

Report Accompanying the North Hermiston Urban Renewal Plan

This document remains draft until the City Council adoption of the North Hermiston Urban
Renewal Plan.



Where Life is Sweet

Adopted by the City of Hermiston

Date

Ordinance No. _____

List of Participants

Mayor

Dr. David Drotzmann

City Council

Jackie M. Linton, Ward 1

Roy N. Barron, Ward 2

Jackie C. Myers, Ward 3

David P. McCarthy, Ward 4

Maria E. Duron, at large

Rod S. Hardin, at large

Nancy R. Peterson, at large

Doug Primmer, at large, Council President

Hermiston Urban Renewal Agency

Dr. David Drotzmann

Jackie M. Linton

Roy N. Barron

Jackie C. Myers

David P. McCarthy

Maria E. Duron

Rod S. Hardin

Nancy R. Peterson

Doug Primmer

Planning Commission

Position 1 Annette Kirkpatrick

Position 2 Philip Hamm

Position 3 Ben Doherty

Position 4 Patrick Collins

Position 5 Josh Burns

Position 6 Dean Fialka

Position 7 Ben Sargent

Position 8 Margaret E. Saylor, Chair

Position 9 Derek Caplinger

City Manager

Byron Smith

Economic Development/Assistant City Manager

Mark Morgan

Planning Director

Clinton Spencer

Finance Director

Mark Krawczyk

Consulting Team

Elaine Howard Consulting, LLC

Elaine Howard

Scott Vanden Bos

Johnson Economics

Jerry Johnson

Brendan Buckley

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I. DEFINITIONS

“Agency” is the Hermiston Urban Renewal Agency created under ORS 457.035 and 457.045.

“Blight” is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting the North Hermiston Urban Renewal Plan.

“City” means the City of Hermiston, Oregon.

“City Council” or “Council” means the Hermiston City Council.

“Comprehensive Plan” means the City of Hermiston Comprehensive Plan and its implementing ordinances, policies, and standards.

“County” means Umatilla County, Oregon.

“District” means the properties and rights-of-way located within the North Hermiston Urban Renewal District.

“Frozen base” means the total assessed value including all real, personal, manufactured, and utility values within the North Hermiston Urban Renewal Plan at the time of adoption. The county assessor certifies the assessed value after the adoption of the North Hermiston Urban Renewal Plan.

“HURA” is the Hermiston Urban Renewal Agency.

“North Hermiston Urban Renewal Plan” means a plan, as it exists or is changed or modified from time to time, as provided in ORS 457.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in the North Hermiston Urban Renewal Plan, or portion thereof, over the assessed value specified in the certified statement.

“Maximum Indebtedness” means the maximum principal amount of indebtedness that may be incurred by a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon Revised Statutes and specifically Chapter 457, which relates to urban renewal and tax increment financing.

“Plan” means the official plan for the North Hermiston Urban Renewal Plan pursuant to ORS 457.

“Plan Area” means a blighted area included in the North Hermiston Urban Renewal Plan under ORS 457.010.

“Planning Commission” means the Hermiston Planning Commission.

“Project(s)” means any work or undertaking carried out under the North Hermiston Urban Renewal Plan.

“Report Accompanying North Hermiston Urban Renewal Plan” or “Report” means the official report that accompanies the North Hermiston Urban Renewal Plan pursuant to ORS 457.087.

“Revenue sharing” means sharing tax increment proceeds as defined in ORS 457.470 and refers to the funds that are associated with the division of taxes accomplished through the adoption of the North Hermiston Urban Renewal Plan.

“Tax increment revenues” means the funds allocated by the assessor to the Hermiston Urban Renewal Agency due to increases in assessed value over the frozen base within the district.

“Urban Renewal” means the statutory authority provided in ORS 457.

“Urban renewal area” means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.010.

“Urban renewal plan” or “Plan” means a plan, as it exists or is changed or modified from time to time, for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.

“Urban renewal project” or “Project” means any work or undertaking carried out under ORS 457.170 in an urban renewal area.

“Urban renewal report” or “Report” means the official report that accompanies the urban renewal plan pursuant to ORS 457.087.

II. INTRODUCTION

The Report Accompanying the North Hermiston Urban Renewal Plan (Report) contains background information and project details that pertain to the Hermiston Urban Renewal Plan (Plan). The Report is not a legal part of the Plan but is intended to provide public information and support the findings made by the Hermiston City Council (City Council) as part of the approval of the Plan.

The Report provides the analysis and contains the information required to meet the standards of ORS 457.087, including financial feasibility. The Report requirements include:

- A description of the physical, social, and economic conditions in the Area and expected impact of the plan, including fiscal impact in light of increased services; (ORS 457.087(1))
- Reasons for selection of the plan Area; (ORS 457.087(2))
- The relationship between each project to be undertaken and the existing conditions; (ORS 457.087(3))
- The estimated total cost of each project and the source of funds to pay such costs; (ORS 457.087(4))
- The estimated completion date of each project; (ORS 457.087(5))The estimated amount of funds required in the Area and the anticipated year in which the debt will be retired; (ORS 457.087(6))
- A financial analysis of the plan; (ORS 457.087(7))
- A fiscal impact statement that estimates the impact of tax increment financing (TIF) upon all entities levying taxes upon property in the urban renewal area; (ORS 457.0857(8)) and
- A relocation report. (ORS 457.087(9))

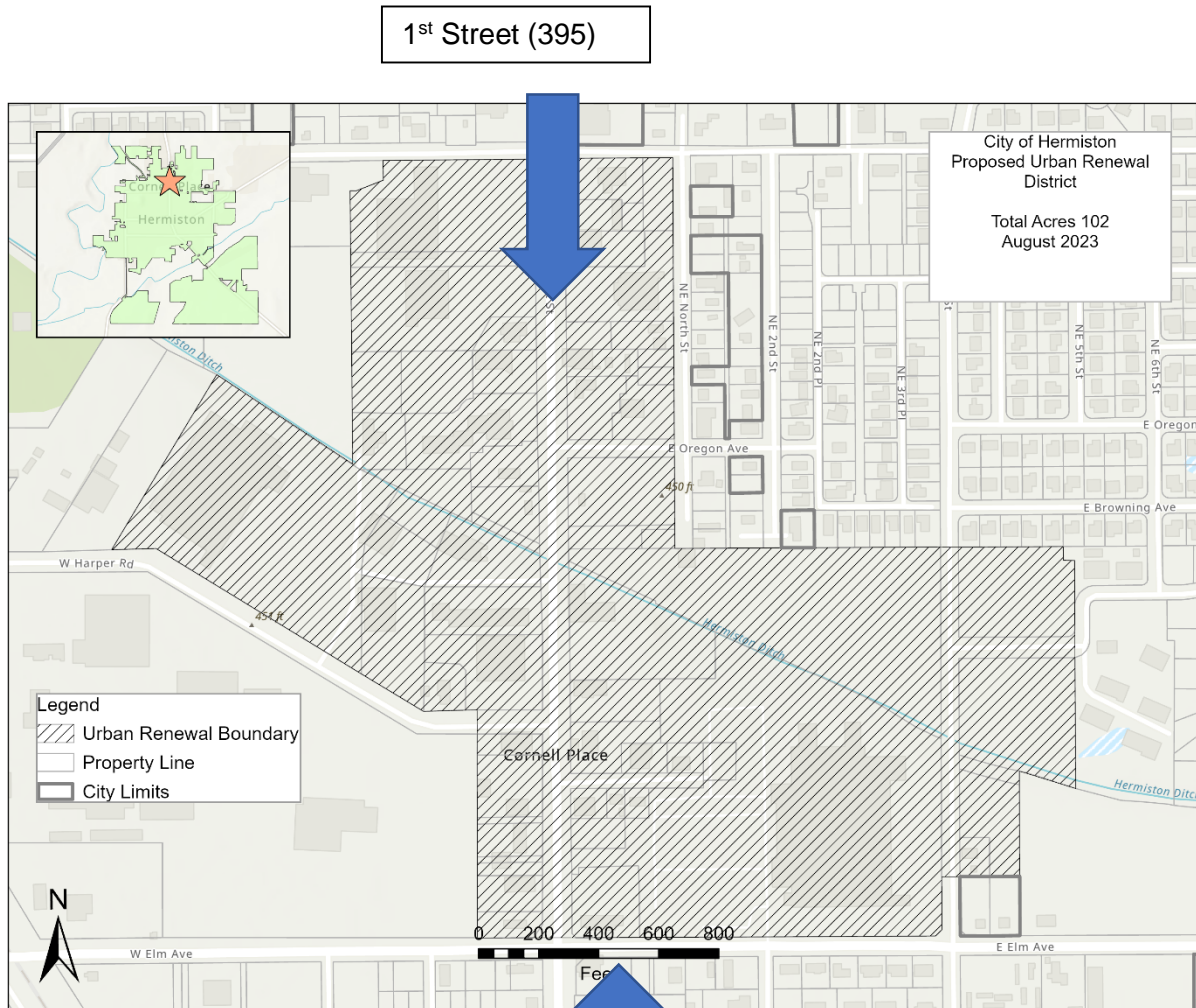
The relationship between the sections of the Report and the ORS 457.087 requirements is shown in Table 1. The specific reference shown is the section of this Report that most addresses the statutory reference. There may be other sections of the Report that also address the statute.

The Report provides guidance on how the Plan might be implemented. As the Hermiston Urban Renewal Agency (HURA or Agency) reviews revenues and potential projects each year, it has the authority to make adjustments to the implementation assumptions in this Report. The Agency may allocate budgets differently, adjust the timing of the projects, decide to incur debt at different times than assumed in this Report, and make other adjustments to the financials as determined by the Agency. The Agency may also make changes as allowed in the Amendments section of the Plan

Table 1 - Statutory References

Statutory Requirement	Report Section
ORS 457.087 (1)	XI
ORS 457.087 (2)	XII
ORS 457.087 (3)	III
ORS 457.087 (4)	IV
ORS 457.087 (5)	VII
ORS 457.087 (6)	V,VI
ORS 457.087 (7)	V,VI
ORS 457.087 (8)	IX
ORS 457.087 (9)	XIII

Figure 1 – North Hermiston Urban Renewal District Boundary



Source: City of Hermiston

Elm Avenue (Highway 207)

III. THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The projects identified for the North Hermiston Urban Renewal District (District) are described below, including how they relate to the existing conditions in the District. The infrastructure projects are intended to facilitate development in the District by providing a more efficient transportation system, improved water lines and access to parcels in the District.

A. Infrastructure Upgrades

A new east/west street (NE Aspen Drive) is proposed connecting N 1st Street to NE 4th Street. This street is proposed for construction in the easement for the Hermiston Drain. Constructing the street in the easement allows otherwise unbuildable land to be productively utilized for the public good as well as providing new points of access for the irregularly shaped parcels along the easement. This new street will provide nearly 1,300 feet of new street frontage for an area which currently has less than 100 feet of highway frontage. The street will provide pedestrian and bicycle improvements.

Aspen Drive will also provide additional opportunities for alternate circulation as traffic generated by the existing commercial users may leave N 1st Street and connect with existing residential development to the west and south without needing to travel through the congested Elm Street/1st Street intersection.

A new signal is proposed for the N 1st Street/Aspen Drive intersection. This signal is intended to aid in traffic calming on N 1st Street and to provide better traffic spacing, allowing more left turns onto the highway.

An extension of NE North Street south from the current terminus to NE Aspen Drive is proposed. This street extension is approximately 100 feet and will provide opportunities for commercial and residential traffic to the north an opportunity to use the newly constructed signal at NE Aspen Drive and avoid the unsignalized intersection of E Oregon Avenue and N 1st Street.

A new municipal water line is proposed following the NE Aspen Drive route, looping water between N 1st Street and NE 4th Street and providing service to new businesses along the route.

Right of way acquisition is required for all new streets. No existing rights of way exist, and property purchase is planned in the District.

EXISTING CONDITIONS:

The District extends along N 1st Street (Highway 395) between Elm Avenue and Theater Lane in Hermiston and is bounded by NE 4th Street on the east. The entire area is zoned for retail commercial use and provides a significant number of retail, dining, and service opportunities for Hermiston. The District contains numerous commercial businesses which have created increased congestion resulting from poor transportation infrastructure. The intersection of Elm Avenue (Highway 207) and N 1st Street (Highway 395) at the south boundary of the District is the busiest intersection in Oregon Department of Transportation (ODOT) Region 5, seeing an average of 29,000 vehicle trips per day. Historical poor planning and the existing built environment has created a situation where off-highway

circulation is virtually impossible, creating even higher demands on the N 1st Street corridor. The presence of the Hermiston Drain, running northwesterly through the urban renewal district adds to the congestion and development limitations. This drain, which extends on both sides of N 1st Street, is a federally owned facility which is difficult to cross without special permission, limiting parallel street creation in the past. The diagonal layout of the drain and exceptionally wide drain easements have created several irregular shaped parcels which are difficult to market and develop, hindering the ability of the area to develop with any additional density.

As noted, N 1st Street is a state highway and under the jurisdiction of the Oregon Department of Transportation for access management and signalization authority. Although there are three streets which intersect N 1st Street in this corridor (W Harper Road, E Oregon Avenue, and NE Cornell Place), none of the streets provide any opportunity for congestion relief. E Oregon Avenue and NE Cornell Place are not through streets and provide no opportunities for alternative circulation. W Harper Road does connect to Geer Road and River Road to the west, but only serves existing industrial and rural areas to the west, providing limited destinations. None of the three existing street connections are able to be signalized due to state highway minimum spacing standards.

The City of Hermiston has taken steps to mitigate some of the historic issues in the corridor. The zoning of lands along the Hermiston Drain was amended from Industrial to Commercial in 2014 intending to stimulate development of vacant parcels with compatible commercial uses. The irregular shape, large drainage easement, limited highway frontage, and limited access opportunities still hindered commercial development. Areas within the District continue to remain unutilized nine years after these efforts began. The N 1st Street corridor has some of the highest traffic volumes and highest value buildings in the City, yet further development on vacant parcels is difficult, leaving a significant commercial area underutilized. Additional investment in infrastructure will aid in development of underutilized parcels, alleviate congestion, and provide alternate circulation paths for traffic to leave the N 1st Street corridor.

Constructing the new water line is a huge incentive to redevelopment because without it there are no reasonable water connections along the Hermiston Drain available.

B. Administration

1. Financing fees
2. General administration including annual reporting, financial statements and administration of the Plan.

EXISTING CONDITIONS:

This area in Hermiston is not presently in an urban renewal district, so requires no administrative responsibilities from the urban renewal agency. Once an urban renewal plan with its associated requirements for administration exists for the District, there will be a need for administrative funds to be allocated for that administration.

IV. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

Table 2 shows the costs of the projects in Fiscal Year Ending (FYE) 2023 constant dollars and the estimated year of expenditure dollars.¹ These costs are also shown in “year of expenditure” costs, which assumes inflation of 5.0% annually. City staff provided the cost estimates for these projects. These estimates will be refined in the annual budgeting process, acknowledging of the limiting total cost factor of the maximum indebtedness. Different allocations may be made to different line items within the Plan.

Table 2 - Estimated Cost of Each Project in Constant FYE 2023 and Year of Expenditure Costs

TIF District Projects	Constant FYE 2023 \$	Year of Expenditure \$¹
NE Aspen Drive & NE North St. Street Improvements	\$815,250	\$898,813
Water Line Improvements (NE Aspen Drive)	\$161,750	\$178,329
Traffic Signage and Signaling	\$1,608,000	\$1,772,820
Construction Contingencies	\$1,020,000	\$1,124,550
Property Acquisition	\$208,000	\$229,320
Administration	\$10,000	\$11,205
Project Contingency (15%)	\$561,950	\$619,550
TOTAL:	\$4,384,950	\$4,834,407

Source: Anderson Perry, City of Hermiston and Johnson Economics

The majority of the projects are projected to be funded in FYE 2024 and 2025 through a \$5 million loan, with a portion of the debt service for the loan funded by other funding sources through FYE 2032, when substantial development is projected to have occurred, resulting in sufficient tax increment financing (TIF) revenues to cover the debt service.

The Plan assumes that the Agency/City will use other funds to assist in the completion of the projects within the District. The Agency/City may pursue regional, county, state, and federal funding, private developer contributions, and any other sources of funding that may assist in the implementation of the programs. This funding is identified as “other funding sources” in the financial tables.

This financial analysis shows the described projected borrowings in Table 3.

The scenario presented in this Report is only one scenario for how the Agency may decide to implement this Plan, and this scenario is financially feasible. The Agency may decide to do borrowings at different times or for different amounts, depending on their analysis at the time. The timeframes on these borrowings are designed to have all borrowings repaid at the termination of the District’s division of taxes in FYE 2040. The amounts shown are the principal amounts of the borrowings. The total payments, including interest, are shown in the second column of Table 6.

¹ The cost of Aspen Drive may be increased for pedestrian and bicycle improvements. However, the amount dedicated to this project is not expected to be increased.

Table 3 - Estimated Borrowings and Amounts

Loan	
Principal Amount	\$5,000,000
Interest Rate	5.00%
Loan Term	20
Loan Year	2024
Interest Payment Start	2024
Principal Payment Start	2024
Annual Payment	(\$401,213)

Source: Johnson Economics

V. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through Fiscal Year End (FYE) 2040 are calculated based on projections of the assessed value within the District and the consolidated tax rate that will apply in the District.

The long-term projections for FYE 2025 and beyond assume an annual growth rate of 3% for existing assessed value in the District plus specific exception value assumptions. Exception value is the value of new development in the District, shown in Table 4. The exception value assumptions included in this analysis were calculated by Johnson Economics based on the number of developable parcels, acreage and projections for the timing of development.

Table 4 - Exception Value Assumptions

Number of Developable Parcels:	15	Tax lots
Total Acreage:	22.9	acres
Average Acreage:	1.5	acres
Acreage Range:	0.15 - 9.5	acres
Est. New TAV (in 2023 dollars)	\$16.9	million
Years to Full Buildout:	20	years
First FYE on Tax Roll:	2024	

Source: Johnson Economics with input from the city of Hermiston TAV taxable assessed value

CPR: Change Property Ratio from Umatilla County Assessor, SAL 7a, FYE 2022

Source: Johnson Economics with input from the City of Hermiston

If actual assessed value growth is less than forecast, then it would reduce the financial capacity of the District to fund projects listed in the Plan over the anticipated duration of the Plan.

Table 5 shows the incremental assessed value, tax rates, and tax increment revenues each year, adjusted for discounts, delinquencies, and truncation loss.

- Total AV is the estimated total assessed value of the District on an annual basis.
- Frozen base is the estimate of the assessed value of the District at its formation.
- Increment used is the total assessed value minus the frozen base.

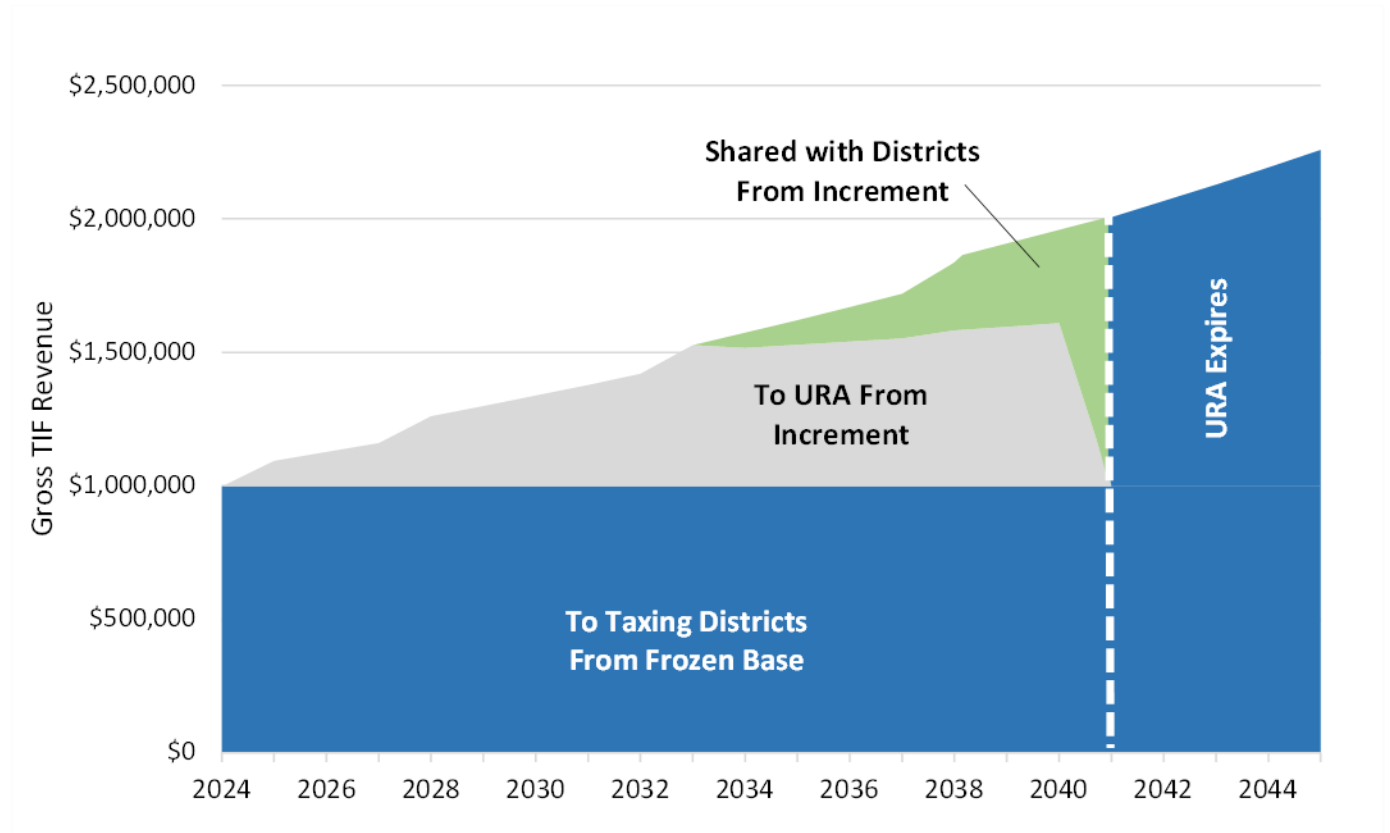
- Increment shared is the amount that will be distributed to all taxing districts according to their permanent rate due to revenue sharing. Figure 2 shows the expected tax increment collections and the timing of when revenue will be shared with the overlapping taxing districts, projected to start in FYE 2034.
- Tax rate is the total permanent rate levy for the District.
- Gross tax increment financing revenue (TIF) is calculated by multiplying the tax rate times the assessed value used. The tax rate is per thousand dollars of assessed value, so the calculation is “tax rate times assessed value used divided by one thousand.”
- Adjustments are calculated at 5% of the Gross TIF and are for discounts, delinquencies, and rate truncation.
- TIF Current Year reflects subtracting the 5% adjustment factor from Gross TIF.
- TIF Prior Years is the tax increment revenue that was delinquent the prior year and is paid by the assessor’s office once it is received. It is estimated that this amount is 1.5% of total TIF.
- Net TIF is the amount of tax increment revenues estimated to be received by the Agency.

Table 5 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Total AV	Frozen Base AV	Incremental AV	Incremental AV Used	Incremental AV Shared	Tax Rate	Gross TIF	Adjustments	Current Year Net	Prior Year Net	Total TIF
2024	60,808,125	57,095,267	-	-	-	17.4674	-	-	-	-	-
2025	62,632,369	57,095,267	5,537,102	5,537,102	-	17.4674	96,719	(7,254)	89,465	-	89,465
2026	64,511,340	57,095,267	7,416,073	7,416,073	-	17.4674	129,540	(9,715)	119,824	1,344	121,168
2027	66,446,680	57,095,267	9,351,413	9,351,413	-	17.4674	163,345	(12,251)	151,094	1,801	152,895
2028	72,190,081	57,095,267	15,094,813	15,094,813	-	17.4674	263,667	(19,775)	243,892	2,270	246,163
2029	74,355,783	57,095,267	17,260,516	17,260,516	-	17.4674	301,496	(22,612)	278,884	3,665	282,549
2030	76,586,457	57,095,267	19,491,189	19,491,189	-	17.4674	340,460	(25,535)	314,926	4,191	319,117
2031	78,884,050	57,095,267	21,788,783	21,788,783	-	17.4674	380,593	(28,544)	352,049	4,732	356,781
2032	81,250,572	57,095,267	24,155,305	24,155,305	-	17.4674	421,930	(31,645)	390,286	5,290	395,576
2033	87,438,089	57,095,267	30,342,822	30,342,822	-	17.4674	530,010	(39,751)	490,259	5,865	496,124
2034	90,061,232	57,095,267	32,965,964	29,710,055	3,255,909	17.4674	518,957	(38,922)	480,036	7,367	487,403
2035	92,763,069	57,095,267	35,667,801	30,385,515	5,282,287	17.4674	530,756	(39,807)	490,949	7,214	498,163
2036	95,545,961	57,095,267	38,450,693	31,081,238	7,369,456	17.4674	542,908	(40,718)	502,190	7,378	509,568
2037	98,412,340	57,095,267	41,317,072	31,797,832	9,519,240	17.4674	555,425	(41,657)	513,769	7,546	521,315
2038	105,114,710	57,095,267	48,019,442	33,473,425	14,546,018	17.4674	584,694	(43,852)	540,842	7,720	548,562
2039	108,268,151	57,095,267	51,172,884	34,261,785	16,911,099	17.4674	598,464	(44,885)	553,579	8,127	561,707
2040	111,516,196	57,095,267	54,420,928	35,073,796	19,347,132	17.4674	612,648	(45,949)	566,699	8,319	575,018
TOTAL:						17.4674	6,571,614	(492,871)	6,078,743	82,830	\$6,161,573

Source: Johnson Economics

Figure 2 - TIF Projections



Source: Johnson Economics

VI. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 6 shows a summary of the financial capacity of the District, including how total TIF revenue translates to the ability to fund urban renewal projects in constant 2023 dollars in five-year increments. Table 7, Table 8 and Table 9 show more detailed tables on the allocation of tax revenues to debt service. Table 10, Table 11, and Table 12 show potential allocations to projects and administration over time.

The District is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the District in FYE 2040, a 16-year time frame for taking division of tax revenues. If growth in assessed value is slower than projected, the Agency may not be able to complete all projects in the Plan. If growth in assessed value is more robust than the projections, it may take a shorter time period. These assumptions show one scenario for financing and that this scenario is financially feasible.

The maximum indebtedness is \$5,000,000 (Five Million dollars). The estimated total amount of tax increment revenues required to service the maximum indebtedness of \$5,000,000 is approximately \$6,061,457 and is from permanent rate tax levies. The total net TIF revenue is greater than the maximum indebtedness due to the projected cost of the interest on borrowings (loans). There is one loan shown in this financial analysis.

Table 6 - TIF Capacity of the District in FYE 2023 Constant Rounded Numbers

Total Net TIF	\$6,162,000
Maximum Indebtedness	\$5,000,000
Capacity (2023\$)	\$4,385,000
Years 1-5	\$3,422,000
Years 6-10	\$937,000
Years 11-15	\$17,000
Year 16	\$11,000

Source: Johnson Economics

Note: TIF funding does not begin until FYE 2025, so the funding in FYE 2024 is from other sources.

Table 7 - Tax Increment Revenues and Allocations to Debt Service, page 1

	Total	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028
Resources						
Beginning Balance	-	-	-	-	-	-
Other Funding Sources	1,515,879	401,213	304,494	270,329	236,067	135,275
TIF: Current Year	6,425,550	-	96,719	129,540	163,345	263,667
TIF: Prior Years	82,830	-	-	1,344	1,801	2,270
Total Resources	8,024,259	401,213	401,213	401,213	401,213	401,213
Expenditures						
Debt Service						
Scheduled Payments (Loan A)	(6,820,620)	(401,213)	(401,213)	(401,213)	(401,213)	(401,213)
Early Principal Payment (Loan A)	(1,203,639)	-	-	-	-	-
Total Debt Service	(8,024,259)	(401,213)	(401,213)	(401,213)	(401,213)	(401,213)
Debt Coverage Ratio (TIF)		-	0.24	0.33	0.41	0.66
Transfer to URA Fund (Admin)	-	-	-	-	-	-
Total Expenditures	(8,024,259)	(401,213)	(401,213)	(401,213)	(401,213)	(401,213)
Ending Balance	-	-	-	-	-	-

Source: Johnson Economics

Table 8 - Tax Increment Revenues and Allocations to Debt Service, page 2

	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034
Resources						
Beginning Balance	-	-	-	-	-	-
Other Funding Sources	96,052	56,562	15,887	-	-	-
TIF: Current Year	301,496	340,460	380,593	421,930	530,010	518,957
TIF: Prior Years	3,665	4,191	4,732	5,290	5,865	7,367
Total Resources	401,213	401,213	401,213	427,221	535,875	526,325
Expenditures						
Debt Service						
Scheduled Payments (Loan A)	(401,213)	(401,213)	(401,213)	(401,213)	(401,213)	(401,213)
Early Principal Payment (Loan A)	-	-	-	(26,008)	(134,662)	(125,112)
Total Debt Service	(401,213)	(401,213)	(401,213)	(427,221)	(535,875)	(526,325)
Debt Coverage Ratio (TIF)	0.76	0.86	0.96	1.06	1.34	1.31
Transfer to URA Fund (Admin)	-	-	-	-	-	-
Total Expenditures	(401,213)	(401,213)	(401,213)	(427,221)	(535,875)	(526,325)
Ending Balance	-	-	-	-	-	-

Source: Johnson Economics

Table 9 - Tax Increment Revenues and Allocations to Debt Service, page 3

	FYE 2035	FYE 2036	FYE 2037	FYE 2038	FYE 2039	FYE 2040
Resources						
Beginning Balance	-	-	-	-	-	-
Other Funding Sources	-	-	-	-	-	-
TIF: Current Year	530,756	542,908	555,425	584,694	598,464	466,583
TIF: Prior Years	7,214	7,378	7,546	7,720	8,127	8,319
Total Resources	537,969	550,286	562,972	592,414	606,592	474,902
Expenditures						
Debt Service						
Scheduled Payments (Loan A)	(401,213)	(401,213)	(401,213)	(401,213)	(401,213)	(401,213)
Early Principal Payment (Loan A)	(136,757)	(149,073)	(161,759)	(191,201)	(205,379)	(73,689)
Total Debt Service	(537,969)	(550,286)	(562,972)	(592,414)	(606,592)	(474,902)
Debt Coverage Ratio (TIF)	1.34	1.37	1.40	1.48	1.51	1.18
Transfer to URA Fund (Admin)	-	-	-	-	-	-
Total Expenditures	537,969)	(550,286)	(562,972)	(592,414)	(606,592)	(474,902)
Ending Balance	-	-	-	-	-	-

Source: Johnson Economics

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The schedule for construction of projects will be based on the availability of funding. The projects will be ongoing and will be completed as directed by the Agency. Annual expenditures for program administration are also shown.

The District is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the District in FYE 2040, a 16-year program of tax increment collections.

The amount of money available for projects in 2023 constant dollars for the District is approximately \$4,834,407. See Table 2 for the individual project analysis.

Table 10 shows the approximate \$4,384,950 of 2023 constant dollars for projects inflated over the life of the District including administrative expenses. All costs shown in Table 10 are in year-of-expenditure dollars, which are adjusted by 5.0% annually to account for inflation. The year of expenditure total cost is \$4,834,407. This table shows the project costs being incurred in FYE 2024 and FYE 2025. No expenditures are shown thereafter although there may be administrative costs allocated in those years in the future as long as those costs are within the maximum indebtedness.

The 5% inflation rate is the rate to use in the future if any amendment to increase maximum indebtedness is pursued in accordance with ORS 457.470.

The Agency may change the completion dates in their annual budgeting process or as project decisions are made in administering the Plan. The following tables are prepared to show that the District is financially feasible as required by ORS 457.

Table 10 - Programs and Costs in Year of Expenditure Dollars, Page 1

	Total	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Resources					
Beginning Balance		-	1,611,469	-	-
Transfer from TIF Fund		-	-	-	-
Bond/Loan Proceeds	4,834,407	4,834,407	-	-	-
Total Resources	6,445,877	4,834,407	1,611,469	-	-
Expenditures (YOE \$)					
NE Aspen Drive & NE North St. Street Improvements	898,813	599,209	299,604	-	-
Water Line Improvements (NE Aspen Drive)	178,329	118,886	59,443	-	-
Traffic Signage and Signaling	1,772,820	1,181,880	590,940	-	-
Construction Contingencies	1,124,550	749,700	374,850	-	-
Property Acquisition	229,320	152,880	76,440	-	-
Project Contingency and Administration (15%)	630,575	420,383	210,192	-	-
Total Expenditures	4,834,407	3,222,938	1,611,469	-	-
Ending Balance		1,611,469	-	-	-

Source: Johnson Economics

Note: Project expenditures are expected in FYE 2024 and FYE 2025. Expenditures beyond that date are anticipated for administration as there will still be financial responsibilities, debt service payments to be made, annual financial statements and reports to be completed. These administrative expenses will be allocated through the annual budgeting process.

VIII. REVENUE SHARING

Revenue sharing thresholds are projected to be reached in FYE 2034. This is because the threshold set in ORS 457 (annual tax increment revenues in excess of 10 percent of the maximum indebtedness) is met during FYE 2033, triggering revenue sharing.

Revenue sharing means that at the thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the taxes from incremental growth in the District. The first threshold is met when annual TIF revenues exceed 10% of the original maximum indebtedness of the Plan or \$500,000. The year after the 10% threshold is reached, the Agency will receive the 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold.

The second threshold is met when annual TIF revenues exceed 12.5% of the maximum indebtedness or \$625,000. If this threshold is met, revenue for the District would be capped at 12.5% of the maximum indebtedness in all future years, with all additional tax revenue being shared with affected taxing districts.

If assessed value in the District grows more quickly than projected, the revenue sharing thresholds could be reached earlier. Revenue sharing projections are shown in Table 11.

Table 11 – Revenue Sharing Projections

FYE	Total AV	Frozen Base AV	Incremental AV Used	Incremental AV Shared	Tax Revenue from Shared
2023 (Base Year)	57,095,267	57,095,267	-	-	
2024	60,808,125	57,095,267	-	-	
2025	62,632,369	57,095,267	5,537,102	-	
2026	64,511,340	57,095,267	7,416,073	-	
2027	66,446,680	57,095,267	9,351,413	-	
2028	72,190,081	57,095,267	15,094,813	-	
2029	74,355,783	57,095,267	17,260,516	-	
2030	76,586,457	57,095,267	19,491,189	-	
2031	78,884,050	57,095,267	21,788,783	-	
2032	81,250,572	57,095,267	24,155,305	-	
2033	87,438,089	57,095,267	29,054,270	-	
2034	90,061,232	57,095,267	29,710,055	3,255,909	56,872
2035	92,763,069	57,095,267	30,385,515	5,282,287	92,268
2036	95,545,961	57,095,267	31,081,238	7,369,456	128,725
2037	98,412,340	57,095,267	31,797,832	9,519,240	166,276
2038	105,114,710	57,095,267	33,473,425	14,546,018	254,081
2039	108,268,151	57,095,267	34,261,785	16,911,099	295,393
2040	111,516,196	57,095,267	35,073,796	19,347,132	337,944
2041	114,861,682	57,095,267	14,101,412	43,665,002	762,714
TOTAL:					\$1,331,560

Source: Johnson Economics

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the District.

The impact of tax increment financing on overlapping taxing districts consists of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the District. These projections are for impacts estimated through FYE 2040 and are shown in Table 12 and Table 13.

The Hermiston School District # 8 and the Intermountain Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level.

Table 12 and Table 13 show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. Table 12 shows the general government levies, and Table 13 shows the education levies.

Table 12 - Projected Impact on Taxing District Permanent Rate Levies - General Government

FYE	General County	City of Hermiston	Port of Umatilla	Umatilla County Fire District 1	County Radio District	Cemetery District 8	W. Umatilla Mosquito Control	Subtotal General Gov't
2024	-	-	-	-	-	-	-	
2025	(14,594)	(31,178)	(789)	(8,965)	(871)	(472)	(1,036)	(57,905)
2026	(19,765)	(42,226)	(1,068)	(12,142)	(1,180)	(640)	(1,403)	(78,425)
2027	(24,941)	(53,283)	(1,348)	(15,321)	(1,489)	(807)	(1,770)	(98,959)
2028	(40,155)	(85,786)	(2,170)	(24,668)	(2,397)	(1,300)	(2,850)	(159,325)
2029	(46,090)	(98,466)	(2,491)	(28,314)	(2,752)	(1,492)	(3,271)	(182,876)
2030	(52,055)	(111,210)	(2,813)	(31,978)	(3,108)	(1,685)	(3,695)	(206,544)
2031	(58,199)	(124,335)	(3,145)	(35,752)	(3,474)	(1,884)	(4,131)	(230,922)
2032	(64,528)	(137,855)	(3,487)	(39,640)	(3,852)	(2,089)	(4,580)	(256,031)
2033	(80,930)	(172,895)	(4,374)	(49,716)	(4,831)	(2,620)	(5,744)	(321,110)
2034	(79,507)	(169,856)	(4,297)	(48,842)	(4,746)	(2,574)	(5,643)	(315,465)
2035	(81,262)	(173,606)	(4,392)	(49,920)	(4,851)	(2,631)	(5,768)	(322,429)
2036	(83,123)	(177,580)	(4,492)	(51,063)	(4,962)	(2,691)	(5,900)	(329,811)
2037	(85,039)	(181,674)	(4,596)	(52,240)	(5,077)	(2,753)	(6,036)	(337,414)
2038	(89,483)	(191,169)	(4,836)	(54,970)	(5,342)	(2,897)	(6,351)	(355,050)
2039	(91,628)	(195,750)	(4,952)	(56,288)	(5,470)	(2,966)	(6,503)	(363,557)
2040	(77,468)	(165,500)	(4,186)	(47,589)	(4,625)	(2,508)	(5,498)	(307,374)
TOTAL:	(988,767)	(2,112,369)	(53,435)	(607,409)	(59,028)	(32,011)	(70,179)	(3,923,197)

Source: Johnson Economics

Table 13 - Projected Impact on Taxing District Permanent Rate Levies – Education

FYE	Hermiston School District 8	Intermountain E.S.D.	Blue Mountain CC	Subtotal (Education)	Total (Govt. and Education)
2024	-	-	-	-	-
2025	(25,019)	(3,154)	(3,387)	(31,560)	(89,465)
2026	(33,886)	(4,271)	(4,587)	(42,744)	(121,168)
2027	(42,758)	(5,390)	(5,788)	(53,936)	(152,895)
2028	(68,841)	(8,677)	(9,319)	(86,837)	(246,163)
2029	(79,017)	(9,960)	(10,696)	(99,673)	(282,549)
2030	(89,243)	(11,249)	(12,080)	(112,573)	(319,117)
2031	(99,776)	(12,577)	(13,506)	(125,859)	(356,781)
2032	(110,626)	(13,944)	(14,975)	(139,545)	(395,576)
2033	(138,745)	(17,488)	(18,781)	(175,014)	(496,124)
2034	(136,306)	(17,181)	(18,451)	(171,938)	(487,403)
2035	(139,315)	(17,560)	(18,858)	(175,734)	(498,163)
2036	(142,504)	(17,962)	(19,290)	(179,757)	(509,568)
2037	(145,789)	(18,376)	(19,735)	(183,901)	(521,315)
2038	(153,409)	(19,337)	(20,766)	(193,513)	(548,562)
2039	(157,085)	(19,800)	(21,264)	(198,150)	(561,707)
2040	(132,810)	(16,740)	(17,978)	(167,528)	(474,902)
TOTAL:	(1,695,130)	(213,668)	(229,462)	(2,138,260)	(6,061,457)

Source: Johnson Economics Please refer to the explanation of the schools funding in the preceding section

Table 14 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2041.

The Frozen Base is the assessed value of the District established by the County Assessor at the time the District is established. Excess Value is the increased assessed value in the District above the Frozen Base.

Table 14 - Additional Revenues Obtained after Termination of TIF - FYE 2041

Taxing District	Tax Rate	From Frozen Base	From Excess Value	Total
General Government				
General County	2.8487	162,647	174,375	337,023
City of Hermiston	6.0860	347,482	372,538	720,020
Port of Umatilla	0.1539	8,787	9,421	18,208
Umatilla County Fire District 1	1.7500	99,917	107,121	207,038
County Radio District	0.1700	9,706	10,406	20,112
Cemetery District 8	0.0923	5,270	5,650	10,920
W. Umatilla Mosquito Control	0.2021	11,539	12,371	23,910
Subtotal	11.3030	645,348	691,882	1,337,230
Education				
Hermiston School District 8	4.8877	279,065	299,187	578,252
Intermountain E.S.D.	0.6156	35,148	37,682	72,830
Blue Mountain CC	0.6611	37,746	40,467	78,213
Subtotal	6.1644	351,958	377,337	729,295
TOTAL:	17.4674	997,306	1,069,219	2,066,525

Source: Johnson Economics

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality’s total assessed value and the total land area that can be contained in an urban renewal district at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base (assumed to be FYE 203 values), including all real, personal, manufactured, and utility properties in the Area, is projected to be \$57,095,267. The Umatilla County Assessor will certify the frozen base once the urban renewal plan is adopted. The frozen base assessed value of the City of Hermiston Downtown Urban Renewal District is \$42,262,899. The projected frozen base of the Southwest Hermiston Urban Renewal District is \$3,121,349. The Downtown Urban Renewal District has excess value of \$15,049,186. The total assessed value of the City of Hermiston as stated in the Umatilla County Assessor SAL 4a for FYE 2023 was \$1,262,014,564.

The percentage of total City assessed value in urban renewal districts is 8.23%, below the 25% threshold. ORS 457.160 (2)(b) states “For municipalities having a population of less than 50,000, according to the latest state census:

- A. The assessed value for the urban renewal areas of the plan, when added to the total assessed value previously certified by the assessor for other urban renewal plans of the municipality for which a division of ad valorem taxes is provided, exceeds a figure equal to 25 percent of the total assessed value of that municipality, exclusive of any increased assessed value for other urban renewal areas and without regard to adjustments made pursuant to [ORS 457.435](#).”

The District contains approximately 102 acres, including public rights-of-way. The City of Hermiston Downtown Urban Renewal District contains 125.2 acres. The Southwest Hermiston Urban Renewal District contains 392.8 acres. The City of Hermiston contains 5,402 acres. This puts 11.48% of the city’s acreage in an urban renewal district, which is below the 25% threshold.

Table 15 – Urban Renewal District Conformance with Assessed Value and Acreage Limits

	Acreage	Assessed Value
A. City of Hermiston Downtown Urban Renewal District	125.2	\$42,262,899
B. Southwest Hermiston Urban Renewal District	392.8	\$3,121,349
C. North Hermiston Urban Renewal District	102	\$57,095,267
D. Total Acreage/Assessed Value in URDs	620	\$102,479,515
E. Excess Value		\$16,832,001
F. City of Hermiston	5,402	\$1,262,014,564
% of City Acreage =(D/F)	11.48%	
% of City Assessed Value =(D/(F-E))		8.23%

Source: Compiled by Elaine Howard Consulting, LLC with data from Johnson Economics, City of Hermiston, and Umatilla County Department of Assessment and Taxation SAL 4a and SAL 4e (FYE 2023)

XI. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the District and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. Physical Conditions

1. Land Use

The District measures 102 total acres in size, which is composed of 63 individual parcels encompassing 93.49 acres, and an additional 8.51 acres in public rights-of-way. An analysis of FYE 2023 property classification data from the Umatilla County Department of Assessment and Taxation database was used to determine the land use designation of parcels in the District. By acreage, Commercial (81.55%) accounts for the most prevalent land use within the area. This was followed by Industrial (12.91%). Detailed land use designations in the District can be seen in Table 16..

Table 16 - Land Use in the District

Land Use	Parcels	Acres	Percent of Acres
Commercial	47	76.24	81.55%
Industrial	2	12.07	12.91%
Residential	7	2.18	2.33%
Miscellaneous	4	2.16	2.31%
Farm	1	0.45	0.48%
Exempt	2	0.39	0.42%
TOTAL:	63	93.49	100.00%

Source: Compiled by Elaine Howard Consulting with data from Johnson Economics received from the Umatilla County Department of Assessment and Taxation (FYE 2023)

2. Comprehensive Plan Designations

There are only two comprehensive plan designations in the District. The most prevalent comprehensive plan designation by acreage in the District is Commercial (87.98%). The second most prevalent comprehensive plan designation in the District is Industrial (11.04%). Detailed comprehensive plan designations in the District can be seen in Table 17. The Industrial tax lot also has a small portion that is designated as Commercial, but the majority of the tax lot is Industrial.

Table 17 – Comprehensive Plan Designations in the District

Comprehensive Plan Designation	Tax Lots	Acres	Percent of Acres
Commercial	59	82.25	87.98%
Industrial	1	10.32	10.94%
Mobile Home	4	1.01	1.08%
TOTAL:	63	93.49	100.00%

Source: Compiled by Elaine Howard Consulting with data from Johnson Economics received from the Umatilla County Department of Assessment and Taxation (FYE 2023)

3. Zoning Designations

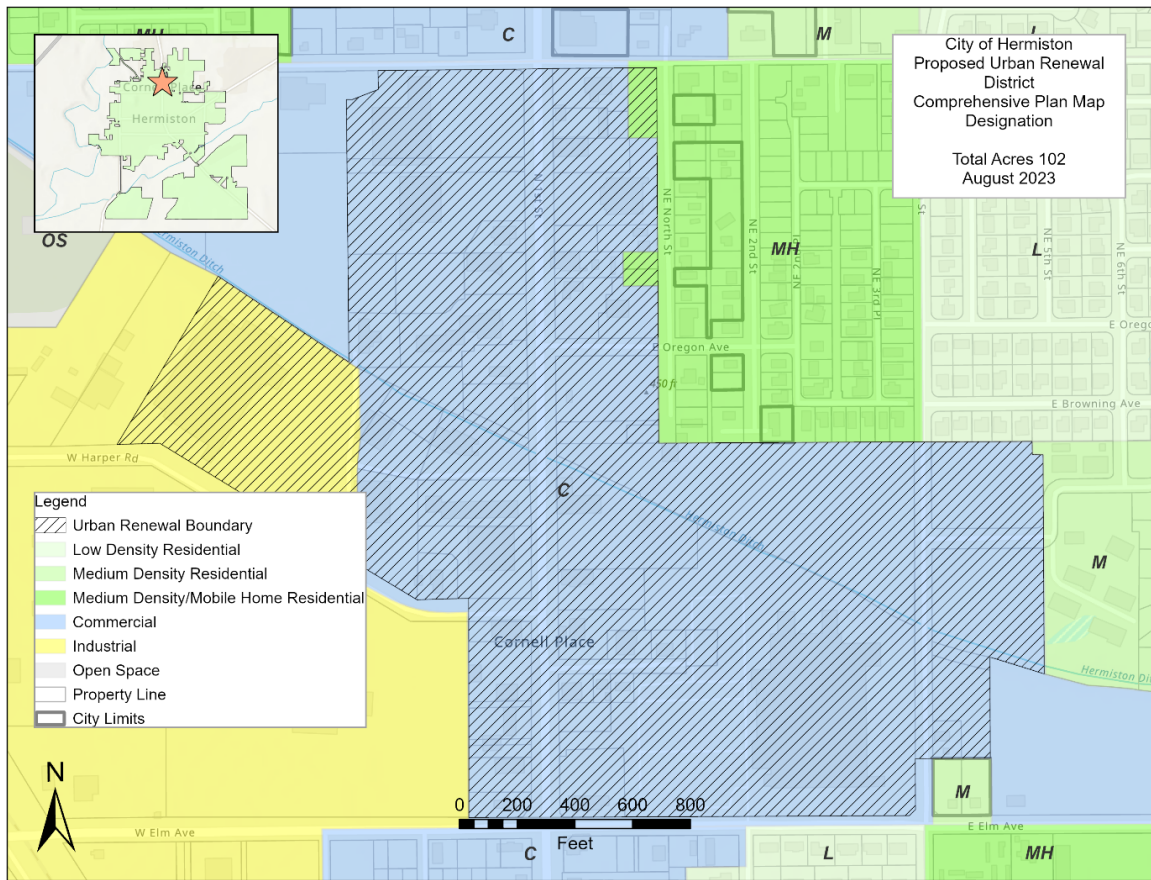
There are only two zoning designations in the District. The most prevalent zoning designation by acreage in the District is the Outlying Commercial Zone (C-2) (87.98%). The second most prevalent zoning designation in the District is the Light Industrial Residential Zone (M-1) (1.08%). Detailed zoning designations in the District can be seen in Table 18. The Light Industrial tax lot also has a small portion that is zoned as Commercial, but the majority of the tax lot is Industrial.

Table 18 - Zoning Designations in the District

Zoning Designations	Tax Lots	Acres	Percent of Acres
Outlying Commercial Zone (C-2)	59	82.25	87.98%
Light Industrial (M-1)	1	10.23	10.94%
Multi-Structure Residential Zone (R-4)	4	1.01	1.08%
TOTAL:	63	93.49	100.00%

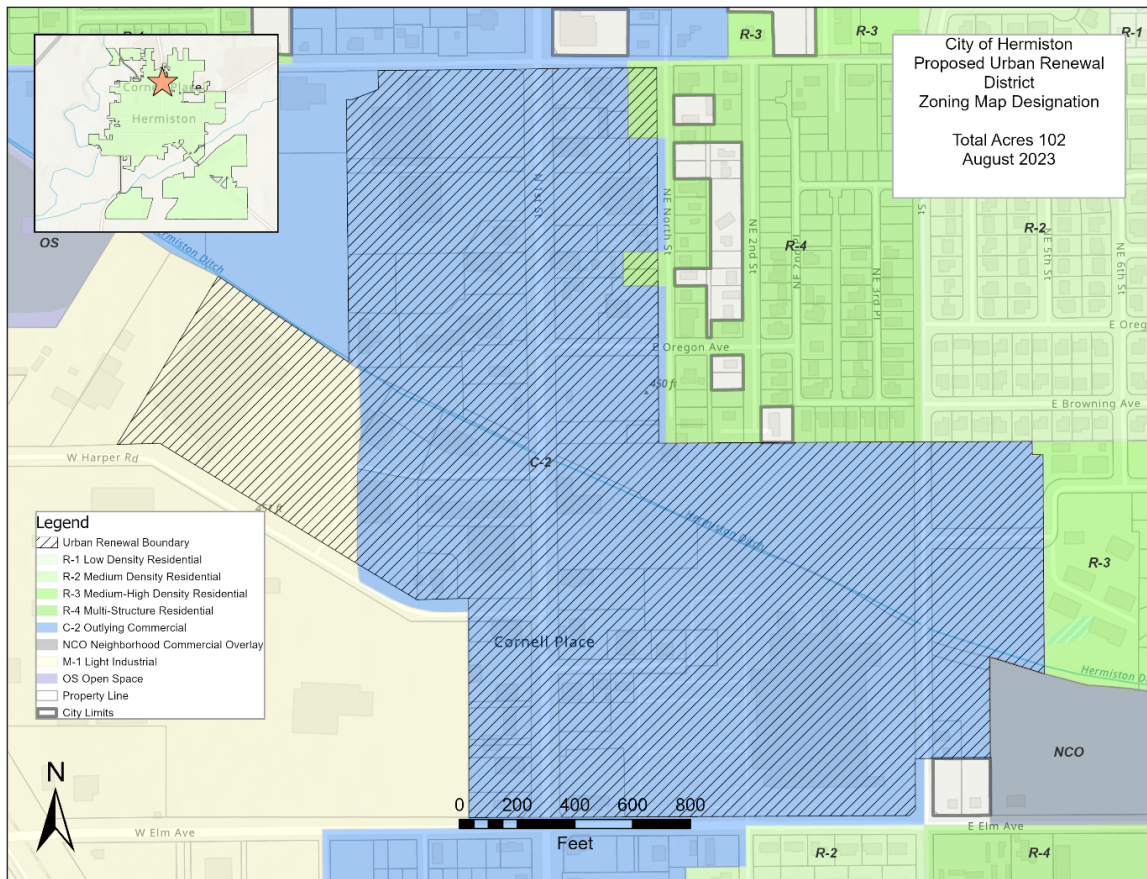
Source: Compiled by Elaine Howard Consulting with data from Johnson Economics received from the Umatilla County Department of Assessment and Taxation (FYE 2023)

Figure 3 - Hermiston Urban Renewal District Comprehensive Plan Designations



Source: City of Hermiston

Figure 4 - Hermiston Urban Renewal District Zoning Designations



Source: City of Hermiston

B. Infrastructure

This section identifies the existing conditions in the District to assist in **establishing blight in the ordinance adopting the urban renewal plan.** There are projects identified by the City of Hermiston in itemizing blighting conditions in the District. **This does not mean that all of these projects are included in the urban renewal plan.** The specific projects that are included in the Plan are listed in Sections III and IV of this report.

1. Transportation

The following transportation system is required in the District:

A new east/west street connecting N 1st St to NE 4th St (NE Aspen Drive).

This street is proposed for construction in the easement for the Hermiston Drain. Constructing the street in the easement allows otherwise unbuildable land to be productively utilized for the public good as well as providing new points of access for the irregularly shaped parcels along the easement. This new street will provide nearly 1,300 feet of new street frontage for an area which currently has less than 100 feet of highway frontage.

Aspen Drive will also provide additional opportunities for alternate circulation as traffic generated by the existing commercial users may leave N 1st St and connect with existing residential development to the west and south without needing to travel through the congested Elm/1st St intersection.

A new signal is proposed for the N 1st St/Aspen Drive intersection. This signal is intended to aid in traffic calming on N 1st Street and to provide better traffic spacing, allowing more left turns onto the highway.

An extension of NE North St south from the current terminus to NE Aspen Drive is proposed. This street extension is approximately 100 feet and will provide opportunities for commercial and residential traffic to the north an opportunity to use the newly constructed signal at NE Aspen Drive and avoid the unsignalized intersection of E Oregon Ave and N 1st St.

2. Water, Sanitary Sewer and Storm Water

The **Hermiston Capital Improvement Plan** (CIP) was completed in January 2021 by Anderson Perry & Associates, Inc. The following information comes from that document.

There is a need for a new municipal water line following the NE Aspen Drive route, looping water between N 1st Street and NE 4th Street and providing service to new businesses along the route.

C. Social Conditions

According to information from the Umatilla County Assessor’s office, the District contains seven parcels with 2.18 acres that have residential uses. Since there are such limited residential uses in the District, the following demographics are presented for the City of Hermiston as a whole.

According to the US Census 2016-2020 update, there are 6,041 households on Hermiston with 2.87 persons in each household. Forty-five percent of the residents speak a language other than English at home.

The following social conditions were taken from the <https://www.census.gov/quickfacts/hermistoncityoregon> Approximately 79% of the residents are white. 52% of the Hermiston residents identify as Hispanic or Latino.

Table 19 – Race in the District

Race	Percent
White alone, percent	78.90%
Black or African American alone, percent(a)	0.30%
American Indian and Alaska Native alone, percent(a)	0.20%
Asian alone, percent(a)	0.20%
Native Hawaiian and Other Pacific Islander alone, percent(a)	0.10%
Two or More Races, percent	7.40%
Hispanic or Latino, percent(b)	52.30%
White alone, not Hispanic or Latino, percent	44.50%

Source: US Census Quick Facts

The largest percentage of residents (31.50%) in Hermiston are under 18 years of age.

Table 20 - Age in the District

Age	Percent
Persons under 5 years, percent	8.20%
Persons under 18 years, percent	31.50%
Persons 65 years and over, percent	11.50%
Female persons	51.3%

Source: US Census Quick Facts

In Hermiston, 69 % of the residents have graduated from high school but have not attended college. An additional 16% of residents have earned a bachelor’s degree or higher.

Table 21 - Educational Attainment in the District

Education	Percent
High school graduate or higher, percent of persons age 25 years+, 2016-2020	69.20%
Bachelor's degree or higher, percent of persons age 25 years+, 2016-2020	16.00%

Source US Census Quick Facts

D. Economic Conditions

1. Taxable Value of Property within the District

The estimated total assessed value of the District calculated with data from the Umatilla County Department of Assessment and Taxation for FYE 2023 including all real, personal, manufactured, and utility properties, is estimated to be \$57,095,267.

2. Building to Land Value Ratio

Table 22 shows the improvement to land ratios (I:L) for properties within the District. Two tax lots in the District are exempt from taxation. Fifteen parcels representing approximately 23% of the District have no improvement value. A reasonable I:L ratio for properties in the District is 2.0. Thirty -two of the 63 tax lots in the District, totaling 64.45% of the acreage have I:L ratios of 2.0 or more in FYE 2023. In summary, approximately one quarter of the District is underdeveloped and not contributing significantly to the tax base in Hermiston.

Table 22 - Improvement to Land Ratios in the District

Improvement to Land Ratio	Parcels	Acres	Percent of Acres
Exempt	2	0.39	0.42%
No Improvement Value	15	21.40	22.89%
0.01-0.50	4	3.05	3.26%
0.51-1.00	2	1.25	1.34%
1.01-1.50	5	2.58	2.76%
1.51-2.00	3	4.57	4.89%
2.01-2.50	7	6.69	7.16%
2.51-3.00	5	4.73	5.06%
3.01-4.00	8	8.44	9.03%
> 4.00	12	40.39	43.20%
TOTAL:	63	93.49	100.00%

Source: Compiled by Elaine Howard Consulting with data from Johnson Economics received from the Umatilla County Department of Assessment and Taxation (FYE 2023)

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the District (affected taxing districts) is described in Section IX of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The projects being considered for future use of urban renewal funding are for improving the transportation network and providing water system upgrades to facilitate improved safety, alternative routes and improved provision of water.

It is anticipated that these improvements will catalyze development on the undeveloped parcels in the District and improve safety for all transportation modes. Without these improvements, much of this land is undevelopable.

The financial impacts from tax increment collections will be countered by future economic development, and, in the future, adding increases in assessed value to the tax base for all taxing jurisdictions, including the City.

XII. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the District is to provide the ability to fund projects and programs necessary to cure blight within the District. The outcome of implementing these projects is anticipated to be an increase to the economic growth in Hermiston by providing infrastructure improvements to improve the safety and functioning of the transportation network in the District and providing upgraded water systems.

XIII. RELOCATION REPORT

When the Agency acquires occupied property under the Plan, residential or commercial occupants of such property shall be offered relocation assistance, as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations, as necessary, for the administration of relocation assistance. The Agency will comply with all applicable state law in providing these potential benefits. At the writing of this report, the Agency anticipates acquiring right of way in the District.