

# ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2020

2019/2020

Madras Urban Renewal Agency

This report fulfills the requirements, prescribed in ORS 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.



# Annual Report for Fiscal Year Ending June 30th, 2020

## MADRAS URBAN RENEWAL AGENCY

### URBAN RENEWAL DISTRICTS BACKGROUND

There are two urban renewal districts in Madras, the Commercial Urban Renewal District and the Housing Urban Renewal District.

#### Commercial Urban Renewal District:

The Madras Urban Renewal Plan (Commercial) was adopted by the City Council of the City of Madras on August 13, 2002 via City Ordinance No. 700. This ordinance also established the Madras Urban Renewal District (“Commercial URD”) and the Urban Renewal Agency in order to enhance the downtown commercial corridor within Madras.

The purpose of the Madras Urban Renewal Plan (Commercial) is to:

1. Eliminate blighted condition within the downtown commercial corridor;
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 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.

The Commercial URD lies primarily along the commercial corridor that extends from Lee Street in the north and Hall Street in the south. Property taxes are imposed on the increase in property values on the assessed value within the urban renewal district. The Commercial URD receives property taxes (tax increment) to fund projects are consistent with the purpose of the Commercial URD’s Plans.

#### 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 (Housing URD) 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.
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 Agency includes the adoption of its annual budget and its annual independent audit.

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 10, 2021 and February 17, 2021.

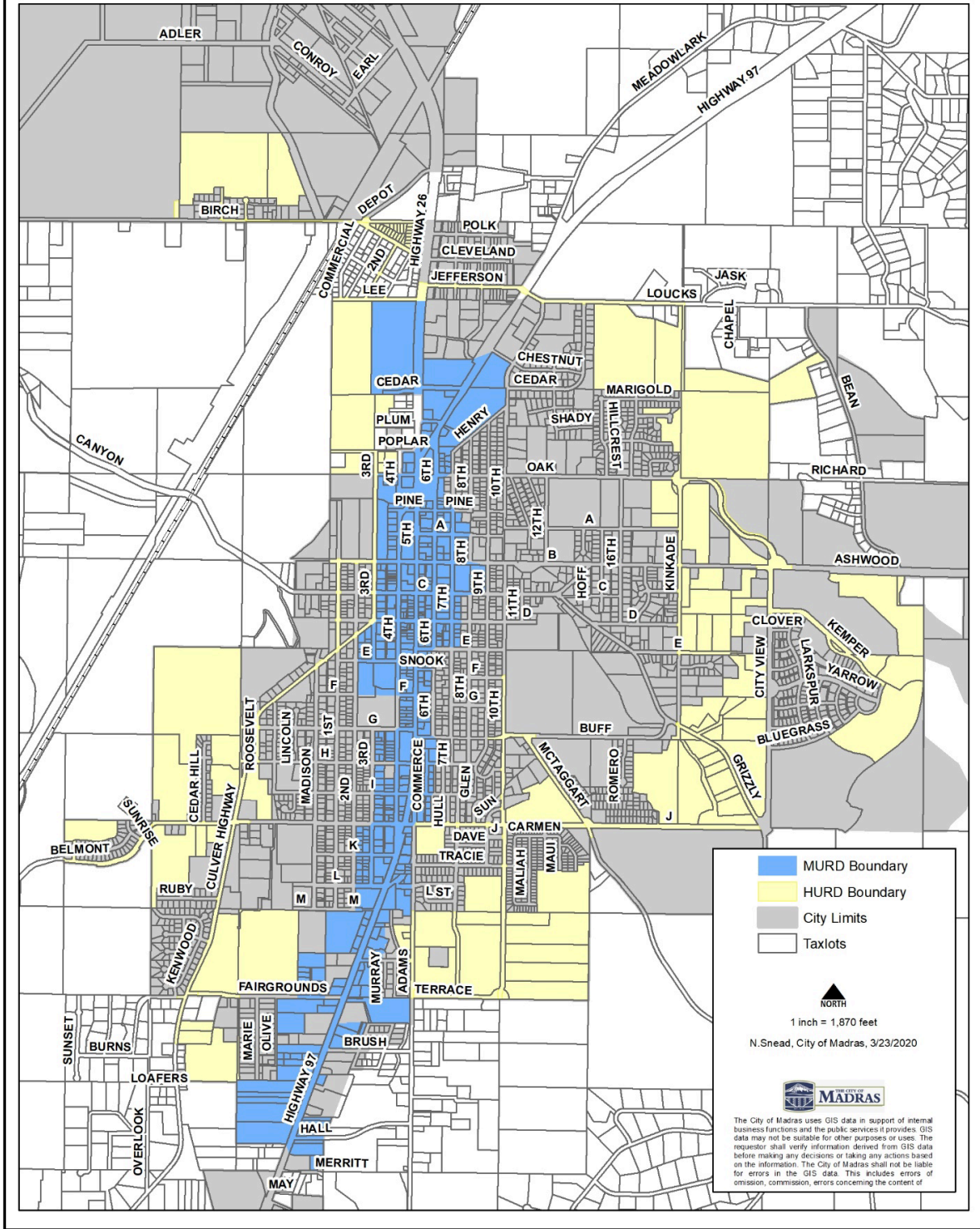
A full copy of the Madras Urban Renewal District Plan can be found on the Madras website.

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

## DEBT ADMINISTRATION

At the end of the fiscal year 2019/20, the MRC's total outstanding debt for the Commercial URD consists of \$2,464,892. The outstanding debt for the HURD was \$100,000.

# Madras Urban Renewal Districts



## 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, first for the Commercial Urban Renewal District and then for the Housing Urban Renewal District.

### Commercial Urban Renewal District Money Received

In FY 2019/2020, the Agency received \$479,498 from division of taxes for the Commercial URD.<sup>1</sup> The detailed revenues of the Commercial URD can be seen in Table 1.

**Table 1. Commercial URD Money Received During FY 2019/2020**

<b>Receipt Category</b>	<b>2019/2020 Amount</b>
<b>Commercial URD TIF Fund</b>	
Working Capital Carryover	164,437
Division of Taxes	466,482
Prior Year Division of Taxes	13,016
Interest Income	107
<b>TOTAL:</b>	<b>\$644,042</b>
<b>Commercial URD Project Fund</b>	
Working Capital Carryover	217,319
Borrowings	531,017
<b>TOTAL:</b>	<b>\$748,336</b>
<b>Commercial URD Program Income</b>	
Working Capital Carryover	106,719
Line of Credit	0
Use of Money & Property	42,354
Loan Distributions	143,844
<b>TOTAL:</b>	<b>\$292,917</b>
<b>TOTAL ALL:</b>	<b>\$1,685,295</b>

Source: Madras Urban Renewal Agency Financial Spreadsheet FYE 2020

<sup>1</sup> Madras Urban Renewal Agency Financial Spreadsheet FYE 2020

## Commercial Urban Renewal District Money Expended

Revenue received through urban renewal and spent on urban renewal activities in the Commercial URD is shown in Table 2.

**Table 2. Commercial URD Expenditures During FY 2019/2020**

Expenditure Category	2019/2020 Amount
<b>Commercial URD TIF Fund</b>	
Debt Service	427,396
TOTAL:	<b>427,396</b>
<b>Commercial URD Project Fund</b>	
Materials and Services	83,435
Special Payments	562,616
TOTAL:	<b>\$646,051</b>
<b>Commercial URD Program Income</b>	
Special Payments	\$5,229
TOTAL:	<b>\$5,229</b>
TOTAL ALL:	<b>\$1,078,676</b>

Source: Madras Urban Renewal Agency Financial Spreadsheet FYE 2020

## Commercial Urban Renewal District Estimated Revenues

The estimated tax revenues from the FY 2020-21 adopted Agency budget for the Commercial URD are \$493,953 from this year's TIF collections and \$7,000 from prior years' TIF collections.<sup>2</sup>

<sup>2</sup> City of Madras FY 2020/2022 Urban Renewal Budget

## Commercial Urban Renewal District Proposed Budget for FY 2020-2021

The Madras Redevelopment Commission developed a budget for FY 2020-21. 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 for the Commercial URD is shown in Table 3 below.

**Table 3. Budget FY 2020-2021 Commercial URD**

<b>Commercial Budget Category (Revenues)</b>	<b>2020-2021 Amount</b>
<b>Commercial Property Tax and Debt Service Fund</b>	
Beginning Balance	196,356
Division of Taxes	500,953
Interest on Investments	25
<b>TOTAL:</b>	<b>\$697,334</b>
<b>Commercial Project Fund</b>	
Beginning Balance	38,169
Shared Revenues	1,669,750
<b>TOTAL:</b>	<b>\$1,707,919</b>
<b>Commercial Revolving Debt Loan Fund</b>	
Beginning Balance	569
Shared Revenues	1,100,000
Use of Money and Property	1,850
Loan Repayment	35,000
<b>TOTAL:</b>	<b>\$1,137,419</b>
<b>Total ALL:</b>	<b>\$3,542,672</b>

Source: City of Madras FY 2020/2022 Urban Renewal Budget

<b>Commercial Budget Category (Expenditures)</b>	<b>2020-2021 Amount</b>
<b>Commercial Property Tax and Debt Service Fund</b>	
Debt Service	565,000
Ending Balance	132,334
<b>TOTAL:</b>	<b>\$697,334</b>
<b>Commercial Project Fund</b>	
Materials and Services	106,500
Special Payments	1,352,500
Reserve for Future Expenditures	0
Contingency	100,000
Ending Fund Balance	148,919
<b>TOTAL:</b>	<b>\$1,707,919</b>
<b>Commercial Revolving Debt Loan Fund</b>	
Materials and Services	1,085,000
Special Payments	52,419
Ending Balance	0
<b>TOTAL:</b>	<b>\$1,137,419</b>
<b>TOTAL ALL:</b>	<b>\$3,542,672</b>

Source: City of Madras FY 2020/2022 Urban Renewal Budget

## Commercial Urban Renewal District Impact on Taxing Districts

The revenues foregone by local taxing districts in FY 2019/20 due to the Commercial District are shown in Table 4. This information is from Jefferson County Assessor records, Table 4a and Table 4e.

Urban renewal agencies do not create an additional tax. Instead, during the Area’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. The School District and Education Service District are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

**Table 4. Impact on Taxing Districts – Commercial URD - FY 2019/2020**

Taxing Jurisdiction	Impact	Percent of Total Permanent Rate Levy
Jefferson County	\$ 117,672	1.81%
City of Madras	\$ 136,179	9.13%
Jefferson County RFPD	\$ 39,066	3.96%
Central Oregon Community College	\$ 20,441	1.85%
Jefferson County ESD	\$ 7,892	2.19%
Madras School District 509J	\$ 151,371	3.24%
Mac Recreation District	\$ 8,247	3.16%
Jefferson County Library District	\$ 14,324	2.14%

Source: FY 2019/2020 Sal 4a and 4e from Jefferson County Assessor

## Commercial Urban Renewal District Maximum Indebtedness

A maximum indebtedness (MI) of \$14 million was established by the Madras City Council when the Commercial URD was formed. As the Commercial URD borrows and expends funds, the MI is reduced by Commercial URD expenditures for administration, projects, and formal debt issuances. Expenditures are made from debt proceeds and other non-property tax (TIF) revenues (property sales, Agency loan repayments, etc.) first and property tax revenue second. The remaining MI for the Commercial URD as of June 30, 2020 is \$7,689,406.<sup>3</sup>

<sup>3</sup> City of Madras spreadsheet 2020MI.xls



## Housing Urban Renewal District Money Received

The detailed revenues of the Housing URD can be seen in Table 5.

**Table 5. Housing URD Money Received During FY 2019/202**

Receipt Category	2019/2020 Amount
<b>Housing URD Project Fund</b>	
Line of Credit	100,000
<b>TOTAL:</b>	<b>\$100,000</b>

Source: Madras Urban Renewal Agency Financial Spreadsheet FYE 2020

## Housing Urban Renewal District Money Expended

Revenue received through urban renewal and spent on urban renewal activities in the Housing URD is shown in Table 6.

**Table 6. Housing URD Expenditures During FY 2019/2020**

Expenditure Category	2019/2020 Amount
<b>Housing URD Project Fund</b>	
Materials and Services	81,986
Special Payments	10,865
Ending Fund Balance	7,149
<b>TOTAL:</b>	<b>\$100,000</b>

Source: Madras Urban Renewal Agency Financial Spreadsheet FYE 2020

## Housing Urban Renewal District Estimated Revenues

The estimated tax revenues from the FY 2020-21 adopted Agency budget for the Housing URD are \$179,000 from this year's TIF collections.<sup>4</sup>

<sup>4</sup> City of Madras FY 2020/2022 Urban Renewal Budget

## Housing Urban Renewal District Proposed Budget for FY 2020-2021

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 for the Housing URD is shown in Table 7 below.

**Table 7. Budget FY 2020-2021 Housing URD**

Housing Budget Category (Revenues)	2020-2021 Amount
<b>Housing Property Tax and Debt Service Fund</b>	
Beginning Balance	0
Division of Taxes	179,000
Interest on Investments	0
<b>TOTAL:</b>	<b>\$179,000</b>
<b>Housing Project Fund</b>	
Beginning Balance	8,750
Shared Revenues	300,000
<b>TOTAL:</b>	<b>\$308,750</b>
<b>Total ALL:</b>	<b>\$487,750</b>

Source: City of Madras FY 2020/2022 Urban Renewal Budget

Housing Budget Category (Expenditures)	2020-2021 Amount
<b>Housing Property Tax and Debt Service Fund</b>	
Debt Service	170,000
Ending Balance	9,000
<b>TOTAL:</b>	<b>\$179,000</b>
<b>Housing Project Fund</b>	
Materials and Services	51,541
Special Payments	97,922
Contingency	150,000
Ending Fund Balance	\$9,287
<b>TOTAL:</b>	<b>\$308,750</b>
<b>Total ALL:</b>	<b>\$487,750</b>

Source: City of Madras FY 2020/2022 Urban Renewal Budget

## Housing Urban Renewal District Impact on Taxing Districts

There was no impact on taxing districts in FY 2019/20 as there were no division of tax revenues.

## Housing Urban Renewal District Maximum Indebtedness

The MI of the Housing URD Plan established by the Madras City Council 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 remaining MI for the Housing URD as of June 30, 2020 is \$39,000,000.