

MADRAS REDEVELOPMENT
COMMISSION
ANNUAL BUDGET
2017-2018



2017/2018

URBAN RENEWAL AGENCY OF THE CITY OF MADRAS



2017/2018 BUDGET MESSAGE

URBAN RENEWAL AGENCY OF THE CITY OF MADRAS

SUBJECT: Budget Message for the Madras Urban Renewal District for the FY 2017-18 Budget.

AUTHOR: City Administrator, Gus Burril, Budget Officer

This budget was developed in a manner that is consistent with the plans and policies established by the Madras Redevelopment Commission (MRC). The FY 2017-18 combined MRC General Fund and Reinvestment Fund budget is \$1,127,122. This proposed budget will seek to accomplish the following:

1. Make the sixth annual bond principal and interest payment
2. Provide services to recruit development within the District
3. Provide financial assistance for new development in the District
4. Make its sixth contribution to the Madras Police Station/City Hall/Civic Plaza
5. Fund the Sidewalk Repair Grant program
6. Provide resources to assist infrastructure maintenance
7. Provide funding for Paint Grants
8. Provide beautification to the downtown streetscape with flowers pots

MRC GENERAL FUND

Fund Balances:

The FY 2017-18 General Fund beginning balance is anticipated to be \$417,882. Deducting the estimated value of \$329,007 for the two properties that the MRC owns, the General Fund beginning cash in FY 2017-18 is estimated to be \$88,875. The FY 2017-18 General Fund beginning fund balance is \$2,357 more than in FY 16-17. It is projected that FY 2017-18 will be the first year in several years where the beginning fund balance will increase. Expenses will continue to be prudently managed in a manner such that expenses are programmed within available revenues and any financial assistance provided only when a development needs assistance and development occurs. The FY 2017-18 Ending Fund Balance is forecasted to be \$92,985 which represents 19.2% of the General Fund Expenditures, not including estimated value of the MRC's properties (i.e. Redevelopment Properties). The Ending Fund Balance also is approaching the MRC's goal of 20% ending cash position per financial consultant guidance.

Revenue:

The MRC's property tax revenue continues to be affected by the reduction in its tax rate from \$17.8840 per \$1,000 in FY 2009-10 to \$15.0093 per \$1,000 in FY 2014-15, which represents a 16% reduction in the MRC's tax collection rate. Additionally, property values within the Urban Renewal District remain fairly stagnant due to limited new development and some of the older properties being adjusted lower in value. The largest revenue source for the MRC is property

taxes which are projected to be \$361,000 including “Prior Year Property Taxes” for FY 2017-18. This represents 94% of the Tax Assessor’s guidance for the year as a conservative estimate of projected revenues.

Revenue in FY 2017-18 also includes a \$140,000 draw from the MRC’s Line of Credit held with the Bank of the Cascades, which will be used to provide assistance for a new development that increases the value of a property as a result of the development. It should be noted that if financial assistance for a new development is not needed, the MRC will not draw \$125,000 from the Line of Credit. If additional revenue is needed to assist new development opportunities, the MRC can increase the draw in the line of credit (up to an additional \$580,000 under the current loan agreement).

Table 1. Annual Property Tax Revenue Collections:

Fiscal Year	Tax Revenue Collected
FY 2017-18	\$ 361,000 (estimated)
FY 2016-17	\$ 361,000 (year-end projection)
FY 2015-16	\$ 357,076
FY 2014-15	\$ 328,967
FY 2013-14	\$ 331,164
FY 2012-13	\$ 355,038
FY 2011-12	\$ 370,970
FY 2010-11	\$ 352,621
FY 2009-10	\$ 305,402
FY 2008-09	\$ 247,931
FY 2007-08	\$ 225,631
FY 2006-07	\$ 194,712
FY 2005-06	\$ 220,452
FY 2004-05	\$ 159,485

Expenditures:

The MRC continues with two of its primary financial commitments: A) the annual bond principal and interest payment of \$181,700 from the 1st round of line-of-credit borrowing which was transferred to long term debt in accordance with urban renewal fiscal plan; and

B) Sixth payment to the City of Madras for the City Hall/Police Station & Civic Plaza project in the amount of \$75,000. Including this year’s contribution, the project will reach a combined total of \$445,000 since 2013 towards the overall commitment of \$1.1 million. This support from the MRC for the City Hall/Police Station/Civic Plaza is consistent with the District’s goals & objectives to 1) ensure that public safety facilities within the renewal area are adequate to support and protect existing and proposed development in the renewal area, and 2) encourage and stimulate new and existing performing and visual arts venues, and 3) increase public utilization of the renewal area (i.e. civic plaza area, ability to host regional agency meetings with larger/adequate space facility, and room rental of City Hall conference & chamber rooms). This funding commitment was discussed and decided in October 2011. In effect this decision

provided the City of Madras assurance of the MRC being a funding partner for the financial plan of how to move forward with building the project improvements. With the City's longer credit history, the City's partnership is reciprocated by borrowing on behalf of the MRC, thus saving the MRC borrowing costs (i.e. lower interest rate) and increasing the borrowing capacity so as to further the district's ability to complete its goals.

The proposed FY 2017-18 budget has been prepared to additionally support the following services and efforts:

Materials and Services:

- \$45,000 for Contract Services which funds City staff for administrative service to the MRC.
- \$2,000 for lot upkeep of the two MRC properties.
- \$1,900 for Bank Service Fees to renew and expand the MRC's Line of Credit which is used to fund new development efforts within the district including retail recruitment.
- \$17,500 for Professional Services to hire a Local Commercial Development Recruitment Specialist and National Commercial Development Recruitment Specialist.

Special Payments:

- \$105,000 for financial assistance for new development in the District.
- \$10,000 for the Sidewalk Repair Grant Program.
- \$75,000 to the City of Madras for the Police Station/City Hall/Civic Plaza.
- \$10,000 for blight removal.

Debt Service:

Phase 1 long term bond financing: The FY 2017-18 budget includes \$182,150 for the 2012 Series-B Bond Principal, Interest, and Trustee Fee payment and the interest payment on the 2nd round of Line-of-Credit borrowing. This is the 6th annual payment on a 20-year bond that was issued by the City of Madras on behalf of the MRC (i.e. dejour debt).

Maximum Indebtedness:

The Madras Urban Renewal District has a \$14 million Maximum Indebtedness. The Maximum Indebtedness amount is reduced by any debt that is issued or any expenditure the Agency makes above the amount of debt issued. Therefore, annual principal and interest payments, debt issuance costs etc., do not reduce MI. Expenditures are made from debt proceeds and other resources (sale of property, repayment of loans, etc.) first and property tax increment second. As of FY 2016-17, the MRC has borrowed and expensed \$4,949,499 of the District's \$14 million Maximum Indebtedness. Accordingly, as of June 30, 2017 the District is able to borrow and spend \$9,050,501 to fund qualified projects and expenses within the District.

MRC REINVESTMENT FUND

The Reinvestment Fund exists to serve as a revolving loan fund capitalized by, but not limited to, proceeds from MRC property sales and loan payments. Expenditures from this fund are generally related to loans to property owners within the District to ensure the fund is capitalized and to assist with blight removal within the District. However, the MRC has the authority to authorize other expenditures through the annual budget approval process or through formal action at a MRC meeting.

Fund Balance:

The FY 2017-18 Reinvestment Fund Beginning Fund Balance is estimated to be \$193,220. The balance has grown throughout the years from several loans being paid off. The balance is less than last year due to anticipated spending on new investments in the district, due to assisting with the downtown flower program for beautification, and due to lower amounts of loan to be paid back than prior years.

Revenue:

In FY 2016-17 the Reynoso Jewelry and Ralph's TV & Furniture loans were paid in full. Based on the payment schedules of the current loans the MRC has issued, the Reinvestment fund is estimated to collect \$10,500 in Loan Repayment revenue in FY 2017-18. It is not clear when a land sale will occur of the MRC's available two lots. There have been folks interested in the property over the years, but ultimately no formal offers received. Therefore, land sale revenue is not anticipated for FY 2017-18, but could be a possibility at any time with an interested buyer and agreed to terms.

Proposed Expenditures:

- \$12,300 for Downtown Flower Program
- \$45,000 has been allocated for Special Payments for façade improvements, district area improvements, and / or blight removal
- \$50,000 in contingency if additional grant/loan distributions or other MRC goal opportunities present themselves.

Downtown Flower Program:

The Reinvestment Fund uses resources to place flowers in the flower pots and on decorative street lights along US Highway 97. While this annual expense is not related to a loan, the MRC prioritizes this expense to improve the appearance of the District during the summer season highly and the upcoming Solar Eclipse in August 2017. The cost for the flowers are funded by the Reinvestment Fund to ensure the greatest amount of General Fund resources are used to remove blight within the District through Prof. Services, Capital Outlay, and Special Payments.

Special Payments:

In FY 2017-18 there is proposed \$45,000 for special payments to property owners and or businesses for a Façade Improvement (including paint grants), or public improvements, or derelict building (Blight) removal. There is not a specific project to fund at this time. However, the FY 2017-18 Budget has allocated resources to enable the MRC to respond to such opportunities.

**City of Madras
Amortization Schedule
2017-2018**

Madras Redevelopment Commission

**Full Faith and Credit
LOCAP - Series 2012B
Bank of New York Mellon**

Loan Amount	2,585,000
Issue Date	5/15/2012
Maturity Date	6/1/2032
Term	20 years
Interest Rate	1.1 to 3.5%

Year	Payment	701-701-570-7419 Interest	701-701-570-7418 Prinicipal	Balance	701-701-570-7420 Trustee Fee
Balance July 1, 2017				2,080,000	
2017-2018	181,700	71,700	110,000	1,970,000	450
2018-2019	178,950	68,950	110,000	1,860,000	450
2019-2020	180,100	65,100	115,000	1,745,000	450
2020-2021	181,075	61,075	120,000	1,625,000	450
2021-2022	181,875	56,875	125,000	1,500,000	450
2022-2023	182,500	52,500	130,000	1,370,000	450
2023-2024	182,950	47,950	135,000	1,235,000	450
2024-2025	178,225	43,225	135,000	1,100,000	450
2025-2026	178,500	38,500	140,000	960,000	450
2026-2027	178,600	33,600	145,000	815,000	450
2027-2028	178,525	28,525	150,000	665,000	450
2028-2029	178,275	23,275	155,000	510,000	450
2029-2030	182,850	17,850	165,000	345,000	450
2030-2031	182,075	12,075	170,000	175,000	450
2031-2032	181,125	6,125	175,000	0	450
Total	2,886,125	701,125	2,185,000		7,200

Payments Due Dates:
December - Interest Only
June - Principal & Interest

Budget line item	Description	2017-18 Budget
701-701-570-7419	Interest	72,000
701-701-570-7418	Principal	110,000
701-701-570-7420	Trust Fee	450
Total		182,450

Debt Payments are mirrored with MRC budget from 701-701-570-7419/7418.

The Urban Renewal Agency of the City of Madras
2017-18 Budget Worksheet

MRC - General Fund

GL Codes	Description	6/30/2015	6/30/2016	2016-17		2017-18		
		2014-15 Actuals	2015-16 Actuals	Adopted	Yr End Proj.	Proposed	Approved	Adopted
	Beginning Fund Balance							
701-010-301-0101	Beginning Fund Balance	461,496	475,255	393,154	417,412	417,882	417,882	417,882
701-701-301-0201	Prior Period Adjustment	-						
	Total Beginning Fund Balance	461,496	475,255	393,154	417,412	417,882	417,882	417,882
	Property Taxes							
701-701-310-1101	Current Property Taxes	317,468	339,657	347,110	348,000	352,700	352,700	352,700
701-701-310-1201	Prior Property Taxes	11,499	17,419	8,625	13,000	8,300	8,300	8,300
	Total Property Taxes	328,967	357,076	355,735	361,000	361,000	361,000	361,000
	Shared Revenues							
701-701-340-4114	Line of Credit Proceeds	100,000	150,000	125,000	30,000	140,000	140,000	140,000
701-701-340-4115	Transfer in from MRC Reinvestment Fund	-	-	10	10	10	10	10
	Total Shared Revenues	100,000	150,000	125,010	30,010	140,010	140,010	140,010
	Charges for Services							
701-701-350-5401	Miscellaneous Revenue	671	254	-	-	-	-	-
	Total Charges for Services	671	254	-	-	-	-	-
	Use of Money & Property							
701-701-380-8101	Interest on Investments	1,709	40	500	10	10	10	10
	Total Use of Money & Property	1,709	40	500	10	10	10	10
	Total Interfund Transfers							
	Total Revenues	892,843	982,625	874,399	808,432	918,902	918,902	918,902

The Urban Renewal Agency of the City of Madras
2017-18 Budget Worksheet

MRC - General Fund

GL Codes	Description	6/30/2015	6/30/2016	2016-17		2017-18		
		2014-15 Actuals	2015-16 Actuals	Adopted	Yr End Proj.	Proposed	Approved	Adopted
Materials & Services								
701-701-520-1003	Audit	4,210	4,210	4,600	4,600	4,600	4,600	4,600
701-701-520-1221	Contract Services	45,000	45,000	45,000	45,000	45,000	45,000	45,000
701-701-520-1301	Dues / Membership	310	610	500	500	500	500	500
701-701-520-1302	Downtown Flowers	-	-	-	-	-	-	-
701-701-520-1511	Facility Maintenance	144	291	2,000	2,000	2,000	2,000	2,000
701-701-520-2102	Legal Fees	4,544	9,661	10,000	9,000	10,000	10,000	10,000
701-701-520-2203	Meetings, Travel & Schools	-	1,573	2,000	800	2,000	2,000	2,000
701-701-520-2206	Bank Service Fees	1,250	143	2,500	1,450	1,450	1,450	1,450
701-701-520-2401	Office Supplies	874	1,447	1,100	500	3,900	3,900	3,900
701-701-520-2503	Professional Services	1,716	88,983	18,000	18,000	17,500	17,500	17,500
	Total Materials & Services	58,048	151,918	85,700	81,850	86,950	86,950	86,950
Capital Outlay								
701-701-540-5103	Building Improvement	-	-	10	-	10	10	10
	Total Capital Outlay			10		10	10	10
Special Payments								
701-701-545-6110	Grants- Business (TIF and facades)	107,500	148,930	105,000	10,000	105,000	105,000	105,000
701-701-545-6120	Grants- Infrastructure (Sidewalks)	-	7,856	10,000	20,000	10,000	10,000	10,000
701-701-545-6130	Grants- Police Station/City Hall	75,000	75,000	75,000	75,000	75,000	75,000	75,000
701-701-545-6140	Grants- Blight Removal	-	-	10,000	12,500	10,000	10,000	10,000
	Total Special Payments	182,500	231,786	200,000	117,500	200,000	200,000	200,000
Debt Service								
701-701-570-7311	Line of Credit - Principal	-	-	-	-	-	-	-
701-701-570-7312	Line of Credit - Interest	-	2,467	11,250	11,250	15,000	15,000	15,000
701-701-570-7418	Series 2012B Bond Principal-City of Madras	100,000	105,000	105,000	105,000	110,000	110,000	110,000
701-701-570-7419	Series 2012B Bond Interest-City of Madras	77,000	75,900	74,500	74,500	72,000	72,000	72,000
701-701-570-7420	Series 2012B Bond Trust Fee	-	-	450	450	450	450	450
701-701-570-7510	Bond Fees	-	-	-	-	-	-	-
	Total Debt Service	177,000	183,367	191,200	191,200	197,450	197,450	197,450
Reserve for Future Expenditure								
701-701-580-6001	Redevelopment Properties - (Non-Spendable until Sold)	-	329,007	329,007	329,007	329,007	329,007	329,007
	Total Reserve for Future Expenditure		329,007	329,007	329,007	329,007	329,007	329,007
Contingency								
701-701-590-1010	Contingency	-	-	10,000	-	12,500	12,500	12,500
	Total Contingency			10,000		12,500	12,500	12,500
Ending Balance								
701-701-595-1010	Ending Balance	475,295	86,547	58,482	88,875	92,985	92,985	92,985
	Total Ending Balance	475,295	86,547	58,482	88,875	92,985	92,985	92,985
	Total Expenditures	892,843	982,625	874,399	808,432	918,902	918,902	918,902
	Total MRC - General Revenues	892,843	982,625	874,399	808,432	918,902	918,902	918,902
	Total MRC - General Expenses	892,843	982,625	874,399	808,432	918,902	918,902	918,902

The Urban Renewal Agency of the City of Madras
2017-18 Budget Worksheet

MRC - Reinvestment Fund

GL Codes	Description	6/30/2015	6/30/2016	2016-17		2017-18		
		2014-15 Actuals	2015-16 Actuals	Adopted	Yr End Proj.	Proposed	Approved	Adopted
	Beginning Fund Balance							
702-010-301-0101	Beginning Fund Balance	137,955	203,989	235,984	253,257	193,220	193,220	193,220
	Total Beginning Fund Balance	137,955	203,989	235,984	253,257	193,220	193,220	193,220
	Charges for Services							
702-702-350-5401	Miscellaneous Revenue	-	29	-	-	-	-	-
702-702-370-6202	Late Payment Fee	40	-	-	-	-	-	-
	Total Charges for Services	40	29	-	-	-	-	-
	Use of Money & Property							
702-702-380-8101	Interest on Investments	6,635	3,971	2,096	2,000	2,000	2,000	2,000
702-702-380-8501	Land Sales	-	-	-	-	-	-	-
702-702-380-8507	Loan Repayment	65,582	89,365	13,899	14,963	10,500	10,500	10,500
	Total Use of Money & Property	72,217	93,336	15,995	16,963	12,500	12,500	12,500
	Total Revenues	210,212	297,354	251,979	270,220	205,720	205,720	205,720
	Materials & Services							
702-702-520-2206	Bank Service Fees	211	-	-	-	-	-	-
702-702-520-1302	Downtown Flowers	6,012	15,167	11,000	22,000	12,300	12,300	12,300
	Total Materials & Services	6,223	15,167	11,000	22,000	12,300	12,300	12,300
	Interfund Transfers							
702-702-550-1015	MRC - General Fund	-	-	10	-	10	10	10
	Total Interfund Transfers	-	-	-	-	10	10	10
	Special Payments							
702-702-545-6200	Loan Distributions	-	28,930	25,000	25,000	45,000	45,000	45,000
	Public Improvements	-	-	-	10,000	10	10	10
	Total Special Payments	-	28,930	25,000	35,000	45,010	45,010	45,010
	Contingency							
702-702-590-1010	Contingency	-	-	70,000	20,000	50,000	50,000	50,000
	Total Contingency	-	-	70,000	20,000	50,000	50,000	50,000
	Ending Balance							
702-702-595-1010	Ending Balance	203,989	253,257	145,979	193,220	98,400	98,400	98,400
	Total Ending Balance	203,989	253,257	145,979	193,220	98,400	98,400	98,400
	Total Expenditures	210,212	297,354	251,979	270,220	205,720	205,720	205,720
	Total Reinvestment Revenues	210,212	297,354	251,979	270,220	205,720	205,720	205,720
	Total Reinvestment Expenses	210,212	297,354	251,979	270,220	205,720	205,720	205,720

RESOLUTION NO. MRC 2017-04

A RESOLUTION ADOPTING THE BUDGET, MAKING APPROPRIATIONS, AND PROVIDING FOR THE DECLARATION OF TAX INCREMENT FOR FISCAL YEAR 2017-2018 IN ACCORDANCE WITH ORS 294.456.

ADOPTING THE BUDGET

BE IT RESOLVED that the Board of Commissioners of the City of Madras Urban Renewal District hereby adopts the budget for fiscal year 2017-2018 in the total of \$1,132,807 now on file at the Madras City Hall.

MAKING APPROPRIATIONS

BE IT RESOLVED that the amounts for the fiscal year beginning July 1, 2017 and for the purposes shown below are hereby appropriated:

MRC -General Fund

Materials & Services	86,950
Capital Outlay	10
Debt Service	197,450
Special Payments	200,000
Contingencies	12,500
Total General Fund Appropriation	<u><u>496,910</u></u>

MRC - Reinvestment Fund

Materials & Services	12,300
Interfund Transfers	10
Special Payments	45,010
Contingencies	50,000
Total Reinvestment Fund Appropriation	<u><u>107,320</u></u>
Total Appropriations, All Funds	<u><u>604,230</u></u>

Total Unappropriated and Reserve Amounts , All Funds 520,392

Total Budget 1,124,622

DECLARATION OF TAX INCREMENT

BE IT RESOLVED that the Board of Commissioners of the City of Madras Urban Renewal District hereby resolves to certify to the county assessor a request for the Urban Renewal Plan Area for the maximum amount of revenue that may be raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution and ORS Chapter 457.

This resolution shall become effective on July 1, 2017.

ADOPTED by the Madras Redevelopment Commission of the City of Madras and signed by the Chairman this 7th day of June, 2017.

Ayes : _____
Nays: _____
Abstentions: _____
Absent: _____
Vacancies : _____

Tom Brown, Board Chair

ATTEST:

Nick Snead, Community Development Director