

AN ORDINANCE OF THE CITY OF KLAMATH FALLS APPROVING
THE LAKEFRONT URBAN RENEWAL PLAN AND DIRECTING
THAT NOTICE OF APPROVAL BE PUBLISHED.

WHEREAS, the Klamath Falls Urban Renewal Agency (the "Agency") has prepared and has sent to the City Council for its approval an urban renewal plan for an urban renewal area within the boundaries of the City of Klamath Falls which urban renewal plan is known as the Klamath Falls Lakefront Urban Renewal Plan (the "Plan"); and

WHEREAS, such Plan and its accompanying Report have been prepared in conformity with the requirements of ORS 457.085 and with public involvement in all stages of the development of the Plan; and

WHEREAS, additional notice of the public hearing on adoption of this Plan has been provided as required by ORS 457.120, and

WHEREAS, the Plan and Report were forwarded to the governing body of each tax district affected by the Plan, with an invitation to meet and discuss the plan, or forward comments on the plan, and

WHEREAS, pursuant to ORS 457.105, on June 26, 2001, the Plan and Report and maximum indebtedness were submitted to the Klamath County Commission, which approved the Plan and Report by Resolution on July 10, 2001, and

WHEREAS, the Plan and Report were forwarded to the Klamath Falls Planning Commission for recommendations and the Planning Commission has reviewed the Plan and Report and made certain recommendations with respect thereto; and

WHEREAS, on July 9, 2001, the Klamath Falls Planning Commission recommended approval of the Klamath Falls Lakefront Urban Renewal Plan; and

WHEREAS, pursuant to ORS 457.095, the Klamath Falls City Council held public hearings on July 16, 2001 and August 6, 2001 to review and consider the Plan, the Report, the recommendation of the Planning Commission, and public testimony, and

WHEREAS, City Council finds the Urban Renewal Plan should be adopted and approved, based on the findings listed below; NOW THEREFORE,

THE CITY OF KLAMATH FALLS ORDAINS AS FOLLOWS:

Section 1

Findings In support of its adoption of the Klamath Falls Lakefront Urban Renewal Plan, the following findings of fact and conclusions are adopted:

FINDINGS

1. That the area described in the Klamath Falls Lakefront Urban Renewal Plan is blighted.
2. That rehabilitation and redevelopment is necessary to protect the public health, safety, or welfare of the City of Klamath Falls.
3. That the Klamath Falls Lakefront Urban Renewal Plan conforms to the City's Comprehensive Plan as a whole, and provides an outline for accomplishing the projects that the Klamath Falls Lakefront Urban Renewal Plan proposes.
4. That provisions have been made to house displaced persons within their financial means and in accordance with ORS 281.045-ORS - 281.105 and, except in the relocation of elderly or handicapped individuals, without displacing on priority lists persons already waiting for existing federally subsidized housing.
5. That the acquisition of real property provided for is necessary.

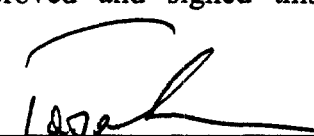
6. That the adoption and carrying out of the urban renewal plan is economically sound and feasible.
7. That the City shall assume and complete any activities prescribed it by the urban renewal plan.
8. That the Klamath Falls City Council hereby incorporates by reference the Klamath Falls Lakefront Urban Renewal Plan, attached to this Ordinance as Exhibit "A", as support for its above-mentioned findings.
9. That the Klamath Falls City Council further relies on the Report on the Klamath Falls Lakefront Urban Renewal Plan, attached to this Ordinance as Exhibit "B", which is incorporated by reference, the report of the Planning Commission, the public hearing and the entire record before the City Council in this matter.

CONCLUSIONS

1. The Klamath Falls City Council hereby adopts and approves the Klamath Falls Lakefront Urban Renewal Plan, pursuant to the provision of ORS 457, and directs the City Recorder to publish notice of the adoption of this Ordinance in accordance with the requirements of ORS 457.115.
2. The Klamath Falls City Council directs the City Recorder to record a copy of the Ordinance approving the Klamath Falls Lakefront Urban Renewal Plan with the Recording Officer of Klamath County, Oregon, pursuant to ORS 457.125, and directs the City Recorder to send a copy of this Ordinance to the Urban Renewal Agency for the City of Klamath Falls, Oregon.
3. Notwithstanding the provisions of the attached Klamath Falls Lakefront Urban Renewal Plan regarding acquisition of property through eminent domain or condemnation proceedings, tax revenues and interest generated through this Ordinance shall only be used for acquiring real property from a willing seller; no such revenues shall be used to acquire property through non-voluntary condemnation or eminent domain proceedings.

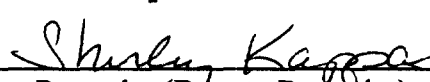
Passed by the Council of the City of Klamath Falls, Oregon, the 6th day of August, 2001.

Presented to the Mayor (~~Mayor Pro-tem~~), approved and signed this 7th day of August, 2001.



Mayor (~~Mayor Pro-tem~~)

ATTEST:



City Recorder (Deputy Recorder)

STATE OF OREGON
COUNTY OF KLAMATH
CITY OF KLAMATH FALLS

SS

I, Shirley Kappas, Recorder (Deputy Recorder) for the City of Klamath Falls, Oregon, do hereby certify that the foregoing is a true and correct copy of a Ordinance duly adopted by the Council of the City of Klamath Falls, Oregon, at the meeting held on the 6th day of August, 2001, and thereafter approved and signed by the Mayor (~~Mayor Pro-tem~~) and attested by the City Recorder (Deputy Recorder).



City Recorder (Deputy Recorder)

KLAMATH FALLS LAKEFRONT URBAN RENEWAL PLAN
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Exhibit "A"

Klamath Falls Urban Renewal Plan

Klamath Falls, Oregon

Part Two-Exhibits

EXHIBITS

Exhibit 1Plan Boundary

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ATTACHMENTS

Attachment A Boundary Description

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A. General

The Klamath Falls Lakefront Urban Renewal Plan consists of Part One - Text and Part Two - Exhibits. The Klamath Falls City Council acts as the Urban Renewal Agency of the City of Klamath Falls, Oregon.

This Plan has been prepared pursuant to Oregon Revised Statute (ORS) Chapter 457, the Oregon Constitution, and all applicable laws and ordinances of the State of Oregon and City of Klamath Falls respectively. All such applicable laws and ordinances are made a part of this Plan, whether expressly referred to in the text or not.

The Urban Renewal Area is a single geographic area with a single contiguous boundary in which a variety of activities and projects are contemplated to eliminate blight and the causes of blight and intended to create an environment in which the private sector may develop uses compatible with the purposes of this plan.

This Urban Renewal Plan for the Klamath Falls Urban Renewal Area was approved by the City Council of the City of Klamath Falls on July 16, 2001 by Ordinance No. xx.

B. The Renewal Plan Area Boundary

The boundary of the renewal area is shown in (Map) Exhibit 1, attached to this plan. A legal description of the project boundary is included as Attachment "A" of this plan.

200. CITIZEN PARTICIPATION

This renewal plan was developed under the guidance of the Klamath Falls City Council. In the course of formulating the plan, City staff and Council conducted public meetings, inviting the general public, and affected taxing bodies to discuss urban renewal concepts, and the renewal plan. All meetings of the Committee were open to the public for discussion and comment.

The Klamath Falls Planning Commission met to review the Plan on Date July 9, 2001 The Klamath Falls City Council held a public hearing on adoption of this Plan on Date July 16, 2001 Additional notice on City Council adoption of the Plan was provided, as required by ORS 457.120.

The preparation of this document was funded at least in part by the Oregon State Lottery through the South Central Oregon Regional Investment Board for the purpose of promoting economic and community development.

300. RELATIONSHIP TO LOCAL OBJECTIVES

The purpose of this Renewal Plan is to eliminate blighting influences found in the Renewal Area, to implement goals and objectives of the City of Klamath Falls Comprehensive Plan, and to implement development strategies and objectives for the Klamath Falls Urban Renewal Area. The Urban Renewal Plan relates to the following local goals and objectives:

A. City Of Klamath Falls Comprehensive Plan

ORS 457.085 requires that an Urban Renewal Plan relate to definite local objectives. The City's Comprehensive Plan considers a wide range of goals and policies relating to land uses, traffic, transportation, public utilities, recreation and community facilities, economic development, housing and environmental protection. The following Comprehensive Plan Goals apply to this project

ECONOMY – GOALS

- To diversify and improve the local economy.

ECONOMY – POLICIES

- Klamath Falls' position as the retail center for south-central Oregon and northern California will be strengthened wherever possible.
- New, non-polluting industry that can use OIT students during their education and OIT graduates will be sought.
- Appropriate improvements in local conditions will be made in order to attract private capital investments.
- Development which will assure the City of an adequate tax base will be encouraged and supported.
- Adequate public facilities and services for industrial and commercial areas will be ensured.
- Development will be controlled to provide maximum efficient use of public services and facilities. Also adequate public facilities, especially sewer and water, will be provided within the capabilities of the City to permit commercial and industrial development.
- Public facilities and services will be consolidated wherever feasible.

LAND USE – GOALS

- To control urban sprawl and to encourage the extension of public facilities and services into otherwise developable lands within the City.

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LAND USE – POLICIES

- Standards for urbanization will encourage flexibility and innovation in development, permitting mixtures of land uses and intensities which contribute to the quality of the community.
- The appropriate reuse of land which is underdeveloped or where structures are deteriorating will be encouraged.
- The central business districts will receive top priority consideration for commercial land uses, with appropriate neighborhood commercial centers supplementing, not detracting from the central business district or conflicting with surrounding residential areas.

RECREATION – GOALS

- To provide as much choice as possible in recreational alternatives to satisfy the needs of the citizens of the City and its visitors.
- To provide timely, orderly, and efficient arrangements of recreational facilities and services.
- Protect and promote approved trails for non-motorized recreational use in the urban area.

B. Transportation System Plan Goals

- Ensure the integration of adequate bike and pedestrian pathways through the community, particularly to connect residential areas with school and activity centers.
- Ensure adequate capacity for future travel demand on collector and arterial streets and on the local highways to enable economic development in the community.
- Improve area-wide quality of life by (1) increasing the compatibility of regional transportation system development with existing and future land use patterns and (2) minimizing the impacts of transportation system development on the natural and built environment.

C. General Renewal Plan Objectives

The Klamath Falls Urban Renewal Plan also is intended to further the following general plan objectives:

1. Create productive, taxable uses on this vacant, undeveloped lakefront property
2. Enhance the economic vitality of downtown Klamath Falls
3. Open the frontage of Lake Ewauna to public use
4. Provide new public amenities and open spaces in the renewal area.
5. Make improvements to infrastructure in the renewal area.
6. Implement the goals and objectives of Klamath Falls' Comprehensive Plan

A. Land Use Plan

Exhibit 2, the "Zoning Map" describe the locations of the principal land use classifications which are applicable to the Renewal Area. The land use plan for the Renewal Area is consistent with the Klamath Falls Comprehensive Plan.

The Land Use Plan consists of the Land Use and Zoning Map (Exhibit 2) and the descriptive material and regulatory provisions contained in this Section (both those directly stated and those included by reference). This Plan shall be in accordance with the approved City of Klamath Falls Comprehensive Plan and Zoning Map of the City of Klamath Falls. The use and development of land in the Renewal Area shall be in accordance with the regulations prescribed in the Comprehensive Plan, Zoning Ordinance, Subdivision Ordinance, City Charter, or any other applicable local, county, state or federal laws regulating the use of property in the Urban Renewal Area.

Exhibit 2, the "Land Use and Zoning Map" describes the locations of the principal land use and zoning classifications which are applicable to the Renewal Area. Comprehensive Plan designations and Zoning Districts are the same in the Klamath Falls Comprehensive Plan.

The Comprehensive Plan and Zoning designations applying to the Renewal Area are:

- Mixed Use Development
- Industrial

These zones, and their uses, are described in Attachment B to this Plan

B. Plan and Design Review

The Urban Renewal Agency shall be notified of any Comprehensive Plan/Zoning amendment application, building permit, conditional use or other development permits requested within the Area. Redevelopers, as defined in this Plan, shall comply with the Redevelopers Obligations, Section 800 of this Plan.

500. OUTLINE OF DEVELOPMENT

The Urban Renewal Project consists of activities and actions, which treat the causes of blight and deterioration in the Klamath Falls Urban Renewal Area. The conditions also pose a constraint to future development called for in the Comprehensive Plan. Project activities to treat these conditions include:

- a. Assist in development of a network of streets, curbs, and sidewalks to encourage and serve new mixed-use development in the project area.

- b. Assist in the development of basic water, storm, geothermal and sanitary sewer infrastructure to accommodate new mixed-use development in the project area.
- c. Assist in activities to improve the visual appearance of the renewal area, and provide a safer, more attractive pedestrian environment, including:
 - Streetscaping, and landscaping
 - Public parks and open space
- d. Authorization to construct public parking facilities
- e. Authorization to assist rehabilitation and renovation of properties in the renewal Area.
- e. A design plan to guide the design and development of the renewal Area.
- f. Authority to acquire and dispose of land for public improvements, rights-of-way, utility improvements, and private development.
- j. Administration of the Renewal Agency and Renewal Plan.

Section 600 provides further description of each urban renewal project to be undertaken within the Klamath Falls Lakefront Urban Renewal Area.

600. DESCRIPTION OF PROJECTS TO BE UNDERTAKEN

The Lakefront Urban renewal area is focused on returning the Lakefront Lumber Property to productive use, and thereby provide new property values and tax revenues to the City and other taxing bodies, and create new employment opportunities within the City. The acreage in the lakefront area proposed for mixed use redevelopment currently lack all basic services needed to make the property ready for redevelopment. The projects to be undertaken in this plan are intended to cure those deficiencies, and to facilitate quicker redevelopment of the property.

In order to achieve the objectives of this Plan, the following activities will be undertaken on behalf of the City by the Urban Renewal Agency in accordance with applicable federal, state, county, and city laws, policies, and procedures. The Urban Renewal Agency may fund these activities in full, in part, or seek other sources of funding for them. The description of projects herein provides general authority to undertake these activities. These project activities may be modified, or expanded upon as needed to meet renewal plan objectives. Changes will be undertaken in accordance with procedures for amendments to this Plan.

A. PUBLIC IMPROVEMENTS

Public improvements include the construction, repair, or replacement of sidewalks, streets, parking, parks and open spaces, pedestrian amenities, water, sanitary sewer and storm sewer facilities and other public facilities necessary to carry out the goals and objectives of this plan.

KLAMATH FALLS LAKEFRONT URBAN RENEWAL PLAN

1. Public Open Spaces

An illustrative site plan submitted for the mixed use development provides for a public plaza or park , with access to the lakefront. The Renewal Agency may participate in funding the design, acquisition, construction or rehabilitation of this, or other appropriate public spaces, or parks or public facilities within the urban renewal area.

2. Street, Curb, and Sidewalk Improvements

The mixed use development proposed for the renewal area will require the construction of new street, curb, and sidewalks within the project area. To assist this development, the Renewal Agency may participate in funding sidewalk and roadway improvements including design, redesign, construction, resurfacing, repair and acquisition of right-of way for curbs, streets, and sidewalks, and pedestrian and bicycle paths. New streets envisioned in an illustrative site plan submitted for the Proposed mixed use development include:

A new north-south street forming the spine of the new street network

Extensions of Walnut, Oak Plum, Willow, and Elms Streets

The Agency may participate in some, or all of these street improvements

3. Water, Storm, Geothermal and Sanitary Sewers

The mixed use development proposed for the renewal area will require the construction of water, storm and sanitary sewer facilities. These will be constructed in connection with the development of the new street network for the proposed mixed use development project..

4. Streetscape Projects

This activity will enable the Renewal Agency to participate in activities improving the visual appearance of the project area. To carry out these objectives, the Renewal Agency will undertake a variety of improvements to the appearance of key locations within the urban renewal area. These improvements may include :

Public Art and Murals

Street Trees and Landscaping

Trash Receptacles

Sign Standardization

Benches

Historical Markers

5. Pedestrian, Bike, and Transit Connectivity

These activities will include pedestrian, bicycle and transit connections between the renewal project area, and Klamath Falls's downtown core and residential areas. Activities may include bicycle parking and storage, transit stops, transit pullouts, and other related activities which will promote pedestrian, bicycle, and public transportation uses in the renewal area.

6. Public Parking Facilities

It is anticipated that the mixed-use development may create demand for additional public parking within the renewal area. Accordingly, the Agency is authorized to participate in funding the acquisition and construction of new public parking facilities within the renewal area. The location and type of facilities will be decided by further study.

B. PRESERVATION, REHABILITATION, DEVELOPMENT AND REDEVELOPMENT

This activity will enable the Renewal Agency to carry out Council, and Comprehensive Plan objectives for improving the appearance the project area, and encouraging infill and reuse in the project area. The Renewal Agency may participate, through loans, grants, or both, in maintaining and improving exterior and interior conditions of buildings in the renewal area. The Renewal Agency also is authorized to provide loans, or other forms of financial assistance to property owners, or persons desiring to acquire or lease buildings or land from the Agency. The Agency may make this assistance available as it deems necessary to achieve the objectives of this Plan.

C. PROPERTY ACQUISITION AND DISPOSITION

In order to carry out the objectives of this Plan, the Renewal Agency is authorized to acquire land or buildings for public and private development purposes. The procedures for acquiring and disposing of property are described in Sections 700 and 800 of this Plan.

D. DESIGN PLAN(S)

This activity will enable the renewal agency to fund further studies to refine the general ideas and activities described in the urban renewal plan. This kind of study could define and detail concepts relating to themes, landscaping treatments, design requirements, and placement of plan activities.

E. PLAN ADMINISTRATION

It is the intent of this Renewal Plan to provide for the effective administration of the Plan, and to plan for the various activities contained in the Plan. Project funds may be utilized to pay indebtedness associated with preparation of the urban renewal plan, to carry out design plans, miscellaneous land use and public facility studies, engineering, market, and other technical studies as may be needed during the course of the urban renewal plan. Project funds may be utilized to pay for marketing materials and programs to assist in carrying out the objectives of the redevelopment plan. Project funds also may be used to pay for personnel and other administrative costs incurred in management of the renewal plan.

700. PROPERTY ACQUISITION PROCEDURES

Acquisition of real property may be necessary to carry out the objectives of this Plan. Property for public or private preservation, rehabilitation, development, or redevelopment may be acquired by gift, eminent domain or any other lawful method for the purpose of the redevelopment. The purposes and procedures for acquisition under this Plan are:

The Renewal Agency is authorized to acquire property within the Area, if necessary, by any legal means to achieve the objectives of this Plan. Property acquisition, including limited interest acquisition, is hereby made a part of this Plan and may be used to achieve the objectives of this Plan. All acquisition of property will require an amendment to the plan as set forth in Section 900 of this Plan

A. Acquisition requiring City Council ratification.

City Council ratification is required for Renewal Agency acquisitions for the following purposes:

1. Assembling land for development by the public or private sector. Such acquisition shall be undertaken only following completion of a minor amendment to this Plan as set forth in Section 900C1 of this Plan. The City Council shall ratify the minor amendment to this Plan by resolution.
2. Where conditions exist that may affect the health, safety and welfare of the Area and it is determined that acquisition of such properties and demolition of the improvements thereon are necessary to remove substandard and blighting conditions, acquisition shall be undertaken only following completion of a minor amendment to this Plan as set forth in Section 900C1 of this Plan. The City Council shall ratify the minor amendment to this Plan by resolution.
3. Acquisition for any purpose that requires the use of the Agency's powers of eminent domain. Such acquisition shall be undertaken only following completion of a minor amendment to this Plan as set forth in Section 900C1 of this Plan. The City Council shall ratify the minor amendment to this Plan by resolution.

B. Acquisition not requiring City Council ratification.

Land acquisition not requiring City Council ratification requires a minor amendment to this Plan as set forth in Section 900 D2 of this Plan. The minor amendment to the Renewal Plan may be adopted by the Renewal Agency by Resolution. The Agency may acquire land without Council ratification where the following conditions exist:

1. Where it is determined that the property is needed to provide public improvements and facilities as follows:
 - a. Right-of-way acquisition for streets, alleys or pedestrian ways;
 - b. Right of way and easement acquisition for water, sewer, and other utilities
 - c. Property acquisition for public use, or for public buildings and facilities

2. Where the owner of real property within the boundaries of the Area wishes to convey title of such property by any means, including by gift.

C. Properties to be acquired

At the time this plan is prepared, no properties are identified for acquisition. If plan amendments to acquire property are approved, a map exhibit shall be prepared showing the properties to be acquired and the property will be added to the list of properties to be acquired. The list of properties acquired will be shown in this section of the Plan. The map exhibit shall be appropriately numbered and shall be included in Part Two as an official part of this Urban Renewal Plan.

800. PROPERTY DISPOSITION AND REDEVELOPER'S OBLIGATIONS

A. Property Disposition and Redevelopment

The Renewal Agency is authorized to dispose of acquired property by sale, lease, exchange, or other appropriate means for redevelopment for uses and purposes specified in this Plan. If property is identified for acquisition in this plan, the Agency proposes to commence disposition of property within five (5) years from the date of identifying those properties in this plan, and to complete disposition within ten (10) years from such approval. Properties shall be subject to disposition by sale, lease or dedication for the following purposes:

1. Road, street, pedestrian, bikeway, and utility projects, and other right-of-way improvements listed in Section 600 of this plan.
2. Construction of public facilities in Section 600 of this plan.
3. Redevelopment by private redevelopers for purposes consistent with the uses and objectives of this plan. Such disposition will be in accordance with the terms of a Disposition and Development Agreement between the Developer and the Renewal Agency, and with the Redeveloper's obligations in Section 800B of this plan.

The Renewal Agency may dispose of any land it has acquired at fair reuse value, and to define the fair reuse value of any land.

B. Redevelopers Obligations

Redevelopers within the Urban Renewal Area will be subject to controls and obligations imposed by the provisions of this Plan. Redevelopers also will be obligated by the following requirements:

1. The Redeveloper shall develop or redevelop property in accordance with the land-use provisions and other requirements specified in this Plan.

2. The Renewal Agency may require the redeveloper to execute a development agreement acceptable to the Renewal Agency as a condition of any form of assistance by the Renewal Agency. The Redeveloper shall accept all conditions and agreements as may be required by the Renewal Agency.
3. The Redeveloper shall submit all plans and specifications for construction of improvements on the land to the Renewal Agency or its designated agent, for review and approval prior to distribution to reviewing bodies as required by the City.
4. The Redeveloper shall commence and complete the development of such property for the use provided in this Plan within a reasonable time as determined by the Agency.
5. The Redeveloper shall not effect any instrument whereby the sale, lease, or occupancy of the real property, or any part thereof, is restricted upon the basis of age, race, color, religion, sex, marital status, or national origin.

900. AMENDMENTS TO THE RENEWAL PLAN

It is anticipated that this Renewal Plan will be reviewed periodically during the execution of the Project. The plan may be changed, modified, or amended as future conditions warrant. Types of Plan amendments are:

A. Substantial Amendments

Substantial amendments consist of:

1. Increases in the urban renewal area boundary, in cumulative excess of 1%, shall be a substantial amendment requiring approval per ORS 457.095, and notice as provided in ORS 457.120.
2. Increasing the maximum amount of indebtedness to be issued under the plan shall be a substantial amendments requiring approval per ORS 457.095, and notice as provided in ORS 457.120.

B. Major Amendments Requiring Approval per ORS 457.095

1. The addition of improvements or activities which represent a substantial change in the purpose and objectives of this Plan, and which cost more than \$500,000, shall be an amendment requiring approval per ORS 457.095, but not requiring notice as provided in ORS 457.120. The \$500,000 amount will be adjusted annually from the year 2001 according to the "Engineering News Record" construction cost index for the Northwest area.
2. The addition of improvements or activities that substantially alter the goals and objectives of the Urban Renewal Plan requires approval per ORS 457.095 but does not require notice as provided in ORS 457.120.

C. Minor Amendments Requiring Approval by City Council.

Amendments to the Plan defined in this section shall require approval by the Agency by Resolution, and approval by the City Council by Resolution. Such amendments are defined as:

1. Acquisition of property for purposes specified in Sections 700A of this plan.

D. Other Minor Amendments.

Minor amendments may be approved by the Renewal Agency in resolution form. Such amendments are defined as:

1. Amendments to clarify language, add graphic exhibits, make minor modifications in the scope or location of improvements authorized by this Plan, or other such modifications which do not change the basic planning or engineering principles of the Plan.
2. Acquisition of property for purposes specified in Section 700B1 and 2 of this plan.
3. Addition of a project substantially different from those identified in Sections 600 of the Plan or substantial modification of a project identified in Section 600 if the addition or modification of the project costs less than \$500,000 in 2001 dollars.
4. Increases in the urban renewal area boundary, not in cumulative excess of 1%.

1000. MAXIMUM INDEBTEDNESS

The Maximum Indebtedness authorized under this plan is Seven Million and Fifty Thousand Dollars (\$7,050,000).

1100. FINANCING METHODS**A. General**

The Urban Renewal Agency may borrow money and accept advances, loans, grants and other forms of financial assistance from the federal government, the state, city, county or other public body, or from any sources, public or private for the purposes of paying indebtedness incurred in undertaking and carrying out this Plan. In addition, the Agency may borrow money from, or lend money to a public agency in conjunction with a joint undertaking of a project authorized by this Plan. If such funds are loaned, the Agency may promulgate rules and procedures for the methods and conditions of payment of such loans.

B. Tax Increment Financing

It is contemplated that the project will be financed in whole or in part by tax increment financing, as authorized in ORS 457.420 through ORS 457.450.

C. Prior Indebtedness

Any indebtedness permitted by law and incurred by the Urban Renewal Agency or the City in connection with preplanning for this Urban Renewal Plan shall be repaid from tax increment proceeds generated pursuant to this section.

1200. RELOCATION

The Agency will provide relocation assistance to all persons or businesses displaced by project activities. Those displaced will be given assistance in finding replacement facilities. All persons or businesses which may be displaced will be contacted to determine such relocation needs. They will be provided information on available space and will be given assistance in moving. All relocation activities will be undertaken and payments made, in accordance with the requirements of ORS 281.045-281.105 and any other applicable laws or regulations.

Relocation payments will be made as provided in ORS 281.060. Payments made to persons displaced from dwellings will assure that they will have available to them decent, safe, and sanitary dwellings at costs or rents within their financial reach. Payment for moving expense will be made to residences and businesses displaced. The Renewal Agency may contract with Oregon Dept. Of Transportation or other parties to help administer its relocation program.

1300. DEFINITIONS

The following definitions will govern the construction of this Plan unless the context otherwise requires:

"Agency", Renewal Agency" or "Urban Renewal Agency" means the Urban Renewal Agency of the City of Klamath Falls, Oregon.

"Area" means the area included within the boundaries of the Klamath Falls Lakefront Urban Renewal Area.

"City" means the City of Klamath Falls, Oregon.

"City Council" means the City Council of the City of Klamath Falls, Oregon.

"Comprehensive Plan" means the City's Comprehensive Land Use Plan and its implementing Ordinances, policies and development standards.

"County" means the County of Klamath, State of Oregon.

"Displaced" person or business means any person or business who is required to relocate as a result of action by the Urban Renewal Agency to vacate a property for public use or purpose.

"Disposition and Development Agreement" means an agreement between the Urban Renewal Agency and a private developer which sets forth the terms and conditions under which will govern the disposition of land to a private developer.

KLAMATH FALLS LAKEFRONT URBAN RENEWAL PLAN

"Exhibit" means an attachment, either narrative or map, to the Urban Renewal Plan for the Klamath Falls Lakefront Urban Renewal Area, Part Two - Exhibits.

"ORS" means Oregon Revised Statute (State Law) and specifically Chapter 457 thereof.

"Plan" means the Urban Renewal Plan for the Klamath Falls Urban Renewal Area, Parts One and Two.

"Planning Commission" means the Planning Commission of the City of Klamath Falls, Oregon.

"Project, Activity or Project Activity" means any undertaking or activity within the Renewal Area, such as a public improvement, street project or other activity which is authorized and for which implementing provisions are set forth in the Urban Renewal Plan.

"Report" means the report accompanying the Plan, as provided in ORS 457.085 (3).

"Redeveloper" means any individual or group acquiring property from the Urban Renewal Agency or receiving financial assistance for the physical improvement of privately or publicly held structures and land.

"Text" means the Urban Renewal Plan for the Klamath Falls Urban Renewal Area, Part One - Text.

"Urban Renewal Area", "Klamath Falls Urban Renewal Area", or "Renewal Area" means the geographic area for which this Urban Renewal Plan has been approved. The boundary of the Renewal Area is described in Exhibits made a part of this plan.

Klamath Falls Urban Renewal Plan
Exhibit A - Boundaries and Zoning Map

KLAMATH FALLS LAKEFRONT URBAN RENEWAL PLAN

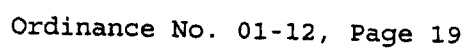
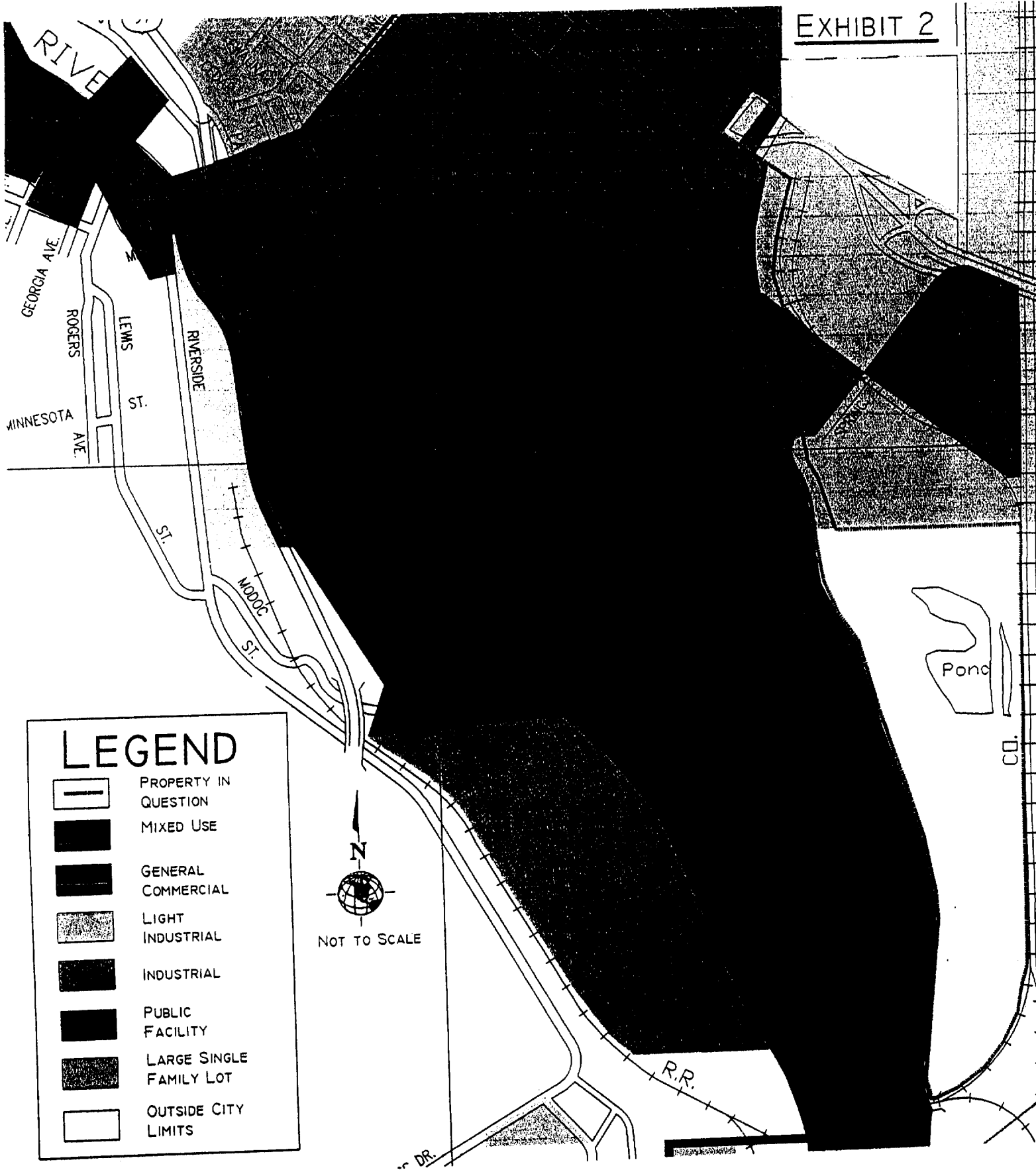


EXHIBIT 2



Klamath Falls Urban Renewal Plan
Exhibit B - Existing Uses Map

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KLAMATH FALLS LAKEFRONT URBAN RENEWAL PLAN

KLAMATH FALLS LAKEFRONT URBAN RENEWAL PLAN
ATTACHMENT A
LEGAL DESCRIPTION OF PROJECT BOUNDARY

KLAMATH FALLS LAKEFRONT URBAN RENEWAL PLAN

ATTACHMENT A

A TRACT OF LAND SITUATED IN THE SOUTH ONE-HALF OF SECTION 32 AND THE SOUTHWEST ONE-QUARTER OF SECTION 33, TOWNSHIP 38 SOUTH, RANGE 9 EAST, WILLAMETTE MERIDIAN, AND THE WEST ONE-HALF OF SECTION 4, TOWNSHIP 39 SOUTH, RANGE 09 EAST, WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF KLAMATH AVENUE, SAID POINT ALSO BEING THE NORTHEAST CORNER OF THE ADDITION TO VETERANS MEMORIAL PARK AND THE MARINA AREA; THENCE NORTH 66°32' EAST, ALONG THE SAID SOUTHERLY RIGHT-OF-WAY LINE OF KLAMATH AVENUE, 569 FEET TO AN ANGLE POINT IN SAID RIGHT-OF-WAY; THENCE NORTH 38°56' EAST, ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE, 1340 FEET MORE OR LESS TO THE INTERSECTION OF SAID SOUTHERLY RIGHT-OF-WAY LINE OF KLAMATH AVENUE AND THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF FOURTH STREET; THENCE SOUTH 51°04' EAST, ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY LINE OF SAID FOURTH STREET, 1160 FEET MORE OR LESS TO THE INTERSECTION OF SAID SOUTHWESTERLY RIGHT-OF-WAY WITH THE EASTERLY RIGHT-OF-WAY LINE OF WILLOW AVENUE; THENCE NORTH 38°56' EAST, ALONG SAID EASTERLY RIGHT-OF-WAY 320 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF 5TH STREET; THENCE SOUTH 51°04' EAST, ALONG SAID SOUTH RIGHT-OF-WAY, 661 FEET MORE OR LESS TO THE WESTERLY RIGHT-OF-WAY LINE OF THE SOUTHERN PACIFIC RAILROAD; THENCE ALONG SAID RAILROAD RIGHT-OF-WAY SOUTH 30°46'30" WEST, 406 FEET MORE OR LESS TO A POINT OF CURVATURE; THENCE ALONG SAID WESTERLY RAILROAD RIGHT-OF-WAY ALONG AN ARC, 344 FEET MORE OR LESS TO THE NORTHERLY LINE OF THE OLD GREAT NORTHERN RAILROAD EASEMENT; THENCE ALONG SAID NORTHERLY LINE, SOUTH 51°04' EAST, 1965 FEET MORE OR LESS TO THE WEST RIGHT-OF-WAY LINE OF THE MAIN SOUTHERN PACIFIC RAILROAD RIGHT-OF-WAY; THENCE SOUTH 00°23' EAST, ALONG SAID WEST LINE, 430 FEET MORE OR LESS TO THE SOUTH LINE OF SECTION 33, TOWNSHIP 38 SOUTH, RANGE 09 EAST, WILLAMETTE MERIDIAN, THENCE CONTINUING ALONG SAID WESTERLY LINE, 4000 FEET MORE OR LESS TO THE EASTERLY BANK OF LAKE EWAUNA; THENCE NORTHERLY ALONG SAID EASTERLY BANK OF LAKE EWAUNA TO THE SOUTHEAST CORNER OF THE ADDITION TO VETERANS MEMORIAL PARK; THENCE NORTH 23°16'32" WEST, 151.14 FEET TO THE POINT OF BEGINNING.

ALSO INCLUDING LOTS 1-10 OF BLOCK 92 KLAMATH ADDITION.

EXCLUDING THEREFROM PARCEL 2 (CITY SEWER TREATMENT EXPANSION) OF LAND PARTITION 43-00 AND THAT TRACT OF LAND DESCRIBED IN VOLUME 294, PAGE 140 OF DEED RECORDS OF KLAMATH COUNTY. ALSO EXCLUDING LOTS 1-5, BLOCK 73 OF THE VACATED PLAT OF KLAMATH ADDITION TO LINKVILLE.

KLAMATH FALLS LAKEFRONT URBAN RENEWAL PLAN
ATTACHMENT B
RENEWAL AREA ZONING CLASSIFICATIONS

KLAMATH FALLS LAKEFRONT URBAN RENEWAL PLAN

LAND USE

CHAPTER 12

USES PERMITTED BY ZONE

12.05 Uses with a "P" designation are permitted outright; those with a "C" designation are subject to the Conditional Use provisions of Sections 11.00 to 11.200. One principal use or structure is permitted per lot. Zoning designations are as follows:

SF	Single Family Residential	MU	Mixed Use
MD	Medium Density Residential	LI	Light Industrial
A	Apartment Residential	I	Industrial
NC	Neighborhood Commercial	PF	Public Facility
GC	General Commercial	SR	Special Reserve
DB	Downtown Business Zone		

USE	SF	MD	A	NC ¹	GC ²	DB ³	MU	LI ⁴	I ⁵	PF	SR ⁶
Residential											
Single Family Dwelling	P	P	P	P							C
Duplex		P	P	P	P	P ⁷	P				C
Tri Plex		C	P	P	P	P ⁷	P				C
Four Plex		C	P	P	P	P ⁷	P				C
Apartment			P	P	P	P ⁷	P				C
Manufactured Home	P	P	P	P							C
Manufactured Home Park		C	C	C	C						C
Home Occupation	P	P	P	P			P				C
Residential Home	P	P	P	P		P ⁷	P				C

USE	SF	MD	A	NC ⁸	GC ⁹	DB ¹⁰	MU	LI ¹¹	I ¹²	PF	SR ¹³
Accessory ¹⁴											
Boat Facilities ¹⁵	C	C	C	C	C		P			P	C
Fence	P	P	P	P	P		P	P	P	P	P
Garage, Carport	P	P	P	P	P		P	P			P
Greenhouse (not including retail or wholesale)	P	P	P	P			P				P
Minor Antenna	P	P	P	P			P				P
Parking Lot			P	P	P	C	P				C
Playhouse	P	P	P	P			P				P
Satellite Dishes ¹⁶	P	P	P	P			P				P
Signs ¹⁷	P	P	P	P	P	P	P	P	P	P	C
Storage Shed	P	P	P	P	P		P	P	P	P	P
Swimming Pool	P	P	P	P			P			P	P
Tennis Court	P	P	P	P			P			P	P
Trade											
Antique Store				P	P	P	P				
Retail Indoor				P	P	P	P				C
Retail Outdoor					P ¹⁸	P ¹⁸	P				C
Resale/Thrift Store				P	P	C	P				
Vehicle Sales, Service and Rental (automobile, boat, motorcycle, rv)					P	C	C	P	P		
Wholesale				P	P	P	P	P	P		C

USE	SF	MD	A	NC ¹⁹	GC ²⁰	DB ²¹	MU	LI ²²	I ²³	PF	SR ²⁴
Services											
Adult Business ²⁵				P	P	P	P	P	P		C
Athletic Club				P	P	P	P	P	P		C
Auto Repair/Maintenance				P	P	P	C	P	P		C
Auto Service Station				P	P	C	P	P	P		C
Bed & Breakfast	C	C	C	P	P	P	P				C
Business Office			C	P	P	P	P	P	P		C
Child Care Facility	C	C	C	C	C	P	P				C
Child Treatment Center	C	C	C	C	C	C ²⁶	C				C
Day Care			C	P	C	P	P				C
Gun Firing Range- indoor					C			C	C		
Hotel/Motel				P	P	P	P	P	P		C
Personal Services				P	P	P	P				C
Printers/Publishers				P	P	C	P	P	P		
Private School	C	C	C	C	C	C	P			C	
Professional Office			C	P	P	P	P	P	P		C
Residential Facility	C	P	P	P	P	P ⁷	P				C
Restaurant				P	P	P	P	P	P		C
RV Park					C					C	
Telecomm. Facility			C	C	C		C	C		C	C
Veterinary Clinic				P	P	P	C	P	P		C

USE	SF	MD	A	NC ²⁷	GC ²⁸	DB ²⁹	MU	LI ³⁰	I ³¹	PF	SR ³²
Public											
Cemetery	C	C	C	C	C		C	C		P	C
Church	C	C	C	C	C	C ³³	C	C	C	P	C
Crematory	C	C	C	C	C		C	C		P	C
Government Office	C	C	C	C	C	C	C	C		P	
Hospital	C	C	C	C	C		C	C		P	C
Fraternal Lodge	C	C	C	C	C	C	C	C		P	C
Mortuary	C	C	C	C	C		C	C		P	C
Parks and Recreation Facilities	P	P	P	P	P	P	P			P	C
Public Utilities	C	C	C	C	C	C	C	C	P	P	C
School	C	C	C	C	C	C ³³	C	C		P	C
Industrial											
Repair/Maintenance							P	P	P		C
Storage/Warehousing							P	P	P		C
Manufacturing/Assembly							P	P	P		C
Light Industrial							P	P	P		C

SITE STANDARDS BY ZONE

42694

12.010

DESIGN FEATURE	SF	MD	A	NC ³⁴	GC	DB	MU	LI	I	PF	SR
Setbacks (in feet) ³⁵											
Front Yard	20	20	20	10	0	0	0	0	10	10	20
Rear Yard	5	5	5	5	0	0	0	0	10	10	20
Interior Side Yard	5	5	5	0	0	0	0	0	10	10	10
Exterior Side Yard	10	10	10	0	0	0	0	0	10	10	10
Yard Abuts Res. Zone ³⁶	n/a	n/a	n/a	15 ³⁶	15 ³⁶	n/a	15 ³⁶	25	25	15 ³⁶	n/a
Yard Abuts Arterial St.	n/a	n/a	n/a	30	0	0	0	30	30	0	n/a
Max. Building Hgt. ³⁷	28	28	45	45	45	45	45	45	45	70	30
Vision Clearance (feet)											
Street Leg	25	25	25	15	15	0	0	15	15	15	15
Alley Leg	10	10	10	10	10	0	0	10	10	10	10
Lot Coverage (%)	35	40	60	75	100 ³⁸	100 ³⁸	100 ³⁸	100	100	100	20
Minimum Lot Size ³⁹ (thousand square feet)	7	5 ⁴⁰	5 ⁴⁰	5 ³⁴	5 ³⁴	5 ³⁴	5 ³⁴	5 ³⁴	5	5	20
Fence Height ⁴¹ (feet)											
Front Yard	3½	3½	3½	3½	3½	3½	3½	7	7	3½	3½
Rear Yard	7	7	7	7	7	7	7	7	7	7	7
Interior Side Yard	7	7	7	7	7	7	7	7	7	7	7
Exterior Side Yard	3½	3½	3½	3½	3½	3½	3½	7	7	3½	3½

- ¹ Commercial service or enterprise shall occupy 3,000 square feet or less and in no case shall the total floor area within one structure or group of structures treated as a common whole exceed 1,800 square feet.
- ² Principal uses and parking lots, except multifamily dwellings with four or less dwelling units, shall be subject to the provisions of Sections 11.050 to 11.094, Design Review.
- ³ Subject to the provisions of Sections 12.750 to 12.796, Downtown Business Zone Design Review Standards.
- ⁴ Commercial uses shall be accessory to a Light Industrial use located not more than 150 feet from the external boundary of the lot containing such Light Industrial use.
- ⁵ Commercial uses shall be secondary to an Industrial or Light Industrial use which is located not more than 1500 feet from the external boundary of the lot which will contain the proposed Commercial use.
- ⁶ Subject to the provisions of Sections 12.415 to 12.445, Special Reserve Development Standards.
- ⁷ Provided the use is not located on the first or ground floor of Main Street.
- ⁸ Commercial service or enterprise shall occupy 3,000 square feet or less and in no case shall the total floor area within one structure or group of structures treated as a common whole exceed 18,000 square feet.
- ⁹ Principal uses and parking lots, except multifamily dwellings with four or less dwelling units, shall be subject to the provisions of Sections 11.050 to 11.094, Design Reviews.
- ¹⁰ Subject to the provisions of Sections 12.750 to 12.796, Downtown Business Zone Design Review Standards.
- ¹¹ Commercial uses shall be accessory to a Light Industrial use located not more than 150 feet from the external boundary of the lot containing such Light Industrial use.
- ¹² Commercial uses shall be secondary to an Industrial or Light Industrial use which is located no more than 1500 feet from the external boundary of the lot which will contain the proposed Commercial use.
- ¹³ Subject to the provisions of Sections 12.415 to 12.445, Special Reserve Development Standards.
- ¹⁴ For private use only.
- ¹⁵ Dock, wharf, boathouse, moorage or houseboat.
- ¹⁶ Subject to Design Review, Sections 11.050 to 11.094.
- ¹⁷ Subject to the provisions of Sections 14.300 to 14.368, Signs.
- ¹⁸ Vendor Permit is required if goods or services are supplied within the public right of way.
- ¹⁹ Commercial service or enterprise shall occupy 3,000 square feet or less and in no case shall the total floor area within one structure or group of structures treated as a common whole, exceed 18,000 square feet.
- ²⁰ Principal uses and parking lots, except multifamily dwellings with four or less dwelling units, shall be subject to the provisions of Sections 11.050 to 11.094, Design Reviews.
- ²¹ Subject to the provisions of Sections 12.750 to 12.796, Downtown Business Zone Design Review Standards.
- ²² Commercial uses shall be accessory to a Light Industrial use located not more than 150 feet from the external boundary of the lot containing such Light Industrial use.
- ²³ Commercial uses shall be secondary to an Industrial or Light Industrial use which is located not more than 1500 feet from the external boundary of the lot which will contain the proposed Commercial use.
- ²⁴ Subject to the provisions of Sections 12.415 to 12.445, Special Reserve Development Standards.
- ²⁵ Subject to Sections 12.490 to 12.496, Adult Business Overlay Zone.
- ²⁶ Provided the use is not located on the first or ground floor of Main Street.
- ²⁷ Commercial service or enterprise shall occupy 3,000 square feet or less and in no case shall the total floor area within one structure or group of structures treated as a common whole exceed 18,000 square feet.
- ²⁸ Principle uses and parking lots, except multifamily dwellings with four or less dwelling units, shall be subject to the provisions of Sections 11.050 to 11.094, Design Reviews.
- ²⁹ Subject to the provisions of Sections 12.750 to 12.796, Downtown Business Zone Design Review Standards.
- ³⁰ Commercial uses shall be accessory to a Light Industrial use located not more than 150 feet from the external boundary of the lot containing such Light Industrial use.
- ³¹ Commercial uses shall be secondary to an Industrial or Light Industrial use which is located not more than 1500 feet from the external boundary of the lot which will contain the proposed Commercial use.
- ³² Subject to the provisions of Sections 12.415 to 12.445, Special Reserve Development Standards.
- ³³ Provided the use is not located on the first or ground floor of Main Street.
- ³⁴ Dwelling shall conform to the setbacks of the Apartment Residential zone.
- ³⁵ Front yard setback for all subdivisions platted after January 1, 1998, shall be 15', except garages shall be set back a minimum of 20' from the front property line. Unenclosed porches shall be allowed with a 10' setback.
- ³⁶ Plus one foot for every foot the proposed nonresidential structure exceeds 28' in height.
- ³⁷ Public Facilities are allowed a height of 70' in all zones where Public Facilities are permitted.

³⁸ Structures may occupy the entire lot, except that amount necessary to comply with applicable parking and landscaping requirements.

³⁹ Pertains to newly created lots.

⁴⁰ Multifamily units with more than four units shall require an additional 1,000 square feet for each unit over four.

⁴¹ Fence stringers shall be located to the interior of the lot, fence type, color and composition shall be compatible with the neighborhood within which it is placed.

100. DESCRIPTION OF THE PHYSICAL, SOCIAL AND ECONOMIC CONDITIONS IN THE RENEWAL AREA

A. PHYSICAL CONDITIONS

1. Conditions - Land Area and Property Valuation

The Klamath Falls Lakefront Renewal Area encompasses approximately 104 acres of land area. ORS 457.420 provides that the total land area of a proposed urban renewal district, when added to the land area of the existing Renewal Area may not exceed 25% of the City's land area. The City's current land area is approximately 9400 acres. The City of Klamath Falls currently has one other active urban renewal area. There are 188 acres in the Downtown Klamath Falls Urban Renewal Area. When added together, the total of all acreage in renewal areas is 292 acres. The total of all acreage in the renewal areas represents 3.11% of the City's land area. The total renewal area acreage therefore is within the 25% limitation prescribed by ORS 457.420.

It is anticipated that the 2000-01 tax roll will establish the initial base of assessed values for the Renewal Area. The total assessed valuation for the City of Klamath Falls for the 2000-01 tax year was \$720,121,018 in 2000-01. That valuation includes real property values, and values for personal property, manufactured homes, and utility property.

The total assessed valuation within the Urban Renewal Area, when added to the total assessed value within the frozen base of other existing urban renewal areas, may contain not more than 25% of the total valuation in Klamath Falls. The frozen base of value within the Downtown Klamath Falls Urban Renewal Area is \$14,717,424

The total assessed value of real property within the Lakefront Urban Renewal Area for the 2000-01 tax year is calculated at \$1,397,550, which includes all personal, utility and mobile home property. This \$1,397,550, and the \$14,717,424 frozen base values in the Downtown Klamath Falls Urban Renewal Area, produces \$16,114,974 in total assessed value in renewal area frozen base values. The \$16,114,974 represents 2.24 % of the total assessed valuation within the City of Klamath Falls. Total value within renewal area frozen bases is well within the 25% limitation prescribed by ORS 457.420.

2. Conditions - Geographic and Environmental

The renewal area generally is bounded by Klamath Avenue and Center Street, 5th Street, the railroad right-of-way and Lake Ewauna. The area sits adjacent to downtown Klamath Falls, and Lake Ewauna. The renewal area consists largely of vacant, undeveloped land, previously used for industrial operations. The topography is mostly level ground. A portion of the renewal area lies within the 100-year flood plain. A portion of the renewal area has a wetland designation.

Exhibit "B"

Most of the land within the renewal area boundary is land formerly owned by the Modoc Lumber Company. The land was the site of that firm's operations until 1995. The property now is in the hands of a Limited Liability Corporation. The Limited Liability Corporation seeks to redevelop the property as "Timber Mill Shores", containing a mixture of residential and commercial uses.

The site of the proposed mixed use development has been used for industrial operations since the early 1900's, and consequently has environmental issues associated with it. The site is enrolled in the Department of Environmental Quality's Voluntary Cleanup Program.

3. Conditions - Existing Land Use and Development

Table 1 below shows the results of a tabulation of land utilization within the urban renewal area.

TABLE 1	
Klamath Falls Lakefront UR Area	
Existing Land Use By Acreage	
Commercial	0
Industrial	61
Mixed Use	43
Residential	0
Parking	0
Vacant	0
Streets, ROW	0
Total Acres	104

4. Conditions - Exterior of Buildings

There are only three existing buildings in the urban renewal area. All three are commercial uses, and are in good condition.

5. Conditions - Transportation, Traffic and Circulation

Traffic and Circulation:

There is no road and street system existing within the Proposed Mixed Use Development property portion of the renewal area. A street system will need to be built in order to service the area, and make it ready for development.

6. Conditions - Curb and Sidewalk

There is no curb and sidewalk system existing within the Proposed Mixed Use Development property portion of the renewal area. A curb and sidewalk system will need to be built with the street system to service the area, and make it ready for development.

8. Conditions - Parks and Open Space

There is no developed park or public open space within the urban renewal area. The lack of public park or open space at this waterfront property deprives the renewal area, and the City of a valuable community recreational resource, and public amenity.

9. Conditions - Water and Sewer Services

Water:

The water distribution system within the Proposed Mixed Use Development portion of the area is inadequate to service the intensive mixed use development proposed for the renewal area.

Sanitary Sewer:

The sanitary sewer system within the Proposed Mixed Use Development portion of the area is inadequate to service the intensive mixed use development proposed for the renewal area.

Storm Sewer

The storm sewer system within the Proposed Mixed Use Development portion of the area is inadequate to service the intensive mixed use development proposed for the renewal area.

10. Conditions - Environmental

The Proposed Mixed Use Development property contains designated wetlands areas. As noted previously, the property is a Brownfield redevelopment project, now enrolled in the Voluntary Cleanup program.

B. ECONOMIC CONDITIONS

There is no residential population living within the urban renewal area, for the area consists almost entirely of vacant, undeveloped land. The urban renewal area includes desirable waterfront property that additionally is well-situated adjacent to downtown Klamath Falls. However, redevelopment of the property is impeded by floodplain, contamination, wetlands issues, and the lack of basic infrastructure on the property.

A basic indicator of economic conditions and land use productivity in the renewal area is the total and composition of real estate values within the area. The 45 acre portion of the renewal area proposed for the Timber Shores mixed use development currently has an assessed valuation of \$1,397,550, a total assessed valuation of only \$31,056 per acre. This valuation represents less than \$1 per square foot, and reflects both the under-utilization of the property, and the effect that the environmental conditions and lack of infrastructure have on the development potential of the land.

Given the proximity of the renewal area to downtown Klamath Falls, and to lakefront views and access, the assessed value of this land constitutes a major loss of potential tax revenue for the City, and other taxing bodies. Mature urban areas, especially those in or near the community's commercial core, are expected to exhibit improvement to value ratios in the 4:1 or 5:1 range. This renewal area has almost no improvement value at all. At its current assessed valuation, the renewal area produces less than \$20,000 annually in property tax revenues for the governmental bodies levying taxes on that area.

200. EXPECTED FISCAL, SERVICE AND POPULATION IMPACTS OF PLAN

Urban renewal plan activities are aimed at upgrading streets, sidewalks, and infrastructure in the Renewal Area. Carrying out the Renewal Plan is not expected to result in any additional population growth impacts for the City of Klamath Falls. The Plan is expected to facilitate planned, orderly growth as anticipated in the Comprehensive Plan. Residential uses are planned within the Renewal area, but they are primarily town homes and condominiums. The residential population of the area should not have any significant impact on the school system. The anticipated development within the urban renewal area will not exceed the City's capacity to provide water and sewer service. The extended buildout period of the proposed development should enable police and fire services to absorb the renewal area in the routine long-term growth of the city.

Carrying out the Renewal Plan will require the use of tax increment revenues. Tax increment financing may affect the property tax revenues and the bond tax rates of other taxing bodies which share values with Klamath Falls' Renewal Agency. The tax impacts of the Renewal Plan are discussed in detail in Section 500D of this report.

The Renewal Plan is expected to produce positive fiscal and service impacts for Klamath Falls. Among the public benefits of the renewal plan are:

- A new public park in the renewal area
- Greatly increased public access to the lakefront

A system of bicycle and pedestrian paths linking downtown, the renewal area, and the natural resources of the lakefront.

The removal of the negative image created by a large tract of fenced-off, vacant land will help enhance the overall image of downtown Klamath Falls, and should have a secondary effect of encouraging new values in the downtown. In addition, encouraging the use of vacant and underutilized land will create new property values within the renewal project and for the City of Klamath Falls.

The expenditure of tax increment funds is expected to produce new property values in Klamath Falls. The renewal project is estimated to be completed by the year 2021-22. At that time, development in the renewal area is expected to add approximately \$48.7 million in new property values for Klamath Falls. In Oregon's current property tax system, adding new property values represents a safeguard against losses of existing service levels. At current tax rates, the new property values anticipated in the renewal area will contribute \$762,000 in tax revenues in the first year after the project is ended. That revenue will continue to grow as a result of annual assessment increases.

300. REASONS FOR SELECTING THE URBAN RENEWAL AREA

Conditions exist within the Renewal Area which meet the definitions of blight in ORS 457.010. The Urban Renewal Plan Area was selected based on Klamath Falls' Comprehensive Plan goals, objectives, and policies and on the existence of blighting

conditions within the area. The blight is evidenced by the lack of proper utilization of land planned for commercial, industrial, residential, and public purposes, by the lack of a system of streets, curbs and sidewalks, by environmental contamination, and an almost complete lack of development and investment within the area. As a result, the area produces little property tax revenue for the City of Klamath Falls. Use of urban renewal powers and funds can help remove the blighting conditions, make the area ready for redevelopment, and produce new property values in the renewal area.

400. RELATIONSHIP BETWEEN EACH PROJECT ACTIVITY AND EXISTING CONDITIONS IN THE PROJECT AREA

The renewal plan includes activities which address the following deficiencies noted in Section 100 of the Report on the Plan:

- Lack of a street system
- Lack of curbs and sidewalks in the project area
- Deficient water, storm geothermal and sanitary sewer services
- Lack of public park and open space facilities
- Soils contamination within the project area
- Lack of building investment, leading to extraordinarily low assessed values within the renewal area.

500. FINANCIAL ANALYSIS OF PLAN

A. ESTIMATED PROJECT COST AND REVENUE SOURCES

Table 3 of this Report shows the estimated total costs of the Klamath Falls Renewal Project. From the first receipt of tax increment revenues in 2002-2003 until its anticipated termination, total costs for project activities, exclusive of debt service, are estimated at \$7,050,000.

The principal method of funding the project share of costs will be through use of tax increment financing as authorized by ORS 457. In addition, the Renewal Agency will apply for, and make use of funding from other federal, state, local, or private sources as such funds become available.

TABLE 2		
Klamath Falls Lakefront Renewal Plan		
Activity Costs and Completion Dates		
Activity	Estimated cost	Estimated Completion Date
Streets and Utilities – Klamath Ave/1 st to Elm Street/5 th	\$2,400,000	2010**
(This plan activity includes geothermal, sewer, water, storm, common Utilities, curbs, sidewalks, street trees, landscaping, lights, and traffic Striping.)		
Relief Sewer	\$500,000	2010**
Lake Shore Improvements (benches, trees, top soil, landscaping, irrigation, artwork, footpath)	\$900,000	2015**
Public Areas, Parking and signage	\$500,000	
Plan Administration - 20 year duration	\$750,000	2021**
Total	\$5,050,000	

Note - All activities are shown in estimated 2001 costs. Given the variables in cash flows, and financing of activities, the \$4.3 million in capital projects are assigned a 40% inflation factor over the life of the plan. The cost of capital projects, with inflation, is estimated at \$6,300,000.

** Projects will be initiated as soon as funding becomes available. Projects may be carried out in phases, depending on availability of funds. Completion dates are estimates based on tax increment revenue cash flows, and estimates of borrowing capacity.

B. ANTICIPATED START & FINISH DATES OF PROJECT ACTIVITIES

The finish dates shown in Table 2 are based upon a logical sequencing of project activities, and also upon assumptions regarding the availability of funds to carry out project activities. These completion dates may be effected by changes to local economic and market conditions, changes in the availability of tax increment funds, and changes in Klamath Falls' priorities for carrying out project activities. Decisions on funding allocations, and project priorities will be made annually, in the budget process for the Renewal Agency, and the City of Klamath Falls.

Table 3 of this Report shows the expected at which activities can be completed. Project activities will begin in 2002-03, and it is estimated that all activities proposed in this plan will be completed by 2021-22. At that time, it is estimated that there will be sufficient funds to complete all programmed project activities, retire outstanding bonded indebtedness, and end the projects' tax increment financing provisions.

C. ESTIMATED EXPENDITURES AND YEAR OF DEBT RETIREMENT

It is estimated that the project will collect tax increment receipts between the years 2002-2003 and 2021-22. It is estimated that the project will produce \$7,877,167 in tax increment receipts in that period. These funds, along with other revenues, will be utilized to finance project activities, and pay all debt service costs associated with undertaking these project activities.

It is anticipated that available project revenues, and funds accumulated in a special fund for debt redemption will be sufficient to retire outstanding bonded indebtedness in the year 2021-22, and terminate the tax increment financing provisions of the project. After all project debt is retired, and the project closed out, it is estimated that there will be surplus tax increment funds. These funds will be distributed to taxing bodies affected by this plan, as provided in ORS 457.

Table 3 of this Report shows the anticipated tax increment receipts for each year of the project, and the use of those receipts. Table 3 follows on the next page

Klamath Falls Lakefront Urban Renewal Area

Table 3

Resources & Requirements Page One

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
RESOURCES										
Beginning Balance	\$0	\$1,102	\$2,499	\$7,994	\$9,366	\$33,316	\$42,677	\$19,228	\$20,962	\$27,574
Tax Increment Revenue	\$1,235	\$46,391	\$73,376	\$100,782	\$166,780	\$189,064	\$238,937	\$298,603	\$332,061	\$373,005
Delinquency at 3% average	-\$37	-\$1,392	-\$2,201	-\$3,023	-\$5,003	-\$5,672	-\$7,168	-\$8,958	-\$9,962	-\$11,190
Proceeds of long-term borrowings	\$0	\$0	\$0	\$725,000	\$0	\$0	\$1,000,000	\$0	\$0	\$0
Investment Earnings at 4.5%	\$27	\$1,037	\$1,658	\$18,692	\$3,851	\$4,876	\$28,675	\$6,950	\$7,719	\$8,761
Total Resources	\$1,225	\$47,138	\$75,332	\$849,445	\$174,994	\$221,584	\$1,303,121	\$315,822	\$350,780	\$398,151
REQUIREMENTS										
Capital Project Activities	\$0	\$40,000	\$60,000	\$730,000	\$25,000	\$60,000	\$1,020,000	\$25,000	\$50,000	\$100,000
Administration	\$124	\$4,639	\$7,338	\$10,078	\$16,678	\$18,906	\$23,894	\$29,860	\$33,206	\$37,301
Total Activity funded this year	\$124	\$44,639	\$67,338	\$740,078	\$41,678	\$78,906	\$1,043,894	\$54,860	\$83,206	\$137,301
Debt Service - 2 at 10 yrs 6.5%	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000	\$240,000	\$240,000	\$240,000	\$240,000
Debt Service - other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Outlays	\$124	\$44,639	\$67,338	\$840,078	\$141,678	\$178,906	\$1,283,894	\$294,860	\$323,206	\$377,301
Total Resources	\$1,225	\$47,138	\$75,332	\$849,445	\$174,994	\$221,584	\$1,303,121	\$315,822	\$350,780	\$398,151
Ending Balance	\$1,102	\$2,499	\$7,994	\$9,366	\$33,316	\$42,677	\$19,228	\$20,962	\$27,574	\$20,850

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Klamath Falls Lakefront Urban Renewal Area
Table 3
Resources & Requirements Page Two

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
RESOURCES										
Beginning Balance	\$15,622	\$3,777	\$13,450	\$345	\$196	\$1,989	\$11,249	\$23,990	\$16,067	\$31,383
Tax Increment Revenue	\$423,629	\$448,057	\$478,336	\$521,228	\$607,505	\$655,078	\$686,780	\$719,354	\$745,611	\$772,589
Delinquency at 3% average	-\$12,709	-\$13,442	-\$14,350	-\$15,637	-\$18,225	-\$19,652	-\$20,603	-\$21,581	-\$22,368	-\$23,178
Proceeds of long-term borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investment Earnings at 4.5%	\$9,597	\$9,864	\$10,742	\$11,384	\$13,263	\$14,342	\$15,242	\$16,240	\$16,634	\$17,568
Total Resources	\$436,140	\$448,256	\$488,178	\$517,319	\$602,739	\$651,757	\$692,668	\$738,003	\$755,944	\$798,363
REQUIREMENTS										
Project Activities	\$150,000	\$150,000	\$200,000	\$225,000	\$400,000	\$435,000	\$600,000	\$650,000	\$650,000	\$720,000
Administration	\$42,363	\$44,806	\$47,834	\$52,123	\$60,751	\$65,508	\$68,678	\$71,935	\$74,561	\$77,259
Total Activity funded this year	\$192,363	\$194,806	\$247,834	\$277,123	\$460,751	\$500,508	\$668,678	\$721,935	\$724,561	\$797,259
Debt Service - 2 at 10 yrs 6.5%	\$240,000	\$240,000	\$240,000	\$240,000	\$140,000	\$140,000	\$0	\$0	\$0	\$0
Debt Service - other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Bond 3 - 10 yrs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Bond 4 - 10 yrs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Bond 5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Outlays	\$432,363	\$434,806	\$487,834	\$517,123	\$600,751	\$640,508	\$668,678	\$721,935	\$724,561	\$797,259
Total Resources	\$436,140	\$448,256	\$488,178	\$517,319	\$602,739	\$651,757	\$692,668	\$738,003	\$755,944	\$798,363
Ending Balance	\$3,777	\$13,450	\$345	\$196	\$1,989	\$11,249	\$23,990	\$16,067	\$16,383	\$17,568

D. IMPACT OF TAX INCREMENT FINANCING

The passage of Ballot Measure 50 has changed Oregon's property tax system, and the impacts of urban renewal on taxpayers, and other taxing bodies. Prior to BM50, collection of tax increment revenues for a renewal agency resulted in an increase in the taxpayer's property tax rate. Taxing bodies suffered no revenue losses, unless there was overall compression of property tax revenues.

Under Ballot Measure 50, collection of tax increment revenue can impact the potential property tax revenues received by overlapping tax bodies. These taxing bodies will not be able to apply their permanent BM50 tax rates against the new values added within the urban renewal area. As a result, the taxing bodies will forego revenue they otherwise might have had if there was no renewal plan in effect. In addition, the presence of the urban renewal program could impact the tax rates for future local option levies, or exempt bond issues by taxing bodies. There is bond indebtedness for the County Courthouse, and the County Fairgrounds. The impact of the project on their exempt bond rates would be approximately one cent per thousand dollars of valuation.

Table 4 shows the anticipated cumulative incremental values in the Renewal Area over the life of the Plan, and the anticipated property tax revenues foregone as a result of taxing bodies not being able to apply their permanent BM50 tax rates to those values. Table 4 assumes that all the new values would be realized even without the Urban Renewal project. It is realistic to assume that the public expenditures on renewal activities will have some effect on the growth of values within the urban renewal area. This assumption is especially valid in an area where there has been little value growth, or private investment in the recent past. The assumption that little growth will occur without renewal seems especially valid in this project, which is essentially reclamation and redevelopment of vacant industrial land.

Note on Impact on Schools

Under the current method of funding K-12 level education, the urban renewal program will not result in revenue losses for those educational units of government.

When the project is completed, an estimated \$48.7 million in assessed values will be placed back on the tax roll. The property tax revenues generated by those values are estimated to be approximately \$795,000. Given a 3% inflation of values, the revenues foregone by the overlapping taxing bodies will be repaid in a period of nine years. It is likely that this project will stimulate values in areas adjacent to the renewal area, allowing an even shorter payback period.

Lakefront Urban Renewal Area

TABLE 4

Year	Cumulative New Incremental Values	POTENTIAL REVENUE IMPACTS ON TAX BODIES									
		County tax foregone on new values	Klamath Falls foregone on new values	F.D.#1 foregone on new values	Transit Dist foregone on new values	Vector foregone on new values	Klam. Emerg. foregone on new values	KF School foregone on new values	Library foregone on new values	ESD foregone on new values	Comm. Coll. foregone on new values
2002-03	\$77,922	\$135	\$424	\$225	\$38	\$14	\$12	\$243	\$38	\$27	\$32
2003-04	\$2,926,498	\$5,070	\$15,927	\$8,435	\$1,411	\$528	\$440	\$9,109	\$1,434	\$1,031	\$1,205
2004-05	\$4,628,809	\$8,020	\$25,191	\$13,341	\$2,232	\$835	\$696	\$14,408	\$2,268	\$1,631	\$1,906
2005-06	\$6,357,634	\$11,015	\$34,600	\$18,324	\$3,066	\$1,147	\$956	\$19,789	\$3,115	\$2,240	\$2,617
2006-07	\$10,521,001	\$18,229	\$57,257	\$30,324	\$5,073	\$1,898	\$1,582	\$32,749	\$5,155	\$3,708	\$4,331
2007-08	\$11,926,762	\$20,664	\$64,908	\$34,375	\$5,751	\$2,152	\$1,794	\$37,124	\$5,844	\$4,203	\$4,910
2008-09	\$15,072,880	\$26,115	\$82,030	\$43,443	\$7,268	\$2,719	\$2,267	\$46,917	\$7,386	\$5,312	\$6,206
2009-10	\$18,836,817	\$32,637	\$102,514	\$54,291	\$9,083	\$3,398	\$2,833	\$58,633	\$9,230	\$6,638	\$7,755
2010-11	\$20,947,462	\$36,294	\$114,000	\$60,375	\$10,101	\$3,779	\$3,150	\$65,203	\$10,264	\$7,382	\$8,624
2011-12	\$23,530,350	\$40,769	\$128,057	\$67,819	\$11,346	\$4,245	\$3,539	\$73,243	\$11,530	\$8,292	\$9,687
2012-13	\$26,723,867	\$46,302	\$145,437	\$77,024	\$12,886	\$4,821	\$4,019	\$83,183	\$13,095	\$9,417	\$11,002
2013-14	\$28,264,806	\$48,972	\$153,823	\$81,465	\$13,629	\$5,099	\$4,251	\$87,980	\$13,850	\$9,961	\$11,637
2014-15	\$30,174,921	\$52,281	\$164,218	\$86,970	\$14,550	\$5,444	\$4,538	\$93,925	\$14,786	\$10,634	\$12,423
2015-16	\$32,880,664	\$56,969	\$178,943	\$94,769	\$15,855	\$5,932	\$4,945	\$102,348	\$16,112	\$11,587	\$13,537
2016-17	\$38,323,315	\$66,399	\$208,563	\$110,455	\$18,480	\$6,914	\$5,764	\$119,289	\$18,778	\$13,505	\$15,778
2017-18	\$41,324,388	\$71,599	\$224,896	\$119,105	\$19,927	\$7,455	\$6,215	\$128,630	\$20,249	\$14,563	\$17,013
2018-19	\$43,324,242	\$75,064	\$235,779	\$124,869	\$20,891	\$7,816	\$6,516	\$134,855	\$21,229	\$15,267	\$17,837
2019-20	\$45,379,091	\$78,624	\$246,962	\$130,792	\$21,882	\$8,186	\$6,825	\$141,251	\$22,236	\$15,992	\$18,683
2020-21	\$47,035,449	\$81,494	\$255,976	\$135,566	\$22,680	\$8,485	\$7,074	\$146,407	\$23,047	\$16,575	\$19,364
2021-22	\$48,737,356	\$84,442	\$265,238	\$140,471	\$23,501	\$8,792	\$7,330	\$151,705	\$23,881	\$17,175	\$20,065
Total		\$861,092	\$2,704,742	\$1,432,437	\$239,651	\$89,658	\$74,748	\$1,546,994	\$243,527	\$175,141	\$204,613

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F. FINANCIAL FEASIBILITY OF PLAN

Table 3 in Section 500 of the Report to the Plan show the anticipated costs of project activities, and the estimated time required to carry out all project activities, and pay off indebtedness. The principal source of revenue to carry out project activities will be annual tax increment revenues of the Renewal Agency. Anticipated tax increment revenues are shown in Table 3. The tax increment revenues shown in Table 3 are based on the following assumptions:

1. It is assumed that total assessed value within the urban renewal area will increase 2.75 percent in each year of the projection period.
2. It is assumed that approximately \$35.6 million in new assessed values will come onto the tax rolls over a 20-year buildout period. These values are as supplied by the economic consultant to the Corporation proposing the Mixed Use Development.

The revenues shown in Table 3 are expected to be sufficient to carry out all project activities currently shown on the Urban Renewal Plan for the Klamath Falls Urban Renewal Area, and to retire project indebtedness within a 20 year period of time. It is financially feasible to carry out the Urban Renewal Plan for the Klamath Falls Urban Renewal Area.

600. RELOCATION

A. PROPERTIES REQUIRING RELOCATION

No relocation is anticipated at the adoption of this plan.

B. RELOCATION METHODS

Prior to any actual relocation, the Renewal Agency will establish a Relocation Policy which will call for assistance to those residents and businesses displaced. Such assistance will include providing information regarding suitable locations, payment of moving expenses, and other payment as deemed necessary. All relocation activities will be undertaken and payments made in accordance with the requirements of ORS 281.045 - 281.105 and any other applicable laws or regulations. Relocation payments will be made as provided in ORS 281.060.

C. HOUSING COST ENUMERATION

The Renewal Plan will remove no existing housing units. The development of the Proposed Mixed Use Development project proposes approximately 60 units of townhouse and condominium housing, and approximately 30 units of multi-family housing. No firm price range is established at this time, but it is expected that price ranges will be targeted toward middle and upper income households.