

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2016

2015/2016

Talent Urban Renewal Agency

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.



TALENT URBAN
RENEWAL AGENCY
P.O. Box 445
Talent, OR 97540

Annual Report for Fiscal Year Ending June 30th, 2016

TALENT URBAN RENEWAL AGENCY

TALENT URBAN RENEWAL AREA HISTORY

The Talent Urban Renewal Agency (TURA) was formed in 1991. It consists of a 7-member board of directors made up of the Talent mayor and six city councilors, and maintains a separate budget and separate capital improvement program. It is a separate legal and financial entity, with a financial structure different from that of city government.

TURA's mission is to eliminate blight and, in the process, improve the safety, quality of life and economic wellbeing of those who live, work, and own property in the Talent area. Further, it is the mission of the Agency to improve the area's public infrastructure, to rehabilitate and redevelop the city's core area in a manner which respects its historic past, but recognizes the need for improved buildings, and to encourage a greater mix of businesses and services and the development of people-pleasing amenities.

The Agency designs and builds streets, sidewalks and parks; replaces old water lines; puts some power lines underground; installs street lights and trees; builds parks and civic spaces; assists economic development; and provides façade improvement grants for commercial and historic structures.

The Agency receives a portion of local property taxes, calculated by the county assessor each year according to changes in assessed value within the urban renewal boundary. Funding for projects comes from the private sale of bonds, which are repaid with a portion of property tax revenue over the life of the Agency, or through short term borrowing. Currently, the Agency plans to have all projects completed and all borrowing paid off in 2019.

Urban renewal agencies are governed by Oregon Revised Statutes 457, which creates distinct differences between those agencies and their municipalities: urban renewal bonds are not general obligation bonds; voter approval is not required each time an urban renewal bond is issued; and agencies cannot spend tax revenue directly.

The maximum indebtedness established in 1991 for the Talent Urban Renewal Plan is \$17,127,276. The maximum indebtedness is the total amount of funds that can be spent on projects, programs, and administration in the urban renewal area over the life of the urban renewal plan.

Oregon state law allows cities to create urban renewal districts in size not to exceed twenty-five percent (25%) of the total assessed property value within the city limits. The base value of the Urban Renewal Area when established in 1991 and adjusted for an Option 1 Plan as a result of Measure 50 was \$8,359,724 (“Frozen Base”), and does not exceed this limit. As of FY 14-15, the Assessed Value for the Area has increased to \$67,815,929.

URBAN RENEWAL GOALS

TURA’s guiding document is the Talent Urban Renewal Plan and Report, as substantially amended 2005, which lists a series of goals and objectives to guide activities in the urban renewal area. Goals listed in the Plan are as follows:

- A. To enhance opportunities for residential, civic, cultural, and business property to be developed, redeveloped, improved, rehabilitated and conserved in ways which will ensure the vitality of the Area.
- B. To encourage the retention, expansion and development of diversified businesses that will produce jobs for the people of Talent and Jackson County; and
- C. Increase property values so that the Area will contribute its fair share to the costs of public services provided by the City, County, Schools and other Taxing Districts.
- D. To be responsive to the needs and the concerns of all people of Talent in the details of amending and implementing this Urban Renewal Plan;
- E. To encourage the maximum amount of public involvement, citizen participation in the formation and communication with other taxing districts in the implementation of the Urban Renewal Plan.
- F. To assist property and business owners in the rehabilitation, development or redevelopment of their buildings, property and/or leased space.
- G. To improve to City standards the Area's public streets, bicycle and pedestrian ways and utilities.
- H. To provide park facilities designed to serve the recreational needs of all age levels of Talent population;
- I. To provide streetscape improvements in areas of maximum pedestrian concentration;
- J. To provide adequate off-street parking for the convenience of people who drive to the Area;
- K. To improve the public transportation capability of the Area, including bus and rail transit.
- L. To leverage the Agency's financial resources to the maximum extent possible with other public and private investments and other public and private funding sources.

The entire Talent Urban Renewal Plan and Report can be obtained at Talent City Hall, 110 E. Main St, Talent. A list of current and future urban renewal projects can be viewed at cityoftalent.org, click on “City Commissions, “Boards”, and finally “Talent Urban Renewal Agency”.

FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute.

Tax Revenue Received

ORS 457.460 (a)

In FY 2015/2016 Talent Urban Renewal received \$1,324,329 from the division of taxes.¹ The Talent Urban Renewal Agency also received \$5,622 in interest income, \$44,190 in miscellaneous and reimbursements, and \$350,000 in proceeds on short term borrowing.

Expenditures

ORS 457.460 (b)

The expenditures during FY 2015-2016 are listed in Table 1.

Table 1. 2015-2016 Expenditures

Item	Capital Projects Fund	Debt Service Fund
Personnel	\$32,662	
Materials & Services	\$50,111	
Capital Outlay	<u>\$572,649</u>	
Debt Service:		
Principal		\$955,000
Interest		<u>\$29,954</u>
Total	<u>\$655,422</u>	<u>\$984,954</u>

Revenues

ORS 457.460 (c)

The estimated tax revenues from the FY 2016-17 adopted Urban Renewal Agency budget are \$1,325,000.²

¹ Talent Urban Renewal Agency Audit 2015-2016, pg. 6

² Talent Urban Renewal Agency Approved Budget, pg. 2

Adopted Budget for Current Fiscal Year, FY 2016/17

ORS 457.460 (d)

A compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund is shown in Table 2 below.

Table 2. Budget FY 2016/2017 Capital Projects Fund

Item	Capital Projects Fund
Revenues	
Fund Balance - Committed	\$135,000
Short Term Borrowing	\$500,000
Long Term Borrowing Proceeds	\$2,000,000
Expenditures	
Materials and Services	\$94,000
Capital outlay	\$2,017,000
Contingency	\$100,000
Unappropriated Ending Fund Balance	\$424,000
Total Capital Projects Revenues	\$2,635,000
Total Capital Projects Expenditures	\$2,635,000

Source: City of Talent FY 2016/17 Urban Renewal Budget

Table 3. Budget FY 2016/2017 Debt Service Fund

Item	Debt Service Fund
Revenues	
Fund Balance - Committed	\$565,000
Property Tax	\$1,325,000
Property Tax Interest	\$600
Interest Income	\$5,000
Expenditures	
Debt Service	\$1,335,400
Reserve	\$560,200
Total Debt Service Revenues	\$1,895,600
Total Debt Service Expenditures	\$1,895,600

Source: City of Talent FY 2016/17 Urban Renewal Budget

Impact on Taxing Districts

ORS 457.460 (e)

The revenues foregone by local taxing districts due to urban renewal are shown in Table 4. This information is from Jackson County Assessor records, Table 4e. These numbers are after truncation and compression losses. Talent suffered a compression loss of \$25,511 in 2015-2016.

Urban renewal agencies do not create an additional tax. Instead, during the Agency's lifespan, overlapping taxing districts "forego" a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The School District and ESD are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources. For the majority of taxing districts this impact is less than 1% of their permanent rate levy. The greatest impact is on the City of Talent, at 19.45% of its permanent rate. An analysis of the tax collection impact on the permanent rate of other tax districts is as follows:

Table 4. Impact on Taxing Districts FY 2015/2016

Taxing District	Revenue Foregone	Permanent Rate	% of Permanent Rate
Jackson County	\$116,160	\$36,430,845	0.32%
4-H Extension Service District	\$2,237	\$703,972	0.32%
Vector Control	\$2,450	\$777,962	0.31%
Education Service District (150515000)	\$20,342	\$6,349,732	0.32%
Rogue Community College	\$29,644	\$9,239,391	0.32%
Rogue Valley Transit District	\$10,224	\$2,429,844	0.42%
Jackson Soil & Water Conservation	\$2,876	\$907,016	0.32%
Jackson County Library District	\$30,034	\$9,425,456	0.32%
City of Talent	\$186,808	\$960,460	19.45%
Phoenix/Talent School Dist 4	\$245,243	\$7,986,996	3.07%
Jackson County RFPD #5	\$184,844	\$4,779,069	3.87%
Total	\$830,862		

Source: FY 2015/16 SAL 4e and SAL 4a from Jackson County Assessor