

**City of Madras  
Madras Redevelopment Commission  
Official Meeting Minutes  
June 21, 2011**

**I. Call to Order**

The Madras Redevelopment Commission's (MRC) regular meeting was called to order by Chair Councilor Tom Brown at 5:46 p.m. on Tuesday, June 21, 2011 in the Madras City Council Chambers.

**Members in Attendance:**

Chair, Councilor Tom Brown; Commissioners: Doeshia Jacobs, Councilor, Kevin O'Meara; Blanca Reynoso and Patty Woll.

**Members Absent:**

Vice Chair, Mayor Melanie Widmer Commissioners: Doug Lofting and Helmer Wallan.

**There was one vacancy**

**Staff Members in Attendance were:**

City Administrator Mike Morgan; Community Development Department: Director Nick Snead and Specialist Tammy McHaney; Finance Department: Kathy Snyder, Interim Finance Director.

**II. Consent Agenda**

- a. Adoption of Agenda
- b. Vouchers from April, May and June 2011
- c. Approval of Minutes from March 15, 2011

Director Snead requested adding "Payment to Madras Cinema 5, LLC" to the agenda as Item #V.

Commissioner Woll pointed out the minutes from March 15, 2011 did not reflect the time the meeting started. She requested that correction to the minutes.

**A MOTION TO APPROVE THE CONSENT AGENDA WITH THE ADDITIONAL ITEM AND THE CHANGES TO THE MINUTES WAS MADE BY COMMISSIONER PATTY WOLL AND SECONDED BY COMMISSIONER KEVIN O'MEARA. THE MOTION PASSED UNANIMOUSLY.**

**III. Visitor Comments**

There were no visitors present.

Administrator Morgan introduced Kathy Snyder as the City's interim Finance Director.

The Commissioner greeted and welcomed Interim Director Snyder.

#### **IV. Budget Hearing – Interim Finance Director Kathy Snyder**

##### **a. Budget**

Interim Finance Director Snyder requested the Commission approve Resolution #2011-01 which would adopt the Madras Redevelopment Commission's budget to make appropriations and provisions for the declaration of tax increments for the fiscal year 2011-2012 for the Madras Urban Renewal District.

She asked if there were any questions.

Commissioner O'Meara asked if any changes had been made to the budget.

Director Snead said there had been no changes to the budget from when the Budget Committee had met and made the recommendations. He requested Chair Brown open the public hearing and note for the record there were no visitors present.

#### **The Public Hearing opened at 5:50 p.m.**

Commissioner Jacobs questioned the vacancy listed in the minutes and asked if someone was resigning.

Specialist McHaney noted this was a vacancy left by Commissioner Carolyn Fording.

Commissioner Jacobs asked if anyone had expressed an interest.

Director Snead noted he had one letter of interest but as an administrative policy, he liked to present at least two candidates for consideration; therefore, he would wait until a second letter of interest was received. He pointed out they would still be able to obtain a quorum so business could continue as normal.

Commissioner Jacobs thanked him for the information.

Administrator Morgan noted that no additional comments had been received on the proposed budget and that there would be no change in the tax revenue (based on the Jefferson County Assessor's expectations). He said there was no unusual revenue other than the interest from the reinvestment fund.

Commissioner O'Meara asked if the budget reflected the ten percent reduction or would that occur in the future.

Administrator Morgan said there was not a ten percent reduction in revenue in the Urban Renewal District because it hadn't fluctuated like it had county wide.

Director Snead explained that all the new development had offset that reduction.

Administrator Morgan noted that based on the original projections, the MRC was about half of what the original study had projected, so it would take them a while to get there, but they would get there.

**The Public Hearing closed at 5:53 p.m.**

Chair Brown requested a motion to adopt the budget.

**A MOTION WAS MADE BY COMMISSIONER KEVIN O'MEARA TO ADOPT THE BUDGET AS PRESENTED AND SECONDED BY COMMISSIONER PATTY WOLL. THE MOTION PASSED UNANIMOUSLY.**

Administrator Morgan requested clarification. He asked if they were adopting the Resolution that was presented at the meeting.

Chair Brown replied yes.

**V. Madras Cinema 5, LLC's First Installation**

Director Snead presented a staff report and apologized for this late addition to the agenda, but noted this item needed action from the Commission. He noted the movie theater was open and operating and reminded them of their "Memorandum of Understanding" (MOU) which obligated the MRC to pay the theater \$100,000 for five years for a total of \$500,000.

He explained that in that Memorandum of Understanding, the MRC was required to pay the first installment within thirty days of the Building Official releasing their "Certificate of Occupancy". He said the theater was open under a "temporary" certificate of occupancy but expected them to obtain a final occupancy permit within the next two weeks.

He requested authority to issue the first installment check (\$100,000) as soon as the final "Certificate of Occupancy" was released. He explained that if the Commission did not preapprove the release, the theater would have to wait until the MRC's next meeting (an additional thirty days) and he thought that was an unnecessary delay.

Commissioner O'Meara questioned whose name would be on the check.

Director Snead replied both parties, Madras Cinema 5, LLC and Jefferson Square Properties, LLC.

Commissioner O'Meara pointed out that the invoice listed only Jefferson Square Properties.

Director Snead agreed but explained that both he and Specialist McHaney had verified both parties should be on the check. He remarked the two parties must have a private agreement.

Commissioner O'Meara asked if that was permissible considering the invoice did not list both parties.

Director Snead assumed it was. He asked Interim Finance Director Snyder her thoughts.

Interim Director Snyder said she would have to refer this to the auditor.

Administrator Morgan said he didn't think it would matter as long as the check was endorsed by both parties.

Commissioner O'Meara agreed.

A discussion took place regarding movie gift certificates and how they would not be available until December; it was noted that local businesses were selling discounted tickets with purchase.

Commissioner O'Meara said he had no problem releasing the check considering the theater had up to now, lived up to their bargain.

Director Snead explained that the final occupancy permit was being upheld because the storm water improvements been not been completed. He explained that the large pipes that were on site would be placed underground, and delivery of those had been delayed.

Once the pipes were placed underground, the storm water infrastructure would be complete, the parking lot could be paved, striped, landscaped and then the final occupancy would be released by the Building Official.

Commissioner O'Meara asked if O'Reilly's would be built over that storm water.

Director Snead noted the drain would be on the corner of Bard Lane and Highway 97.

Chair Brown asked if there were any other questions.

There were none presented.

**A MOTION WAS MADE BY COMMISSIONER BLANCA REYNOSO TO AUTHORIZE THE RELEASE OF THE THEATER'S CHECK ONCE THE FINAL OCCUPANCY PERMIT HAD BEEN ISSUED. THE MOTION WAS SECONDED BY COMMISSIONER KEVIN O'MEARA AND PASSED UNANIMOUSLY.**

## **VI. Urban Renewal Action Plan Update – Nick Snead**

Director Snead provided a power point presentation and a brief history of the investments the Commission had participated in. He said implementation was important with urban renewal and commended the Commission on their endeavors because their consistency showed their actions coming to fruition.

He told them they had made their last and final payment to Cross Keys and that Madras Cinema 5, LLC should have a similar payback period. He said hopefully the movie theater would inspire other development in that area as well as in the City to further the MRC's action plan.

He mentioned the Commission's \$40,000 participation for street improvements on Highway 97 (L Street to Fairgrounds Road). He reported that the survey and design were in progress however, the actual work (curb, gutter, swale, trees and street lights) would not be begin until 2012/2013. He told the Commission that he anticipated further Commission participation once the infrastructure work was started.

He provided some pictures of the current “Madras Bowl” project and complimented Ms. Young on the improvements done to date. He continued with the power point presentation and showed some “before and after” pictures.

He showed the Madras Cinema 5 before and after and noted there had been some community concerns regarding the MRC’s involvement with the theater. He commended them for their participation because without funding from the MRC, the theater may not have been built. He also thanked them for participating in the ribbon cutting ceremony.

He then talked about the Phase II for the Madras Bowl Project and reminded the Commission that a loan of \$75,000 had been disbursed to this project in the last fiscal year for Phase I and that another \$75,000 grant had been allocated for fiscal year 2011/2012 for Phase II. He reminded them that the property owner had presented a proposal to the Commission to inform them how the funds would be expended. He said the Commission has a fiduciary obligation to make sure all funds were spent appropriately.

He told the Commission that the owner had notified him the 4,000 square foot, two story expansion may not be built, and this concerned him. He said as staff, he had approved those invoices but now he was unsure what exactly would be constructed in the coming fiscal year and recommended they invite Ms. Young to the next meeting so she can clearly articulate to them how she will spend the next \$75,000.

Commissioner Jacobs said the funds were not supposed to be spent on living quarters and the \$75,000 had to be spent only on the façade of the building.

Director Snead said that was his understanding.

Commissioner Jacobs clarified that Director Snead just wanted Ms. Young to verify to the Commission exactly how she was going to spend the \$75,000 that was allocated for the next fiscal year.

Chair Brown noted those funds were to be spent on the expansion project but not for construction only windows and the façade of the building.

Director Snead noted in addition was the decorative stone at the base of the building as well as signage.

Commissioner O’Meara asked what portion of that had been completed.

Director Snead noted that only the stone on the existing building’s entrance had been completed.

Commissioner O’Meara said that obviously if the expansion has not been started, none of the proposed work has been completed.

Administrator Morgan clarified that the 2011/2012 funds were approved to pay for façade improvements to the new addition as well as the existing building. It was to also fund infrastructure around the building so if the addition was not constructed, Madras Bowl needed to clearly articulate for the record what the monies would fund.

Commissioner O'Meara asked if the existing buildings' façade was complete.

Director Snead replied yes with the exception of street trees and awnings that would incorporate their signage.

Commissioner O'Meara clarified by asking if there was \$75,000 worth of work still needed to be done to the existing building.

Director Snead noted that was a fantastic question which he did not have the answer and that was why he would like Ms. Young to come to the next meeting.

Commissioner Jacobs thought it would be important for Madras Bowl to inform the Commission how that money would be spent.

Commissioner Reynoso noted those funds had been allocated based on the new addition.

Director Snead recommended that if Madras Bowl was not going to construct the new addition, they would need to provide a bid of what had been done and what they would be doing.

Commissioner Woll stated the Commission knew what they had done.

Commissioner O'Meara agreed but said the Commission didn't know how much they had spent.

Commissioner Jacobs reminded them that Madras Bowl had spent some of their own money and was hoping to get reimbursed.

Director Snead clarified if Commissioner O'Meara was asking if the Madras Bowl had used all the \$75,000.

Commissioner O'Meara said he knew they had spent all the \$75,000 but were they as Commissioner Jacobs said, anticipating reimbursement.

Director Snead said yes.

Commissioner O'Meara noted as long as they can justify the expenditures, he was ok with it.

Director Snead said he would add this to the July agenda so they could take action.

## **VII. Additional Discussion**

### **a. Strategic Investments**

Administrator Morgan spoke about strategic investments. He reminded the Commission that the developers for the theater, Lee and Scott Goodrich had almost lost that property due to some financial dilemmas and that the whole project had almost folded. He said that Lee Goodrich had taken the idea of a theater in Madras and searched out Mr. Nakvasil, who had previously worked with another Urban Renewal District. Without the MRC and their incentive, he noted there would only be a Kentucky Fried Chicken restaurant and a pile of dirt on that property. Now

there is a new \$3,600,000 movie theater that employed 12-18 full and part time positions in addition to the \$2,000,000 Kentucky Fried Chicken restaurant and just recently O'Reilly's Auto Parts (approximately \$9,000,000 project) had applied to build a new store at this site and all because of this activity.

He pointed out that this activity will also trigger interest in the wing on the other side of the theater, all because of the Madras Redevelopment Commission; kudos to the Commission.

Commissioner O'Meara noted that it was not only the Commission, but the City as well. If the improvements to Bard Lane had been required by the City Public Works, this project would not have survived which he pointed out three or four years ago those requirements would have the "norm".

Director Snead noted that Commissioner O'Meara's remark was understated, because almost everything on this project had been deferred to the Certificate of Occupancy and noted Commissioner O'Meara knew that as a developer, that rarely happened.

Commissioner O'Meara agreed and suggested using this concept for other developers, maybe not as extreme, but to provide incentives.

Administrator Morgan commented that staff had taken that to heart and that this same discussion had taken place internally in the winter of 2009. It was obvious that as the times changed the City had to change. He said when banks were lending to everyone and development was happening, the City could strictly enforce those standards, but when the times got tough, the City had to lessen those requirements and find ways to accommodate developers but still achieve the vision. Again he gave kudos to the Commission as they took a risk, took some heat, but noted they should be incredibly proud. He said Commissioner O'Meara's point was well taken.

Director Snead noted this was a team effort and he appreciated the Commission's commitment.

Administrator Morgan said that Economic Development for Central Oregon (EDCO) focuses on "traded sector" jobs (something made in Madras but brought money in from the outside) rather than retail jobs. He noted that the MRC focuses on retail jobs and in his opinion a retail job in an urban community like Madras, was just as good as a "traded sector" job. He explained and said that Madras has a retail leakage to Redmond and Bend so once that money was earned in Madras and then spent in Madras, and that was a good thing.

**b. Platt Electric**

Chair Brown commented on the new business Platt Electric, recently located in Madras' Industrial Park. He said he was impressed with the size of their family business (over 100 stores) which was located out of Beaverton Oregon. He said he had visited with Platt's Redmond Manager and questioned why they chose Madras. The manager's response was that Platt Electrical researches a lot of things in a community before they locate there and they plan five years ahead. To date they had never closed a store.

**c. MRC Vacancy**

Chair Brown noted that Rob Berg had expressed an interest in an MRC membership. He explained that Mr. Berg runs the Madras Airport through a contract.

Director Snead noted the other letter of interest was from Mr. Mock, he would add this to the agenda and invite both to the next meeting.

**d. Town Meeting**

Commissioner Jacobs noted there were a lot of people who had no concept of all the accomplishments and suggested a meeting or some type of town meeting so that the MRC, the City and the Planning Commission could introduce some of the success they had achieved over the past several years. She suggested maybe the groundbreaking for the new Police Station/City Hall could be a venue.

**e. Financial Update**

Commissioner Woll questioned the status of the MRC's vacant property on 4<sup>th</sup> Street.

Director Snead replied that after careful thought, that property was not ready for the marketing idea that had been presented; however it would be reintroduced at a later date.

The discussion continued onto the Sheldon Arnett building that had received façade improvement money. It was noted that Jay Patel now owns that building was currently making payments.

Commissioner Jacobs asked about the status of the "World of Treasures" building and staff noted a report will be provided in the near future but the owner, Mr. Wooley had recently contacted the City for an amortization schedule.

There were some concerns with the types of businesses that were opening in the downtown corridor. It was noted that in this economy, this was typical and these types of tenants were considered transitional. It was noted that Madras was not the only community that struggles with these issues.

**VIII. Adjourn**

**The meeting adjourned at 6:43 p.m.**

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Chair Councilor Tom Brown

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Tammy McHaney, Com Development Specialist