



Adopted Budget FISCAL YEAR 2017-2018

HERMISTON URBAN RENEWAL AGENCY

Fiscal Year 2017-18

ANNUAL BUDGET

BUDGET COMMITTEE MEMBERS

Fred Allen, Jr. Citizen Member
Clara Beas-Fitzgerald, Councilor
Tim Beinert, Citizen Member
Lori Davis, Councilor
John F. Douglas, Citizen Member
Dave Drotzmann, Mayor
Manuel Gutierrez, Councilor
Rod S. Hardin, Councilor
Joanna Hayden, Citizen Member

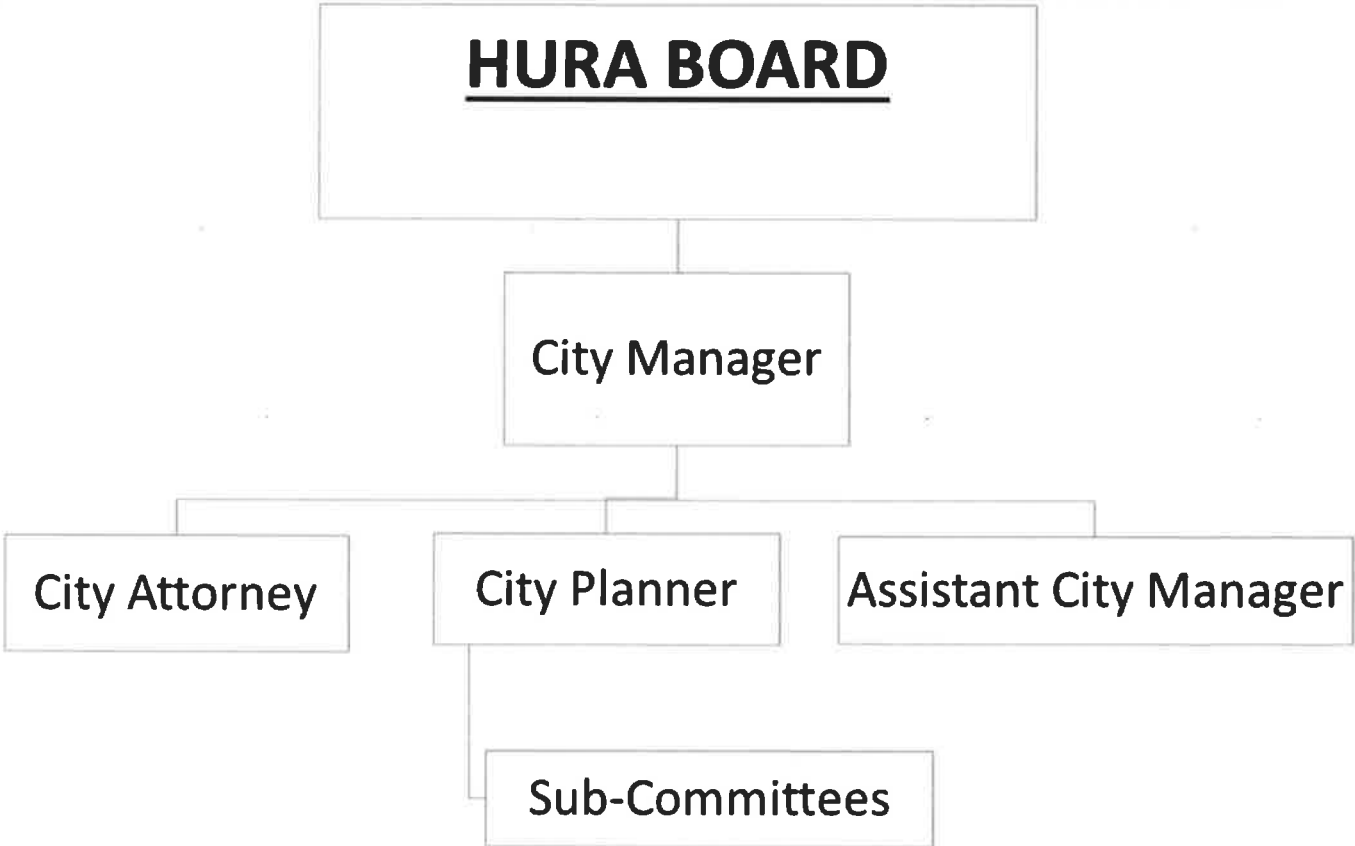
John Kirwan, Councilor
Jason McAndrew, Citizen Member
Brian Misner, Citizen Member
Jackie C. Myers, Councilor
Doug Primmer, Councilor
Joshua Roberts, Citizen Member
Douglas T. Smith, Councilor
Laura Sterling, Citizen Member
Dave Wright, Citizen Member

Byron Smith, Budget Officer
Amy Palmer, Finance Director

Table of Contents

HERMISTON URBAN RENEWAL AGENCY.....	4
MAP OF DISTRICT.....	5
BUDGET PROCESS.....	8
RESOURCES	9
CONSOLIDATED HURA EXPENDITURES	10
FAÇADE GRANTS	11
FESTIVAL STREET	12
WAY FINDING SIGNS	13
NON-DEPARTMENTAL	14
GLOSSARY OF TERMS	15

HERMISTON URBAN RENEWAL AGENCY





180 NE 2nd Street
Hermiston, OR 97838
Phone: (541)567-5521
Fax: (541)567-5530

May 1, 2017

Dear Citizens and Members of the Budget Committee:

The proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2017-18 Fiscal Year is \$1,532,000.

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 flat in the 16-17 FY growing just .02%; the 2016-17 assessed value for the district was \$44,391,320, an increase of \$100,000 over the 15-16 FY. The district's revenues are generated by the difference of \$2,128,421 between the frozen base and the current district value. In order to stimulate private value adding to the area which then drives higher revenue in out-years, it is considered a best practice to perform high impact projects in the early years.

The forecasted revenue from tax-increment revenue was budgeted very conservatively in its first three years due to the unknowns surrounding district formation and lack of immediate high value construction. With the completion of the Holiday Inn Express hotel within the district, the first large-scale investment has been built in the district and the district is expected to receive a substantial tax increment increase in the 2017-18 FY. The hotel will likely increase the revenue from approximately \$30,000 in 16-17 to \$132,000 in 17-18. This increase in revenue will likely decrease in subsequent years as the hotel stabilizes its occupancy rate and changes how it is taxed by the assessor's office, but this first year taxes on the full value of construction.

The Façade Grant program is proving to be a successful program with the 16-17 FY being the first time that 100% of the money budgeted was spent. The intent of the program is to incentivize private investment within the area which will drive up assessed valuation. The budget proposal for the Façade Grant program in 17-18 FY is \$50,000. This is a decrease of \$14,000 from the 16-17 FY year and reflects the removal of the \$36,000 grant to the hotel which is complete.

The budget for the Festival Street is proposed to increase from \$125,000 to \$1,000,000 for 17-18 using tax increment revenues and bond proceeds from the city's general fund. Conceptual design work was completed in 2017 using a portion of the \$125,000 and the remaining portion will be used to prepare construction documents. The 16-17 FY design work was funded using tax increment revenue (\$25,000) and city loan funds (\$100,000). A portion of the bond proceeds will be used to reimburse the city's general fund for the loan for festival street design. The remaining portion will be used to fund festival street construction during the 17-18 FY.

Overall, the urban renewal agency will receive \$1.5 million in bond proceeds. These proceeds will fund the festival street construction as noted above. However, this project will cost between \$1 and \$1.1 million. The remaining \$400,000 will be used to fund existing urban renewal projects and provide operating capital for several years. The tax increment revenue received will now be used for debt service on the existing city loans and bond

repayment.

A new project is proposed for the 17-18 FY. In order to facilitate downtown revitalization, a series of wayfinding signs highlighting public parking and downtown points of interest (such as the Harkenrider Center and Public Library) will be designed and installed. This is proposed as a city project rather than an urban renewal project due to the city-wide nature of the sign installations. Thus, a portion of the funding will be provided from urban renewal funds for the signs which will be located within the district. It is proposed that \$55,000 be allocated from urban renewal funds. The remaining \$45,000 needed for the project will come from the city general fund as well as grants from Umatilla County and Travel Oregon.

It is estimated that the urban renewal agency will end the 17-18 FY with \$437,521 in cash on-hand. As noted above, this cash forward will be used to fund ongoing projects such as the façade grant program for several years until the tax increment revenue provides adequate income for both debt service and operating funds.

Sincerely,



Mark Morgan
Assistant City Manager
City of Hermiston

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 2016-17 is as follows:

- 05/18/2017 Hold first budget committee meeting
- 06/12/2017 Hold budget hearing
- 06/12/2017 Council action of resolutions or ordinances to adopt budget, make appropriations, levy taxes and categorize taxes
- 07/15/2017 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 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

	2014-15 Received	2015-16 Received	2016-17 Budget	2017-18 Proposed	2017-18 Approved	2017-18 Adopted
PROPERTY TAXES	16,834	30,829	29,000	132,000	132,000	132,000
DELINQUENT TAXES	-	-	-	-	-	-
PROPERTY TAXES	16,834	30,829	29,000	132,000	132,000	132,000
PROCEEDS FRM CITY OF HERM LOAN	50,000	-	100,000	1,500,000	1,500,000	1,500,000
FROM OTHER AGENCIES	50,000	-	100,000	1,500,000	1,500,000	1,500,000
CASH FORWARD	-	-	73,500	17,350	17,350	17,350
CASH FORWARD	-	-	73,500	17,350	17,350	17,350
TOTAL RESOURCES	66,834	30,829	202,500	1,649,350	1,649,350	1,649,350

CONSOLIDATED HURA EXPENDITURES

	2014-15 Expended	2015-16 Expended	2016-17 Budget	2017-18 Proposed	2017-18 Approved	2017-18 Adopted
FACADE GRANTS	-	1,000	50,000	50,000	50,000	50,000
FESTIVAL STREET	-	10,465	125,000	900,000	900,000	900,000
WAY FINDING SIGNS	-	-	-	55,000	55,000	55,000
NON-DEPARTMENTAL	898	1,344	27,500	644,350	644,350	644,350
TOTAL	898	12,809	202,500	1,649,350	1,649,350	1,649,350

HURA EXPENDITURES

By character

	2014-15 Expended	2015-16 Expended	2016-17 Budget	2017-18 Proposed	2017-18 Approved	2017-18 Adopted
MATERIALS & SERVICES	898	12,809	178,000	108,000	108,000	108,000
CAPITAL OUTLAY	-	-	-	900,000	900,000	900,000
DEBT SERVICE	-	-	10,500	203,829	203,829	203,829
RESERVE FOR FUTURE EXPEND	-	-	14,000	437,521	437,521	437,521
TOTAL HURA	898	12,809	202,500	1,649,350	1,649,350	1,649,350

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.

	2014-15 Expended	2015-16 Expended	2016-17 Budget	2017-18 Proposed	2017-18 Approved	2017-18 Adopted
MISCELLANEOUS CONTRACTUAL	-	1,000	50,000	50,000	50,000	50,000
MATERIALS & SERVICES	-	1,000	50,000	50,000	50,000	50,000
TOTAL FACADE GRANTS	-	1,000	50,000	50,000	50,000	50,000
	2014-15 Expended	2015-16 Expended	2016-17 Budget	2017-18 Proposed	2017-18 Approved	2017-18 Adopted
MISCELLANEOUS CONTRACTUAL	-	1,000	50,000	50,000	50,000	50,000
MATERIALS & SERVICES	-	1,000	50,000	50,000	50,000	50,000
TOTAL FACADE GRANTS	-	1,000	50,000	50,000	50,000	50,000

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.

	2014-15 Expended	2015-16 Expended	2016-17 Budget	2017-18 Proposed	2017-18 Approved	2017-18 Adopted
MISCELLANEOUS CONTRACTUAL	-	10,465	125,000	-	-	-
MATERIALS & SERVICES	-	10,465	125,000	-	-	-
CAPITAL IMPROVEMENTS	-	-	-	900,000	900,000	900,000
CAPITAL OUTLAY	-	-	-	900,000	900,000	900,000
TOTAL FESTIVAL STREET	-	10,465	125,000	900,000	900,000	900,000

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.

	2014-15 Expended	2015-16 Expended	2016-17 Budget	2017-18 Proposed	2017-18 Approved	2017-18 Adopted
MISCELLANEOUS CONTRACTUAL	-	-	-	55,000	55,000	55,000
MATERIALS & SERVICES	-	-	-	55,000	55,000	55,000
TOTAL WAY FINDING SIGNS	-	-	-	55,000	55,000	55,000

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.

	2014-15 Expended	2015-16 Expended	2016-17 Budget	2017-18 Proposed	2017-18 Approved	2017-18 Adopted
PUBLIC NOTICES	-	-	400	400	400	400
MISC CONTRACTUAL	898	1,344	2,600	2,600	2,600	2,600
MATERIALS & SERVICES	898	1,344	3,000	3,000	3,000	3,000
LOAN REPAYMENTS	-	-	10,500	203,829	203,829	203,829
DEBT SERVICE	-	-	10,500	203,829	203,829	203,829
RESERVE FOR FUTURE EXPEND	-	-	14,000	437,521	437,521	437,521
RESERVE FOR FUTURE EXPEND	-	-	14,000	437,521	437,521	437,521
TOTAL NON-DEPARTMENTAL	898	1,344	27,500	644,350	644,350	644,350

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.