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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](https://www.oregonlegislature.gov/bills_laws/ors/ors457.html).

Each year this annual report will provide the following information:

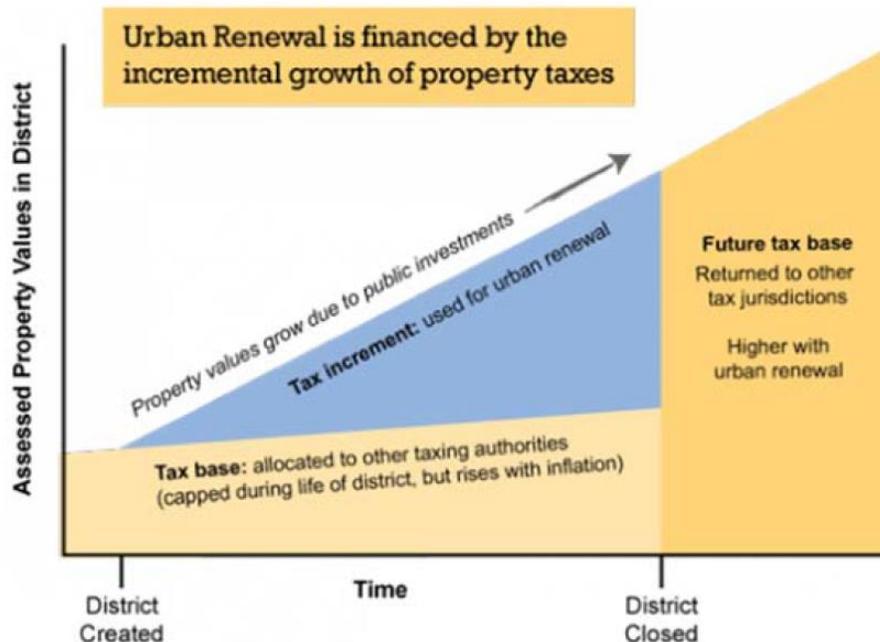
- The amount of tax increment financing revenues received during the preceding fiscal year and from borrowings in the previous fiscal year
- The purposes and amounts for which any money received was expended during the preceding fiscal year
- The adopted budget setting forth the purposes and estimated 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 was the first year of operations and tax increment collections for the Agency, this is the first 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 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.

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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 630,050	\$ 630,050	\$ 579,115	\$ (50,935)
Interest on Investments	500	500	2,489	1,989
Miscellaneous	-	-	226	226
<b>Total revenues</b>	<b>630,550</b>	<b>630,550</b>	<b>581,830</b>	<b>(48,720)</b>
<b>EXPENDITURES:</b>				
Materials and Services	27,650	27,650 (1)	9,916	17,734
Capital Outlay	600,000	600,000 (1)	544,000	56,000
Contingency	2,900	2,900 (1)	-	2,900
<b>Total Expenditures</b>	<b>630,550</b>	<b>630,550</b>	<b>553,916</b>	<b>76,634</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>27,914</b>	<b>27,914</b>
Beginning Fund Balance	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,914</b>	<b>\$ 27,914</b>

(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 \$579,115 of Tax Increment Financing revenues in FY'18.

## Expenditures for the Previous Fiscal Year

The schedule of revenues and expenditures above shows all the expenditures of tax increment financing resources in FY'18. 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**

<b>Project #</b>	<b>Description</b>	<b>FY'18 Capital Expenditures</b>	<b>Adopted FY'19 Budget</b>
LB6135	Urban Renewal Agency Analysis	\$89,000	\$ -
LB6236	Spalding Industrial Park Development	255,000	-
LB6314	Downtown Welcome Center	-	500,000
LB6344	Makers Space	200,000	-
n/a	Other Capital Outlay	-	259,000
<b><i>Total Capital Outlay</i></b>		<b><i>\$544,000</i></b>	<b><i>\$759,000</i></b>

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 2019 is budgeted at \$804,000. Based on final assessed values certified in FY19, tax increment financing revenues will come in slightly lower than budgeted in FY’19 due in part to the impact of Enterprise Zone Tax abatement agreements. These are temporary tax abatements in return for new development and job creation projects and any shortfall in budgeted revenues will be offset by reductions to capital outlays in the year.

Assessed values within the Urban Renewal Area were estimated to increase by 3.5% in FY’19 and 2.8% in FY’20. 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**

<b>Project #</b>	<b>Description</b>	<b>Revised FY'18 Budget Est.</b>	<b>Adopted FY'19 Budget</b>	<b>Projected FY'20 Budget</b>
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
<b><i>Total Capital Outlay</i></b>		<b><i>\$544,000</i></b>	<b><i>\$759,000</i></b>	<b><i>\$942,000</i></b>

## 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 \$
<b><u>RESOURCES</u></b>							
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>
<b>Total Resources</b>	<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>
<b><u>REQUIREMENTS</u></b>							
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>
<b>Total Requirements</b>	<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.

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.