



SISTERS URBAN RENEWAL AGENCY

**Annual Report
For the Fiscal Year Ended June 30, 2014**

This report fulfills the requirements, as prescribed in ORS.457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

AGENCY ADDRESS
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Agency History

The Sisters Urban Renewal Agency (URA) was established in 2003 and is a legally separate entity from the City of Sisters. The Sisters City Council serves as the Board of Directors for the URA and is financially accountable for its operations. The URA has one Urban Renewal District covering much of the Sisters' downtown commercial district (the Sisters Downtown Urban Renewal Plan.) In accordance with Oregon budget law, the URA prepares its own budget, and the Board of Directors approves its annual appropriations.

Urban renewal agencies are designed to borrow money and make expenditures for community development and implementation of the urban renewal plan. Increased property tax values that occur with development generate incremental tax revenue, which is used to repay debt and implement the plan.

The Sisters Downtown Urban Renewal Plan is intended to promote the development of downtown as the commercial and cultural center of the Sisters community. The Plan identifies a number of projects to improve sidewalks, streetscape, building and other physical improvements as specified in the plan. It will also assist property owners in the rehabilitation, development or redevelopment of their properties.

Assessed Value Information

When an urban renewal district is first created, the assessed value within the district boundaries is established as the "frozen base". If the urban renewal efforts are successful, the value of the district will grow above the frozen base amount. That increase is called the "incremental" or "excess" value. Overlapping jurisdictions (schools, general governments, bonds) continue to receive property tax revenue on the frozen base while the urban renewal agency receives property tax revenue related to the incremental value. This is called the "division of tax" method of raising revenue in an urban renewal district.

Downtown Urban Renewal Plan

Strengthen Downtown Sisters' Role as the Heart of the Community

- Expand the range of commercial services in downtown Sisters.
- Promote the development of civic and cultural facilities.
- Assist in improvement and redevelopment and/or reuse of existing public buildings to expand the range of civic, commercial and residential services.

Improve Vehicular and Pedestrian Circulation Through and Within the Downtown to Accommodate Through Traffic and Downtown Patrons.

- Provide an alternative (to Cascade Avenue) route for through traffic, especially trucks and recreational vehicles, that relieves downtown congestion.
- Use the alley system downtown for pedestrian and bicycle circulation, as well as to connect existing informal pedestrian ways.

Promote a Mix of Commercial and Residential Uses Oriented to Pedestrians.

- Develop a year round pedestrian environment that encourages use and patronage of downtown businesses.
- Provide professional and technical expertise to assist property owners in maximizing the benefits of pedestrian circulation.

- Provide on-street and off-street parking locations that make pedestrian circulation safe and convenient.
- Promote development of housing units above commercial space to enhance the range of housing opportunities and create more downtown activity.

Enhance the Pedestrian Environment of Streets and In Public Parks, A Town Square and Public Gathering Places.

- Develop a consistent system of streetscape improvements that create a continuous pedestrian environment throughout the downtown.
- Develop a town square, parks and other public gathering spaces that provide pedestrian destinations and accommodate public events.
- Use roadway paving material and design in conjunction with a town square to create a public “living room” in the heart of downtown.

Promote High Quality Design and Development Compatible with the Sisters Western Frontier Architectural Theme.

- Make available professional and technical expertise to help property and business owners achieve design objectives.
- Provide financial assistance for rehabilitation, development or redevelopment in order to promote design that incorporates and enhances the Western Frontier Architectural Theme.

Encourage Intensive Development of Downtown Properties.

- Provide public parking facilities to reduce the need for private on-site parking.
- Assist in ongoing review of on-site parking requirements. Design streetscape improvements to reduce the need for private on-site pedestrian space.

Promote Employment Uses to Generate Year-Round Jobs.

- Work with state, regional and county economic development staff to attract appropriate light manufacturing uses that are commercial in nature to downtown Sisters.
- Assist in ongoing review of land use regulations to encourage employment uses appropriate for downtown Sisters.

Projects Completed in the Last Fiscal Year

Fir Street Improvements

Construction of approximately 470 lineal feet of street improvements along South Fir Street including asphalt pavement, curbs and sidewalk, curb ramps, drainage swales, street trees, irrigation, and street lights.

Active Projects

Small Projects Improvement Grant Program

Twenty-eight grants were awarded by the Agency in fiscal year 2013/14 to encourage private investment by commercial property owners and tenants. The goal is to improve the appearance

of businesses through façade rehabilitation and restoration. A total of \$45,840 has been funded as of June 30, 2014. An additional \$141,700 is expected to be funded in fiscal year 2014/15.

Fir Street Park

The park is funded jointly by the Urban Renewal Agency and Oregon Parks and Recreation. Total budget for the project is \$413,070 with 50% of the costs shared by each organization. The park includes a splash play area, performance stage, fire pit, picnic area, and restrooms.

US 20-Cascade Avenue Improvements

The project's purpose is to help balance traffic mobility and pedestrian safety while providing a safe and inviting atmosphere for the community and tourists. The project includes reconstructing Cascade Avenue, widening and reconstructing sidewalks, ADA ramps and curbing, improving the storm water drainage system, and adding streetscape features. This project is managed by the Oregon Department of Transportation. The Urban Renewal Agency has budgeted a contribution of \$263,148 for the project.

Financial Reporting

An annual audit is conducted each year. In addition, pursuant to ORS 457.460, a detailed accounting of the financial activity specifically related to the urban renewal area is required to be reported on an annual basis. The following sections respond to the requirements of this statute.

Tax Revenue Received

ORS 457.460 (a)

For FY 2013/14, the Deschutes County Assessor levied \$188,351 for Sisters URA. At year's end, the amount received within the fiscal year (from current year tax revenue) was \$179,480. Additional revenue was received from past due taxes not collected in prior years, and interest earnings.

In FY 2013/14 the Sisters URA received \$848,818 in loan proceeds from the City of Sisters for urban renewal projects.

Expenditures

ORS 457.460 (b)

Year-end expenditures for FY 2013/14 are shown in Table 1 (Capital Projects Fund) and Table 2 (Debt Service Fund).

Table 1. Capital Projects Fund – FY13/14 Expenditures

| Budget Categories | Expenditures |
|---|---------------------|
| Materials and Services | 22,398 |
| Capital Outlay | 712,911 |
| Total Capital Projects Fund Expenditures | 735,309 |

Table 2. Debt Service Fund – FY13/14 Expenditures

| Budget Categories | Expenditures |
|---|----------------|
| Principle | 420,200 |
| Interest | 18,822 |
| Total Debt Service Fund Expenditures | 439,022 |

Estimated Revenues for Current Fiscal Year (FY14/15)*ORS 457.460 (c)*

The estimated tax revenues budgeted for FY 2014/15 are \$188,500, of which \$5,000 is anticipated to come from past due taxes levied in prior years. An additional \$2,500 in interest earnings is also estimated.

Estimated indebtedness to be incurred in FY 2014/15 is \$315,000. Matching funds to construct new restrooms at Village Green Park is \$115,000. An additional \$200,000 is budgeted for Larch Street Improvements.

Adopted Budget for Current Fiscal Year (FY14/15)*ORS 457.460 (d)*

The adopted budget for FY14/15 estimates tax revenue and other financial resources to be received, as well as expenditures planned for projects, administration, and repayment of debt, as shown in the Capital Projects Fund (Table 3) and the Debt Service Fund (Table 4) below:

Table 3. Capital Projects Fund – FY14/15 Adopted Budget

| Budget Categories | Budget |
|--------------------------------------|----------------|
| Revenue | |
| Beginning Fund Balance | 83,728 |
| Revenue - Loan Proceeds and Interest | 315,200 |
| Total Resources | 398,928 |
| | |
| Expenditures | |
| Operating Contingencies | 4,281 |
| Materials and Services | 4,647 |
| Capital Outlay | 390,000 |
| Total Requirements | 398,928 |

Table 4. Debt Service Fund – FY14/15 Adopted Budget

| Budget Categories | Budget |
|---------------------------------|----------------|
| Revenue | |
| Beginning Fund Balance | 187,602 |
| Revenue - Taxes and Interest | 188,500 |
| Total Resources | 376,102 |
| | |
| Expenditures | |
| Reserve for Future Expenditures | 290,002 |
| Debt Service | 86,100 |
| Total Requirements | 376,102 |

Impact on Taxing Districts*ORS 457.460 (e)*

Urban renewal agencies do not create an additional tax. Instead, during the agency's lifespan, overlapping taxing districts "forego" a percent of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive their full permanent rate. 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 Sisters, at 4.32% of its permanent rate.

An analysis of the tax collection impact on the permanent rate of other tax districts is as follows:

Table 5. Impact on Taxing Districts FY13/14

| Taxing District | FY 13/14 Forgone Revenue | FY 13/14 Permanent Rate Levy | % of Permanent Rate Levy |
|------------------------------------|--------------------------------|------------------------------------|--------------------------------|
| Deschutes County | 16,763 | 23,747,378 | 0.07% |
| Jail Bond | 854 | 1,242,696 | 0.07% |
| Fairgrounds Bond | 1,455 | 2,068,363 | 0.07% |
| County Library | 7,211 | 10,143,588 | 0.07% |
| Countywide Law Enforcement | 12,462 | 17,520,004 | 0.07% |
| County Extension/4H | 285 | 414,250 | 0.07% |
| 9-1-1 | 2,119 | 2,984,946 | 0.07% |
| City of Sisters | 34,633 | 801,633 | 4.32% |
| Sisters/Camp Sherman Fire District | 33,623 | 1,956,737 | 1.72% |
| Sisters Park & Recreation District | 2,878 | 245,362 | 1.17% |
| School District #6 | 53,769 | 7,021,639 | 0.77% |
| School #6 Bond 2001 | 12,936 | 1,691,672 | 0.76% |
| High Desert ESD | 1,234 | 1,720,682 | 0.07% |
| C.O.C.C. | 8,129 | 11,070,002 | 0.07% |
| Total | 188,351 | 82,628,952 | 0.23% |

Source: Deschutes County 2013-14 Summary of Assessment and Tax Roll