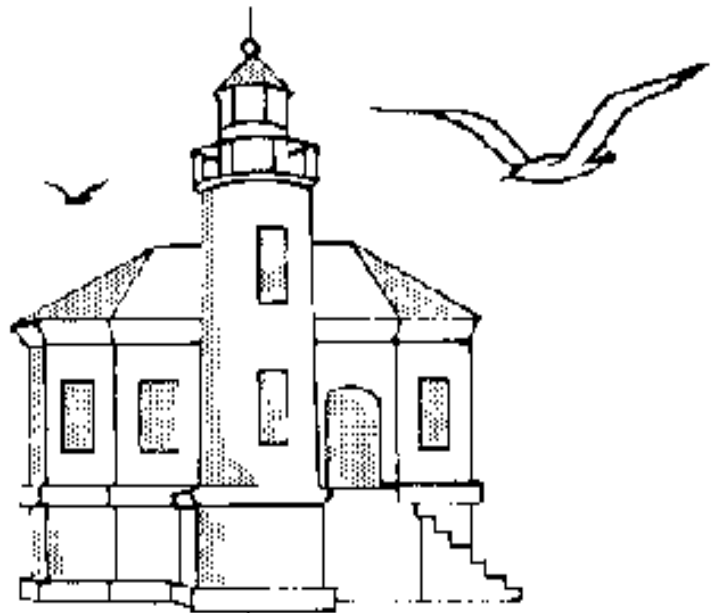


DATE: March 29, 2010
TO : Urban Renewal Agency
Budget Committee
FROM: Matt Winkel,
Urban Renewal Manager
& Budget Officer



**SUBJECT: FY 2010-2011 URBAN RENEWAL
BUDGET MESSAGE**

The proposed fiscal year 2010-2011 combined Urban Renewal Budget for District No. 1 and District No. 2 is \$1,637,716, which is \$2,681 more than last year.

MAXIMUM AMOUNT OF INDEBTEDNESS

As required by Measure 50 implementing regulations, substantial amendments were made to both Urban Renewal Districts in 1998. Those amendments set the maximum amounts of indebtedness for each district at \$5,375,225 for District No. 1, and \$7,314,821 for District No. 2. As of July 1, 2009, the remaining available indebtedness is projected to be \$1,914,380 for District No. 1, and \$5,288,699 for District No. 2.

URBAN RENEWAL DISTRICT NO. 1

The total proposed budget for District No. 1 is \$1,056,162, which is \$233,156 less than last year. The difference is primarily attributable to a smaller beginning balance, resulting from expenditures for capital projects undertaken in the fiscal year 2009-2010.

A beginning balance of \$936,886 is projected. For purposes of property tax revenue projections, it was assumed that assessed values, and the resulting ad valorem property tax share, would remain fairly consistent with last year since the impacts of real market values resulting from 2009 reappraisals by the Coos County Assessor have yet not been determined. Since the Local Option Street Tax will continue to be imposed this year, the Urban Renewal Special Levy will not be imposed.

The proposed MATERIALS & SERVICES budget includes \$27,500 for *Consulting, Audit, Accounting, and Administrative Services* and *Additional Banner Brackets for Old Town Lights*. The *Consulting* fees may be used this year if any amendments of the Urban Renewal Plan are necessary, or to conduct a detailed audit of the balance remaining in the maximum amount of indebtedness.

The proposed CAPITAL budget is \$924,738, including \$20,000 for completing the *Madison Avenue Pedestrian/Bicycle Pathway*, \$400,000 for completing the *1st Street SW Sidewalk and Utility Undergrounding Project*; \$75,400 as a reserve pr grant match for the *South Jetty Walkway*; \$200,000 for improvements to the *South Jetty Park*; and \$95,487 for unspecified *Urban Renewal Capital Projects*, which could be used to pay increased cost for proposed projects, reserved for future expenditures, or to help implement the Woolen Mill Plan, if appropriate economic development opportunities present themselves this year. \$133,851 continues to be budgeted for the proposed *Old Town Restrooms*, but these funds should not be released unless and until a long-term funding resource can be identified for their maintenance. If such a resource cannot be secured, it would be appropriate to re-program these funds for another Urban Renewal project.

The total DEBT SERVICE budget is \$48,924. District No. 1 is making the payments on the loan from the State of Oregon for the *Fillmore Avenue Construction & Water Line* project. The principal balance on that loan as of July 1, 2010 will be \$718,513, with the final payment due in 2031. The debt service budget is significantly less than last year, since District No. 1 completely repaid the amount it owed to the Sewer Fund (950), to pay for a share of the State Revolving Loan for the *Wastewater Treatment Plant*.

A BOND RESERVE in the amount of \$55,000 has been included, which is equal to the projected debt service for the subsequent fiscal year 2011-2012.

URBAN RENEWAL DISTRICT NO. 2

The total proposed budget for District No. 2 is \$581,554, which is \$235,837 more than last year. The difference is primarily attributable to a much larger beginning balance, resulting from the fact that no capital projects were undertaken in fiscal year 2009-2010.

A beginning balance of \$409,666 is projected. For purposes of property tax revenue projections, it was assumed that assessed values, and the resulting ad valorem property tax share, would remain fairly consistent with last year since the impacts of real market values resulting from 2009 reappraisals by the Coos County Assessor have yet not been determined. Since the Local Option Street Tax will continue to be imposed this year, the Urban Renewal Special Levy will not be imposed.

The proposed MATERIALS & SERVICES budget includes \$9,500 for *Consulting, Audit, Accounting, and Administrative Services*. The *Consulting* fees may be used this year if any

amendments of the Urban Renewal Plan are necessary, or to conduct a detailed audit of the balance remaining in the maximum amount of indebtedness.

The proposed CAPITAL budget includes \$378,830 as a *Capital Projects Reserve* for future projects. This allocation has been carried forward to ensure that adequate funds are available to honor the Urban Renewal Agency's prior commitment to contribute \$600,000 towards the proposed *Community Swimming Pool* if that project is undertaken. When that commitment was made in 2007, it was assumed that securing the remaining money from non-City resources was imminent. However, the swimming pool promoters have concluded that constructing the proposed swimming pool, and providing for its continued maintenance, will require the formation of a Swimming Pool and Recreation District with a property tax base. Since this would require voter approval, the matter will apparently be placed on the ballot for the November, 2010 election. If that effort is not successful, the Urban Renewal Agency may wish to consider re-allocating those funds to other Urban Renewal projects, and waiting until the non-City swimming pool funding is available before recommitting funds for that purpose. There is adequate remaining maximum indebtedness in Urban Renewal District No. 2 to delay that commitment until a future date. The Parks & Recreation Commission has requested that the funds be re-allocated, and Urban Renewal Plan amendments be made as necessary, for various projects including new *City Park Restrooms*, *City Park Parking Lot Expansion and Paving*, the *Bluff Walking Trail* (Madison Avenue to Beach Loop Drive), and other possible City Park improvements such as a *Skateboard Park* and/or *BMX Bicycle Track*.

The total DEBT SERVICE budget is \$96,903. District No. 2 is making payments on the amount owed to the Sewer Fund (950), to pay for a share of the State Revolving Loan for the *Wastewater Treatment Plant*. The principal balance on that loan as of July 1, 2010 will be \$39,092, with the final payment due in 2012. District No. 2 is also making payments on two prior loans from the Block Grant Fund (410) which provided \$160,000 in funding for the Library construction, and to the City's Capital Improvement Fund (510) for a loan which was used to finance previous capital projects. All of these loans from the City of Bandon were made at an interest rate of 3.5%. Principal balances as of July 1, 2010 will be \$72,490 on *Block Grant (410) Loan #2*, with the final payment due in 2024; \$46,103 on *Block Grant (410) Loan #3*, with the final payment due in 2023; and \$148,206 on the *Capital Improvement Fund (510) Loan*, with the final payment due in 2025. The budget also includes payments on a \$315,000 loan (\$285,000 remaining balance) from the *League of Oregon Cities Capital Access Program (LOCAP)*, and a \$200,000 loan (\$183,724 remaining balance) from the Block Grant Fund (510), for completion of the Barn/Community Center renovation project. The final payments on those loans are due in 2023 and 2019 respectively.

A BOND RESERVE in the amount of \$96,321 has been included, which is equal to the projected debt service for the subsequent fiscal year 2011-2012.