albany revitalization agency

NOTICE OF PUBLIC MEETING

ARA BUDGET COMMITTEE MEETING
City Hall Council Chambers
Tuesday, May 6, 2014
6:30 p.m.
Immediately preceding the City of Albany Budget Committee Meeting

AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. ELECTION OF OFFICERS
   (The current Board is Sue Folden as Chair, Jeff Christman as Vice Chair, and Colleen Keller as Secretary.)

   a. Chair
   b. Vice Chair
   c. Secretary

4. ADOPTION OF MINUTES
   a. May 14, 2013, ARA Budget Committee Meeting

5. SCHEDULED BUSINESS

   a. Business from the Public
   b. Budget Message
   c. Proposed ARA Fiscal Year 2014-2015 Budget deliberation

6. APPROVAL OF RESOLUTION

7. BUSINESS FROM THE COMMITTEE

8. ADJOURNMENT

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation to attend or participate in the meeting/hearing, advance notice is requested by notifying the City Manager/Human Resources Office at 917-7501.

TO:	Albany Revitalization Agency Budget Review Committee
FROM:	Kate Porsche, Economic Development & Urban Renewal Director
RE:	Notes on Proposed FY2014-2015 ARA Budget
DATE:	April 19, 2014

This document serves as a detailed outline of budget items for the 2014-2015 ARA budget. It does not cover every single item, but those where there are changes of note, or where I thought some explanation or background on assumptions or how the items were calculated would be helpful for you.

I also plan to present an overview and review of some of these specific items on the night of the budget meeting, but am happy to answer questions on any item you may have.

Program 1102: CARA

290-11-1102 – CARA Revenues

40050 Property Taxes: Estimate from provided by Finance Director Stewart Taylor. Assumptions:

- Growth held flat from last year = 10.63% (this is a conservative estimate as tax-increment has grown on average about 16% per year since 2006)
- Collection Rate: Conservatively estimated at 95.5%; actual last year was 97%

40051 Delinquent Taxes: Held steady from 2013

47001 Loan Proceeds: $3.030M (brought forward from 2013, having never been borrowed) is budgeted. ARA asked me to have a borrowing analysis done. This work, completed by our financial advisor, showed our borrowing capacity to be closer to $9.5-$13.5M net available for infrastructure projects (depending on term—10 or 15-year).

47024/47025 Loan Repayment Principal and Interest: These are payments scheduled to be received on loans CARA made.

48010 Interest: Held flat from last year.

49905 Beginning Balance: Estimated a conservative beginning balance—based on balance after running cash-flow estimate for current year. Note: cash-flow analysis assumes full drawdown of all projects on the books this fiscal year and their 2014 budget is set to zero. After final 13-14 numbers are in then we will bring forward the actual amounts for these line items for 14-15. The only exceptions are any large-scale projects with contractual phased draws. In FY2014-2015 the only example of this is IHI—this item is accounted for separately (see 67058 in expenditures).

290-11-1102 – CARA Expenditures

60018 Bond Sale Expense: Anticipating a borrowing in 2013-2014, expenses for the sale have been estimated at $90,000. This amount is based on the $85,786 we paid for our last bond sale which was for a bond just under $5M.

60016; 60101-61034 Administrative Costs: Basically remained the same; minor increase for, meetings & conferences (61026) and membership & dues (61027), in anticipation of possible new FTE.

66010 Central Services Charge: In the past CARA has not been paying a central service charge. Because the agency is now maturing to a point with a substantial amount of tax-increment and projects it was felt that the urban renewal agency should be paying its way via a central service charge.

67055-67056; 67207-67208 Project Line items: Note: cash-flow analysis assumes full drawdown of all projects on the books this fiscal year and their 2014 budget is set to zero. After final 13-14 numbers are in then we will bring forward the actual amounts for these line items for 14-15. The only exceptions are any large-scale projects with contractual phased draws. In FY2014-2015 the only example of this is IHI—this item is accounted for separately (see 67058).

67200/67201 CARA Architectural Assistance: Budgeted for Dortignacq and added amount for Crandall as, based on interest since CARA programs have come back on-line, I anticipate more projects coming forward needing architectural review.

69024 – Reserve: Infrastructure Projects: This line item was created last year to house funds procured through issuance of a bond. Urban renewal best practices and policy direction from the CARA Advisory Board and ARA was that borrowed funds would be used for public infrastructure projects, which make up more than 65% of the projects in the plan. This typical and a cost-saving approach as bond money for infrastructure projects costs less than money borrowed for public/private partnerships.

69025– Reserve: Partnerships: These are funds available for future projects as the CARA Advisory Board, and ultimately the ARA deem fit. This line item captures remaining amounts to balance with the revenues. Funds from this line item may be used for public/private partnerships or infrastructure work.

91232 To Economic Development: Currently 80% of my salary and benefits transfer out of this line item to the ED fund where expenditures for staffing reside. This transfer out from CARA occurs because the district pays for its own staffing. The 2014-2015 budget proposes to reinstate the ED Officer Role, 80% of which would be paid by CARA, and to transfer out .60 of my salary and benefits, for a total of 1.4 FTE to be paid by CARA. Please see the ED fund (211-11-1101) for details.

92013 Bond Principal: 2007A: This is the first year of principal payments on the 2007A bond. This represents a half-payment; FY15-16 will see two principal payments totaling $333,000.

92014 Bond Interest 2007A: Interest on the 2007A.

Note: the 2007B bond was paid in full as of July, 2013.

95000 Reserve Debt Service: Total = $282,200, equal to the required amount of 1% of the initial loan amount for the 2007A bond.

95106 Reserve: Future Debt Cost: Estimated P&I payment and reserves (equal to one payment) for the new bond issuance. The amount increased slightly from 2013 to update the interest rate to be reflective of current market conditions.

APPROVED: DRAFT

CITY OF ALBANY
ARA Budget Committee Meeting
City Hall Council Chambers
Tuesday, May 14, 2013

MINUTES

CALL TO ORDER

Chair Sue Folden called the meeting to order at 6:30 p.m.

ROLL CALL

PRESENT: Mayor Sharon Konopa and Councilors Bill Coburn, Bessie Johnson, Rich Kellum, Ray Kopczynski, and Dick Olsen; Albany Revitalization Agency (ARA) Budget Committee Members Sue Folden, Jeff Christman, Dick Conolly, Colleen Keller, Neil Michael, Will Summers, and Michael Thomson

ABSENT: Councilor Floyd Collins (excused)

ELECTION OF OFFICERS

MOTION: Councilor Ray Kopczynski moved to re-elect the existing slate of officers: Sue Folden as Chair, Jeff Christman as Vice Chair, and Colleen Keller as Secretary. Councilor Bessie Johnson seconded the motion and it passed 13-0.

ADOPTION OF MINUTES

May 15, 2012, ARA Budget Committee Meeting

MOTION: Kopczynski moved to approve the May 15, 2012, minutes as written. Committee Member Jeff Christman seconded the motion and it passed 13-0.

SCHEDULED BUSINESS

Business from the Public

There was none.

Proposed ARA FY 2013-2014 Budget Deliberation

Urban Renewal Manager Kate Porsche gave a slide presentation (see agenda file) and highlighted key points about the Central Albany Revitalization Agency (CARA) Urban Renewal District (URD). She said that urban renewal is an economic tool used to eliminate blight in more than 100 districts throughout Oregon. She showed a map of the CARA District (see agenda file) and reviewed the concept of tax increment financing. The idea is to identify an area where there are blighting influences and declining property values, draw a boundary around an area where projects could spur development, and take a measurement of the assessed value of that area. That measurement is the frozen base and those taxes continue to flow to the taxing districts. The increase in assessed value over time flows to the URD with the idea that by using those funds for public projects or private partnerships, we eliminate blight and have a greater assessed value in the end.

Porsche said the CARA URD has a maximum indebtedness of $56 million. So far, about $14.3 million has been used, leaving a balance of $41.7 million. She showed a graph of revenue flowing to the agency to be used for projects and a summary of the amounts forgone by the taxing districts in 2013. For the first 10 years, the revenue forgone by the taxing districts is about $11 million. On the flipside, we see increased results from strategic investments. There has been a 46 percent increase in assessed value in the URD, and CARA has funded 82 historic preservation projects, helped to create 130 new jobs and 274 new housing units, and leveraged $70 million of private investment.

Porsche gave an overview of the ARA 2013-14 Proposed Budget. She noted that previously there were separate programs for debt service and projects. Recent changes in legislation have allowed for those programs to be combined into one for ease of use. The large percent change shown under revenues is a result of combining those programs. She said there was consensus by the CARA Advisory Board to use cash on hand to fund private partnerships and to use borrowings to fund public infrastructure projects; this will result in interest savings. The CARA Board discussed potential uses of the $1.3 million in uncommitted funds, including setting some aside for private partnerships, creating a reserve fund for a larger project, the potential to under-levy, and paying off the higher interest Series B loan. The CARA Board recommended paying off the higher interest loan and that change to the budget can be made at the direction of the ARA Budget Committee.

Folden said the cost of borrowing on $3 million is shown as $90,000 - 3 percent. She asked if the interest and borrowing costs on a new loan would be about a wash with the current 6.25 percent loan. Porsche said the higher interest rate is because that loan was for private-public partnerships; a new loan would have a better rate, about 3 percent. Finance Director Stewart Taylor said the City negotiates a flat rate per issue; borrowing costs are not generally a percent of the principal.

Mayor Sharon Konopa said the CARA Advisory Board had a discussion about under-levying and there was strong support to not do that but to keep CARA in business and get projects going.

Councilor Rich Kellum said he supports under-levying for a number of reasons. When people voted for a safety levy, they weren't saying they wanted more money for CARA but that they wanted police and fire protection. He is concerned that if we grab all the money possible with no project in mind, it leaves the impression that we are not in control. He doesn't think we should take all of the levy unless there is a need for it that can be balanced against taking that amount from police and fire.

Kopczynski said the CARA urban renewal plan has a long list of public infrastructure projects and he supports moving forward with the plan.

Johnson said she does not support under-levying. She asked if the loans made by CARA are being paid back. Porsche will provide a maturity schedule for the incoming loans.

Christman asked at what point a decision to under-levy must be made. Porsche said the Tax Assessor should be notified prior to June 30 in order to under-levy this year. The deadline for filing forms with the counties is July 15.

Christman suggested that line *#69018 Reserve-CARA Projects* be split out into two line items for increased transparency - one for public projects and one for private-public partnerships.

Committee Member Will Summers asked if there are projects that are ready to be brought forward. Porsche said there are 51 public projects listed in the urban renewal plan. She has received inquiries regarding private projects but because the Agency put funding on hold early last year, there is nothing specific waiting in the wings. She hopes the CARA Advisory Board will finalize its policy making over the next month or two. She does not foresee any problem finding quality projects.

MOTION: Christman moved to recommend that the 2007 Series B loan be paid off in the 2013-2014 Budget. Kellum seconded the motion and it passed 12-1, with Kopczynski voting no.

APPROVAL OF RESOLUTION

MOTION: Kopczynski moved to approve the resolution approving the ARA Proposed Budget for FY 2013-2014 by the ARA Budget Committee and recommending to the ARA Agency certification to Linn and Benton Counties. Councilor Dick Olsen seconded the motion and it passed 12-1, with Kellum voting no. The resolution was designated ARA Resolution No. ARA B2013.

BUSINESS FROM THE COMMITTEE

There was no additional business.

ADJOURNMENT

The meeting was adjourned at 7:08 p.m.

Respectfully submitted by,

Teresa Nix
Administrative Assistant

Reviewed by,

Kate Porsche
Urban Renewal Manager

RESOLUTION NO. _____

A RESOLUTION APPROVING THE ALBANY REVITALIZATION AGENCY (ARA) BUDGET FOR FISCAL YEAR 2014-2015 BY THE ARA BUDGET COMMITTEE AND RECOMMENDING TO THE ARA AGENCY CERTIFICATION TO LINN AND BENTON COUNTIES.

WHEREAS, the Fiscal Year 2014-2015 ARA Budget consists of funding and expenditures for the Central Albany Revitalization Area (CARA); and

WHEREAS, the ARA Budget Committee conducted a public meeting on May 6, 2014, after proper notice and opportunity for the public to comment.

NOW THEREFORE BE IT RESOLVED that the Albany Revitalization Area Budget Committee hereby approves the FY 2014-2015 Budget in the amount of $7,750,700.

BE IT FURTHER RESOLVED that the amounts for the fiscal year beginning July 1, 2014, and for the purposes shown below are hereby appropriated as follows:

CARA Urban Renewal Area	$ 7,750,700
Total	$7,750,700

BE IT FURTHER RESOLVED that the ARA Budget Committee hereby recommends to the ARA Agency certification to the County Assessors (Linn and Benton Counties) a request for the ARA Plan Area for the maximum amount of revenue that may be raised by dividing the taxes under section 1c, Article IX, of the Oregon Constitution and ORS Chapter 457.

DATED AND EFFECTIVE THIS 6TH DAY OF MAY 2014.

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ARA Budget Committee Chair

ATTEST:

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ARA Budget Committee Vice-Chair