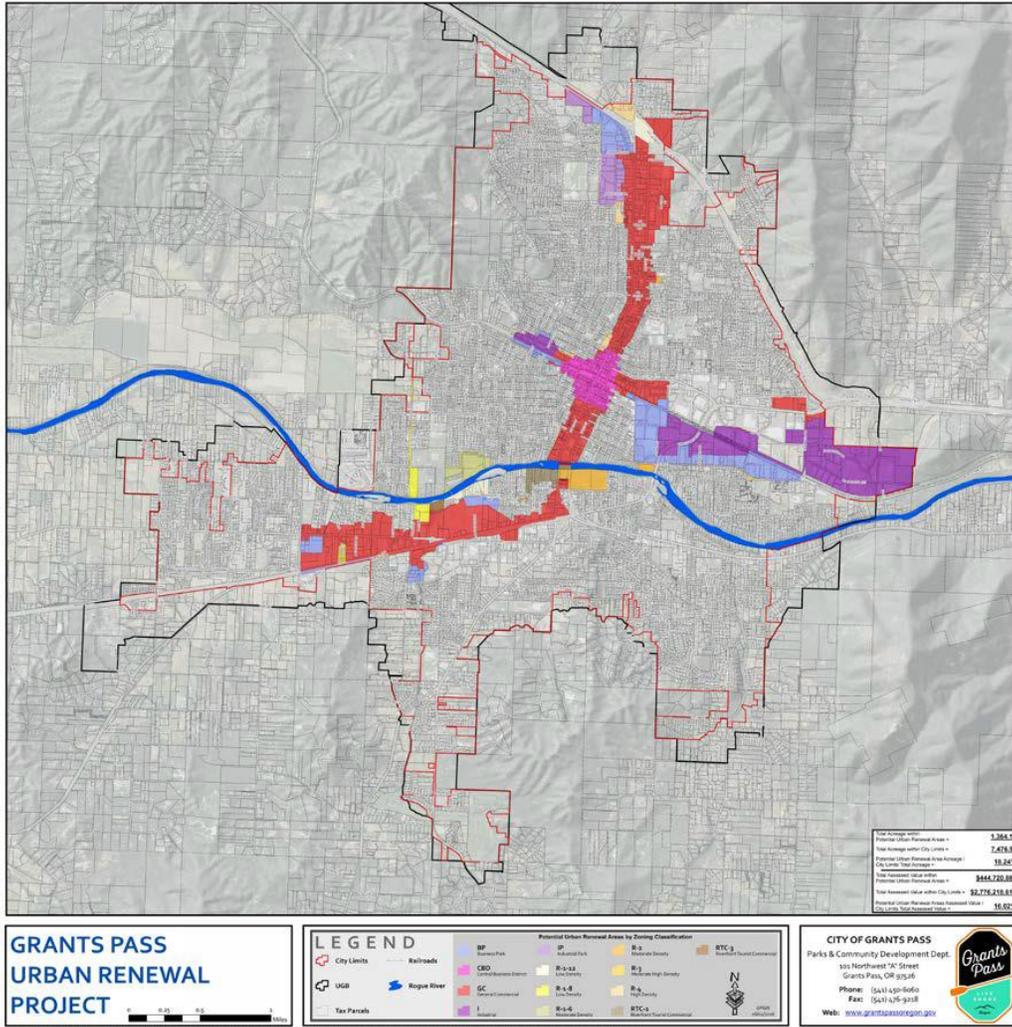


Grants Pass Urban Renewal Agency

A component unit of the City of Grants Pass, Oregon



Annual Report for Fiscal Year 2016-2017 Includes the fiscal impact report Date Filed: January 17, 2018

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

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Grants Pass Urban Renewal Agency Annual Report



Executive Summary

The Grants Pass Urban Renewal Agency (the Agency) was formed in 2016 and its first fiscal year of operations is Fiscal 2018, the fiscal year ending June 30, 2018. The Urban Renewal Area covers approximately 18% of the acreage within the City of Grants Pass, largely the area in and around major commercial corridors and including downtown. The emphasis of projects and goals for the Agency are jobs, economic development, and infrastructure to serve and attract business development.

The Urban Renewal Agency is responsible for the administration of the Urban Renewal Plan. The board of the Urban Renewal Agency is the Grants Pass City Council. The Plan continues until the Urban Renewal Agency decides the projects are complete, or after 30 years. To view a complete list of anticipated urban renewal projects, the Urban Renewal Plan, budgets and annual reports of the Urban Renewal Agency, please visit the following page on the City's website: <http://www.grantspassoregon.gov/1132/Urban-Renewal>.

Each year, urban renewal agencies must report to the governing body and the general public on the financial impact of carrying out urban renewal plans on the tax collections for each of the overlapping governmental units within the agency's urban renewal districts. This Annual Report provides for all reporting requirements specified in Oregon Revised Statutes 457.460, which can be found at: https://www.oregonlegislature.gov/bills_laws/ors/ors457.html.

Each year this annual report will provide the following information:

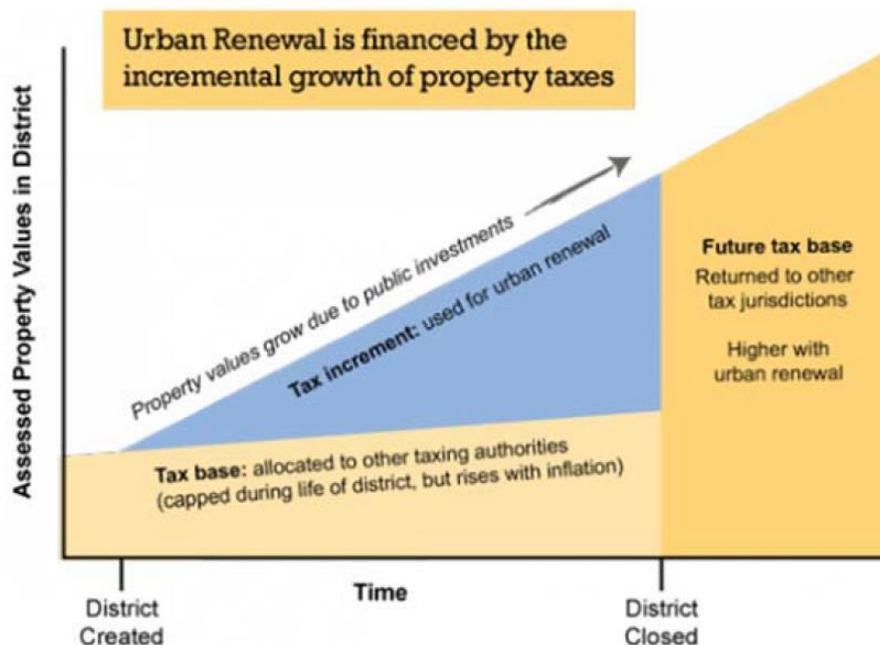
- The amount of tax increment financing revenues received during the preceding fiscal year and from borrowings in the previous fiscal year
- The purposes and amounts for which any money received was expended during the preceding fiscal year
- The adopted budget setting forth the purposes and estimated amounts for which the moneys which have been or will be received under tax increment financing and from Agency borrowings are to be expended during the current fiscal year (including an estimate of moneys to be received during the current fiscal year from tax increment financing revenues and borrowings)
- An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430

As FY'18 is the first year of operations and tax increment collections for the Agency, this first year annual report for the Agency only contains forward looking information about the current fiscal year budget and no information about fiscal activities in the previous fiscal year.

Tax Increment Financing

The major source of funding for urban renewal projects has been tax increment financing. Once a district is established, the tax valuation for the district is “frozen.” As properties appreciate in value, the increase in taxes (the “increment”) generated above the frozen base are used to pay for the outlay or debt on specific projects within the urban renewal plan.

This type of financing works by identifying an area where property values are not rising as rapidly as the rest of the community; drawing a line around it; planning for major public improvements like roadways, street lighting, parks, and other amenities; selling bonds to finance the public costs; implementing the plans for public improvement; and encouraging private investment in the area. Then, as property values rise and bring an increase in tax revenues, that increase sets the limit for the property taxes levied to pay off urban renewal bonds.



During the 1990’s, three Ballot Measures -- Measure 5 (1990), Measure 47 (1996), and Measure 50 (1997) – made significant changes to Oregon’s system of property taxation. Those changes have influenced urban renewal programs and tax increment revenue calculations. Those provisions provide the basic framework for revenue calculations in this report.

To determine the amount of the taxes levied, the total assessed value within each urban renewal area is segregated by the county assessor into two parts: (a) the total taxable assessed value in the district at the time the Urban Renewal Plan was adopted (the base or “frozen” value); and (b) the difference between the frozen base value and the current total assessed value (the incremental value or “excess”). The urban renewal agency is entitled to the amount of property taxes levied on the increase in property values within the urban renewal area. This revenue is used to pay for the projects designated in the Urban Renewal Plan or to repay indebtedness incurred in carrying out the projects.

Current Fiscal Year Adopted Budget

For the foreseeable future, tax increment revenues will be directed to City of Grants Pass Capital Projects 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 5-6 of this budget document.

Tax increment revenue in fiscal 2018 is budgeted at \$630,050. This first fiscal year revenue is the result of two years’ worth of increment growth (2016 and 2017) in the Urban Renewal Area. As the Agency’s Plan was adopted by the City Council prior to the 2016 tax certifications, this first fiscal year of the Agency reflects growth in assessed values in the Urban Renewal Area for both 2016 and estimated growth for the 2017 tax certification. This first year tax revenue forecast for FY’18 represents the amounts projected in the original Urban Renewal Plan.

In addition to the project recap below, the expenditure budget in the first year includes \$7,650 for contractual services, such as the required annual audit as well as \$20,000 for direct management charges. Staff in Administration and Finance will track time spent working for the Agency and will bill the Agency direct charges by the hour, for the work beginning in FY’18.

In the first budget year, the Agency will pay back the City’s cost for the Urban Renewal Feasibility Study and consulting costs paid by the City for developing the final Plan. The payback to the City for these costs is shown through the \$89,000 scheduled to be transferred to the City’s Capital Project LB6135 Urban Renewal Agency Analysis.

As shown in the following table, the remainder of the tax increment resources in FY’18 is scheduled to go towards the Makers Space project and the Spalding Industrial Park Development. Both of these projects have been ranked highly by the City Council and are ready to begin the design or feasibility analysis required to get started on these projects. The Makers Space feasibility project will be in partnership with Rogue Community College’s Small Business Development Center, and the increment resources slated to go towards the Spalding Industrial Park Development will help begin preliminary design work for infrastructure necessary to serve the east end of the Spalding Industrial Park. A large business recently acquired property in this portion of the Spalding Industrial Park and in coming years the City will be partnering with developers to build out the public infrastructure required to serve the remainder of the Spalding industrial area.

Project Recap

Project #	Description	Adopted FY’18	Projected FY’19
LB6135	Urban Renewal Agency Analysis	\$89,000	\$ -
LB6236	Spalding Industrial Park Development	311,000	258,000
LB6134	Downtown Welcome Center	-	500,000
LB6344	Makers Space	200,000	-
Total Capital Outlay		\$600,000	\$758,000

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. No other funds have been established to date for the Grants Pass Urban Renewal Agency other than the General Fund.

Budget Summary

	Actual FY15	Actual FY16	Budget FY17	Mgr Rec. FY18	Adopted FY18	Projected FY19
<u>RESOURCES</u>						
Beginning Balance	0	0	0	0	0	2,900
Current Resources						
Property Tax	0	0	0	630,050	630,050	798,375
Interest	0	0	0	500	500	500
Total Current Resources	0	0	0	630,550	630,550	798,875
Total Resources	0	0	0	630,550	630,550	801,775
<u>REQUIREMENTS</u>						
Contractual/Prof Services	0	0	0	7,650	7,650	7,900
Direct Charges	0	0	0	20,000	20,000	32,500
Capital Outlay	0	0	0	600,000	600,000	758,000
Ending Balance	0	0	0	2,900	2,900	3,375
Total Requirements	0	0	0	630,550	630,550	801,775

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.

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.