



Budget Message
Talent Urban Renewal Agency
FY 2020-2021

I am pleased to present the FY 2020-21 Annual Proposed Budget for the Talent Urban Renewal Agency. As the new executive director for the Agency, it is my promise to work as hard as I can for the residents of Talent -- ensuring their tax money is spent both carefully and strategically on projects that help the City prosper.

Background

The Talent Urban Renewal Agency (TURA) is a separate municipal corporation from the City of Talent, responsible for administering and implementing the urban renewal plan in Talent's Urban Renewal District. Talent's Urban Renewal Agency's Board is governed by the Mayor and City Council. The Executive Director serves as the Agency Manager of the Urban Renewal Agency.

The proposed 2020-21 TURA annual budget has been prepared pursuant to Oregon Local Budget Law and presents the recommendations of the Agency's Budget Officer and Executive Director. The Urban Renewal District is financially sound with sustainable resources needed to undertake future economic development and infrastructure projects that benefit the entire City.

Urban renewal agencies are different from taxing districts in that they do not have permanent rates, and they raise revenue primarily through Tax Increment Financing (TIF). When an urban renewal plan is created, the value of the property within its boundaries is locked in time or frozen. The agency then raises revenue in subsequent years from any value growth above the frozen amount. This value growth is referred to as the increment. The tax rate used to calculate taxes imposed for the Urban Renewal Plan is the consolidated tax rate for the taxing districts within the geographic boundaries of the Plan. These urban renewal taxes, referred to as "tax off the increment", are calculated as the consolidated tax rate times the value of the increment.

On April 1, 2019, the Agency calculated that it had \$2,594,982 in remaining maximum indebtedness (expenditure potential). Because of unexpended funds on hand, the Agency was able to collect nearly \$905,043 in additional tax increment in FY 2019-2020 before the maximum indebtedness cap is reached. As such, the 2019-2020 year was the last year that the agency received tax increment income. Following, **the Urban Renewal Debt Service Fund's** balance of approximately \$2,421,239 has been contractually transferred to **the Capital Projects Fund** in FY 2019-2020 to fund future TURA projects.



The purpose of the Talent Urban Renewal Agency is to administer the statutory tax increment revenues for funding of the goals and objectives of the Talent Urban Renewal Plan 2 through designated projects within the Urban Renewal District. The Talent Urban Renewal Agency, composed of the Mayor and City Councilors, began operating under the Oregon Urban Renewal Laws and the adopted Talent Urban Renewal Plan on March 20, 1991. On March 26, 1998, the Talent Urban Renewal Agency completed its first substantial amendment, setting a debt limit of \$17,127, 276. Today, the Urban Renewal Agency continues to work on economic development and programs to carry out the goals and objectives of the Talent Urban Renewal Plan, namely:

- 1) To diversify economic base and family wage jobs within the district;
- 2) To maintain effective, efficient and safe traffic system for vehicular and pedestrian users;
- 3) To improve and retain existing businesses; and
- 4) To improve attractive visual amenities for customers and community members throughout the district.

Funds

The Urban Renewal District has two separate funds; **the Urban Renewal Debt Service Fund**, which accounts for tax increment revenue and repayment of debt obligations issued to fund Agency projects, and **the Capital Projects Fund**, where administration and project implementation are accounted for.

The Agency contracts with Healthy Sustainable Communities to manage and direct the Agency. The Agency also contracts with outside experts, including financial consultants, engineers, and attorneys on specific projects and certain administrative duties. For the coming year, the budget includes the personal service fee charged by Healthy Sustainable Communities to direct and manage the Agency. In total, contracting of Healthy Sustainable Communities represents a \$23,000 reduction in administrative costs from the previous fiscal year. Staff has also budgeted an additional \$10,000 for additional transitional administrative services that could be provided by the City during the next fiscal year -- ensuring that City employees are compensated for their time in collecting and providing previous TURA administrative and project documentation.

The budget continues to propose rent revenues and funds available for the maintenance and minor repairs on the TURA-owned property at 102 Home Street. However, staff believes there is no longer a legitimate operating reason for the Agency to own the building, and staff has hired an independent appraiser to establish a report on fair market rent and fair market value of the property. Staff will present their recommendation and findings on the property in an upcoming Board meeting. Until the Board decides the path forward with the subject property, staff

extended 2019-2020 adopted budget figures, and allocated an additional \$5,000 for repairs to the property that might be necessary to bring the property to market or market rent.

Proposed Projects

Gateway Project

The Agency is currently working on the Gateway Project in downtown Talent, which will represent the district's largest and potentially most transformative project to date.

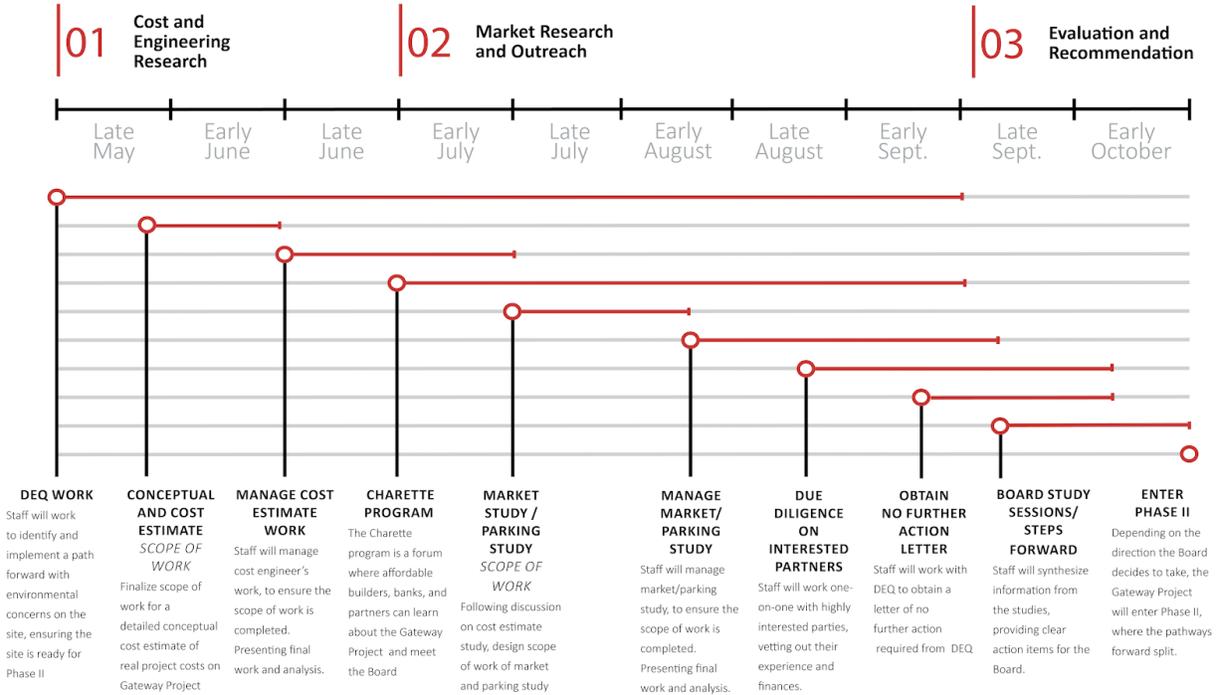
The Gateway Project Master Plan requires an extension of the West Valley View arm of the roundabout to provide the major connection to the Gateway site. Regardless of the eventual development plan for the site, this extension may need to be constructed as the primary entrance to the redevelopment area. Last year's budget proposed an expenditure of \$180,000 to complete the extension. However, this previous expenditure has been removed from this year's budget and replaced with Phase I work totaling \$100,000 to complete and finalize more pressing issues and get the site ready for development. Staff has proposed a two phase plan to move forward the Board's goals on the Gateway Project. Phase one of the Gateway Project includes the following tasks:

- ❑ Organize and facilitate charrettes with community, regional and national banks, affordable housing builders, developers, and regional partners to gather information to inform the structure of the project and to familiarize potential partners with project concept and goals
- ❑ Complete a detailed market study to better understand project potential and project financing gaps
- ❑ Complete a parking study to better understand the parking requirements and needs for the project
- ❑ Contract with a civil engineer to produce detailed conceptual infrastructure plans for the site
- ❑ Contract with a cost estimator to work up detailed estimates and spreadsheets on project costs
- ❑ Request letters of interest, financial history and detailed cost estimates from groups/individuals interested in project development
- ❑ Assess costs estimates from interested developers against work completed by TURA and charette partners
- ❑ Work with Environmental Engineer to obtain a DEQ No Further Action (NFA) Letter

In addition, staff has developed a detailed timeline of the Phase I work schedule to ensure each item is completed by Fall 2020:

PHASE I: TIMELINE

Phase I of the Gateway Project provides TURA with a unique opportunity to better understand Gateway project feasibility and costs



The proposed budget appropriation of \$100,000 for the Gateway Project includes the tasks included in Phase I. Once Phase I is complete, and the Board finalizes the path forward for Phase II on the Gateway Project, staff will prepare a budget amendment that budgets additional funds necessary for the Gateway Project, Phase II.

Town Hall Renovation

Last year’s budget appropriated \$250,000 for the Town Hall Renovation Project. In addition, TURA signed an IGA with the City of Talent in late 2019 that tasked the City with managing the renovation project. The City has recently contacted TURA and expressed interest that this appropriation be renewed for FY 2020-2021. However, after consultation with the Board, staff believes it is more frugal to appropriate \$20,000 on the Town Hall Renovation Project that will allow the City to complete more due-diligence on actual project scope and cost. As such, staff has reduced the Town Hall Renovation Project’s budget until a more detailed plan can be presented to the TURA Board outlining a clear scope of renovation work, more detailed project

cost figures, and additional funding availability before TURA appropriates full capital funds necessary to complete the renovation project. Staff believes that \$20,000 and a renewed IGA, outlining TURA and the City's expectations on the project before full project cost allocation, will provide the City with enough working capital to prepare more detailed staff reports to the TURA Board, clarifying project scope and cost. Once the City and the Board agrees on a specific path forward and timeline for the Town Hall Renovation Project, staff will prepare a budget amendment that budgets additional funds necessary for the Town Hall Renovation Project.

102 Home Street

The current lease at 102 Home Street is a month-to-month basis with TURA receiving \$400 per month. On May 20th, the Board approved staff obtain a property appraisal that would help TURA more accurately determine the value of the property. The last appraisal completed of the subject property is dated May 5, 2005. The new appraisal will provide the Board with both fair market value and fair market rent. This appraisal will ultimately help the Board decide how to move forward on the property.

Rehabilitation Grant Program

The Board has expressed interest in making sure there are funds available for landscape, storefronts and signage to help revitalize downtown Talent. Staff has carried over the \$40,000 appropriation for storefront, landscape beautification, signage, tenant improvement layout design work to assist businesses in Talent. Staff plans to continue to investigate additional grant opportunities and provide recommendations to the Board on improving and expanding the Rehabilitation Grant Program.

Contingency

The FY 2020-2021 budget proposes a substantial contingency of \$1,878,300. Once the Board finalizes the paths forward on the Gateway and Town Hall Renovation Projects, staff will prepare budget amendments that allocate funds to the specific projects.

Conclusion

The Agency still has significant financial capacity to complete its projects and key goals. This year's budget carefully manages the Agency's fund and ensures due diligence is complete on projects before they are funded.

Jon Legarza | TURA Executive Director | May 27, 2020

**TALENT URBAN RENEWAL AGENCY
CAPITAL PROJECTS FUND**

Actual FY2017-18	Actual FY2018-19	Adopted FY2019-20		Proposed FY2020-21	Approved FY2020-21	Adopted FY2020-21
REVENUES						
570,000	427,405	31,973	FUND BALANCE - COMMITTED	2,200,000	2,200,000	2,200,000
-	58,000	-	DONATIONS/ GRANTS/REIMBURSEMENTS	-	-	-
10,611	12,768	4,800	OTHER MISC INCOME	4,800	4,800	4,800
554,146	-	2,421,239	TRANSFER IN FOR CONTRACT OBLIGATIONS	-	-	-
200,000	-	-	SHORT TERM BORROWING	-	-	-
-	-	-	LONG TERM BOND PROCEEDS	-	-	-
-	-	-	INTEREST INCOME	9,500	9,500	9,500
1,334,757	498,173	2,458,012	TOTAL REVENUES & OTHER RESOURCES	2,214,300	2,214,300	2,214,300

Actual FY2017-18	Actual FY2018-19	Adopted FY2019-20		Proposed FY2020-21	Approved FY2020-21	Adopted FY2020-21
EXPENDITURES						
PERSONNEL SERVICES						
-	-	-	WAGES	-	-	-
-	-	-	PAYROLL TAXES	-	-	-
-	-	-	BENEFITS	-	-	-
-	-	-	TOTAL PERSONNEL SERVICES	-	-	-

MATERIALS & SERVICES						
100,000	115,000	125,000	ADMINISTRATIVE SERVICES	102,000	102,000	102,000
11,550	8,300	8,000	SUPPLIES INSURANCE AND OFFICE	8,000	8,000	8,000
2,435	-	-	TRAVEL AND TRAINING	-	-	-
8,520	3,730	6,500	AUDITOR	6,500	6,500	6,500
9,960	585	-	ENGINEER	-	-	-
2,044	6,628	25,000	LEGAL	25,000	25,000	25,000
9,939	10,235	10,500	MISCELLANEOUS AND CPA	10,500	10,500	10,500
33,450	14,201	25,000	UR CONSULTANT AND ANALYST	-	-	-
-	-	-	MISCELLANEOUS CITY ADMINISTRATIVE	10,000	10,000	10,000
177,898	158,680	200,000	TOTAL MATERIALS & SERVICES	162,000	162,000	162,000

CAPITAL OUTLAY						
-	-	-	LAND ACQUISITION	-	-	-
7,395	20,000	40,000	REHABILITATION GRANTS	40,000	40,000	40,000
-	46	5,000	102 HOME STREET	10,000	10,000	10,000
39,883	5,877	4,000	CAPITAL MAINTENANCE	4,000	4,000	4,000
-	-	-	WEST VALLEY VIEW PHASE 1	-	-	-
600,367	-	-	WEST VALLEY VIEW PHASE 2	-	-	-
-	213,231	180,000	GATEWAY PROJECT	100,000	100,000	100,000
-	12,862	-	WV PLAZA SIDEWALK INSTALLATION	-	-	-
-	6,500	250,000	TOWN HALL RENOVATION MASTER PLAN DEV.	20,000	20,000	20,000
-	45,814	-	TOWN HALL AUDIO/VIDEO	-	-	-
-	-	-	TALENT REBRANDING PLAN DEVELOPMENT	-	-	-
-	6,422	-	OLD TOWN/COMMONS PARK AMENITIES	-	-	-
-	14,651	-	MAIN ST./TALENT AVE PEDESTRIAN SAFETY	-	-	-
60,325	-	-	JOHN ST. SIDEWALKS	-	-	-
13,969	-	-	ROUNDBOUT SOLAR BEACONS	-	-	-
-	-	-	CIVIC CENTER ALLEY	-	-	-
-	-	-	TOWN HALL RAMP	-	-	-
5,076	-	-	MISCELLANEOUS IMPROVEMENTS	-	-	-
2,439	465	-	NATIVE PLANT POLLINATOR GARDEN	-	-	-
729,454	325,870	479,000	TOTAL CAPITAL OUTLAY	174,000	174,000	174,000

UNALLOCATED FUNDS						
-	-	1,779,012	CONTINGENCY	1,878,300	1,878,300	1,878,300
427,405	13,623	-	UNAPPROPRIATED ENDING FUND BALANCE	-	-	-
427,405	13,623	1,779,012	TOTAL UNALLOCATED FUNDS	1,878,300	1,878,300	1,878,300

1,334,757	498,173	2,458,012	Total Capital Projects Revenues	2,214,300	2,214,300	2,214,300
1,334,757	498,173	2,458,012	Total Capital Projects Expenditures	2,214,300	2,214,300	2,214,300

**TALENT URBAN RENEWAL AGENCY
DEBT SERVICE FUND**

Actual FY2017-18	Actual FY2018-19	Adopted FY2019-20		Proposed FY2020-21	Approved FY2020-21	Adopted FY2020-21
REVENUES						
610,000	932,718	1,506,501	FUND BALANCE - COMMITTED	-	-	-
1,507,307	1,576,589	905,043	PROPERTY TAX	-	-	-
1,414	620	-	PROPERTY TAX INTEREST	-	-	-
1,114	-	-	OTHER MISC INCOME	-	-	-
19,875	37,153	9,694	INTEREST INCOME	-	-	-
2,139,710	2,547,080	2,421,238	TOTAL REVENUES & OTHER RESOURCES	-	-	-

DEBT SERVICE FUND

Actual FY2017-18	Actual FY2018-19	Adopted FY2019-20		Proposed FY2020-21	Approved FY2020-21	Adopted FY2020-21
EXPENDITURES						
DEBT SERVICE						
-	-	-	12 BOND PRINCIPAL	-	-	-
-	-	-	12 BOND INTEREST	-	-	-
479,000	971,000	-	16 BOND PRINCIPAL (To City of Talent)	-	-	-
24,686	14,734	-	16 BOND INTEREST (To City of Talent)	-	-	-
-	-	-	BORROWING COSTS	-	-	-
200,000	-	-	PRINCIPAL SHORT TERM BORROWING	-	-	-
4,000	-	-	INTEREST SHORT TERM BORROWING	-	-	-
-	-	2,421,238	TRANS OUT FOR CONTRACT OBLIGATIONS	-	-	-
707,686	985,734	2,421,238	TOTAL DEBT SERVICE	-	-	-
RESERVE						
-	-	-	12 BOND RESERVE	-	-	-
1,432,024	1,561,347	-	RESTRICTED FOR DEBT SERVICE	-	-	-
1,432,024	1,561,347	-	TOTAL DEBT RESERVE BALANCE	-	-	-
2,139,710	2,547,080	2,421,238	Total Debt Service Revenues	-	-	-
2,139,710	2,547,080	2,421,238	Total Debt Service Expenditures	-	-	-