

To: SEDA Budget Committee; Mary Bridget Smith, City Manager Pro-Tem

From: Courtney Griesel, Economic Development Manager

Date: March 30, 2020

Department: City Manager's Office, Economic Development

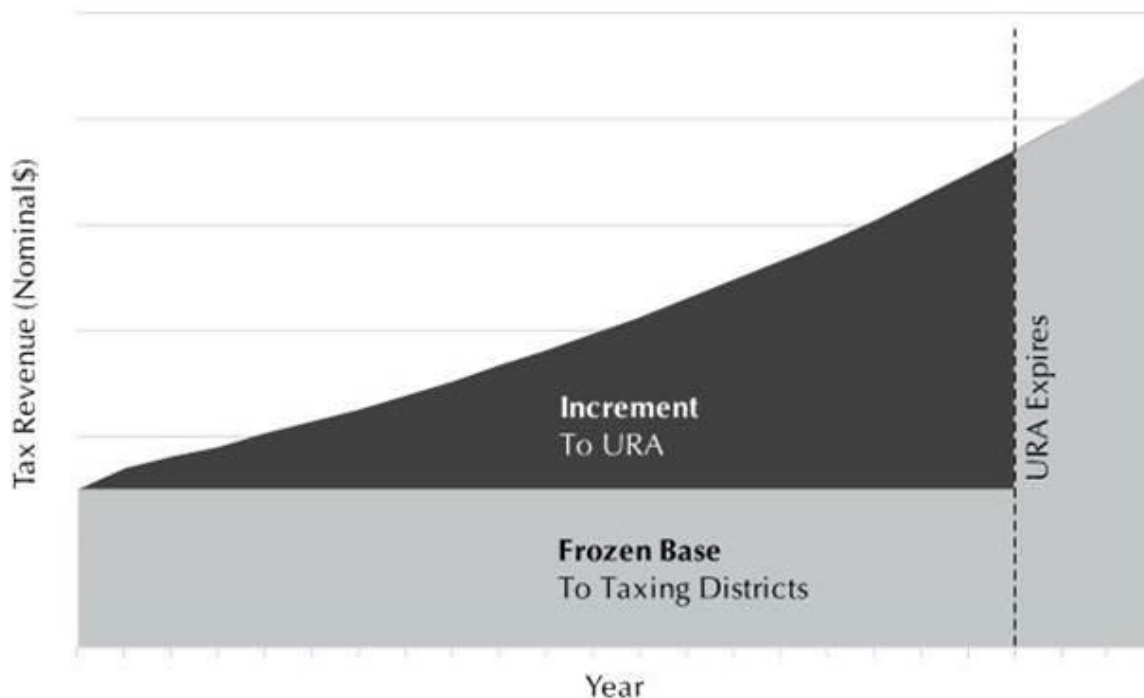
The Springfield Economic Development Agency (SEDA) is the Urban Renewal Agency for the City of Springfield, Oregon which oversees both the Glenwood Urban Renewal Plan area, established January 1, 2005 after voter approval and City Council and Lane County adoption, and the Downtown Urban Renewal Plan area, established January 1, 2008, also under voter approval and following adoption by City Council.

An Overview of the Urban Renewal (Tax Increment Financing) Tool

Often referred to as tax increment financing (TIF), urban renewal is a geographic and plan-goal specific debt financing tool for communities desiring to invest in strategies to redevelop and re-ignite underperforming or market-depressed regions, also referred to as 'blighted.' The tool is intended to redirect incremental tax revenues generated above the frozen base (froze at the time of plan adoption) into early, catalytic projects likely requiring substantial borrowing and, thus, necessitating dedicated debt service repayment revenues. Urban renewal projects and, more specifically, TIF funds must then be reinvested into the plan area with which they were collected and on projects and programs which directly support the goals and projects identified with the adopted plan.

While TIF is a valuable tool, it is also a limited tool, both in plan specific debt limits and also activities. TIF plans limit the amount of debt which can be incurred within an urban renewal area. TIF expenditures must also be primarily focused on project-specific or 'built' assets which directly benefit private development and redevelopment which might contribute to increasing taxable base. Additionally, TIF may be used to fund the administration of the urban renewal area and related projects. . It is also important to be mindful that TIF, or an 'urban renewal project', while one of many tools available to assist in the funding of key public and private projects, is still, ultimately, a project or investment of the City into its community and constituents and integrally tied long-term to the larger vision, goals, general funds, and operations.

An illustration of TIF is provided below.



Source: Tiberius Solutions, 2019

FY21 Agency Budget Summary:

This year's SEDA budget proposes program materials and services that are project driven as well as continued investments in ongoing retention and expansion services to support economic development and expansion of businesses and sites in the two urban renewal areas. Both Urban Renewal Plan areas exist to provide financial tools and framework for incentivizing and driving redevelopment in Glenwood and Downtown, and the methods for accomplishing this effort may be unique to each district, the impacted and impacting markets, and project specific needs within the opportunity areas. The proposed SEDA budget maintains and furthers the initial voter approved strategies for each district as set forth by the SEDA Board.

The below sections will highlight key accomplishments and precedents of FY20, significant changes and investments anticipated within both urban renewal areas within the coming year and identified in this FY21 budget, and forward-looking considerations of potential importance to Glenwood and/or Downtown.

Overview & Accomplishments of FY2020:

TIF Revenues

Activity in both Glenwood and Downtown continue to see private and public investments and associated positive returns reflected in incremental revenues above frozen tax bases. The effects of these investments on the districts can be seen in the FY20 annual taxable values.

For Glenwood, a marginal decrease of approximately 1.8% from FY19 to FY20 is seen and might be indicative of public purchase of private property for infrastructure development and preparation for future redevelopment. Downtown continues to see growth, reflecting an increase of 2.9% from FY19 to FY20.

Glenwood Plan Area (417 acres)

Urban Renewal Plan Area Established:	2005
Frozen Taxable Value Base at Time of Establishment:	\$106,986,910
FY19 Annual Increment:	\$1,003,750
FY20 Current Annual:	\$936,455
FY21 Forecasted Annual Increment:	\$1,000,000
Maximum Indebtedness Allowed:	\$32,860,000
Maximum Indebtedness Spent To Date:	\$12,726,211

FY20 Glenwood Accomplishments

- **Riverfront Land Assembly and Development** – The acquisition of key opportunity parcels along the riverfront continues to be a SEDA priority. In FY19 assembly of critical north riverfront area identified as a catalytic location by the City Council and Springfield community was completed with progress on additional assembly completed during FY20. This acquired land totals nearly 10 acres, includes contiguous Franklin Blvd and Riverfront acreage, provides necessary access for neighboring properties. This assembled site is being evaluated by the SEDA Board and City Council for use in supporting both redevelopment on the riverfront as well as an indoor recreational facility, both of which are Council identified priority projects.
- **Land Assembly and Hotel Development** – A third Glenwood area hotel was completed in FY20. With construction started during FY19, this hotel will be the third hotel opened within the Glenwood Urban Renewal Area since the formation of the district. The property will be a Tru Hotel and directly adjacent to the Candlewood Suites, completed in 2014, and the Fairfield Inn & Suites Marriot, completed in FY18. SEDA previously acquired and assembled the properties for \$700,000, which enabled the phased sale (2013 Point of Sale: \$160k, 2015 Point of Sale: \$600k) and now redevelopment of the site. Prior to the SEDA led acquisition and sale, annual tax revenue generated by the site was just over \$2,700. Tax increment to the urban renewal area contributed by the site now exceeds \$200,000 annually.
- **Traded-Sector Business Expansion** – In FY19, Franz Bakery completed a \$20 million dollar investment and expansion on its Glenwood site, adding a new organic breadline and 43,700 SF of building, \$10 million dollars in equipment, and 45 new full time employees, bringing their total numbers to 259 employees. FY20 was the Bakeries first full year of operation and year of tax abatement through the Springfield Community Enterprise Zone program. The new taxable value will be assessed in 2024 and is anticipated to contribute an estimated \$195,000 in new taxes annually to the Glenwood Urban Renewal area in its first year.

- **Systems Development Charges and Fee Program** – Systems Development Charges (SDC) assessed and charged to a new development or redevelopment project continue to be perceived as a barrier by developers and owner-operators. In an effort to remove up-front development barriers and incentivize investment in the Glenwood urban renewal area, SEDA has maintained the Systems Development Charge Payment Program, funding the local SDCs charged to new projects which conform to the current land-use plans. To date, \$795,715 in SDC payments have been made by SEDA on behalf of four Glenwood area projects, although no new SDC payments were made on behalf of Glenwood area projects in FY20. Historic projects benefiting from the program have included hospitality and manufacturing uses. The SDC Payment Program has served as an underlying, catalytic resource for the majority of development projects throughout the urban renewal area.
- **Glenwood Urban Renewal Plan Validation** – In FY20, the Glenwood Urban Renewal Plan and Report, which acts as the legal guiding document for operations of the Urban Renewal area, completed a legal validation process. This process confirmed the intended timeline of the Glenwood Plan, and declared that the timeline stated within the Plan only to be an estimate opposed to a ‘hard sunset’ date. This significant validation and declaration allows the Urban Renewal area to operate, as intended, with financial capacity defined by the Plan areas Maximum Indebtedness opposed to a calendar date.

Downtown Plan Area (618 acres)

Urban Renewal Plan Area Established:	2008
Frozen Taxable Value Base at Time of Establishment:	\$124,231,412
FY19 Annual Increment:	\$749,015
FY20 Current Annual Increment:	\$733,614
FY21 Forecasted Annual Increment:	\$750,000
Maximum Indebtedness Allowed:	\$43,010,000
Maximum Indebtedness Spent To Date:	\$3,308,686

FY20 Downtown Accomplishments

- **Discover Downtown Activity** – Discover Downtown Meet-Ups were held quarterly during FY19, gathering on average 50 downtown business owners each time to discuss event and promotion coordination, provide input and feedback into Downtown activities and vibrancy, and engage around important topics like the Olympic Trials, Downtown lighting, Downtown art, and the Downtown Loan Program. The Discover Downtown website and Facebook page have provided great benefit to Downtown businesses and patrons, offering information on new products and services, events, and the ever popular ‘Feature Friday’ business highlight. On average, ‘Feature Friday’ posts reach over 1,500 people with an average of 350 active engagements. Growth in Downtown business utilization of the online event calendar has also been positive, with community events often identified nearly every day of the week. In FY19, staff began providing ‘Feature Friday’ stories, highlighting and engaging a new business two Fridays per month. In FY20, Feature Fridays reached over 2,500 people organically per post, with an average of 1,000 active engagements on each post. This is engagement is up by nearly double from FY19.
- **Downtown Building Loan Program** – The first SEDA Downtown Building Loan Program loan was made in FY19. This project, funding the redevelopment of a Downtown site to serve a specialty distillery with onsite kitchen and retail/dining, was completed in FY20. The program continues to gain interest from businesses. While no new loans were issued in FY20 (as of the date of this memo), several businesses/projects have begun to factor the resource into their financial planning for upcoming investments anticipated for late FY20 and FY21.
- **Systems Development Charges and Fees Program** – Systems Development Charges (SDC) assessed and charged to a new development or redevelopment project continue to be perceived as a barrier by developers and owner-operators. In an effort to remove up-front development barriers and incentivize investment in the Downtown urban renewal area, SEDA has maintained the Systems Development Charge Payment Program, funding the local SDCs charged to new projects which confirm to the current land-use plans. To date, over \$458,291 in SDC payments have been made by SEDA on behalf of 17 Downtown area projects. Projects have primarily included restaurant/retail and limited office and residential. The SDC Payment Program has served as an underlying, catalytic resource for the majority of development projects throughout the urban renewal area.

- **Downtown Sidewalk Catenary Lighting** – During winter of FY20, catenary/bistro string lights were installed over sidewalks along Main Street, stretching from 7th Street to Pioneer Pkwy West. The lights, which criss-cross between building fronts and street poles and trees, serve as a beautification feature to brighten sidewalks and further promote the vibrant pedestrian feel and bistro seating ambiance. The project, which was installed in one day by City of Springfield operations crews, will be owned and maintained by City crews. Power is drawn from downtown light poles with negligible electric costs due to high efficiency LED bulbs used.
- **Downtown Decorative Crosswalks** – Beginning in Late FY20, downtown decorative crosswalks will be installed in five locations. These crosswalks were created by local artists, reviewed and selected by the City Council and members of the community and Arts Commission, and will be installed by City operations staff. The crosswalks will cost approximately \$40,000 in total, will include artistic images of people, nature, and books, and are anticipated to last for five years or more before requiring replacement.

Significant Changes in Glenwood and Downtown FY2021:

- **Downtown Street Lighting** - The Downtown Street Light project will be discussed and potentially funded during FY21, extending street light poles and replacements in areas of 21st Street as well and north-south streets extending off Main Street.
- **Artwork** - Downtown investments are planned to continue expansion of the City Art Plan with the addition of a new mural planned for Downtown in FY21.
- **Broadband and Electric Infrastructure** - Partnership and investments in Downtown infrastructure between the City and Springfield Utility District are anticipated to generate investment needs in the construction of broadband infrastructure and electric back-bone infrastructure. The financial impacts and needs of these projects are not yet known but are expected to be discussed in FY21 with funds requested.

Three Year Considerations FY2022-2024:

Glenwood Considerations

- **SEDA Board Redevelopment Vision** - The SEDA Board and Springfield City Council will continue to assess their preferred path for investment and utilization of the SEDA assembled riverfront property. This assessment will determine future activities and strategies to be taken by staff in the coming years.
- **Business Recruitment and Expansion** - Industrial-employment sites located along McVay Highway will become a focus of industrial recruitment with an emphasis on large employers and headquarter opportunities. Substantial infrastructure needs are anticipated to serve these sites, including reconciliation of City owned properties abutting McVay Hwy and other necessary road improvements.
- **Franklin Blvd Phase II** – Franklin Blvd plans remain an active project for the City. Future funding and opportunities to construct will likely require financial involvement by SEDA but are also currently being evaluated, in partnership with the City of Eugene, for federal funding opportunities.

Downtown Considerations

- **Broadband and Electric Infrastructure** - Future projects are anticipated in Downtown to support investment in build-out of key community assets, like fiber infrastructure, block-by-block voltage, redevelopment sites, and commercial space. These projects are yet to be detailed but will be necessary for continued revitalization and support of existing and future merchants and stakeholders.
- **Downtown Parking Program** - The Downtown Urban Renewal budget continues to propose funding of the Downtown Parking Program. Investments are anticipated for expansion of parking options, including restriping of existing surfaces to maximize space and implementation of new extended parking resources.
- **Private Property Redevelopment** - Several significant property and project owners have recently expressed plans to make substantial investments in their sites to develop a mix of commercial, housing and hospitality. These projects are anticipated to utilize the SDC payment program, the loan program, and may request additional partnership from SEDA. Market and code assessments are anticipated to be completed by project owners in many

cases and will serve as valuable information to the Urban Renewal Agency in understanding potential opportunities for partnership and resource investment.

SEDA Conclusion

Both Glenwood and Downtown areas are realizing early envisioned opportunities and growth. Exciting positive private and public investment is generating tax revenue growth, especially in areas of food and beverage retail and manufacturing. It will be critical that both areas are constantly assessed to understand the applicability of past, pre-recession revenue and debt forecasts, as well as project cost estimates. With updated financial plans, the urban renewal areas will be better positioned to be responsive to the revitalization of Downtown and Glenwood.

The proposed budget meets the guidelines set forth by the Finance Department.