

CITY OF McMINNVILLE URBAN RENEWAL DISTRICT 2018 - 2019 PROPOSED 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

2018 – 2019 Proposed Budget --- Budget Summary

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.

Urban Renewal Fund

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

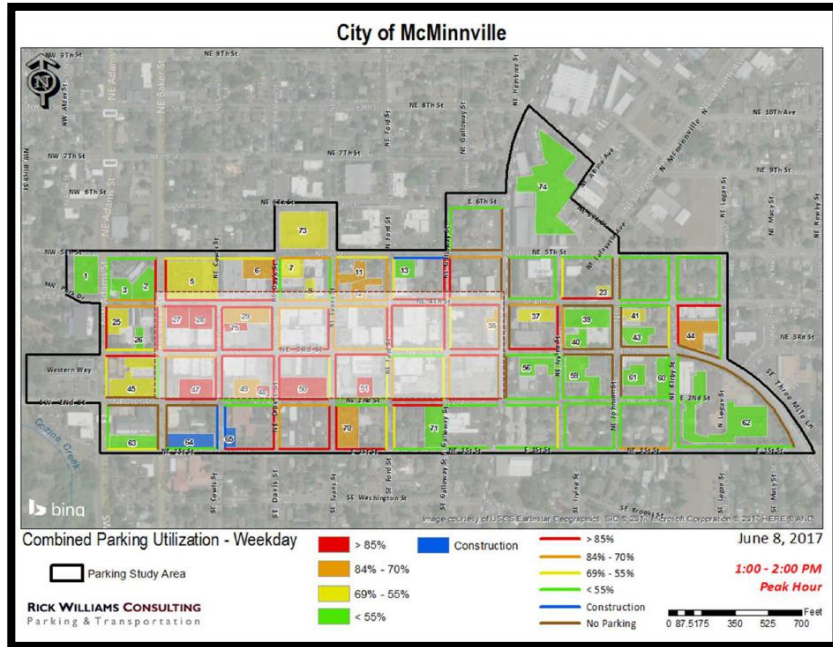
- Review and modify as necessary the Urban Renewal Plan’s short and longer term project schedule to match current financial forecasts and opportunities. Priority should be given to projects/programs that address the Plan’s adopted goals.

Longer Term

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

Urban Renewal Fund

2018 – 2019 Proposed Budget --- Budget Summary



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)

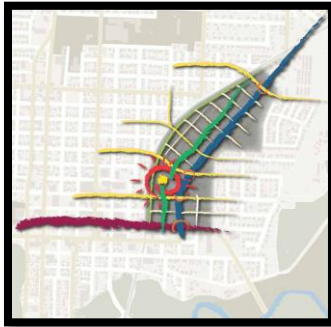


Custom brand for the Alpine Avenue project.

Urban Renewal Fund

Historical Highlights

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).

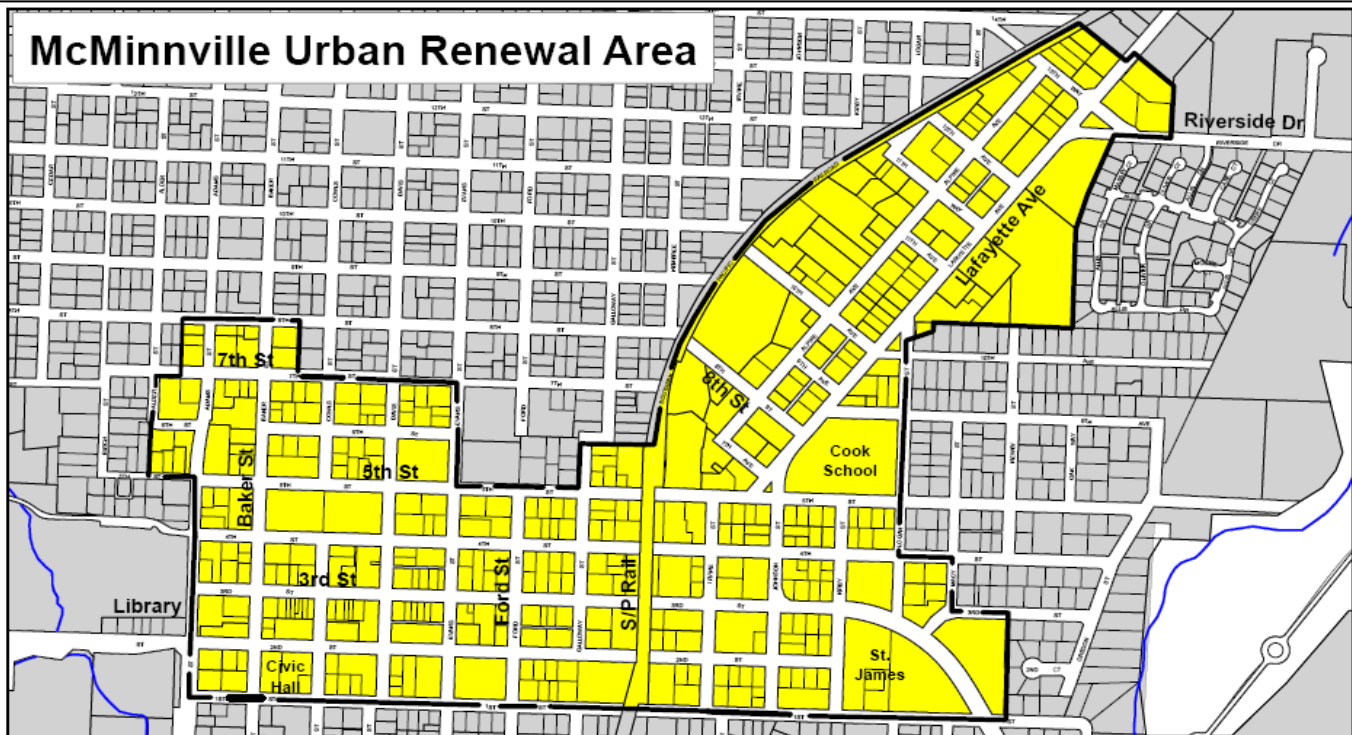
2016 Urban Renewal Agency secures a bank loan for \$2.2 M to support Alpine Avenue project and breaks ground on the street improvement project in March, 2017.



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.



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

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
RESOURCES								
<u>BEGINNING FUND BALANCE</u>								
0	0	1,225,022	4090	Beginning Fund Balance		238,320	0	0
				Estimated July 1 carryover from prior year				
0	0	1,225,022	<u>TOTAL BEGINNING FUND BALANCE</u>			238,320	0	0
<u>CHARGES FOR SERVICES</u>								
0	150	0	5800-05	Urban Renewal - Design Assistance Program Fee		0	0	0
0	150	0	<u>TOTAL CHARGES FOR SERVICES</u>			0	0	0
<u>MISCELLANEOUS</u>								
1	1,053	100	6310	Interest		0	0	0
				Estimated interest income earned				
0	15,699	7,800	6310-02	Interest - Loan Proceeds		0	0	0
1	16,752	7,900	<u>TOTAL MISCELLANEOUS</u>			0	0	0
<u>OTHER FINANCING SOURCE</u>								
205,131	2,057,084	0	6840	Inter-Agency Loan Proceeds - City		0	0	0
205,131	2,057,084	0	<u>TOTAL OTHER FINANCING SOURCE</u>			0	0	0
<u>TRANSFERS IN</u>								
0	0	212,876	6900-01	Transfers In - General Fund		304,231	0	0
				<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	
				Urban Renewal current year expenses	1	304,231	304,231	
0	0	212,876	<u>TOTAL TRANSFERS IN</u>			304,231	0	0
205,132	2,073,986	1,445,798	<u>TOTAL RESOURCES</u>			542,551	0	0

58 - URBAN RENEWAL FUND

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
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REQUIREMENTS

MATERIALS AND SERVICES

942	892	1,500	7520 Public Notices & Printing Legal notices for public meetings, printing of plan documents, and informational materials.	1,500	0	0																				
100	1,100	200	7610-05 Insurance - Liability	300	0	0																				
0	31	2,500	7660 Materials & Supplies	2,500	0	0																				
15,230	18,841	8,650	7750 Professional Services Contract services for annual audit, project management, design, legal, and other services related to urban renewal projects and programs.	8,900	0	0																				
			<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Description</u></th> <th style="text-align: right;"><u>Units</u></th> <th style="text-align: right;"><u>Amt/Unit</u></th> <th style="text-align: right;"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>Audit fee allocation</td> <td style="text-align: right;">1</td> <td style="text-align: right;">1,400</td> <td style="text-align: right;">1,400</td> </tr> <tr> <td>AORA/OEDA Dues</td> <td style="text-align: right;">1</td> <td style="text-align: right;">500</td> <td style="text-align: right;">500</td> </tr> <tr> <td>Transcriptionist</td> <td style="text-align: right;">1</td> <td style="text-align: right;">2,000</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Legal Counsel</td> <td style="text-align: right;">1</td> <td style="text-align: right;">5,000</td> <td style="text-align: right;">5,000</td> </tr> </tbody> </table>	<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	Audit fee allocation	1	1,400	1,400	AORA/OEDA Dues	1	500	500	Transcriptionist	1	2,000	2,000	Legal Counsel	1	5,000	5,000			
<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>																							
Audit fee allocation	1	1,400	1,400																							
AORA/OEDA Dues	1	500	500																							
Transcriptionist	1	2,000	2,000																							
Legal Counsel	1	5,000	5,000																							
0	29,300	0	7750-63 Professional Services - Financing Issuance Cost	0	0	0																				
0	0	30,000	7750-65 Professional Services - Parking	0	0	0																				
181,878	131,048	49,291	7770-72 Professional Services - Projects - Alpine Avenue	0	0	0																				
0	0	25,000	7770-80 Professional Services - Projects - 3rd Street Improvements	30,000	0	0																				
0	0	0	7775-05 Professional Services - UR Projects - Public Offstreet Parking Parking Improvements	22,000	0	0																				
0	0	0	7775-10 Professional Services - UR Projects - District Identity Improvements	0	0	0																				
6,982	2,500	120,000	8225 Development Assistance Program Program designed to provide assistance to eligible developers and property owners	120,000	0	0																				
205,132	183,711	237,141	TOTAL MATERIALS AND SERVICES	185,200	0	0																				

CAPITAL OUTLAY

0	0	0	8920 Land Improvements	0	0	0
0	0	0	8930-05 Urban Renewal Projects - Public Offstreet Parking	40,000	0	0
0	0	0	8930-10 Urban Renewal Projects - District Identity Improvements Rooftop Lighting Wayfinding	35,000	0	0
0	515,254	1,132,000	9030-07 Street Improvements - Alpine Avenue	0	0	0
0	515,254	1,132,000	TOTAL CAPITAL OUTLAY	75,000	0	0

Budget Document Report

58 - URBAN RENEWAL FUND

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
<u>TRANSFERS OUT</u>						
0	0	25,026	9700-01 Transfers Out - General Fund Plan Administration	44,031	0	0
			<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>
			Planning personnel services support	1	44,031	44,031
0	0	25,026	<u>TOTAL TRANSFERS OUT</u>	44,031	0	0
<u>CONTINGENCIES</u>						
0	0	51,631	9800 Contingencies Approximately \$214,000 of total contingency is proceeds and interest from 2016 loan. Loan proceeds will be spent on capital outlay projects in the urban renewal district.	238,320	0	0
0	0	51,631	<u>TOTAL CONTINGENCIES</u>	238,320	0	0
<u>ENDING FUND BALANCE</u>						
0	1,375,020	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	1,375,020	0	<u>TOTAL ENDING FUND BALANCE</u>	0	0	0
205,132	2,073,986	1,445,798	<u>TOTAL REQUIREMENTS</u>	542,551	0	0

Budget Document Report

58 - URBAN RENEWAL FUND

2016 ACTUAL	2017 ACTUAL	2018 AMENDED BUDGET	Department : <i>N/A</i> Section : <i>N/A</i> Program : <i>N/A</i>	2019 PROPOSED BUDGET	2019 APPROVED BUDGET	2019 ADOPTED BUDGET
205,132	2,073,986	1,445,798	TOTAL RESOURCES	542,551	0	0
205,132	2,073,986	1,445,798	TOTAL REQUIREMENTS	542,551	0	0



URBAN RENEWAL DEBT SERVICE FUND



Budget Document Report

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 ADOPTED BUDGET
RESOURCES						
BEGINNING FUND BALANCE						
77,213	174,836	300,732	4059-05 Designated Begin Fd Balance-Urban Renewal - Reserved for Debt Service July 1 designated carryover from prior year for future debt service payments	259,425	0	0
0	0	0	4090 Beginning Fund Balance	0	0	0
77,213	174,836	300,732	TOTAL BEGINNING FUND BALANCE	259,425	0	0
PROPERTY TAXES						
116,830	173,506	175,510	4100-05 Property Taxes - Current \$235,000 2018-2019 Estimated Tax increment revenue (\$18,800) Less uncollectible taxes - 8% \$216,200 2018-2019 Total tax increment revenue	216,200	0	0
1,536	2,820	1,200	4100-10 Property Taxes - Prior Collection of delinquent taxes from prior year Division of Tax.	5,500	0	0
118,366	176,326	176,710	TOTAL PROPERTY TAXES	221,700	0	0
MISCELLANEOUS						
604	2,000	2,400	6310 Interest	3,500	0	0
604	2,000	2,400	TOTAL MISCELLANEOUS	3,500	0	0
OTHER FINANCING SOURCE						
0	163,000	0	6840 Inter-Agency Loan Proceeds - City	0	0	0
0	163,000	0	TOTAL OTHER FINANCING SOURCE	0	0	0
196,183	516,161	479,842	TOTAL RESOURCES	484,625	0	0

Budget Document Report

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 ADOPTED BUDGET
REQUIREMENTS								
DEBT SERVICE								
21,347	197,690	0	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	1,417	0	9415-10	Inter-Agency Loan - Interest		0	0	0
21,347	199,107	0	TOTAL DEBT SERVICE			0	0	0
TRANSFERS OUT								
0	0	313,905	9700-01	Transfers Out - General Fund		457,730	0	0
			<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	100,000	100,000		
			Bank loan payment - Interest	1	43,499	43,499		
			Repayment of current year expenses	1	304,231	304,231		
0	0	313,905	TOTAL TRANSFERS OUT			457,730	0	0
ENDING FUND BALANCE								
173,291	317,054	165,937	9959-05	Designated Ending Fund Balance - Urban Renewal - Reserved for Debt Service		26,895	0	0
				All tax increment dollars carried forward to subsequent fiscal year are designated for future debt service payments				
1,545	0	0	9999	Unappropriated Ending Fd Balance		0	0	0
174,836	317,054	165,937	TOTAL ENDING FUND BALANCE			26,895	0	0
196,183	516,161	479,842	TOTAL REQUIREMENTS			484,625	0	0

Budget Document Report

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 ADOPTED BUDGET
196,183	516,161	479,842	TOTAL RESOURCES	484,625	0	0
196,183	516,161	479,842	TOTAL REQUIREMENTS	484,625	0	0