CITY OF MCMINNVILLE URBAN RENEWAL DISTRICT 2018 - 2019 ADOPTED 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 2018 – 2019 BUDGET MESSAGE

May, 2018 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) 2018 – 2019. 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 fifth year and revenues are beginning to grow based on investments made in the district. This is based on a \$16.7 million increase in value over the Districts "frozen" 2012-2013 base of \$86,331,273 and a tax rate of \$0.0816 per \$1,000 of the City's total assessed value, including the Urban Renewal District.

Projected funding includes a planning factor of 8% for uncollectable taxes.

In this fiscal year, the Urban Renewal Fund proposes expenditures of \$542,551. The 2018 Downtown Strategic Parking Management Plan recommended parking management system and parking garage

improvements, \$62,000 is budgeted carry out those initiatives. To incentivize new construction and building improvements in the District, \$120,000 has been placed in the Property Assistance Program. The Third Street Streetscape Improvement (\$30,000) and District Identity Improvement (\$35,000) projects are slated for kick-off as well. Project administration and a transfer to the General Fund for Planning Department staff support in the amount of \$44,031 is budgeted.

The Debt Service Fund resources includes a beginning fund balance of \$259,425 and projected tax increment revenues of \$216,000. 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 to benefit McMinnville and represents a key part of the City's holistic and strategic vision to foster growth and development. 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

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, the first large public improvement project funded in the Urban Renewal Plan.



The Alpine Avenue Project was completed in April, 2018 with a ribbon cutting on April 27, 2018.

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.

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 \$542,551. \$62,000 to implement the parking management and 5th Avenue parking garage improvements recommended in the 2018 Downtown Strategic Parking Management Plan. \$120,000 in the Property Assistance Program to incentivize new construction and building improvements in the Urban Renewal District. \$30,000 to start the discussion of the Third Street Streetscape Improvement project and \$35,000 for District Identity improvements. And \$238,320 for contingencies. Lastly, \$44,031, 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 \$259,425 and projected tax increment revenues of \$216,000. 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.



Rendering of Atticus Hotel, a new 36 room boutique hotel in the Urban Renewal District. Opened April 1, 2018. The first large public-private development project in the Urban Renewal District. Funded through the Development Assistance program.

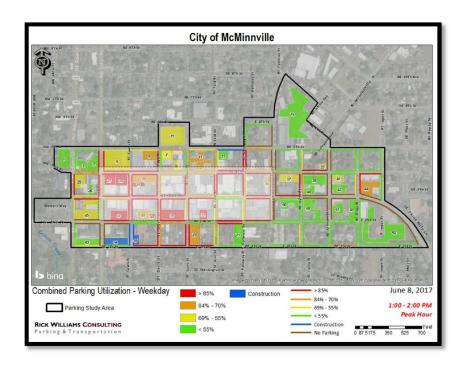
Future Challenges and Opportunities

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.



Downtown McMinnville Parking Utilization Study conducted in 2017 – 2018 as part of the Public Off-Street Parking project.

Urban Renewal Cost Summary

	2016-17 Actual	2017-18 Amended Budget	2018-19 Proposed Budget	Budget Variance
Revenue	2,415,311	399,886	529,431	129,545
Materials & Services	183,711	237,141	185,200	(51,941)
Capital Outlay	515,254	1,132,000	75,000	(1,057,000)
Transfer Out	-	338,931	501,761	162,830
Debt Service	199,107	-	-	-
Total Expenditures	898,073	1,708,072	761,961	(946,111)
Net Expenditures	1,517,238	(1,308,186)	(232,530)	(1,075,656)



Custom brand for the Alpine Avenue project.

Urban Renewal Fund

Historical Highlights

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.

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.

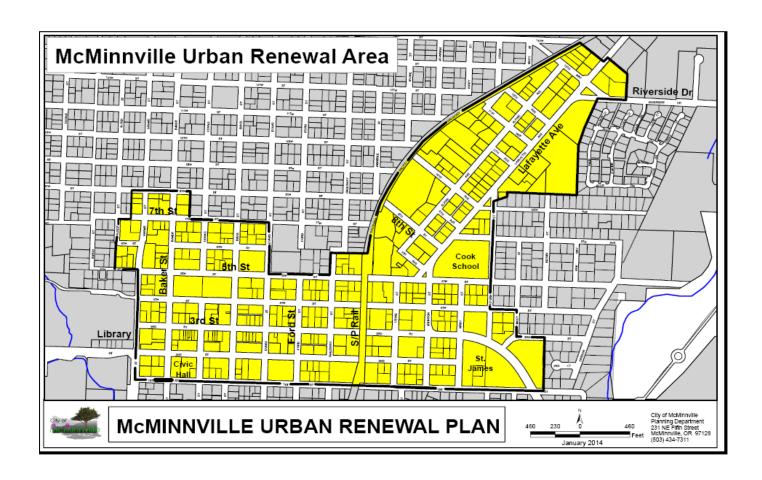
2015 Urban Renewal Agency adopts its first budget; realizes TIF revenue of \$80,550 based upon \$6.5 million increment of growth ("frozen base" of \$86.3 million).

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.



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.





2016 ACTUAL	2017 ACTUAL	2018 AMENDED BUDGET		Department : N/A Section : N/A Program : N/A				2019 PROPOSED BUDGET	2019 APPROVED BUDGET	2019 ADOPTED BUDGET
				RESC	OURCES					
				BEGINNING FUND BALANC	<u>E</u>					
0	0	1,225,022	4090 Estimated Ju	Beginning Fund Balance lly 1 carryover from prior year				238,320	238,320	238,320
0	0	1,225,022		TOTAL BEGINNII	NG FUND BA	LANCE		238,320	238,320	238,320
				CHARGES FOR SERVICES						
0	150	0	5800-05	Urban Renewal - Design Assist	ance Progran	Fee		0	0	0
0	150	0		TOTAL CHARGI	ES FOR SER	VICES		0	0	0
				MISCELLANEOUS						
1	1,053	100	6310 Estimated in	Interest terest income earned				0	0	0
0	15,699	7,800	6310-02	Interest - Loan Proceeds				0	0	0
1	16,752	7,900		TOTAL MIS	CELLANEOL	<u>IS</u>		0	0	0
				OTHER FINANCING SOURC	<u>E</u>					
205,131	2,057,084	0	6840	Inter-Agency Loan Proceeds -	City			0	0	0
205,131	2,057,084	0		TOTAL OTHER F	INANCING S	OURCE		0	0	0
				TRANSFERS IN						
0	0	212,876	6900-01	Transfers In - General Fund				304,231	304,231	304,231
			<u>Descript</u> Urban R	ion enewal current year expenses	<u>Units</u> 1	Amt/Unit 304,231	<u>Total</u> 304,231			
0	0	212,876		TOTAL TR	ANSFERS IN	1		304,231	304,231	304,231
205,132	2,073,986	1,445,798		TOTAL R	ESOURCES			542,551	542,551	542,551

2016 ACTUAL	2017 ACTUAL	2018 AMENDED BUDGET		Department : N/A Section : N/A Program : N/A					2019 PROPOSED BUDGET	2019 APPROVED BUDGET	201 ADOPTEI BUDGE
					QUIREMENTS						
				MATERIALS AND SERVI	<u>CES</u>						
942	892	1,500		Public Notices & Printing s for public meetings, printing of plan	n documents, and info	orn	national mate	erials.	1,500	1,500	1,500
100	1,100	200	7610-05	Insurance - Liability					300	300	300
0	31	2,500	7660	Materials & Supplies					2,500	2,500	2,500
15,230	18,841	8,650	Contract ser	Professional Services vices for annual audit, project managoan renewal projects and programs.	gement, design, lega	ıl, a	nd other ser	vices	8,900	8,900	8,900
			<u>Descrip</u>		<u>Units</u>	4	Amt/Unit	<u>Total</u>			
				e allocation DEDA Dues	1		1,400 500	1,400 500			
			Transcri		1		2,000	2,000			
			Legal C	ounsel	1		5,000	5,000			
0	29,300	0	7750-63	Professional Services - Fina	ancing Issuance	Со	st		0	0	0
0	0	30,000	7750-65	Professional Services - Par	king				0	0	C
181,878	131,048	49,291	7770-72	Professional Services - Pro	jects - Alpine Ave	eni	ue		0	0	0
0	0	25,000	7770-80	Professional Services - Pro	jects - 3rd Street	lm	provemen	ts	30,000	30,000	30,000
0	0	0	7775-05 Parking Imp	Professional Services - UR rovements	Projects - Public	Of	fstreet Pa	king	22,000	22,000	22,000
0	0	0	7775-10	Professional Services - UR Improvements	Projects - Distric	t lo	dentity		0	0	C
6,982	2,500	120,000		Development Assistance Prisigned to provide assistance to eligib		rop	erty owners		120,000	120,000	120,000
205,132	183,711	237,141		TOTAL MATE	RIALS AND SEI	R۷	<u> ICES</u>		185,200	185,200	185,200
				CAPITAL OUTLAY							
0	0	0	8920	Land Improvements					0	0	C
0	0	0	8930-05	Urban Renewal Projects - P	ublic Offstreet Pa	ark	ing		40,000	40,000	40,000
0	0	0	8930-10 Rooftop Ligh Wayfinding	Urban Renewal Projects - D	istrict Identity Im	ıpr	ovements		35,000	35,000	35,000
0	515,254	1,132,000		Street Improvements - Alpir	ne Avenue				0	0	C
0	515,254	1,132,000		TOTAL (CAPITAL OUTLA	A V	•		75,000	75,000	75,000

			30 ONDAN NENEWY	<u> </u>					
2016 ACTUAL	2017 ACTUAL	2018 AMENDED BUDGET	Section :N/A				2019 PROPOSED BUDGET	2019 APPROVED BUDGET	2019 ADOPTED BUDGET
			TRANSFERS OUT						
0	0	25,026	9700-01 Transfers Out - General Fund Plan Administration				44,031	44,031	44,031
			<u>Description</u> Planning personnel services support	<u>Units</u> 1	Amt/Unit 44,031	<u>Total</u> 44,031			
0	0	25,026	TOTAL TRAI	ISFERS OL	<u>JT</u>		44,031	44,031	44,031
			CONTINGENCIES						
0	0	51,631		-				238,320	238,320
0	0	51,631	TOTAL CON	TINGENCIE	<u>S</u>		238,320	238,320	238,320
			ENDING FUND BALANCE						
0	1,375,020	0	onappropriated Inding i a Data	Unappropriated Ending Fd Balance nds remaining at fiscal year end are proceeds from 2016 loan and are appropriated as			0	0	0
0	1,375,020	0	TOTAL ENDING	TOTAL ENDING FUND BALANCE				0	0
205,132	2,073,986	1,445,798	TOTAL REQ	TOTAL REQUIREMENTS			542,551	542,551	542,551

2016 ACTUAL	2017 ACTUAL	2018 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2019 PROPOSED BUDGET	2019 APPROVED BUDGET	2019 ADOPTED BUDGET
205,132	2,073,986	1,445,798	TOTAL RESOURCES	542,551	542,551	542,551
205,132	2,073,986	1,445,798	TOTAL REQUIREMENTS	542,551	542,551	542,551

URBAN RENEWAL DEBT SERVICE FUND

59 - URBAN RENEWAL DEBT SERVICE FUND

2019 ADOPTEI BUDGE	2019 APPROVED BUDGET	2019 PROPOSED BUDGET	Department : N/A Section : N/A Program : N/ A	2018 AMENDED BUDGET	2017 ACTUAL	2016 ACTUAL
			RESOURCES			
			BEGINNING FUND BALANCE			
259,425	259,425	259,425	9-05 Designated Begin Fd Balance-Urban Renewal - Reserved for Debt Service		174,836	77,213
			1 designated carryover from prior year for future debt service payments			
0	0	0	0 Beginning Fund Balance	0	0	0
259,425	259,425	259,425	TOTAL BEGINNING FUND BALANCE	300,732	174,836	77,213
			PROPERTY TAXES			
216,200	216,200	216,200	0-05 Property Taxes - Current 5,000 2018-2019 Estimated Tax increment revenue 1,800) Less uncollectible taxes - 8% 2018-2019 Total tax increment revenue		173,506	116,830
5,500	5,500	5,500	0-10 Property Taxes - Prior ection of delinquent taxes from prior year Division of Tax.	1,200	2,820	1,536
221,700	221,700	221,700	TOTAL PROPERTY TAXES	176,710	176,326	118,366
			MISCELLANEOUS			
3,500	3,500	3,500	0 Interest	2,400	2,000	604
3,500	3,500	3,500	TOTAL MISCELLANEOUS	2,400	2,000	604
			OTHER FINANCING SOURCE			
0	0	0	0 Inter-Agency Loan Proceeds - City	0	163,000	0
0	0	0	TOTAL OTHER FINANCING SOURCE	0	163,000	0
484,625	484,625	484,625	TOTAL RESOURCES	479,842	516,161	196,183

59 - URBAN RENEWAL DEBT SERVICE FUND

2016 ACTUAL	2017 ACTUAL	2018 AMENDED BUDGET		Department : N/A Section : N/A Program : N/ A					2019 PROPOSED BUDGET	2019 APPROVED BUDGET	2019 ADOPTEI BUDGE
				REQ	UIREMENTS						
				DEBT SERVICE							
21,347	197,690	0	9415-05 Payments to	Inter-Agency Loan - Principa the City/General Fund are budgeted		eginning i	า 20′	16-17	0	0	0
0	1,417	0	9415-10	Inter-Agency Loan - Interest					0	0	0
21,347	199,107	0		<u>TOTAL I</u>	DEBT SERVICI	<u>E</u>			0	0	0
				TRANSFERS OUT							
0	0	313,905	9700-01	Transfers Out - General Fund	i				457,730	457,730	457,730
			<u>Descript</u>	<u>ion</u>	<u>Units</u>	Amt/U	<u>nit</u>	<u>Total</u>			
			Repaym	ent of prior year expenses	1	10,00	0	10,000			
			Bank loa	an payment - Principal	1	100,00	0	100,000			
			Bank loa	an payment - Interest	1	43,49	9	43,499			
			Repaym	ent of current year expenses	1	304,23	31	304,231			
0	0	313,905		TOTAL T	RANSFERS OL	<u>JT</u>			457,730	457,730	457,730
				ENDING FUND BALANCE							
173,291	317,054	165,937	9959-05	Designated Ending Fund Bal for Debt Service	ance - Urban Re	enewal -	Res	served	26,895	26,895	26,895
			All tax increndebt service	nent dollars carried forward to subseq payments	uent fiscal year are	designat	ed fo	or future			
1,545	0	0	9999	Unappropriated Ending Fd B	alance				0	0	0
174,836	317,054	165,937		TOTAL ENDING FUND BALANCE				26,895	26,895	26,895	
196,183	516,161	479,842		TOTAL REQUIREMENTS					484,625	484,625	484,625

59 - URBAN RENEWAL DEBT SERVICE FUND

			00 0112/11111211/12 2221 0211111			
2016	2017	2018	Department :N/A	2019	2019	2019
ACTUAL	ACTUAL	AMENDED	Section :N/A	PROPOSED	APPROVED	ADOPTED
		BUDGET	Program : N/A	BUDGET	BUDGET	BUDGET
196,183	516,161	479,842	TOTAL RESOURCES	484,625	484,625	484,625
196,183	516,161	479,842	TOTAL REQUIREMENTS	484,625	484,625	484,625