

**Urban Renewal Agency
Annual Budget
Fiscal Year 2010-11**

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**URBAN RENEWAL AGENCY
2010-11 BUDGET MESSAGE
City of Philomath**

The 2010-11 budget has been prepared using estimated property tax revenue from the division of taxes only, and does not include any special levy.

The 2010-11 budget year will serve as a transition period for Urban Renewal in Philomath. As the District enters its 20th year and the completion of many of its priority projects, a possible new phase of Urban Renewal is under discussion by the City Council. In conjunction with the Philomath Downtown Association (PDA), there is interest in expanding the Urban Renewal District boundaries and also changing the District's project priorities. While no final decisions have been made as of this writing, we believe the following months will be spent in additional discussions and possible start of the amendment process.

Regardless of the outcome of the current discussions, we can confirm that there will not be any new Urban Renewal projects proposed for the 2010-11 budget year. The Agency will continue as the funding entity to service the obligations of capital improvement projects already completed in prior years within the District. We forecast that the earliest that District monies will be available for new projects will be in the 2011-12 budget year.

We look forward to a successful outcome of the discussions now underway. Once the path forward has been determined, we will be prepared to seek guidance from the Budget Committee on how Urban Renewal will function in our community.

Randy Kugler
City Manager

Joan Swanson
Budget Officer

INFORMATION ABOUT the URBAN RENEWAL AGENCY

In 1990 the City formed an Urban Renewal Agency to provide improvements to blighted areas of the City through the use of tax increment financing. Under the plan, assessments on property within the Urban Renewal District were computed at the January 1, 1991 level. Taxes levied against subsequent increases to the district's total assessed value may go to the Agency constructing improvements listed in the Urban Renewal Plan.

Declining assessments on properties in the Renewal District interfered with revenue expectations, and it was not until 1993-94 that there was an increase in total assessed value on which to collect revenue for the district. The City chose not to collect any money for the district in 1994-95.

The Urban Renewal Agency will continue to reimburse the City's General Fund for administrative costs of operating the agency.

Measure 50 required the agency to make two certifications prior to June 30, 1998. The first was a maximum indebtedness. This is the amount that the Agency needs to complete projects in the existing plan. The maximum indebtedness has been estimated at \$4.3 million.

The second was to choose one of three taxing options. The Agency and the Philomath City Council have chosen taxing Option 1. This allows for the division of taxes which is the amount which has been available to the Agency in past years, and in addition allows for a special levy if the division of tax revenue is not sufficient.

**PHILOMATH URBAN RENEWAL AGENCY
FISCAL YEAR 2010-11
GENERAL FUND**

	ACTUAL EXPENDED 2006-07	ACTUAL EXPENDED 2007-08	ACTUAL EXPENDED 2008-09	ADOPTED BUDGET 2009-10	PROPOSED BUDGET 2010-11	ESTIMATED BUDGET 2011-12	% CHANGE
REVENUE							
23 0 3001 Cash Balance Forward	146,656	158,375	240,153	43,500	13,150	15,350	-70%
23 0 3020 Interest on Investments	10,199	11,846	2,251	850	30	0	-96%
23 0 3646 Loan Proceeds	0	0	550,000	0	0	0	
23 0 3997 Transfer from Urban Renewal-Debt	460,000	150,000	560,000	0	32,000	0	100%
TOTAL REVENUE	616,855	320,221	1,352,404	44,350	45,180	15,350	2%
EXPENDITURES							
MATERIALS AND SERVICES							
23 0 5012 Administrative Overhead	8,796	9,732	10,056	9,900	10,800	11,125	9%
23 0 5045 Audit Fees	1,900	2,000	2,000	2,050	2,500	2,600	22%
23 0 5146 Consultant Fee	0	0	0	0	16,000	0	100%
23 0 5390 Miscellaneous	471	1,015	19,657	1,250	280	1,375	-78%
23 0 5567 State Filing Fee	150	150	40	150	250	250	67%
Subtotal Materials and Services	11,317	12,897	31,753	13,350	29,830	15,350	100%
CAPITAL OUTLAY							
23 0 6160 Urban Renewal Project	0	67,171	1,845	16,000	0	0	-100%
23 0 6164 Sewer Projects	447,163	0	1,291,775	0	0	0	
Subtotal Capital Outlay	447,163	67,171	1,293,620	16,000	0	0	-100%
TOTAL EXPENDITURES	458,480	80,068	1,325,373	29,350	29,830	15,350	2%
23 0 9500 UNAPPROPRIATED ENDING BAL	0	0	0	15,000	15,350	0	2%
Excess Revenues Over Expenditures	158,375	240,153	27,031	0	0	0	

**PHILOMATH URBAN RENEWAL AGENCY
2010-11 BUDGET NARRATIVE
GENERAL FUND**

REVENUE

Cash Balance Forward	13,150	Estimated cash balance at June 30, 2010
Interest on Investments	30	Estimated interest income
Transfer from Urban Renewal Debt	<u>32,000</u>	
TOTAL REVENUE	<u>45,180</u>	

MATERIALS AND SERVICES

Administrative Overhead	10,800	To reimburse General Fund for cost of staff time and a portion of other administrative costs
Audit Fees	2,500	Annual audit of the Urban Renewal Agency
Consultant fee	16,000	Consultant to investigate the feasibility of a major plan amendment to the Urban Renewal Plan
Miscellaneous	280	Miscellaneous expenses
State Filing Fee	<u>250</u>	Fee required to file Urban Renewal Agency audit
TOTAL MATERIALS AND SERVICES	<u>29,830</u>	

**PHILOMATH URBAN RENEWAL AGENCY
FISCAL YEAR 2010-11
DEBT SERVICE FUND**

	ACTUAL EXPENDED 2006-07	ACTUAL EXPENDED 2007-08	ACTUAL EXPENDED 2008-09	ADOPTED BUDGET 2009-10	PROPOSED BUDGET 2010-11	ESTIMATED BUDGET 2011-12	% CHANGE	
REVENUE								
24 0 3001	Cash Balance Forward	389,646	232,226	399,223	52,370	1,000	0	-98%
24 0 3020	Interest on Investments	13,953	14,001	5,425	1,200	60	200	-95%
24 0 3030	Interest on Tax Collections	1,066	885	770	830	840	840	1%
24 0 3110	Property Tax Increment	381,819	392,537	387,633	394,180	398,100	406,000	1%
24 0 3115	Prior Year Tax Increment	5,210	5,867	5,609	5,500	5,900	6,000	7%
	TOTAL REVENUE	791,694	645,516	798,660	454,080	405,900	413,040	-11%
DEBT SERVICE								
24 0 7180	Key Bank - Principal	75,000	75,000	80,000	80,000	220,000	50,000	100%
24 0 7080	City of Philomath - Principal	0	0	82,000	340,000	140,000	0	-59%
24 0 7580	Key Bank - Interest	24,468	21,293	18,110	16,000	10,900	1,040	-32%
24 0 7550	City of Philomath - Interest	0	0	7,835	13,560	3,000	0	-78%
	Subtotal Debt Service	99,468	96,293	187,945	449,560	373,900	51,040	-17%
TRANSFERS								
24 0 8900	Urban Renewal - General Fund	460,000	150,000	560,000	0	32,000	0	100%
	Subtotal Debt Service	460,000	150,000	560,000	0	32,000	0	
	TOTAL EXPENDITURES	559,468	246,293	747,945	449,560	405,900	51,040	-10%
24 0 9500	UNAPPROPRIATED ENDING BAL	0	0	0	4,520	0	362,000	-100%
	Excess Revenues Over Expenditures	232,226	399,223	50,715	0	0	0	

**PHILOMATH URBAN RENEWAL AGENCY
2010-11 BUDGET NARRATIVE
DEBT SERVICE FUND**

REVENUE

Cash Balance Forward	1,000	Estimated cash balance at June 30, 2010
Interest on Investments	60	Estimated interest income
Interest on Tax Collections	840	Interest on tax collections held at Benton County before they are turned over to the City
Current Year Property Tax Increment	398,100	Estimated property tax increment. Assume collection rate of 95%
Prior Year Property Tax Increment	<u>5,900</u>	Collection of prior years tax increment
TOTAL REVENUE	<u>405,900</u>	

DEBT SERVICE

Key Bank - Principal	220,000	Principal portion of loan payment for June 2011 is \$80,000, additional portion would pay down loan balance. There is no penalty for prepayment.
City of Philomath - Principal	140,000	Final payment on loan from City
Key Bank - Interest	10,900	Estimated interest portion of loan payment
City of Philomath - Interest	<u>3,000</u>	Estimated interest portion of loan payment
TOTAL DEBT SERVICE	<u>373,900</u>	

TRANSFERS

To Urban Renewal - General Fund	<u>32,000</u>	Transfer to cover operating costs of the Urban Renewal Agency
TOTAL TRANSFERS	<u>32,000</u>	