

# CITY OF MCMINNVILLE URBAN RENEWAL DISTRICT 2021 - 2022 ADOPTED BUDGET

## BUDGET MESSAGE & SUPPLEMENTAL INFORMATION



GRANARY ROW, a new development under construction in the NE Gateway District funded in part by a McMinnville Urban Renewal Agency property assistance loan.

May, 2021

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) 2021 – 2022. 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 eighth year and revenues are continuing to grow based on investments made in the district. This is based on a \$32.3 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 \$480,659. The Property Assistance Program includes \$100,000 to incentivize new construction and building improvements in the District. The Third Street Improvement project (\$150,000) was initiated in FY2018-19 and will continue this year. An update of the 2000 Downtown Improvement Plan (\$35,000) and planning for Housing

downtown (\$15,000) will be started as well. Resources for project administration and Planning Department staff support (\$46,113) will be transferred to the General Fund.

Urban Renewal Debt Service Fund resources in the 2021-22 budget include an estimated beginning fund balance of \$219,204 and projected tax increment revenues of \$446,200. 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. 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.



*Rendering of Granary Row, a new construction project in the NE Gateway District, that is revitalizing a lot with a fire damaged structure and an adjacent vacant lot on Lafayette Avenue. Under construction in 2021. Recipient of Property Assistance Funds.*

### 2020 ACCOMPLISHMENTS:

PUBLIC-PRIVATE DEVELOPMENT PROJECTS:			
<b>Business Recovery</b>	<b>28</b> Grants Awarded	<b>Development Loans</b>	<b>\$71,000</b> in development loans, leveraging
<b>Façade Improvement Grants</b>	<b>\$93,000</b>		<b>\$750,000</b> new investment in the Urban Renewal Area.

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.

### Maximum Indebtedness:

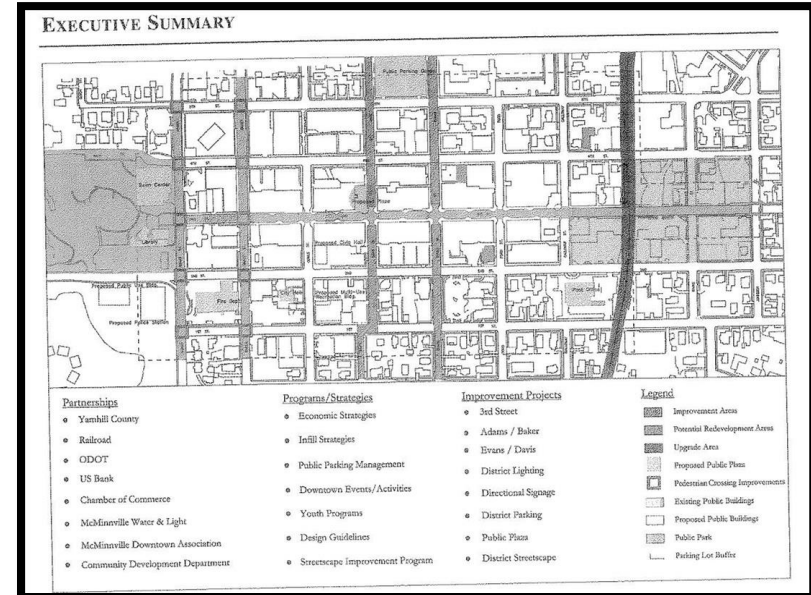
	Formal Indebtedness	Other Expenditures	TOTAL INDEBTEDNESS
<b>Authorized Maximum Indebtedness</b>			\$30,000,000
Administration, Projects, Plans		\$480,659	
Alpine Avenue (Chase)	\$2,192,300		
Design Work (City of McMinnville)	\$35,000		
<b>TOTAL</b>	<b>\$2,227,300</b>	<b>\$480,659</b>	<b>\$2,707,959</b>
<b>REMAINING INDEBTEDNESS</b>			<b>\$27,292,041</b>

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 approximately \$350,000 to advance forward the Plan's projects. \$100,000 in the Property Assistance Program to incentivize new construction and building improvements in the Urban Renewal District. \$150,000 to continue the discussion of the Third Street Streetscape Improvement project and work towards a shovel ready design package. \$35,000 to start to update the 2000 Downtown Improvement Plan, and \$15,000 for downtown Housing planning. Lastly, \$46,113, 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 2021-22 budget include an estimated beginning fund balance of \$219,204 and projected tax increment revenues of \$446,200. 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 2022.

## Future Challenges and Opportunities

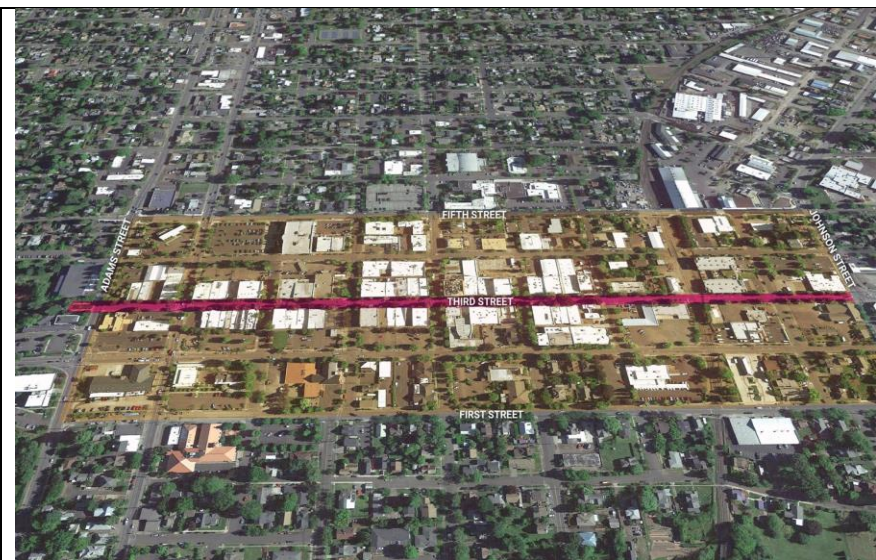
### Near Term

- 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.

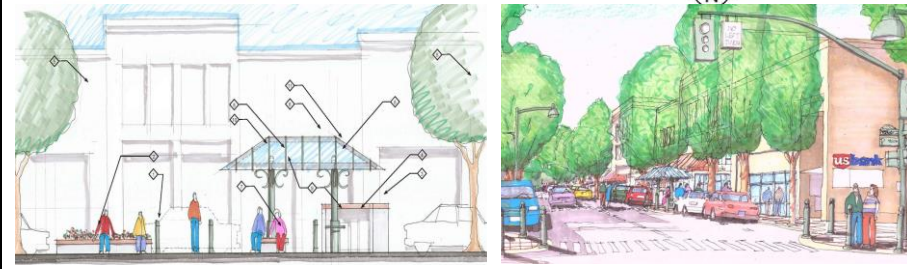
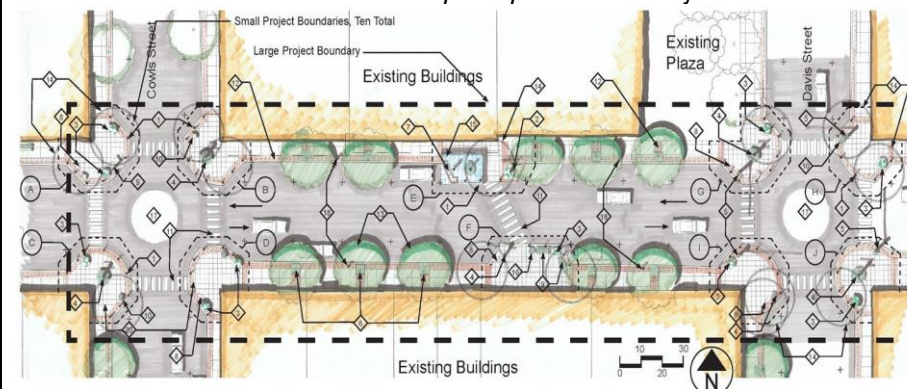
### Longer Term

- Maintain an ability to effectively manage an evolving and growing urban renewal program while balancing other assigned duties with currently available staff.





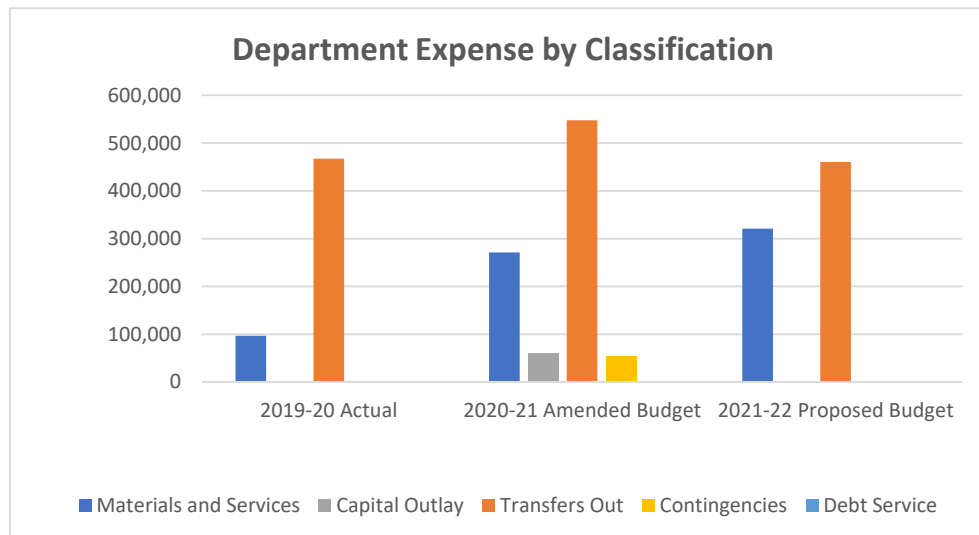
### *Third Street Streetscape Improvement Project*



**Fund Cost Summary**

	2019-20 Actual	2020-21 Amended Budget	2021-22 Proposed Budget	Budget Variance
Revenue				
Beginning Fund Balance	487,660	292,874	347,340	54,466
Charges for Services	0	0	0	0
Intergovernmental	0	0	0	0
Miscellaneous	11,893	14,950	15,650	700
Transfers In	191,485	291,799	227,077	-64,722
Other Financing Source	0	0	0	0
Property Taxes	346,416	360,500	446,200	85,700
<b>Revenue Total</b>	<b>1,037,454</b>	<b>960,123</b>	<b>1,036,267</b>	<b>76,144</b>
Expenses				
Materials and Services	96,466	270,850	320,750	49,900
Capital Outlay	0	60,000	0	-60,000
Transfers Out	467,258	547,488	460,487	-87,001
Contingencies	0	53,314	0	-53,314
Debt Service	0	0	0	0
<b>Expenses Total</b>	<b>563,724</b>	<b>931,652</b>	<b>781,237</b>	<b>-150,415</b>
Ending Fund Balance	473,730	28,471	255,030	226,559

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).

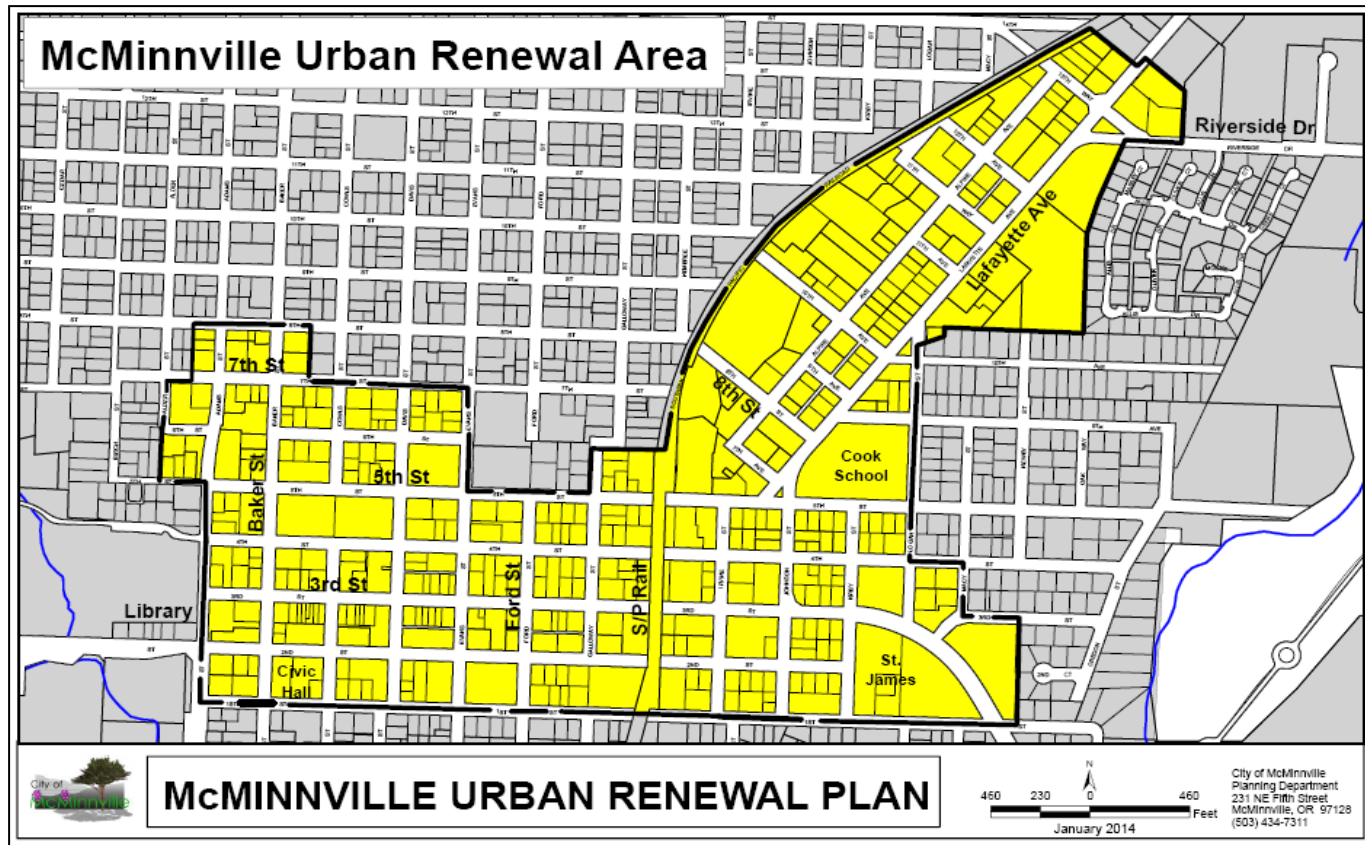
**2016** Urban Renewal Agency secures a bank loan for \$2.2 M to support Alpine Avenue project and breaks

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

2019 ACTUAL	2020 ACTUAL	2021 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A				2022 PROPOSED BUDGET	2022 APPROVED BUDGET	2022 ADOPTED BUDGET	
RESOURCES										
BEGINNING FUND BALANCE										
278,824	256,376	151,611	4090	Beginning Fund Balance Estimated July 1 carryover from prior year				128,136	128,136	128,136
278,824	256,376	151,611	TOTAL BEGINNING FUND BALANCE				128,136	128,136	128,136	
CHARGES FOR SERVICES										
150	0	0	5800-05	Urban Renewal - Design Assistance Program Fee				0	0	0
150	0	0	TOTAL CHARGES FOR SERVICES				0	0	0	
MISCELLANEOUS										
27	224	50	6310	Interest Estimated interest income earned				50	50	50
7,237	5,773	2,500	6310-02	Interest - Loan Proceeds				5,000	5,000	5,000
658	1,305	6,600	6515	Developer Assistance Loan Repayment				6,600	6,600	6,600
7,922	7,302	9,150	TOTAL MISCELLANEOUS				11,650	11,650	11,650	
TRANSFERS IN										
182,630	0	0	6900-01	Transfers In - General Fund				0	0	0
0	146,895	291,799	6900-59	Transfers In - Urban Renewal Debt Service				227,077	227,077	227,077
<div><div>Description</div><div>Units</div><div>Amt/Unit</div><div>Total</div></div> <div>Urban Renewal current year expenses</div> <div>1227,077227,077</div>										
0	0	0	6900-85	Transfers In - Insurance Services				0	0	0
182,630	146,895	291,799	TOTAL TRANSFERS IN				227,077	227,077	227,077	
469,526	410,573	452,560	TOTAL RESOURCES				366,863	366,863	366,863	

Budget Document Report

58 - URBAN RENEWAL FUND

2019 ACTUAL	2020 ACTUAL	2021 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A			2022 PROPOSED BUDGET	2022 APPROVED BUDGET	2022 ADOPTED BUDGET
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**REQUIREMENTS**

**MATERIALS AND SERVICES**

1,445	1,860	1,500	<b>7520</b>	<b>Public Notices &amp; Printing</b>		1,500	1,500	1,500
				Legal notices for public meetings, printing of plan documents, and informational materials.				
300	200	200	<b>7610-05</b>	<b>Insurance - Liability</b>		100	100	100
1,089	683	0	<b>7660</b>	<b>Materials &amp; Supplies</b>		0	0	0
7,738	2,613	44,150	<b>7750</b>	<b>Professional Services</b>		69,150	69,150	69,150
				Contract services for annual audit, project management, design, legal, and other services related to urban renewal projects and programs.				
				<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	
				Audit Fee Allocation	1	11,300	11,300	
				City-wide Professional Services	1	100	100	
				Legal Services	1	5,000	5,000	
				Downtown Master Plan	1	35,000	35,000	
				AORA/OEDA Dues	1	750	750	
				Transcriptionist for MURAC	1	2,000	2,000	
				Housing	1	15,000	15,000	
0	88	0	<b>7750-63</b>	<b>Professional Services - Financing Issuance Cost</b>		0	0	0
0	0	0	<b>7750-65</b>	<b>Professional Services - Parking</b>		0	0	0
0	0	0	<b>7770-72</b>	<b>Professional Services - Projects - Alpine Avenue</b>		0	0	0
27,672	2,742	50,000	<b>7770-80</b>	<b>Professional Services - Projects - 3rd Street Improvements</b>		150,000	150,000	150,000
0	12,189	0	<b>7775-05</b>	<b>Professional Services - UR Projects - Public Offstreet Parking</b>		0	0	0
				Parking Improvements				
0	0	0	<b>7775-10</b>	<b>Professional Services - UR Projects - District Identity Improvements</b>		0	0	0
128,200	76,092	175,000	<b>8225</b>	<b>Development Assistance Program</b>		100,000	100,000	100,000
				Program designed to provide assistance to eligible developers and property owners				
<b>166,444</b>	<b>96,466</b>	<b>270,850</b>	<b><u>TOTAL MATERIALS AND SERVICES</u></b>			<b>320,750</b>	<b>320,750</b>	<b>320,750</b>

**CAPITAL OUTLAY**

0	0	0	<b>8920</b>	<b>Land Improvements</b>		0	0	0
2,675	0	40,000	<b>8930-05</b>	<b>Urban Renewal Projects - Public Offstreet Parking</b>		0	0	0
0	0	20,000	<b>8930-10</b>	<b>Urban Renewal Projects - District Identity Improvements</b>		0	0	0
				Rooftop Lighting				
				Wayfinding				
0	0	0	<b>9030-07</b>	<b>Street Improvements - Alpine Avenue</b>		0	0	0

## Budget Document Report

## 58 - URBAN RENEWAL FUND

2019 ACTUAL	2020 ACTUAL	2021 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A				2022 PROPOSED BUDGET	2022 APPROVED BUDGET	2022 ADOPTED BUDGET
2,675	0	60,000	TOTAL CAPITAL OUTLAY				0	0	0
TRANSFERS OUT									
44,031	66,231	68,396	9700-01	Transfers Out - General Fund			46,113	46,113	46,113
			Plan Administration						
			Description	Units	Amt/Unit	Total			
			Planning & Finance personnel services support			1	46,113	46,113	
0	44,590	0	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						
44,031	110,821	68,396	TOTAL TRANSFERS OUT				46,113	46,113	46,113
CONTINGENCIES									
0	0	53,314	9800	Contingencies			0	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	53,314	TOTAL CONTINGENCIES				0	0	0
ENDING FUND BALANCE									
256,376	203,286	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						
256,376	203,286	0	TOTAL ENDING FUND BALANCE				0	0	0
469,526	410,573	452,560	TOTAL REQUIREMENTS				366,863	366,863	366,863



## Budget Document Report

**58 - URBAN RENEWAL FUND**

2019 ACTUAL	2020 ACTUAL	2021 AMENDED BUDGET	Department : <b>N/A</b> Section : <b>N/A</b> Program : <b>N/A</b>	2022 PROPOSED BUDGET	2022 APPROVED BUDGET	2022 ADOPTED BUDGET
469,526	410,573	452,560	<b>TOTAL RESOURCES</b>	366,863	366,863	366,863
469,526	410,573	452,560	<b>TOTAL REQUIREMENTS</b>	366,863	366,863	366,863



# **URBAN RENEWAL DEBT SERVICE FUND**



## Budget Document Report

## 59 - URBAN RENEWAL DEBT SERVICE FUND

2019 ACTUAL	2020 ACTUAL	2021 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A		2022 PROPOSED BUDGET	2022 APPROVED BUDGET	2022 ADOPTED BUDGET	
RESOURCES								
BEGINNING FUND BALANCE								
290,020	231,283	141,263	4059-05	Designated Begin Fd Balance-Urban Renewal - Reserved for Debt Service	219,204	219,204	219,204	
July 1 designated carryover from prior year for future debt service payments								
0	0	0	4090	Beginning Fund Balance	0	0	0	
290,020	231,283	141,263	TOTAL BEGINNING FUND BALANCE			219,204	219,204	219,204
PROPERTY TAXES								
250,572	340,970	355,000	4100-05	Property Taxes - Current	440,200	440,200	440,200	
Estimated Tax increment revenue								
5,886	5,446	5,500	4100-10	Property Taxes - Prior	6,000	6,000	6,000	
Collection of delinquent taxes from prior year Division of Tax.								
256,458	346,416	360,500	TOTAL PROPERTY TAXES			446,200	446,200	446,200
INTERGOVERNMENTAL								
0	0	0	5010-01	Yamhill County - Other County Distributions	0	0	0	
0	0	0	TOTAL INTERGOVERNMENTAL			0	0	0
MISCELLANEOUS								
4,943	4,591	5,800	6310	Interest	3,000	3,000	3,000	
0	0	0	6310-01	Interest - Property taxes	1,000	1,000	1,000	
4,943	4,591	5,800	TOTAL MISCELLANEOUS			4,000	4,000	4,000
TRANSFERS IN								
0	44,590	0	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	44,590	0	TOTAL TRANSFERS IN			0	0	0
551,421	626,880	507,563	TOTAL RESOURCES			669,404	669,404	669,404

## Budget Document Report

## 59 - URBAN RENEWAL DEBT SERVICE FUND

2019 ACTUAL	2020 ACTUAL	2021 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A				2022 PROPOSED BUDGET	2022 APPROVED BUDGET	2022 ADOPTED BUDGET	
REQUIREMENTS										
MATERIALS AND SERVICES										
0	0	0	7750-25	Professional Services - County charges				0	0	0
0	0	0	TOTAL MATERIALS AND SERVICES				0	0	0	
TRANSFERS OUT										
320,137	0	0	9700-01	Transfers Out - General Fund				0	0	0
0	146,895	291,799	9700-58	Transfers Out - Urban Renewal				227,077	227,077	227,077
				Description	Units	Amt/Unit	Total			
				Urban Renewal current year expenses	1	227,077	227,077			
0	209,542	187,293	9701-01	Transfers Out - Interfund Debt - General Fund				187,297	187,297	187,297
				Description	Units	Amt/Unit	Total			
				Bank loan payment - Principal	1	152,120	152,120			
				Bank loan payment - Interest	1	35,177	35,177			
320,137	356,437	479,092	TOTAL TRANSFERS OUT				414,374	414,374	414,374	
CONTINGENCIES										
0	0	0	9800	Contingencies				0	100,000	100,000
0	0	0	TOTAL CONTINGENCIES				0	100,000	100,000	
ENDING FUND BALANCE										
228,608	262,104	28,471	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							
2,675	8,340	0	9999	Unappropriated Ending Fd Balance				255,030	155,030	155,030
231,283	270,444	28,471	TOTAL ENDING FUND BALANCE				255,030	155,030	155,030	
551,420	626,881	507,563	TOTAL REQUIREMENTS				669,404	669,404	669,404	



## Budget Document Report

**59 - URBAN RENEWAL DEBT SERVICE FUND**

2019 ACTUAL	2020 ACTUAL	2021 AMENDED BUDGET	Department : <b>N/A</b> Section : <b>N/A</b> Program : <b>N/A</b>	2022 PROPOSED BUDGET	2022 APPROVED BUDGET	2022 ADOPTED BUDGET
551,421	626,880	507,563	<b>TOTAL RESOURCES</b>	669,404	669,404	669,404
551,420	626,880	507,563	<b>TOTAL REQUIREMENTS</b>	669,404	669,404	669,404