

Coos County Urban Renewal Agency
Board Meeting & Budget Hearing

Tuesday, June 13, 2017, 7:30am

125 Central Ave, Coos Bay, OR 97420
2nd Floor Conference Room

**COOS COUNTY URBAN RENEWAL AGENCY
NORTH BAY DISTRICT**

P.O. Box 1215 • Coos Bay, Oregon 97420 • 541-267-7678

M E M O R A N D U M

TO: Coos County Urban Renewal Agency Board
and all Interested Parties

FROM: John Burns, Agency Administrator

DATE: June 7, 2017

SUBJECT: CCURA Meeting Notice

NOTICE OF REGULAR CCURA MEETING & BUDGET HEARING

A public meeting of the Coos County Urban Renewal Agency Board – North Bay District, Coos County, State of Oregon, will be held in the Port of Coos Bay Second Floor Conference Room, located at 125 Central Avenue, Suite 230, Coos Bay, Oregon, 97420. The meeting will take place on **Tuesday, June 13, at 7:30 a.m.**

JB:aw

**COOS COUNTY URBAN RENEWAL AGENCY
REGULAR BOARD MEETING & BUDGET HEARING
7:30 A.M. Tuesday, June 13, 2017**

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

T E N T A T I V E A G E N D A

1. **CALL MEETING TO ORDER**

2. **INTRODUCTION OF GUESTS**

3. **CONSENT ITEMS**
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 - B. Approval of May 9, 2017, Budget Committee Meeting Minutes..... 14

4. **BUDGET HEARING – FY 2017/18 BUDGET**
 - A. Public Hearing
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5. **ACTION ITEMS**

6. **PUBLIC COMMENT**

7. **SCHEDULE NEXT MEETING DATE**

8. **OTHER/ADJOURN**
 - A. Plan Amendment Project Update – Fred Jacquot

Consent Items

**COOS COUNTY URBAN RENEWAL AGENCY
REGULAR BOARD MEETING**

4:30 P.M. Wednesday, April 12, 2017

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

DRAFT MINUTES

ATTENDANCE

Agency Board Members: Chairman Todd Goergen, At Large; Eric Farm, Port Commissioner; Brianna Hanson, Port Commissioner; John Sweet, Coos County; Melissa Cribbins, Coos County; Mike Erbele, City of North Bend; Nathan McClintock, Legal Counsel.

Guests: Hans Gundersen, Port Staff; John Burns, Port Staff; Fred Jacquot, Port Staff; Amrha Wimer, Port Staff; Ed Ellingsen, Nasburg Huggins Insurance; Chris Williamson, CCMS.

1. CALL MEETING TO ORDER

Chair Todd Goergen called the meeting to order at 4:30pm

2. INTRODUCTION OF GUEST

3. CONSENT ITEMS

A. Approval of January 19, 2017, Board Meeting Minutes

Upon a motion by Melissa Cribbins (Second by Brianna Hanson), the Agency Board Members voted to approve the January 19, 2017, Board Meeting Minutes. **Motion Passed.**

B. Approval of February 27, 2017, Work Session Minutes

Upon a motion by Melissa Cribbins (Second by Brianna Hanson), the Agency Board Members voted to approve the February 27, 2017, Work Session Minutes. **Motion Passed.**

C. Informal Audit Report for Fiscal Year 2015-2016

Upon a motion by John Sweet (Second by Eric Farm), the Agency Board Members voted to approve the Informal Audit Report for Fiscal Year 2015-2016. **Motion Passed.**

4. ACTION ITEMS

A. CCURA Plan Amendment – Discussion of duration versus Maximum Indebtedness – Presented by Fred Jacquot

Duration Background:

The North Bay Urban Renewal Plan currently has a duration provision in Section 8, Plan Duration and Validity, written as, “This plan may remain in effect for a period of not more than twenty (20) years from the First Plan Amendment. The plan may remain in effect after termination of the division of ad valorem taxes provided for in Section 7.” This duration provision can be removed in the same substantial amendment that is being proposed currently as duration is no longer required by ORS 457.

When it comes to duration provisions and urban renewal there are two options, one, have a set duration stipulated by your plan or two, have no set duration stipulated by your plan. When considering whether to extend or possibly remove a duration provision key issues include pleasing taxing districts and tax payers and reaching your maximum indebtedness. One of the most common complaints among taxing districts and citizens critical of urban renewal is that it takes too long, or that durations get out of control. However, if your district does not achieve the growth expected, or needed, you may not be able to reach your maximum indebtedness in the amount of time set by your duration provision.

This leads to the main argument for elimination of a duration provision, which is to enable a district to reach its’ maximum indebtedness. Because duration is no longer the controlling factor of urban renewal in ORS 457, maximum indebtedness is, it is perfectly acceptable for an urban renewal agency to eliminate its’ duration provision in order to obtain its’ maximum indebtedness. However, there may be backlash from overlapping taxing districts or tax payers who thought they had a time frame commitment from the urban renewal agency.

Tax Code Areas:

Of the twelve different tax code areas in the North Bay Urban Renewal Area two are of special importance. The first is tax code area 6932, which has a frozen base value of \$36,949,088. The current assessed value (AV) of tax code area 6932 is \$27,650,363. This means that before any increment will be seen from tax code area 6932, there will need to be \$9,298,725 in AV growth in the area. A detailed breakdown of the assessed value and ownership of parcels in tax code area 6932 is shown in Exhibit 1.

The second tax code area to note is 6902, which is producing the majority of increment for the urban renewal area. In FYE 2017, tax code area 6902 generated 97.5% of the total tax increment finance revenue in the Area (excluding revenue from the special levy). The frozen base for tax code area 6902 is \$808,658 and the excess value is \$11,056,649. The breakdown of the assessed value and ownership of parcels of the tax code area is shown in Exhibit 2.

As shown by the table, the main contributor to the assessed value in tax code area 6902 is Southport Lumber Co., LLC.

Maximum Indebtedness:

We have not yet been able to establish how much of the \$60,900,390 of maximum indebtedness of the North Bay Urban Renewal Area has been used. However, in order to come to a decision about the extension or deletion of the duration provisions, it is helpful to provide an estimate of the revenue producing capacity of the urban renewal area. The estimates of cumulative future tax increment revenue

are preliminary and only consider tax increment finance revenue generated by tax code area 6902 and the urban renewal special levy. The table presents two scenarios for assessed value growth in the urban renewal area. The first is the 3% allowed by the Oregon Constitution and the other is .06% which is the average growth for this tax code area in the urban renewal area over the last 7 years.

Growth Rate	3.00%	0.06%
20 years	\$5,978,000	\$4,620,481
25 years	\$8,051,347	\$5,811,421
30 years	\$10,460,079	\$7,039,501
35 years	\$13,257,613	\$8,305,853
40 years	\$16,505,874	\$9,611,636

The table indicates that given the growth achieved in the urban renewal area historically, and even given the 3% growth allowed by the Oregon Constitution, the North Bay Urban Renewal Area will produce at most \$16,505,874 of tax increment over a 40-year time period. Typically, the maximum indebtedness produced off this tax increment is about 70%, the other 30% is used for interest, although this ratio of tax increment revenue to borrowing capacity (or maximum indebtedness) can vary substantially based on the specific financing assumptions for debt incurred. In this case, assuming 3% assessed value growth would mean using about \$11,554,112 of maximum indebtedness over 40 years (70% of \$16,505,874).

If substantial growth occurs in the urban renewal area, this could change the projections. If that growth occurs in tax code area 6932, no new increment will be produced until over \$9,298,725 of growth occurs. If it occurs elsewhere in the urban renewal area, it will produce tax increment. The projections in the table above assume a 2017 assessed value of \$11,866,807. So, if another \$12 million of assessed value is placed on the tax rolls, the tax increment could double. That still reaches about \$33 million of tax increment, and a smaller amount of actual maximum indebtedness. The bottom line is that the maximum indebtedness of this urban renewal area is far in excess of the potential of the area unless a major project occurs. Given this, we have four recommendations:

1. The duration provision should be deleted from the North Bay Urban Renewal Plan. An extension of 20 years provides very little capacity. Even an extension of 40 years does not allow the urban renewal area to reach its maximum indebtedness. While there may be some consternation from taxing districts, you will be able to show them the projected annual impacts of the urban renewal area.
2. The Port and/or the Coos County Urban Renewal Agency should provide the consultant a list of potential development and associated assessed value to add into the financial analysis. (This has already been requested as part of the pending amendment.)
3. After updated information about potential assessed value in addition to the existing information about existing assessed value, the Coos County Urban Renewal Agency should make a determination of an appropriate amount of time to continue urban renewal and adjust the list of projects to meet the potential amount of tax increment revenue in that time period. This does not mean re- establishing a duration provision, but using a timeframe to enable the decisions about which projects can reasonably be funded.
4. While you may not want to change (reduce) the maximum indebtedness amount, you may want to note a reasonable expectation on the amount of Maximum Indebtedness you will expect the North Bay Urban Renewal Area to reach.

Exhibit 1 – Tax Code Area 6932

TXCD	AV	OWNER	ACRES
6932	\$5,847,429	FORT CHICAGO HOLDINGS II U.S., LLC	69.17
6932	\$4,550,350	SOUTHPORT LUMBER CO., LLC	33.53
6932	\$4,010,310	LESSOR	44.64
6932	\$3,324,090	ROSEBURG FOREST PRODUCTS CO.	228.88
6932	\$1,900,000	NORTHWEST NATURAL GAS CO.	0
6932	\$1,602,030	SOUTHPORT LUMBER CO., LLC	0
6932	\$1,264,000	PACIFICORP	0
6932	\$1,148,490	ROSEBURG FOREST PRODUCTS CO.	0
6932	\$641,000	VERIZON COMMUNICATIONS	0
6932	\$600,214	FORT CHICAGO HOLDINGS II U.S., LLC	97.11
6932	\$587,640	ROSEBURG FOREST PRODUCTS	0
6932	\$398,000	AT & T INC	0
6932	\$383,280	FORT CHICAGO HOLDINGS II U.S. LLC	157.39
6932	\$338,160	DB WESTERN INC	0
6932	\$326,020	FORT CHICAGO HOLDINGS II U.S. LLC	67.9
6932	\$280,000	AT & T INC	0
6932	\$120,400	MANUFACTURER SERVICES	0
6932	\$119,570	FORT CHICAGO HOLDINGS II U.S., LLC	16.25
6932	\$81,000	FRONTIER COMMUNICATIONS	0
6932	\$43,650	LESSOR	0.04
6932	\$29,540	PAPE MATERIAL HANDLING, INC.	0
6932	\$27,860	LESSOR	0
6932	\$15,250	PRAXAIR, INC.	0
6932	\$5,120	FORT CHICAGO HOLDINGS II U.S. LLC	4.76
6932	\$2,000	FRONTIER COMMUNICATIONS	0
6932	\$1,890	CISSNA, ROBERT L.	2.56
6932	\$1,720	CIT FINANCE LLC	0
6932	\$720	VEND WEST SERVICES, INC.	0
6932	\$410	PITNEY-BOWES, INC.	0
6932	\$220	PITNEY BOWES GLOBAL FINANCIAL SERVICES L	0
6932	\$0	OREGON INTERNATIONAL PORT OF COOS BAY	191.58
6932	\$0	U.S.A.	13.75
6932	\$0	U.S.A.	5.9
6932	\$0	OREGON INT'L PORT OF CB	160.23
6932	\$0	EDGE WIRELESS	0
6932	\$0	ATC SEQUOIA, LLC	0
6932	\$0	OREGON INT'L PORT OF CB	102.84
6932	\$0	OREGON INTERNATIONAL PORT OF COOS BAY	182.24
6932	\$0	CIT TECHNOLOGY FINANCING SERVICES, INC	0

Exhibit 2 – Tax Code Area 6902

TXCD	AV	OWNER	ACRES
6902	\$9,998,950	SOUTHPORT LUMBER CO., LLC	0
6902	\$342,208	OREGON DUNES SAND PARK, LLC	19.45
6902	\$289,110	SOUTHPORT CHIPCO. LLC	29.31
6902	\$196,000	PACIFICORP	0
6902	\$191,000	CENTRAL LINCOLN PUD	0
6902	\$89,170	OREGON DUNES SAND PARK, LLC	37.5
6902	\$86,790	DOUGLAS A. PARKER REVOCABLE LIVING TRUST	3.22
6902	\$57,330	SOUTHPORT CHIPCO, LLC	3.94
6902	\$42,000	COOS BAY RAILROAD OPERATING COMPANY LLC	0
6902	\$25,319	OREGON DUNES SAND PARK, LLC	17.6
6902	\$25,000	FRONTIER COMMUNICATIONS	0
6902	\$21,290	DESIGN SPACE MODULAR BUILDINGS, INC	0
6902	\$11,500	OREGON DUNES SAND PARK, LLC	6.3
6902	\$8,220	OREGON DUNES SAND PARK, LLC	3.53
6902	\$1,740	OREGON DUNES SAND PARK, LLC	2.82
6902	\$1,290	COOS PACIFIC SAND, LLC	0
6902	\$1,170	COOS COUNTY	9.5
6902	\$540	RAYONIER WASHINGTON TIMBERLANDS COMPANY	5
6902	\$520	COOS COUNTY	4.38
6902	\$260	OREGON DUNES SAND PARK, LLC	2.3
6902	\$210	NORTHERN LEASING SYSTEMS, INC	0
6902	\$100	R.L. GOERGEN & SONS, LLC	1.22
6902	\$50	COOS COUNTY	0.63
6902	\$40	VEND WEST SERVICES, INC.	0
6902	\$0	U.S.A.	627.97
6902	\$0	OREGON INTERNATIONAL PORT OF COOS BAY	80
6902	\$0	U.S.A.	637.4
6902	\$0	STATE OF OREGON DEPT OF STATE LANDS	11.08
6902	\$0	STATE OF OREGON DEPT OF STATE LANDS	2.3
6902	\$0	STATE OF OREGON DEPT OF STATE LANDS	0.3
6902	\$0	U.S.A.	80
6902	\$0	OREGON INT'L PORT OF CB	48
6902	\$0	U.S.A.	72
6902	\$0	COOS BAY-NORTH BEND WATER BOARD	1.65
6902	\$0	U.S.A.	32.23

TXCD	AV	OWNER	ACRES
6902	\$0	U.S.A.	274.39
6902	\$0	OREGON INTERNATIONAL PORT OF COOS BAY	22.12
6902	\$0	U.S.A.	210.03
6902	\$0	OREGON INTERNATIONAL PORT OF COOS BAY	298.03
6902	\$0	OREGON INT'L PORT OF CB	0.76
6902	\$0	DIVISION OF STATE LANDS, LESSOR	2.91
6902	\$0	U.S.A.	249.92
6902	\$0	OREGON INT'L PORT OF CB	19.6
6902	\$0	OREGON INT'L PORT OF CB	13.4
6902	\$0	OREGON INT'L PORT OF CB	10.38
6902	\$0	U.S.A.	276.85
6902	\$0	U.S.A.	75.11
6902	\$0	U.S.A.	40.6
6902	\$0	STATE OF OREGON DEPT OF STATE LANDS	82.8
6902	\$0	U.S.A.	5.48
6902	\$0	U.S.A.	19.2
6902	\$0	U.S.A.	10.06
6902	\$0	U.S.A. CORPS OF ENGINEERS	281.6
6902	\$0	OREGON INT'L PORT OF CB	0
6902	\$0	COOS COUNTY	0
6902	\$0	COOS COUNTY	0
6902	\$0	COOS COUNTY	23
6902	\$0	COOS COUNTY	0
6902	\$0	BENTON FLAXEL TRUST; ETAL	0.12
6902	\$0	COOS COUNTY	0.25
6902	\$0	OREGON INT'L PORT OF CB	2.39
6902	\$0	OREGON INT'L PORT OF COOS BAY	17.31
6902	\$0	GREATAMERICA FINANCIAL SERVICES CORP	0
6902	\$0	NMHG FINANCIAL SERVICES, INC.	0
6902	\$0	CIT TECHNOLOGY FINANCING SERVICES, INC	0
6902	\$0	BANC OF AMERICA LEASING & CAPITAL, LLC	0
6902	\$0	PITNEY BOWES GLOBAL FINANCIAL SERVICES L	0
6902	\$0	GE EQUIP MIDTICKET LLC 2011-1	0
6902	\$0	STEVE DAYTON	0
6902	\$0	SOUTHPORT LUMBER CO., LLC	0
6902	\$0	COOS BAY TIMBER OPERATORS, INC.	0
6902	\$0	NORTHWEST NATURAL GAS CO.	0

Fred Jacquot stated that Howard Consulting, LLC discussed the background of urban renewal and the importance of maximum indebtedness during the work session held in February. It is common practice

to have maximum indebtedness be the controlling factor of a plan instead of a duration provision. Mr. Jacquot stated that since the discussion took place during a work session and no action items were planned, it was decided to present the Board with the opportunity to discuss if the Agency wants to continue the plan amendment with a duration provision or use maximum indebtedness as the controlling factor.

Mr. Jacquot reviewed the memo that was put together by Howard Consulting, LLC. Mr. Jacquot stated that the Port of Coos Bay Finance Department is doing an analysis of what maximum indebtedness is left. The key factor from Howard Consulting, LLC is the ability to repay and will have more of an impact on the duration of the agency depending on how much the agency commits to expending.

Mr. Jacquot stated that Eileen Howard (project manager) needs direction from the Board to continue to formally declare a 20-year duration for the agency or drop the duration provision and manage the longevity of the agency through the maximum indebtedness. Mr. Jacquot stated that he does not have a recommendation either way but one key issue to remember is if a duration provision is used and the agency continues to exist in 20 years there will need to be another plan amendment to extend the duration.

Commissioner Cribbins asked if the recommendation of the consultant was to eliminate the duration provision. Mr. Jacquot said that was correct but not necessarily the \$60,900,390. Mr. Goergen stated that the agency will have to find out what the remaining maximum indebtedness is, create a project list and finally determine a maximum indebtedness level.

Commissioner Cribbins stated it makes more sense to figure what still needs to be done rather than setting an arbitrary time frame.

Mr. Jacquot stated one of the statutory requirements for a plan amendment will be feasibility. There will be guidance from the consultant about pairing down the project budgets to better reflect the agency expected growth.

Commissioner Farm asked if a project analyst was in the original scope of the budget. Mr. Jacquot stated that it was part of optional work that was added. The consulting team is in the process of updating the cost from the original plan and in contact with utility and district stakeholders to identify if there are additional projects. The current project plan has the next presentation from the consulting team presenting the draft plan amendment with a plan approval meeting planned for a month later. The agency will have a chance to review the draft plan before it is submitted for approval.

Commissioner Hanson asked about the agency debt. Mr. Jacquot stated the agency is trying to figure out how much project and administrative expenditures have been made. Mr. Gundersen stated the analysis is to show what has been spent on projects and agency expenses. It tells the agency what has been spent but not what was borrowed. Mr. Jacquot further clarified by stating urban renewal agencies would take out a large debt initially, execute infrastructure, and then debt would be paid off over time while the improved infrastructure would elevate the tax base.

Commissioner Sweet asked what happens if investments don't attract new business. Mr. Jacquot stated that was the impetus behind removing the duration requirement and using maximum indebtedness. The goal would be for an agency to make improvements and pay them off over 20 years but if growth doesn't happen it might take 30 years to pay off the debt. An agency stays in existence until the debt is paid off. Mr. Jacquot stated board members have to balance the fiduciary responsibility of taking on debt versus the expectation of growth. Build it and business will come does not always pan out. Mr. Burns stated

that on the other hand, without a certain amount of infrastructure business will never come. Mr. Goergen added that having the capital available to move in a timely manner when an opportunity does arise is important. Mr. Jacquot stated that he does not believe there are any projects that are urgent enough to require a loan to complete. There are some drainage issue and road conditions that need improvements but in general having the plan amendment updated with projects ready to go and commitments by the agency, the plan becomes a good marketing tool for attracting private partners for the area.

Commissioner Cribbins added she thinks it makes more sense to have the duration determined by when projects are completed other than an arbitrary time limit. Commissioner Sweet added that the dilemma is waiting for 20 years and crossing different entities for money waiting for something that may or may not happen. The agency is taking away tax revenue from all taxing districts.

Commissioner Cribbins asked if the agency would rather be project focused rather than time focused.

Commissioner Sweet and Commissioner Farm stated they would like to see the project list before they decide. Mr. Jacquot stated that the projects are the projects from the 2006 update. There are several projects that will be recommended to drop off the list.

Mr. Jacquot said if he were to describe the difference between a duration provision versus maximum indebtedness, if the agency chooses to maintain a duration then the project list will be open up to all projects but money won't be spent until something comes to drive the spending. On the flip side, maximum indebtedness would execute on projects over the next couple years and bring on the debt and pay it off over the target duration instead of waiting for something to happen.

One discussion point that was presented at the work session was a political component to both; duration is essentially saying to the other taxing districts that we will be done in 20 years or there will be another amendment and maximum indebtedness says we are going to get the projects done and think we will have them paid off in 20 years but it might take 30 if the assumption in the plan for growth don't pan out.

Mr. Gundersen added that it is important to look at it from the potential business that is looking and considering relocating. This is not the only area looking to capture new business. It is a competitive advantage to have the land ready for development in a short time.

Mr. Goergen asked if the Port has determined what obstacles there are to develop the land. Mr. Jacquot stated that the Port has some of the information but it is not as defined as Mr. Jacquot would like.

Commissioner Farm asked if the agency goes with maximum indebtedness the analysis looks like tentatively 16 million over 40 years where duration provision there is still 60 million maximum indebtedness. If a massive project came up with a customer tied to it and completed within the 20 years, the agency can still go to the 60 million. Mr. Jacquot stated that the agency does not need to back away from the 60 million even if the duration is dropped. Most likely what will be presented in the plan amendment will be 60 million or less in committed projects with potential projects being the rest of the maximum indebtedness.

Howard Consulting LLC recommends the agency drop the duration provision and look at a project list that will fit a targeted agency life.

Commissioner Hanson asked if there is more flexibility with duration provision versus maximum indebtedness and if there is a way to leave flexibility with the project list for maximum indebtedness. Mr. Jacquot stated that if the maximum indebtedness was left at 60 million but a project list of 10 million worth of projects identified for immediate execution in the next five years and the remainder were general plans. If an opportunity came up for a minor project, the agency can make a minor amendment with a board action item. As long as the maximum indebtedness has the capacity to cover the project. Mr. Jacquot said they both have equal flexibility but the key with a duration provision is that if the maximum indebtedness is not achieved by the time the duration is reached, the agency will need to extend the life of the agency especially if the agency has outstanding debt that will require time past the duration.

Commissioner Sweet stated since there is a yearly revenue of about \$200,000, the agency could not take on a project that was greater than \$200,000 a year. Mr. Gundersen stated that there is about \$1 million of reserves in the bank.

Commissioner Hanson asked how does the agency measure the return on the investment. Mr. Jacquot stated the plan amendment is based on assumed growth. Part of the stakeholder outreach is to see what projects are planned to be completed on their own that will help increase the assessed value on the property. The consulting team is asking the Port what the expected growth and assessed value is on the Port property. Mr. Goergen stated the agency would want a good assumption the investment will generate a return in the near future. Half of the \$200,000 the agency gets a year is from a special levy the agency elected to take every year which affects all taxing districts. Mr. Goergen stated the agency needs to discuss if the special levy should be used if there are no projects.

Commissioner Hanson asked if there are benefits of receiving grants. Mr. Jacquot stated he is not aware of any but the foundation of an urban renewal designation is blight. Mr. Jacquot would believe that there would be grants targeted for blight areas.

Commissioner Farm stated there is a limited amount of funds to complete projects with but it is important to have something but not get too far ahead. It is important to create infrastructure that can be used by different types of businesses.

Mr. Jacquot stated from a direction stand point, if the agency decides to take no action at this time, the plan amendment will continue under the assumption it will be duration. Mr. Jacquot stated he does not see any drawbacks to not having a decision to change the direction at this point. The project is progressing and a meeting will be scheduled for the approval. The expectation is the first part of May where there will be a potential projects memo. Everything is on track for the plan amendment and if it stays on track a draft plan will be presented to the agency early June with the final approval by the county planned late July or August.

Mr. Jacquot summed up by stating that the point of the discussion was to raise the issue of maximum indebtedness versus duration provision and seek guidance from the agency board on how to proceed with the plan amendment.

Commissioner Hanson wanted to clarify that there was flexibility to not do a project. Mr. Goergen stated that the flexibility to change projects is always present and the board doesn't need to stick with a certain project.

Commissioner Farm added that if there is no duration provision, the agency will not have to spend money on a plan amendment in another 20 years. Mr. Goergen stated that it cost \$114,000 for the plan amendment this year.

Upon a motion by Melissa Cribbins (Second by Eric Farm), the Agency Board Members voted to adopt the recommendation from Howard Consulting, LLC to eliminate the duration provision and use maximum indebtedness. **Motion Passed.**

5. PUBLIC COMMENT

There was no public comment.

6. SCHEDULE NEXT MEETING DATE

7:30 am, Tuesday, June 13, 2017

7. OTHER/ADJOURN

Todd Goergen adjourned the meeting at 5:38pm

**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

DRAFT 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

Budget Hearing

FY 2017/18 Budget

RESOURCES
GENERAL FUND
COOS COUNTY URBAN RENEWAL AGENCY - NORTH BAY DISTRICT

	HISTORICAL DATA			RESOURCE DESCRIPTION	BUDGET FOR NEXT YEAR 2017-2018			
	ACTUAL		ADOPTED BUDGET THIS YEAR 16-17		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SEC. PRECEDING YEAR 14-15	FIRST PRECEDING YEAR 15-16						
1				1 BEGINNING FUND BALANCE:				1
2	1,319	40,875	0	2 * AVAILABLE CASH ON HAND (CASH BASIS),OR	25,000	25,000		2
3				3 * NET WORKING CAPITAL (ACCRUAL BASIS)				3
4				4 PREVIOUSLY LEVIED TAXES EST. TO BE RECEIVED	10,000	10,000		4
5	5,168	6,916	5,000	5 INTEREST	7,500	7,500		5
				TAX INCREMENT REVENUES	200,000	200,000		
6				6 MISCELLANEOUS	0	0		6
7				7 OTHER RESOURCES				7
8				8 GRANTS	0	0		8
9				9 LOAN PROCEEDS	0	0		9
10	8,828	10,046	32,500	10 TRANSFER FROM SPECIAL REVENUE FUND	33,000	33,000		10
11				11 TRANSFER FROM CAPITAL PROJECTS FUND	920,000	920,000		11
12				12 TRANSFER FROM DEBT SERVICE RESERVE FUND	20,000	20,000		12
13				13				13
14				14				14
15				15				15
16				16				16
17				17				17
18				18				18
19				19				19
20				20				20
21				21				21
22				22				22
23				23				23
24				24				24
25				25				25
26				26				26
27				27				27
28				28				28
29				29				29
30	15,315	57,837	36,935	30 TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED	1,215,500	1,215,500	0	30
31				31 TAXES NECESSARY TO BALANCE BUDGET				31
32				32 TAXES COLLECTED IN YEAR LEVIED				32
	15,315	57,837	36,935	TOTAL RESOURCES	1,215,500	1,215,500	0	

DETAILED EXPENDITURES
GENERAL FUND
COOS COUNTY URBAN RENEWAL AGENCY-NORTH BAY DISTRICT

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	BUDGET FOR NEXT YEAR 2017-2018		
	ACTUAL		ADOPTED BUDGET		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY
	SEC. PRECEDING YEAR 14-15	FIRST PRECEDING YEAR 15-16	THIS YEAR 16-17				
1				1 MATERIALS AND SERVICES			1
2	78	500	0	2 SUPPLIES	0	0	2
3	1,234	1,245	1,300	3 INSURANCE	1,200	1,200	3
4		827	1,200	4 PUBLICATIONS AND ADVERTISING	600	600	4
5	1,015	0	15,000	5 LEGAL COUNSEL	10,000	10,000	5
6	9,500	12,000	12,000	6 MANAGEMENT	12,000	12,000	6
7	40	0	1,500	7 AUDIT	2,500	2,500	7
8	2,129	563	2,500	8 PROFESSIONAL SERVICES - Agency Operations	2,500	2,500	8
9	0	0	0	9 PROFESSIONAL SERVICES - Project Support	164,550	164,550	9
10	13,996	15,135	33,500	10 TOTAL MATERIALS AND SERVICES	193,350	193,350	0 10
11				11			11
12				12			12
13				13			13
14				14			14
15				15			15
16				16			16
17	0	0	0	17 TOTAL TRANSFERS TO OTHER FUNDS	0	0	0 17
18				18			18
19				19			19
20	0	0	4,500	20 OPERATING CONTINGENCY	4,650	4,650	20
21				21			21
22	0	0	0	22 DEBT SERVICE	6,000	6,000	22
23				23			23
24				24			24
25	13,996	15,135	38,000	25 TOTAL EXPENDITURES	204,000	204,000	0 25
26	1,319	42,701		26 UNAPPROPRIATED ENDING FUND BALANCE	1,011,500	1,011,500	26
	15,315	57,837	38,000	TOTAL	1,215,500	1,215,500	0

SPECIAL FUND
 RESOURCES AND REQUIREMENTS
 SPECIAL REVENUE FUND
 COOS COUNTY URBAN RENEWAL AGENCY - NORTH BAY DISTRICT

	HISTORICAL DATA			DESCRIPTION OF RESOURCES AND REQUIREMENTS	BUDGET FOR NEXT YEAR 2017-2018			
	ACTUAL		ADOPTED BUDGET THIS YEAR 16-17		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SEC. PRECEDING YEAR 14-15	FIRST PRECEDING YEAR 15-16						
				RESOURCES				
				BEGINNING FUND BALANCE:				
1	174,874	78,867	64,500	1 *CASH ON HAND (CASH BASIS), OR	0	0		1
2				2 *WORKING CAPITAL (ACCRUAL BASIS)				2
3	14,892	27,178	10,000	3 PREVIOUSLY LEVIED TAXES EST. TO BE RECEIVED	0	0		3
4				4 INTERGOVERNMENTAL AGREEMENT #06012006				4
5	4,479		100,000	5 TRANSFERRED FROM OTHER FUNDS [Debt Res]	0	0		5
6	199,852	179,734	200,000	6 TAX INCREMENT REVENUES	0	0		6
7				7 OTHER INCOME/INTEREST				7
8				8				8
9	394,097	285,779	374,500	9 TOT. RES. EXCEPT TAXES TO BE LEVIED	0	0		9
10				10 TAXES NECESSARY TO BALANCE				10
11				11 TAXES COLLECTED IN YEAR LEVIED				11
12	394,097	285,779	374,500	12 TOTAL RESOURCES	0	0		12
				REQUIREMENTS				
1				1 DEBT SERVICE / OTHER				1
2	60,000	60,000	250,000	2 PRINCIPAL (Umpqua payoff July 2020)	0	0		2
3	32,497	3,868	16,000	3 INTEREST	0	0		3
10	125,693			10 OTHER DEBT SERVICE (DEQ/WWTF payoff Jun 2018)				10
11	218,190	63,868	266,000	11 TOTAL DEBT SERVICE	0	0		11
12				12 TRANSFERS TO OTHER FUNDS				12
13				13 DEBT SERVICE RESERVE FUND				13
14		75,235	75,500	14 CAPITAL PROJECTS FUND	0	0		14
15	8,828	10,046	33,000	15 GENERAL FUND	0	0		15
16	8,828	85,281	108,500	16 TOTAL TRANSFERS TO OTHER FUNDS	0	0		16
				CONTINGENCY				
17	227,018	149,149	374,500	17 TOTAL REQUIREMENTS	0	0		17
18	167,079	136,631	0	18 UNAPPROPRIATED ENDING FUND BALANCE	0	0		18
	394,097	285,779	374,500	TOTAL REQUIREMENTS	0	0		

SPECIAL FUND

RESOURCES AND REQUIREMENTS
CAPITAL PROJECTS FUND
COOS COUNTY URBAN RENEWAL AGENCY-NORTH BAY DISTRICT

	HISTORICAL DATA			DESCRIPTION OF RESOURCES AND REQUIREMENTS	BUDGET FOR NEXT YEAR 2017-2018			
	ACTUAL		ADOPTED BUDGET THIS YEAR 16-17		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SEC. PRECEDING YEAR 14-15	FIRST PRECEDING YEAR 15-16						
				RESOURCES				
				BEGINNING FUND BALANCE:				
1	769,640	807,749	850,000	1 *CASH ON HAND (CASH BASIS), OR	0	0		1
2				2 *WORKING CAPITAL (ACCRUAL BASIS)				2
3				3 PREVIOUSLY LEVIED TAXES EST. TO BE RECEIVED				3
4				4 EARNINGS FROM TEMPORARY INVESTMENTS				4
5	0	75,235	75,500	5 TRANSFERRED FROM OTHER FUNDS	0	0		5
6				6 BOND PROCEEDS				6
7				7 INTERIM FINANCING				7
8	0			8 PRIOR PERIOD ADJUSTMENT				8
9	769,640	882,984	925,500	9 TOT. RES. EXCEPT TAXES TO BE LEVIED	0	0		9
10				10 TAXES NECESSARY TO BALANCE				10
11				11 TAXES COLLECTED IN YEAR LEVIED				11
12	769,640	882,984	925,500	12 TOTAL RESOURCES	0	0		12
				REQUIREMENTS				
1				1 MATERIALS AND SERVICES				1
2	0	0	150,000	2 PROFESSIONAL SERVICES	0	0		2
3				3				3
4	0	0	150,000	4 TOTAL MATERIALS AND SERVICES	0	0		4
5				5				5
6				6				6
7				7 CAPITAL OUTLAY				7
8	0	0	0	8 INFRASTRUCTURE DEVELOPMENT	0	0		8
9				9 APPROVED PROJECTS				9
11	0	0	0	11 TOTAL CAPITAL OUTLAY	0	0		11
12				12				12
13				13 CONTINGENCY				13
14				14				14
15	111,000	0		15 Prepayment of DEQ loan				15
16				16				16
17	111,000	0	150,000	17 TOTAL REQUIREMENTS	0	0		17
18	658,640	882,984	775,500	18 UNAPPROPRIATED ENDING FUND BALANCE	0	0		18
19	769,640	882,984	925,500	19 TOTAL	0	0		19

RESERVE FUND

LB-11

RESOURCES AND REQUIREMENTS
DEBT SERVICE RESERVE FUND
COOS COUNTY URBAN RENEWAL AGENCY-NORTH BAY DISTRICT

	HISTORICAL DATA			DESCRIPTION OF RESOURCES AND REQUIREMENTS	BUDGET FOR NEXT YEAR 2017-2018			
	ACTUAL		ADOPTED BUDGET THIS YEAR 16-17		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SEC. PRECEDING YEAR 14-15	FIRST PRECEDING YEAR 15-16						
				RESOURCES				
				BEGINNING FUND BALANCE				
1	120,000	120,000	120,000	1 *CASH ON HAND (CASH BASIS), OR	0	0		1
2				2 *WORKING CAPITAL (ACCRUAL BASIS)				2
3				3 PREVIOUSLY LEVIED TAXES EST./RECEIVED				3
4				4 EARNINGS FROM TEMPORARY INVESTMENTS				4
5				5 TRANSFERRED FROM OTHER FUNDS				5
6				6				6
7				7				
8				8				7
9	120,000	120,000	120,000	9 TOT. RES. EXCEPT TAXES TO BE LEVIED	0	0		8
10				10 TAXES NECESSARY TO BALANCE				9
11				11 TAXES COLLECTED IN YEAR LEVIED				10
12	120,000	120,000	120,000	12 TOTAL RESOURCES	0	0		11
				REQUIREMENTS				
1				1 DEBT SERVICE	0	0		1
2				2				2
3				3				3
4				4				4
5				5				5
6				6				6
7				7				7
8				8				8
9				9				9
10				10				10
11				11				11
12	120,000	120,000	120,000	12 RESERVED FOR FUTURE EXPENDITURE	0	0		12
13	120,000	120,000	120,000	TOTAL REQUIREMENTS	0	0		13

**COOS COUNTY URBAN RENEWAL AGENCY
NORTH BAY DISTRICT
RESOLUTION 2017 - 1**

BE IT RESOLVED that the Board of Commissioners of the Coos County Urban Renewal Agency (North Bay District) hereby adopts the budget approved by the budget committee for fiscal year 2017/2018 in the sum of \$1,215,500.00 now on file at the Agency Office.

BE IT FURTHER RESOLVED that the amounts for the fiscal year beginning July 1, 2017 and for the purposes shown below are appropriated as follows:

GENERAL FUND

Materials & Services	\$ 199,350.00	
Total Transfers to Other Funds	\$ -	
Operating Contingency	\$ 4,650.00	
Total General Fund		<u>\$ 204,000.00</u>

SPECIAL REVENUE FUND

Materials & Services	\$ -	
Debt Service	\$ -	
Total Transfers to Other Funds	\$ -	
Total Special Revenue Fund		<u>\$ -</u>

CAPITAL PROJECTS FUND

Materials & Services	\$ -	
Capital Outlay	\$ -	
Total Capital Projects Fund		<u>\$ -</u>

DEBT SERVICE RESERVE FUND

Debt Service	\$ -	
Total Debt Service Reserve Fund		<u>\$ -</u>

UNAPPROPRIATED ENDING FUND BALANCE

General Fund	\$ 1,011,500.00	
Special Revenue Fund	\$ -	
Special Reserve Fund	\$ -	
Capital Fund	\$ -	
Total Unappropriated Ending Fund Balance		<u>\$ 1,011,500.00</u>

TOTAL BUDGET

\$ 1,215,500.00

Option One:

BE IT FURTHER RESOLVED that the Agency Board of the Coos County Urban Renewal Agency hereby resolves to certify to the County Assessor for the North Bay District a request for the maximum amount of revenue that may be raised by dividing the taxes under Section 1c, Article IX of the Oregon Constitution, and the "Remainder of Authority" as the amount to be raised through the imposition of a special levy.

The foregoing resolution was approved and duly adopted this **13th** day of June 2017 by the Agency Board of the Coos County Urban Renewal Agency, North Bay District.

Todd Goergen, Chairman
Coos County Urban Renewal Agency

Eric Farm, Vice Chair
Coos County Urban Renewal Agency

Action Items