

AN ORDINANCE MAKING CERTAIN)
DETERMINATIONS AND FINDINGS RELATING)
TO AND APPROVING THE MILL RACE URBAN)
RENEWAL PLAN AND DIRECTING THAT)
NOTICE OF APPROVAL BE PUBLISHED)

ORDINANCE BILL NO. 2020-10

ORDINANCE NO. 2950

WHEREAS, the Lebanon Urban Renewal Agency (the “Agency”), as the duly authorized and acting urban renewal agency of the City of Lebanon, Oregon, is proposing to undertake certain urban renewal activities in a designated area within the City pursuant to ORS Chapter 457; and

WHEREAS, the Agency, pursuant to the requirements of ORS Chapter 457, has caused the preparation of the Mill Race Urban Renewal Plan attached hereto as Exhibit A (the “Plan”). The Plan authorizes certain urban renewal activities within the Mill Race Urban Renewal Area (the “Area”); and

WHEREAS, the Agency has caused the preparation of a certain Mill Race Urban Renewal Report dated August 12, 2020 attached hereto as Exhibit B (the “Report”) to accompany the Plan as required under ORS 457.085(3); and

WHEREAS, the Agency forwarded the Plan and Report to the Lebanon Planning Commission (the “Commission”) for review and recommendation. The Commission considered the Plan and Report on July 15, 2020 and adopted a finding that the Plan conformed with the Lebanon Comprehensive Plan; and

WHEREAS, the Plan and the Report were forwarded on June 11, 2020 to the governing body of each taxing district affected by the Plan, and the Agency has thereafter consulted and conferred with each taxing district; and

WHEREAS, on July 21, 2020, the City met with representatives of Linn County to review the Plan, including proposed maximum indebtedness for the Plan; and

WHEREAS, the City Council has not received any written recommendation from the governing bodies of the affected taxing districts; and

WHEREAS, on July 26, 2020, the City caused notice of the hearing to be held before the Council on the Plan, including the required statements of ORS 457.120(3), to be mailed to utility customers within City’s incorporated limits; and

WHEREAS, on August 12, 2020 the City Council held a public hearing to review and consider the Plan, the Report, the recommendation of the Lebanon Planning Commission and the public testimony received on or before that date and to receive additional public testimony; and

WHEREAS, The City Council found that the Plan conforms with all applicable legal requirements; and

WHEREAS, after consideration of the record presented through this date, the City Council does by this Ordinance desire to approve the Plan.

NOW THEREFORE, THE COUNCIL OF THE CITY OF LEBANON HEREBY ORDAINS THAT:

Section 1. The Plan complies with all applicable requirements of ORS Chapter 457 and the specific criteria of 457.095(1) through (7), in that, based on the information provided in the Report, the Lebanon Planning Commission finding, and the public testimony before the City Council:

1. The process for the adoption of the Plan, has been conducted in accordance with the applicable provisions of Chapter 457 of the Oregon Revised Statutes and all other applicable legal requirements;
2. The area designated in the Plan as the Mill Race Area (“Area”) is blighted, as defined by ORS 457.010(1) and is eligible for inclusion within the Plan because of conditions described in the Report in the Section “Existing Physical, Social, and Economic Conditions and Impacts on Municipal Services”, including the existence of inadequate streets and other rights-of-way, open spaces and utilities and underdevelopment of property within the Area (ORS 457.010(1)(e) and (g));
3. The rehabilitation and redevelopment described in the Plan to be undertaken by the Agency is necessary to protect the public health, safety or welfare of the City because absent the completion of urban renewal projects, the Area will fail to contribute its fair share of property tax revenues to support City services and will fail to develop and/or redevelop according the goals of the City’s Comprehensive Plan;
4. The Plan conforms to the Lebanon Comprehensive Plan and provides an outline for accomplishing the projects described in the Plan, as more fully described in Section XI of the Plan and in the Lebanon Planning Commission recommendation;
5. The Plan conforms to the Lebanon 2040 Vision Plan as more fully described in Section XI of the Plan;
6. No residential displacement will occur as a result of the acquisition and disposition of land and redevelopment activities proposed in the Plan and therefore the Plan does not include provisions to house displaced persons;
7. Adoption and carrying out the Plan is economically sound and feasible in that eligible projects and activities will be funded by urban renewal tax revenues derived from a division of taxes pursuant to section 1c, Article IX of the Oregon Constitution and ORS 457.440 and other available funding as more fully described in the Sections of the Report;
8. The City shall assume and complete any activities prescribed it by the Plan; and

9. The Agency consulted and conferred with affected overlapping taxing districts prior to the Plan being forwarded to the City Council.

Section 2. The Mill Race Urban Renewal Plan is hereby approved based upon review and consideration by the City Council of the Plan and Report, the Lebanon Planning Commission Finding, each of which is hereby accepted, and the public testimony in the record.

Section 3. The City Manager shall forward forthwith to the Agency a copy of this Ordinance.

Section 4. The Agency shall thereafter cause a copy of the Plan to be recorded in the Records of Linn County, Oregon.

Section 5. The City Manager, in accordance with ORS 457.115, shall publish notice of the adoption of the Ordinance approving the Plan including the provisions of ORS 457.135, in the local newspaper of general circulation no later than four days following adoption of this Ordinance.

Adopted by the Lebanon City Council and executed by the Mayor on this 12th day of August, 2020 by a vote of 6 yeas and 0 nays.


CITY OF LEBANON, OREGON



Paul R. Aziz, Mayor

Jason Bolen, Council President

ATTESTED BY:


Kim Scheafer, MMC, City Recorder

Attachments: Exhibit A – Mill Race Urban Renewal Plan
Exhibit B – Report on the Mill Race Urban Renewal Plan
Exhibit C – Lebanon Planning Commission Finding on the Mill Race Urban
Renewal Plan

Mill Race Urban Renewal Plan

Mill Race Urban Renewal District Plan Adopted by the City of Lebanon
Dated August 12, 2020
Ordinance No. 2950, Ordinance Bill No. 2020-10

If Amendments are made to the Plan, the Resolution or Ordinance Number and date will be listed here. The amendment will be incorporated into the Plan and noted through a footnote.



LIST OF PARTICIPANTS

Mayor

Paul R. Aziz

City Council

Robert Furlow, Ward 1
Wayne Rieskamp, Ward 1
Rebecca Grizzle, Ward 2
Karin Stauder, Ward 2
Jason Bolen, Ward 3
Michelle Steinhebel, Ward 3

Urban Renewal Agency

Same as City Council

Planning Commission

Jeremy Salvage, Chair
Don Robertson, Vice-Chair
Joshua Galka
David McClain
Josh Port
Todd Prenoveau
Samuel Brackeen (alternate)

Interim City Manager/City Engineer

Ron Whitlatch

Community Development Director

Kelly Hart

Finance Director

Matt Apken

Consulting Team

Elaine Howard Consulting, LLC

Elaine Howard
Scott Vanden Bos

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Nick Popenuk
Ali Danko
Rob Wyman

TABLE OF CONTENTS

I. DEFINITIONS..... 1

II. INTRODUCTION 3

III. MAXIMUM INDEBTEDNESS 5

IV. PLAN GOALS..... 5

V. PROJECT CATEGORIES 8

VI. PROJECTS 8

VII. AMENDMENTS TO PLAN 9

VIII. PROPERTY ACQUISITION AND DISPOSITION..... 9

IX. RELOCATION METHODS 9

X. TAX INCREMENT FINANCING OF PLAN 10

XI. RELATIONSHIP TO LOCAL OBJECTIVES 10

XII. ANNUAL REPORT..... 18

XIII. LEGAL DESCRIPTION 19

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I. DEFINITIONS

“Agency” is the City of Lebanon Urban Renewal Agency created under ORS 457.035 and 457.045. The Agency is responsible for administration of this Mill Race Urban Renewal Plan and other urban renewal plans previously adopted in the City of Lebanon.

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

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

“Assessed value” means the total assessed value as of real, personal, utility and manufactured structures assessed value as determined by the county assessor.

“Blight” is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting an urban renewal plan.

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

“City” means the City of Lebanon, Oregon.

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

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

“County” means Linn County, Oregon.

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

“Fiscal Year End” or “Fiscal Year Ending” or “FYE” means the year that the fiscal year ends.

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

“Increment Value” 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 frozen base assessed value specified in the certified statement.

“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.

“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 and tax increment financing.

“Plan” or “Urban Renewal Plan” means the official plan for the urban renewal area pursuant to ORS 457.

“Plan Area” or “Area” means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

“Planning Commission” means the Lebanon Planning Commission.

“Project(s)” or “Urban Renewal Project(s)” means any work or undertaking carried out under an urban renewal plan.

“Report Accompanying the Mill Race Urban Renewal Plan” or “Report” means the official report that accompanies Plan pursuant to ORS 457.085(3).

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

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

“TSP” is the City of Lebanon Transportation System Plan.

“Urban Renewal” means the statutory authority provided in ORS 457.

“URA” means urban renewal area and in this document refers to the urban renewal areas that exist in the City of Lebanon.

II. INTRODUCTION

The Mill Race Urban Renewal Plan (“Plan”) was developed for the Lebanon City Council (“City Council”). Pursuant to the Lebanon City Charter, this Plan will go into effect when it has been adopted by the City Council.

A. Background

The Plan creates a single development tax increment finance zone to provide developer incentives to reimburse the developer for infrastructure required to facilitate development. The Plan includes input from the community received at public meetings at the Agency and hearings before the City of Lebanon Planning Commission (“Planning Commission”), and the Lebanon City Council.

Mill Race Urban Renewal Plan Area (“Plan Area”), shown in Figure 1, consists of approximately 51.45 acres, 48.16 acres in tax lots and 3.29 acres in right-of-way.

The Plan is estimated to last 8 years, resulting in seven years of tax increment collections.

The Plan is to be administered by the Lebanon Urban Renewal Agency (“Agency”). Substantial amendments to the Plan must be approved by City Council as outlined in Section VII of this Plan. All amendments to the Plan are to be listed numerically on the cover of the Plan and then incorporated into the Plan document and noted by footnote with an amendment number and adoption date.

The relationship between the sections of the Plan and the ORS 457.085 requirements is shown in Table 1. The specific reference in the table below is the section of this Plan that primarily addresses the statutory reference. There may be other sections of the Plan that also address ORS 457.

Table 1 - Statutory References

Statutory Requirement	Plan Section
ORS 457.085(2)(a)	V, VI
ORS 457.085(2)(b)	V, VI
ORS 457.085(2)(c)	XIII
ORS 457.085(2)(d)	XI
ORS 457.085(2)(e)	XI
ORS 457.085(2)(f)	IX
ORS 457.085(2)(g)	VIII
ORS 457.085(2)(h)	III
ORS 457.085(2)(i)	VII

B. Mill Race Urban Renewal Overview

Urban renewal allows for the use of tax increment financing, a financing source that is unique to urban renewal, to fund its projects. Tax increment revenues—the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established—are used to repay borrowed funds. The borrowed funds are used to pay for urban renewal programs and projects. The amount of funds used for projects, programs and administration cannot exceed the maximum indebtedness amount set by the urban renewal plan.

The Mill Race Urban Renewal Area meets the definition of blight due to its infrastructure deficiencies and underdeveloped properties. These blighted conditions are specifically cited in the ordinance adopting the Plan and described in detail in the Report Accompanying Mill Race Urban Renewal Plan (“Report”).

The Report contains the information required by ORS 457.085, including:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the plan, including fiscal impact in light of increased services;
- Reasons for selection of the area;
- The relationship between each project to be undertaken and the existing conditions;
- The estimated total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of funds required in the area, and the anticipated year in which the debt will be retired;
- A financial analysis of the plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the area; and,
- A relocation report.

III. MAXIMUM INDEBTEDNESS

Maximum Indebtedness ("MI") is the total amount of money that can be spent on projects, programs and administration throughout the life of the Plan. The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon the redevelopment agreement between the developer of the site and good faith estimates of the scope and costs of projects in the Plan is \$9,652,364 (Nine Million, Six Hundred Fifty-Two Thousand, Three Hundred Sixty-Four Dollars). This amount is the principal of such indebtedness and does not include interest or indebtedness incurred to refund or refinance existing indebtedness or interest earned on debt proceeds.

IV. PLAN GOALS

The goals of the Plan represent its basic intent and purpose. Accompanying the goal is an objective, which describes how the Agency intends to meet the goal. The projects identified in Sections V and VI of the Plan are the specific means of meeting the objective. The goal and objective will be pursued as economically as is feasible and at the discretion of the Agency.

A. Development Incentives

To provide job development, attraction of new businesses and new residents, provide an increase in community wealth and the development of housing and commercial opportunities.

Objectives:

1. Provide financial incentives for the reimbursement of expenditures on infrastructure to facilitate development of the Area.

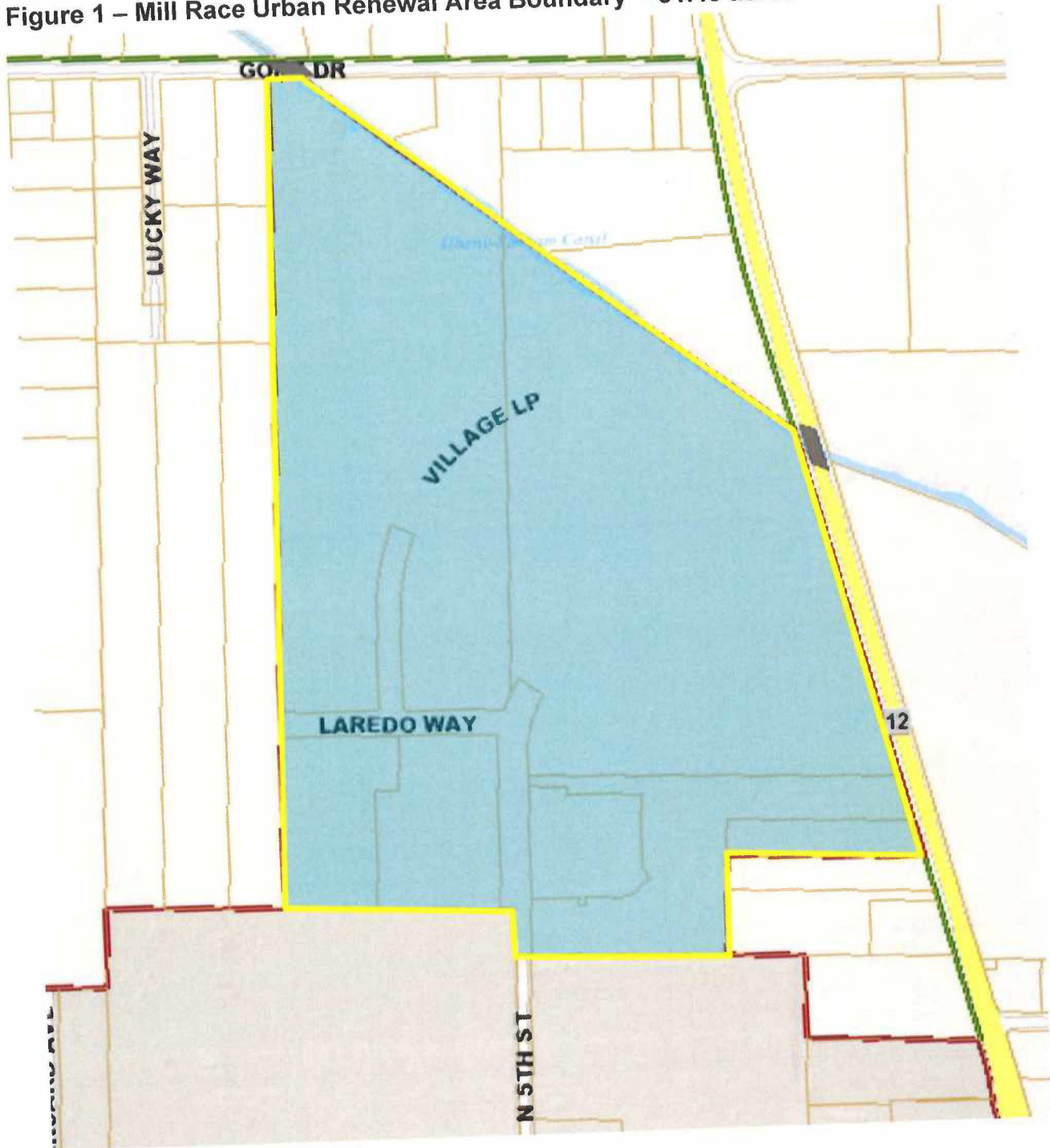
B. Administration

To provide administrative support for the implementation of the Plan.

Objectives:

1. Provide resources to administer Development Incentives of the Plan.
2. Provide for ongoing administration of the Plan.

Figure 1 – Mill Race Urban Renewal Area Boundary - 51.45 acres



Source: City of Lebanon

Figure 2 – Mill Race Urban Renewal Plan Boundary Aerial View



Source: City of Lebanon

V. PROJECT CATEGORIES

The projects within the Plan Area fall into the following categories:

A. Development Incentives

B. Administration

VI. PROJECTS

TIF District projects authorized by the Plan are described below.

A. Development Incentives

The Agency may provide incentives to developers for the provision of infrastructure required to facilitate development in the Plan Area. This will be completed through a development agreement with the developer/builder/property owner that stipulates the amount and timing of the incentive. These incentives will be a rebate based on of the property taxes paid within the Plan Area and in conformance to the Economic Development Agreement.

The amount of incentive is established in the Report Accompanying the Plan and in the Economic Development Agreement.

B. Administration

The Agency may provide administration of the Plan including but not limited to reimbursement of costs associated with preparing the Plan, staff support, legal counsel assistance, review of annual payments, financial statements, budget preparation and annual reports pursuant to ORS 457.460.

VII. AMENDMENTS TO PLAN

The Plan may be amended as described in this section.

A. Substantial Amendments

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan, under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Agency, the Planning Commission, and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided to individuals or households within the City of Lebanon, as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and 457.115.

Substantial Amendments are amendments that:¹

1. Add land to the Area except for an addition of land that totals not more than 1% of the existing area of the Area; or
2. Increase the maximum amount of indebtedness that can be issued or incurred under the Plan.

B. Minor Amendments

Minor Amendments are amendments that are not Substantial Amendments as defined in this Plan and in ORS 457. Minor Amendments require approval by the Agency by resolution.

C. Amendments to the Lebanon Comprehensive Plan and/or Lebanon Municipal Code, Title 16: Development Code

Amendments to the Lebanon Comprehensive Plan (“Comprehensive Plan”) and/or Lebanon Municipal Code, Title 16: Development Code that affect the Plan and/or the Plan Area shall be incorporated automatically within the Plan without any separate action required by the Agency or City Council. When a substantial amendment is completed, the Relationship to Local Objectives section will be updated.

VIII. PROPERTY ACQUISITION AND DISPOSITION

The Plan does not anticipate property acquisition and disposition as an eligible activity.

IX. RELOCATION METHODS

As acquisition is not an eligible activity, relocation is not a part of this Plan.

¹ Unless otherwise permitted by state law, no land equal to more than 20 percent of the total land area of the original Plan shall be added to the urban renewal area by amendments, and the aggregate amount of all amendments increasing the Maximum Indebtedness may not exceed 20 percent of the Plan’s initial maximum indebtedness, as adjusted, as provided by law.

X. TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on debt. In this Plan, the debt is a contractual obligation to provide developer incentives and agreement to reimburse the Agency for administration of the Plan.

Tax increment revenues equal the annual permanent rate property taxes imposed on the cumulative *increase* in assessed value within an Area over the total assessed value at the time a plan is adopted. (Under current law, the property taxes for general obligation (GO) bonds and local option levies are not part of the tax increment revenues.)

A. General Description of the Proposed Financing Methods

The Plan will be financed using tax increment revenues. Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in (1) developer incentives (2) planning or undertaking project activities, or (3) otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the planning and implementation of this Plan, including preparation of the Plan.

B. Tax Increment Financing

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency, as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Plan Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

C. Under-levy

The Agency may determine to under-levy pursuant to ORS 457.455 notwithstanding any of the foregoing provisions. The Agency may determine alternate ways to reimburse taxing districts for excess tax increment revenues collected.

XI. RELATIONSHIP TO LOCAL OBJECTIVES

ORS 457.085 requires that the Plan conform to local objectives. This section provides that analysis. Relevant local planning and development objectives are contained within the *Lebanon Comprehensive Plan*. Further, this section addresses the *City of Lebanon Municipal Code, Title 16: Development Code* and the *Lebanon 2040 Vision*.

The following section describes the purpose and intent of these plans, the main applicable goals and policies within each plan, and an explanation of how the plans relate to the applicable goals and policies.

The numbering of the goals and policies within this section reflects the numbering that occurs in the original document. *Italicized text* is text that has been taken directly from an original document.

The zoning designation is Mixed Use and the Comprehensive Plan designation for the area is Mixed Use. Density requirements and development standards for all land in the Plan Area are contained in the *City of Lebanon Municipal Code, Title 16: Development Code*, shown in Section B below.

A. Lebanon Comprehensive Plan

Chapter 4 - Land Use

The City's Land Use Goals include:

G-2: Promoting the orderly development and conservation of lands for urban uses, such as homes, businesses, industries, and streets, as well as parks, open space, and wetlands.

G-3: Encouraging land developments that utilize innovative design and technology, energy conservation, and the protection and conservation of cultural and natural resources. Examples of innovative residential developments include: common wall or "zero lot line" dwellings (e.g., row houses and townhouses), dwellings designed and sited to utilize solar energy, and planned developments that provide for variety in housing types and uses.

G-4: Promoting and encouraging planned development methods for special lands that display the following characteristics: property of large sizes or those that are well situated in relation to the street and traffic circulation network; properties that have natural features that limit development potential; and properties that involve significant natural or cultural resources, particularly active or passive recreational opportunities.

Finding:

The Plan conforms to the Land Use goals of the Comprehensive Plan as providing incentives for new development within the Area will promote the orderly development of lands for urban uses, incorporate a variety of housing types and uses and promote orderly development of a large sized property. The development is planned to include single family residences, multi-use complexes, apartment buildings, a senior care center, retail buildings, a fueling station, restaurant and industrial uses.

Chapter 5 - Population and Economy

The City's Economic Goals include the following:

G-1 Providing employment opportunities for its citizens.

G-2: Providing a viable tax base for the community in order to pay for essential community services.

G-3: Encouraging a diversified economic base for the community which broadens and improves long-term employment opportunities in all sectors, including, retail, service, and industrial.

G-4: Providing the opportunity for a full range of commercial, cultural, recreational, educational, health services, and other professional services to meet the needs of the City's residents and visitors.

G-5: Supporting the establishment of new employment and the expansion of existing employment to strengthen the City's economic base in order to provide adequate employment opportunities and maintain community livability.

G-6: Seeking balanced, concurrent growth in the commercial, industrial and residential sectors that are within the carrying capacity of community resources.

Finding:

The Plan conforms to the Population and Economy goals of the Comprehensive Plan as providing incentives for new development within the Area will provide employment opportunities, help to provide a viable tax base by encouraging new development, encourage a diversified economic base, provide for a full range of uses, support the establishment of new employment by both construction jobs and long term jobs in the commercial and industrial uses in the Area and seek balanced concurrent growth in the commercial, industrial and residential sectors. The development is planned to include single family residences, multi-use complexes, apartment buildings, a senior care center, retail buildings, a fueling station, restaurant and industrial uses.

Chapter 6 - Housing

The City's Housing Goals include:

G-1: Providing housing policies and practices that increase housing opportunities for all citizens.

G-2: Encouraging the availability of adequate numbers of needed housing units at price ranges and rent levels that are commensurate with the financial capabilities of community households, and to allow flexibility of housing location, type and density.

G-4: Providing for connectivity in new developments and to promote efforts to extend trails, pedestrian ways, and bikeways through existing residential areas.

G-5: Cooperating with builders, developers, and others involved in the provision of housing in creating a positive image of the City as a desirable place to live, work, and do business.

Finding:

The Plan conforms to the Housing goals of the Comprehensive Plan as providing incentives for new development within the Area will provide new housing options for existing and new residents to Lebanon, increasing the availability of needed housing units in a variety of price ranges including single family residences, multi-use complexes, apartment buildings and a senior care center. The development will provide connectivity through the residential area. By encouraging the development, the City will be cooperating with developers in the provision of housing creating a positive image of the City as a desirable place to live, work, and do business.

Chapter 7 - Community Friendly Development

The City's Community Friendly Development Goals include:

G-1: Encouraging development patterns that make efficient use of land and energy resources, provide a variety of housing choices, and create multiple transportation options.

G-2: Supporting infill development and other development options on large or underutilized residential or commercial lots guided by clear and objective neighborhood compatibility standards.

G-3: Encouraging policies and ordinances that lead to well-designed, aesthetically pleasing neighborhoods that foster a sense of community and personal interaction.

G-5: Developing streets whose purpose is not solely to move automobiles safely and efficiently, but also to create pedestrian and bicycle friendly environment.

G-6: Developing sidewalks, crosswalks, and multi-use paths that not only meet ADA standards, but also enhance a pedestrian and bicycle friendly environment throughout the community.

G-8: Promoting denser development in select locations in order to realize potential savings on infrastructure provision and maintenance.

G-9: Providing density bonuses for developers who incorporate specific design amenities into their developments.

G-10: Allowing appropriately scaled neighborhood commercial centers, subject to provisions of the Zoning Ordinance, and residential zones in order to: (1) provide ease of access to basic daily household needs, to eliminate unnecessary automobile trips, and to provide convenience centers for neighborhood social interaction; and, (2) within the Mixed Density Residential Zones in order to allow for commercial activity closer to the source of the customers and to allow the pedestrian access to retail services.

Finding:

The Plan conforms to the Community Friendly Development goals of the Comprehensive Plan as the development will be on a parcel that is in the city limits but is presently undeveloped, encouraging development patterns that make efficient use of land and energy resources, provide a variety of housing choices, and create multiple transportation options, supporting development on large parcels, developing streets for automobiles, bicyclists and pedestrians, enhancing a pedestrian and bicycle friendly environment, supplying denser development to realize savings on infrastructure provision and maintenance and allowing for appropriately scaled neighborhood commercial centers. The development will be a planned development and meet the requirements of the City of Lebanon. The development is planned to include single family residences, multi-use complexes, apartment buildings, a senior care center, retail buildings, a fueling station, restaurant and industrial uses.

Chapter 8 - Transportation

The City's Transportation Goals include:

G-1: An equitable, balanced and well connected multi-modal transportation system.

G-2: Convenient facilities for pedestrians and bicyclists.

G-3: Transit service and amenities that encourage a higher level of ridership.

G-4: Efficient travel to and through the City.

G-5: Safe and active residents.

G-6: A sustainable transportation system.

G-7: A transportation system that supports a prosperous and competitive economy.

G-8: Coordinate with local and state agencies and transportation plans.

Finding:

The Plan conforms to the Transportation goals of the Comprehensive Plan as the development will be on a parcel that is in the city limits but is presently underserved by a transportation network. The development will provide an improved transportation network for all modes of travel, helping to create a transportation system providing convenient facilities for pedestrians and bicyclists and efficient travel to and through the city. The transportation system improvements will help support a prosperous and competitive economy and will be in a planned development and meet the requirements of the City of Lebanon and the requirements of the Lebanon Transportation System Plan.

Chapter 10 - Public Facilities and Services

The City's Public Facilities and Services Goals include:

G-1: Providing Public Facilities Policies and Plans as a guide for the location and development of future community facilities and utilities consistent with long-range community needs.

G-2: Planning and developing a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban development for both existing and planned land uses.

G-3: Continuing and enhancing coordination and cooperation between the City and other public and private providers of public services to maximize the orderly and efficient development and provision of all services.

G-4: Ensuring that essential public facilities and service capabilities (transportation, storm drainage, sewer and water service) are either in place before new development occurs and/or are constructed concurrently with such development.

G-5: Ensuring that the extensions of essential public facilities and services to a development site is accomplished either by the city through the implementation of the Capital Improvement Program, or by the site developer at their expense with cost sharing and oversizing reimbursement options.

G-6: Promoting water conservation.

Finding:

The Plan conforms to the Public Facilities and Services goals of the Comprehensive Plan as the development will be on a parcel that is in the city limits but is presently underserved by public facilities and services. The development will be a planned development and meet the requirements of the City of Lebanon to ensure the essential public facilities and service capabilities are either in place before new development occurs and/or are constructed concurrently with such development.

B. City of Lebanon Municipal Code Title 16: Development Code

The *City of Lebanon Municipal Code Title 16: Development Code* provides general descriptions of zoning designations within the Area. The requirements on the land uses, maximum densities and building requirements can be found in the *Development Code*. General descriptions are included herein.

As the *Development Code* is updated, this document will be updated by reference. If a substantial amendment is completed in the future, this section will be updated to match the current zoning designations. Zoning descriptions are shown in *italics*.

Chapter 16.06 Mixed-Use Land Use Zone

- A. The purpose of the Mixed-Use Zone is to provide lands that possess potential for several types of land use or combinations of different land uses. The intent of this designation is to achieve an environment in which different land uses can co-exist by providing building groupings for privacy, usable and attractive open spaces, and safe circulation, thus promoting the general well being of the residents, businesses, and other occupants. Effective mixed-use zones not only allow the co-location of various types of uses, but they also promote compatible architectural design and connectivity of buildings to streets and paths. Residential mixed-use encourages planners and developers to look beyond the traditional subdivision design and think about new and efficient utilization of land. Such innovative designs can provide residents access to commercial services as well as amenities such as parks, trails, and open spaces, and hence promote community-friendly development that is highly compatible with surrounding uses and promotes a sense of community.*

- B. Mixed-Use lands are open to all types of development including residential, commercial, and light (Class I and II Impacts) industrial land uses.*
- C. The Mixed-Use Zone is intended to:*
 - 1. Promote efficient use of land and urban services.*
 - 2. Create a mixture of land uses that encourages employment and housing options in close proximity to one another.*
 - 3. Encourage pedestrian-oriented development in all mixed-use areas.*
 - 4. Provide connections to and appropriate transitions between residential areas and commercial areas.*
 - 5. Promote independence of movement, especially for the young and the elderly who can conveniently walk, cycle, or ride transit.*

C. Lebanon 2040 Vision Plan

The Lebanon 2040 Vision (Vision) and the Lebanon Community Strategic Action Plan (Strategic Action Plan) constitute the community's aspirations for what Lebanon should look and feel like by the year 2040, and a plan for how to get there. The Vision and the Strategic Action Plan were developed over nearly two years with extensive public input to ensure the community's values and priorities provided the foundation for the future physical, economic, and social attributes that will define the community. The Vision and the Strategic Action Plan serve as two constituent parts of a comprehensive process of public engagement. First, the Vision represents the citizens' overarching description of the community they aspire to attain by 2040. The first element of the Vision, the Vision Statement, expresses this aspiration succinctly: The Vision is supported by seven focus areas that expand the Vision Statement concept, elaborating on the specific elements that comprise the community's ambitions for the future. Each focus area provides a brief narrative description of a topic (e.g., education, jobs, arts, etc.) that supports and delineates the intent of the Vision Statement. Second, the Strategic Action Plan charts a course for implementing the Vision over the next five years. It identifies 17 strategies that provide direction for accomplishing the Vision and offers guidance for community leaders helping to achieve its realization. Each strategy includes one or more actions to help move it forward. Each action provides a tangible project, program, or activity to implement the strategy it supports. The Strategic Action Plan was developed as a direct outgrowth of the Vision, allowing each part of the plan to be traced back to the Vision Statement, ensuring fidelity and maintaining the integrity of the Vision as originally conceived.

Vision Statement: Lebanon is a friendly and thriving community.

Focus Areas:

JOBS & GROWTH

Industry & Business: Lebanon encourages and supports a variety of new and existing businesses that provide local jobs and living wages.

Managed Growth: Lebanon welcomes growth and reinforces its plans for the future.

Infrastructure: Lebanon sustains an infrastructure system (transportation, telecommunications, power, water and sewer) that supports future growth plans.

Finding:

The Plan conforms to the *Lebanon 2040 Vision and Community Strategic Action Plan* as the project in the Plan provides for development incentives and facilitates development that will foster local jobs and growth in the community and manages growth by providing infrastructure to support the new development. The proposed development includes commercial and industrial uses and provides increased housing opportunities for Lebanon citizens. .

XII. ANNUAL REPORT

The Agency shall file Annual Reports in compliance with ORS 457.460.

XIII. LEGAL DESCRIPTION

AN AREA OF LAND IN THE NORTHEAST, NORTHWEST, SOUTHEAST AND SOUTHWEST QUARTERS OF SECTION 3 IN TOWNSHIP 12 SOUTH OF RANGE 2 WEST OF THE WILLAMETTE MERIDIAN, CITY OF LEBANON, LINN COUNTY, OREGON BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 1 OF LINN COUNTY PARTITION PLAT NO. 2019-34 AS RECORDED ON JUNE 19, 2019 IN THE LINN COUNTY RECORD OF PLATS; THENCE ALONG THE WEST BOUNDARY OF PARCEL 1 AND PARCEL 2 OF SAID PLAT, NORTH 00° 35' 00" WEST 1367.41 FEET TO A POINT; THENCE CONTINUING ALONG THE WEST BOUNDARY OF SAID PARCEL 2, NORTH 00° 36' 26" WEST 635.05 FEET TO A POINT ON THE SOUTH RIGHT OF WAY OF GORE DRIVE (COUNTY ROAD NO. 701); THENCE ALONG THE SOUTH RIGHT OF WAY OF GORE DRIVE, SOUTH 89° 59' 38" EAST 82.45 FEET TO A POINT IN THE CENTER OF THE ALBANY SANTIAM CANAL; THENCE LEAVING SAID SOUTH RIGHT OF WAY AND FOLLOWING THE CENTER OF SAID CANAL, SOUTH 53° 41' 03" EAST 204.98 FEET TO A POINT; THENCE CONTINUING ALONG THE CENTER OF SAID CANAL, SOUTH 54° 20' 09" EAST 1313.95 FEET TO A POINT ON THE CENTERLINE OF US HIGHWAY NO. 20; THENCE ALONG THE CENTERLINE OF SAID US HIGHWAY NO. 20, SOUTH 16° 41' 36" EAST 1,030.67 FEET TO A POINT; THENCE LEAVING SAID CENTERLINE, SOUTH 89° 57' 42" WEST 510.03 FEET TO A POINT; THENCE SOUTH 00° 22' 34" EAST 239.72 FEET TO A POINT; THENCE SOUTH 89° 55' 13" WEST 520.21 FEET TO A POINT; THENCE NORTH 00° 32' 31" WEST 114.16 FEET TO A POINT; THENCE SOUTH 89° 53' 46" WEST 560.79 FEET TO THE POINT OF BEGINNING.

SUBJECT TO A CANAL EASEMENT RECORDED IN LINN COUNTY DEED RECORDS IN BOOK K, PAGE 789.

CONTAINS 51.45 ACRES ±

Report Accompanying the Mill Race Urban Renewal Plan

Mill Race Urban Renewal District Plan Adopted by the City of Lebanon
Dated August 12, 2020
Ordinance No. 2950, Ordinance Bill No. 2020-10



LIST OF PARTICIPANTS

Mayor

Paul R. Aziz

City Council

Robert Furlow, Ward 1

Wayne Rieskamp, Ward 1

Rebecca Grizzle, Ward 2

Karin Stauder, Ward 2

Jason Bolen, Ward 3

Michelle Steinhebel, Ward 3

Urban Renewal Agency

Same as City Council

Planning Commission

Jeremy Salvage, Chair
Don Robertson, Vice-Chair
Joshua Galka
David McClain
Josh Port
Todd Prenoveau
Samuel Brackeen (alternate)

Interim City Manager/City Engineer

Ron Whitlatch

Community Development Director

Kelly Hart

Finance Director

Matt Apken

Consulting Team**Elaine Howard Consulting, LLC**

Elaine Howard
Scott Vanden Bos

Tiberius Solutions LLC

Nick Popenuk
Ali Danko
Rob Wyman

TABLE OF CONTENTS

I. DEFINITIONS.....	1
II. INTRODUCTION.....	3
III. THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN URA PROJECTS AND THE EXISTING CONDITIONS IN THE URA.....	7
IV. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS.....	8
V. FINANCIAL ANALYSIS OF THE PLAN.....	10
VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT	12
VII. REVENUE SHARING	13
VIII. IMPACT OF THE TAX INCREMENT FINANCING.....	13
IX. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA.....	19
X. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES.....	21
XI. REASONS FOR SELECTION OF EACH PLAN AREA IN THE PLAN	22
XII. RELOCATION REPORT.....	23

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I. DEFINITIONS

“Agency” is the City of Lebanon Urban Renewal Agency created under ORS 457.035 and 457.045. The Agency is responsible for administration of this Mill Race Urban Renewal Plan and other urban renewal plans previously adopted in the City of Lebanon.

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

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

“Assessed value” means the total assessed value as of real, personal, utility and manufactured structures assessed value as determined by the county assessor.

“Blight” is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting an urban renewal plan.

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

“City” means the City of Lebanon, Oregon.

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

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

“County” means Linn County, Oregon.

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

“Fiscal Year End” or “Fiscal Year Ending” or “FYE” means the year that the fiscal year ends.

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

“Increment Value” 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 frozen base assessed value specified in the certified statement.

“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.

“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 and tax increment financing.

“Plan” or “Urban Renewal Plan” means the official plan for the urban renewal area pursuant to ORS 457.

“Plan Area” or “Area” means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

“Planning Commission” means the Lebanon Planning Commission.

“Project(s)” or “Urban Renewal Project(s)” means any work or undertaking carried out under an urban renewal plan.

“Report Accompanying the Mill Race Urban Renewal Plan” or “Report” means the official report that accompanies Plan pursuant to ORS 457.085(3).

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

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

“TSP” is the City of Lebanon Transportation System Plan.

“Urban Renewal” means the statutory authority provided in ORS 457.

“URA” means urban renewal area and in this document refers to the urban renewal areas that exist in the City of Lebanon.

II. INTRODUCTION

The Report on Mill Race Urban Renewal Plan (“Report”) contains background information and project details that pertain to Mill Race Urban Renewal Plan (“Plan”). The Report is not a legal part of the Plan but is intended to provide public information and support the findings made by the Lebanon City Council (“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 accompanying the Plan 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 area; (ORS 457.085(3)(h)) and
- A relocation report. (ORS 457.085(3)(i))

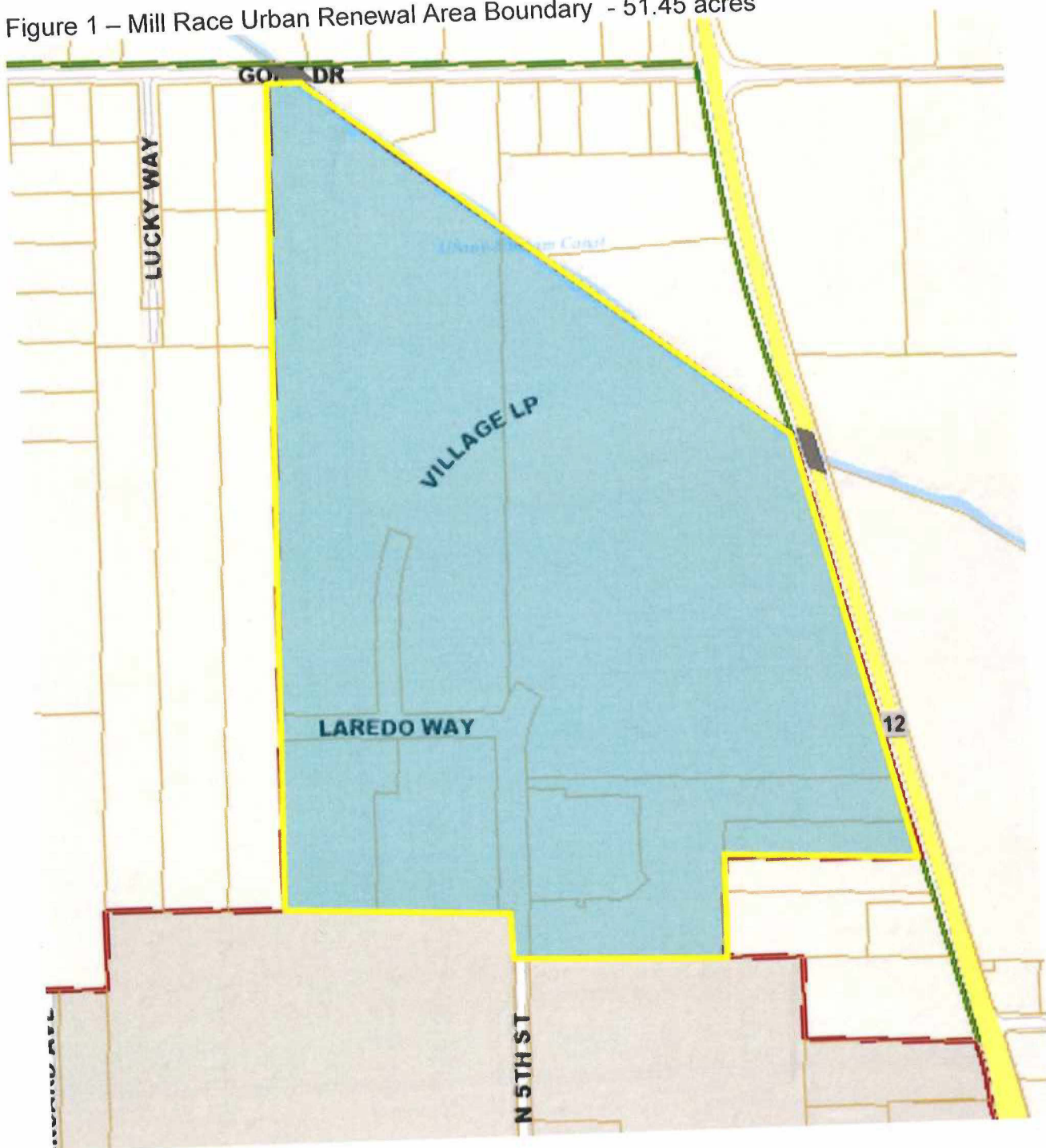
The relationship of the sections of the Report and the ORS 457.085 requirements is shown in Table 1. The specific reference in the table below is the section of this Report that most addresses the statutory reference. There may be other sections of the Report that also address the statute.

Table 1 - Statutory References

Statutory Requirement	Report Section
ORS 457.085(3)(a)	X
ORS 457.085(3)(b)	XI
ORS 457.085(3)(c)	III
ORS 457.085(3)(d)	IV
ORS 457.085(3)(e)	VI
ORS 457.085(3)(f)	IV,V
ORS 457.085(3)(g)	IV,V
ORS 457.085(3)(h)	VIII
ORS 457.085(3)(i)	XII

The Report provides guidance on how the Plan might be implemented. As the Lebanon Urban Renewal Agency (“Agency”) reviews revenues and potential projects each year, it has the authority to adjust the implementation assumptions in this Report. The Agency may allocate budgets differently, adjust the timing of the projects 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.

Figure 1 – Mill Race Urban Renewal Area Boundary - 51.45 acres



Source: City of Leban

Figure 2 – Mill Race Urban Renewal Plan Boundary Aerial View



Source: City of Lebanon

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

The projects identified for the Mill Race Urban Renewal Area (“Plan Area” or “Area”) are described below, including how they relate to the existing conditions in the Plan Area.

A. Developer Incentives

The Agency may provide incentives to developers for the provision of infrastructure required to facilitate development in the Plan Area. This will be completed through an economic development agreement with the developer/builder/property owner that stipulates the amount and timing of the incentive. These incentives will be a rebate based on of the property taxes paid within the Plan Area and in conformance to the Economic Development Agreement.

Existing Conditions: The property is currently underdeveloped. There are plans for full development of the property, but only approximately one-third of the infrastructure has been completed and a very small portion of the planned development has been completed (storage units). The infrastructure needs include streets, sidewalks, water, sewer and storm drainage to serve the new development.

B. Administration

The Agency may provide administration of the Plan including but not limited to reimbursement of costs associated with preparing the Plan, staff support, legal counsel assistance, review of annual payments, financial statements, budget preparation and annual reports pursuant to ORS 457.460.

Existing Conditions: These parcels are presently in the Northwest Lebanon Urban Renewal Area, so administration is allocated in the Northwest Lebanon Urban Renewal Plan. Once this is removed from the Northwest Lebanon Urban Renewal Plan, there will be no administrative dollars allocated until it is put into this new Mill Race Urban Renewal Area.

A table showing the projects and total estimated costs is shown in Table 2. The total costs are estimated based on the projected future assessed value of the project.

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

The total cost estimates for the projects are shown in Table 2 below. These costs include both the maximum agreed upon cost stipulated in the Economic Development Agreement, and the anticipated portion of those costs that would actually be incurred based on a forecast of planned development activities in the Area.

These are all estimates acknowledging that these project activities must not exceed the maximum indebtedness. These costs are shown in nominal, year of expenditure (“YOE”) dollars, and do not exceed the maximum indebtedness of \$9,652,364. Any remaining tax increment funds beyond what is necessary to fund the developer rebate and administration of the Plan will be returned to taxing districts through an underlevy of TIF or similar mechanism. The estimated amount of developer incentives were calculated based on a development schedule provided by Lebanon city staff that estimated construction timelines. See Table 3 for a summary of the forecast assessed value from new construction in the Area over time. As the Economic Development Agreement set a higher limit of potential rebate to the developer, the urban renewal plan’s maximum indebtedness authority will match that limit, but the projected amount of tax increment revenues that would be used is much lower.

As per the Economic Development Agreement dated September 25, 2015, the Agency shall reimburse the Developer for the actual cost of the construction of the Public Infrastructure improvements described in the Economic Development Agreement subject to the provisions of the Economic Development Agreement limiting reimbursement to incremental tax revenue actually received by the Agency. The Agency shall reimburse the Developer in an amount equal to 80% of the incremental property tax directly attributable to the Development of the Developer’s Property for five (5) years and seventy-five percent (75%) of the incremental property tax directly attributable to the Development of the Developer’s Property thereafter through FYE 2028.

The Agency will use the amount shown in Table 2 for administration of the Plan. The amount is equivalent to an annual administration cost of \$2,000 (adjusted annually for assumed 3% inflation) plus repayment to the Agency of \$33,500 for the costs associated with preparation of the Plan. These cumulative administrative costs are estimated to total \$46,249 in YOE dollars.

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	Estimated Cost	Maximum Cost
Developer Incentives	\$2,249,598	\$9,606,105
Administration	\$46,249	\$46,249
TOTAL	\$2,295,857	\$9,652,354

Source: City of Lebanon and Tiberius Solutions

Table 3 - Estimated Annual Construction Values

Year of Completion	FYE On Tax Roll	Total Value (2020 \$)
2019	2021	\$1,445,400
2020	2022	\$0
2021	2023	\$0
2022	2024	\$10,894,400
2023	2025	\$14,012,350
2024	2026	\$5,940,000
2025	2027	\$13,417,000
2026	2028	\$2,166,500
2027	2029	\$0
TOTAL		\$47,875,650

V. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through fiscal year ending (“FYE”) 2028 are calculated based on projections of the growth in assessed value of new development within the Area and the consolidated tax rate that will apply in the Area. Table 3 shows the incremental assessed value, tax rates, and tax increment financing revenues each year (“Gross TIF”), adjusted for discounts (“Net TIF”). In Oregon, when the full amount of the property tax bill is paid by November 15, the taxpayer gets a 3 percent discount. If the taxpayer pays two thirds of the tax by November 15, they get a 2 percent discount. To get a discount on the current year’s tax bill, all delinquent taxes, penalty, and interest must first be paid in full.¹

The first year of tax increment collections is anticipated to be FYE 2022. Gross TIF is calculated by multiplying the tax rate times the increment. Increment is the increased assessed value over the frozen base. The tax rate is expressed per thousand dollars of assessed value, so the calculation is “tax rate times excess value used divided by one thousand.”

The rebate amount is tied to the terms stipulated in the Economic Development Agreement. The terms of that agreement are outlined in the previous section of this Report. Given the projected development schedule, the total amount of rebate to the developer is anticipated to be less than the allowed amount in the Economic Development Agreement. The total anticipated rebate is \$2,249,598.

The Plan is financially feasible because the only project, other than administration, is the rebate to the developer, and the amount of the rebate is contractually obligated to only be a portion of annual TIF revenue.

The maximum indebtedness (“MI”) of the Plan is equal to the amount of TIF that would need to be generated to provide the developer with the not-to-exceed amount of the rebate as identified in the Economic Development Agreement.

The financial projections, based on assumed development for the Area, suggest that the Area will not reach that MI figure, and instead would generate \$3,007,115 in gross TIF revenue, and have impacts to taxing districts of \$2,295,857 including developer rebates and administrative costs. The remainder of these TIF proceeds would be returned to affected taxing districts through an underlevy or other similar approach.

However, in the event that the development was on a faster schedule and/or more valuable than anticipated and the Area did achieve the full amount of MI, then impacts to taxing districts could be as high as \$9,652,364 as shown in Table 7.

¹ www.oregon.gov/dor, Property Tax Payment Procedure

Table 4 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Total AV	Frozen Base	Increment	Tax Rate	Gross TIF	Net TIF	Rebate to Developer	To Agency for Admin.	Returned to Taxing Districts
2020	\$438,235	\$438,235	\$0	14.7793	\$0	\$0	\$0	\$0	\$0
2021	\$451,382	\$438,235	\$0	14.7793	\$0	\$0	\$0	\$0	\$0
2022	\$464,924	\$438,235	\$1,560,113	14.7793	\$23,057	\$22,366	\$17,893	\$2,122	\$2,351
2023	\$478,871	\$438,235	\$1,620,064	14.7793	\$23,943	\$23,225	\$18,580	\$2,185	\$2,460
2024	\$493,237	\$438,235	\$13,943,556	14.7793	\$206,076	\$199,894	\$159,915	\$32,251	\$7,728
2025	\$508,034	\$438,235	\$30,619,164	14.7793	\$452,530	\$438,954	\$351,163	\$2,319	\$85,472
2026	\$523,276	\$438,235	\$38,643,556	14.7793	\$571,125	\$553,991	\$443,193	\$2,388	\$108,410
2027	\$538,974	\$438,235	\$56,317,228	14.7793	\$832,329	\$807,359	\$605,519	\$2,460	\$199,380
2028	\$555,143	\$438,235	\$60,764,349	14.7793	\$898,055	\$871,113	\$653,335	\$2,534	\$215,244
Total					\$3,007,115	\$2,916,902	\$2,249,598	\$46,259	\$621,045

Source: Tiberius Solutions

Total AV:	Total Assessed Value
Frozen Base:	The Assessed Value of the properties in the Area at the time the urban renewal area is established
Increment:	The Assessed Value of development in the Area after it is established
Tax Rate:	The tax rate is \$14.7793 per thousand dollars of assessed value.
Gross TIF:	The total amount of tax increment proceeds when multiplying the increment times the tax rate
Net TIF:	The amount of tax increment proceeds after estimates for discounts, delinquencies, truncation loss, and receipt of delinquent taxes from prior years
Rebate:	The amount to be paid to the developer for reimbursement for infrastructure costs
To URA:	The amount to be paid to the Agency for administrative costs
To Tax Districts:	The amount that will be rebated to the impacted taxing districts

The maximum indebtedness is \$9,652,364 (Nine Million, Six Hundred Fifty-Two Thousand, Three Hundred Sixty-Four Dollars). This is also the estimated total amount of tax increment revenues that could be required to service the maximum indebtedness as no formal borrowings or interest payments are anticipated in the Plan. The indebtedness will be retired or terminated in FYE 2029. The last year of tax increment revenues is FYE 2028.

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The schedule for projects will be based on the availability of funding. No rebate to the developer will occur unless there is new development in the Area that provides for tax increment collections. The estimated rebate is shown in Table 4. Annual expenditures for program administration are shown in Table 2.

The Agency is anticipated to complete the project and to terminate the Plan in FYE 2029, a seven (7) year tax rebate program.

VII. REVENUE SHARING

Revenue sharing targets, as prescribed in ORS 457.470, are **not** projected to be reached during the life of the Plan. However, the financial analysis shows a voluntary under-levy amount each year, shown in the final column of Table 4, *Returned to Taxing Districts*. This amount will be predicated on the terms of the Economic Development Agreement as applied to the actual development in the Area.

Revenue sharing is defined in ORS 457.470 and requires that the impacted taxing jurisdictions will receive a share of the incremental growth in the Plan Area at specifically defined thresholds. The first threshold is when annual tax increment finance revenues exceed 10% of the original maximum indebtedness of the Plan (10% = \$965,236). At 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 second threshold is set at 12.5% of the maximum indebtedness. If this threshold is met, revenue for the district would be capped at 12.5% of the original maximum indebtedness, with all additional tax revenue being shared with affected taxing districts.

VIII. 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 2028 and are shown in Table 5 and Table 6.

The Lebanon Community School District #9 and the Linn-Benton-Lincoln 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. If new school aged students move into these units and attend the local schools, the funding through the State School Fund would increase.

In this Plan, the property is largely an undeveloped site. The costs of the infrastructure will impede full development of the site. The urban renewal concept known as "but for urban renewal" means that the development and increased property tax revenue would not have happened but for the ability of urban renewal to lower the costs of development. So, although there are projected impacts to the permanent rate levies, the property value increases and resulting property taxes

would not have happened but for the incentives provided through the urban renewal area.

Table 5 and Table 6 show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. Table 5 shows the general government levies, and Table 6 shows the education levies. Table 5 and Table 6 indicate the impacts to taxing districts based on the projected development schedule. However, the Economic Development Agreement calls for a higher level of payment to the developer. If those values are met, the impacts to the taxing districts could be higher, shown in Table 7. The maximum indebtedness of the Plan is set according to the Economic Development Agreement.

Table 5- Projected Impact on Taxing District Permanent Rate Levies - General Government

General Government						
FYE	Linn County	City of Lebanon	Lebanon Fire District	Lebanon Aquatic	4H Extension District	Subtotal
2022	\$1,725	\$6,956	\$3,061	\$325	\$95	\$12,161
2023	\$1,789	\$7,217	\$3,175	\$337	\$98	\$12,617
2024	\$16,560	\$66,785	\$29,385	\$3,121	\$910	\$116,761
2025	\$30,461	\$122,849	\$54,053	\$5,740	\$1,674	\$214,778
2026	\$38,398	\$154,857	\$68,137	\$7,236	\$2,110	\$270,738
2027	\$52,392	\$211,297	\$92,970	\$9,873	\$2,880	\$369,412
2028	\$56,519	\$227,941	\$100,293	\$10,651	\$3,106	\$398,510
Total	\$197,844	\$797,902	\$351,075	\$37,282	\$10,874	\$1,394,978

Source: Tiberius Solutions

Table 6 - Projected Impact on Taxing District Permanent Rate Levies – Education

Education					
FYE	Linn-Benton-Lincoln ESD	LBCC	Lebanon Community Schools	Subtotal	Total General Government and Education
2022	\$413	\$680	\$6,761	\$7,854	\$20,015
2023	\$428	\$705	\$7,015	\$8,148	\$20,765
2024	\$3,964	\$6,526	\$64,914	\$75,405	\$192,166
2025	\$7,292	\$12,004	\$119,408	\$138,704	\$353,482
2026	\$9,192	\$15,132	\$150,519	\$174,843	\$445,581
2027	\$12,543	\$20,647	\$205,378	\$238,567	\$607,979
2028	\$13,531	\$22,273	\$221,555	\$257,359	\$655,869
Total	\$47,364	\$77,967	\$775,549	\$900,879	\$2,295,857

Source: Tiberius Solutions

Table 7 - Projected Impact on Taxing District Permanent Rate Levies of Economic Development Agreement

Taxing District	Cumulative Impact
General Government	
Linn County	\$831,788
City of Lebanon	\$3,354,584
Lebanon Fire District	\$1,476,007
Lebanon Aquatic	\$156,744
4H Extension District	\$45,717
<i>Subtotal</i>	<i>\$5,864,840</i>
Education	
Linn-Benton-Lincoln ESD	\$199,130
LBCC	\$327,791
Lebanon Community Schools	\$3,260,603
<i>Subtotal</i>	<i>\$3,787,524</i>
Total	\$9,652,364

Source: Tiberius Solutions

Note: The financial projections do not anticipate this level of development happening; this scenario is tied to the Economic Development Agreement.

Table 8 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2029.

The frozen base is the assessed value of the Plan Area established by the county assessor at the time the Plan is established. Excess value is the increased assessed value in the Plan Area above the frozen base.

Table 8 - Additional Revenues Obtained after Termination of Tax Increment Financing in FYE 2029 (Year after Termination)

Tax Revenue in FYE 2029 (Year after Termination)			
Taxing District	From Frozen Base	From Increment	Total
General Government			
Linn County	\$558	\$79,728	\$80,286
City of Lebanon	\$2,251	\$321,541	\$323,792
Lebanon RFD	\$990	\$141,477	\$142,467
Lebanon Aquatic	\$105	\$15,024	\$15,129
4H Extension District	\$31	\$4,382	\$4,413
<i>Subtotal</i>	\$3,935	\$562,152	\$566,087
Education			
Linn-Benton-Lincoln ESD	\$134	\$19,087	\$19,221
LBCC	\$220	\$31,419	\$31,639
Lebanon Comm SD #9	\$2,188	\$312,533	\$314,721
<i>Subtotal</i>	\$2,541	\$363,039	\$365,580
Total	\$6,477	\$925,190	\$931,667

Source: Tiberius Solutions

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

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base of the Mill Race Urban Renewal Area (assumed to be FYE 2020 values) is projected to be \$438,235. The total assessed value of the City is \$1,261,832,878. To calculate the total percentage of assessed value in urban renewal, the frozen base assessed values of the urban renewal areas are divided by the total assessed value of the City minus the increment of the urban renewal areas, also called excess value. In Lebanon, this results in 6.77% of the City's assessed value being located in the urban renewal, which is below the 25% threshold. This is shown in Table 9. The acreages of the existing urban renewal areas and the Mill Race Urban Renewal Area are also shown in Table 9. Lebanon has 24.25% of its acreage in urban renewal, below the statutory restriction of 25%.

Table 9a - Assessed Value Statutory Limit Verification

Urban Renewal Area	Frozen Base Assessed Value	Acreage	Excess Value
Northwest Lebanon	\$10,818,045	570.15	\$174,940,514
North Gateway	\$8,365,939	144.16	\$55,520,925
Cheadle Lake	\$23,436,198	295.45	\$25,631,124
Downtown	\$25,048,733	51.30	\$80,225
Mill Race	\$438,235	51.45	0

Table 9b - Assessed Value Statutory Limit Verification

	Assessed Value	Acreage
Total in URA Frozen Base = A	\$68,107,150	1,112.51
City of Lebanon = B	\$1,261,832,878	4,603.86
UR Excess = C	\$256,172,788	
City less UR Excess = B-C	\$1,005,660,090	
Percent of Total A/(B-C)	6.77%	24.25%

Source: Compiled by Elaine Howard Consulting, LLC with data from City of Lebanon and Linn County Department of Assessment and Taxation (FYE 2020) AV – assessed value, Frozen base – assessed value the urban renewal area at the time it is established Increment – increased assessed value over the frozen base URA – urban renewal area

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

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

A. Physical Conditions

1. Land Use

The Plan Area measures 51.45 total acres in size. The present land use is largely vacant with some small residential uses and a new storage unit facility.

2. Zoning and Comprehensive Plan Designations

The zoning designation is Mixed Use and the Comprehensive Plan designation for the area is Mixed Use.

B. Infrastructure

This section identifies the existing conditions in the Plan Area to assist in **establishing blight in the ordinance adopting the Plan. This does not mean that all of these projects are included as projects to be undertaken in the Plan.** The specific projects that are included in the Plan are listed in Section II of this Report.

1. Transportation

About one-third of the transportation network has been completed in the Area. The other two-thirds of the network is yet to be completed.

2. Other Utilities

About one third of the water, sewer and storm water lines have been completed in the Area. The other two-thirds of the water, sewer and storm water lines area yet to be completed.

C. Social Conditions

The Plan Area contains six parcels, two of which have some residential property. The remainder of the property is undeveloped.

D. Economic Conditions

1. Taxable Value of Property within the Plan Area

The majority of the Area is presently vacant and not contributing its fair share to the overall tax base of the City. The assessed value in the Area according to the Linn County FYE 2020 assessment data is \$438,235.

2. Improvement to Land Values within the Plan Area

As of this report, the Assessor's office shows five tax lots. One of those tax lots has been divided, but the Assessor does not yet show that as a separate tax lot. Of the five tax lots, three of the tax lots representing 41.32 acres, or 86% of the tax lot acreage, are undeveloped. One parcel has an improvement to land value ratio of .48, indicating it is highly underdeveloped. This parcel was recently divided, however the overall land to improvement value does not change with this division. The remaining parcel has a land to improvement value of 2.6, but it represents just under an acre of the total Area. The majority of the Area is un/underdeveloped, not contributing its fair share of property tax revenues to the City or other taxing districts.

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Plan Area (affected taxing districts) is described in Section VII 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 urban renewal funding are for developer incentives to assist in development in Lebanon and administration of this project.

Development in the Plan Area will require City services. This development is inside the urban growth boundary and the City is expecting to provide services to the property. There is an existing building permit for the property and the city has proceeded with its typical review of the potential development through review of plans. As the development will be new construction, it will be up to current building code and will aid in any fire protection needs.

The financial impacts from tax increment collections will be countered by construction jobs, new long term employment opportunities, additional housing opportunities and, in the future, adding future increases in assessed value to the tax bases for all taxing jurisdictions, including the City.

XI. REASONS FOR SELECTION OF EACH PLAN AREA IN THE PLAN

The reason for selecting the Plan Area is to provide the ability to fund developer incentives necessary to cure blight within the Plan Area. The area is underdeveloped and has a prevalence of depreciated values to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered.

XII. RELOCATION REPORT

There is no relocation report required for the Plan. No specific acquisitions that would result in relocation benefits have been identified. However, if property is acquired that requires relocation, the Agency shall comply with applicable relocation requirements.



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MEMORANDUM

Community Development

To: Mayor Aziz and City Council
From: Kelly Hart
Community Development Director
Subject: Planning Commission Action on Mill Race Urban Renewal District

Date: July 16, 2020

On July 15, 2020, during the regularly scheduled Planning Commission meeting, a discussion item was agendized to review the draft Mill Race Urban Renewal Plan and Report, and to determine whether the proposed Plan and Report were consistent with the City's adopted Comprehensive Plan.

Elaine Howard, from Elaine Howard Consulting, the City's consultant for the preparation of the Mill Race URD presented the plan to the Planning Commission, along with an agenda report that identified how the plan was compliant with the Comprehensive Plan.

The Planning Commission indicated they had reviewed the agenda report and accepted the presentation. Commissioner Brackeen presented a motion that the Planning Commission find, based upon the information provided in the staff report and the provided attachments, that the Mill Race Urban Renewal Plan conforms with the Lebanon Comprehensive Plan. Commissioner Prenoveau seconded the motion, and the Planning Commission unanimously approved the motion.



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MEMORANDUM

Community Development

To: Lebanon Planning Commission Date: July 8, 2020
From: Kelly Hart, Community Development Director
Subject: Draft Mill Race Urban Renewal Plan and Report Accompanying the Mill Race Urban Renewal Plan

I. INTRODUCTION

The Lebanon Planning Commission is being asked to make a recommendation to the City Council regarding the Council's consideration and adoption of the proposed Mill Race Urban Renewal Plan (Plan). The Plan is designed for the Mill Race Area (Area), an area of 51.45 acres. The Plan creates a single development tax increment finance zone to provide developer incentives to reimburse the developer for infrastructure required to facilitate development.

The focus of the Planning Commission's review is the conformance of the Plan with the Lebanon Comprehensive Plan. This action does not require a public hearing, and the Planning Commission is not being asked to approve the Plan, but rather make a recommendation to the Lebanon City Council on the conformance to the Lebanon Comprehensive Plan issue. There are no explicit review criteria for a Planning Commission for the review of an urban renewal plan. The Oregon Revised Statute (ORS) ORS 457.085(4) states that "An urban renewal plan and accompanying report shall be forwarded to the planning commission of the municipality for recommendations, prior to presenting the plan to the governing body of the municipality for approval under ORS 457.095". The generally accepted practice is for the Planning Commission to provide input on the relationship of the Plan to the Local Goals and Objectives (Section XI of the Plan), and particularly to its conformance to the City of Lebanon Comprehensive Plan.

II. CURRENT REPORT & RECOMMENDED FINDINGS

MAXIMUM INDEBTEDNESS

The proposed maximum indebtedness, the limit on the amount of funds that may be spent on administration, projects and programs in the Area is \$9,652,364. This MI will be reimbursed to cover administrative expenses and to reimburse developer infrastructure improvements.

RELATIONSHIP TO LOCAL OBJECTIVES

The Plan relates to local planning and development objectives contained within the Lebanon Comprehensive Plan. The following section describes the purpose and intent of the plan, the goals to which the proposed Plan relates, and an explanation of how the Plan relates to these goals. The numbering of the goals will reflect the numbering that occurs in the original document. *Italicized text is text that has been taken directly from an original planning document.*

This is not a comprehensive list of all parts of the Lebanon Comprehensive Plan that are supported by this Plan. This list includes the major Goals from the comprehensive plans that are in conformance with the urban renewal Plan. However, there may be other Goals that are not listed, but are still in conformance with this Plan.

City of Lebanon Comprehensive Plan

Chapter 4 - Land Use

The City's Land Use Goals include:

G-2: Promoting the orderly development and conservation of lands for urban uses, such as homes, businesses, industries, and streets, as well as parks, open space, and wetlands.

G-3: Encouraging land developments that utilize innovative design and technology, energy conservation, and the protection and conservation of cultural and natural resources. Examples of innovative residential developments include: common wall or "zero lot line" dwellings (e.g., row houses and townhouses), dwellings designed and sited to utilize solar energy, and planned developments that provide for variety in housing types and uses.

G-4: Promoting and encouraging planned development methods for special lands that display the following characteristics: property of large sizes or those that are well situated in relation to the street and traffic circulation network; properties that have natural features that limit development potential; and properties that involve significant natural or cultural resources, particularly active or passive recreational opportunities.

Recommended Finding: The Plan conforms to the Land Use goals of the Comprehensive Plan as providing incentives for new development within the Area will promote the orderly development of lands for urban uses, incorporate a variety of housing types and uses and promote orderly development of a large sized property. The development is planned to include single family residences, multi-use complexes, apartment buildings, a senior care center, retail buildings, a fueling station, restaurant and industrial uses.

Chapter 5 - Population and Economy

The City's Economic Goals include the following:

G-1 Providing employment opportunities for its citizens.

G-2: Providing a viable tax base for the community in order to pay for essential community services.

G-3: Encouraging a diversified economic base for the community which broadens and improves long-term employment opportunities in all sectors, including, retail, service, and industrial.

G-4: Providing the opportunity for a full range of commercial, cultural, recreational, educational, health services, and other professional services to meet the needs of the City's residents and visitors.

G-5: Supporting the establishment of new employment and the expansion of existing employment to strengthen the City's economic base in order to provide adequate employment opportunities and maintain community livability.

G-6: Seeking balanced, concurrent growth in the commercial, industrial and residential sectors that are within the carrying capacity of community resources.

Recommended Finding: The Plan conforms to the Population and Economy goals of the Comprehensive Plan as providing incentives for new development within the Area will provide employment opportunities, help to provide a viable tax base by encouraging new development, encourage a diversified economic base, provide for a full range of uses, support the establishment of new employment by both construction jobs and long term jobs in the commercial and industrial uses in the Area and seek balanced concurrent growth in the commercial, industrial and residential sectors. The development is planned to include single family residences, multi-use complexes, apartment buildings, a senior care center, retail buildings, a fueling station, restaurant and industrial uses.

Chapter 6 - Housing

The City's Housing Goals include:

G-1: Providing housing policies and practices that increase housing opportunities for all citizens.

G-2: Encouraging the availability of adequate numbers of needed housing units at price ranges and rent levels that are commensurate with the financial capabilities of community households, and to allow flexibility of housing location, type and density.

G-4: Providing for connectivity in new developments and to promote efforts to extend trails, pedestrian ways, and bikeways through existing residential areas.

G-5: Cooperating with builders, developers, and others involved in the provision of housing in creating a positive image of the City as a desirable place to live, work, and do business.

Recommended Finding: The Plan conforms to the Housing goals of the Comprehensive Plan as providing incentives for new development within the Area will provide new housing options for existing and new residents to Lebanon, increasing the availability of needed housing units in a variety of price ranges including single family residences, multi-use complexes, apartment buildings and a senior care center. The development will provide connectivity through the residential area. By encouraging the development, the City will be cooperating with developers in the provision of housing creating a positive image of the City as a desirable place to live, work, and do business.

Chapter 7 - Community Friendly Development

The City's Community Friendly Development Goals include:

G-1: Encouraging development patterns that make efficient use of land and energy resources, provide a variety of housing choices, and create multiple transportation options.

G-2: Supporting infill development and other development options on large or underutilized residential or commercial lots guided by clear and objective neighborhood compatibility standards.

G-3: Encouraging policies and ordinances that lead to well-designed, aesthetically pleasing neighborhoods that foster a sense of community and personal interaction.

G-5: Developing streets whose purpose is not solely to move automobiles safely and efficiently, but also to create pedestrian and bicycle friendly environment.

G-6: Developing sidewalks, crosswalks, and multi-use paths that not only meet ADA standards, but also enhance a pedestrian and bicycle friendly environment throughout the community

G-8: Promoting denser development in select locations in order to realize potential savings on infrastructure provision and maintenance.

G-9: Providing density bonuses for developers who incorporate specific design amenities into their developments.

G-10: Allowing appropriately scale neighborhood commercial centers, subject to provisions of the Zoning Ordinance, and residential zones in order to: (1) provide ease of access to basic daily household needs, to eliminate unnecessary automobile trips, and to provide convenience centers for neighborhood social interaction; and, (2) within the Mixed Density Residential Zones in order to allow for commercial activity closer to the source of the customers and to allow the pedestrian access to retail services.

Recommended Finding: The Plan conforms to the Community Friendly Development goals of the Comprehensive Plan as the development will be on a parcel that is in the city limits but is presently undeveloped, encouraging development patterns that make efficient use of land and energy resources, provide a variety of housing choices, and create multiple transportation options, supporting development on large parcels, developing streets for automobiles, bicyclists and pedestrians, enhancing a pedestrian and bicycle friendly environment, supplying denser development to realize savings on infrastructure provision and maintenance and allowing for appropriately scaled neighborhood commercial centers. The development will be a planned development and meet the requirements of the City of Lebanon. The development is planned to include single family residences, multi-use complexes, apartment buildings, a senior care center, retail buildings, a fueling station, restaurant and industrial uses

Chapter 8 - Transportation

The City's Transportation Goals include:

G-1: An equitable, balanced and well-connected multi-modal transportation system.

G-2: Convenient facilities for pedestrians and bicyclists.

G-3: Transit service and amenities that encourage a higher level of ridership.

G-4: Efficient travel to and through the City.

G-5: Safe and active residents.

G-6: A sustainable transportation system.

G-7: A transportation system that supports a prosperous and competitive economy.

G-8: Coordinate with local and state agencies and transportation plans.

Recommended Finding: The Plan conforms to the Transportation goals of the Comprehensive Plan as the development will be on a parcel that is in the city limits but is presently underserved by a transportation network. The development will provide improved transportation networks for all modes, helping to create a transportation system providing convenient facilities for

pedestrians and bicyclists and efficient travel to and through the city that is safe and sustainable. The transportation system improvements will help support a prosperous and competitive economy, will be in a planned development and meet the requirements of the City of Lebanon and the requirements of the Lebanon Transportation System Plan.

Chapter 10 - Public Facilities and Services

The City's Public Facilities and Services Goals include:

G-1: Providing Public Facilities Policies and Plans as a guide for the location and development of future community facilities and utilities consistent with long-range community needs.

G-2: Planning and developing a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban development for both existing and planned land uses.

G-3: Continuing and enhancing coordination and cooperation between the City and other public and private providers of public services to maximize the orderly and efficient development and provision of all services.

G-4: Ensuring that essential public facilities and service capabilities (transportation, storm drainage, sewer and water service) are either in place before new development occurs and/or are constructed concurrently with such development.

G-5: Ensuring that the extensions of essential public facilities and services to a development site is accomplished either by the city through the implementation of the Capital Improvement Program, or by the site developer at their expense with cost sharing and oversizing reimbursement options.

G-6: Promoting water conservation.

Recommended Finding: The Plan conforms to the Public Facilities and Services goals of the Comprehensive Plan as the development will be on a parcel that is in the city limits but is presently underserved by public facilities and services. The development will be a planned development and meet the requirements of the City of Lebanon to ensure the essential public facilities and service capabilities are either in place before new development occurs and/or are constructed concurrently with such development.

III. PUBLIC NOTIFICATION

The review of the Mill Race Urban Renewal Plan, and determination of conformance with the adopted Comprehensive Plan is not a public hearing, and per State statute is not subject to public notice. However, a public notification for this review was originally issued on June 25, 2020. The notice was mailed to all property owners within the new Urban Renewal Area boundary, as well as posted to the City's website.

IV. RECOMMENDATION

Staff recommends that the Planning Commission:

1. Review and discuss the proposed Mill Race Urban Renewal Plan

2. Find that the Plan conforms to the Lebanon Comprehensive Plan, and optionally recommend the Plan's adoption to the Lebanon City Council
3. Direct Staff to draft an Order of Recommendation based on the approved and/or modified findings

Recommendation/Suggested Motion(s):

"I move that the Lebanon Planning Commission finds, based upon the information provided in the staff report and the provided attachments, that the Mill Race Urban Renewal Plan conforms with the Lebanon Comprehensive Plan, and further recommend that the Lebanon City Council adopt the proposed Mill Race Urban Renewal Plan."

Attachments:

1. Mill Race Urban Renewal Plan
2. Report Accompanying the Mill Race Urban Renewal Plan