

HERMISTON URBAN RENEWAL AGENCY

Fiscal Year 2014-15

ANNUAL BUDGET

BUDGET COMMITTEE MEMBERS

Fred J. Allen, Jr. Citizen Member
George Anderson, Councilor
Eric Carpenter, Citizen Member
Mary Corp, Citizen Member
Lori Davis, Councilor
Dave Drotzmann, Mayor
Michael Frink, Citizen Member
Manuel Gutierrez, Councilor
Rod S. Hardin, Councilor

Frank J. Harkenrider, Councilor
Joanna Hayden, Citizen Member
Blaine Hendrickson, Citizen Member
John Kirwan, Councilor
Brian Misner, Citizen Member
Jackie C. Myers, Councilor
Doug Primmer, Councilor
Kim Puzey, Citizen Member

Edward Brookshier, Budget Officer
Amy Palmer, Finance Director

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HERMISTON URBAN RENEWAL AGENCY

HURA Board

Mayor Dave Drotzmann
Councilor George Anderson
Councilor Jackie Myers
Councilor Manuel Gutierrez
Councilor Doug Primmer
Councilor Rod Hardin
Councilor Lori Davis
Councilor John Kirwan
Councilor Frank Harkenrider

City Manager

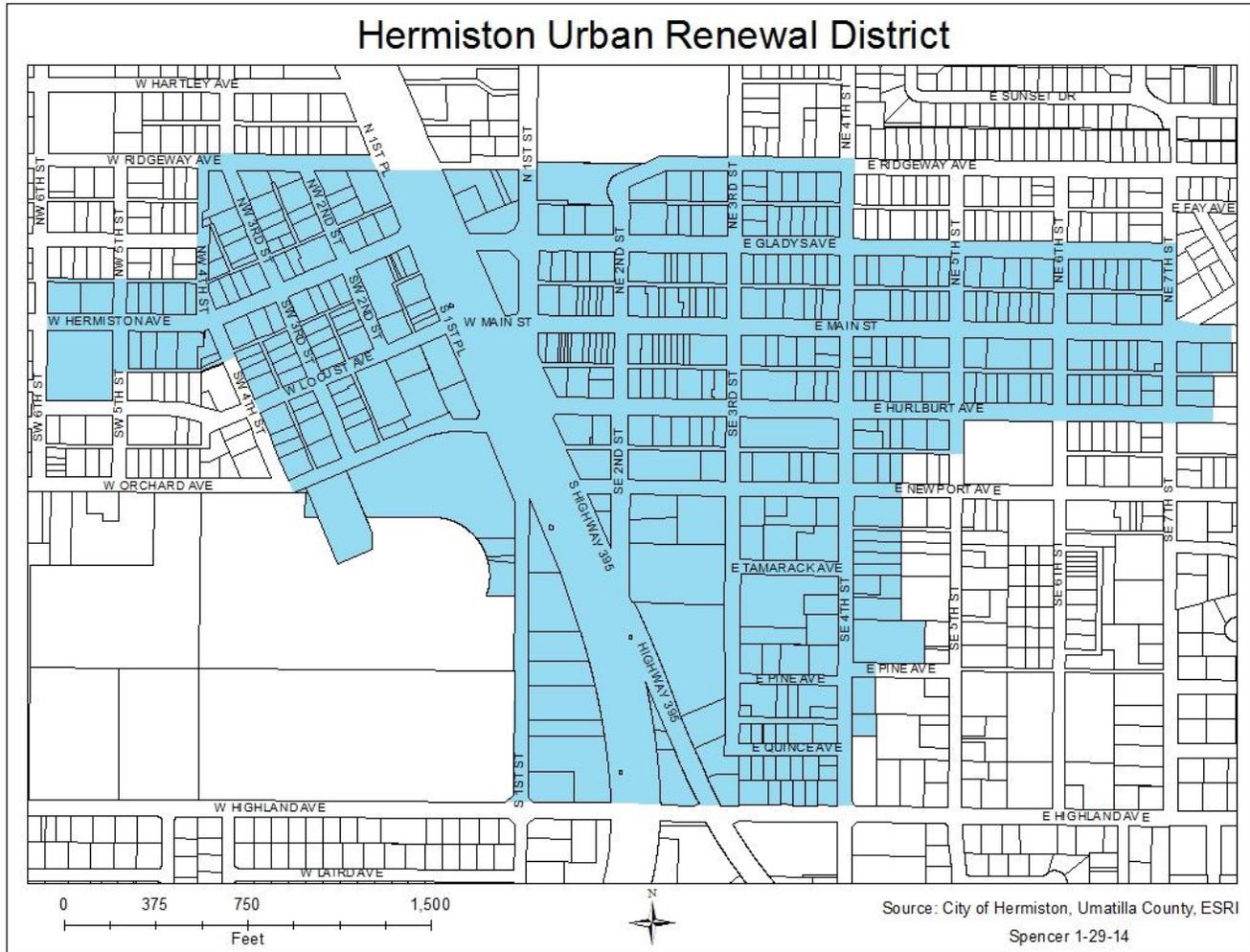
City Attorney

Assistant City Manager

City Planner

Sub-Committees

MAP OF DISTRICT



**Hermiston
Urban
Renewal
Agency**

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

March 16, 2014

Dear Citizens and Members of the Budget Committee:

The proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2014-15 Fiscal Year is \$50,000.

The HURA was established by the Hermiston City Council on August 12, 2013 for the purpose of undertaking urban renewal activities within the downtown area of the city pursuant to ORS Chapter 457. FY 2014-15 therefore marks the first budget year of the agency.

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 is budgeted at a conservative figure of \$0 for FY 14-15. The revenue for the Agency's first year is budgeted to come entirely in the form of a loan from the City of Hermiston for \$50,000.

The majority of expenditures will be for a Façade Grant program for \$47,000. The intent of the program being to incentivize private investment within the area which will drive up assessed valuation. The remaining expenditures will be \$3,000 in Audit & Other to accommodate for various administrative expenses.

There are many unknowns 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 provisions 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 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: 1) Appoint budget officer; 2) Prepare a proposed budget; 3) Publish notices of budget committee meeting; 4) Hold budget committee meetings; 5) Committee approves proposed budget and specifies 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.

Following is the City of Hermiston's budget calendar for fiscal year 2014-15:

- 05/14/2014 Hold first budget committee meeting
- 06/09/2014 Hold budget hearing
- 06/09/2014 Council action of resolutions or ordinances to adopt budget, make appropriations, levy taxes and categorize taxes
- 07/15/2014 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 city 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

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HERMISTON URBAN RENEWAL AGENCY

	2011-12 Received	2012-13 Received	2013-14 Budget	2014-15 Proposed	2014-15 Approved	2014-15 Adopted
GENERAL TAXES	-	-	-	-	-	-
DELINQUENT TAXES	-	-	-	-	-	-
PROPERTY TAXES	-	-	-	-	-	-
PROCEEDS FRM CITY OF HERM LOAN	-	-	-	50,000	50,000	50,000
FROM OTHER AGENCIES	-	-	-	50,000	50,000	50,000
CASH FORWARD	-	-	-	-	-	-
CASH FORWARD	-	-	-	-	-	-
TOTAL HURA	-	-	-	50,000	50,000	50,000

CONSOLIDATED HURA EXPENDITURES

	2011-12 Expended	2012-13 Expended	2013-14 Budget	2014-15 Proposed	2014-15 Approved	2014-15 Adopted
80-8100 FAÇADE GRANTS	-	-	-	47,000	47,000	47,000
80-8810 AUDIT & OTHER	-	-	-	3,000	3,000	3,000
TOTAL	-	-	-	50,000	50,000	50,000

HURA EXPENDITURES

By character

	2011-12 Expended	2012-13 Expended	2013-14 Budget	2014-15 Proposed	2014-15 Approved	2014-15 Adopted
MATERIALS & SERVICES	-	-	-	50,000	50,000	50,000
TOTAL HURA	-	-	-	50,000	50,000	50,000

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.

	2011-12 Expended	2012-13 Expended	2013-14 Budget	2014-15 Proposed	2014-15 Approved	2014-15 Adopted
MISCELLANEOUS CONTRACTUAL	-	-	-	47,000	47,000	47,000
MATERIALS & SERVICES	-	-	-	47,000	47,000	47,000
TOTAL FAÇADE GRANTS	-	-	-	47,000	47,000	47,000

AUDIT & OTHERS

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.

	2011-12 Expended	2012-13 Expended	2013-14 Budget	2014-15 Proposed	2014-15 Approved	2014-15 Adopted
MISCELLANEOUS CONTRACTUAL	-	-	-	3,000	3,000	3,000
MATERIALS & SERVICES	-	-	-	3,000	3,000	3,000
TOTAL AUDIT & OTHER	-	-	-	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.

HERMISTON URBAN RENEWAL AGENCY

BUDGET COMMITTEE MEETING

May 14, 2014

At 8:35 pm Mayor Drotzmann opened the first meeting of the budget committee to consider the proposed budget for the 2014-15 fiscal year. Present were budget committee members Fred Allen, Jr., Eric Carpenter, Mary Corp, Michael Frink, Manuel Gutierrez, Rod Hardin, Frank Harkenrider, Joanna Hayden, Blaine Hendrickson, John Kirwan, Brian Misner, Jackie Myers, Doug Primmer and Kim Puzey.

City staff present included City Manager Brookshier, City Attorney Luisi, Assistant City Prosecutor Blaine Clouten, Amy Palmer, Mark Morgan, Clint Spencer, Larry Fetter, Chief Edmiston, Ron Sivey, Chuck Woolsey, Bill Schmittle, Roy Bicknell, Marie Baldo, Nate Rivera and Donna Moeller. News media present was Jade McDowell of the East Oregonian.

Fred Allen, Jr. moved and Doug Primmer seconded to elect Mary Corp as chairman and Joanna Hayden as secretary. Motion carried unanimously.

Chairman Corp asked Budget Officer Ed Brookshier to present the budget message. Mr. Brookshier asked City Planner Spencer to present the HURA budget message.

Mr. Spencer stated the proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2014-15 fiscal year is \$50,000.

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This budget 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.

Manuel Gutierrez moved and Jackie Myers seconded to approve the budget as submitted. Motion carried unanimously.

The meeting was adjourned at 8:45 pm.

APPROVED:

/s/ Mary Corp

Budget Chairman

ATTEST:

/s/ Joanna Hayden

Budget Secretary