



CITY OF MILWAUKIE



MILWAUKIE REDEVELOPMENT COMMISSION

APPROVED BUDGET BN 2019-2020



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BUDGET MESSAGE FOR FISCAL YEAR 2019 (BN 2019-2020)

April 17, 2018

To: Mayor Mark Gamba, Honorable Chair of the Milwaukie Redevelopment Commission
Members of the Milwaukie Redevelopment Commission
Members of the Budget Committee
Citizens of Milwaukie

I am pleased to present you with the Fiscal Year 2019 and 2020 Biennial proposed budget for the Milwaukie Redevelopment Commission (MRC). The MRC is the Urban Renewal Agency for the City of Milwaukie and is governed by the Commission, which is made up of the City of Milwaukie's City Council.

The Milwaukie City Council adopted an Urban Renewal Plan for the Downtown and Central Milwaukie areas on August 25, 2016 in order to provide economic development and place making tools and resources to help catalyze redevelopment in these areas.

As a matter of background, Urban Renewal allows cities to borrow against future tax increases in designated areas to create funds for infrastructure improvements or loans and grants to private entities to make development feasible in difficult locations. Urban renewal uses tax increment financing (TIF) to fund these projects. This means that the existing tax base for the urban renewal area is frozen and tax on the incremental assessed value within the plan area is allocated to the MRC. Tax revenue generated by the increment is used to execute projects or pay debt service issued to execute projects and activities outlined in the plan. Per the Clackamas County Tax Assessor this frozen base for the MRC was determined to be \$135,994,953. It is anticipated that the plan will take 29 years to implement and the MRC intends to not collect tax increment revenues after fiscal year end 2046. According to the plan, the maximum amount of indebtedness that may be issued for the plan is \$92,500,000. The current conservative estimate for MRCs budget is approximately \$213,000 in tax increment that will be generated during the biennium in addition to the \$93,000 projected to be realized in the current fiscal year. We are proposing that \$175,000 be appropriated for urban renewal programming which could include economic development activities such as tenant improvements, pre-development assistance, downtown main street improvements, and others. We propose a reserve fund of \$141,000 to begin saving for coverage ratios of future debt issuances (these amounts include an estimated \$10,000 in interest gained by the city). Staff is creating a matrix of potential representation on the citizens' (stakeholder) advisory committee to help inform the prioritization of projects and programming.

This budget is the MRCs financial plan for the biennium ending June 30, 2020. The budget is prepared based on the modified accrual basis of accounting and appropriated at the program level. This involves recognizing revenue when it becomes both available and measurable, rather than when it is earned. Expenditures, a term used instead of expenses for modified accrual accounting, are recognized when the related liability is incurred.

The MRC is managed by City staff and conforms to the same financial policies as the City. The City of Milwaukie is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability and full disclosure. The broad purpose of these Fiscal Policies is to enable the City to achieve and maintain a long-term stable and positive financial condition. These policies are adopted by the City Council as the basic framework for overall financial management of the City, to guide day-to-day and long-range fiscal planning and decision-making. The financial policies as adopted can be found in their entirety within the City's biennial budget.

Respectfully presented this 14th day of May, 2018.

Alma Flores

Alma Flores
Executive Director

MRC Urban Renewal Fund Summary

(Amounts in Thousands: \$100 = \$100,000)

	Actual FY 2015	Actual FY 2016	BN 2018			Budget BN 2018	BN 2020		
			Actual FY 2017	Estimate FY 2018	Total		Proposed Biennial Budget		
							FY 2019	FY 2020	Total
Resources									
Beginning Fund Balance	-	-	-	-	-	-	93	117	93
Property Taxes	-	-	-	92	92	130	95	117	212
Interest	-	-	-	1	1	-	4	6	10
Total Resources	\$ -	\$ -	\$ -	\$ 93	\$ 93	\$ 130	\$ 192	\$ 240	\$ 315

(Amounts in Thousands: \$100 = \$100,000)

	Actual FY 2015	Actual FY 2016	BN 2018			Budget BN 2018	BN 2020		
			Actual FY 2017	Estimate FY 2018	Total		Adopted Biennial Budget		
							FY 2019	FY 2020	Total
Requirements									
Urban Renewal Program									
Materials & Services	-	-	-	-	-	130	50	50	100
Capital Outlay	-	-	-	-	-	-	25	25	50
Contingency	-	-	-	-	-	-	25	25	25
Unappropriated Ending Fund Balance									
Reserve for Future	-	-	-	93	93	-	92	140	140
Total Requirements	\$ -	\$ -	\$ -	\$ 93	\$ 93	\$ 130	\$ 192	\$ 240	\$ 315