

**Redmond School District
School Board Work Session
March 9, 2011**

In Attendance: Chair Jim Erickson, Vice-Chair Cathy Miller, Directors A. J. Losoya, Paul Rodby, Ric Little, Superintendent Shay Mikalson, RSD staff - Trish Huspek, Doug Snyder, Media-Leslie Pugmire-Hole (*Spokesman*) and Patrick Cliff (*Bend Bulletin*), ESD Staff, Greg Colvin, Kathy Emerson, Greg Munn, City Staff-Heather Richards, Community Development Director, Jason Neff, Margie Dawson, Mayor George Endicott, David Brandt, City Manager.

Board Chair Jim Erickson called the work session to order with a quorum of five at 2:31 p.m.

Heather Richards, Community Development Director, David Brandt, City Manager, and Mayor George Endicott were present today to give an overview of an amendment to the Redmond Downtown Urban Renewal Plan.

The Plan Amendment adds eighteen projects to the Downtown Urban Renewal Plan, expands the Downtown Urban Renewal District's boundaries from 599 acres to 701.7 acres, adds eighteen projects, increases the District's maximum indebtedness from \$27,136,719 to \$120,717,081, allows for the purchase of the old Redmond Union High School (Evergreen Elementary School) site, and extends the life of the Plan from 2025 to 2031.

Per ORS 457.085(5), "An urban renewal plan and accompanying report shall be forwarded to the governing body of each taxing district affected by the urban renewal plan and the agency shall consult and confer with the taxing districts prior to presenting the plan to the governing body of the municipality for approval."

The report provides a financial feasibility analysis for the Plan Amendment demonstrating that all bonded indebtedness incurred by the Plan Amendment will be paid off by June 30, 2031, and that the adoption of the Plan Amendment will not increase taxes paid by City of Redmond taxpayers.

Urban renewal is a program allowed by Oregon Revised Statute 457 to invest tax increment funds in targeted projects in a designated area of blighted conditions with the intent of reversing the existing documented blighted conditions and future blighted conditions by stimulating private investment, creating jobs and increasing the assessed property valuation.

There are 18 projects identified in the Plan Amendment to respond to the blighted conditions identified in the parcel-by-parcel study and the opportunities identified in the market analysis. The total project costs in 2010 dollars are \$65,600,000. With scheduled implementation over the next twenty years, the inflationary costs of the projects is \$93,580,362. This combined with the current authorized maximum indebtedness of \$27,136,719 results in a new maximum indebtedness of \$120,717,081.

The Plan Amendment project activities represent both large and small projects – large catalyst projects and smaller on-going programmatic projects. They are equally distributed geographically throughout the Renewal Area, and are composed of a mixture of public infrastructure projects and private/public redevelopment projects. The Plan Amendment projects are meant to directly encourage private investment and job creation in the district.

Fiscal Impact:

The Plan Amendment will extend an existing urban renewal plan; therefore it will not impact overlapping taxing districts' current revenue resources. However, by extending the Plan, overlapping taxing districts will continue to forego tax increment to the Redmond Urban Renewal Agency. Currently tax increment funds will be collected to pay off existing bond debt until approximately 2025. The Plan Amendment will extend those collections to 2031.

Extending the maximum indebtedness of the Plan will not directly impact the Redmond School District since its operational money is distributed through a state formula. Under current school funding law, property tax revenues are combined with State School Funds (SSF) revenues to achieve per-student funding targets. The school district is not impacted the same way that other taxing districts, such as the City and County are. The State of Oregon manages the (SSF) for all K-12 public schools in the state and allocates monies to districts based on a per pupil basis, not on the collection rate. Under this system, property taxes foregone are replaced with SSF revenues. Redmond School District's annual budget is not directly impacted, and Redmond School District's current near-term budget shortfalls would not be impacted either in a positive or negative manner if the Plan Amendment is approved or denied. Any property taxes related to Redmond School District bonds are not implicated in tax increment financing. Short term there is no impact to RSD, long term, Redmond UR impact on state school budget = 0.024% impact on RSD budget = \$1.44 per student, \$10,080 per year.

Expected ancillary impacts:

- Plan is expected to strengthen property values and receipts from outside URA
- Investment now is expected to general much stronger long term tax base for city and taxing districts

Board members were given the opportunity to ask clarifying questions and provide various possible scenarios that could happen in the future.

Heather Richards stated that this plan is written so that it has no long term bond indebtedness associated with it. The plan can be reviewed each year to make sure their projections are holding true.

Worst case scenario – the money would be set aside and if no private development comes forward the money would be distributed back to the taxing districts. The money is not spent unless the private development is in place to partner with the Urban Development Department.

Because this is not a new urban growth boundary, just an extension of the existing plan, there is no impact to the RSD budget until approximately 2018. After that the approximate impact would be \$10,080 per year.

Heather Richards reported that Senate Bill 792 looks at the opportunity to do large lot industrial site rezoning. This bill would exempt large lots from local land use laws to respond to regional/state needs, to be rezoned and exempt them from TPR. If the bill passes, the piece of property that the Redmond School District owns could be rezoned and sold.

Heather Richards reported that they are at the end of their due diligence period on the Evergreen Building and so far they don't see anything that would prevent the sale from going forward.

Jim Erickson stated the quality of the vision that has gone into this plan is excellent. "This is a great marriage between the school district and the City."

Cathy Miller stated she would like to continue to partner with the City to compliment the vision.

ADJOURN

The Work session adjourned at 4:15p.m

Jim Erickson, School Board Chair

Trish Huspek, Executive Assistant