



HRA Board Meeting Agenda

December 13, 2022

6:30 PM

Immediately Following the City Council Meeting

Chairperson: Robert Duncan
Vice Chairperson: Mike Caughey
Members: Kimberly Downey, Robert Boese, Adam Keaton, Randy Klemm, and Charlotte Thomas
Meeting Location: Harrisburg Municipal Center Located at 354 Smith St

PUBLIC NOTICES:

1. *This meeting is open to the public and will be tape-recorded.*
2. *Copies of the Staff Reports or other written documents relating to each item on the agenda are on file in the office of the City Recorder and are available for public inspection.*
3. *The City Hall Council Chambers are handicapped accessible. Persons with disabilities wishing accommodations, including assisted listening devices and sign language assistance are requested to contact City Hall at 541-995-6655, at least 48 hours prior to the meeting date. If a meeting is held with less than 48 hours' notice, reasonable effort shall be made to have an interpreter present. The requirement for an interpreter does not apply to an emergency meeting. ORS 192.630(5)*
4. *Persons contacting the City for information requiring accessibility for deaf, hard of hearing, or speech-impaired persons, can use TTY 711; call 1-800-735-1232, or for Spanish voice TTY, call 1-800-735-3896.*
5. *The City of Harrisburg does not discriminate against individuals with disabilities and is an equal opportunity provider.*
6. *Masks are not required at this time. The City does ask that anyone running a fever, having an active cough or other respiratory issues, not to attend this meeting.*
7. *For information regarding items of discussion on this agenda, please contact City Recorder Lori Ross, at 541-995-6655*

CALL TO ORDER AND ROLL CALL BY CHAIRPERSON ROBERT DUNCAN

CONCERNED CITIZEN(S) IN THE AUDIENCE. (Please limit presentation to two minutes per issue.)

APPROVAL OF MINUTES

- 1. MOTION TO APPROVE THE MINUTES FOR THE AUGUST 23, 2022, AND THE OCTOBER 25, 2022, HRA BOARD MEETINGS.**

OLD BUSINESS

- 2. THE MATTER OF REVIEWING INFORMATION IN RELATION TO REVENUE SHARING REQUIREMENTS**

STAFF REPORT:

Exhibit A: Revenue Sharing Letter

ACTION: FOR YOUR INFORMATION-NO ACTION REQUESTED

NEW BUSINESS

- 3. THE MATTER OF APPROVING THE HARRISBURG REDEVELOPMENT AGENCY 1ST QUARTER 2022/2023 EXPENSE REPORT**

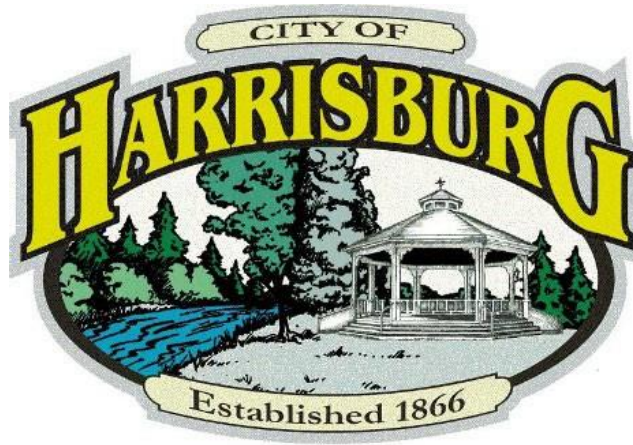
STAFF REPORT:

Exhibit A: 1st Quarter HRA Expense Report Ending September
30, 2022

ACTION: MOTION TO APPROVE THE HRA 1ST QUARTER 2022/2023 EXPENSE REPORT.

OTHER

ADJOURN



HRA Board Meeting Minutes
August 23, 2022

Chairperson: Robert Duncan, Presiding
 Vice Chairperson: Mike Caughey, Present
 Members Present: Kimberly Downey, Adam Keaton, and Randy Klemm
 Members Absent: Robert Boese and Charlotte Thomas
 Staff Present: City Administrator Michele Eldridge, Public Work Director Chuck Scholz, Finance Officer/Deputy City Recorder Cathy Nelson
 Meeting Location: Harrisburg Municipal Center Located at 354 Smith St

CALL TO ORDER AND ROLL CALL BY CHAIRPERSON ROBERT DUNCAN at the hour of 8:27pm.

CONCERNED CITIZEN(S) IN THE AUDIENCE. All present were there for items on the agenda

THE MATTER OF A PRESENTATION & BRIEFING FROM ELAINE HOWARD CONSULTING, LLC, IN RELATION TO STARTING WHAT WOULD BE HARRISBURG REDEVELOPMENT AGENCY SUBSTANTIAL AMENDMENT NO.6

STAFF REPORT: Elaine Howard gave a presentation on the proposed Substantial Amendment #6.

- Downey asked if the HRA was okay to move forward. Both Howard and Eldridge affirmed we are.
- Klemm asked if there was an expiration date on the conditional permit for the city. Eldridge explained that we are starting work on well #9 in a month and this will stop any possible expiration.
- Eldridge highlighted that because of the available input from the city residents, we will not need to create a committee for the amendment. She also stated that she will be meeting with the fire department before moving forward.
- Caughey asked if the newest site was in city limits. Eldridge replied it was not. It is currently in the County boundary and not in our UGB. This is one issue that the amendment will address, and she will be meeting with Linn County as we move forward.
- Eldridge stated that Mellissa Murphy of Business Oregon, said she would have her staff look at funding to assist with the water bond issue.
- Klemm **motioned to start the formal process of Substantial Amendment No. 6. The motion was seconded by Downey and passed by unanimous vote of HRA Board Members – Caughey, Downey, Keaton and Klemm.**

OTHERS: None.

1.

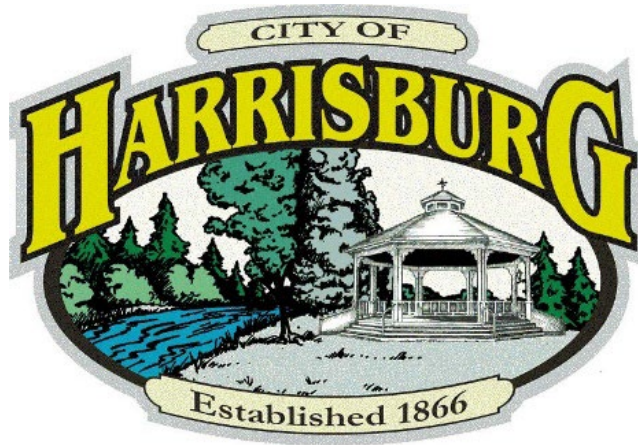
ADJOURN: With no further discussion, the HRA Board Meeting closed at the hour of 8:52pm.

CHAIRPERSON

CITY RECORDER

UNAPPROVED

2



HRA Meeting Minutes
 October 25, 2022

Chairperson: Robert Duncan, Presiding
 Vice Chairperson: Mike Caughey, Present
 Members Present: Kimberly Downey, Robert Boese, Randy Klemm, Charlotte Thomas
 Members Absent: Adam Keaton
 Staff Present: City Administrator Michele Eldridge, Public Works Director Chuck Scholz, Finance Office/Deputy City Recorder Cathy Nelson, and City Recorder/Municipal Court Clerk Lori Ross
 Meeting Location: Harrisburg Municipal Center Located at 354 Smith St

CALL TO ORDER AND ROLL CALL BY CHAIRPERSON ROBERT DUNCAN at the hour of 7:26pm

CONCERNED CITIZEN(S) IN THE AUDIENCE. All in attendance were present for items on the agenda.

APPROVAL OF MINUTES

- Caughey motioned to approve the minutes from the August 9, 2022, HRA Meeting and was seconded by Downey. The motion was approved by a vote of 5-0. (Yes: Caughey, Downey, Boese, Klemm and Thomas; No: None.)

THE MATTER OF APPROVING THE HARRISBURG REDEVELOPMENT AGENCY 4TH QUARTER 2021/2022 EXPENSE REPORT

STAFF REPORT: Nelson stated taxes received were 179.91% of what was budgeted which reflects how well the HRA is working. She noted that in Expenditures, nothing was close to what was budgeted; the closest being Special Payments for HRA Grants.

- Downey motioned to approve the HRA 4th Quarter 2021/2022 Expense Report and was seconded by Thomas. The motion was approved by a vote of 5-0. (Yes: Thomas, Downey, Boese, Klemm and Thomas; No: None.)

October 25, 2022

THE MATTER OF REVIEWING INFORMATION IN RELATION TO REVENUE SHARING REQUIREMENTS

STAFF REPORT: Eldridge noted that Elaine Howard from Elaine Howard Consulting, is joining us via Zoom. Eldridge stated she was contacted by Howard and was informed that the HRA reached the Revenue Sharing Projections in 2018 and we should have begun paying Revenue Sharing in 2019. She pointed out it was originally estimated to reach status in FY 2023/2024 and due to staffing changes for both the City Administrator and Finance Officer, the information was not passed on. Eldridge stated that changes have been made going forward, and if the tax levels are above a certain amount, we will continue to pay revenue sharing. Eldridge commented that the City could send a letter out to all the Taxing Districts and see if they would allow the City to keep the back revenue funds, leaving more for the Water Bond Project.

- Howard commented we are not the first District that has had this problem. We do want to speak with the Department of Revenue, but we will need to work out the back taxes with the Taxing Districts ourselves. Howard noted that moving forward, this will be included in annual reports to prevent it from being missed.
- City Attorney Jim Brewer commented that the City's money is not at risk because we are not one entity with the HRA, however, his concern is the 9% interest rate and the terms of how we pay it promptly. Brewer suggested moving it back into the plan.
 - Howard responded that we could do that with this amendment and make the language more apparent and then referred to table 7 on page 45 of the agenda, stating the table was in the report of the plan, but never got transferred to anything that made us aware.
- Eldridge stated that the 9% interest for all districts is \$23,290 for total combined due of \$282,068 which includes the City of Harrisburg.
- Thomas asked if we must pay the interest on the previous years, or is it going forward?
 - Brewer responded the statutory rate would apply for money that is owed and hasn't been paid so if we pay now, we don't have to pay the 9%. He commented that it is a negotiation, but the maximum is 9%.
- Eldridge commented that in the future, the HRA will notify the Tax Assessors what is due, and the payment to the other taxing agencies will be reflected in their property taxes returns. Eldridge mentioned they will be meeting with Linn County next week due to expanding the boundaries of the Water Plant and the Wastewater Facility which will be added since they are outside of the City limits.
- Eldridge further stated they will be asking if the other Taxing Districts would be willing to waive any portion of the back revenue that's due.
 - Downey **motioned to direct the Executive Director, and HRA Consultant to compose the letter to send out to the other taxing districts as discussed and was seconded by Caughey. The motion was approved by a vote of 5-0.** (Yes: Caughey, Downey, Boese, Klemm, and Thomas; No: None.)

With no further discussions, the HRA Board Meeting adjourned at the hour of 7:47pm to return to the City Council Work Session.

Chairperson

City Recorder

Agenda Bill
Harrisburg Redevelopment Agency Board
Harrisburg, Oregon

THE MATTER OF REVIEWING INFORMATION IN RELATION TO REVENUE SHARING REQUIREMENTS

STAFF REPORT:

Exhibit A: Revenue Sharing Letter

ACTION: FOR YOUR INFORMATION – NO ACTION REQUESTED

THIS AGENDA BILL IS DESTINED FOR: Agenda – December 13, 2022

BUDGET IMPACT		
COST	BUDGETED?	SOURCE OF FUNDS
\$258,778	Yes	HRA Capital Outlay – Infrastructure Construction

STAFF RECOMMENDATION:

Staff recommend the HRA Board review the letter and listen to information provided at the meeting.

BACKGROUND INFORMATION:

Staff consisting of the City Administrator and Finance Officer, have met with various taxing districts over the last month and a half. At this meeting, Staff will share information with the HRA board about meetings with those taxing districts. That includes meetings with the Linn County Administrator/4H Executive Director, the Harrisburg Fire/Rescue District Board, and relaying information received from the Director of School Finance at the Oregon Department of Education. We have asked to meet with Bryan Starr prior to the Christmas Break, and will hopefully have more information to share at the meeting in relation to Revenue Sharing. Please note that while the other taxing districts were asked to reply by December 19th, that chasing down the employees with the state who could answer the questions we had in relation to education revenue and school district funding took a few weeks due to the Thanksgiving Holidays. We hope to meet prior to the Council meeting.

Staff have directed our consultants to be conservative, and to prepare materials for Substantial Amendment No. 6 as though we had to pay out all of the revenue sharing to all taxing districts. The funds that aren't paid out will increase the amounts we have available in program income, and to apply to gap funding.

REVIEW AND APPROVAL:



Michele Eldridge, Executive Director 12.06/2022
_____ _____
Date

120 Smith Street
PO Box 378
Harrisburg, OR 97446



(541) 995-6655
FAX: (541) 995-9244
TDD: (800) 753-2900

"2002 Award of Excellence"

"2006 All-America City Finalist"

www.ci.harrisburg.or.us

Dear Taxing Agency:

The City of Harrisburg has encountered substantial price increases to the costs of completing the water bond projects, due to increases in the price of steel, PVC and electronics. Therefore, the City researched how to fund the gap between what was approved by the voters, and the prices that have been increased by the effects of the pandemic on the economy.

The City discovered that due to careful spending and increased value in property taxes, that the Harrisburg Redevelopment (Urban Renewal) Agency [Agency] budget has program funds in the amount of \$2,127,955 in the Agency Budget. Under state law in relation to Urban Renewal Programs, a portion of these funds could be used to help cover the gap in funding for the water bond project.

To utilize those funds, the water bond project must be added to the Harrisburg Urban Renewal Plan (Plan), and the property on which the water bond project facilities will be constructed must also be added to the Plan boundaries. This requires that Substantial Amendment No. 6 must be undertaken, even though maximum indebtedness (MI) is not being altered. This action will allow the program income funds to help pay for the water bond project.

As our consultants were preparing the financial analysis for the amendment, they discovered that revenue sharing should have been in effect since Fiscal Year End (FYE) 2019. Revenue sharing is triggered when the Plan area reaches annual tax increment revenues equal to 10% of the original MI. The original MI of the Plan was low, at \$2,977,674 which means once the Agency begins receiving over \$297,767 in tax increment revenues, revenue sharing commences the following year. This threshold was met in 2018 which means that revenue sharing should have commenced in FYE 2019. The financial projections done in 2015 estimated revenue sharing would commence in FYE 2024, and we had a note in our files to make sure to address the issue at that time.

Revenue Sharing was enacted in 2009 as part of the statutory changes to ORS 457 and is described in ORS 457.470. The original Plan was not subject to revenue sharing as it was adopted prior to 2009. However, the substantial amendments in 2015 increased the MI, which made the Plan subject to those revenue sharing provisions.

Since being informed of this issue Staff have taken the following steps:

1. Our consultant has analyzed the amounts which should have been shared and has broken those down by year and by taxing district. The amounts are equal to the shared increase in assessed value times the permanent rate levy of the taxing district. Table 1 shows these amounts through FYE 2023.

Table 1 - Revenue Sharing Amounts

Taxing District	Rate Type	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	Total	% of Total
Linn County	Permanent	\$ 1,885	\$ 4,216	\$ 8,977	\$ 11,171	\$ 13,102	\$ 39,352	10%
City of Harrisburg	Permanent	\$ 4,710	\$ 10,536	\$ 22,432	\$ 27,914	\$ 32,735	\$ 98,327	25%
City of Harrisburg	Bond1	\$ 501	\$ 1,055	\$ 2,368	\$ 2,687	\$ 2,927	\$ 9,538	2%
Harrisburg RFD	Permanent	\$ 1,672	\$ 3,741	\$ 7,964	\$ 9,911	\$ 11,623	\$ 34,912	9%
4H Extension District	Permanent	\$ 104	\$ 232	\$ 493	\$ 614	\$ 720	\$ 2,163	1%
ESD Linn-Benton-Lincoln	Permanent	\$ 451	\$ 1,009	\$ 2,149	\$ 2,674	\$ 3,137	\$ 9,421	2%
Lane Community College	Permanent	\$ 916	\$ 2,050	\$ 4,364	\$ 5,430	\$ 6,369	\$ 19,129	5%
Harrisburg SD #7	Permanent	\$ 6,890	\$ 15,411	\$ 32,814	\$ 40,832	\$ 47,889	\$ 143,836	37%
Harrisburg SD #7	Bond2	\$ 1,136	\$ 3,508	\$ 7,057	\$ 8,904	\$ 10,028	\$ 30,634	8%
Total		\$ 18,266	\$ 41,758	\$ 88,619	\$ 110,138	\$ 128,529	\$ 387,311	100%

Source: Tiberius Solutions

2. We have met with the county assessor and set up the process for revenue sharing to commence in FY 2023/24. They do not have a method for allocating the revenues which were due starting in FYE 2019.
3. We have met with the Oregon Department of Revenue to inform them of the error and get their advice. They also do not have a method for allocating the revenues which were due starting in FYE 2019.
4. We are notifying each taxing district and asking them how they would like to proceed on the back payments.
5. This issue may impact the calculation of MI through FYE 2023. This is a legal issue, but we believe that funds we pay back to taxing districts will not be counted against our MI. It will also impact the timeframe for reaching MI in the future as we will be receiving less tax increment revenues and therefore the Plan will take a longer time for us to reach MI. Maximum indebtedness is the controlling feature of a Plan. The Agency will stop taking division of tax revenues when the Plan reaches the MI. Our consulting team is presently analyzing this issue.
6. Staff briefed the Agency at their October 25th meeting. They directed us to inform the taxing districts and to see how they would like to proceed.
7. Our finance officer will include this provision and information on the amount of expected revenue sharing in our Urban Renewal Annual Report which is published annually and sent to all taxing districts. This will assist staff on an annual basis in preparing the revenue sharing documents.

- 8. Revenue Sharing is created through the taxing process and is distributed by the tax assessor. Taxing districts will see the revenue sharing in more tax revenue coming to them each November, rather than in the form of a check.

There is some precedent for this issue in Oregon. In another locality, the taxing districts did not ask for the back payments but asked that revenue sharing commence as soon as possible. For us, that would be FY 2023/2024. However, if you wish the agency to pay back the amount of revenues that should have been shared to date, we are able to do that through our program income which we had been saving for the water bond project.

We would like to ask for your administration/board to consider the following:

- Do you want the revenue sharing amounts from 2019 to 2023 paid to your taxing district? If so, we would like to discuss with you the method and timing of the repayment.
- or
- Do you want to just commence revenue sharing in FY 2023/2024. This would allow the agency to allocate the program income that would be used to pay the prior revenue sharing amounts to the water bond project.

In addition, the governing statute allows for the Agency to receive an exemption from revenue sharing (or reduce the amount of revenue shared), if the Agency receives written concurrence from the affected taxing districts. The statutory requirements for exemption from revenue sharing is receiving written concurrence of taxing districts imposing at least 75% of the amount of taxes imposed under permanent rate limits in the urban renewal area. It would be helpful to know your thoughts on this, and whether you would consider giving the agency an exemption from revenue sharing to apply to the life of the HRA taxing district. Revenue sharing will provide small amounts of revenues to the taxing districts, but it also lengthens the time frame of the urban renewal area from its expected termination. The consultant is analyzing this number as well. We are happy to talk further about this option in the near future if it is a possibility that your taxing district would consider.

We appreciate the opportunity to work on this issue with you and welcome any questions that you and your board have. Please contact us by calling the City Administrator/Executive Director at 541-995-2200, or via email at meldridge@ci.harrisburg.or.us. Also available is the City/HRA Finance Officer Cathy Nelson, at 541-995-2211 or via email at cnelson@ci.harrisburg.or.us. We ask that you please inform of us of your decision by December 19, 2022.

Best Regards;

Michele Eldridge, CMC
 City Administrator/Executive Director – Harrisburg Redevelopment Agency

**HARRISBURG REDEVELOPEMENT AGENCY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 3 MONTHS ENDING SEPTEMBER 30, 2022**

HRA GENERAL FUND

REVENUES (RESOURCES)

OBJECT CLASSIFICATION (DESCRIPTION)	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PERCENTAGE
BEGINNING FUND BALANCE	2,163,550.00	2,163,550.00	2,163,550.00	0.00	100.00%
TAXES	8,787.84	8,787.84	232,625.00	(223,837.16)	3.78%
INVESTMENT REVENUE	7,402.18	7,402.18	9,980.00	(2,577.82)	74.17%
MISCELLANEOUS REVENUE	1,500.00	1,500.00	9,000.00	(7,500.00)	16.67%
TOTAL FUND REVENUE	2,181,240.02	2,181,240.02	2,415,155.00	(233,914.98)	90.31%

EXPENDITURES (REQUIREMENTS)

OBJECT CLASSIFICATION (DESCRIPTION)	PERIOD ACTUAL	YTD ACTUAL	BUDGET	REMAINING	PERCENTAGE
MATERIALS & SERVICE	2,908.00	2,908.00	23,400.00	20,492.00	12.43%
CAPITAL OUTLAY	452.50	452.50	2,127,955.00	2,127,502.50	0.02%
SPECIAL PAYMENTS	37,965.44	37,965.44	50,000.00	12,034.56	75.93%
DEBT SERVICES	0.00	0.00	213,800.00	213,800.00	0.00%
TOTAL FUND EXPENDITURES	41,325.94	41,325.94	2,415,155.00	2,373,829.06	1.71%
NET REVENUES OVER EXPENDITURES	2,139,914.08	2,139,914.08	0.00		