

SECOND MEETING OF THE CITY OF REDMOND BUDGET COMMITTEE WAS HELD VITRUALLY ON JUNE 3, 2020, VIA GOTOMEETING.

BUDGET COMMITTEE MEMBERS PRESENT: Bill Braly – Jon Bullock – Albert Calderon – James Cook – Edwin Danielson – George Endicott (arrived at 6:25 p.m.) – Camden King – Ginny McPherson – Aubrey Oslund – Jay Patrick – Bud Prince – James Wood – Lisa Young

BUDGET COMMITTEE MEMBERS ABSENT: Krisanna Clark-Endicott

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 Manager Sheri Cleveland – Urban Renewal/Economic Development Programs Manager Chuck Arnold – Water Utilities Manager Joshua Wedding

MEDIA PRESENT: None

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

Redmond Budget Committee Chair Braly 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

Ginny McPherson moved, seconded by Bud Prince, to nominate Bill Braly as Chair of the Urban Renewal Agency Budget Committee, motion passed. (Yes - Bill Braly, Jon Bullock, Albert Calderon, James Cook, Edwin Danielson, Camden King, Ginny McPherson, Aubrey Oslund, Jay Patrick, Bud Prince, James Wood, Lisa Young; No - None; Absent - Krisanna Clark-Endicott, George Endicott)

B. Secretary

Ginny McPherson moved, seconded by James Wood, to nominate Bud Prince as Secretary of the Urban Renewal Agency Budget Committee, motion passed. (Yes - Bill Braly, Jon Bullock, Albert Calderon, James Cook, Edwin Danielson, Camden King, Ginny McPherson, Aubrey Oslund, Jay Patrick, Bud Prince, James Wood, Lisa Young; No - None; Absent - Krisanna Clark-Endicott, George Endicott)

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 Braly opened the Public Hearing.

Chief Financial Officer Jason Neff explained that the Urban Renewal District budget consists of the Debt Service Fund and the Development Fund.

The total budget is \$13.8 million with 2.5 contracted full time employees. Project resources are derived from a Development Fund balance of \$6 million, property tax increment excess of \$1.7 million, and bond issuance in late Fiscal Year (FY) 2020-2021 of \$7.9 million. Economic Development/Urban Renewal Programs Manager Chuck Arnold Project explained that expenditures are approximately \$11.4 million and include the following:

- Property Assistance Program (\$0.4 million)
- Housing Development Opportunity Fund (\$3.7 million)
- Restaurant Capital Improvements (\$0.1 million)
- Business/Medical Park Development (\$0.7 million)
- Industrial Opportunity (\$0.2 million)
- Redevelopment Opportunity Fund (\$4.2 million)
- Public Parking (\$2.1 million)

Staff addressed questions from the Committee on funding for a South US 97 Urban Renewal District, land acquisition within the Downtown Urban Renewal District, and district boundaries. At this point in the meeting, Budget Committee Member George Endicott joined the meeting.

Mr. Neff explained that property tax increment within the Downtown Urban Renewal District has grown approximately 9 percent per year which is ample funding to cover the debt payment.

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

DISCUSSIONS & MOTIONS

Jay Patrick moved, seconded by Ginny McPherson, that the City of Redmond Urban Renewal Agency Budget Committee approve the proposed Fiscal Year 2020/21 budget including 100% collection of division taxes for the Downtown Urban Renewal District, motion passed. (Yes - Bill Braly, Jon Bullock, Albert Calderon, James Cook, Edwin Danielson, George Endicott, Camden King, Ginny McPherson, Aubrey Oslund, Jay Patrick, Bud Prince, James Wood, Lisa Young; No - None; Absent - Krisanna Clark-Endicott)

ADJOURN – CITY OF REDMOND URBAN RENEWAL AGENCY BUDGET COMMITTEE

Chair Braly adjourned the Redmond Urban Renewal Agency Budget Committee meeting at 6:28 p.m.

RECONVENE – CITY OF REDMOND BUDGET COMMITTEE

Chair Braly reconvened the Redmond Budget Committee at 6:28 p.m.

COMMENTS FROM STAFF

Mr. Neff announced the Committee would receive presentations from the Redmond Chamber of Commerce (Chamber) and Redmond Economic Development, Inc. (REDI).

Chamber and Convention Visitors Bureau (CVB) Executive Director Eric Sande introduced tourism consultant Lynette Brailard who provided an overview the Chamber and CVB's strategic plan and annual marketing plan. The latest tourism statistics indicate visitors to Central Oregon are spending the following:

- \$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. Brailard explained that outdoor recreation drives commerce with consumers spending \$887 billion nationwide. Annually in Oregon, outdoor recreation generates \$16.4 billion in spending as well as \$749 million in state and local tax revenue. COVID-19 travel sentiments indicate 53 percent of American travelers expect they will be traveling in the fall and that travel perceived to be safe includes outdoors and drive markets. The Chamber has developed a three step COVID-19 Protocol and Recovery Plan for establishing safety protocols, communicating safety protocols, and marketing post COVID-19 for FY 2020-2021. Ms. Brailard reviewed the Chamber's marketing highlights, goals/objectives, and budget for FY 2020-2021, noting they were conservative in creating the budget because of COVID-19's effect on their revenue.

Mr. Sande and Ms. Brailard addressed questions and comments from the committee regarding creation of tourism related employment and higher paying jobs, altered strategies in digital media and group sales due to COVID-19, impact group sales can have on COVID-19, and occupancy rates.

REDI Senior Director Jon Stark provided an over of REDI's history, current staff, and key focus which is industry development for traded sector jobs. REDI's Strategic Plan identifies work in the following areas:

- Business Development (recruitment, retention, and expansion)
- Business Environment (policy, workforce, and development of industrial space)
- Sustainable Operations (organizational development, financial sustainability, and marketing)

Mr. Stark review REDI's budget noting that some reserves will be used to make up for the anticipated 10 percent attrition rate for private sector investment. In the past 10 years, REDI has assisted with 56 projects resulting in 2,073 jobs created and a capital investment totaling \$108,415,182. In addition to being a key community partner, REDI manages the Greater Redmond Enterprise Zone, has consulted on nearly all major traded sector investments over the past two decades, serves as an industrial real estate expert, and aides in workforce development through the REDI internship program and manufacturing technology education at Redmond's high schools and Central Oregon Community College. REDI currently has 30 pending projects which could result in 930 jobs and a possible investment of \$132 million.

Mr. Stark answered questions regarding the time length for projects in the pipeline, the effect any additional funding may or may not have on additional/missed opportunities, and state policy barriers to economic development.

PUBLIC HEARING – CITY OF REDMOND BUDGET

Chair Braly opened the public hearing.

A. General Operating Funds

i. Community Development

Mr. Neff stated the Community Development Fund has an operating budget of \$4.1 million with 21.5 full-time employees. Resources from business licenses and building/planning permits are anticipated to decline by 30 percent, from FY 2019/2020 trends, due to the impact of COVID-19. Materials and Services includes approximately \$20,000 for new code compliance software. The Building Sub Fund is projected to maintain a \$65,000 budget operating surplus despite the anticipated 30 percent decline in revenue, leaving a 20-month operating contingency and reserve. The Current Planning Sub Fund is projected to break even this year with an operating deficit of \$154,000 and only a 11-month operating contingency and reserve.

Deputy City Manager John Roberts reviewed statistics for single family dwelling permits, commercial permits, and building inspections. Notable budget items include \$57,000 for a housing program analyst, and \$50,000 for the Skyline Village Pilot Project. Staff addressed questions on completing the land use entitlements associated with Skyline Village, timeline for hiring the housing program analysis, and single-family housing availability.

B. Enterprise Funds

i. Airport

Mr. Neff stated the Airport Fund has an operating budget of \$8.5 million with 29.5 full-time employees. Resources are received from parking (\$3.8 million), Passenger Facility Charges (PFC) (\$1.4 million), landing fees (\$1.5 million), rental cars (\$1.2 million), US Forest Service leases (\$1.1 million), space usage fees (\$1 million), Customer Facility Charge (\$0.7 million), security fees (\$0.3 million), general aviation (\$0.5 million), concessions (\$0.3 million), fuel flowage (\$0.3 million), and all other (\$0.6 million). There's been a \$3 million combined decrease in projections for parking, PFCs, landing fees and rental cars. The fund balance for Fiscal Year (FY) 2019/2020 is projected to be down \$0.8 million without CARES funding and up \$3 million with CARES funding. In response to questions from Budget Committee member Lisa Young, Mr. Neff stated things like debt service payments and any/all operating costs can be reimbursed by CARES funds.

Airport Director Zachary Bass reviewed statistics for enplanements which have been down as much as 96 percent during COVID-19. Pre-COVID enplanements were estimated at 540,000; the FY 2020/2021 budget is conservatively based on 359,000 enplanements. There are \$18 million in capital projects planned for the upcoming FY. Those projects include the Snow Removal Equipment Building (\$6 million), Quick Turn Around (QTA) Rental Car Facility (\$6.7 million), and the Taxiway F Reconstruction (\$4.8 million). Other notable budget items include \$2.8 million in expenses removed from the draft budget due to COVID-19, \$1.4 million for two multi-task snow removal vehicles, \$300,000 for the terminal area plan, and \$59,000 for an advertising/marketing position. Staff addressed questions from the committee regarding the Airport's COVID-19 cleaning policy, future forecasting concerns, items eliminated from the budget, the QTA facility and impacts on Redmond's privately owned car wash facilities, and the proposed marketing position.

ii. Water

Mr. Neff explained the budget assumes a proposed increase of 4 percent to water rates and 3 percent to sewer rates effective January 2021.

The Water Fund has an operating budget of \$5.3 million with 12.5 full-time employees. Public Works Director Bill Duerden explained the budget proposes conducting a rate study to ensure costs are being allocated appropriately to users, to identify a structure that would encourage conservation, and to review the System Development Charges for water and wastewater. Costs for the study would be split between wastewater and stormwater. Mr. Neff explained the decrease in revenue from water sales noting that the budget will now reflect a rolling 5-year average. Water Division Manager Joshua Wedding explained the water conservation program noting that it allows the curve to be flattened so infrastructure costs can be lowered.

The Water Operations Sub-Fund is projected to be down \$350,000 with a break-even factor of 12 percent. In response to questions from Committee member Young, Accounting and Financial Reporting Director Brooks Slyter explained there has been a small increase in unpaid bills over the past two months due to COVID-19, equaling approximately \$58,000 unpaid out of the \$1.5 million billed in May.

Because of its importance, the South Redmond Water Facility project will use \$1.9 million normally allocated for pipeline replacement.

Other notable budget items include meter replacement (\$565,000) and pumping electricity (\$640,000).

iii. Wastewater

The Wastewater Fund has an operating budget of \$4.8 million with 14.42 full-time employees. Mr. Neff explained that even though the budget for this fund is expected to have a surplus of \$11,000, a rate increase is necessary due to the upcoming Water Pollution Control Facility (WPCF) expansion project. Mr. Duerden shared that the WPCF expansion is needed because many processes within the WPCF are nearing capacity with full capacity expected in the next 3-5 years. Staff is currently conducting a feasibility study to determine the most effective way to use the existing WPCF site as well as the irrigation site located just outside of Redmond. The Wastewater budget has \$4 million allocated for design with 85-90 percent of the \$35-\$45 million project funded by a Department of Environmental Quality loan. Notable budget items include \$500,000 for a Jetter/Vacuum Truck, and \$160,000 heavy duty service truck.

iv. Stormwater

Mr. Neff stated the Stormwater Fund has an operating budget of \$1.1 million with 4.58 full-time employees. The sub-fund is projected to have a deficit of \$42,000 for FY 2019/2020 but projected to have a surplus of \$29,000 in FY 2020/2021. Mr. Neff addressed questions regarding why there is no change in personnel services despite Stormwater staff receiving a cost of living increase.

C. Other Funds

i. Engineering

Mr. Neff stated the Engineering Fund has an operating budget of \$1.7 million with 10 full-time employees. Revenue is earned from internal services and projects (82 percent) and external development fees (18 percent). Development revenue is anticipated to decline by 30 percent from FY 2019/2020 trends.

ii. Capital Projects

Mr. Neff commented that the Capital Projects Fund is a pass-through fund for \$462,000 received via the Intermediate Opportunity Fund agreement with the Oregon Department of Transportation. The funds will be expended for the extension of SW 6th Street to SW Reindeer Avenue.

ii. LID Debt Service

Mr. Neff explained the LID Debt Service Fund houses is for the Kingwood Local Improvement District. After FY 2020/2021, there will be \$415,000 in resources available for only \$364,000 in debt payments. Ultimately, this will result in these funds being transferred to the General Fund.

There being no testimony, Chair Braly closed the public hearing.

DISCUSSIONS & MOTIONS

Bud Prince moved, seconded by George Endicott, that the City of Redmond Budget Committee approve the proposed Fiscal Year 2020/21 budget, as well as taxes for Fiscal Year 2020/21 at the rate of \$4.4101 per \$1,000 of assessed value for operating purposes, motion passed. (Yes - Bill Braly, Jon Bullock, Albert Calderon, James Cook, Edwin Danielson, George Endicott, Camden King, Ginny McPherson, Aubrey Oslund, Jay Patrick, Bud Prince, James Wood, Lisa Young; No - None; Absent - Krisanna Clark-Endicott)

ADJOURN – CITY OF REDMOND BUDGET COMMITTEE

There being no further business, Chair Braly adjourned the Redmond Budget Committee meeting at 8:32 p.m.

Respectfully submitted,

<u>/s/ Bud Prince</u>	<u>9/22/20</u>
Bud Prince	Date
Urban Renewal Agency Budget Committee Secretary	
City of Redmond Budget Committee Secretary	