

# ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2023

2022/2023

Hermiston Urban Renewal Agency

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

# ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2023

## HERMISTON URBAN RENEWAL AGENCY

### Hermiston Urban Renewal Agency History

The Hermiston Urban Renewal Agency was formed by the City of Hermiston in 2013. The agency board is made up of the Mayor and City Council. This year's report includes two districts.

#### **Downtown Hermiston Urban Renewal District**

The Downtown Hermiston Urban Renewal Plan adopted on August 26, 2013 establishes the purpose of the downtown urban renewal district as follows:

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

The maximum indebtedness established for the Downtown Hermiston Urban Renewal district is \$4,000,000. This amount is the total amount of funds which can be spent on projects, programs, and administration in the urban renewal district over the life of the urban renewal plan. As of June 30<sup>th</sup>, 2023, \$1,918,968.63 had been spent on projects, \$52,222.22 had been spent on administration, and total indebtedness was \$1,125,000.

A full copy of the Downtown Hermiston Urban Renewal Plan and Report may be found on the City of Hermiston website located at: <https://www.hermiston.or.us/commdev/page/urban-renewal-district-documents>

### Projects

A façade grant was paid in the 2022/2023 fiscal year.

1. Grant for exterior improvements at 395 E Main St
  - \$40,000 awarded in Jan 2023

A façade grant was approved that has not yet been awarded in the 2022/2023 fiscal year.

1. Grant for exterior improvements at 205 S Hwy 395
  - \$20,000 approved in Mar 2023

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

- Total cost of non-capital expenditures (including debt service) was \$117,767.87.

## Financial Reporting

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

### Money Received

In FY 2022/2023 the Umatilla County Assessor calculated that the Downtown Hermiston Urban Renewal District would receive \$336,870.82 from the division of taxes. The actual tax revenue received was \$331,481.32, a smaller amount due to compression, underpayments, and delinquencies.

A total of \$ 157,875 was on-hand on July 1, 2022, as cash forward from the 21/22 fiscal year.

### Money Expended

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

Item	Urban Renewal General Fund
Beginning Fund Balance	\$157,875.00
Façade Grant Outlay	\$50,000
Festival Street	\$508.71
Wayfinding Signs	\$10,055.58
SE 2 <sup>nd</sup> St Gateway	\$57,709.25
Loan Repayments	\$110,687
Administrative Outlay	\$7,080.81
Ending Fund Balance	\$132,781

### Estimated Revenue

The estimated revenues for the 2023/2024 fiscal year are \$298,290 from current tax revenues.

## Proposed Budget for 2023/2024 Fiscal Year

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

Item	2023/2024 Urban Renewal General Fund
<b>Resources</b>	
Non-Revenue Receipts	\$496,000
General Taxes	\$298,290
Delinquent Taxes	\$0
Cash Forward	\$176,676
From Other Agencies	\$50,000
<i>Total Resources</i>	<i>\$1,020,966</i>
<b>Expenditures</b>	
SHURA Engineering & Design	\$496,000
Façade Grants	\$20,000
Festival Street	\$3,000
SE 2 <sup>nd</sup> St Gateway	\$360,000
Parking Improvements	\$3,000
Non-Departmental	\$138,966
<i>Total Expenditures</i>	<i>\$1,020,966</i>

## Impact on Taxing Districts

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

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

Taxing District	Revenue Forgone 2022/2023	Total Taxes Received 2022/2023	% of Total Taxes to UR
Umatilla County	\$54,111.67	\$21,674,058.06	0.25%
City of Hermiston	\$115,691.53	\$7,849,917.52	1.47%
School District #8 Hermiston	\$92,852.82	\$11,584,782.16	0.80%
Intermountain ESD	\$11,660.87	\$4,469,349.31	0.26%
BMCC	\$12,447.00	\$4,799,798.40	0.26%
Port of Umatilla	\$2,882.46	1,170,984.73	0.25%
Umatilla County Fire District 1	\$33,148.31	\$4,991,511.88	0.66%
County Radio District	\$3,144.50	\$1,203,557.58	0.26%
Cemetery District 8 Hermiston	\$1,742.55	\$229,620.74	0.76%
W Umatilla Mosquito Control	\$3,799.61	\$875,836.66	0.43%
<b>Total</b>	<b>\$331,481.32</b>	<b>\$58,849,414.04</b>	<b>0.56%</b>

## Southwest Hermiston Urban Renewal District

The Southwest Hermiston Urban Renewal Plan adopted on October 24, 2022, establishes the purpose of the Southwest Hermiston Urban Renewal District as follows:

- Address future housing needs in southwest Hermiston
- Create public improvements including water and sewer infrastructure
- Encourage new public and private investment
- Increase the taxable value of property in the city
- Improve the utilization of land within specific areas of the community

The maximum indebtedness established for the Southwest Hermiston Urban Renewal district is \$18,100,000. This amount is the total amount of funds which can be spent on projects, programs, and administration in the urban renewal district over the life of the urban renewal plan. As of June 30<sup>th</sup>, 2023, \$76,000 had been spent on projects, \$0 had been spent on administration, and total indebtedness was \$0.

A full copy of the Southwest Hermiston Urban Renewal Plan and Report may be found on the City of Hermiston website located at: <https://www.hermiston.or.us/commdev/page/urban-renewal-district-documents>

## Projects

The Southwest Hermiston Urban Renewal District is a highly focused area intended to facilitate residential development in an isolated, costly development area. Urban renewal funds are intended to be used only for large-scale public infrastructure projects and park development. Funds were not expended on these projects in the 22-23 fiscal year due to the timing of district formation. However, during the 23-24 fiscal year, funds are budgeted for design and engineering of the major water and sewer lines and necessary water storage and pumping infrastructure. Infrastructure development loans from the State of Oregon revolving loan fund are used to design and construct these improvements. Urban renewal revenue will be used for debt service in future years.

- Total cost of non-capital expenditures (including debt service) was \$0.

## Financial Reporting

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

## Money Received

In FY 2022/2023 the Umatilla County Assessor calculated that the Southwest Hermiston Urban Renewal District would receive \$0 from the division of taxes. The actual tax revenue received was \$0.

A total of \$ 0 was on-hand on July 1, 2022, as cash forward from the 21/22 fiscal year.

## Conclusion

The Hermiston Urban Renewal Agency is a growing operation. Formed originally to administer the Downtown urban renewal district, the agency has expanded. In 2022 the Southwest Hermiston urban renewal district was added to support residential development. In 2023 the North urban renewal district was formed to promote additional commercial development.

In the eighth year of operation, the downtown urban renewal district continues to have a minimal impact on other taxing districts. The total revenue foregone remains less than 1% of all revenue collected by all affected agencies, with the exception of the City of Hermiston which had 1.47% of total taxes foregone to the district. As the assessed value in the district increases as a result of improvement within the district, the overall impact will remain small for the foreseeable future.

Looking forward to the long-term health of the district, revenue continues to exceed the projects in the 2013 plan, typically exceeding planning assumptions by approximately 10%. This excess revenue bodes well for the district as all urban renewal planning utilized the most conservative growth projections and projects were generated using these conservative projections.

In the first year of existence, the south Hermiston urban renewal district did not have an impact on other taxing districts. The district is operating entirely using revolving loan funds from the State of Oregon. These funds do not require repayment until infrastructure is constructed, allowing this district to spend time in design and construction before debt service begins.

With the formation of the North urban renewal district in 2023, the district has expanded again and will require additional reporting in future years. This district will begin incurring debt in the 23-24 fiscal year and work towards building an extension of NE Aspen Drive to connect N 1<sup>st</sup> Street with NE 4<sup>th</sup> Street, opening more land for retail development.