

Madras Urban Renewal Agency

2022-2024 Adopted Biennial Budget



MADRAS URBAN RENEWAL AGENCY

2022-2024 Biennial Budget Adopted

Budget Committee

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City of Madras

125 SW E Street

Madras, Oregon 97741

<https://www.ci.madras.or.us/>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Budget Presentation
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**Madras Urban Renewal District
Oregon**

For the Biennium Beginning

July 01, 2020

Christopher P. Morrill

Executive Director

Madras Urban Renewal Agency
2022-2024 Biennial Budget
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Madras Urban Renewal Agency Budget Calendar 2022-2024 Biennium

- 4/8/2022** **Proposed Madras Urban Renewal Agency (MURA) Budget binders ready for Budget Committee and available for pickup at City Hall 4:00 p.m.**

- 4/14/2022** **5:30 p.m. 1st MURA Budget Committee Meeting**
(election of officers, public input/community requests.)

- 5/3/2022** **7:00 p.m. 2nd MURA Budget Committee Meeting *(if needed)***

- 6/14/2022** **5:30 p.m. MURA Budget Meeting - Budget Hearing - Budget Adoption**

Madras Urban Renewal Agency Budget Message

Dear Madras Redevelopment Commission Board and Budget Committee Members:

The Madras Redevelopment Commission has approved a record number of façade and renovation projects over the last two fiscal years as well as a couple major new construction projects with Loves Travel Center and Dollar General. Moving into the 2022-24 biennium, the City is moving forward after the COVID-19 Pandemic and utilizing urban renewal to leverage private investment within the Districts to enhance commerce in the MURD and construct needed housing in HURD.

The Commercial and Housing Urban Renewal Districts are in a good position to respond. The Commercial District is about halfway through its investments of a maximum indebtedness of \$14 million, and the Housing District is just starting with its maximum indebtedness of \$39 million. The following investments will help in the economic recovery effort:

- The Commercial District will continue to offer financial assistance to incentivize new development on vacant properties and a suite of Business Assistance to property and business owners to assist with conceptual design of building renovations, window displays, and funding for building improvements and adaptive reuse of buildings.
- Since January 2022 the Housing District has approved four (4) housing development agreements and four more are in the drafting phase. This will provide much needed housing by adding 144 single family dwellings and 120 apartment units in the beginning phases.

The Urban Renewal Plans for each district are the guide for decision making by the Madras Redevelopment Commission. Each plan was carefully put together through stakeholder outreach including community and developer input. This budget is designed to move forward in achieving the goals set by the Urban Renewal Plans by removing blight, incentivizing new development, improving business activity, providing housing on vacant land, and promoting Madras' overall economic health.

There is significant work ahead to partner with the business and development community. I am happy to report to you that the Urban Renewal Districts are ready to answer the call for help and to strategically invest.

Sincerely,

Gus W. Burrell

Gus Burrell
Madras City Administrator/Budget Officer

MADRAS URBAN RENEWAL AGENCY HISTORY

The City of Madras has two (2) Urban Renewal Districts: 1) Madras Urban Renewal Commercial District; and 2) Housing Urban Renewal District (see *Figure 1 below*). An overview of each District's history is provided below.

Madras Urban Renewal District (Commercial):

Madras Urban Renewal Plan was adopted by the City of Madras City Council on August 13, 2002 via City Ordinance No. 700, which also established the Madras Urban Renewal District (MURD). The purpose of the Madras Urban Renewal Plan is to:

1. Eliminate blighted condition;
2. Reverse physical and economic decline;
3. Establish a maximum indebtedness of \$14 million;
4. Identify financing methods to eliminate blight and improve economic conditions.

In 2002 the Madras City Council passed Ordinance No. 709 which created the Madras Redevelopment Commission and transferred its Urban Renewal Authority to the Madras Redevelopment Commission (MRC) to increase public involvement in the Urban Renewal Program, pursuant to Oregon Revised Statutes (ORS) 457.055. Later, on February 3, 2016, the MRC approved the Urban Renewal Action Plan. This Plan updated the MRC's earlier Urban Revitalization Action Plan and seeks to target investments within the District based on the following criteria that will create a competitive advantage for Madras:

A. Generate tax increment:

The investment will generate more tax increment revenue than the public investment required.

B. Support development on underutilized and vacant sites:

The investment represents a timely opportunity for investment on a previously underutilized site.

C. Catalyze additional development throughout the District:

The investment is likely to spur additional development on other sites that will not require public investment.

D. Increase the tax base long term

Urban Renewal Action Plan acknowledges that increased financial capacity is most likely to come from growth in TIF revenue. Thus, the District must increase its financial capacity in order to invest in the projects outlined in the Action Plan. Growth in TIF revenue is dependent on an increase in assessed value in the District, which can come from two sources:

- 1) Appreciation in existing property values, or
- 2) New development.

Oregon law caps appreciation on existing properties at no more than 3% per year in most situations, and the assessed value of the District has historically appreciated at less than 3% per year. That means that significant increases in assessed value in the District will likely be dependent upon new development. For this reason and others, the Action Plan has prioritized projects that support and catalyze new development in the District using an investment strategy prioritizes increasing the District's financial capacity in the short term, to ensure the District has the capacity to achieve all of its goals in the long-term.

The District is located primarily along the Highway 97 commercial corridor that extends between Lee Street in the north and Hall Street in the south. Property taxes are imposed on the increases in property values on the assessed value within the District. The District receives property taxes (tax increment financing/TIF) to fund projects that are consistent with the District's Urban Renewal Plan.

Housing Urban Renewal District:

In December of 2018 the City of Madras completed a Housing Action Plan that identified housing needs for all housing types and income levels. The Housing Action Plan recommended specific actions to address these housing needs. One of the recommended actions was evaluating the opportunities for a new or expanded urban renewal area to support development of housing. The City completed a Feasibility Study in June of 2019. Later, on November 12, 2019 the City Council approved the Housing Urban Renewal District (HURD) Report and Plan, and Ordinance No. 935¹. The HURD is estimated to last 30 years, resulting in 30 years of tax increment collections. The City estimates that 965 new housing units will be constructed within the Plan Area over the estimated 30-year time frame of the HURD. The maximum amount of indebtedness (amount of dollars spent for projects, programs and administration) that may be issued for the Plan is \$39,100,000.

The goals of the HURD Plan represent its basic intents and purposes. Accompanying the goals are objectives, which generally describe how the MRC intends to achieve each goal. The goals and objectives will be based on economic feasibility and at the discretion of the MRC.

A. Housing Development

To increase the supply of all housing types in the City of Madras.

Objectives:

1. Provide financial incentives for the development of housing in the City of Madras.
2. Provide infrastructure improvements to support the development of housing in Madras.

B. Infrastructure

To provide necessary infrastructure improvements to support housing development in the City of Madras.

Objectives:

1. Provide infrastructure improvements.

¹ Ordinance No. 936 amended Ordinance No. 935.

2. Assist in the financing of infrastructure improvements to be made by a developer/builder/property owner.
3. Assist in the provision of infrastructure improvements by providing other incentives to a developer/builder/property owner.

C. Public Safety

Coordinate with Jefferson County Fire District #1 to provide public safety in the urban renewal area.

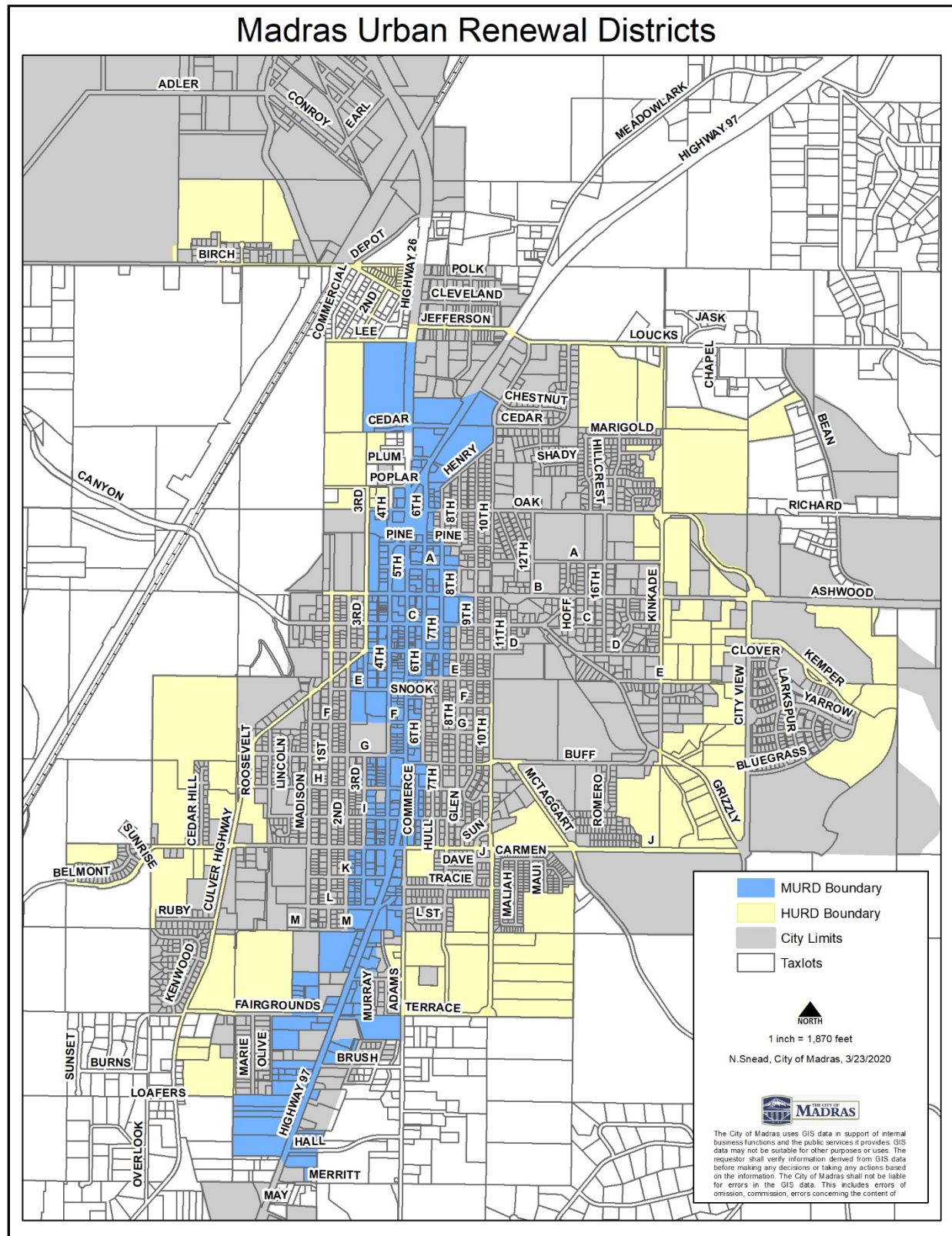
Objectives:

1. Provide funding for capital improvements to the Jefferson County Fire District #1.

ORS 457.460 requires urban renewal agencies to provide a summary of their finances for public information. Additional reporting for the MRC includes the adoption of its annual budget and its annual independent audit.

Copies of the City of Madras Urban Renewal Plans, Reports and related documents can be found on the Madras website. <https://www.ci.madras.or.us/bc-mrc>

Figure 1. Madras Urban Renewal District Boundaries



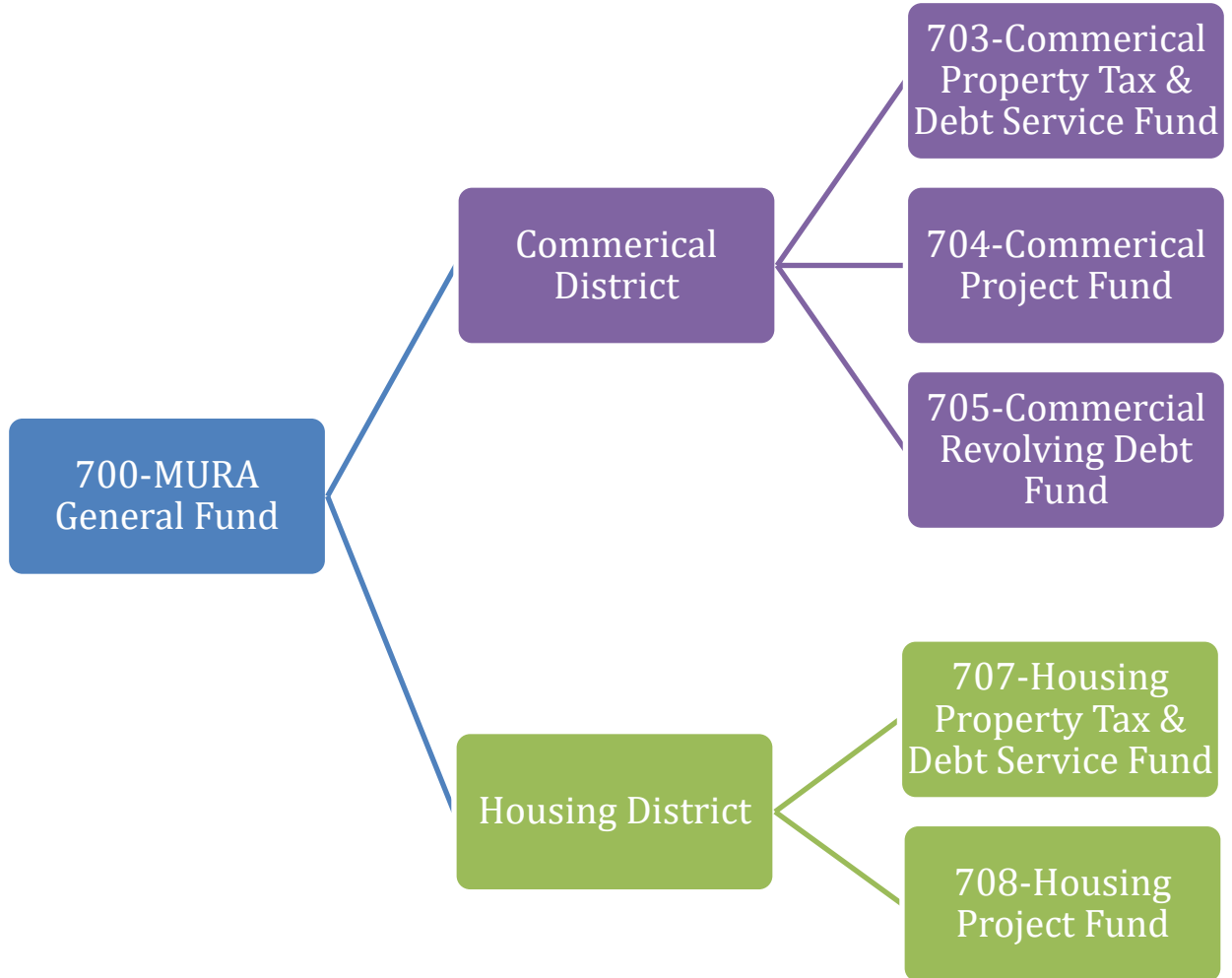
THE BUDGET PROCESS

A budget is defined by Oregon State Law (Oregon Revised Statutes, Chapter 294), as a financial plan containing estimates of revenues and expenditures for a given period or purpose, such as the fiscal year. The Agency is required to budget all funds and for each fund to have a balanced budget.

The State of Oregon defines balanced budgets as one in which total resources, including beginning resources, current resources and debt proceeds, equal total requirements, including current year expenditures, capital outlay, transfers, debt service, and any other requirements such as debt service reserves. Budgeting is critical to urban renewal agencies because it requires local governments to evaluate plans and establish priorities in relation to available financial resources.

The Madras Urban Renewal Agency prepares and adopts its biennial budget in accordance with the city charter, Oregon Local Budget Law (ORS 294.305-294.555, and 294.565), and Resolution No. MRC 2020-04. The budget is presented by fund and district categories. The City Administrator has responsibility for management of the overall agency budget and maintaining budgetary control at the approved appropriation level. Finance and the respective operating department directors perform ongoing review and monitoring of revenues and expenditures. The Budget Committee consists of all City Council members, an 9-member commission combined with the same number of members at large in which the votes of all members are equal. The first review of the budget occurs when the budget is presented to the committee. At that time the budget is made publicly available, and the committee begins their review. The committee may approve the proposed budget in full or change part or all of it prior to final approval. After notices and publications are filed according to local budget law, the budget is forwarded to the commission for formal adoption prior to June 30. Budget amendments may be made during the fiscal year through adoption of a supplemental budget. This process is similar to the regular budget including the use of public hearings but excludes the Budget Committee.

FUND ORGANIZATION



700- GENERAL FUND

The General Fund of the Urban Renewal Agency was created in February 2020, after the Housing Urban Renewal District was established in order to manage all shared costs of the two districts.

For the 2022-2024 Biennium, \$30,000 will be charged each to the MURA General Fund from the Commercial District Project Fund and Housing District Project Fund for the purposes of combined expenditures related to the annual audit, providing training for the commissioners and office supplies.

The Urban Renewal Agency of the City of Madras
2022-24 Biennial Budget Worksheet

700 - MURA General Fund

Description	Actual 2018-2019	Actual 2019-2020	Current Budget 2020-2022	Estimated Total Actuals 2020-2022	2022-2024		
					Proposed	Approved	Adopted
Beginning Fund Balance							
Beginning Fund Balance			-	64	64	64	64
Total Beginning Fund Balance		-	-	64	64	64	64
Shared Revenues							
Interest Revenue			-	-	-	-	-
Total Shared Revenues		-	-	-	-	-	-
Charges for Services							
704-Commercial Project Fund			25,000	25,000	30,000	30,000	30,000
708-Housing Project Fund			25,000	25,000	30,000	30,000	30,000
Total Charges for Services		-	50,000	50,000	60,000	60,000	60,000
Total Revenues		-	50,000	50,064	60,064	60,064	60,064
Materials & Services							
Audit			11,000	10,405	12,000	12,000	12,000
Computer-Annual Lic/IT/Web/Tel			10,000	10,308	-	-	-
Computer Hardware			4,000	3,975	-	-	-
Dues/Membership			-	1,329	3,000	3,000	3,000
Insurance & Surety Bonds			-	4,892	10,500	10,500	10,500
Legal Fees			4,000	5,804	7,000	7,000	7,000
Meetings, Travel, EE Development			12,000	1,345	4,000	4,000	4,000
Bank Service Fees			2,500	1,757	2,450	2,450	2,450
Office Supplies			6,500	-	1,114	1,114	1,114
ISF - IT Fund			-	10,184	20,000	20,000	20,000
Total Materials & Services		-	50,000	50,000	60,064	60,064	60,064
Contingency							
Contingency			-	-	-	-	-
Total Contingency		-	-	-	-	-	-
Ending Balance							
Ending Balance		-	-	64	-	-	-
Total Ending Balance		-	-	64	-	-	-
Total Expenditures		-	50,000	50,064	60,064	60,064	60,064
Total Revenues		-	50,000	50,064	60,064	60,064	60,064
Total Expenditures		-	50,000	50,064	60,064	60,064	60,064

MADRAS URBAN RENEWAL COMMERCIAL DISTRICT

Budget Summary

This budget was developed in a manner consistent with the plans and policies established by the Madras Redevelopment Commission (MRC). The 2022-24 biennial budget is \$7,951,835. This proposed budget seeks to accomplish the following general goals and objectives:

Goals:

1. Invest in commercial projects in accordance with the Madras Urban Renewal District (MURD) 2016 Urban Renewal Action Plan that seek to increase future TIF/property tax revenues and catalyze projects in the Downtown area.

Objectives:

1. Allocate resources to fund property owner, business, and housing developer financial assistance programs.
2. Fund contractual obligations with Love's Travel Center and Bunkhouse Hotel that incentivized new commercial development within the MURD in 2020 and 2021.
3. Fund other commercial and residential development opportunities that are not known at this time.
4. Fulfill the bond, line of credit, and du jour debt obligations for the District.

Prior Year Achievements

In FY 2021-22 the MRC made several strategic investments to incentivize new development, storefront renovations, and consultant services to more effectively invest MRC resources in the MURD. The following projects were completed and/or funded in Biennium 2020-22:

Building Improvement Program Projects (rebranded through 2019 Revitalization Toolkit):

The MRC provided funding for building improvements for the following projects:

1. Penelope's Soaps & Such: \$93,462 (\$69,500 grant and \$23,930 loan)
2. OK Barbershop: \$195,000 (\$50,000 grant and \$145,000 loan)
3. Alan Poviz/Metro PCS \$315,000 (\$150,000 grant and \$165,000 loan)
4. Hassannia/Wallen Building: \$50,000 (\$50,000 grant & property owner funded remaining costs.
5. Detail Plus: \$61,630 (\$46,222 grant and \$15,407 loan)
6. Yara's Cakes: \$20,000 (\$10,000 grant and \$10,000 loan)

New Development Assistance:

The MRC anticipates to make a payment to the Love's Travel Center and Country Store (Love's) prior to June 30, 2022. This payment will be the second of five \$70,000 payments to Love's for their \$7,500,000 investment to construct a new travel stop/fueling station, needed highway and street improvements, and other infrastructure improvements. During the FY 22-24 biennium, the MRC will make the following payments:

1. Love's Travel Center and Country Store, payments three and four totaling \$140,000.
2. Bunkhouse Hotel, the first and second payments totaling \$220,000.

Design Assistance Program:

In FY 2019-20 the MRC created the Design Assistance Program for the MURD that provides \$2,500 of architectural design services for property owners interested in building façade renovations. Table 1 (below) identifies the Design Assistance grants funded in FY 2020-22 biennium. Design Assistance grants are an indicator of future Building Improvement funding requests by property owners within the Commercial District. Accordingly, the 2022-24 biennial budget reflects projected Building Improvement grant and loan funding requests included in Table 1 as follows:

Table 1. FY 2019-20 Design Assistance Grant Awards.

Project	Status
Reynoso Food Cart at 5 th and D	Project Complete
Alan Povich/Metro PCS at 4 th and D	Complete, Construction commenced
Great Earth at 4 th and D	Complete, project will not be advanced
Bargain Hunters at 5 th and D	Complete, Finalizing Project Scope & Preparing for MRC Funding Request
Hassannia Property at 5 th & D	Project Complete
I.O.O.F./State Farm Insurance	Complete, finalizing project scope & Preparing for MRC Funding Request
Wild Winds Station	Complete, project will not be advanced
Madras Computers	Complete, project will not be advanced
Courthouse Square at 2 nd and E	Complete, project will not be advanced
OK Barbershop	Project Complete
MadTown Fitness at 5 th and B	Complete, project will not be advanced
Mi Casa	Complete, Finalizing Project Scope & Preparing for MRC Funding Request
El Rio Madras	Complete, Finalizing Project Scope & Preparing for MRC Funding Request
Madras Brewing	Complete, Finalizing Project Scope & Preparing for MRC Funding Request
Shangrila/Pena Building	Complete, Finalizing Project Scope & Preparing for MRC Funding Request

Other Accomplishments:

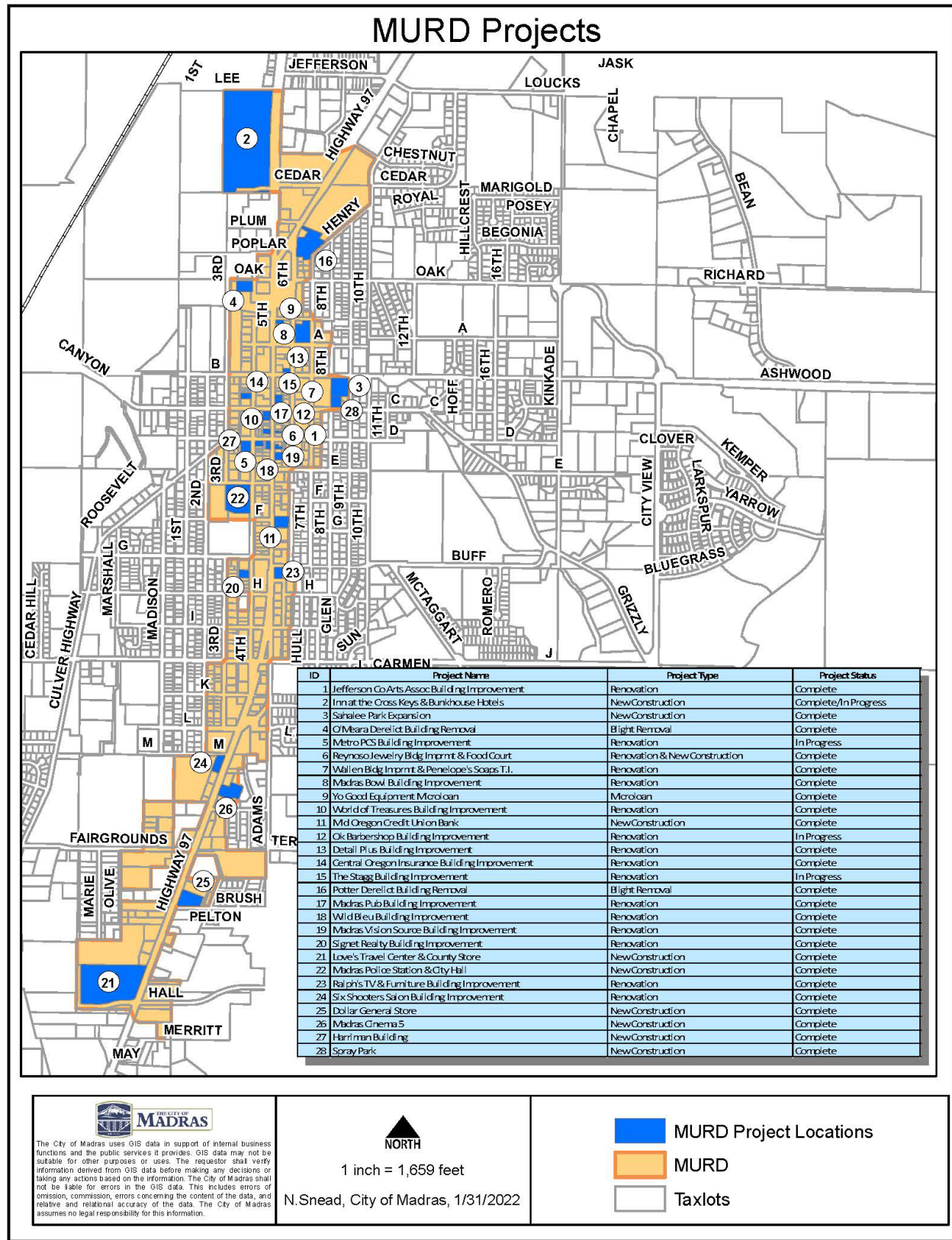
In FY 2020-22 biennium the MRC provided \$10,000 in matching funds to the City of Madras Public Works Department for continued repairs of sidewalks on 4th and 5th Streets between the North-and-South Y intersections. Additionally, the MRC provided \$40,000 to the City of Madras for the Safe Routes to Schools infrastructure improvements on B Street. This funding from the MRC allowed the City of Madras to leverage over \$500,000 of State funding to repair a portion of B Street for collective benefits.

The also MRC invested in LED decorative tree lights for the trees along 4th and 5th Streets between the North-and-South Y intersections at an estimated cost of \$45,000 (materials and labor) to illuminate the trees throughout the year, instead of only during the winter season. The City did receive a \$15,000 grant from the Energy Trust of Oregon to incentivize the installation of LED lights

on the trees. The MRC will maintain the tree lights by funding repairs and labor at an estimated annual cost of \$5,000-\$10,000.

The MRC continues to be a valuable tool to leverage public and private investment within the MURD. The MRC has made 28 investments within the MURD since the District was established in 2003 (see *Figure 2 below*). FY 22-24 biennial budget will enable additional investments within the District that are not shown in Figure 2

Figure 2. Map of MRC investments in the MURD.



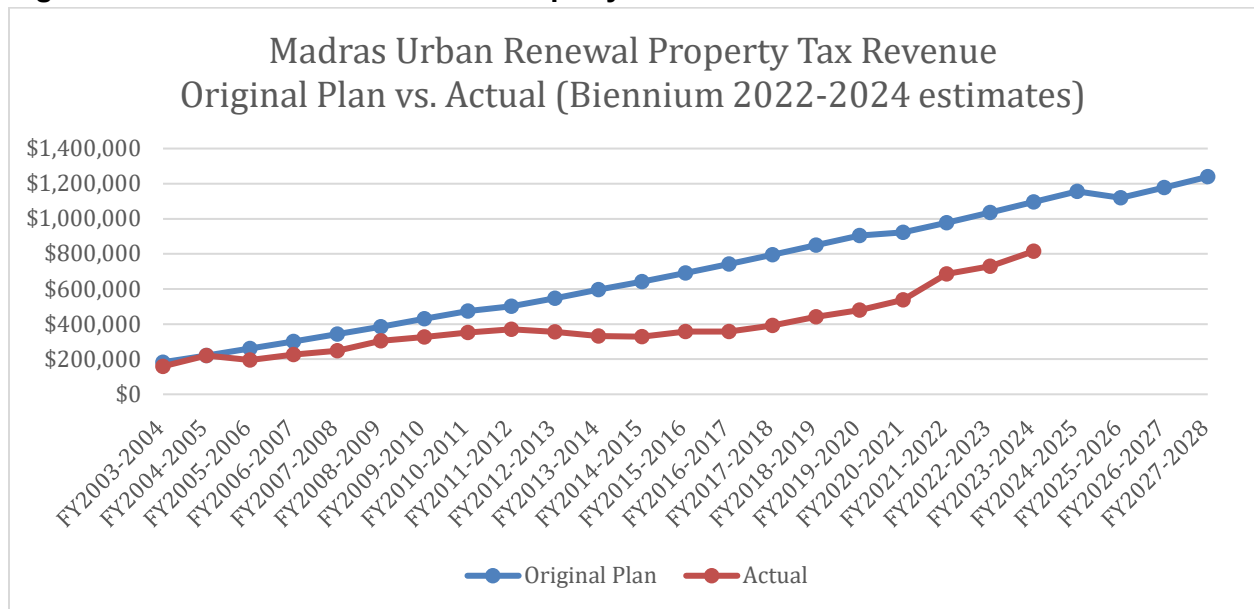
703 – COMMERCIAL PROPERTY TAX AND DEBT SERVICE FUND

Overview

The Commercial Property Tax and Debt Service Fund tracks only property tax revenues, which is referred to as Tax Increment Financing (TIF), and formal debt payments. This creates a clear mechanism for tracking the UR District’s borrowing capacity. The collection of TIF funds are the primary driver of how much money the District can borrow to implement its UR Plan.

The District has collected \$6,669,532 in TIF revenues since it was formed in 2003 (see Figure 3 below). For Biennium 2022-24, the District projects that it will collect \$1,544,986 in TIF revenue. Best practices for Urban Renewal Districts indicate that TIF funds should only be used for principal and interest payments related to debt.

Figure 3. Historical Urban Renewal Property Tax Revenue.

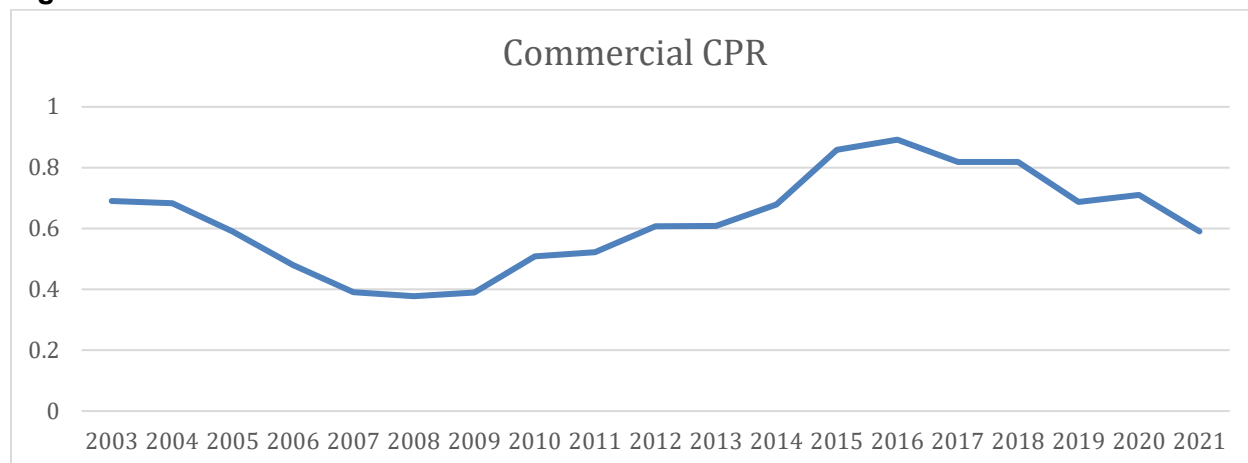


Original estimates for Madras Urban Renewal TIF revenue are more than actual receipts by a large margin. Early TIF project investments did not meet original plan projections creating a gap between anticipated and actual TIF revenues received. Future investments in the Urban Renewal District will be heavily weighted towards projects that will increase TIF revenues received by the District. In this way, the return on investment to the taxpayers and surrounding community will have significant economic improvements.

Each year, the Jefferson County Assessor calculates the ratio of aggregate real market value (RMV) to aggregate assessed value (AV) for all existing properties in the County by property class. This ratio is the Changed Property Ratio (CPR) and is applied to the RMV of each new development. This determines the initial AV of each new development, which is then added to the County tax roll. A high CPR means that the AV of new construction is very close to the corresponding RMV. Conversely, a low CPR means that the AV of new construction will be lower than the corresponding

RMV. During the years when the Madras URA was experiencing heavy development, the CPR for commercial properties was very low (below 40% from 2007 to 2009). Development projects with large RMVs that occurred during this time resulted in relatively little AV coming on the County tax roll, resulting in less growth in TIF revenue than anticipated.

Figure 4. Historical Commercial CPR



Goals and Objectives for the 2022-24 Biennial Budget

- Collect Property Taxes (TIF) and service debt for the District.
- Maximize du jour borrowing to minimize interest costs for the District.
- Ending Fund Balance is approximately \$250,000 per year to make Debt Service obligations prior to the receipt of property tax revenue.

Revenues

The Commercial Debt Service Fund is projected to start the 2022-24 biennium with a Beginning Fund Balance of \$252,935. It is forecasted that the Commercial Property Tax and Debt Service Fund will collect \$1,544,986 in Property Taxes over the biennium which translates into seven consecutive years of property tax revenue increases.

Expenditures

Expenditures for the Commercial Debt Service Fund are related only to Debt Service. It is projected that in the 2022-24 biennium the Commercial Debt Service Fund is expected to pay \$11,200 in interest payments for the MRC’s Line of Credit, \$140,000 in principal and interest payment for the District’s 2021A Series Bonds which is made up of the balance from the Commercial District’s Line of Credit that was transitioned to long-term debt in October 2021, \$364,000 in principal and interest payments associated with the Series 2017B Bond² and a du jour loan payment of \$800,000 from the City of Madras (du jour debt will be explained below in Fund 704). In FY 2022-24 biennium the Commercial Debt Service Fund will have \$1,797,921 in total Revenues and Expenditures, creating a balanced biennial budget. There will be a Contingency of \$258,100 at the end of the FY 2022-24 biennium, a change from prior years.

² The 2012B Bond was retired with proceeds from the 2017B Bond.

**The Urban Renewal Agency of the City of Madras
Commercial District
2022-2024 Biennial Budget Worksheet**

703 - Commerical Property Tax and Debt Service Fund

Description	Actual 2018-2019	Actual 2019-2020	Current Budget 2020-2022	Estimated Total Actuals 2020-2022	2022-2024		
					Proposed	Approved	Adopted
Beginning Fund Balance							
Beginning Fund Balance	-	164,437	196,356	374,559	252,935	252,935	252,935
Total Beginning Fund Balance	-	164,437	196,356	374,559	252,935	252,935	252,935
Property Taxes							
Current Property Taxes	432,000	467,080	1,132,725	1,193,080	1,514,986	1,514,986	1,514,986
Prior Property Taxes	9,243	13,016	14,000	29,216	30,000	30,000	30,000
Total Property Taxes	441,243	480,096	1,146,725	1,222,296	1,544,986	1,544,986	1,544,986
Use of Money & Property							
Interest on Investments	7,276	107	50	3,353	-	-	-
Total Use of Money & Property	7,276	107	50	3,353	-	-	-
Transfers In							
MRC - General Fund	159,530	-	-	-	-	-	-
General Non Dept	-	-	67,500	-	-	-	-
Total Transfers In	159,530	-	67,500	-	-	-	-
Total Revenues	608,048	644,640	1,410,631	1,600,207	1,797,921	1,797,921	1,797,921
Debt Service							
City of Madras du jour Loan	223,425	231,050	600,000	615,500	500,000	500,000	500,000
Line of Credit - Principal	30,000	-	165,500	130,000	300,000	300,000	300,000
Line of Credit - Interest	12,012	17,021	70,000	34,132	11,200	11,200	11,200
Series 2012B Bond Principal-City of Madras	110,000	115,000	-	-	-	-	-
Series 2012B Bond Interest-City of Madras	7,875	4,025	-	-	-	-	-
Series 2017B - Interest	60,300	60,300	120,000	113,325	99,000	99,000	99,000
Series 2017B - Principal	-	-	245,000	245,000	265,000	265,000	265,000
Series 2021A - Principal	-	-	40,000	40,000	80,000	80,000	80,000
Series 2021A - Interest	-	-	12,000	12,000	60,000	60,000	60,000
Total Debt Service	443,612	427,396	1,252,500	1,189,957	1,315,200	1,315,200	1,315,200
Contingency							
Contingency					482,721	482,721	482,721
Total Contingency					482,721	482,721	482,721
Ending Balance							
Ending Balance	164,437	217,244	158,131	410,250	-	-	-
Total Ending Balance	164,437	217,244	158,131	410,250	-	-	-
Total Expenditures	608,048	644,640	1,410,631	1,600,207	1,797,921	1,797,921	1,797,921
Total Revenues	608,048	644,640	1,410,631	1,600,207	1,797,921	1,797,921	1,797,921
Total Expenditures	608,048	644,640	1,410,631	1,600,207	1,797,921	1,797,921	1,797,921

704 – COMMERCIAL PROJECT FUND

Overview

The purpose of this Fund is to provide financial assistance to remove blight by funding improvements to infrastructure, parks, and new or redevelopment on properties within the MURD. The 2003 Urban Renewal Plan, 2016 Urban Renewal Action Plan, and 2018 Revitalization Toolkit provide the broad policy framework and specific actions to accomplish the goal of removing blight and revitalization within the District as identified in the 2003 Urban Renewal Plan.

Goals and Objectives for the 2022-24 Biennial Budget

- Utilize line of credit and du jour loan to fund expenditures within the Fund.
- Provide funding to allow infrastructure to be improved.
- Provide funding to assist property owners renovate buildings to increase sales per square foot.
- Provide funding to assist development of vacant and underutilized properties to increase the tax increment for the District.

Revenue

The MRC Project Fund includes revenues from debt proceeds, including the Line of Credit and du jour debt from the City of Madras. To follow best practices with guidance provided by Bond Counsel and UR finance consultant and because of an in-depth analysis of the District's finances, it was determined that du jour debt was needed to be used as a tool to finance the District. TIF revenues may be used to pay principal and interest debt payments. It is lawful and appropriate to use TIF revenues for administrative expenses. Best practices combine these two objectives through a one-day (du Jour) loan from the City of Madras to the Project Fund. TIF revenues from Fund 703 – MRC TIF Fund will pay the one-day loan back to the City of Madras.

In the 2022-24 biennium it is projected that the Commercial Project Fund is projected to have \$119,937 in Beginning Fund Balance. The Fund will have \$4,100,000 in revenues by utilizing line of credit and a du jour loan proceeds throughout the biennium to fund the expenditures within the Fund.

Expenditures

Expenditures in the Commercial Project Fund for the 2022-24 biennium includes the Materials and Services, Special Payments, Reserve for Future Expenditures, and Contingency categories. Materials and Services for the 2022-24 biennium is projected to total \$4,219,937 and will allow the District to fulfill basic administrative and professional service needs. Legal and professional services expenditures are largely driven by the need to provide financial assistance to property owners and businesses for projects consistent with the District's Plans. The Commercial Project Fund categorizes expenditures in a manner consistent with State budget law and the UR Plan Categories to ensure consistency and assist with tracking expenditures. The Special Payments category follows these requirements and are separated by the categories identified in the 2003 Urban Renewal Plan (see Table 2 below).

Table 2. Urban Renewal Plan Categories

UR Plan Category	Description	Examples
Public Open Spaces & Parks	Projects that fund parks and preservation of historic buildings in the District	North Y Intersection, Sahalee Park
Streets & Infrastructure	Investments in public infrastructure, including curbs and sidewalks	Replacement of sidewalks in the District
Streetscape, Landscape, Lighting Gateway Projects	Landscape and streetscape, lighting, decorative furniture, benches, and trash receptacles, and gateway projects in the District	Flower pots, North Y Intersection signage
Redevelopment - New Construction Assistance	Assistance for new construction in the District that will add employment to downtown	Inn at Crosskeys, Madras Cinema 5
Redevelopment - Rehabilitation Assistance	Assistance for rehabilitation of existing buildings in the District, including paint grants and façade grant/loan improvements, and rehabilitating building conditions to improve them	Paint grants program, façade improvements program, financial assistance for blight removal
Business and Economic Development Activities	Assistance with redevelopment of properties in the District (public and private) that are underutilized or that represent blighting influences in the area	Redevelopment of Harriman lot and MidOregon Credit Union lot, financial support for public facilities like the Police Station/City Hall
Program Administration	General oversight and administrative/staff support for the District, including management, finance, legal and technology support.	Plan updates, transfer to City of Madras for general oversight/staff support, legal and audit services

Table 3 below provides a summary of the Special Payment Categories, the amount budgeted for each category and the intended expenses associated with each category.

Table 3. Summary of Special Payment Categories.

Special Payment Categories	2022-24 Budget	Overview of Expenditures
Public Open Spaces & Parks Investments	\$30,000	<ul style="list-style-type: none"> \$30,000 Grant Match Sahalee Park Restrooms
Streets & Infrastructure Investments	\$500,000	<ul style="list-style-type: none"> \$500,000 Wild Winds Frontage
Streetscape, Landscaping, Lighting & Gateway Investments	\$600,930	<ul style="list-style-type: none"> \$20,000 downtown sidewalk repairs \$280,930 Olive Street Improvements. \$300,000 ODOT Grant Match Earl to Colfax
Downtown Flowers	\$72,000	<ul style="list-style-type: none"> \$72,000 for flowers for flowerpots and hanging baskets and winter plants for flowerpots and winter greens.
Redevelopment – New Construction Assistance (Private & Public)	\$1,810,000	<ul style="list-style-type: none"> Funding to assist new development or redevelopment on vacant and underutilized properties.
Redevelopment – Rehabilitation Assistance/Grants	\$726,250	<ul style="list-style-type: none"> Funding for Paint, Window Improvement & Design Assistance, Building Improvement, & Adaptive Reuse grants.
Business & Economic Development Activities (Private & Private)	\$131,000	<ul style="list-style-type: none"> Two annual payments \$65,500/each for the Madras Police Station/City Hall per the Madras City Hall/Civic Plaza Grant Agreement.
Total	\$3,870,180	

Change from Prior Year

This budget is consistent with the theory and process used in the prior budget period.

The Urban Renewal Agency of the City of Madras
Commercial District
2022-2024 Biennial Budget Worksheet

704 - Commercial Project Fund
Revenues

Description	Actual 2018-2019	Actual 2019-2020	Current Budget 2020-2022	Estimated Total Budget 2020-2022	2022-2024		
					Proposed	Approved	Adopted
Beginning Fund Balance							
Beginning Fund Balance	-	217,319	38,169	102,980	119,937	119,937	119,937
Total Beginning Fund Balance	-	217,319	38,169	102,980	119,937	119,937	119,937
Fair Value Adjustment							
Fair Value Adjustment	(20,500)	-	-	-	-	-	-
Total Fair Value Adjustment	(20,500)	-	-	-	-	-	-
Shared Revenues							
Line of Credit Proceeds	90,000	300,000	2,200,000	690,000	3,600,000	3,600,000	3,600,000
City of Madras du jour Loan	223,425	231,050	600,000	730,000	500,000	500,000	500,000
COIC Grant	5,684	-	-	-	-	-	-
Total Shared Revenues	319,109	531,050	2,800,000	1,420,000	4,100,000	4,100,000	4,100,000
MURA General Fund	207,309	-	-	-	-	-	-
Total Transfers In	207,309	-	-	-	-	-	-
Total Revenues	505,918	748,370	2,838,169	1,522,980	4,219,937	4,219,937	4,219,937
Materials & Services							
Audit	4,350	6,090	-	-	-	-	-
Contract Services	45,000	45,000	90,000	75,060	90,000	90,000	90,000
Dues / Membership	1,060	604	3,000	550	3,000	3,000	3,000
Maintenance of MRC Owned Properties	306	-	4,000	450	2,000	2,000	2,000
Insurance and Surety Bonds	2,437	2,437	5,750	-	-	-	-
Legal Fees	7,453	18,261	15,000	2,948	3,000	3,000	3,000
Meetings, Travel & Training	2,905	1,770	12,000	558	-	-	-
Bank & Bond Service Fees	2,025	250	500	466	500	500	500
Office Supplies	2,345	2,767	3,000	1,029	-	-	-
Professional Services	40,473	6,288	57,000	20,702	20,000	20,000	20,000
Madras Urban Renewal Agency	-	-	25,000	25,000	30,000	30,000	30,000
Total Materials & Services	108,355	83,468	215,250	126,762	148,500	148,500	148,500
Special Payments							
Public Open Spaces & Parks Investments	31,000	-	-	-	30,000	30,000	30,000
Streets & Infrastructure Investments	8,103	54,350	30,000	-	500,000	500,000	500,000
Streetscape, Landscape, Lighting & Gateway Investments	5,000	26,812	320,000	58,776	600,930	600,930	600,930
Downtown Flowers & Beautification	15,020	10,265	55,000	25,612	72,000	72,000	72,000
Redevelopment - New Construction Assistance (Private & Public)	4,359	9,653	370,000	255,663	1,810,000	1,810,000	1,810,000
Redevelopment - Rehabilitation Assistance/Grants	51,262	214,175	1,435,000	569,403	726,250	726,250	726,250
Business and Economic Development Activities (Private/Public)	65,500	247,362	131,000	266,826	131,000	131,000	131,000
Total Special Payments	180,244	562,616	2,341,000	1,176,281	3,870,180	3,870,180	3,870,180
Contingency							
Contingency	-	-	183,000	100,000	201,257	201,257	201,257
Total Contingency	-	-	183,000	100,000	201,257	201,257	201,257
Ending Balance							
Ending Balance	217,319	102,286	98,919	119,937	-	-	-
Total Ending Balance	217,319	102,286	98,919	119,937	-	-	-
Total Expenditures	505,918	748,370	2,838,169	1,522,980	4,219,937	4,219,937	4,219,937
Total MRC - General Revenues	505,918	748,370	2,838,169	1,522,980	4,219,937	4,219,937	4,219,937
Total MRC - General Expenses	505,918	748,370	2,838,169	1,522,980	4,219,937	4,219,937	4,219,937

705 – COMMERCIAL REVOLVING DEBT LOAN FUND

Overview

The Commercial Revolving Debt Loan Fund is a revolving loan fund. This fund may be recapitalized within the limits of tax-exempt bonds proceeds or by taxable bonds proceeds. Funds can be utilized at the MRC's discretion without affecting the maximum indebtedness only if the revenues are re-circulated funds that have already been accounted for in the MI calculation. When line of credit proceeds are used to fund projects, there is a direct impact to MI. The revenue for this Fund is largely related to the principal and interest payments made by businesses who have Building Improvement loans within the District, any land sale proceeds and Line of Credit proceeds that will recapitalize the fund as needed. In the FY 2022-24 biennium, \$1,800,000 from the MRC's Line of Credit was transferred to service loans to property or business owners.

Goals and Objectives for the 2022-24 Biennial Budget

- Provide capital for loans to property owners or business owners for projects that are consistent with the MURD Plans and Reports.
- Collect payments on loans that have been agreed upon.

Revenues

The Commercial Revolving Debt Loan Fund will start the 2022-24 Biennium with a Beginning Fund Balance of \$2,077. The Fund will be recapitalized with \$1,800,000 over the biennium from line of credit proceeds. The Fund is also projected to collect \$131,900 in loan payments from borrowers over the biennium. The total Revenue for the Commercial Revolving Loan Debt Loan Fund over the biennium is \$1,933,977.

Expenditures

Expenditures for the Commercial Revolving Debt Loan Fund are largely limited to Loan Distributions (i.e. loans issued to borrowers), Contingency, and Ending Balance. Loan Distributions will total \$1,800,000 over the biennium. There is \$133,977 planned in Contingency and no Ending Balance.

The Urban Renewal Agency of the City of Madras
Commerical District
2022-2024 Biennial Budget Worksheet

705 - Commerical Revolving Loan Fund

Description	Actual 2018-2019	Actual 2019-2020	Current Budget 2020-2022	Estimated Total Budget 2020-2022	2022-2024		
					Proposed	Approved	Adopted
Beginning Fund Balance							
Beginning Fund Balance	-	106,719	569	7,306	2,077	2,077	2,077
Total Beginning Fund Balance	-	106,719	569	7,306	2,077	2,077	2,077
Shared Revenues							
Line of Credit	-	-	1,275,000	440,000	1,800,000	1,800,000	1,800,000
TED Fund	-	-	100,000	-	-	-	-
Total Charges for Services	-	-	1,375,000	440,000	1,800,000	1,800,000	1,800,000
Use of Money & Property							
Interest on Investments	3,416	7,942	3,850	9,541	-	-	-
Land Sales	-	-	-	-	-	-	-
Loan Repayment	18,200	34,411	71,000	126,195	131,900	131,900	131,900
Total Use of Money & Property	21,615	42,354	74,850	135,736	131,900	131,900	131,900
Transfers In							
MRC-Investment Fund	197,570	-	-	-	-	-	-
Tourism/Economic Development	-	-	-	100,000	-	-	-
Total Transfers In	-	-	-	100,000	-	-	-
Total Revenues	219,185	149,073	1,450,419	683,042	1,933,977	1,933,977	1,933,977
Special Payments							
Loan Distributions	112,466	143,844	1,385,000	678,887	1,800,000	1,800,000	1,800,000
Public Improvements	-	-	-	-	-	-	-
Total Special Payments	112,466	143,844	1,385,000	678,887	1,800,000	1,800,000	1,800,000
Contingency							
Contingency	-	-	64,919	-	133,977	133,977	133,977
Total Contingency	-	-	64,919	-	133,977	133,977	133,977
Ending Balance							
Ending Balance	106,719	5,229	500	4,154	-	-	-
Total Ending Balance	106,719	5,229	500	4,154	-	-	-
Total Expenditures	219,185	149,073	1,450,419	683,042	1,933,977	1,933,977	1,933,977
Total Reinvestment Revenues	219,185	149,073	1,450,419	683,042	1,933,977	1,933,977	1,933,977
Total Reinvestment Expenses	219,185	149,073	1,450,419	683,042	1,933,977	1,933,977	1,933,977

MADRAS URBAN RENEWAL HOUSING DISTRICT

Budget Summary

The Urban Renewal Housing District was established in 2019 as part of the City's solution to the shortage of homes within the City. The district encompasses 701.42 acres of land, including public-rights-of-way throughout City limits. It includes vacant and partially vacant residential zoned land.

The district was established with a maximum indebtedness of \$39,100,000 over 30 years, upon which the district would dissolve and the taxing districts would receive the increase in property taxes facilitated by the District.

In order to promote residential development, the district can provide the following incentives/programs:

Developer/Builder/Property Owner Incentives

The district may provide incentives to developers for the development of housing units. This will be completed through a development agreement with the developer/builder/property owner that stipulates the amount and timing of the development and the amount and timing of the incentive.

These incentives can be:

- A rebate of a portion of the property taxes paid to the developer over seven years.
- A rebate of a portion of property taxes paid to the developer at Certificate of Occupancy. In this scenario, property taxes over seven years will be estimated and 50% of the value will be paid to the developer.
- An agreement for the Agency to complete infrastructure improvements that are otherwise required as a condition of development approval.
- Any combination of the above.

Infrastructure

The district may complete infrastructure improvements including but not limited to streets, sidewalks, water, sewer, stormwater, and parks projects determined by the district to help facilitate housing development and may complete improvements specified in a development agreement that tie the improvements to specific housing development.

In addition to the programs listed above, the district also includes allocations for administering the program in accordance with ORS 457.460 as well as a contribution to the Jefferson County fire department to ease the burden of managing growth without the benefit of a tax base increased over the 30-year life of the Housing District.

Below is a detailed breakdown of the estimated costs of the programs included in the district and approved in the plan.

Table 4. Estimated Expenses for HURD.

Project Title	Project Cost 2019	Project Cost Year of Expenditure	% Total
Developer Incentives	\$10,469,536	\$19,038,782	49%
<i>Up front Incentives</i>	<i>\$2,207,571</i>	<i>\$3,807,756</i>	
<i>Annual Payments</i>	<i>\$4,085,157</i>	<i>\$7,615,513</i>	
<i>Infrastructure</i>	<i>\$4,176,808</i>	<i>\$7,615,513</i>	
Public Building Project	\$350,705	\$500,000	
Infrastructure/Other Capital Projects	\$8,242,524	\$17,173,158	44%
Administration/Financing fees	\$1,389,924	\$2,320,271	6%
TOTAL:	\$20,452,690	\$39,032,211	100%

In the FY 20-22 the HURD experienced more development than anticipated as a result of limited supply of developable lots for new dwellings, few new homes being constructed, regional and state-wide housing prices significantly increasing, and housing construction in Madras being less expensive than compared to the Portland metro, Bend, and Redmond housing markets. Undoubtedly, housing demand in Madras increased as a result of the impacts of the COVID-19 Pandemic the extent to which demand increased wasn't measured per se. During FY 20-21 there were 40 new dwellings constructed in the HURD that have an average value of \$313,512 (see *Figure 5 below*). Additionally, the total estimated value of the 40 dwellings is \$12,540,491. This is important as it is an indicator of future tax revenue that will be collected by the HURD and used to finance additional investments to incentivize additional housing construction within the District.



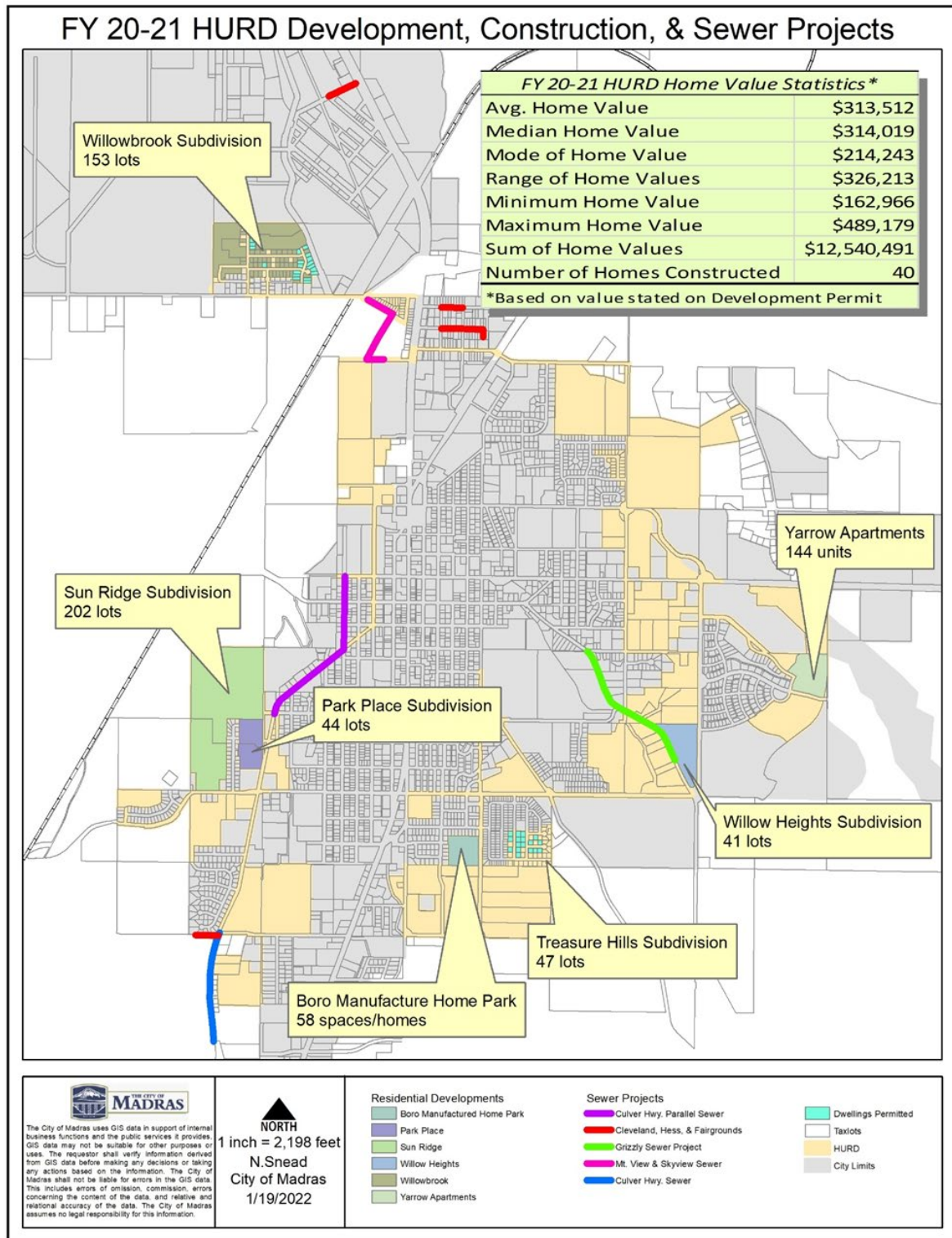
Photo: Willowbrook Subdivision

During the same period the City's Public Works Department has designed and prepared funding applications to the State of Oregon to fund the construction of five sewer projects that will enable housing construction. This is no insignificant effort. Without these sewer projects, housing development would not otherwise be permitted. As a result, the City's Public Works Department is able to quickly obtain financing, solicit bids, and award construction of the needed sewer projects when subdivisions are being platted and or multi-family developments are being constructed. This readiness approach to design, funding, and constructing sewers for housing development will ensure that the City does not debt-finance sewer improvements unless needed for a housing development and that the housing development is under construction.



Photo: Grizzly Road sewer construction

Figure 5. New dwellings constructed and planned housing development and sewer improvements.



707 – HOUSING PROPERTY TAX AND DEBT SERVICE FUND

Overview

The Housing Property Tax and Debt Service Fund accounts for property tax revenues, which are referred to as Tax Increment Financing (TIF), and formal debt payments. This creates a clear mechanism for tracking the UR District's borrowing capacity and maximum indebtedness. The collection of TIF funds are the primary driver for how much money the District can borrow to implement its UR Plan, and are used to leverage borrowing capacity of the district.

In FY 2021-22, \$59,359 of property tax receipts were received. Property Tax receipts are estimated at \$476,000 for the FY 2022-24 biennium. Homes are being constructed on a regular bases and it is anticipated that development will continue to occur within the District during the biennium that will provide sufficient revenues to cover the interest payments on the District's Line of Credit and du jour borrowing through the City of Madras.

The Line of Credit was used in FY 2020-22 biennium to fund all expenditures related to establishing the District, recognizing that it will be a couple of years before 1.) incentives need to be paid to developers, and 2.) property tax revenues are sufficient to cover all costs of borrowing. During the FY 22-24 development incentives will continue to be phased to balance line of credit finance needs.

Goals and Objectives for the 2022-24 Biennial Budget

- Collect property taxes for future debt service

Revenues

The Housing Property Tax and Debt Service Fund is projected to start the 2022-24 biennium with a Beginning Fund Balance of \$12,885. It is forecasted that the Housing Debt Service Fund will collect \$476,000 in Property Taxes over the biennium.

Expenditures

Expenditures for the Housing Property Tax and Debt Service Fund are related only to Debt Service. It is projected that in the 2022-24 biennium the Housing Debt Service Fund will pay principal and interest payments for the districts line of credit and du jour loan payments to the City of Madras, totaling \$485,000.

The Urban Renewal Agency of the City of Madras
Housing District
2022-24 Biennial Budget Worksheet

707 - Housing Property Tax and Debt Service Fund

Description	Actual 2018-2019	Actual 2019-2020	Current Budget 2020-2022	Estimated Total Budget 2020-2022	2022-2024		
					Proposed	Approved	Adopted
Beginning Fund Balance							
Beginning Fund Balance	-	-	-	753	12,885	12,885	12,885
Total Beginning Fund Balance	-	-	-	753	12,885	12,885	12,885
Property Taxes							
Current Property Taxes	-	-	419,000	59,359	476,000	476,000	476,000
Prior Property Taxes	-	-	-	-	-	-	-
Total Property Taxes	-	-	419,000	59,359	476,000	476,000	476,000
Use of Money & Property							
Interest on Investments	-	-	-	24	-	-	-
Total Use of Money & Property	-	-	-	24	-	-	-
Total Revenues	-	-	419,000	60,136	488,885	488,885	488,885
Debt Service							
City of Madras du jour Loan	-	-	350,000	4,000	160,000	160,000	160,000
Line of Credit - Principal	-	-	-	35,000	315,000	315,000	315,000
Line of Credit - Interest	-	-	40,000	7,498	10,000	10,000	10,000
Total Debt Service	-	-	390,000	46,498	485,000	485,000	485,000
Contingency							
Contingency	-	-	-	-	3,885	3,885	3,885
Total Contingency	-	-	-	-	3,885	3,885	3,885
Ending Balance							
Ending Balance	-	-	29,000	13,638	-	-	-
Total Ending Balance	-	-	29,000	13,638	-	-	-
Total Expenditures	-	-	419,000	60,136	488,885	488,885	488,885
Total MRC - General Revenues	-	-	419,000	60,136	488,885	488,885	488,885
Total MRC - General Expenses	-	-	419,000	60,136	488,885	488,885	488,885

708 – HOUSING PROJECT FUND

Overview

The purpose of this Fund is to provide incentives to developers to construct housing within the district boundary and can come in a variety of ways, whether it be payment at certificate of occupancy, a seven-year payment plan, or the developer or City construction infrastructure. This fund will also allocate the Jefferson County Fire District payment in year 10 of the District in the amount of \$500,000.

Goals and Objectives for the 2022-24 Biennial Budget

- Utilize line of credit and du jour loan to fund expenditures within the Fund.
- Provide funding incentives to developers for payment at certificate of occupancy or 7-year payment plan for homes constructed within the district.

Revenue

In 2022-24 it is projected that the Housing Project Fund will start the biennium with \$11,563 in Beginning Fund Balance. The fund will have \$751,563 in total revenues by utilizing line of credit and du jour loan proceeds throughout the biennium.

Expenditures

Expenditures in the Housing Project Fund for 2022-24 include the Materials and Services, Special Payments, and Contingency categories. The Materials and Services expenses for the 2022-24 biennium are projected to total \$101,992 and the Special Payments are projected to total \$640,000 as payments to developers and capital public infrastructure projects.

The Urban Renewal Agency of the City of Madras
Housing District
2022-2024 Biennial Budget Worksheet

708 - Housing Project Fund

Description	Actual 2018-2019	Actual 2019-2020	Current Budget 2020-2022	Estimated Total Budget 2020-2022	2022-2024		
					Proposed	Approved	Adopted
Beginning Fund Balance							
Beginning Fund Balance	-	-	8,750	355,884	11,563	11,563	11,563
Total Beginning Fund Balance	-	-	8,750	355,884	11,563	11,563	11,563
Shared Revenues							
Line of Credit - FIB	-	100,000	750,000	130,000	580,000	580,000	580,000
City of Madras du jour Loan	-	-	350,000	4,000	160,000	160,000	160,000
Total Shared Revenues	-	100,000	1,100,000	134,000	740,000	740,000	740,000
Transfers In							
Wastewater Improvement SDC	-	-	50,000	50,000	-	-	-
SDC Street Improvement Fund	-	-	200,000	200,000	-	-	-
Wastewater Operations	-	-	50,000	35,000	-	-	-
Tourism/Economic Development	-	-	50,000	50,000	-	-	-
Total Use of Money & Property	-	-	350,000	335,000	-	-	-
Total Revenues	-	100,000	1,458,750	824,884	751,563	751,563	751,563
Materials & Services							
Advertising	-	96	-	-	-	-	-
Administration/Contract Services	-	-	64,463	64,463	70,050	70,050	70,050
Legal Fees	-	24,839	10,000	1,201	1,200	1,200	1,200
Bank Service Fees	-	250	-	500	500	500	500
Office Supplies	-	965	-	242	242	242	242
Professional Services	-	55,836	10,000	-	-	-	-
Madras Urban Renewal Agency	-	-	25,000	25,000	30,000	30,000	30,000
Total Materials & Services	-	81,986	109,463	91,406	101,992	101,992	101,992
Special Payments							
Dev. Incentives- Up Front Incentives	-	-	600,000	-	-	-	-
Dev. Incentives- Annual Paymts	-	10,865	595,000	38,181	500,000	500,000	500,000
Dev. Incentives- Infrastructure	-	-	-	335,000	140,000	140,000	140,000
Public Bldg Proj. - Pub. Sfty/Fire Dept.	-	-	-	-	-	-	-
Infrastructure/Other Capital Projects	-	-	-	-	-	-	-
Total Special Payments	-	10,865	1,195,000	373,181	640,000	640,000	640,000
Contingency							
Contingency	-	-	145,000	-	9,571	9,571	9,571
Total Contingency	-	-	145,000	-	9,571	9,571	9,571
Ending Balance							
Ending Balance	-	7,149	9,287	360,298	-	-	-
Total Ending Balance	-	7,149	9,287	360,298	-	-	-
Total Expenditures	-	100,000	1,458,750	824,884	751,563	751,563	751,563
Total Reinvestment Revenues	-	100,000	1,458,750	824,884	751,563	751,563	751,563
Total Reinvestment Expenses	-	100,000	1,458,750	824,884	751,563	751,563	751,563

Maximum Indebtedness

MURD

A maximum indebtedness (MI) of \$14 million was established by the Madras City Council when the Urban Renewal District was formed in 2003. As the District borrows and expends funds, the MI is reduced by District expenditures for administration, projects, and formal debt issuances. Expenditures are made from debt proceeds and other non-TIF revenues first and property tax/TIF revenue second. The FY 2020-21 Annual Report for the District, which is required by statute to be finalized by January 30 each year, identified the available maximum indebtedness of \$6,549,840 as of June 30, 2021.

MURD Maximum Indebtedness Calculation

Madras Redevelopment Commission Simplified Maximum Indebtedness Calculation Summary

Cumulative Revenues & Expenditures (2003-2021) Updated 12/6/2021 pre-Audited Numbers

Program Revenue (excluding property tax and debt proceeds)

Transfers In	\$	-
Land Sales	\$	1,202,798.50
MRC Loan Repayment	\$	555,289.51
Investment Earnings	\$	44,093.82
Miscellaneous	\$	117,967.03
TOTAL	\$	1,920,148.86

Total Cumulative Expenses	\$	13,217,622.92
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Non-Debt-Service Expenditures

Materials and Services	\$	751,382.54
Personnel	\$	793,500.00
Projects	\$	7,825,426.12
Total	\$	9,370,308.66

Debt Service Expenditures	\$	3,847,314.26
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Authorized MI	\$	14,000,000.00
Cumulative MI Used	\$	7,450,159.80
Remaining MI	\$	6,549,840.20

HURD

The maximum indebtedness of the HURD Plan is \$39,100,000. This is the total amount of money that may be spent on projects, programs and administration over the estimated 30-year life of the program. The time frame of urban renewal is not absolute, the proposed urban renewal plan would be constrained by the maximum indebtedness. This amount is the principal of such indebtedness and does not include interest or indebtedness incurred to refund or refinance existing indebtedness or interest earned on debt proceeds. The FY 2020-21 Annual Report for the District, which is required by statute to be finalized by January 30 each year, identified the available maximum indebtedness of \$154,000 as of June 30, 2021.

Madras Redevelopment Commission Housing Urban Renewal District Simplified Maximum Indebtedness Calculation Summary

Cumulative Revenues & Expenditures (2019-2021) Updated 12/6/2021 pre-Audited Numbers

Program Revenue (excluding property tax and debt proceeds)

Transfers In	\$	-
Land Sales	\$	-
MRC Loan Repayment	\$	-
Investment Earnings	\$	23.62
Miscellaneous	\$	-
TOTAL	\$	23.62

Total Cumulative Expenses \$ 140,264.71

Non-Debt-Service Expenditures

Materials and Services	\$	93,678.71
Personnel	\$	31,541.00
Projects	\$	15,045.00
Total	\$	140,264.71

Debt Service Expenditures \$ 6,997.63

Authorized MI \$ 39,100,000.00

Cumulative MI Used \$ 154,000.00

Remaining MI \$ 38,946,000.00

**City of Madras
Amortization Schedule
2022-2024**

MRC Commercial Line of Credit

2021 Refunding - Formerly Commercial Line of Credit

Loan Amount	\$ 1,025,000.00
Issue Date	10/12/2021
Maturity Date	6/30/2041
Term	20 years
Interest Rate	3%

		703-703-570-7425	703-703-570-7424	
Year	Payment	Interest	Principal	Balance
Balance July 1, 2022				\$ 990,000.00
2022-2023	69,700	29,700.00	40,000	950,000
2023-2024	68,500	28,500.00	40,000	910,000
2024-2025	67,300	27,300.00	40,000	870,000
2025-2026	71,100	26,100.00	45,000	825,000
2026-2027	69,750	24,750.00	45,000	780,000
2027-2028	68,400	23,400.00	45,000	735,000
2028-2029	67,050	22,050.00	45,000	690,000
2029-2030	70,700	20,700.00	50,000	640,000
2030-2031	69,200	19,200.00	50,000	590,000
2031-2032	67,700	17,700.00	50,000	540,000
2032-2033	71,200	16,200.00	55,000	485,000
2033-2034	69,550	14,550.00	55,000	430,000
2034-2035	67,900	12,900.00	55,000	375,000
2035-2036	71,250	11,250.00	60,000	315,000
2036-2037	69,450	9,450.00	60,000	255,000
2037-2038	67,650	7,650.00	60,000	195,000
2038-2039	70,850	5,850.00	65,000	130,000
2039-2040	68,900	3,900.00	65,000	65,000
2040-2041	66,950	1,950.00	65,000	0
Total	1,359,973	334,973	1,025,000	

Payments Due Dates:	Budget line item	Description	2022-23 Budget
Feb - Principal & Interest	306-060-570-7425	Interest	31,000
	306-060-570-7425	Principal	40,000
	Total		71,000

Budget line item	Description	2022-24 Budget	
703-703-570-7425	Interest	60,000	
703-703-570-7424	Principal	80,000	
	Total		140,000

**City of Madras
Amortization Schedule
2022-2024**

**Police Station/City Hall
Grant Agreement**

City/MRC

Loan Amount	\$ 655,000.00
Issue Date	5/16/2018
Maturity Date	
Term	10
Interest Rate	0.000%

	704-704-545-6360	
Year	Payment	Balance
Balance July 1, 2022		393,000
2022-2023	65,500	327,500
2023-2024	65,500	262,000
2024-2025	65,500	196,500
2025-2026	65,500	131,000
2026-2027	65,500	65,500
2027-2028	65,500	-
Total	655,000	

Budget line item	Description	2022-24 Budget
704-704-545-6360	Transfer	131,000
Total		131,000

CITY OF MADRAS FISCAL POLICIES

PURPOSE

The City of Madras is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability and full disclosure. The broad purpose of Fiscal Policies is to enable the City and the Madras Urban Renewal Agency 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 and Madras Urban Renewal Agency. Any reference to 'the City' in this document shall also apply to the Madras Urban Renewal Agency.

The policies are designed to guide day-to-day and long-range fiscal planning and decision making, and to achieve the following general financial goals:

1. Provide an adequate financial base to sustain a sufficient level of municipal services to maintain the social well-being and physical conditions of the City.
2. Deliver cost effective and efficient services to citizens.
3. Provide and maintain essential public facilities, utilities, and capital equipment.
4. Protect and enhance the City's credit rating so as to obtain the lowest cost of borrowing and also to assure taxpayers and the financial community that the City is well managed and financially sound.
5. Provide the financial stability needed to navigate through economic downturns, adjust to changes in the service requirements of the community and respond to other changes as they affect City residents.
6. Adhere to the highest standards of financial management and reporting practices as set by the Government Finance Officers Association (GFOA), the Governmental Accounting Standards Board (GASB) and other related professional financial standards.
7. Fully comply with finance related legal mandates, laws and regulations.
8. Promote intergenerational equity for the City's taxpayers and ratepayers by spreading the cost of new or upgraded City infrastructure over time so that generations benefitting from such infrastructure contribute to the cost.

To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, pension funding, accounting and financial reporting, reserves and internal controls. These policies are reviewed and updated annually as part of the budget process.

REVENUE POLICIES

1. The City will strive for and maintain a diversified and stable revenue system to prevent undue or unbalanced reliance on any one source of funds. This revenue diversity will shelter the City from short-run fluctuations in any one revenue source.
2. When evaluating new revenue sources, the following elements will be taken into consideration: sustainability of the revenues to the programs they are intended to support, administrative costs, operational and maintenance costs, acceptability to

the community, and the impact on economic competitiveness relative to other communities.

3. One-time and non-recurring revenues will be used only for one-time expenditures. The City will avoid using temporary revenues to fund mainstream services or for budget balancing purposes.
4. User fees and charges will be established for services provided that benefit specific individuals or organizations. Cost of service analyses will be prepared so that user fees and charges can or will be set at a level sufficient to recover full cost of service whenever practical to minimize subsidization by taxpayers. The City will systematically review user fees and charges to take into account the number of customers served, changes in methods or levels of service delivery as well as changes in cost of living, inflationary increases, and supplier related cost increases.
5. Unless prohibited by law, certain fees may be deferred by Council action when it can be demonstrated that a direct public benefit will be obtained. In addition, the Council may direct that certain fees be paid on behalf of applicants and Council's action will include a determination of the source of funds to pay such fees.
6. All fees, charges or assessments that are deferred for later payment will be evidenced by a promissory note or agreement. The City may charge periodic interest, processing fees and additional interest and penalties for delinquencies as appropriate.
7. Utility funds will be self-supporting through user fees. Fee adjustments will be based on long term financial plans that include a forecast period of no less than five years. The water and water reclamation utility rates should be set to yield a minimum 1.25 debt service coverage ratio or a debt service coverage ratio sufficient to maintain the credit rating of the Water and Wastewater systems.
8. To emphasize and facilitate long-range financial planning, the City will maintain current projections of revenues and expenditures in the General Fund and other major funds for the succeeding five years.
9. All potential grants shall be evaluated for matching requirements and on-going resource requirements and balanced with the benefits of the grant before acceptance. Grants may be rejected to avoid commitments beyond available funding.
10. The City will not respond to long-term revenue shortfalls with deficit financing and borrowing to support on-going operations. Expenses will be reduced to conform to the long-term revenue forecasts and/or revenue increases will be considered.
11. Revenues will be estimated realistically and prudently. Revenues of a volatile nature will be estimated conservatively; explanations of the underlying assumptions and risks to the forecast, including both upside and downside risks, will be provided. The City will estimate its revenues by an objective, analytical process using best practices as defined by the Government Finance Officers Association.
12. The City shall pursue a timely and firm policy of collecting delinquent accounts. When necessary, discontinuing service, small claims court, collection agencies, foreclosure, liens and other methods of collection, such as imposing penalties, collection and late charges, may be used.
13. Use of General Fund revenues is at the City Council's discretion and unless otherwise noted, discretionary revenues are not earmarked for specific purposes. Exceptions include:
 - a. Grants or other revenues that are legally restricted for specific purposes.

- b. Fifty percent (50%) of franchise fee revenues will be dedicated to transportation system improvements and maintenance; the other fifty percent (50%) will be allocated to the General Fund to support public safety services provided by the Madras Police Department.
14. Before the City sells any building or land or relinquishes any operating or capital arrangements that involved fixed revenue, the implications of such a sale or arrangements will be fully determined by City Council for impact on current and future year revenue estimates.

OPERATING BUDGET POLICIES

1. The City will prepare an annual budget with the participation of all Departments.
2. All budgetary procedures will conform to existing state and local regulations. Oregon budget law requires each local government to prepare a balanced budget and Oregon Administrative Rules state: the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund. Budgets for all funds will be prepared on a modified accrual basis consistent with Generally Accepted Accounting Principles.
3. The budget process will allocate resources to achieve Council goals and city-wide strategic plans. Department goals and objectives will be identified and incorporated into the budget.
4. A cost allocation plan will be developed and incorporated into the City budget. The cost allocation plan will be the basis for distribution of general government and internal service costs to other funds and capital projects to reflect the full cost of providing services.
5. A budget preparation calendar is crucial for successful budget preparation and execution. Finance department staff will prepare a detailed budget schedule for internal use that ensures the budget is approved by the Budget Committee and adopted by the City Council no later than June 30.
6. The City Council and Madras Redevelopment Commission shall adopt the budget for each fund or program as required by budget law.
7. Essential services will receive first priority for funding. The City will attempt to maintain current service levels for all essential services. The quality of existing core services will be maintained before the City adds new services unless there is an explicit decision to lower the quality of existing services in favor of providing a new service. Essential services for the City are defined as follows (based on ORS 221.760 which determines if a city is eligible to receive state shared revenues):
 - (a) Police protection.
 - (b) Fire protection.
 - (c) Street construction, maintenance and lighting.
 - (d) Sanitary sewers.
 - (e) Storm sewers.
 - (f) Planning, zoning and subdivision control.
 - (g) One or more utility services.
8. All supplemental appropriations for programs requested after the original budget is approved will be analyzed by the City Administrator's Office and Finance Department and will only be presented to Council for approval after consideration

of availability of revenues. Oregon budget law provides a means to adjust the budget for emergency expenditures or unforeseen circumstances. All resolutions adjusting the budget will be prepared by the Finance Department, at the direction of the City Administrator's Office, for Council approval to ensure compliance with budget laws.

9. Monthly reports comparing actual to budgeted expenditures will be prepared by the Finance Department and distributed to the City Administrator and Department Head Team. Significant budget to actual variances will be investigated and explained.
10. Quarterly reports comparing actual to budgeted expenditures will be prepared by the Finance Department and presented to City Council and Madras Urban Renewal Agency.

FUND BALANCE POLICY

GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT 54

1. **POLICY:** The City of Madras shall maintain financial integrity and consistency in accounting and financial reporting practices using specific fund balance categories within the guidelines of generally accepted accounting principles (GAAP).
2. **PURPOSE:** The purpose of this policy is to define fund balance reporting policies as established by Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued in February 2009.
3. **DEFINITIONS:** Fund balance classifications, per GASB Statement No. 54:
 - a. Non-spendable - Represents assets that are non-liquid (such as inventory) or legally or contractually required to be maintained intact (such as the principal amount of an endowment)
 - b. Restricted – When legally-enforceable constraints are placed on the use of resources for a specific purpose by a third party or enabling legislation.
 - c. Committed – When constraints are created by formal action of the government's decision-making authority, generally by resolution and/or ordinance, on how it will spend its resources. The constraints remain binding until formally rescinded or changed by the same method the constraints were created.
 - d. Assigned – When resources that are neither committed nor restricted are constrained by the intent of the governing body or authorized staff.
 - e. Unassigned – The excess of total ending fund balance over non-spendable, restricted, committed and assigned amounts. Only the General Fund has an unassigned category since money remaining in any other fund is automatically considered assigned to the purpose(s) of that fund.
4. **FUND BALANCE REPORTING:** GASB's objective in issuing Statement No. 54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied.
5. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Administrator and/or Finance Director for the purpose of reporting these amounts in the annual financial statements.

EXPENDITURE CONTROL POLICIES

1. Expenditures will be controlled through appropriate internal controls and procedures. Management must ensure expenditures comply with the legally adopted budget. Each Director will be responsible for the administration of his/her department/division/program budget. This includes accomplishing the goals and objectives incorporated into the budget and monitoring each department/division/program budget for compliance with spending limitations.
2. The City Council will adopt the budget by fund at the organizational unit or program level. Expenditures anticipated to be in excess of these levels require approval of a Council resolution. The City Administrator will administer expenditure control at the organizational unit and program level. Additionally, the City Administrator may give authorization to mandate this level of control down to any line item level. Expenditures anticipated to be in excess of these levels require approval of the City Administrator.
3. All purchases of goods and services must comply with the City's Purchasing Policies, guidelines and procedures and with State and Federal laws and regulations.
4. Before the City purchases any major asset or undertakes any operating or capital arrangements that create fixed costs or ongoing operational expenses, the implications of such purchases or arrangements will be fully determined for current and future years.
5. All compensation planning and collective bargaining will include analysis of total cost of compensation which includes analysis of salary increases, health benefits, pension contributions, fringe benefits and other personnel costs. The City will only propose operating personnel costs which can be supported by on-going operating revenues.
6. The City will make every effort to control expenditures to ensure City services and programs provided to its citizens and taxpayers are cost effective and efficient.

CAPITAL IMPROVEMENT POLICIES

1. The City's asset capitalization policy is to capitalize and depreciate assets greater than \$10,000 with a useful life beyond one year, unless Fleet Equipment. Capital assets costing less than \$10,000 or having a useful life of one year or less will be treated as operating expenditures unless identified below. The asset capitalization threshold will be applied to individual assets rather than to groups of assets (i.e. office furniture, computer equipment, radio equipment, etc.)
2. All land is capitalized.
3. Fleet Equipment/Rolling Stock
 - o Equipment with a value greater than \$5,000 and/or required to be licensed for use on the roadway will be capitalized.
4. Buildings
 - o When phasing new construction of a building it will be capitalized regardless of price when the purpose is to support agency operations. (example is the multi-year Public Works Fleet Building Remodel requiring multiple years of investment)
5. Public infrastructure repairs are not capitalized (exception can be made if these

are combined as part of a larger capital project).

- Transportation Infrastructure
 - Pavement preservation (i.e. chip sealing, crack-sealing, seal coating, pothole patching, pavement overlay, grind/inlay, etc.).
 - Removal and replacement of existing footpaths (sidewalks, paved trails).
 - Removal and replacement of existing curbing.
 - Removal and replacement of landscaping and mobile streetscape items (i.e. flower pots, hanging baskets, pavers, grass, wood chips, gravel, irrigation, trees etc.)
 - Street lighting not owned by the City
 - Gravel applied for road maintenance
 - Cinders and/or gravel applied to road for snow response
 - Pavement markings (i.e. striping, thermoplastic)
 - Road signage
 - Utilities (water, sewer, storm, electrical) – When expanding the system or upsizing the system then it is all capitalized. Repair of current infrastructure is not capitalized.
 - Park Infrastructure
 - Removal and replacement of landscaping material and irrigation are not capitalized (grass, wood chips, trees, gravel, etc.).
 - Equipment/structures are capitalized.
6. Annually, the City will approve a 5-year Capital Improvement Plan (CIP), congruent with the adoption of its annual budget. The CIP shall provide details on each capital project: its estimated costs, sources of financing and a description, including a statement identifying: (a) the needs, conditions and circumstances that have caused the project's creation and (b) the expected results if the project is approved and implemented.

FINANCIAL PLANNING POLICIES

1. The City's financial plan should be strategic, meeting regulatory requirements and reflecting the Council's and the community's priorities for service while providing resources that realistically fund routine operations.

ECONOMIC DEVELOPMENT FUNDING POLICIES

1. The City may employ economic development incentives to encourage value-added development and accrue public benefits to the City. Public benefits may include but not limited to, the following:
 - a. A benefit that increases the City's employment base or materially enhances the financial position of the City by increasing assessed valuation.
 - b. A contribution to the basic infrastructure of the City that is greater than that which would be required of the development alone
 - c. A benefit that increases access to other public services
 - d. A benefit that increases livability across socio-economic levels.
2. Economic development incentives may include formation of improvement or

redevelopment districts, reimbursement, exemption or deferral of certain fees and charges, use of discount lease rates or other forms of financial incentives. All such incentives will be fully evaluated by the Finance Department as to the costs, risks and level of benefit as well as the financial impact of such incentives on the City's operating and capital budgets.

3. The fiscal impact evaluation will be presented to Council and Agency along with City Administrator's recommendation. The City Council and/or Madras Urban Renewal Agency shall make the final decision concerning proposed economic development incentives including any repayment of incentives if performance requirements are not met.
4. Funding for economic development incentives must be identified before approval of all such incentives.
5. A development incentive shall not be provided if the development does not provide sufficient public benefit or if the cost and risks to the City will have a materially adverse impact on the City's finances or operations.

PENSION AND RETIREMENT FUNDING POLICIES

1. The City is an employer-participant in the State of Oregon Public Employees Retirement System (PERS). Actuarial valuations of PERS are performed for the Public Employees Retirement Board (PERB) to evaluate PERS' assets and liabilities and indicate its current and prospective financial condition. The PERB determines employer-participant contribution rates, which are then used to calculate each employer-participant's annual required contribution. It is the City's policy to make contributions at no less than the rate established by PERB and required by ORS 238.225. All current pension liabilities shall be funded on an annual basis.
2. In addition to providing pension benefits, the City provides certain health and dental care benefits for retired employees. Funding the liability for future retiree benefits will be determined by City Council action.
3. The PERS reserve fund exists in order to stabilize future cash flows. It will help stabilize the cost of PERS through the issuance of future pension obligation bonds (POB) to fund the City of Madras' existing unfunded actuarial liability (UAL) and associated debt repayment. The principal source of revenue is charges to other funds with salaries subject to the Oregon Public Employee Retirement System (PERS) via a surcharge. Expenditures are for payments to PERS for the UAL and for debt service requirements.

CASH MANAGEMENT AND INVESTMENT POLICIES

1. The Finance Director or designee shall invest all City funds in accordance with ORS 294.035 Investment of Funds of Political Subdivisions; 294.040 Restriction on Investments under ORS 294.035; ORS 294.046 List of Approved Securities for Investment under ORS 294.035; ORS 294.047 Loss of Principal on Liquidation of Investments; ORS 294.048 Borrowing Money When Premature Withdrawal or Liquidation of Certain Investments Would Cause Loss; ORS 294.052 Definitions; ORS 294.125 Investment of Funds Authorized by Order of

Governing Body; ORS 294.135 Investment Maturity Dates; 294.145 Prohibited Conduct for Custodial Officer.

2. The City will consolidate or pool cash balances from various funds for investment purposes and will allocate investment earnings to each participating fund.
3. The City's investment securities will be held by a third party for custodial safekeeping.
4. Quarterly investment reports summarizing investment holdings and compliance with the City's Investment Policy will be provided to City Council.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICIES

1. The City will comply with the following accounting and reporting standards:
 - a. Generally Accepted Accounting Principles (GAAP) developed by Governmental Accounting Standards Board,
 - b. Government Accounting, Auditing and Financial Reporting standards prescribed by the Government Finance Officers Association (GFOA),
 - c. Government Accounting Standards, issued by the Comptroller General of the United States,
 - d. Oregon Revised Statutes relating to Municipal finance and
 - e. U.S. Office of Management and Budget (OMB) Circular A-133.
2. Monthly financial reports summarizing financial activity by fund will be presented to the City Administrator and Department Heads.
3. A system of internal controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets and proper recording of financial transactions and compliance with applicable laws and regulations.
4. In accordance with State law, a comprehensive financial audit including an audit of federal grants will be performed annually by an independent public accounting firm with the objective of expressing an opinion on the City's financial statements and assessing the accounting principles used and evaluating the internal controls in place.
5. The City will prepare its financial statements and maintain its accounting and internal control systems in accordance with applicable standards with the goal of obtaining an unqualified opinion from its auditors.
6. All departments will provide notice of all significant events and financial and related matters to the Finance Director for the City's annual disclosures to the municipal markets as required by SEC Regulation 15-C-2-12. Full disclosure will be provided in the financial statements and bond representations. Significant events include delinquencies and defaults related to the City's bonds, adverse tax opinions or events affecting the tax exempt status of bonds, the release, substitutions or sale of property securing repayment of bonds and other events having a significant impact on the City's finances and outstanding bonds. The Finance Director will notify the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) database of these significant events.
7. The City's asset capitalization policy is to capitalize and depreciate assets greater than \$10,000 with a useful life beyond one year. Capital assets costing less than \$10,000 or having a useful life of one year or less will be treated as operating expenditures. The asset capitalization threshold will be applied to

individual assets rather than to groups of assets (i.e. office furniture, computer equipment, radio equipment, etc.)

DEBT MANAGEMENT POLICIES

1. The debt management policy sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the policies that:
 - a. The City obtain financing only when prudent,
 - b. The process for identifying the timing and amount of debt or other financing be as efficient as possible,
 - c. The most favorable interest rate and other related costs be obtained,
 - d. When appropriate, future financial flexibility be maintained.
2. In conjunction with the City's debt financing team including but not limited to bond counsel and financial advisors, the Finance Director structures and recommends to the City Administrator and City Council all debt issuances and oversees the on-going management of all City debt. Debt includes voter approved general obligation bonds, tax increment financing, full faith and credit bonds, lease purchase obligations, revenue bonds, special assessment obligations, promissory notes, lines and letter of credit, interfund borrowings, variable rate debt, equipment financing agreements and any other contractual arrangements that obligate the City to make future principal and interest payments.
3. No debt shall be issued for which the City is not confident that a sufficient specifically identified revenue source is available for repayment. The Finance Director shall prepare an analysis of the source of repayment prior to issuance of any debt.
4. The City will not use long-term debt to fund current operations, to balance the budget or to fund projects that are more appropriately funded from current resources.
5. The City will issue advance refunding bonds (as defined by federal tax law) when advantageous, legally permissible, prudent and when the net present value savings exceeds the cost of the purchase price of the refunding bonds (defined as the par amount of the refunding bonds, plus net original issue premium, or less net original issue discount). The City will issue current refunding bonds (as defined by federal tax law) when advantageous, legally permissible, prudent and when the net present value savings exceed \$50,000. Refundings may also be undertaken for other reasons when legally permissible, prudent and when in the best interests of the City.
6. The City may utilize short-term debt or interfund loans as permitted, to cover temporary shortage due to timing of cash flows which may result from delay in receiving grant proceeds or other revenues and delay in issuance of long term debt.
7. When issuing long-term debt, the City will ensure that the debt is soundly financed by:
 - a. Incurring debt only when necessary for capital improvements not appropriate to be financed from current available resources
 - b. Insuring that capital projects financed through long term debt shall be financed for a period not to exceed the useful life of the project. This precludes future generations of rate payers or taxpayers from paying debt service on an asset that no longer provides benefit and prevents debt capacity from being tied up servicing a defunct asset in the event the

- asset needs replacing.
 - c. Determining that the benefits of financing exceeds the cost of financing
 - d. Analyzing source of repayment, debt service coverage ratios and the impact of debt service on annual fixed costs prior to issuance of long term debt.
 - e. Amortizing debt on a level payment plan to the extent practical considering the forecasted available pledged revenues and impact on the City's aggregate overall debt payment schedules.
8. The City may issue debt on either a competitive or negotiated basis. Bank placements and other private offerings are authorized under circumstances such as interim financings or to avoid the cost of a public sale for smaller issuances. The Finance Director will recommend the most appropriate method of sale in light of financial, market, transaction specific, and issuer-related conditions. If a negotiated public sale is determined to be in the City's best interest, the underwriter should typically be selected through a request for proposal (RFP) process.
 9. All bond issuances and promissory notes will be authorized by resolution of the City Council.
 10. The City will comply with all statutory debt limitations imposed by the Oregon Revised Statutes.
 11. ORS 287A.050 establishes a limitation on the amount of general obligation bonds the City may issue. This limitation is 3% of the City's Real Market Value as certified by the Jefferson County Assessor. "General obligation bonds" are defined by ORS 287A.010(10) to mean exempt bonded indebtedness, as defined in ORS 310.140, that is secured by a commitment to levy ad valorem taxes outside the limits of sections 11 and 11b, Article XI, of the Oregon Constitution (i.e., voter approved, unlimited tax general obligation bonds). Additionally, ORS 287A.050(3) excludes certain types of general obligation bonded indebtedness from being included in the limitation, including for example general obligation bonds issued for water supply, treatment or distribution or sanitary or storm sewage collection or treatment. The City is not required to include full faith and credit obligations when computing its statutory general obligation bond debt limit.
 12. The City will strive to maintain its current credit ratings which are (as provided by Moody's Investor Services): A3 for General Obligation Bonds, and A3 for Full Faith and Credit Obligations.
 13. The City will strive to maintain debt service coverage ratios and percentages that uphold the City's credit rating. Water and Water Reclamation (Sewer) debt coverage ratios should be maintained at a minimum of 1.25 or at a level sufficient to protect the credit rating of the Water and Water Reclamation systems.
 14. The City will comply with all bond covenants, arbitrage requirements, disclosure and other requirements specified by law.
 - a. Post Debt Issuance Tax Compliance
 - i. External Advisors and Documentation-The City shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the tax certificate and agreement ("Tax Certificate") and/or other documents finalized at or before issuance of the Bonds. Those

requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and certain other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds. This shall include, without limitation, consultation in connection with any potential changes in use of Bond-financed or refinanced assets.

The City shall engage expert advisors (each a “Rebate Service Provider”) to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds, unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of Bonds.

Unless otherwise provided by the transaction documentation relating to the Bonds, unexpended Bond proceeds shall be segregated from other funds of the City, and the investment of Bond proceeds shall be managed by the City. The City shall prepare (or cause to be prepared) regular, periodic statements regarding the investments and transactions involving Bond proceeds.

- ii. Arbitrage Rebate and Yield—Unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of Bonds, the Finance Director, or persons reporting to the Finance Director shall be responsible for:
 - either (a) engaging the services of a Rebate Service Provider and, prior to each rebate calculation date, causing the trustee or other financial institution to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider, or (b) undertaking rebate calculations itself and retaining or obtaining periodic statements concerning the investment of Bond proceeds;
 - providing to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
 - monitoring efforts of the Rebate Service Provider;
 - assuring payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed;
 - during the construction period of each capital project financed in whole or in part by Bonds, monitoring the investment and expenditure of Bond proceeds and consulting with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months or 18 months, as applicable, following the issue date of the Bonds; and
 - retaining copies of all arbitrage reports, investment records and trustee statements.

- iii. Use of Bond Proceeds and Bond-Financed or Refinanced Assets—The City’s Finance Director, or persons under the supervision of the Finance Director, shall be responsible for:
 - monitoring the use of Bond proceeds (including investment earnings and including reimbursement of expenditures made before bond issuance) and the use of the financed asset throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate relating to the Bonds;
 - maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds (including investment earnings and including reimbursement of expenditures made before bond issuance), including a final allocation of Bond;
 - consulting with bond counsel, City’s counsel and other legal counsel and advisers in the review of any change in use or transfer of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds;
 - to the extent that the City discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to preserve the tax-exempt status of the bonds.
- b. Continuing Disclosure Policies
 - i. The Finance Director, or persons under the supervision of the Finance Director, shall have a clear understanding of the continuing disclosure requirements for each bond transaction.
 - ii. Internal procedures shall be developed that identify the information that is obligated to be submitted in an annual filing, disclose the dates on which filings are to be made, list the material events as stated by the Securities and Exchange Commission (SEC) and the continuing disclosure agreement, and identify the person responsible for making the filings.
 - iii. Material event notices will be filed within 10 business days of the event.

UNRESTRICTED FUND BALANCES

With respect to the City’s General Operating Funds and Enterprise Funds, the City will target an unrestricted fund balance of at least 60 days (approximately 16.4%) of its budgeted operating expenditures as recommended by the Government Finance Officers’ Association (GFOA). Further, the City’s General Operating Funds’ unrestricted fund balance at the beginning of each fiscal year (July 1) shall be sufficient to meet budgeted operating expenditures (cash flow) over the course of the first 60 days (approximately 16.4%) of the fiscal year. The table below further summarizes these targets and the methodology for calculation the balances to be maintained.

	General Operating Funds	Enterprise Funds	Calculation
60 Days of Operating Expenses	Yes	Yes	Multiply 16.4% (60/365) by the total budget for Personnel Services, Materials & Services and Transfer categories
First 60 days of fiscal year (or approx. 16.4%)	Yes	Not Applicable	Multiply 16.4% (60/365) of the total budget for Personnel Services, Materials & Services, and Transfer categories

Fund Balance Below Target:

While targeting to maintain a fund balance as indicated above, the City understands there may be circumstances that warrant that the City use these funds temporarily. The City has established the following instances where it may elect to use these funds:

- An economic downturn in which revenues have declined
- Unexpected and unappropriated costs to maintaining essential City services and operations
- Unexpected and non-budgeted emergencies, natural disaster costs, and/or litigation
- Grant matching
- Early retirement of debt
- To cover deficits in other funds due to a shortfall in budgeted revenues
- Capital asset acquisition, construction and improvement projects

Fund Balance Above Target:

In the event the fund balance is substantially higher than the target, the difference may be held or used to fund the following activities:

- One-time capital expenditures which do not significantly increase ongoing City operating costs or, if significant, have been incorporated into long-term financial plans and are financially sustainable
- Other one-time costs
- Grant matching
- Ongoing or new City programs/initiatives, provided such action is short-term

- (temporarily) in nature and is considered in the context of multi-year projections of revenue and expenditures
- Major financial risks as determined by the City

GLOSSARY OF TERMS

MRC means the Madras Urban Renewal Agency which is called the Madras Redevelopment Commission or MRC. The MRC is responsible for administration of the urban renewal plan.

Blight is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting an urban renewal plan.

Board of Commissioners means the Jefferson County Board of Commissioners.

City means the City of Madras, Oregon.

City Council or Council means the Madras City Council.

Comprehensive Plan means the City of Madras Comprehensive Plan and its implementing ordinances, policies, and standards.

County means Jefferson County, Oregon.

Du Jour
Same Day

Frozen base means the total assessed value including all real, personal, manufactured, and utility values within an urban renewal area at the time of adoption. The county assessor certifies the assessed value after the adoption of an urban renewal plan.

HURD means the Madras Housing Urban Renewal District.

Increment means that part of the assessed value of a taxing district attributable to any

increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement.

Maximum Indebtedness means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

ORS means the Oregon Revised Statutes and specifically Chapter 457, which relates to urban renewal.

Plan means the Madras Housing Urban Renewal District (HURD) Plan.

Plan Area means the properties and rights-of-way located with the Madras Urban Renewal Boundary.

Planning Commission means the Madras Planning Commission.

Public building as defined by Enrolled HB 2174 Section 12(a) means: (A) A fire station, police station, public library, public hospital, capitol building, school as defined in ORS 339.315, college, university, city hall or the residence of any state official elected by the state at large; (B) The grounds owned by a public body adjacent to a building described in subparagraph (A) of this paragraph; (C) The portion of any other building owned and prepared for occupation or occupied by an agency of the state or a municipal corporation as defined in ORS 297.405; or (D) A public art statue, sculpture, clock tower or bell tower. (b) "Public building" does not mean: (A)

Property acquired by an urban renewal agency with the intent to redevelop or sell the property; (B) Property acquired by an urban renewal agency with the intent to lease the property for a taxable use; Enrolled House Bill 2174 (HB 2174-B) ATTACHMENT A Page 2 | Madras Housing Urban Renewal District Plan Page 2 (C) Transportation infrastructure, including train stations, bus stations and publicly owned parking facilities that support taxable property; (D) Water or wastewater infrastructure facilities, including treatment facilities; (E) Tourism-related facilities as defined in ORS 320.300; or (F) Park and recreation facilities, including sports fields.

Public building project as defined by Enrolled HB 2174 Section (13) means an urban renewal project that includes a public building.

Revenue sharing means sharing tax increment proceeds as defined in ORS 457.470.

Tax increment financing (TIF) means the funds that are associated with the division of taxes accomplished through the adoption of an urban renewal plan.

Tax increment revenues means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the area.

Urban renewal area means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

Urban renewal plan or Plan means a plan, as it exists or is changed or modified from time to time, for one or more urban renewal

areas, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.

Urban renewal project or Project means any work or undertaking carried out under ORS 457.170 in an urban renewal area.

Urban renewal report or Report means the official report that accompanies the urban renewal plan pursuant to ORS 457.085(3).

The Urban Renewal Agency of the City of Madras
2022-24 Biennial Budget Worksheet

CLOSED MRC - Reinvestment Fund (Program Income)

GL Codes	Description	2017-2018	2018-2019	2019-2020		2020-2021		
		Actuals	Actuals	Adopted	Yr End Proj.	Proposed	Approved	Adopted
Beginning Fund Balance								
702-010-301-0101	Beginning Fund Balance	-						
	Total Beginning Fund Balance	-	-	-	-			
Charges for Services								
702-702-350-5401	Miscellaneous Revenue	-						
702-702-370-6202	Late Payment Fee	-						
	Total Charges for Services	-	-	-	-			
Use of Money & Property								
702-702-380-8101	Interest on Investments	-						
702-702-380-8501	Land Sales	-						
702-702-380-8507	Loan Repayment	-						
	Total Use of Money & Property	-	-	-	-			
	Total Revenues	-	-	-	-			
Materials & Services								
702-702-520-2206	Bank Service Fees	-						
702-702-520-1302	Downtown Flowers	-						
	Total Materials & Services	-	-	-	-			
Interfund Transfers								
702-702-550-1015	MRC - General Fund	-						
	Total Interfund Transfers	-	-	-	-			
Special Payments								
702-702-545-6200	Loan Distributions	-						
702-702-545-6210	Public Improvements	-						
	Total Special Payments	-	-	-	-			
Interfund Transfers								
702-702-550-1016	Commercial Revolving Loan Fund	197,570	-					
	Total Interfund Transfers	197,570	-	-	-			
Contingency								
702-702-590-1010	Contingency	-						
	Total Contingency	-	-	-	-			
Ending Balance								
702-702-595-1010	Ending Balance	-	-	-	-			
	Total Ending Balance	-	-	-	-			
	Total Expenditures	197,570	-	-	-			
	Total Reinvestment Revenues	-	-	-	-			
	Total Reinvestment Expenses	197,570	-	-	-			

The Urban Renewal Agency of the City of Madras
2022-2024 Biennial Budget Worksheet

CLOSED MRC - General Fund
Revenues

GL Codes	Description	2017-2018 Actuals	2018-2019 Actuals	2019-2020 Adopted	2019-2020 Yr End Proj.	2020-2021 Proposed	2020-2021 Approved	2020-2021 Adopted
	Beginning Fund Balance							
701-010-301-0101	Beginning Fund Balance	-						
701-701-301-0201	Prior Period Adjustment	-						
	Total Beginning Fund Balance	-	-	-	-			
	Source 301							
701-701-301-0301	Fair Value Adjustment	-						
	Total Source 301	-	-	-	-			
	Property Taxes							
701-701-310-1101	Current Property Taxes	-						
701-701-310-1201	Prior Property Taxes	-						
	Total Property Taxes	-	-	-	-			
	Shared Revenues							
701-701-340-4112	Proceeds from Interfund Loan	-						
701-701-340-4113	Line of Credit Proceeds	-						
701-701-340-4114	Bond Proceeds	-						
701-701-340-4115	Transfer in from MRC Reinvestment Fund	-						
	Total Shared Revenues	-	-	-	-			
	Charges for Services							
701-701-350-5401	Miscellaneous Revenue	-						
	Total Charges for Services	-	-	-	-			
	Use of Money & Property							
701-701-380-8101	Interest on Investments	-						
	Total Use of Money & Property	-	-	-	-			
	Total Revenues	-	-	-	-			
	Materials & Services							
701-701-520-1002	Advertising	-						
701-701-520-1003	Audit	-						
701-701-520-1221	Contract Services	-						
701-701-520-1301	Dues / Membership	-						
701-701-520-1302	Downtown Flowers	-						
701-701-520-1511	Facility Maintenance	-						
701-701-520-1801	Insurance and Surety Bonds	-						
701-701-520-2102	Legal Fees	-						
701-701-520-2203	Meetings, Travel & Schools	-						
701-701-520-2206	Bank Service Fees	-						
701-701-520-2207	Bond Issuance Costs	-						
701-701-520-2401	Office Supplies	-						
701-701-520-2503	Professional Services	-						
	Total Materials & Services	-	-	-	-			
	Capital Outlay							
701-701-540-5103	Building Improvement	-	-	-	-			
	Total Capital Outlay	-	-	-	-			
	Special Payments							
701-701-545-6110	Grants- Business (TIF and facades)	-						
701-701-545-6120	Grants- Infrastructure (Sidewalks)	-						
701-701-545-6130	Grants- Police Station/City Hall	-						
701-701-545-6140	Grants- Blight Removal	-						
	Total Special Payments	-	-	-	-			
	Class 550							
701-701-550-1017	Commercial Debt Service Fund	159,530	-					
701-701-550-1018	Commercial Project Fund	207,309	-					
	Total Class 550	366,839	-	-	-			
	Debt Service							
701-701-570-7311	Line of Credit - Principal	-						
701-701-570-7312	Line of Credit - Interest	-						
701-701-570-7418	Series 2012B Bond Principal-City of Madras	-						
701-701-570-7419	Series 2012B Bond Interest-City of Madras	-						
701-701-570-7420	Series 2012B Bond Trust Fee	-						
701-701-570-7421	Series 2017B Bond Refinancing - Interest	-						
701-701-570-7510	Bond Fees	-						
	Total Debt Service	-	-	-	-			
	Reserve for Future Expenditure							
701-701-580-6001	Redevelopment Properties - (Non-Spendable until Sold)	-	-	-	-			
	Total Reserve for Future Expenditure	-	-	-	-			
	Contingency							
701-701-590-1010	Contingency	-	-	-	-			
	Total Contingency	-	-	-	-			
	Ending Balance							
701-701-595-1010	Ending Balance	-	-	-	-			
	Total Ending Balance	-	-	-	-			
	Total Expenditures	366,839	-	-	-			
	Total MRC - General Revenues	-	-	-	-			
	Total MRC - General Expenses	366,839	-	-	-			

Madras Urban Renewal Agency



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