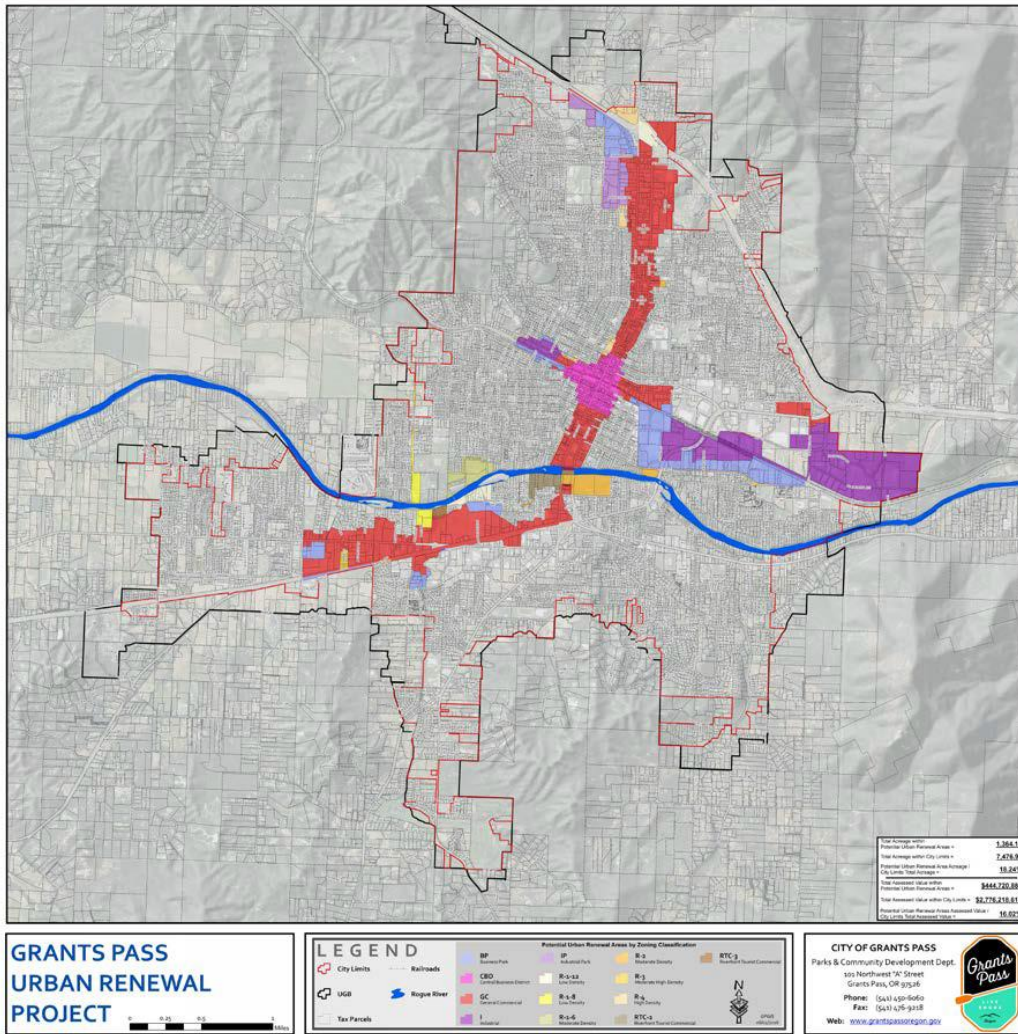


Grants Pass Urban Renewal Agency

A component unit of the City of Grants Pass, Oregon



Annual Report for Fiscal Year 2018-2019 Includes the fiscal impact report Date Filed: January 15, 2020

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 was 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:

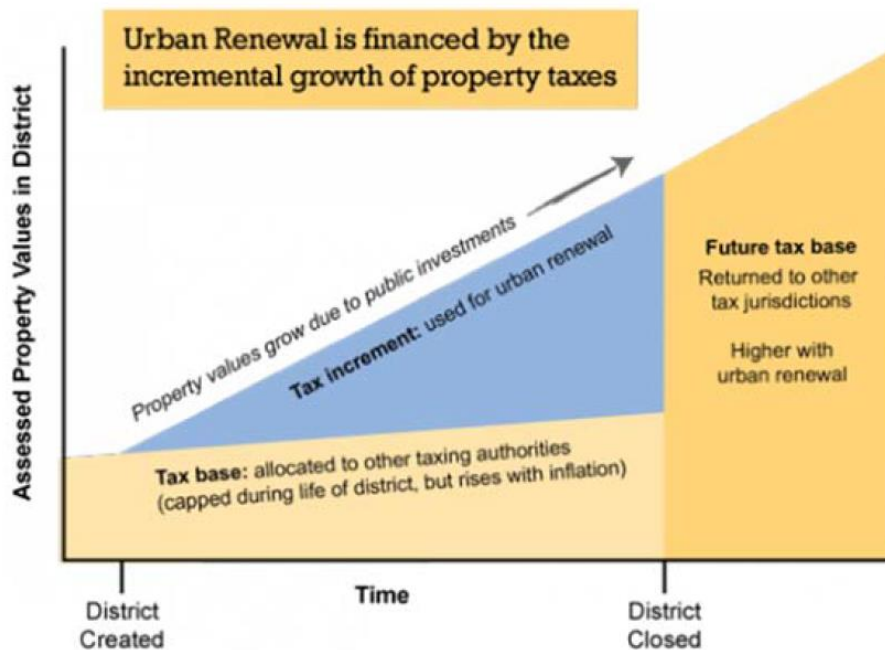
- The amount of tax increment financing revenues received during the preceding fiscal year and from borrowings in the previous fiscal year
- The purposes and amounts for which any money received was expended during the preceding fiscal year
- The adopted budget setting forth the purposes and estimated 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'19 was the second year of operations and tax increment collections for the Agency, this is the second annual report for the Agency containing information on each of the categories above.

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 values appreciate, 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.

GRANTS PASS URBAN RENEWAL AGENCY
(A Component Unit of the City of Grants Pass, Oregon)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Taxes	\$ 804,000	\$ 804,000	\$ 717,117	\$ (86,883)
Interest on Investments	500	500	5,665	5,165
Miscellaneous	-	-	275	275
Total revenues	804,500	804,500	723,057	(81,443)
EXPENDITURES:				
Materials and Services	38,400	38,400 (1)	7,920	30,480
Capital Outlay	759,000	759,000 (1)	500,000	259,000
Contingency	10,000	10,000 (1)	-	10,000
Total Expenditures	807,400	807,400	507,920	299,480
Net Change in Fund Balance	(2,900)	(2,900)	215,137	218,037
Beginning Fund Balance	2,900	2,900	27,914	25,014
Ending Fund Balance	\$ -	\$ -	\$ 243,051	\$ 243,051

(1) Appropriation Level

Revenues from Tax Increment Financing and Borrowings in the Previous Fiscal Year

While the Grants Pass Urban Renewal Agency hasn't made any borrowings to date, the schedule of revenues and expenditures above shows that on a budgetary reporting basis the Urban Renewal Agency received \$717,117 of Tax Increment Financing revenues in FY'19.

Expenditures for the Previous Fiscal Year

The schedule of revenues and expenditures above shows all the expenditures of tax increment financing resources in FY'19. The emphasis of projects and Community Development goals for the Agency are jobs, economic development, and infrastructure to serve and attract business development and typically the bulk of expenditures for the Agency will be capital expenditures and the repayment of borrowings for Urban Renewal Projects. The following table shows the capital expenditures made to accomplish these goals which make up the vast majority of expenditures shown above. This also shows the capital expenditure budget for the next fiscal year.

Project Recap

Project #	Description	FY'19 Capital Expenditures	FY'20 Adopted Budget
LB6314	Downtown Welcome Center	500,000	500,000
n/a	Other Capital Outlay	-	488,000
Total Capital Outlay		\$ 500,000	\$ 988,000

Project numbers listed above are capital projects within the budget of the City of Grants Pass. Capital outlay expenditures for the Agency are most commonly in the form of the Agency participating in the costs of City of Grants Pass capital projects. When the Agency's project participation costs are sent to the City, it is recorded as a capital outlay for the Agency.

Requests for Information

If you have any questions about this report, would like a copy of the Agency's annual audited financial statements or need any additional information please contact the Finance Department at the City of Grants Pass. Our address is: 101 N.W. "A" Street, Grants Pass, Oregon and phone number is 541-450-6000.

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 9-10 of this report.

Tax increment revenue in fiscal 2020 is budgeted at \$844,000. Based on final assessed values certified in FY20, tax increment financing revenues will come in close to or slightly above budget this fiscal year.

Assessed values within the Urban Renewal Area were estimated to increase by 1.9% in FY’20 and 1.7% in FY’21. 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.
<u>2018 Actual</u>	<u>\$ 582,766,307</u>	<u>\$ 525,151,486</u>	<u>\$ 57,614,821</u>	<u>\$ 10.5379</u>	<u>\$ 579,115</u>
<u>2019 Revised Est.</u>	<u>\$ 596,302,522</u>	<u>\$ 525,151,486</u>	<u>\$ 71,151,036</u>	<u>\$ 10.5391</u>	<u>\$ 727,000</u>
<u>2020 Budget</u>	<u>\$ 607,729,035</u>	<u>\$ 525,151,486</u>	<u>\$ 82,577,549</u>	<u>\$ 10.5391</u>	<u>\$ 844,000</u>
<u>2021 Projected</u>	<u>\$ 618,021,784</u>	<u>\$ 525,151,486</u>	<u>\$ 92,870,298</u>	<u>\$ 10.5391</u>	<u>\$ 949,000</u>

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’20 includes \$8,800 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.

Close to half of the new tax increment revenues expected in FY’20 is budgeted to go towards the Downtown Welcome Center project. The potential redevelopment of the current welcome center was originally scheduled to be done in conjunction with the redevelopment of the adjacent Town Center Plaza, a project that is within the Urban Renewal Agency’s plan. However,

plans for the private redevelopment of the Town Center Plaza have since been postponed and the Urban Renewal resources in this project may be reallocated to another eligible project.

The remainder of available tax increment resources shown as “Other Capital Outlay” in the project summary below, are appropriated but not yet to specific eligible 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 determine which eligible projects will move forward first. Project priorities and timelines are often affected by external drivers. Urban renewal resources can also be transferred between eligible URA projects during the year as project timelines can be affected by external development activities. Almost all projected Urban renewal resources are appropriated as capital outlay so that the Agency is ready to make capital contributions to eligible projects as soon as those projects are ready to move forward.

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, a building rehab program, the Makers Space project, and Spalding Industrial Park Development. However, any project authorized by the Urban Renewal Plan is eligible to receive Agency funding.

Project Recap

Project #	Description	Revised FY'19 Revised Est.	Adopted FY'20 Budget	Projected FY'21 Budget
LB6314	Downtown Welcome Center	500,000	500,000	-
n/a	Other Capital Outlay	-	488,000	913,000
Total Capital Outlay		\$ 500,000	\$ 988,000	\$ 913,000

The following table shows total Agency resources available in each project in the FY'20 adopted budgets for the Agency and the City of Grants Pass. These amounts include URA resource contributions from both past years and the FY'20 year that are unspent and expected to be available for use next fiscal year. If project timelines change, URA resources can be transferred between eligible projects included in the Urban Renewal Plan.

FY'20 Total Available Urban Renewal Project Funding Recap

Project #	Description	Total URA Resources available in FY'20 Budget
LB6314	Downtown Welcome Center	\$ 1,000,000
LB6236	Spalding Industrial Park Development	255,000
LB6344	Makers Space	165,856
n/a	Other Capital Outlay	488,000
Total Project URA Funding Available		\$ 1,908,856

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'17 \$	ACTUAL FY'18 \$	BUDGET FY'19 \$	MANAGER RECOMMEND FY'20 \$	COMMITTEE APPROVED FY'20 \$	COUNCIL ADOPTED FY'20 \$	PROJECTED FY'21 \$
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RESOURCES

Beginning Balance	-	-	2,900	190,000	190,000	190,000	10,000
Current Resources							
Property Tax	-	579,116	804,000	844,000	844,000	844,000	949,000
Interest	-	2,489	500	2,800	2,800	2,800	3,100
Other Revenue	-	226	-	-	-	-	-
<i>Total Current Revenues</i>	-	<i>581,831</i>	<i>804,500</i>	<i>846,800</i>	<i>846,800</i>	<i>846,800</i>	<i>952,100</i>
Total Resources	-	581,831	807,400	1,036,800	1,036,800	1,036,800	962,100

REQUIREMENTS

Contractual/Prof Services	-	400	8,400	8,800	8,800	8,800	9,100
Direct Charges	-	9,517	30,000	30,000	30,000	30,000	30,000
Capital Outlay	-	544,000	759,000	988,000	988,000	988,000	913,000
Contingency	-	-	10,000	10,000	10,000	10,000	10,000
Ending Balance	-	27,914	-	-	-	-	-
Total Requirements	-	581,831	807,400	1,036,800	1,036,800	1,036,800	962,100

Tax and Fiscal Impact Report

Carrying out an urban renewal plan has an effect on the amount of property taxes received by the overlapping taxing districts of the urban renewal area. A portion of property taxes that were to be received by the taxing bodies that levy property taxes within the Urban Renewal Area is redirected to the Urban Renewal Agency for the Agency’s projects and programs. While it does not change total tax rates within the City or the Urban Renewal Area, tax increment revenues on the growth in values within the Urban Renewal Area are directed to Urban Renewal Plan projects to benefit all affected taxing jurisdictions in the long-term by projects that focus on further enhancing growth within the Urban Renewal Area.

The following chart details the analysis of the impact of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included in the Urban Renewal Area. While the Urban Renewal Agency does not levy its own tax rate, this table also shows the effective tax rate on the division of taxes from the incremental assessed values within the Urban Renewal Area. The following amounts are total levy amounts, not total revenue amounts received in the year.

Taxing District	Permanent Rate	Bonds Outside	Total	Incremental Value	Urban Renewal Tax Rate	Shared Value	Extended Division of Taxes
Josephine County	\$ 0.5867	\$ -	\$ 0.5867	\$71,151,036	\$0.0127	\$ 3,277,174,020	\$ 41,744
City of Grants Pass	4.1335	-	4.1335	71,151,036	0.0897	3,277,174,020	294,103
Grants Pass SD #7	4.5248	-	4.5248	69,630,996	0.1086	2,899,759,130	315,067
Three Rivers School District	3.7262	-	3.7262	1,520,040	0.0150	377,414,890	5,664
Three Rivers School District Bond	-	0.4723	0.4723	1,520,040	0.0019	377,414,890	718
Rogue Community College	0.5128	-	0.5128	71,151,036	0.0111	3,277,174,020	36,486
Southern Oregon Education Service District	0.3524	-	0.3524	71,151,036	0.0076	3,277,174,020	25,074
Josephine County 4H/Extension Service	0.0459	-	0.0459	71,151,036	0.0009	3,277,174,020	3,266
Josephine Community Library District	0.3900	-	0.3900	71,151,036	0.0084	3,277,174,020	27,749
Total	\$ 14.2723	\$0.4723	\$ 14.7446		\$0.2559		\$ 749,871
				Less: Truncation Loss			
				Truncation Loss			\$ (1,234)
				Compression Loss			\$ -
				Total Levy			\$ 748,637

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.