

To: SEDA Budget Committee; Nancy Newton, City Manager

From: Courtney Griesel, Economic Development Manager

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Department: City Manager's Office, Economic Development

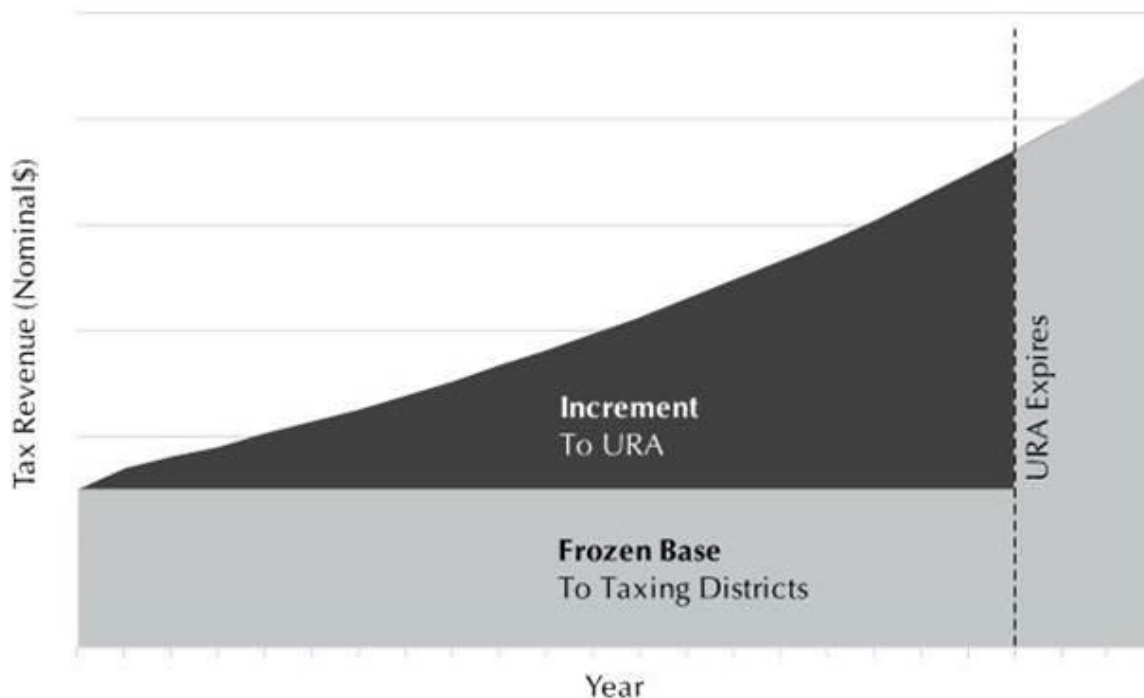
The Springfield Economic Development Agency (SEDA) is the Urban Renewal Agency for the City of Springfield, Oregon. SEDA oversees both the Glenwood Urban Renewal Plan area, established January 1, 2005 after voter approval and City Council and Lane County adoption, and the Downtown Urban Renewal Plan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

FY22 Agency Budget Summary:

This year's SEDA budget proposes program materials and services that are project driven with substantial investments focused on economic recovery, retention and expansion of services to support resilience, stability and growth of existing and future businesses and communities within the two urban renewal areas. The impacts of COVID19 began in late FY20, continued and grew through the entirety of FY21, and will continue to be realized well into FY22 and beyond. While both Urban Renewal Plan areas exist to provide financial tools and framework for incentivizing and driving taxable redevelopment in Glenwood and Downtown, the FY22 budget outlines increased funding of projects and partnerships to create and maintaining a new level of momentum aimed at speeding recovery for the community. The methods for accomplishing this effort may be unique to each district, the impacted and impacting markets, and project specific needs within the urban renewal areas. Even with this increased pace, the proposed SEDA budget maintains and furthers the initial voter approved strategies for each district as set forth by the SEDA Board. These strategies remain relevant today and critical to recovery.

The below sections will highlight key accomplishments and precedents of FY21, significant changes and investments anticipated within both urban renewal areas within the coming year and identified in this FY22 budget, and forward-looking considerations of potential importance to Glenwood and/or Downtown.

Overview & Accomplishments of FY2021:

TIF Revenues

Activity in the urban renewal areas slowed in FY21, as property and business owners focused efforts on readjusting operational strategies to meet continuously changing safety threats and levels. Additionally, FY21 brought substantial threat of wildfire into the Springfield community, creating additional business closures and pauses on construction projects due to unhealthy air quality and impacts to community members. Despite this, the Glenwood area stood out with the completion of a new hotel and the groundbreaking of a new company headquarter project. The effects of these investments on the districts can be seen in the FY21 annual taxable values.

Glenwood

Glenwood Plan Area (417 acres)

Urban Renewal Plan Area Established:	2005
Frozen Taxable Value Base at Time of Establishment:	\$106,986,910
FY20 Annual Increment:	\$983,601
FY21 Current Annual:	\$1,000,000
FY22 Forecasted Annual Increment:	\$1,100,000
Maximum Indebtedness Allowed:	\$32,860,000
Maximum Indebtedness Spent To Date:	\$12,559,054

FY21 Glenwood Accomplishments

- **Riverfront Land Assembly and Development** – The acquisition of two remaining key parcels along the riverfront occurred in FY21. This assembly completes an initial full assembly by SEDA for redevelopment. continues to be a SEDA priority. This acquired land totals nearly 10 acres, includes contiguous Franklin Blvd and Riverfront acreage, and provides necessary access for neighboring properties. The SEDA Board also initiated evaluation and selection of redevelopment partners for this site in FY21.
- **Land Assembly and Hotel Development** – A third Glenwood area hotel was completed in FY21. Originally planned for completion in FY20, the Tru Hotel experienced minor delays due to COVID19 but was able to regain momentum, officially opening their doors in early FY21. This is the third hotel opened within the Glenwood Urban Renewal Area since the formation of the district. The Tru Hotel is directly adjacent to the Candlewood Suites, completed in 2014, and the Fairfield Inn & Suites Marriot, completed in FY18. The redevelopment of this site was made possible by early land assembly, disposition and development support by SEDA. 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 in FY21 is now estimated to contribute an annual amount exceeding \$360,000 annually.

- **Infrastructure and Land Assembly** – In order to facilitate development of new construction and employment along Franklin-McVay, SEDA made notable investments in City acquired property stretching between developable land and city right-of-way. This investment included the clearing of use-restrictions, development of conceptual future roadway designs, and determination of available remnant land for redevelopment. This project was critical in enabling development of key opportunity lands located on either side of the property and proved catalytic as the work immediately allowed the new construction of the Weyerhaeuser headquarter facility fronting the space.
- **Traded-Sector Business Recruitment and New Construction** – In FY19, the City began an effort to recruit a new Weyerhaeuser headquarter project to Springfield. Its first new construction headquarter project on the west coast in many years, the site officially broke ground in FY21 along the Franklin-McVay corridor in Glenwood. Planned for completion in FY22, this project will be the first new recruitment and construction to occur on the assembled and shovel ready employment land area located in the southern area of Glenwood. This project will immediately return new taxes annually to the district upon completion, in addition to new employees calling Glenwood their place of work
- **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 city-wide by developers and owner-operators. This is especially the case in the Glenwood area where new construction comps are limited, but the costs of construction are similar to other areas. 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, \$1,299,676.00 in SDC payments have been made by SEDA on behalf of six Glenwood area projects. Two new SDC payments were made on behalf of Glenwood area projects in FY21. 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.

Downtown

Downtown Plan Area (618 acres)

Urban Renewal Plan Area Established:	2008
Frozen Taxable Value Base at Time of Establishment:	\$124,231,412
FY20 Annual Increment:	\$770,548
FY21 Current Annual Increment:	\$788,000
FY22 Forecasted Annual Increment:	\$850,000
Maximum Indebtedness Allowed:	\$43,010,000
Maximum Indebtedness Spent To Date:	\$5,393,641

FY21 Downtown Accomplishments

- **Discover Downtown Activity** – Discover Downtown Meet-Ups were paused during FY20, as in person gatherings were restricted and temporary business closures were either mandated or electively occurred. Alternatively, focus was shifted to provide informational webinars specific to accessing COVID19 relief programs and modifying business practices. Extra emphasis was placed on one-on-one virtual visits, social media highlights of businesses adhering to safety practices, and online accessible databases highlighting businesses open for modified services during the year. During FY21, when communication was most important, the Discover Downtown website and Facebook page provided critical avenues for providing quick information to Downtown, but also city-wide businesses and patrons. On average, Discover Downtown posts in FY21 reached over 3,200 people.
- **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 \$459,627 in SDC payments have been made by SEDA on behalf of 18 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 Outdoor Seating and Curbside Pickup** – 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 Memorial Building Acquisition** – SEDA purchased property located at 765 A Street from Willamalane Park and Recreation District. The site, commonly referred to as the ‘Memorial Building,’ is currently home to Willamalane temporary programming but will be vacated by early FY22. The site acquisition was a strategic purchase by the Agency to secure a site in close proximity to future redevelopment sites. The site had been for sale by Willamalane for several years prior to SEDA’s acquisition.

Glenwood and Downtown Initiatives FY2022:

- **Glenwood Riverfront Redevelopment** – Interest in redevelopment of SEDA owned riverfront acreage will generate substantial funding needs for the support of technical disposition and development negotiations. Funding needs have also been identified by interested parties and are anticipated for FY22 Board review and discussions with funds requested and aligned to negotiated development terms.
- **Downtown Blue McKenzie Development** – During FY21, the downtown Blue McKenzie (Scherer Springfield Motors site) project moved into formal agreement between SEDA and the owner-developer LLC to lend urban renewal funds for construction of the first, taxable, multi-family development in downtown. Should all parties come to agreed negotiations, the majority of SEDA funds would be loaned in FY22. This activity would be brought to the Board at that time, including the specific request for funds and supplemental budget. The FY22 budget reflects funds to assist in the final stages of negotiations, but does not reflect the funds for making the loan.
- **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 based on the outcomes of ‘interconnect facility’ evaluations occurring in FY21, are expected to be discussed in FY22 with funds requested.

Three Year Considerations FY2023-2025:

Glenwood Considerations

- **Glenwood Redevelopment Vision Implementation** - The SEDA Board and Springfield City Council will continue to assess their preferred path for investment and utilization of the SEDA assembled riverfront property and redevelopment of other key opportunity sites. This assessment will determine future activities and strategies to be taken by staff in the coming years, including priorities for inclusion in development negotiations and agreements.
- **Business Recruitment and Expansion** - Industrial-employment sites located along McVay Highway will remain a focus of industrial recruitment with an emphasis on large employers and headquarter opportunities. Substantial infrastructure needs are anticipated with early stages of design work beginning along the Franklin-McVay Blvd corridor to support this work. To serve these sites, including reconciliation of City owned properties abutting McVay Hwy and other necessary road improvements.
- **Franklin-McVay Blvd**– Franklin-McVay Blvd design is an active and priority project for the redevelopment of opportunity employment lands in Glenwood. This corridor serves over 50 acres of shovel ready employment mixed-use land situated between the Willamette River and Interstate-5. Initial stages of corridor planning began in FY21 and FY22 and will be critical to the access needs of these sites in the future. Funding to construction of this facility is anticipated to be a future consideration for the Glenwood urban renewal area.

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 fully detailed but will be necessary for continued revitalization and support of existing and future merchants and stakeholders. Initial projects currently include the construction of a fiber interconnect site. Construction, operation, and similar expansion costs may be anticipated and partnership between SEDA and the Springfield Utility District will be critical. The financial impacts and needs of these projects are not yet known but based on the outcomes of ‘interconnect facility’ evaluations occurring in FY21, are expected to be discussed in FY22 with funds requested.
- **Downtown Parking Program** - The Downtown Urban Renewal budget continues to support the operation 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. As the new construction of high density multi-family housing begins to occur, the management of the downtown parking system and future thinking investments to support increased demand will be an important consideration.
- **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 experienced moderate levels of hardship in FY21, similar, but maybe not worse, than other areas of the United States and region. It is important to note that the impacts of this past difficult year continue to be ongoing. The complete picture of what the global pandemic has created will be unknown for many years. Despite this uncertainty, the FY22 SEDA budget reflects an intent to move aggressively forward with projects aimed to furthering the voter approved underlying urban renewal plans, creating resilient, diverse and vibrant communities people will choose to stay and locate in. Exciting interest in Springfield from people interested in making private investment is being seen as the community and broader nation begin to ramp up for recovery. It will be critical that both urban renewal areas are responsive and assessed to understand the applicability of the pre-recession and pre-COVID19 drafted revenues and debt forecasts, as well as project cost estimates. Thoughtful financial planning, priority alignment and investments within each of the urban renewal areas will better position SEDA to be responsive to the revitalization opportunities of Downtown and Glenwood.

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