

To: SEDA Budget Committee; Nancy Newton, City Manager

From: Niel Laudati, Assistant City Manager
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Department: City Manager's Office

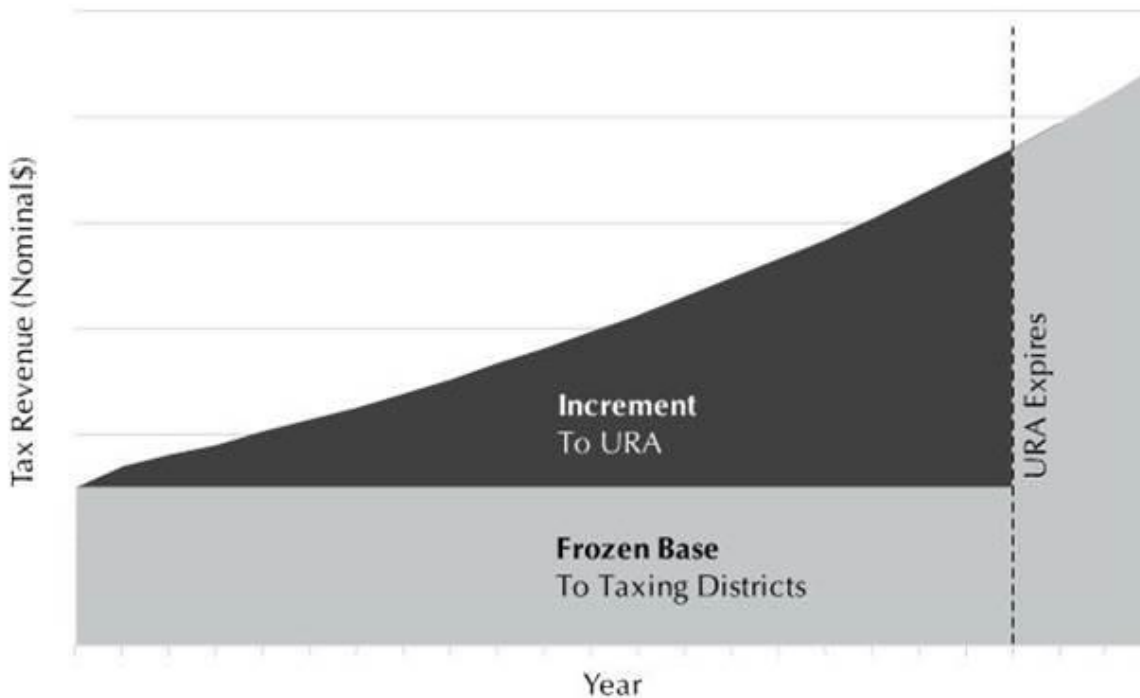
The Springfield Economic Development Agency (SEDA) is the Urban Renewal Agency for the City of Springfield, Oregon. SEDA oversees both the Glenwood Urban Renewal Plan area, established January 1, 2005 after voter approval and City Council and Lane County adoption, and the Downtown Urban Renewal Plan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



FY23 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 COVID, which began in late FY20, are still being felt throughout our community, though both the Downtown and Glenwood are making progress towards stability and shifting focus towards recovery and expansion. Through strategic investments of COVID relief dollars in FY22, the SEDA Urban Renewal Areas are poised for growth in FY23. While both Urban Renewal Plan areas exist to provide financial tools and framework for incentivizing and driving taxable redevelopment in Glenwood and Downtown, the FY23 budget outlines increased funding of projects and partnerships to create and maintain a new level of momentum aimed at speeding recovery for the community. 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 of FY22, significant changes proposed for FY23, and forward-looking considerations of potential importance to Glenwood and/or Downtown.

Overview & Accomplishments of FY2022:

TIF Revenues

Activity in the urban renewal areas remained flat in FY22, as property and business owners were slow to return to pre-pandemic operating levels. Substantial investments from federal, state, and local sources were aimed at slowing economic recession from the pandemic keeping economic levels equal to the prior year. As shown below, FY23 is suspected to be similar to FY22 with steady levels of taxable values slowly increasing over the upcoming years.

Glenwood

Glenwood Plan Area (417 acres)

Urban Renewal Plan Area Established:	2005
Frozen Taxable Value Base at Time of Establishment:	\$106,986,910
FY21 Annual Increment:	\$1,053,876
FY22 Current Annual:	\$1,100,000
FY23 Forecasted Annual Increment:	\$1,216,000
Maximum Indebtedness Allowed:	\$32,860,000
Maximum Indebtedness Spent To Date:	\$11,877,849

FY22 Glenwood Accomplishments

- **Riverfront Land Assembly and Development** –The Springfield Economic Development Agency, SEDA, has acquired 11.45 acres of land for development in the Glenwood Riverfront. This collection of land dedicated to the Riverfront Development includes approximately 0.80 acres acquired in FY22 planned for park development.
- **Completed Glenwood Riverfront Development RFQ** – Completed a RFQ for the Glenwood River Front development project and entered into an Exclusive Negotiating Agreement with developers Edlen & Company and deChase Miksis.

Downtown

Downtown Plan Area (618 acres)

Urban Renewal Plan Area Established:	2008
Frozen Taxable Value Base at Time of Establishment:	\$124,231,412
FY21 Annual Increment:	\$832,170
FY22 Current Annual Increment:	\$850,000
FY23 Forecasted Annual Increment:	\$870,000

Maximum Indebtedness Allowed:	\$43,010,000
Maximum Indebtedness Spent To Date:	\$6,810,662

FY22 Downtown Accomplishments

- **Launched SEDA Website** – SEDA Launched a comprehensive Economic Development dedicated website, BizSpringfieldOregon.com. The website serves as a place to learn about development sites and resources for growing business and partnering in economic development.
- **Downtown Blue McKenzie Project** – The Blue McKenzie project was prepared to continue forward from the momentum started in FY21. The project was funded by an initial loan, primarily from SEDA funds, that were to be primarily spent in FY22. SEDA and City staff continued to meet with the developers to move the project forward by tightening the design and pricing.
- **Updated Commercial Property Management Lease Process** – Continue to work with commercial tenants in the downtown area and update their lease agreements. Create a process and policy of updating leases on an annual basis to account for inflation.

Glenwood and Downtown Initiatives FY2023:

- **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** – Continue to plan and design the project and once all parties come to an agreement, the remaining SEDA Funds will be loaned out. The current FY23 budget reflect funds as they currently stand. Before any additional money is lent, a proposal will be brought before the board which will include specific requests for funds and a supplemental budget. Construction is anticipated to start in Spring of 2023.
- **Broadband and Electric Infrastructure** – City staff acquired funding in FY22 from the state for fiber connectivity. With funding acquired, City and Springfield Utility Board, SUB, staff will work together on utilizing the funds bring broadband infrastructure to the downtown area.

Three Year Considerations:

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, 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 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

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 FY23 SEDA budget reflects an intent to move aggressively forward with projects aimed at furthering the voter approved underlying urban renewal plans, creating resilient, diverse and vibrant communities people will choose to stay and locate in. Interest in Springfield from those looking for private investment opportunities 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.