



DATE: March 26, 2012

TO : Urban Renewal Agency
Budget Committee

FROM: Matt Winkel,
Urban Renewal Manager
& Budget Officer

**SUBJECT: FY 2012-2013 URBAN RENEWAL
BUDGET MESSAGE**

The City of Bandon has two Urban Renewal Areas. Area 1 was established in 1987, and encompasses Old Town, the Woolen Mill area, and the South Jetty. Area 2 was established in 1990, and encompasses City Park and the surrounding residential neighborhoods, Coquille Point, and 11th Street. The combined total proposed fiscal year 2012-2013 budget for Area 1 and Area 2 is \$2,010,133, which is \$721,871 (26.4%) less than last year. The primary reasons for this reduction are a lower *Beginning Balance* in both Areas reflecting last year's project expenditures, and the fact that the Urban Renewal Special Levy Tax will not be levied since the voters approved the Local Option Street Tax extension in 2011, which precludes levying that tax in any year during which the Local Option Street Tax is in effect.

URBAN RENEWAL AREA 1

As required by Measure 50 implementing regulations, a Substantial Amendment was made in 1998 to the Urban Renewal Plan. That amendment set the maximum amount of indebtedness at \$5,375,225 for District No. 1.

In fiscal year 2011-2012, a Substantial Amendment was prepared and approved for the Area 1 Plan. It added projects and increased the maximum amount of indebtedness from \$5,375,225 to \$12,003,980. This increase does not raise property tax rates, but is accomplished by extending the time Area 1 continues to collect revenues from the overlapping taxing districts by 12 years, from 2021 to 2033. Pursuant to State Statutes, the approval of the required number of overlapping taxing districts providing those revenues has been obtained. The additional \$6,628,755 collected from those taxing districts will be

utilized to undertake the newly proposed projects. Referendum petitions are currently being circulated which would place the matter of the Area 1 Substantial Plan Amendment on the September 18, 2012 ballot. If the measure passes, the increased maximum amount of indebtedness will be approved. If the measure does not pass, the existing maximum amount of indebtedness will remain. As of July 1, 2012, the remaining available indebtedness is projected to be \$7,475,864 if the Substantial Plan Amendment is approved by the voters or \$847,109 if it is not.

The total proposed budget for Area 1 is \$1,668,789, which is \$532,951 (24.2%) less than last year. The primary reasons for this reduction are a lower *Beginning Balance* reflecting last year's \$500,000 purchase of the former "Cheese Factory" property, and the fact that there will be no Urban Renewal Special Levy Tax this year since the Local Option Street Tax is in effect. The proposed budget also assumes that the Substantial Plan Amendment will be approved by the voters, and that an additional \$1,000,000 in borrowing authority will be available for projects this year.

The proposed MATERIALS & SERVICES budget includes *Consulting Services* for completing the Plan amendment, *Audit, Accounting, and Administrative Services*, and *Other Miscellaneous Expenditures*.

The proposed CAPITAL budget is \$1,530,203, including \$151,316 as a grant match for the *South Jetty Pathway*, \$200,000 for improvements to the *South Jetty Park*, \$150,000 for *Woolen Mill Public Restrooms*, \$1,000,000 in loan proceeds for *Woolen Mill Land Purchase and Development Projects*, \$20,000 for the proposed *Business Facade & Sign Loan/Grant Program*, and \$8,887 for unspecified *Urban Renewal Capital Projects*. Since adequate funds would not be available, these project priorities will have to be reexamined if the Substantial Plan Amendment is not approved at the September 18th election.

The total DEBT SERVICE budget is \$105,086, including \$52,543 for loan payments, and an equal amount which can be used for *Additional Principal* payments or as a reserve for loan payments next fiscal year. Payments continue to be made on the loan from the State of Oregon for the *Fillmore Avenue Construction & Water Line* project. The Substantial Plan Amendment also included paying a portion of the existing *Water Bond* debt, which would immediately lower the property tax rates for Bandon taxpayers. If the Substantial Plan Amendment is not approved by the voters at the September 18th election, this contribution toward the bond payments and the resulting property tax reduction would be eliminated.

URBAN RENEWAL AREA 2

As required by Measure 50 implementing regulations, a substantial amendment was made in 1998 to the Urban Renewal Plan. That amendment set the maximum amount of indebtedness at \$7,314,821 for Area 2. As of July 1, 2011, the remaining available indebtedness is projected to be \$5,038,435.

In fiscal year 2011-2012, a Minor Amendment was prepared and approved for the Area 2 Plan. As a “minor amendment” it only added projects but did not increase the maximum amount of indebtedness, so the approval of the overlapping taxing districts was not required, and it was not subject to referendum.

The total proposed budget for Area 2 is \$341,344, which is \$188,920 (35.6%) less than last year. The primary reasons for this reduction are a slightly lower *Beginning Balance*, reflecting completion of some projects last year, and the fact that there will be no Urban Renewal Special Levy Tax this year since the Local Option Street Tax is in effect.

The proposed MATERIALS & SERVICES budget includes *Consulting Services* for completing the Plan amendment, *Audit, Accounting, and Administrative Services*, and *Other Miscellaneous Expenditures*.

The proposed CAPITAL budget is \$135,402, including \$42,963 for unspecified *Miscellaneous Capital Projects*, \$55,439 as a grant match for the *Bluff Trail Pathway*, and \$37,000 as a grant match for the *City Park Restrooms*.

The total DEBT SERVICE budget is \$177,742, including \$88,871 for loan payments, and an equal amount which can be used for *Additional Principal* payments or as a reserve for loan payments next fiscal year. Area 2 is paying a share of the *1993 Sewer Revenue Bond* for the *Wastewater Treatment Plant*, and making payments to the City’s Capital Improvement Fund (510) for a loan which was used to finance previous capital projects. Area 2 is also making payments on a \$315,000 loan from the *League of Oregon Cities Capital Access Program (LOCAP)* and a \$200,000 loan from the Block Grant Fund (410) for completion of the *Barn/Community Center* renovation project.