

FURA

FLORENCE URBAN RENEWAL AGENCY
OREGON

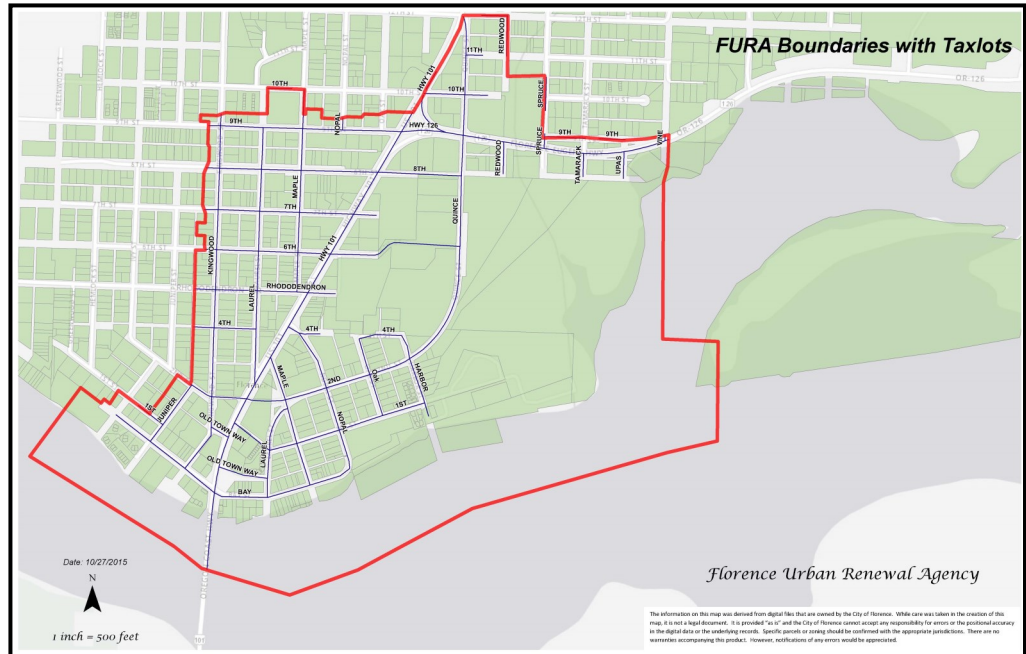
www.ci.florence.or.us/urbanrenewal

2014-15 Annual Report & Financial Statement

Letter from City Manager Erin Reynolds

I am very excited to provide the annual report of Florence Urban Renewal Agency (FURA) for the fiscal year ended June 30, 2015, and its budgeted activities for the year ending June 30, 2016.

Property values have stabilized within the District, property tax collections have increased, FURA refinanced its existing debt, leveraging the use of the City's full faith and credit, and FURA once again has capacity to make public investments within the urban renewal district.



In the fiscal year ended 2015, FURA paid its debt service, had strategic discussions with the City Council regarding its debt obligations and alternatives, and collaborated with the City regarding economic development strategies and public investment priorities. The City Council agreed to use the City's full faith and credit to back FURA debt.

In August 2015, the City issued debt and the City and FURA entered into an Intergovernmental Agreement for the City to loan \$3.7 million to FURA. The interest rate on the debt was reduced from 6.0% to 3.25%, which provided FURA \$2.1 million of additional debt capacity for projects. In December 2015, FURA used debt proceeds and existing resources to pay off a \$1.665 million loan obligation and a \$210,000 funding commitment to the Siuslaw Library.

During the budgeting process for fiscal year 2015-16, the FURA board established the following preliminary investment priorities (subject to adjustment as information becomes available):

Streetscape Design & Improvements	\$ 900,000
Development Projects	750,000
Public Artwork	250,000
Consulting	100,000
Administration	100,000
Total FURA Project Budget	\$ 2,100,000

The following highlights the activities of FURA for fiscal year 2015-16:

Economic Analysis and Strategy

In August 2015, FURA retained Leland Consulting Group (LCG) to provide professional guidance for the development of various economic development strategies within the District. LCG performed and documented research on the economic demographics for the Florence area and interviewed numerous property owners and stakeholders to identify the areas in the District that have the greatest potential to stimulate private sector investment within the District. LCG is analyzing their findings, as well as collaborating with MSA (see Street and Sidewalk Improvement

Concepts), to present economic development strategy alternatives in a public open house scheduled for February 23. Following the open house, LCG will deliver their recommendations to the FURA board.

Street and Sidewalk Improvement Concepts

In August 2015, Murray Smith and Associates (MSA) was hired by FURA to develop concept designs for street and sidewalk improvements on Highways 101 and 126 within the District. MSA has collaborated with the Oregon Department of Transportation, City staff and officials, and LCG to inform its design concepts. MSA will present design concepts in a public open house scheduled for February 23 and to the FURA Board the same day. Their report, including recommendations, will follow shortly thereafter.

Other Initiatives

Gateways and Signage – FURA and the *Downtown Revitalization Team (DRT)* have been collaborating on banners and hanging flower baskets in Old Town. Banners were recently installed and flower baskets (and brackets) will be installed this spring. Additionally, the street and sidewalk design concept noted earlier includes gateway signage elements.

Public Art – FURA has indicated a desire to make a significant investment in public art as part of their strategies to encourage public and private investment in the district. The City Council appointed a citizens committee to develop public art practice and policies. The group will be presenting their recommendations to the Council in early 2016. FURA sponsored a sea lion in the Florence Events Center's 20th Anniversary Celebration "Dancing with Sea Lions".

Parking – The City negotiated a lease with the owners of the vacant Lotus Restaurant building to use their parking lot for public parking, creating needed off-street space for RVs and autos on the west end of the Old Town shopping area.

Other funding – A key strategy FURA is using is to leverage its resources to secure additional investment, both public and private. In fall 2015, City staff presented a \$750,000 funding request to Lane Area Commission on Transportation (Lane ACT) for sidewalk and related improvements on Highway 101. The project is presently one of Lane ACT's top two rated projects, which should result in project funding. FURA has set aside funding of up to \$300,000 for local match to support the City's effort to secure grant funding from the Connect Oregon program. The City has received a grant for the first phase and is pursuing funding for phase two.

Lastly, all of our efforts are aimed to help make the district a more economically successful area. We are very excited that the area is realizing private sector investment including, but not limited, to:

- Various housing rehabilitation projects
- Various commercial property remodeling and maintenance projects
- Planned senior living facilities project on the Old Ball Field site
- Microbrewery project in Old Town

I encourage you to participate in the public sessions FURA will hold February 23, 2016, where our consultants will present their findings and alternatives to the community and FURA board and address questions. The decisions that the FURA board will make following these public sessions will have a significant impact on our community's appearance and development for decades to come.

Please see FURA's website for additional information or contact us if you have any questions.

Sincerely,



Erin Reynolds, City Manager

The Urban Renewal Concept

Tax increment financing is used in areas that have become physically deteriorated, suffering economic stagnation, unsafe, or were poorly planned. Public funds are used to help accelerate changes to these conditions. The types of urban renewal activities undertaken generally include land assembly and development of infrastructure and public amenities (i.e., streets, utility lines, lighting, public open spaces, building improvements, and parks). As the result of publicly funded efforts, private sector investment becomes more feasible.

How Tax Increment Financing Works

Tax increment financing works by identifying an area where property values have stagnated, are declining, or 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; encouraging private investment in the area and selling bonds to finance public improvements. As property values rise and bring an increase in tax revenues, that increase generates property taxes to pay off urban renewal bonds. Years into the future, the area – now vibrant and prosperous – yields significantly more for property tax revenue for the entire city, and overlapping taxing entities, than it would have if not for the urban renewal investment.

Tax Increment Calculations

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”).

Revenues derived from the application of the tax rate for each affected taxing district to the amount of the incremental value may be collected by the urban renewal agency and deposited in its debt service fund. This revenue is used to repay indebtedness incurred in carrying out the projects. The following schedule shows the amount of property taxes and the percentage of its total levy from each taxing entity that was redirected to FURA in fiscal year 2014-15. Note that school district and ESD funding are established by the State and therefore the school district does not realize a reduction in overall funding.

Schedule of Incremental Property Taxes and Percentage of Taxes Redirected to FURA Fiscal Year Ended June 30, 2015

Taxing Entity	Increment Amount	Percent of Taxing Entities Levy
City of Florence	\$ 83,780	3.16%
Lane Community College	16,427	0.07%
Lane County	36,659	0.07%
Lane ESD	5,879	0.09%
Port of Siuslaw	3,891	1.36%
Siuslaw Public Library District	13,661	1.55%
Siuslaw School District 97J	126,837	1.41%
Siuslaw Valley Fire & Rescue	30,177	1.72%
Western Lane Ambulance District	8,473	0.61%
Total	\$ 325,783	

Financial Summary

FURA received \$312,442 in property taxes in fiscal year 2014-15, an increase of \$25,561 (8.9%) over the prior year amount. Debt service during the year totaled \$302,842, \$11,504 less (-3.7%) than the prior year. The combined fund balance for FURA decreased \$30,929 (-5.7%) during the year.

FURA budgeted a total of \$3.7 million in debt proceeds in fiscal year 2016-17, with plans to refinance its existing long-term debt obligation of \$1.665 million and repay its \$210,000 obligation to the Siuslaw Library District. Additionally, \$1.025 million in projects are budgeted, together with consulting and administrative services of nearly \$280,000. Property taxes are projected to increase to \$330,500. A contingency of \$1.074 million is budgeted to provide flexibility if needed for projects in the current fiscal year. Unspent funding will be carried forward to future years.

Schedule of Revenue, Expenditures and Changes in Fund Balance

Actual - Fiscal Year Ended June 30, 2015, and

Adopted Budget – Fiscal Year Ending June 30, 2016

	General Fund		Debt Service Fund		Total	
	Actual 2014-15	Budget 2015-16	Actual 2014-15	Budget 2015-16	Actual 2014-15	Budget 2015-16
Revenue						
Property Taxes	\$ 312,442	\$ -	\$ -	\$ 330,500	\$ 312,442	\$ 330,500
Miscellaneous	2,246	8,300	793	1,000	3,039	9,300
Total Revenue	314,688	8,300	793	331,500	315,481	339,800
Expenditures						
Materials & Services	43,568	251,250	-	28,000	43,568	279,250
Capital Outlay	-	1,025,000	-	-	-	1,025,000
Debt Service	-	-	302,842	2,030,361	302,842	2,030,361
Contingency	-	1,074,250	-	-	-	1,074,250
Total Expenditures	43,568	2,350,500	302,842	2,058,361	346,410	4,408,861
Revenues Over (Under) Expenditures	271,120	(2,342,200)	(302,049)	(1,726,861)	(30,929)	(4,069,061)
Other Financing Sources						
Debt Proceeds	-	2,150,000	-	1,550,000	-	3,700,000
Transfers In (Out)	(302,842)	-	302,842	-	-	-
Total Other Financing Sources (Uses)	(302,842)	2,150,000	302,842	1,550,000	-	3,700,000
Net Change in Fund Balance	(31,722)	(192,200)	793	(176,861)	(30,929)	(369,061)
Beginning Fund Balance	294,491	192,200	252,756	252,956	547,247	445,156
Ending Fund Balance	\$ 262,769	\$ -	\$ 253,549	\$ 76,095	\$ 516,318	\$ 76,095

FURA Board of Directors

FURA is overseen by a nine-member board of directors; three positions from the City of Florence, one from each of the overlapping taxing jurisdictions, excluding the School District and ESD, and one at-large position.

<u>Member</u>	<u>Term Expires</u>	<u>Member</u>	<u>Term Expires</u>	<u>Member</u>	<u>Term Expires</u>
Joshua Greene Councilor, Chair	2016	Ron Preisler Councilor	2016	Patricia Riley Siuslaw Public Library	2016
John Scott Siuslaw Valley Fire & Rescue, Vice-Chair	2016	Dave Braley Community Member	2015	Mike Webb Western Lane Ambulance	2015
Joe Henry Mayor	2016	Ron Caputo Port of Siuslaw	2016	Woody Woodbury Lane County Representative	2016