



2017 - 2018 URBAN RENEWAL DISTRICT ADOPTED BUDGET

BUDGET MESSAGE &
SUPPLEMENTAL INFORMATION





2017-2018 URBAN RENEWAL DISTRICT BUDGET

Members of the Budget Committee

Urban Renewal Agency Members:

Scott Hill (Mayor)
Remy Drabkin
Adam Garvin
Kevin Jeffries
Kellie Menke
Alan Ruden
Wendy Stassens

Public Members:

Peter Hofstetter
Jerry Hart
Brad Lunt
Kyle Lake
John Mead
Drew Millegan
Vacant

Urban Renewal Advisory Committee

Kyle Faulk
Ed Gormley
Walt Gowell
Kelly McDonald
Wendy Stassens

Cassie Sollars
Marilyn Worrix
Kem Carr, ex-officio
Scott Hill, ex-officio
Rebecca Quandt, ex-officio

City Staff

Jeffrey Towery, City Manager
Marcia Baragary, Finance Director
David Koch, City Attorney
Heather Richards, Planning Director

McMINNVILLE URBAN RENEWAL AGENCY
2017 – 2018
BUDGET MESSAGE

May, 2017

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

The McMinnville Urban Renewal Agency is a separate entity from the City, requiring its own budgeting process. 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 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. Currently the City of McMinnville has one Urban Renewal District encompassing the Downtown core and Northeast Gateway area.

The District was established in July 2013 to carry out the objectives of the McMinnville Urban Renewal Plan in order to foster economic growth and revitalization within a 175 acre area including historic downtown and neighboring property to the northeast of the downtown area.

This is the Urban Renewal District's fourth year and revenues remain limited with a projected tax increment funding of \$175,510 as the program is still somewhat in its beginning phases. This is based on a \$15.0 million increase in value over the Districts "frozen" 2012-13 base of \$86,331,273 and an estimated tax rate of \$12.75 per \$1,000. Projected funding includes a factor of 8% for uncollectable taxes.

This fiscal year, the Urban Renewal Agency will continue to build on the foundational projects and programs of the past couple of years to stimulate revitalization, new construction, job creation and vitality in the Downtown core and NE Gateway District. The Alpine Avenue project will be under construction, strategically leveraging both Urban Renewal dollars (\$2.2 Million) and General Obligation Transportation Bond

dollars (\$2.2 Million) to reconstruct five blocks of a critical axis street in the NE Gateway District. Funding for the urban renewal contribution to this project comes from the proceeds of a loan from the City's General Fund which will be paid back by the Urban Renewal Agency, as provided for in the intergovernmental agreement between the two agencies.

Additionally, the Agency will continue to invest in property assistance programs with an expanded toolkit including façade improvement grants, free design assistance and redevelopment loans. Working in partnership with other community stakeholders, the Agency is starting to evaluate public parking inventory, needs and options. And lastly, in an effort to prepare for the next large public improvement projects, the Agency will start a public dialogue about the need, design and scope of a future Third Street Improvement project. These projects will not be resource intensive for this fiscal year budget but will set the stage for successful improvement projects in the near future as needed.

The Agency's projects and the first significant private venture in the District will demonstrate the benefits of Urban Renewal in McMinnville, furthering the City's holistic strategic vision to foster growth and development while maintaining the unique character of the community. The Agency and Advisory Committee will continue to encourage private investment through collaboration with other local partners 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.



Rendering of the Alpine Avenue Street Improvement Project

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 FY 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.

Urban Renewal Fund

In this fiscal year, the Urban Renewal Fund proposes expenditures of \$1,343,979, the majority of which is directed at finishing the construction of the Alpine Avenue Phase I Street Improvement project (\$1,131,103). \$120,000 has also been identified for the Development Assistance Program, a program of loans and grants to encourage new private investment in the plan area. \$25,000 has also been set aside to start the community dialogue and design of the 3rd Street Streetscape project, and \$30,000 has been set aside for a parking study. Lastly, \$37,876, is budgeted for project administration, including a transfer to the General Fund for Planning Department staff support.

The Debt Service Fund resources includes a beginning fund balance of \$300,732 and projected tax increment revenues of \$175,510. These resources will be used to pay for annual interest and principal payment of the bank loan acquired in FY 2016-17. The balance of the revenue received is held in the ending fund balance and carried forward for future debt service payments.



Alpine Avenue Model

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 presented by the passage of the transportation bond. 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.



*Façade Improvement Project
– 313 NE Third Street*

Urban Renewal Cost Summary

	2015-16 Actual	2016-17 Amended Budget	2017-18 Proposed Budget	Budget Variance
Revenue	324,102	2,198,600	399,886	(1,798,714)
Materials & Services	205,132	164,330	237,141	72,811
Capital Outlay	-	1,900,000	1,081,812	(818,188)
Transfer Out	-	-	338,931	
Debt Service	21,347	251,855	-	(251,855)
Total Expenditures	226,479	2,316,185	1,657,884	(997,232)
Net Expenditures	97,623	(117,585)	(1,257,998)	1,140,413

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.

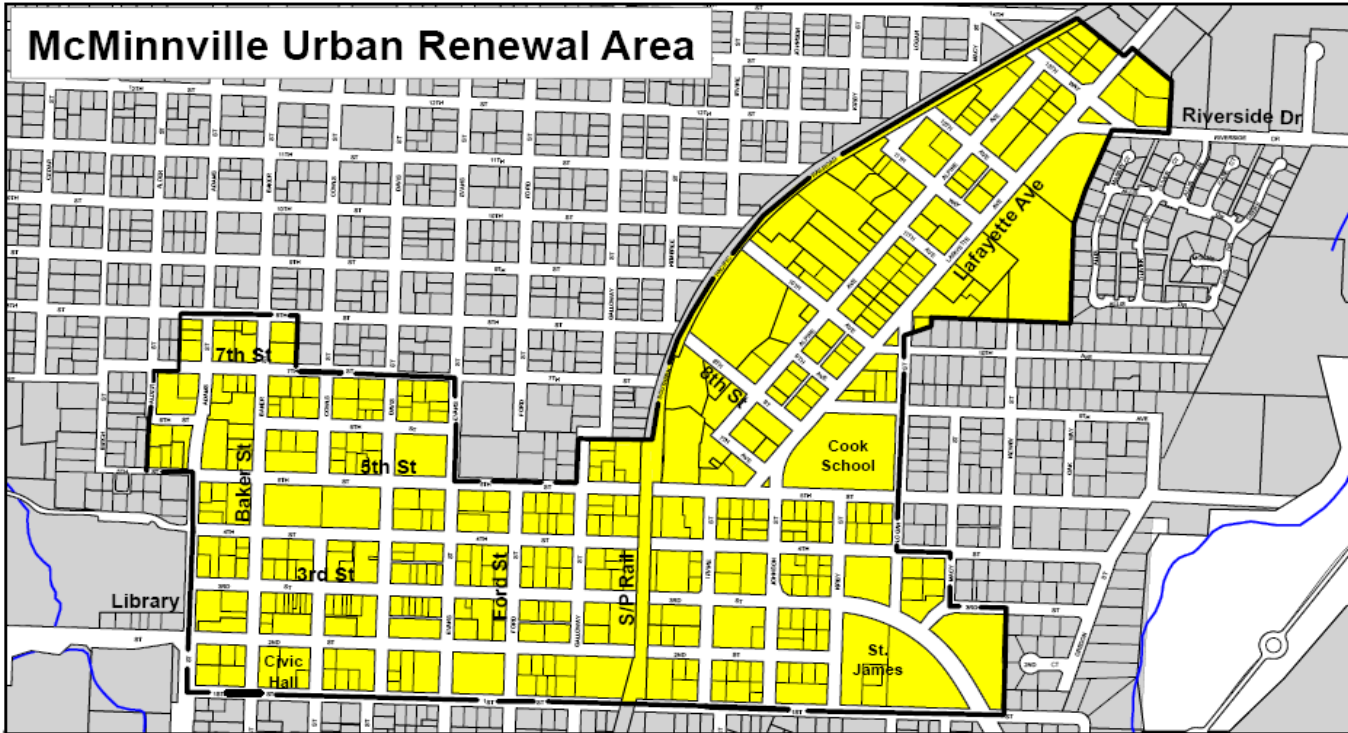
2014 McMinnville Urban Renewal Advisory Committee (MURAC) appointed to help guide and advise Agency on urban renewal issues.

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.



McMinnville Urban Renewal Area



McMINNVILLE URBAN RENEWAL PLAN



City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311

January 2014



URBAN RENEWAL FUND



Budget Document Report

58 - URBAN RENEWAL FUND

2015 ACTUAL	2016 ACTUAL	2017 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A			2018 PROPOSED BUDGET	2018 APPROVED BUDGET	2018 ADOPTED BUDGET
RESOURCES								
BEGINNING FUND BALANCE								
0	0	0	4090	Beginning Fund Balance		1,175,022	1,175,022	1,225,022
				Estimated July 1, 2017 carryover from 2016-2017 fiscal year.				
0	0	0	TOTAL BEGINNING FUND BALANCE			1,175,022	1,175,022	1,225,022
CHARGES FOR SERVICES								
0	0	0	5800	Urban Renewal		0	0	0
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	0	6310	Interest		100	100	100
				Estimated interest income earned				
0	0	0	6310-02	Interest - Loan Proceeds		7,800	7,800	7,800
0	1	0	TOTAL MISCELLANEOUS			7,900	7,900	7,900
OTHER FINANCING SOURCE								
0	205,131	2,064,330	6840	Inter-Agency Loan Proceeds - City		0	0	0
0	205,131	2,064,330	TOTAL OTHER FINANCING SOURCE			0	0	0
TRANSFERS IN								
0	0	0	6900-01	Transfers In - General Fund		212,876	212,876	212,876
				<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	
				Urban Renewal current year expenses	1	212,876	212,876	
0	0	0	TOTAL TRANSFERS IN			212,876	212,876	212,876
0	205,132	2,064,330	TOTAL RESOURCES			1,395,798	1,395,798	1,445,798

58 - URBAN RENEWAL FUND

2015 ACTUAL	2016 ACTUAL	2017 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2018 PROPOSED BUDGET	2018 APPROVED BUDGET	2018 ADOPTED BUDGET	
REQUIREMENTS							
<u>MATERIALS AND SERVICES</u>							
0	942	500	7520 Public Notices & Printing Legal notices for public meetings, printing of plan documents, and informational materials.	1,500	1,500	1,500	
0	100	1,100	7610-05 Insurance - Liability	200	200	200	
0	0	500	7660 Materials & Supplies	2,500	2,500	2,500	
0	15,230	30,230	7750 Professional Services Contract services for annual audit, project management, design, legal, and other services related to urban renewal projects and programs.	8,650	8,650	8,650	
				<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>
				Audit fee allocation	1	2,400	2,400
				AORA Dues	1	250	250
				Transcriptionist	1	1,000	1,000
				Legal Consulting	1	5,000	5,000
0	0	22,000	7750-63 Professional Services - Financing Issuance Cost	0	0	0	
0	0	0	7750-65 Professional Services - Parking Parking Study	30,000	30,000	30,000	
0	181,878	100,000	7770-72 Professional Services - Projects - Alpine Avenue	49,291	49,291	49,291	
0	0	0	7770-80 Professional Services - Projects - 3rd Street Improvements	25,000	25,000	25,000	
0	6,982	10,000	8225 Development Assistance Program Program designed to provide assistance to eligible developers and property owners	120,000	120,000	120,000	
0	205,132	164,330	<u>TOTAL MATERIALS AND SERVICES</u>	237,141	237,141	237,141	
<u>CAPITAL OUTLAY</u>							
0	0	0	8920 Land Improvements	0	0	0	
0	0	1,900,000	9030-07 Street Improvements - Alpine Avenue	1,081,812	1,081,812	1,132,000	
0	0	1,900,000	<u>TOTAL CAPITAL OUTLAY</u>	1,081,812	1,081,812	1,132,000	
<u>TRANSFERS OUT</u>							
0	0	0	9700-01 Transfers Out - General Fund Plan Administration	25,026	25,026	25,026	
				<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>
				Planning personnel services support	1	25,026	25,026
0	0	0	<u>TOTAL TRANSFERS OUT</u>	25,026	25,026	25,026	

Budget Document Report

58 - URBAN RENEWAL FUND

2015 ACTUAL	2016 ACTUAL	2017 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2018 PROPOSED BUDGET	2018 APPROVED BUDGET	2018 ADOPTED BUDGET
<u>CONTINGENCIES</u>						
0	0	0	9800 Contingencies	51,819	51,819	51,631
0	0	0	<u>TOTAL CONTINGENCIES</u>	51,819	51,819	51,631
<u>ENDING FUND BALANCE</u>						
0	0	0	9999 Unappropriated Ending Fd Balance All funds remaining at fiscal year end are proceeds from 2016 loan and are appropriated as contingency.	0	0	0
0	0	0	<u>TOTAL ENDING FUND BALANCE</u>	0	0	0
0	205,132	2,064,330	<u>TOTAL REQUIREMENTS</u>	1,395,798	1,395,798	1,445,798

Budget Document Report

58 - URBAN RENEWAL FUND

2015 ACTUAL	2016 ACTUAL	2017 AMENDED BUDGET	Department : <i>N/A</i> Section : <i>N/A</i> Program : <i>N/A</i>	2018 PROPOSED BUDGET	2018 APPROVED BUDGET	2018 ADOPTED BUDGET
0	205,132	2,064,330	TOTAL RESOURCES	1,395,798	1,395,798	1,445,798
0	205,132	2,064,330	TOTAL REQUIREMENTS	1,395,798	1,395,798	1,445,798



URBAN RENEWAL DEBT SERVICE FUND



Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2015 ACTUAL	2016 ACTUAL	2017 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2018 PROPOSED BUDGET	2018 APPROVED BUDGET	2018 ADOPTED BUDGET
RESOURCES						
BEGINNING FUND BALANCE						
0	77,213	148,125	4059-05 Designated Begin Fd Balance-Urban Renewal - Reserved for Debt Service July 1, 2017 designated carryover from the 2016-2017 fiscal year for future debt service payments.	300,732	300,732	300,732
0	0	0	4090 Beginning Fund Balance	0	0	0
0	77,213	148,125	TOTAL BEGINNING FUND BALANCE	300,732	300,732	300,732
PROPERTY TAXES						
82,030	116,830	132,870	4100-05 Property Taxes - Current \$190,775 2017-2018 Estimated Tax increment revenue (\$15,265) Less uncollectible taxes - 8% \$175,510 2017-2018 Total tax increment revenue	175,510	175,510	175,510
0	1,536	1,000	4100-10 Property Taxes - Prior Collection of delinquent taxes from prior year Division of Tax.	1,200	1,200	1,200
82,030	118,366	133,870	TOTAL PROPERTY TAXES	176,710	176,710	176,710
MISCELLANEOUS						
183	604	400	6310 Interest	2,400	2,400	2,400
183	604	400	TOTAL MISCELLANEOUS	2,400	2,400	2,400
OTHER FINANCING SOURCE						
0	0	0	6840 Inter-Agency Loan Proceeds - City	0	0	0
0	0	0	TOTAL OTHER FINANCING SOURCE	0	0	0
82,213	196,183	282,395	TOTAL RESOURCES	479,842	479,842	479,842

Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2015 ACTUAL	2016 ACTUAL	2017 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2018 PROPOSED BUDGET	2018 APPROVED BUDGET	2018 ADOPTED BUDGET																																			
REQUIREMENTS																																									
DEBT SERVICE																																									
5,000	21,347	201,730	9415-05 Inter-Agency Loan - Principal	0	0	0																																			
Payments to the City/General Fund are budgeted as Transfers Out beginning in 2016-17																																									
0	0	50,125	9415-10 Inter-Agency Loan - Interest	0	0	0																																			
5,000	21,347	251,855	TOTAL DEBT SERVICE	0	0	0																																			
TRANSFERS OUT																																									
0	0	0	9700-01 Transfers Out - General Fund	313,905	313,905	313,905																																			
<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Description</u></th> <th style="text-align: center;"><u>Units</u></th> <th style="text-align: center;"><u>Amt/Unit</u></th> <th style="text-align: center;"><u>Total</u></th> <th colspan="3"></th> </tr> </thead> <tbody> <tr> <td>Repayment of prior year expenses</td> <td style="text-align: center;">1</td> <td style="text-align: right;">10,000</td> <td style="text-align: right;">10,000</td> <td colspan="3"></td> </tr> <tr> <td>Bank loan payment - Principal</td> <td style="text-align: center;">1</td> <td style="text-align: right;">33,667</td> <td style="text-align: right;">33,667</td> <td colspan="3"></td> </tr> <tr> <td>Bank loan payment - Interest</td> <td style="text-align: center;">1</td> <td style="text-align: right;">57,362</td> <td style="text-align: right;">57,362</td> <td colspan="3"></td> </tr> <tr> <td>Repayment of current year expenses</td> <td style="text-align: center;">1</td> <td style="text-align: right;">212,876</td> <td style="text-align: right;">212,876</td> <td colspan="3"></td> </tr> </tbody> </table>							<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>				Repayment of prior year expenses	1	10,000	10,000				Bank loan payment - Principal	1	33,667	33,667				Bank loan payment - Interest	1	57,362	57,362				Repayment of current year expenses	1	212,876	212,876			
<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>																																						
Repayment of prior year expenses	1	10,000	10,000																																						
Bank loan payment - Principal	1	33,667	33,667																																						
Bank loan payment - Interest	1	57,362	57,362																																						
Repayment of current year expenses	1	212,876	212,876																																						
0	0	0	TOTAL TRANSFERS OUT	313,905	313,905	313,905																																			
ENDING FUND BALANCE																																									
0	173,291	30,540	9959-05 Designated Ending Fund Balance - Urban Renewal - Reserved for Debt Service	165,937	165,937	165,937																																			
All tax increment dollars carried forward to next fiscal year are designated for future debt service payments.																																									
77,213	1,545	0	9999 Unappropriated Ending Fd Balance	0	0	0																																			
77,213	174,836	30,540	TOTAL ENDING FUND BALANCE	165,937	165,937	165,937																																			
82,213	196,183	282,395	TOTAL REQUIREMENTS	479,842	479,842	479,842																																			

59 - URBAN RENEWAL DEBT SERVICE FUND

2015 ACTUAL	2016 ACTUAL	2017 AMENDED BUDGET	Department : <i>N/A</i> Section : <i>N/A</i> Program : <i>N/A</i>	2018 PROPOSED BUDGET	2018 APPROVED BUDGET	2018 ADOPTED BUDGET
82,213	196,183	282,395	TOTAL RESOURCES	479,842	479,842	479,842
82,213	196,183	282,395	TOTAL REQUIREMENTS	479,842	479,842	479,842