# CITY OF MCMINNVILLE URBAN RENEWAL DISTRICT 2019 - 2020 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 2019 – 2020 BUDGET MESSAGE

May, 2019

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) 2019 – 2020. 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 \$20.6 million increase in value over the Districts "frozen" 2012-2013 base of \$86,331,273 and a tax rate of \$0.0960 per \$1,000 of the City's total assessed value, including the Urban Renewal District.

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

In this fiscal year, the Urban Renewal Fund proposes expenditures of \$394,775. The Property Assistance Program includes \$100,000 to incentivize new construction and building improvements in the District.

The Third Street Streetscape Improvement project (\$30,000) was initiated in FY2018-19 and will continue this year. Continued implementation in parking management and 5<sup>th</sup> Avenue parking garage improvements (\$20,000) 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 (\$5,000) will be started as well. Resources for project administration and Planning Department staff support (\$66,231) will be transferred to the General Fund.

Urban Renewal Debt Service Fund resources in the 2019-20 budget include an estimated beginning fund balance of \$98,139 and projected tax increment revenues of \$303,350. 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



#### **Budget Highlights**

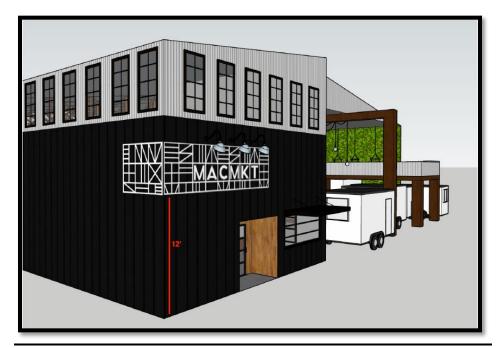
The McMinnville Urban Renewal Agency (Agency) oversees the administration and implementation of McMinnville's Urban Renewal program. The purpose of the agency is to eliminate blight and encourage new private investment through the use of tax increment financing. (Tax increment financing is a method by 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. 1st and 2nd 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.



Rendering of MAC Market, a historic rehabilitation of the old Huberd Shoe Grease Building in the NE Gateway District, repurposed as a food market and event center. Opening planned for Summer, 2019.



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.

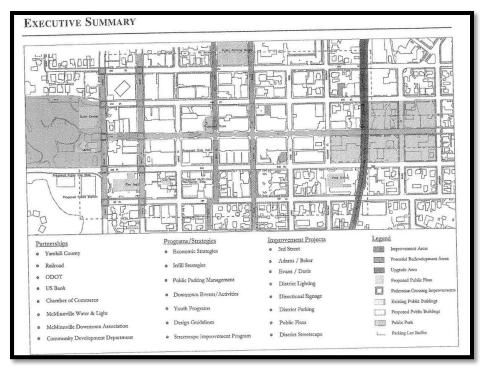
To help guide and direct the Plan's implementation, the Urban Renewal Agency Board established the McMinnville Urban Renewal Advisory Committee. A budget committee has been appointed to review the Urban Renewal District's annual budget.

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 \$394,775. \$100,000 in the Property Assistance Program to incentivize new construction and building improvements in the Urban Renewal District. \$30,000 to continue the discussion of the Third Street Streetscape Improvement project. \$20,000 to continue to implement the parking management and 5<sup>th</sup> 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 \$5,000 for District Identity improvements. Finally, \$83,354 for contingencies. Lastly, \$66,231, 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 2019-20 budget include an estimated beginning fund balance of \$98,139 and projected tax increment revenues of \$303,350. 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 2020.

#### **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.



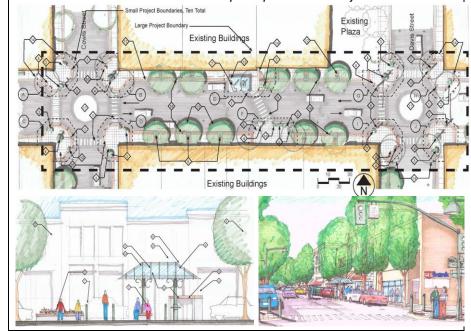
Granary Row, a new development project to be built in 2019 in the NE Gateway District.

#### **Urban Renewal Cost Summary**

		2018-19	2019-20	_
	2017-18	Amended	Proposed	Budget
	Actual	Budget	Budget	Variance
Revenue	341,372	529,431	574,371	44,940
Materials & Services	132,589	185,200	175,600	(9,600)
Capital Outlay	1,071,392	75,000	25,000	(50,000)
Transfer Out	260,621	501,761	504,940	3,179
Debt Service	-	-	-	-
Total Expenditures	1,464,602	761,961	705,540	(56,421)
Net Expenditures	(1,123,230)	(232,530)	(131,169)	(101,361)



Third Street Streetscape Improvement 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.

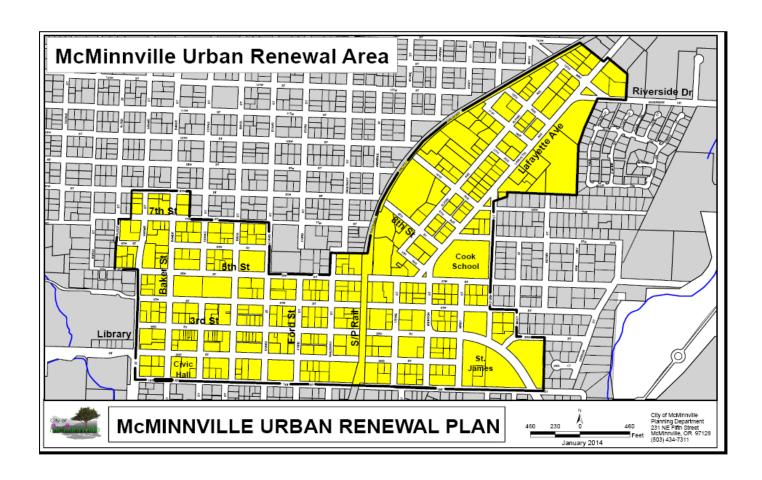
2015 Urban Renewal Agency adopts its first budget; realizes TIF revenue of \$80,550 based upon \$6.5 million increment of growth ("frozen base" of \$86.3 million).

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.





202 ADOPTEI BUDGE	2020 APPROVED BUDGET	2020 PROPOSED BUDGET				Department : <b>N/A</b> Section : <b>N/A</b> Program : <b>N/</b> A		2019 AMENDED BUDGET	2018 ACTUAL	2017 ACTUAL
					CES	RESO				
						BEGINNING FUND BALANCE				
252,344	182,344	182,344				Beginning Fund Balance 1 carryover from prior year		238,320	1,375,020	0
252,344	182,344	182,344		_ANCE	UND BA	TOTAL BEGINNING		238,320	1,375,020	0
						CHARGES FOR SERVICES				
0	0	0		Fee	Program	Urban Renewal - Design Assista	5800-05	0	0	150
0	0	0		/ICES	OR SERV	TOTAL CHARGES		0	0	150
						MISCELLANEOUS				
0	0	0				Interest rest income earned		0	0	1,053
1,100	1,100	1,100				Interest - Loan Proceeds	6310-02	0	15,860	15,699
4,500	4,500	4,500			nent	Developer Assistance Loan Rep	6515	0	0	0
5,600	5,600	5,600		<u>s</u>	LANEOU	TOTAL MISC		0	15,860	16,752
						OTHER FINANCING SOURCE				
0	0	0				Inter-Agency Loan Proceeds - Ci	6840	0	0	2,057,084
0	0	0		<u>DURCE</u>	ICING S	TOTAL OTHER FIN		0	0	2,057,084
						TRANSFERS IN				
351,831	206,831	206,831				Transfers In - General Fund	6900-01	304,231	116,952	0
			<u>Total</u> 351,831	Amt/Unit 351,831	<u>Units</u> 1	<u>n</u> newal current year expenses	<u>Descriptior</u> Urban Ren			
351,831	206,831	206,831			FERS IN	TOTAL TRA		304,231	116,952	0
609,775	394,775	394,775			URCES	TOTAL RE		542,551	1,507,832	2,073,986

				JO - UNDAN KENEWAL FUND			
2017 ACTUAL	2018 ACTUAL	2019 AMENDED BUDGET		Department : <b>N/A</b> Section : <b>N/A</b> Program : <b>N/A</b>	2020 PROPOSED BUDGET	2020 APPROVED BUDGET	202 ADOPTEI BUDGE
				REQUIREMENTS			
				MATERIALS AND SERVICES			
892	848	1,500		Public Notices & Printing for public meetings, printing of plan documents, and informational materials	1,500	1,500	1,500
1,100	200	300	7610-05	Insurance - Liability	200	200	200
31	323	2,500	7660	Materials & Supplies	1,500	1,500	1,500
18,841	40,083	8,900	Contract ser	Professional Services ices for annual audit, project management, design, legal, and other service an renewal projects and programs.	37,400 s	37,400	37,400
			AORA/C Transcri Legal C	allocation 1 5,900 5 EDA Dues 1 500 stionist for MURAC minutes 1 2,000 2 unsel 1 4,000 4	<u>Fotal</u> ,900 500 ,000 ,000 ,000		
29,300	0	0	7750-63	Professional Services - Financing Issuance Cost	0	0	0
0	0	0	7750-65	Professional Services - Parking	0	0	0
131,048	53,758	0	7770-72	Professional Services - Projects - Alpine Avenue	0	0	0
0	8,000	30,000	7770-80	Professional Services - Projects - 3rd Street Improvements	30,000	30,000	30,000
0	0	22,000	7775-05 Parking Impr	Professional Services - UR Projects - Public Offstreet Parkin ovements	<b>g</b> 5,000	5,000	20,000
0	0	0	7775-10	Professional Services - UR Projects - District Identity Improvements	0	0	0
2,500	29,377	120,000		Development Assistance Program gned to provide assistance to eligible developers and property owners	100,000	100,000	245,000
183,711	132,589	185,200		TOTAL MATERIALS AND SERVICES	175,600	175,600	335,600
				CAPITAL OUTLAY			
0	0	0	8920	Land Improvements	0	0	0
0	0	40,000	8930-05	Urban Renewal Projects - Public Offstreet Parking	20,000	20,000	38,000
0	0	35,000	<b>8930-10</b> Rooftop Light Wayfinding	Urban Renewal Projects - District Identity Improvements	5,000	5,000	35,000
515,254	1,071,392	0	9030-07	Street Improvements - Alpine Avenue	0	0	0
515,254	1,071,392	75,000		TOTAL CAPITAL OUTLAY	25,000	25,000	73,000

2017 ACTUAL	2018 ACTUAL	2019 AMENDED BUDGET	Department : <b>N/A</b> Section : <b>N/A</b> Program : <b>N/A</b>	2020 PROPOSED BUDGET	2020 APPROVED BUDGET	202 ADOPTEI BUDGE
			TRANSFERS OUT			
0	25,026	44,031	9700-01 Transfers Out - General Fund Plan Administration	66,231	66,231	66,231
			<u>Description</u> <u>Units Amt/Unit Total</u>			
			Planning & Finance personnel services support 1 66,231 66,231			
0	0	0	9700-59 Transfers Out - Urban Renewal Debt Service 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	44,590	44,590	44,59
			<u>Description</u> <u>Units</u> <u>Amt/Unit</u> <u>Total</u>			
			Prior expenses qualified to be paid with loan proceeds 1 44,590 44,590			
0	25,026	44,031	TOTAL TRANSFERS OUT	110,821	110,821	110,82
			CONTINGENCIES			
0	0	238,320	<b>9800</b> Contingencies Contingency is primarily proceeds and interest from 2016 loan. Loan proceeds are spent on capital outlay projects in the urban renewal district.	83,354	83,354	90,35
0	0	238,320	TOTAL CONTINGENCIES	83,354	83,354	90,35
			ENDING FUND BALANCE			
1,375,020	278,824	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	
1,375,020	278,824	0	TOTAL ENDING FUND BALANCE	0	0	

2017 ACTUAL	2018 ACTUAL	2019 AMENDED BUDGET	Department : <b>N/A</b> Section : <b>N/A</b> Program : <b>N/A</b>	2020 PROPOSED BUDGET	2020 APPROVED BUDGET	2020 ADOPTED BUDGET
2,073,986	1,507,832	542,551	TOTAL RESOURCES	394,775	394,775	609,775
2,073,986	1,507,832	542,551	TOTAL REQUIREMENTS	394,775	394,775	609,775

## **URBAN RENEWAL DEBT SERVICE FUND**

#### 59 - URBAN RENEWAL DEBT SERVICE FUND

2017 ACTUAL	2018 ACTUAL	2019 AMENDED BUDGET	Department : <b>N/A</b> Section : <b>N/A</b> Program : <b>N/A</b>	2020 PROPOSED BUDGET	2020 APPROVED BUDGET	2020 ADOPTEI BUDGE
			RESOURCES			
			BEGINNING FUND BALANCE			
174,836	317,054	259,425	4059-05 Designated Begin Fd Balance-Urban Renewal - Reserved for Debt Service	98,139	98,139	218,139
0	0	0	July 1 designated carryover from prior year for future debt service payments  4090 Beginning Fund Balance	0	0	0
174,836	317,054	259,425	TOTAL BEGINNING FUND BALANCE	98,139	98,139	218,139
174,000	017,004	200,420		30,103	30,103	210,103
173,506	200,201	216,200	### PROPERTY TAXES  4100-05 Property Taxes - Current  \$327,945 (\$24,595) Less uncollectible taxes - 7.5%  \$303,350 Property Taxes - Current  2019-2020 Estimated Tax increment revenue  2019-2020 Total tax increment revenue	303,350	303,350	303,350
2,820	3,845	5,500	4100-10 Property Taxes - Prior Collection of delinquent taxes from prior year Division of Tax.	7,500	7,500	7,500
176,326	204,046	221,700	TOTAL PROPERTY TAXES	310,850	310,850	310,850
			MISCELLANEOUS			
2,000	4,515	3,500	6310 Interest	6,500	6,500	6,500
2,000	4,515	3,500	TOTAL MISCELLANEOUS	6,500	6,500	6,500
			OTHER FINANCING SOURCE			
163,000	0	0	6840 Inter-Agency Loan Proceeds - City	0	0	0
163,000	0	0	TOTAL OTHER FINANCING SOURCE	0	0	0
			TRANSFERS IN			
0	0	0	6900-58 Transfers In - Urban Renewal 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  Description Units Amt/Unit Total	44,590	44,590	44,590
			Prior expenses qualified to be paid with loan proceeds 1 44,590 44,590			
0	0	0	TOTAL TRANSFERS IN	44,590	44,590	44,590
516,161	525,614	484,625	TOTAL RESOURCES	460,079	460,079	580,079

#### 59 - URBAN RENEWAL DEBT SERVICE FUND

202 ADOPTE BUDGE	2020 APPROVED BUDGET	2020 PROPOSED BUDGET				Department : <b>N/A</b> Section : <b>N/A</b> Program : <b>N/A</b>		2019 AMENDED BUDGET	2018 ACTUAL	2017 ACTUAL
					MENTS	REQUI				
						DEBT SERVICE				
O	0	0	16-17	ginning in 20	sfers Out be	Inter-Agency Loan - Principal he City/General Fund are budgeted as	<b>9415-05</b> Payments to t	0	0	197,690
0	0	0				Inter-Agency Loan - Interest	9415-10	0	0	1,417
0	0	0		<u>.</u>	SERVICE	TOTAL DE		0	0	199,107
						TRANSFERS OUT				
539,119	394,119	394,119				Transfers Out - General Fund	9700-01	457,730	235,595	0
			<u>Total</u>	Amt/Unit	<u>Units</u>	<u>on</u>	<u>Description</u>			
			146,060	146,060	1	n payment - Principal	Bank loai			
			41,228	41,228	1	n payment - Interest	Bank loai			
			351,831	351,831	1	ent of current year expenses	Repayme			
539,119	394,119	394,119		T	FERS OU	TOTAL TRA		457,730	235,595	0
						ENDING FUND BALANCE				
40,960	65,960	65,960	served	Designated Ending Fund Balance - Urban Penewal - Peserved			9959-05	26,895	290,020	317,054
			or future	designated fo	cal year are	ent dollars carried forward to subsequer ayments	All tax increm debt service p			
0	0	0			9	Unappropriated Ending Fd Bala	9999	0	0	0
40,960	65,960	65,960		TOTAL ENDING FUND BALANCE				26,895	290,020	317,054
580,079	460,079	460,079		TOTAL REQUIREMENTS				484,625	525,615	516,161

#### 59 - URBAN RENEWAL DEBT SERVICE FUND

2017	2018	2019	Department :N/A	2020	2020	2020
ACTUAL	ACTUAL	AMENDED	Section :N/A	PROPOSED	APPROVED	ADOPTED
		BUDGET	Program : <b>N/A</b>	BUDGET	BUDGET	BUDGET
516,161	525,614	484,625	TOTAL RESOURCES	460,079	460,079	580,079
516,161	525,614	484,625	TOTAL REQUIREMENTS	460,079	460,079	580,079