

SECOND MEETING OF THE CITY OF REDMOND BUDGET COMMITTEE WAS HELD VITRUALLY ON MAY 5, 2021, VIA GOTOMEETING.

BUDGET COMMITTEE MEMBERS PRESENT: Troy Baker – Jon Bullock – Krisanna Clark-Endicott – James Cook – George Endicott – Clifford Evelyn – Phillip Meagher – Aubrey Oslund – Ron Osmundson – Jay Patrick (arrived at 7:00 p.m.) – Shannon Wedding – Lisa Young – James Wood

BUDGET COMMITTEE MEMBERS ABSENT: Ed Fitch

STAFF PRESENT: City Manager Keith Witcosky – Deputy City Manager John Roberts – City Attorney Keith Leitz – Airport Director Zachary Bass – Chief Financial Officer Jason Neff – City Engineer Mike Caccavano – Accounting and Financial Reporting Director Brooks Slyter – Police Chief Dave Tarbet – Public Works Director Bill Duerden – City Recorder Kelly Morse – IT Specialist Sheri Cleveland – Urban Renewal/Economic Development Programs Manager Chuck Arnold – Urban Renewal Program Analyst Meghan Gassner – Water Utilities Manager Joshua Wedding – Police Captain Devin Lewis – Wastewater Division Manager Ryan Kirchner

MEDIA PRESENT: None

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

Redmond Budget Committee Chair Young called to order the Redmond Urban Renewal Agency Budget Committee meeting at 6:00 p.m. A quorum was present.

ELECTION OF OFFICERS

A. Chair

George Endicott moved, there was no second, to nominate Lisa Young as Chair of the Urban Renewal Agency Budget Committee, motion passed. (Baker-yes, Bullock-yes, Clark-Endicott-yes, Cook-yes, Endicott-yes, Evelyn-yes, Fitch-absent, Meagher-yes, Oslund-yes, Osmundson-yes, Patrick-absent, Wedding-yes, Wood-yes, Young-yes)

B. Secretary

George Endicott moved, there was no second, to nominate James Cook as Secretary of the Urban Renewal Agency Budget Committee, motion passed. (Baker-yes, Bullock-yes, Clark-Endicott-yes, Cook-yes, Endicott-yes, Evelyn-yes, Fitch-absent, Meagher-yes, Oslund-yes, Osmundson-yes, Patrick-absent, Wedding-yes, Wood-yes, Young-yes)

COMMENTS FROM CITIZENS AT THE MEETING

There were no comments from the public.

PUBLIC HEARINGS – URBAN RENEWAL AGENCY BUDGET

A. Downtown Urban Renewal District Budget

Chair Young opened the Public Hearing.

City Manager Keith Witcosky explained how Urban Renewal Districts are designed to work in terms of revenue sharing. Chief Financial Officer Jason Neff stated that the Urban Renewal District budget consists of the Debt Service Fund and the Development Fund and usually carries over a fund balance of

approximately \$3 million. The property tax increment within the Downtown Urban Renewal District has grown approximately 6 percent.

The total budget is \$10.4 million with 2.5 contracted Full Time Equivalent (FTE) employees. Project resources are derived from a Development Fund balance of \$3.1 million, property tax increment excess of \$2.9 million, and bond issuance in Fiscal Year (FY) 2021-2022 of \$7.9 million. Economic Development/Urban Renewal Programs Manager Chuck Arnold Project explained that expenditures are approximately \$10.3 million and includes the following:

- Property Assistance Program (\$0.3 million)
- Housing Development Opportunity Fund (\$2.4 million)
- Restaurant Capital Improvements (\$0.1 million)
- Business/Medical Park Development (\$0.7 million)
- Industrial Opportunity (\$0.1 million)
- Redevelopment Opportunity Fund (\$4.5 million)
- Evergreen Streetscape Improvements (\$0.1 million)
- Public Parking (\$0.1 million)

Staff addressed questions from the Committee throughout their presentation.

B. South 97 Urban Renewal District Budget

The total budget for the South 97 Urban Renewal District is \$185,000 with 1 contracted FTE. Project resources are derived from a Development Fund (currently \$0.0 million) and property tax increment excess (\$0.2 million). Anticipated expenditures are approximately \$0.2 million for administration. Mr. Arnold said the goals of this district are to improve the safety, address congestion and mobility, and economic vitality within the district. Intentions are to hire a transportation/mobility planner to coordinate the district's work. An advisory committee will also be established.

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

DISCUSSIONS & MOTIONS

George Endicott moved, seconded by Clark-Endicott, that the City of Redmond Urban Renewal Agency Budget Committee approve the proposed Fiscal Year 2021/22 budget, including approximately 78% collection of division taxes, using a tax increment assessed value of \$193,436,379, for the Downtown Urban Renewal district and 100% collection of division taxes for the South 97 Urban Renewal district, motion passed. (ROLL CALL VOTE: Baker-yes, Bullock-yes, Clark-Endicott-yes, Cook-yes, Endicott-yes, Evelyn-yes, Fitch-absent, Meagher-yes, Oslund-yes, Osmundson-yes, Patrick-absent, Wedding-yes, Wood-yes, Young-yes)

ADJOURN – CITY OF REDMOND URBAN RENEWAL AGENCY BUDGET COMMITTEE

Chair Young adjourned the Redmond Urban Renewal Agency Budget Committee meeting at 6:30 p.m.

RECONVENE – CITY OF REDMOND BUDGET COMMITTEE

Chair Young reconvened the Redmond Budget Committee at 6:30 p.m.

STAFF PRESENTATIONS

A. Updates

Mr. Witcosky followed up on the items below from the April 28, 2021, budget committee meeting:

- Central Dry Canyon infrastructure project and timeline. Final design is estimated to be completed in spring 2022.
- Redmond Area Parks and Recreation District boundary, facilities, and functions.
- Construction cost estimate classification table and how staff uses this information to provide a confidence level on future projects.

B. Redmond Convention Visitor's Bureau (CVB)

Chamber and Convention Visitors Bureau (CVB) Executive Director Eric Sande shared information about the Chamber and CVB then introduced tourism consultant Lynette Brillard who provided an overview of their strategic plan and annual marketing plan. The latest tourism statistics from the Oregon Tourism Commission indicate visitors to Central Oregon are spending the following:

- \$1,022 billion in total direct travel spending
- \$47.5 million generated in local and state taxes
- \$270.5 million on accommodations
- \$258 million on food service
- \$71.6 million at food stores
- \$97.6 million on art, entertainment, and recreation
- \$96.6 million on retail sales
- \$95 million on gas & local transportation
- \$45.8 million on air transportation

Ms. Brillard explained that tourism generated \$891,565 in Transient Lodging Tax (TLT) in FY 2019/20. Hotels and flights were significantly impacted due to COVID-19 which is expected to result in a total loss of state and local tax revenue of \$171.7 million. Because of COVID-19, Americans started new activities such as running, cycling, and hiking. Outdoor recreation drives commerce with consumers spending \$16.4 billion annually in Oregon.

In FY 2020-21 (through March 15, 2021), the CVB has had more than 784,042 total marketing campaign impressions, 55,037 total website impressions, 242,123 paid social media impressions and 22,382 Google ad campaign impressions. Ms. Brillard reviewed the CVB's marketing highlights, goals/objectives, strategies, and budget for FY 2021-2022, noting they were conservative again this year in creating the budget.

Mr. Sande and Ms. Brillard addressed questions and comments from the committee regarding marketing Redmond at other airports, the partnership with Visit Bend, hotel occupancy rates, purchasing vacancy rate data, CVB versus Chamber staffing levels, use of the term "slush fund" for excess TLT, and breakdown of TLT by leisure travelers versus marginalized residents or use on an emergency basis.

Mr. Neff shared that the budget is estimated on receiving \$1.2 million in lodging tax. Of the funds received, 71 percent (\$821,284) goes into the General Fund, 27 percent (\$315,890) would go to the CVB per the contract, and 2 percent (\$19,564) is allocated for tourism related facility. Mr. Witcosky described the lodging tax cycle noting that staff will not know the actual funds received until July 2021. Budget Committee member James Cook recommended holding the sub fund until the next budget year, then allow the budget committee to determine how the funds should be spent.

PUBLIC HEARING – CITY OF REDMOND BUDGET

Chair Young reopened the public hearing. Committee member Shannon Wedding declared a potential conflict of interest on the Water Fund because her spouse works in the City's Water Division; however, it should not preclude her from asking questions and making comments. Committee member Troy Baker declared an actual conflict of interest on the Wastewater Fund and will recuse himself from participating in the discussion for that fund.

A. Enterprise Funds

i. Golf

Mr. Neff stated the operating budget for the Golf Fund is \$1.9 million, with 8+ non-City seasonal employees. Resources are received from Green Fees (\$590,956, 31 percent), Food & Beverage (\$445,648, 24 percent), Membership (\$383,985, 20 percent), Carts (\$265,029, 14 percent), Merchandise (\$128,917, 7 percent), Driving Range (\$59,071, 3 percent), and Lessons (\$24,900, 1 percent). Expenditures are estimated at \$2.3 million. Infrastructure projects needed at Juniper Golf Course for FY 2021/2022 are the driving range tee (\$15,000), tees leveling (current FY through FY 2025/2026, \$75,000), and irrigation (current FY through FY 2025/2026, \$100,000). The fund currently has at least a 40-day contingency.

ii. Airport

Airport Director Zachary Bass stated the Airport Fund has an operating budget of \$9.1 million with 29.5 FTE. No new employees are planned for FY 2021/2022. Resources are received from parking (\$2.6 million, 24 percent), landing fees (\$1.6 million, 15 percent), Passenger Facility Charges (PFC) (\$1.4 million, 12 percent), rental cars (\$1.2 million, 11 percent), US Forest Service leases (\$1.1 million, 10 percent), space usage fees (\$0.7 million, 6 percent), Customer Facility Charge (\$0.5 million, 4 percent), security fees (\$0.3 million, 3 percent), general aviation (\$0.5 million, 5 percent), concessions (\$0.3 million, 2 percent), fuel flowage (\$0.2 million, 2 percent), and all other sources (\$0.7 million, 6 percent). Expenditures are estimated at \$22.8 million. Mr. Bass reviewed statistics for enplanements which are budgeted to be at 70 percent of the pre-COVID peak, but still a 36 percent increase from FY 2020/2021. The costs per enplanement are budgeted at \$6.76. There are \$11 million in capital projects planned for FY 2021/22. Those projects include the Terminal Expansion Planning and Design (\$1.7 million), Quick Turn Around (QTA) Rental Car Facility (\$2 million), and the Taxiway F Reconstruction (\$7.4 million). Other notable budget items include \$500,000 for a World War II hangar apron and study, \$1 million for a loader and dump truck, and \$500,000 for stormwater mitigation and terminal electricity feed.

Staff addressed questions from the committee regarding new flight destinations and revenue from parking planes overnight.

iii. Water

Mr. Neff explained the budget assumes a proposed increase of 3 percent to water rates effective July 2021. The Water Fund has an operating budget of \$5.1 million with 12.5 FTE; no new positions are planned for FY 2021/2022. A System Development Charges (SDC) Rate Study will occur in FY 2021/2022. The Ending Fund Balance for Water Operations has decreased over the past two years because of the automated meter replacement but is beginning to level out.

Water Division Manager Joshua Wedding spoke to the demand on the City's water system noting that summer usage is nearly six times higher than other months. In 2018, the peak demand was 14.8 million gallons per day. The current capacity is 15.1 million gallons per day which will increase to 19.8 million gallons per day after the South Redmond Water Facility (SRWF) comes online. Mr. Wedding shared detail on the SRWF and high-pressure zones within the City.

Questions from the committee focused on when/if rate increases cease, COVID-19 effects on revenue from Utility Billing collections, infrastructure and education on water conservation, and the ability of water customer to monitor their near real-time water usage using AquaHawk on the City's website. Other notable budget items include a hydro excavator (\$561,000) and pumping electricity (\$690,000).

The Committee took a break at 8:15 p.m. and resumed at 8:25 p.m. The consensus of the Committee was to continue with the Wastewater and Stormwater funds then move the agenda item for Other Funds to the May 6 budget meeting.

