



## MADRAS REDEVELOPMENT COMMISSION

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### The Urban Renewal Agency of the City of Madras

Budget Committee

May 3, 2016

City Council Chambers

5:30 p.m.

### Agenda

- I Call to Order
  
- II Review of Budget – *(start from fund that was last discussed during April 21<sup>st</sup> meeting)*
  
- II Consider Approval of Budget
  
- IV Adjourn

## **I CALL TO ORDER**

The MRC Budget Committee meeting was called to order by Budget Chair Janet Brown at 5:50 p.m. for the deliberation of the MRC budget for fiscal year 2016-2017 on May 3<sup>rd</sup>, 2016 in the Madras City Hall Council Chambers located at 125 S.W. E Street.

### **BUDGET COMMITTEE MEMBERS IN ATTENDANCE WERE:**

Mayor Royce Embanks, Commissioner Tom Brown, Commissioner Chuck Schmidt, Commissioner Blanca Reynoso, Janet Brown, Tena Jackson and Maura Schwartz.

### **CITY STAFF MEMBERS IN ATTENDANCE WERE:**

City Administrator Gus Burrell, Police Chief Tanner Stanfill, Community Development Director Nick Snead, Accounting Analyst Rebecca Tomblison, Accounting Technician Megan Hansen and Customer Accounting Clerk KoraLynn Hollyman.

### **VISITORS IN ATTENDANCE WERE:**

City Councilor Bartt Brick.

## **II REVIEW OF BUDGET** – *(start from fund that was last discussed during April 21<sup>st</sup> meeting)*

City Administrator Gus Burrell in October 2011 the MRC board met and the City presented a financial plan to the MRC on funding about 20% of the estimate of construction for the new Police Station/City Hall, it was about \$4.5 million. At that time Mike Morgan, City Administrator asked for \$1.1 million commitment from the MRC. He estimated that it would take 11 years and they made an initial 5 year commitment in the motion. My understanding from the minutes is that the 5 years was a check in to see how the MRC was doing. I didn't have anything in the minutes that that commitment would end in year 5. To step back one step further, how did the City Hall/Police Station and the Plaza, how did it become a project for the MRC. The 2002 Urban Renewal Plan identified making sure the public facilities within the renewal area were adequate to support and protect the existing and proposed development area. Part of 2002 plan wanted that looked at. In 2005 which was during an Urban Renewal Action Plan year they surveyed the community and prioritized the top projects and a top 20 list came out. This building was number 11 out of the 20 projects. It was identified then that the district would support. In 2016 when we went back through our plan update it was looked at again and identified across the stake holders. The plan update showed that we should continue funding the Police Station/City Hall and Plaza with Urban Renewal dollars. I

wanted to give that context and setting before we dive in to considering doing year 6. From the Cities perspective we are a partner to the MRC and have seen mutual benefits. The MRC will borrow 14 million over the life of the district, in that partnership the City has agreed to be the lead lender with the MRC guaranteeing that the MRC pay back the City for borrowing. So the City is using its borrowing capacity to get a lower rate on behalf of the Urban Renewal District. I tried to understand what kind of value that would be so I called Bank of the Cascades and spoke to their Finance Officer, asking if you had to look at this with two different entities what are some things the MRC could consider. He responded that the rates would have to be higher, around 2.5-3% higher in interest rates. Also the ability on how much could be borrowed would be tied to the income stream from the MRC. Gus then gave different examples of what the MRC would have to pay if they did not have the partnership with the City. We have a 20 year bond on a portion of the debt that we pushed out to 40 years on the USDA portion of the loan. It is about \$220,000 a year in debt payments that we pay. To have the MRC's support is important, that \$75,000 per year would have to come out of other funds. The largest contributor would be from our property taxes and the general fund that funds the police department. We have reduced the amount paid per year, we are sensitive to the MRC's budget and will continue to be sensitive to what it can pay. The City really needs the MRC's support going forward until that \$1.1 million can be paid. Year 5 was not a commitment but instead of stopping the contribution it was more of a check back to see if we could still sustain at \$75,000. As part of our Action Plan update the goal from our consultant is to get us to a \$100,000 reserve in 3 years. We are starting the year off with \$64,000. Our beginning fund balance is \$393,000 but we have to take out the value of the properties which will fluctuate on what they can be sold for. When we create the budget and propose it to you we are checking in to make sure we are going in the right direction.

Janet Brown it wasn't communicated well from the beginning with the MRC and I do not think the intent of \$1.1 million to a building that doesn't produce any taxes or pay any property taxes was communicated correctly. That is the intent of the Urban Renewal District to get those taxes back in. I was part of 2007 Action Plan, City Hall was very important to us, it was embarrassing to take business people there. It is not that we didn't need the building but no one remembers what happened except that Mike Morgan agreed to it. It is a lot of money.

City Administrator Gus Burril the plan adopted in 2002 it had some targets over the life of the district. I think we owe the board the numbers that we committed in each of the categories and if those targets should be reevaluated. I do recall public facilities being in the \$2.5 million range as part of the needs presented. The courthouse found another avenue for State assistance but we frankly didn't have another 50% grant. We did look but we did not find any more than a FEMA grant which we did get. MRC is very critical

to the financial plan to the facility. If we can save the district 2.5% over the \$14 million we should be able to save \$3.5 million in interest.

Janet Brown you would have been able to save that regardless of the \$75,000 payment. With a set policy that doesn't come from the Budget Committee that comes from the MRC. I think it is a policy decision that needs to be looked at from the MRC rather than a Budget Committee meeting. I just do not want to be left not being able to fund something on the list. I would like to be ready to fund something else on the list.

City Administrator Gus Burrell the City is also working with the MRC to be the lead borrower for the line of credit. We have the line of credit between the MRC and the City to borrow up to a million. We have \$500,000 ready to go and we can ask for more to fund other projects. If 2 large developments come in and they both need \$100,000 a piece we have in addition \$125,000 that is available right now. I think that is fairly responsive, if we think about Cross Keys and the Theatre we only did a \$100,000 a year to them over a 5 year period. From a cash flow perspective we could set 2 of those types' agreements again.

Janet Brown that is also in the back of the mind. What we do for the projects that come into mind. We might want to start being consistent with all of the projects that come in.

Community Development Director Nick Snead from my perspective that is what I understood as well.

Councilor Chuck Schmidt initially when this came up if I was on council I might have not voted for this. The end product is what you see here, it should be something that our citizens should be proud of. My understanding was that after 5 years to take a look at it again. I do not think it was stopping it, it was more of if we need to adjust it. How are our funds doing compared to the City? Can we afford the \$75,000? I never thought we would stop the payment. Every time something is done there is big visual impacts. Even through all of the construction someone in Black Bear told me that the entrance was beautiful. I think our goal was to produce development and then increase taxes. I think we should continue to fund this.

Janet Brown wasn't there some partial payments in past years?

City Administrator Gus Burrell the 5 year check in was after the \$350,000 and that was to be received by this fiscal year. We delayed it and pulled back, Jeff from the County came to us and told us that our collection rate is going to move and that will affect our revenues. We have collected \$295,000 through this current fiscal year, we delayed \$55,000 by a year. We wanted to be sensitive to the revenue changes.

Janet Brown do you keep budget notes? I know a lot of times other government entities have budget notes. For example put the goal of the reserve amount on our budget. It could be a policy, I would rather see it as a budget note as our goal.

City Administrator Gus Burrell I think that got communicated through some minutes in the adoption of our plan. We do keep minutes and it is appropriate to our goal to the Budget Committee, Staff and Boards. Our goal is to get to \$100,000 in our fund balances.

Janet Brown but if this year we only had \$64,000, if it was a policy you would have to cut somewhere else to make \$100,000. Rather if it is a just a budget note, you are going to try but it isn't required.

City Administrator Gus Burrell I believe that recommendation came from EcoNorthwest as well. They believed that was the appropriate goal.

Maura Swartz I remember last week when we were looking at these, there are comments in the excel spreadsheet. There are notes on there that do not come out on print. Are the budget notes something you would see on an annual report?

Janet Brown even at the County at the top of the columns there will be a budget note. There might be history, what we are working towards and it is part of the document.

Community Development Director Nick Snead my understanding is for next year's budget we add a portion of what our goal is and when we will get there?

Janet Brown that and the history of the \$75,000 payment. If that would have been there we wouldn't have had to discuss this. It saves staff time. Does everyone feel comfortable on what we went through? I do not want to shut the meeting down without everyone's questions answered. Are we a recommending body to the MRC or do we actually approve the budget?

City Administrator Gus Burrell you would be approving the budget tonight, you and the MRC are one body. That then moves it to the adoption process in July by the MRC.

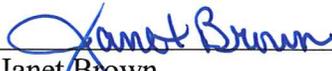
Janet Brown are there any questions? Did everyone get a chance to look through it?

**II Consider Approval of Budget**

CHAIR JANET BROWN ASKED FOR A MOTION TO RECOMMEND APPROVAL OF THE MRC 2016-2017 FISCAL YEAR BUDGET PRESENTED. MAURA SWARTZ SO MOVED AND SECONDED BY COMMISSIONER CHUCK SCHMIDT AND PASSED UNANIMOUSLY 0/7.

**IV Adjourn**

Meeting adjourned at 6:12 p.m.

  
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Janet Brown  
Budget Committee Chair

  
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Tena Jackson  
Budget Committee Secretary

CITY OF MADRAS  
VISITOR'S ATTENDANCE SHEET

Final Budget Committee Meeting (if needed)  
Madras Redevelopment Commission

~~May 5, 2016~~ May 3, 2016

5:30 p.m.

VISITOR'S/MEMBER'S NAME	REPRESENTING/ADDRESS
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