



Urban Renewal Agency Budget Committee

Thursday, May 16, 2024, at 6:00 PM

HYBRID: City Hall Council Chambers, 265 Strand Street & Zoom (details below)

Agenda

Call to Order

Introductions

1. URA Introduction
2. URA Overview

Election of Budget Chair

Approval of Minutes

3. Approval of Minutes 1/5/2022 URA Budget Committee Meeting

Budget Message

4. FY2025 URA Budget Message

Public Comment on Proposed URA Budget

5. URA FY 2024-25 Proposed Budget

Discussion and Approval for FY 2024/2025 URA Budget

Move to approve the FY2024-2025 Budget for the City of St. Helens Urban Renewal Agency in the amount of \$ 3,650,954 and approve that the Agency levy the maximum incremental tax revenue as provided under State law.

OR

Move to approve the FY2024-2025 budget for the City of St. Helens Urban Renewal Agency as amended and approve that the Agency levy the maximum incremental tax revenues as provided under State law.

Adjournment

Virtual Meeting Details

Join Zoom Meeting

<https://zoom.us/j/94003561995?pwd=ROVzK3B3QW83a2ZHMDZqMmlLS3VsUT09>

Meeting ID: 940 0356 1995

Passcode: 391168

Dial in: 253 215 8782 US

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to City Hall at 503-397-6272.

Be a part of the vision and get involved...volunteer for a City Board or Commission! For more information or for an application, go to www.sthelensoregon.gov or call 503-366-8217.

WHY IS URBAN RENEWAL ON MY PROPERTY TAX BILL?

The first question on most people's minds about urban renewal is "does it increase my taxes?" followed by the second question of "why is it on my property tax bill". The answer to the first question is no. Urban renewal does not increase the amount one pays for property taxes. Each year the assessor may increase the assessed value of a given property by 3.0%, or by more if there is a substantial improvement done to the property that requires it be reassessed. Increased assessed value of a property increases the property tax impact to the owner of said property. Urban renewal does not change the 3.0% limitation.

To answer the second, urban renewal takes a portion of the tax revenue caused by increases in assessed value year to year on every property in the city that pays property taxes. This money is used to fund special projects in the specific urban renewal area. However, the most important thing to know about assessed value increases in relation to urban renewal is the fact that the increases would happen with or without an urban renewal district and if urban renewal were to go away the amount of money required to pay one's property tax bill would not change. The financial impact of the urban renewal is not on the property tax payer, but on taxing jurisdictions.

The remainder of this handout is dedicated to further explaining why urban renewal is on every property tax bill in a city that has urban renewal.

URBAN RENEWAL INTRODUCTION

Urban renewal is one of the few economic development tools available to cities in Oregon. It provides an alternative funding source to a city's usual funding sources, such as the general fund or system development charges. It is indicated on every property taxpayer's property tax statement after the formation of an urban renewal area, even though urban renewal does not increase property taxes.

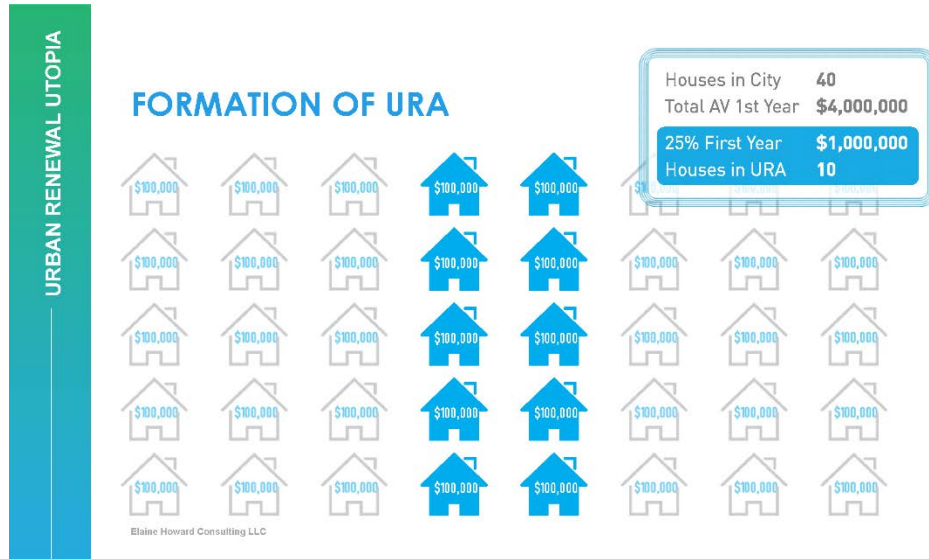
HOW DOES URBAN RENEWAL GENERATE REVENUE IF IT DOES NOT INCREASE PROPERTY TAX IMPACTS?

Urban renewal revenues are generated from increases in assessed value of property within an urban renewal area after it is formed. The process used by the county assessor to allocate these funds is called the "division of taxes". The key concept from the division of taxes for a property tax payer is the fact that an individual's property tax bill will remain the same whether or not there is an urban renewal area in their city. This happens because each of the property taxing jurisdictions represented on an individual's property tax statement contribute a portion of their revenues to the urban renewal area. If an urban renewal area was to go away, the property tax revenues represented by urban renewal on an individual's property tax bill would then be redistributed back to the regular taxing jurisdictions and would not be distributed back to the property tax payer.

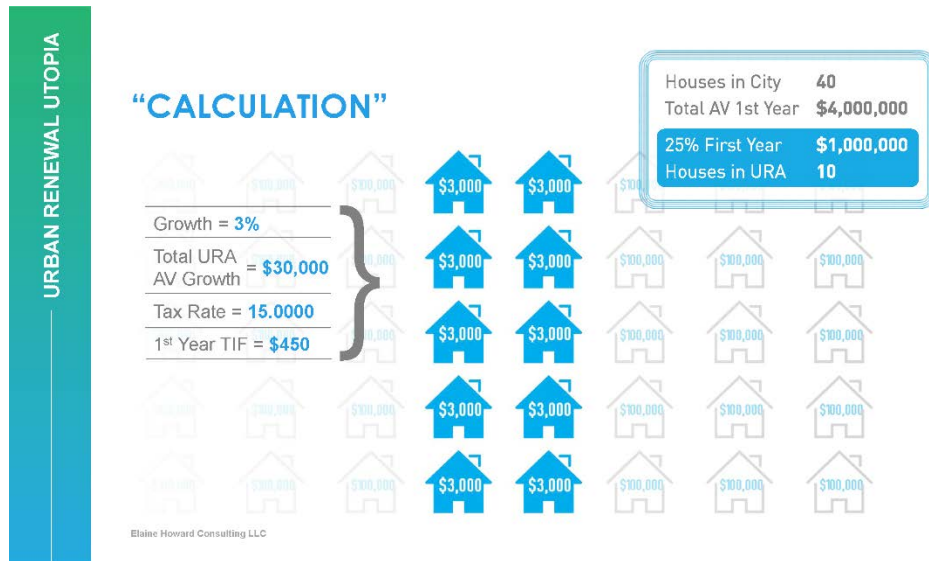
HOW ARE URBAN RENEWAL REVENUES CALCULATED AND COLLECTED?

Because of Oregon's complicated property tax laws, urban renewal revenues must be collected in an equally complicated manner. There are three key steps to understand urban renewal revenues, 1) Calculation 2) Distribution and 3) Collection. The following infographics guide us through these three steps. To start, there is a hypothetical city with 40 houses each valued at \$100,000 for total assessed

value in the city of \$4,000,000, utopic urban renewal conditions. An urban renewal area is formed with 10 houses in the boundary.



If the assessed value of these houses were to appreciate at the standard 3% rate allowed by Oregon state law, the calculation of increased property tax revenue for the urban renewal area would be as shown below.

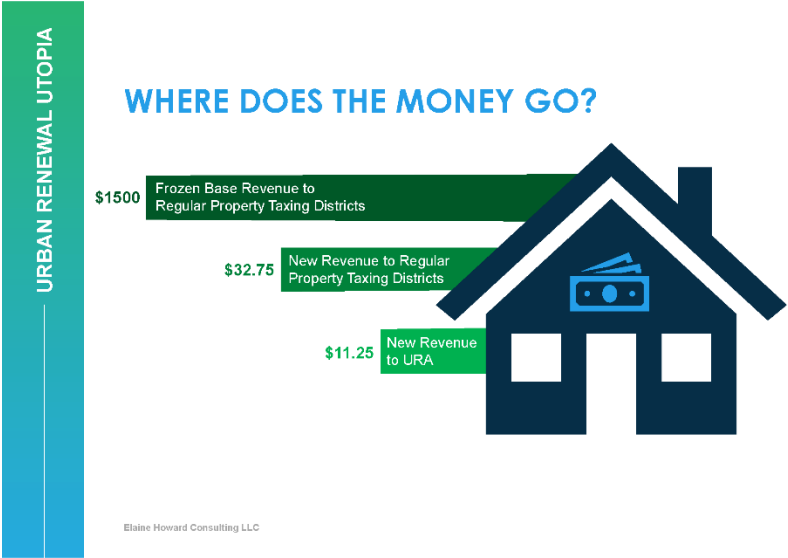


Before Measures 5 and 50 urban renewal revenues were distributed as most people expect, with only the houses in an urban renewal area seeing an indication of urban renewal on their property tax bill. However, as a consequence of Measures 5 and 50 Oregon property taxes are limited to \$10 per thousand of real market value for general government and \$5 per thousand of real market value for education for a total tax rate of \$15 per thousand of real market value. Also, as a consequence of Measures 5 and 50 Oregon law states that urban renewal must fall within these limits. To accomplish this, the calculated amount of urban renewal revenue shown above is distributed among all of the houses in a city as opposed to just the houses within the urban renewal area. Urban renewal still only

functions on increases in property tax revenue which are already occurring, regardless of whether it is distributed only to those houses in the urban renewal area or over the entire city. Again, this does not cause an increase in property taxes, just a division of the taxes a property owner already pays.

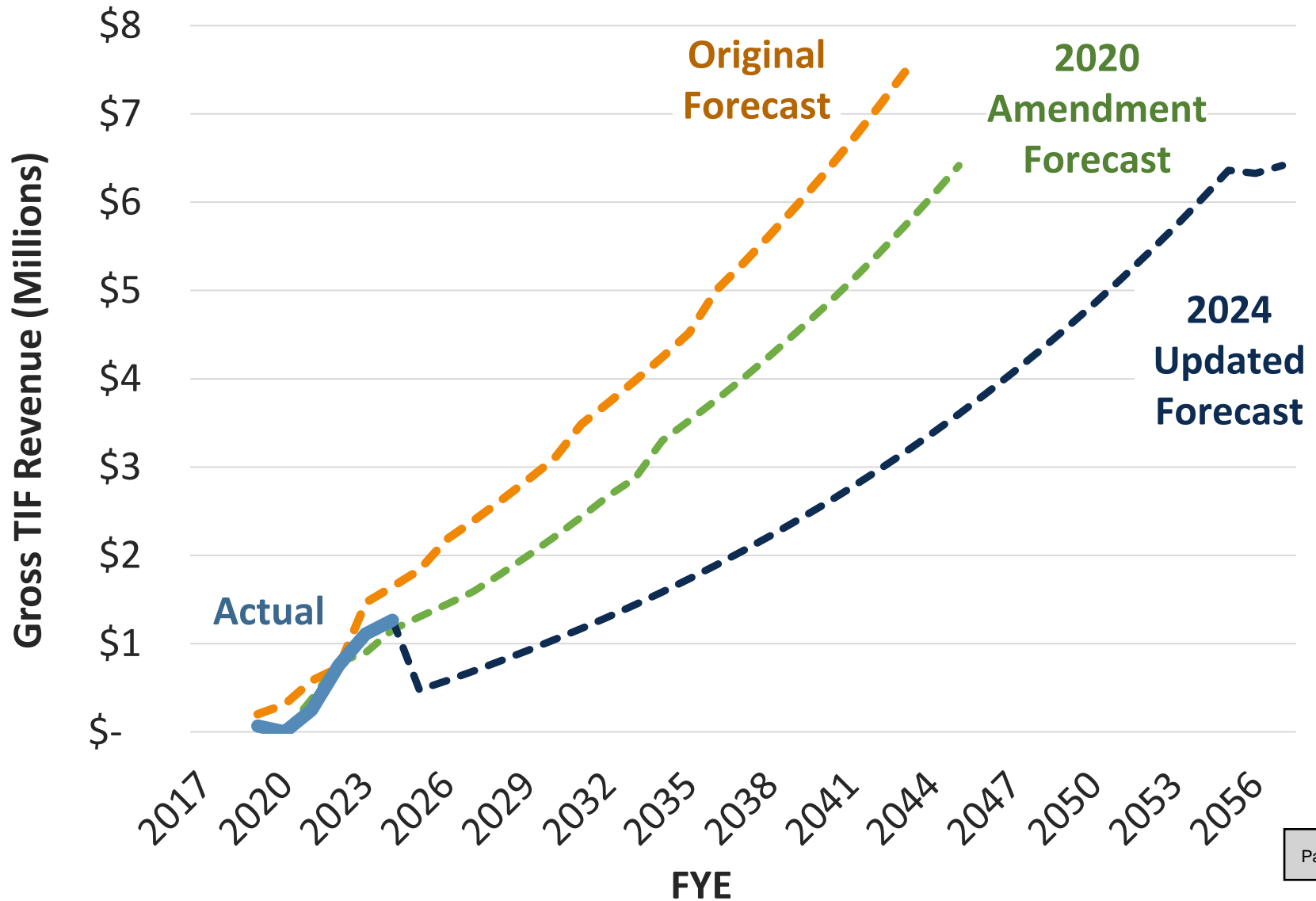


So, where does the property tax revenue from the “utopia houses” go? The below infographic shows the distribution of the \$45.00 in new property tax revenue, \$11.25 to the urban renewal agency and \$32.75 to the regular property taxing jurisdictions, and the \$1,500 of property tax revenue from the frozen base that will continue to go to all the regular property taxing jurisdictions.



In summary, urban renewal will be on every property tax bill in a city with an urban renewal area and urban renewal does not increase permanent rate levy tax rates or impacts to property tax payers. Urban renewal functions on increases in property taxes that are already occurring to calculate its annual revenue.

Updated Revenue Forecast



Where to Find URA Financials

- URA Annual Reports
 - Mailed/Emailed as required to Taxing Districts
- URA Budgets
- URA Audits
- URA Plan & Report (as amended/adopted)
- OEDA URA Best Practices Manual
- <https://www.sthelensoregon.gov/urban>
 - Click on "URA Budgets & Reports" for Financials



URBAN RENEWAL- BUDGET COMMITTEE

Wednesday, January 05, 2022, at 5:00 PM

Minutes

Members Present:

Rick Scholl, Mayor
 Doug Morten, Chair
 Jessica Chilton, Vice Chair
 Patrick Birkle, Councilor
 Stephen R. Topaz, Councilor
 Claire Catt, Vice Chair
 Michelle Damis, Committee Member
 Mark Gundersen, Committee Member

Staff Present:

John Walsh, City Administrator
 Matt Brown, Finance Director
 Mouhamad Zaher, Public Works Director
 Jenny Dimsho, Associate Planner / Community Development Project Manager
 Jennifer Johnson, Accountant

Members Absent:

Garrett Lines, Committee Member
 Lew Mason, Committee Member

CALL TO ORDER

Morten called the meeting to order at 5:06 p.m.

Introductions

Introductions were made.

Election of Budget Chair and Vice Chair

Topaz recommended to continue with the same current officers.

Motion made by Councilor Topaz, Seconded by Appointed Member Catt.

Voting Yea: Mayor Scholl, Council Morten, Council Birkle, Council Topaz, Council Chilton, Appointed Member Damis, Appointed Member Gundersen.

Morten will continue as chair and Chilton will continue as vice chair.

Approval of Minutes April 27, 2020

Correction Michelle Damis will be changed to present.

Motion made by Council Birkle, Seconded by Council Topaz.

Voting Yea: Mayor Scholl, Chair Morten, Vice Chair Chilton, Appointed Member Catt, Appointed Member Damis, Appointed Member Gundersen

Minutes have been approved.

Public Comment on Proposed Urban Renewal Agency Budget

No public comment.

Budget Message

Walsh discussed the new timeline of the Urban Renewal Agency Budget Committee. In years past meetings have been held in the spring in conjunction with the city's budget. The Urban Renewal Agency is getting on a path to sustainability. The Urban Renewal Agency was started in 2008. Walsh discussed the 2008 recession. At that time, the Urban Renewal Agency was on hold. We are at a good place where we can move forward.

Plans

- Gateway Plan
- River Front Connector Plan
- The Waterfront Framework Plan

In 2017 the plan was revisited. The plan is in a good place to move forward. Armstrong was going to kickstart the agency with a \$40 million dollar investment. That did not happen. They closed their doors and left. It took a while for the agency to come back up after that. The plan was amended. The Urban Renewal Agency then went through a plan amendment process. Other properties were added.

The Riverwalk plan is leading the focus. Walsh said the city is working with a special Public Works Opportunity Fund to secure \$14 million of loan money. The agency is in a savings mode. All the funds coming in will be dedicated to debt services. The agency has gone from \$50,000 to \$400,000. As part of the amendment process, there has also been a financial analysis.

The Urban Renewal Agency Budget is changing to a bi-annual budget.

The agency has the authority to call a special meeting at any time, with a minimum one meeting per year.

Motion

A motion was made to approve expenditures for FY 2022-2023 Biennial Budget expenses of \$1,250,000 in 22/23 and \$2,114,000 in 23/24 and to establish the maximum expenditures as shown on the FY 2022/2023 Biennial Proposed Budget.

Motion made by Mayor Scholl, Seconded by Council Topaz.

Voting Yea: Mayor Scholl, Chair Morten, Council Birkle, Council Topaz, Vice Chair Chilton, Appointed Member Catt, Appointed Member Damis, Appointed Member Gundersen

Catt asked what the process for making expenditure decisions. Walsh said it's a simply budget it's all contingency. There are no projects funded at this time. Brown added if a change in appropriation is greater than 10% it requires a public hearing and a resolution. If the change is less than 10% is still requires a resolution but not a public hearing. The full budget amount is \$1.25 million.

Adjournment

The meeting was adjourned at 5:40 p.m.

May 16, 2024

St. Helens Urban Renewal Agency Board of Directors,
Members of the Budget Committee,
Members of the St. Helens Community

It is our pleasure to present to you the FY2025 proposed budget for the St. Helens Urban Renewal Agency (SHURA). This will be the first year since the formation of the SHURA where funds will be appropriated in categories other than in contingency. For the past seven years, the SHURA has been collecting resources to ensure and enable the Agency to advance the priority infrastructure projects identified in the adopted St. Helens Urban Renewal Agency Plan. This plan and project list is available on the City's website at <https://www.sthelensoregon.gov/urban>.

The proposed budget appropriates \$3 million in Capital Outlay to support the Riverfront District Streets and Utilities Extension Project, and for Phase I of the Riverwalk Project. These two projects focus on improving key streets and intersections in the downtown Riverfront District, extending utilities onto the City's Riverfront property, and improvements along the Columbia River in Columbia View Park. These projects will set the groundwork for future public amenities and private investment on the City's Riverfront property. For more information, see the project page on the City's website:

<https://www.sthelensoregon.gov/waterfront/page/streets-and-utilities-extension-project>

<https://www.sthelensoregon.gov/waterfront/page/riverwalk-project>

To date the projects have been accounted for primarily in the City of St. Helens Community Development Fund. The resources for project expenditures include a loan (IFA loan) and grants administered by the State. Additionally, some eligible expenditures are accounted for in the City's SDC Funds. As of June 30, 2024, draws from the IFA loan will be \$8,147,075 and the balance of the loan will be used in FY2025.

Maximum indebtedness (MI) for the SHURA is \$62,000,000. This is measured by the project expenditures of the Agency. By June 30, 2025, the amount of MI used by the SHURA is expected to be \$17,546,875. Project expenditures that are financed by system development charges (SDC's) are not counted against the MI.

The SHURA is projected to receive less than forecasted property tax (TIF) revenue for fiscal years 2024 and 2025 due to the departure of Cascades Tissue. However, staff are optimistic that the impact of their departure will be a short period. Private investment on the City's waterfront redevelopment project, reactivation at the mill site with a new paper manufacturer, and reactivation at the former Armstrong World Industries site all have potential to improve the financial outlook for the SHURA in the long term.

In the future, the City of St. Helens may request reimbursement of expenses from previous years that were related to the SHURA. Currently, City staff is recommending that it wait to seek any reimbursement of SHURA expenses from previous years to ensure successful completion of the City's infrastructure projects that are underway. These expenses can include SHURA planning fees and professional services along with a percentage of staff time that was used to create and administer the SHURA. These expenses are tracked in our financial system if the City chooses to seek reimbursement in the future from the SHURA.

For fiscal years 2023 and 2024, the SHURA budget was adopted in the biennial format. This year, staff are recommending adopting the budget on an annual basis, at least until there becomes stability in city's the industrial area.

Sincerely,

John Walsh, Agency Administrator

Gloria Butsch, Agency Finance Director

Jennifer Dimsho, Agency Secretary & Community Development Project Manager

Urban Renewal Agency		2021-22	2022-23	2023-24	2023-24	2024-25
		Actual	Actual	Adopted	Est YE	Proposed
RESOURCES						
LOCAL TAXES						
801-000-31001	Property Taxes	715,779	1,058,137	864,000	1,172,000	480,000
MISCELLANEOUS						
801-000-37001	Interest	-	44,257	-	85,000	40,000
801-000-37004	Miscellaneous	-	2,453	-	-	-
TOTAL MISCELLANEOUS		-	46,710	-	85,000	40,000
FUND BALANCE AVAILABLE						
801-000-39001	Beginning Fund Balance	53,328	769,107	1,250,000	1,873,954	3,130,954
TOTAL RESOURCES		769,107	1,873,954	2,114,000	3,130,954	3,650,954
EXPENSES						
MATERIALS AND SERVICES						
801-000-52019	Professional Services	-	-	-	-	-
CAPITAL OUTLAY						
801-000-53001	Capital Outlay	-	-	-	-	3,000,000
CONTINGENCY						
801-000-58001	Contingency	-	-	2,114,000	-	650,954
ENDING FUND BALANCE		769,107	1,873,954	-	3,130,954	-
TOTAL EXPENSES		769,107	1,873,954	-	3,130,954	3,650,954