

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2017

2016/2017

Hermiston Urban Renewal Agency

This report fulfills the requirement, prescribed in ORS 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

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HERMISTON URBAN RENEWAL AGENCY

Hermiston Urban Renewal Agency History

The Hermiston Urban Renewal Agency was formed by the City of Hermiston in 2013. The agency board is made up of the Mayor and City Council.

The urban renewal plan adopted on August 26, 2013 establishes the purpose of the urban renewal district as follows:

- Revitalize the City Center by alleviating conditions of blight and underinvestment
- Create public improvements including open space, community meeting space, and street improvements
- Encourage new public and private investment
- Increase the taxable value of property in the city
- Improve the utilization of land within specific areas of the community

The maximum indebtedness established for the Hermiston Urban Renewal Agency is \$4,000,000. This amount is the total amount of funds which can be spent on projects, programs, and administration in the urban renewal district over the life of the urban renewal plan. As of June 30th, 2017, \$169,297.01 had been spent on projects and \$13,491.50 had been spent on administration.

A full copy of the Hermiston Urban Renewal Plan and Report may be found on the City of Hermiston website located at: <http://hermiston.or.us/ura>

Projects

Three façade grants were funded in the 2016/2017 fiscal year.

1. Grant for window improvements at 203 E Main Street
 - Project cost: \$20,920 Grant award: \$10,000
2. Grant for exterior improvements at 292 W Hermiston Ave
 - Project cost: \$10,000 Grant award: \$3,600 (not expended during 16-17 FY)
3. Grant for landscape and awing improvements at 215 E Hurlburt Ave
 - Project cost: \$21,000 Grant award: \$10,000 (not expended during 16-17 FY)

A fourth façade grant for \$36,400 for exterior improvements to the new hotel at 205 N First Street was carried over from the 15/16 fiscal year and expended during the 16-17 fiscal year.

Engineering and design work for the festival street and gateway arch projects continued in the 2016/2017 fiscal year. This engineering work was paid out of the festival street fund for the year and totaled \$101,996.81.

Administrative costs include public notice costs, recording fees, supplies, and loan repayments. Many of these administrative costs are one-time expenditures which are not repeated on an annual basis.

- Total cost of administrative expenditures was \$11,249.62.

Financial Reporting

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information conforms to the requirements of this statute.

Money Received

In FY 2016/2017 the Umatilla County Assessor calculated that the Hermiston Urban Renewal Agency would receive \$37,763.71 from the division of taxes. The actual tax revenue received was \$34,504.49, a smaller amount due to compression, underpayments and delinquencies.

The City of Hermiston extended a \$100,000 loan to the urban renewal agency to pay for a portion of the festival street design. This loan will be repaid using a portion of the bond funds for festival street construction in the 17/18 fiscal year.

A total of \$73,500 was on-hand on July 1, 2016 as cash forward from the 15/16 fiscal year.

Money Expended

Revenues received through tax collection and interagency loan were expended as shown in the table below.

Item	Urban Renewal General Fund
Beginning Fund Balance	\$73,500.00
Façade Grant Outlay	\$46,400.00
Festival Street	\$101,996.81
Loan Repayments	\$10,49.38
Administrative Outlay	\$379.12
Ending Fund Balance	\$63,053.10

Estimated Revenues

The estimated revenues for the 2017/2018 fiscal year are \$132,000 from current tax revenues. The City of Hermiston also has extended a \$1,500,000 loan for festival street design and construction.

Proposed Budget for 2017/2018 Fiscal Year

A budget listing the revenues to be received due to urban renewal tax increment collection, money to be spent, and what projects/expenses the money will fund is shown in the table below.

Item	2017/2018 Urban Renewal General Fund
Resources	
General Taxes	\$132,000
Delinquent Taxes	\$0.00
Loan from City of Hermiston	\$1,500,000
Cash Forward	\$17,350
<i>Total Resources</i>	<i>\$1,649,350</i>
Expenditures	
Façade Grants	\$50,000
Festival Street	\$900,000
Wayfinding Signs	\$55,000
Non-Departmental	\$644,350
<i>Total Expenditures</i>	<i>\$1,649,350</i>

Impact on Taxing Districts

The revenues forgone by local taxing districts due to urban renewal are shown in the table below. This information is from the Umatilla County Department of Assessment and Taxation. The numbers are after truncation and compression losses.

Urban renewal agencies do not create an additional tax. Instead during the agency's lifespan, overlapping taxing districts forgo a portion of their permanent rate. Once the urban renewal agency is terminated, the taxing jurisdictions receive the full permanent rate of taxes.

Taxing District	Revenue Forgone 2016/2017	Total Taxes Received 2016/2017	% of Total Taxes to UR
Umatilla County	\$5,536.46	\$15,114,780.64	0.04%
City of Hermiston	\$11,835.44	\$5,207,617.34	0.23%
School District #8 Hermiston	\$9,503.25	\$8,827,245.12	0.11%

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Intermountain ESD	\$1,196.52	\$3,048,263.80	0.04%
BMCC	\$1,281.70	\$3,273,576.59	0.04%
Port of Umatilla	\$296.09	\$813,461.29	0.04%
Umatilla County Fire District 1	\$3,402.99	\$3,849,599.91	0.09%
County Radio District	\$328.54	\$828,765.96	0.04%
Cemetery District 8 Hermiston	\$178.46	\$181,495.02	0.10%
W Umatilla Mosquito Control	\$389.38	\$557,902.88	0.07%
Total	\$33,948.83	\$41,702,708.55	0.08%

Conclusion

In the third year of operation, the urban renewal district continues to have a minimal impact on other taxing districts. The total revenue foregone remains less than 1% of all revenue collected by all affected agencies. As the assessed value in the district increases as a result of improvement within the district, the overall impact will remain small for the foreseeable future.

Activity within the district continues to increase. The façade grant program is proving to be popular and effective with businesses, creating an opportunity for public/private partnerships for redevelopment. The festival street is designed and will be constructed in the 17/18 fiscal year. Completion of the festival street will see a change in focus towards debt service and smaller projects.