

**COOS COUNTY URBAN RENEWAL AGENCY
BUDGET COMMITTEE MEETING
7:30 A.M. Tuesday, May 9, 2017**

Port of Coos Bay Conference Room, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

MINUTES

ATTENDANCE

Budget Committee: Hans Gundersen, Port Staff; Bob Main, Coos County; Ed Ellingsen, Nasburg Huggins, Insurance; Jeff Bunnell, Industrial Steel; Jayson Wartnik, Hough, MacAdam, Wartnik, Fisher & Gorman, LLC.; Pam Plummer, Umpqua Bank

Agency Board Members: Chairman Todd Goergen, At Large; Eric Farm, Port Commissioner; Jennifer Groth, City of Coos Bay; Howard Graham, City of North Bend; Mike Erbele, City of North Bend

Guests: John Burns, Port Staff; Fred Jacquot, Port Staff; Amrha Wimer, Port Staff

1. CALL MEETING TO ORDER

Chair Todd Goergen called the meeting to order at 7:30am

2. INTRODUCTIONS

3. SELECTION OF BUDGET COMMITTEE CHAIR

Upon a motion by Bob Main (Second by Eric Farm), the Budget Committee Members voted to appoint Todd Goergen as Budget Committee Chair. **Motion Passed.**

4. RECEIVE FY 2017/2018 BUDGET MESSAGE

Hans Gundersen presented the budget message for fiscal year 2017/2018 for the North Bay District of the Coos County Urban Renewal Agency. The budget is prepared in accordance with the directions of the Agency Board and with the current state statutes and administrative regulations.

The Coos County Urban Renewal Agency was approved for formation by the Coos County Board of Commissioners in December 1985. The Agency works closely with the cities of Coos Bay and North Bend, the CB/NB Water Board, Coos County and the Port of Coos Bay. The Port has served as the administrator for the Agency since 2000.

The Agency is entitled to receive revenues based on the incremental increase in assessment over the frozen tax base value of the multiple code areas in the North Bay district. The Special Levy provides that the Agency will collect nearly the full amount of tax increment. For this Agency, the urban renewal revenue from the Division of Tax is less than 50% of the total available taxes. By requesting revenues from the Special Levy, the Agency is able to collect nearly the full amount of available taxes.

During FY16/17 the Agency initiated a plan amendment project to extend the Agency's existence. The project focus was to update its long-term plan for development of the land resources under its jurisdiction. This would incorporate the need to promote and attract development of industrial sites as well as maintaining opportunities for a wide range of recreational use on parcels set aside for such purpose.

At fiscal year end the outstanding bank loan will be \$50,000. The Agency makes one principal payment per year in the amount of \$5,000 plus quarterly interest payments.

In accordance with the Board's approved action item (b) during its regular meeting on 09/27/2016 the proposed new budget consolidates the four Funds [General, Special Revenue, Capital Projects and Debt Service Reserve] into one [General Fund]. As part of the budget process, the remaining fund balances of the three discontinued funds are transferred to the remaining fund. The budget presentation carries forward the history of all four, but the new budget incorporates all future activities in the General Fund.

In addition to the project costs described above, the following are assumptions used to create the proposed budget:

The plan amendment project will not be completed within the current fiscal year. We anticipate residual payments totaling \$14,550 to be made during the upcoming plan year. In addition, the budget includes \$150,000 to be spent on new projects that the amended plan will include.

After the repayment and restructuring of the Umpqua Bank loan, the annual principal payment is now \$5,000. The required debt service reserve of two times annual principal payment [\$10,000] will be incorporated in the General Fund's unappropriated balance carried forward.

The normal Agency operating expenses are anticipated to remain as at prior years' level, around \$30,000.

The current planned expenditures and expected revenues for the remainder of the current fiscal year (2016/2017) will result in the following projected carry forward ending cash balance on June 30, 2017:

Total General Fund Carry Forward	<u>\$1,030,000</u>
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5. RECEIVE FY 2017/2018 BUDGET DOCUMENT

The Budget Committee reviewed the budget document.

Commissioner Farm asked the reasoning for consolidating funds. Hans Gundersen stated the low activity level of the agency would be sufficient under one fund. Ms. Groth asked if one fund was sufficient for the urban renewal statute. Mr. Gundersen stated that was correct and it was discussed with council and Laura Fisher, CPA at Hough, MacAdam, Wartnik, Fisher & Gorman, LLC and neither found any concerns about consolidating four funds into one. If the activity level of the agency changes, additional funds can be added. Mr. Gundersen also stated the agency has two bank accounts. One account is a money market account which limits transactions to six per month and currently a good fit for the activity level. If the agency increases the activity level, the banking structure might need to be looked at as well.

Mr. Gundersen stated information related to the property taxes was from Denise Harris, Chief Deputy Assessor. Mr. Gundersen stated the interest reflects a slight uptick in interest rates along with a relatively stable balance in the account.

Mr. Goergen asked if Mr. Gundersen could explain the previous levy taxes and the special levy. Mr. Gundersen stated people who pay property taxes late are turned over to tax collection. Historically in Coos County, 7% of taxes are collected in the arrears and those are shown on a separate line in the budget.

Mr. Gundersen stated the budget shows the anticipated starting balance in the fund along with transfers from the remaining funds.

Mr. Gundersen stated insurance is the extension of liability insurance for the agency. The agency does not own any assets.

Mr. Gundersen stated publication and advertising is for legal announcements of meetings.

Mr. Gundersen stated management represents the \$1000 per month administrative fee per the inter-government agency agreement between the Port and the Agency.

Mr. Goergen asked why legal counsel is \$10,000 and previously it was \$15,000. Mr. Gundersen stated historically the agency has spent less than budgeted so it was lowered this year. This budget is aimed for review of new projects and not the agency council. Mr. Gundersen stated the current plan is for the agency to pursue a couple projects that will need legal involvement.

Mr. Gundersen stated there is \$2,500 for an audit. An audit will only be required if the activity of the agency is elevated significantly. If it is less than \$100,000 there is a review not an audit and anything below that does not require any review. However, the Port wishes to provide a review for the agency to ensure the board feels confident the records are accurate.

Mr. Gundersen stated professional services project support consists of two components: one is the remaining amount of the plan amendment and the other is for projects the board wishes to pursue.

Mr. Gundersen stated operating contingency is just in case.

Mr. Gundersen stated there is a scheduled debt service payment (principle plus interest).

Mr. Gundersen stated the total expenditure is \$204,000 which roughly equates to revenues to be expected. The balance in the account, primarily located in the pool account, will remain around 1 million dollars.

The subsequent pages reflect prior funds but with no activity since all activity is now consolidated into a general fund.

Ms. Groth asked if it is important to have a line item that stipulates there is a set aside for debt service of two times the annual principle payment or can it be rolled into one? Mr. Gundersen stated as far as he understands the important thing is that it is there and it does not need to be segment out. Mr. Goergen asked if there is a statute that requires to segment it out. Mr. Gundersen stated he is not aware of a statute but it is easy enough to separate out.

Ed Ellingsen asked what the purpose of the agency debt is. Mr. Gundersen stated in his understanding, when an agency is established it is with a revenue source of property tax. The future income is based on property value increasing based on the agency activity. An agency needs to start with seed money and to establish as an agency it has to take out debt. The agency had \$600,000 initially that was paid down and then restructured earlier this year. The agency made a \$290,000 payment to bring the debt down to \$60,000.

Mr. Wartnik asked if the agency has other assets besides cash. Mr. Goergen said the agency only has cash as an asset.

6. PUBLIC COMMENT

There was no public comment.

7. CONFIRM NEXT MEETING OR APPROVE BUDGET

Upon a motion by Bob Main (second by Mike Erbele), the Budget Committee Members voted to recommend approval of the Coos County Urban Renewal Agency Budget for the fiscal year July 1, 2017 to June 30, 2018 to the full agency. **Motion Passed.**

8. OTHER/ADJOURN

Meeting was adjourned at 7:54am