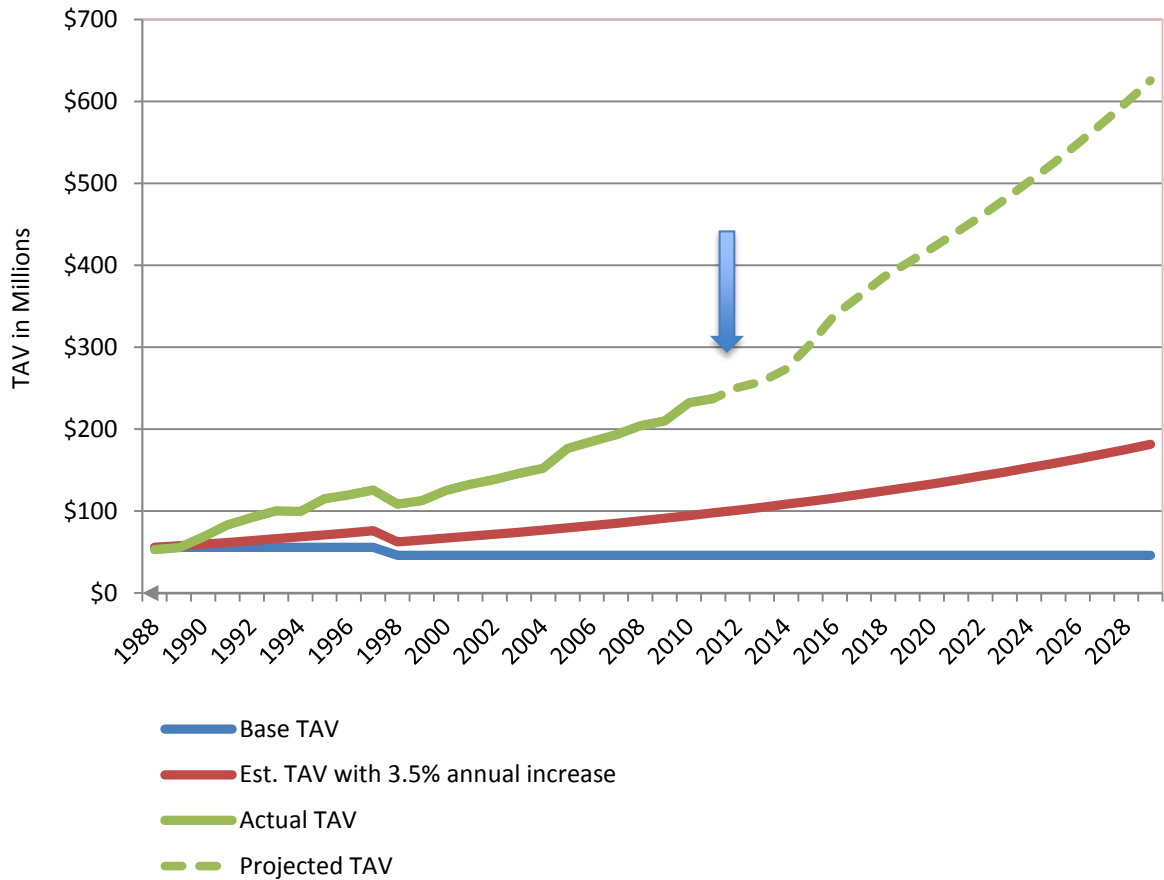
<b>East End Plan Project</b>	Actual 2010-11
Millennium Plaza Park (Phase IV) - Project B	\$ 117,049
Sundeleaf Plaza (Oswego Lakefront) - Project P	2,513,577
North Shore Gateway - Project V	57,625
Second Street Improvements - Project C	36,670
<b>Total Capital Outlay</b>	<b>\$ 2,724,921</b>

## Adopted Budget Revenue, Expenditures and Changes in Fund Balance for fiscal year ending June 30, 2012

	Capital Projects Fund	Debt Service Fund	Total
<b>Revenue</b>			
Property taxes	\$ -	\$ 3,215,000	\$ 3,215,000
Investment income	100,000	58,000	158,000
Miscellaneous	-	-	-
Total revenue	100,000	3,273,000	3,373,000
<b>Expenditures</b>			
Materials and services	1,451,000	-	1,451,000
Capital outlay	3,883,000	-	3,883,000
<b>Debt service</b>			
Principal	-	1,230,000	1,230,000
Interest	-	622,000	622,000
Contingency	1,136,000	-	1,136,000
Total expenditures	6,470,000	1,852,000	8,322,000
Revenues over (under) expenditures	(6,370,000)	1,421,000	(4,949,000)
<b>Other financing sources (uses)</b>			
Transfers in (out)	2,100,000	(2,100,000)	-
Net change in fund balance	(4,270,000)	(679,000)	(4,949,000)
Beginning fund balance	4,292,094	680,725	4,972,819
Ending fund balance	\$ 22,094	\$ 1,725	\$ 23,819

## Taxable Assessed Value – Actual and Projected

The projected taxable assessed value of property within the East End Redevelopment District is projected to increase from approximately \$55.5 million in 1988 to more than \$625 million in 2029, when LORA could potentially close out the District. If not for redevelopment, the estimated TAV, assuming an annual increase of 3.5%, would total approximately \$181 million, a difference of approximately \$444 million, or 245% (see Appendix – Schedule of Taxable Assessed Value).



## Incremental Property Taxes - Actual and Projected

Effective with the passage of Measure 50 in 1997, incremental property taxes for the permanent rates of overlapping taxing jurisdictions were allocated directly to the urban renewal agency. Since Measure 50, the total incremental property tax revenue for the East End Redevelopment District is \$29.2 million. During the estimated life of the East End Redevelopment District (through fiscal year ending June 30, 2029), the total incremental tax revenue is estimated to be \$135.6 million (see Appendix – Schedule of Incremental Property Taxes).

If not for the redevelopment of properties, the incremental property taxes for the East End District since Measure 50 would have been \$7.6 million, assuming 3.5% annual increase in TAV since 1998. Using this same assumption in projecting forward, the total incremental tax revenue with little or no development in the District is estimated to be \$33.0 million through fiscal year ending June 30, 2029.

The City of Lake Oswego property taxes allocated to the East End District through fiscal year ended June 30, 2011 total approximately \$8.5 million. This is 3.58% of the City's total general levy. Through 2029, the estimated incremental taxes by the City will total approximately \$42.9 million. Without redevelopment in the District (again, assuming 3.5% annual TAV growth), the City's property taxes allocated to the District through 2011 is estimated to be \$2.3 million and through 2029, is estimated to be \$10.5 million (see Appendix – Schedule of Incremental Property Taxes for Lake Oswego Only).

Upon closing out of the District, incremental property taxes will be apportioned back to the overlapping taxing jurisdictions. Assuming the District closes in 2029, the taxing jurisdictions are estimated to begin receiving taxes created by property values within the District in an amount that is 245% greater than without redevelopment. Based on this, the taxing jurisdictions are projected to recover their foregone incremental taxes (in inflation-adjusted dollars) by 2036, which is only seven years after the close of the District.

## Division of Taxes Schedule

The following schedules provide the division of taxes detail for LORA as required by ORS 457.460.

### Fiscal year ended June 30, 2011

Taxing District	Permanent Rate	Local Option	Bonds Outside	Total	Division of Taxes	Truncation Loss	Actual Allocation to LORA	Division of Taxes % of Total Levy	Shared TAV (thousands)
Clackamas County	2.4042	-	-	2.4042	460,375	296	460,079	3.59%	5,324,984
Clackamas County Public Safety	-	0.2480	-	0.2480	47,489	97	47,392	3.59%	5,324,984
County Extension & 4-H	0.0500	-	-	0.0500	9,574	522	9,052	3.40%	5,324,984
County Library	0.3974	-	-	0.3974	76,097	482	75,615	3.57%	5,324,984
County Soils	0.0400	-	-	0.0400	7,660	205	7,455	3.50%	5,324,984
City of Lake Oswego	4.9703	-	-	4.9703	951,752	308	951,444	3.58%	5,348,196
City of Lake Oswego Bond	-	-	0.6101	0.6101	116,827	92	116,735	3.57%	5,354,809
ESD Clackamas	0.3687	-	-	0.3687	70,602	5	70,597	3.58%	5,348,201
Community College Portland	0.2828	-	-	0.2828	54,153	488	53,665	3.39%	5,590,100
Community College Portland	-	-	0.1800	0.1800	34,468	368	34,100	3.39%	5,590,100
Community College Portland	-	-	0.1731	0.1731	33,147	165	32,982	3.41%	5,590,100
Port of Portland	0.0701	-	-	0.0701	13,423	418	13,005	3.28%	5,654,433
Road 3 - LO	-	-	-	-	-	-	-	0.00%	5,324,984
Sch 7 - LO	4.4707	-	-	4.4707	856,085	373	855,712	3.58%	5,348,196
Sch 7 - LO Local Option	-	1.3900	-	1.3900	266,168	363	265,805	3.58%	5,348,196
Sch 7 - LO Bond	-	-	1.0391	1.0391	198,975	22	198,953	3.58%	5,348,196
Srv 2 Metro	0.0966	-	-	0.0966	18,498	404	18,094	3.31%	5,654,433
Srv 2 Metro Bond	-	-	0.1533	0.1533	29,355	517	28,838	3.33%	5,654,433
Srv 2 Metro Bond 2006 2009	-	-	0.1589	0.1589	30,427	459	29,968	3.34%	5,654,433
Trimet	-	-	0.0878	0.0878	16,813	415	16,398	3.30%	5,654,433
Vector Control	0.0065	-	-	0.0065	1,245	180	1,065	3.08%	5,324,984
Vector Control Local Opt 2005	-	0.0250	-	0.0250	4,787	527	4,260	3.20%	5,324,984
<b>Totals</b>	<b>13.1573</b>	<b>1.6630</b>	<b>2.4023</b>	<b>17.2226</b>	<b>3,297,920</b>	<b>6,706</b>	<b>3,291,214</b>		

## Appendix

### ***The Urban Renewal Concept***

Urban renewal is a locally managed program, authorized by ORS 457, to improve specific areas that meet the ORS definition of “blight.” Blight includes conditions such as underutilization of property, substandard infrastructure, and deteriorating buildings. Tax increment financing is used in urban renewal areas to improve blighted conditions and stimulate private investment by funding planned projects such as land assembly and development of infrastructure and public amenities (e.g., streets, utility lines, lighting, public open spaces, building improvements, and parks).

### ***How Tax Increment Financing Works***

The major source of funding for urban renewal projects is tax increment financing. Tax increment is the growth in property tax revenue within an urban renewal area. When an urban renewal area is formed, the assessed value within the boundaries of the area is frozen. Taxing jurisdictions continue to collect property tax on that frozen value. Property taxes on growth in assessed value over the frozen base are directed to urban renewal purposes, typically through the issuance of bonds backed by tax increment. Taxpayers pay the same amount of property taxes as they would with or without urban renewal in place.

### ***History of Tax Increment Financing***

During the 1990’s, three Ballot Measures -- Measure 5, Measure 47, and Measure 50 -- made significant changes to Oregon’s system of property taxation. Those changes have influenced urban renewal programs and tax increment revenue calculations. The provisions of the most recent of these changes to the property tax system, Ballot Measure 50, now are incorporated into Oregon’s Constitution, and into Oregon Urban Renewal Statutes. Those provisions provide the basic framework for revenue calculations in this report.

Additionally, the 2007 and 2009 Oregon State legislative sessions resulted in significant changes to urban renewal agencies ability to make significant changes to their Plans without coordination and approval of overlapping taxing jurisdictions, or face significant limitations.

### ***Ballot Measure 50’s Influence on Tax Increment Financing***

Under Ballot Measure 50 provisions, urban renewal plans adopted before December 6, 1996 were eligible to employ a different method of calculating their annual maximum tax increment revenues than plans adopted after that date. Urban renewal agencies can receive property taxes in two ways.

First, they are entitled to the amount of property taxes levied on the increase in property values (taxable assessed values) within the urban renewal area after the urban renewal plan for the area was adopted. This process is called the “division-of-taxes” method. Second, for urban renewal plans that were adopted prior to December 6, 1996, urban renewal agencies may receive funds from a Special Urban Renewal Levy on property within the city. Agencies that qualified for this grandfather status needed to have Council action to approve the choice of a tax collection option, and insert into their renewal plans an amount of maximum indebtedness.



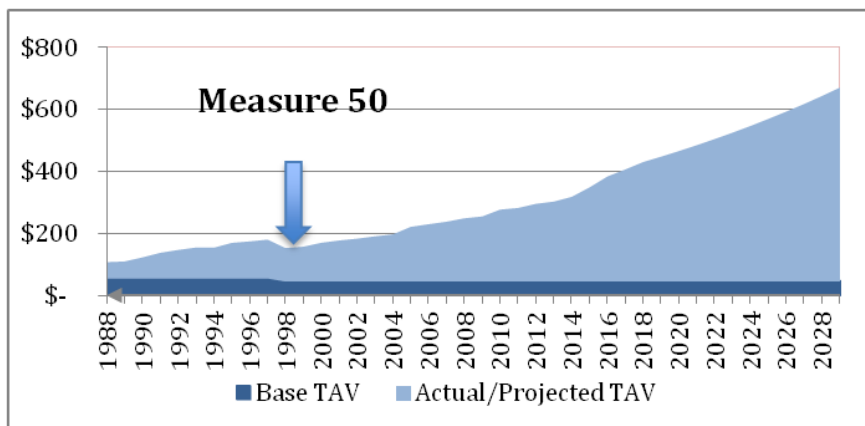
In 1986, the City of Lake Oswego City Council adopted ordinance 1942, which adopted the original Plan for the East End Urban Renewal District. Subsequently the City adopted ordinance 2387 on May 18, 2004, amending the 1986 Plan and establishing the maximum indebtedness of the Plan in the amount of \$93,980,000. There have been a total of fifteen amendments to the 2004 Plan through September 30, 2011.

**Tax Increment Calculations**

To determine the amount of the taxes levied, the total assessed value within each urban renewal area is segregated by the County Assessor into two parts: (a) the total taxable assessed value in the district at the time the Urban Renewal Plan was adopted (the base or “frozen” value), and (b) the difference between the frozen base value and the current total assessed value (the incremental value or “excess”).

Revenues derived from the application of the tax rate for each affected taxing district to the amount of the incremental value may be collected by the urban renewal agency and deposited in its debt service fund. This revenue is used to repay indebtedness incurred in carrying out the projects.

A schedule of the total taxable assessed value, the “frozen base”, and the net tax incremental value for the East End Urban Renewal District is provided below. The schedule dates back to fiscal year 1988. In 1998 assessed values and the frozen base were both adjusted as a result of the “Cut and Cap” requirements of Ballot Measure 50, that cut taxable assessed value (TAV) of property and capped the annual increase in TAV to three percent (3%).



Property taxes resulting from difference between Actual TAV and Base TAV are allocated to LORA. When the district closes property taxes are reallocated to the other districts.

**Lake Oswego’s East End Urban Redevelopment Plan**

The East End Redevelopment Plan was prepared by the Lake Oswego Redevelopment Agency – the urban renewal agency of the City of Lake Oswego – pursuant to Oregon Revised Statutes (ORS) Chapter 457, the Oregon Constitution, and all applicable laws and ordinances. The City’s East End Urban Renewal District consists of approximately 158 acres, all within the Lake Oswego city limits. In general, the District includes Lake Oswego’s downtown commercial core and a portion of the Foothills area between Highway 43 and the Willamette River. The downtown core is primarily zoned East End Commercial (EC) and the area between the river and Highway 43 is zoned R-0/EC. The entire area includes 548 real property tax lots as of June 30, 2010.

### ***Schedule of Maximum Indebtedness***

The East End Redevelopment District has a maximum indebtedness of \$93.98 million. As of 2011, \$59.04 million of maximum indebtedness remains for completing projects within the District.

Fiscal Year Ended	Totals		Administrative Costs		Project Costs		Debt from Original Plan	
	Costs	Balance	Costs	Balance	Costs	Balance	Costs	Balance
		93,980,000		15,366,000		58,014,000		20,600,000
	20,600,000	73,380,000		15,366,000	-	58,014,000	20,600,000	-
2004	376,654	73,003,346	376,654	14,989,346	-	58,014,000	-	-
2005	963,808	72,039,538	643,191	14,346,155	320,617	57,693,383	-	-
2006	1,993,069	70,046,469	446,191	13,899,964	1,546,878	56,146,505	-	-
2007	1,134,089	68,912,380	495,878	13,404,086	638,211	55,508,294	-	-
2008	1,720,270	67,192,110	433,855	12,970,231	1,286,415	54,221,879	-	-
2009	953,773	66,238,337	459,977	12,510,254	493,796	53,728,083	-	-
2010	3,338,416	62,899,921	701,844	11,808,410	2,636,572	51,091,511	-	-
2011	3,858,205	59,041,716	1,133,284	10,675,126	2,724,921	48,366,590	-	-
2012	-	59,041,716		10,675,126		48,366,590	-	-
2013	-	59,041,716		10,675,126		48,366,590	-	-
2014	-	59,041,716		10,675,126		48,366,590	-	-
2015	-	59,041,716		10,675,126		48,366,590	-	-
2016	-	59,041,716		10,675,126		48,366,590	-	-
2017	-	59,041,716		10,675,126		48,366,590	-	-

## Remaining East End District Project Priorities and Cost Projections

The list of remaining East End projects that are planned to be done was updated in 2011 to reflect general priorities and more current cost projections. Given escalation costs and changes to project definitions, the total estimated cost projection for all remaining projects is \$106.4 million, which is \$47.4 million more than the available maximum indebtedness for the District.

	2004 Plan Project Cost Projection ( '03 cost escalated to '11 dollars) <sup>1</sup>	Updated Project Cost Estimates (2011 dollars) <sup>2</sup>	Project Cost Projections (nominal dollars) <sup>1</sup>
<b>High Priority Projects</b> (Year of Expenditure based on current project funding schedule)			
C Street Improvements (2nd and 3rd streets)	1,520,000	700,000	700,000
D Transit Center/Streetcar Service	1,773,000	6,100,000	7,000,000
E B Avenue (State St to 2nd St)	2,787,000	900,000	1,000,000
H First Street North Anchor	2,534,000	24,400,000	26,000,000
J & T Block 137 (Wizer site) & Hotel	4,180,000	5,500,000	6,000,000
V Public Improvements & Beautification (North Shore Rd)	1,140,000	200,000	200,000
W Façade Grants (thru 2020)	380,000	1,100,000	1,200,000
<b>Subtotal</b>	<b>14,314,000</b>	<b>38,900,000</b>	<b>42,100,000</b>
<b>Medium Priority Projects</b> (Assume a Year of Expenditure of 2020)			
C Street Improvements (4th Street)	-	1,000,000	1,300,000
F A Avenue extension (4th St to 6th St)	1,393,000	900,000	1,100,000
I Blocks 48 and 49 (1st St revitalization)	3,800,000	3,800,000	4,800,000
K Block 45 (Safeway site)	5,067,000	5,100,000	6,400,000
N Willamette Steps (B Ave east of State St)	1,520,000	1,300,000	1,700,000
P Oswego Lakefront (Sundeleaf Plaza phase 2)	6,967,000	7,500,000	9,500,000
S East of State Street (between A Ave and B Ave)	1,900,000	1,900,000	2,400,000
<b>Subtotal</b>	<b>20,647,000</b>	<b>21,500,000</b>	<b>27,200,000</b>
<b>Lower Priority Projects</b> (Assume a Year of Expenditure of 2025)			
C Street Improvements (3rd Street)	-	700,000	1,100,000
E B Avenue (2nd St to 5th St)	2,787,000	1,800,000	2,600,000
G State Street pedestrian/bikeway	1,013,000	1,000,000	1,500,000
M Block 46 (3rd St and A Ave)	1,520,000	1,500,000	2,200,000
O Civic Center	760,000	800,000	1,100,000
Q West of State Street (between C Ave and E Ave)	3,547,000	3,500,000	5,200,000
R West of State Street (between B Ave and C Ave)	4,624,000	4,600,000	6,800,000
U Evergreen Housing Redevelopment Site	1,900,000	1,900,000	2,800,000
V Public Improvements & Beautification	1,140,000	1,100,000	1,700,000
<b>Subtotal</b>	<b>17,291,000</b>	<b>16,900,000</b>	<b>25,000,000</b>
<b>Total Amended Plan Projects</b>	<b>52,252,000</b>	<b>77,300,000</b>	<b>94,300,000</b>
<b>Total Cost Estimate for Remaining Projects</b>			<b>\$94,300,000</b>
<b>Estimated Annual Administrative Costs (thru 2025)</b>			<b>\$12,100,000</b>
<b>Total LORA Costs</b>			<b>\$106,400,000</b>
<b>Remaining Maximum Indebtedness</b>			<b>\$59,000,000</b>
<b>Balance to Complete Remaining Projects</b>			<b>-\$47,400,000</b>

<sup>1</sup> Escalation based on 3% per year

<sup>2</sup> Estimates based on either:

- Original 2004 estimates escalated at 3% per year to Year of Expenditure

- Revised 2011 estimates based on new information escalated at 3% per year to Year of Expenditure

## Schedule of Taxable Assessed Value

Below are the annual total taxable assessed values for all properties in the East End District based on two scenarios: 1) assuming little or no development, which is represented by 3.5% annual increases in TAV, and 2) actual and projected TAVs based on actual development and projected development in the District.

Taxable Assessed Value					
FYE	Base TAV	3.5% Annual Increase	Actual/Projected TAV	Incremental TAV 3.5% Increase	Incremental TAV Actual/Projected
1988	\$ 55,664,920	\$ 55,664,920	\$ 53,047,570	\$ -	\$ (2,617,350)
1989	55,664,920	57,613,192	55,122,330	1,948,272	(542,590)
1990	55,664,920	59,629,654	68,310,640	3,964,734	12,645,720
1991	55,664,920	61,716,692	83,051,710	6,051,772	27,386,790
1992	55,664,920	63,876,776	92,210,600	8,211,856	36,545,680
1993	55,664,920	66,112,463	100,095,200	10,447,543	44,430,280
1994	55,664,920	68,426,399	99,432,810	12,761,479	43,767,890
1995	55,664,920	70,821,323	115,058,870	15,156,403	59,393,950
1996	55,664,920	73,300,069	119,749,890	17,635,149	64,084,970
1997	55,664,920	75,865,571	125,562,090	20,200,651	69,897,170
1998	45,832,170	62,464,542	108,469,470	16,632,372	62,637,300
1999	45,832,170	64,650,801	112,740,140	18,818,631	66,907,970
2000	45,832,170	66,913,579	125,054,950	21,081,409	79,222,780
2001	45,832,170	69,255,554	132,571,477	23,423,384	86,739,307
2002	45,832,170	71,679,498	138,512,938	25,847,328	92,680,768
2003	45,832,170	74,188,280	145,873,865	28,356,110	100,041,695
2004	45,832,170	76,784,870	152,147,725	30,952,700	106,315,555
2005	45,832,170	79,472,340	176,480,318	33,640,170	130,648,148
2006	45,832,170	82,253,872	185,091,952	36,421,702	139,259,782
2007	45,832,170	85,132,758	193,092,374	39,300,588	147,260,204
2008	45,832,170	88,112,405	204,179,050	42,280,235	158,346,880
2009	45,832,170	91,196,339	209,989,856	45,364,169	164,157,686
2010	45,832,170	94,388,211	232,023,207	48,556,041	186,191,037
2011	45,832,170	97,691,798	237,319,994	51,859,628	191,487,824
2012	45,832,170	101,111,011	250,696,731	55,278,841	204,864,561
2013	45,832,170	104,649,896	257,997,268	58,817,726	212,165,098
2014	45,832,170	108,312,642	273,332,929	62,480,472	227,500,759
2015	45,832,170	112,103,584	303,715,738	66,271,414	257,883,568
2016	45,832,170	116,027,209	339,015,246	70,195,039	293,183,076
2017	45,832,170	120,088,161	361,804,436	74,255,991	315,972,266
2018	45,832,170	124,291,247	385,388,093	78,459,077	339,555,923
2019	45,832,170	128,641,441	402,730,556	82,809,271	356,898,386
2020	45,832,170	133,143,891	420,853,432	87,311,721	375,021,262
2021	45,832,170	137,803,927	439,791,836	91,971,757	393,959,666
2022	45,832,170	142,627,064	459,582,469	96,794,894	413,750,299
2023	45,832,170	147,619,011	480,263,680	101,786,841	434,431,510
2024	45,832,170	152,785,676	501,875,546	106,953,506	456,043,376
2025	45,832,170	158,133,175	524,459,945	112,301,005	478,627,775
2026	45,832,170	163,667,836	548,060,642	117,835,666	502,228,472
2027	45,832,170	169,396,210	572,723,372	123,564,040	526,891,202
2028	45,832,170	175,325,077	598,495,924	129,492,907	552,663,754
2029	45,832,170	181,461,455	625,428,240	135,629,285	579,596,070
2030	45,832,170	187,812,606	653,572,512	141,980,436	607,740,342
2031	45,832,170	194,386,047	682,983,274	148,553,877	637,151,104
2032	45,832,170	201,189,558	713,717,521	155,357,388	667,885,351
2033	45,832,170	208,231,193	745,834,808	162,399,023	700,002,638
2034	45,832,170	215,519,284	779,397,374	169,687,114	733,565,204
2035	45,832,170	223,062,459	814,470,255	177,230,289	768,638,085
2036	45,832,170	230,869,645	851,121,416	185,037,475	805,289,246

### ***Schedule of Incremental Property Taxes***

This table shows annual and cumulative incremental property tax revenues for the East End District based on two scenarios: 1) assuming little or no development represented by tax revenues based on 3.5% annual increases in TAV, and 2) actual and projected tax revenues based on actual development and projected development in the District. This assumes the District closes in 2029, and thus, beginning in 2030, annual incremental property taxes are allocated back to each taxing district.

Fiscal Year	3.5% Increase	Cumulative 3.5% Increase	Actual Projected	Cumulative Actual/Projected
1998	269,303	269,303	1,542,244	1,542,244
1999	304,702	574,005	1,657,898	3,200,142
2000	341,340	915,345	1,189,776	4,389,918
2001	379,260	1,294,604	1,303,347	5,693,265
2002	418,507	1,713,111	1,497,991	7,191,256
2003	459,128	2,172,239	1,638,569	8,829,825
2004	501,171	2,673,410	1,722,524	10,552,349
2005	544,685	3,218,095	2,157,193	12,709,542
2006	589,722	3,807,817	2,322,614	15,032,156
2007	636,335	4,444,152	2,432,459	17,464,615
2008	684,580	5,128,733	2,554,514	20,019,129
2009	734,514	5,863,247	2,701,201	22,720,330
2010	852,532	6,715,779	3,236,941	25,957,271
2011	892,878	7,608,657	3,264,189	29,221,460
2012	941,147	8,549,804	3,453,070	32,674,530
2013	990,120	9,539,923	3,571,523	36,246,053
2014	1,039,797	10,579,720	3,786,055	40,032,108
2015	1,090,177	11,669,897	4,242,234	44,274,342
2016	1,141,262	12,811,159	4,766,699	49,041,041
2017	1,193,048	14,004,207	5,076,628	54,117,669
2018	1,245,533	15,249,740	5,390,429	59,508,098
2019	1,298,713	16,548,453	5,597,303	65,105,401
2020	1,352,584	17,901,036	5,809,616	70,915,017
2021	1,407,138	19,308,175	6,027,457	76,942,474
2022	1,462,370	20,770,545	6,250,910	83,193,384
2023	1,518,270	22,288,816	6,480,057	89,673,441
2024	1,585,083	23,873,899	6,758,700	96,432,140
2025	1,664,335	25,538,233	7,093,407	103,525,547
2026	1,746,360	27,284,593	7,443,177	110,968,724
2027	1,831,256	29,115,849	7,808,686	118,777,410
2028	1,919,124	31,034,973	8,190,643	126,968,052
2029	2,010,067	33,045,040	8,589,788	135,557,840
2030	2,104,193	35,149,232	9,006,894	9,006,894
2031	2,201,613	37,350,845	9,442,771	18,449,665
2032	2,302,443	39,653,288	9,898,261	28,347,926
2033	2,406,802	42,060,091	10,374,249	38,722,175
2034	2,514,814	44,574,905	10,871,656	49,593,831
2035	2,626,606	47,201,511	11,391,447	60,985,278
2036	2,742,311	49,943,822	11,934,628	72,919,907

### ***Schedule of Incremental Property Taxes for City of Lake Oswego Only***

This table shows City of Lake Oswego’s portion of the annual and cumulative incremental property tax revenues for the East End District based on two scenarios: 1) assuming little or no development represented by tax revenues based on 3.5% annual increases in TAV, and 2) actual and projected tax revenues based on actual development and projected development in the District. This assumes the District closes in 2029, and thus, beginning in 2030, the City’s portion of annual incremental property taxes is allocated back to the City.

Fiscal Year	3.50% Increase	Cumulative 3.5% Increase	Actual Projected	Cumulative Actual/Projected
1998	82,668	82,668	311,326	311,326
1999	93,534	176,202	332,553	643,879
2000	104,781	280,983	393,761	1,037,640
2001	116,421	397,404	431,120	1,468,760
2002	128,469	525,873	460,651	1,929,411
2003	140,938	666,812	497,237	2,426,649
2004	153,844	820,656	528,420	2,955,069
2005	167,202	987,858	649,360	3,604,429
2006	181,027	1,168,884	692,163	4,296,592
2007	195,336	1,364,220	731,927	5,028,520
2008	210,145	1,574,366	787,031	5,815,551
2009	225,474	1,799,839	815,913	6,631,464
2010	241,338	2,041,177	925,425	7,556,889
2011	257,758	2,298,935	951,752	8,508,641
2012	274,752	2,573,687	1,018,238	9,526,880
2013	292,342	2,866,029	1,054,524	10,581,404
2014	310,547	3,176,576	1,130,747	11,712,151
2015	329,389	3,505,965	1,281,759	12,993,910
2016	348,890	3,854,855	1,457,208	14,451,117
2017	369,075	4,223,930	1,570,477	16,021,594
2018	389,965	4,613,895	1,687,695	17,709,289
2019	411,587	5,025,482	1,773,892	19,483,181
2020	433,965	5,459,447	1,863,968	21,347,149
2021	457,127	5,916,574	1,958,098	23,305,247
2022	481,100	6,397,674	2,056,463	25,361,710
2023	505,911	6,903,585	2,159,255	27,520,965
2024	531,591	7,435,176	2,266,672	29,787,638
2025	558,170	7,993,346	2,378,924	32,166,561
2026	585,679	8,579,025	2,496,226	34,662,787
2027	614,150	9,193,175	2,618,807	37,281,595
2028	643,619	9,836,793	2,746,905	40,028,499
2029	674,118	10,510,912	2,880,766	42,909,266
2030	705,685	705,685	3,020,652	3,020,652
2031	738,357	1,444,043	3,166,832	6,187,484
2032	772,173	2,216,216	3,319,591	9,507,075
2033	807,172	3,023,387	3,479,223	12,986,298
2034	843,396	3,866,783	3,646,039	16,632,337
2035	880,888	4,747,671	3,820,362	20,452,699
2036	919,692	5,667,363	4,002,529	24,455,228

## Financial Reports

The financial schedules included in this report are prepared in accordance with ORS 457.460 (1) by the Finance Department of Lake Oswego using the same basis of accounting it uses to prepare the Agency's financial statements -- modified accrual basis of accounting. Copies of the Agency's complete audited financial statements are available online at: [www.ci.oswego.or.us/finance/lora.htm](http://www.ci.oswego.or.us/finance/lora.htm).

### Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual Debt Service Fund (for the fiscal year ended June 30, 2011)

	Budget		Actual	Variance with
	Adopted	Amended		Amended Budget
<b>Revenue</b>				
Property taxes	\$ 3,106,000	\$ 3,106,000	\$ 3,193,936	\$ 87,936
Investment income	46,000	46,000	40,403	(5,597)
Total revenue	3,152,000	3,152,000	3,234,339	82,339
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	1,070,000	1,070,000	1,070,000	-
Interest	678,000	678,000	252,410	425,590
Total expenditures	1,748,000	1,748,000	1,322,410	425,590
Revenue over/(under) expenditures	1,404,000	1,404,000	1,911,929	507,929
<b>Other financing uses</b>				
Transfers out	(1,959,721)	(1,959,721)	(1,959,721)	-
Net change in fund balance	(555,721)	(555,721)	(47,792)	507,929
Beginning fund balance	555,721	555,721	1,151,725	596,004
Ending fund balance	\$ -	\$ -	\$ 1,103,933	\$ 1,103,933

### Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual Capital Projects Fund (for the fiscal year ended June 30, 2011)

	Budget		Actual	Variance with
	Adopted	Amended		Amended Budget
<b>Revenue</b>				
Miscellaneous	\$ 142,000	\$ 142,000	\$ 65,507	\$ (76,493)
Total revenue	142,000	142,000	65,507	(76,493)
<b>Expenditures</b>				
Materials and services	1,635,000	1,285,000	1,133,284	151,716
Capital outlay	2,070,000	2,730,000	2,724,921	5,079
Total expenditures	3,705,000	4,015,000	3,858,205	156,795
Revenue over/(under) expenditures	(3,563,000)	(3,873,000)	(3,792,698)	80,302
<b>Other financing sources</b>				
Transfers in	1,959,721	1,959,721	1,959,721	-
Net change in fund balance	(1,603,279)	(1,913,279)	(1,832,977)	80,302
Beginning fund balance	3,657,966	3,967,966	5,856,093	1,888,127
Ending fund balance	\$ 2,054,687	\$ 2,054,687	\$ 4,023,116	\$ 1,968,429

## Notice of Availability of Annual Report, including Financial Impacts, for the Lake Oswego Redevelopment Agency for the Year Ended June 30, 2011

This notice is a summary of the information available in the Annual Report of the Lake Oswego Redevelopment Agency, prepared pursuant to ORS 457.460. Copies of the full report are available at the Economic Development Department – Lake Oswego City Hall, to all interested persons during regular business hours.

As summarized below, FY 2010-11 total expenditures for the Lake Oswego Redevelopment Agency exceeded revenue by \$1,880,769. Expenditures were made for repayment of contracted city services, debt service, capital improvements, and other items. For next fiscal year, 2011-12, the Agency's budgeted resources are balanced with requirements at \$8,345,819. The Agency uses the funds it receives from the division-of-taxes method of calculating property taxes to finance various urban renewal projects and activities. Property taxes received totaled \$3,193,936 in FY 2010-11 and are budgeted at \$3,215,000 in FY 2011-12.

### Statement of Revenue, Expenditures and Changes in Fund Balance Fiscal Year Ended June 30, 2011 – Actual Fiscal Year Ending June 30, 2012 - Budget

	Capital Projects Fund		Debt Service Fund		Total	
	Actual	Budget	Actual	Budget	Actual	Budget
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ 3,193,936	\$ 3,215,000	\$ 3,193,936	\$ 3,215,000
Investment income	-	100,000	40,403	58,000	40,403	158,000
Miscellaneous	65,507	-	-	-	65,507	-
Total revenue	65,507	100,000	3,234,339	3,273,000	3,299,846	3,373,000
<b>Expenditures</b>						
Materials and services	1,133,284	1,451,000	-	-	1,133,284	1,451,000
Capital outlay	2,724,921	3,883,000	-	-	2,724,921	3,883,000
<b>Debt service</b>						
Principal	-	-	1,070,000	1,230,000	1,070,000	1,230,000
Interest	-	-	252,410	622,000	252,410	622,000
Contingency	-	1,136,000	-	-	-	1,136,000
Total expenditures	3,858,205	6,470,000	1,322,410	1,852,000	5,180,615	8,322,000
Revenues over (under) expenditures	(3,792,698)	(6,370,000)	1,911,929	1,421,000	(1,880,769)	(4,949,000)
<b>Other financing sources (uses)</b>						
Transfers in (out)	1,959,721	2,100,000	(1,959,721)	(2,100,000)	-	-
Net change in fund balance	(1,832,977)	(4,270,000)	(47,792)	(679,000)	(1,880,769)	(4,949,000)
Beginning fund balance	5,856,093	4,292,094	1,151,725	680,725	7,007,818	4,972,819
Ending fund balance	\$ 4,023,116	\$ 22,094	\$ 1,103,933	\$ 1,725	\$ 5,127,049	\$ 23,819