Harrisburg Redevelopment Agency Minutes
January 8, 2014

The Harrisburg Redevelopment Agency Board met on this date at City Hall, located at 120 Smith St, at the hour of 6:30PM. Presiding was Chairperson Robert Duncan. Also present were the following:

- Roger Raven
- Don Shipley
- Kimberly Downey
- Mike Caughey
- Rob Boese
- Sarah Puls
- Youth Advisor Garrett Ross
- City Administrator Brian Latta
- Community Development Superintendent Tim Bunnell
- Finance Officer Tim Gaines
- City Recorder/Asst. City Administrator Michele Eldridge
- H.A.R.T. Resource Center Director Peggy Purkerson

<u>The matter of Approving the Minutes for November 13, 2013</u>

- Shipley **motioned to approve the minutes, and was seconded** by Puls. **The HRA Board then voted unanimously to approve the minutes for November 13, 2013.**

<u>The matter of a Discussion about the Future of the HRA</u>

Staff Report: Latta told the board that we needed to decide what they wanted to do in relation to the HRA. It's set to expire in 2016, and we are also limited to a certain amount of indebtedness that we have left to spend. We have only $142,501 left until we reach the point of maximum indebtedness, which means that we'll have $212,348 of collected taxes left over that we can't touch. We can do a substantial amendment of the HRA Plan in order to be able to raise the maximum indebtedness. We can also do a substantial amendment to come up with more items, whether they are unfinished projects, or new ones that we add to the list. That would result in extending the life of the HRA. An Urban Renewal District is unique and hard to obtain. It's a great vehicle to have in a rural community. So tonight, you need to decide on the following options:

1. Do a substantial amendment in order to increase the maximum indebtedness of the current HRA Plan.
2. Do a substantial amendment to increase the maximum indebtedness, and to extend the HRA plan by adding new projects.
3. Decide to do nothing, which will allow the HRA to sunset in 2016.

Latta is recommending Option No. 2, which will allow us to accomplish more projects. There are sidewalks needing improvement in downtown, and we can help to finish property improvements, such as the purchase of the lot next door, if successful, to be a future community building and Library. We've tried in the past to provide loans and grants to businesses, but it was small dollar amounts, and wasn't very successful. However, he wanted to remind Council that any changes to the HRA plan will require a buy-off from the other taxing districts. That is the County, the Fire/Rescue Board, the School District, and the colleges.

- Raven asked if the reason we had to go to the special districts for approval was because we are taking money away from them. Is that correct?
- Latta told him the short answer is yes. HRA revenue comes directly from all of them, except the school district, who has a different taxing structure. Funding for the school comes from the State School Funds, and the pool then is divided out between districts/schools. So the impact to the Harrisburg School district is indirect and it's a smaller percentage than what is reflected in the amount of property taxes taken from the School District.

Caughey asked about how the taxes are removed. Is it from the state or the taxing authority? Latta told him it's based on property taxes. A certain amount of taxes for properties in the district have a slice of those funds going to the HRA. Caughey asked if we needed to ask for permission to extend the existing tax. Latta told him that we are asking to extend our existing taxing ability. If we ended the HRA, and then decided five years from now to restart it, we would have start small again, because Urban Renewal Districts are financed through Tax Increment Financing. What this means is that in the beginning of an HRA, the amounts you get are smaller compared to the much larger amounts at the end of the plan. Extending the HRA life will allow us to keep the larger amounts we have now, rather than starting over. We can do things for the other districts, if they are in the boundaries' of the HRA. We can improve sidewalks, crosswalks, etc., for the school, as an example. We are trying to redevelop our downtown, which can improve those properties, and give us more taxes. The point to sell to others is that we haven't done enough, we can do more, and we should do more.

Shipley asked if he knew why there was a 20 year limit on incurring bonded indebtedness. Latta theorized that there was a certain time frame put in because there was likely a desire to have a mechanism to say it will end at a certain time, which is tied to your maximum indebtedness. If we extend the plan, we have to identify the costs of the projects we want to complete, and then plan for inflation. Shipley asked if it affected the City budget, and Latta told him it doesn't. Shipley said we have a lot of use for that money, and Boese asked if we would shoot for another 20 years. Latta told him it depends on the projects you decide on. You'll have x amount of dollars for those projects, and a time frame during which we have to make sure we get the tax revenues we need to do those projects. Some projects will take 12 to 15 years.

Raven asked if we could use any of the revenues from the HRA to spend on solving our water issues. Latta told him that he couldn't remember if the boundary extends to the water plant. It would be a hard sell, because it has to benefit the City and the areas in the HRA boundaries. You can use it for City projects, but the purpose of the HRA is to remove "blight" from the community. Downey thought that better water quality would increase property values. When she and Eldridge had gone to the business development workshop years ago, they were impressed that we had an HRA even then. If we let it go, we'll regret it years from now. Other cities are envious that we have one.

Downey asked Bunnell's opinion, and he thought that it could really help with the infrastructure in the downtown area. Shipley thought we should extend the HRA, and use all the money it brings in. Latta said that if you want to use the money, you have two options.

1. You can do a substantial amendment to cover the amount we will accrue over the next three years. That wouldn't require any big changes to our plan, and we would get maybe one or two projects done.
2. You can do a substantial amendment to rewrite the plan, increase the maximum indebtedness, come up with new projects, and extend the life of the HRA.

Latta said that number two is his recommendation. Caughey asked if we needed to borrow money again, or do we just look at our tax revenues over the years and use that? Latta told him that essentially, you have to create a debt, in order to pay it off. Other districts have actually created a loan one day, and paid it off the next. By statute, we have to incur a loan and then pay it off.

- Shipley then **motioned to go with option 2, and was seconded** by Puls. **The HRA Board then voted unanimously to go with option two, thereby authorizing a substantial amendment to rewrite the HRA, increase the indebtedness, come up with new projects, and to extend the life of the HRA to accomplish those projects.**

Others:

<u>Annual Report:</u>

- Latta said that our consultant has provided us with an annual report. (Please see Addendum No. 1). He explained the contents of the report, and that it also requires that we advertise the results.
- Raven asked if we needed state approval for the HRA.
- Latta told him no, just the taxing districts. It's interesting to see why some areas get what they ask for with no problems, and why others struggle to get it. The important thing is to communicate to them exactly what we are doing and why. We will have to publish these results in the newspaper twice before March 1st, which we will do this in the Tribune. We are happy to be back in compliance with State law.

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Chairperson City Recorder

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2013

2012/2013 | Harrisburg Redevelopment Agency

CITY OF HARRISBURG

Established 1866

Annual Report for Fiscal Year Ending June 30, 2013

HARRISBURG REDEVELOPMENT AGENCY

HARRISBURG URBAN RENEWAL AREA HISTORY

The City of Harrisburg created the Harrisburg Urban Renewal Plan in 1992. The urban renewal area is governed by the Harrisburg Redevelopment Agency. The Harrisburg Urban Renewal Plan supports the strategies of the Harrisburg Vision, which were: to develop the downtown and Third Street as an historic, specialty business market area and to develop commercial and industrial sites within city limits, urban growth boundary and planning area.

The Renewal Project Objectives are:

1. Implement the Comprehensive Plan for the Urban Renewal Area, and to implement Goals 1 and 3 of the Harrisburg Strategic Plan.
2. Improve conditions and appearance of public and private properties in the downtown and on Third Street.
3. Create funding opportunities for renovation of properties and construction of new structures in downtown and on Third Street consistent with an historic theme.
4. Make public infrastructure improvements necessary for the development of industrial and commercial sites.
5. Create job opportunities.
6. Create new non-residential taxable values.
7. Improve the visual character of the area for visitors and residents.
8. Enhance the growth of local businesses.

A full copy of both the Harrisburg Urban Renewal Plan and Report are available by contacting Brian Latta, City Administrator at 541-995-6655 or via e-mail at blatta@ci.harrisburg.or.us.

The maximum indebtedness of the Area is $2,997,674, of which there is $142,501 remaining at the end of FY 2012-13.

FINANCIAL REPORTING

Money Received/Debt Paid

In FY 2012/2013, the Harrisburg URA received $260,534 in property tax revenue.[1]

Money Expended

This information is shown in Table 1 below.

Table 1. Expenditures During FY 2012/2013

General Government	$51,359
Capital Outlay	$13,003
Debt Service	$85,457
Transfers Out	$64,092
Total	$213,911

Source: FY 2012-13 Financial Statement Audit City of Harrisburg URA, p11

Estimated Revenues

The estimated tax revenues for FY 2013/14 are $237,516, as shown in Table 1 below.

Proposed Budget for Current Fiscal Year

This proposed budget is shown in Tables 2 and 3 below, as identified in the Harrisburg Redevelopment Agency FY 2013-14 Adopted Budget.

Table 2. Proposed Budget for FY 2013/2014 - Revenues

Tax Receipts Current	$182,516
Tax Receipts Special Levy	$50,000
Tax Receipts Prior Years	$5,000
Interest	$250
Total	$237,766

Source: Harrisburg Redevelopment Agency FY 2013-14 Adopted Budget, p3

Table 3. Proposed Budget for FY 2013/2014 - Expenditures

Materials and Services	$48,600
Capital Outlay	$86,500
Debt Service	$95,309
Transfers out	$90,857
Contingency	$0
Unappropriated Fund Balance	$0
Total	$321,266

Source: Harrisburg Redevelopment Agency FY 2013-14 Adopted Budget, p4

[1] FY 2012-13 Financial Statement City of Harrisburg URA, p10

Impact on Taxing Districts

An analysis of the impact of carrying out the urban renewal plan on the tax collections for the preceding year (FY 2012-13) for all taxing districts is shown in Table 4. These numbers reflect truncation and compression losses.

Table 4. Impact on Taxing Districts FY 2012/2013

Taxing District	Revenue Forgone
Linn County	$20,803.60
Lane Community College	$10,113.11
Harrisburg City	$52,086.54
Harrisburg City Bond	$5,108.92
4H Extension	$839.84
Harrisburg RFD	$18,461.33
ESD LINN-BTC-LINC*	$4,969.06
Harrisburg SD Bond	$24,320.44
Harrisburg School District	$76,093.22
Urban Renewal Special Levy	$57,494.29
Total	$270,290.35

Source: Linn County SAL 4a and 4e Reports 2012/13, City of Harrisburg

Permanent rate levies from SAL 4a, line 28.

* 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.

The information for the publication of the notice is shown below. You may format it differently, but much of the text is prescribed by statute. It must be published once a week for not less than two successive weeks before March 1, 2013. It must also be filed with the City of Harrisburg.

The Harrisburg Redevelopment Agency has published the FY 2012-13 annual report. It is on file at Harrisburg City Hall and with the Harrisburg Redevelopment Agency. The full information is available to all interested persons. In FY 2012/2013, the Harrisburg Redevelopment Agency received $260,534 in tax revenue from current and delinquent tax collections. $85,457 was spent on debt service. $51,359 was spent on general government $13,003 on capital outlay, and $64,992 on transfers out.

The estimated tax revenues for FY 2013-14 are $237,516. $48,600 is budgeted for materials and services, $86,500 for capital outlay, and $95,309 for debt service, and $90,857 to an inter-fund transfer.

The revenues foregone by local taxing districts due to urban renewal are shown below. These numbers reflect truncation and compression losses.

Taxing District	Revenue Forgone
Linn County	$20,803.60
Lane Community College	$10,113.11
Harrisburg City	$52,086.54
Harrisburg City Bond	$5,108.92
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