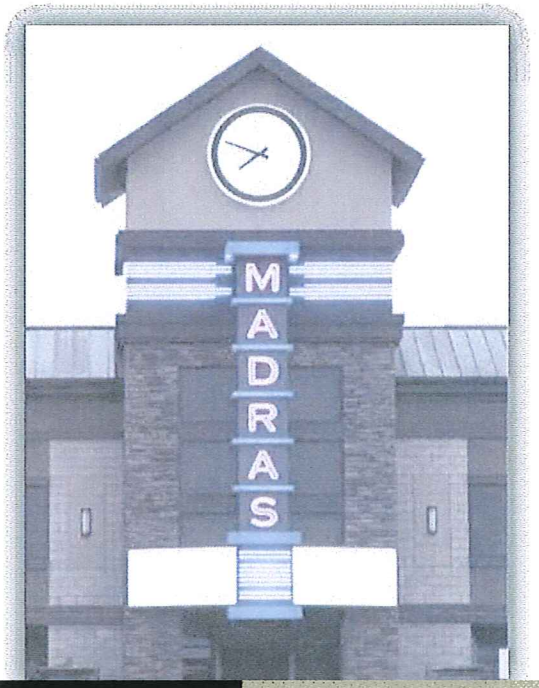


ANNUAL REPORT
FISCAL YEAR ENDING
JUNE 30, 2015

2014/2015

URBAN RENEWAL AGENCY OF THE CITY OF MADRAS

THIS REPORT FULFILLS THE REQUIREMENTS, PRESCRIBED BY ORS.457.460, FOR THE FILING OF AN ANNUAL REPORT DETAILING THE FINANCIAL ACTIVITY OF THE URBAN RENEWAL AREAS ESTABLISHED IN OREGON.

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2015

MADRAS REDEVELOPMENT COMMISSION

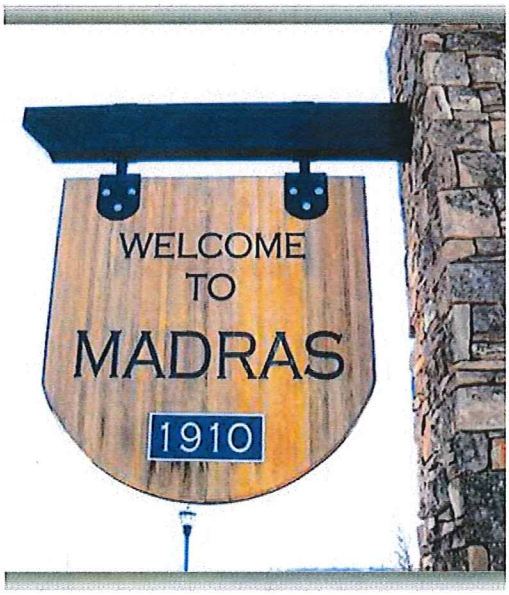
Madras Urban Renewal Area History

The Madras Urban Renewal Plan was adopted by the City Council of the City of Madras on August 13, 2002 via City Ordinance No. 700. The purpose of the Urban Renewal Plan is to:

1. Eliminate blighted conditions;
2. Reverse physical and economic decline;
3. Establish a maximum indebtedness of $14 million;
4. Identify financing methods to eliminate blight and improve economic conditions.

In 2002 the Madras City Council passed Ordinance No. 709 which created the Madras Redevelopment Commission and transferred its Urban Renewal authority to the Madras Redevelopment Commission increase public involvement in the Urban Renewal Program, pursuant to Oregon Revised Statues (ORS) 457.055.

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



ORS 457.460 requires urban renewal agencies to provide a summary of their finances for public information. Additional reporting for the MRC includes adoption of its annual budget and its annual independent audit.

Projects

The following projects were completed by the Madras Urban Renewal District in FY 2014/15.

The MRC provided $100,000 to Madras Cinema 5, the fourth of five annual payments that were agreed upon within an MOU developed during 2009-2010. The Madras Cinema 5 has proven to be a successful addition to Jefferson Square development within the Urban Renewal District. This development catalyzed other private development within the overall Jefferson Square area.

- Total project value: $1,483,990, URD grant awards: $500,000

In collaboration with ODOT, and the City of Madras, URA funds were used assist with the installation of the decorative street lights along Highway 97 from L Street to Fairgrounds Road.

- Total project value: $1,450,000, URD grant awards: $7,500

Payment to the City of Madras for the City Hall/Police Station project in the amount of $75,000 was made in FY2014/15. Total URA contributions to date for this project total $220,000 over the past three years since 2013. This support from the URD for the City Hall/Police Station is consistent with the District's Plans to support a Civic Center for Madras community members.

- Total project value: $5,286,120, URD grant awards (thus far): $220,000

The MRC continued the downtown flower program and paint program throughout FY2014/15.

- Total project value: $6,000, URD grant awards: $6,000

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

In FY2014/15 it was discovered that additional funds were needed to meet contractual obligations and in response the City initialized a line of credit on behalf of the URD. $100,000 was drawn from a line of credit in FY2014/15. 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 URD budgets.

Table 1: Madras Urban Renewal District Maximum Indebtedness (MI) Calculation

FY	MRC General Fund - Expenditures: TOTAL EXPENDITURES (MRC GENERAL FUND)	Less: Debt Service, Debt Refinance	Net Expenditures (A)	Expended from Other Resources ** (B)	Expended from Property Tax Increment (A)-(B)	Debt Proceeds	$14,000,000 **Maximum Indebtedness Currently Available**
2003-04	$ 98,453	$ -	$ 98,453	$ -	98,453	653,865	**$ 13,247,682**
2004-05	809,424	(4,754)	804,670	653,865	150,805	1,846,135	**11,250,742**
2005-06	1,904,754	(87,062)	1,817,692	1,817,692	-		**11,250,742**
2006-07	1,350,683	(128,323)	1,222,360	342,186	880,174		**10,370,568**
2007-08	359,484	(190,381)	169,103	169,103	-		**10,370,568**
2008-09	348,431	(91,503)	256,928	256,928	-		**10,370,568**
2009-10	288,635	(77,983)	210,652	210,652	-		**10,370,568**
2010-11	378,217	(77,754)	300,463	300,463	-		**10,370,568**
2011-12	2,980,602	(2,630,342)	350,260	50,040	300,220		**10,070,348**
2012-13	432,685	(179,496)	253,189	-	253,189		**9,817,159**
2013-14	413,962	(179,000)	234,962	-	234,962		**9,582,197**
2014-15	417,548	(177,000)	240,548	100,000	140,548	100,000	**9,341,649**
	9,782,878	(3,823,598)	5,959,280	3,900,929	2,058,351	2,600,000	
		MAXIMUM INDEBTEDNESS - AVAILABLE AND UNCOMMITTED					**9,341,649**

Maximum Indebtedness (MI)

A Maximum Indebtedness (MI) of $14 Million was established by the Council when they created the URD. The MI amount is reduced by any debt that is issued or any expenditure the Agency makes above the amount of debt issued. Therefore, annual principal and interest payments, debt issuance costs etc., do not reduce MI. Expenditure are made from debt proceeds and other resources (sale of property, repayment of loans, etc.) first and property tax increment second. The max indebtedness balance as of June 30, 2015 is $9,341,649.

Financial Reporting

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

Money Received in FY 2014/15

1(a) The amount of money received during the preceding fiscal year (FY) and indebtedness incurred under ORS 457.420 to 457.460.

Fiscal Year 2014-15

Tax Increment Received	$ 328,967
Proceeds from Line of Credit	100,000
Repayment of Loans	65,582
Interest and Misc. Revenues	9,015
Total Resources	$ 503,564

Money Expended in FY 2014/15

1(b) The purpose and amounts for which any money received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 were expended during the preceding fiscal year.

Fiscal Year 2014-15	
Materials and Services	$ 64,270
Grants, Loans	182,500
Debt Service	177,000
Total Expenditures	$ 423,770

Estimated Revenues for Current Fiscal Year, FY 2015/16

1. An estimate of monies to be received during the current fiscal year under ORS 457.420 to 457.60 and from indebtedness incurred under ORS 457.420 to 457.460.

Fiscal Year 2015-16	
Tax Increment Received	$ 339,700
Proceeds from Line of Credit	140,000
Repayment of Loans	52,000
Interest and Misc. Revenues	5,000
Total Resources	$ 536,700

It was originally anticipated that $240,000 of proceeds from line of credit would be recognized in FY2015/16, however $100,000 of that balance was recognized on 6/30/2015 and included in the FY2014/15 financials. The balance is carried over through beginning cash balances.

Proposed Budget for Current Fiscal Year, FY 2015/16

2. A budget setting forth the purposes and estimated amounts for which the monies which have been or will be received under ORS 457.420 to 457.460 and from the indebtedness incurred under ORS 457.420 to 457.460 are to be expended during the current fiscal year. The URD recognizes that expenses exceed revenue in FY2015/16 and this is part of the strategic planning for use of the line of credit proceeds to cover costs that will be later recouped through tax increment financing efforts.

Table 2. Budget FY 2015/2016 General Fund and Reinvestment Fund

	General Fund	Reinvestment Fund
Resources		
Available Cash on Hand	459,976	195,631
Property Taxes	339,700	-
Issuance of Debt/loan proceeds	140,000	31,000
Interest Income	500	4,000
Total Revenues	**940,176**	**230,631**
Materials & Services		
Audit	4,500	
Contract Services	45,000	
Dues / Membership	450	
Downtown Flowers	-	7,000
Facility Maintenance	800	
Legal Fees	12,500	
Meetings, Travel & Schools	2,000	
Bank Service Fees	1,050	1,000
Office Supplies	900	
Professional Services	90,000	
Total Materials & Services	**157,200**	**8,000**
Special Payments		
Grants- Business	150,000	-
Grants- Infrastructure	10,000	-
Grants- Police Station/City Hall	75,000	-
Loan Distributions	-	35,000
Total Special Payments	**235,000**	**35,000**
Debt Service		
Line of Credit - Interest	6,000	-
Series 2012B Bond Principal-City of Madras	105,000	-
Series 2012B Bond Interest-City of Madras	76,500	-
Total Debt Service	**187,500**	**-**
Redevelopment Properties - (Non-Spendable until Sold)	329,007	-
Total Reserve for Future Expenditure	**329,007**	**-**
Contingency		
Contingency	3,000	25,000
Total Contingency	**3,000**	**25,000**
Unapprproriated Ending Balance	**28,469**	**162,631**
Total Ending Balance	**28,469**	**162,631**
Total Expenditures	**940,176**	**230,631**
Total MRC - Revenues	**940,176**	**230,631**

Impact on Taxing Districts

3. An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430.

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

Urban renewal agencies do not create an additional tax. Instead, during the Agency's lifespan, overlapping taxing districts "forego" a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. For the majority of taxing districts this impact is less than four percent of their permanent rate levy. The greatest impact is on the City of Madras, at 7.87% of their permanent rate levy. The School District and ESD are funded through the State School Fund on a per pupil allocation. The State School Fund is funded through property tax allocations, but also through other state resources. There is not an impact of urban renewal on local public schools funding.

Carrying out an urban renewal plan has an effect on the amount of property taxes collected by the other taxing districts that overlap with the MRC's urban renewal area. Property taxes are redirected from the other taxing districts to the Madras Redevelopment Commission that totaled approximately $334,836 in taxing proceeds in FY 2014/2015.

Table 3. Impact on Taxing Districts FY 2014/2015

Taxing District	Revenue Forgone	Permanent rate levy	% of Total Tax Revenues
Madras Aquatic Center	$5,566	$218,520	2.55%
Jefferson County	$79,577	$5,260,819	1.51%
City of Madras	$92,085	$1,169,825	7.87%
Education Service District	$5,321	$289,063	1.84%
School District #509J	$102,345	$3,837,326	2.67%
Central Oregon Community College	$13,823	$881,763	1.57%
Jefferson County FPPD levy	$26,424	$766,805	3.45%
Jefferson County Library	$9,695	$543,710	1.78%
Total	$334,836		

Economic Factors for FY 2015/2016

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 Urban Renewal District. Also the collection ("mill") rate decreased for the district between 2008-2014. Measure 5 compression is also having 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 few years.

- During fiscal year 2009 the MRC executed a Memorandum of Understanding (MOU) with a developer to build a five-screen movie theater (i.e. Madras Cinema 5) 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 February 2016 by ECONorthwest. This firm specializes in urban renewal districts and the report will be a valuable tool in developing the 2016-17 budgets and strategic forecasting.
- A line of credit was finalized June 30, 2015 and the total use of funds in the amount of $240,000 is planned to be utilized in 2015-16 from this financing effort. This line will fund the final payment to Madras Cinema 5, contract costs for updating the Urban Renewal Plan, and allow contingency for other district improvements.

(2) This report is on file with the City Recorder, City of Madras, 125 SW "E" Street, Madras, Oregon 97741. Notice of this report and its availability to all interested persons, including a summary of the information in 1(a)-(d) above, will be published in the Madras Pioneer on February 3, 2016 and February 10, 2016.

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Finance Director
City of Madras, Oregon

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Community Development Director
City of Madras, Oregon