



MADRAS REDEVELOPMENT COMMISSION

125 SW "E" Street Madras, OR 97741
Phone: 541-475-2344 Fax: 541-475-7061

Agenda

City Hall
Council Chambers

December 2, 2015
5:30 P.M.

1. Call to Order
2. Consent Agenda
 - A. Adoption of Agenda
 - B. Approval of the November 2015 MRC Vouchers
3. Visitors Comments:
4. Annual Audit Presentation FY 2014-15

Brenda Bartlett, SGA CPA's (Auditors will provide a verbal and written report at the meeting)
5. Urban Revitalization Action Plan Project Update (Video Conference)

Nicholas Snead, Community Development Director
Lorelei Juntunen, EcoNorthwest
Emily Picha, EcoNorthwest
6. Adjourn

Pursuant to ORS 192.640, this agenda includes a list of the principal subjects anticipated to be considered at the above referenced meeting; however, the agenda does not limit the ability of the Madras Redevelopment Commission to consider additional subjects. Meetings are subject to cancellation without notice. This meeting is open to the public and interested citizens are invited to attend. This is an open meeting under Oregon Revised Statutes, not a community forum; audience participation is at the discretion of the Madras Redevelopment Commission. **Anyone wishing to address the Commission will need to register prior to the meeting.** The meeting will be audio taped; minutes of this and all public meetings are available for review at the Madras City Hall. The meeting place is handicapped accessible; those needing assistance please contact the City of Madras Community Development two (2) days in advance of the meeting.

DISBURSEMENTS LIST-November 2015

Madras Redevelopment Commission Review and Approval

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
11/11/2015	Coriant LLC	700 Urban Growth Plan Mailers	\$ 433.35
11/24/2015	ECONorthwest	Madras Urban Revitalization Action Plan	\$ 18,494.68
11/27/2015	Mail Copies and More	Foam Board for Open House	\$ 63.00
11/2/2015	Safeway	Open House URAP Snacks	\$ 19.97
11/2/2015	Erickson's	Open House URAP Snacks	\$ 6.99
11/2/2015	Erickson's	Open House URAP Beverages	\$ 20.38
11/2/2015	Madison Coffee House	Open House URAP Meal	\$ 250.00
11/3/2015	Erickson's	Open House URAP Snacks	\$ 6.99
11/10/2015	SGA Consultants	MRC Audit Payment	\$ 2,000.00
11/18/2015	Great Earth Café	Madras Action Plan Survey Gift Card	\$ 25.00
Total			\$ 21,320.36

** Committee Review and approval of checks cut in the previous month**

Report Criteria:
 Report type: Summary
 Bank.Bank number = 2

GL Period	Check Issue Date	Check Number	Payee	Description	Check Amount
11/15	11/11/2015	192	CORIAN LLC	Urban Growth Plan Postcards- 700 count	433.35
11/15	11/24/2015	1293	ECONorthwest	Madras Urban Revitalization Action Plan	18,494.68
Grand Totals:					<u>18,928.03</u>

Purchase Date	Vendor Name	Item Description	Item GL Combination	Item Total	Receipt Status	Receipt Comment
1099 reporting						
10/26/2015	PHILS HARDWARE	Stimplug to install TV Cable boxes in training room	101-106-520-1406-	14.98		
10/27/2015	SQ COVE ELECTRIC, INC.		503-030-520-2702-	288.87		
10/28/2015	COVE ELECTRIC - NWWTP	Light Replacement				
10/27/2015	GALLS		101-106-520-1406-	58.94		
10/28/2015	Patrol Ready Tactical Gear Bag					
10/27/2015	CASELLE		802-101-520-1204-	987.67		
10/28/2015	CASELLE - Monthly Services (October)					
10/27/2015	MAIL COPIES & MORE LLC		505-505-520-2501-	12.65		
10/29/2015	MAIL COPIES & MORE - PC Name Plate					
10/27/2015	MAIL COPIES & MORE LLC		505-505-520-2401-	15.99		
10/29/2015	MAIL COPIES & MORE - Paper for Community Dev					
10/27/2015	MAIL COPIES & MORE LLC		701-701-520-2401-	63.00		
10/29/2015	MAIL COPIES & MORE - Foam Board for Open House					
10/27/2015	PHILS HARDWARE		503-030-520-2810-	10.98		
10/29/2015	ACE - Hose Parts Wash Deck: Golf Course					
10/27/2015	GOVERNMENT FINANCE		802-101-520-2203-	45.00		
10/29/2015	GOVERNMENT FINANCE - Budget Book					
10/27/2015	FIGAROS PIZZA		802-101-520-2203-	55.97	Yes	
10/29/2015	FIGAROS PIZZA - Admin. Semi Annual Eval. Exec. Session					
10/27/2015	PHILS HARDWARE		503-030-520-2702-	28.97		
10/29/2015	PHILS HARDWARE - Purchase sewer cleanout and supplies					

Purchase Date	Vendor Name	Item GL Combination	Receipt Status
Post Date	Item Description	Item Total	Receipt Comment
1099 reporting			
11/02/2015	CARSON OIL CO., INC - COR	805-101-520-1601-	
11/04/2015	CARSON OIL - 100 GAL Non Ethanol Blended	291.22	
11/02/2015	CARSON OIL CO., INC - COR	503-030-520-1401-	
11/04/2015	CARSON OIL - 25 GAL Biodiesel	50.06	
11/02/2015	CARSON OIL CO., INC - COR	503-030-520-1401-	
11/04/2015	CARSON OIL - 14 GAL Biodiesel	26.71	
11/02/2015	BENDBROADBAND BEND, OR	509-090-520-3003-	
11/04/2015	BENDBROADBAND - Airport Services (Oct-Nov)	91.90	
11/03/2015	CENTURYLINK	503-030-520-2810-	
11/04/2015	CENTURYLINK - Sewer Efficient Services (Oct-Nov)	105.98	
11/03/2015	PLATT ELECTRIC 115	502-020-520-2702-	
11/04/2015	PLATT ELECTRIC - 115 Cord Grip for Wire Hanger	21.15	
11/02/2015	ELMERS FLAG AND BANNER LL	206-206-520-2702-	
11/04/2015	ELMERS FLAG AND BANNER - Veterans Memorial POW Flags	177.87	
11/02/2015	SAFEWAY STORE00019604	701-701-520-2203-	
11/04/2015	SAFEWAY STORE -Open House URAP	19.97	
10/31/2015	SCHS GIFT SHOP BEND	802-101-520-2401-	No
11/04/2015	SCHS GIFT SHOP BEND - Credit Flowers for Karen	(69.90)	transaction over the phone
11/02/2015	COVENANT TECHNOLOGY SOLUT	802-101-520-1223-	
11/04/2015	COVENANT - Wireless Printer for Mayors Office	255.00	
11/03/2015	BUREAU OF LABOR 8390	802-101-520-2203-	
11/04/2015	BUREAU OF LABOR-R. Tombleson: Payroll Law	285.00	

Purchase Date	Vendor Name	Item Description	Item GL Combination	Item Total	Receipt Status
1099 reporting					
11/02/2015	ERICKSONS TW MADRAS		701-701-520-2203-		
11/04/2015	ERICKSONS - URAP Open House Snack			6.99	
11/02/2015	GOWDY BROS ELECTRIC INC		804-101-520-1101-		
11/04/2015	GOWDY BROS ELECTRIC - Earth Quake Testing			112.50	
11/03/2015	CENTRAL ELECTRIC COO INC		206-206-520-1401-		
11/04/2015	CENTRAL ELECTRIC - Yarrow Round-a-Bout (Oct)			21.76	
11/03/2015	CENTRAL ELECTRIC COO INC		204-040-520-2804-		
11/04/2015	CENTRAL ELECTRIC - LIG (Oct)			218.19	
11/03/2015	CENTRAL ELECTRIC COO INC		503-030-520-1401-		
11/04/2015	CENTRAL ELECTRIC - Dogwood Runway (Oct)			3,258.55	
11/03/2015	CENTRAL ELECTRIC COO INC		206-206-520-1401-		
11/04/2015	CENTRAL ELECTRIC - Yarrow Round-a-Bout #2 (Oct)			21.76	
11/03/2015	SNOWS CLEANERS		101-106-520-3001-		
11/04/2015	Uniform Cleaning			23.00	
11/02/2015	ERICKSONS TW MADRAS		701-701-520-2203-		
11/04/2015	ERICKSONS - URAP Open House Beverages			20.38	
11/03/2015	LES SCHWAB #0013		805-101-520-2907-		
11/04/2015	Winter tire change over			57.56	
11/03/2015	STARBUCKS #10330 OREGON C		101-106-520-2203-		
11/04/2015	Breakfast - Sex Offermer Profiling Conf			6.20	
11/02/2015	MAIL COPIES & MORE LLC		206-206-520-2702-		
11/04/2015	MAIL COPIES & MORE - Custom Signs, Desk Holder			40.20	

Purchase Date	Vendor Name	Item Description	Item GL Combination	Item Total	Receipt Status
1099 reporting					
11/03/2015	BULLET RENTAL MADRAS	BULLET RENTAL MADRAS	502-020-520-2702-		
11/04/2015	BULLET RENTAL MADRAS	Air Fitting Bore		10.00	
11/03/2015	RICOH USA, INC		803-101-520-2401-		
11/04/2015	RICOH USA, INC	Public Works Copies (Oct)		100.82	
11/03/2015	PACIFIC POWER GROUP		805-101-520-1403-		
11/04/2015	PACIFIC POWER	repairs and dot # 89 po 10748		1,858.81	
11/03/2015	PANERA BREAD #1264		101-106-520-2203-		
11/04/2015	Sex Offender Profiling Conference			7.98	
11/03/2015	IN QUANTUM COMMUNICATION		101-106-520-2503-		
11/04/2015	Ethernet Port for Radio Traffice PD to JCISO			50.00	
11/02/2015	SUBWAY 00308874		101-106-520-2203-		
11/04/2015	lunch at Sex Offender Profiling Conf			7.70	
11/03/2015	LES SCHWAB #0013		503-030-520-2810-		
11/04/2015	LES SCHWAB - Tire for Rough Mower @ Golf Course			77.60	
11/02/2015	MADISON COFFEE HOUSE		701-701-520-2203-		
11/04/2015	MADISON COFFEE - URAP Open House Meal			250.00	
11/04/2015	CASCADES EAST TRANSIT/		505-505-520-2503-		
11/05/2015	CASCADES EAST TRANSIT-Rob D. Bus Pass			100.00	
11/04/2015	EDGE ANALYTICAL INC		503-030-520-1206-		
11/05/2015	EDGE ANALYTICAL INC - Purchase BOD and TSS oct 27			162.00	
11/04/2015	STARBUCKS #10330 OREGON C		101-106-520-2203-		
11/05/2015	breakfast - Sex Offender Profiling Conf			4.25	

Purchase Date	Vendor Name	Item GL Combination	Receipt Status
Post Date	Item Description	Item Total	Receipt Comment
1099 reporting			
11/03/2015	BENDBROADBAND BEND, OR	101-106-520-1204-	
11/05/2015	BENDBROADBAND - Nov Services	142.16	
11/04/2015	FLINT TRADING, INC.	204-040-520-2702-	
11/05/2015	FLINT TRADING, Thermal Plastic for B St. Crosswalks	2,596.41	
11/04/2015	BULLET RENTAL MADRAS	204-040-520-2702-	
11/05/2015	BULLET RENTAL MADRAS - gloves sweepr	18.85	
11/03/2015	ERICKSONS TW MADRAS	701-701-520-2203-	
11/05/2015	ERICKSONS - Stakeholder Interview at Airport Meal	6.99	
11/04/2015	CONSOL SUPP-BEND	502-020-520-3203-	
11/05/2015	CONSOL SUPP-BEND - Purchase meter box lid	93.66	
11/04/2015	PACIFIC POWER GROUP	805-101-520-1403-	
11/05/2015	PACIFIC POWER # 89 po 10721 repairs & dot insp.	1,644.92	
11/03/2015	TS & S FORD	805-101-520-1004-	
11/05/2015	Replace Instrument Cluster	784.14	
11/03/2015	ADT-PROTECT YOUR HOME	503-030-520-2810-	
11/05/2015	ADT- Golf Shop Security (Dev)	59.99	
11/05/2015	TS & S FORD	805-101-520-1403-	
11/06/2015	TS & S FORD - # 65 Ford F250 parts	18.12	
11/04/2015	DIEGOS SPIRIT KITCHEN	802-101-520-2203-	
11/06/2015	DIEGOS - R. Tombleson/B. McNamee: Training Meal: PERS	27.60	
11/04/2015	PHILS HARDWARE	204-040-520-2702-	
11/06/2015	PHILS HARDWARE -truck window cleaner	32.47	

Purchase Date	Vendor Name	Item Description	Item GL Combination	Item Total	Receipt Status
1099 reporting					
11/10/2015	STAPLES DIRECT		802-101-520-2401-		
11/11/2015	STAPLES - Card Stock, Kleenex, Clorox Wipes, Pens		49.82		
11/10/2015	LES SCHWAB #0013		805-101-520-2907-		
11/11/2015	Veh 701 Winter Tires Change Over		57.56		
11/09/2015	SUBWAY 00116871		802-101-520-2203-		Yes
11/11/2015	SUBWAY - Lunch Meeting: Solar Eclipse		90.00		
11/10/2015	MISSION LINEN		804-101-520-1101-		
11/11/2015	MISSION LINEN - Wastewater Mat Services (Nov)		17.34		
11/10/2015	CHEVRON 00210224		805-101-520-1004-		
11/12/2015	Veh 601 car wash		6.00		
11/10/2015	CHEVRON 00210224		805-101-520-1004-		
11/12/2015	Veh 1001 Car Wash		6.00		
11/10/2015	SEVEN FEATHERS HOTEL		803-101-520-2203-		
11/12/2015	SEVEN FEATHERS HOTEL - Purchase supervisor training		116.70		
11/10/2015	SGA CPAS CONSULTANTS		701-701-520-1003-		
11/12/2015	SGA CPAS CONSULTANTS - MRC Audit Payment		2,000.00		
11/10/2015	CHEVRON 00210224		805-101-520-1004-		
11/12/2015	Veh 602 Car Wash		6.00		
11/10/2015	GENERAL EQUIPMENT CO		805-101-520-1403-		
11/12/2015	GENERAL EQ # 72 aquatec switch		20.63		
11/11/2015	JUNIPER PAPER&SUPPLY		802-101-520-2401-		
11/12/2015	JUNIPER PAPER&SUPPLY - Towels, Toilet		87.20		

Purchase Date	Vendor Name	Item GL Combination	Receipt Status
Post Date	Item Description	Item Total	Receipt Comment
1099 reporting			
11/18/2015	MADRAS AUTO PARTS	805-101-520-1403-	
11/19/2015	MADRAS AUTO # 99 BOI SPREADER MUD	17.39	
11/18/2015	UMPQUA RESEARCH COMPANY	502-020-520-1206-	
11/19/2015	UMPQUA - MTF P/A Drinking Water	192.00	
11/18/2015	COURTYARD LLOYD	803-101-520-2203-	
11/19/2015	COURTYARD - J. Burchell: Training Lodging: Pesticide	281.67	
11/18/2015	OFFICEMAX CT IN#395289	802-101-520-2401-	
11/19/2015	OFFICEMAX - Lanyard and Cardholders	17.05	
11/18/2015	AMAZON MKTPLACE PMTS	207-207-520-1218-	
11/19/2015	AMAZON - Downtown Bows: Council Approved: Holiday Decor	379.79	
11/18/2015	GREAT EARTH CAFE AND MARK	701-701-520-2203-	
11/19/2015	GREAT EARTH - Madras Action Plan Survey Gift Card	25.00	
11/18/2015	GREAT EARTH CAFE AND MARK	505-505-520-2203-	
11/19/2015	GREAT EARTH - Tech Mtg w/ M. Foster Economic Dev	54.60	
11/18/2015	MADRAS AUTO PARTS	503-030-520-2810-	
11/19/2015	MADRAS AUTO - Window Wash for Golf Course	19.80	
11/18/2015	CORP CARSON OIL	805-101-520-1601-	
11/19/2015	CARSON OIL - PO 10813: 193 G Biodiesel/100 G Non Ethanol	671.73	
11/19/2015	STAPLES DIRECT	803-101-520-2401-	
11/20/2015	STAPLES - Dry Erase Erasers	6.56	
11/19/2015	STAPLES DIRECT	509-090-520-1204-	
11/20/2015	STAPLES - Airport Cordless Phones	186.00	



To the Commissioners and Management of
Madras Redevelopment Commission

We have audited the financial statements of Madras Redevelopment Commission (the Agency) for the year ended June 30, 2015, and have issued our report thereon dated October 17, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

The fair value of development properties is an estimate based on management's reasonable expectation of what the properties may sell for in the current market. Eventual sale price is unlikely to reflect this estimate exactly.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No adjustments were proposed.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 28, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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This information is intended solely for the use of management and the Commissioners of Madras Redevelopment Commission and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SGA CPAs & Consultants, LLP

SGA CPAs & Consultants, LLP
Bend, Oregon

October 17, 2015

**MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)**

**(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras, Oregon)**

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

**MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)**

**(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)**

AGENCY COMMISSIONERS AS OF JUNE 30, 2015

<u>Name</u>	<u>Term Expires</u>
Doug Lofting, Chair	February 1, 2017
Tom Brown, Vice Chair	February 1, 2019
Doeshia Jacobs	February 1, 2017
Royce Embanks, Jr.	February 1, 2017
Blanca Reynoso	February 1, 2019
Chuck Schmidt	February 1, 2017

Commissioners receive mail at the address listed below.

FINANCE DIRECTOR
Brandie McNamee

COMMISSIONERS ADDRESS
Administrative Offices
125 SW E Street
Madras, OR 97741

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)

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Agency Commissioners
Madras Redevelopment Commission
Madras, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities and each major fund of the Madras Redevelopment Commission (a component unit of the City of Madras), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year comparative information has been derived from Madras Redevelopment Commission's financial statements and, in our report dated November 7, 2014, we expressed opinions on the respective financial statements of the government activities and major funds.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major funds of Madras Redevelopment Commission as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information for the general fund and the reinvestment fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules for the general fund and reinvestment fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules for the general fund and reinvestment fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madras Redevelopment Commission's basic financial statements. The Schedule of Property Tax Transactions is presented for purposes of additional analysis and is not a required part of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 17, 2015 on our considerations of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of this report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Brenda Bartlett, CPA
SGA CPAs & Consultants, LLP

October 17, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS



Madras Redevelopment Commission

125 SE E Street Madras Oregon 97741
Phone: 541-475-2344 Fax: 541-475-7061

Management's Discussion and Analysis

This is management's discussion and analysis (MD&A) of the financial performance of the Madras Redevelopment Commission (MRC), the urban renewal district of the City of Madras (City), for the fiscal year ending June 30, 2015. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB). The MD&A should be read in conjunction with the basic financial statements and notes to the financial statements.

History

The Madras Redevelopment Commission (MRC) was formed by City Ordinance No. 709 on June 24, 2003 and transferred the power of the Urban Renewal Agency of the City of Madras, to the Madras Redevelopment Commission pursuant to ORS 457.055. The Urban Renewal District lies primarily in the downtown corridor and extends to Lee Street to the north and Hall Street to the south. The MRC is managed by a governing board of eight members. The primary objectives of the Urban Renewal District are to 1) Eliminate blighted conditions; 2) Reverse physical and economic decline; and 3) Use tax increment financing to achieve its objectives to a \$14 million maximum indebtedness.

Financial Highlights

- The MRC provided \$100,000 to Madras Cinema, the fourth annual distribution of five annual payments that were agreed upon within an MOU developed during 2009-2010. The Madras Cinema has proven to be a successful addition to Jefferson Square development within the Urban Renewal District.
- The MRC continued the downtown flower program and paint program throughout 2014-2015.
- The MRC met the debt obligation payment of \$177,000 per the intergovernmental agreement with City of Madras for the \$2.5 million long term obligation issued in 2011-2012.
- The MRC granted \$7,500 to the City L Street project in order to provide decorative tree lighting.
- The MRC made a \$75,000 payment to the City of Madras to assist with the debt obligations for the City Hall/Police Station which serves as a central civic facility in accordance with the Madras Urban Renewal Plan.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the MRC's basic financial statements. The financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains required supplementary information and other supplementary information in addition to the basic financial statements themselves beginning on page 26 of this report.

The Government-Wide Financial Statements are designed to provide the reader with a broad overview of the MRC's finances and are made up of the following two statements: the *Statement of Net Position* and the *Statement of Activities*. Both of these statements were prepared using accounting methods similar to those used by private-sector businesses, which use the economic resources measurement focus, and the accrual basis of accounting.

- The *Statement of Net Position* presents information on all of the MRC's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial asset of the MRC is improving or deteriorating.
- The *Statement of Activities* presents information showing how the MRC's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property tax, which is earned but not physically collected by the MRC in this fiscal year).

Both of these government-wide financial statements distinguish functions of the MRC that are principally supported by taxes and assessments. The MRC does not have other functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as business-type activities).

Fund Financial Statements

Local governments use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the MRC are considered governmental funds.

Governmental fund financial statements, unlike the government-wide statements, use modified accrual accounting which focuses on viewing changes in current financial resources. The objective is to answer the question, "*What are the transactions or events of the current period that have increased or decreased the resources available for spending in the near future?*" Therefore, under the modified accrual accounting, revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which liabilities are liquidated rather than when the liability is first incurred. Unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. However, this information does not encompass the additional long-term focus of the government-wide statements. Therefore, both the governmental funds statements are followed by a reconciliation that explains the relationship or differences between governmental funds and the governmental-wide financial statements.

The MRC maintains two individual governmental funds, the *General Fund* and the *Reinvestment Fund*. The two funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance, beginning on page 11.

The MRC adopts an annual appropriated budget for all governmental funds. A budgetary comparison has been provided for each fund to demonstrate compliance with the adopted budget. These budgetary comparison statements can be found starting on page 26 of this report.

The financial statements also include notes that provide additional information that is essential to the full understanding of the data provided in the government-wide and funds financial statements. The notes to the basic financial statements can be found beginning on page 15 of this report. In addition to the basic financial statements and the accompanying notes lies additional pertinent information for the reader referred to as *Auditor's Comments and Reports*. This information can be found in this report following the notes to the basic financial statements.

Financial Analysis of the Government-Wide Statements

Net Position

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the Madras Redevelopment MRC's government-wide financial statements.

As noted earlier, net position may serve over time as a useful indicator of the MRC's financial asset. Total negative net position on June 30, 2015 was \$1.55 million versus \$1.56 million on June 30, 2014. Typically the MRC operates at a deficit net position (i.e., debt) balance, which is consistent with Oregon constitutional requirements for an Urban Renewal District. This debt is then repaid over time via the MRC's tax income.

Table 1
MADRAS REDEVELOPMENT COMMISSION
CHANGE IN NET POSITION

	Governmental Activities		Net Change	
			Increase/Decrease	
	2015	2014	Amount	Percentage
Assets:				
Cash and cash equivalents	\$ 349,138	\$ 264,083	\$ 85,055	32.2%
Receivables	157,669	227,906	(70,237)	-30.8%
Redevelopment properties	329,698	329,698	-	0.0%
Total Assets	836,505	821,687	14,818	1.8%
Liabilities:				
Current liabilities	1,926	721	1,205	167.1%
Non-current liabilities	2,390,000	2,390,000	-	0.0%
Total Liabilities	2,391,926	2,390,721	1,205	0.1%
Net Position:				
Unrestricted (deficit)	(1,555,421)	(1,569,035)	13,614	-0.9%
Total Net Position	\$ (1,555,421)	\$ (1,569,035)	\$ 13,614	-0.9%

As of the end of the fiscal year 2014-15, total receivables decreased \$70.2 thousand from the prior year, primarily as a result of payments on facade improvement loans. The MRC facade improvement loan program is now complete. This program offered qualifying merchants the opportunity to obtain a combination of a grant and a low-interest loan to revitalize their storefronts and give the downtown businesses a fresh curb side appeal (i.e. remove blight).

Change in Net Position

Below, Table 2 reflects the change in Net Position for fiscal year 2013-14 to fiscal year 2014-15.

Table 2
MADRAS REDEVELOPMENT COMMISSION
CHANGE IN NET POSITION

	Governmental Activities		Net Change	
	2015	2014	Increase/Decrease Amount	Percentage
Revenue:				
Property taxes	\$ 328,368	\$ 325,681	\$ 2,687	0.8%
Interest on investments	8,345	16,633	(8,288)	-49.8%
Miscellaneous	671	-	671	100.0%
Total Revenues	337,384	342,314	(4,930)	-1.4%
Expenses:				
Community development	323,770	313,962	9,808	3.1%
Total Expenses	323,770	313,962	9,808	3.1%
Change in Net Position	13,614	28,352	(14,738)	-52.0%
Prior Period Adjustment	-	(133,995)	133,995	-100.0%
Net Position - beginning of year	(1,569,035)	(1,463,392)	(105,643)	7.2%
Net position - end of year	\$ (1,555,421)	\$ (1,569,035)	\$ 13,614	-0.9%

During the fiscal year 2014-15, total property tax revenue increased \$2.6 thousand, which is consistent with the related taxable assessed value of properties located within the Urban Renewal District. Operating expenditures were consistent with prior year other than the grant to City L Street project and some additional legal fees incurred for reviewing contracts.

Fund Financial Analysis

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balance spending recourses. Such information is useful in assessing the government's financing requirements. Fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the conclusion of fiscal year 2014-15, the MRC's combined governmental funds reported an ending fund balance of \$0.68 million, up from the prior year fund balance of \$0.6 million. The increase in fund balance is primarily driven by facade loans being paid back in full. The combination of grants and loans, debt service, and administrative expenses exceeded property tax, assessments, and other revenues. Assessments refer to payments from borrowers for their loans from the MRC associated with the facade improvement program.

Debt Administration

At the end of the fiscal year 2014-15, the MRC's total outstanding debt consists of a \$2,390,000. This includes a \$2,290,000 balance advanced from the City of Madras, reported as Due to Other Governmental Agencies on the Statement of Activities. 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.

The remaining \$100,000, reported as a Note Payable on the Statement of Activities, is a draw from a line of credit. The term of the line of credit is up to \$500,000, issue date of 5/15/2015 and maturing on 3/31/2017. Options to renew the line of credit are available and will be explored during the development of the 2016-17 MRC budget.

Economic Factors and Next Year's Budget

Major factors anticipated in the 2015-16 budget include the following:

- The downturn in the national, state, and regional economies is continuing to affect the local economy, whereby declining property values within the urban renewal district in 2008-2014 have reduced the amount of property tax collected by the MRC. The collection ("mill") rate decreased for the MRC between 2008 and 2014. Measure 5 also had a compression effect on property tax revenues. While property values have stabilized, there is a lagging effect of the 2008-2014 property declines that will likely impact property tax revenues for the next couple years.
- During fiscal year 2009 the MRC executed a Memorandum of Understanding (MOU) with a developer to build a five-screen movie theater within the Madras Urban Renewal District. As part of the MOU, the MRC agreed to pay the developer \$100,000 per year for five years. The fifth of five payments in the amount of \$100,000 is forecasted in fiscal year 2015-16.
- During fiscal year 2015-16, the MRC will contribute an additional \$75,000 towards to completion of the new Police Station/City Hall for the City of Madras located in the urban renewal district.
- The Madras Urban Renewal Plan was completed in July 2002 and is due to be updated by January 2016 by ECONorthwest. This firm specializes in urban renewal districts and the report will be a valuable tool in developing the 2016-17 budget and forecasting ahead.
- A line of credit was finalized June 30, 2015 and the total use of funds in the amount of \$220,000 is planned to be utilized in 2015-16 from this financing effort. This line will fund the final payment to Madras Cinema, contract costs for updating the Urban Renewal Plan, and allow contingency for other district improvements.

Request for Information

This financial report is designed to provide a general overview of the Madras Redevelopment Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to the City of Madras/Madras Redevelopment Commission, Attention: Finance Director, 125 S.E. "E" Street, Madras, Oregon 97741, (541) 475-2344.

The City's website address is [http//www.ci.madras.or.us](http://www.ci.madras.or.us).

BASIC FINANCIAL STATEMENTS

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras, Oregon)
(A Component Unit of the City of Madras, Oregon)

STATEMENT OF NET POSITION

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
ASSETS:		
Cash and cash equivalents	\$ 349,138	\$ 264,083
Receivables:		
Property taxes	23,470	28,832
Notes	134,193	199,074
Other	6	-
Redevelopment properties	<u>329,698</u>	<u>329,698</u>
Total Assets	<u>836,505</u>	<u>821,687</u>
LIABILITIES:		
Accounts payable	1,926	721
Long-term obligations:		
Note payable	100,000	-
Due to other governmental agencies	<u>2,290,000</u>	<u>2,390,000</u>
Total Liabilities	<u>2,391,926</u>	<u>2,390,721</u>
NET POSITION:		
Unrestricted	<u>(1,555,421)</u>	<u>(1,569,035)</u>
Total Net Position	<u>\$ (1,555,421)</u>	<u>\$ (1,569,035)</u>

See accompanying notes to the basic financial statements.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras, Oregon)
(A Component Unit of the City of Madras, Oregon)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

Functions	Expenses	Program Revenues		Total	
		Charges for Services	Operating Grants and Contributions	2015	2014
Governmental Activities					
Community Development	\$ 323,770	\$ -	\$ -	\$ (323,770)	\$ (313,962)
Total Governmental Activities	\$ 323,770	\$ -	\$ -	(323,770)	(313,962)
General Revenues:					
Property taxes levied for general service				328,368	325,681
Miscellaneous revenue				671	-
Interest and investment earnings				8,345	16,633
Total General Revenues				337,384	342,314
Change in Net Position				13,614	28,352
Prior Period Adjustment				-	(133,995)
Net Position - Beginning				(1,569,035)	(1,463,392)
Net Position - Ending				\$ (1,555,421)	\$ (1,569,035)

See accompanying notes to the basic financial statements.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras, Oregon)
(A Component Unit of the City of Madras, Oregon)

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	Governmental Fund Types		Total	
	General Fund	Reinvestment Fund	2015	2014
	Current assets			
Cash and investments	\$ 145,165	\$ 203,973	\$ 349,138	\$ 264,083
Receivables:				
Property taxes	23,470	-	23,470	28,832
Notes	-	134,193	134,193	199,074
Other	6	-	6	-
Total current assets	168,641	338,166	506,807	491,989
Non-current assets				
Redevelopment properties	329,698	-	329,698	329,698
Total Assets	\$ 498,339	\$ 338,166	\$ 836,505	\$ 821,687
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY:				
Current liabilities				
Accounts payable	\$ 1,240	\$ 684	\$ 1,924	\$ 721
Deferred inflows				
Unavailable property taxes	21,845	-	21,845	22,442
Unearned project fees	-	133,492	133,492	199,074
Total Deferred Inflows	21,845	133,492	155,337	221,516
Fund equity				
Restricted	475,254	203,990	679,244	599,450
Total Liabilities and Fund Equity	\$ 498,339	\$ 338,166	\$ 836,505	\$ 821,687

See accompanying notes to the basic financial statements.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras, Oregon)
(A Component Unit of the City of Madras, Oregon)

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION

JUNE 30, 2015

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Fund Balances	\$ 679,244
Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	
Long-term note payable	(100,000)
Due to other governmental agencies	(2,290,000)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Unearned revenue	<u>155,335</u>
Net Position	<u>\$ (1,555,421)</u>

See accompanying notes to the basic financial statements.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras, Oregon)
(A Component Unit of the City of Madras, Oregon)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	General Fund	Reinvestment Fund	Total	
			2015	2014
REVENUES:				
Property taxes	\$ 328,967	\$ -	\$ 328,967	\$ 331,164
Assessments	-	65,582	65,582	27,329
Miscellaneous revenue	631	40	671	-
Interest on investments	1,709	6,635	8,344	13,766
Total Revenues	331,307	72,257	403,564	372,259
EXPENDITURES:				
Current:				
Community development	58,048	6,222	64,270	58,452
Debt service	177,000	-	177,000	179,000
Total Expenditures	235,048	6,222	241,270	237,452
Excess of Revenues Over Expenditures	96,259	66,035	162,294	134,807
OTHER FINANCING SOURCES (USES)				
Proceeds from note payable	100,000	-	100,000	58,452
Special payments - grants and loans	(182,500)	-	(182,500)	(176,510)
Total Other Financing Sources (Uses)	(82,500)	-	(82,500)	(118,058)
Net Change in Fund Balance	13,759	66,035	79,794	16,749
Prior Period Adjustment	-	-	-	(133,995)
Beginning Fund Balance	461,495	137,955	599,450	775,148
Ending Fund Balance	\$ 475,254	\$ 203,990	\$ 679,244	\$ 657,902

See accompanying notes to the basic financial statements.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras, Oregon)
(A Component Unit of the City of Madras, Oregon)

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2015

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

Net Change in Fund Balance	\$ 79,794
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances between years.

Proceeds from long-term note payable	(100,000)
Long-term debt principal payments	100,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment combines the net changes in deferred taxes between years.

Property taxes	(599)
Notes receivable	(65,581)

Change in Net Position	<u>\$ 13,614</u>
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**MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)**

**(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)**

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Madras Redevelopment Commission (the Agency), the Urban Renewal Agency of the City of Madras, Oregon, is the urban renewal agency of and controlled by the City of Madras (the City). The Agency was formed by City Ordinance No. 709 on June 23, 2003 and transferred the power of the Urban Renewal Agency of the City of Madras, Oregon to the Madras Redevelopment Commission pursuant to ORS 457.055. The governing body consists of eight commissioners appointed by the Madras City Council.

Inclusion of the Agency in Madras, Oregon, Annual Financial Report

All significant activities and organizations for which the City exercises oversight responsibility have been included in the City's combined financial statements.

City management has determined the Agency meets the criteria set forth under generally accepted accounting principles requiring reporting as a component unit of the City of Madras. This report is issued solely to meet a State of Oregon, Department of Revenue interpretation of Oregon Revised Statutes that requires a separate audit report.

Agency-wide and Fund Financial Statements

The agency-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the Agency. Governmental activities are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Basis of Presentation

The agency-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The agency-wide financial statements have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental accounting Standards Board (GASB) pronouncements.

When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgment, are recorded only when payment is due.

The following major governmental funds are reported:

The *General Fund* is the primary operation fund. It accounts for all financial resources, except those required to be accounted for in another fund. Principal sources of revenue are property taxes and capital grants. Expenditures are primarily for the redevelopment of blighted areas and construction of public infrastructure assets for the City of Madras.

The *Reinvestment Fund* accounts for receipts from the repayment of redevelopment loans and the resources available for future projects.

**MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)**

**(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)**

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The bank accounts and investments are merged with the City of Madras, which are maintained in a central pool of cash and investments. The investment policy is to invest in the Local Government Investment Pool (LGIP), U.S. Government Obligations, and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments, authorized for municipal corporations. Earnings on investments are allocated to each fund based on the average monthly balances throughout the year.

Investments in the LGIP are reported at cost, which approximates fair value, and are considered cash equivalents for financial reporting purposes. All other investments are reported at fair value.

Property Taxes and Property Taxes Receivable

Property taxes receivable is recorded to indicate the amount of uncollected taxes that are expected to be received in the future. Such taxes are offset by a liability to indicate that these amounts have been recorded as receipts in the governmental statements. Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are levied on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Taxes are billed and collected by Jefferson County and remittance is made at periodic intervals.

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to \$10 for each \$1,000 of property market value. The State further reduced property taxes using a rate and value limit in 1997, and limiting future tax value growth of each property to no more than 3% year, subject to certain exceptions.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Receivables and Payables

Receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the measurement focus previously disclosed.

Activities between funds that are representative of lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". As of June 30, 2015, there were no activities between funds. Receivables for federal and state grants, and state, county and local shared revenue are recorded as revenue in all funds as earned. The receivables for state, county and local shared revenue are recorded in accounts receivable.

Assessments are recognized as receivables at the time property owners are assessed on property improvements. These assessments are liens on the affected properties. These receivables are offset by deferred revenue in the governmental funds, as assessment revenue is recognized upon collection.

Management has determined that no provision for uncollectible assessments is considered necessary. In the government-wide financial statements, assessment receivables are recognized as revenue when earned.

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as earned on investments.

Long-Term Obligations

In the agency-wide financial statements, long-term debt obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Equity

The Agency reports fund balance using fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds, using the following classifications:

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. By resolution, the decision-making for assigning amounts are delegated to the Urban Renewal Administrator and the Finance Director.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.
- There are no nonspendable, committed, unassigned or assigned fund balances.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Invested in capital assets, net of related debt - consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)**

**(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)**

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Restricted - consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - consists of all other assets that are not included in the other categories previously mentioned.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is prepared for each governmental fund type in accordance with the legal requirements set forth in the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in early spring with a public hearing being held approximately three weeks later. The budget may be amended prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30.

The expenditure budgets are appropriated at the following levels:

<u>Level of Control</u>	
Materials and Services	Operating Contingency
Capital Outlay	Special Payments
Debt Service	

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Commissioner approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Commissioners approve them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the financial statements reflect the original and final budget amounts. Expenditures in all funds were within authorized appropriations.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

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(A Component Unit of the City of Madras)

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 3 - CASH AND INVESTMENTS

State statutes govern the cash management policies. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Deposits and Investments

The cash and cash equivalents at June 30, 2015 are shown below:

Carrying amount of deposits	\$ 214,087
Investment in LGIP	<u>135,051</u>
Total cash and cash equivalents	<u><u>\$ 349,138</u></u>

Cash and cash equivalents by fund are as follows:

Governmental activities:	
General	\$ 145,165
Reinvestment	<u>203,973</u>
Total cash and cash equivalents	<u><u>\$ 349,138</u></u>

Deposits

Deposits consist of bank demand deposits. All deposits at June 30, 2015 were covered. The total bank balance per the bank statements for all pooled cash is \$215,820. Of this balance, \$176,740 was covered by Federal Depository Insurance. State statute (ORS 295.002) allows public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there now may be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation. At June 30, 2015, all funds were held in qualified banks.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. As of June 30, 2015, none of the bank balance was exposed to custodial credit risk because funds were held in qualified banks.

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 3 - CASH AND INVESTMENTS- continued

Investments

The investment balances at year end were as follows:

Investment type:	<u>Fair Value</u>	<u>Percent of Investment Portfolio</u>	<u>Rating</u>
Local Government Investment Pool	\$ 135,051	100%	Not Rated

Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the deposit will not be recovered. There is no formal investment policy for custodial credit risk. All of the investments are within the LGIP. Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration of Credit Risk

At June 30, 2015, 100% of total investments were in the Local Government Investment Pool. State statutes do not limit the percentage of investments in this instrument.

NOTE 4 - NOTES RECEIVABLE AND UNEARNED INCOME

Funds are expended to improve and refurbish buildings for the benefit of businesses in the local area through a combination grant and loan program, and notes receivable have been recorded to reflect the amount the property owners will repay under the program. The loan portion of the assistance is payable over a maximum of 120 months. The loans are secured by the improved property and are considered fully collectible.

Governmental funds report deferred inflows representing unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The government-wide financial statements report deferred inflows only for amounts that have been received, but not earned. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds included \$21,844 in unavailable property taxes and \$133,492 of unearned revenue from notes receivable.

**MADRAS REDEVELOPMENT COMMISSION
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NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 5 - REDEVELOPMENT PROPERTIES

Assets are constructed and refurbished for the benefit of the City and businesses in the local area, and any assets constructed or improved are generally property of the benefiting entity. In addition, the Agency purchases property to be refurbished and sold. At June 30, 2015, the redevelopment properties consist of a non-depreciable property purchased to refurbish and sell, in the amount of \$329,698.

Because these properties are considered to be investments, they are reported at fair value; increases and decreases in the property's estimated value are reported as unrealized gain or loss on investments.

NOTE 6 - LONG TERM DEBT

During fiscal year 2011-12, a \$2,500,000 bond anticipation line of credit was paid off using proceeds from an advance from the City of Madras. The advance was the direct result of a new bond issuance by the City specifically meant to refinance the Agency's bond anticipation line of credit. The terms of the advance from the City of Madras match the related bond issuance, with interest at 63.5% of the BBA Libor Daily floating Rate plus 2.6% with a 3.076% floor.

During fiscal year 2014-15, the Madras Redevelopment Commission entered into a loan agreement with the City of Madras. The agreement was specifically meant to finance the final payment to the Madras Cinema (Note 9). The City obtained a line of credit to fund the payment. The terms of the loan agreement with the City match the terms of line of credit the City obtained. The maximum principal available is \$500,000, with 2.5% interest only payments due quarterly. Principal and interest are due when the line of credit matures on March 31, 2017.

Changes in long-term obligations for the fiscal year ended June 30, 2015, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Due to other governmental agencies	<u>\$ 2,390,000</u>	<u>\$ 100,000</u>	<u>\$ (100,000)</u>	<u>\$ 2,390,000</u>	<u>\$ 105,000</u>

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras)
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NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 6 - LONG TERM DEBT (continued)

Future payments are as follows:

<u>Due in</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 105,000	\$ 78,400	\$ 183,400
2017	205,000	75,675	280,675
2018	110,000	71,700	181,700
2019	110,000	68,950	178,950
2020	115,000	65,100	180,100
2021-2025	645,000	261,625	906,625
2026-2030	755,000	141,750	896,750
2031-2034	345,000	18,200	363,200
Total	<u>\$ 2,390,000</u>	<u>\$ 781,400</u>	<u>\$ 3,171,400</u>

NOTE 7 - RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance coverage in the name of the City. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

NOTE 8 - RELATED PARTY ACTIVITY

The Agency provides funds to local businesses to improve and refurbish properties in the Urban Renewal District through a combination of grants and loans. During fiscal year 2009-10, one of the Agency's Commissioners was awarded \$57,425, which consisted of a 50% grant and 50% loan payable to the Agency. The outstanding loan balance was \$9,961 at June 30, 2015, and \$13,749 at June 30, 2014, and is payable in monthly installments through January 2020. This award was consistent with the Agency's policy and was discussed and approved during a monthly public meeting of the Urban Renewal District. The commissioner did not participate in the deliberation or vote.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Agency entered into an agreement with the developer of Madras Cinema to pay a sum not to exceed \$500,000 to assist with development costs. The agreement provides that the cinema must be operated a minimum of four days per week, year round. The Agency made the final payment during this fiscal year.

**MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)**

**(The Urban Renewal District of the City of Madras)
(A Component Unit of the City of Madras)**

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras, Oregon)
(A Component Unit of the City of Madras, Oregon)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND BUDGET
GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES:				
Property taxes	\$ 313,500	\$ 313,500	\$ 328,967	\$ 15,467
Miscellaneous revenue	-	-	631	631
Interest on investments	-	-	1,709	1,709
	313,500	313,500	331,307	17,807
Total Revenues				
EXPENDITURES:				
Current:				
Materials and services	58,100	58,100	58,048	(52)
Debt service	178,000	178,000	177,000	(1,000)
Contingency	7,000	7,000	-	(7,000)
	243,100	243,100	235,048	(8,052)
Total Expenditures				
Excess of Revenues Over Expenditures	70,400	70,400	96,259	25,859
OTHER FINANCING SOURCES (USES)				
Proceeds from note payable	-	-	100,000	100,000
Special payments - grants and loans	(182,500)	(182,500)	(182,500)	-
	(182,500)	(182,500)	(82,500)	100,000
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(112,100)	(112,100)	13,759	125,859
Beginning Fund Balance	117,948	117,948	461,495	343,547
Ending Fund Balance	\$ 5,848	\$ 5,848	\$ 475,254	\$ 469,406

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras, Oregon)
(A Component Unit of the City of Madras, Oregon)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND BUDGET
REINVESTMENT FUND

YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES:				
Assessments	\$ 27,000	\$ 27,000	\$ 65,582	\$ 38,582
Interest on investments	1,000	1,000	6,635	5,635
Total Revenues	28,000	28,000	72,217	44,217
EXPENDITURES:				
Current:				
Materials and services	8,000	9,000	6,222	(2,778)
Contingency	43,000	42,000	-	(42,000)
Total Expenditures	51,000	51,000	6,222	(44,778)
Net Change in Fund Balance	(23,000)	(23,000)	65,995	88,995
Beginning Fund Balance	123,385	123,385	137,955	14,570
Ending Fund Balance	\$ 100,385	\$ 100,385	\$ 203,950	\$ 103,565

SUPPLEMENTARY INFORMATION

MADRAS REDEVELOPMENT COMMISSION
(Jefferson County, Oregon)

(The Urban Renewal District of the City of Madras, Oregon)
(A Component Unit of the City of Madras, Oregon)

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
GENERAL FUND

YEAR ENDED JUNE 30, 2015

Tax Year	Original Levy or Balance Uncollected at July 1, 2014	Deduct Discounts	Adjustment to Rolls	Interest	Cash Collections by County Treasurer	Balance Uncollected or Unsegregated at June 30, 2015
Current:						
2014-15	\$ 334,836	\$ 8,304	\$ 498	\$ 136	\$ 315,113	\$ 11,057
Prior Years:						
2013-14	11,847	-	67	362	6,488	5,653
2012-13	7,824	-	46	575	4,483	3,870
2011-12	5,396	-	48	785	4,256	1,877
2010-11	3,175	-	52	702	3,224	601
2009-10	191	-	48	24	80	87
2008-09 & Prior	398	-	19	31	85	325
Total Prior	28,831	-	280	2,479	18,616	12,413
Total	\$ 363,667	\$ 8,304	\$ 778	\$ 2,615	\$ 333,729	\$ 23,470

Reconciliation to Revenue:

Cash collections by County Treasurer above June 30, 2014 accrual	\$ 333,729 (6,389)
June 30, 2015 accrual	<u>1,627</u>
Total Revenue	<u>\$ 328,967</u>

**INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS**



INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS

We have audited the restated basic financial statements of the Madras Redevelopment Commission as of and for the year ended June 30, 2015 and have issued our report thereon dated October 17, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Madras Redevelopment Commission was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

This report is intended solely for the information and use of the Commissioners, management, the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Brenda Bartlett

Brenda Bartlett, CPA
SGA CPAs & Consultants, LLP

October 17, 2015

Madras Action Plan Update



Madras Redevelopment Commission
December 2, 2015

SEPT

OCT

NOV

DEC

JAN

Gather Input on Priorities

Investment Framework and Project List

Prioritize Projects and Confirm Investment Framework

Draft and Final Action Plan

TECHNICAL ANALYSIS

2006 Progress Report

Retail Needs Analysis

PUBLIC OUTREACH

Public and Stakeholder Outreach (*interviews*)

ADVISORY COMMITTEE

Advisory Committee Input

A big list of projects...



Investment Framework and Guiding Principles

Cost Analysis

TIF Generation Analysis

Public Outreach (*Nov Workshops*)

Advisory Committee Input

A refined, targeted list of projects...

A.6	Beverton Center for Arts and Culture Studies	
B.8	Transportation Studies	
A.6	Beverton Center for Arts and Culture Studies	
B.8	Transportation Studies	
<p>Project Description: This project is a study of the proposed implementation of bicycle improvements along NE Beaverton and Watson Avenue between Cedar and Beaverton. The study will include a field survey of the area, a review of existing conditions, and a review of the literature. The study will also include a public outreach component to gather input from the community. The study will be completed by the end of the year.</p> <p>Project Objectives: - Identify and evaluate potential bicycle routes along NE Beaverton and Watson Avenue. - Determine the feasibility of various options. - Develop a recommendation for the most viable option. - Provide input to the project team for the design and implementation of the project.</p> <p>Project Location: NE Beaverton and Watson Avenue between Cedar and Beaverton.</p> <p>Project Funding: - City of Beaverton - State of Oregon - Federal Highway Administration</p> <p>Project Status: - Planning - Design - Construction</p> <p>Project Contact: - Name: [Redacted] - Title: [Redacted] - Phone: [Redacted] - Email: [Redacted]</p>		

For each project, refined:
Name
Description
Rationale
Partners
Phasing
Cost Estimate
Funding Sources
Next Steps

Agenda

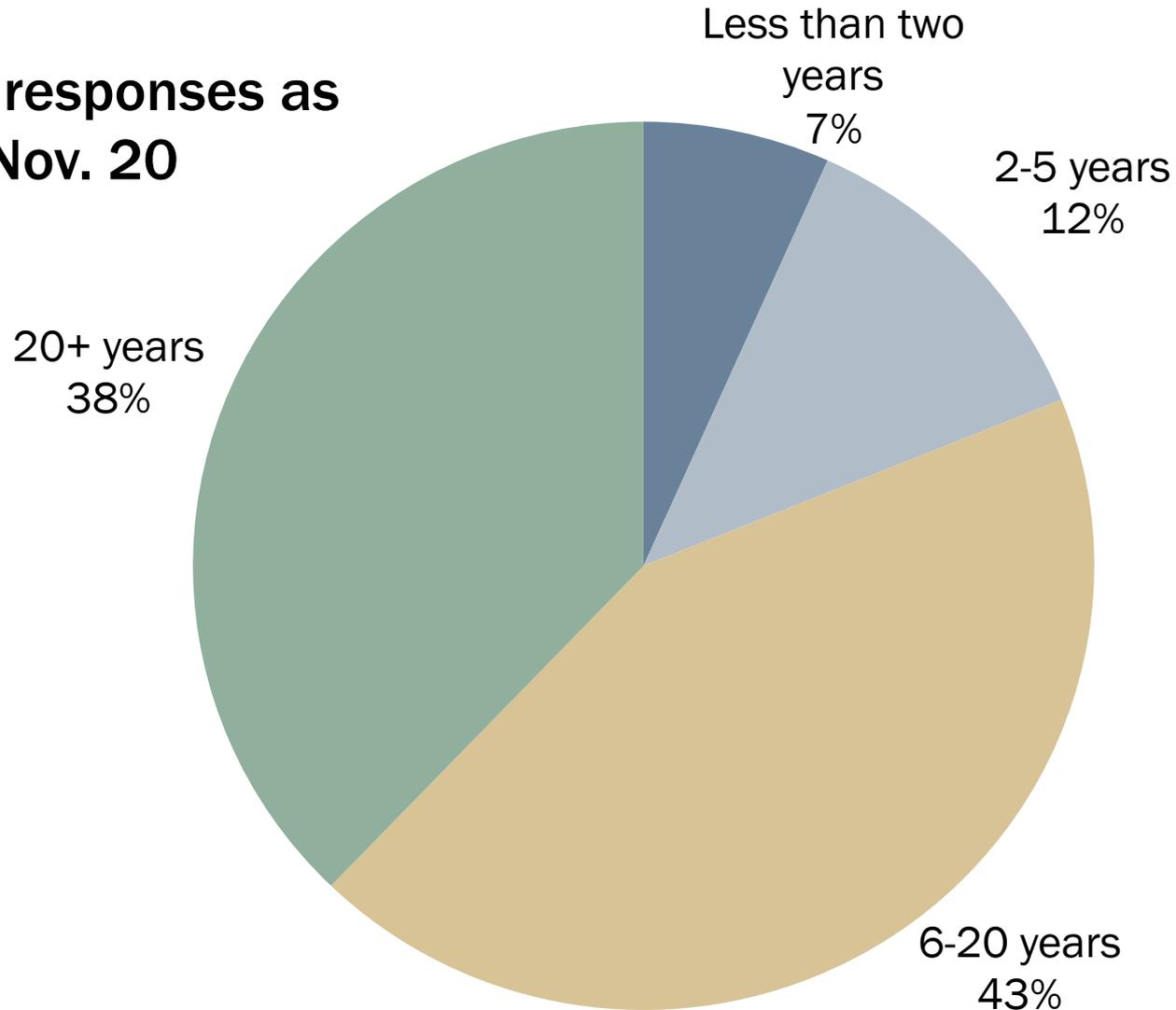
- Public Outreach
 - Interim survey results draft urban design framework (have these from WM)
 - Outreach with Hispanic community
- Investment Framework, refined
 - Development opportunities (WM content)
 - Criteria
- Initial results of the baseline financial analysis
- Refined, prioritized list of projects

Remaining Public Outreach

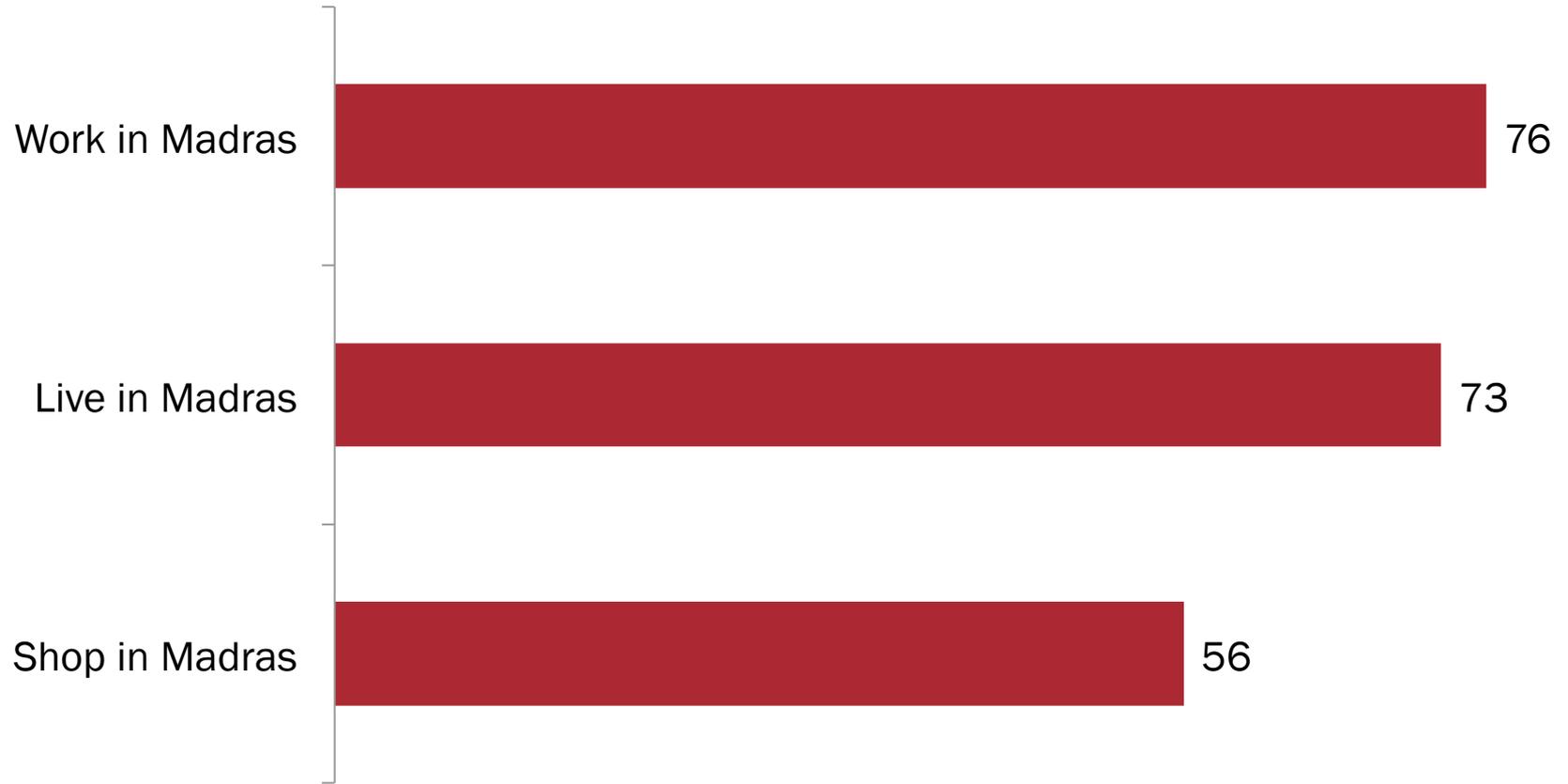
- Outreach with Hispanic community
- Diversity coalition meeting (mid December)
- Surveys:
 - Community survey: 90 responses
 - Employee survey: 70 responses
 - Spanish-language survey (close date end of December)

How long have you lived in Madras?

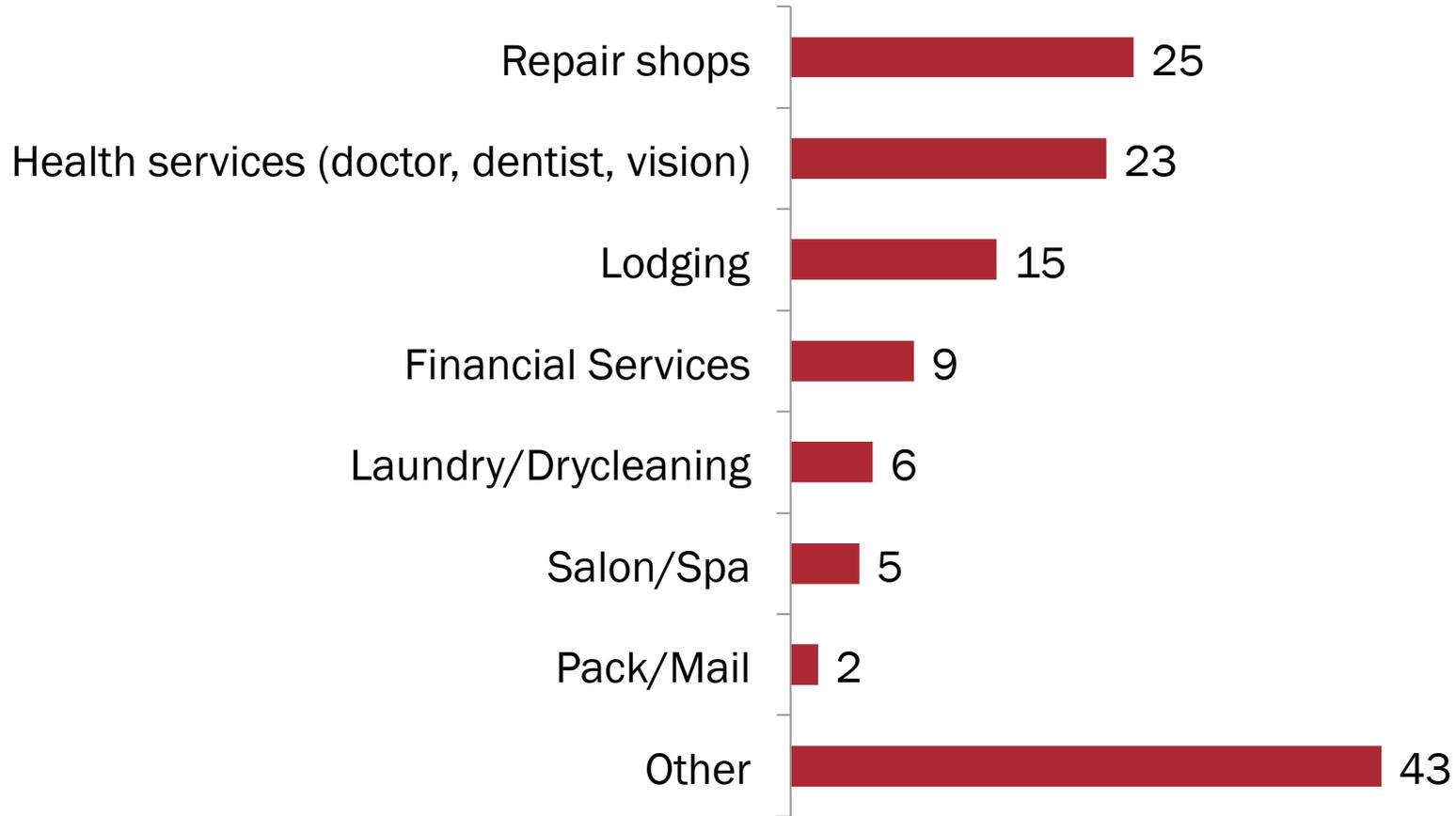
**90 responses as
of Nov. 20**



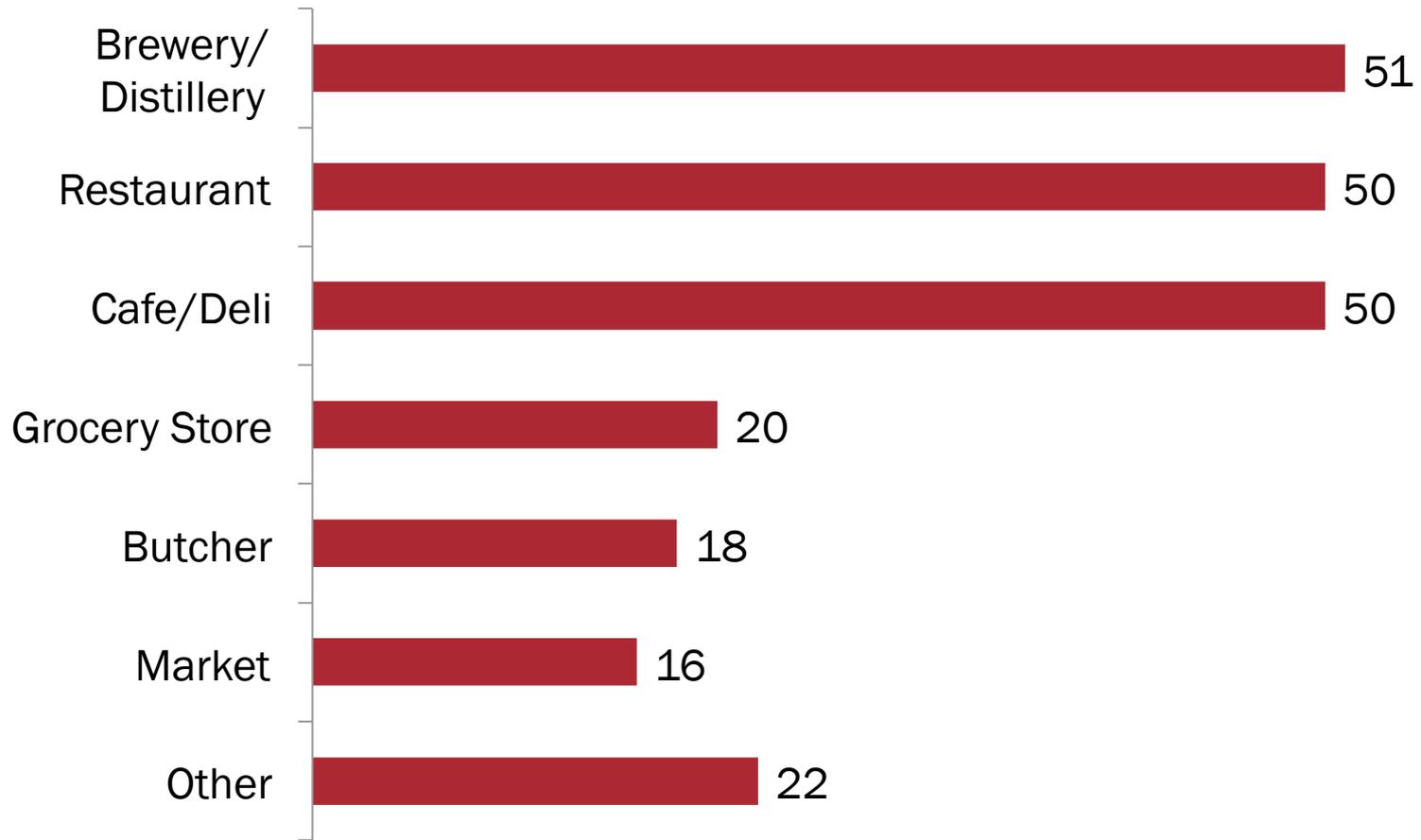
What describes you most?



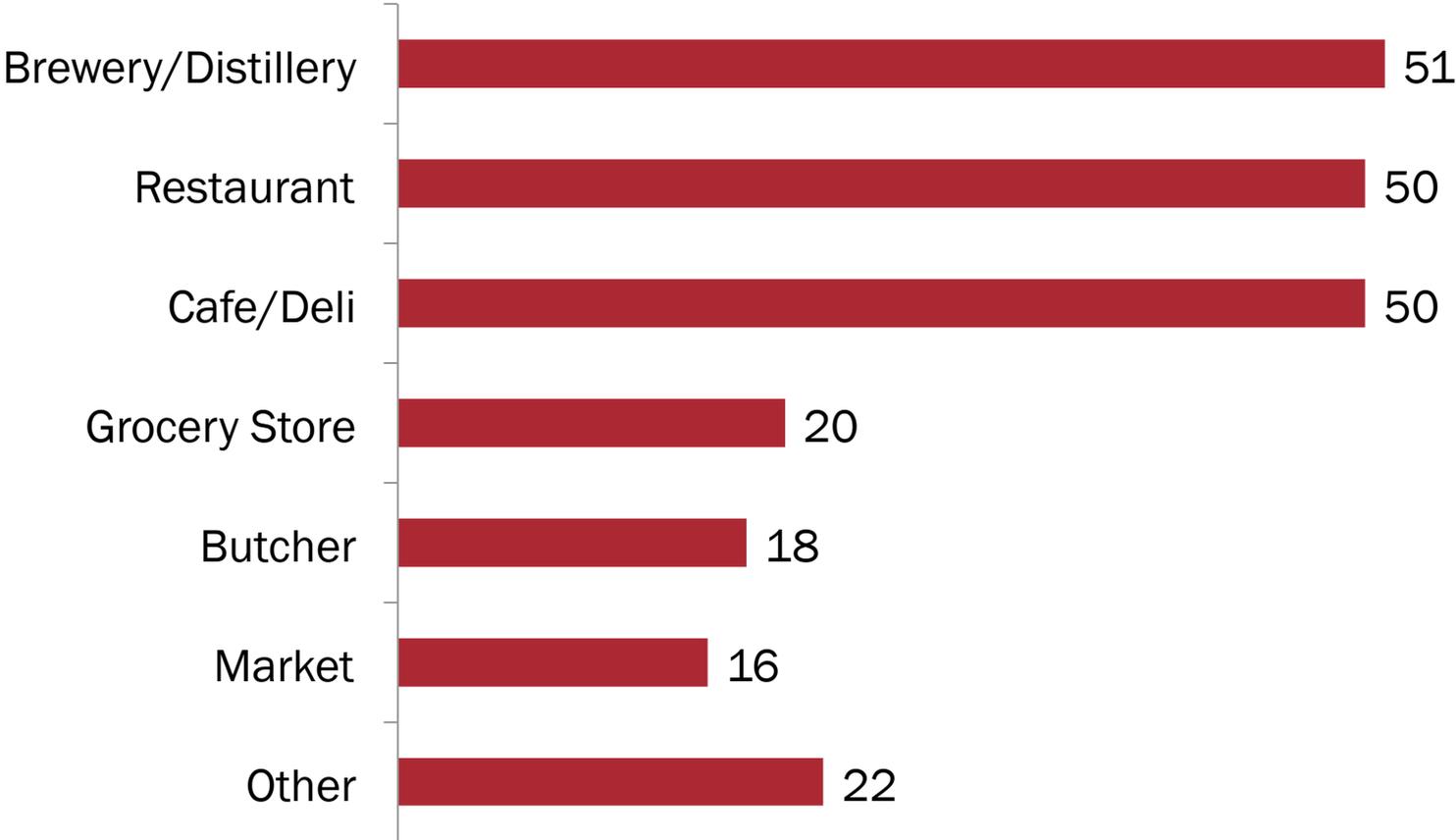
What services would you most like to see?



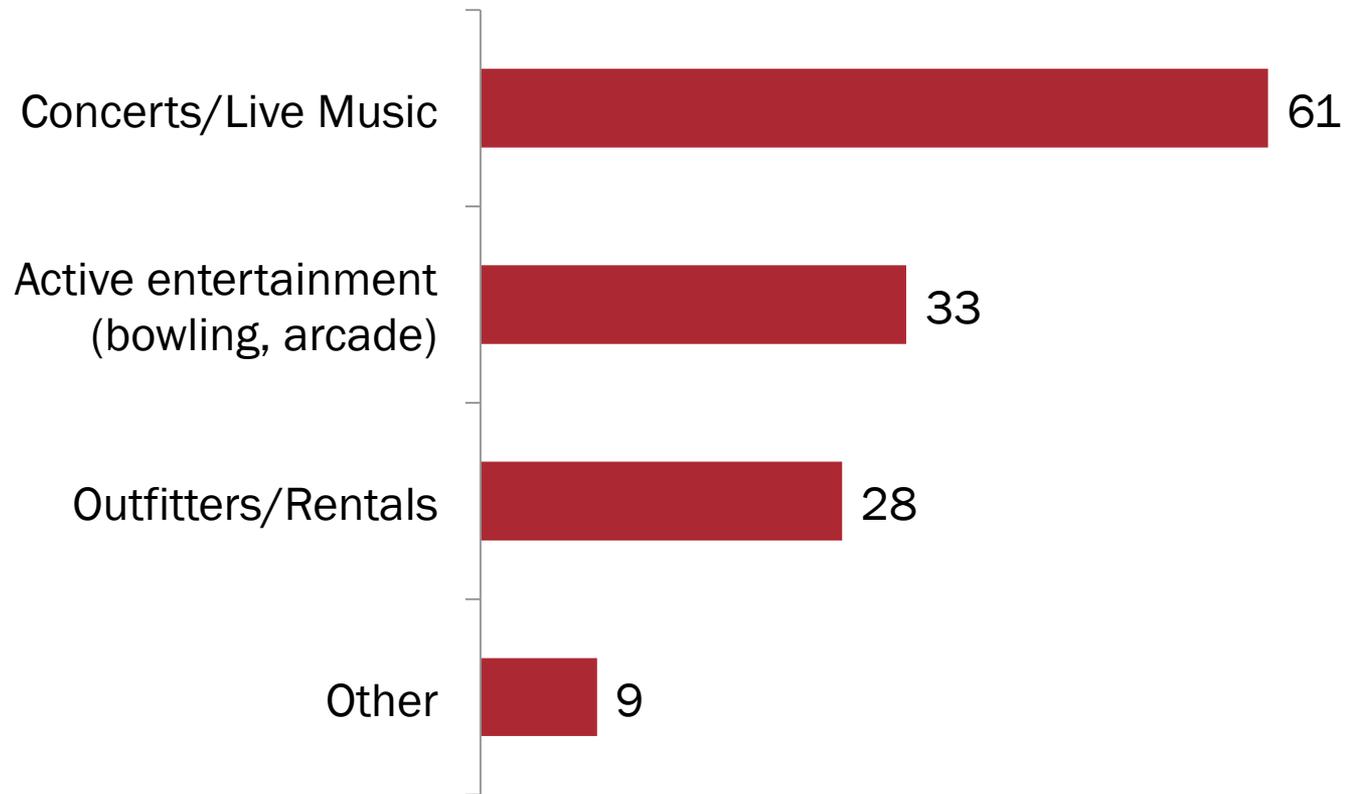
What food businesses would you most like to see?



What types of retail would you most like to see?



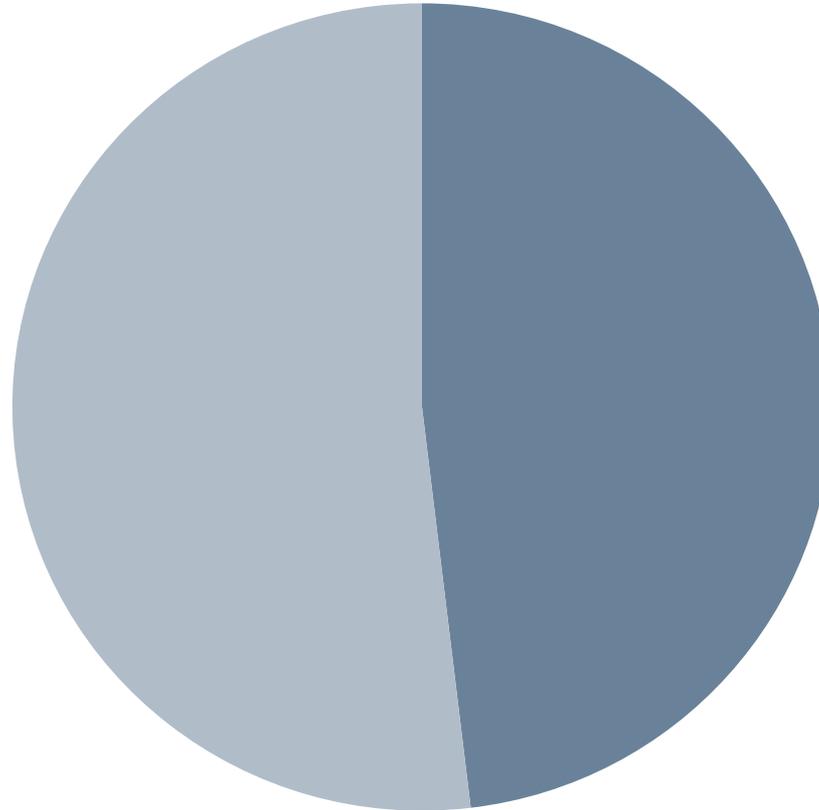
What entertainment options would you like to see?



Madras Employee Survey

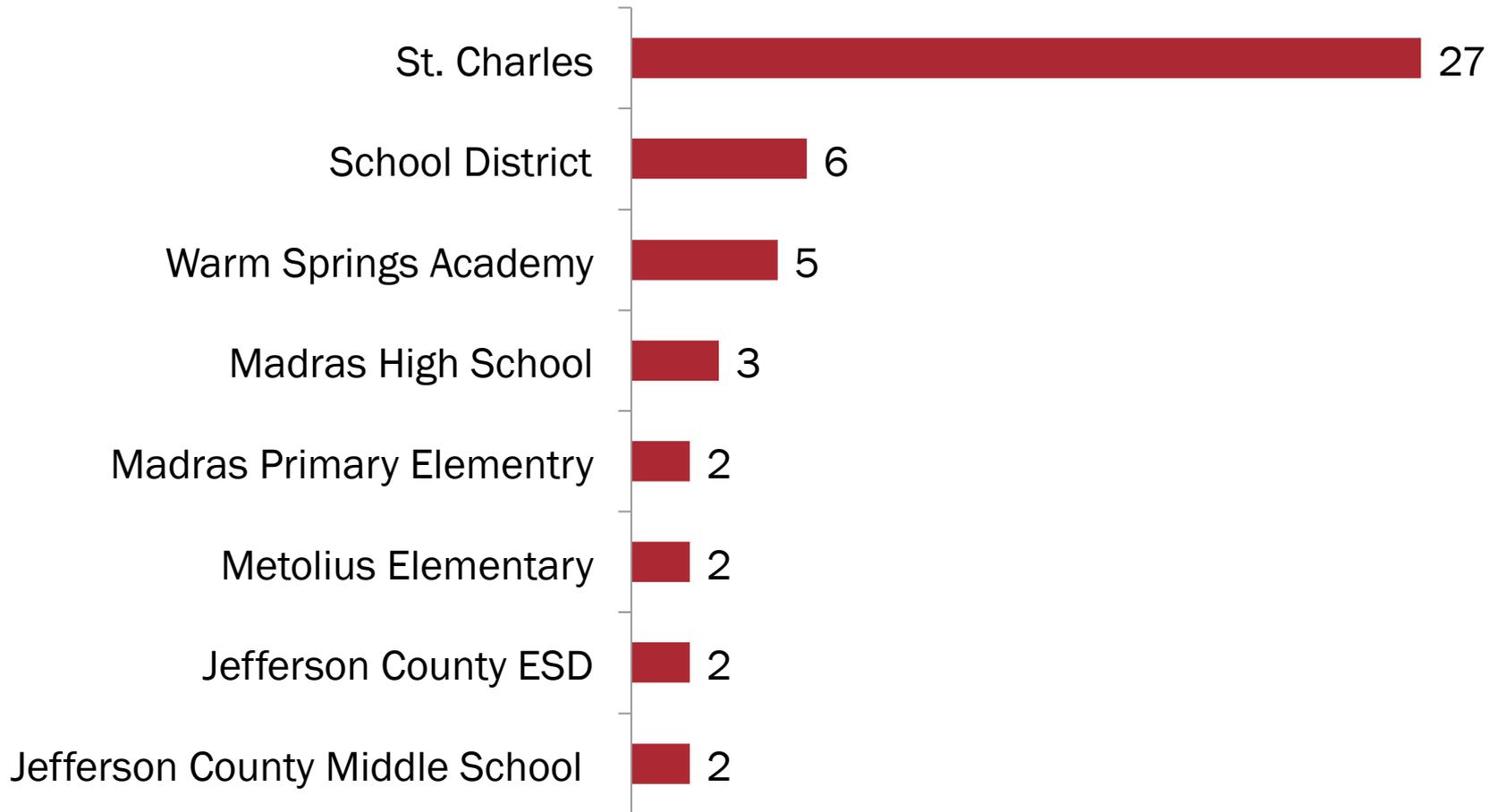
70 responses as
of Nov. 20

I live and work
in Madras.
52%

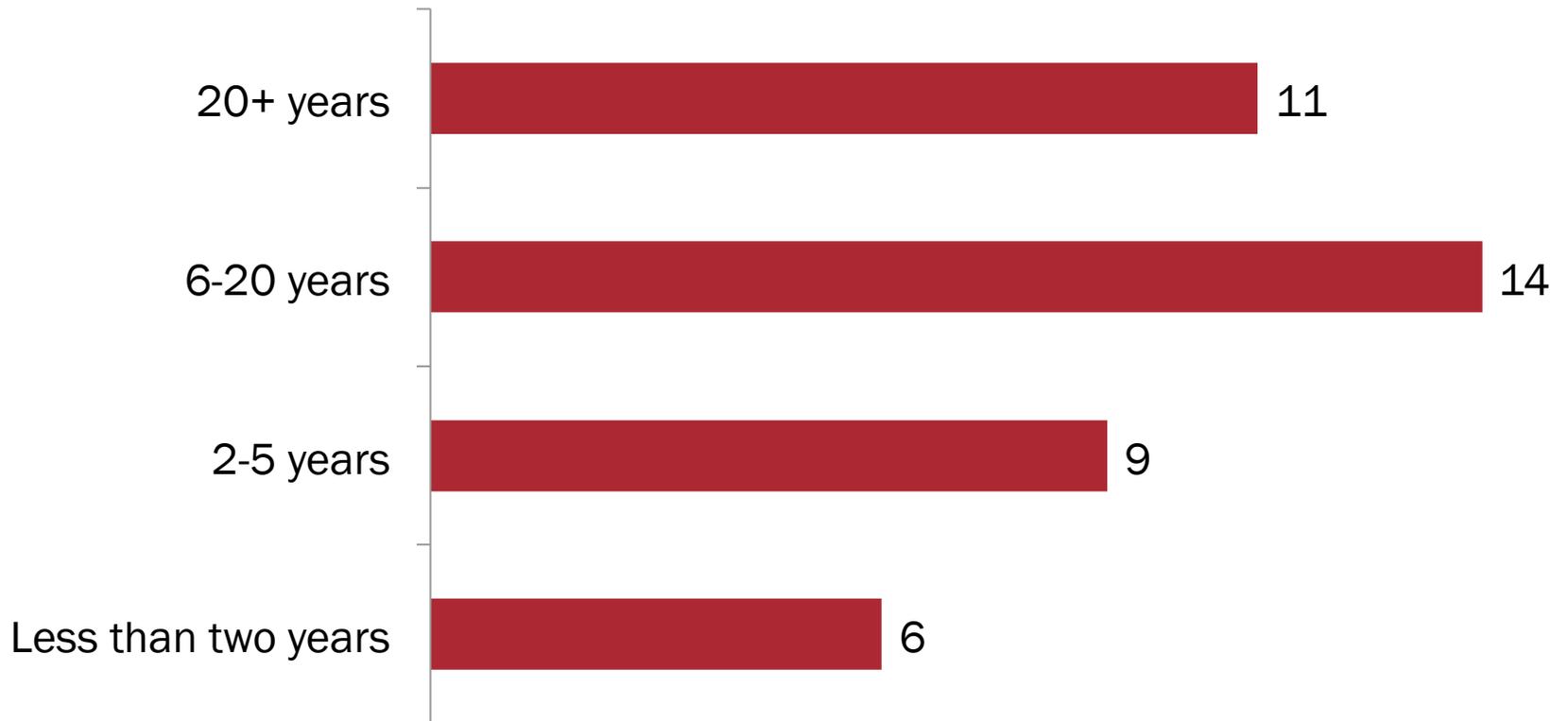


I work in
Madras, but
don't live there.
48%

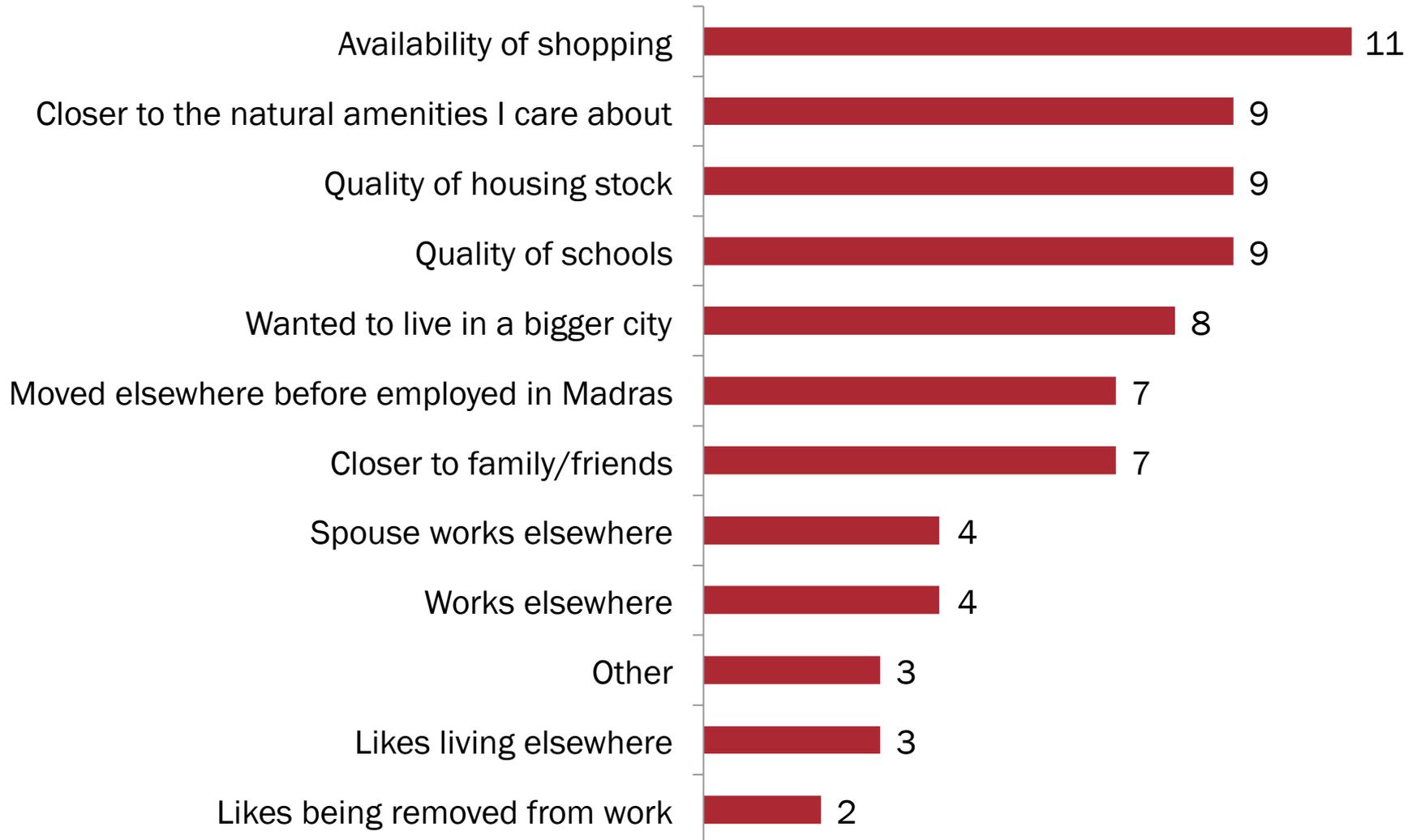
Where do you work?



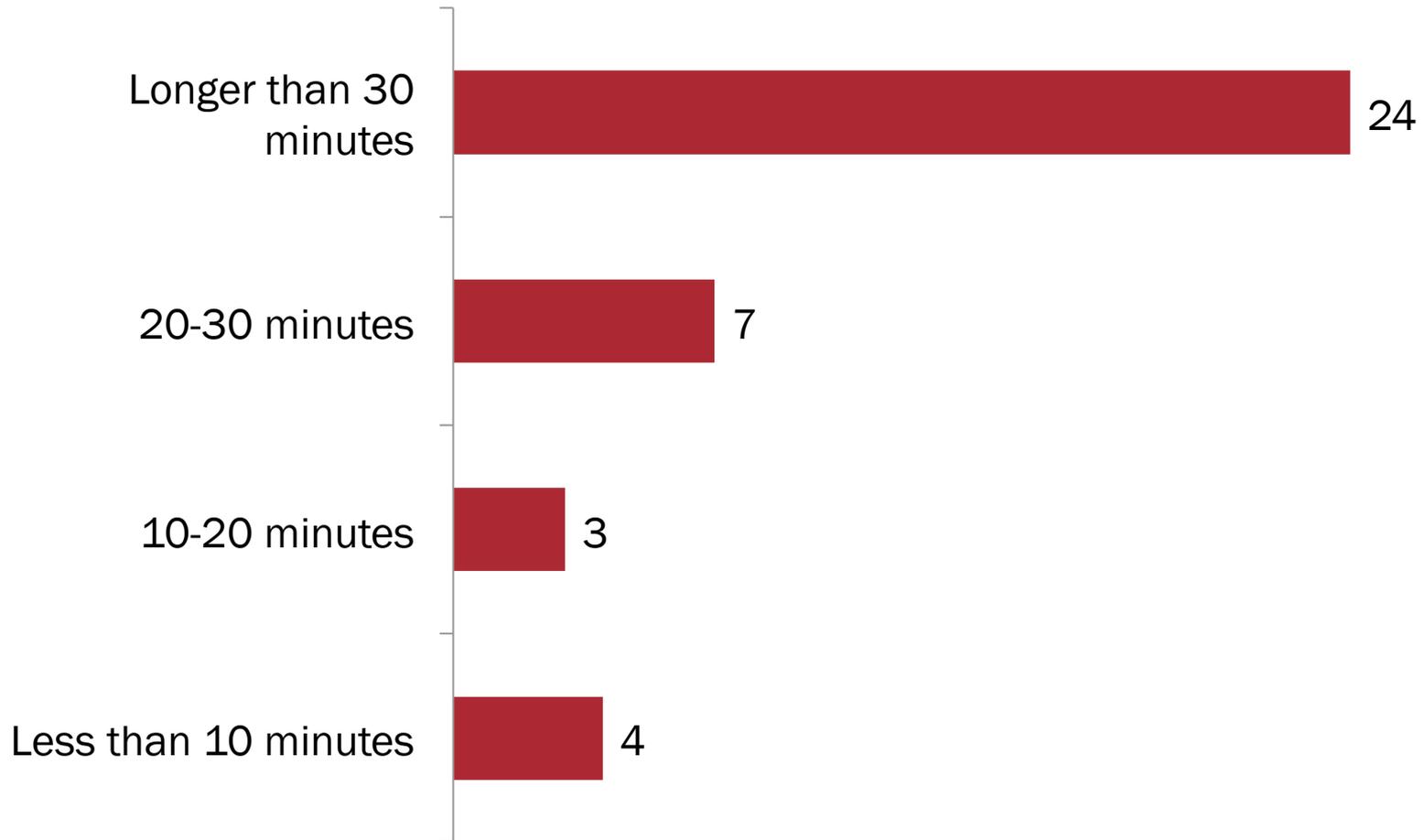
How long have you lived here?



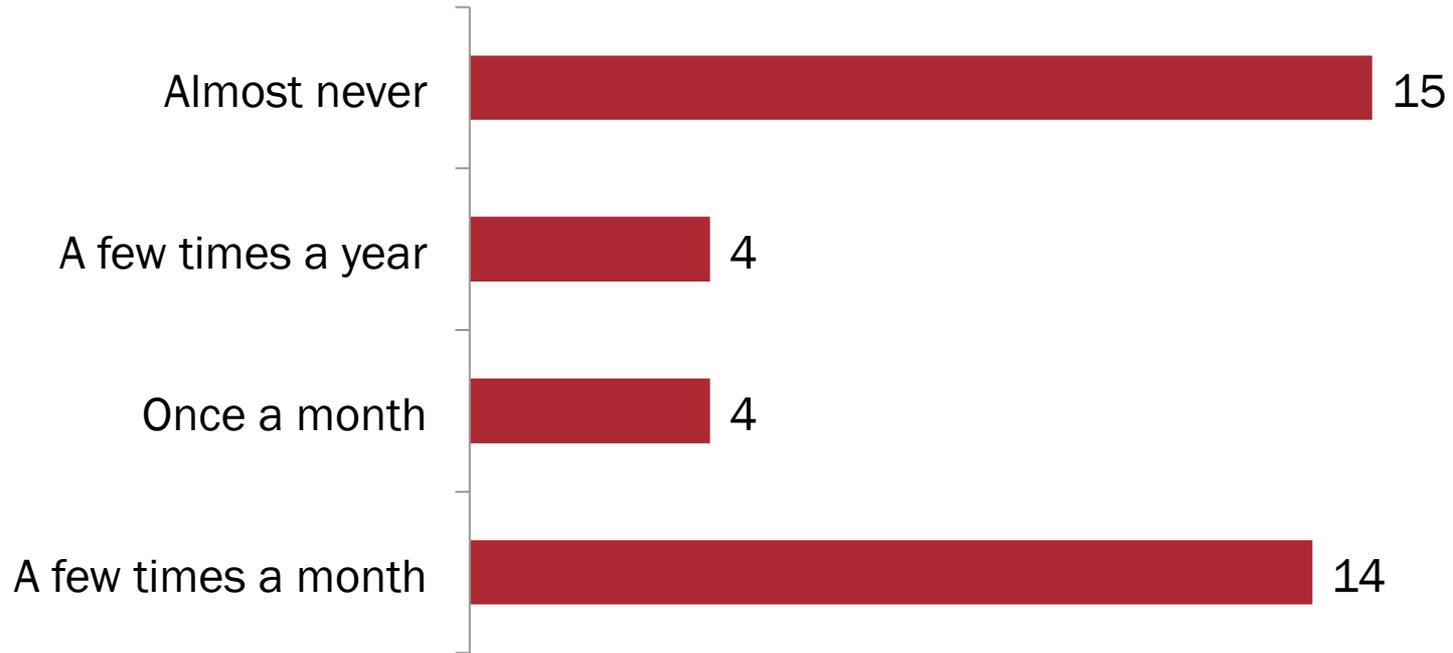
What influenced your decision to live outside of Madras?



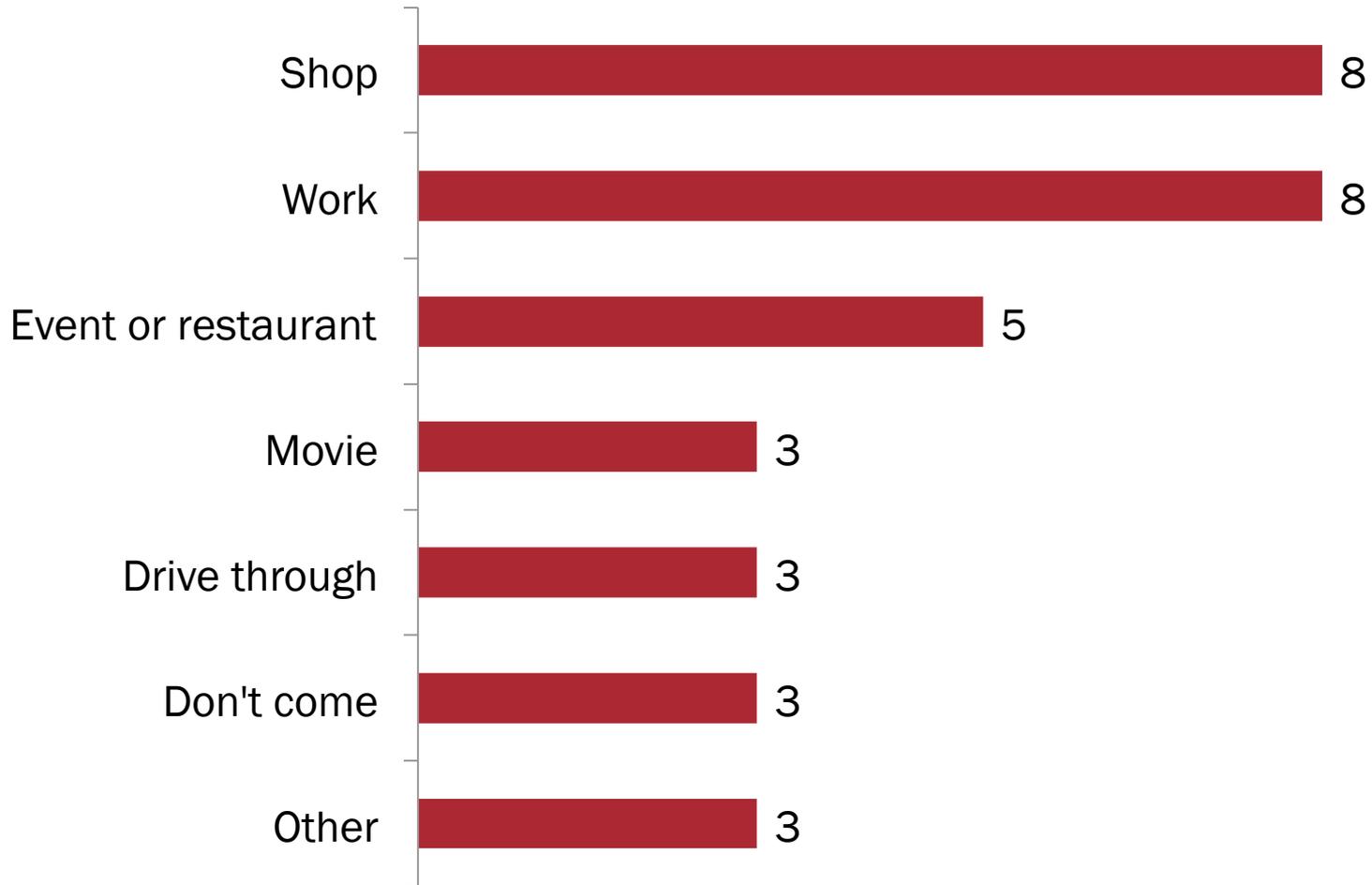
How long is your daily commute?



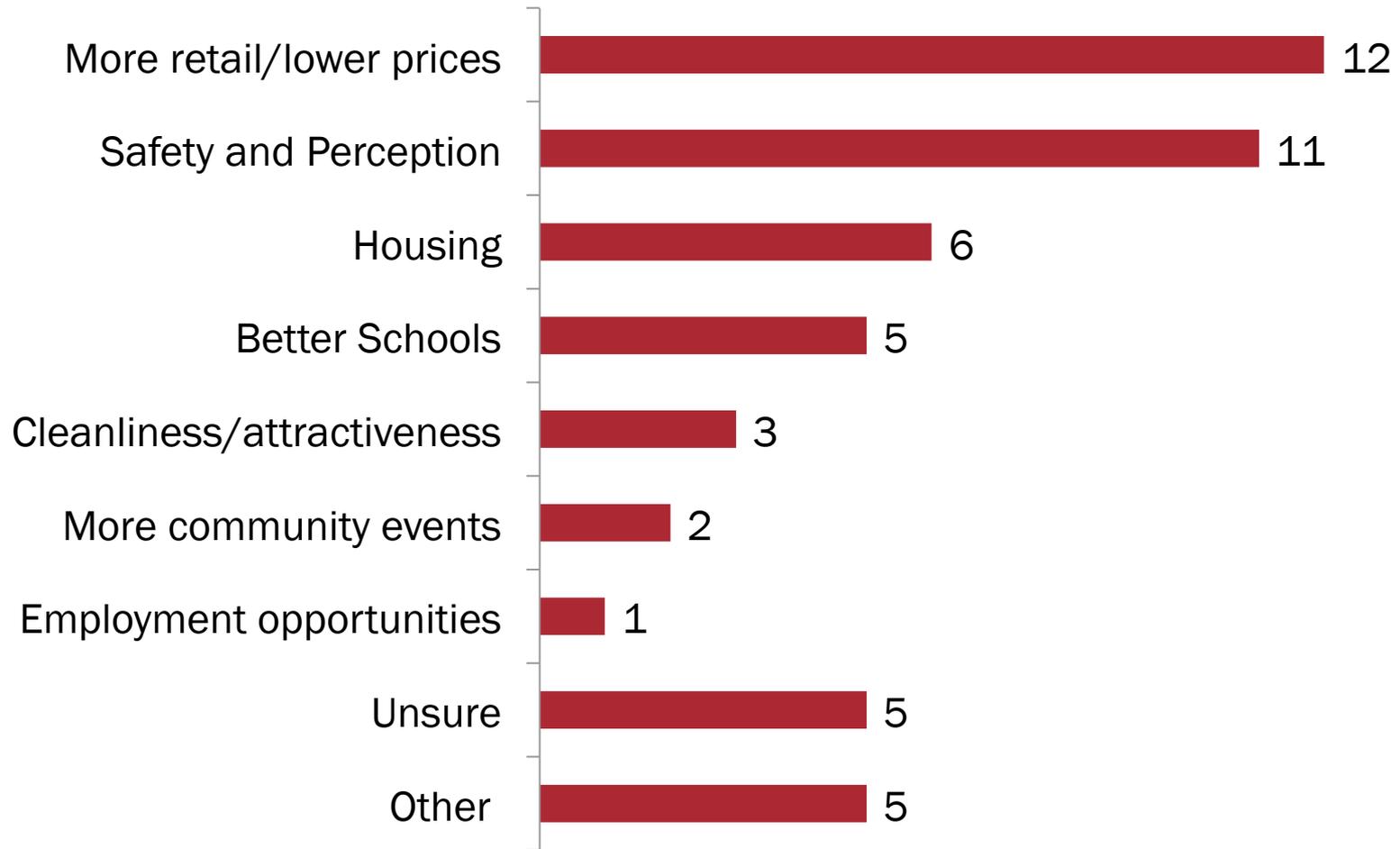
How often do you come to Madras on weekends?



What do you do when you come to Madras on the Weekends?

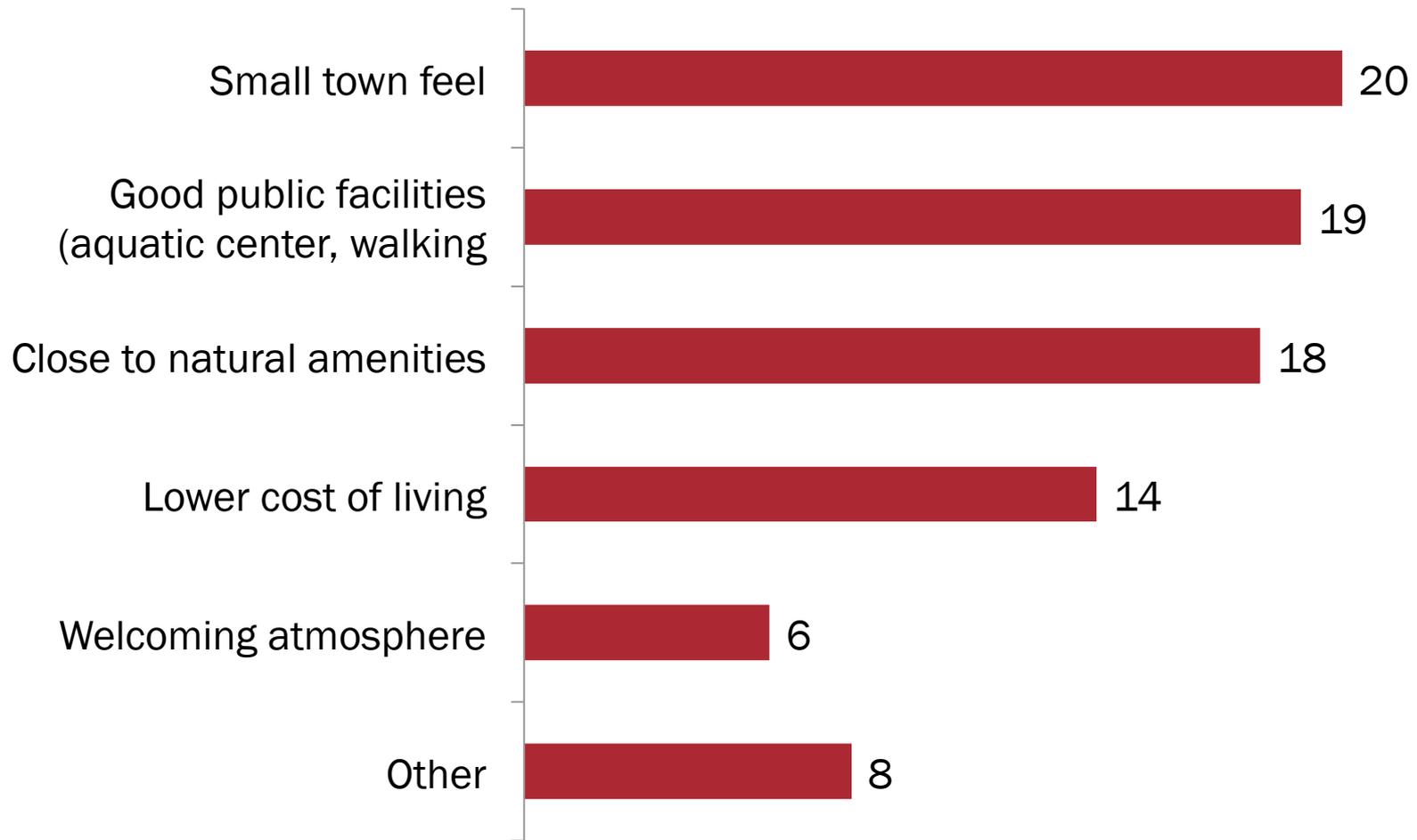


What would the City of Madras need to do to attract families like yours?

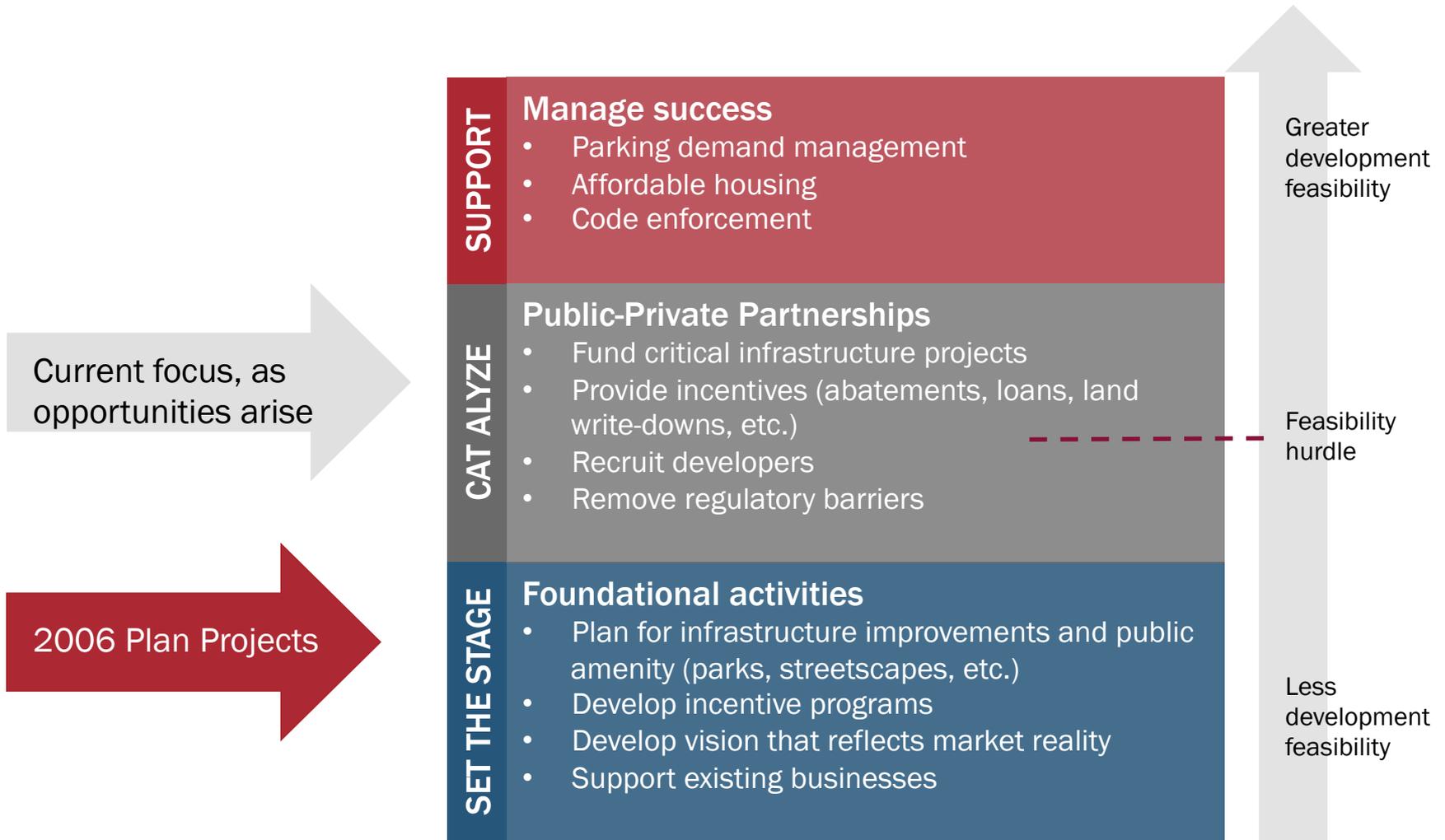


What other improvements would you most like to see in Madras? Please

What do you like most about living in Madras?



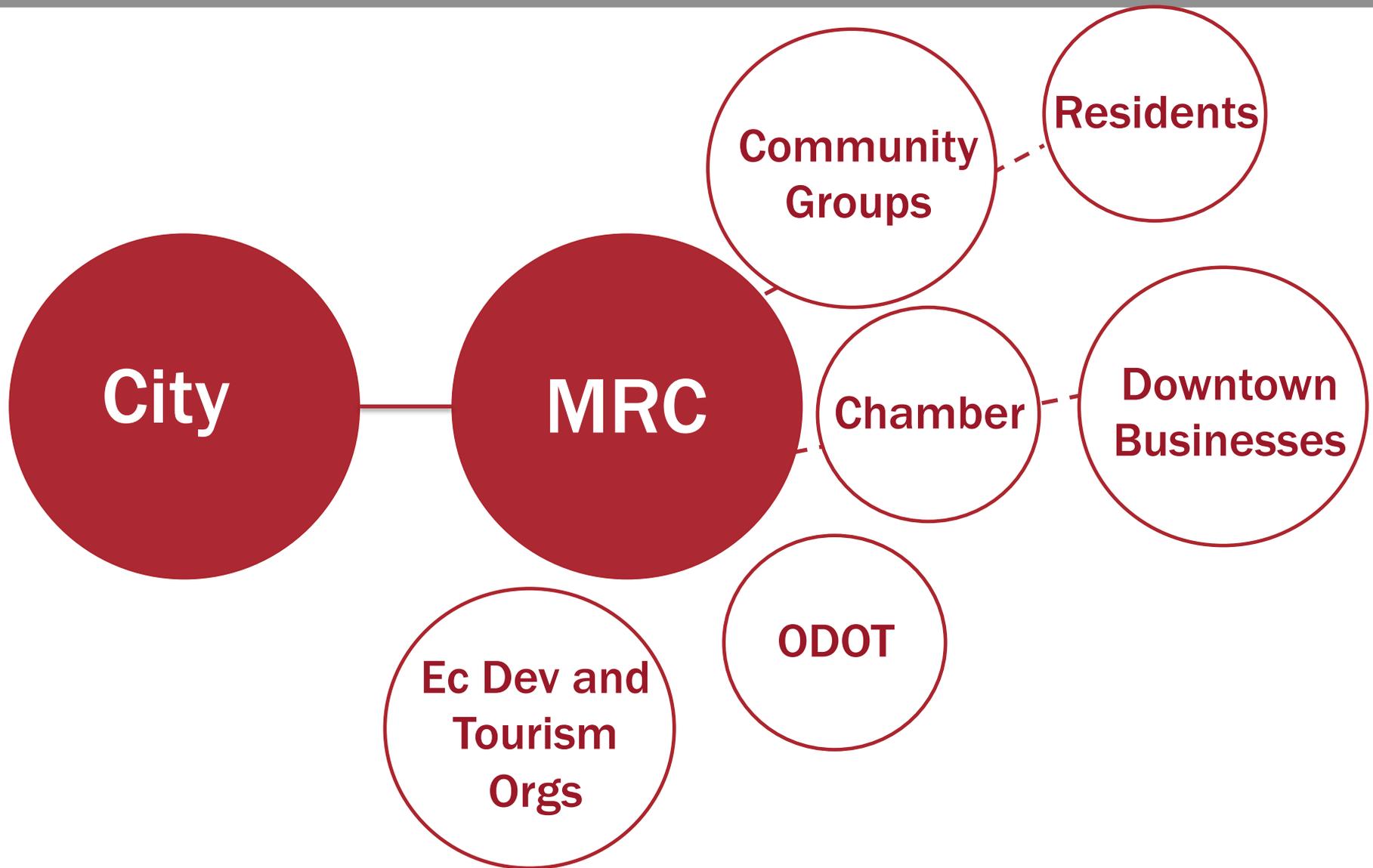
The Public Role



Action Plan Investment Framework

- Who: MRC and partners
- What: A 20 year vision for the future
- When: Focus on TIF generation and partner projects in short term; longer-term investments in amenities/placemaking
- Where: Different strategies for different areas
- Why/How: Objective and evaluation criteria

Who: MRC and Partners

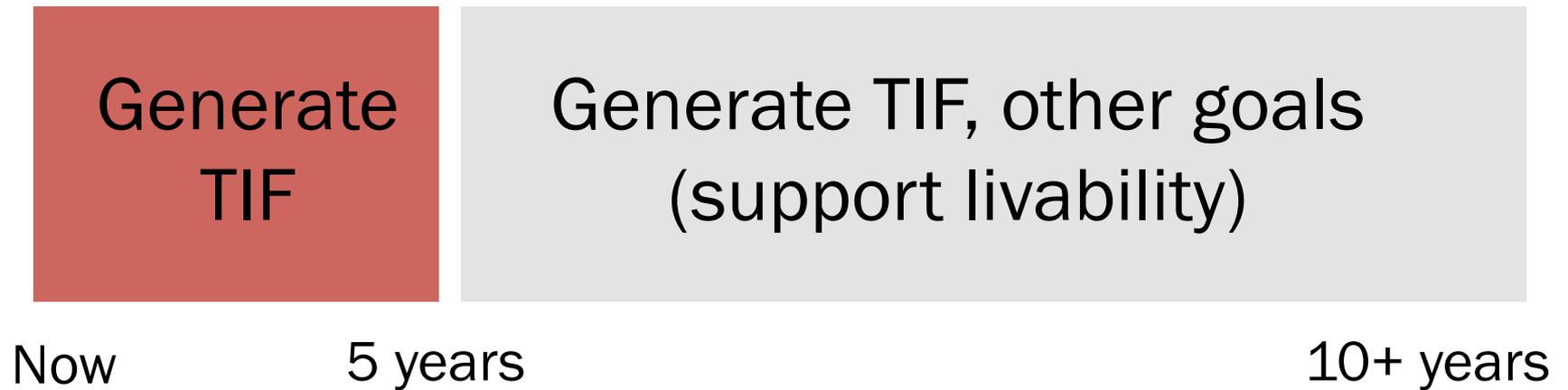


What: 20 Year Vision for Downtown

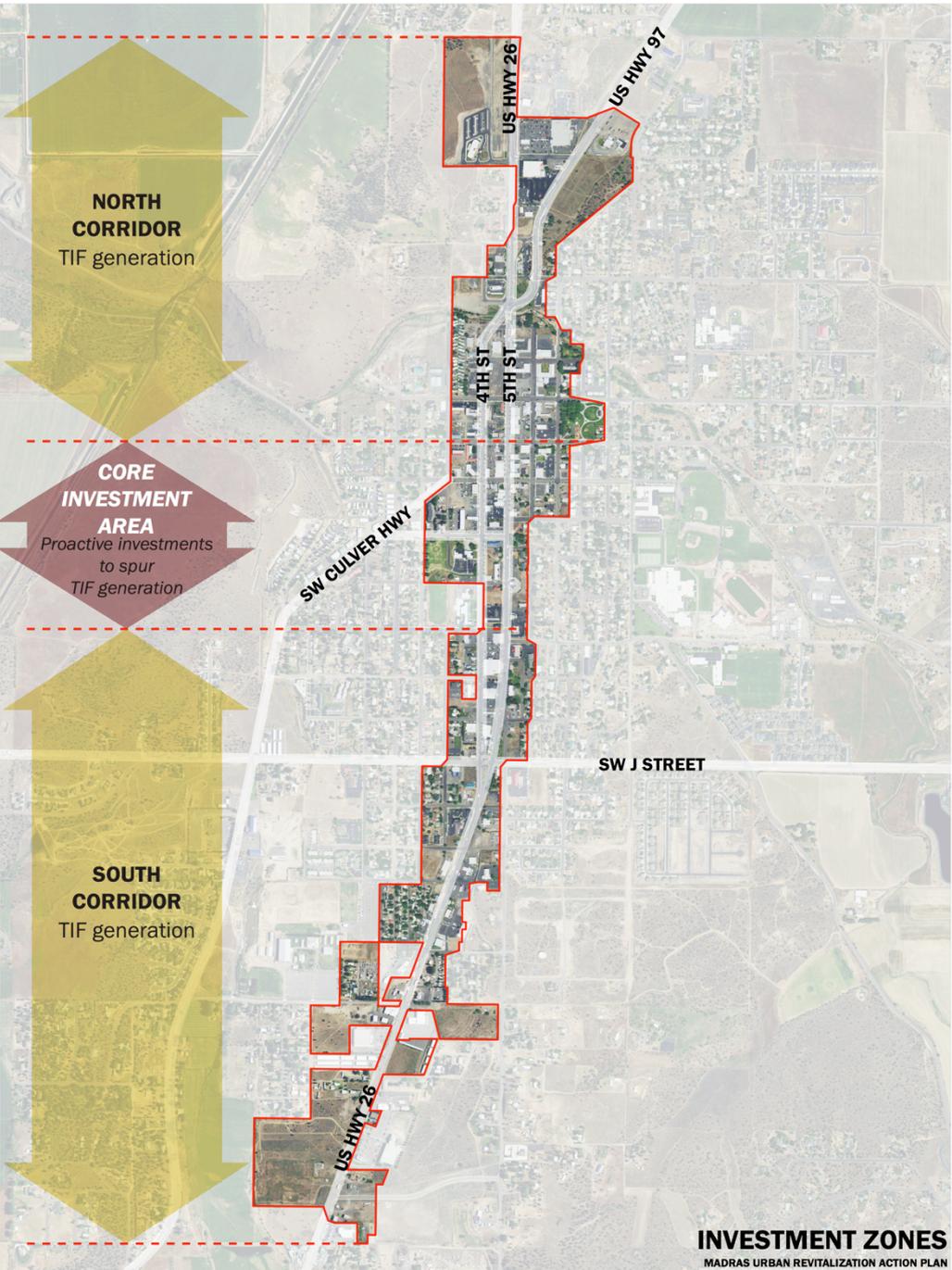
Downtown Madras is a recognizable, vibrant destination with public and private investment in small scale shops, a mix of restaurants, and cultural amenities that reflect the area's diversity.

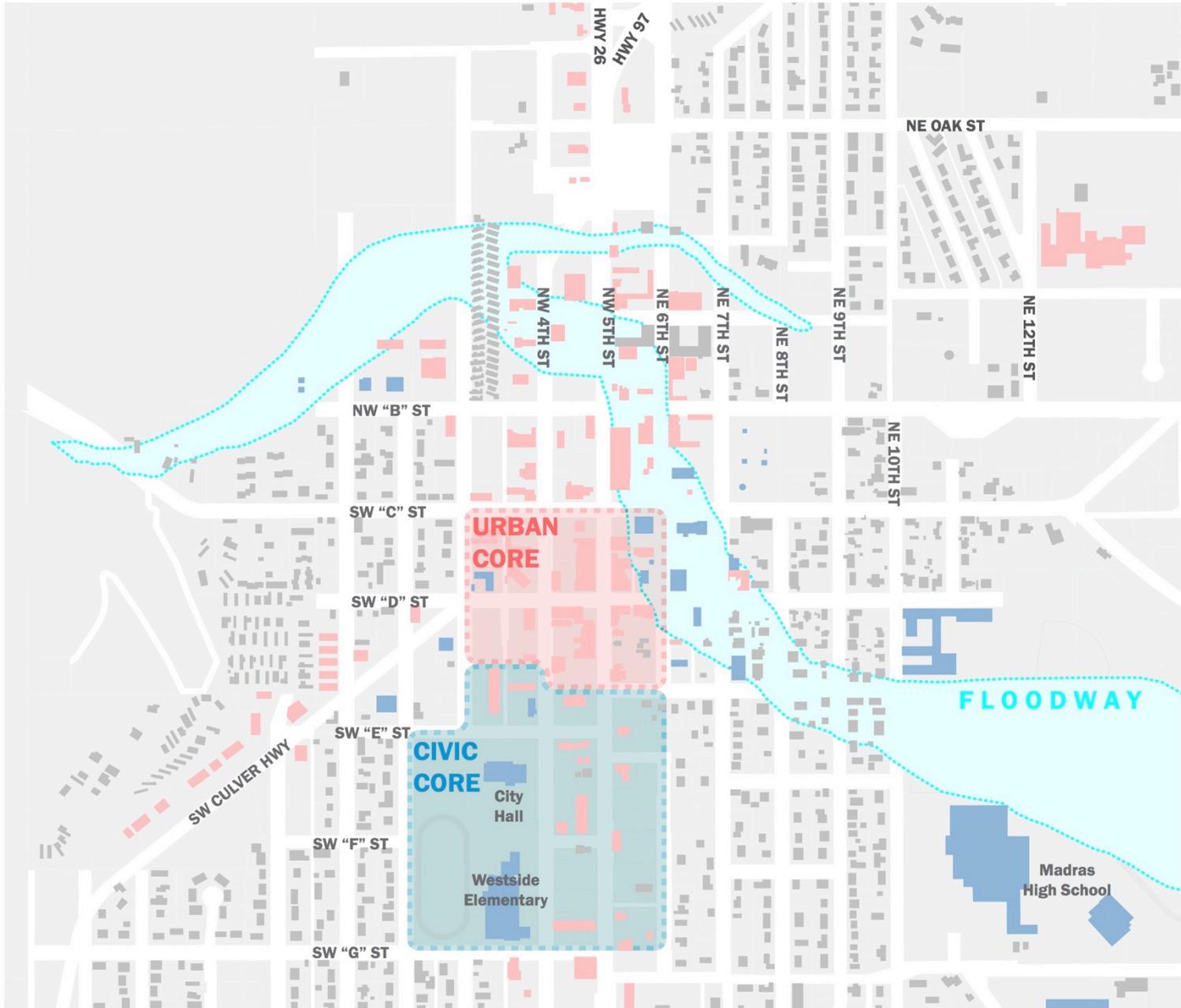
Madras' position as the hub of River Canyon Country attracts visitors and new residents who appreciate the community's commitment to quality of life.

When: Prioritize TIF



Where:



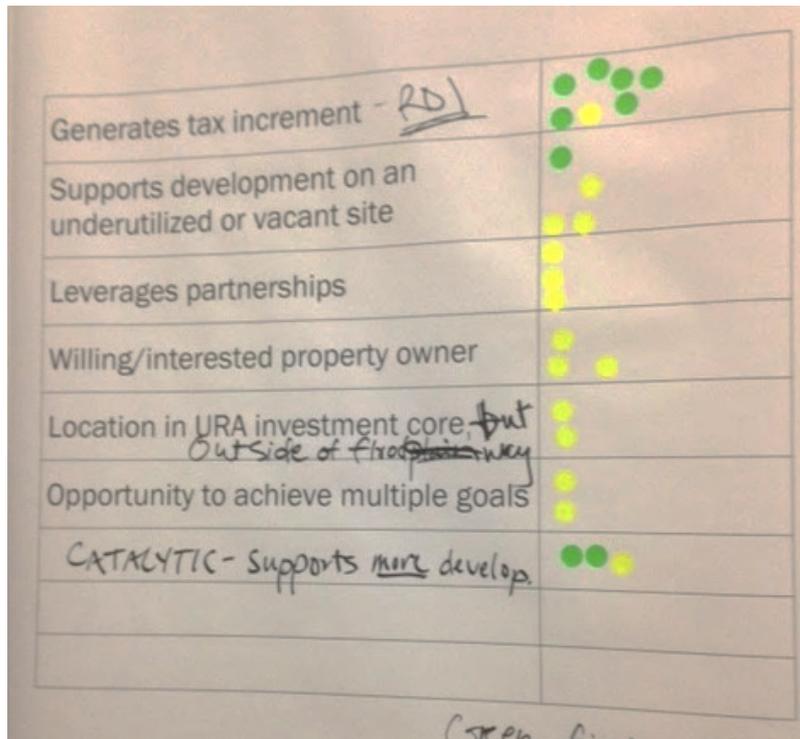


- COMMERCIAL BUILDINGS
- CIVIC BUILDINGS

CORE AREAS

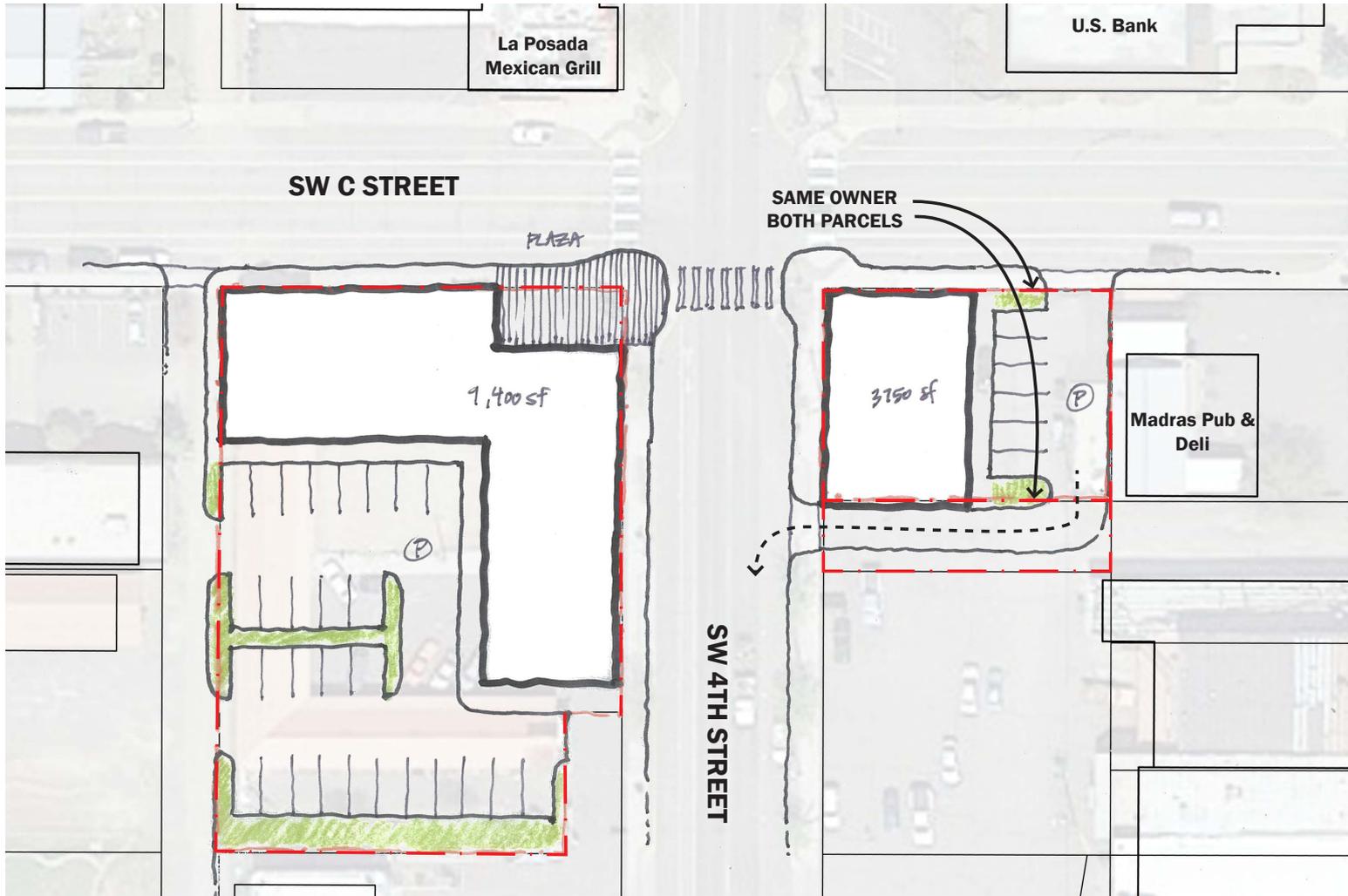
MADRAS URBAN REVITALIZATION ACTION PLAN

How/Why: Draft Project Prioritization Criteria



- Generates tax increment
- Supports development on an underutilized or vacant site
- Likely to catalyze additional redevelopment
- Leverages partnerships
- Willing/interested property owner
- Location in URA investment core
- Opportunity to achieve multiple goals





SW 4TH AND C STREET

DEMONSTRATION PLAN



Project Prioritization

- Surveyed preferences of community members, business owners, and MRC
 - Encouraging development
 - Funding physical improvements
- Counted frequency with which different investment options appeared in top three preferences
- Calculated and ranked the weighted averages of counts

	<i>Community Survey</i>	<i>Emp Survey</i>	<i>MRC</i>	<i>Combined Ranking</i>
Encourage Development				
Recruit department store or general merchandise store	2	1	2	1
Make improvements to storefronts	1	3	6	2
Recruit brewery and/or restaurants	4	2	2	3
Attract developer attention and provide financial support to developers	3	4	5	4
Create new downtown events in partnership with local community groups	6	6	9	5
Acquire key properties in downtown for redevelopment	9	5	6	6
Support formation of a downtown business association that can market downtown	5	8	9	7
Increase convenience for visitors by creating a “welcome center” with clean restrooms, a place to walk dogs, etc.	8	7	11	8
Clarify development processes, including permitting process and development fees	6	12	4	9
Other	10	11	1	10
Install public wifi	10	9	12	11
Explore possibilities for workforce and other housing in downtown	12	9	8	12
Physical Improvements				
Develop new program to clean up downtown, led by local community groups	1	1	4	1
Make repairs to sidewalks and complete sidewalk network	3	2	2	2
Make pedestrian safety improvements on Highway 97	2	3	8	3
Install street furniture and street trees	4	7	6	4
Install signage to help people find major attractions and promote businesses	6	4	1	5
Expand downtown flower program, plant new trees, and develop strategy to maintain downtown landscaping	5	6	4	6
Initiate mural program and other improvements to improve vacant lots and buildings	7	5	6	7
Other	8	8	3	8

Project Prioritization

Encourage Development	Ranking
Recruit department store or general merchandise store	1
Make improvements to storefronts	2
Recruit brewery and/or restaurants	3
Attract developer attention and provide financial support to developers	4
Create new downtown events in partnership with local community groups	5
Acquire key properties in downtown for redevelopment	6
Support formation of a downtown business association that can market downtown	7
Increase convenience for visitors by creating a “welcome center” with clean restrooms, a place to walk dogs, etc.	8
Clarify development processes, including permitting process and development fees	9
Other	10
Install public wifi	11
Explore possibilities for workforce and other housing in downtown	12

Project Prioritization

Physical Improvements	Ranking
Develop new program to clean up downtown, led by local community groups	1
Make repairs to sidewalks and complete sidewalk network	2
Make pedestrian safety improvements on Highway 97	3
Install street furniture and street trees	4
Install signage to help people find major attractions and promote businesses	5
Expand downtown flower program, plant new trees, and develop strategy to maintain downtown landscaping	6
Initiate mural program and other improvements to improve vacant lots and buildings	7
Other	8

Madras Projects (Draft 11/24/15)

		Type of Project	Rationale	Lead	Potential Partners	Funding Needed	Comm Support	Meets Short Term Criteria
A	Recruit department store or general merchandise store to the City	Redev	Top community need, would help to catalyze other development in downtown	MRC	Edco	\$\$\$	High	High
B	Make improvements to storefronts	Biz support	Top community desire, supports existing businesses and creates a feeling of "investment" in the area.	MRC	Downtown biz owners, Chamber	\$\$	High	Med
C	Recruit brewery and/or restaurants	Redev	Top community need, would help to catalyze other development in downtown	MRC	Chamber, biz owners, farming comm.	\$\$\$	High	High
D	Attract developer attention and provide financial support to developers when necessary	Redev	Creates a "business is open" climate and allows Madras to create relationships with local development partners.	MRC	Edco	\$\$\$	High	High
E	Create new downtown events in partnership with local community groups (festivals, multi-cultural events, etc.)	Biz support	Supports local community and promotes celebration of local assets.	Chamber	Local comm groups, Chamber	\$	Med	Low
F	Acquire key properties in downtown for redevelopment	Redev	The City can play a role of positioning properties for redevelopment through marketing and decreasing land costs.	MRC		\$\$	Med	High
G	Support formation of a downtown business association that can market downtown	Biz support	Creates a more cohesive downtown business community that can co-market itself.	MRC	Local comm groups, Chamber, RARE Program	\$	Med	Low
H	Increase convenience for visitors by creating a "welcome center" with clean restrooms, a place to walk dogs, etc.	Amenities	Promotes Madras as a good stopping place for travelers with good amenities.	ODOT/MRC	Central OR Visitors Association	\$\$\$	Med	Low
I	Clarify development processes, including permitting process and development fees	Redev	Removes development barrier	City	Local developers	None	Low	High
J	Install public wifi	Amenities	Increases amenities in downtown.	City	Local biz sponsors	\$\$	Low	Low
K	Explore possibilities for workforce and other housing in downtown	Redev	Creates opportunities for more customers of downtown businesses, and allowing built form to look less "empty."	MRC	Local housing nonprofits	\$\$\$	Low	High

		Type of Project	Rationale	Lead	Potential Partners	Funding Needed	Comm Support	Meets Short Term Criteria
1	Develop new program to clean up downtown, led by local community groups	Placemaking/Infra	Promotes community ownership of downtown maintenance, allows for creative solutions toward addressing blight in downtown.	Comm. groups	Local comm groups	\$	High	High
2	Make repairs to sidewalks and complete sidewalk network	Placemaking/Infra	Removes a development barrier and supports connectivity.	City	Local comm groups, ODOT	\$\$	High	Med
3	Make pedestrian safety improvements on Highway 97 (new crosswalks, traffic calming improvements, etc.)	Placemaking/Infra	Supports pedestrian safety and allows for easier movement.	ODOT	ODOT, Jefferson County	\$\$\$	High	Med
4	Install street furniture (benches, drinking fountains, etc.) and street tree	Placemaking/Infra	Creates a sense of amenity, especially when coupled with an active ground floor use.	City	Comm. groups	\$\$	Med	Low
5	Install signage to help people find major attractions and promote businesses	Placemaking/Infra	Promotes downtown Madras as a cohesive destination.	Chamber	Comm. groups	\$\$	Med	Med
6	Expand downtown flower program, plant new trees, and develop strategy to maintain downtown landscaping	Placemaking/Infra	Promotes downtown Madras as a cohesive destination.	City/MRC	Comm. groups	\$	Med	Med
7	Initiate mural program and other improvements to improve vacant lots and buildings	Placemaking/Infra	Creates visual interest and supports local culture.	Comm. groups	Comm. groups	\$	Low	Med

Madras Downtown Action Plan Update

Commercial Development Opportunities and Barriers Analysis

November 2015

Prepared for:
City of Madras

DRAFT REPORT

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Acknowledgments

For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com.

ECONorthwest prepared this report for the City of Madras. It received substantial assistance from City staff, the Madras Redevelopment Commission, and local stakeholders. Other firms, agencies, and staff contributed to other research that this report relied on.

That assistance notwithstanding, ECONorthwest is responsible for the content of this report. The staff at ECONorthwest prepared this report based on their general knowledge of urban economics and planning, and on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECONorthwest has not independently verified the accuracy of all such information, and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

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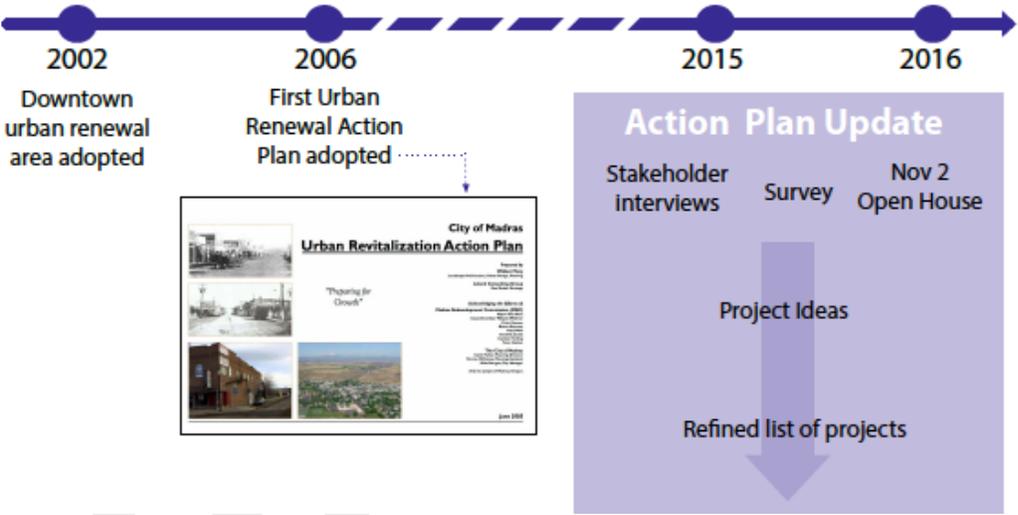
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Background and Purpose

Madras’ Urban Renewal Agency (the Agency) adopted *the Madras Urban Renewal Plan* in 2002. The plan’s purpose is to eliminate blight in downtown Madras while supporting new development through strategic investments. In 2006, the City developed the Madras Urban Revitalization Action Plan to identify specific actions that would accomplish those goals. Since 2006, significant progress has been made, and many of the actions in the 2006 Plan have been completed. The Agency is now undertaking an updated look at implementation in the Urban Renewal Area (URA), to prioritize incomplete projects and consider new actions that can be taken to achieve the original plan’s vision and goals in the remaining years of the plan. EXHIBIT 1 shows the action plan’s timeline.

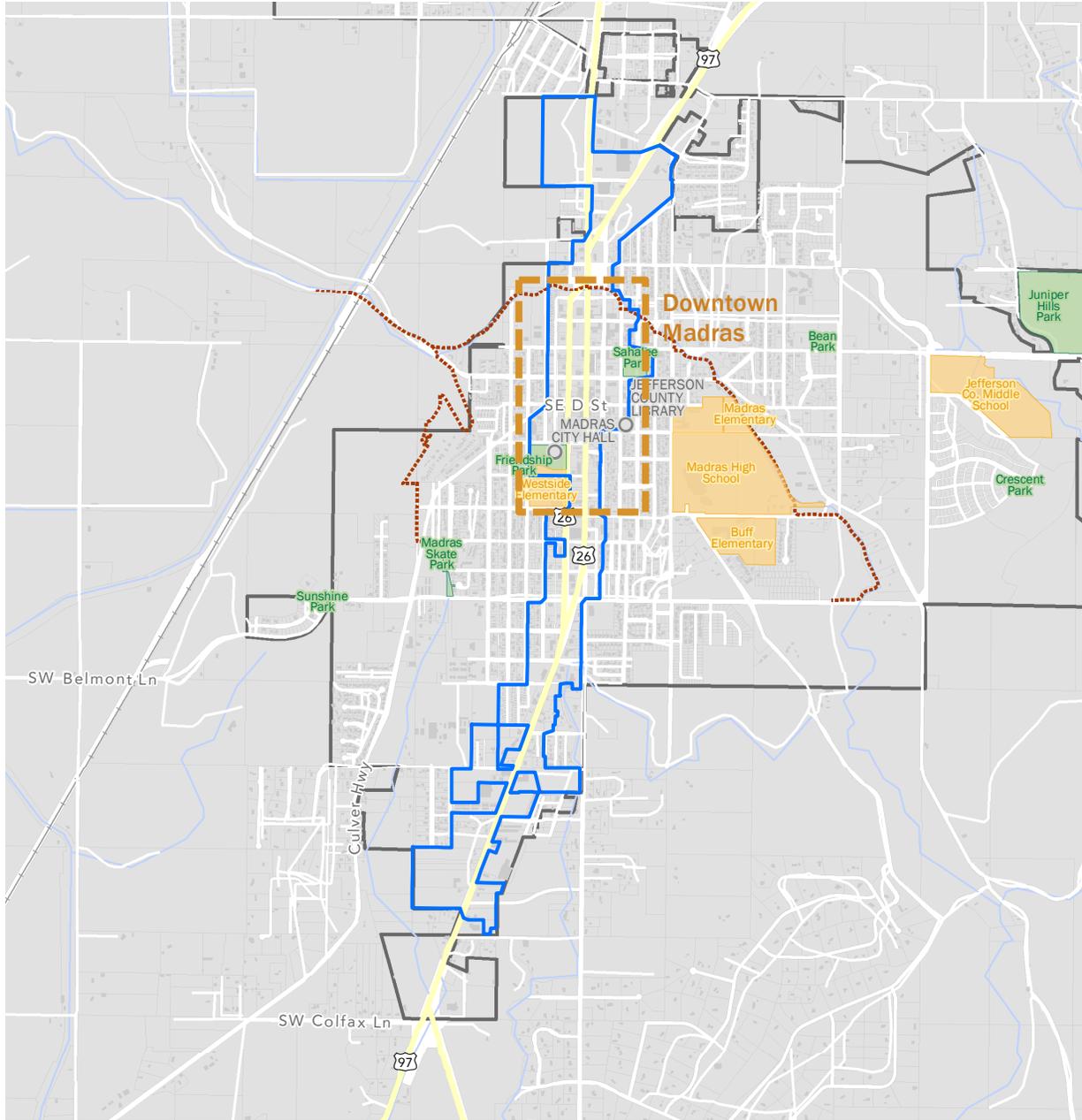
EXHIBIT 1. ACTION PLAN TIMELINE



The Madras Action Plan Update is an approximately six month-long process that will identify and prioritize actions in the Madras Urban Renewal Area to catalyze new development. This includes funding and financing techniques, public-private partnerships, and strategic investment of urban renewal dollars. This report, which evaluates the market for commercial development in the area and identifies potential opportunities for redevelopment in the URA, is one input to that plan update. Specifically, it provides demographic, market, and land use analysis to inform the priorities in the Action Plan document, with a focus on commercial development opportunities.

As shown in EXHIBIT 2, the Plan area comprises 308 acres, with the northern boundary at NW Lee Street and the southern boundary at SW Merritt Lane.

EXHIBIT 2. MADRAS URBAN RENEWAL AREA



City of Madras Urban Renewal Area

- Madras Urban Renewal Area
- Schools
- Parks
- Willow Creek Trail
- Building Footprints
- Madras City Limits
- Tax lots

0.5 Miles

Source: ECONorthwest, City of Madras GIS, ESRI Datamaps 10

Supporting existing businesses and encouraging new commercial development will be key to the success of downtown Madras. As such, the updated Madras Action Plan Update will focus on how to: (1) incent private development or leverage public funding to support current businesses, (2) add to the existing stock of commercial / retail space downtown, and (3) generate tax increment finance revenues for the City of Madras. This report provides the technical foundation for identifying and prioritizing related actions. This assessment is based on existing research and new analysis, and describes the competitive advantages and disadvantages of the area. The research and analysis will help identify strategies for overcoming major barriers to the area's redevelopment.

The report has three parts:

Part 1: Demographic and Employment Conditions

This section describes the demographic trends in the City of Madras that will affect market feasibility for development in the study area. It defines the market segments that are likely to generate demand for new commercial businesses and development.

Part 2: Market Conditions

Assesses current conditions within the City for commercial and residential development.

Part 3: Development Opportunities and Needs

Identifies a set of potential opportunity sites for further analysis through the action plan process and outlines specific barriers that the City and local stakeholders need to address before new development can happen in the area. This section then provides implications for the next steps in the action plan process.

Part 1:

Demographic and Employment Conditions

This section provides an overview of major economic trends in the Urban Renewal Area, the City of Madras, and comparator geographies. It includes information on who lives, works, and travels through the City of Madras. The purpose of this section is to identify sources of demand for future commercial development in the URA, and serve as the basis for the recommendations for future development opportunities (both the types of development and where that development would go).

Overall, the findings in this section imply that there is limited spending power for new, higher-end retail businesses. However, more could be done to capture sales from: (1) employees who do not live in the Madras; (2) residents of Madras or surrounding rural areas who may shop elsewhere creating an untapped market; (3) drive-through traffic en route to Bend, Portland, or other area destinations. Each of these demand segments has unique needs and desires, as outlined in EXHIBIT 3 below.

EXHIBIT 3. MARKET SEGMENT NEEDS

Market Segment	What They Need	Opportunities / Approach to Attracting
Residents	Everyday services Food Merchandise Entertainment	Support existing businesses, improve Latino biz support Flex/maker space with retail
Employees	Everyday services Food Merchandise	Improved mix of merchandise and service offerings
Visitors (visiting nearby attractions)	Services Food Sundries Gifts Entertainment	Diversify dining options (brewery) General merchandise store Rental stores/outfitters Unique products
Visitors (traveling through)	Food Sundries	Diversify dining options (brewery) Local points of interest to keep them in Madras longer Unique products

Demographic Trends

This section provides an overview of major demographic trends in Madras, Redmond, Bend, Jefferson County, and Oregon. These trends affect demand for different uses in the study area. Unless otherwise noted, this section uses US Census On the Map data and US Census American Community Survey (ACS) 5-year estimates (2009-2013) for all geographies.

21% of Jefferson County's population lives in Madras.

Population, 2013

Source: American Community Survey 2009-2013 5-year estimates

6,263
Madras

29,882
Jefferson County

3,868,721
Oregon

Madras' population growth is higher than that of Jefferson County and Oregon. However, population growth in Madras is significantly less than Redmond (97%) and Bend (50%).

POPULATION GROWTH, 2000-2013

Source: United States Census

23%
Madras

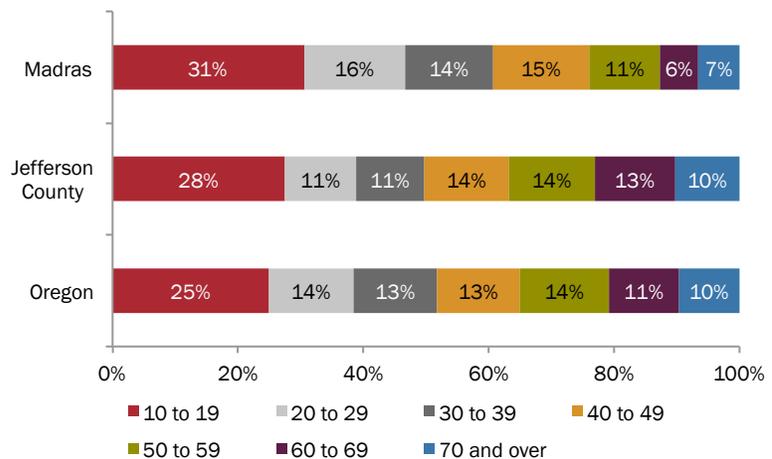
15%
Jefferson County

13%
Oregon

Madras' population is younger than both Jefferson County and Oregon. Almost half of the residents of Madras are under 30 years old.

AGE, 2013

Source: 2009-2013 American Community Survey 5-Year Estimates



Madras has a higher percentage of Hispanic or Latino residents than Jefferson County and Oregon. Madras also has a higher percentage of Hispanic and Latino residents than Bend (9%) and Redmond (12%)

PERCENT HISPANIC OR LATINO, 2013

Source: 2009-2013 American Community Survey 5-Year Estimates

34%
Madras

20%
Jefferson County

12%
Oregon

Madras has a higher percentage of Native American residents than Oregon but lower than Jefferson County. Madras also has a higher percentage than Bend (0.4%) and Redmond (0.9%)

PERCENT AMERICAN INDIAN AND ALASKA NATIVE ALONE, 2013

Source: 2009-2013 American Community Survey 5-Year Estimates

10%
Madras

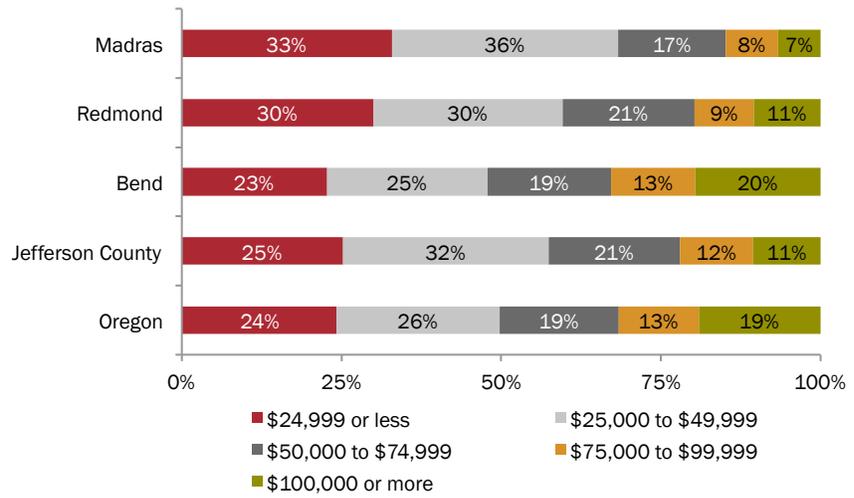
17%
Jefferson County

1%
Oregon

Incomes are lower in Madras compared to Jefferson County, Oregon, Redmond, and Bend. The median household income in Madras is \$38,934, lower than that of Oregon (\$50,229) and Jefferson County (\$43,373).

HOUSEHOLD INCOME, 2013

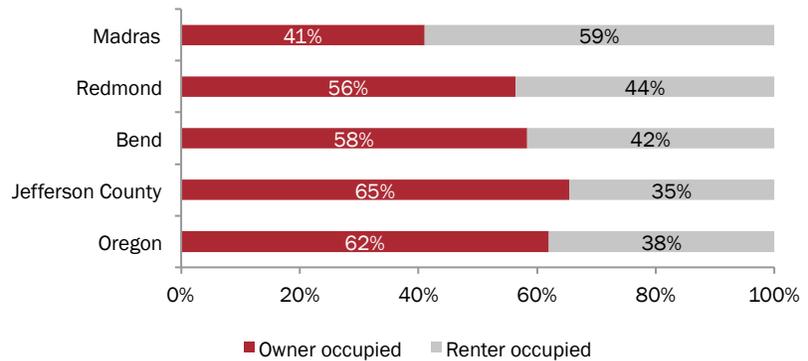
Source: 2009-2013 American Community Survey 5-Year Estimates



More Madras residents rent housing, as compared to Jefferson County and Oregon. 59% of Madras residents rent housing, as compared to 35% in Jefferson County, 38% in Oregon, 44% in Redmond, and 42% in Bend.

TENURE, ALL OCCUPIED HOUSING UNITS 2013

Source: 2009-2013 American Community Survey 5-year Estimates



Employment

Madras serves as a regional employment center; those employees present another potential demand segment. This section provides a sense of the potential spending power for that group, and also identifies growing industries that might demand space downtown.

The City of Madras has a total of 3,500 employees, according to Census data. The City of Madras has a concentration of employees in the manufacturing sector (25% of total employees) with an average annual wage of almost \$39,000. Health care, social assistance, and private education make up 14% of employment citywide and have an annual wage of \$41,533. Retail trade (13% of total) and accommodation and food services (10% of total) have lower average annual wages, \$23,531 and \$14,966 respectively.

Overall, the people who live in Madras earn less than people who work in Madras, making employees an important source of demand for commercial growth. EXHIBIT 4 shows a count of employees in each industry in the Madras Urban Renewal Area, with corresponding payroll and average pay per employee.

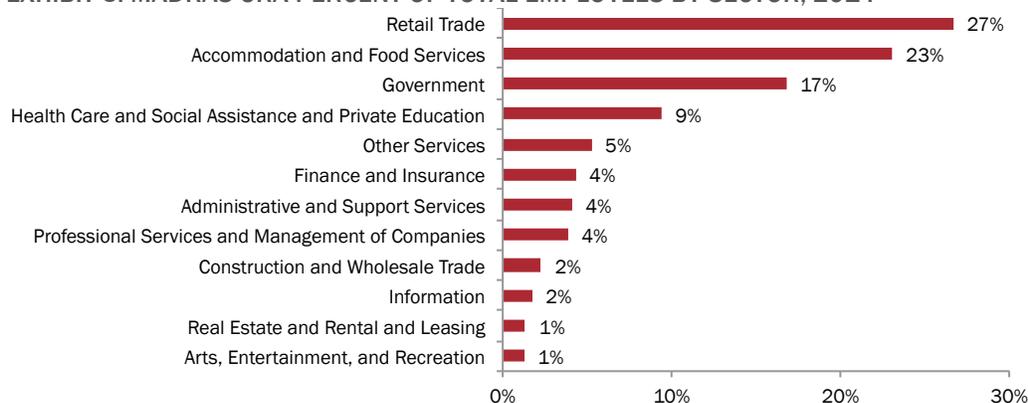
EXHIBIT 4. CITY OF MADRAS EMPLOYMENT AND PAYROLL BY MAJOR INDUSTRY, 2014

Sector / Industry	Establishments	Employees		Payroll	
		Number	% of Total Emp.	Total	Average Pay per Employee
Manufacturing	8	910	25%	\$35,453,887	\$38,960
Government	22	706	20%	\$29,714,614	\$42,089
Health Care/ Social Assistance/Private Education	29	494	14%	\$20,517,303	\$41,533
Retail Trade	39	481	13%	\$11,318,606	\$23,531
Accommodation and Food Services	29	368	10%	\$5,507,434	\$14,966
Other Services	49	123	3%	\$2,023,695	\$16,453
Construction and Wholesale Trade	15	104	3%	\$4,571,289	\$43,955
Agriculture, Forestry, and Mining	4	91	3%	\$4,528,024	\$49,759
Administrative and Support Services	8	78	2%	\$1,875,594	\$24,046
Finance and Insurance	14	69	2%	\$2,615,443	\$37,905
Professional Services / Management	16	48	1%	\$1,400,713	\$29,182
Arts, Entertainment, and Recreation	5	40	1%	\$452,296	\$11,307
Real Estate and Rental and Leasing	13	25	1%	\$589,863	\$23,595
Information	4	22	1%	\$608,523	\$27,660
Transportation and Warehousing and Utilities	3	14	0%	\$1,019,335	\$72,810
Total	258	3,573	100%	\$ 122,196,619	\$ 34,200

Source: City of Madras Quarterly Census of Employment and Wages

EXHIBIT 5 and EXHIBIT 6 show employment information for the Urban Renewal Area. Notably, none of the city's manufacturing establishments are inside of the Urban Renewal Area. EXHIBIT 6 shows retail trade, accommodation and food services, and government as top employment sectors in the URA.

EXHIBIT 5. MADRAS URA PERCENT OF TOTAL EMPLOYEES BY SECTOR, 2014



Source: City of Madras Quarterly Census of Employment and Wages

EXHIBIT 6. MADRAS URA EMPLOYMENT AND PAYROLL BY MAJOR INDUSTRY, 2014

Sector / Industry	Establishments	Employees		Payroll	
		Number	% of Total Emp.	Total	Average Pay per Employee
Retail Trade	28	340	27%	\$ 7,550,681	\$22,208
Accommodation and Food Services	21	294	23%	\$ 4,487,030	\$15,262
Government	8	214	17%	\$ 9,671,174	\$45,192
Health Care and Social Assistance and Private Education	13	120	9%	\$ 4,180,771	\$34,840
Other Services	20	67	5%	\$ 1,246,332	\$18,602
Finance and Insurance	10	55	4%	\$ 2,069,584	\$37,629
Administrative and Support Services	3	52	4%	\$ 910,700	\$17,513
Professional Services and Management of Companies	14	49	4%	\$ 1,320,336	\$26,946
Construction and Wholesale Trade	4	29	2%	\$ 1,201,297	\$41,424
Information	4	22	2%	\$ 608,523	\$27,660
Real Estate and Rental and Leasing	5	17	1%	\$ 345,766	\$20,339
Arts, Entertainment, and Recreation	4	16	1%	\$ 169,771	\$10,611
Total	134	1,275	100%	\$ 33,761,965	\$26,480

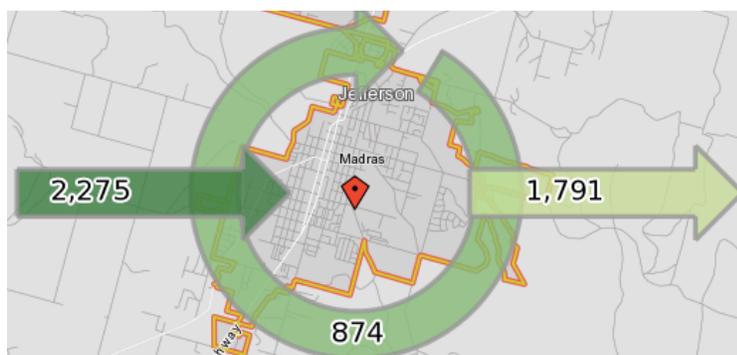
Source: City of Madras Quarterly Census of Employment and Wages

The following section provides information on employees and businesses in the City of Madras and the Urban Renewal Area.

Over 70% of Madras employees live outside of the city. Only 874 residents of Madras work within City limits. Workers commute into Madras primarily from within Jefferson County (62%) and Deschutes county (14%). Madras residents who work outside of the City primarily commute from other cities, including Redmond, Bend, Culver, and Prineville.

MADRAS INFLOW/OUTFLOW, 2013

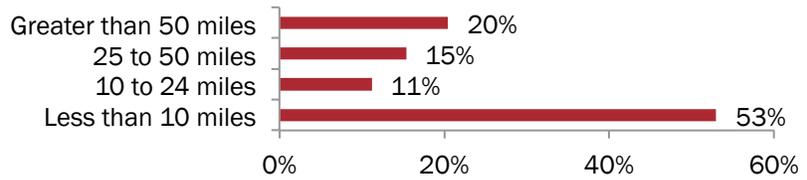
Source: United States Census On the Map



Note: The dark green arrow shows people who live outside of Madras city limits but commute into the city to work. The medium green circular arrow shows people who both live and work within Madras city limits. The light green arrow shows people who live within City limits but commute elsewhere for work.

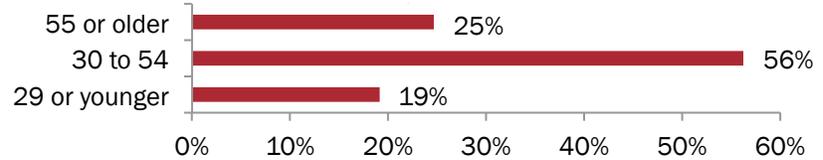
Over half of people who work in Madras commute less than 10 miles into the City. However, 20% of workers commute over 50 miles to Madras.

COMMUTE FROM HOME TO WORK, 2013
Source: United States Census On the Map



Most workers in Madras are between 30 and 54 years old.

AGE OF WORKERS, 2013
Source: United States Census On the Map



35% of workers in Madras work in the Urban Renewal Area. Half of all establishments with employees in Madras are in the Madras Urban Renewal Area.

NUMBER OF ESTABLISHMENTS, MADRAS URA AND UGB, 2014
Source: Quarterly Census of Employment and Wages

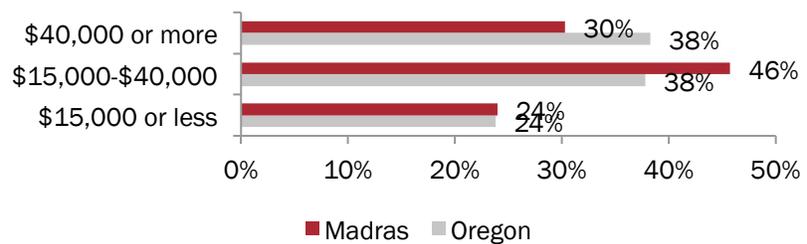


NUMBER OF EMPLOYEES, MADRAS URA AND UGB, 2014
Source: Quarterly Census of Employment and Wages



Almost half of workers in Madras earn between \$15,000 and \$40,000 per year. A higher percentage of Oregon residents earn over \$40,000 per year as compared to Madras.

ANNUAL WAGE OF WORKERS, 2013
Source: United States Census On the Map

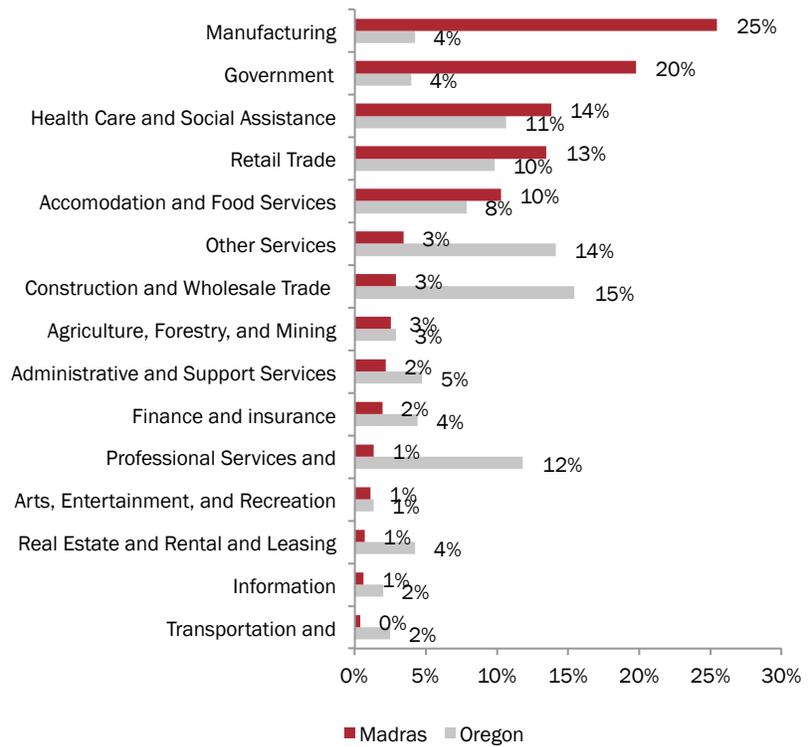


Compared to Oregon, a greater share of workers in Madras work in manufacturing.

Only 4% of Oregon workers work in the manufacturing sector, compared to 25% in Madras, or 910 workers.

PERCENT EMPLOYEES BY SECTOR, MADRAS OREGON, 2014

Source: Quarterly Census of Employment and Wages

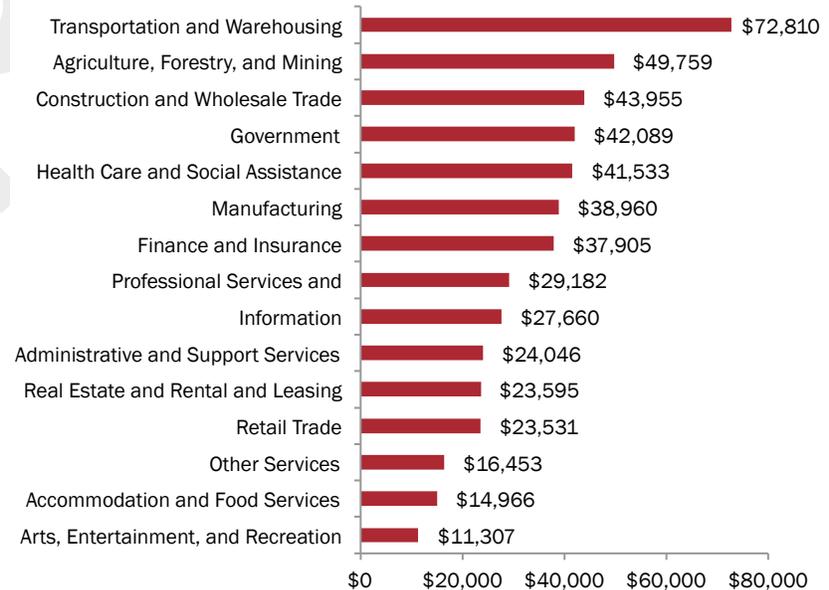


Workers in the Transportation, Warehousing, and Utilities sectors earn the highest annual wages in Madras, on average.

Average annual pay per employee ranged from \$10,611 for Arts, Entertainment, and Recreation to \$72,810 for transportation and warehousing, and utilities.

MADRAS UGB AVERAGE PAY PER EMPLOYEE BY SECTOR, 2013

Source: 2014 Quarterly Census of Employment and Wages



Visitor Market

Understanding what brings visitors to Madras and Central Oregon now can help the City of Madras boost its tourism in the future. Many studies have attempted to describe the Central Oregon visitor market and visitor profiles, including Travel Oregon, the Central Oregon Visitors Association.

EXHIBIT 7 provides an overview of marketable and non-marketable trips to Madras. Marketable trips are taken by travelers that can be influenced by marketing efforts (e.g., international/national visitors, outdoor enthusiasts), whereas non-marketable trips are taken by travelers influenced by something other than the destination itself (e.g. visiting family/friends or business). Generally, non-marketable travelers are considered lower-value travelers, as they will eat fewer meals in restaurants and may or may not stay in a hotel.

EXHIBIT 7. VISITOR MARKET SEGMENTS

	Marketable Travelers	Non Marketable Travelers
Share of travelers	49% (about half of these travelers are from Oregon)	51%
What influences them	Travel influenced by marketing efforts: International/national tourism Outdoor enthusiasts	Little a destination can do to influence, besides offering additional activities Visiting friends/family Business
What they do	<ul style="list-style-type: none"> • 29% for outdoor rec • 23% for touring • 18% special event 	<ul style="list-style-type: none"> • 7% business • 42% family/relatives
Wants	<ul style="list-style-type: none"> • Stops on the tour • Outdoor experience without risks • “Unique” experiences 	<ul style="list-style-type: none"> • Things to do while there • Generally a lower value traveller: Will eat two meals there a day at \$14-18, may or may not stay in a hotel

Source: Longwoods, International. Oregon 2013 Regional Visitor Report, Central Oregon

Of all overnight trips to Central Oregon in 2011, about half were marketable trips, and many visitors come from other areas of the Pacific Northwest. Of all marketable trips to Central Oregon, 34% come from Portland, followed by Seattle and Eugene.¹ Most visitors to Central Oregon are coming in the summer, as about fifty percent of annual Transient Room Tax, a hotel tax, is collected July through September.

The main purposes of marketable trips to Central Oregon were outdoor recreation, touring, special events, and resorts. When visitors were in Central Oregon, the most popular activities included visiting historical places, shopping, hiking/backpacking, cultural activities and attractions, visiting National and State parks, and camping.² Most non-marketable trips taken to Central Oregon were to visit family or friends. Some non-marketable trips were business trips.

¹ Longwoods International, <http://industry.traveloregon.com/content/uploads/2014/11/OR-Central-Region-2013-Final-Report.pdf>

² Longwoods International

EXHIBIT 8 shows key destinations from Madras as well as local community assets. Madras is well positioned in between major visitor attractions in Central Oregon, some of which provide annual visitor counts. Cove Palisades State Park, a 25-minute drive from Madras, 515,000 visitors in 2014.³ Smith Rock State Park, a 30-minute drive from Madras, reported around 650,000 visitors in 2014.⁴ Kah-Nee-Tah Hot Springs and Family Resort, a 35-minute drive from Madras, reported 69,000 visitors.⁵

EXHIBIT 8. MADRAS CONTEXT



Source: Longwoods, International. Oregon 2013 Regional Visitor Report, Central Oregon

Second homes are also popular in Central Oregon. The American Community Survey provides the number of homes that are vacant for seasonal, recreational, or occasional use. According to the Census, this category is often referred to as vacation homes, but also includes corporate apartments and other temporary residences.⁶ The percent of homes identified as vacant for seasonal, recreational, or occasional use in Madras is 0.4% of total housing units, suggesting there are more second/vacation homes in Jefferson County (11.1%

³ Cove Palisades State Park.
http://oregonstateparks.org/index.cfm?do=parkPage.dsp_parkHistory&parkId=24

⁴ Smith Rock State Park,
http://oregonstateparks.org/index.cfm?do=parkPage.dsp_parkHistory&parkId=36

⁵ Oregon Rural Tourism Studio. River Canyon Country Rural Tourism Studio Baseline Assessment, October 2012. http://industry.traveloregon.com/wp-content/uploads/2012/10/1.3.6.1_RCCBaseline.pdf

⁶ <https://www.census.gov/prod/cen2010/briefs/c2010br-07.pdf>, page 4

of total housing units) relative to the percentage of Oregon housing units (3.4%), but the homes are located outside of the City of Madras.

Part 2: Market Conditions

In this section, we describe the existing conditions for residential, industrial, and commercial uses in and near the study area. The analysis provides insight into existing supply and potential demand for different land uses and redevelopment opportunities. Since the City recently completed a Buildable Lands Inventory for residential and industrial/commercial properties, this analysis focuses mainly on retail conditions in the area.

Real Estate Terms

Vacancy rate	All the available space for lease divided by the total space in the defined market. This gives a quick sense of whether it is a landlord or tenant's market. It is often an indicator for developers of when to enter or exit a market. Higher vacancy rates means it takes longer for property owners to lease-up buildings.
Absorption	The number of properties that have been leased or sold (absorbed) within a defined period. The absorption rate divides available properties by the absorbed properties.
Asking rent	The dollar amount the lessor is asking for in order to lease their building/space/land. It is represented as an annual or monthly amount depending on the area where the property is located. Most markets reflect an annual amount while some markets use a monthly amount.

Overall, the market for new development is likely to create feasibility challenges for new, higher-end construction. For retail, the number and demographics of households within the City creates challenges for the types of retail that are likely to locate in Madras, given the existing competitive landscape. Office and industrial uses will locate in Madras if the City has an advantage over other communities in Central Oregon. For example, some firms may be attracted to Madras given its lower cost of living, closer proximity to the Portland metro area, lower rents, or high quality water. Residential development continues to be challenged by the lack of demand for new housing in the area.

Retail

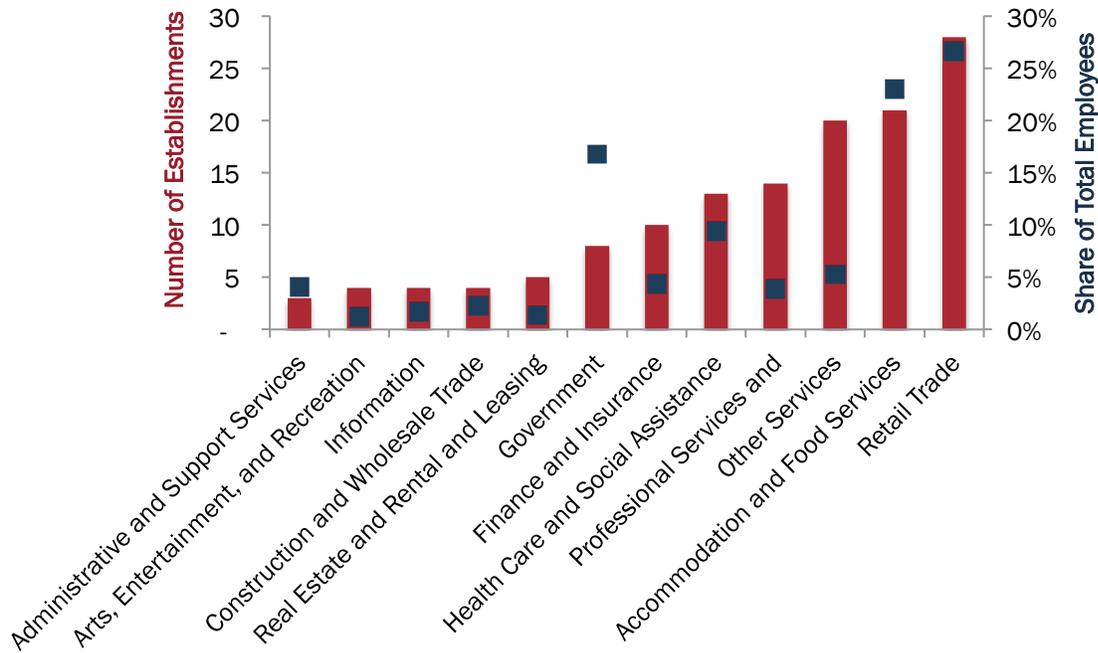
Business Inventory

The State of Oregon Employment Department conducts the Quarterly Census of Employment and Wages (QCEW). QCEW data provides data on employment and wages by industry, as well as the number of businesses in each industry. There are 259 establishments with employees in the City of Madras as a whole, and 134 establishments in the Madras Urban Renewal Area.

EXHIBIT 9 shows the breakdown of business types by employment sector in the Madras URA and the share of employees in each of those sectors. The area features a concentration of

services and retail businesses (29 businesses, 27% of all employees), along with accommodation and food service businesses (21 businesses, 23% of all employees). Over half the URA’s employees work in these two business types.

EXHIBIT 9. ESTABLISHMENTS BY SECTOR, MADRAS URA, 2014



Source” City of Madras Quarterly Census of Employment and Wages, 2014

Retail leakage analysis

“Retail leakage” occurs when community members spend money outside of their community. By identifying what types of products residents are purchasing outside of Madras, a retail leakage analysis can provide some limited information about the types of new businesses and services the area could support.

EXHIBIT 10 and EXHIBIT 11 show the retail gaps for major industries in the City of Madras. Retail gaps are calculated by subtracting total sales from local retail demand. A positive retail gap shows local sales are lower than local demand and indicates that the industry may be supportable in the City. The City's retail gap is almost -\$31 million, meaning residents spend \$31 million outside of Madras on goods and services.

Residents of the City of Madras spend about \$41 million on retail goods and services, \$46 million including food and drink. In the City of Madras, retailers have around \$63 million in sales and \$77 million including food and drink sales. Industry groups in Madras with the most sales include automobile dealers, auto parts, accessories, tire stores, gas stations, and grocery stores.

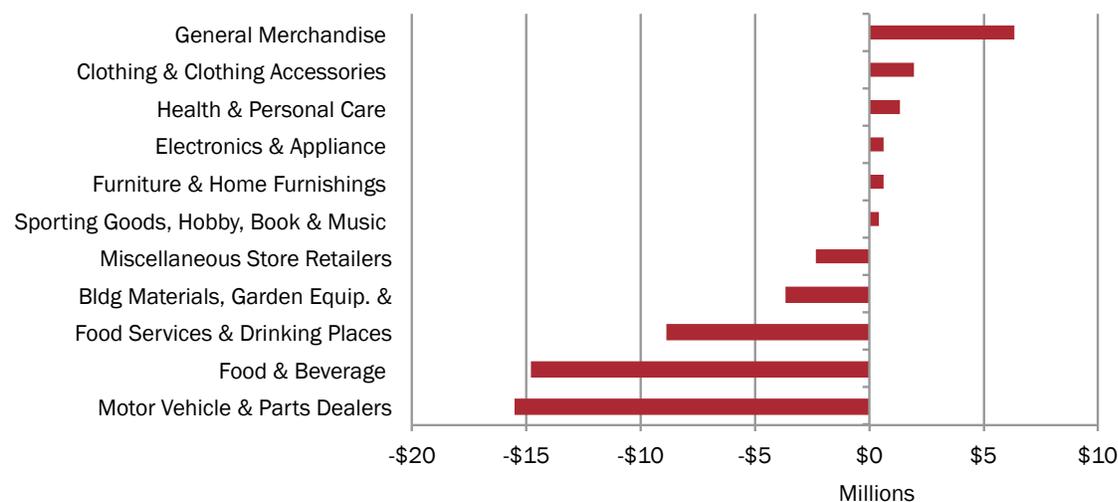
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EXHIBIT 10. CITY OF MADRAS RETAIL LEAKAGE

Retail Industry Sector	Retail Gap
Motor Vehicle & Parts Dealers	-\$15,562,339
Furniture & Home Furnishings Stores	\$608,964
Furniture Stores	\$225,824
Home Furnishings Stores	\$383,140
Electronics & Appliance Stores	\$661,511
Bldg Materials, Garden Equip. & Supply Stores	-\$3,622,873
Food & Beverage Stores	-\$14,831,719
Health & Personal Care Stores	\$1,318,518
Gasoline Stations	\$184,718
Clothing & Clothing Accessories Stores	\$1,918,650
Clothing Stores	\$1,520,894
Shoe Stores	\$335,928
Jewelry, Luggage & Leather Goods Stores	\$61,828
Sporting Goods, Hobby, Book & Music Stores	\$373,344
Sporting Goods/Hobby/Musical Instr Stores	\$301,883
Book, Periodical & Music Stores	\$71,461
General Merchandise Stores	\$6,366,989
Department Stores Excluding Leased Depts.	\$2,788,366
Other General Merchandise Stores	\$3,578,623
Miscellaneous Store Retailers	-\$2,325,295
Nonstore Retailers	\$2,912,311
Electronic Shopping & Mail-Order Houses	\$2,534,079
Vending Machine Operators	\$52,309
Direct Selling Establishments	\$325,923
Food Services & Drinking Places	-\$8,884,152
Total Retail Trade and Food & Drink	-\$30,881,373
Total Retail Trade	-\$21,997,221
Total Food & Drink	-\$8,884,152

Source: ESRI Retail MarketPlace Profile, September 2015

EXHIBIT 11. RETAIL NEEDS



Source: ESRI Retail MarketPlace Profile, September 2015

However, there are several retail sectors with positive retail gaps. Notable industries with deficits in Madras include general merchandise stores (these sell a number of lines of merchandise such as dry goods, apparel and accessories, furniture and home furnishings, small wares, clothing stores, electronic shopping and mail-order houses, and health and personal care stores.

Regional retail contributes to high leakage rates in many retail industry subsectors. When deciding what retail would be best for downtown Madras, careful study of regional retail competition for the intended use will be necessary.

According to local realtors, there seems to be available commercial space available for lease, and there seems to be significant demand for more shopping (in particular, a clothing store) in Madras. However, few inquiries have been made about leasing commercial space for retail. Various explanations for the lack of retail include high City fees and the lack of households to support it. There have been very few inquiries for restaurant space, but somewhat more inquiries for general merchandise and grocery stores spaces.

According to Madras' 2015 Economic Opportunities Analysis (EOA), increases of retail and non-retail commercial employment will require 117 gross acres of commercial land in the City of Madras. The City has enough vacant commercially zoned land in the UGB to accommodate 20 years of growth, with 26 acres of surplus land. The majority of Madras' 28 vacant gross acres of commercial land is zoned C-1 and CC, with concentrations in southern Madras along Highways 97 and 26, and in the Middle of madras along Highway 97.

Office and Industrial

The EOA describes Madras' industrial conditions. Madras' industrial sector saw the largest decrease in employment between 2004 and 2013, falling by 530 employees (34%)⁷. However, companies have chosen to locate in Madras' industrial areas, including Erikson Air Tanker maintenance and manufacturing operations to Madras. Additionally, both Central Oregon Seeds and Central Oregon Basalt have expanded facilities in Madras. Four companies have investigated located solar arrays near Madras, both on city-owned land at the Airport and on privately owned land.

According to the EOA, increases in industrial employment (both general industrial and airport-related industrial) will require 141 gross acres of industrial land in the Madras UGB. The City has enough land for this industrial growth over the next 20 years, with 69 gross acres of surplus industrially zoned land available. All vacant industrial land in Madras is located in the northern part of the City, near the airport and along Highway 26. About two-thirds of the vacant land is in two parcels, which would allow large industrial operations to locate in Madras. Madras has a limited number of smaller general industrial sites, all of which are near the airport. Industrial sites in Madras will continue to provide critical land for employment uses within the City.

Future industrial sites will need to be a variety of sizes, and may need to rezone land in Madras to meet the need for smaller industrial sites. Additionally, the owner of a large industrial site may be unwilling to sell or lease the property, so the City must evaluate

⁷ City of Madras Economic Opportunities Analysis, pg. A-21.

whether the other existing industrial land supply meets the City's economic development goals.⁸

Discussions with real estate agents indicated the Madras was most likely to continue to attract industrial development over office development.

Residential

Total housing units in Madras have almost doubled since 1990, increasing from 1,374 to 1,927 (2010) to 2,569 units in 2010.⁹ The City of Madras Housing Needs Analysis (HNA) identifies that although Deschutes County has historically accounted for the majority of single-family residential development in Central Oregon, Crook and Jefferson Counties are accounting for an increasing share of single-family development.

Realtors in the City of Madras identified that a lack of shopping in Madras is an obstacle to bringing people to Madras. In addition, perception of the local schools and a need to accommodate the commuting needs of others in the household are key reasons why families choose to live outside of Madras. As part of this project, the City has released a survey of workers to determine how it could better attract more employees to live in Madras.

The HNA, completed in 2007, identified housing needs for 20 and 50-year population and employment forecasts. According to the HNA, the City will need an additional 221 acres for housing and associated public facilities in the 2007-2027 period and 1,997 acres for the 2007-2057 planning period to accommodate the expected increase in households.¹⁰ Some of that housing could take the form of multifamily development in the core of Madras.

Hotel

Madras has six hotels and motels. ECONorthwest did not complete a full market analysis for hotels in Madras for the Action Plan Update, but has done recent analysis of hotel demand in Central Oregon. The analysis showed that the high-end hotel market is tight in Central Oregon, resulting from a long period with no added capacity paired with the surging Central Oregon visitor market. Additionally, Madras will continue to see increased traffic on Highway 97 as trucks seek alternate routes from I-5 and the Columbia Crossing. Half of hotel business is driven by local population growth (the best indicator is personal income of the area).

However, the existing seasonality of the Madras hotel market creates challenges for local hoteliers. The peak season in Madras is from April to October, with much higher vacancies during the slower winter months, when room rates decrease to up to \$30 per night.¹¹ All these factors show that Madras is unlikely to support an additional hotel within the next five years, even a limited-service mid-scale hotel.

⁸ Madras EOA

⁹ Madras Urbanization Report, United States Census

¹⁰ ECONorthwest. City of Madras Urbanization Report, November 2007

¹¹ Interviews with local hoteliers, November 2015

Part 3: Development Opportunities

This section provides an overview of development opportunities in the area. These are the sites that could accommodate additional commercial development that serves the market segments defined in Part 1, given the market conditions described in Part 2. This analysis is based on a technical analysis of development opportunities and conversations with area stakeholders, real estate professionals, and City staff.

The area has many sites that would be suitable for redevelopment, many of which are located in the core of the urban renewal area. However, some of these vacant sites are located within the floodway and floodplain, which prevent development or add additional development barriers.

Technical analysis

To get an overview of the sites that are most likely to redevelop within the URA, ECONorthwest conducted a preliminary technical analysis of development opportunities in the URA, using the City’s 2015 Buildable Lands Inventory layer and parcel data from the Jefferson County assessor. EXHIBIT 12 provides an overview of findings. Of the parcel acres within the district, 37% are vacant or partially or vacant and 19% are underutilized (meaning that their land value is worth at least the value of the structure on the parcel).

EXHIBIT 12. DEVELOPMENT POTENTIAL WITHIN THE MADRAS URA

	Acres	Percent
Vacant & Partially Vacant	90.9	37%
Underutilized	45.9	19%
Developed	94.4	38%
Public	16.4	7%
Total	247.6	100%

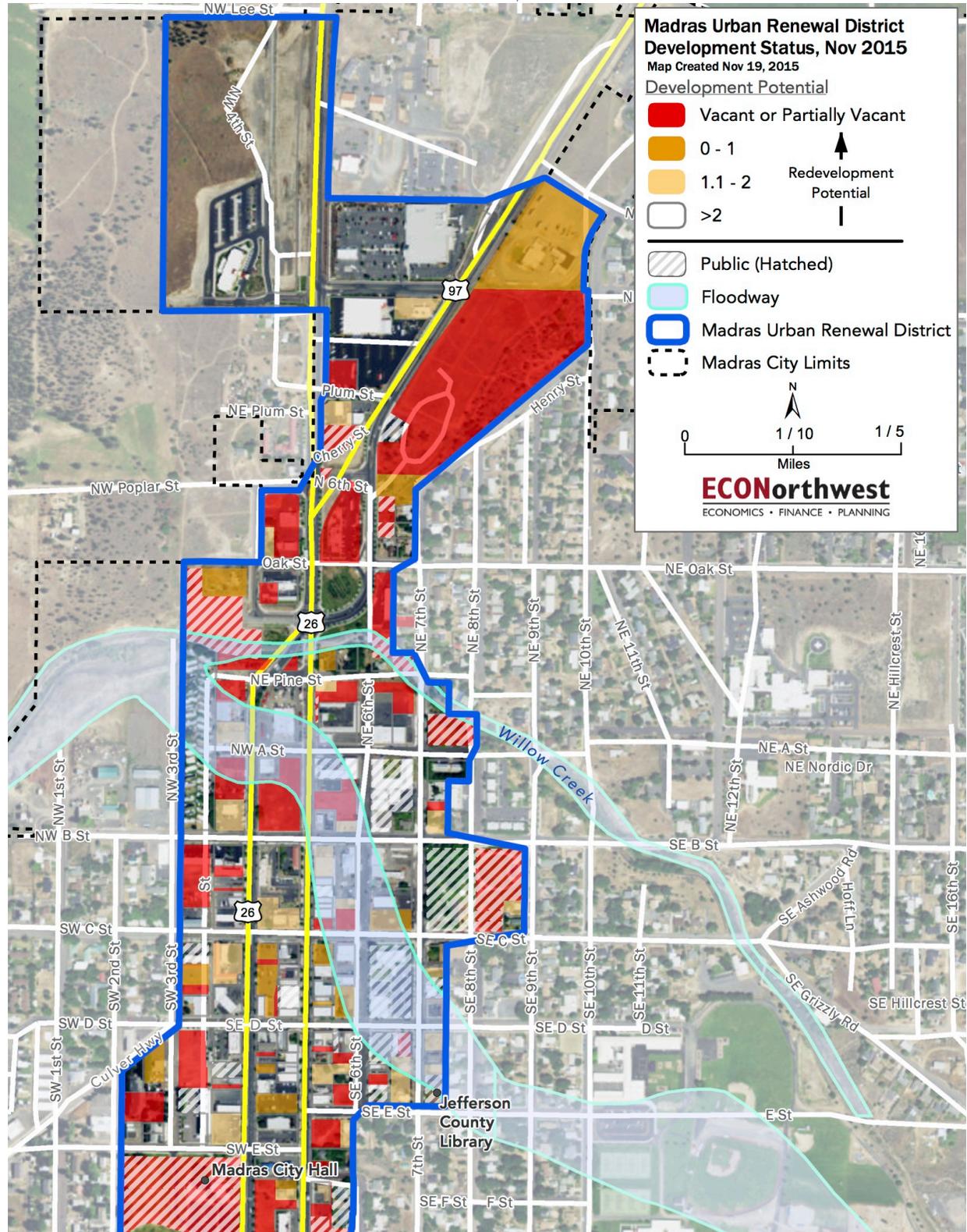
Source: ECONorthwest, 2015

EXHIBIT 13 and EXHIBIT 14 show the *Improvement to Land Value Ratio* on parcels in the northern and southern sections of the URA based on Jefferson County Assessor data. This ratio is the assessed value of improvements divided by the assessed value of the land. This is a commonly used indicator of potential for redevelopment when the ratio is low, although it is not the only indicator.

In the northern section, 4th Street from A to E Streets have a number of underutilized and vacant parcels, particularly at the intersection of 4th and C. There are also many underutilized and vacant parcels at the northern tip of the boundary along Highway 97.

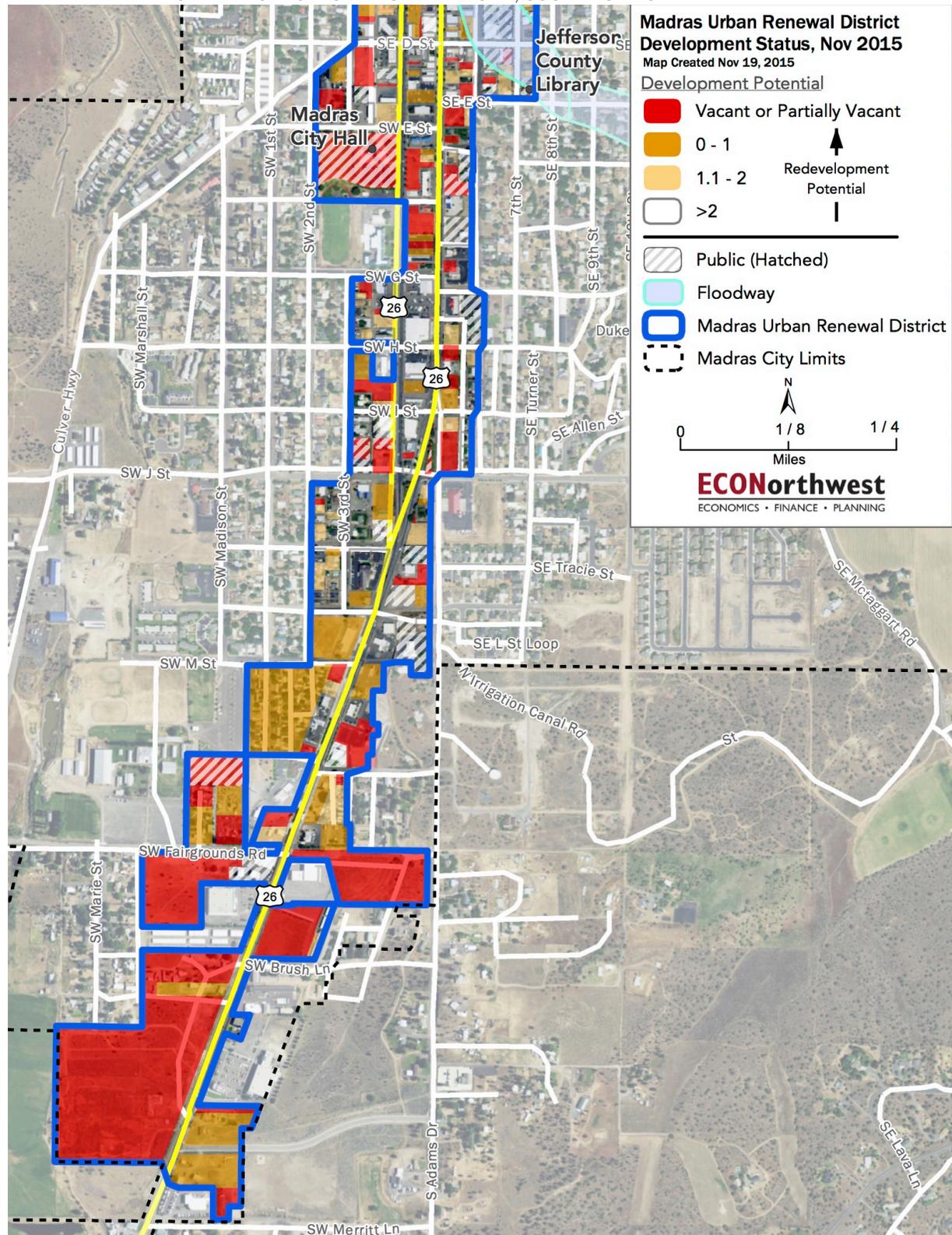
The southern section of the URA has many underutilized and vacant parcels. Vacant and partially vacant parcels are prevalent along the southern portion of Highway 26, as well as scattered along 4th Street between D to J Street.

EXHIBIT 13. DEVELOPMENT OPPORTUNITIES WITHIN URA, NORTH PORTION



Source: Jefferson County Assessor and 2015 Economic Opportunities Analysis

EXHIBIT 14. DEVELOPMENT OPPORTUNITIES WITHIN URA, SOUTH PORTION



Source: Jefferson County Assessor and 2015 Economic Opportunities Analysis

Implications for Action Plan

The analysis so far finds that: (1) the City can do more to attract unexploited demand segments such as tourists and workers to the city's retail offerings, (2) the development market is challenged, and (3) there are many sites that could accommodate new development. Given those findings, the Action Plan Update needs to take the following actions:

1. Address Market Barriers to Attract Appropriate Retail Development

This section provides a preliminary description of the “niche” for downtown Madras in a regional context, and given findings from the research presented in this report. It also better defines how the Action Plan should be shaped, given the findings in this analysis.

Market barriers: What is keeping this area from redeveloping?

- **Underused storefronts in Madras' historic downtown.** Madras does have a concentration of downtown-scale retail and restaurants between B and E Street on Highway 97, but the presence of underutilized storefronts in this area sends a signal that the area cannot sustain retail. A critical mass of active retail is critical to retail success, and fragmentation of retail districts is problematic.
- **Access to financial capacity among small businesses.** Small and minority-owned businesses often do not have the same access to traditional sources of funding or investment as other businesses and could use technical support to obtain resources.
- **Relatively low buying power.** About 6,300 people live in Madras, which could be enough to support a small retail center if other factors align, such as business mix and site desirability. However, demographics often drive the types of retail that can locate in an area, and incomes and associated buying power in the area are relatively low.
- **Competing retail nodes.** Madras faces competition in retail from Redmond and in other regional destinations. The downtown also faces competition for retail from other retail nodes in Madras.

How can Madras overcome these barriers?

Attracting the demand segments described in this report will require strategic additions to the existing mix of businesses.

- **Madras should position itself to attract general merchandise stores that sell everyday goods like clothes and other dry goods.** With a combined retail gap for general merchandise and clothing stores around \$8 million, the national average of \$300 per square foot suggests that the City could accommodate roughly 25,000 square feet of general merchandise space. With the high amount of retail leakage discussed in Section 2, it is likely that general merchandise businesses will locate at the northern or southern ends of the urban renewal area where access is easiest.

- **Madras would benefit from additional anchor restaurants and/or a brewery that can attract visitor through traffic as well as serve a local market.** There is already a good set of restaurants in downtown Madras located along the couplet. However, the area would benefit from the addition of a restaurant that specifically meets the needs of tourists and marketable travelers, as detailed in EXHIBIT 3.
- **There are likely properties in downtown Madras that can accommodate “flex” or “maker space” with a retail component.** This type of arrangement can buffer businesses against retail seasonality by allowing the business to produce goods year round.
- **While demand is currently low for a new hotel in the City of Madras, future investment in hotel capacity will likely be mid-scale and limited service in nature.**
- **This technical analysis can help to point toward general categories of retail demand, echoed by community member needs.** The City needs to be responsive to businesses that emerge outside of the status quo, but that support the URA objectives.

2. Strategically Target Investment

Given the concentration of underdeveloped and vacant parcels in the URA and the downtown, and the evaluation of demand segments presented in this document, the City’s Action Plan should focus on near-term development opportunities and tenant attraction strategies. Further, the Action Plan should seek to concentrate downtown-scale retail and services in a smaller node that has some opportunity sites in it, and consider other kinds of uses in other parts of the URA.

As the Action Plan is finalized and implementation begins, the City of Madras should be prepared to be both proactive and responsive as development opportunities arise. Small, main-street level improvements can invigorate the downtown and civic cores of the City, as shown in EXHIBIT 15.

EXHIBIT 15. CORE INVESTMENT AREA

