

**SECOND MEETING OF THE CITY OF REDMOND BUDGET COMMITTEE WAS HELD ON MAY 4, 2022, AT REDMOND CITY HALL IN CIVIC ROOMS 207/208.**

**BUDGET COMMITTEE MEMBERS PRESENT:** Troy Baker – Krisanna Clark-Endicott – George Endicott – Clifford Evelyn – Debra Meadows – Phillip Meagher – Aubrey Oslund – Ron Osmundson – Jay Patrick (arrived at 6:07 p.m.) – Lisa Young – Cat Zwicker (via conference call)

**BUDGET COMMITTEE MEMBERS EXCUSED:** Ed Fitch – Shannon Wedding

**STAFF PRESENT:** City Manager Keith Witcosky – Deputy City Manager John Roberts – City Attorney Keith Leitz – Airport Director Zachary Bass – Chief Financial Officer Jason Neff – Accounting and Financial Reporting Director Brooks Slyter – Police Chief Devin Lewis – Public Works Director Bill Duerden – City Recorder Kelly Morse – Streets Division Manager Brad Haynes – Parks Planner and Project Manager Maria Ramirez – 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 Mike Caccavano – Urban Renewal Programs Manager Chuck Arnold – Urban Renewal Program Analyst Meghan Gassner

**MEDIA PRESENT:** None

#### **CALL TO ORDER – CITY OF REDMOND BUDGET COMMITTEE**

Mayor Endicott called the 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 to nominate Phil Meagher as Chair of the Urban Renewal Agency Budget Committee, motion passed. (Baker-yes, Clark-Endicott-yes, Endicott-yes, Evelyn-yes, Fitch-absent, Meadows-yes, Meagher-yes, Oslund-yes, Osmundson-yes, Patrick-absent, Wedding-absent, Young-yes, Zwicker-yes)

##### **B. Secretary**

George Endicott moved to nominate Lisa Young as Secretary of the Urban Renewal Agency Budget Committee, motion passed. (Baker-yes, Clark-Endicott-yes, Endicott-yes, Evelyn-yes, Fitch-absent, Meadows-yes, Meagher-yes, Oslund-yes, Osmundson-yes, Patrick-absent, Wedding-absent, Young-yes, Zwicker-yes)

#### **COMMENTS FROM CITIZENS AT THE MEETING**

There were no comments from the public.

#### **PUBLIC HEARINGS – URBAN RENEWAL AGENCY BUDGET**

Chair Meagher opened the public hearing on the Urban Renewal Agency's Budget for Fiscal Year (FY) 2022/2023.

### **A. Downtown Urban Renewal District Budget**

Urban Renewal Program Manager Chuck Arnold explained why Urban Renewal Districts are needed and described freezing the tax base, available funds for the District, and revenue sharing.

The total budget is \$11 million with 2.5 contracted Full Time Equivalent (FTE) employees. Project resources are derived from the Development Fund balance of \$1.1 million, property tax increment excess of \$3 million, and bond issuance in late FY 2022-2023 of \$10 million. Expenditures are approximately \$10.9 million and includes the following allocations:

- Property Assistance Program (\$0.3 million)
- Housing Development Opportunity Fund (\$2.3 million)
- Restaurant Capital Improvements (\$0.1 million)
- Alternative Mobility (\$0.5 million)
- Business/Medical Park Development (\$0.5 million)
- Industrial Opportunity (\$0.1 million)
- Redevelopment Opportunity Fund (\$3.8 million)
- Public Parking (\$0.5 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 \$205,000 with 1 contracted FTE. Project resources are derived from the 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 stated the goals of this district are to improve safety, address congestion and mobility, and increase economic vitality within the district. Mr. Arnold noted the district is approximately four years away from being able to bond against the tax increment.

Staff addressed questions regarding the establishment of an advisory committee, federal grant opportunities, and maximum indebtedness.

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

### **DISCUSSION & MOTIONS**

**Jay Patrick moved, seconded by Krisanna Clark-Endicott, that the City of Redmond Urban Renewal Agency Budget Committee approve the proposed Fiscal Year 2022/2023 budget, including approximately 75% collection of division taxes, using a tax increment assessed value of \$197,541,777, for the Downtown Urban Renewal district and 100% collection of division taxes for the South 97 Urban Renewal District, motion passed. (Baker-yes, Clark-Endicott-yes, Endicott-yes, Evelyn-yes, Fitch-absent, Meadows-yes, Meagher-yes, Oslund-yes, Osmundson-yes, Patrick-yes, Wedding-absent, Young-yes, Zwicker-yes)**

### **ADJOURN – CITY OF REDMOND URBAN RENEWAL AGENCY BUDGET COMMITTEE**

Chair Meagher adjourned the Redmond Urban Renewal Agency Budget Committee meeting at 6:21 p.m.

### **RECONVENE – CITY OF REDMOND BUDGET COMMITTEE**

Chair Meagher reconvened the Redmond Budget Committee at 6:21 p.m.

## **STAFF PRESENTATIONS**

### **A. Updates**

Chief Financial Officer Jason Neff provided a high level overview on how the City's capital projects are funded. The FY 2022/2023 budget contains \$30 million in funding for capital projects from System Development Charges (SDC) (\$12.9 million, 43 percent), operating cash (\$8.7 million, 29 percent), grants (\$4.3 million, 14 percent), and debt (\$4.0 million, 14 percent).

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

### **B. Significant Capital Projects**

City Engineer Mike Caccavano reviewed the Capital Improvement Plan (CIP), highlighting the following significant capital projects for FY 2022/2023:

- SW 19<sup>th</sup> Street/Airport Way Roundabout (\$4 million)
- ADA Sidewalk Improvements (\$1.5 million)
- South Canyon Drive Improvements (\$1 million)
- NE 9<sup>th</sup> Street from NE Hemlock Avenue to E Antler Avenue (\$1.4 million)
- SW Salmon Avenue-Odem Medo Realignment (\$1.4 million)
- SW Reservoir Drive and Wickiup Avenue from SW 39<sup>th</sup> Street to Helmholtz Way (\$1.9 million)
- Well #9 (\$4 million)
- Redmond Wetlands Complex (RWC) (\$70 million)

Mr. Caccavano addressed questions regarding decommissioning Well #1, cost sharing for the 19<sup>th</sup> Street/Airport Way roundabout, and properties affected by the Odem Medo-Salmon Avenue realignment.

### **C. Redmond Economic Development, Inc.**

Redmond Economic Development, Inc. 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 is \$149,435 which represents a 4.5 percent increase over FY 2021/2022 and is in line with the Cost of Living Adjustment budgeted for the City's non-represented employees. From 2016-2021, REDI assisted with 40 projects resulting in 917 jobs created and a capital investment totaling over \$80 million. REDI currently has 29 pending projects which could result in 1,800 jobs and a possible investment of \$207 million. Mr. Curley described REDI's role in a business expansion/relocation project and shared statistics such as projects by industry and type, pipeline projects by number of employees.

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, serves as an industrial real estate expert, and aides in workforce development through the REDI internship program and manufacturing technology courses at Redmond's high schools and Central Oregon Community College.

Mr. Curley answered questions regarding fiber infrastructure and Redmond's ability to accommodate very large companies.

### **D. Redmond Convention Visitor's Bureau**

Redmond Chamber of Commerce and Convention Visitors Bureau (CVB) Executive Director Eric Sande shared the challenges they encountered as an organization during the pandemic.

Consultant Lynnette Brillard provided an overview of the strategic plan and annual marketing plan. The latest tourism statistics from the Oregon Tourism Commission indicate visitors to Central Oregon generate the following:

- \$1,056 billion in total direct travel spending
- \$308 million in total travel-generated earnings in Central Oregon
- \$55 million generated in local and state taxes
- 9,250 jobs created by travel spending in Central Oregon

Ms. Brillard explained that tourism has generated \$965,471 in Transient Lodging Tax (TLT) in Redmond since February 2022 and announced that an interactive graph showing occupancy data in Redmond is now available on the Chamber's website under Tourism. In addition, the CVB has created a new branding campaign with the tag line "hub of good times & unexpected finds".

Ms. Brillard presented the FY 2021/2022 year in review focusing on the CVB's marketing highlights, goals/objectives, strategies, budget for FY 2021/2022 and proposed budget for FY 2022/2023. Ms. Brillard stated that with additional funding, the CVB could do the following:

1. New event development, management, and production
2. Strategic ad campaign for activity and lodging packages
3. Strategic direct flight marketing campaigns
4. Art and culture awareness and additional collateral

Mr. Neff described the options available for the \$84,519 in TLT funds collected above the CVB contract. Those options for uses include:

1. CVB
2. Juniper Golf Course Debt Service (reduces the General Fund amount)
3. Juniper Golf Course (JGC) future facility upgrades
4. Reserve for later decision and defer to Council in the fall
5. Any combination of the above

Krisanna Clark-Endicott stated that JGC was an asset for the community during the pandemic and opined the additional TRT funds should go to support JGC. George Endicott concurred but would like to see the funds specifically go to pay down the JGC debt. Jay Patrick stated he would like to see \$50,000 go to the CVB; Ron Osmundson, Clifford Evelyn and Lisa Young concurred. Aubrey Oslund recommended allocating 10 percent to the CVB and put \$50,000 to JGC debt service. Ms. Clark-Endicott clarified that she intended her comments to reflect her support of paying down JGC debt, not blanketly giving funds to JGC to spend as they wish.

**Jay Patrick moved, seconded by Clifford Evelyn to have the Budget Committee give \$50,000 to the CVB and the remainder to the JGC debt service, motion failed. (Baker-no, Clark-Endicott-no, Endicott-no, Evelyn-yes, Fitch-absent, Meadows-yes, Meagher-no, Oslund-no, Osmundson-yes, Patrick-yes, Wedding-absent, Young-yes, Zwicker-no)**

Mr. Neff explained that if no other motion is brought forward, allocation of the additional funds will be determined by the Council at a future date.

## **PUBLIC HEARING**

Chair Meagher opened the public hearing. Troy Baker declared a conflict of interest on the Wastewater Fund.

## **A. General Operating Funds**

### **i. Transportation**

Mr. Neff stated the operating budget for the Transportation Fund is \$9.4 million, with 29 FTE. Resources come from the State Highway Fund (\$2.7 million, 44 percent), General Fund (\$2.5 million, 41 percent), Federal Surface Transportation Program (\$0.4 million, 7 percent), Grant Pass-Thru (\$0.2 million, 4 percent), Internal Charges for Services (\$0.2 million, 3 percent), and Other (\$0.1 million, 1 percent). Expenditures are anticipated at \$13.5 million.

Mr. Duerden stated that Redmond's streets have a Pavement Condition Index (PCI) of 84. Annual funding of \$1.5 million is needed to maintain the PCI at a level higher than the City's goal of 80. Notable budget items include \$800,000 for streetlight LED conversion and \$205,000 for two (2) vehicle technicians.

Equipment purchases for FY 2022/2023 include a Regenerative Street Sweeper (\$800,000), Public Works Administrative SUV (\$45,000), Fleet Services Electric Transit Van (\$55,000), TMA Safety Crash Attenuator (\$40,000), Crack Sealer (\$100,000), 5-yard Dump Truck (\$180,000), Cone Placement Vehicle (\$80,000), and a Service Truck (\$70,000).

Capital projects consist of the following:

- SW Salmon Avenue/Odem Medo Road: SW 19<sup>th</sup> Street to S Canal Boulevard
- SW Canyon Drive: Highland Avenue to Obsidian Avenue
- NW 9<sup>th</sup> Street/NW Maple Avenue Traffic Signal
- SW 19<sup>th</sup> Street/Airport Way Roundabout
- NW 4<sup>th</sup> Street: Elm Avenue to Hemlock Avenue
- NW Greenwood Avenue: 5<sup>th</sup> Street to Canal Boulevard
- NE 9<sup>th</sup> Street: Antler Avenue to Hemlock Avenue
- SW Reservoir Drive/Wickiup Avenue: 39<sup>th</sup> Street to Helmholtz Way
- SW 15<sup>th</sup> Street: Pumice Avenue to Quartz Avenue
- ADA Sidewalk Improvements
- Sage Elementary Safe Routes to School

Mr. Duerden addressed questions regarding the LED streetlight replacement, equipment life expectancy, and funds received from auctioning vehicles and equipment that have been declared surplus.

## **B. Enterprise Funds**

### **i. Golf**

Mr. Neff stated the operating budget for the Golf Fund is \$2.2 million, with 12+ non-City seasonal employees. Resources are received from Green Fees (\$757,887, 30 percent), Food & Beverage (\$672,132, 26 percent), Membership (\$503,631, 20 percent), Carts (\$353,151, 14 percent), Merchandise (\$131,133, 5 percent), Driving Range (\$73,900, 3 percent), and Lessons (\$65,800, 2 percent). Expenditures are estimated at \$2.6 million. Notable budget items include a \$308,000 positive operating cash flow, \$330,000 General Fund support for debt service (86 percent), \$220,000 for a pond liner replacement, and \$292,000 for infrastructure maintenance reserves.

Questions regarding the amount and cost of water needed for JGC, financial contribution for infrastructure, cost of bunker renovation, and debt service were answered following the presentation.

### **ii. Water**

Mr. Neff explained the budget assumes a proposed increase of 3 percent to water rates effective July 2022. The Water Fund has an operating budget of \$5.8 million with 12.5 FTE; no new positions are

planned for FY 2022/2023. An SDC Rate Study will be conducted in FY 2022/2023. The Ending Fund Balance for Water Operations has decreased over the past four years due to the automated meter replacement project, the South Redmond Water Facility, and Well #9; however, Mr. Neff noted it is expected to level out.

Water Utilities Manager Joshua Wedding stated the budget includes funds for the replacement of two service trucks with a combined cost of \$110,000. Notable budget items include \$1 million for pumping electricity (17 percent of Operations), \$1.7 million for pipe replacement, and \$150,000 for system control upgrades. Mr. Wedding stated that Well #9, which will be located near the dog park, offers the opportunity for the Water Division to work with the Parks Division on improvements. Water fund capital projects planned in FY 2022/2023 are as follows:

- SW Canyon Drive: Highland Avenue to Obsidian Avenue
- SW Salmon Avenue/Odem Medo Road: SW 19<sup>th</sup> Street to S Canal Boulevard
- NW 4<sup>th</sup> Street: Elm Avenue to Hemlock Avenue
- NW Greenwood Avenue: 5<sup>th</sup> Street to Canal Boulevard
- SW 15<sup>th</sup> Street: Pumice Avenue to Quartz Avenue
- SW Reservoir Drive/Wickiup Avenue: 39<sup>th</sup> Street to Helmholtz Way
- Forked Horn Butte Facility Improvements
- SW 19<sup>th</sup> Street/Airport Way Roundabout
- Well #9

Mr. Wedding and Mr. Neff addressed questions throughout their presentation.

### **iii. Wastewater**

The Wastewater Fund has an operating budget of \$5.1 million with 14.4 FTE; no new positions are requested. There is a 3 percent rate increase proposed for FY 2022/2023 as well as the SDC Rate study. Mr. Neff stated this fund has an operating surplus of \$800,000 which aids in closing the debt service gap of \$2 million. Wastewater Division Manager Ryan Kirchner commented the budget proposes a Roll-Off dump truck, an Administrative SUV (shared with the Stormwater Fund), and a Utility Terrain Vehicle. Notable budget items include \$80,000 for a Collection System Master Plan Update and a 3 percent reduction in Materials & Services based on methodology for existing plant maintenance. Mr. Kirchner updated the Committee on the Redmond Wetlands Complex (RWC) which is estimated to cost \$70 million and is necessary to meet future growth needs. Expansion of the current facility is limited by the Dry Canyon's walls. The RWC will incorporate lagoons rather than the current mechanical processing taking place. Capacity of the existing facility is 2.8 million gallons per day and the current treatment is 2.5 million gallons per day. Construction of the RWC is anticipated to be completed in 2025.

Capital projects for FY 2022/2023 are:

- N Canal Boulevard Asbestos Concrete Line Replacement
- Yew Avenue Pump Station Update
- Majestic Sewer Line Extension
- SW Reservoir Drive/Wickiup Avenue: 39<sup>th</sup> Street to Helmholtz Way
- SW 19<sup>th</sup> Street/Airport Way Roundabout
- Skyline Village Sewer Lateral (NE Negus Way)
- RWC

Mr. Kirchner answered questions during his presentation.

### **iv. Stormwater**

Mr. Neff stated the Stormwater Fund has an operating budget of \$1.2 million with 3.6 FTE. There is a 3 percent rate increase planned for FY 2022/2023. Mr. Kirchner identified notable budget items which

