

URBAN RENEWAL AGENCY

2024 - 2025

PROPOSED BUDGET



EST.  1856

**City of
McMinnville
Oregon**

McMINNVILLE URBAN RENEWAL DISTRICT
2024 – 2025
BUDGET MESSAGE

May, 2024

Honorable Chairperson, Board members and Budget Committee members of the McMinnville Urban Renewal Agency

It is my pleasure to present the McMinnville Urban Renewal District's (District) Proposed Budget for Fiscal Year (FY) 2024 – 2025. The District was established in July 2013 to carry out the objectives of the McMinnville Urban Renewal Plan to foster economic growth and revitalization within a 175 acre area including historic downtown and neighboring property to the northeast of the downtown area.

To fulfill this requirement, the Mayor and the six council members of the McMinnville City Council have been designated to act as the McMinnville Urban Renewal Agency Board. The City's Budget Committee has been designated to act as the Agency's Budget Committee.

This is the Urban Renewal District's eleventh year and revenues are continuing to grow based on investments made in the district. FY2023-24 property tax is based on a \$54.9 million increase in value over the District's "frozen" 2012-2013 base of \$86,331,273; this is an increase of 4% over the prior year's increment value which is lower than anticipated for the current year – the growth in increment one year earlier had been over 20%. Given this moderation in the trend, the FY2024-25 tax growth over the updated FY24 anticipated property tax income is estimated to be a conservative 3%.

Projected funding includes a planning factor of 5% for uncollectable taxes.

In this fiscal year, the Urban Renewal Fund proposes program and administrative support expenditures of approximately \$999,000. The Property Assistance Program includes \$232,000 to incentivize new construction and building improvements in the District and \$42,000 for the NW Rubber site.

The Third Street Improvement project (\$240,000) was initiated in FY2018-19 and will continue this year. Project design work, supported by over \$700,000 in American Rescue Plan Act (ARPA) funding and the City is seeking additional support from the State Legislature and Federal delegation as it enters the next phase of the project.

The NW Rubber site redevelopment project is located in the Alpine Avenue area of the UR district. Plans for FY2024-25 include carrying out a request for development proposal process which will likely result in the sale of the property for a mixed use development, converting it from its previous industrial use.

Planning for District Identity Improvements (\$40,000) and housing development incentives (\$50,000) will be on the agenda for this year as well. Resources for project administration and Planning Department staff support (\$61,800) will be transferred to the General Fund. A healthy contingency of \$200,000 is budgeted given the two large projects in play in the upcoming year for Third Street and NW Rubber.

Urban Renewal Debt Service Fund resources in the 2024-25 budget include an estimated beginning fund balance of \$1.26 million, an increase of 28% over the prior year. Projected tax increment revenues are \$720,100. These resources will be used to pay for annual interest and principal payment of the bank loan acquired in 2016-17. Property taxes will also cover the \$216,000

McMINNVILLE URBAN RENEWAL DISTRICT
2024 – 2025
BUDGET MESSAGE

interest only interfund loan payment for FY2024-25. This internal borrowing was used to purchase the NW Rubber site.

The balance of the revenue received is held in the ending fund balance anticipated to be \$312,000 is carried forward for future debt service payments. An additional \$300,000 in contingency in the District's debt service fund is budgeted.

The District continues to show great potential. There are some private sector investments under consideration, primarily in the conceptual stages. The Urban Renewal Agency along with its Advisory Committee remain focused on maximizing this potential by leveraging private funding, borrowing capacity and through collaboration with other local partners like the McMinnville Downtown Association to ensure a vibrant and thriving area.

Respectfully submitted,



Jeffrey R. Towery
Budget Officer
City Manager

Budget Highlights

The McMinnville Urban Renewal Agency (Agency) oversees the administration and implementation of McMinnville’s Urban Renewal program. The purpose of the agency is to eliminate blight and encourage new private investment through the use of tax increment financing. (Tax increment financing is a method by which taxes are reallocated; it is not a new or additional tax). The agency is governed by an Urban Renewal Board, comprised of the seven City Council members.

On July 23, 2013, the McMinnville City Council, acting in its capacity as the Urban Renewal Agency’s governing body, adopted the McMinnville Urban Renewal Plan (Plan). This plan charts a long-term path designed to foster economic growth and revitalization within a nearly 175 acre area that includes the historic downtown and neighboring lands to the northeast, the NE Gateway District. There are thirteen (13) projects authorized for funding in the Plan with a focus on public infrastructure and development assistance programs as outlined below.

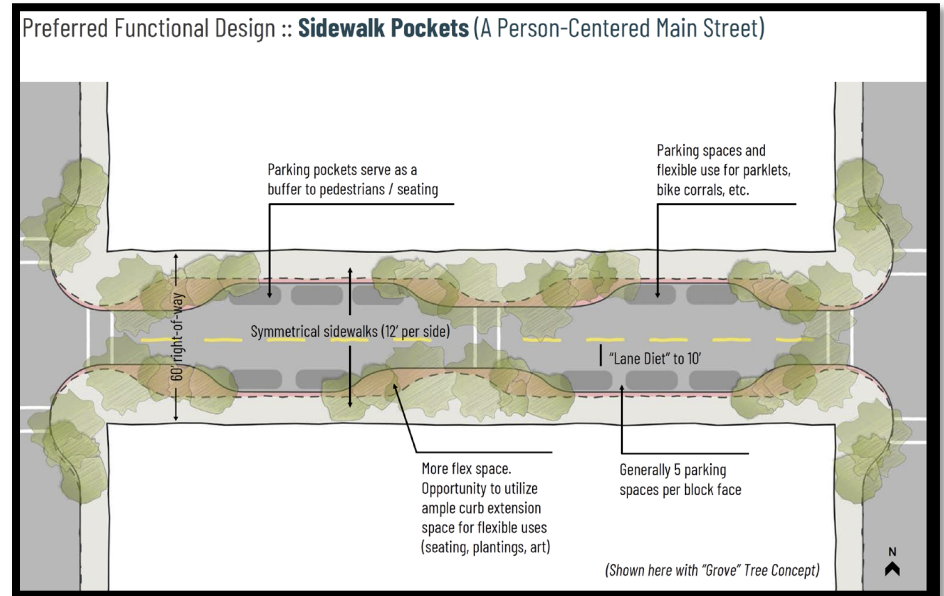
MCMINNVILLE URBAN RENEWAL PLAN PROJECTS

1. Alpine Avenue
2. 3rd Street Streetscape and District Identity Improvements
3. Adams / Baker Couplet
4. 5th Street
5. 1st and 2nd Street Improvements
6. Lafayette Avenue
7. Downtown Signal Improvements
8. Public Off-Street Parking
9. 2nd Street Project
10. Public Infrastructure
11. Planning and Development Assistance Programs
12. Debt Service and Project Administration
13. Property Acquisition

Funding for these improvements will be provided through a combination of private and public resources, with the primary source being tax increment financing.



Third Street Improvement Project



Urban Renewal Fund

Part of the Urban Renewal concept is to issue debt to invest in redevelopment of blighted areas which among other positive impacts, such as job creation and economic development, will increase the assessed/taxable value of properties in the area. The tax revenue from these higher values pays debt obligations and over the long haul leads to more tax revenue available to general government activities when a district “sunsets”. The McMinnville Urban Renewal Plan has a maximum indebtedness of \$30,000,000, and is expected to be retired by 2039-40.

To help guide and direct the Plan’s implementation, the Urban Renewal Agency Board established the McMinnville Urban Renewal Advisory Committee. A budget committee has been appointed to review the Urban Renewal District’s annual budget.

Maximum Indebtedness:

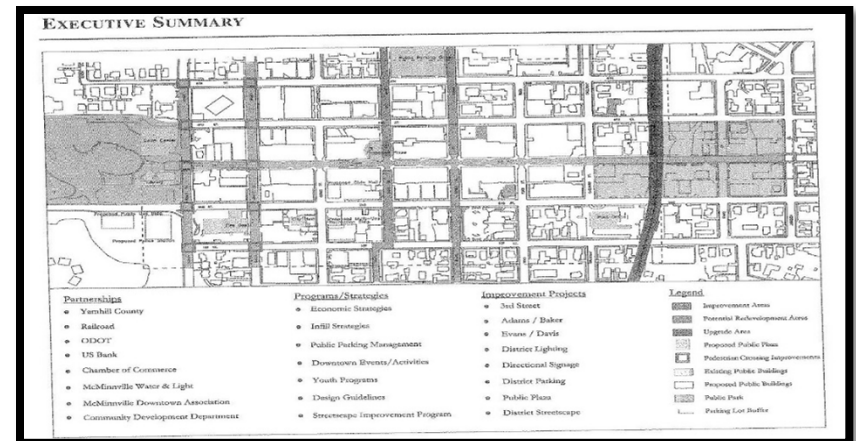
The maximum indebtedness established in 2013 for the McMinnville Urban Renewal Plan is \$30,000,000. The maximum indebtedness is the total amount of funds that can be spent on projects, programs, and administration in the urban renewal area over the life of the urban renewal plan.

	Formal Indebtedness	Other Expenditures	TOTAL INDEBTEDNESS
Authorized Maximum Indebtedness			\$30,000,000
Administration, Projects, Plans		\$926,049	
Alpine Avenue (Chase)	\$2,192,300		
Design Work (City of McMinnville)	\$35,000		
TOTAL	\$2,227,300	\$926,049	\$3,153,349
REMAINING INDEBTEDNESS			\$26,846,651

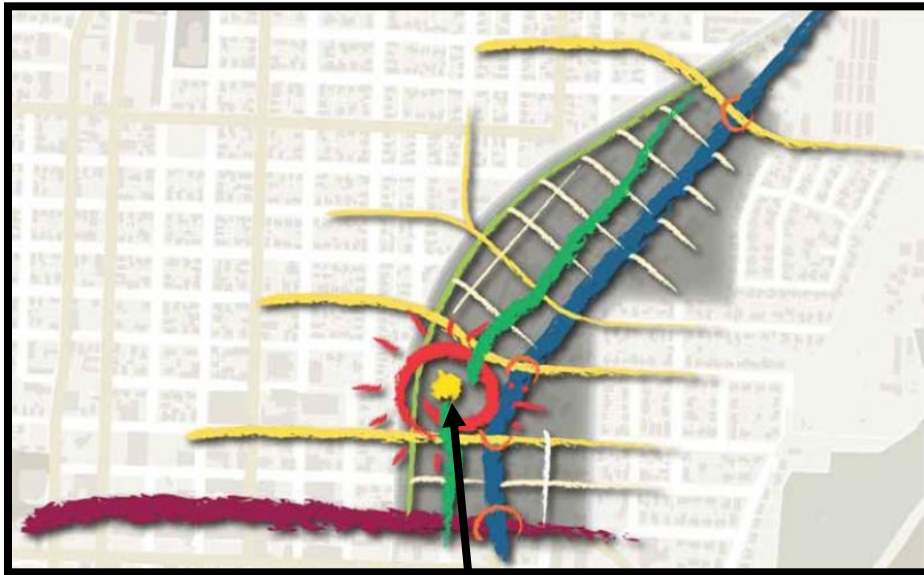
Consistent with State law, the budget for the McMinnville Urban Renewal program is composed of two funds: the Urban Renewal Fund and the Urban Renewal Debt Service Fund. The Urban Renewal Fund receives revenue from the issuance of debt and expends those funds on projects, administration, and contracts for other services and supplies. The Debt Service Fund accounts for

the collection of tax increment (property tax) revenues and the payment of principal and interest on outstanding debt.

In this fiscal year, the Urban Renewal Fund proposes expenditures of approximately \$998,692 to advance forward the Plan’s projects. \$232,000 in the Property Assistance Program to incentivize new construction and building improvements in the Urban Renewal District and support the redevelopment of the old industrial rubber plant property into a mixed-use commercial and residential development project. \$240,000 for the 30% construction documents of the Third Street Improvement project and work towards a shovel-ready design package. \$200,000 to update the 2000 Downtown Improvement Plan and potential Downtown Urban Renewal Plan update, \$50,000 for Housing incentives, and \$40,000 for District Identity Improvements. Lastly, \$61,800 is budgeted for project administration, including a transfer to the General Fund for Planning Department staff support and financial monitoring.



2000 Downtown Improvement Plan scheduled to be updated in 2024.



Old rubber plant property identified as an opportunity site in the 2013 NE Gateway District Plan and purchased by Urban Renewal Agency in 2023 for a mixed-use commercial and residential redevelopment project.

Urban Renewal Debt Service Fund resources in the FY2024-25 budget include an estimated beginning fund balance of \$1,258,026 and projected tax increment revenues of \$720,100. These resources will be used to pay for annual interest and principal payment of the bank loan acquired in FY2016-17. The balance of the revenue received is held in the ending fund balance and carried forward for future debt service payments.

Future Challenges and Opportunities

Near Term

- Review and modify as necessary the Urban Renewal Plan's short and longer-term project schedule to match current financial forecasts and opportunities. Priority should be given to projects/programs that address the Plan's adopted goals.

Longer Term

- Maintain an ability to effectively manage an evolving and growing urban renewal program while balancing other assigned duties with currently available staff.



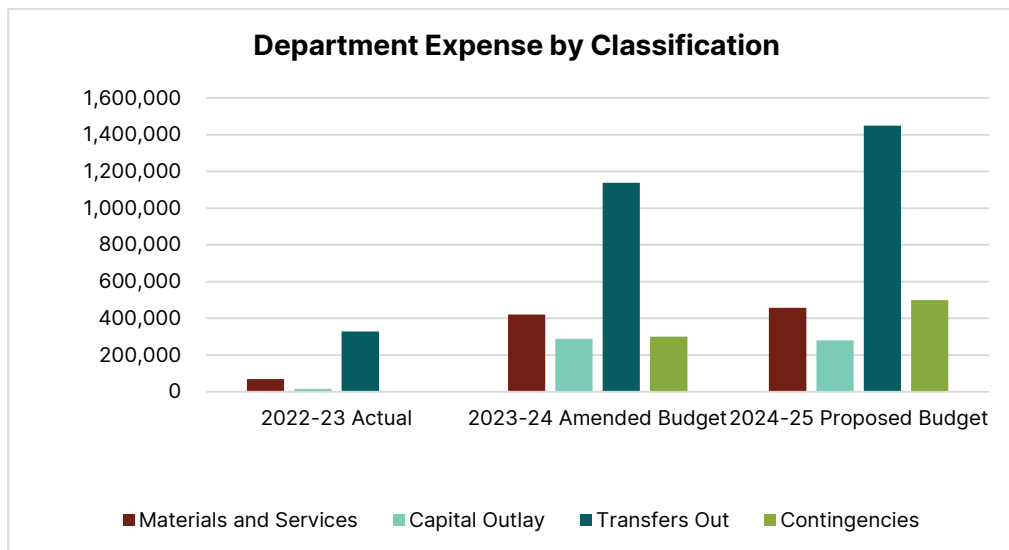
Rendering of Pebble Dentistry, new construction and business in the NE Gateway District Assisted with Property Assistance Program funds.

Urban Renewal Funds

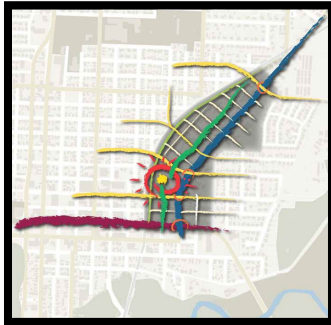
Fund Cost Summary

	2022-23 Actual	2023-24 Amended Budget	2024-25 Proposed Budget	Budget Variance
Revenue				
Beginning Fund Balance	691,620	934,716	1,258,026	323,310
Intergovernmental	354	0	0	0
Miscellaneous	56,953	27,128	35,714	8,586
Transfers In	88,821	893,212	984,048	90,836
Property Taxes	652,989	717,500	720,100	2,600
Revenue Total	1,490,737	2,572,556	2,997,888	425,332
Expenses				
Materials and Services	68,970	419,890	457,162	37,272
Capital Outlay	15,000	289,000	280,000	(9,000)
Transfers Out	328,606	1,138,207	1,448,900	310,693
Contingencies	0	300,000	500,000	200,000
Expenses Total	412,576	2,147,097	2,686,062	538,965
Ending Fund Balance	1,078,161	425,459	311,826	(113,633)

Note: Consolidates both Urban Renewal Funds 58 and 59.



2011 Work begins on the drafting of a state funded Northeast Gateway Plan and Implementation Strategy.



2011 Council and other interested parties begin exploration of Tax Increment Financing (TIF) as possible source of funds for improvements in the Northeast Gateway District and downtown McMinnville.

2012 An Urban Renewal Feasibility Study is initiated to examine the possible creation of an urban renewal district.

2012 Based upon findings of the Feasibility Study, the Council initiates work on a draft Urban Renewal Plan for a 175-acre area that includes the historic downtown and Northeast Gateway area.

2013 City Council appoints itself as the “McMinnville Urban Renewal Agency;” and, acting in its capacity as the Agency, adopts the McMinnville Urban Renewal Plan.

2014 McMinnville Urban Renewal Advisory Committee (MURAC) appointed to help guide and advise Agency on urban renewal issues.

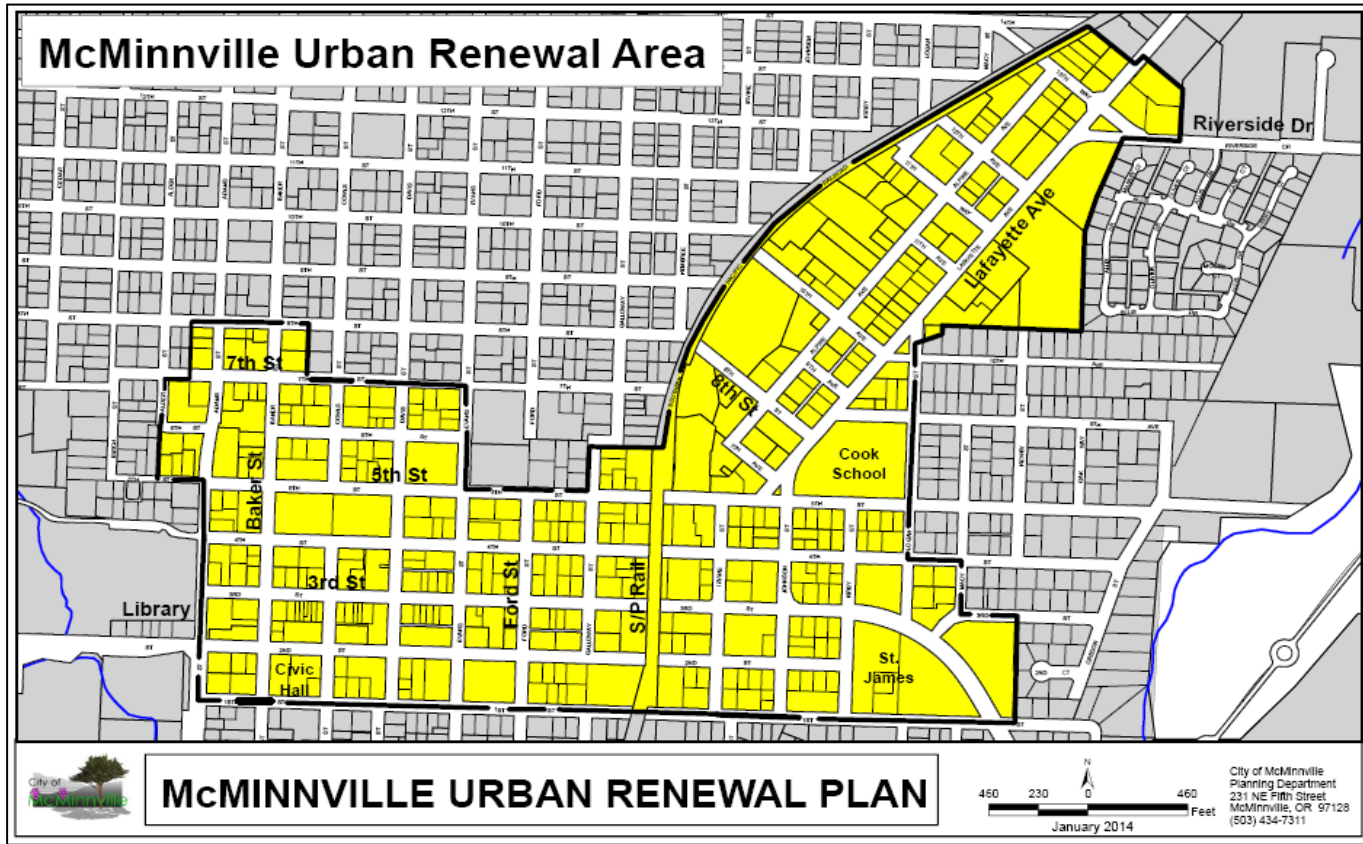
2015 Urban Renewal Agency adopts its first budget; realizes TIF revenue of \$80,550 based upon \$6.5 million increment of growth (“frozen base” of \$86.3 million).

2016 Urban Renewal Agency secures a bank loan for \$2.2 M to support Alpine Avenue project and breaks ground on the street improvement project in March, 2017.



2018 Urban Renewal Agency cuts the ribbon on the Alpine Avenue Street Improvement Project and loans \$100,000 to the Atticus Hotel project, a new 36 room boutique hotel on the corner of Fourth and Ford.







URBAN RENEWAL FUND



Budget Document Report

58 - URBAN RENEWAL FUND

2022 ACTUAL	2023 ACTUAL	2024 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A			2025 PROPOSED BUDGET	2025 APPROVED BUDGET	2025 ADOPTED BUDGET
RESOURCES								
<u>BEGINNING FUND BALANCE</u>								
205,273	109,140	56,850	4090	Beginning Fund Balance		0	0	0
				Estimated July 1 carryover from prior year				
205,273	109,140	56,850	<u>TOTAL BEGINNING FUND BALANCE</u>			0	0	0
<u>CHARGES FOR SERVICES</u>								
0	0	0	5800-05	Urban Renewal - Design Assistance Program Fee		0	0	0
0	0	0	<u>TOTAL CHARGES FOR SERVICES</u>			0	0	0
<u>MISCELLANEOUS</u>								
0	1	50	6310	Interest		0	0	0
				Estimated interest income earned				
1,167	12,267	3,000	6310-02	Interest - Loan Proceeds		0	0	0
70,253	24,893	13,478	6515	Property Assistance Program Repayment		14,914	0	0
				Scheduled debt service payments from property assistance loan program				
71,420	37,161	16,528	<u>TOTAL MISCELLANEOUS</u>			14,914	0	0
<u>TRANSFERS IN</u>								
40,221	88,821	893,212	6900-59	Transfers In - Urban Renewal Debt Service		984,048	0	0
				<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	
				Urban Renewal current year expenses	1	984,048	984,048	
40,221	88,821	893,212	<u>TOTAL TRANSFERS IN</u>			984,048	0	0
316,914	235,122	966,590	<u>TOTAL RESOURCES</u>			998,962	0	0

58 - URBAN RENEWAL FUND

2022 ACTUAL	2023 ACTUAL	2024 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2025 PROPOSED BUDGET	2025 APPROVED BUDGET	2025 ADOPTED BUDGET
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REQUIREMENTS

MATERIALS AND SERVICES

2,220	1,972	2,000	7520 Public Notices & Printing Legal notices for public meetings, printing of plan documents, and informational materials.	2,000	0	0																				
89	353	390	7610-05 Insurance - Liability	162	0	0																				
0	0	0	7660 Materials & Supplies	0	0	0																				
10,815	490	269,000	7750 Professional Services Contract services for project management, design, legal, and other services related to urban renewal projects and programs.	214,000	0	0																				
			<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Description</u></th> <th style="text-align: right;"><u>Units</u></th> <th style="text-align: right;"><u>Amt/Unit</u></th> <th style="text-align: right;"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>Transcriptionist (MURAC)</td> <td style="text-align: right;">1</td> <td style="text-align: right;">3,000</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>AORA/OEDA Dues</td> <td style="text-align: right;">1</td> <td style="text-align: right;">1,000</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>Downtown Master Plan</td> <td style="text-align: right;">1</td> <td style="text-align: right;">200,000</td> <td style="text-align: right;">200,000</td> </tr> <tr> <td>Consultant Services - Misc</td> <td style="text-align: right;">1</td> <td style="text-align: right;">10,000</td> <td style="text-align: right;">10,000</td> </tr> </tbody> </table>	<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	Transcriptionist (MURAC)	1	3,000	3,000	AORA/OEDA Dues	1	1,000	1,000	Downtown Master Plan	1	200,000	200,000	Consultant Services - Misc	1	10,000	10,000			
<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>																							
Transcriptionist (MURAC)	1	3,000	3,000																							
AORA/OEDA Dues	1	1,000	1,000																							
Downtown Master Plan	1	200,000	200,000																							
Consultant Services - Misc	1	10,000	10,000																							
0	8,400	8,500	7750-01 Professional Services - Audit & other city-wide prof svc Costs shared city-wide for audit, Section 125 plan administrative fees, and other miscellaneous professional service expenses	9,000	0	0																				
0	0	0	7750-63 Professional Services - Financing Issuance Cost	0	0	0																				
0	0	0	7750-65 Professional Services - Parking	0	0	0																				
0	0	0	7770-72 Professional Services - Projects - Alpine Avenue	0	0	0																				
97,219	7,756	0	7770-80 Professional Services - Projects - 3rd Street Improvements	0	0	0																				
0	0	0	7775-05 Professional Services - UR Projects - Public Offstreet Parking	0	0	0																				
0	0	0	7775-10 Professional Services - UR Projects - District Identity Improvements	0	0	0																				
51,318	50,000	140,000	8225 Property Assistance Program Program designed to provide assistance to eligible developers and property owners.	232,000	0	0																				
			<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Description</u></th> <th style="text-align: right;"><u>Units</u></th> <th style="text-align: right;"><u>Amt/Unit</u></th> <th style="text-align: right;"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>General Program</td> <td style="text-align: right;">1</td> <td style="text-align: right;">140,000</td> <td style="text-align: right;">140,000</td> </tr> <tr> <td>Northwest Rubber Site</td> <td style="text-align: right;">1</td> <td style="text-align: right;">42,000</td> <td style="text-align: right;">42,000</td> </tr> <tr> <td>Housing Development</td> <td style="text-align: right;">1</td> <td style="text-align: right;">50,000</td> <td style="text-align: right;">50,000</td> </tr> </tbody> </table>	<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	General Program	1	140,000	140,000	Northwest Rubber Site	1	42,000	42,000	Housing Development	1	50,000	50,000							
<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>																							
General Program	1	140,000	140,000																							
Northwest Rubber Site	1	42,000	42,000																							
Housing Development	1	50,000	50,000																							
161,661	68,970	419,890	TOTAL MATERIALS AND SERVICES	457,162	0	0																				

CAPITAL OUTLAY

0	0	0	8920 Land Improvements	0	0	0
0	15,000	64,000	8930-05 Urban Renewal Projects - Public Offstreet Parking	0	0	0

Budget Document Report

58 - URBAN RENEWAL FUND

2022 ACTUAL	2023 ACTUAL	2024 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A			2025 PROPOSED BUDGET	2025 APPROVED BUDGET	2025 ADOPTED BUDGET
0	0	40,000	8930-10	Urban Renewal Projects - District Identity Improvements		40,000	0	0
				Rooftop Lighting Wayfinding				
0	0	185,000	8930-80	Urban Renewal Projects - 3rd Street Improvements		240,000	0	0
0	0	0	9030-07	Street Improvements - Alpine Avenue		0	0	0
0	15,000	289,000	<u>TOTAL CAPITAL OUTLAY</u>			280,000	0	0
<u>TRANSFERS OUT</u>								
46,113	52,498	57,700	9700-01	Transfers Out - General Fund		61,800	0	0
				Plan Administration				
				<u>Description</u>		<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>
				Community Development personnel services support		1	61,800	61,800
0	0	0	9700-59	Transfers Out - Urban Renewal Debt Service		0	0	0
46,113	52,498	57,700	<u>TOTAL TRANSFERS OUT</u>			61,800	0	0
<u>CONTINGENCIES</u>								
0	0	200,000	9800	Contingencies		200,000	0	0
0	0	200,000	<u>TOTAL CONTINGENCIES</u>			200,000	0	0
<u>ENDING FUND BALANCE</u>								
109,140	98,654	0	9999	Unappropriated Ending Fd Balance		0	0	0
109,140	98,654	0	<u>TOTAL ENDING FUND BALANCE</u>			0	0	0
316,914	235,122	966,590	<u>TOTAL REQUIREMENTS</u>			998,962	0	0

Budget Document Report

58 - URBAN RENEWAL FUND

2022 ACTUAL	2023 ACTUAL	2024 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2025 PROPOSED BUDGET	2025 APPROVED BUDGET	2025 ADOPTED BUDGET
316,914	235,122	966,590	TOTAL RESOURCES	998,962	0	0
316,914	235,122	966,590	TOTAL REQUIREMENTS	998,962	0	0



URBAN RENEWAL DEBT SERVICE FUND



Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2022 ACTUAL	2023 ACTUAL	2024 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2025 PROPOSED BUDGET	2025 APPROVED BUDGET	2025 ADOPTED BUDGET
RESOURCES						
<u>BEGINNING FUND BALANCE</u>						
0	0	0	4059-05 Designated Begin Fd Balance-Urban Renewal - Reserved for Debt Service	0	0	0
			July 1 designated carryover from prior year for future debt service payments			
289,030	582,480	877,866	4090 Beginning Fund Balance	1,258,026	0	0
289,030	582,480	877,866	<u>TOTAL BEGINNING FUND BALANCE</u>	1,258,026	0	0
<u>PROPERTY TAXES</u>						
513,664	643,830	710,000	4100-05 Property Taxes - Current Estimated tax increment revenue	711,000	0	0
4,873	9,159	7,500	4100-10 Property Taxes - Prior Collection of delinquent taxes from prior year Division of Tax.	9,100	0	0
518,537	652,989	717,500	<u>TOTAL PROPERTY TAXES</u>	720,100	0	0
<u>INTERGOVERNMENTAL</u>						
-264	354	0	5010-01 Yamhill County - Other County Distributions Miscellaneous revenue from Yamhill County included with property tax distributions	0	0	0
-264	354	0	<u>TOTAL INTERGOVERNMENTAL</u>	0	0	0
<u>MISCELLANEOUS</u>						
1,832	18,644	10,000	6310 Interest	20,000	0	0
838	1,148	600	6310-01 Interest - Property taxes Share of interest collected on delinquent taxes at Yamhill County	800	0	0
2,670	19,792	10,600	<u>TOTAL MISCELLANEOUS</u>	20,800	0	0
<u>TRANSFERS IN</u>						
0	0	0	6900-58 Transfers In - Urban Renewal	0	0	0
0	0	0	<u>TOTAL TRANSFERS IN</u>	0	0	0
809,973	1,255,615	1,605,966	<u>TOTAL RESOURCES</u>	1,998,926	0	0

Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2022 ACTUAL	2023 ACTUAL	2024 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A			2025 PROPOSED BUDGET	2025 APPROVED BUDGET	2025 ADOPTED BUDGET
REQUIREMENTS								
<u>MATERIALS AND SERVICES</u>								
-25	0	0	7750-25	Professional Services - County charges		0	0	0
-25	0	0	<u>TOTAL MATERIALS AND SERVICES</u>			0	0	0
<u>TRANSFERS OUT</u>								
40,221	88,821	893,212	9700-58	Transfers Out - Urban Renewal		984,048	0	0
				<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	
				Urban Renewal current year expenses	1	984,048	984,048	
187,297	187,288	187,295	9701-01	Transfers Out - Interfund Debt - General Fund		403,052	0	0
				<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	
				Bank loan payment - Principal	1	161,660	161,660	
				Bank loan payment - Interest	1	25,626	25,626	
				Payment on 2024 Admin/UR NE Gateway property purchase	1	215,766	215,766	
227,518	276,108	1,080,507	<u>TOTAL TRANSFERS OUT</u>			1,387,100	0	0
<u>CONTINGENCIES</u>								
0	0	100,000	9800	Contingencies		300,000	0	0
0	0	100,000	<u>TOTAL CONTINGENCIES</u>			300,000	0	0
<u>ENDING FUND BALANCE</u>								
0	0	0	9959-05	Designated Ending Fund Balance - Urban Renewal - Reserved for Debt Service		0	0	0
				All tax increment dollars carried forward to subsequent fiscal year are designated for future debt service payments				
582,480	979,506	425,459	9999	Unappropriated Ending Fd Balance		311,826	0	0
582,480	979,506	425,459	<u>TOTAL ENDING FUND BALANCE</u>			311,826	0	0
809,973	1,255,614	1,605,966	<u>TOTAL REQUIREMENTS</u>			1,998,926	0	0

Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2022 ACTUAL	2023 ACTUAL	2024 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2025 PROPOSED BUDGET	2025 APPROVED BUDGET	2025 ADOPTED BUDGET
809,973	1,255,615	1,605,966	TOTAL RESOURCES	1,998,926	0	0
809,973	1,255,615	1,605,966	TOTAL REQUIREMENTS	1,998,926	0	0