

# GARIBALDI URBAN RENEWAL AGENCY

## PROPOSED BUDGET FOR FISCAL YEAR 2013-2014

**Budget Committee Meeting  
Monday, May 6, 2013, 6:00 p.m.  
Garibaldi Community Hall**



**GARIBALDI URBAN RENEWAL AGENCY** (Est. June 19, 2006 by Ord. No. 292)  
Everett Brown, Chair + Suzanne McCarthy, Vice Chair + Joe Wrabek + Valerie Folkema  
Terry Kandle + John Foulk + Jerry Bartolomucci + Roberta Bettis + Marline Westerfield

### **BUDGET COMMITTEE MEMBERS**

Emmy Lou Orahood + Denise Harrington + Michelle Aeder + Richard Harrison  
James Jensen + Herb Dorn + Christy Stumpf + Chris Miller

John O'Leary, City Manager / Budget Officer

# GURA BUDGET COMMITTEE MEETING AGENDA NOTES

Monday, May 6, 2013, 6:00 p.m. (Tuesday, May 8, 6:00 p.m. \*if necessary)  
Community Hall - Garibaldi City Hall, 107 6<sup>th</sup> Street, Garibaldi

## I. CALL TO ORDER

The Chair will call the meeting to order and then ask for a motion to elect a Chair. Only free-holders (not council or GURA board members) may be elected to these three positions. **THIS MEETING WILL BE RECORDED**

## II. ELECTION OF CHAIR

Someone will need to make a **MOTION** TO ELECT \_\_\_\_\_ AS CHAIR OF THE GURA BUDGET COMMITTEE. A second and vote will fulfill the election. At this time, the Chair takes over the meeting. The Chair will then ask for a motion to elect a Secretary.

## III. ELECTION OF SECRETARY

Someone will need to make a **MOTION** TO ELECT \_\_\_\_\_ AS SECRETARY OF THE GURA BUDGET COMMITTEE. A second and vote will fulfill the election. Mary DeLoria will take minutes as the Recorder Pro-Tem.

## IV. PUBLIC COMMENT ON THE PROPOSED BUDGET

The Chair should ask if there is anyone from the public interested in making a statement on the proposed budget. Past practice has been to allow the public to comment during the proceedings, but there should be a formal invitation of the public to make comment. One other note (since the GURA and City budget meetings are together), make the sure public comment is intended for the GURA budget and not the City budget.

## V. RECEIPT OF BUDGET MESSAGE AND PROPOSED BUDGET

This is where we begin the review of the budget message and message. I have planned on a half hour, but feel free to take as much time as you like.

## VI. BUDGET COMMITTEE WORK SCHEDULE

If it looks like the Committee will need more time to consider the budget then, before you recess, the group will need to schedule additional meetings. This is the time to do it and we can meet Tuesday night (May 7<sup>th</sup>) if you'd like. You can spend as much time as you like, but a budget must be approved by May 15<sup>th</sup> to give the Budget Officer time to prepare the budget for publication and distribution. If you need more time than this evening, then the Chair can declare a recess and then state a time to reconvene.

Once the Committee is satisfied with the budget as either presented or amended, I would recommend that a Committee member make a **MOTION to approve the budget for GENERAL/DEBT SERVICE fund by category as PRESENTED/AMENDED.** You'll need to make a motion for each fund.

## VII. ADJOURNMENT

Upon completion of the Committee's work, the Chair can adjourn the meeting. Please note time for the record. GURA at-large board and budget Committee members can leave, the rest of you get to stay.

# BUDGET MESSAGE

## FOR FISCAL YEAR 2013-2014

### BACKGROUND

The City of Garibaldi formed the Garibaldi Urban Renewal Agency (GURA) on August 21, 2006, the first in Tillamook County. Though GURA is a separate quasi-municipal corporation and requires its own budget and fiscal accounting system, GURA is a “component” of the City’s government, and as a result is able to utilize City staff and resources. The GURA Budget Committee is made up of the ten members of the City’s Budget Committee (council plus five freeholder positions) and the nine members of GURA’s at-large Budget Committee (GURA members plus four freeholders). We are currently one Committee member short this year. An eighteen member Budget Committee is large by any community’s standards and I appreciate all of you for participating.

This is GURA’s seventh budget. The state constitution allows for the formation of urban renewal districts to service debt incurred by public/private capital improvement projects that increase assessed values (AVs) within the district. Before taking on a project, GURA should consider whether assessed values will be benefitted by the project since the increases in AV will service the debt incurred by the project.

To meet governmental auditing standards, GURA has two funds. The General Fund receives loans, grants and donations to construct capital improvement projects approved by GURA board members. All projects eligible for funding are identified in the Garibaldi Urban Renewal Plan. The Debt Service Fund receives taxes and services debt incurred by GURA to carry out the projects. GURA has an intergovernmental agreement (IGA) with the City to provide administrative services which is shown as debt. One of the City’s past auditors ruled that the IGA is a contracted obligation and may be treated as debt pursuant to ORS 457. The IGA states that GURA shall pay 7% of the received tax increment to the city for providing administrative services to GURA. The percentage was derived from the urban renewal consultant’s report to the city.

In 2008-09, GURA received a \$10,000 loan (6%, 2 yrs.) from the City’s room tax fund to fund gateway signs, a \$7,000 grant from the city’s room tax fund to fund gateway signs, a \$150,000 loan from Sterling Bank (4.75%, 5 years) to fund streetscape improvements at Fourth St. and Garibaldi Ave. and additional refinement planning for downtown, and a minor amount of interest to offset administrative costs. GURA repaid the loan from the City’s TRT fund last year,

and now only owes on the \$150,000 loan from Sterling Bank.

At the end of FY 10-11 GURA had received a total of \$144,000 in State grants for the construction improvements of the 4<sup>th</sup> Street and Hwy 101 intersection. This is the second GURA project after the gateway signs to be completed, and has resulted in a total debt of just over \$72,000 – this amount is part of the \$150,000 loan from Sterling Bank.

Activity in GURA in FY 2011-2012 and 2012-2013 has been very limited. This is due to a combination of limited tax receipts associated with static assessed values, slow economic growth with static land development within the City, and allocation of City staff time and resources towards projects and actions intended to boost economic development beyond the scope of Urban Renewal.

## THIS YEAR'S BUDGET

This year the City is focused on reviewing City ordinances related to commercial development, generating tourism and expanding our municipal water service to the Watseco-Barview Water District. Economic and land development is generally flat, and the goal at the moment is to make Garibaldi an attractive location for development when economic conditions change. This leaves the City at the brink of potential land development if conditions improve, and places GURA in the position of being the City's most useful economic tool.

As GURA's Budget Officer, I am presenting a budget this year that is very much like last year's. It is intended to address current debt requirement and meet the conditions necessary for having an urban renewal entity continue to exist. Funds are budgeted to accommodate potential activities that may or may not occur in the coming fiscal year; however, I recommend that Agency stay prepared to act if the opportunity presents itself. I am also recommending a conservative approach when incurring debt to avoid the Agency's ability to overextending itself. Static tax revenues may continue for several more years, and any debt incurred should be leveraged against modest estimates in tax revenues. If the current tax-base for GURA does not grow in assessed value, the maximum indebtedness of the agency won't be much more than one million dollars for the life of the agency, which will only be for another thirteen more years.

## GENERAL FUND

Per State law, GURA's general fund does not actually receive taxes. The balance of cash that's in this fund right now is not going to grow without taking a loan. I have not budgeted in any additional revenue to this fund this year. This fund receives a modest amount of interest on the existing fund balance.

In FY 12-13, GURA will have spent a small amount on bank fees and not much else. I've budgeted funds for next year to be available for planning projects and making grants and loans. We've had little interest expressed from local businesses in applying for grants and loans to date. However, I believe it makes sense to keep these funds available in case there is interest.

With no expected revenues the General Fund will start out with a balance of approximately \$73,754. Budgeted expenditures leave the fund balance at roughly \$9,629. Actual expenditures are unlikely, but this budget is balanced and does possess all the flexibility available to GURA for the FY 2013-2014.

### DEBT SERVICE FUND

This fund has the singular function of receiving taxes and paying off debt. Because an urban renewal agency must have debt to justify tax revenue, the test for compliance is to have more outstanding debt than anticipated tax revenues. Outstanding Agency debt will be approximately \$57,100 on July 1, 2013. Pursuant to the IGA with the City for administrative services, GURA pays the City seven (7%) percent of its collected taxes. In FY 13-14 the maximum projected amount will be \$3,280. This brings actual debt up to roughly \$60,380. According to the Tillamook County Assessor, the Garibaldi Urban Renewal Agency should see a slight increase in Assessed Values (AV), resulting in tax receipts of approximately \$43,680. The following table shows the diverted tax amounts to GURA from the other overlapping taxing entities over the last three years, what is expected in the current year, and what is projected to be diverted next year.

Total Increment Diverted to GURA					
Agency	09/10	10/11	11/12	12/13	13/14
Tillamook County	4,372	5,987	6,707	7,096	7,806
School Dist. 56	10,300	14,206	16,015	17,063	18,770
NW Regional ESD	352	485	546	582	640
Tillamook Bay Community College	602	831	937	999	1,099
City of Garibaldi	8,111	11,147	12,053	12,801	14,081
Port of Garibaldi	598	826	932	992	1,092
4H - Extension	158	217	245	261	287
Tillamook 911	431	594	668	712	783
Tillamook Transportation	457	630	711	758	834
<b>Total Amount Diverted</b>	<b>25,380</b>	<b>34,923</b>	<b>38,813</b>	<b>41,264</b>	<b>45,391</b>
<b>Projected Amount w/ Uncollectable</b>	<b>23,350</b>	<b>32,129</b>	<b>35,708</b>	<b>37,963</b>	<b>41,760</b>
<b>Actual Amount Collected</b>	<b>23,290</b>	<b>32,268</b>	<b>36,192</b>		

What you should note is that GURA must incur some new debt next year to pass this same test. Since the actual amount to be incurred is unknown at the moment, I have not budgeted in any anticipatory amounts at this time.

GURA has one loan with Sterling Bank for \$150,000. The debt service schedule below shows the total payments and interest due.

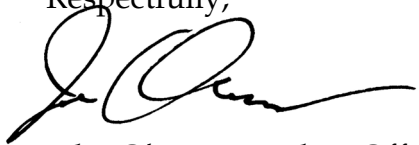
Fiscal Year	Total Payment	Interest	Principal	Interest Rate	Beginning Debt
9/10	\$20,000.00	\$7,189.85	\$12,810.15	4.869%	\$ 150,000.00
10/11	\$26,000.00	\$6,425.20	\$19,574.80	4.816%	\$ 137,189.85
11/12	\$32,000.00	\$5,425.54	\$26,574.46	4.829%	\$ 117,615.05
12/13	\$38,000.00	\$4,057.15	\$33,942.85	4.816%	\$ 91,040.59
<b>13/14</b>	<b>\$45,000.00</b>	<b>\$2,333.65</b>	<b>\$42,666.35</b>	<b>4.816%</b>	<b>\$ 57,097.74</b>
14/15	\$14,838.88	\$407.49	\$14,431.39	2.824%	\$ 14,431.39
<b>Totals</b>	<b>\$175,838.88</b>	<b>\$25,838.88</b>	<b>\$150,000.00</b>		

Because of the reduced tax collection (under the maximum 3% allowed by State law), prudent debt management would be to establish a reserve for future payment. As in past years, I am showing all amounts collected over what is necessary to meet the current year's debt requirement as restricted reserves. This establishes that these funds will not be used for anything other than debt, and justifies the need to collect the maximum tax amount available to GURA. This, along with the IGA, will meet state requirements for incurring debt and allow GURA to request the full tax increment for FY 13-14.

### SUMMARY

Slow economic growth is expected to continue for the foreseeable future. While this hampers the usefulness of urban renewal, the City and the Agency should continue to work towards accomplishing the goals of the Agency whenever possible. In the coming year staff will present the GURA board with a proposal to satisfy the debt requirements of the Agency. Staff will continue to work with potential developers and current land owners, and will look at a more substantial projects within the District in the coming years. I'd like to thank the Agency board and Budget Committee for your consideration of the FY 2013-2014 Garibaldi Urban Renewal Budget.

Respectfully,



John O'Leary, Budget Officer/Secretary  
Garibaldi Urban Renewal Agency

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GURA GENERAL FUND RESOURCES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
1	108,067.05	77,199.62	73,488.00	73,688.13	<b>BEGINNING FUND BALANCE</b>	73,754.13
2	118,820.00	287.00	100.00	360.00	<b>TOTAL RECEIPTS</b>	360.00
3	0.00	0.00	0.00	0.00	1330.300 Loan Received	0.00
4	117,689.87	0.00	0.00	0.00	1330.400 Grants Received	0.00
5	170.30	286.75	100.00	360.00	1330.500 Interest	360.00
6	960.13	0.00	0.00	0.00	1330.600 Miscellaneous	0.00
7	226,887.05	77,486.62	73,588.00	74,048.13	<b>TOTAL RESOURCES:</b>	74,114.13

NOTES FOR COUNCIL BUDGET HEARING:

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GURA GENERAL FUND REQUIREMENTS	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
8					<b>MATERIALS &amp; SERVICES</b>	
9	0.00	0.00	0.00	0.00	1341.010 Travel & Training	0.00
10	316.93	302.03	350.00	0.00	1341.020 Dues, Licenses & Subsc.	350.00
11	154.84	275.66	250.00	94.20	1341.030 Bank Fees, Charges	250.00
12		220.80	300.00	0.00	3141.040 Legal Notices	300.00
		3,000.00	3,000.00	200.00	1341.050 Audit	3,000.00
13	471.77	3,798.49	3,900.00	294.00	<b>C TOTAL MATERIALS &amp; SERVICES</b>	3,900.00
14					<b>CAPITAL OUTLAY</b>	
15	0.00	0.00	0.00	0.00	1341.110 Garibaldi Plaza	0.00
16	149,215.66	0.00	0.00	0.00	1341.120 Fourth St. Improvements	0.00
17	0.00	0.00	20,000.00	0.00	1341.130 Planning	20,000.00
18	0.00	0.00	0.00	0.00	1341.140 Gateway Signs	0.00
19	0.00	0.00	0.00	0.00	1341.150 Pedestrian, Bike, Transit	0.00
20	0.00	0.00	0.00	0.00	1341.160 Public Parking	0.00
21	0.00	0.00	0.00	0.00	1341.170 Property Acquisition	0.00
22	149,215.66	0.00	20,000.00	0.00	<b>C TOTAL CAPITAL OUTLAY</b>	20,000.00
23					<b>GRANT/LOAN PROGRAM</b>	
24	0.00	0.00	20,000.00	0.00	1341.410 Urban Renewal Loans	20,000.00
25	0.00	0.00	20,000.00	0.00	1341.415 Urban Renewal Grants	20,000.00
26	0.00	0.00	40,000.00	0.00	<b>C TOTAL GRANT/LOAN</b>	40,000.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GURA GENERAL FUND REQUIREMENTS	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
28	149,687.43	3,798.49	63,900.00	294.00	TOTAL EXPENSES	63,900.00
29						
30					TRANSFERS	
31	0.00	0.00	0.00	0.00	1341.310	0.00
32	0.00	0.00	0.00	0.00	C TOTAL TRANSFERS	0.00
33						
34	0.00	0.00	0.00	0.00	C GENERAL FUND CONTINGENCY	585.00
35	77,199.62	73,688.13	9,688.00	73,754.13	C Components of Ending Fund Balance	9,629.13
36					Unassigned/Unappropriated	9,629.13
37	226,887.05	77,486.62	73,588.00	74,048.13	TOTAL REQUIREMENTS	74,114.13

NOTES FOR COUNCIL BUDGET HEARING:

A Equals 15% of operating costs



	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GURA DEBT SERVICE FUND RESOURCES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
38	12,344.52	8,334.81	5,518.00	11,220.81	<b>BEGINNING FUND BALANCE</b>	8,280.81
39	33,226.29	37,512.00	43,155.00	40,200.00	<b>TOTAL RECEIPTS</b>	43,680.00
40	32,268.11	36,191.99	41,100.00	38,400.00	1430.100 Current Year's Taxes	41,760.00
41	958.18	1,320.01	2,055.00	1,800.00	1430.200 Prior Years' Taxes	1,920.00
42	0.00	0.00	0.00	0.00	1430.400 Interest	0.00
43	0.00	0.00	0.00	0.00	1430.500 Miscellaneous	0.00
44	45,570.81	45,846.81	48,673.00	51,420.81	<b>TOTAL RESOURCES:</b>	51,960.81

NOTES FOR COUNCIL BUDGET HEARING:

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GURA DEBT SERVICE FUND REQUIREMENTS	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
45					<b>DEBT SERVICE</b>	
46	29,585.17	25,401.02	33,942.85	33,942.85	1441.210 Principal	42,666.35
47	7,650.83	6,598.98	4,057.15	4,057.15	1441.220 Interest	2,333.65
48	0.00	0.00	100.00	0.00	1441.230 Fees	100.00
49	0.00	2,626.00	5,530.00	5,140.00	1441.240 Contracted Requirements per ORS 457	3,280.00
50	37,236.00	34,626.00	43,630.00	43,140.00	<b>C TOTAL DEBT SERVICE:</b>	48,380.00
51						
52	8,334.81	11,220.81	5,043.00	8,280.81	<b>C Components of Ending Fund Balance</b>	3,580.81
53					Restricted	3,580.81
54	45,570.81	45,846.81	48,673.00	51,420.81	<b>TOTAL REQUIREMENTS</b>	51,960.81

NOTES FOR COUNCIL BUDGET HEARING:

A 7% of tax collected per contract with the City, plus \$2,326 for FY 10-11 that was not transferred last June



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*THE CITY OF GARIBALDI IS AN EQUAL OPPORTUNITY PROVIDER*

## GARIBALDI URBAN RENEWAL AGENCY BUDGET COMMITTEE MEETING MINUTES

Monday, May 7, 2012, 6:00 p.m.

Meeting Room, Garibaldi Fire Hall

### ATTENDEES:

Michelle Aeder, Budget Committee Member  
Denise Harrington, Budget Committee Member  
Richard Harrison, Budget Committee Member  
Emmy Lou Orahoad, Budget Committee Member  
James Jensen, Budget Committee Member  
Herb Dorn, GURA Budget Committee Member  
Christy Stumpf, GURA Budget Committee Member  
Chris Miller, GURA Budget Committee Member

Suzanne McCarthy, Mayor - GURA Vice Chair  
Terry Kandle, Council President  
Jerry Bartolomucci, Council Vice President  
John Foulk, Council Member  
Roberta Bettis, Council Member  
Everett Brown, GURA Chair  
Valerie Folkema, GURA Member  
Joe Wrabek, GURA Member

John O'Leary, City Manager / Budget Officer  
Mary DeLoria, Assistant City Manager / Finance Officer  
Jay Marugg, Fire Chief  
Eugene Tish, Tourism Commissioner

### I. CALL TO ORDER

GURA Chair Everett Brown called the meeting to order at 6:00 pm.

### II. ELECTION OF CHAIR

Chair Brown opened the floor for nomination of a Chair of the GURA Budget Committee and noted that this person must not be a GURA Board Member.

**MOTION made by Emmy Lou Orahoad to elect Herb Dorn as Chair. Seconded by Chris Miller. AYES: Michelle Aeder, Denise Harrington, Richard Harrison, Emmy Lou Orahoad, James Jensen, Herb Dorn, Christy Stumpf, Chris Miller, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, John Foulk, Roberta Bettis, Everett Brown, Valerie Folkema, Joe Wrabek. NAYS: None. MOTION PASSED.**

III. ELECTION OF SECRETARY

Chair Dorn opened the floor for nomination of Secretary of the GURA Budget Committee. The Committee noted that Mary DeLoria would act as Recorder Pro-Tem for the purpose of taking minutes. **MOTION made by Emmy Lou Orahod to elect Michelle Aeder as Secretary. Seconded by Valerie Folkema. AYES: Michelle Aeder, Denise Harrington, Richard Harrison, Emmy Lou Orahod, James Jensen, Herb Dorn, Christy Stumpf, Chris Miller, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, John Foulk, Roberta Bettis, Everett Brown, Valerie Folkema, Joe Wrabek. NAYS: None. MOTION PASSED.**

IV. PUBLIC COMMENT ON THE PROPOSED BUDGET

None.

V. RECEIPT OF BUDGET MESSAGE AND PROPOSED BUDGET

O'Leary presented a brief history of the Garibaldi Urban Renewal Agency and its purpose. O'Leary discussed the budget message document. O'Leary commented on the agency's only debt to Sterling Savings Bank, and noted that he is not recommending the agency undertake any other debt in the 12-13 fiscal year.

O'Leary also noted that staff inadvertently did not make the administrative service payment to the City last June, and that the proposed budget corrected for this oversight with an increase appropriation for administrative service fees.

O'Leary commented that the cost of auditing FY 2010-11 had not previously been budgeted, and that expenditures in the current fiscal year are in excess of what was budgeted. O'Leary and the committee discussed other issues including grants and debt service.

VI. BUDGET COMMITTEE WORK SCHEDULE

**MOTION made by Joe Wrabek to approve the Fiscal Year 2012-2013 Urban Renewal Budget by category as presented. Seconded by Valerie Folkema. AYES: Michelle Aeder, Denise Harrington, Richard Harrison, Emmy Lou Orahod, James Jensen, Herb Dorn, Christy Stumpf, Chris Miller, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, John Foulk, Roberta Bettis, Everett Brown, Valerie Folkema, Joe Wrabek. NAYS: None. MOTION PASSED.**

VII. ADJOURNMENT

Chair adjourned at 6:14 p.m.

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Everett Brown, Chair

ATTEST:

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John O'Leary, City Manager/Budget Officer