

# URBAN RENEWAL AGENCY

2024 – 2025  
ADOPTED 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,

A handwritten signature in black ink, appearing to read 'Jeffrey R. Towery', written in a cursive style.

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.

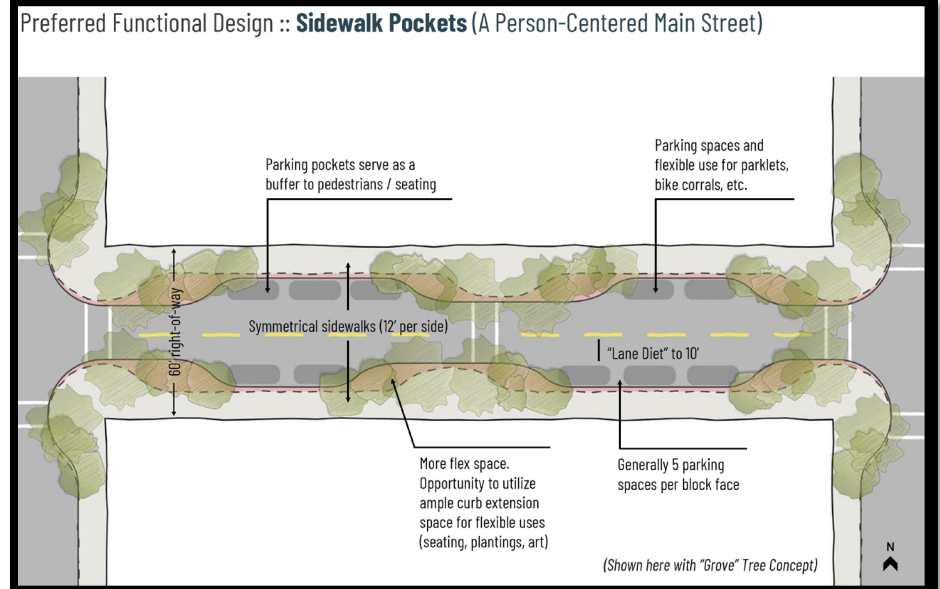
#### MCMINNVILLE URBAN RENEWAL PLAN PROJECTS

1. Alpine Avenue
2. 3<sup>rd</sup> Street Streetscape and District Identity Improvements
3. Adams / Baker Couplet
4. 5<sup>th</sup> Street
5. 1<sup>st</sup> and 2<sup>nd</sup> Street Improvements
6. Lafayette Avenue
7. Downtown Signal Improvements
8. Public Off-Street Parking
9. 2<sup>nd</sup> 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

## 2024 – 2025 Adopted 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 “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:**

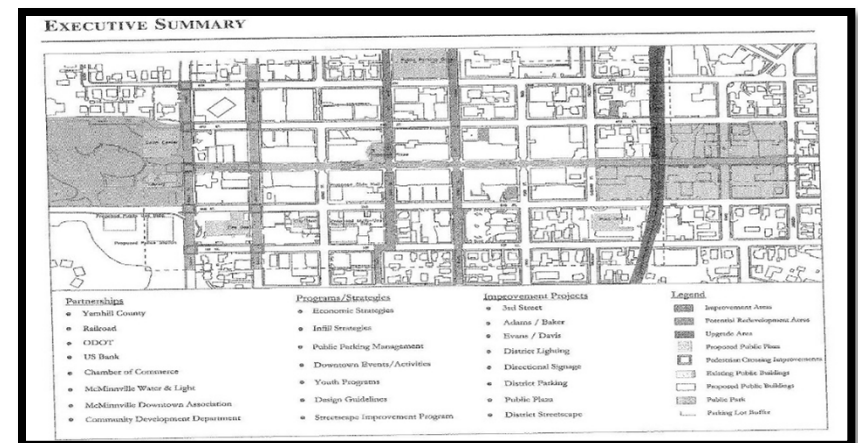
The maximum indebtedness established in 2013 for the McMinnville Urban Renewal Plan is \$30,000,000. The maximum indebtedness is the total amount of funds that can be spent on projects, programs, and administration in the urban renewal area over the life of the urban renewal plan.

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

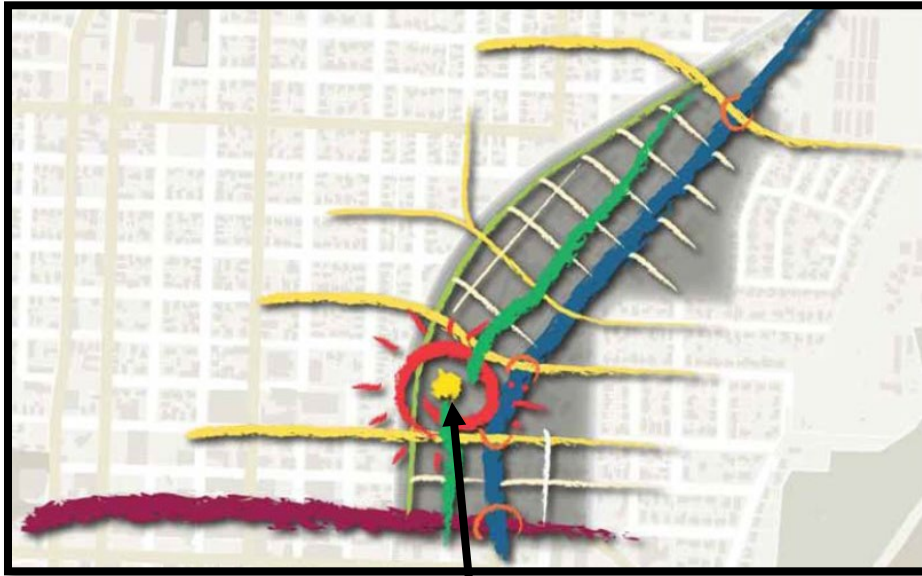
Consistent with State law, the budget for the McMinnville Urban Renewal program is composed of two funds: the Urban Renewal Fund and the Urban Renewal Debt Service Fund. The Urban Renewal Fund receives revenue from the issuance of debt and expends those funds on projects, administration, and contracts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

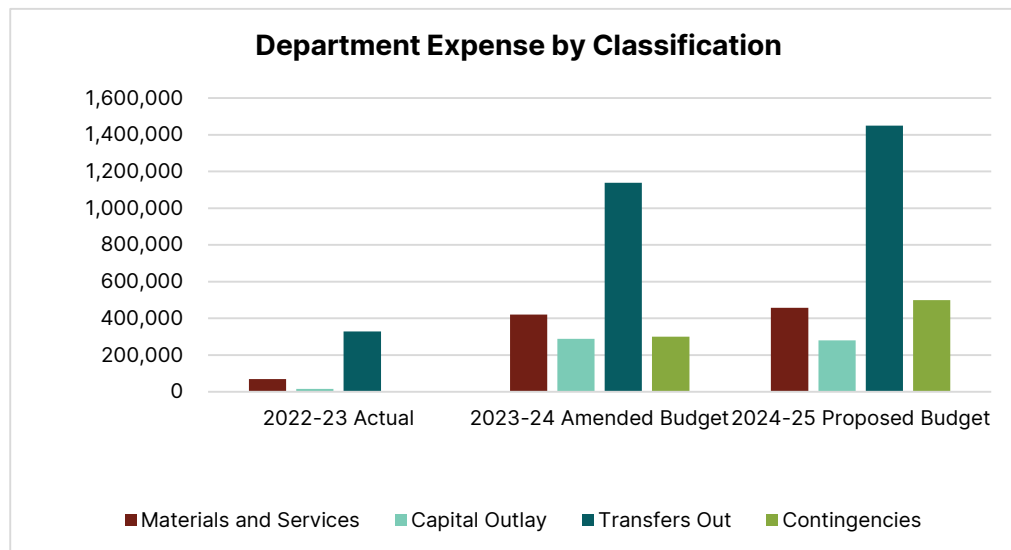


## Urban Renewal Funds

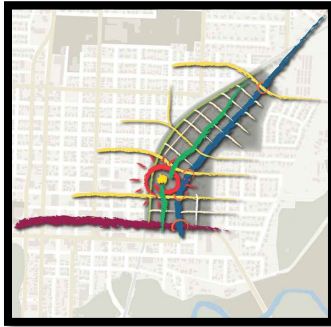
### Fund Cost Summary

	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
<b>Revenue Total</b>	<b>1,490,737</b>	<b>2,572,556</b>	<b>2,997,888</b>	<b>425,332</b>
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
<b>Expenses Total</b>	<b>412,576</b>	<b>2,147,097</b>	<b>2,686,062</b>	<b>538,965</b>
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).

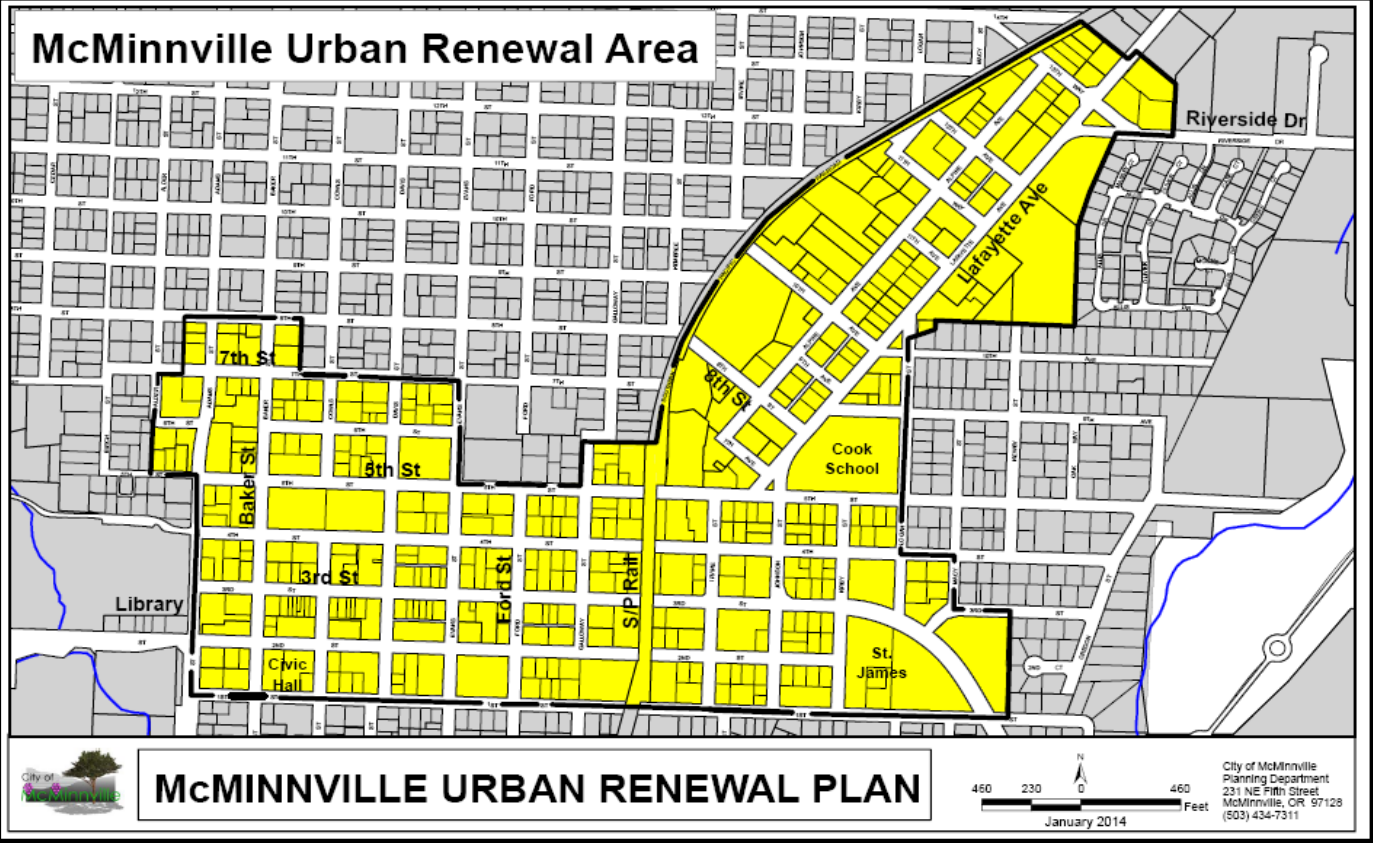
**2016** Urban Renewal Agency secures a bank loan for \$2.2 M to support Alpine Avenue project and breaks ground on the street improvement project in March, 2017.



**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									
BEGINNING FUND BALANCE									
205,273	109,140	56,850	4090	Beginning Fund Balance Estimated July 1 carryover from prior year			0	0	0
205,273	109,140	56,850	TOTAL BEGINNING FUND BALANCE				0	0	0
CHARGES FOR SERVICES									
0	0	0	5800-05	Urban Renewal - Design Assistance Program Fee			0	0	0
0	0	0	TOTAL CHARGES FOR SERVICES				0	0	0
MISCELLANEOUS									
0	1	50	6310	Interest Estimated interest income earned			0	0	0
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 Scheduled debt service payments from property assistance loan program			14,914	14,914	14,914
71,420	37,161	16,528	TOTAL MISCELLANEOUS				14,914	14,914	14,914
TRANSFERS IN									
40,221	88,821	893,212	6900-59	Transfers In - Urban Renewal Debt Service			984,048	984,048	984,048
			Description	Units	Amt/Unit	Total			
			Urban Renewal current year expenses	1	984,048	984,048			
40,221	88,821	893,212	TOTAL TRANSFERS IN				984,048	984,048	984,048
316,914	235,122	966,590	TOTAL RESOURCES				998,962	998,962	998,962



## 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
REQUIREMENTS								
MATERIALS AND SERVICES								
2,220	1,972	2,000	7520	Public Notices & Printing		2,000	2,000	2,000
Legal notices for public meetings, printing of plan documents, and informational materials.								
89	353	390	7610-05	Insurance - Liability		162	162	162
0	0	0	7660	Materials & Supplies		0	0	0
10,815	490	269,000	7750	Professional Services		214,000	214,000	214,000
Contract services for project management, design, legal, and other services related to urban renewal projects and programs.								
			Description	Units	Amt/Unit	Total		
			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		9,000	9,000	9,000
Costs shared city-wide for audit, Section 125 plan administrative fees, and other miscellaneous professional service expenses								
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		232,000	232,000	232,000
Program designed to provide assistance to eligible developers and property owners.								
			Description	Units	Amt/Unit	Total		
			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	457,162	457,162
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	40,000	40,000	
				Rooftop Lighting						
				Wayfinding						
0	0	185,000	8930-80	Urban Renewal Projects - 3rd Street Improvements			240,000	240,000	240,000	
0	0	0	9030-07	Street Improvements - Alpine Avenue			0	0	0	
0	15,000	289,000	TOTAL CAPITAL OUTLAY					280,000	280,000	280,000
TRANSFERS OUT										
46,113	52,498	64,744	9700-01	Transfers Out - General Fund			61,800	61,800	61,800	
				Plan Administration						
				Description	Units	Amt/Unit	Total			
				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	64,744	TOTAL TRANSFERS OUT					61,800	61,800	61,800
CONTINGENCIES										
0	0	192,956	9800	Contingencies			200,000	200,000	200,000	
0	0	192,956	TOTAL CONTINGENCIES					200,000	200,000	200,000
ENDING FUND BALANCE										
109,140	98,654	0	9999	Unappropriated Ending Fd Balance			0	0	0	
109,140	98,654	0	TOTAL ENDING FUND BALANCE					0	0	0
316,914	235,122	966,590	TOTAL REQUIREMENTS					998,962	998,962	998,962

Budget Document Report

**58 - URBAN RENEWAL FUND**

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





## **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								
BEGINNING FUND BALANCE								
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	1,258,026	1,258,026	
289,030	582,480	877,866	TOTAL BEGINNING FUND BALANCE			1,258,026	1,258,026	1,258,026
PROPERTY TAXES								
513,664	643,830	710,000	4100-05	Property Taxes - Current	711,000	711,000	711,000	
Estimated tax increment revenue								
4,873	9,159	7,500	4100-10	Property Taxes - Prior	9,100	9,100	9,100	
Collection of delinquent taxes from prior year Division of Tax.								
518,537	652,989	717,500	TOTAL PROPERTY TAXES			720,100	720,100	720,100
INTERGOVERNMENTAL								
-264	354	0	5010-01	Yamhill County - Other County Distributions	0	0	0	
Miscellaneous revenue from Yamhill County included with property tax distributions								
-264	354	0	TOTAL INTERGOVERNMENTAL			0	0	0
MISCELLANEOUS								
1,832	18,644	10,000	6310	Interest	20,000	20,000	20,000	
838	1,148	600	6310-01	Interest - Property taxes	800	800	800	
Share of interest collected on delinquent taxes at Yamhill County								
2,670	19,792	10,600	TOTAL MISCELLANEOUS			20,800	20,800	20,800
TRANSFERS IN								
0	0	0	6900-58	Transfers In - Urban Renewal	0	0	0	
0	0	0	TOTAL TRANSFERS IN			0	0	0
809,973	1,255,615	1,605,966	TOTAL RESOURCES			1,998,926	1,998,926	1,998,926

## 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										
MATERIALS AND SERVICES										
-25	0	0	7750-25	Professional Services - County charges				0	0	0
-25	0	0	TOTAL MATERIALS AND SERVICES					0	0	0
TRANSFERS OUT										
40,221	88,821	893,212	9700-58	Transfers Out - Urban Renewal				984,048	984,048	984,048
			Description	Units	Amt/Unit	Total				
			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	403,052	403,052
			Description	Units	Amt/Unit	Total				
			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	TOTAL TRANSFERS OUT					1,387,100	1,387,100	1,387,100
CONTINGENCIES										
0	0	100,000	9800	Contingencies				300,000	300,000	300,000
0	0	100,000	TOTAL CONTINGENCIES					300,000	300,000	300,000
ENDING FUND BALANCE										
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	311,826	311,826
582,480	979,506	425,459	TOTAL ENDING FUND BALANCE					311,826	311,826	311,826
809,973	1,255,614	1,605,966	TOTAL REQUIREMENTS					1,998,926	1,998,926	1,998,926



**59 - URBAN RENEWAL DEBT SERVICE FUND**

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