

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2019

2018/2019

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, 2019

LA GRANDE URBAN RENEWAL AGENCY

URBAN RENEWAL AREA BACKGROUND

The La Grande Urban Renewal Plan (“Plan”) was adopted by the the City of La Grande on November 17, 1999. The frozen base assessed value (“Frozen Base”) of the Urban Renewal Area is \$79,416,398. The FY 2018/2019 total assessed value is \$165,874,550. The Agency decided to under-levy for FY 2018/2019. An under-levy is accomplished by asking the Assessor for an adjusted Frozen Base. The Frozen Base used for FY 2018/2019 was \$130,874,550. Adjusting the Frozen Base means the Agency will receive fewer tax dollars than they could if they did not do an under-levy and that other taxing jurisdictions will receive additional tax dollars. The excess value, or the value on which taxes are paid to the Urban Renewal Agency in FY 2018/2019 is \$37,000,000.¹

The La Grande Urban Renewal Agency (“LGURA”) was established by the City of La Grande as a long-term investment strategy to fund and construct capital improvement projects in the La Grande Urban Renewal Area (“Area”). The Area is approximately 526 acres, or 19.03% of the 2,763 acres within the city limits at the time it was established.

LGURA is a separate legal and financial entity, governed by the members of the the City of La Grande City Council.

Oregon state law allows cities to create urban renewal districts in size not to exceed twenty-five percent (25%) of the total assessed property value within the city limits. The frozen base value of the La Grande Urban Renewal Area when established in 1999 was \$79,146,398, and does not exceed this limit.

Urban Renewal Goals

LGURA’s guiding document is the Plan and Report, which lists a series of goals and objectives to guide activities in the urban renewal area. Goals listed in the Plan are as follows:

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.

¹Union County Assessor Tax FY 2018/19 Table 4e The frozen base was adjusted to accomplish an under levy.

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.

The entire La Grande Urban Renewal Plan and Report can be found on La Grande Urban Renewal Agency's website, <http://www.cityoflagrande.org>.

PROJECTS

Kehr Chiropractic and Eagle Cap CrossFit



Interior Kehr Chiropractic



Owners, Jason and Bene Kehr

PROJECT HIGHLIGHT

Kehr Chiropractic and Eagle Cap CrossFit

1802 4th Street

La Grande, OR

Total Project Cost: \$362,723

Urban Renewal Grant: \$50,000

Number of New Employees: 3

This project created a state of the art postural, correctional and functional rehab center integrated with an established CrossFit facility specializing in functional fitness. The postural correction and rehab center provides digital x-ray spinal analysis, specific therapeutic and rehab options to prevent long-term degenerative health conditions. The CrossFit gym was a relocation and expansion of an existing business. Kehr Chiropractic is a family owned business that has recently transitioned into the second generation of ownership. We thank Bene and Jason for expanding in La Grande!



Eagle Cap CrossFit

Direct Music Source



PROJECT HIGHLIGHT

Direct Music Source

1206 Adams Avenue

La Grande, OR

Total Project Cost: \$79,000

Urban Renewal Grant: \$15,000

Number of New Employees: 7

Located in the heart of the downtown, Direct Music Source (DMS) is a multi-generational business owned by Anthony, Margaret and Adam Corig. This project is the expansion of DMS into the adjacent store front, which had been vacant since its construction more than 10 years previously. The additional 1,800 sq. feet allowed for additional retail space, 3 private studios and an area to host events. With the expansion, DMS was able to acquire a direct dealership with YAMAHA, a maker of higher-end musical instruments. Through that partnership, DMS hosts professional clinics in La Grande and provide special promotions that larger communities do not usually offer. Initially anticipating that they would add three employees, the expansion has allowed Direct Music Source to hire 7 new employees! We are honored they chose to grow in La Grande.

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 2018/2019, the La Grande Urban Renewal Agency received \$635,557 from current year and prior years division of taxes.² The detailed revenue of the La Grande Urban Renewal Agency can be seen in Table 1.

Table 1. Money Received During FY 2018/2019

Receipt Category	2018/2019 Amount
General Fund	
Assessment Interest	8,112
Miscellaneous	30
TOTAL:	\$8,142
Debt Fund	
Division of Taxes	635,557
Interest on Investments	32,748
TOTAL:	\$668,305

Source: La Grande Urban Renewal Agency Financial Statement FYE 2019, pg. 4

Money Expended

Revenue received through urban renewal and spent on urban renewal activities is shown in Table 2. There was also a transfer of \$403,249 out of the Debt Fund to the General Fund.

Table 2. Expenditures During FY 2018/2019

Expenditure Category	2018/2019 Amount
General Fund	
Community Development	249,204
Capital Outlay	222,207
TOTAL:	\$471,411
Debt Fund	
Debt Service	254,666
TOTAL:	\$254,666

Source: La Grande Urban Renewal Agency Financial Statement FYE 2019, pg. 4

² La Grande Urban Renewal Agency Audited Financial Statement FYE 2019, pg. 4

Estimated Revenues

The estimated tax revenues from the FY 2019/20 adopted La Grande Urban Renewal Agency budget are \$768,500 from current and delinquent taxes.³

Proposed Budget for Current Fiscal Year, FY 2019/20

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 3 below.

Table 3. Budget FY 2019/20 Urban Renewal General Fund

Budget Category (Expenditures)	2019/20 Amount
Materials and Services	343,853
Capital Outlay	1,045,437
Contingency	150,000
Unappropriated Ending Balance	356
Total	\$1,539,646
Budget Category (Revenues)	2019/20 Amount
Fund Balance	157,935
Transfer from Debt Fund	1,373,903
Income	7,808
TOTAL:	\$1,539,646

Source: The City of La Grande FY 2019/20 Urban Renewal Budget General Ledger

Table 4. Budget FY 2019/20 Urban Renewal Debt Fund

Debt Fund (Expenditures)	2019/20 Amount
Interfund Transfer (General Fund)	1,373,903
Contingency - Debt payments	260,090
Reserves for Unappropriated	124,207
Total	\$1,758,200
Debt Fund (Revenues)	2019/20 Amount
Fund Balance	966,700
Current Property Taxes	743,500
Delinquent Property Taxes	25,000
Interest on Investments	23,000
TOTAL:	\$1,758,200

Source: The City of La Grande FY 2019/20 Urban Renewal Budget General Ledger

³ The City of La Grande FY 2018/19 Urban Renewal Budget, pg. 1-8, e mail from Kim Hulse 11/19/2019

Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 5. The general Obligation Bond impact is also shown in the table. This information is from Union County Assessor records, Table 4a and 4e and is after losses of \$12,798.09 to compression to permanent rate levies and \$1,559.31 in compression losses on the School District Bond.

Tax increment revenue derived from permanent rate levies results in an impact to taxing districts. These are “foregone revenues” that result in decreased property tax collections for the affected taxing districts. Tax increment revenue derived from general obligation bonds does not have the same impact on taxing districts. Instead, the general obligation bond tax rates are adjusted upwards to ensure that the full amount of annual debt service payments can be made. Thus, the foregone revenue associated with general obligation bond tax rates does not have an impact on taxing districts, but instead impacts taxpayers countywide through a slightly higher property tax rate. The impact of the division of taxes is shown in Table 4 below.

Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The School District #1 and Intermountain Education Service District 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 5. Impact on Taxing Districts FY 2018/2019

Taxing Jurisdiction	Impact	Percent of Total Permanent Rate Levy	Bond Impact
Union County	\$107,308	1.83%	
4H & Extension	\$5,796	1.81%	
Vector Control	\$797	1.68%	
School District #1	\$167,448	2.84%	\$69,775
Intermountain ESD	\$22,244	1.83%	
City of La Grande	\$269,178	4.99%	
La Grande Cemetary	\$11,573	4.42%	

Source: FY 2018/2019 Sal 4a and 4e from Union County Assessor

Maximum Indebtedness

The maximum indebtedness established in 1999 for the La Grande Urban Renewal Plan is \$21,992,525. 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 La Grande Urban Renewal Plan is projected to be in operation until 2022. The amount of maximum indebtedness remaining for the Plan Area is \$10,832,388.⁴

⁴ Email from Kim Hulse November 19, 2019