

Annual Report for Fiscal Year Ending June 30th, 2017



2016/2017

MADRAS URBAN RENEWAL DISTRICT



Annual Report for Fiscal Year Ending June 30th, 2017

MADRAS URBAN RENEWAL DISTRICT

Financial Report in accordance with ORS 457.460
Madras Redevelopment Commission
(Urban Renewal Agency of the City of Madras)
City of Madras
January 30, 2018

MADRAS URBAN RENEWAL AREA HISTORY

The Madras Urban Renewal Plan was adopted by the City Council of the City of Madras on August 13, 2002 via City Ordinance No. 700, which also established the Madras Urban Renewal District (District). The purpose of 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 that will create a competitive advantage for Madras that will:

- Generate tax increment
- Support development on underutilized and vacant sites
- Catalyze additional development throughout the District

The District is located primarily along the Highway 97 commercial corridor that extends from 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) to fund projects that are consistent with the District's Urban Renewal Plan.

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 Madras Urban Renewal Plan and Urban Renewal Action Plans can be found on the Madras website. <https://www.ci.madras.or.us/bc-mrc>

URBAN RENEWAL PROJECTS

The following projects were completed by the Madras Redevelopment Commission (MRC) in FY 2016/17.

- Annual contribution to the City of Madras for the City Hall/Police Station project in the amount of \$75,000 was made in FY 2016/17. The total MRC contributions for this project to date are \$370,000 starting in FY2012/13. The financial support from the MRC for the City Hall/Police Station is consistent with the District's Plans to support a Civic Center for the community.

Total project value: \$5,286,120, MRC grant awards (thus far): \$370,000

- The MRC partnered with the City of Madras Public Works Department to replace broken sidewalks in the downtown corridor related to damage caused by tree roots from street trees.

Total project value: \$20,000, MRC grant awards: \$10,000

- The MRC provided paint grants and façade improvement loans and grants to businesses within the District to assist with removing blight and improving the District.

Total project value: \$38,616, MRC grant awards: \$38,616

- The MRC continued the downtown flower program, which has been prioritized by the MRC to improve the appearance of the District during the summer season. In FY 2016/17 brackets, automated irrigation, and flower baskets were installed on over 30 decorative light poles along Highway 97 near J Street. The program was particularly important in FY 2016/17 because over 100,000 visitors came to Madras for the August 2017 Total Solar Eclipse, and the MRC was committed to showing the District at its best.

Total project value: \$22,662, MRC expenditure: \$22,662

- As a result of the updated Madras Urban Renewal Action Plan, the MRC determined that seeking assistance from a commercial development recruitment specialist and national commercial development recruitment specialist would assist with moving the District, based on the vision of the community, forward. Additionally, the MRC sought assistance from a brewing industry expert to recruit a brewery and pub to downtown area.

Total project value: \$17,703, MRC expenditure: \$17,703

- The MRC entered into an agreement with Mr. O'Meara, who owns property in the District, to assist with the demolition of a derelict building (blight removal) to improve property within the UR plan area.

Total project value: \$25,000, MRC expenditure: \$25,000

- The MRC entered into an agreement with Wild Bleu Mercantile, LLC, who owns property and operates a retail store in the District, to complete improvements to their business in the Urban Renewal area, including the exterior façade, site, and ADA improvements.

Total project Value: \$35,000, MRC expenditure: \$35,000

DEBT ADMINISTRATION

At the end of the fiscal year 2016/17, the MRC's total outstanding debt consists of a \$2,385,000.

The District's debt includes a \$2,080,000 balance advanced from the City of Madras. The terms of the advance match the City's related bond issuance of which the original amount of the advance was \$2,585,000 with a 20-year term, issue date of 5/15/2012 and maturing in 6/1/2032.

Additionally, in 2016/17, \$55,000 was drawn on the District's Line of Credit to meet contractual obligations. The total balance owed as of 6/30/2017 on the Line of Credit is \$305,000. The term of the line of credit was renegotiated and is up to \$1,000,000 and matures on 04/30/2018.

This report is on file with the City Recorder, City of Madras, 125 SW "E" Street, Madras, Oregon 97741. Notice of this report and its availability to all interested persons, including a summary of the information in 1(a)-(d) above, will be published in the Madras Pioneer on February 7, 2018 and February 14, 2018.

MAXIMUM INDEBTEDNESS

A maximum indebtedness (MI) of \$14 million was established by the Madras City Council when the Urban Renewal District was formed. 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-property tax (TIF) revenues (property sales, MRC loan repayments, etc.) first and property tax revenue second. The District is currently in the process of evaluating its historical MI calculation and confirming the theory behind its calculation moving forward. The MI balance as of June 30, 2017 is \$11,366,531.

ORS 457.460 – Financial Report Required for Agency

FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute.

1 (a) Money Received in FY 2016/17

In FY 2016/2017 the MRC received \$357,235 from the division of taxes.¹ The MRC also received \$37 in interest income, and \$15,368 in assessments.

1 (b) Money Expended in FY 2016/17

The expenditures during fiscal year 2016/2017 can be seen below in Table 1.

Table 1. Expenditures during FY 2016/2017

Description	FY 2016/17 Total
Materials & Services	\$108,198
Project Grants & Loans	\$121,700
Debt Service	\$185,804
Total Expenditures	\$415,702

Source: Madras Redevelopment Commission Financial Report 2016/17

¹ Madras Redevelopment Commission Financial Report 2016-2017

1 (c) Estimated Revenues

The estimated property tax revenues from the FY 2017/18 adopted MRC budget are \$361,000.²

1 (d) Proposed Budget for Current Fiscal Year, FY 2017/18

A compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund is shown in Table 2 below.

Table 2. Madras Redevelopment Commission Budget FY 2017/2018

Description	General Fund	Reinvestment Fund	TOTAL
Beginning Fund Balance	\$417,882	\$193,220	\$611,102
Property Taxes/Tax Increment	\$361,000	\$0	\$361,000
Debt Proceeds	\$140,000	\$0	\$140,000
Repayment of Loans	\$0	\$12,500	\$12,500
Interest & Misc Revenues	\$20	\$0	\$20
Total Revenues	\$918,902	\$205,720	\$1,124,622
Materials & Services	\$86,950	\$12,300	\$99,250
Capital Outlay	\$10	\$0	\$10
Grants & Loans	\$200,000	\$45,010	\$245,020
Debt Service	\$197,450	\$0	\$197,450
Interfund Transfers	\$0	\$10	\$10
Reserve for Future Expenditure	\$329,007	\$0	\$329,007
Contingency	\$12,500	\$50,000	\$62,500
Ending Balance	\$92,985	\$98,400	\$191,385
Total Expenditures	\$918,902	\$205,720	\$1,124,622

Source: City of Madras FY 2016/17 Madras Redevelopment Commission Budget

² Madras Redevelopment Commission Budget Worksheet, pg. 3

1 (e) Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 3. This information is from Jefferson County Assessor records, SAL Table 4e. This numbers are after truncation and compression losses.

Urban renewal agencies do not create an additional tax. Instead, during the Agency's lifespan, overlapping taxing districts "forego" a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes.

Table 3. Impact on Taxing Districts FY 2016/2017

Taxing District	Revenue Foregone
Jefferson Co. General Levy	\$86,571
Madras City Levy	\$100,164
Jefferson Co. RFPD Levy	\$28,757
COCC Levy	\$15,030
Jefferson Co. ESD Levy	\$5,811
SD#509J Madras Levy	\$111,353
Madras Aquatic Center Levy	\$6,045
Jefferson Co. Library Dist. Levy	\$10,554
Total	\$364,285

Source: FY 2016/17 Summary of Assessment & Levies (SAL) 4e from Jefferson County Assessor


ECONOMIC FACTORS FOR FY 2017/18

The MRC adopted it's updated Urban Renewal Action Plan in FY2015/16, including the identification of priority economic development initiatives for the District. The Commission has chosen to invest in opportunities to bring new retail and restaurant businesses to the District, as well as continuing to invest in existing businesses through grants and loans.


FY2017/18 has ushered in new interest in investing in properties within the District that may result in new development, however businesses that have indicated interest are still in their discovery phase and have not yet committed to the District. The development interest is promising, and the MRC will work to support these development opportunities as they arise.

In FY2016/17 the District conducted a review of MRC-owned property. The valuation of one property was decreased based on a third-party evaluation of the fair market value. The property valuation is \$207,309, which represents a \$121,698 decrease. As a result, the beginning balance for the FY2017/18 budget was decreased by that amount and will be reflected in next year's annual report.


The City of Madras Finance department is conducting a comprehensive review of the MRC's financial position in FY2017/18, including the analysis of revenues, expenditures and debt issuance over the life of the District, a review of the original Urban Renewal Plan categories compared to actual project spending, and an analysis of the City's historical maximum indebtedness calculation. The results of the review will be presented to the Madras Redevelopment Commission with recommendations for financial management moving forward.




Kristal Hughes
Finance Director
City of Madras



Date



Nicholas Snead
Community Development Director
City of Madras



Date