

HERMISTON URBAN RENEWAL AGENCY

Fiscal Year 2015-16

ANNUAL BUDGET

BUDGET COMMITTEE MEMBERS

Fred Allen, Jr. Citizen Member
Clara Beas-Fitzgerald, Councilor
Eric Carpenter, Citizen Member
Mary Corp, Citizen Member
Lori Davis, Councilor
Dave Drotzmann, Mayor
Manuel Gutierrez, Councilor
Rod S. Hardin, Councilor
Joanna Hayden

Blaine Hendrickson, Citizen Member
John Kirwan, Councilor
Brian Misner, Citizen Member
Jackie C. Myers, Councilor
Doug Primmer, Councilor
Kim Puzey, Citizen Member
Douglas T. Smith, Councilor
DuWayne White, Citizen Member

Byron Smith, Budget Officer
Amy Palmer, Finance Director

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HERMISTON URBAN RENEWAL AGENCY

HURA Board

Mayor Dave Drotzmann
Councilor Clara Beas-Fitzgerald
Councilor Lori Davis
Councilor Manuel Gutierrez
Councilor Rod S. Hardin
Councilor John Kirwan
Councilor Jackie C. Myers
Councilor Doug Primmer
Councilor Douglas T. Smith



City Manager



City Attorney



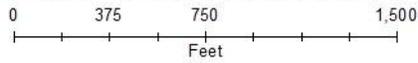
Assistant City Manager

City Planner



Sub-Committees

Hermiston Urban Renewal District



Source: City of Hermiston, Umatilla County, ESRI
Spencer 1-29-14

**Hermiston
Urban
Renewal
Agency**

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March 5, 2015

Dear Citizens and Members of the Budget Committee:

The proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2015-16 Fiscal Year is \$75,000.

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. Because of this structure, revenues are forecasted to be very minimal in the initial years due to little value added to the area above the frozen base. However, 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 projects in the early years.

The forecasted revenue from tax-increment revenue was budgeted very conservatively in its first year due to the un-knowns around forming a new district. In order to jump-start re-development, however, the City of Hermiston loaned HURA \$50,000 for its first year. Tax revenue then actually came in at \$15,800 in the first year, which was about on-track with initial forecasts. We are therefore budgeting another conservative estimate of \$15,000 of property tax revenue for FY '15-'16, and assume no loan from the City this fiscal year, while carrying \$55,000 forward from FY '14-'15.

The majority of expenditures will be for a Façade Grant program for \$57,000. The intent of the program being to incentivize private investment within the area which will drive up assessed valuation. A fund for the Festival Street has also been added, with \$15,000 budgeted for initial planning & design. The remaining expenditures will be \$3,000 in Audit & Other to accommodate for various administrative expenses.

There are many un-knowns associated with the initial start-up of an urban renewal agency. This budget therefore presents a fiscally conservative approach to revenue forecasting while maintaining a commitment to the basic concept of facilitating private investment through public projects using tax increment financing.

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 2015-16 is as follows:

- 05/13/2015 Hold first budget committee meeting
- 06/08/2015 Hold budget hearing
- 06/08/2015 Council action of resolutions or ordinances to adopt budget, make appropriations, levy taxes and categorize taxes
- 07/15/2015 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

	2012-13 Received	2013-14 Received	2014-15 Budget	2015-16 Proposed	2015-16 Approved	2015-16 Adopted
GENERAL TAXES	-	-	-	15,000	15,000	15,000
DELINQUENT TAXES	-	-	-	-	-	-
PROPERTY TAXES	-	-	-	15,000	15,000	15,000
PROCEEDS FRM CITY OF HERM LOAN	-	-	50,000	-	-	-
FROM OTHER AGENCIES	-	-	50,000	-	-	-
CASH FORWARD	-	-	-	60,000	60,000	60,000
CASH FORWARD	-	-	-	60,000	60,000	60,000
TOTAL RESOURCES	-	-	50,000	75,000	75,000	75,000

CONSOLIDATED HURA EXPENDITURES

	2012-13 Expended	2013-14 Expended	2014-15 Budget	2015-16 Proposed	2015-16 Approved	2015-16 Adopted
FAÇADE GRANTS	-	-	47,000	57,000	57,000	57,000
FESTIVAL STREET	-	-	-	15,000	15,000	15,000
AUDIT & OTHER	-	-	3,000	3,000	3,000	3,000
TOTAL	-	-	50,000	75,000	75,000	75,000

HURA EXPENDITURES

By character

	2012-13 Expended	2013-14 Expended	2014-15 Budget	2015-16 Proposed	2015-16 Approved	2015-16 Adopted
MATERIALS & SERVICES	-	-	50,000	70,000	70,000	70,000
RESERVE FOR FUTURE EXPEND	-	-	-	5,000	5,000	5,000
TOTAL HURA	-	-	50,000	75,000	75,000	75,000

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.

	2012-13 Expended	2013-14 Expended	2014-15 Budget	2015-16 Proposed	2015-16 Approved	2015-16 Adopted
MISCELLANEOUS CONTRACTUAL	-	-	47,000	52,000	52,000	52,000
MATERIALS & SERVICES	-	-	47,000	52,000	52,000	52,000
RESERVE FOR FUTURE EXPEND	-	-	-	5,000	5000	5,000
RESERVE FOR FUTURE EXPEND	-	-	-	5,000	5,000	5,000
TOTAL FAÇADE GRANTS	-	-	47,000	57,000	57,000	57,000

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.

	2012-13 Expended	2013-14 Expended	2014-15 Budget	2015-16 Proposed	2015-16 Approved	2015-16 Adopted
MISCELLANEOUS CONTRACTUAL	-	-	-	15,000	15,000	15,000
MATERIALS & SERVICES	-	-	-	15,000	15,000	15,000
TOTAL FESTIVAL STREET	-	-	-	15,000	15,000	15,000

AUDIT & OTHER

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.

	2012-13	2013-14	2014-15	2015-16	2015-16	2015-16
	Expended	Expended	Budget	Proposed	Approved	Adopted
MISCELLANEOUS CONTRACTUAL	-	-	3,000	3,000	3,000	3,000
MATERIALS & SERVICES	-	-	3,000	3,000	3,000	3,000
TOTAL AUDIT & OTHER	-	-	3,000	3,000	3,000	3,000

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.