



Revised

CENTRAL ALBANY REVITALIZATION AREA (CARA) ADVISORY BOARD AGENDA

Wednesday, December 11, 2019

5:15 p.m.

Council Chambers, Albany City Hall

333 Broadalbin Street SW

- 5:15 p.m. CALL TO ORDER
- 5:15 p.m. ROLL CALL
- 5:15 p.m. APPROVAL OF MINUTES
- a. November 13, 2019. [Pages 2-3]
- 5:20 p.m. BUSINESS FROM THE PUBLIC
- 5:25 p.m. URBAN RENEWAL FINANCIALS REVIEW UPDATE. [Pages 4-18] (Sherry)
- ~~5:45 p.m. WELLS FARGO DEVELOPMENT UPDATE. [Verbal] (Sherry)~~
- 5:45 p.m. STAFF UPDATES. [Verbal] (Sherry)
- 5:50 p.m. BUSINESS FROM THE BOARD
- NEXT MEETING DATE: Wednesday, January 15, 2019
- 5:55 p.m. ADJOURNMENT

The location of this meeting is accessible to the disabled. If you have a disability that requires accommodation, please notify the City Manager's Office in advance of the meeting: cmadmin@cityofalbany.net | 541-791-0206 or 541-917-7519.



MINUTES

Wednesday, November 13, 2019
Council Chambers, Albany City Hall
Approved: DRAFT

CALL TO ORDER

Chair Rich Catlin called the meeting to order at 5:15 p.m.

ROLL CALL

Members Present: Members Russ Allen, Rich Catlin, Maura Wilson; City Councilors Bill Coburn, Alex Johnson II, Rich Kellum, Mike Sykes, Dick Olsen, and Mayor Sharon Konopa

Members Absent: Members David Abarr, James Dufour, Sam Flande (excused), Mark Spence (excused); Councilor Bessie Johnson

APPROVAL OF MINUTES

October 16, 2019

MOTION: Member Rich Kellum moved to approve the minutes as presented. Member Bill Coburn seconded the motion, and it passed 9-0.

BUSINESS FROM THE PUBLIC

5:16 p.m.

None.

DOWNTOWN PARKING STUDY DISCUSSION

5:17 p.m.

Rick Williams, Rick Williams Consulting, gave a presentation on the Downtown Parking Study and Draft Strategy Considerations. The study found that the parking supply is not constrained and that a strong parking management system is already in place through the Albany Downtown Association. It recommended that the city take this opportunity to strengthen the system and prepare for potential future constraints.

The board, consultant, and members of the public had a brief discussion about the study and recommended strategies. The study findings are available on the city's website.

STAFF UPDATES

6:00 p.m.

Economic Development Manager Seth Sherry referred to previous discussion about the inability to place two large wayfinding signs where originally planned. He suggested that the signs could be repurposed and donated to the city to be used for Welcome to Albany signage. The donation would be appropriate because it helps complete and add continuity to wayfinding signage within the urban renewal district. The Parks Department is willing to take on the cost of repurposing and installation. There was general agreement that staff should proceed with repurposing and donating the signs.

Sherry gave a brief update on the Wells Fargo Property. The developers are expected to present development plans at the next meeting.

RECESS TO EXECUTIVE SESSION TO DISCUSS REAL PROPERTY TRANSACTIONS IN ACCORDANCE WITH ORS 192.660(2)(e) 6:08 p.m.

The board recessed to executive session at 6:08 p.m.

RECONVENE 6:26 p.m.

The board reconvened to regular session at 6:26 p.m.

BUSINESS FROM THE BOARD 6:26 p.m.

None.

NEXT MEETING DATE: Wednesday, December 11, 2019

ADJOURNMENT: The meeting was adjourned at 6:26 p.m.

Submitted by,

Reviewed by,

Teresa Nix
Recorder

Seth Sherry
Economic Development Manager



MEMO

TO: Central Albany Revitalization Area (CARA) Advisory Board

FROM: Seth Sherry, Economic Development Manager

DATE: December 4, 2019, for the December 11, 2019 CARA Advisory Board Meeting

SUBJECT: Albany Revitalization Agency Financials Review Update

In October 2019, the Albany Revitalization Agency (ARA) contracted with Tiberius Solutions LLC to provide a full financial review for the urban renewal district. This review and updated projections come at a beneficial time, as the CARA board is moving forward with significant projects including riverfront redevelopment. Conclusions of the review were favorable in terms of the Agency's projected financial capacity to fund or partner of larger scale projects and still sunset the district within the anticipated time period originally projected.

Some key findings include:

- Through the end of FYE 2019, CARA has used \$34.5 million of the \$56.0 million maximum indebtedness for the Area. CARA has remaining financial capacity of \$21.5 million.
- Based on outstanding financial obligations, beginning fund balances, and assumed new loan terms, CARA could incur the full amount of this indebtedness in FYE 2022.
- Actual assessed value in the CARA boundary exceeded 2001 projected average growth.

In addition to these findings, Tiberius Solutions also created several key products the Agency staff can continue to use. These include:

- Excel workbook that documents historical tax increment finance (TIF) revenue.
- TIF revenue forecast worksheet.
- TIF impact statements to share with affected taxing districts.

Combined, these worksheets now at the Agency's disposal, offer an authoritative framework for making critical financial partnership and project decisions.

SS:sd
Attachment 1



DATE: December 2, 2019
TO: Seth Sherry and Sophie Dykast, City of Albany
FROM: Nick Popenuk and Ali Danko
SUBJECT: City of Albany Urban Renewal Financial Update

The City of Albany contracted with Tiberius Solutions LLC to provide an updated financial forecast for the Central Albany Revitalization Area (CARA). The key deliverable from this analysis is an Excel workbook that documents historical tax increment finance (TIF) revenue and forecasts future TIF revenue for CARA. This memorandum summarizes the analysis, including key assumptions and results.

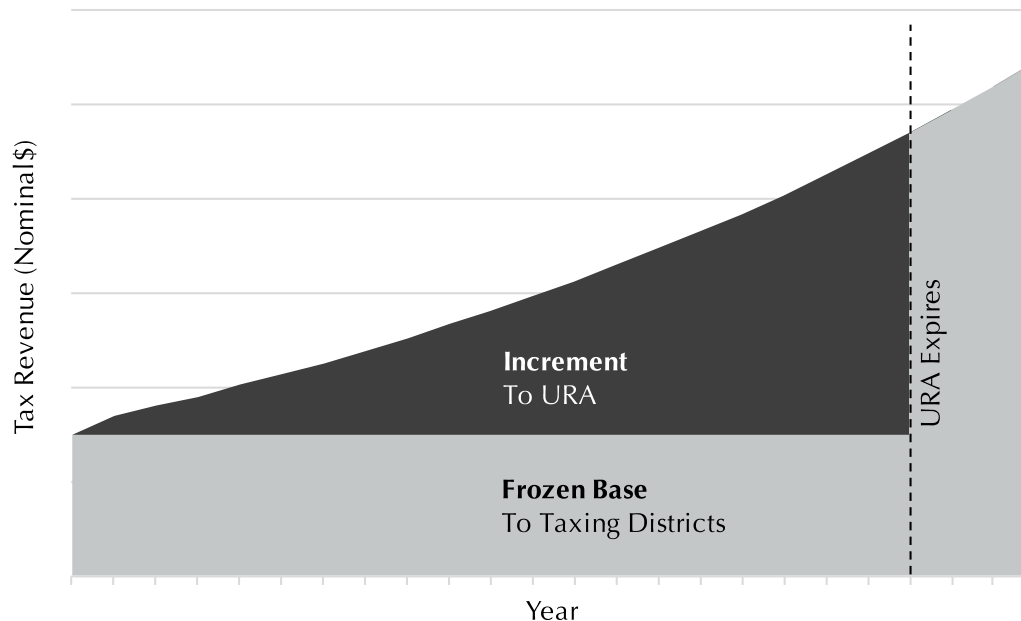
Background

Urban renewal, permitted by Oregon Revised Statute (ORS) 457, is primarily used by cities and counties across Oregon as a revenue source for funding capital projects to help revitalize “blighted” areas.

How tax increment financing works

When an urban renewal area (URA) is established, the assessed value within the URA boundary becomes the “frozen base” value. When assessed value in the URA grows over time, the difference between the total assessed value and the frozen base is considered “increment” value. Each year, property tax revenue from the frozen base in the URA is distributed normally to all overlapping taxing districts, and the URA receives all the property tax revenue generated from the increment, called Tax Increment Finance (TIF) revenue. TIF revenue can only be spent on capital projects located in the URA. After the URA expires, all tax revenue is distributed to the overlapping taxing districts. Exhibit 1 illustrates the general tax revenue distribution within a URA boundary over the life of the URA.

Exhibit 1. Example Urban Renewal Revenue Distribution



Source: Tiberius Solutions

Financial restrictions and limitations on urban renewal

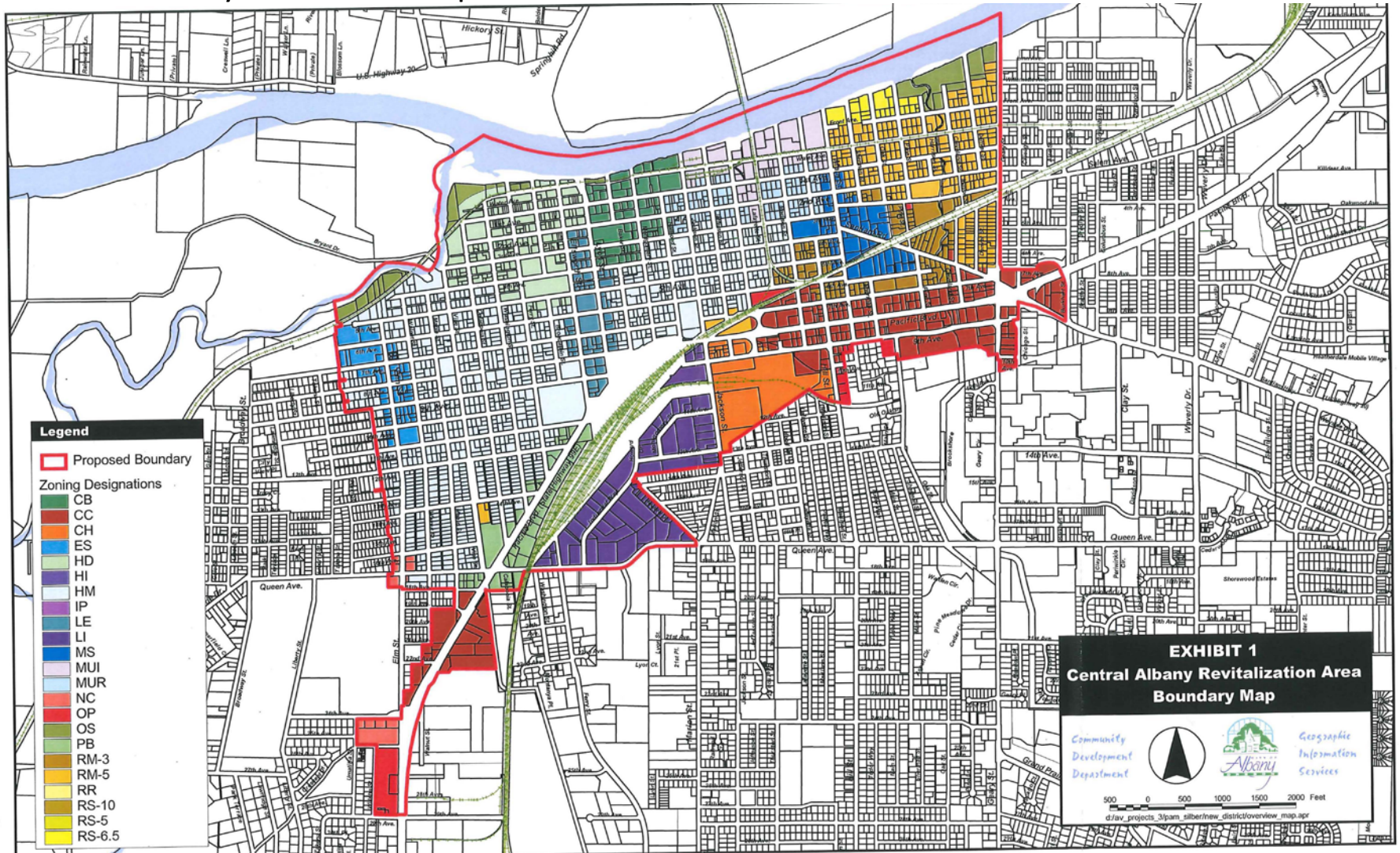
Urban renewal plans are required to have a “maximum indebtedness”, which functions as a limit on the cumulative amount of TIF that can be spent on projects in the URA. Note that maximum indebtedness does not function as a revolving credit limit. In other words, paying off debt for old projects, does not free up maximum indebtedness to be used on future projects. Once a URA incurs the full amount of maximum indebtedness, it cannot incur additional debt to fund additional projects.

Overview of the Central Albany Revitalization Area

The Central Albany Revitalization Area Urban Renewal Plan (“Plan”) was adopted in August 2001. Its boundary encompasses 986 acres in the City of Albany, about nine percent of the total City acreage. The Plan identified a range of programs and capital projects to be carried out by CARA, including development partnerships, public space improvements, infrastructure, pedestrian/bike connectivity projects, community facilities, and technical support. The Plan has a maximum indebtedness of \$56,000,000.

Exhibit 2 shows a map of the Central Albany Revitalization Area boundary.

Exhibit 2. Central Albany Revitalization Area Map



Source: Central Albany Revitalization Area Urban Renewal Plan

Analysis

Our analysis includes an evaluation of historical trends in the Area compared to original projections, as well as an updated financial forecast for future years.

Historical trends in the Area compared to original projections

The Report that accompanied the original Plan forecast that assessed value would grow by 3.2% per year in years 1-10, and 3.5% for the remaining years. All combined, total assessed value in the area was forecast to grow by an average annual growth rate of 3.35% over the 25-year forecast period.

Exhibit 3 and Exhibit 4 compare assessed value from the original Report and actual historical data. In FYE 2020, total assessed value in the CARA boundary was 19.8% higher than what was forecast in the original Report. This can be attributed to two main factors: (1) a higher than forecast frozen base, and (2) higher than forecast growth in assessed value over time. Assessed value in CARA has grown at an average annual growth rate of 3.7% from FYE 2003 through FYE 2020, slightly higher than the 3.4% average growth rate originally forecast over the same time period. The frozen base certified by the County Assessor was \$243,269,409, which was 11% higher than the Report's estimate of \$218,843,490. These two factors combined contribute to higher than forecast assessed value.

Exhibit 3. Assessed Value, Forecast and Actual, CARA, FYE 2003 to FYE 2020

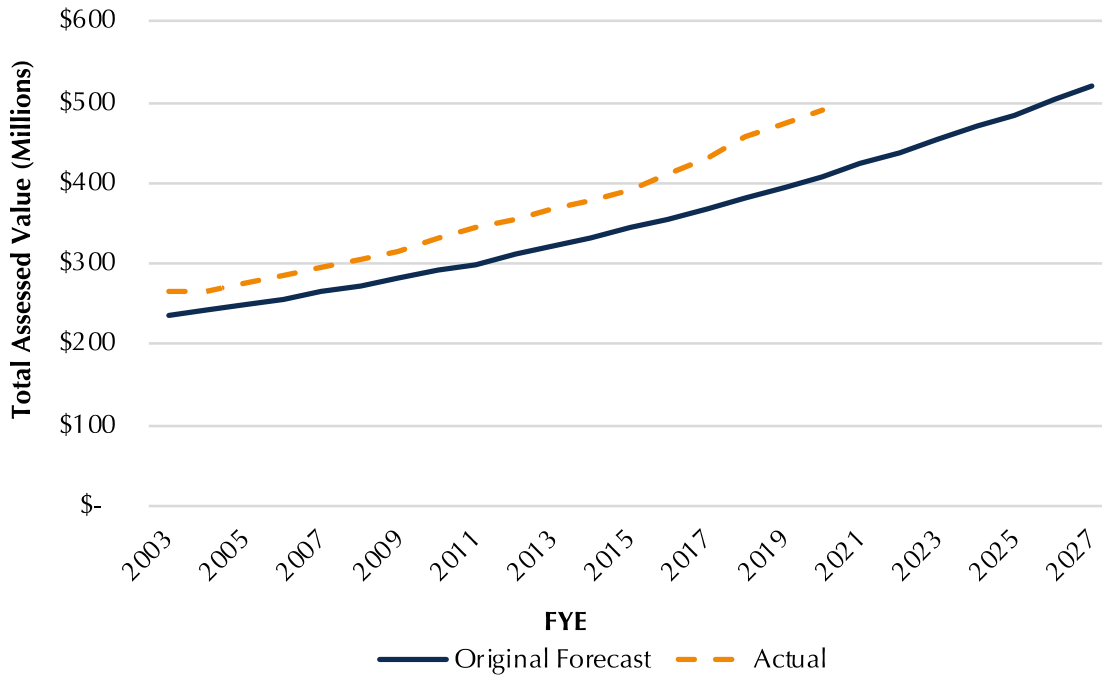
FYE	Original Forecast		Actual		Difference	
	AV	% Growth	AV	% Growth	AV	% Difference
2003	\$ 235,999,857		\$265,916,019	0.0%	\$ 29,916,162	12.7%
2004	\$ 242,607,853	2.8%	\$267,346,636	0.5%	\$ 24,738,783	10.2%
2005	\$ 249,400,874	2.8%	\$277,391,346	3.8%	\$ 27,990,472	11.2%
2006	\$ 256,384,098	2.8%	\$284,840,887	2.7%	\$ 28,456,789	11.1%
2007	\$ 264,588,390	3.2%	\$294,214,794	3.3%	\$ 29,626,404	11.2%
2008	\$ 273,055,219	3.2%	\$305,277,881	3.8%	\$ 32,222,662	11.8%
2009	\$ 281,792,986	3.2%	\$316,008,678	3.5%	\$ 34,215,692	12.1%
2010	\$ 290,810,362	3.2%	\$333,427,220	5.5%	\$ 42,616,858	14.7%
2011	\$ 300,116,294	3.2%	\$344,834,280	3.4%	\$ 44,717,986	14.9%
2012	\$ 310,620,364	3.5%	\$354,466,099	2.8%	\$ 43,845,735	14.1%
2013	\$ 321,492,077	3.5%	\$367,072,962	3.6%	\$ 45,580,885	14.2%
2014	\$ 332,744,300	3.5%	\$379,268,904	3.3%	\$ 46,524,604	14.0%
2015	\$ 344,390,351	3.5%	\$391,196,575	3.1%	\$ 46,806,224	13.6%
2016	\$ 356,444,014	3.5%	\$409,798,968	4.8%	\$ 53,354,954	15.0%
2017	\$ 368,919,555	3.5%	\$430,653,341	5.1%	\$ 61,733,786	16.7%
2018	\$ 381,831,739	3.5%	\$456,444,200	6.0%	\$ 74,612,461	19.5%
2019	\$ 395,195,851	3.5%	\$474,406,935	3.9%	\$ 79,211,084	20.0%
2020	\$ 409,027,706	3.5%	\$490,208,872	3.3%	\$ 81,181,166	19.8%
2021	\$ 423,343,676	3.5%				
2022	\$ 438,160,705	3.5%				
2023	\$ 453,496,330	3.5%				
2024	\$ 469,368,702	3.5%				
2025	\$ 485,796,607	3.5%				
2026	\$ 502,799,488	3.5%				
2027	\$ 520,397,471	3.5%				
AAGR (FYE 2003-2020)	3.3%		3.7%			

Sources:

Actual: Linn County Assessor, SAL Table 4c, FYE 2011-2020, Oregon Department of Revenue Property Tax Statistics, FYE 2003-2010

Original Forecast: Report Accompanying CARA Urban Renewal Plan

Exhibit 4. Assessed Value, Forecast and Actual, CARA, FYE 2003 to FYE 2020/2027



Sources:

Actual: Linn County Assessor, SAL Table 4c, FYE 2011-2020, Oregon Department of Revenue Property Tax Statistics, FYE 2003-2010

Original Forecast: Report Accompanying CARA Urban Renewal Plan

Exhibit 5 compares the Report’s original TIF projections to the actual historical TIF collections through FYE 2018. Similar to the assessed value growth shown in Exhibit 3 and Exhibit 4, actual gross TIF revenue is higher than what was originally forecast. From FYE 2003 to FYE 2020, CARA imposed \$6.6 million in TIF, or 23%, more than originally forecast.

**Exhibit 5. Gross TIF Revenue, Forecast and Actual, CARA,
FYE 2012 to FYE 2018**

FYE	Original Forecast	Actual	Difference	Percent Difference
2003	\$ 299,004	\$ 369,804	\$ 70,800	23.7%
2004	\$ 411,803	\$ 415,632	\$ 3,829	0.9%
2005	\$ 527,760	\$ 509,748	\$ (18,012)	-3.4%
2006	\$ 646,963	\$ 713,213	\$ 66,250	10.2%
2007	\$ 787,011	\$ 872,072	\$ 85,061	10.8%
2008	\$ 931,539	\$ 1,156,391	\$ 224,852	24.1%
2009	\$ 1,080,693	\$ 1,350,815	\$ 270,122	25.0%
2010	\$ 1,234,620	\$ 1,688,764	\$ 454,144	36.8%
2011	\$ 1,393,472	\$ 1,921,333	\$ 527,861	37.9%
2012	\$ 1,572,776	\$ 2,117,585	\$ 544,809	34.6%
2013	\$ 1,758,357	\$ 2,359,535	\$ 601,178	34.2%
2014	\$ 1,950,432	\$ 2,635,697	\$ 685,265	35.1%
2015	\$ 2,149,230	\$ 2,475,162	\$ 325,932	15.2%
2016	\$ 2,354,986	\$ 2,772,567	\$ 417,581	17.7%
2017	\$ 2,567,944	\$ 2,865,044	\$ 297,100	11.6%
2018	\$ 2,788,355	\$ 3,430,451	\$ 642,096	23.0%
2019	\$ 3,016,480	\$ 3,719,604	\$ 703,124	23.3%
2020	\$ 3,252,590	\$ 3,957,551	\$ 704,961	21.7%
Total	\$ 28,724,015	\$ 35,330,968	\$ 6,606,953	23.0%

Sources:

Actual: Linn County Assessor, SAL Table 4c, FYE 2011-2020, Oregon Department of Revenue Property Tax Statistics, FYE 2003-2010

Original Forecast: Report Accompanying CARA Urban Renewal Plan

For assessed value, the difference between forecast and actual has been fairly stable, showing a gradually widening gap over time. However, the difference in TIF revenue has been more variable, with the gap between forecast and actual widening and shrinking over time. The additional volatility seen in TIF revenue is due to fluctuations in the consolidated tax rate used to calculate TIF. The original forecast was unable to accurately forecast changes in general obligation bond and local option levy tax rates that occurred over the past two decades.

Updated financial forecast

The basic calculation of annual tax increment revenue is simple: incremental assessed value multiplied by the consolidated tax rate. However, to understand financial capacity, we also need to account for the duration of the URA, the impact of inflation over time, and the use of financing options (e.g., bonds and loans) to accelerate the timing of funding at the expense of interest paid over time.

The remainder of this section describes the steps used in the analysis and highlights all key assumptions. Those steps are:

1. Determine the consolidated tax rate
2. Forecast future assessed value

3. Calculate TIF revenue
4. Determine borrowing capacity

1. Determine the consolidated tax rate

The CARA Urban Renewal Plan is an “Option 3” urban renewal plan, as defined in ORS 457. Therefore, the consolidated tax rate for CARA is equal to the sum of all permanent tax rates, as well as any general obligation bond levies and any local option taxes approved by voters before 2013. CARA encompasses three separate tax code areas: 846, 847, and 848. All three tax code areas have the same consolidated tax rate. Exhibit 6 shows the consolidated tax rates for the URA in FYE 2020.

Exhibit 6. Consolidated Tax Rate by TCA, CARA Boundary, FYE 2018

Jurisdiction Name	Type	Consolidated Rate		
		846	847	848
Linn County	Permanent	\$ 1.2736	\$ 1.2736	\$ 1.2736
Linn County Local Option	Local Option Levy	\$ 0.1900	\$ 0.1900	\$ 0.1900
City of Albany	Permanent	\$ 6.3984	\$ 6.3984	\$ 6.3984
City of Albany	Bond	\$ 0.2901	\$ 0.2901	\$ 0.2901
4H Extension District	Permanent	\$ 0.0700	\$ 0.0700	\$ 0.0700
Subtotal	Gen. Govt.	\$ 8.2221	\$ 8.2221	\$ 8.2221
Linn-Benton-Lincoln ESD	Permanent	\$ 0.3049	\$ 0.3049	\$ 0.3049
LBCC	Permanent	\$ 0.5019	\$ 0.5019	\$ 0.5019
LBCC	Bond	\$ 0.1695	\$ 0.1695	\$ 0.1695
GAPS #8j	Permanent	\$ 4.5855	\$ 4.5855	\$ 4.5855
GAPS #8j	Bond	\$ 2.2425	\$ 2.2425	\$ 2.2425
Subtotal	Education	\$ 7.8043	\$ 7.8043	\$ 7.8043
Total	All	\$ 16.0264	\$ 16.0264	\$ 16.0264

Source: Tiberius Solutions using data from Linn County Assessor, FYE 2020

2. Forecast Future Assessed Value

To forecast future growth in assessed value we first look at historical growth in the area to inform our expectations for future growth.

Historical growth

The assessed value of CARA is published annually by the Linn County Office of Assessment and Taxation. Exhibit 7 shows the assessed value in the URA from FYE 2003 (the URA’s first year) to FYE 2020. CARA has experienced an average annual growth rate of 3.7 percent over the life of the URA. Growth has been stronger over the past five years, with an average growth rate of 4.6 percent from FYE 2016 to FYE 2020.

Exhibit 7. Assessed Value, Central CARA, FYE 2003 to 2020

FYE	Assessed Value			% Growth
	Frozen Base	Increment	Total	
2003	\$243,269,409	\$ 22,646,610	\$ 265,916,019	
2004	\$243,269,409	\$ 24,077,227	\$ 267,346,636	0.5%
2005	\$243,269,409	\$ 34,121,937	\$ 277,391,346	3.8%
2006	\$243,269,409	\$ 41,571,478	\$ 284,840,887	2.7%
2007	\$243,269,409	\$ 50,945,385	\$ 294,214,794	3.3%
2008	\$243,269,409	\$ 62,008,472	\$ 305,277,881	3.8%
2009	\$243,269,409	\$ 72,739,269	\$ 316,008,678	3.5%
2010	\$243,269,409	\$ 90,157,811	\$ 333,427,220	5.5%
2011	\$243,269,409	\$ 101,564,871	\$ 344,834,280	3.4%
2012	\$243,269,409	\$ 111,196,690	\$ 354,466,099	2.8%
2013	\$243,269,409	\$ 123,803,553	\$ 367,072,962	3.6%
2014	\$243,269,409	\$ 135,999,495	\$ 379,268,904	3.3%
2015	\$243,269,409	\$ 147,927,166	\$ 391,196,575	3.1%
2016	\$243,269,409	\$ 166,529,559	\$ 409,798,968	4.8%
2017	\$243,269,409	\$ 187,383,932	\$ 430,653,341	5.1%
2018	\$243,269,409	\$ 213,174,791	\$ 456,444,200	6.0%
2019	\$243,269,409	\$ 231,137,526	\$ 474,406,935	3.9%
2020	\$243,269,409	\$ 246,939,463	\$ 490,208,872	3.3%
AAGR				
FYE 2003-FYE 2020				3.7%
FYE 2011-FYE 2020				4.0%
FYE 2016-FYE 2020				4.6%

Source: Linn County Assessor, SAL Table 4c, FYE 2011-2020, Oregon Department of Revenue Property Tax Statistics, FYE 2003-2010

Future growth projections

Based on observed historical trends in CARA, and conversations with City staff about future development opportunities in the Area, we forecast assessed value growth in CARA to average 3.5% annually for all future years. This projection is lower than what CARA has experienced in the past, but is justified by a lack of remaining opportunity sites for large-scale private development in the Area. The forecast for FYE 2021 and FYE 2022 also includes known construction activity that has either recently completed construction, or is currently underway. This short-term construction activity, related to residential development at Edgewater Village is detailed in Exhibit 8.

Exhibit 8. Assumptions for short-term construction activity

Calendar Year	2019	2020
FYE on Tax Roll	2021	2022
Number of Homes	24	19
RMV Per Home	\$ 288,933	\$ 288,933
Land RMV	\$ 85,470	\$ 85,470
Net New RMV	\$ 203,463	\$ 203,463
CPR	0.66	0.66
Net New AV per Home	\$ 134,286	\$ 134,286
Total Net New AV	\$ 3,222,859	\$ 2,551,430

Sources and Notes:

City staff provided Tiberius Solutions with the assumption for number of homes built and the addresses and sale prices of 12 previously built homes in the same subdivision

RMV Per Home is calculated as the average sale price for recently completed homes in the subdivision.

Land RMV per unit is calculated as the average land RMV for recently completed homes in the subdivision, with data from Linn County Assessor Changed Property Ratio: Linn County SAL 7a, FYE 2019

Exhibit 9 shows the assumed growth rate for the CARA in future years and compares these growth rates to those in the original Plan. Note that the original plan assumed that the CARA would expire in FYE 2027. The updated forecast assumes that CARA will continue to collect TIF revenue through the last year that debt is scheduled to be repaid in FYE 2033. By FYE 2027, the last year of the original forecast, the updated forecast shows that the CARA's assessed value will be 21.2% higher than the original forecast.

Exhibit 9. Forecast of Assessed Value, FYE 2021 to FYE 2027

FYE	Original Forecast		Updated Forecast		Difference	Percent Difference
	AV	% Growth	AV	% Growth		
2021	\$ 423,343,676	3.5%	\$ 510,685,727		\$ 87,342,051	20.6%
2022	\$ 438,160,705	3.5%	\$ 531,249,941	4.0%	\$ 93,089,236	21.2%
2023	\$ 453,496,330	3.5%	\$ 549,813,058	3.5%	\$ 96,316,728	21.2%
2024	\$ 469,368,702	3.5%	\$ 569,024,966	3.5%	\$ 99,656,264	21.2%
2025	\$ 485,796,607	3.5%	\$ 588,908,344	3.5%	\$ 103,111,737	21.2%
2026	\$ 502,799,488	3.5%	\$ 609,486,666	3.5%	\$ 106,687,178	21.2%
2027	\$ 520,397,471	3.5%	\$ 630,784,224	3.5%	\$ 110,386,753	21.2%
2028	N/A	N/A	\$ 652,826,163	3.5%	N/A	N/A
2029	N/A	N/A	\$ 675,638,504	3.5%	N/A	N/A
2030	N/A	N/A	\$ 699,248,182	3.5%	N/A	N/A
2031	N/A	N/A	\$ 723,683,067	3.5%	N/A	N/A
2032	N/A	N/A	\$ 748,972,010	3.5%	N/A	N/A
2033	N/A	N/A	\$ 775,144,867	3.5%	N/A	N/A

Sources:

Updated Forecast: Tiberius Solutions, 2018;

Original Forecast: Report Accompanying CARA Urban Renewal Plan

3. Calculate TIF Revenue

Gross TIF revenue is calculated as the product of the increment assessed value and the consolidated tax rate each year. However, actual TIF received (i.e., net revenue) in a given year tends to be lower, due to discounts (from paying early), delinquencies (unpaid taxes), truncation loss (lost revenue due to rounding), and compression loss (for properties where the taxes imposed would exceed constitutional limits). Our

forecast of net TIF revenue assumes a 5.0% adjustment factor to convert from gross to net revenue, based on our experience with other jurisdictions across the State, plus an additional 2% of prior year collections that are assumed to be received the following year as late payment on delinquent accounts.

Our analysis assumes that CARA will reach its maximum indebtedness of \$56 million in FYE 2022. After CARA reaches its maximum indebtedness, CARA will no longer be allowed to incur new debt, and therefore can only fund projects with existing debt proceeds, and must cease collecting TIF revenue when resources are sufficient to pay off all outstanding debt.

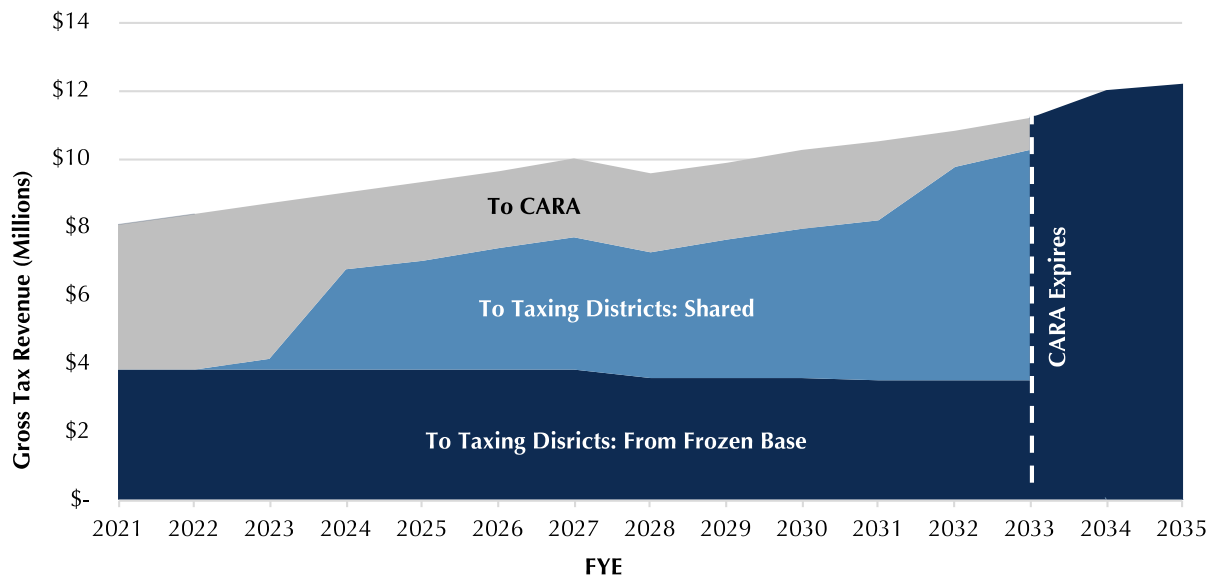
There are options for how CARA can implement termination of TIF revenue. One approach is to collect the full amount of TIF for a relatively short period of time, making accelerated debt service payments each year until all debt is repaid ahead of schedule. Another approach is for CARA to continue making debt service payments as schedule, but to reduce the amount of TIF revenue imposed each year in a process known as “underlevying” TIF. Based on conversations with City staff, we assume that CARA will pursue the underlevy approach, beginning in FYE 2023, and continuing to collect a reduced amount of annual TIF revenue through FYE 2033, when all debt is scheduled to be repaid. Exhibit 10 and Exhibit 11 show the updated forecast of TIF revenue through FYE 2033.

Exhibit 10. TIF Forecast, CARA

FYE	Assessed Value					Tax Rate	Tax Increment Finance				
	Total	Frozen Base	Increment - Used	Increment- Not Used	% Not Used		Gross TIF	Adjustments	Net TIF (Current Year)	Net TIF (Prior Year)	Net TIF (Total)
2021	\$ 510,685,727	\$ 243,269,409	\$ 267,416,318	\$ -	0%	\$ 15.7953	\$4,223,921	\$ (211,196)	\$4,012,725	\$ 56,395	\$4,069,120
2022	\$ 531,249,941	\$ 243,269,409	\$ 287,980,532	\$ -	0%	\$ 15.8197	\$4,555,766	\$ (227,788)	\$4,327,977	\$ 60,191	\$4,388,168
2023	\$ 549,813,058	\$ 243,269,409	\$ 288,656,137	\$ 17,887,512	6%	\$ 15.8222	\$4,567,175	\$ (228,359)	\$4,338,816	\$ 64,920	\$4,403,736
2024	\$ 569,024,966	\$ 243,269,409	\$ 141,269,075	\$ 184,486,482	57%	\$ 15.8397	\$2,237,660	\$ (111,883)	\$2,125,777	\$ 65,082	\$2,190,859
2025	\$ 588,808,344	\$ 243,269,409	\$ 144,364,083	\$ 201,274,853	58%	\$ 15.8324	\$2,284,191	\$ (114,310)	\$2,169,881	\$ 31,887	\$2,201,768
2026	\$ 609,486,666	\$ 243,269,409	\$ 143,524,362	\$ 222,692,895	61%	\$ 15.8294	\$2,271,905	\$ (113,595)	\$2,158,309	\$ 32,550	\$2,190,859
2027	\$ 630,784,224	\$ 243,269,409	\$ 143,585,894	\$ 243,928,921	63%	\$ 15.8239	\$2,272,089	\$ (113,604)	\$2,158,484	\$ 32,375	\$2,190,859
2028	\$ 652,826,163	\$ 243,269,409	\$ 155,296,848	\$ 254,259,906	62%	\$ 14.6306	\$2,272,086	\$ (113,604)	\$2,158,482	\$ 32,377	\$2,190,859
2029	\$ 675,638,504	\$ 243,269,409	\$ 154,979,066	\$ 277,390,029	64%	\$ 14.6606	\$2,272,086	\$ (113,604)	\$2,158,482	\$ 32,377	\$2,190,859
2030	\$ 699,248,183	\$ 243,269,409	\$ 155,047,810	\$ 299,930,063	66%	\$ 14.6543	\$2,272,086	\$ (113,604)	\$2,158,482	\$ 32,377	\$2,190,859
2031	\$ 723,683,067	\$ 243,269,409	\$ 156,865,441	\$ 323,548,217	67%	\$ 14.4843	\$2,272,086	\$ (113,604)	\$2,158,482	\$ 32,377	\$2,190,859
2032	\$ 748,972,010	\$ 243,269,409	\$ 76,822,794	\$ 428,879,807	85%	\$ 14.4778	\$1,112,225	\$ (55,611)	\$1,056,614	\$ 32,377	\$1,088,991
2033	\$ 775,144,867	\$ 243,269,409	\$ 65,201,517	\$ 466,673,941	88%	\$ 14.4714	\$ 943,557	\$ (47,178)	\$ 896,379	\$ 15,849	\$ 912,229

Source: Tiberius Solutions

Exhibit 11. Gross Tax Revenue to CARA and Taxing Districts



Source: Tiberius Solutions

Exhibit 12 compares this updated forecast to the forecast from the original Report.

Exhibit 12. Comparison of Original TIF Forecast to Updated Forecast, FYE 2021 to 2033

FYE	Gross TIF			
	Original Forecast	Updated Forecast	Difference	Percent Difference
2021	\$ 3,496,963	\$ 4,223,921	\$ 726,958	21%
2022	\$ 3,749,980	\$ 4,555,766	\$ 805,786	21%
2023	\$ 4,011,669	\$ 4,567,175	\$ 555,506	14%
2024	\$ 4,282,611	\$ 2,237,660	\$ (2,044,951)	-48%
2025	\$ 4,563,035	\$ 2,284,191	\$ (2,278,844)	-50%
2026	\$ 4,853,274	\$ 2,271,905	\$ (2,581,369)	-53%
2027	\$ 5,153,672	\$ 2,272,089	\$ (2,881,583)	-56%
2028	N/A	\$ 2,272,086	N/A	N/A
2029	N/A	\$ 2,272,086	N/A	N/A
2030	N/A	\$ 2,272,086	N/A	N/A
2031	N/A	\$ 2,272,086	N/A	N/A
2032	N/A	\$ 1,112,225	N/A	N/A
2033	N/A	\$ 943,557	N/A	N/A

Sources:

Updated Forecast: Tiberius Solutions

Original Forecast: Report Accompanying CARA Urban Renewal Plan

4. Determine Borrowing Capacity and Cash Flow Analysis

Net TIF revenue (as shown previously in Exhibit 10) gives a general idea of the revenue generated by CARA each year. However, those numbers are insufficient to understand the total funding available for projects over the life of CARA.

Based on conversations with City staff, this analysis assumes that CARA may take out one new loan in FYE 2022 to pay for large capital project(s). This will result in CARA reaching its maximum indebtedness. Therefore, the amount of CARA expenditures in subsequent years are limited to any remaining fund

balances. TIF revenue collected in subsequent years can only be spent on debt service for outstanding loans.

To determine borrowing capacity for the new loan, we created an assumed future cash flow (i.e., finance plan) for the URA. Note that there are infinite versions of financing assumptions that could have been modeled based on the specific needs of the URA. Ultimately, the City will make decisions regarding any future indebtedness as part of the annual budget process, based on more concrete loan terms, with the intention to fund specific projects.

This finance plan takes into account existing fund balance, outstanding debt, and budgeted expenditures, and makes assumptions about the amount and timing of debt that could be incurred in future years, to determine the total remaining borrowing capacity of CARA. Based on conversations with City staff and our experience in other urban renewal areas, we use the following assumptions in this analysis. Note that borrowing capacity is dependent on exact financing terms. Shorter-term loans, higher interest rates, and higher debt service coverage requirements would reduce the amount of borrowing capacity for the CARA.

- Inflation rate: 3.0%
- Beginning fund balance: \$ 6,840,743 in FYE 2020 (\$6,197,056 already counted towards maximum indebtedness)
- Maximum Indebtedness remaining as of the end of FYE 2019: \$21,482,666.
- Existing loans:
 - 2007 CARA: payments through FYE 2022
 - 2008 Downtown Albany Streetscape: payments through 2033
- New loan:
 - Minimum debt service coverage ratio required: 1.5 times annual TIF revenue¹
 - Interest rate: 5.0%
 - Amortization period: 12 years (to coincide with the final year of scheduled payments for the 2008 Downtown Albany Streetscape loan)
 - Timing: FYE 2022

Other than the new loan, the finance plan assumes a "pay as you go" approach, relying on the direct expenditure of TIF revenue without incurring formal, long-term indebtedness.

Conclusions

We draw the following conclusions from the results of the analysis:

- Through the end of FYE 2019, CARA has used \$34.5 million of the \$56.0 million maximum indebtedness for the Area. Thus, CARA has remaining financial capacity of \$21.5 million. Based on outstanding financial obligations, beginning fund balances, and assumed new loan terms, CARA has the ability to incur the full amount of this indebtedness in FYE 2022. That timing coincides well with the expected completion of the waterfront design project in FYE 2021.
- Although CARA has \$21.5 million in remaining financial capacity, not all of that capacity can be allocated to capital projects. Some of that capacity has already been budgeted in FYE 2020 and FYE 2021 to pay for partnerships, the waterfront design project, and other administrative and

¹ Note, current debt service coverage ratio (annual TIF revenue divided by annual debt service payments) in FYE 2020 is 3.29.

central services. CARA will need make policy decisions about how much of the remaining capacity should be preserved for large-scale capital projects, versus other economic development activities and administrative costs in future years.