

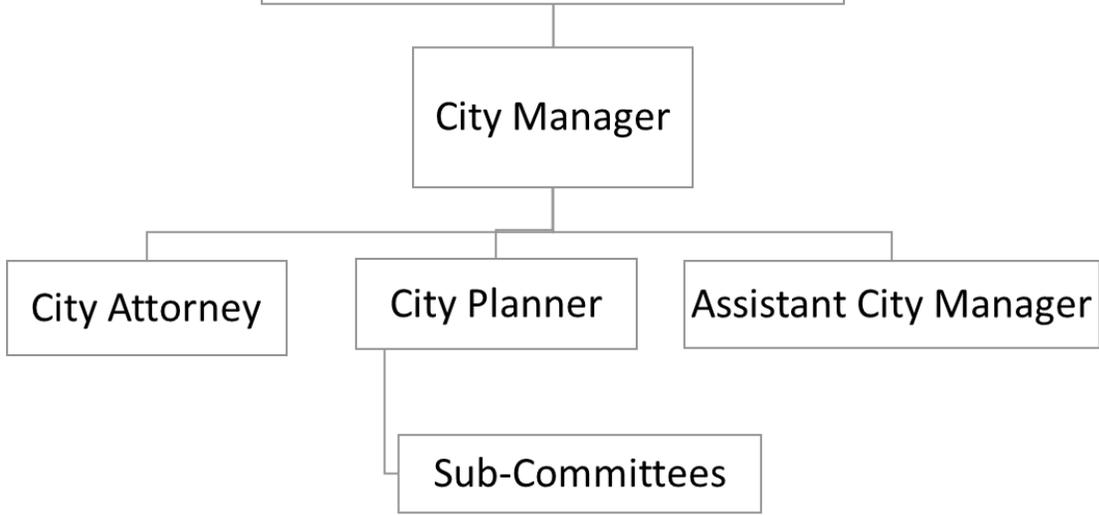


**FISCAL YEAR 2024-25
ANNUAL BUDGET
BUDGET COMMITTEE MEMBERS**

Roy Barron, Councilor
Lori Davis, Citizen Member
John Douglass, Citizen Member
Dave Drotzmann, Mayor
Maria E. Duron, Councilor
David Hanson, Citizen Member
Rod S. Hardin, Councilor
Ed Brookshier, Citizen Member
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Jason McAndrew, Citizen Member
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Jackie C. Myers, Councilor
Nancy Peterson, Councilor
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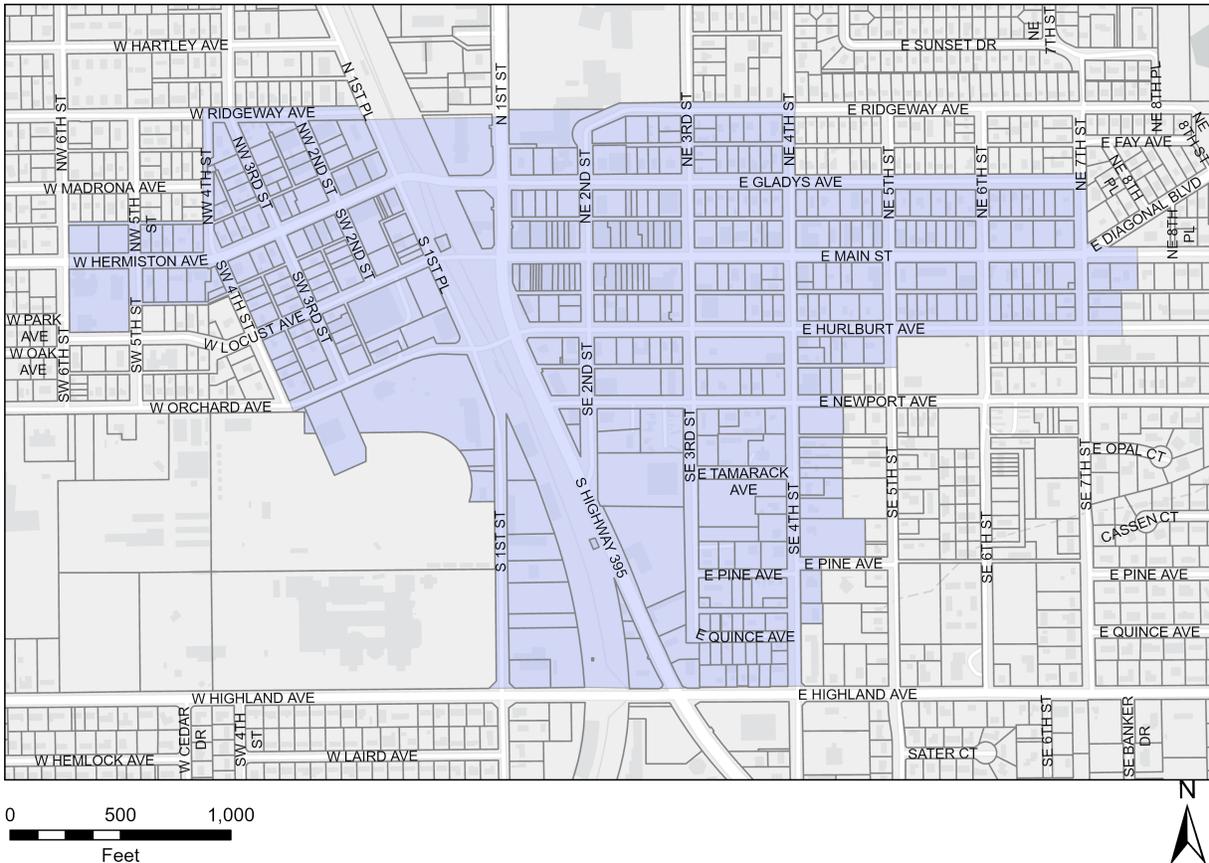
Byron Smith, Budget Officer
Ignacio Palacios, Director of Finance

HURA BOARD



MAPS OF DISTRICTS

Downtown Urban Renewal Area



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 2024-25 is as follows:

Jan/Feb City Council meets with City Manager and department heads to set goals

March Department budget requests are submitted. City Manager and Finance Director meet with department heads to discuss submission.

April City Manager finalizes budget and prepares budget message.

May Budget Committee meets to receive budget, hear public comment, and approve budget.

Property tax levy set.

June Public hearing is held on the budget. City Council adopts budget, sets appropriations, and levies property taxes.

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.

BUDGET MESSAGE

May 1, 2024

Dear Citizens and Members of the Budget Committee:

The proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2024-25 Fiscal Year is \$6,050,642.

The 2024-25 Fiscal Year will see more exciting changes for HURA. In 2023 a second urban renewal district joined the Downtown Urban Renewal Area. Now in 2024, a third district will become functional and create additional projects for the betterment of the city. The new district is North Hermiston Urban Renewal and is tasked with public road improvements to improve safety and circulation on the busiest road segment in Hermiston, N First St (Highway 395) between Elm Ave and Theater Lane. Beginning with this fiscal year, the Hermiston Urban Renewal Agency will administer the Downtown URA (Downtown), the Southwest Hermiston URA (SHURA), and the North Hermiston URA (NURA).

Revenues for urban renewal agencies are based on tax-increment financing (TIF). TIF freezes the assessed value of an urban renewal area on the date it is established and diverts future property tax revenues over and above that frozen base into the urban renewal agency to pay for improvement projects.

The frozen base for each urban renewal area, current assessed value, and growth is detailed in the table below. Since this is the first year for NURA, no growth is budgeted this year.

District	Frozen Assessed Value	Current Assessed Value	Increase in Value Since Formation
Downtown	\$42,262,899	\$61,588,838	45.70%
SHURA	\$3,121,349	\$3,498,512	12%
NURA	\$60,808,125	\$60,808,125	0%

Downtown

No capital improvements are planned for the 24/25 FY. The SE 2nd St gateway project was completed in the 23/24 FY and this year will be used to build cash reserves for future projects. Façade Grants will increase from \$20,000 to \$60,000. The façade grant fund has historically been held at \$50,000 but was reduced to \$20,000 to help fund the 2nd Street project in 2023. The fund is now reverting to historic levels, with a slight increase to reflect the increase in project matching funds from \$10,000 to \$20,000 in 2022 to reflect inflationary building costs.

All of the remaining Downtown budget line items are maintaining the status quo. The Festival Street line item holds at \$3,000. The wayfinding project is complete within the Downtown and this line is zero for 24/25. Parking improvements maintains a \$3,000 budget in case a project of opportunity presents itself.

Southwest Hermiston Urban Renewal Area

SHURA will see substantial revenue and expenses in the 24/25 FY. The city has obtained a loan from the State of Oregon for construction of a water tower, water booster upgrades, sewer main, and public park in the Prairie Meadows development. The design and construction of these improvements will take several years to complete. In the upcoming year \$600,000 is anticipated as revenue from this loan and will be used for design and engineering expenses, primarily on the water tower and sewer main. For reference, a two-million-gallon reservoir is planned for the Prairie Meadows area, upgrades to the water booster station at W Joseph Ave and SW 11th St, and one mile of sewer improvements are necessary.

Urban renewal is the funding mechanism for these public infrastructure projects, but the projects themselves will be built and owned by the City of Hermiston. No construction is anticipated during the 24/25 Fiscal Year. However, very late in 2025, the projects may be ready to bid and construct, necessitating supplemental budget adjustments. Additional revenue will be budgeted in 25-26 for construction.

North Hermiston Urban Renewal Area

NURA is a one-project urban renewal area. The project will build a new street connecting N First St and NE 4th Street, extending between NE Aspen Drive and the Home Depot access drive. Signalization is also planned. The 24/25 FY is intended to acquire right of way, complete street design and engineering, prepare bid, documents, and construct the street. Total budget is \$5,000,000. A small portion of the total project budget was expended in the 23/24 FY.

Shared Expenses

Non-Departmental expenses are proposed at \$484,642 and cover debt service and administrative expenses across all three urban renewal areas. Debt service covers reimbursement of loans for Festival Street construction in the downtown, IFA loans for infrastructure engineering in SHURA, and City bond loan repayment for street design, right of way acquisition, and construction in NURA.

Sincerely,

Clinton F. Spencer
Urban Renewal Manager
City of Hermiston

LOGOTYPE

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RESOURCES

HURA - Resources - Updated

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
FROM OTHER AGENCIES	\$0	\$0	\$5,050,000	\$407,542
CASH FORWARD	\$0	\$0	\$176,676	\$4,845,100
PROPERTY TAXES	\$251,891	\$278,823	\$298,290	\$302,000
NON-REVENUE RECEIPTS	\$0	\$0	\$496,000	\$496,000
TOTAL	\$251,891	\$278,823	\$6,020,966	\$6,050,642

CONSOLIDATED HURA FUND EXPENDITURES SUMMARY

HURA - Consolidated Expenditures by Department

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
DEPARTMENTS				
(92-4200) NHURA	\$0	\$0	\$500,000	\$4,900,000
(92-4100) SHURA	\$0	\$76,000	\$496,000	\$600,000
(92-8500) SE 2ND ST GATEWAY	\$0	\$57,709	\$360,000	\$0
(92-8100) FAÇADE GRANTS	\$20,000	\$50,000	\$20,000	\$60,000
(92-8300) WAY FINDING SIGNS	\$94,430	\$10,056	\$0	\$0
(92-8400) PARKING IMPROVEMENTS	\$87,581	\$0	\$3,000	\$3,000
(92-8200) FESTIVAL STREET	\$0	\$509	\$3,000	\$3,000
DEPARTMENTS TOTAL	\$202,011	\$194,274	\$1,382,000	\$5,566,000
NON-DEPARTMENTAL	\$109,462	\$109,643	\$4,638,966	\$484,642
TOTAL	\$311,473	\$303,917	\$6,020,966	\$6,050,642

CONSOLIDATED HURA FUND EXPENDITURES BY CATEGORY

HURA Consolidated Expenditures by Category

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
MATERIALS & SERVICES	\$212,111	\$201,354	\$1,408,000	\$5,602,000
CONTINGENCY	\$0	\$0	\$4,512,351	\$2,438
DEBT SERVICE	\$99,362	\$102,562	\$100,615	\$446,204
TOTAL	\$311,473	\$303,917	\$6,020,966	\$6,050,642

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

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
MATERIALS & SERVICES				
(92-8100-2950) MISCELLANEOUS CONTRACTUAL	\$20,000	\$50,000	\$20,000	\$60,000
MATERIALS & SERVICES TOTAL	\$20,000	\$50,000	\$20,000	\$60,000
TOTAL	\$20,000	\$50,000	\$20,000	\$60,000

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

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
MATERIALS & SERVICES				
(92-8200-2950) MISCELLANEOUS CONTRACTUAL	\$0	\$509	\$3,000	\$3,000
MATERIALS & SERVICES TOTAL	\$0	\$509	\$3,000	\$3,000
TOTAL	\$0	\$509	\$3,000	\$3,000

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

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
MATERIALS & SERVICES				
(92-8300-2950) MISCELLANEOUS CONTRACTUAL	\$94,430	\$10,056	\$0	\$0
MATERIALS & SERVICES TOTAL	\$94,430	\$10,056	\$0	\$0
TOTAL	\$94,430	\$10,056	\$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

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
MATERIALS & SERVICES				
(92-8400-2950) MISCELLANEOUS CONTRACTUAL	\$87,581	\$0	\$3,000	\$3,000
MATERIALS & SERVICES TOTAL	\$87,581	\$0	\$3,000	\$3,000
TOTAL	\$87,581	\$0	\$3,000	\$3,000

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

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
MATERIALS & SERVICES				
(92-8500-2950) MISCELLANEOUS CONTRACTUAL	\$0	\$57,709	\$360,000	\$0
MATERIALS & SERVICES TOTAL	\$0	\$57,709	\$360,000	\$0
TOTAL	\$0	\$57,709	\$360,000	\$0

SOUTH HERMISTON URBAN RENEWAL AGENCY

FUND PURPOSE

The South Hermiston Urban Renewal Agency was formed for the purpose of assisting with the development of approximately 350 acres of residentially zoned property in the southwestern corner of the City which has been severely constrained due to its distance from existing city utilities. Projects included in the SHURA include:

- Construction of a new 2 Million Gallon Water Reservoir capable of serving the entire City of Hermiston
- Construction of approximately 10,000 linear feet of new water transmission main
- Construction of approximately 4,000 linear feet of new sewer main
- Construction of a new regional park

The infrastructure improvements are necessary to allow for up to 1,300 new residential housing units over 20 years. The new property tax revenue from the new housing development will be diverted to cover the cost of the infrastructure improvements which will be financed through State of Oregon backed borrowing through Business Oregon and the Department of Environmental Quality.

SHURA EXPENDITURES

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
MATERIALS & SERVICES				
(92-4100-2950) MISCELLANEOUS CONTRACTUAL	\$0	\$76,000	\$496,000	\$600,000
MATERIALS & SERVICES TOTAL	\$0	\$76,000	\$496,000	\$600,000
TOTAL	\$0	\$76,000	\$496,000	\$600,000

NORTH HERMISTON URBAN RENEWAL

FUND PURPOSE

The North Hermiston Urban Renewal Area is a small district focusing on improving access and circulation for commercial development on N First St. The district plan calls for a series of projects to achieve the improved access goal. The primary project will build a new east/west street connecting N First Street to NE Fourth Street, creating a new public street connecting the Home Depot commercial plaza to NE Aspen Drive. The district will also construct a new municipal water line under the new street, improving system resiliency and providing water for new commercial development. Finally a new traffic signal is proposed for N First St.

NHURA

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
MATERIALS & SERVICES	\$0	\$0	\$500,000	\$4,900,000
TOTAL	\$0	\$0	\$500,000	\$4,900,000

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

	2021 - 22 Actual	2022 - 23 Actual	2023 - 24 Adopted	2024 - 25 Budget
CONTINGENCY	\$0	\$0	\$4,512,351	\$2,438
DEBT SERVICE	\$99,362	\$102,562	\$100,615	\$446,204
MATERIALS & SERVICES	\$10,099	\$7,081	\$26,000	\$36,000
TOTAL	\$109,462	\$109,643	\$4,638,966	\$484,642

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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.

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