



HAPPY VALLEY
URBAN RENEWAL AGENCY

2023-24 Proposed Budget



Happy Valley Urban Renewal Agency Fiscal Year 2023 - 2024 Budget

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**Happy Valley Urban Renewal Agency
Fiscal Year 2023 - 2024 Budget**

Budget Committee

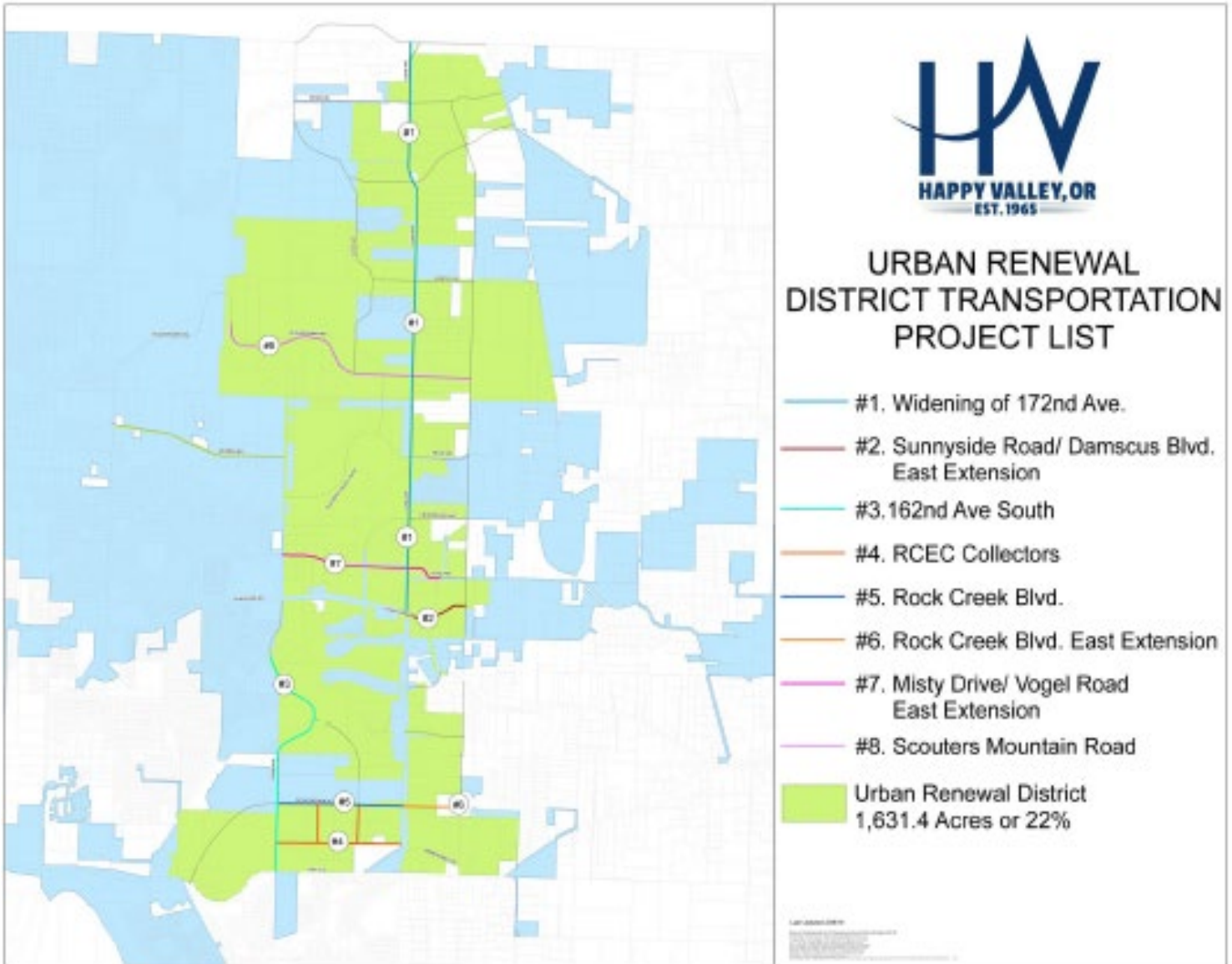
Agency Members

Tom Ellis – Chairperson
Brett Sherman
David Golobay
David Emami
Josh Callahan
Asher Chen
Sheila Ritz
Glen Wachter
Ana Sarish
Grant Roper

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Happy Valley Urban Renewal Agency Fiscal Year 2023 - 2024 Budget





Happy Valley Urban Renewal Agency Fiscal Year 2023 - 2024 Budget

Budget Message for Fiscal Year 2023-24

I am pleased to present you with the Fiscal Year 2023-24 proposed budget for the Happy Valley Urban Renewal Agency (HVURA). The HVURA is governed by the Commission, which is made up of the City of Happy Valley's City Council.

The Happy Valley City Council adopted an Urban Renewal Plan for the East Happy Valley area on July 16, 2019 in order to provide economic development to help facilitate the construction of the infrastructure investments that are required to accommodate future growth while preserving the quality of life in Happy Valley.

As a matter of background, Urban Renewal allows cities to borrow against future tax increases in designated areas to create funds for infrastructure improvements or loans and grants to private entities to make development feasible in difficult locations. Urban renewal uses tax increment financing (TIF) to fund these projects. This means that the existing tax base for the urban renewal area is frozen and tax on the incremental assessed value within the plan area is allocated to the HVURA. Tax revenue generated by the increment is used to execute projects or pay debt service issued to execute projects and activities outlined in the plan. Per the Clackamas County Tax Assessor this frozen base for the HVURA was determined to be \$189,317,040. It is anticipated that the plan will take 25 years to implement and the HVURA intends to not collect tax increment revenues after fiscal year end 2045. According to the plan, the maximum amount of indebtedness that may be issued for the plan is \$131,000,000. The current estimate for HVURA's budget is approximately \$4,000,000 in tax increment that will be generated during the 2023-24 fiscal year. We are proposing the full \$4 million be appropriated for urban renewal programming which could include economic development activities. We propose an Admin fee of \$200,000 paid to the City of Happy Valley which represents 5% of the collected tax increment. This budget is the HVURA's financial plan for the fiscal year ending June 30, 2024. The budget is prepared based on the modified accrual basis of accounting and appropriated at the program level. This involves recognizing revenue when it becomes both available and measurable, rather than when it is earned. Expenditures, a term used instead of expenses for modified accrual accounting, are recognized when the related liability is incurred.

The HVURA is managed by City staff and conforms to the same financial policies as the City. The City of Happy Valley is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability and full disclosure. The broad purpose of these fiscal policies is to enable the City to achieve and maintain a long-term stable and positive financial condition. These policies are adopted by the City Council as the basic framework for overall financial management of the City, to guide day-to-day and long-range fiscal planning and decision-making.

Respectfully submitted,

Jason Tuck
City Manager and Budget Officer



Happy Valley Urban Renewal Agency Fiscal Year 2023 - 2024 Budget

General Fund

RESOURCES

The Urban Renewal General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are tax increment revenues. The Urban Renewal General Fund accounts for the resources of the City's Happy Valley Urban Renewal District. The Happy Valley Renewal District was established in 2019 and this will be the second year that it will receive Tax Increment Financing revenues. The primary expenditures in the proposed budget are Capital Outlay for Urban Renewal Projects.

Tax Increment Revenues - The proposed budget revenue is calculated using the formula outlined in Oregon Revised Statutes. Collections from the current tax increment revenues for the Happy Valley Urban Renewal District are projected to be \$4,000,000.

Debt Proceeds – In February 2023 the City issued \$16.1million in Full Faith & Credit Obligations with a true interest cost of 3.2% and a final maturity in June 2042 to fund Urban Renewal projects.

REQUIREMENTS

Materials and Services – Includes 5% administration fee of total tax increment and general consulting for Urban Renewal projects.

Capital Outlay – Expenditures for Urban Renewal capital projects.

TRANSFERS

To Urban Renewal Debt Service Fund – Transfer to cover the debt service principal and interest payment.

Happy Valley Urban Renewal Agency - General Fund

	Preceding 2020-21	Preceding 2021-22	Adopted Budget 2022-23	Estimate 2022-23	Proposed Budget 2023-24	Approved Budget 2023-24	Adopted Budget 2023-24
Resources							
Beginning Fund Balance	\$ -	\$ 680,773	\$ 1,930,773	\$ 1,735,248	\$ 2,916,248	\$ -	\$ -
Tax Increment	705,699	1,334,238	3,300,000	3,400,000	4,000,000	-	-
Misc Revenue	2,379	8,296	10,000	120,000	100,000	-	-
Debt Proceeds	-	-	16,000,000	16,100,000	-	-	-
Total Resources	708,078	2,023,307	21,240,773	21,355,248	7,016,248	-	-
Requirements							
Personnel Services							
FTE Positions	-	-	1	1	1	-	-
Wages	-	-	107,800	96,000	107,800	-	-
Benefits	-	-	60,700	43,000	60,700	-	-
Total Personnel Services	-	-	168,500	139,000	168,500	-	-
Materials and Services							
Contract Services	25,000	265,303	1,000,000	800,000	1,000,000	-	-
Total Materials and Services	25,000	265,303	1,000,000	800,000	1,000,000	-	-
Capital Outlay							
Urban Renewal Projects	2,305	22,756	18,672,273	16,400,000	4,747,748	-	-
Total Capital Outlay	2,305	22,756	18,672,273	16,400,000	4,747,748	-	-
Transfers							
To UR Debt Service Fund	-	-	1,400,000	1,100,000	1,100,000	-	-
Total Transfers	-	-	1,400,000	1,100,000	1,100,000	-	-
Total Requirements	27,305	288,059	21,240,773	18,439,000	7,016,248	-	-
Ending Fund Balance	680,773	1,735,248	-	2,916,248	-	-	-



Happy Valley Urban Renewal Agency Fiscal Year 2023 - 2024 Budget

Debt Service Fund

RESOURCES

The Debt Service Fund is used to account for all the debt service payments made through the Urban Renewal District. This includes a transfer in from the Urban Renewal General Fund to cover debt service payments.

REQUIREMENTS

Expenditures include debt service principal and interest payments.

Happy Valley Urban Renewal Agency - Debt Service Fund

	Preceding 2020-21	Preceding 2021-22	Adopted Budget 2022-23	Estimate 2022-23	Proposed Budget 2023-24	Approved Budget 2023-24	Adopted Budget 2023-24
Resources							
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	-	-	1,400,000	1,200,000	1,100,000	-	-
Total Resources	<u>-</u>	<u>-</u>	<u>1,400,000</u>	<u>1,200,000</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Requirements							
Debt Service							
Principal	-	-	1,000,000	875,000	480,000	-	-
Interest	-	-	400,000	200,000	620,000	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>1,400,000</u>	<u>1,075,000</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Total Requirements	<u>-</u>	<u>-</u>	<u>1,400,000</u>	<u>1,075,000</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	-	-	-	125,000	-	-	-