

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2017

2016/2017

La Grande Urban Renewal Agency

This report fulfills the requirements, prescribed in ORS.457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

Annual Report for Fiscal Year Ending June 30th, 2017

LA GRANDE URBAN RENEWAL AGENCY

LA GRANDE URBAN RENEWAL AREA HISTORY

The La Grande Urban Renewal Agency was established by the City of La Grande in 1999. The Agency is comprised of the La Grande City Council.

The La Grande Urban Renewal Plan (Plan) was adopted by the City of La Grande on November 17, 1999. The mission of the Plan is to

- revitalize La Grande's Central Business Zone (CBZ) by investing in public improvements and public/private development partnerships in the CBZ and
- facilitating the development of commercial and industrial parts of the urban renewal area to create jobs and income which will provide economic support to the CBZ.

The maximum indebtedness established in 1999 for the La Grande Urban Renewal Plan is \$21,446,570. The maximum indebtedness is the total amount of funds that can be spent on projects, programs, and administration in the urban renewal area over the life of the urban renewal plan. The amount of maximum indebtedness remaining for the Area as of June 30, 2017 is \$11,211,023.

Oregon state law allows cities to create urban renewal districts in size not to exceed twenty-five percent (25%) of the total acreage and not to exceed 25% of the assessed property value within the city limits. The La Grande Urban Renewal Area (Area) is 526 acres, less than 25% of the total city acreage. The frozen base assessed value of the Urban Renewal Area is \$79,416,398 ("Frozen Base"), and does not exceed the 25% limit.

Goals

When developing the La Grande Urban Renewal Plan and Report, a series of Goals and Objectives were developed to guide activities funded by, or related to the Plan Area. The Goals and Objectives are listed in the Plan, and the goals are reiterated here:

Goal 1. Revitalize Downtown

Revitalize the Central Business Zone by building on its historic character, expanding the mix of goods and services offered and developing public spaces and amenities.

Goal 2. Create High Quality Family Wage Jobs

Promote industrial and commercial development that generates high quality family wage jobs and income for the community and creates sustainable and environmentally sound economic vitality.

Goal 3. Retail Development

Promote the development of a greater range of retail services for residents and visitors. Allow residents to fill their shopping needs within the community. Provide greater services for travelers on I-84. Both types of retail will help create retail and service jobs within the community.

Goal 4. Housing

Promote the development of a range of housing within the Area, especially rental units and housing units as part of mixed use development in the CBZ.

Goal 5. Transportation

Take full advantage of public and private transportation via Interstate 84, the Railroad and the Union County Airport.

Goal 6. Community Facilities

Promote the development of community facilities that benefit the Area, including but not limited to parks, a library, a fire station, and City offices.

A full copy of the La Grande Urban Renewal Plan can be found on the La Grande Urban Renewal Agency website. www.cityoflagrande.org



PROJECTS:

The Landing Hotel

Located at 1501 Adams Avenue, this property was once one of the most blighted properties on La Grande's main street. Purchased by Gust and Karen Tsiatsos, the property has been transformed into a boutique hotel, called The Landing with five guest rooms including a spacious ADA accessible room. The Landing employees two FTE and seven part-time employees.

The Landing Hotel

Owners, Gust and Tsiatsos

PROJECT HIGHLIGHT

The Landing Hotel

1501 Adams Avenue

La Grande, OR

Total Project Cost: \$309,769

Urban Renewal Grant: \$75,000



Wine Down Bistro

A separate business, Wine Down, which is owned and operated by Deborah O'Reilly, is located on the first floor of The Landing Hotel. Wine Down is a bistro and bar serving regional wines, microbrew and handcrafted cuisine with a European touch. Wine Down employs one FTE and an additional 6 part-time employees. Wine Down hosts music events, as well as special events.

Wine Down Bistro

Located in The Landing Hotel
Owner, Deborah O'Reilly



Wine Down Bistro



Deborah O'Reilly seated in the gathering space at The Landing.

A \$75,000 Urban Renewal Agency investment leveraged more than \$300,000 in private investment. This project transformed a severely blighted property into a renovated historic treasure that hosts visitors to the area and has become a gathering place for the community.

LA GRANDE LIGHT TRUCK



Luke and Heidi Adams, Owners La Grande Light Truck.

PROJECT HIGHLIGHT

La Grande Light Truck/Adams Professional Plaza

1805 Adams Avenue

La Grande, OR

Urban Renewal Grant: \$56,880

Total Project Cost: \$200,000

Luke and Heidi Adams own La Grande Light Truck and the Adams Professional Plaza on Adams Avenue. Still known as, the “old CAT” building, the property had been vacant since 2014, when the Adams’ purchased it. The property consists of one large 20,000 sq. ft. building and two outbuildings.

The Adams’ envisioned the property as a place where they could grow their own thriving business and recruit additional businesses onto the property. The business used a City of La Grande’s Urban Renewal Agency matching grant to upgrade the HVAC system, plumbing, bathrooms (including adding an ADA restroom) and build a new façade for the business.

ADAMS PROFESSIONAL PLAZA

The Old CAT Building when it was purchased



La Grande Light Truck and Adams Professional Plaza NOW

Since moving, La Grande Light Truck has grown from three FTE to nine FTE. The majority of the jobs are high-paying, family wage jobs. The company is in the process of adding additional staff within the next few months. In addition to the growth of their own business, Luke and Heidi have recruited three additional start-up businesses to co-locate on the property. Together, the four businesses employ 21 FTE. The initial \$56,880 Urban Renewal grant has leveraged more than \$200,000 in private investment from the four businesses. What was once a large building in La Grande's Main Street that was quickly deteriorating is now a thriving "Professional Plaza."

FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute.

Money Received

In FY 2016/2017, the Union County Assessor calculated that the La Grande Urban Renewal would receive \$175,880 from the division of taxes.¹ The La Grande URA actually received \$174,864 in tax revenue, a smaller amount due to underpayments and delinquencies, 99.42% of the projected amount.² They also received \$18,495 in interest on investments. There were slight losses due to compression, an estimated \$4,194 or approximately 2.38% of the Area's estimated tax revenues.

¹ Totals of Union County Sal 4e FY 2016/2017

² FYE 2017 Urban Renewal Agency Audit Report, p c

Money Expended

Revenue received through urban renewal and spent on urban renewal activities is shown in Table 1. The interfund transfer shown for the Urban Renewal Debt Fund was transferred to the Urban Renewal General Fund.

Table 1. Expenditures During FY 2016/2017 General Fund and Debt Fund

Item	Urban Renewal General Fund	Urban Renewal Debt Fund	Totals
Expenditures			
Community Development	\$ 301,843	\$ -	\$ 301,843
Capital Outlay	\$ 302,918	\$ -	\$ 302,918
Debt Service	\$ -	\$ 263,518	\$ 263,518
Total Expenditures	\$ 604,761	\$ 263,518	\$ 868,279
Other Financing Sources			
Transfers in	\$ 522,628	\$ -	\$ 522,628
Transfers out	\$ -	\$ (522,628)	\$ (522,628)
Total Other Financing Sources	\$ 522,628	\$ (522,628)	\$ -
Net Change in Fund Balance	\$ 14,101	\$ (576,009)	\$ (561,908)
Fund Balance, Beginning	\$ 1,173,047	\$ 599,779	\$ 1,772,826
Fund Balance, Ending	\$ 1,187,148	\$ 23,770	\$ 1,210,918

Source: FYE 2017 Urban Renewal Audit, p 4

Estimated Revenues

The estimated tax revenues from the FY 2017/2018 adopted Urban Renewal Agency budget are \$804,117, \$769,117 from current property taxes and \$35,000 from delinquent property taxes. The Agency also estimates \$15,000 from interest on investments. ³

³ City of La Grande FY 2017/2018 Budget document, p 4

Proposed Budget for Current Fiscal Year, FY 2017/2018

A compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund is shown in Table 2 below.

Table 2. Budget FY 2017/2018 General Fund and Debt Fund

Item	2017/18 General Fund	2017/18 Debt Fund	Totals
REVENUES			
Taxes to be Collected Current and Delinquent	\$ -	\$ 804,117	\$ 804,117
Principal Payments	\$ 4,867	\$ -	\$ 4,867
Interest Payments	\$ 3,137	\$ -	\$ 3,137
Transfers from URA Debt Fund	\$ 1,600,000	\$ -	\$ 1,600,000
Transfers from URA Genral Fund	\$ -	\$ 1,021,838	\$ 1,021,838
Interest Income	\$ -	\$ 15,000	\$ 15,000
TOTAL REVENUES	\$ 1,608,004	\$ 1,840,955	\$ 3,448,959
EXPENDITURES			
Materials and Services:			
Administrative Fees General Fund	\$ 55,939	\$ -	\$ 55,939
Professional Service & Fees ECODV	\$ 225,266	\$ -	\$ 225,266
Professional Service & Fees psnl	\$ 112,389	\$ -	\$ 112,389
Business Assistance Loans	\$ 101,458	\$ -	\$ 101,458
Total Materials and Services	\$ 495,052	\$ -	\$ 495,052
Capital Outlay:			
URA Plan Projects	\$ 333,550	\$ -	\$ 333,550
Targeted Partnership Projects	\$ 442,311	\$ -	\$ 442,311
I00F Project	\$ 40,000	\$ -	\$ 40,000
Adams Avenue Project	\$ 262,174	\$ -	\$ 262,174
Total Capital Outlay	\$ 1,078,035	\$ -	\$ 1,078,035
Transfers to URA Debt Fund	\$ 1,021,838	\$ -	\$ 1,021,838
Contingency	\$ 46,128	\$ -	\$ 46,128
Unappropriated Ending Fund Balance	\$ 250,000	\$ 35,922	\$ 285,922
Debt Service:			
Principal	\$ -	\$ 146,381	\$ 146,381
Interest	\$ -	\$ 114,081	\$ 114,081
Total Bonded Debt Service	\$ -	\$ 260,462	\$ 260,462
Transfers to URA General Fund	\$ -	\$ 1,600,000	\$ 1,600,000
TOTAL EXPENDITURES	\$ 2,891,053	\$ 1,896,384	\$ 4,787,437

Source: City of La Grande FY 2017/2018 Urban Renewal Budget

Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 3. This information is from Union County Assessor records, Table 4e. These numbers are after truncation and compression losses. There were \$4,194 of compression losses to the urban renewal area in FY 2016/2017.

Urban renewal agencies do not create an additional tax. Instead, during the Agency's lifespan, overlapping taxing districts "forego" a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. For the majority of taxing districts this impact is less than four percent of their permanent rate levy. The greatest impact is on the City of La Grande, at 1.44% of their permanent rate levy. The School District and ESD are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

Table 3. Impact on Taxing Districts FY 2016/2017

Taxing District	Revenue Forgone	Permanent Rate Levy	Total	Percentage of Total
Union County	\$28,929	\$5,430,313	\$5,459,242	0.53%
4H & Extension	\$1,562	\$296,352	\$297,914	0.52%
Vector Control - 694	\$205	\$43,775	\$43,980	0.47%
School District #1 - 700	\$45,159	\$5,434,283	\$5,479,442	0.82%
Intermountain ESD - 748	\$5,976	\$1,119,800	\$1,125,776	0.53%
City of La Grande - 750	\$72,593	\$4,979,210	\$5,051,804	1.44%
La Grande Cemetery - 770	\$2,714	\$241,844	\$244,558	1.11%
Total	\$157,139			

Source: FY 2016/2017 SAL 4e and SAL 4a from Union County Assessor