



Beaverton Urban Redevelopment Agency

Budget Committee Meeting Minutes

May 28, 2019

BURA Chair San Soucie called the meeting to order at 6:00 p.m. at the Beaverton City Hall on May 28, 2019. BURA Budget Committee members attending were Paul Cohen, Dave Szatmary, Mayor Denny Doyle, Cate Arnold, Lacey Beaty, Marc San Soucie, Mark Fagin, Scott Winter, Jennifer Nye, Roy Kim, Doug Menke, Domonic Biggi, Mandeep Bawa, Michael Jude Hughes, Sheila Greenlaw-Fink, Laura Mitchell, Inessa Vitko, Ann Snyder, and Paul Cohen.

No members were absent.

Staff members attending the meeting were Cheryl Twete (BURA Executive Director and Community Development Director), Cadence Petros (Development Division Manager), Tyler Ryerson (BURA Staff Liaison), Dave Waffle (BURA Assistant Finance Director), Susan Cole (Assistant Finance Director), Peter Livingston (Assistant City Attorney and BURA Legal Counsel), Josh Carrillo (Program Coordinator), and Kelly Perkins (BURA Budget Committee City Recorder).

Election of BURA Budget Committee Officers

Menke made a motion to nominate Ann Snyder as Chair and Mandeep Bawa as Vice-Chair, the motion went uncontested all members approved the slate of officers and the motion passed on a unanimous vote. San Soucie turned the meeting over to Chair Snyder.

Approval of Minutes

Cohen made a motion, seconded by Beaty, to approve the minutes of the Budget Committee on May 14, 2018 as submitted and it was approved with a unanimous vote with the exception of abstention from members not in attendance. Abstentions: Nye, Arnold and Greenlaw-Fink, Kim, and Doyle.

Visitor Comments

Chair Snyder asked for any visitor comments. No visitors.

BURA Budget Discussion and Questions

Chair Snyder turned the meeting over to Twete for an overview of the accomplishments over the past year and where BURA is going in the next couple of years:

- BURA is entering its seventh year of operation and our activities are broad based. Twete thanked the BURA board for their leadership and commitment
- FY 2018/19 Accomplishments:

- Parking Management Strategy in full swing. Program will begin next year as we actively manage and enforce parking
 - Staff created a parking map which is the most used City GIS map
- Completion of The Rise Central Apartments celebrated its grand opening last week:
 - 230 units with 15 affordable housing units. BURA funded the buy down of the affordable units and most of the units are already leased up. The project also has 5,000 square feet of commercial space, they are talking with restaurants/retailers
 - Project was a \$45,000,000 investment to the area
- Hyatt House Hotel also celebrated its ground breaking ceremony last week:
 - \$25,000,000 investment, 125 rooms, and a destination restaurant on the ground floor. BURA helped pay for land acquisition and investments through a development agreement to help both The Rise Central and this project move forward
- Storefront and Tenant Improvement and PreDevelopment grants continue to be very successful, you can see the results at places such as LaScala and BG Food Cartel, the new restaurants coming in have used the Tenant Improvement grant
 - To date we have assisted 19 businesses and 22 restaurants with this program
 - This past year:
 - Eight Storefront grants: \$222,000 (matched by private business, there is a cap of \$25,000 for each project and the owner must at least match that amount)
 - Nine Tenant Improvement grants: \$300,000
 - Pilot Street Seat project, funded through General Fund, opened last week. Located on Angel Street between Farmington and Main Street
- Private Development:
 - Cedar Hills Crossing – completed Phases 1-3, out of 5 phases: mixed-use shopping, eating and drinking establishments (new Virginia Garcia Clinic, new bowling alley, and more to come)
 - Beaverton Kaiser Permanente Clinic completed construction earlier this year (potential to bring in more health related development)
 - Marriott Townplace Suites (Canyon and 217). First hotel to break ground and open and there are three more coming (Hyatt House and two additional hotels in Cornell Oaks, outside URA). Telling sign about the opportunity for that kind of use in our community today
 - Basics (5th and Western) includes a dairy and processing center with a goal to have educational programs and bring high quality affordable food to the area (expected to open next year)

- Land Acquisition and Disposition:
 - Bank of Beaverton (Watson and Farmington), closed. RFP issued for eating and dining establishment use. Goal is to compliment Bigs Chicken and Ex Novo at that main gateway area
 - Best HQ on Beaverdam Road Area (closed) for a total for 2 acres on Beaverdam (includes Ludeman's). RFQ+ will be issued to the development community. This begins our redevelopment energy to the south of The Round
 - Broadway at East (8,000 square feet, vacant lot) formulating the plan for use (possible plaza), will close later this year
 - Hope to continue property acquisition (take advantage of lower costs now for re-sale to the private community in ways that help us achieve the goals of our plan)
- On the Horizon:
 - District Parking Garage (BURA owned, largest item in the budget, total cost \$24,000,000):
 - 355 parking spaces, for the Beaverton Central District
 - 6,500 square feet of groundfloor retail space
 - Top two floors will be used by Loft residents parking (displacing their existing parking with this facility)
 - Abutting Patricia Reser Center for the Arts (PRCA)
 - Begin construction in September, in line with PRCA private fund raising
 - PRCA (private funding) made it through Land Use and are in Site Development process now
 - The Mary Ann: 54 affordable units, one block from Beaverton High School (focus on family oriented)
 - Move forward with redevelopment of Bank of Beaverton and Beaverdam sites
 - Continue to invest in transportation projects such as:
 - Western Ave Road improvements (construction begins next year)
 - Cedar Hills and Dawson realignment
 - Millikan Way improvements
 - Re-construction of Canyon Road in partnership with ODOT
 - These infrastructure projects will help shape the character of our core area
 - Downtown Design Project: focusing on Code Amendments to help shape development. One of the projects is "The Loop" along the Watson/Hall and North/South couplet. Budget to begin the design work. BURA will be leading the charge to create the streetscapes we want in this community (pedestrian, bicycle, and vehicle experience)
 - New apartment in Old Town, Rembold project Verso at 2nd and Lombard (market rate, no BURA investment)
 - Applied for more resources for an EPA grant \$350,000 in Brownfields funding

Twete thanked the BURA members for all their hard work.

Fiscal Year 2019-20 Proposed BURA Budget:

Budget detail:

Chair Snyder opened the formal public meeting for the Budget Committee meeting and turned it over to Waffle who is sitting for Treasurer, Patrick O'Claire. Waffle introduced Susan Cole, new Assistant Finance Director, he also introduced the Official Budget Officer as Mayor Denny Doyle. Waffle explained the budget is swollen at \$30,000,000 as it includes all construction funds for the parking garage. Waffle referenced the primary revenue source of the tax increment (\$4,200,000 for FY 19-20), allows for three major sources of financing for BURA:

- Obligations for daily activities and management (referred to as "contract debt");
- \$3,200,000 in daylight loans from City of Beaverton;
- \$18,000,000 letter of credit from Key Bank (special revenue bond) will use the proceeds for the initial construction of the parking garage. Will draw that down and with permission of the BURA Board will take out that loan, sell new special revenue bonds and pay off \$18,000,000 line of credit and determine how much more to set-up for future land acquisition/projects (discussion to come to BURA Board next FY).

Barometers:

- When The Urban Renewal Agency was re-created it was capped at \$150,000,000 of debt. To date spent about 2%. After parking garage will have around 85% left for many years of activities on behalf of this community (as of June 30, 2020 will have \$127,000,000)
- Increment growth from taxes is 38% since the base year 2011/12. The Urban Renewal District's assessed value has grown to \$293,000,000, our economist advises this is one of the better performing districts in the state

Major activities in FY 2019-20

- Central Beaverton Parking Garage: \$16,000,000-\$24,000,000
- Additional Land acquisition: \$1,200,000
- Development Incentives: \$1,500,000

Amendments to the budget (refer to page 14 of budget book) to review the current three funds of BURA:

- BURA General Fund (tax increment): \$4,200,000
 - Expenditures of the General Fund will go to Programs/Activities fund
 - General Fund will decrease by about \$95,000
 - Additional allocations (from 10-25%) to cover personnel services, pages 20-21
 - Transfers to BURA Debt Service Fund (daylight loans): agency is limited to make public improvements, buy property, and create new development with borrowed funds (cannot use tax increment directly). The city loans the money to the BURA Capital Project Fund, another part of BURA, the General Fund sends money to the Debt Service Fund, the Debt Service Fund, in that same day, returns it to the city's General Fund, pages 20-23

- Capital Project Fund: receives money from the sale of property (in this case the Bank of Beaverton building) anticipated \$750,000 and the rest of the resources come from the daylight loans and the line of credit, pages 24-25
 - Parking Garage: \$16,000,000, pages 26-27
 - Finalizing land acquisitions, \$500,000 funding for future opportunities, pages 28-29
 - \$75,000 for parking pay stations (designing and programming)
- Debt Service Fund (the means in which the money gets paid back to city and Key Bank): receives tax increment from BURA General Fund, goes to Debt Service and Debt Service pays it back to city or Key Bank

Changes in budget:

- Proposed Amendment 1 shifts the bulk of the Incentive Programs (Development, Storefront and Tenant Improvement) from the BURA General Fund to a new Program Activities Fund so as not to effect the Debt Cap and the interest earned on the borrowed money (gives the agency most flexibility and will not change the general operations):
 - Parking pay stations
 - Changes in allocations (as mentioned earlier) for staff: Development Division Manager, Senior Project Manager, and Parking Manager and a new FTE for Program Coordinator (50% General Fund and 50% BURA). As the activities have grown the need for staff has increased

Waffle concluded his overview of the budget. Chair Snyder asked for questions or comments. There were no questions or comments. Chair Snyder entertained a motion to approve the Proposed FY 2019/20 budget. It was moved by Doyle and seconded by Kim. Chair Snyder asked for discussion, no discussion.

Chair Snyder introduced two Amendments for the FY 2019/20 budget:

- Amendment Package 1: Chair Snyder entertained a motion to approve Amendment Package 1 (creates the program and activities fund as described above). It was moved by Fagin and seconded by Vitko. No discussion and the motion was carried
- Amendment Package 2: Councilor San Soucie submitted Amendment Package 2 which was approved through the City Council Budget: there is accelerated interest from the community for future development opportunities. The amendment adds funds to property acquisition to achieve our overall goals as an Urban Redevelopment Agency. Chair Snyder entertained a motion to approve Amendment Package 2. Waffle added the Amendment is \$500,000 expressed three ways and involves the Capital Projects Fund, the General Fund, and the Debt Services fund. It was moved by San Soucie and seconded by Mitchell

Discussion for Amendment Package 2:

Beaty expressed the importance of Storefront and Tenant Improvement (SF/TI) funding and inquired why are we setting aside so much for acquisition and so little for SF/TI? She also pointed out the funding has had to be increased in the past and would like to see more money allocated for SF/TI in order to avoid that in the future.

- Twete referred to page 19, Fund 901, code 516 Business Storefront. Can come back in supplement if need more funding. Programs include Tenant Improvement, Storefront Improvement, Predevelopment and Design Grants. Twete submitted staff would be open to additional funds for the programs
- Twete also referred to 507 Tenant Improvement "Catalytic Restaurant Conversion" for \$200,000 (additional resources)
- Petros explained due to expense of capital projects (parking garage), funds were reduced in Programs to help off-set as advised by bond counsel and financial advisors. Petros also submitted that it would be acceptable to increase the program funds
- Greenlaw-Fink also emphasized the importance of the Incentive Programs and inquired if the Displacement Mitigation Strategy Study (DMSS) was a general study to look at residential/commercial displacement potential
- Petros explained the DMSS work has not yet been scoped out. It is for both residential and business displacement mitigation. We will create a toolkit of activities to mitigate displacement in the Urban Renewal Area as we move forward

Councilor Beaty proposed an Amendment Package 3 to add \$250,000 for SF: \$100,000 and TI: \$150,000 program. Waffle noted the amendment would increase a loan for the City's General Fund, it would come to the new Programs and Activities fund and the BURA General Fund would push \$250,000 from contingency to BURA Debt Service and then back to the city (follow same format from Amendment 2).

- Arnold clarified we are close to \$600,000 funding for the Incentive Programs and pointed out we have a responsibility to be sure we are creating safe places for people to come especially now that we are spending more than \$500,000. She also committed to prepare future potential ideas for how we can make sure our city is safe
 - Mitchell suggested spending a portion of the funds for a study on professional design assistance that would help in this area
 - Twete suggests staff look at this as a policy issue and bring it back to BURA
- Chair Snyder called a vote on proposed Amendment 3. All members approved the motion

Szatmary inquired about what methodology is used to establish Beginning Working Capital reserve?

- Waffle: The budget process begins in January, mid-March we ask all departments where they expect to be by June 30 and make an estimated/educated guess on what we have unspent by the end of the year. That becomes our estimate of the ending fund balance which becomes the beginning fund balance for the next FY. We historically modify that in the Fall through the supplemental budget process once the books are closed

Szatmary inquired about other projects (for example a Library renovation project that might happen sometime in the future) to draw more people into Beaverton. Would that be a BURA project?

- Waffle offered there is a restriction on spending BURA money on public facilities. He noted the parking garage was called out specifically as not defined as public facility, for example we never contemplated the Police Station with Urban Renewal Funds

Approval of FY2019–20 BURA Budget

Chair Snyder called a vote to approve the proposed FY 2019-20 BURA budget with all three Amendments. All members approved the budget. No further discussion. The motion carries unanimously.

Adjournment

The meeting was adjourned at 7:11 p.m.