

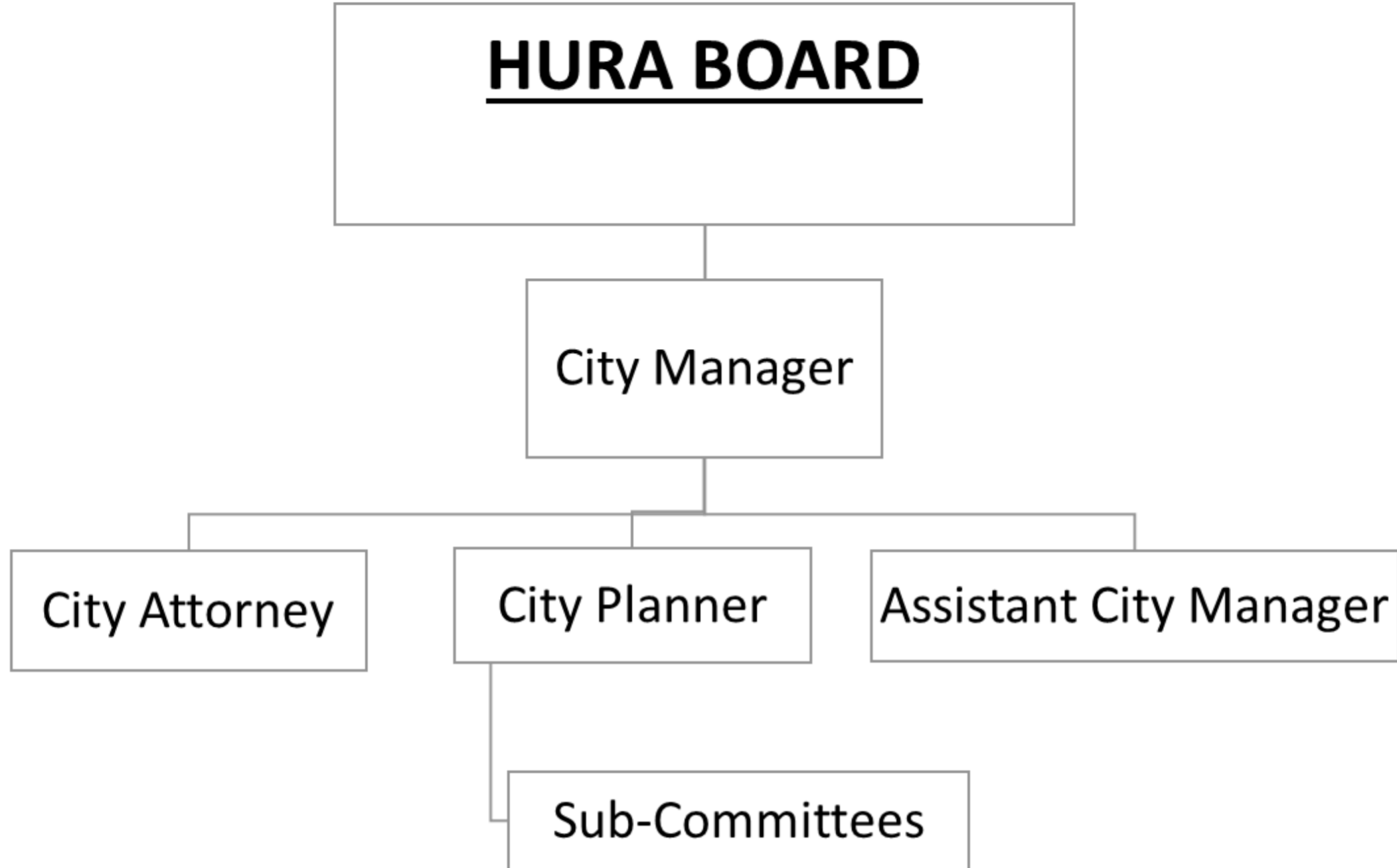


FISCAL YEAR 2021-22
ANNUAL BUDGET
BUDGET COMMITTEE MEMBERS

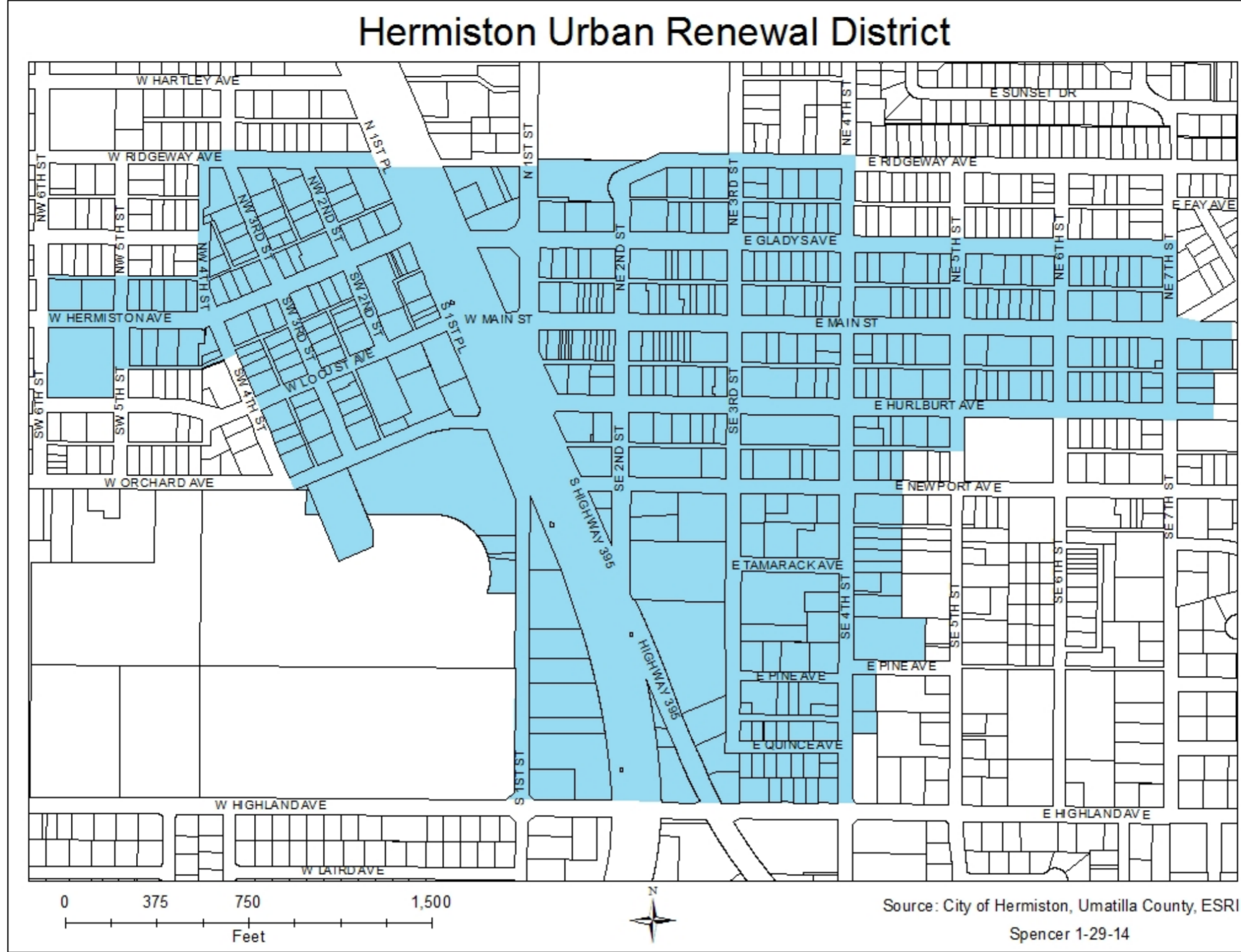
Roy Barron, Councilor
Lori Davis, Councilor
John Douglass, Citizen Member
Dave Drotzmann, Mayor
Maria E. Duron, Councilor
Rod S. Hardin, Councilor
Larry Lankford, Citizen Member
Jason McAndrew, Citizen Member
Paul Magana, Citizen Member
Brian Misner, Citizen Member
Jackie C. Myers, Councilor
Jessica Narain, Citizen Member
Nancy Peterson, Councilor
Doug Primmer, Councilor
Joshua Roberts, Citizen Member
Phillip Spicerkuhn, Councilor
Arnold Stites, Citizen Member
Anton Wanous, Citizen

Byron Smith, Budget Officer
Mark Krawczyk, Director of Finance

HURA BOARD



MAP OF DISTRICT



BUDGET MESSAGE

May 7, 2021

Dear Citizens and Members of the Budget Committee:

The proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2021-22 Fiscal Year is \$406,918.

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 urban renewal agency to pay for improvement projects. The frozen base of the district is \$42,262,899. Assessed value growth was steady in the district. Assessed value for the district is \$55,659,074, an increase of 3.3% over the previous fiscal year. 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. In general, the downtown is becoming a more attractive area for investment and this increased market demand is lifting values. The district's revenues are generated by the \$13,396,175 difference between the frozen base and the current district value.

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 (\$55,659,074), 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 revenue generated. The 2020-21 fiscal year proved to be exceptionally challenging from a business development standpoint. COVID-19 closures and lockdowns severely impacted the downtown business climate which relies on dining, travel, retail sales, and professional services. The complete impact of COVID-19 is likely still being determined and some businesses may continue to struggle well into the 2021-22 fiscal year. Even though virus related impacts are still being determined, the overall revenue status of the district is still ahead of the forecasts developed at district formation. The 2020-21 fiscal year was forecasted to generate \$205,425 for the entire year and is currently at \$215,278 (month-to-date through May.) If revenues continue running above forecast, the budget committee and urban renewal board may wish to consider either retiring debt ahead of schedule or expanding the program base and amending the urban renewal plan to add additional projects.

The 2020-21 fiscal year had one major project within the urban renewal district. The municipal parking lot on E Gladys Ave between Highway 395 and NE 2nd Street was repaved and improved. The construction project increased the number of public parking spaces available by 11, improved circulation, and added new garbage enclosures to assist in alley beautification. Construction is anticipated to be complete by the end of the fiscal year. The majority of the 20-21 budget was expended on this project (\$300,000 est.). There is not a similarly large capital project planned for the 2021-22 year.

The Façade Grant program is a program intended to incentivize private investment within the area. The program is specifically tailored to improvements to commercial building exteriors. These improvements increase the overall attractiveness of the downtown, improving the business climate and may also drive up assessed valuation. The budget proposal for the Façade Grant program in 21-22 FY is \$50,000. This holds the annual spending level of \$50,000 from this year's budget. Fiscal year 20-21 had a façade grant budget of \$50,000 and two grants were applied for in this fiscal year. As noted

above, COVID-19 created considerable uncertainty in the downtown business community in 2020-21. Some of the agency's administrative overhead budget will be used in 2021-22 to advertise and promote the façade grant program through direct mail, social media, and other outlets.

The budget for the Festival Street is proposed to remain steady at \$3,000 for the 21-22 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. Parks and Recreation manages events on the Festival Street and uses these funds as needed during events such as Treats on Main at Halloween or the Festival of Lights at Christmas.

The wayfinding sign project will carry over into the 21-22 FY. The wayfinding signage plan is currently in review with the State of Oregon, specifically the Department of Transportation, which needs to review all signs visible from state highway. This review by ODOT has taken longer than anticipated when the project timeline was established but should be completed prior to the end of the 2021 summer. The \$48,000 in the wayfinding sign budget item is intended to be entirely for sign construction and placement in the district boundaries. The plan itself provides for a city-wide sign guide and placement plan. Signs outside of the district boundary will be funded through other sources as funds allow. It is anticipated that the \$48,000 will provide for a substantial number of signs in the downtown. These signs will focus on directing to public parking lots. A new opportunity for interactive kiosks will be explored as well.

A landscape improvement of \$5,000 is anticipated in the budget. There is not a specific project proposed at this time. However, landscaping projects are anticipated in the urban renewal plan. This \$5,000 is proposed to allow the district the flexibility to fund potential projects of opportunity that may arise.

The non-departmental miscellaneous contractual account is budgeted for \$20,000 for the 21-22 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, only targeted marketing for the façade grant program is anticipated.

As noted, there are no capital improvement projects, with the exception of signage, forecast for this fiscal year. The revenue for the agency will be sufficient to cover debt service, façade grants, and signage, with a sizable amount remaining for unappropriated projects. This unappropriated money is generally not sufficient to undertake a major project. However, with revenues running higher than forecasted, it is recommended that this money be built into a fund to fund the next major project in the urban renewal plan: jump start loans. The jump start loan project is intended to function as a business incubation fund providing capital assistance to business improvements in the district. This can be used for interior remodeling, new construction, and other funds. Using the 2021-22 year to build a funding base for jump start loans will enable the district to start the 2022-23 year ready to roll out a new program.

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

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;
- 9) File budget and certify tax levy to county assessor and county clerk.

The Hermiston Urban Renewal Agency budget calendar for the fiscal year 2021-22 is as follows:

05/20/2021 Hold first budget committee meeting

06/14/2021 Hold budget hearing

06/14/2021 Council action of resolutions or ordinances to adopt budget, make appropriations, levy taxes and categorize taxes

07/15/2021 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

Data

Collapse All	2018-19 Actual	2019-20 Actual	2020-21 Budget	2021-22 Proposed	2021-22 Approved	2021-22 Adopted
▼ PROPERTY TAXES	\$ 175,142	\$ 190,820	\$ 205,425	\$ 240,242	\$ 240,242	\$ 240,242
PROPERTY TAXES	173,781	188,211	205,425	237,842	237,842	237,842
HEAVY EQUIPMENT RENTAL TAX	0	0	0	2,400	2,400	2,400
DELINQUENT TAXES	1,361	2,609	0	0	0	0
▼ CASH FORWARD	0	0	372,300	166,676	166,676	166,676
CASH FORWARD	0	0	372,300	166,676	166,676	166,676
▼ FROM OTHER AGENCIES	0	0	25,000	0	0	0
PROCEEDS OF LGIP 3066-FUND 35	0	0	25,000	0	0	0
Total	\$ 175,142	\$ 190,820	\$ 602,725	\$ 406,918	\$ 406,918	\$ 406,918

CONSOLIDATED HURA FUND EXPENDITURES SUMMARY

Data

Collapse All	2018-19 Actual	2019-20 Actual	2020-21 Budget	2021-22 Proposed	2021-22 Approved	2021-22 Adopted
▼ NON-DEPARTMENTAL	\$ 116,722	\$ 108,101	\$ 201,225	\$ 305,418	\$ 305,418	\$ 305,418
NON-DEPARTMENTAL	116,722	108,101	201,225	305,418	305,418	305,418
▼ DEPARTMENTS	32,560	76,262	401,500	101,500	101,500	101,500
PARKING IMPROVEMENTS	0	0	300,000	0	0	0
FAÇADE GRANTS	30,000	41,262	50,000	50,000	50,000	50,000
WAY FINDING SIGNS	73	35,000	48,500	48,500	48,500	48,500
FESTIVAL STREET	2,487	0	3,000	3,000	3,000	3,000
Total	\$ 149,282	\$ 184,363	\$ 602,725	\$ 406,918	\$ 406,918	\$ 406,918

CONSOLIDATED HURA FUND EXPENDITURES BY CATEGORY

Data

Expand All	2018-19 Actual	2019-20 Actual	2020-21 Budget	2021-22 Proposed	2021-22 Approved	2021-22 Adopted
▶ MATERIALS & SERVICES	\$ 38,503	\$ 81,259	\$ 427,500	\$ 127,500	\$ 127,500	\$ 127,500
▶ DEBT SERVICE	110,779	103,104	109,287	107,487	107,487	107,487
▶ CONTINGENCY	0	0	65,938	171,931	171,931	171,931
Total	\$ 149,282	\$ 184,363	\$ 602,725	\$ 406,918	\$ 406,918	\$ 406,918

FACADE GRANTS

MISSION STATEMENT

To provide 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.

Data

Collapse All	2018-19 Actual	2019-20 Actual	2020-21 Budget	2021-22 Proposed	2021-22 Approved	2021-22 Adopted
▼ MATERIALS & SERVICES	\$ 30,000	\$ 41,262	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
MISCELLANEOUS CONTRACTUAL	30,000	41,262	50,000	50,000	50,000	50,000
Total	\$ 30,000	\$ 41,262	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000

FESTIVAL STREET

MISSION STATEMENT

To provide for the 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.

This project was completed in FY2018 and the amounts now appropriated are used primarily to maintain Festival Street into the future.

Data

Collapse All	2018-19 Actual	2019-20 Actual	2020-21 Budget	2021-22 Proposed	2021-22 Approved	2021-22 Adopted
▼ MATERIALS & SERVICES	\$ 2,487	\$ 0	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
MISCELLANEOUS CONTRACTUAL	2,487	0	3,000	3,000	3,000	3,000
Total	\$ 2,487	\$ 0	\$ 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.

Data

Collapse All	2018-19 Actual	2019-20 Actual	2020-21 Budget	2021-22 Proposed	2021-22 Approved	2021-22 Adopted
▼ MATERIALS & SERVICES	\$ 73	\$ 35,000	\$ 48,500	\$ 48,500	\$ 48,500	\$ 48,500
MISCELLANEOUS CONTRACTUAL	73	35,000	48,500	48,500	48,500	48,500
Total	\$ 73	\$ 35,000	\$ 48,500	\$ 48,500	\$ 48,500	\$ 48,500

PARKING IMPROVEMENTS

FUND PURPOSE

To improve the aesthetics of and access to, publicly available parking in the downtown core. Funds were budgeted in FY2021 for the rebuilding of the parking lot at the corner of East Gladys and NE 2nd street. This project will be completed in FY2021 at which point this fund will be considered inactive and not used.

Data

Collapse All	2018-19 Actual	2019-20 Actual	2020-21 Budget	2021-22 Proposed	2021-22 Approved	2021-22 Adopted
▼ MATERIALS & SERVICES	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 0	\$ 0
MISCELLANEOUS CONTRACTUAL	0	0	300,000	0	0	0
Total	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 0	\$ 0

NON-DEPARTMENTAL

FUND PURPOSE

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 publications of Agency activity and similar expenses.

Data

Collapse All	2018-19 Actual	2019-20 Actual	2020-21 Budget	2021-22 Proposed	2021-22 Approved	2021-22 Adopted
▼ DEBT SERVICE	\$ 110,779	\$ 103,104	\$ 109,287	\$ 107,487	\$ 107,487	\$ 107,487
BOND PRINCIPAL 2017 HURA	55,000	60,000	60,000	60,000	60,000	60,000
BOND INTEREST 2017 HURA	44,613	42,963	41,163	39,363	39,363	39,363
LOAN REPAYMENTS	11,166	141	8,124	8,124	8,124	8,124
▼ CONTINGENCY	0	0	65,938	171,931	171,931	171,931
CONTINGENCY	0	0	65,938	171,931	171,931	171,931
▼ MATERIALS & SERVICES	5,943	4,997	26,000	26,000	26,000	26,000
MISCELLANEOUS CONTRACTUAL	5,223	4,349	20,000	20,000	20,000	20,000
LANDSCAPE IMPROVEMENT	0	0	5,000	5,000	5,000	5,000
PUBLIC NOTICES	720	648	1,000	1,000	1,000	1,000
Total	\$ 116,722	\$ 108,101	\$ 201,225	\$ 305,418	\$ 305,418	\$ 305,418

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.