

Adopted Budget

FISCAL YEAR 2019-2020



HERMISTON URBAN RENEWAL AGENCY

Fiscal Year 2019-20

ANNUAL BUDGET

BUDGET COMMITTEE MEMBERS

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Lori Davis, Councilor
John F. Douglas, Citizen Member
Dave Drotzmann, Mayor
Jonathan Edwards, Citizen Member
Manuel Gutierrez, Councilor
Rod S. Hardin, Councilor
Joanna Hayden, Citizen Member

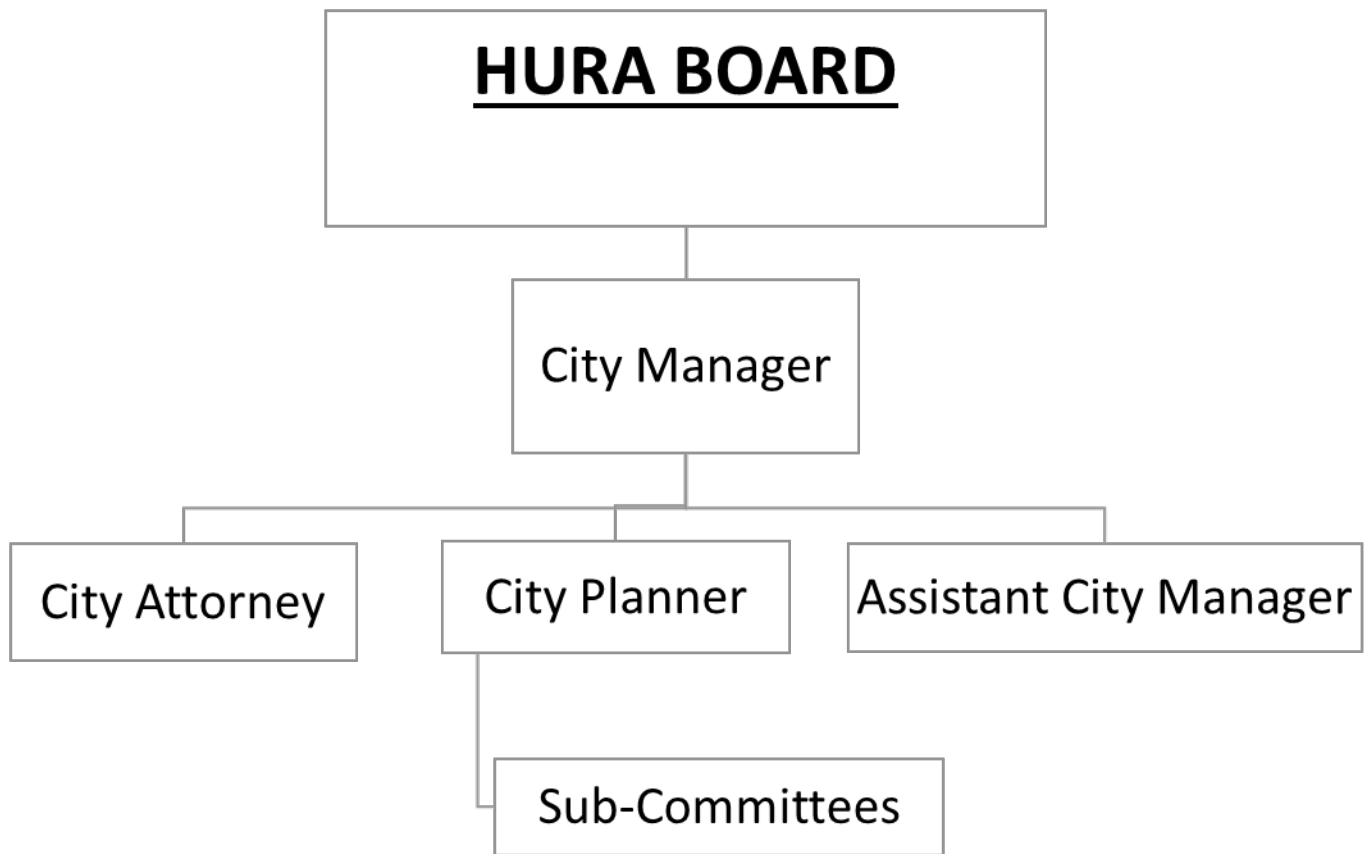
John Kirwan, Council
Jackie Linton, Citizen Member
Jason McAndrew, Citizen Member
Brian Misner, Citizen Member
Jackie C. Myers, Councilor
Doug Primmer, Councilor
Joshua Roberts, Citizen Member
Douglas T. Smith, Councilor

Byron Smith, Budget Officer
Mark Krawczyk, Finance Director

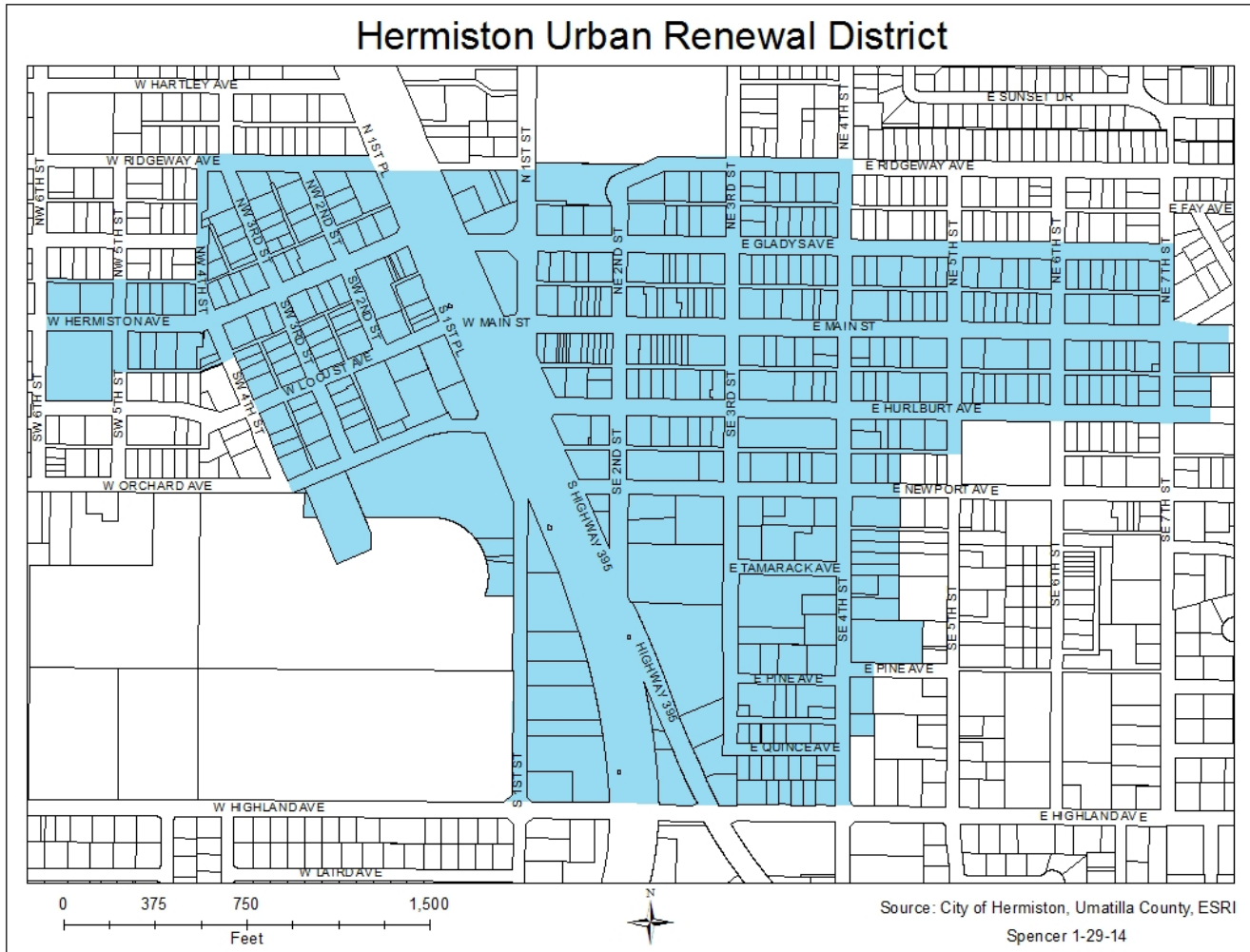
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HERMISTON URBAN RENEWAL AGENCY



MAP OF DISTRICT





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Hermiston, OR 97838
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May 1, 2019

Dear Citizens and Members of the Budget Committee:

The proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2019-20 Fiscal Year is \$581,655.

Revenues for urban renewal agencies are based on tax-increment financing, which freezes the assessed value of the urban renewal area when it is established, and diverts all property tax revenues over and above that frozen base into the HURA to pay for improvement projects. The frozen base of the district is \$42,262,899. Assessed value growth was aggressive in the 17-18 FY and the 2018-19 assessed value for the district is \$52,921,115, an increase of \$2,400,000 over the 17-18 FY. This growth is a result of several commercial remodels which have completed construction recently, as well as existing commercial buildings which have re-entered the tax rolls. The district's revenues are generated by the \$10,658,216 difference between the frozen base and the current district value. The 19-20 fiscal year will see several additional commercial remodels completing construction. Examples of these remodels include the Affordable Family Eyewear remodel (previously a non-taxed church converting to a medical office and re-entering the tax base), the Union Club remodel (the former Roemark's menswear converting to an eating and drinking establishment), and Yo Country Frozen Yogurt (a law office converting to a frozen yogurt operation). All of these examples are utilizing urban renewal funds as part of their remodel projects.

Since urban renewal districts are funded only on the difference in assessed value between the frozen base (\$42,262,899) and the current assessed value (\$52,921,115), the revenue forecasting for budget purposes is kept conservative to minimize fluctuations in assessment. The Holiday Inn Express hotel provides the bulk of the district's assessed value and hotels are not taxed entirely on the value of construction, but also on the occupancy within the hotel. With two years of operations now on record for the hotel, revenue generated increased year over year. The revenues generated in the 18-19 fiscal year were substantially higher than forecast during the budget period. Anticipated revenues for 18-19 were \$132,000. Actual revenue collected was \$169,000. For the 19-20 fiscal year, several remodels will be completed and the revenue forecast is increased to account for the anticipated/scheduled growth to \$181,654. Forecasting new assessments on remodels is difficult. It is possible actual revenues collected will vary either slightly higher or slightly lower than the forecast.

The Façade Grant program is proving to be a successful program. The intent of the program being to incentivize private investment within the area which will drive up assessed valuation. As noted above, there are three high profile projects utilizing revenues and actively under construction. Additionally, the entire budget for façade grants in 18-19 is allocated to projects. Not all of the projects are anticipated to complete prior to the conclusion of the fiscal year on June 30. Thus, \$40,000 in allocated grant money is being rolled into the 19-20 fiscal year. The budget proposal for the Façade Grant program in 19-20 FY is \$90,000. This is a continuation of the 18-19 FY budget of \$50,000 and a rollover of the \$40,000 in allocated but unexpended 18-19 grant awards.

The budget for the Festival Street is proposed to remain steady at \$3,000 for the 19-20 FY. \$3,000 is placed into the festival street miscellaneous contractual account to be used for programming needs, such as paying

entertainers for festivals or other contractual needs.

The wayfinding sign project will carry over into the 19-20 FY. In order to facilitate downtown revitalization, a series of wayfinding signs highlighting public parking and downtown points of interest (such as the Harkenrider Senior Center and Public Library) will be designed and installed. The city and urban renewal district after reviewing the project would like to explore the possibility of partnering with the Chamber of Commerce to pursue this project.

No money is allocated to parking improvements for the 19-20 FY. The \$90,000 expenditure in the 17-18 year was a one-time expenditure. As funds accrue in the future, additional parking improvements will be funded.

A landscape improvement of \$5,000 is anticipated in the budget. The downtown district is working towards building a new trail and heritage garden connecting the municipal parking lot on E Hurlburt Ave to E Main Street. Landscaping projects such as this are the type of improvements anticipated in the urban renewal plan.

The non-departmental miscellaneous contractual account is budgeted for \$35,845 for the 19-20 FY. This fund is intended to provide flexible funding opportunities to respond to changing and unforeseen conditions during the year. As of the date of this memo, no specific projects are identified.

It is estimated that the urban renewal agency will end the 18-19 FY with \$400,000 in cash on-hand. As revenue increases and debt service occupies a smaller percentage of the overall budget, new projects will be developed in accordance with the urban renewal plan to take advantage of these funds.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. F. Spencer', with a long horizontal flourish extending to the right.

Clinton F. Spencer
Urban Renewal Manager
City of Hermiston
May 1, 2019

BUDGET PROCESS

Most local governments in Oregon must prepare and adopt an annual budget. Budget guidelines are determined by Oregon's Local Budget Law. The law requires citizen involvement in the preparation of the budget, public disclosure of the budget before its final adoption, and establishes standard procedures for preparing, presenting, and administering the budget.

The budget committee in Oregon is made up of the mayor and city councilors of the local government and an equal number of appointed citizens. The Hermiston Urban Renewal Agency Budget Committee consists of eighteen individuals, each uniquely suited to provide guidance and analysis for the city budget.

The law sets out the following specific procedures to be followed: 1) Appoint budget officer; 2) Prepare a proposed budget; 3) Publish notices of budget committee meeting; 4) Hold budget committee meetings; 5) Approve proposed budget and specify the amount or rate of ad valorem taxes for each fund receiving tax revenues; 6) Publish budget summary and notice of budget hearing; 7) Hold a budget hearing; 8) Enact resolutions or ordinances to adopt budget, make appropriations, levy taxes by fund and categorize taxes; and 9) File budget and certify tax levy to county assessor and county clerk.

The Hermiston Urban Renewal Agency budget calendar for the fiscal year 2019-20 is as follows:

05/23/2019	Hold first budget committee meeting
06/10/2019	Hold budget hearing
06/10/2019	Council action of resolutions or ordinances to adopt budget, make appropriations, levy taxes and categorize taxes
07/15/2019	File budget with county assessor and county clerk

During the fiscal year, circumstances may require expenses to be paid that were not budgeted or the agency may receive revenue it did not plan for in its budget. A supplemental budget is required to pay additional expenses and spend the extra revenue. The supplemental budget must be adopted and appropriated before any additional money can be spent.

Adopting a supplemental budget will not involve the budget committee. After publishing a notice of the regular meeting at which the supplemental budget will be adopted, the governing body may adopt the supplemental budget by resolution if the expenditures are less than 10 percent of the annual budget fund being adjusted. If the expenditures are more, the governing body must publish the supplemental budget notice and hold a special hearing.

NOTE: This is the same budget process that is used to adopt the City of Hermiston's budget.

RESOURCES

HERMISTON URBAN RENEWAL AGENCY

	2016-17 Received	2017-18 Received	2018-19 Budget	2019-20 Proposed	2019-20 Approved	2019-20 Adopted
PROPERTY TAXES	33,329	125,166	117,000	181,655	181,655	181,655
DELINQUENT TAXES	-	-	14,930	-	-	-
PROPERTY TAXES	33,329	125,166	131,930	181,655	181,655	181,655
PROCEEDS FRM CITY OF HERM LOAN	100,000	1,500,000	-	-	-	-
FROM OTHER AGENCIES	100,000	1,500,000	-	-	-	-
CASH FORWARD	-	-	262,520	400,000	400,000	400,000
CASH FORWARD	-	-	262,520	400,000	400,000	400,000
TOTAL RESOURCES	133,329	1,625,166	394,450	581,655	581,655	581,655

CONSOLIDATED HURA EXPENDITURES

	2016-17 Expended	2017-18 Expended	2018-19 Budget	2019-20 Proposed	2019-20 Approved	2019-20 Adopted
FACADE GRANTS	-	11,962	50,000	90,000	90,000	90,000
FESTIVAL STREET	101,997	1,001,633	3,000	3,000	3,000	3,000
WAY FINDING SIGNS	-	-	55,000	55,000	55,000	55,000
PARKING IMPROVEMENTS	-	90,000	-	-	-	-
NON-DEPARTMENTAL	10,871	211,775	286,450	433,655	433,655	433,655
TOTAL	112,867	1,315,371	394,450	581,655	581,655	581,655

HURA EXPENDITURES

By character

	2016-17 Expended	2017-18 Expended	2018-19 Budget	2019-20 Proposed	2019-20 Approved	2019-20 Adopted
MATERIALS & SERVICES	102,376	246,946	183,670	190,045	190,045	190,045
CAPITAL OUTLAY	-	864,597	-	-	-	-
DEBT SERVICE	10,491	203,827	110,780	114,130	114,130	114,130
RESERVE FOR FUTURE EXPEND	-	-	100,000	277,480	277,480	277,480
TOTAL HURA	112,867	1,315,371	394,450	581,655	581,655	581,655

FAÇADE GRANTS

MISSION STATEMENT: Grants to private property owners for the purpose of making improvements to publicly visible facades. The improvements may include beautification, repair, code compliance, signage, awnings, painting, brickwork, windows and other materials, and any other type of improvements which meet the goals of the Plan.

	2016-17 Expended	2017-18 Expended	2018-19 Budget	2019-20 Proposed	2019-20 Approved	2019-20 Adopted
MISCELLANEOUS CONTRACTUAL	-	11,962	50,000	90,000	90,000	90,000
MATERIALS & SERVICES	-	11,962	50,000	90,000	90,000	90,000
TOTAL FACADE GRANTS	-	11,962	50,000	90,000	90,000	90,000

FESTIVAL STREET

MISSION STATEMENT: Improvement of existing street rights of ways which might include widening, traditional paving, brick or decorative paving, striping, bike lanes, sidewalks, plantings, or any other improvement to public right of way to improve functionality, multi-modal access, marking, parking, or aesthetics. The intent of the festival street concept is to create a street improvement which preserves existing street connectivity and functionality for daily use, but which also creates a public gathering space with superior aesthetics, pedestrian access, and display capacity for special community events. A festival street is easy to transition from vehicular to pedestrian needs for special events.

	2016-17 Expended	2017-18 Expended	2018-19 Budget	2019-20 Proposed	2019-20 Approved	2019-20 Adopted
MISCELLANEOUS CONTRACTUAL	101,997	137,036	3,000	3,000	3,000	3,000
MATERIALS & SERVICES	101,997	137,036	3,000	3,000	3,000	3,000
CAPITAL IMPROVEMENTS	-	864,597	-	-	-	-
CAPITAL OUTLAY	-	864,597	-	-	-	-
TOTAL FESTIVAL STREET	101,997	1,001,633	3,000	3,000	3,000	3,000

WAY FINDING SIGNS

MISSION STATEMENT: Placement of signage within the URA, which may include but is not limited to signage to identify or facilitate the following: The Downtown, the City streets, parks, public spaces, parking, special events, historical or cultural markers, private entities where improved signage would serve a public good, and any other instance in which public signage would meet the goals of the Plan.

	2016-17 Expended	2017-18 Expended	2018-19 Budget	2019-20 Proposed	2019-20 Approved	2019-20 Adopted
MISCELLANEOUS CONTRACTUAL	-	-	55,000	55,000	55,000	55,000
MATERIALS & SERVICES	-	-	55,000	55,000	55,000	55,000
TOTAL WAY FINDING SIGNS	-	-	55,000	55,000	55,000	55,000

PARKING IMPROVEMENTS

MISSION STATEMENT: To improve the aesthetics of and access to, publicly available parking in the downtown core.

	2016-17 Expended	2017-18 Expended	2018-19 Budget	2019-20 Proposed	2019-20 Approved	2019-20 Adopted
MISCELLANEOUS CONTRACTUAL	-	90,000	-	-	-	-
MATERIALS & SERVICES	-	90,000	-	-	-	-
TOTAL PARKING IMPROVEMENTS	-	90,000	-	-	-	-

NON-DEPARTMENTAL

MISSION STATEMENT: To provide a non-apportioned accounting entity which allows for costs which are not readily divided into the appropriation areas of the operating budget, and for those costs which are beneficial to the entire operation.

The appropriations in this category include specialized services such as general publication of Agency activity and similar expenses.

	2016-17 Expended	2017-18 Expended	2018-19 Budget	2019-20 Proposed	2019-20 Approved	2019-20 Adopted
PUBLIC NOTICES	333	1,194	1,200	1,200	1,200	1,200
LANDSCAPE IMPROVEMENT	-	3,099	5,000	5,000	5,000	5,000
MISC CONTRACTUAL	46	3,655	69,470	35,845	35,845	35,845
MATERIALS & SERVICES	379	7,948	75,670	42,045	42,045	42,045
LOAN REPAYMENTS	10,491	203,827	11,167	11,167	11,167	11,167
BOND PRINCIPAL 2017 HURA	-	-	55,000	60,000	60,000	60,000
BOND INTEREST 2017 HURA	-	-	44,613	42,963	42,963	42,963
DEBT SERVICE	10,491	203,827	110,780	114,130	114,130	114,130
RESERVE FOR FUTURE EXPEND	-	-	100,000	277,480	277,480	277,480
RESERVE FOR FUTURE EXPEND	-	-	100,000	277,480	277,480	277,480
TOTAL NON-DEPARTMENTAL	10,871	211,775	286,450	433,655	433,655	433,655

GLOSSARY OF TERMS

Adopted Budget. Financial plan that forms the basis for appropriations. Adopted by the governing body.

Ad Valorem Tax. A property tax computed as a percentage of the value of taxable property. See “Assessed Value.”

Appropriation. Authorization for spending a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body.

Assessed Value. The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property’s maximum assessed value or real market value.

Budget. Written report showing the local government’s comprehensive financial plan for one fiscal year. It must include a balanced statement of actual revenues and expenditures during each of the last two years, and estimated revenues and expenditures for the current and upcoming year.

Budget Committee. Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the district.

Budget Message. Written explanation of the budget and the local government’s financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body.

Budget Officer. Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget.

Capital Outlay. Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment or buildings.

Commodities. Supplies purchased for direct use, such as paper products, gasoline, equipment parts and cleaning supplies.

Contractual Services. Services provided by outside sources, such as architects, janitorial and printing.

Debt Service Fund. A fund established to account for payment of general long-term debt principal and interest.

Enterprise Fund. A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. They are usually self-supporting. Examples of enterprise funds are those for water and wastewater utilities.

Expenditures. Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis.

Fiscal Year. A 12-month period to which the annual operating budget applies. At the end of the period, a government determines its financial position and the results of its operations. It is July 1 through June 30 for local governments.

Full-Time Equivalent Position (FTE). A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a summer parks worker working for four months, or 690 hours, would be equivalent to .3 of a full-time position.

Fund. A division in a budget segregating independent fiscal and accounting requirements. An entity

within a government's financial plan designated to carry on specific activities or to reach certain objectives.

Goal. A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

Long-Term. A period of time ten years or more.

Materials & Services. The goods and direct services purchased for direct consumption in the annual operation of the budget.

Maximum Assessed Value (MAV). The maximum taxable value limitation placed on real or personal property by the constitution. It can increase a maximum of 3 percent each year. The 3 percent limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction.

Operating Funds. Resources derived from recurring revenue sources used to finance ongoing expenditures and pay-as-you-go capital projects.

Ordinance. A formal legislative enactment by the governing board of a municipality.

ORS. Oregon Revised Statutes.

Permanent Rate Limit. The maximum rate of ad valorem property taxes that a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government can increase a permanent rate limit.

Personal Services. Salaries, health and accident insurance premiums, social security and retirement contributions, for example.

Proposed Budget. Financial and operating plan prepared by the budget officer, submitted to the public and budget committee for review.

Real Market Value (RMV). The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm's-length transaction as of the assessment date. In most cases, the value used to test the constitutional limits.

Resolution. A formal order of a governing body; lower legal status than an ordinance.

Resources. Estimated beginning funds on hand plus anticipated receipts.

Short-Term. A period of time less than ten years.

Supplemental Budget. A financial plan prepared to meet unexpected needs or to spend revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax.

Transfers. Also known as inter-fund transfers, the amounts distributed from one fund to finance activities in another fund. Shown as an expenditure in the originating fund and a revenue in the receiving fund.

Unappropriated Ending Fund Balance. Amount set aside in the budget to be used as a cash carryover to the next year's budget. It provided the local government with cash until tax money is received from the county treasurer in November. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency.

User Charges. The payment of a fee for direct receipt of a public service by the party benefiting from the service.