

CITY OF MCMINNVILLE URBAN RENEWAL DISTRICT 2020 - 2021 PROPOSED BUDGET

BUDGET MESSAGE & SUPPLEMENTAL INFORMATION



The Alpine Avenue Street Improvement Project was completed in April, 2018. It is the first substantial public improvement project completed in the McMinnville Urban Renewal Plan, and has already led to developer and business interest in that area.

McMINNVILLE URBAN RENEWAL DISTRICT

2020 – 2021

BUDGET MESSAGE

May, 2020

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 Proposed Budget for Fiscal Year (FY) 2020 – 2021. 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.

The Urban Renewal District is a separate entity from the City, requiring its own budgeting process and, while the budget development process and governance involved may mirror the City's, Urban Renewal requires a distinct governing body and budget committee.

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 seventh year and revenues are beginning to grow based on investments made in the district. This is based on a \$28.0 million increase in value over the Districts "frozen" 2012-2013 base of \$86,331,273.

Projected funding includes a planning factor of 7.5% for uncollectable taxes.

In this fiscal year, the Urban Renewal Fund proposes expenditures of \$399,302. The Property Assistance Program includes \$175,000 to incentivize new construction and building improvements in the District. The Third Street Streetscape Improvement project (\$50,000) was initiated in FY2018-19 and will continue this year. Continued implementation in parking management and off-street parking

improvements (\$40,000) as recommended in the 2018 Downtown Strategic Parking Management Plan are planned. An update of the 2000 Downtown Improvement Plan (\$25,000) and District Identity improvements (\$20,000) will be started as well. Resources for project administration and Planning Department staff support (\$68,452) will be transferred to the General Fund.

Urban Renewal Debt Service Fund resources in the 2020-21 budget include an estimated beginning fund balance of \$141,263 and projected tax increment revenues of \$355,000. These resources will be used to pay for annual interest and principal payment of the bank loan acquired in 2016-17. The balance of the revenue received is held in the ending fund balance and carried forward for future debt service payments.

The District continues to show enormous potential and a number of significant private sector investments are underway and anticipated in the near future. 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



Urban Renewal

2020 – 2021 Proposed Budget --- Budget Summary

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.



Rendering of MAC Market, a historic rehabilitation of the old Huberd Shoe Grease Building in the NE Gateway District, repurposed as a food market/event center. Recipient of Property Assistance Funds.



Urban Renewal Fund

2020 – 2021 Proposed Budget --- Budget Summary

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 “sunset”. The McMinnville Urban Renewal Plan has a maximum indebtedness of \$30,000,000, and is expected to be retired by 2039-40.

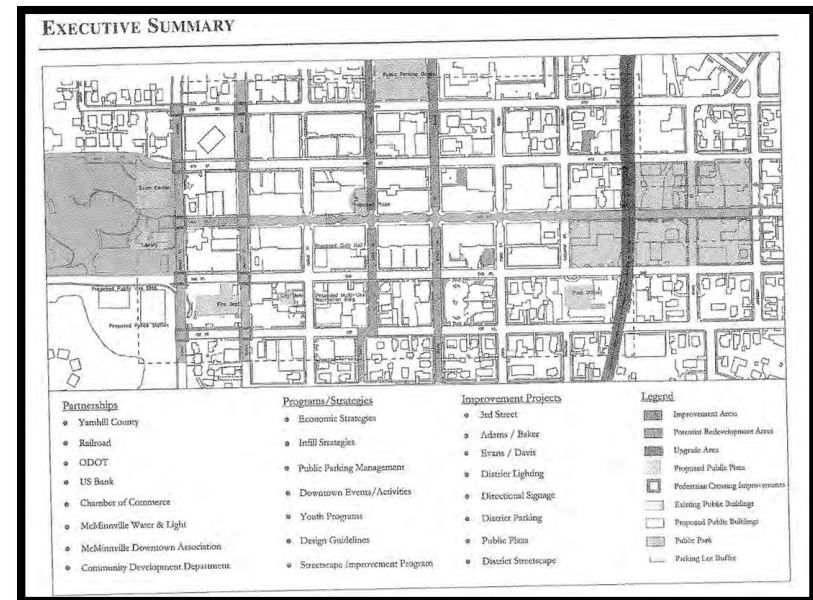
To help guide and direct the Plan’s implementation, the Urban Renewal Agency Board established the McMinnville Urban Renewal Advisory Committee. A budget committee has been appointed to review the Urban Renewal District’s annual budget.

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 \$310,000 to advance forward the Plan’s projects. \$175,000 in the Property Assistance Program to incentivize new construction and building improvements in the Urban Renewal District. \$50,000 to continue the discussion of the Third Street Streetscape Improvement project. \$40,000 to continue to implement the parking management and 5th Avenue parking garage improvements recommended in the 2018 Downtown Strategic Parking Management Plan. \$25,000 to start to update the 2000 Downtown Improvement Plan, and \$20,000 for District Identity improvements. Finally, \$53,258 for contingencies. Lastly, \$68,452, is budgeted for project administration, including a transfer to the General Fund for Planning Department staff support.

Urban Renewal Debt Service Fund resources in the 2020-21 budget include an estimated beginning fund balance of \$141,263 and projected tax increment revenues of \$355,000. These resources will be used to pay for annual interest and principal payment of the bank loan acquired

in 2016-17. The balance of the revenue received is held in the ending fund balance and carried forward for future debt service payments.



2000 Downtown Improvement Plan scheduled to be updated in 2021.

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.

Urban Renewal Fund

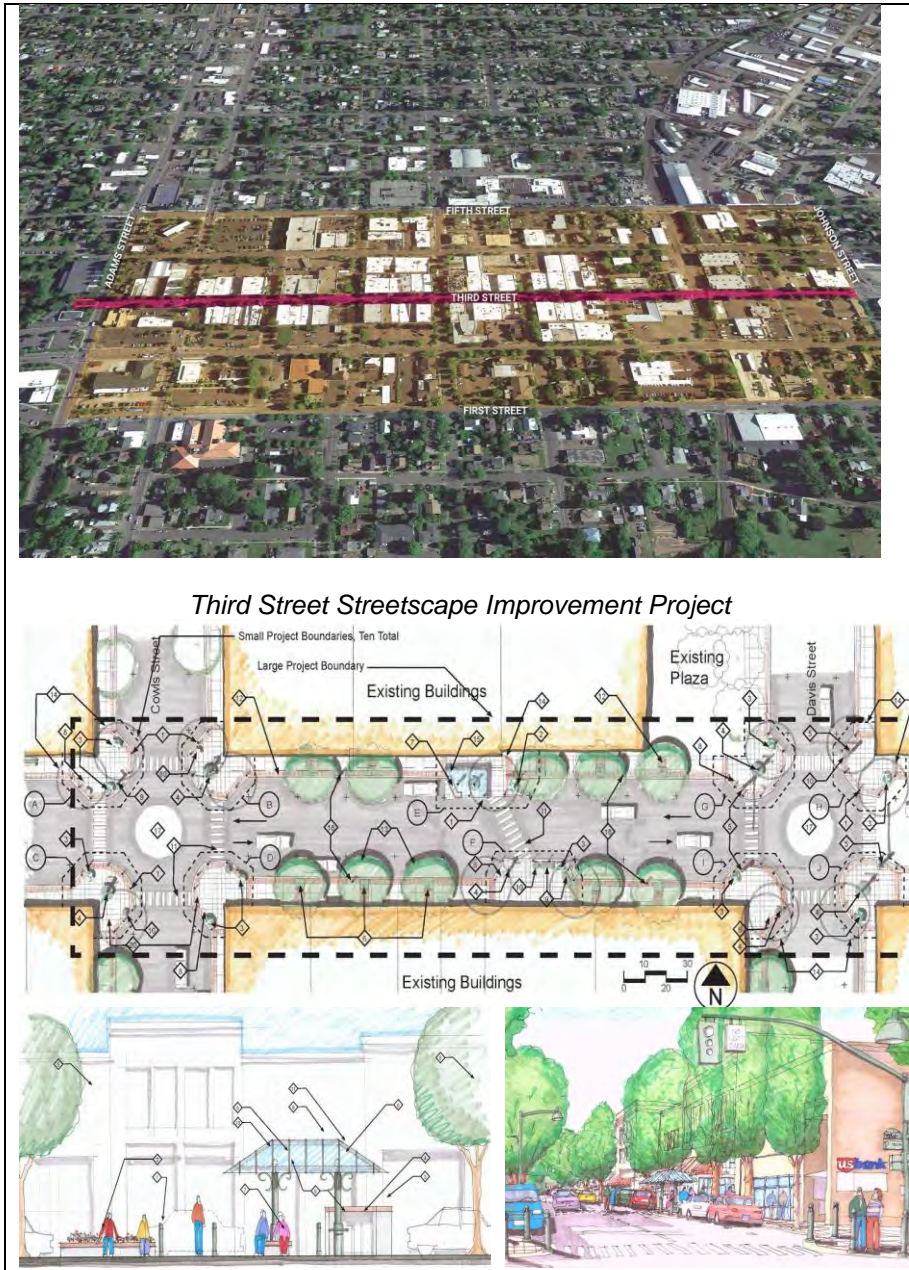
2020 – 2021 Proposed Budget --- Budget Summary

Urban Renewal Cost Summary

	2018-19 Actual	2019-20 Amended Budget	2020-21 Proposed Budget	Budget Variance
Revenue	452,103	719,371	667,249	(52,122)
Materials & Services	166,444	335,600	270,850	(64,750)
Capital Outlay	2,675	73,000	60,000	(13,000)
Transfer Out	364,168	649,940	547,544	(102,396)
Debt Service	-	-	-	-
Total Expenditures	533,288	1,058,540	878,394	(180,146)
Net Expenditures	(81,184)	(339,169)	(211,145)	(128,024)



Granary Row, a new development project to be built in 2020 in the NE Gateway District.



Urban Renewal Fund

Historical Highlights

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.

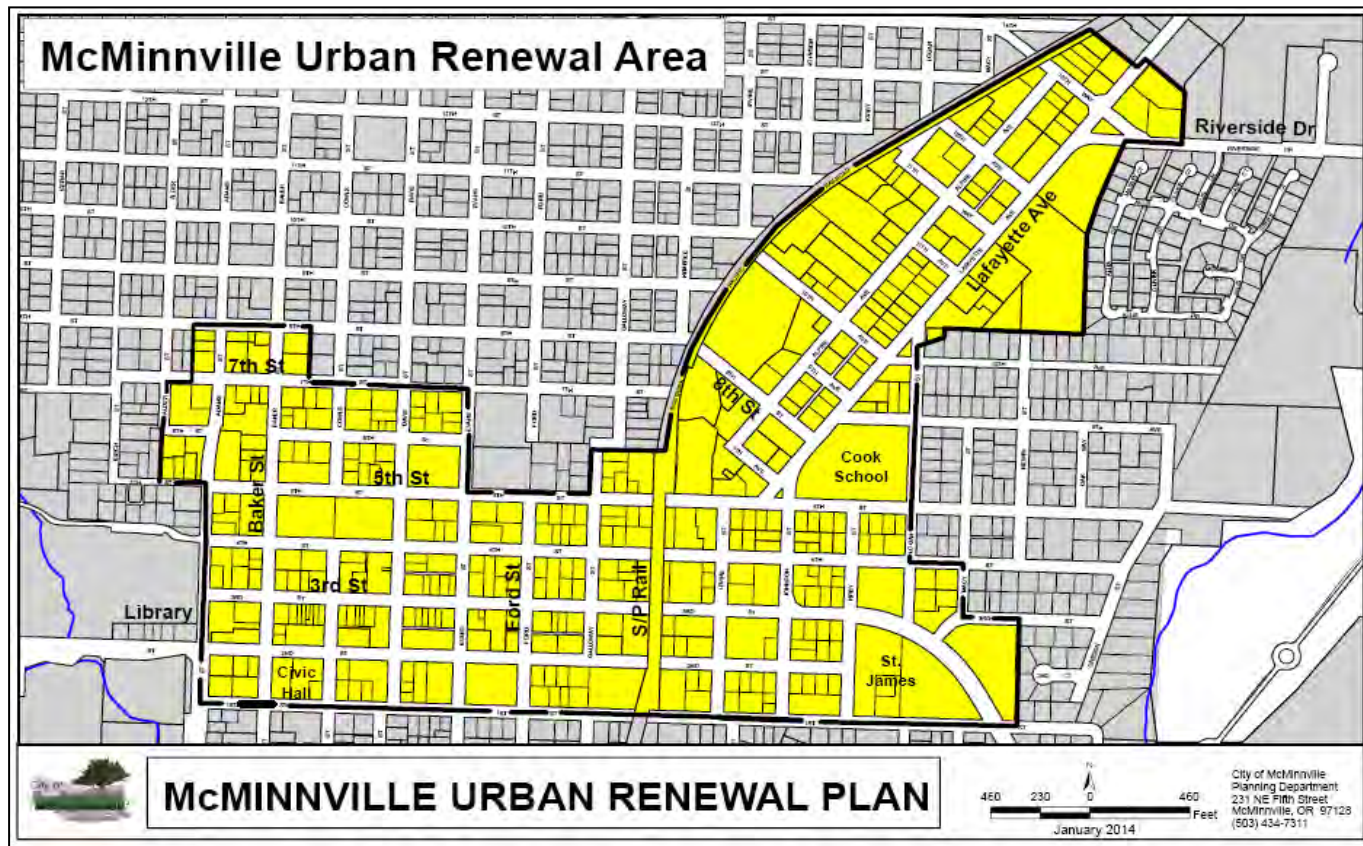
2015 Urban Renewal Agency adopts its first budget; realizes TIF revenue of \$80,550 based upon \$6.5 million increment of growth ("frozen base" of \$86.3 million).

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

2018 ACTUAL	2019 ACTUAL	2020 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A				2021 PROPOSED BUDGET	2021 APPROVED BUDGET	2021 ADOPTED BUDGET	
RESOURCES										
BEGINNING FUND BALANCE										
1,375,020	278,824	252,344	4090	Beginning Fund Balance Estimated July 1 carryover from prior year				151,611	0	0
1,375,020	278,824	252,344	TOTAL BEGINNING FUND BALANCE				151,611	0	0	
CHARGES FOR SERVICES										
0	150	0	5800-05	Urban Renewal - Design Assistance Program Fee				0	0	0
0	150	0	TOTAL CHARGES FOR SERVICES				0	0	0	
MISCELLANEOUS										
0	27	0	6310	Interest Estimated interest income earned				50	0	0
15,860	7,237	1,100	6310-02	Interest - Loan Proceeds				2,500	0	0
0	658	4,500	6515	Developer Assistance Loan Repayment				6,600	0	0
15,860	7,922	5,600	TOTAL MISCELLANEOUS				9,150	0	0	
TRANSFERS IN										
116,952	182,630	351,831	6900-01	Transfers In - General Fund				0	0	0
0	0	0	6900-59	Transfers In - Urban Renewal Debt Service				291,799	0	0
DescriptionUnitsAmt/UnitTotal										
Urban Renewal current year expenses1291,799291,799										
0	0	0	6900-85	Transfers In - Insurance Services				0	0	0
116,952	182,630	351,831	TOTAL TRANSFERS IN				291,799	0	0	
1,507,832	469,526	609,775	TOTAL RESOURCES				452,560	0	0	

Budget Document Report

58 - URBAN RENEWAL FUND

2018 ACTUAL	2019 ACTUAL	2020 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A		2021 PROPOSED BUDGET	2021 APPROVED BUDGET	2021 ADOPTED BUDGET
REQUIREMENTS							
MATERIALS AND SERVICES							
848	1,445	1,500	7520	Public Notices & Printing Legal notices for public meetings, printing of plan documents, and informational materials.	1,500	0	0
200	300	200	7610-05	Insurance - Liability	200	0	0
323	1,089	1,500	7660	Materials & Supplies	0	0	0
40,083	7,738	37,400	7750	Professional Services Contract services for annual audit, project management, design, legal, and other services related to urban renewal projects and programs.	44,150	0	0
<div><div>Description</div><div>Units</div><div>Amt/Unit</div><div>Total</div></div>							
Audit fee allocation111,400							
Legal Services15,000							
Downtown Master Plan125,000							
AORA/OEDA Dues1750							
Transcriptionist for MURAC Minutes12,000							
0	0	0	7750-63	Professional Services - Financing Issuance Cost	0	0	0
0	0	0	7750-65	Professional Services - Parking	0	0	0
53,758	0	0	7770-72	Professional Services - Projects - Alpine Avenue	0	0	0
8,000	27,672	30,000	7770-80	Professional Services - Projects - 3rd Street Improvements	50,000	0	0
0	0	20,000	7775-05	Professional Services - UR Projects - Public Offstreet Parking Parking Improvements	0	0	0
0	0	0	7775-10	Professional Services - UR Projects - District Identity Improvements	0	0	0
29,377	128,200	245,000	8225	Development Assistance Program Program designed to provide assistance to eligible developers and property owners	175,000	0	0
132,589	166,444	335,600	TOTAL MATERIALS AND SERVICES		270,850	0	0
CAPITAL OUTLAY							
0	0	0	8920	Land Improvements	0	0	0
0	2,675	38,000	8930-05	Urban Renewal Projects - Public Offstreet Parking	40,000	0	0
0	0	35,000	8930-10	Urban Renewal Projects - District Identity Improvements Rooftop Lighting Wayfinding	20,000	0	0
1,071,392	0	0	9030-07	Street Improvements - Alpine Avenue	0	0	0
1,071,392	2,675	73,000	TOTAL CAPITAL OUTLAY		60,000	0	0

Budget Document Report

58 - URBAN RENEWAL FUND

2018 ACTUAL	2019 ACTUAL	2020 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A				2021 PROPOSED BUDGET	2021 APPROVED BUDGET	2021 ADOPTED BUDGET	
TRANSFERS OUT										
25,026	44,031	66,231	9700-01	Transfers Out - General Fund			68,452	0	0	
			Plan Administration							
			Description	Units	Amt/Unit	Total				
			Planning & Finance personnel services support				1	68,452	68,452	
0	0	44,590	9700-59	Transfers Out - Urban Renewal Debt Service			0	0	0	
			Costs were incurred in prior years that could have been paid for with loan proceeds; this transfer out reduces funds in Urban Renewal Fund to "true up" amount of loan proceeds remaining after taking into account these costs							
25,026	44,031	110,821	TOTAL TRANSFERS OUT				68,452	0	0	
CONTINGENCIES										
0	0	90,354	9800	Contingencies			53,258	0	0	
			Contingency is primarily proceeds and interest from 2016 loan. Loan proceeds are spent on capital outlay projects in the urban renewal district.							
0	0	90,354	TOTAL CONTINGENCIES				53,258	0	0	
ENDING FUND BALANCE										
278,824	256,376	0	9999	Unappropriated Ending Fd Balance			0	0	0	
			All funds remaining at fiscal year end are proceeds from 2016 loan and are appropriated as contingency							
278,824	256,376	0	TOTAL ENDING FUND BALANCE				0	0	0	
1,507,832	469,526	609,775	TOTAL REQUIREMENTS				452,560	0	0	

Budget Document Report

58 - URBAN RENEWAL FUND

2018 ACTUAL	2019 ACTUAL	2020 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2021 PROPOSED BUDGET	2021 APPROVED BUDGET	2021 ADOPTED BUDGET
1,507,832	469,526	609,775	TOTAL RESOURCES	452,560	0	0
1,507,832	469,526	609,775	TOTAL REQUIREMENTS	452,560	0	0



URBAN RENEWAL DEBT SERVICE FUND



Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2018 ACTUAL	2019 ACTUAL	2020 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A		2021 PROPOSED BUDGET	2021 APPROVED BUDGET	2021 ADOPTED BUDGET	
RESOURCES								
BEGINNING FUND BALANCE								
317,054	290,020	218,139	4059-05	Designated Begin Fd Balance-Urban Renewal - Reserved for Debt Service	141,263	0	0	
				July 1 designated carryover from prior year for future debt service payments				
0	0	0	4090	Beginning Fund Balance	0	0	0	
317,054	290,020	218,139	TOTAL BEGINNING FUND BALANCE			141,263	0	0
PROPERTY TAXES								
200,201	250,572	303,350	4100-05	Property Taxes - Current	355,000	0	0	
				Estimated Tax increment revenue				
3,845	5,886	7,500	4100-10	Property Taxes - Prior	5,500	0	0	
				Collection of delinquent taxes from prior year Division of Tax.				
204,046	256,458	310,850	TOTAL PROPERTY TAXES			360,500	0	0
MISCELLANEOUS								
4,515	4,943	6,500	6310	Interest	5,800	0	0	
4,515	4,943	6,500	TOTAL MISCELLANEOUS			5,800	0	0
TRANSFERS IN								
0	0	44,590	6900-58	Transfers In - Urban Renewal	0	0	0	
				Costs were incurred in prior years that could have been paid for with loan proceeds but were instead paid for with property tax dollars; this transfer "trues up" the amount of loan proceeds remaining in the Urban Renewal Fund after taking into account these costs				
0	0	44,590	TOTAL TRANSFERS IN			0	0	0
525,614	551,421	580,079	TOTAL RESOURCES			507,563	0	0

Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2018 ACTUAL	2019 ACTUAL	2020 AMENDED BUDGET	Department : <i>N/A</i> Section : <i>N/A</i> Program : <i>N/A</i>				2021 PROPOSED BUDGET	2021 APPROVED BUDGET	2021 ADOPTED BUDGET	
<i>REQUIREMENTS</i>										
<u>TRANSFERS OUT</u>										
235,595	320,137	539,119	9700-01	Transfers Out - General Fund				0	0	0
0	0	0	9700-58	Transfers Out - Urban Renewal				291,799	0	0
			<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>				
			Urban Renewal current year expenses	1	291,799	291,799				
0	0	0	9701-01	Transfers Out - Interfund Debt - General Fund				187,293	0	0
			<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>				
			Bank loan payment - Principal	1	149,060	149,060				
			Bank loan payment - Interest	1	38,233	38,233				
235,595	320,137	539,119	<u>TOTAL TRANSFERS OUT</u>				479,092	0	0	
<u>ENDING FUND BALANCE</u>										
290,020	228,608	40,960	9959-05	Designated Ending Fund Balance - Urban Renewal - Reserved for Debt Service				28,471	0	0
All tax increment dollars carried forward to subsequent fiscal year are designated for future debt service payments										
0	2,675	0	9999	Unappropriated Ending Fd Balance				0	0	0
290,020	231,283	40,960	<u>TOTAL ENDING FUND BALANCE</u>				28,471	0	0	
525,615	551,420	580,079	<i>TOTAL REQUIREMENTS</i>				507,563	0	0	

Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2018 ACTUAL	2019 ACTUAL	2020 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2021 PROPOSED BUDGET	2021 APPROVED BUDGET	2021 ADOPTED BUDGET
525,614	551,421	580,079	TOTAL RESOURCES	507,563	0	0
525,615	551,421	580,079	TOTAL REQUIREMENTS	507,563	0	0