

SECOND MEETING OF THE CITY OF REDMOND BUDGET COMMITTEE WAS HELD ON MAY 3, 2023, AT REDMOND CITY HALL IN CIVIC ROOMS 207/208.

BUDGET COMMITTEE MEMBERS PRESENT: Troy Baker – Tobias Colvin – Clifford Evelyn – Ed Fitch – Janet McAdams – Debra Meadows – Sean Neary – John Nielsen – Kathryn Osborne – Aubrey Oslund – Karin Stauder – Shannon Wedding – Lisa Young – Cat Zwicker

STAFF PRESENT: City Manager Keith Witcosky – Deputy City Manager John Roberts – City Attorney Keith Leitz – Airport Director Zachary Bass – Deputy City Manager/Chief Financial Officer Jason Neff – Accounting and Financial Reporting Director Brooks Slyter – Police Chief Devin Lewis – Interim Public Works Director Jon Skidmore – Deputy City Recorder Kayla Duddy – Street Operations Manager Brad Haynes – Communications Director Heather Cassaro – Fleet Services Manager Scott Gibson – PFC Operations & Maintenance Manager Dusty Hood – Wastewater Division Manager Ryan Kirchner – Water Division Manager Joshua Wedding – City Engineer Jessica MacClanahan – Urban Renewal Programs Manager Chuck Arnold – Urban Renewal Program Analyst Meghan Gassner – Billing & Collection Manager Valerie Taylor – Accounting Manager James Wood

MEDIA PRESENT: None

Mayor Fitch announced that the Urban Renewal Agency Budget Committee meeting has been moved to the end of the agenda.

RECONVENE – CITY OF REDMOND BUDGET COMMITTEE

Chair Neary reconvened the City of Redmond Budget Committee at 6:00 p.m.

STAFF PRESENTATIONS

A. Updates

City Manager Keith Witcosky informed the committee that job descriptions for the housing positions were provided to Chair Neary who felt the detail provided was adequate to get an understanding of their duties.

B. Significant Capital Projects

Deputy City Manager/Chief Financial Officer Jason Neff provided a high-level overview on how the City's capital projects are funded. He explained that the Fiscal Year (FY) 2023/2024 budget contains \$36 million in funding for capital projects from System Development Charges (SDCs) (\$7.7 million, 21 percent), operating cash (\$4.9 million, 14 percent), grants (\$3.7 million, 10 percent), and debt (\$20.0 million, 55 percent).

Mr. Neff discussed the City's debt obligations and provided statistics for ongoing resources versus annual debt service.

City Engineer Jessica MacClanahan reviewed the Capital Improvement Plan, highlighting the following significant capital projects for FY 2023/2024:

- Redmond Wetlands Complex (\$20 million)
- Northpoint Sewer Lateral (\$1 million)
- Eastside Arterial:
 - 9th Street (Antler Avenue to Hemlock Avenue) (\$1.4 million)
 - 9th Street Extension and Roundabouts (\$0.5 million)
 - 19th Street and Airport Way Roundabout (\$0.9 million)
- Well 9 (\$1.7 million)
- Central Dry Canyon (\$2.4 million)

- ADA Sidewalks (\$1.4 million)
- Reservoir Drive and Wickiup Avenue Upgrades (\$3.2 million)
- Badger Avenue and Canal Boulevard Roundabout (\$0.3 million)

Staff addressed questions throughout the presentation.

C. Redmond Economic Development, Inc.

Redmond Economic Development, Inc. (REDI) Manager Steve Curley provided an overview of REDI's business focus which is "industry development with an emphasis on job creation and capital investment in the traded sector". He explained that this year's budgetary ask from the City is \$157,658 which represents a 5 percent increase over FY 2022/2023. REDI's overall proposed budget for FY 2023/2024 is \$336,928 which represents a 6.12 percent increase over FY 2022/2023. From 2018-2022, REDI assisted with 40 projects resulting in 1,022 jobs created and a capital investment totaling over \$101 million. REDI currently has 31 pending projects which could result in 2,968 jobs and a possible investment of \$562.3 million. Mr. Curley described REDI's role in a business expansion/relocation project and shared statistics such as projects by industry and type, and pipeline projects by number of employees.

Mr. Curley stated that in addition to jobs and investments, REDI manages the Greater Redmond Enterprise Zone, has consulted on nearly all major traded sector investments over the past two decades, markets publicly-owned lands to private interests, serves as an industrial real estate expert, assists with infrastructure development, aides in workforce development through the REDI internship program and manufacturing technology courses at Redmond's high schools and Central Oregon Community College, and is a key, solutions based community partner.

Staff and Mr. Curley addressed questions throughout the presentation.

D. Redmond Convention Visitors Bureau

Redmond Chamber of Commerce and Convention Visitors Bureau (CVB) Executive Director Eric Sande and Consultant Lynnette Braillard provided an overview of the CVB's strategic plan and annual marketing plan.

Ms. Braillard explained that the latest tourism statistics from the Oregon Tourism Commission indicate visitors to Central Oregon generate the following:

- \$1.31 billion in total direct travel spending in Central Oregon
- \$308 million in total travel-generated earnings in Central Oregon
- \$55 million generated in local and state taxes in Central Oregon
- 9,250 jobs created by travel spending in Central Oregon

Ms. Braillard explained that tourism has generated \$910,774 in Transient Lodging Tax in Redmond and presented data on hotel occupancy and Average Daily Rate trends.

Ms. Braillard presented the FY 2023/2024 year in review focusing on the CVB's marketing highlights, goals/objectives, strategies, budget for FY 2022/2023 and proposed budget for FY 2023/2024.

Staff, Mr. Sande, and Ms. Braillard addressed questions throughout the presentation.

PUBLIC HEARING

Chair Neary opened the public hearing.

A. General Operating Funds

i. Transportation

Mr. Neff stated the operating budget for the Transportation Fund is \$10.1 million, with 30 Full Time Equivalent (FTE) employees. Resources come from the State Highway Fund (\$2.9 million, 48 percent), General Fund (\$2.0 million, 34 percent), Surface Transportation Block Grant Program (\$0.5 million, 8 percent), Grant Pass-Thru (\$0.3 million, 4 percent), Internal Charges for Services (\$0.2 million, 3 percent), and Other (\$0.2 million, 3 percent). Expenditures are anticipated at \$18.3 million.

Street Operations Manager Brad Haynes explained that Redmond's streets have a Pavement Condition Index (PCI) of 83. Annual funding of \$1.4 million is needed to maintain the PCI at a level higher than the City's goal of 80.

Mr. Haynes and Fleet Services Manager Scott Gibson discussed notable budget items which include \$590,000 for streetlight LED conversion, \$124,000 for an Operations Lead position, and \$57,000 for one Vehicle Technician (mid-year).

FY 2023/2024 equipment purchases consist of the following:

- Two 5-Yard Dump Trucks (one is carried over from FY 2022/2023) (\$400,000)
- Enclosed Cargo Trailer for walk behind concrete saw (\$55,000)
- Walk Behind Concrete Saw (\$40,000)
- Two Service Trucks (\$150,000)

FY 2023/2024 capital projects consist of the following:

- NW 9th Street/NW Maple Avenue – Traffic Signal (carried forward from FY 2022/2023) (\$643,000)
- Eastside Arterial: SW 19th Street/Airport Way – Roundabout (carried forward from FY 2022/2023) (\$550,000)
- Eastside Arterial: NW 9th Street – Antler Avenue to Hemlock Avenue (carried forward from FY 2022/2023) (\$350,000)
- Eastside Arterial: SE 9th Street Extension/Roundabouts (\$500,000)
- SW Reservoir Drive/SW Wickiup Avenue – 39th Street to Helmholtz Way (carried forward from FY 2022/2023) (\$2,400,000)
- SW 15th Street – Pumice Avenue to Quartz Avenue (carried forward from FY 2022/2023) (\$50,000)
- SW Canyon Drive – Highland Avenue to Quartz Avenue (carried forward from FY 2022/2023) (\$51,000)
- SW Badger Avenue/ S Canal Boulevard – Roundabout (\$300,000)
- NW Cedar Avenue/NW Birch Avenue – 6th Street to 10th Street (\$550,000)
- ADA (Americans with Disabilities Act) Sidewalk Improvements (grant funded) (\$900,000)
- Sage Elementary Safe Routes to School (partially grant funded) (\$140,000)
- Future Projects (\$300,000)

Staff addressed questions throughout the presentation.

B. Enterprise Funds

i. Golf

Mr. Neff stated that the operating budget for the Golf Fund is \$2.4 million, with 11+ non-City seasonal employees. Resources are received from Green Fees (\$783,967, 29 percent), Food & Beverage (\$752,978, 28 percent), Memberships (\$452,161, 17 percent), Carts (\$346,994, 13 percent), Merchandise (\$139,478, 5 percent), Driving Range (\$72,082, 3 percent), Card Programs (\$68,149, 3 percent), and Lessons (\$50,000, 2 percent). He explained that the Golf revenue per round is budgeted at \$51. Expenditures are estimated at \$3.2 million.

Juniper Golf Course General Manager Rob Malone described the FY 2023/2024 equipment purchases which consist of the following:

- Bed Knife Grinder (\$33,000)

- Rough Mower (\$40,000)

FY 2023/2024 infrastructure plans consist of the following:

- Clubhouse refurbishment (\$80,000)
- Irrigation (\$50,000)
- Driving range technology (\$135,000)

Mr. Neff shared that notable budget items include a \$275,000 positive operating cash flow, \$294,000 for general fund support for debt services (86 percent), and \$158,000 for lodging tax support for capital projects.

Staff addressed questions throughout the presentation.

ii. Water

Mr. Neff reviewed the proposed FY 2023/24 utility rate increases which consist of a 5 percent increase for water, 3 percent increase for sewer, and a 1 percent increase for stormwater.

Mr. Neff stated that the operating budget for the Water Fund is \$5.9 million with 12.5 FTE. In addition to the proposed water rate increase, FY 2023/2024 resources will come from a proposed SDC rate increase for Single Family Residences (from \$2,992 to \$5,739). Expenditures are estimated at \$9.7 million.

FY 2023/24 equipment purchases consist of the following:

- Heavy-Duty Flat Bed Trailer (\$40,000)
- Valve Exercise Machine (\$85,000).

Water Utilities Manager Joshua Wedding shared that notable budget items include \$0.8 million for pumping electricity, \$1.4 million for pipe replacements, and \$0.9 million reserved for operations and the administration facility. He explained that the Well #9 project will be funded by grants (\$1.0 million), Committed Water Operations (\$1.4 million), and Reserved Water Operations (\$2.0 million).

Mr. Neff explained that current SDC revenue is insufficient for existing debt services and has no capacity for new projects. He presented an overview of the total SDCs for FY 2022/2023 and FY 2023/2024 and stated that an SDC increase is needed to keep up with the cost of growth-related infrastructure.

FY 2023/2024 Water Fund capital projects consist of the following:

- Well 9 (grant funded in FY 2023/2024) (\$1,700,000)
- SW Reservoir Drive/SW Wickiup Avenue – 39th Street to Helmholtz Avenue (carried forward from FY 2022/2023) (\$470,000)
- SW Canyon Drive – Highland Avenue to Quartz Avenue (carried forward from FY 2022/2023) (\$26,000)
- Eastside Arterial – SW 19th Street/Airport Way Roundabout (carried forward from FY 2022/2023) (\$100,000)
- NW Cedar Avenue/NW Birch Avenue – 6th Street to 10th Street (\$300,000)
- Central Dry Canyon Park (\$680,000)
- Future Projects (\$100,000)

Staff addressed questions throughout the presentation.

iii. Wastewater

Troy Baker declared a conflict of interest on the Wastewater Fund.

Mr. Neff stated that the operating budget for the Wastewater Fund is \$5.8 million with 13.4 FTE. He explained there is a 3 percent rate increase proposed for FY 2023/2024 as well as a SDC Rate study. Expenditures are estimated at \$28.8 million.

Mr. Neff shared that the total change in fund balance (operating surplus) increased by \$0.8 million and that the estimated future Annual Debt Service for the Redmond Wetlands Complex (RWC) is \$2.8 million, of which \$1.8 million is non-SDC eligible and will fall on rate payers. He discussed the financial feasibility for the RWC.

Wastewater Division Manager Ryan Kirchner provided an update on the RWC which is estimated to cost \$70 million and is necessary to meet future growth needs.

FY 2023/2024 Wastewater Fund capital projects consist of the following:

- Yew Avenue Pump Station Upgrade (carried forward from FY 2022/2023) (\$500,000)
- SW Reservoir Drive/SW Wickiup Avenue - 39th Street to Helmholtz Way (carried forward from FY 2022/2023) (\$300,000)
- Eastside Arterial: SW 19th Street/Airport Way – Roundabout (carried forward from FY 2022/2023) (\$200,000)
- Northpoint Sewer Lateral (grant funded) (\$980,000)
- RWC (funding from a DEQ Loan; primarily repaid through SDCs) (\$20,000,000)

FY 2023/2024 equipment purchases consist of the following:

- Roll-Off Dump Truck (\$135,000) (purchase carried forward from FY 2023/2023)
- Two Administrative SUVs (\$77,000) (one purchase carried forward from FY 2023/2023)

Mr. Kirchner shared other notable budget items which include \$175,000 for a Collection System Master Plan update, one position less than FY 2022/2023 budget due to attrition that will not be backfilled because of the RWC, \$207,000 for irrigation site maintenance, and \$365,000 for lab supplies and chemicals.

iv. Stormwater

Mr. Neff stated the Stormwater Fund has an operating budget of \$1.4 million with 3.7 FTE. There is a 1 percent rate increase planned for FY 2023/2024. Expenditures are estimated at \$2.0 million.

FY 2023/2024 equipment purchases consist of the following:

- Roll-Off Dump Truck (\$81,000) (purchase carried forward from FY 2023/2023)
- Two Administrative SUVs (\$33,000) (one purchase carried forward from FY 2023/2023)

FY 2023/2024 Stormwater Fund capital projects consist of the following:

- SW Canyon Drive/SW Indian Avenue – Outfall (\$45,000)
- SW Umatilla Avenue/SW 6th Street – Drywell (\$40,000)
- SW Quartz Avenue/SW 33rd Street – Drywells (\$60,000)
- SW 1st Street/SW 4th Street – Drywell (\$40,000)
- SW Obsidian Lane/SW 34th Street – Drywell (\$148,000)
- SW Bentwood Drive (part of SW Reservoir Drive/SW Wickiup Avenue project) (\$21,000)
- SW Antelope Avenue/SW Badger Avenue and SW 40th Street/SW 42nd Street (\$150,000)
- S Canal Boulevard/South Heights Avenue – Drywell (\$46,000)

Staff addressed questions throughout the presentation.

C. Other Funds

i. Engineering

Mr. Neff stated the Engineering Fund has an operating budget of \$2.5 million with 12 FTE. Sixty-nine percent of resources come from internal services and projects while 31 percent comes from external development fees. Expenditures are estimated at \$2.2 million.

City Engineer Jessica MacClanahan stated the FY 2023/2024 budget assumes a 6.3 percent fee increase from FY 2022/2023 and a slight increase in development trends. She shared that notable budget items include \$138,000 for a new GIS (Geographic Information Systems) Analyst.

Staff addressed questions throughout the presentation.

Chair Neary closed the public hearing.

DISCUSSIONS & MOTIONS

Shannon Wedding declared a conflict of interest and recused herself from voting on the budget.

Ed Fitch moved, seconded by Kathryn Osborne, that the City of Redmond Budget Committee approve the proposed Fiscal Year 2023/2024 budget, as well as taxes for Fiscal Year 2023/2024 at the rate of \$4,4101 per \$1,000 of assessed value for operating purposes, and in the amount of \$2,176,844 for payment of General Obligation bond principal and interest. [No vote was taken.]

Cat Zwicker moved to amend the motion, seconded by Tobias Colvin, that the City of Redmond Budget Committee approve the proposed Fiscal Year 2023/2024 budget, as well as taxes for Fiscal Year 2023/2024 at the rate of \$4.41[01] per \$1,000 of assessed value for operating purposes, and in the amount of \$2,176,844 for payment of General Obligation bond principal and interest. (Baker-yes, Colvin-yes, Evelyn-yes, Fitch-yes, McAdams-yes, Meadows-yes, Neary-yes, Nielsen-yes, Osborne-yes, Oslund-yes, Stauder-yes, Wedding-recused, Young-yes, Zwicker-yes)

CALL TO ORDER – CITY OF REDMOND URBAN RENEWAL AGENCY BUDGET COMMITTEE

Mayor Fitch called to order the Redmond Urban Renewal Agency Budget Committee meeting at 9:05 p.m. A quorum was present.

ELECTION OF OFFICERS

A. Chair

Tobias Colvin moved, seconded by Cat Zwicker, to nominate Sean Neary as Chair of the Urban Renewal Agency Budget Committee, motion passed. (Baker-yes, Colvin-yes, Evelyn-yes, Fitch-yes, McAdams-yes, Meadows-yes, Neary-yes, Nielsen-yes, Osborne-yes, Oslund-yes, Stauder-yes, Wedding-yes, Young-yes, Zwicker-yes)

B. Secretary

Chair Neary moved, seconded by Cat Zwicker, to nominate Lisa Young as Secretary of the Urban Renewal Agency Budget Committee, motion passed. (Baker-yes, Colvin-yes, Evelyn-yes, Fitch-yes, McAdams-yes, Meadows-yes, Neary-yes, Nielsen-yes, Osborne-yes, Oslund-yes, Stauder-yes, Wedding-yes, Young-yes, Zwicker-yes)

ADJOURN – CITY OF REDMOND BUDGET COMMITTEE

Chair Neary formally adjourned the City of Redmond Budget Committee at 9:05 p.m.

COMMENTS FROM CITIZENS AT THE MEETING

There were no comments from the public.

PUBLIC HEARINGS – URBAN RENEWAL AGENCY BUDGET

Chair Neary opened the public hearing on the Urban Renewal Agency's Budget for FY 2023/24.

A. Downtown Urban Renewal District Budget

Urban Renewal Program Manager Chuck Arnold explained the purpose of Urban Renewal Districts and described freezing the tax base, available funds for the District, and revenue sharing. He stated the total budget is \$8.8 million with 2.5 contracted FTE employees. Resources are derived from the Development Fund balance (\$5.9 million) and property tax increment excess (\$3.1 million). Expenditures are estimated at \$8.8 million. Mr. Arnold explained the annual Downtown Urban Renewal District tax base has grown by 6 percent per year.

The FY 2023/2024 Downtown Urban Renewal District's revenue sharing estimates by taxing districts (total \$1,381,527) are:

- Redmond School District (\$448,000, 32 percent)
- City of Redmond (\$393,000, 29 percent)
- Redmond Fire and Rescue (\$156,000, 11 percent)
- Deschutes County (\$109,000, 8 percent)
- Deschutes County Sheriff's Office (\$96,000, 7 percent)
- Central Oregon Community College (\$55,000, 4 percent)
- Deschutes County Library (\$49,000, 4 percent)
- Redmond Area Park and Recreation District (\$33,000, 2 percent)
- Deschutes County 911 (\$32,000, 2 percent)
- High Desert Education Service District (\$9,000, 1 percent)
- Deschutes County 4-H (\$2,000, 0 percent)

The Downtown Urban Renewal District projects budget for FY 2023/24 is:

- Property Assistance Program (\$0.3 million)
- Housing Development Opportunity Fund (\$2 million)
- Restaurant Capital Improvements (\$0.1 million)
- Alternative Mobility (\$0.5 million)
- Business/Medical Park Development (\$0.3 million)
- Industrial Opportunity (\$0.1 million)
- Redevelopment Opportunity Fund (\$2.8 million)

Staff addressed questions throughout the presentation.

B. South 97 Urban Renewal District Budget

Mr. Arnold stated that the total budget for the South 97 Urban Renewal District is \$107,000 with 0.5 contracted FTE. Resources are derived from the Development Fund (currently \$0.2 million) and property tax increment excess (\$0.7 million). Expenditures are estimated at \$0.1 million.

Staff addressed questions throughout the presentation.

There being no comments from the public, Chair Neary closed the public hearing.

DISCUSSION & MOTIONS

Ed Fitch moved, Clifford Evelyn seconded, that the City of Redmond Urban Renewal Agency Budget Committee approve the proposed Fiscal Year 2023/24 budget, including approximately 69% collection of division taxes, using a tax increment assessed value of \$206,284,653, for the Downtown Urban Renewal

