

WOODBURN URBAN RENEWAL AGENCY
Woodburn, Oregon

FINANCIAL IMPACT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by:
City of Woodburn
Finance Department



Introduction

Urban renewal agencies are required to prepare an annual report for the governing body and the public in accordance with Oregon Revised Statute 457.460 (ORS 457.460). The report includes a financial summary of the preceding year and the budget for the new fiscal year. It also includes an analysis of the financial impact of carrying out the urban plan on the tax collections for all taxing districts.

The following elements must be included as part of the financial summary:

- ♦ the amount of money received during the preceding fiscal year;
- ♦ the purposes and amounts for which any money received were expended during the preceding fiscal year;
- ♦ an estimate of moneys to be received during the current fiscal year;
- ♦ a budget setting forth the purposes and estimated amounts for moneys that are to be expended during the current fiscal year;
- ♦ an analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year.

The Urban Renewal Concept

Urban renewal is a process authorized by Oregon law (ORS 457) to finance improvements in those neighborhoods and districts in need of revitalization with the intent to improve underdeveloped areas or areas that have declined resulting in stagnated private development or investment. More specifically, urban renewal is a funding method used to economically revitalize areas of “blight” through public investments that stimulate private development. Examples of blight include buildings that are unsafe or unfit for occupancy, inadequately maintained streets, or areas with environmental impacts. Due to these “blighted” conditions, private developers, property owners or business owners are unable to generate sufficient returns on potential development in the area. As a result, private investment stalls and the blighted conditions remain.

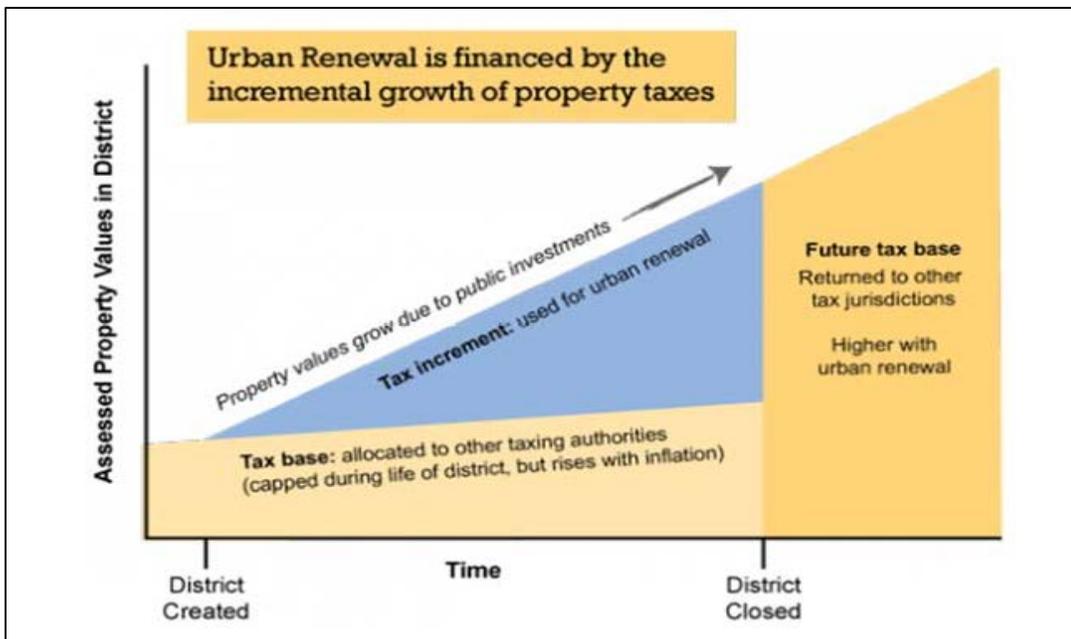
The types of urban renewal activities undertaken generally include development of infrastructure and public amenities (i.e., streetscape and infrastructure improvements, lighting, public open spaces, building improvements, parks, etc.) and with these publicly funded efforts, investment becomes achievable for private developers. Urban renewal allows a city to increase the level of public investment by providing funds that can be used to match regional, state or federal funds for specific projects.

The goal is encourage private sector investment for the majority of the redevelopment funding by selectively investing over a period of time. With the initial commitment of public funding the plan can achieve the goals to construct necessary streetscape infrastructure improvements and provide public amenities and to attract private investment.

Tax Increment Financing

The major source of funding for urban renewal projects has been tax increment financing. Once an urban renewal district is established, the tax valuation for the district is “frozen”. As properties 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 tax increment 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; securing funds 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 influencing 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.

Woodburn's Urban Renewal Plan

The City of Woodburn established the Woodburn Urban Renewal District pursuant to Oregon Revised Statutes (ORS) Chapter 457, the Oregon Constitution, and all applicable laws and ordinances on March 13, 2001, upon adoption of Ordinance 2283. On August 13, 2001, the City adopted Ordinance 2298 establishing the maximum indebtedness of the Plan of \$29.3 million. The City's urban renewal redevelopment area consists of approximately 260 acres, all within the Woodburn city limits. In general, the area includes the historic downtown, Front Street to Highway 214 and Highway 214 to redevelopment sites on Stacy Allison, Young Street to Highway 99 and Highway 99 to Highway 211. The Woodburn's urban renewal is governed by the Urban Renewal Agency, which consists of the City's Mayor and City Council members.

The Urban Renewal Plan states the following overall renewal goals:

- Public improvements
- Redevelopment through new construction
- Preservation, rehabilitation, development and redevelopment
- Property acquisition and disposition
- Plan administration

The Core Values created by the Urban Renewal Agency are as follows:

- Ensure positive return on investment
- Cultivate resources and investment in underutilized or blighted areas
- Job creation
- Economic vitality
- Establish downtown as a destination
- Historic preservation and cultural interpretation

Urban Renewal Impact

The Woodburn Urban Renewal program has played a key role in revitalization. Through public investments and business development partnerships, urban renewal will continue to be a catalyst for making Woodburn a more economically vital, livable and sustainable place. The number of significant public investments include: Downtown Plaza, Historic Locomotive, Front Street, Fire Station, First Street, Downtown Alleyways, Downtown Public Restroom, Bungalow Theater, Building Improvement Grant/Loan Program.

Major Project Costs by Year				
Capital Outlay Project Description	Actual 2014-15	Actual 2015-16	Actual 2016-17	Budget 2017-18
Grant and Loan Program	\$ 127,709	\$ 36,067	\$ 54,680	
Woodburn Fire District Remodel	\$ 676,000			
First Street Design/Reconstruction		\$ 87,473	\$ 20,283	\$ 400,000
Construct Downtown Public Restroom			\$ 99,674	\$ 200,000
Bungalow Theater/Museum Restoration				\$ 200,000
Alleyway Beautification			\$ 24,868	\$ 122,000
Financial Study			\$ 8,577	
	\$ 803,709	\$ 123,540	\$ 208,082	\$ 922,000

Effect of Urban Renewal on Taxing Districts

Carrying out an urban renewal plan has an effect on the amount of property taxes received by the overlapping taxing districts of Woodburn’s urban renewal areas. A portion of property taxes that were to be received by the taxing bodies that levy property taxes within Woodburn’s urban renewal areas are redirected to Woodburn’s Urban Renewal Agency for the agency’s projects and programs.

Passage of Ballot Measure 50 (Article XI, Section 11 of the Oregon Constitution) resulted in converting most property taxes (i.e., tax bases) from a levy-based system to a rate-based system. Schedules provided later in this Report reflect the “*post*” Measure 50 financial impact by taxing district for Woodburn’s Urban Renewal. The following schedules show the impact of the division of taxes on the overlapping taxing jurisdictions for the prior fiscal year and the current fiscal year.

The schedules include each taxing entity’s:

- Permanent taxing rate is the levy imposed on every thousand dollars of assessed property value
- Adjusted district rate is the rate that the district will receive net of the URA calculation
- URA division of tax rate is the rate redirected from the taxing entity to the urban renewal agency
- Shared value is the common value of the underlying properties within the URA and the overlapping taxing entities
- Calculated property taxes from each taxing entity that is redirected to the urban renewal agency

Woodburn Urban Renewal Agency (URA)						
Financial Impact of the Division of Taxes on Overlapping Taxing Jurisdictions						
Fiscal Year Ending June 30, 2017						
Taxing District	Permanent Rate	Adjusted District Rate	URA Division of Tax Rate	District Shared Value	Division of Tax	
Marion County	\$ 3.0252	2.9421	\$ 0.0831	1,524,882,342	\$ 126,718	
City of Woodburn	6.05	5.8872	0.1662	1,524,882,342	253,435	
Woodburn Sschool District	4.52	4.4005	0.1242	1,524,882,342	189,390	
Woodburn Fire District	1.60	1.5570	0.0439	1,524,882,342	66,942	
Willamette Regional ESD	0.30	0.2886	0.0081	1,524,882,342	12,352	
Chemeketa Community College	0.63	0.6088	0.0171	1,524,882,342	26,075	
Regional Library	0.08	0.0796	0.0022	1,524,882,342	3,355	
Marion Soil & Water	0.05	0.0491	0.0009	1,065,943,645	1,042	
MC & 4-H Extension Service	0.05	0.0487	0.0013	1,524,882,342	1,982	
Totals	\$ 16.3086	\$ 15.8616	\$ 0.4470		\$681,292	
% of Total Permanent Rate			2.74%			
Less: Truncation Loss					-	
Less: Compression Loss					-	
Total URA Levy					\$681,292	

Financial Reports

The following financial reports account for the activities of Woodburn’s Urban Renewal program. In accordance with ORS 457.460 (1), these reports were prepared using the same basis of accounting it uses to prepare its financial statements -- modified accrual basis of accounting. The total revenue for the fiscal year ended June 30, 2017 was \$654,731. Woodburn’s Urban Renewal program receives property taxes according to the division of taxes method calculation. These property taxes are used to finance various urban renewal projects and activities. Taxes received for fiscal year 2016-17 totaled \$619,602 and is budgeted to increase to \$640,060 in fiscal year 2017-18. Woodburn’s Urban Renewal budget is adopted on an annual basis.

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON	
<i>(A Component Unit of the City of Woodburn, Oregon)</i>	
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –	
GOVERNMENTAL FUND	
YEAR ENDED JUNE 30, 2017	
REVENUES	
Taxes and assessments	\$ 619,602
Miscellaneous	35,129
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<i>Total Revenues</i>	654,731
EXPENDITURES	
Current	
Personal services	82,805
Materials and services	76,992
Capital outlay	131,090
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<i>Total Expenditures</i>	290,887
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NET CHANGE IN FUND BALANCE	363,844
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FUND BALANCE, Beginning of year	1,713,344
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FUND BALANCE, End of year	<u>\$ 2,077,188</u>
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES	
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	
<i>Net Change in Fund Balance</i>	\$ 363,844
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.	
Property taxes	(3,645)
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<i>Change in Net Position</i>	<u>\$ 360,199</u>

Adopted Budget Summary of Resources and Requirements 2016-2017

URBAN RENEWAL AGENCY OF THE CITY OF WOODBURN, OREGON				
<i>(A Component Unit of the City of Woodburn, Oregon)</i>				
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –				
BUDGET AND ACTUAL - URBAN RENEWAL FUND				
YEAR ENDED JUNE 30, 2017				
	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
REVENUES				
Taxes and assessments	\$ 565,000	\$ 615,989	\$ 619,602	\$ 3,613
Miscellaneous	7,000	12,768	35,129	22,361
<i>Total Revenues</i>	572,000	628,757	654,731	25,974
EXPENDITURES				
Personal services	84,387	84,387	85,774	(1,387) *
Materials and services	84,000	84,000	76,992	7,008
Capital outlay	200,000	273,068	131,090	141,978
Contingency	16,838	16,838	-	16,838
<i>Total Expenditures</i>	385,225	458,293	293,856	164,437
REVENUES OVER (UNDER)				
EXPENDITURES	186,775	170,464	360,875	190,411
FUND BALANCE, Beginning of year	1,700,000	1,716,311	1,716,313	2
FUND BALANCE, End of year <i>(budgetary basis)</i>	<u>\$ 1,886,775</u>	<u>\$ 1,886,775</u>	<u>\$ 2,077,188</u>	<u>\$ 190,413</u>

*Budget is appropriated by program, therefore this does not reflect an expenditure in excess of appropriations.