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Grants Pass Urban Renewal Agency



2018-2019 Adopted Budget

July 6, 2018

Grants Pass City Council and Urban Renewal Agency Board
Appointed Members of the Budget Committee
Citizens of the City of Grants Pass

Enclosed is the Adopted 2018-2019 Budget for the Grants Pass Urban Renewal Agency. After forming the Urban Renewal Agency in 2016, this budget accounts for the second fiscal year of receiving tax increment revenues and applying those to the eligible projects based on City Council prioritization and the projects' timing needs.

For the foreseeable future, tax increment revenues will be directed to City of Grants Pass Capital Projects and other projects within the Agency's plan based on the City Council's Strategic Plan and the Urban Renewal Agency Goals and Objectives. A full list of the projects eligible to receive tax increment resources can be found in Appendix A on pages 7-8 of this budget document.

Tax increment revenue in fiscal 2019 is estimated at \$804,000. This revenue is the result of three years' worth of increment assessed value growth (2016 through 2018) in the Urban Renewal Area. The estimated tax increment revenues in the current fiscal year, FY'18, will be slightly below the adopted budget for FY'18. New developments in the Urban Renewal Area along with other growth in assessed values within the Urban Renewal Area will result in significant increases in the Agency's revenue in the next two years.

Assessed values within the Urban Renewal Area are estimated to increase by 3.5% in FY'19 and 2.8% in FY'20. Tax increment revenues projected for FY'19 and FY'20 should be very close to the amounts estimated in the Agency's original 2016 plan. Building permit valuations within the Urban Renewal Area for the previous calendar year are used to project assessed value (AV) changes for the following fiscal year along with an estimated increase in AV on all properties within the Urban Renewal Area. Actual and projected assessed values are as follows:

Grants Pass Urban Renewal Agency					
Tax Increment Finance (TIF) Revenue and Assessed Value Estimates					
Fiscal Year	Assessed Value	Frozen Base	Excess Value	Ave Est Tax Rate For All of URA	Net Current Year TIF Revenue Est.
Revised 2018 Est.	\$ 582,766,307	\$ 525,151,486	\$ 57,614,821	\$ 10.5461	\$ 574,000
2019 Budget	\$ 602,996,271	\$ 525,151,486	\$ 77,844,785	\$ 10.5461	\$ 804,000
2020 Projected	\$ 620,041,215	\$ 525,151,486	\$ 94,889,729	\$ 10.5461	\$ 980,000

The Urban Renewal Area covers approximately 18% of the acreage within the City of Grants Pass, largely area in and around major commercial corridors and including the downtown. The emphasis of projects and goals for the Agency are jobs, economic development, and infrastructure to serve and attract business development.

In addition to the project recap below, the expenditure budget in FY'19 includes \$8,400 for contractual services such as the required annual audit as well as \$30,000 for direct management charges. Staff in Administration, Finance, and Parks & Community Development will track time spent working for the Agency and will bill the Agency direct charges by the hour for the work rather than have staff working directly for the Agency.

The majority of the new tax increment resources in FY'19 is budgeted to go towards the Downtown Welcome Center project. The potential redevelopment of the current welcome center will be done in conjunction with the redevelopment of the adjacent Town Center Plaza, a project that is within the Urban Renewal Agency's plan. The relatively new owner of the Town Center Plaza property has indicated intentions of moving forward with the redevelopment of the property in the next two years. As a result of this potential development the City is also beginning a downtown parking study that could result in a recommended Urban Renewal Plan amendment. If it is determined that a parking infrastructure related project in the downtown could properly address current and anticipated parking challenges, consideration will be given to amending the Urban Renewal Plan to allow tax increment resources to help build parking infrastructure.

The remainder of available tax increment resources shown as "Other Capital Outlay" in the project summary below are appropriated but not yet to specific City capital projects. There are many individual urban renewal projects competing for limited resources in the next two years and project plans and project timelines will need to be further developed to figure out which eligible projects will move forward first. Project priorities and timelines are often affected by external drivers.

Examples of other projects that may fall under the category of "Other Capital Outlay" in the next two years include a fairgrounds area land use planning study, enhancement of Riverside Park, a Booth/Foundry Street area improvement plan, and Spalding Industrial Park Development. Josephine County is beginning a study of the fairgrounds area and the Agency may be able to participate with this project for the portion of the project that is studying the highest and best use of property surrounding the fairgrounds. Planning efforts are beginning for the infrastructure needed for development in the east end of the Spalding Industrial Park, and various projects are moving forward in 2018 for the enhancement of Riverside Park.

Project Recap

Project #	Description	Revised FY'18 Budget Est.	Adopted FY'19 Budget	Projected FY'20 Budget
LB6135	Urban Renewal Agency Analysis	\$89,000	\$ -	\$ -
LB6236	Spalding Industrial Park Development	255,000	-	-
LB6314	Downtown Welcome Center	-	500,000	500,000
LB6344	Makers Space	200,000	-	-
n/a	Other Capital Outlay	-	259,000	442,000
Total Capital Outlay		\$544,000	\$759,000	\$942,000

As the Grants Pass City Council acts as the Board for the Agency, the Urban Renewal Agency's projects were also reviewed in this year's City Council Strategic Planning Session. There is some overlap between the City's Strategic Goals and the Agency's Strategic Goals, and the Agency's Strategic Goals can be found on the following two pages ranked by priority.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Aaron K. Cubic". The signature is fluid and cursive, with a long horizontal stroke at the end.

Aaron K. Cubic, City Manager

Urban Renewal Agency Strategic Goals

Encourage Economic Opportunities

Objective 1. Underdeveloped land: Focus on higher and better uses, including business park use, lodging, commercial uses. ***

Action 1: There are properties located in the URA that are underutilized. Higher and better uses, including business park use, lodging, commercial uses and/or uses consistent with current zoning would benefit the city, its residents and its visitors.

Action 2: Coordinate with BOC, Fair Board, public to provide support for redevelopment plan.

Objective 2. Towne Center Plaza: The building surrounding the parking are not consistent with the balance of the Historic District. **

Action 1: This has been identified as an area that needs improvement. The building surrounding parking are not consistent with the balance of the Historic District. Though there are some successful businesses and retail outlets, the potential exceeds what is currently there.

Objective 3. Business Incubator (Innovation Hub/Makerspace): Serve as a catalyst for starting a new business or learning a new trade. **

Action 1: This project would support small businesses and entrepreneurs to resources that would assist them in developing their business plan. The space would serve as a catalyst for starting a new business or learning a new trade. Partnering with the local schools, community college and the small business development center (SBDC) would likely improve business success.

Objective 4: Building Rehab Program: Encourage private investments by improving facades, interior improvements and associated public infrastructure. **

Action 1: This project would focus on rehabilitating unsightly or uninhabitable buildings. The program could set up low or no-interest loans, or could include a grant element. The purpose would be to encourage private investments by improving facades, interior improvements, and perhaps the associated public infrastructure and access spaces connected to the buildings.

Objective 5: Convention Center: Feasibility study and explore a partnership with a developer or major hotel chain to locate a convention center in Grants Pass. **

Action 1: This project would explore a partnership with a developer or major hotel chain to locate a convention center in Grants Pass.

Objective 6: North 6th and 7th streets corridor: Façade improvements, landscaping, and improvements that would visually enhance this corridor. *

Action 1: Visitor's first impressions of Grants Pass are made as they come into the city through these areas. There is need for façade improvements, landscaping, and improvements that would visually enhance this corridor and add to the appeal of the downtown city.

Objective 7: Riverside Park: Adding amenities to enhance park. *

Action 1: Adding amenities to enhance this park could include an amphitheater, stage area, restrooms, Spray Park, meeting space and other features that would benefit the citizens and attract more visitors to the park and Grants Pass.

Encourage Economic Opportunities, Continued

Objective 8: Blighted building removal and/or replacement: Removal and restructuring in key development areas to attract new investment.*

Action 1: There are several blighted buildings that are prime real estate opportunities being underutilized. The removal and restructuring in key development areas would attract new investment in the community. Incentives could influence property owner's future development.

Objective 9: Study Streetscape/Streetscape Implementation: Aesthetic improvement to streetscape in southeast industrial area.*

Action 1: Aesthetic improvements to the streetscape in southeast industrial area.

Maintain, Operate, and Expand our Infrastructure to Meet Community Needs

Objective 1: South East Industrial (Spalding): Water, sewer, and transportation improvements 25%.***

Action 1: The City has a limited amount of industrial area and in order for the property to develop, it needs sufficient infrastructure which would include a sewer lift station to accommodate the topography in order to provide sufficient city sewer services. Water fire flow requirements would require a new reservoir. Proposed URA participation of 25% in this project could open this area up for development and expansion.

Objective 2: Sewer Plant: 18% contribution of URA shown in debt service.**

Action 1: This project would support the \$20,000,000 Water Restoration Plant expansion and will benefit the entire city. 18% contribution from URA.

Objective 3: Southern Section of NW industrial area: Water, sewer, and transportation improvements 25%.**

Action 1: Water, sewer, and transportation improvements are needed in this area. Proposed participation of 25% would open this area up for development and expansion.

Objective 4: Water Plant: 18% contribution shown in debt service.*

Action 1: This project would support the \$56 million project of replacing the water treatment plant. This too will benefit the entire City of Grants Pass. 18% contribution.

Objective 5: North End Improvements: Water, sewer, and transportation improvements 25%.*

Action 1: Water, sewer, and transportation are needed in this industrial area prior to further development. Proposed URA participation at 25% would help in development and expansion.

Objective 6: Vine Street: Water, sewer, and transportation improvements 25%.*

Action 1: Infrastructure, water, sewer, and transportation needed to support further development. 25% participation in this project would be helpful.

URBAN RENEWAL GENERAL FUND

Goals

The Urban Renewal Agency was adopted by the City of Grants Pass on August 3, 2016 with a mission to eliminate blighted conditions which contribute to depreciating property values in areas within the Agency’s jurisdiction. Specific plan goals include “create conditions that are attractive to the growth of existing business and attract new business to Grants Pass to create new jobs,” redevelopment/development, public involvement, and fiscal stewardship.

Goals in this budget will be realized through the use of an Urban Renewal General Fund. This fund will account for management expenses as well as transfers to City of Grants Pass capital projects identified through the plan and prioritized through Council Goal Setting.

Budget Summary

	ACTUAL FY'16 \$	ACTUAL FY'17 \$	BUDGET FY'18 \$	MANAGER RECOMMEND FY'19 \$	COMMITTEE APPROVED FY'19 \$	BOARD ADOPTED FY'19 \$	PROJECTED FY'20 \$
<u>RESOURCES</u>							
Beginning Balance	0	0	0	2,900	2,900	2,900	10,000
Current Resources							
Property Tax	0	0	630,050	804,000	804,000	804,000	980,000
Interest	<u>0</u>	<u>0</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
<i>Total Current Revenues</i>	<u>0</u>	<u>0</u>	<u>630,550</u>	<u>804,500</u>	<u>804,500</u>	<u>804,500</u>	<u>980,500</u>
Total Resources	<u>0</u>	<u>0</u>	<u>630,550</u>	<u>807,400</u>	<u>807,400</u>	<u>807,400</u>	<u>990,500</u>
<u>REQUIREMENTS</u>							
Contractual/Prof Services	0	0	7,650	8,400	8,400	8,400	8,500
Direct Charges	0	0	20,000	30,000	30,000	30,000	30,000
Capital Outlay	0	0	600,000	759,000	759,000	759,000	942,000
Contingency	<u>0</u>	<u>0</u>	<u>2,900</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total Requirements	<u>0</u>	<u>0</u>	<u>630,550</u>	<u>807,400</u>	<u>807,400</u>	<u>807,400</u>	<u>990,500</u>

APPENDIX A – Urban Renewal Projects

Urban renewal projects authorized by the Plan are described below. Public improvements authorized under the Plan include upgrading infrastructure including transportation and utilities to encourage development.

A. Capital Improvements

1. Sewer Plant: This project would support the \$20,000,000 water restoration plant expansion. This project benefits the entire city, with only 18% of the area being included in the URA. The funding for the URA contribution would be a percentage of the total acreage of the city.
2. Water Plant: This project would support the \$56 million project of replacing the water treatment plant. This project benefits the entire city, with only 18% of the area being included in the URA. The funding for the URA contribution would be a percentage of the total acreage of the city.
3. North end improvements: Water, sewer, and transportation improvements are needed in the NW Industrial area prior to further development in the area. The estimated costs identified in the various capital improvement plans total \$16 million dollars. Proposed URA participation at 25% could open this industrial area for development and expansion.
4. Water, Sewer, Transportation (SE Industrial): The area around the Spalding Industrial Park needs infrastructure to adequately function as an industrial area. On the east side of Jones Creek, the topology will require a sewer lift station in order to provide sewer services. Water fire flow requirements will require a new reservoir and a booster station. Development costs for Sewer (\$8.2 million), Water (\$8.3 million) and Transportation (\$3.5 million) will exceed \$19 million. Assistance from the URA or another source will be required to make development of this area feasible. Proposed URA participation at 25% could open this industrial area for development and expansion.
5. North 6th and 7th Street corridor: The north entry way to the City comes down 6th and 7th streets. Visitor's first impressions of Grants Pass are made as they come into the City through this area. There is a need for façade improvements, landscaping, and improvements that would visually enhance this corridor and add to the appeal of downtown and the City.
6. Blighted building removal and/or replacement: There are several blighted buildings (South Y area and F Street & 9th) that are prime real estate opportunities being underutilized. The removal and restructuring of some key development areas would attract new investment in the community. Incentives could influence the property owner's future development.
7. Southern section of NW industrial area: Water, sewer, and transportation improvements are needed in the southerly end of this industrial area prior to further development. The estimated costs identified in the various capital improvement plans total \$13 million dollars. Proposed agency participation at 25% could open this industrial area for development and expansion.
8. Infrastructure - Vine Street - water, sewer, transportation: Water, sewer, and transportation improvements are needed in the Vine Street area in order to support further development. The estimated costs identified in the various capital improvement plans total \$2.3 million dollars. Proposed agency participation at 25% could open this industrial area for development and expansion.

APPENDIX A – Urban Renewal Projects

9. *Building Rehab Program*: This project would focus on rehabilitating unsightly or uninhabitable buildings. The program could be set up as a low or no-interest loan program, or it could include grant elements. The purpose would be to encourage private investments improving façade and storefronts, interior building improvements, and perhaps the associated public infrastructure and access spaces connected to the buildings.
10. *Business Incubator*: This project would support a business incubator where small businesses could have access to resources that would assist them in developing their business plan. The incubator would serve as a catalyst for starting new businesses. Partnering with the local schools, the community college and the Small Business Development Center (SBDC) would likely improve business successes.
11. *Convention Center*: This project could explore a partnership with a developer or major hotel chain to locate a convention center in Grants Pass.
12. *Town Center Plaza*: This has been identified as an area that needs improvement. The buildings and surrounding parking are not consistent with the balance of the historical district. Though there are some successful retail outlets in the plaza, the potential exceeds what is currently there. Retail construction costs are estimated at \$140/per square foot. Incentives provided by the agency could influence the property owner’s future development of this site.
13. *Riverside Park*: This would add amenities to Riverside Park. It could include an amphitheater, stage area, restrooms, spray park, meeting space and other features that could improve the park, benefiting citizens and attracting more visitors to the park and Grants Pass.
14. *Underdeveloped land*: There are properties included within the URA that are being underutilized. Higher and better uses, including business park use, lodging, commercial uses and/or uses consistent with current zoning would benefit the City, its residents and its visitors. The agency could participate in planning, development, and installing of public infrastructure to improve these areas. Priority properties would be along 6th Street, Redwood Highway, and along the riverfront.
15. *Study Streetscape/Streetscape Implementation*: Aesthetic improvements to the streetscape in the Southeast Industrial Area.

B. Debt Service and Plan Administration

This project will allow for the repayment of costs associated with the preparation and implementation of the Grants Pass Urban Renewal Plan. It also includes ongoing administration and any financing costs associated with issuing long- and short-term debt, relocation costs and other administrative costs.