

# **Adopted Budget FISCAL YEAR 2020-2021**

# HERMISTON URBAN RENEWAL AGENCY

Fiscal Year 2020-21

## ANNUAL BUDGET

### BUDGET COMMITTEE MEMBERS

Roy Barron, Councilor  
Lori Davis, Councilor  
John Douglass, Citizen Member  
Dave Drotzmann, Mayor  
Jonathan Edwards, Citizen Member  
Manuel Gutierrez, Councilor  
Rod S. Hardin, Councilor  
Joanna Hayden, Citizen Member  
Jackie Linton, Citizen Member

Jason McAndrew, Citizen Member  
David McCarthy, Councilor  
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Jackie C. Myers, Councilor  
Jessica Narain, Citizen Member  
Doug Primmer, Councilor  
Joshua Roberts, Citizen Member  
Douglas T. Smith, Councilor  
Anton Wanous, Citizen Member

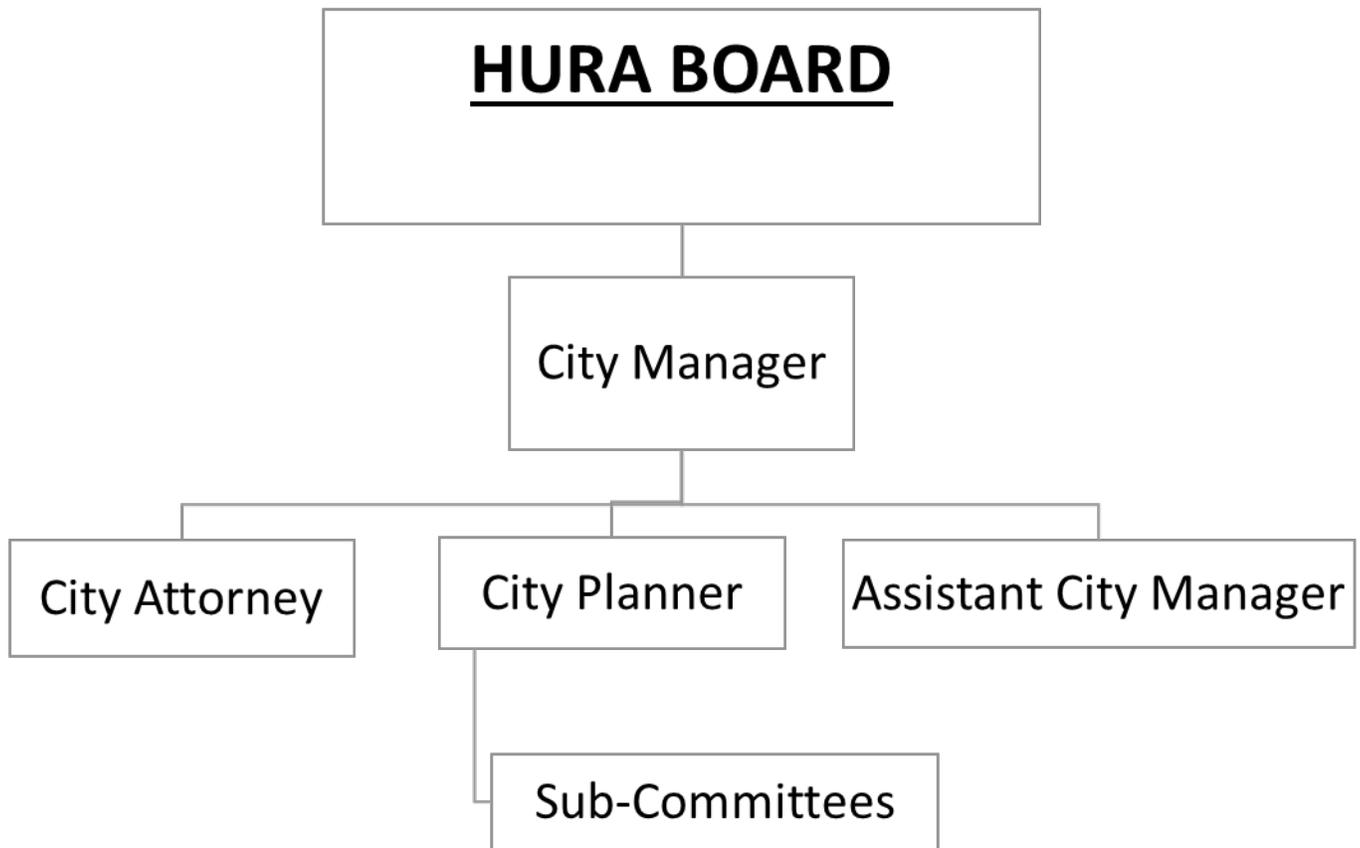
Byron Smith, Budget Officer  
Mark Krawczyk, Finance Director



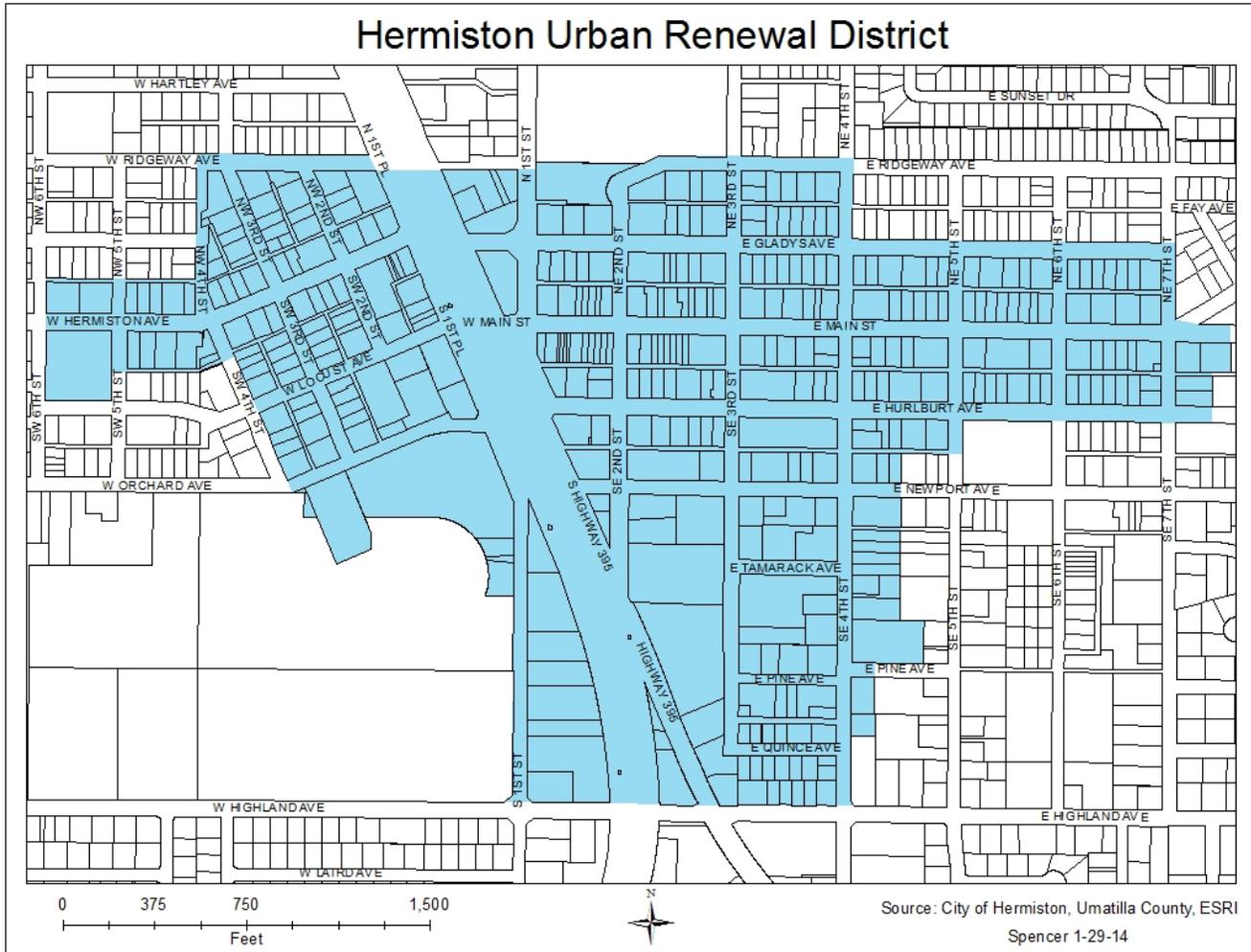
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**HERMISTON URBAN RENEWAL AGENCY**



# MAP OF DISTRICT





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

May 1, 2020

Dear Citizens and Members of the Budget Committee:

The proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2020-21 Fiscal Year is \$602,725.

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 \$53,853,319, an increase of \$932,000 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. The district's revenues are generated by the \$11,590,420 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 (\$53,853,319), 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 three years of operations now on record for the hotel, revenue generated increased year over year. The revenues generated in each fiscal year were substantially higher than forecast during the budget period. Anticipated revenues for 19-20 were \$181,655. Actual revenue collected was \$198,536. For the 20-21 fiscal year the district anticipates continuing the Façade Grant program. Forecasting new assessments on remodels is difficult. It is possible actual revenues collected will vary either slightly higher or slightly lower than the forecast. Based upon historic revenue and value growth and taxes collected, the anticipated tax revenue for the district is forecast as \$205,425 for the 20-21 fiscal year.

The Façade Grant program is a successful program. The intent of the program being to incentivize private investment within the area which will drive up assessed valuation. The budget proposal for the Façade Grant program in 20-21 FY is \$50,000. This holds the annual spending level of \$50,000 and no rollover of unexpended funds is necessary. Fiscal year 19-20 had a façade grant budget of \$90,000 which reserved \$40,000 in prior year grants which were not completed. Payment of all outstanding grants allows this budget line to revert to the historic \$50,000 level.

The budget for the Festival Street is proposed to remain steady at \$3,000 for the 20-21 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 20-21 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 urban renewal district spearheaded the sign planning during the 19-20 FY in partnership with the City and the Chamber of Commerce. Completion of the sign planning is anticipated to be completed in early fiscal year 20-21. 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, highlighting places of public interest, and identifying the district boundary.

\$300,000 is allocated to parking improvements for the 20-21 FY. The urban renewal plan proposed to rebuild and beautify the public parking lots in the downtown. The \$300,000 proposed to fund parking lot improvements comes from the district's cash forward balance. Each year the district has underspent revenues to develop resources for bigger projects. Fiscal year 19-20 ended with a cash forward balance of \$372,300. This level of savings is adequate to allow the rebuilding of at least one parking lot, potentially two. The lots fronting on E Gladys Ave and E Hurlburt Ave and west of 2<sup>nd</sup> Street are proposed for revitalization. The engineering estimates indicate that \$300,000 should be sufficient to resurface and restripe the lots. It is anticipated that restriping the E Gladys Ave parking lot will also add an additional 11 parking spaces to the downtown inventory which will assist all businesses.

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 20-21 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 20-21 FY with \$65,938 in cash on-hand. As revenue increases and debt service occupies a smaller percentage of the overall budget, this cash on hand will be increased to fund additional urban renewal projects in the urban renewal plan.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. 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; 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 2020-21 is as follows:

05/21/2020	Hold first budget committee meeting
06/08/2020	Hold budget hearing
06/08/2020	Council action of resolutions or ordinances to adopt budget, make appropriations, levy taxes and categorize taxes
07/15/2020	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.

<b>NOTE: This is the same budget process that is used to adopt the City of Hermiston's budget.</b>
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## RESOURCES

### HERMISTON URBAN RENEWAL AGENCY

	2017-18 Received	2018-19 Received	2019-20 Budget	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
PROPERTY TAXES	125,166	173,781	181,655	205,425	205,425	205,425
<b>PROPERTY TAXES</b>	<b>125,166</b>	<b>173,781</b>	<b>181,655</b>	<b>205,425</b>	<b>205,425</b>	<b>205,425</b>
PROCEEDS FRM CITY OF HERM LOAN	1,500,000	-	-	-	-	-
PROCEEDS OF LGIP 3066-FUND 35	-	-	-	25,000	25,000	25,000
<b>FROM OTHER AGENCIES</b>	<b>1,500,000</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
CASH FORWARD	-	-	400,000	372,300	372,300	372,300
<b>CASH FORWARD</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>372,300</b>	<b>372,300</b>	<b>372,300</b>
<b>TOTAL RESOURCES</b>	<b>1,625,166</b>	<b>173,781</b>	<b>581,655</b>	<b>602,725</b>	<b>602,725</b>	<b>602,725</b>

## CONSOLIDATED HURA EXPENDITURES

	2017-18 Expended	2018-19 Expended	2019-20 Budget	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
FAÇADE GRANTS	-	30,000	90,000	50,000	50,000	50,000
FESTIVAL STREET	1,001,633	2,487	3,000	3,000	3,000	3,000
WAY FINDING SIGNS	-	73	55,000	48,500	48,500	48,500
PARKING IMPROVEMENTS	90,000	-	-	300,000	300,000	300,000
NON-DEPARTMENTAL	211,775	116,721	433,655	201,225	201,225	201,225
<b>TOTAL</b>	<b>1,303,408</b>	<b>149,281</b>	<b>581,655</b>	<b>602,725</b>	<b>602,725</b>	<b>602,725</b>

### HURA EXPENDITURES

By character

	2017-18 Expended	2018-19 Expended	2019-20 Budget	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
MATERIALS & SERVICES	234,984	38,503	190,045	427,500	427,500	427,500
CAPITAL OUTLAY	864,597	-	-	-	-	-
DEBT SERVICE	203,827	110,778	114,130	109,287	109,287	109,287
CONTINGENCY	-	-	-	65,938	65,938	65,938
RESERVE FOR FUTURE EXPEND	-	-	277,480	-	-	-
<b>TOTAL HURA</b>	<b>1,303,408</b>	<b>149,281</b>	<b>581,655</b>	<b>602,725</b>	<b>602,725</b>	<b>602,725</b>

## 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.

	2017-18 Expended	2018-19 Expended	2019-20 Budget	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
MISCELLANEOUS CONTRACTUAL	-	30,000	90,000	50,000	50,000	50,000
<b>MATERIALS &amp; SERVICES</b>	-	<b>30,000</b>	<b>90,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>TOTAL FACADE GRANTS</b>	-	<b>30,000</b>	<b>90,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>

## 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.

	2017-18 Expended	2018-19 Expended	2019-20 Budget	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
MISCELLANEOUS CONTRACTUAL	137,036	2,487	3,000	3,000	3,000	3,000
<b>MATERIALS &amp; SERVICES</b>	<b>137,036</b>	<b>2,487</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
CAPITAL IMPROVEMENTS	864,597	-	-	-	-	-
<b>CAPITAL OUTLAY</b>	<b>864,597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FESTIVAL STREET</b>	<b>1,001,633</b>	<b>2,487</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>

## 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.

	2017-18 Expended	2018-19 Expended	2019-20 Budget	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
MISCELLANEOUS CONTRACTUAL	-	73	55,000	48,500	48,500	48,500
<b>MATERIALS &amp; SERVICES</b>	-	<b>73</b>	<b>55,000</b>	<b>48,500</b>	<b>48,500</b>	<b>48,500</b>
<b>TOTAL WAY FINDING SIGNS</b>	-	<b>73</b>	<b>55,000</b>	<b>48,500</b>	<b>48,500</b>	<b>48,500</b>

## PARKING IMPROVEMENTS

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

	2017-18 Expended	2018-19 Expended	2019-20 Budget	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
MISCELLANEOUS CONTRACTUAL	90,000	-	-	300,000	300,000	300,000
<b>MATERIALS &amp; SERVICES</b>	<b>90,000</b>	-	-	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>TOTAL PARKING IMPROVEMENTS</b>	<b>90,000</b>	-	-	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>

## 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.

	2017-18 Expended	2018-19 Expended	2019-20 Budget	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
PUBLIC NOTICES	1,194	720	1,200	1,000	1,000	1,000
LANDSCAPE IMPROVEMENT	3,099	-	5,000	5,000	5,000	5,000
MISC CONTRACTUAL	3,655	5,223	35,845	20,000	20,000	20,000
<b>MATERIALS &amp; SERVICES</b>	<b>7,948</b>	<b>5,943</b>	<b>42,045</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>
LOAN REPAYMENTS	203,827	11,166	11,167	8,124	8,124	8,124
BOND PRINCIPAL 2017 HURA	-	55,000	60,000	60,000	60,000	60,000
BOND INTEREST 2017 HURA	-	44,613	42,963	41,163	41,163	41,163
<b>DEBT SERVICE</b>	<b>203,827</b>	<b>110,778</b>	<b>114,130</b>	<b>109,287</b>	<b>109,287</b>	<b>109,287</b>
CONTINGENCY	-	-	-	65,938	65,938	65,938
<b>CONTINGENCY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,938</b>	<b>65,938</b>	<b>65,938</b>
RESERVE FOR FUTURE EXPEND	-	-	277,480	-	-	-
<b>RESERVE FOR FUTURE EXPEND</b>	<b>-</b>	<b>-</b>	<b>277,480</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL NON-DEPARTMENTAL</b>	<b>211,775</b>	<b>116,721</b>	<b>433,655</b>	<b>201,225</b>	<b>201,225</b>	<b>201,225</b>

## 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.