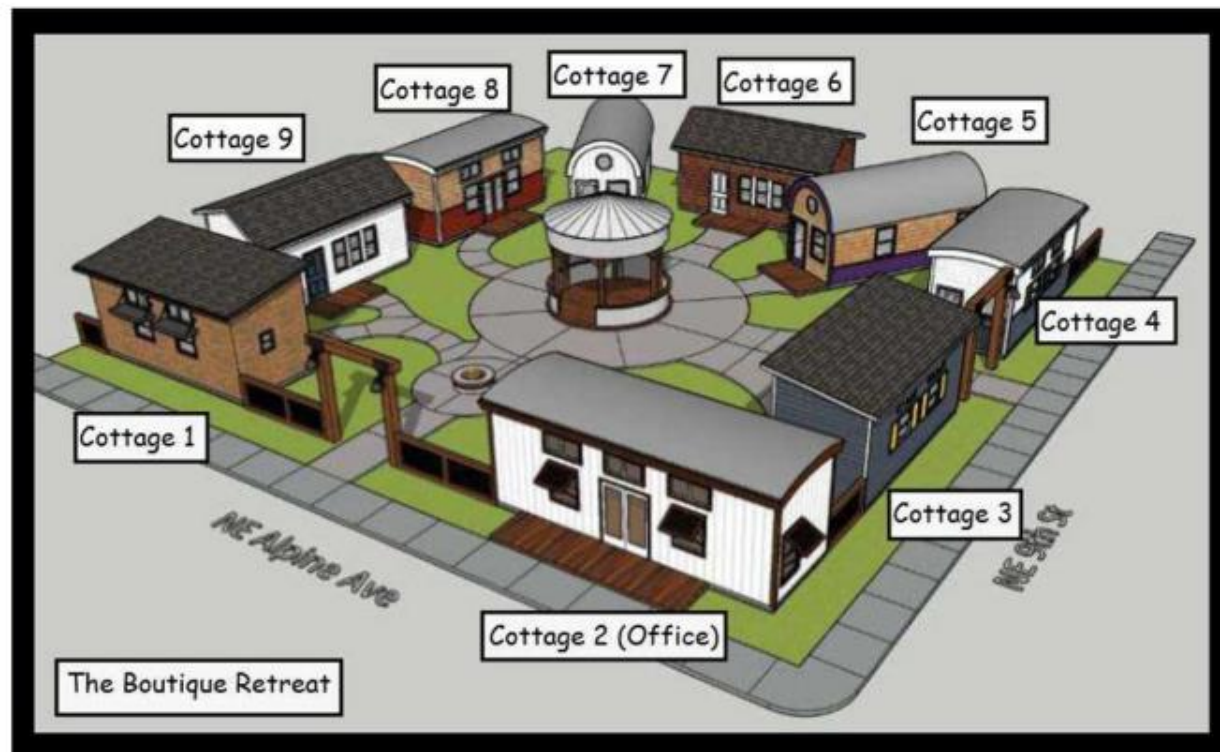




URBAN RENEWAL DISTRICT

2022 – 2023

PROPOSED BUDGET



*Rendering of Boutique Retreat, a new cottage hotel project in the
NE Gateway District. Under construction in 2022.
Recipient of Property Assistance Funds.*

McMINNVILLE URBAN RENEWAL DISTRICT
2022 – 2023
BUDGET MESSAGE

May, 2022

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) 2022 – 2023. 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 ninth year and revenues are continuing to grow based on investments made in the district. This is based on a \$43.1 million increase in value over the Districts "frozen" 2012-2013 base of \$86,331,273.

Projected funding includes a planning factor of 5% for uncollectable taxes.

In this fiscal year, the Urban Renewal Fund proposes expenditures of \$437,140. The Property Assistance Program includes \$100,000

to incentivize new construction and building improvements in the District. The Third Street Improvement project (\$85,000) was initiated in FY2018-19 and will continue this year. An update of the 2000 Downtown Improvement Plan (\$50,000) and planning for District Identity Improvements (\$20,000) will be started as well. Resources for project administration and Planning Department staff support (\$52,498) will be transferred to the General Fund.

Urban Renewal Debt Service Fund resources in the 2022-23 budget include an estimated beginning fund balance of \$447,217 and projected tax increment revenues of \$598,000. 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 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

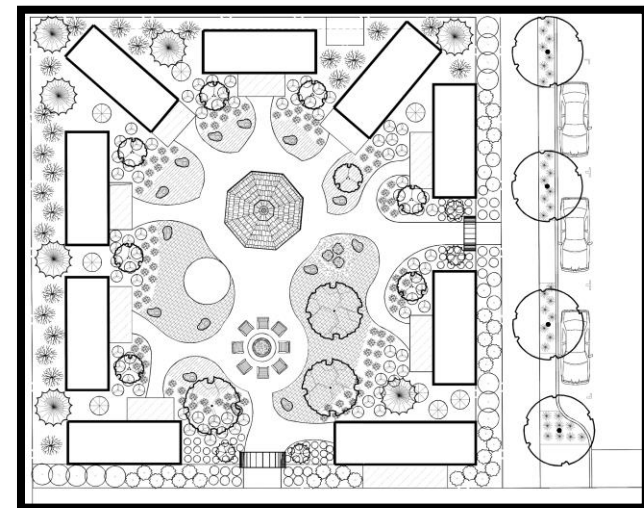
The McMinnville Urban Renewal Agency (Agency) oversees the administration and implementation of McMinnville's Urban Renewal program. The purpose of the agency is to eliminate blight and encourage new private investment through the use of tax increment financing. (Tax increment financing is a method by 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. 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 Boutique Retreat, a new cottage hotel project in the NE Gateway District. Under construction in 2022.
Recipient of Property Assistance Funds.*

Urban Renewal Fund

2022 – 2023 Proposed 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:

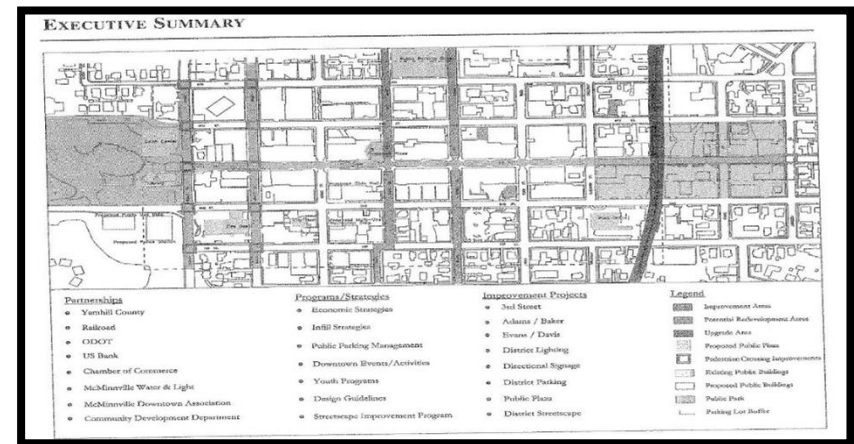
The maximum indebtedness established in 2013 for the McMinnville Urban Renewal Plan is \$30,000,000. The maximum indebtedness is the total amount of funds that can be spent on projects, programs, and administration in the urban renewal area over the life of the urban renewal plan.

	Formal Indebtedness	Other Expenditures	TOTAL INDEBTEDNESS
Authorized Maximum Indebtedness			\$30,000,000
Administration, Projects, Plans		\$672,636	
Alpine Avenue (Chase)	\$2,192,300		
Design Work (City of McMinnville)	\$35,000		
TOTAL	\$2,227,300	\$672,636	\$2,899,936
REMAINING INDEBTEDNESS			\$27,100,064

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 \$450,000 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. \$85,000 to continue the discussion of the Third Street Streetscape Improvement project and work towards a shovel ready design package. \$50,000 to start to update the 2000 Downtown Improvement Plan, and \$20,000 for District Identity Improvements. Lastly, \$52,498, is budgeted for project administration, including a transfer to the General Fund for Planning Department staff support.



2000 Downtown Improvement Plan scheduled to be updated in 2023.

Urban Renewal Debt Service Fund resources in the 2022-23 budget include an estimated beginning fund balance of \$447,217 and projected tax increment revenues of \$598,000. 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 Pebble Dentistry, new construction and business in the NE Gateway District, under construction in 2022. Assisted with Property Assistance Program funds..

Future Challenges and Opportunities

Near Term

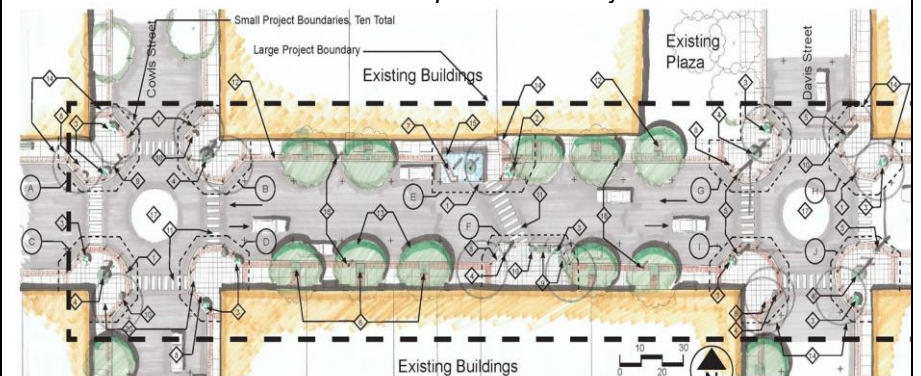
- Review and modify as necessary the Urban Renewal Plan's short and longer term project schedule to match current financial forecasts and opportunities. Priority should be given to projects/programs that address the Plan's adopted goals.

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 Improvement Project

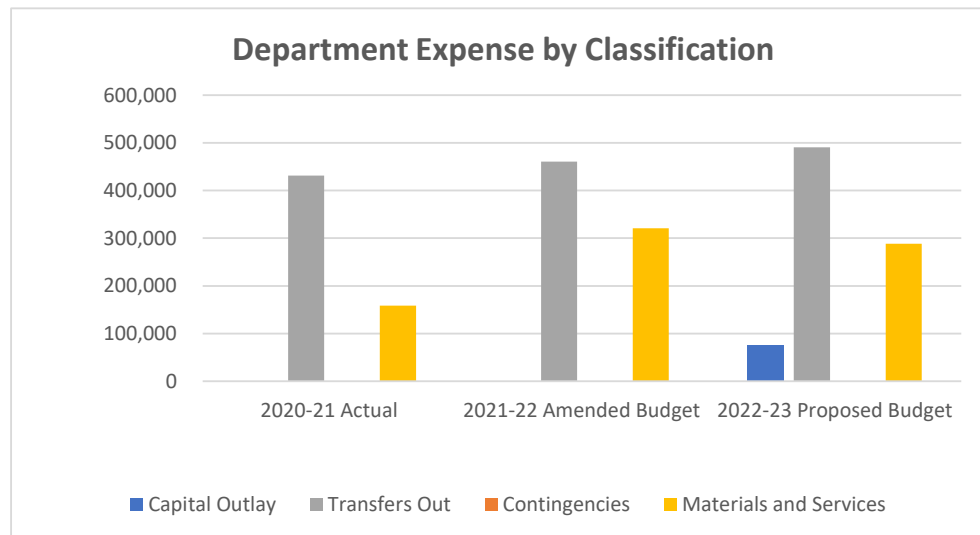


Urban Renewal Funds

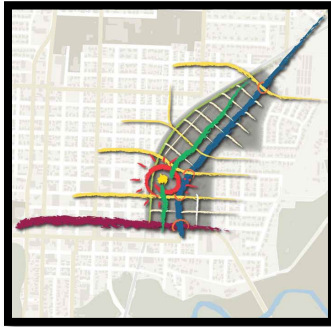
Fund Cost Summary

	2020-21 Actual	2021-22 Amended Budget	2022-23 Proposed Budget	Budget Variance
Revenue				
Beginning Fund Balance	473,730	347,340	616,439	269,099
Charges for Services	0	0	0	0
Intergovernmental	519	0	0	0
Miscellaneous	12,983	15,650	19,820	4,170
Transfers In	196,928	227,077	250,848	23,771
Property Taxes	399,845	446,200	604,000	157,800
Revenue Total	1,084,004	1,036,267	1,491,107	454,840
Expenses				
Materials and Services	158,579	320,750	288,350	-32,400
Capital Outlay	0	0	75,000	75,000
Transfers Out	431,121	460,487	490,634	30,147
Contingencies	0	100,000	121,292	21,292
Expenses Total	589,701	881,237	975,276	94,039
Ending Fund Balance	494,303	155,030	515,831	360,801

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.

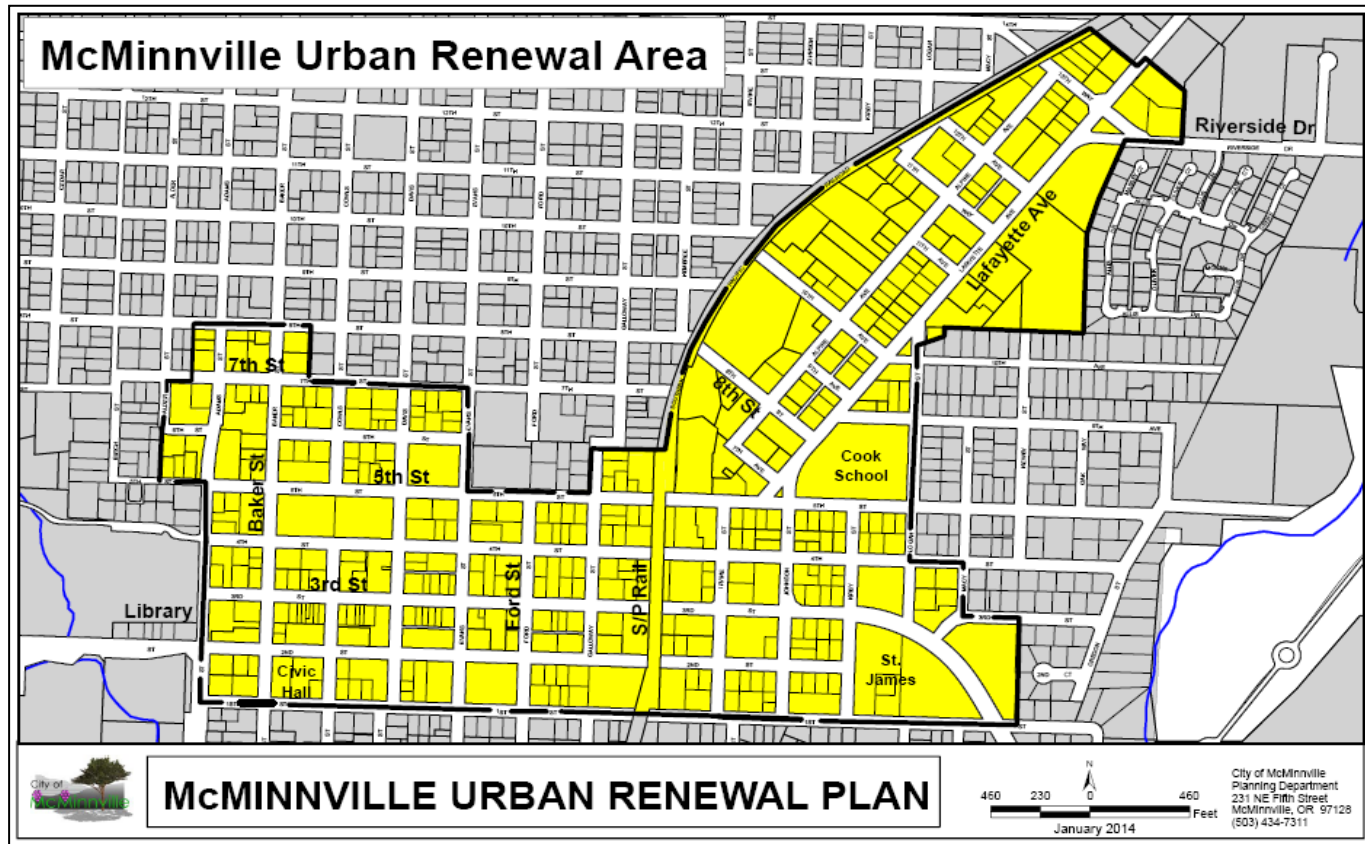
2015 Urban Renewal Agency adopts its first budget; realizes TIF revenue of \$80,550 based upon \$6.5 million increment of growth (“frozen base” of \$86.3 million).

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

2020 ACTUAL	2021 ACTUAL	2022 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A				2023 PROPOSED BUDGET	2023 APPROVED BUDGET	2023 ADOPTED BUDGET	
RESOURCES										
BEGINNING FUND BALANCE										
256,376	203,286	128,136	4090	Beginning Fund Balance Estimated July 1 carryover from prior year				169,222	0	0
256,376	203,286	128,136	TOTAL BEGINNING FUND BALANCE				169,222	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										
224	0	50	6310	Interest Estimated interest income earned				50	0	0
5,773	1,987	5,000	6310-02	Interest - Loan Proceeds				2,000	0	0
1,305	8,551	6,600	6515	Developer Assistance Loan Repayment				15,020	0	0
7,302	10,538	11,650	TOTAL MISCELLANEOUS				17,070	0	0	
TRANSFERS IN										
146,895	196,928	227,077	6900-59	Transfers In - Urban Renewal Debt Service				250,848	0	0
			Description	Units	Amt/Unit	Total				
			Urban Renewal current year expenses	1	250,848	250,848				
146,895	196,928	227,077	TOTAL TRANSFERS IN				250,848	0	0	
410,573	410,753	366,863	TOTAL RESOURCES				437,140	0	0	

Budget Document Report

58 - URBAN RENEWAL FUND

2020 ACTUAL	2021 ACTUAL	2022 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2023 PROPOSED BUDGET	2023 APPROVED BUDGET	2023 ADOPTED BUDGET
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REQUIREMENTS**MATERIALS AND SERVICES**

1,860	1,123	1,500	7520	Public Notices & Printing	2,000	0	0
				Legal notices for public meetings, printing of plan documents, and informational materials.			
200	200	100	7610-05	Insurance - Liability	100	0	0
683	0	0	7660	Materials & Supplies	0	0	0
2,613	8,540	69,150	7750	Professional Services	87,750	0	0
				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>
				Legal Services	1	5,000	5,000
				Downtown Master Plan	1	50,000	50,000
				AORA/OEDA Dues	1	750	750
				MURAC Transcriptionist	1	2,000	2,000
				Housing	1	30,000	30,000
0	0	0	7750-01	Professional Services - Audit & other city-wide prof svc	8,500	0	0
				Costs shared city-wide for Audit, Section 125 plan administrative fees, and other miscellaneous professional service expenses			
88	88	0	7750-63	Professional Services - Financing Issuance Cost	0	0	0
0	0	0	7750-65	Professional Services - Parking	5,000	0	0
0	0	0	7770-72	Professional Services - Projects - Alpine Avenue	0	0	0
2,742	0	150,000	7770-80	Professional Services - Projects - 3rd Street Improvements	85,000	0	0
12,189	0	0	7775-05	Professional Services - UR Projects - Public Offstreet Parking	0	0	0
				Parking Improvements			
0	0	0	7775-10	Professional Services - UR Projects - District Identity Improvements	0	0	0
76,092	148,629	100,000	8225	Development Assistance Program	100,000	0	0
				Program designed to provide assistance to eligible developers and property owners			
96,466	158,579	320,750	<u>TOTAL MATERIALS AND SERVICES</u>		288,350	0	0

CAPITAL OUTLAY

0	0	0	8920	Land Improvements	0	0	0
0	0	0	8930-05	Urban Renewal Projects - Public Offstreet Parking	55,000	0	0
0	0	0	8930-10	Urban Renewal Projects - District Identity Improvements	20,000	0	0
				Rooftop Lighting			
				Wayfinding			

Budget Document Report

58 - URBAN RENEWAL FUND

2020 ACTUAL	2021 ACTUAL	2022 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A					2023 PROPOSED BUDGET	2023 APPROVED BUDGET	2023 ADOPTED BUDGET	
0	0	0	9030-07	Street Improvements - Alpine Avenue Potential water/electrical improvements for festival street					0	0	0
0	0	0	TOTAL CAPITAL OUTLAY					75,000	0	0	
TRANSFERS OUT											
66,231	46,900	46,113	9700-01	Transfers Out - General Fund Plan Administration					52,498	0	0
			Description	Units	Amt/Unit	Total					
			Planning & Finance personnel services support	1	52,498	52,498					
44,590	0	0	9700-59	Transfers Out - Urban Renewal Debt Service					0	0	0
110,821	46,900	46,113	TOTAL TRANSFERS OUT					52,498	0	0	
CONTINGENCIES											
0	0	0	9800	Contingencies Contingency is primarily proceeds and interest from 2016 loan. Loan proceeds are spent on capital outlay projects in the urban renewal district.					21,292	0	0
0	0	0	TOTAL CONTINGENCIES					21,292	0	0	
ENDING FUND BALANCE											
203,286	205,273	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
203,286	205,273	0	TOTAL ENDING FUND BALANCE					0	0	0	
410,573	410,752	366,863	TOTAL REQUIREMENTS					437,140	0	0	

Budget Document Report

58 - URBAN RENEWAL FUND

2020 ACTUAL	2021 ACTUAL	2022 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2023 PROPOSED BUDGET	2023 APPROVED BUDGET	2023 ADOPTED BUDGET
410,573	410,753	366,863	TOTAL RESOURCES	437,140	0	0
410,573	410,753	366,863	TOTAL REQUIREMENTS	437,140	0	0



URBAN RENEWAL DEBT SERVICE FUND



Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2020 ACTUAL	2021 ACTUAL	2022 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A		2023 PROPOSED BUDGET	2023 APPROVED BUDGET	2023 ADOPTED BUDGET	
RESOURCES								
BEGINNING FUND BALANCE								
231,283	270,444	219,204	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				
0	0	0	4090	Beginning Fund Balance	447,217	0	0	
231,283	270,444	219,204	TOTAL BEGINNING FUND BALANCE			447,217	0	0
PROPERTY TAXES								
340,970	394,050	440,200	4100-05	Property Taxes - Current	598,000	0	0	
				Estimated Tax increment revenue				
5,446	5,795	6,000	4100-10	Property Taxes - Prior	6,000	0	0	
				Collection of delinquent taxes from prior year Division of Tax.				
346,416	399,845	446,200	TOTAL PROPERTY TAXES			604,000	0	0
INTERGOVERNMENTAL								
0	519	0	5010-01	Yamhill County - Other County Distributions	0	0	0	
0	519	0	TOTAL INTERGOVERNMENTAL			0	0	0
MISCELLANEOUS								
4,591	1,754	3,000	6310	Interest	2,000	0	0	
0	691	1,000	6310-01	Interest - Property taxes	750	0	0	
4,591	2,445	4,000	TOTAL MISCELLANEOUS			2,750	0	0
TRANSFERS IN								
44,590	0	0	6900-58	Transfers In - Urban Renewal	0	0	0	
44,590	0	0	TOTAL TRANSFERS IN			0	0	0
626,880	673,251	669,404	TOTAL RESOURCES			1,053,967	0	0

Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2020 ACTUAL	2021 ACTUAL	2022 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A				2023 PROPOSED BUDGET	2023 APPROVED BUDGET	2023 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										
146,895	196,928	227,077	9700-58	Transfers Out - Urban Renewal				250,848	0	0
				Description	Units	Amt/Unit	Total			
				Urban Renewal current year expenses	1	250,848	250,848			
209,542	187,293	187,297	9701-01	Transfers Out - Interfund Debt - General Fund				187,288	0	0
				Description	Units	Amt/Unit	Total			
				Bank loan payment - Principal	1	155,230	155,230			
				Bank loan payment - Interest	1	32,058	32,058			
356,437	384,221	414,374	TOTAL TRANSFERS OUT				438,136	0	0	
CONTINGENCIES										
0	0	100,000	9800	Contingencies				100,000	0	0
0	0	100,000	TOTAL CONTINGENCIES				100,000	0	0	
ENDING FUND BALANCE										
262,104	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						
8,340	289,030	155,030	9999	Unappropriated Ending Fd Balance				515,831	0	0
270,444	289,030	155,030	TOTAL ENDING FUND BALANCE				515,831	0	0	
626,881	673,251	669,404	TOTAL REQUIREMENTS				1,053,967	0	0	

Budget Document Report

59 - URBAN RENEWAL DEBT SERVICE FUND

2020 ACTUAL	2021 ACTUAL	2022 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A	2023 PROPOSED BUDGET	2023 APPROVED BUDGET	2023 ADOPTED BUDGET
626,880	673,251	669,404	TOTAL RESOURCES	1,053,967	0	0
626,881	673,251	669,404	TOTAL REQUIREMENTS	1,053,967	0	0