



**URBAN
RENEWAL
AGENCY**

of the City of Talent

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Budget Message Talent Urban Renewal Agency FY 2019-2020

Background

The Talent Urban Renewal Agency (TURA) is a separate municipal corporation responsible for administering and implementing the urban renewal plan in Talent's Urban Renewal District. Talent's Urban Renewal Agency Board is governed by the Mayor and City Council. The Executive Director serves as the Agency Manager of the Urban Renewal Agency (Agency). Talent Public Works, Community Development, Administration and Finance staff support the urban renewal program and projects through an agreement with the City of Talent.

The proposed TURA annual budget has been prepared pursuant to Oregon Local Budget Law and presents the recommendations of the budget officer based on the cooperative efforts of the City's management team. The District is financially sound with sustainable resources needed to undertake economic development and infrastructure projects that benefit the entire City. As we near the end of collection of tax increment for the district, the urban renewal plan is being amended to reflect the ability of the district to collect tax increment up to the limits of the plan's maximum indebtedness, as well as the extension of district operations until those funds are expended and its projects completed. The agency is in the final stages of soliciting proposals for the development of the Gateway site, which will represent the district's largest and potentially most transformative project to date.

Urban renewal agencies are different from taxing districts in that they do not have permanent rates, and they raise revenue primarily through Tax Increment Financing (TIF). When an urban renewal plan is created, the value of the property within its boundaries is locked in time or frozen. The agency then raises revenue in subsequent years from any value growth above the frozen amount. This value growth is referred to as the increment. The tax rate used to calculate taxes imposed for the Urban Renewal Plan is the consolidated tax rate for the taxing districts within the geographic boundaries of the Plan. These urban renewal taxes, referred to as "tax off the increment", are calculated as the consolidated tax rate times the value of the increment.

The purpose of the Talent Urban Renewal Agency is to administer the statutory tax increment revenues for funding of the goals and objectives of the Talent Urban Renewal Plan

through designated projects within the Urban Renewal District. The Talent Urban Renewal Agency, composed of the Mayor and City Councilors, began operating under the Oregon Urban Renewal Laws and the adopted Talent Urban Renewal Plan on March 20, 1991. On March 26, 1998, the Talent Urban Renewal Agency completed its first substantial amendment, setting a debt limit of \$17,127, 276. The Urban Renewal Agency will be working on programs to carry out the goals and objectives of the Talent Urban Renewal Plan:

- 1) To diversify economic base and family wage jobs within the district;
- 2) To maintain effective, efficient and safe traffic system for vehicular and pedestrian users;
- 3) To improve and retain existing businesses; and
- 4) To improve attractive visual amenities for customers and community members throughout the district.

Funds

The Urban Renewal District has two separate funds; **the Urban Renewal Debt Service Fund**, which accounts for tax increment revenue and repayment of debt obligations issued to fund Agency projects, and **the Capital Projects Fund**, where administration and project implementation are accounted for.

The Agency contracts with the City to provide staff to administer programs and required materials and services. In addition, the Agency contracts with outside experts, including financial consultants, engineers, and attorneys. For the coming year, the budget proposes a one-time \$125,000 fee to the city for administrative costs, materials and overhead. This is an increase of \$10,000 from FY 2018-2019 and recognizes the additional staff time that will be spent on implementation of the Gateway Project.

The budget continues to propose funds for the long-term maintenance of the TURA-owned property at 102 Home Street. The rents from that building are sufficient to cover annual operating costs, but are not adequate to cover long-term maintenance projects. The is no longer a legitimate operating reason for the Agency to own that building, and staff will be bringing a proposal to the Board for its eventual sale.

As of January 2019, the Agency no longer carries any outstanding debt obligations. All future tax increment collections must be spent on projects authorized under the Plan. As of April 1, 2019, the Agency has calculated that it has \$2,5949,82 in remaining maximum indebtedness (expenditure potential). Because of unexpended funds on hand, the Agency will be able to collect approximately \$905,043 in additional tax increment in FY 2019-2020 before the maximum indebtedness cap is reached. Thus, 2019-2020 will be the last year that the agency receives tax increment income.

Proposed Projects

West Valley View Extension: The Gateway Project Master Plan requires an extension of the West Valley View arm of the roundabout to provide the major connection to the Gateway site. Regardless of the eventual development plan for the site, this extension will need to be constructed as the primary entrance to the redevelopment area. This budget proposes an expenditure of \$180,000 to complete the project.

Town Hall Renovation: Last year's budget paid for a Town Hall Renovation Master Plan that identified significant renovation work that was necessary to keep Town Hall as a viable and historic meeting location for the foreseeable future. Savings from the Master Plan project allowed some immediate improvements to the Council seating area and the audio-visual capacity for the space, but additional major expenditures are required to maintain structural integrity, provide ADA access, increase aesthetics and promote historical integrity. Building maintenance is supplied by the City of Talent, but it is unlikely that the city's general fund could ever support a renovation and upgrade project of the scope that is recommended by the Master Plan. This budget proposes \$250,000 to implement the recommendations in the Master Plan.

Contingency

The FY 2019-2020 budget proposes a substantial contingency of \$1.8 million. This is due, in large part, to the uncertainty surrounding the development of the Gateway Project and what the Agency's ultimate financial obligations under that project may be. Ultimately, however, it is clear that the Agency will still have significant funds leftover to complete some final projects. Staff's recommendation is that those projects not be funded until there is more clarity about final Gateway expenditures, and until the staff workload from the Gateway project subsides sufficiently so that it can take on additional projects.

Future Projects

During last year's budget process, the TURA Interim Executive Director presented an overview of past, present and potential future projects. The Board reviewed the goals as a plan for potential projects but chose not to prioritize the list until the costs of the Gateway Project were known. Below are the projects that were not funded in the 2018-2019 Fiscal Year.

Project Type	Project Description
Street Projects	Reconstruction of LaPree Street
Street Projects	Reconstruction of Park Avenue
Street Projects	Reconstruction of Wagner Street
Street Projects	Reconstruction of Talent Avenue
Street Projects	Reconstruction of Market Street Alley
Street Projects	Reconstruction of Sunny Street
Street Projects	Wagner Street Railroad Crossing

Street Projects	Reconstruction of N. Market Street
Street Projects	S. Market Street Overlay and Sidewalk Replacement
Public Buildings & Improvements	Underground Power - Gateway/Plaza Area
Public Buildings & Improvements	Installation of Gazebos at Downtown Park
Property Acquisition & Development	Purchase and Development of Vacant Lot North of Talent Club
Property Acquisition & Development	Purchase and Development of Residential Lots - WVV Plaza Area
Property Acquisition & Development	ROW Acquisition - Wagner Street Round About Extension
Signage Improvements	Design and Construction - Downtown Talent Monumentation

Conclusion

Although the Talent Urban Renewal Agency is winding down towards its eventual sunset, it still has significant financial capacity to complete a number of important projects that will add to the already transformational contributions that it has made to downtown Talent and its economic health and revitalization. This year’s budget is designed to concentrate on relatively few major projects that will occupy a great deal of staff and Board time, while preserving the ability of the Agency to tackle numerous additional projects in its final few years.

Sandra Spelliscy

TURA Executive Director

May 15, 2019

DEBT SERVICE FUND

For Period Ending December 31, 2018

BUDGET WORKSHEET	FY 2018-19	FY 2018-19	BUDGET		PROJECTED		
	YTD ACTUAL	BUDGET	REMAINING 1/1/19- 6/30/19	PROJECTED 1/1/19- 6/30/19	PROJECTED TOTAL YEAR 2018-19	BUDGET (OVER)/UNDER	BUDGET FY 2020
REVENUE							
INCOME							
BEGINNING FUND BALANCE	932,718.07	437,164.00	(495,554.07)		932,718.07	(495,554.07)	1,506,501.56
PROPERTY TAX	1,431,376.41	1,524,400.00	93,023.59	93,023.59	1,524,400.00	0.00	905,043.00
PROPERTY TAX - DELIQUENT	19,771.48	0.00	(19,771.48)	0.00	19,771.48	(19,771.48)	0.00
PROPERTY TAX INTEREST	391.64	0.00	(391.64)	0.00	391.64	(391.64)	0.00
INTEREST INCOME	14,914.37	0.00	(14,914.37)	0.00	14,914.37	(14,914.37)	9,694.00
OTHER INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total INCOME	2,399,171.97	1,961,564.00	(437,607.97)	93,023.59	2,492,195.56	(530,631.56)	2,421,238.56
EXPENSE							
DEBT SERVICE							
16 BOND PRINCIPAL (TO CITY OF TALENT)	481,000.00	971,000.00	490,000.00	490,000.00	971,000.00	0.00	0.00
16 BOND INTEREST (TO CITY OF TALENT)	14,464.00	5,000.00	(9,464.00)	230.00	14,694.00	(9,694.00)	0.00
BORROWING COSTS	0.00	650.00	650.00	0.00	0.00	650.00	0.00
PRINCIPAL SHORT TERM BORROWING	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST SHORT TERM BORROWING	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TRANS OUT FOR CONTRACT OBLIGATIONS	0.00	984,914.00	984,914.00	0.00	0.00	984,914.00	2,421,238.56
Total DEBT SERVICE	495,464.00	1,961,564.00	1,466,100.00	490,230.00	985,694.00	975,870.00	2,421,238.56
RESERVE							
12 BOND RESERVE	0.00		0.00	0.00	0.00	0.00	0.00
RESTRICTED FOR DEBT SERVICE	0.00		0.00	0.00	0.00	0.00	0.00
Total DEBT RESERVE FUND BALANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Surplus (-)/+ / Deficit	1,903,707.97	0.00	(1,903,707.97)	(397,206.41)	1,506,501.56	(1,506,501.56)	0.00

CAPITAL PROJECTS FUND

For Period Ending December 31, 2018

BUDGET WORKSHEET	YEAR TO DATE		BUDGET			PROJECTED	
	ACTUAL	FY 2018-19 BUDGET	REMAINING	PROJECTED	PROJECTED TOTAL	BUDGET	BUDGET
				1/1/19- 6/30/19	YEAR 2018-19	(OVER)/UNDER	FY 2019-2020
REVENUE							
INCOME							
BEGINNING FUND BALANCE	427,404.66	715,000.00	287,595.34		427,404.66	287,595.34	31,973.89
DONATIONS/GRANTS/REIMBURS	58,000.00	0.00	(58,000.00)	27,000.00	85,000.00	(85,000.00)	0.00
OTHER MISC INCOME	11,568.00	60,000.00	48,432.00	2,400.00	13,968.00	46,032.00	4,800.00
TRANSFER IN FOR CONTRACT OBLIGATIONS	0.00	984,914.00	984,914.00	0.00	0.00	984,914.00	2,421,238.56
SHORT TERM BORROWING	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total INCOME	496,972.66	1,759,914.00	1,262,941.34	29,400.00	526,372.66	1,233,541.34	2,458,012.45
MATERIALS AND SERVICES							
ADMINISTRATIVE SERVICES	57,500.00	115,000.00	57,500.00	57,500.00	115,000.00	0.00	125,000.00
SUPPLIES INSURANCE AND OFFICE	8,093.56	8,000.00	(93.56)	500.00	8,593.56	(593.56)	8,000.00
TRAVEL AND TRAINING	0.00	0.00	0.00		0.00	0.00	0.00
AUDITOR	3,730.00	6,500.00	2,770.00	2,770.00	6,500.00	0.00	6,500.00
ENGINEER	585.00	20,000.00	19,415.00	0.00	585.00	19,415.00	0.00
LEGAL	1,792.00	10,000.00	8,208.00	1,500.00	3,292.00	6,708.00	25,000.00
MISCELLANEOUS AND CPA	10,219.69	3,000.00	(7,219.69)	0.00	10,219.69	(7,219.69)	10,500.00
UR CONSULTANT AND ANALYST	30,396.56	34,500.00	4,103.44	0.00	30,396.56	4,103.44	25,000.00
BOND ISSUANCE & BORROWING	0.00	0.00	0.00		0.00	0.00	0.00
Total MATERIALS AND SERVICES	112,316.81	197,000.00	84,683.19	62,270.00	174,586.81	22,413.19	200,000.00
CAPITAL OUTLAY							
LAND ACQUISITION	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REHABILITATION GRANTS	0.00	20,000.00	20,000.00	10,000.00	10,000.00	10,000.00	0.00
102 HOME STREET	0.00	5,000.00	5,000.00	0.00	0.00	5,000.00	5,000.00
CAPITAL MAINTENANCE	5,513.00	10,000.00	4,487.00	0.00	5,513.00	4,487.00	4,000.00
GATEWAY PROJECT	164,662.00	137,000.00	(27,662.00)	60,000.00	224,662.00	(87,662.00)	180,000.00
TOWN HALL RENOVATIONS	87.99						250,000.00
WV PLAZA SIDEWALK	12,862.00	15,000.00	2,138.00	0.00	12,862.00	2,138.00	0.00
TOWN HALL RENOVATION MASTER PLAN	6,500.00	12,000.00	5,500.00	0.00	6,500.00	5,500.00	0.00
TOWN HALL AUDIO/VIDEO UPGRADES	41,180.99	38,000.00	(3,180.99)	0.00	41,180.99	(3,180.99)	0.00
TALENT REBRANDING PLAN DEVELOPMENT	0.00	5,000.00	5,000.00	0.00	0.00	5,000.00	0.00
OLD TOWN/COMMONS PARK AMENITIES	1,515.72	10,000.00	8,484.28	2,500.00	4,015.72	5,984.28	0.00
MAIN STREET/TALENT AVE PEDESTRIAN SAFETY	14,613.00	50,000.00	35,387.00	0.00	14,613.00	35,387.00	0.00
NATIVE PLANT POLLINATOR G	465.25	0.00	(465.25)		465.25	(465.25)	0.00
Total CAPITAL OUTLAY	247,399.95	302,000.00	54,688.04	72,500.00	319,811.96	(17,811.96)	439,000.00
CONTINGENCY							
CONTINGENCY	0.00	1,260,914.00	1,260,914.00		0.00	1,260,914.00	1,819,012.45
Total CONTINGENCY	0.00	1,260,914.00	1,260,914.00	0.00	0.00	1,260,914.00	1,819,012.45
RESERVE							
UNAPPROPRIATED ENDING BALANCE							
UNRESTRICTED ENDING BALANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total UNAPPROPRIATED ENDING BALANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Surplus (-)/+ / Deficit	137,255.90	0.00	(137,343.89)	(105,370.00)	31,973.89	(31,973.89)	0.00