NORTH BEND REDEVELOPMENT AGENCY

AGENCY REVIEW REPORT OF THE CITY’S URBAN RENEWAL PLAN

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People Places Prosperity  March 2011

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Introduction

The City of North Bend Urban Renewal Agency (the “Agency”) engaged Leland Consulting Group to perform a two-day intensive review of the North Bend Urban Renewal Area (the “Area”). Key components of the review are identified below:

- Evaluation of the Agency’s project and financial history;
- Evaluation of the Agency’s compliance and current status; and
- Primer on the components of an annual report on the Agency

Prior to Leland Consulting Group’s January 19 and 20, 2011 on-site review, staff reviewed the original Plan, Plan amendments, annual financial reports, outstanding debt, budgets, and current development plans. Upon arrival in North Bend, the Leland Consulting Group team toured the community, walked throughout the Area, including target investment areas, received a briefing by City staff, and engaged in several discussions with various individuals invited into the process that are familiar with the Area, City and the region in addition to meeting with the urban renewal board.

Prior to drafting findings and recommendations, the team walked the Area again to gain clarity of the issues raised presented and discussed with City staff and community stakeholders. Preliminary findings, recommendations, and a preview of the presentation for the Agency board, were discussed with City staff prior to Leland Consulting Group’s presentation to the Agency on the evening of January 20, 2011.

The following summary of our engagement is presented in three sections and describes:

- What We Heard
- What We Found
- Recommendations

The summary includes our interpretation of public comments, staff comments and board member comments at the meeting with the Agency board.

What We Heard

We talked with many citizens that are actively involved with the City. These individuals appear to provide broad representation, including serving on the parks advisory board, planning commission, historic landmarks commission, museum affiliations, downtown property owners and business owners, downtown association, regional economic development, and current and former elected officials. Our conversations were in small groups and individual meetings of approximately one to two hours each. Key topics discussed during our conversations with stakeholders included but were not limited to:

- Strengths
- Weaknesses
- Opportunities
- Threats
- Curb Appeal
Pedestrian Amenities
Parking
Traffic
Rents

In the past several years, the Area has benefited from development efforts undertaken by the Tribes and other investors. These efforts have resulted in considerable increases in assessed value and tax revenues for the Agency. We heard this concentrated effort is in alignment with the City's Waterfront Master Plan and includes urban renewal investments to enhance the waterfront. The Waterfront Master Plan was adopted by the City Council in 1998 and has been supported by each City Council since. Further, zoning issues in the waterfront area have been addressed to facilitate desired development.

We also heard the most prominent of the urban renewal projects in the Waterfront Master Plan is the boardwalk project, a major component of which was recently completed. The boardwalk is part of a pathway system, and the Tribes are considering pathway improvements that integrate with the regional system. Additionally, the Tribes are considering a moorage development. Industrial uses in the area likely to continue operations for the foreseeable future include the oyster processing facilities and log yard.

Although no specific development plans have been submitted, there are interested developers exploring potential developments for the waterfront area. Some of the potential development concepts appear consistent with the Waterfront Master Plan while others may not be.

A project of interest that is not presently in the Plan is an Information Center to be located at the north entry to the City. The site identified for the facility is not currently within the Area boundary. The City desires to amend the Area boundary to capture the site so and allow urban renewal revenues to help finance eligible costs related to the construction of the Information Center should the Agency decide this project is a priority investment that should be included in the Plan.

The Agency would also like to amend the Area boundary to include, at a minimum, the full right-of-way of Virginia Street. Currently, the portion of the Area boundary along Virginia Street extends only to the center of the street right-of-way. Amending the boundary to include the full right-of-way of Virginia Street would enable the Agency to use urban renewal revenues to finance improvements to the entire street and, potentially, streetscape improvements on both sides of the street should the Agency determine this is a priority.

Other ideas and desired outcomes expressed by the Agency include the ability to add a grant program for façade improvements and other building improvements to the existing loan program, which is currently underutilized, as well as the flexibility to add parking to the list of projects eligible for urban renewal funding under the Plan. Recent plans to initiate dialogue regarding potential improvements to Grant Circle, including parking and landscaping, were presented. The purpose of the proposed intersection redesign is to add parking, which has been identified as a need in the area, and initiate discussion and debate on improvements to the intersection.

In our meetings with citizens we heard passion and support for improvements that enhance the City’s livability. There was consensus related to a number of issues, including the desire for a thriving downtown community with a lot of pedestrian activity. Support was indicated for the Agency's Plan and its investment in the Waterfront. Further, there was recognition of the challenges, such as low rents, potential inability of property owners to fund improvements to their properties, non-local property ownership interests, the slow, but long period of decline of community pride in aesthetics, and the appearance of the community. However, despite these challenges, citizens generally expressed optimism that the City is capable of helping initiate the effort to address the challenges.

While there is a strong consensus around certain issues, there are also issues where citizens expressed varied opinions and thoughts. Conflicted views around the issue of parking, in particular, have the potential
to undermine other efforts. Specifically, the degree to which parking is an issue and how the issue is addressed drew many different responses from citizens we engaged with. One general area of agreement is the notion that the parking issue could be addressed with solutions other than an additional parking in Grant Circle. As noted a variety of perspectives were communicated as were a number of potential opportunities.

Following is a summary of issues raised and discussed in meetings with citizens, and not necessarily reflected above.

- Explore the ability to provide viewing access for log loading operations
- Interpretive programs for log loading and oyster operation
- Market industrial activity viewing opportunities
- Create a brand for North Bend and its Waterfront
- Integrate plans to connect the waterfront and downtown
- Create a "sense of place"
- Leverage improvements to be funded by ODOT
- Leverage investment in walking trails to connect downtown
- Downtown has solid infrastructure
- Downtown on solid ground (i.e., not fill material)
- Downtown has strengths, such as good access, visibility, destination restaurants, Theatre on the Bay
- Desire to become a full-faceted economy that boasts:
  - Regional services
  - Retail/commercial services for the South Coast
  - Industrial activity and employment opportunities
  - Manufacturing activity and employment opportunities
  - Medical services and employment opportunities
  - Tourism and related employment and economic opportunities
- Issue of competing development interests; no development, pro-development
- Desire better signage

What We Found

The Agency’s Plan

The Agency’s original Urban Renewal Plan (the “Plan”) was adopted in 1994 and included a schedule of various projects within the greater downtown and adjacent waterfront area. An estimate of twenty years to complete the projects was identified in the Plan. In 1998, the Plan was amended to establish the Agency’s maximum indebtedness at $11,800,723 and select a method to collect urban renewal taxes, Option 1.

The amendment was necessary to address requirements resulting from the state-wide passage of Measures 50 and 47. The amendment did not change the projects, although the financial analysis used to
establish the maximum indebtedness anticipated the Agency performing project work through the year 2020. The Agency has not updated estimated costs for the schedule of projects since 1998.

**Status of Plan**

To date, the Agency has expended approximately $1.8 million, leaving approximately $10 million to complete the balance of projects contemplated in the Plan. As noted above, the original Plan did not establish a firm completion date for projects, only an estimate, and the Plan Amendment establishing the maximum indebtedness contemplated project work through the year 2020. Therefore, assuming adequate funding capacity, the Agency has the flexibility to complete the schedule of projects through 2020, and possibly beyond.

**Funding Capacity**

An analysis of the Agency’s property tax levies and assessed value (TAV) in the Area indicate the Agency, absent any significant reductions in TAV within the Area due to change in status (e.g., from taxable to tax-exempt), is anticipated to generate sufficient property tax income to support debt adequate to complete the projects prior to 2020, and potentially during the next five to seven years.

The Agency’s property taxes have increased significantly since fiscal year 2000, from $107,470 to $543,427 in fiscal year 2011 (506 percent). The increase is significantly impacted by commercial improvements along the waterfront. Additionally, recent revitalization investments in various properties in downtown increased the TAV and property tax collections. A range of property tax forecasts are presented below assuming low (three percent), mid (five percent) and high (seven percent) annual changes to the Area’s TAV.

**Figure 1. Actual and Projected Property Taxes Fiscal Years 1996-2026**

Based upon the projected property taxes for the Agency, debt capacity was estimated using two scenarios; revenue bonds (15-year maturity, interest rate of 4.5 percent, with a debt coverage ratio of 1.25) and full faith and credit bonds (20-year maturity, interest rate of 4.5 percent, with a debt coverage ratio of 1.25). Combining debt capacity with the Agency’s existing cash balance, increasing each year if unspent, the
Agency is projected to have the ability to generate $10 million in debt proceeds and cash as early as fiscal year 2015 and no later than fiscal year 2017.

**Figure 2. Estimated Debt/Funding Capacity**  
Fiscal Years 2012 - 2018

(amounts in millions)

Source: City of North Bend and Leland Consulting Group

**Annual Reporting**

ORS 457.460 requires an annual report of the Agency’s activities, its impact on other taxing jurisdictions, and its budget for the ensuing year, to be completed by January 31 of each year. The Agency needs to implement this additional level of reporting. The Agency’s Annual Report for the fiscal year ended June 30, 2010 was completed as a courtesy by the Leland Consulting Group team as a part of this project.

**Outstanding Debt**

The Agency has an existing debt obligation with a balance of $350,606 due to the Oregon Economic & Community Development Department. The note requires annual payments of $30,040, including interest of 5.02 percent and matures in 2029. The Agency has accumulated sufficient resources—approximately $1.9 million that is earning approximately 0.5 percent interest. It may use a portion of these resources to redeem the note and save approximately $15,000 net in the first year.

**Recommendations**

Upon consideration of the original Plan, discussions with staff, public comment, tours of the Area, and applying our collective fifty plus years of experience, the consulting team recommends, in no particular order or priority, the following for the Agency’s consideration:

**Continue Discussions on the Design of Grant Circle Improvements**

The City’s historic area has two unique spacious intersections, Grant Circle and Lincoln Square. Presently, improvements including parking are being discussed for Grant Circle. This issue received more attention in
the small groups we spoke to and at the public meeting we attended January 19, 2011 than any other issue.

Although we are not intimately familiar with all of the issues surrounding this potential improvement, based upon what we heard and learned about the history of these areas, we encourage the Agency and the City to continue discussions regarding the type and scope of improvements to Grant Circle.

As noted in another recommendation, the City’s parking needs may be addressed through other means. There may very well be an opportunity for improvements to Grant Circle, and possibly Lincoln Square, that can bring significant public support that maximizes the unique features and benefits of these areas, and become an attraction for visitors to the area.

Consider Completion of a Traffic Circulation study—Highway 101

The current one-way couplet does not provide a pedestrian-friendly environment for the City’s historic core. The Agency is encouraged to consider a traffic circulation study of Highway 101, including consideration of two-way traffic patterns on Sherman and Sheridan. One-way couplets generally are not the most conducive for a commercial environment and two-way flow allows business to capture traffic from both directions. Additionally, two-way traffic is generally slower, enhancing the pedestrian environment. Lastly, two-way couplet or not commercial activity may be very challenging on the lower road. Due to the timing of improvements planned for fiscal year 2012, timing is of the essence. Additionally, as noted later in the recommendations, this issue will require considerable interaction with state officials.

Develop a Signage Plan and Program

The current signage on Highway 101 is overwhelming, unattractive and appears uncoordinated. The signage does not provide a clear message of local points of interest to visitors. With the State’s plan to make improvements to Highway 101 in fiscal year 2012, the timely preparation and implementation of a signage plan and program is recommended.
Create a Pedestrian-Friendly Environment

As was mentioned several times during public testimony, a pedestrian-friendly environment is desirable to the historic area.

The City has an opportunity to make considerable progress in this area with limited dollars. In addition to leveraging the investment by the State during the Highway 101 project, other potential projects and improvements the Agency and City may wish to consider include:

- Evaluate City’s wide streets and one-way traffic patterns
- Address traffic calming
- Enhance crosswalks
  - Shorten distance between sidewalks at intersections
- Consider additional use of diagonal parking, which narrow streets, slows traffic and provides additional parking
Develop a Parking Master Plan

There appears to be considerable opportunity to increase parking capacity and improve utilization of parking facilities throughout the Area. In our experience, parking is a sensitive subject and it is helpful to have professional assistance. We highly recommend engaging a parking professional to help develop a parking facilities master plan, including parking management and operations.

Prioritize and Schedule Projects to Complete the Plan

In 2011, the City updated the cost estimates for projects identified in the Plan. We encourage the Agency to prioritize and create an updated schedule for the various projects. As noted above in the funding capacity discussion, the Agency appears to have adequate funding to complete the projects during the next five to seven years if so desired. Please note that the Agency’s maximum indebtedness amount is in actual dollars, regardless of when they are spent. Therefore, the earlier projects are completed the more value for the Agency and better return to the overlapping taxing jurisdictions.
Consider Enhancements to the Storefront Loan Program

We received consistent feedback from staff, elected officials and citizens, that the current storefront loan program is underutilized. Further, we received inquiries about similar programs being administered in other communities. In our experience, these programs typically include a matching grant component to the loan. The matching grant encourages the desired storefront improvements and investment by property owners in the Area. The amount of the match, the maximum grant and the percentage of match varies from community to community.

We encourage the Agency to consider matching grants with maximum grants of up to $25,000 to $100,000, possibly more, depending on the cost and scope of the project and the ultimate benefit to the Area. We also encourage the Agency to determine and establish criteria for grant awards. Such criteria may include but are not limited to the amount invested by the property owner and the types of improvements (e.g., awnings or façade improvements compared to refurbishment improvements). The Agency may also wish to make improvements in certain areas or locations a priority. For example, when the Agency schedules sidewalk improvements to a given area, it may desire to encourage other improvements in these areas.

Evaluate Undergrounding Utilities

Although undergrounding utilities is a very costly endeavor, there are a few view corridors where relocating utilities underground could have a significant positive impact to the community. The Agency is encouraged to prioritize projects in view corridors and, potentially, other priority areas within the Area.

Review Waterfront Development Objectives

The City of North Bend’s most prized asset is its waterfront. Initial redevelopment projects have been completed in North Bend and south in Coos Bay. We heard a lot of discussion about potential waterfront development. And what we heard was a mixed message. Has North Bend truly established a “vision” for its waterfront? Without a clear “vision” that the community is truly committed to North Bend may over time see development on its waterfront that is far less than it could otherwise be.

How your waterfront develops will say volumes of what North Bend is and desires to be. It is our opinion that, as a community, you must be very clear what your “vision” for your waterfront is. And once you have that “vision” you must not compromise. Whatever is ultimately built on your waterfront will be there for a long time.

Your initial investment in the boardwalk and trail system reflects elements of a “vision” that recognizes the value of this area. Creating a “vision” from these improvements is strongly recommended and we encourage you to review your waterfront development objectives to see whether or not those objectives support the creation of the vision or not. If not, develop objectives that will.

As you review your waterfront development objectives the City is encouraged to continue to engage with the Coquille Tribe. Ideally, the City and the Tribe can work collaboratively on the waterfront development objectives and the respective Waterfront Master Plans. The success of each development is linked with the other, and the chances for both developments to be successful will be enhanced if the parties better understand what each is attempting to accomplish.

Public investment in various public amenities, such as greenways and pathways, pocket parks and view corridors to invite people to the water and into downtown, in improvements that will strengthen connectivity
between the waterfront and downtown, and in projects that will support mixed-use housing, will help encourage people to visit these key areas, strengthen sense of place.

**Business Relocations**

The waterfront improvements recently completed at the end of Virginia Street establish a very high quality development standard for this area. Additionally, the investment communicates that community's desires for the area. The success of this area will be enhanced with the relocation of the propane company to a more suitable location in the City. The Agency should engage the business owner about the possibility of relocating elsewhere in the community and the Agency should provide financial assistance.

**Enhance Regional and State Partnerships**

The success of the Agency's urban renewal program can be positively impacted by strengthening the City's relationship with the Governor's Regional Solutions Team. There are several issues within the Area, including but not limited to issues related to Highway 101, the waterfront, tribal relations, and historic resources, which could be addressed with assistance from regional, state and federal resources.

**Pay Off Current Debt**

The Agency has accumulated approximately $1.9 million in resources that is earning approximately 0.5 percent. The Agency's outstanding debt has a balance of approximately $350,000. Full redemption will result in savings of more than $15,000 in year one, and will not negatively impact existing projects. Future borrowing costs cannot be known, however, current borrowing rates are less than the rate paid on the existing debt.

**Complete Minor Plan Amendment**

Desired improvements for a Visitors Center to the City's northern entrance may require additional land to the Area boundary. The Agency may add up to one percent of the original land area included in the plan without triggering a substantial plan amendment. Additionally, it is recommended that the Agency include the updated project costs and project timing and make appropriate adjustments to the Plan. The Agency is not able to increase the maximum indebtedness of the plan without requiring a substantial plan amendment. At a minimum, the following elements should be addressed in a minor plan amendment:

- Add land area for Visitors Center and Right-of-Way
  - ORS 457.085(i)(A) allows for the addition of no more than one percent of the original land area without requiring a substantial amendment.

- Adjust dollars as necessary for projects and programs within the existing maximum indebtedness
  - ORS 457.085(i)(B) notes that any increase in maximum indebtedness is a substantial plan amendment.

**Summary and Acknowledgements**

In summary we found the Agency's Urban Renewal Agency to be operating consistent with its Plan and within the requirements of Oregon Revised Statutes. The Agency has accumulated sufficient resources, i.e., cash, and has sufficient debt capacity to fully implement its Plan should it choose to do so, within the next five to seven years assuming there are no significant properties removed from property tax valuation.
within the Area. We have provided recommendations to the Agency that will assist the Agency to maximize its effectiveness and efficiency in carrying out its Plan.

We very much appreciate the opportunity to assist the Agency and community with this review. And we very much want to acknowledge the North Bend Agency Board, City staff, and the numerous citizens, all individually recognized below, that took their time to engage with us about the future of North Bend. The collective insights, historical knowledge, and desire for a better North Bend demonstrated by all helped us immensely with our review.

North Bend Urban Renewal Agency Board
Mayor Rick Wetherell
Councilor Mike Erbele
Councilor Larry Garboden
Councilor Barry Hayes
Councilor Janet Rubin
Councilor Howard Graham
Councilor Bill Richardson

City Staff
Jan Willis, City Administrator
Bob Dillard, Public Works Superintendent
David Voss, Planner
Matt Zook, Finance Director
Bryan Owens, Parks Superintendent
Derek Windham, Engineering Coordinator

Community Members
Johanna Dillard, Downtown Association President
Dick Wagner, former historic landmark commission member, co-author of several books on North Bend's history
Judy Wagner, former historic landmark commission member, co-author of several books on North Bend’s history
Larry Watson, downtown business owner/artist
Wayne Schrunk, downtown building owner, contractor, Planning Commission member
Susanna Noordhoff, Parks Advisory Board member
Jon Richards, Parks Advisory Board member
Steve Skinner, Parks Advisory Board member
Monica Schreiber, Parks Advisory Board member
Jim Fox, Parks Advisory Board member
Dwayne Duvall, Parks Advisory Board member
Ed Meyer, Chairman of the Planning Commission;
Sandy Messerle, Director of South Coast Development Council
Timm Slater, Director of Chamber of Commerce