



Hermiston **U**rb **R**enewal **A**gency

ADOPTED BUDGET
FISCAL YEAR 2022-2023

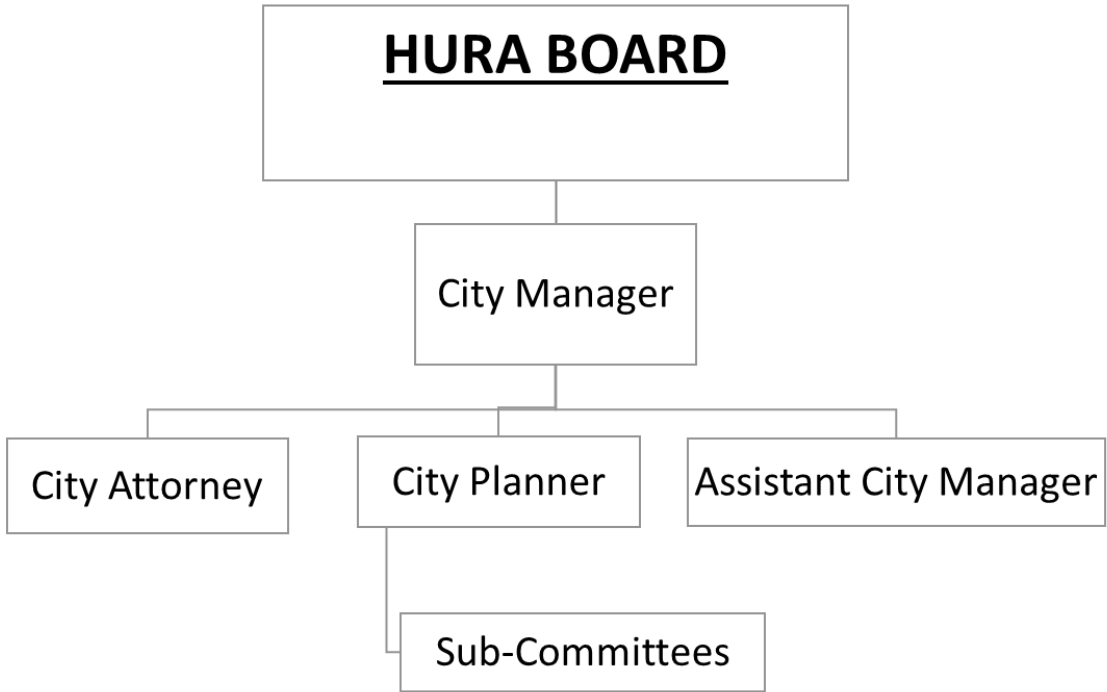


FISCAL YEAR 2022-23
ANNUAL BUDGET
BUDGET COMMITTEE MEMBERS

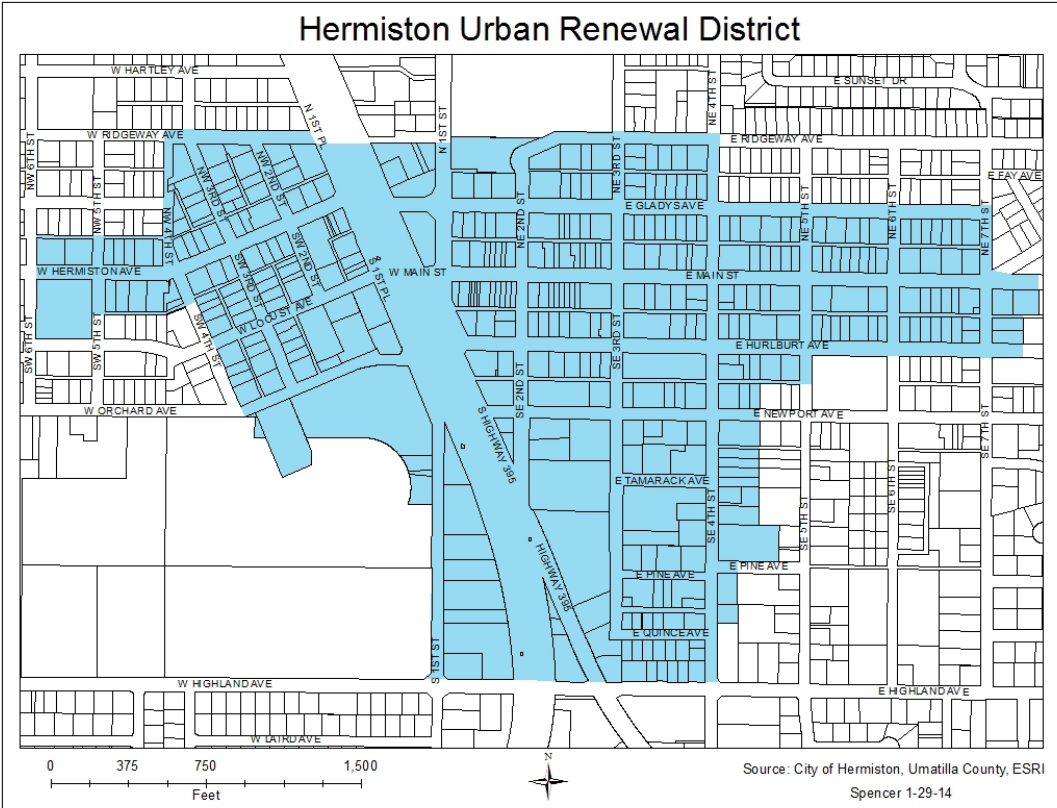
Roy Barron, Councilor
Lori Davis, Councilor
John Douglass, Citizen Member
Dave Drotzmann, Mayor
Maria E. Duron, Councilor
David Hanson, Citizen Member
Rod S. Hardin, Councilor
Larry Lankford, Citizen Member
Jason McAndrew, Citizen Member
Paul Magana, Citizen Member
Brian Misner, Citizen Member
Jackie C. Myers, Councilor
Nancy Peterson, Councilor
Doug Primmer, Councilor
Joshua Roberts, Citizen Member
Phillip Spicerkuhn, Councilor
Anton Wanous, Citizen Member

Elizabeth Doherty, Student Advisor
Julissa Gonzalez Mendoza, Student Advisor
Manuel Salazar, Student Advisor

Byron Smith, Budget Officer
Mark Krawczyk, Director of Finance



MAP OF DISTRICT



BUDGET MESSAGE

May 5, 2022

Dear Citizens and Members of the Budget Committee:

The proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2022-23 Fiscal Year is \$645,662.

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 \$57,312,085, an increase of 2.9% 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. In general, the downtown is becoming a more attractive area for investment and this increased market demand is lifting values. The district's revenues are generated by the \$15,049,186 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 (\$57,312,085), the revenue forecasting for budget purposes is kept conservative to minimize fluctuations in assessment. The Holiday Inn Express hotel continues to provide the bulk of the district's assessed value at approximately 40% of total valuation. Overall organic growth in property value decreases the revenue dependency upon one major project each year.

COVID-19 closures and continued economic uncertainty continue to impact the downtown business climate which relies on dining, travel, retail sales, and professional services. This makes it difficult to anticipate where private investments which drive tax increment revenue will be made. Even though the business climate continues to be uncertain, the overall revenue health of the district is still ahead of the forecasts developed at district formation. The 2021-22 fiscal year was predicted to generate \$180,997 and actual revenue was \$238,073. Similarly, 2022-23 was forecasted to generate \$203,255 and the actual revenue forecast will be \$270,259.

The 2021-22 fiscal year was considered a fund building year for the district. Funds were expended on the wayfinding sign project and façade grant program. However, there was no large capital program so funds could be saved for future large investments. For the 22-23 FY, a new capital program is proposed to take advantage of these funds. A gateway program has been part of the urban renewal plan since its inception. The gateway program has been refined into a safety realignment and landscape program for the intersection of SE 2nd Street and Highway 395 directly in front of the community center. This realignment will close the south entrance to the community center, create a one-way entrance to SE 2nd Street, and add additional pedestrian facilities and landscaping. The one-way reconfiguration is especially important as ODOT has noted that left turn movements from this intersection are exceptionally accident prone due to the intersection geometry. Vehicles wishing to turn left onto southbound Highway 395 will be redirected to the intersection of E Newport Ave and Highway 395 or the signalized intersection of E Hurlburt Ave and Highway 395. The proposed budget for this project is \$400,000. Physical construction, design engineering, and construction engineering are estimated at \$280,000. The remaining \$120,000 will be devoted to landscape improvements and a gateway to create a true entrance to the downtown. It is hoped that additional funds may be acquired from ODOT for this project. In the past, ODOT has offered safety enhancement funds if the city pursues this project.

The budget for the Festival Street is proposed to increase from \$3,000 to \$5,000 for the 22-23 FY. Typically, the \$3,000 programming fund is used as seed money for events on the Festival Street, paying entertainers, buying supplies, and other administrative uses. For the 22-23 FY, an increase is proposed to clean and

restore the Festival Street following the completion of City Hall construction. This money will be used to augment the City Hall contractor's clean-up efforts and to create the best possible presentation for the Festival Street.

There is no allocation for the wayfinding sign project. The parking signage which will be installed by June 30, 2022 was the only portion anticipated to be funded through urban renewal. Urban renewal funds may only be spent within the geographical boundaries of the urban renewal district and there is minimal signage in the city-wide plan which will still be within the boundary. The addition of the Soofa variable message boards to the wayfinding project is proving to be a good investment of funds. They increase the ability to reach the public with important public messages regarding transit, meetings, and other items of public concern. They also provide a physical place for a city map which facilitates pedestrian traffic. The overall logistics of the program are still being developed, but the initial response has been very positive.

The Façade Grant program is a program intended to incentivize private investment within the area. The program is specifically tailored to improvements to commercial building exteriors. These improvements increase the overall attractiveness of the downtown, improving the business climate and may also drive up assessed valuation. The budget proposal for the Façade Grant program in 22-23 FY is \$50,000. This holds the annual spending level of \$50,000. Fiscal year 21-22 had a façade grant budget of \$50,000 and one grant was applied for and one was paid out in this fiscal year.

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 \$26,000 for the 22-23 FY. This fund is intended to provide flexible funding opportunities to respond to changing and unforeseen conditions during the year.

Sincerely,



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;
- 9) File budget and certify tax levy to county assessor and county clerk.

The Hermiston Urban Renewal Agency budget calendar for the fiscal year 2021-22 is as follows:

05/05/2022	Hold first budget committee meeting
06/13/2022	Hold budget hearing
06/13/2022	Council action of resolutions or ordinances to adopt budget, make appropriations, levy taxes and categorize taxes
07/15/2022	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.

NOTE: This is the same budget process that is used to adopt the City of Hermiston's budget.



RESOURCES

HURA - Resources - Updated

	2019 - 20 Actual	2020 - 21 Actual	2021-22 Budget	2022-23 Proposed	2022-23 Approved	2022-23 Adopted
PROPERTY TAXES	\$190,821	\$221,664	\$240,242	\$270,759	\$270,759	\$270,759
CASH FORWARD	\$0	\$0	\$166,676	\$374,903	\$374,903	\$374,903
TOTAL	\$190,821	\$221,664	\$406,918	\$645,662	\$645,662	\$645,662

CONSOLIDATED HURA FUND EXPENDITURES SUMMARY

HURA - Consolidated Expenditures by Department

	2019 - 20 Actual	2020 - 21 Actual	2021-22 Budget	2022-23 Proposed	2022-23 Approved	2022-23 Adopted
DEPARTMENTS						
(92-8500) SE 2ND ST GATEWAY	\$0	\$0	\$0	\$400,000	\$400,000	\$400,000
(92-8400) PARKING IMPROVEMENTS	\$0	\$267,096	\$0	\$0	\$0	\$0
(92-8100) FAÇADE GRANTS	\$41,262	\$0	\$50,000	\$50,000	\$50,000	\$50,000
(92-8300) WAY FINDING SIGNS	\$35,000	\$0	\$48,500	\$0	\$0	\$0
(92-8200) FESTIVAL STREET	\$0	\$0	\$3,000	\$5,000	\$5,000	\$5,000
DEPARTMENTS TOTAL	\$76,262	\$267,096	\$101,500	\$455,000	\$455,000	\$455,000
NON-DEPARTMENTAL	\$108,100	\$106,955	\$305,418	\$190,662	\$190,662	\$190,662
TOTAL	\$184,362	\$374,051	\$406,918	\$645,662	\$645,662	\$645,662

CONSOLIDATED HURA FUND EXPENDITURES BY CATEGORY

HURA Consolidated Expenditures by Category

	2019 - 20 Actual	2020 - 21 Actual	2021-22 Budget	2022-23 Proposed	2022-23 Approved	2022-23 Adopted
MATERIALS & SERVICES	\$81,259	\$272,857	\$127,500	\$481,000	\$481,000	\$481,000
DEBT SERVICE	\$103,103	\$101,194	\$107,487	\$110,687	\$110,687	\$110,687
CONTINGENCY	\$0	\$0	\$171,931	\$53,975	\$53,975	\$53,975
TOTAL	\$184,362	\$374,051	\$406,918	\$645,662	\$645,662	\$645,662

FACADE GRANTS

FUND PURPOSE

To provide 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.

Facade Department - Updated

	2019 - 20 Actual	2020 - 21 Actual	2021-22 Budget	2022-23 Proposed	2022-23 Approved	2022-23 Adopted
MATERIALS & SERVICES						
(92-8100-2950) MISCELLANEOUS CONTRACTUAL	\$41,262	\$0	\$50,000	\$50,000	\$50,000	\$50,000
MATERIALS & SERVICES TOTAL	\$41,262	\$0	\$50,000	\$50,000	\$50,000	\$50,000
TOTAL	\$41,262	\$0	\$50,000	\$50,000	\$50,000	\$50,000

FESTIVAL STREET

FUND PURPOSE

To provide for the 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.

This project was completed in FY2018 and the amounts now appropriated are used primarily to maintain Festival Street into the future.

HURA Festival Street Expenditures

	2019 - 20 Actual	2020 - 21 Actual	2021-22 Budget	2022-23 Proposed	2022-23 Approved	2022-23 Adopted
MATERIALS & SERVICES						
(92-8200-2950) MISCELLANEOUS CONTRACTUAL	\$0	\$0	\$3,000	\$5,000	\$5,000	\$5,000
MATERIALS & SERVICES TOTAL	\$0	\$0	\$3,000	\$5,000	\$5,000	\$5,000
TOTAL	\$0	\$0	\$3,000	\$5,000	\$5,000	\$5,000

WAY FINDING SIGNS

FUND PURPOSE

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.

HURA Way Finding Signs Expenditures

	2019 - 20 Actual	2020 - 21 Actual	2021-22 Budget	2022-23 Proposed	2022-23 Approved	2022-23 Adopted
MATERIALS & SERVICES						
(92-8300-2950) MISCELLANEOUS CONTRACTUAL	\$35,000	\$0	\$48,500	\$0	\$0	\$0
MATERIALS & SERVICES TOTAL	\$35,000	\$0	\$48,500	\$0	\$0	\$0
TOTAL	\$35,000	\$0	\$48,500	\$0	\$0	\$0

PARKING IMPROVEMENTS

FUND PURPOSE

To improve the aesthetics of and access to, publicly available parking in the downtown core. Funds were budgeted in FY2021 for the rebuilding of the parking lot at the corner of East Gladys and NE 2nd street. This project will be completed in FY2021 at which point this fund will be considered inactive and not used.

HURA Parking Improvements Expenditures

	2019 - 20 Actual	2020 - 21 Actual	2021-22 Budget	2022-23 Proposed	2022-23 Approved	2022-23 Adopted
MATERIALS & SERVICES						
(92-8400-2950) MISCELLANEOUS CONTRACTUAL	\$0	\$267,096	\$0	\$0	\$0	\$0
MATERIALS & SERVICES TOTAL	\$0	\$267,096	\$0	\$0	\$0	\$0
TOTAL	\$0	\$267,096	\$0	\$0	\$0	\$0

2ND STREET GATEWAY

FUND PURPOSE

The Downtown Urban Renewal Plan contains a project to construct a gateway arch and other improvements at the intersection of Southeast Second Street and Highway 395. Through festival street and wayfinding planning, the project has been modified to reconstruct the intersection with safety improvements, downtown signage, and landscaping. The south entrance to the Community Center will be closed for safety. The adopted urban renewal plan estimated \$60,000 would be needed for arches. The proposed project will require \$275,000. The other projects in the plan may require funding at a lower level in the final 10 years of the district. However, because revenues have run significantly higher than projected in the plan, it is expected that any allocation adjustments will be minimal.

HURA - 2nd Street Gateway Department

	2019 - 20 Actual	2020 - 21 Actual	2021-22 Budget	2022-23 Proposed	2022-23 Approved	2022-23 Adopted
MATERIALS & SERVICES						
(92-8500-2950) MISCELLANEOUS CONTRACTUAL	\$0	\$0	\$0	\$400,000	\$400,000	\$400,000
MATERIALS & SERVICES TOTAL	\$0	\$0	\$0	\$400,000	\$400,000	\$400,000
TOTAL	\$0	\$0	\$0	\$400,000	\$400,000	\$400,000

NON-DEPARTMENTAL

FUND PURPOSE

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 publications of Agency activity and similar expenses.

HURA - Non Departmental - Updated

	2019 - 20 Actual	2020 - 21 Actual	2021-22 Budget	2022-23 Proposed	2022-23 Approved	2022-23 Adopted
DEBT SERVICE	\$103,103	\$101,194	\$107,487	\$110,687	\$110,687	\$110,687
CONTINGENCY	\$0	\$0	\$171,931	\$53,975	\$53,975	\$53,975
MATERIALS & SERVICES	\$4,997	\$5,762	\$26,000	\$26,000	\$26,000	\$26,000
TOTAL	\$108,100	\$106,955	\$305,418	\$190,662	\$190,662	\$190,662

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.

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.