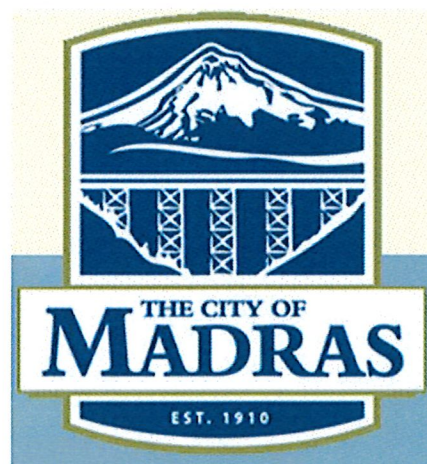


# ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2018

2017/2018

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, 2018

## MADRAS URBAN RENEWAL AGENCY

### URBAN RENEWAL AREA BACKGROUND

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. 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 709 which created the Madras Redevelopment Commission and transferred its Urban Renewal Authority to the Madras Redevelopment Commission to increase public involvement in the Urban Renewal Program, pursuant to Oregon Revised Statutes (ORS) 457.055.

The District 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 District receives property taxes (tax increment) to fund projects are consistent with the purpose of the District's Plans.

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 is annual independent audit.

A full copy of the Madras Urban Renewal Plan can be found on the Madras website. <http://www.ci.madras.or.us>

### URBAN RENEWAL PROJECTS

The following projects were completed by the Madras Redevelopment Commission (MRC) in FY 2017/2018.

- Annual contribution to the City of Madras for the City Hall/Police Station project in the amount of \$75,000 was made in FY 2017/18. The total MRC contributions for this project to date are \$445,000 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. On June 20, 2018, a grant was approved to continue this contribution in the amount of \$65,500 each year for the next 10

years. Total grant awarded was \$655,000 making total contributions for the City Hall/Police Station \$1,100,000.

Total project value: \$5,286,120, MRC grant awards (thus far): \$445,000

- 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: \$9,917

- 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: \$60,165, MRC grant awards: \$60,165

- 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

Total project value: \$17,224, MRC expenditure: \$17,224

- 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: \$20,567, MRC expenditure: \$20,567

## DEBT ADMINISTRATION

At the end of the fiscal year 2017/18, the MRC's total outstanding debt consists of \$2,330,000.

The District's debt includes a \$1,995,000 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. In October 2017, the City refunded \$1,770,000 of the original 2012 Series B Bonds. That refunded estimated savings of \$23,000 during FY 2017/18.

Additionally, in 2017/18, \$30,000 was drawn on the District's Line of Credit to meet contractual obligations. The total balance owed as of 6/30/2018 on the Line of Credit is \$335,000. The term of the line of credit was renegotiated and is up to \$1,000,000 and matures on 04/30/2019.

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 6, 2019 and February 13, 2019.

## 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 completed a forensic accounting analysis on all MRC related revenues and expenditures in FY 2017/18. That analysis concluded the Maximum Indebtedness balance at June 30, 2017 was \$9,556,230. In FY 2017/18 additional expenditures were \$222,560 of the District's indebtedness, resulting in a remaining MI of \$9,333,670 as of June 30, 2018.

## 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.

### Money Received

In FY 2017/2018, the Madras Urban Renewal Agency received \$380,684 from division of taxes.<sup>1</sup> The detailed earnings of the Madras Urban Renewal Agency can be seen in Table 1.

**Table 1. Money Received During FY 2017/2018**

Receipt Category	2017/2018 Amount
<b>MRC General Fund</b>	
Division of Taxes	380,684
Prior Year Division of Taxes	10,114
Line of Credit Proceeds	30,000
Interest Income	6,615
TOTAL:	427,413
<b>MRC Reinvestment Fund</b>	
Interest Income	7,152
Loan Repayment	11,689
TOTAL:	18,841

Source: Madras Urban Renewal Agency Financial Statement FYE 2018

### Money Expended

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

**Table 2. Expenditures During FY 2017/2018**

Expenditure Category	2017/2018 Amount
<b>MRC General Fund</b>	
Materials and Services	108,828
Special Payments	121,944
Debt Service	195,992
TOTAL:	426,764
<b>MRC Reinvestment Fund</b>	
Materials and Services	17,244
Special Payments	23,138
TOTAL:	\$40,383

Source: Madras Urban Renewal Agency Financial Statement FYE 2018

### Estimated Revenues

The estimated tax revenues from the FY 2018/2019 adopted Madras Urban Renewal Agency budget are \$383,900.<sup>2</sup>

<sup>1</sup> Madras Urban Renewal Agency Financial Statement FYE 2018

<sup>2</sup> City of Madras FY 2018/2019 Urban Renewal Budget, pg. 13-15

## Proposed Budget for Current Fiscal Year, FY 2018/2019

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 3 below. The Madras Urban Renewal Agency is changing the names of the funds they use in FY 2018/2019, and as such the names do not match those of the FY 2017/2018 financials.

**Table 3. Budget FY 2018/2019 Urban Renewal Fund**

Budget Category (Expenditures)	2018/2019 Amount
<b>MRC TIF Fund</b>	
Debt Service	479,213
Ending Balance	132,831
TOTAL:	612,044
<b>MRC Project Fund</b>	
Materials and Services	82,425
Special Payments	541,000
Reserve for Future Expenditures	207,309
Contingency	50,000
TOTAL:	880,734
<b>MRC Program Income</b>	
Loan Distributions	95,000
Contingency	20,000
Ending Balance	25,483
TOTAL:	140,483

Budget Category (Revenues)	2018/2019 Amount
<b>MRC TIF Fund</b>	
Beginning Balance	218,244
Division of Taxes	383,900
Prior Year Division of Taxes	7,500
Interest on Investments	2,400
TOTAL:	612,044
<b>MRC Project Fund</b>	
Beginning Balance	207,309
Shared Revenues	673,425
TOTAL:	880,734
<b>MRC Program Income</b>	
Beginning Balance	100,930
Line of Credit	10
Loan Repayment	39,543
TOTAL:	140,483

Source: City of Madras FY 2018/2019 Urban Renewal Budget, pg. 13-15

### Impact on Taxing Districts


The revenues foregone by local taxing districts due to urban renewal are shown in Table 4. This information is from Jefferson County Assessor records, Table 4a and 4e.

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. 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 FY 2017/2018**

Taxing Jurisdiction	Impact	Percent of Total Permanent Rate Levy
Jefferson County	\$95,122	1.61%
City of Madras	\$110,048	8.20%
Jefferson County RFPD	\$31,578	3.59%
COCC	\$16,546	1.64%
Jefferson County ESD	\$6,372	1.94%
Madras School District 509J	\$122,334	2.83%
Mac Recreation District	\$6,654	2.75%
Jefferson County Library District	\$11,582	1.90%

Source: FY 2017/2018 Sal 4a and 4e from Jefferson County Assessor

  
 Kristal Hughes  
 Finance Director  
 City of Madras  
 Date 1/31/19

  
 Nicholas Snead  
 Community Development Director  
 City of Madras  
 Date 1-31-19