

ORDINANCE NO. 05- 13

AN ORDINANCE OF THE CITY OF KLAMATH FALLS  
APPROVING THE KLAMATH FALLS TOWN CENTER  
URBAN RENEWAL PLAN AND DIRECTING THAT  
NOTICE OF APPROVAL IS 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 Town Center 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 the Plan and Report and maximum indebtedness were submitted to the Klamath County Commission, 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 August 22, 2005, the Klamath Falls Planning Commission recommended approval of the Klamath Falls Town Center Urban Renewal Plan; and

WHEREAS, pursuant to ORS 457.095, the Klamath Falls City Council held public hearing on September 6, 2005 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 Town Center Urban Renewal Plan, the following findings of fact and conclusions are adopted:

FINDINGS

1. That the majority of the area described in the Klamath Falls Town Center 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 Town Center 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 Town Center Urban Renewal Plan proposes.

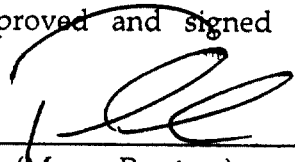
4. That provisions have been made to house displaced persons within their financial means and in accordance with ORS 281.045-ORS-281.105 and, except in the relocation of elderly or handicapped individuals, without displacing on priority lists persons already waiting for existing federally subsidized 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 Town Center 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 Town Center 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 Town Center 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 Town Center 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 Town Center 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 3rd day of October, 2005.

Presented to the Mayor (~~Mayor Pro-tem~~), approved and signed this 3rd day of October, 2005.

  
\_\_\_\_\_  
Mayor (~~Mayor Pro-tem~~)

ATTEST:

  
\_\_\_\_\_  
City Recorder (~~Deputy Recorder~~)

STATE OF OREGON                    )  
COUNTY OF KLAMATH        )       ss.  
CITY OF KLAMATH FALLS )

I, Elisa D. Olson, 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 3rd day October, 2005, and thereafter approved and signed by the Mayor (~~Mayor Pro-tem~~) and attested by the City Recorder (~~Deputy Recorder~~).

Elisa D Olson  
City Recorder (Deputy Recorder)

# **CITY OF KLAMATH FALLS**

## **TOWN CENTER URBAN RENEWAL PLAN**

Klamath Falls Urban Renewal Agency  
July, 2005

KLAMATH FALLS TOWN CENTER URBAN RENEWAL PLAN  
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## 100. THE URBAN RENEWAL PLAN

### **A. General**

The Klamath Falls Town Center 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 \_\_\_\_\_ by Ordinance No. 05-\_\_\_\_.

### **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 \_\_\_\_\_, 2005. The Klamath Falls City Council held a public hearing on adoption of this Plan on \_\_\_\_\_, 2005. Additional notice on City Council adoption of the Plan was provided, as required by ORS 457.120.

## 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.

#### **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.

#### **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 largely abandoned commercial site in the center of the urban area
2. Enhance the economic vitality of Klamath Falls
3. Make improvements to infrastructure in the renewal area.
4. Implement the goals and objectives of Klamath Falls' Comprehensive Plan

### **400. PROPOSED LAND USES**

#### **A. Land Use Plan**

Exhibit 2, the "Zoning Map" shows the General Commercial zoning 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, Community Development 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" shows the General Commercial zoning classification which is 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 designation to the Renewal Area is General Commercial.

This zone, and its 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 the demolition and removal of condemned and vacated structures in the project area;
- b. Assist in the development of basic water, storm, and sanitary sewer infrastructure to accommodate new commercial redevelopment in the project area.
  - Assist in activities to improve the visual appearance of the renewal area, and provide a safer, more attractive pedestrian environment, including perimeter sidewalks, lighting and landscaping.
- c. Authorization to reconstruct parking facilities in the project area.
- d. Authorization to assist rehabilitation and renovation of properties in the renewal Area.
- e. Authority to acquire and dispose of land for public improvements, rights-of-way, utility improvements, and private development.
- f. 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 Town Center Urban Renewal Area.

#### 600. DESCRIPTION OF PROJECTS TO BE UNDERTAKEN

The Town Center Urban Renewal Area is focused on returning the old Shasta Mall 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 majority of the structures comprising the old mall are vacant, deteriorated and condemned. The parking lot area is cracked and potholed with inadequate lighting and landscaping. Existing utilities will need to be upgraded. 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 demolition and removal of all but one of the existing mall structures, the repaving, lighting and landscaping of parking areas, upgrading and installation of utilities servicing the new buildings, and perimeter landscaping and sidewalks and other facilities necessary to carry out the goals and objectives of this plan.

**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 affect 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 are solely amendments:

- Adding land to the urban renewal area, if such addition exceeds one percent of the existing area of the Area.
- Increasing the maximum amount of indebtedness that can be issued or incurred under the Plan.

Substantial Amendments shall require the same notice, hearing and approval procedure required of the original Plan, including public involvement, consultation with taxing districts, presentation to the Planning Commission and adoption by the City Council by non-emergency ordinance after a hearing notice of which is provided to individual households within the City of Klamath Falls

**B. Amendments Requiring City Council Approval per ORS 457.095, but not requiring special notice as provided in ORS 457.120**

These amendments will require consultation with taxing districts, presentation to the Planning Commission and adoption by the City Council by non-emergency ordinance, but will not require special notice per ORS 457.120.

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 2005 according to the "Engineering News Record" construction cost index for the Northwest area.

**C. Minor Amendments Requiring Approval by City Council.**

Amendments to the Plan defined in this section shall require 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 City Council 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 2005 dollars.
4. Increase in the urban renewal area boundary, if such increase does not exceed 1% of the existing project acreage.

**1000. MAXIMUM INDEBTEDNESS**

The Maximum Indebtedness authorized under this plan is \$2,953,000 (Two million, nine hundred and fifty three thousand dollars). This amount is the principal of indebtedness, and does not include interest on indebtedness, or indebtedness incurred to refund existing indebtedness.

**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**

This urban renewal plan will be financed in whole, or in part, by tax increment revenues. The ad valorem taxes levied by all taxing districts in which all or a portion of the Klamath Falls Urban Renewal Plan is located shall be divided as provided in section 1c, Article IX of the Oregon Constitution and ORS 457.420 to 457.460.

**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 35.500 to 35.550 and any other applicable laws or regulations.

Relocation payments will be made as provided in ORS 35.510. 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 Town Center 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.

"Exhibit" means an attachment, either narrative or map, to the Urban Renewal Plan for the Klamath Falls Town Center 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 Town Center 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 Town Center Urban Renewal Plan**

**Klamath Falls, Oregon**

**Part Two-Exhibits**

**EXHIBITS**

Exhibit 1 .....Plan Boundary

Exhibit 2 ..... Existing Zoning

**ATTACHMENTS**

Attachment A ..... Boundary Description

Attachment B.....Zoning Descriptions

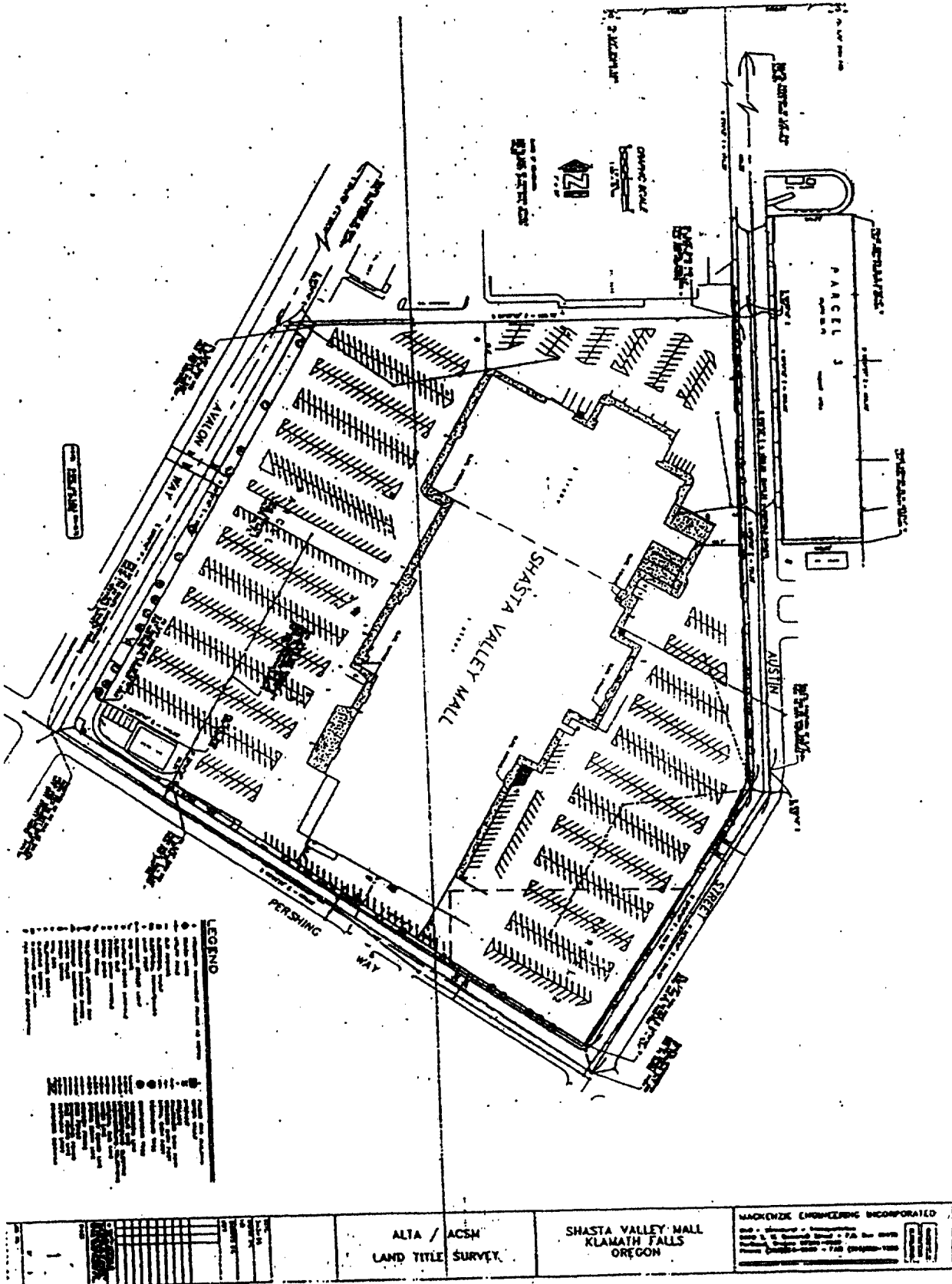


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# Klamath Falls Town Center Urban Renewal Plan

## Exhibit B - Existing Uses Map



**KLAMATH FALLS TOWN CENTER URBAN RENEWAL PLAN  
ATTACHMENT A  
LEGAL DESCRIPTION OF PROJECT BOUNDARY**

**KLAMATH MALL**  
**REVISED EXTERIOR LEGAL DESCRIPTION**  
August 10, 2005

**PARCEL 1 AND 2 OF TITLE ORDER NO. 7029-548051 AND TITLE ORDER NO. 7029-579950**

ALL THAT PORTION OF TRACTS 32, 33A AND 36 OF ENTERPRISE TRACTS, SITUATED IN THE NW ¼ OF SECTION 3, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHEASTERLY RIGHT-OF-WAY OF PERSHING WAY AND THE NORTHWESTERLY RIGHT-OF-WAY OF AUSTIN STREET, SAID POINT BEING A 5/8" IRON ROD WITH A 1 ½" ALUMINUM CAP PER KLAMATH COUNTY SURVEY NO. 1441; THENCE ALONG SAID NORTHWESTERLY RIGHT-OF-WAY OF SAID AUSTIN STREET, NORTH 34°06'49" EAST, 465.40 FEET TO AN ANGLE POINT IN SAID RIGHT-OF-WAY; THENCE ALONG THE WESTERLY RIGHT-OF-WAY OF SAID AUSTIN STREET, NORTH 00°19'19" EAST, 722.25 FEET; THENCE CONTINUING ALONG SAID WESTERLY RIGHT-OF-WAY, NORTH 00°19'10" EAST, 399.95 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF SHASTA WAY; THENCE LEAVING SAID WESTERLY RIGHT-OF-WAY AND ALONG SAID SOUTHERLY RIGHT-OF-WAY, SOUTH 89°49'57" WEST, 376.78 FEET TO THE NORTHEAST CORNER OF A TRACT DESCRIBED IN DEED VOLUME M83, PAGE 265, KLAMATH COUNTY DEED RECORDS; THENCE ALONG THE EASTERLY LINE OF SAID TRACT, SOUTH 00°10'38" EAST, 150.05 FEET; THENCE ALONG THE SOUTHERLY LINE OF SAID TRACT, SOUTH 89°51'08" WEST, 110.47 FEET TO A POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY OF AVALON STREET; THENCE ALONG SAID SOUTHEASTERLY RIGHT-OF-WAY, SOUTH 30°38'16" WEST, 284.40 FEET; THENCE CONTINUING ALONG SAID SOUTHEASTERLY RIGHT-OF-WAY, SOUTH 30°34'36" WEST, 667.21 FEET TO THE MOST NORTHERLY CORNER OF A TRACT DESCRIBED AS PARCEL 3 IN DEED VOLUME 256, PAGE 96, KLAMATH COUNTY DEED RECORDS; THENCE ALONG THE NORTHEASTERLY LINE OF SAID TRACT, SOUTH 59°24'29" EAST, 150.02 FEET; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID TRACT, SOUTH 30°44'43" WEST, 59.15 FEET TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY OF SAID PERSHING WAY; THENCE ALONG SAID NORTHEASTERLY RIGHT-OF-WAY, SOUTH 55°53'18" EAST, 730.63 FEET TO THE POINT OF BEGINNING.

SAID TRACT CONTAINS 21.67 ACRES, MORE OR LESS.

BASIS OF BEARINGS IS PER FOUND MONUMENTATION FROM COUNTY SURVEY NO. 4202, KLAMATH COUNTY OFFICIAL RECORDS.

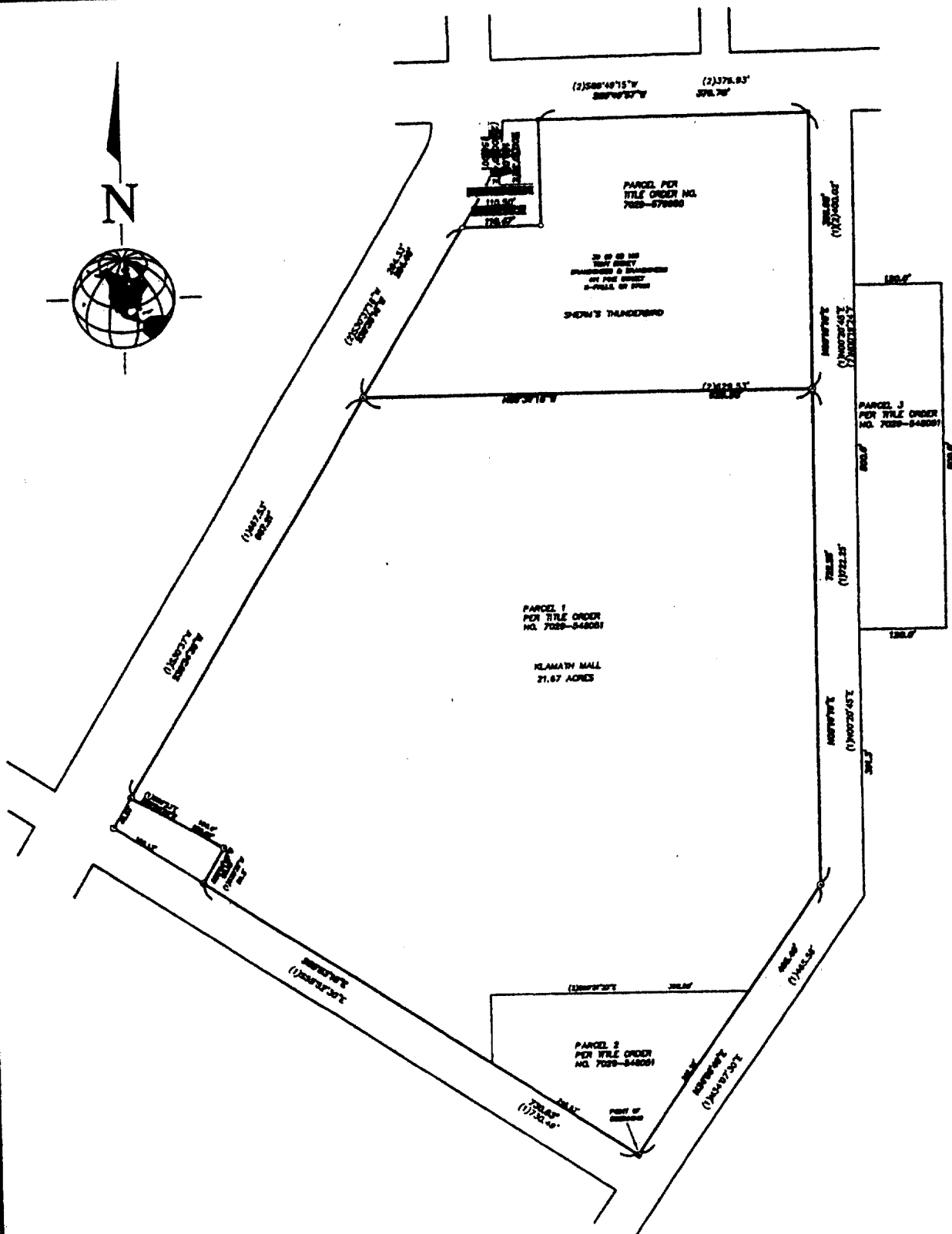
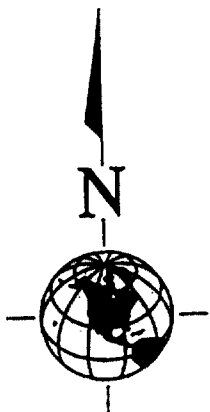
**PARCEL 3 OF TITLE ORDER NO. 7029-548051**

BEGINNING AT THE IRON PIPE MARKING THE SOUTHEAST CORNER OF ENTERPRISE TRACT 32 IN SECTION 3, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, RUNNING THENCE WEST ALONG THE SOUTH LINE OF TRACT 32 A DISTANCE OF 209.57 FEET, MORE OR LESS, TO AN IRON PIPE MARKING THE EASTERLY LINE OF AUSTIN STREET; THENCE NORTH 34°07' ½' EAST ALONG THE EASTERLY LINE OF AUSTIN STREET NORTHEASTERLY AT RIGHT ANGLES TO THE CENTER LINE OF SOUTH SIXTH STREET A DISTANCE OF 161.08 FEET, MORE OR LESS, TO AN IRON ROD WHICH LIES ON A LINE PARALLEL TO AND 120 FEET WESTERLY AT RIGHT ANGLES FROM THE EAST LINE OF TRACT 32; THENCE NORTH ALONG SAID PARALLEL LINE AND THE EAST LINE OF AUSTIN STREET 391.3 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT OF BEGINNING BEING 823.0 FEET SOUTH OF THE NORTH LINE OF SECTION 3; THENCE NORTH ALONG SAID PARALLEL LINE AND THE EAST LINE OF AUSTIN STREET

500.0 FEET, MORE OR LESS TO A POINT WHICH MARKS THE SOUTHWEST CORNER OF A PARCEL OF LAND CONVEYED BY SWAN LAKE MOULDING COMPANY TO WILLIAM L. WALES, JR.; THENCE LEAVING THE EASTERLY BOUNDARY OF AUSTIN STREET EASTERLY PARALLEL TO AND 323 FEET DISTANT AT RIGHT ANGLES FROM THE NORTH LINE OF SECTION 3, A DISTANCE OF 120 FEET TO AN IRON ROD MARKING THE SOUTHEAST CORNER OF SAID WALES PARCEL, ON THE EAST LINE OF TRACT 32; THENCE SOUTH OF THE NORTH LINE OF SECTION 3; THENCE WEST ON A LINE PARALLEL TO THE NORTH LINE OF SECTION 3, A DISTANCE OF 120 FEET TO THE POINT OF BEGINNING.

SAID TRACT CONTAINS 1.38 ACRES, MORE OR LESS

SEE ATTACHED EXHIBIT "A".



DESIGNED BY: _____			CHECKED BY: _____	
DRAWN BY: <u>TPF</u>			APPROVED BY: _____	
LAST EDIT: _____			PLOT DATE: <u>08/11/05</u>	
DATE	BY	REV	REVISION	CK'D/APP'D



1000 Main St.  
Klamath Falls, Oregon  
97601-5480  
360.000-000  
360.000-000

WESTERN DEVELOPMENT PARTNERS, LLC  
KLAMATH MALL ALTA SURVEY  
EXHIBIT "A"  
EXTERIOR LEGAL DESCRIPTION

KLAMATH FALLS

SCALE: 1"=200'

PROJECT NO. 32629

DRAWING FILE NAME: 32629-SURV-AS00

1 SHEET

OREGON

1

# KLAMATH FALLS TOWN CENTER URBAN RENEWAL PLAN ATTACHMENT B RENEWAL AREA GENERAL COMMERCIAL ZONING CLASSIFICATION

ATTACHMENT B

42690

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 <sup>1</sup>	GC <sup>2</sup>	DB <sup>3</sup>	MU	LI <sup>4</sup>	I <sup>5</sup>	PF	SR <sup>6</sup>
Residential											
Single Family Dwelling	P	P	P	P							C
Duplex		P	P	P	P	P <sup>7</sup>	P				C
Tri Plex		C	P	P	P	P <sup>7</sup>	P				C
Four Plex		C	P	P	P	P <sup>7</sup>	P				C
Apartment			P	P	P	P <sup>7</sup>	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 <sup>7</sup>	P				C

Chapter 12, Page 1

Revised May 1, 2000

Ordinance No. 01-12, Page 25

KLAMATH FALLS TOWN CENTER URBAN RENEWAL PLAN

PAGE 15

USE	SF	MD	A	NC <sup>1</sup>	GC <sup>2</sup>	DB <sup>3</sup>	MU	LI <sup>4</sup>	I <sup>5</sup>	PF	SR <sup>6</sup>
Accessory <sup>14</sup>											
Boat Facilities <sup>15</sup>	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 <sup>16</sup>	P	P	P	P			P				P
Signs <sup>17</sup>	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 <sup>11</sup>	P <sup>12</sup>	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 <sup>19</sup>	GC <sup>20</sup>	DB <sup>21</sup>	MU	LI <sup>22</sup>	I <sup>23</sup>	PF	SR <sup>24</sup>
Services											
Adult Business <sup>25</sup>				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 <sup>26</sup>	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 <sup>7</sup>	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

# **CITY OF KLAMATH FALLS**

## **REPORT ON THE TOWN CENTER URBAN RENEWAL PLAN**

Klamath Falls Urban Renewal Agency  
July, 2005

**REPORT ON THE KLAMATH FALLS TOWN CENTER URBAN RENEWAL  
PLAN**

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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 Town Center Renewal Area encompasses approximately 23.5 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 9,400 acres. The City of Klamath Falls currently has two other active urban renewal areas. There are 292 acres in the Lakefront and Downtown Klamath Falls Urban Renewal Areas. When added together, the total of all acreage in renewal areas is 315.5 acres. The total of all acreage in the renewal areas represents 3.36% 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 2004-05 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 2004-05 tax year was \$867,577,335. 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 Lakefront and Downtown Klamath Falls Urban Renewal areas is \$16,114,974.

The total assessed value of real property within the Town Center Urban Renewal Area for the 2004-05 tax year is calculated at \$4,029,450. When added to the \$16,114,947 frozen base values in the Lakefront and Downtown Klamath Falls Urban Renewal areas, this produces \$20,144,397 in total assessed value in renewal area frozen base values. The \$20,144,397 represents 2.3 % 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 475.420.

### **Conditions – Physical and Environmental**

The renewal area is bordered by Pershing Way, Avalon Way, Austin Street and Shasta Way. It is located in the center of the Klamath Falls commercial and urban area. The site is level and serviced with existing street and utility infrastructure. The renewal area currently consists of a 1960's era enclosed shopping mall known as the Shasta Mall and parking lot. The property is zoned general commercial and generally surrounded by viable commercial enterprises, whose property value and viability may be jeopardized by conditions in the project area. Physical conditions of blight include:

**Unsafe and abandoned buildings** - The majority of the mall structures have been condemned and vacant since 1996 due to roof failure. The mall building is deemed unsafe and financially infeasible to rehabilitate.

**Inadequate and unsafe circulation system** - The surface parking lot surrounding the existing 1960's mall serves as the access and circulation system for the site. This lot is in disrepair with cracks and potholes and inadequate lighting. These unsafe conditions will have to be remedied in order for the site to be developed and marketed for modern commercial uses.

### **B. ECONOMIC CONDITIONS**

There is no residential population living within the urban renewal area, for the area consists almost entirely of underutilized commercial land. The urban renewal area consists of desirable commercial property that is well-situated in the center of the Klamath Falls urban area. However, redevelopment of the property is impeded by the condemned nature of the majority of structures on the site.

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 23.5 acres of renewal area currently has an assessed valuation of \$4,029,450, a total assessed valuation of only \$171,465 per acre based primarily upon the existence of the surviving Gottschalks store. This valuation represents \$3.94 per square foot in comparison with \$18.78 per square foot for the nearby Fred Meyer. Upon redevelopment, the assessed value of the development is estimated at \$24,000,000.

Given the location of the renewal area to center of the Klamath Falls urban area and the viability of surrounding commercial uses, the assessed value of this land constitutes a major loss of potential tax revenue for the City, and other taxing bodies. Developed commercial areas, especially those in or near the community's commercial core, are expected to exhibit improvements 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 \$60,000 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 demolition and site improvements 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. No residential uses are planned within the Renewal area. The anticipated development within the urban renewal area will not exceed the City's capacity to provide water and sewer services. The proposed development should have no effect on police and fire services to the renewal area.

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. The removal of the negative image created by a large tract largely vacant, deteriorating commercial property will help enhance the overall image of Klamath Falls and should have a secondary effect of encouraging new values in the community. In addition, facilitating the redevelopment of 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. Tax increment revenue collection is estimated to end by the year 2016. At that time, development in the renewal area is expected to add approximately \$30.5 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 approximately \$485,000 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**

The renewal area consists primarily of a mostly vacant, deteriorating retail commercial building, and parking area, also deteriorating. Conditions exist within the Renewal Area which meets the definitions of blight in ORS 457.010. The Urban renewal 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, the presence of vacant and unsafe buildings on the principal parcel of land in the area, and a deteriorated, unsafe parking area surrounding the principal parcel of land. 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:

- Buildings in the area have been condemned as unsafe
- Deteriorated and unsafe paved parking areas
- Lack of adequate lighting and interior landscaping
- Lack of perimeter landscaping and sidewalks.
- Lack of building investment, leading to low assessed values with the renewal area.

500. **FINANCIAL ANALYSIS OF PLAN**

A. **ESTIMATED PROJECT COST AND REVENUE SOURCES**

Table 1 of this Report shows the current estimate of total costs of the Klamath Falls Town Center Renewal project. Total costs for project activities, exclusive of interest on debt service, are estimated at \$2,550,000.

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 1 shows the estimated total costs of the Town Center Urban Renewal Project.. These costs are the anticipated costs of project activities, **in 2005 dollars**. The costs and project activities are derived from information provided by the project developer.

<b>Table 1</b>	
<b>Klamath Falls Town Center Renewal Area</b>	
<b>Estimated Cost of Project Activities</b>	
Demolition costs	\$700,000
Water System Improvements	\$74,500
Storm Drainage Improvements	\$ 215,000
Sanitary Sewer Improvements	\$58,500
Paving, curb, sidewalks, landscaping	\$1,452,000
Program Administration	\$50,000
<b>TOTAL, in 2005 dollars</b>	<b>\$2,550,000</b>

All activities in Table 1 are estimated at 2005 costs. It is estimated that all project activities can be carried out during the period 2005-2007. Given possible variables in cash flows, and

financing of activities, the \$2,550,000 in capital projects are assigned a 5% inflation factor over the period 2005-2007. The inflation-adjusted capital cost of carrying out project activities, exclusive of interest costs, is estimated at \$2,953,000.

#### **B. ANTICIPATED START AND FINISH DATES OF PROJECT ACTIVITIES**

The start of project activities is anticipated in 2005. The financing strategy assumes an interest only borrowing through 2007, with full debt service obligations picked up in 2008. The completion of project activities shown in Table 1 is anticipated in 2007. This completion date 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. Funding decisions will be made annually, in the budget process for the Renewal Agency, and the City of Klamath Falls. Debt service on borrowing to finance the project activities is expected to continue until 2016.

#### **C. ESTIMATED EXPENDITURES AND YEAR OF DEBT RETIREMENT**

It is estimated that the project will collect tax increment receipts between the years 2006-07 and 2015-16. At that time, it is expected that tax increment revenues placed in a fund for early debt retirement, and the debt service reserve on the long-term debt issue will be sufficient to retire all project debt. It is estimated that the project will produce \$3,302,390 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, funds accumulated in a special fund for debt redemption, and the debt service reserve fund will be sufficient to retire outstanding bonded indebtedness in the year 2016 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 2 of this Report shows the anticipated tax increment receipts for each year of the project and use of those receipts. Table 2 follows on the next page.

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>A. Tax Increment Revenue</b>	\$2,523*	\$164,149	\$351,594	\$362,508	\$373,721	\$385,242	\$397,081	\$409,245	\$421,743	\$434,585
<b>B. Resources</b>										
Beginning Balance	0	\$3,148	\$4,938	\$2,548	\$1,181	\$1,139	\$2,734	\$1,285	\$2,122	\$582
Proceeds, long term debt	\$3,050,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds, other indebtedness	\$2,523	\$164,149	\$351,594	\$362,508	\$373,721	\$385,242	\$397,081	\$409,245	\$421,743	\$434,585
Interest	\$25,625	\$1,641	\$3,516	\$3,625	\$3,737	\$3,852	\$3,971	\$4,092	\$4,217	\$4,346
<b>Total Resources</b>	\$2,588,148	\$168,938	\$360,048	\$368,681	\$378,639	\$390,234	\$403,785	\$414,622	\$428,082	\$439,513
<b>C. Project Requirements</b>										
To Project Activities & Debt Retirement	\$2,550,000	\$0	\$65,000	\$75,000	\$85,000	\$95,000	\$110,000	\$120,000	\$135,000	\$145,000
Long Term Debt service	\$35,000	\$164,000	\$292,500	\$292,500	\$292,500	\$292,500	\$292,500	\$292,500	\$292,500	\$292,500
<b>D. Ending Balance</b>	\$3,148	\$4,938	\$2,548	\$1,181	\$1,139	\$2,734	\$1,285	\$2,122	\$582	\$2,013

During the year 2016, accumulated tax increment funds, and the debt service reserve fund are expected to be sufficient to retire debt, and terminate tax increment collection.

\* Spreadsheet needs to be revised to update increased cost estimate in Table 1 and increased assessed value estimate in Table 3.

#### **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 BM 50, 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 not 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 for taxing bodies. The amount of assessed value anticipated in the renewal area is relatively small, and therefore will have very little impact on bond or levy rates.

Table 3 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. Property tax revenues in Klamath Falls are subject to compression. This is not a direct result of urban renewal, but of the interaction of several factors in property taxation. The division of taxes for this urban renewal plan could result in some compression. Again, because the total revenues for this project are small, any compression effect will be very minimal.

Table 3 actually presents a worst case picture of revenue foregone, for it assumes that all the new values in the Renewal Area would occur, even without the investment of urban renewal funds. In fact, in the case of this badly deteriorated project area, it is more realistic to assume that little or no development will happen on the site without the public expenditures on renewal activities. The new values shown in Table 3 would be greatly reduced, or would not exist, if it were not for the assistance provided by urban renewal funds.

In addition, Table 3 expresses all revenue foregone in 2005 dollars. It therefore does not take into account the fact that a dollar in the future is not as valuable as today's dollar. A present value calculation of the revenues foregone, using just a 3.5 % rate would substantially reduce the revenue foregone total. Evidence of that reduction is shown in the bottom row of Table 3.

#### **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. The level of funding per student is not dependent on the amount of property tax raised locally.*

When the urban renewal district is completed in 2015, an estimated \$30.5 million in assessed values will be placed back on the tax roll. In the following year, the permanent rates of the overlapping taxing bodies will generate property tax revenues estimated at approximately \$485,000. Given just a 3% inflation of assessed values in the area, the revenues foregone by the overlapping taxing bodies will be repaid in a period of nine years after the project is completed. It is likely that this project will stimulate values in areas adjacent to the renewal area, allowing an even shorter payback period.

#### **E. FINANCIAL FEASIBILITY OF PLAN**

Table 2 in Section 500 of the Report to the Plan shows 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 2 are based on the following assumptions:

1. It is assumed that total assessed value within the urban renewal area will increase 2.75% in each year of the projection period.
2. It is assumed that approximately \$24 million in new assessed values will come onto the tax rolls over a two year buildout period. It is assumed that tax increment divide the tax revenues will be compressed by 5% during the duration of the plan.

The revenues shown in Table 2 are expected to be sufficient to carry out all project activities currently shown on the Urban Renewal Plan for the Klamath Falls Town Center Urban Renewal Area, and to retire project indebtedness by the year 2016. It is financially feasible to carry out the Urban Renewal Plan.

#### **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 35.500-35.550 and any other applicable laws or regulations. Relocation payments will be made as provided by ORS 35.510.

##### **C. HOUSING COST ENUMERATION**

The Renewal Plan will remove no existing housing units.

Table 3  
Klamath Falls Town Center Renewal Area  
Estimate of Foregone Revenues

Year	Cumulative New Incremental Values in area	Co. tax rate \$1.7326	City Tax Rate \$5.74	Fire Dist 1 \$2.88	Transit Dist \$0.48	Vector \$0.18	Emergency Com. \$0.15	Library \$0.49	K Falls Schools \$4.15	ESD 0.3524	Comm. Coll. 0.4117
		Klamath Co. tax foregone on new values	Klamath Falls tax foregone on new values	Fire Dist 1 foregone on new values	Transit Dist foregone on new values	Vector foregone on new values	Emergency Com. foregone on new values	Library foregone on new values	Schools tax foregone on new values	ESD tax foregone on new values	CC tax foregone on new values
2006		\$307	\$1,016	\$510	\$85	\$32	\$27	\$87	\$735	\$62	\$73
2007		\$19,958	\$66,126	\$33,201	\$5,555	\$2,079	\$1,775	\$5,644	\$47,808	\$4,059	\$4,742
2008		\$42,749	\$141,637	\$71,113	\$11,897	\$4,454	\$3,802	\$12,090	\$102,402	\$8,695	\$10,158
2009		\$44,076	\$146,033	\$73,321	\$12,267	\$4,592	\$3,920	\$12,465	\$105,580	\$8,965	\$10,473
2010		\$45,439	\$150,550	\$75,589	\$12,646	\$4,734	\$4,041	\$12,851	\$108,846	\$9,242	\$10,797
2011		\$46,840	\$155,192	\$77,919	\$13,036	\$4,880	\$4,166	\$13,247	\$112,201	\$9,527	\$11,130
2012		\$48,279	\$159,961	\$80,313	\$13,437	\$5,030	\$4,294	\$13,654	\$115,649	\$9,820	\$11,472
2013		\$49,758	\$164,861	\$82,774	\$13,848	\$5,184	\$4,426	\$14,072	\$119,192	\$10,121	\$11,824
2014		\$51,278	\$169,896	\$85,302	\$14,271	\$5,342	\$4,561	\$14,502	\$122,832	\$10,430	\$12,185
2015		\$52,839	\$175,069	\$87,899	\$14,706	\$5,505	\$4,700	\$14,944	\$126,573	\$10,747	\$12,556
Total		\$401,524	\$1,330,341	\$667,940	\$111,748	\$41,830	\$35,712	\$113,556	\$961,818	\$81,668	\$95,410
	PV @3.5%	\$323,075	\$1,070,420	\$537,438	\$89,915	\$33,657	\$28,735	\$91,369	\$773,898	\$65,711	\$76,769

Note: School and ESD revenue foregone is replaced dollar-for-dollar by State funds, and does not affect per student funding.  
PV = Present value of the revenue foregone. This adjusts future dollars to 2005 dollar totals.

\* Spreadsheet will need to be adjusted.