

# ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2016

2015/2016

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, 2016

## 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, 2016 is \$12,142,275.

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](http://www.cityoflagrande.org)



## PROJECTS:

There are two urban renewal discretionary projects listed under Capital Outlay. These include the Façade Grant Program and the Business Revitalization Incentive Grant Program known as the “Call for Projects.” Four projects received Call for Projects Grants totaling \$187,619. This investment leveraged \$1,284,972 in private investment, including the Hines Meat Company project discussed later.

The Façade Grant continues to be one of the most popular Urban Renewal Programs. The Agency has changed the way this program is managed through a partnership with La Grande Main Street Downtown (LGMSD). LGMSD is now responsible for accepting and reviewing the grant application and making funding recommendations to Agency Staff. The Façade Grant program saw an increase over the previous year in the number of projects submitted. In 2015-2016, nine projects were awarded \$40,266 in funding. This leveraged an owner match of \$44,215. Grants were made primarily for signs and awnings. A collaborative project was the new Farmer’s Market Sign, which was a partnership between the La Grande Farmer’s Market, City of La Grande Parks and Recreation, the Career Technical Education Program at La Grande High School and Community Connections Public Transit Services.



Additionally, Urban Renewal funds were used to fund the continuation of the Adams Avenue Street Scape project. The 2015-2016 Adams Avenue Streetscape Project included both sides of Adams Avenue from Fourth Street to Depot Street and extended to the North and South to also include the alleys and the South half of Chestnut Street. The project is designed to enhance the community place making of downtown and increase commercial activity for local retailers. The project included new sidewalks, ornamental pedestrian lights, trees, a reconstructed alley linking public parking with downtown retail, benches, pedestrian ramps, planters and trash receptacles. The Agency collaborated with La Grande Main Street Downtown and local businesses for the placement of benches and trash receptacles.

## PROJECT HIGHLIGHT

### Hines Meat Company

2315 Jefferson Avenue

Total Project Cost: \$1,071,000

Urban Renewal Grant: \$75,000

This grant provided funding for the construction of a new meat facility including slaughter, butcher, mobile butcher area as well as the rehabilitation of an existing blighted structure into a retail space. This project opened in October 2016. One of the primary goals of owners Jake and Paige Hines is the creation of jobs in a healthy work environment that functions as a cohesive group. "Having secured the Urban Renewal funding helped us secure our construction loan...it gave us momentum and was a large portion of our budget" said owner, Paige Hines. This project has created 10 full-time and 6 part-time positions.



*Construction of Hines Meat Company*



Outside of Hines Meat Company



Inside of Hines Meat Company

## 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 2015/2016, the Union County Assessor calculated that the La Grande Urban Renewal would receive \$1,394,832 from the division of taxes.<sup>1</sup> The La Grande URA actually received \$1,359,787 in tax revenue, a smaller amount due to underpayments and delinquencies, 97.49% of the projected amount.<sup>2</sup> They also received \$7,911 in interest on investments. There were slight losses due to compression, an estimated \$65,990 or approximately 4.9 percent of the Area's estimated tax revenues.

### 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 2015/2016 General Fund and Debt Fund**

Item	Urban Renewal General Fund	Urban Renewal Debt Fund	Totals
<b>Expenditures</b>			
Community Development	\$247,986	-	\$247,986
Capital Outlay	\$1,307,893	-	\$1,307,893
Debt Service	-	\$263,981	\$263,981
<b>Total Expenditures</b>	<b>\$1,555,879</b>	<b>\$263,981</b>	<b>\$1,819,860</b>
<b>Other Financing Sources</b>			-
Transfers in	\$1,266,001	-	\$1,266,001
Transfers out	-	(\$1,266,001)	(\$1,266,001)
<b>Total Other Financing Sources</b>	<b>\$1,266,001</b>	<b>(\$1,266,001)</b>	<b>-</b>
<b>Net Change In Fund Balance</b>	<b>(\$288,803)</b>	<b>(\$178,878)</b>	<b>(\$467,681)</b>
<b>Fund Balance, Beginning</b>	<b>\$1,461,850</b>	<b>\$778,657</b>	<b>\$2,240,507</b>
<b>Fund Balance, Ending</b>	<b>\$1,173,047</b>	<b>\$599,779</b>	<b>\$1,772,826</b>

Source: FYE 2016 Urban Renewal Audit, p 4

### Estimated Revenues

The estimated tax revenues from the FY 2016-17 adopted Urban Renewal Agency budget are \$225,000, \$175,000 from current property taxes and \$45,000 from delinquent property taxes and \$5,000 from interest on investments.<sup>3</sup>

<sup>1</sup> Totals of Union County Sal 4e FY 2014/15

<sup>2</sup> FYE 2016 Urban Renewal Agency Audit Report, p c

<sup>3</sup> City of La Grande FY 2016/17 Budget document, p 4

## Proposed Budget for Current Fiscal Year, FY 2016/17

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 2016/2017 General Fund and Debt Fund**

Item	2016/17 General Fund	2016/17 Debt Fund
<b>RESOURCES</b>		
Fund Balance	\$1,257,375	\$851,379
Grants	\$25,000	-
Issuance of Debt/loan proceeds		-
Taxes to be Collected Current and Delinquent	-	\$220,000
Transfers from URA Debt Fund	\$807,000	-
Interest Income		\$5,000
<b>TOTAL RESOURCES</b>	<b><u>\$2,089,375</u></b>	<b><u>\$1,076,379</u></b>
<b>EXPENDITURES</b>		
<b>Materials and Services:</b>		
Administrative Fees Gen Fund	\$52,079	-
Professional Svc & Fees ECODV	\$220,330	
Professional Svc & Fees psnl	\$101,558	
Business Assistance Loans	\$150,000	-
<b>Total Materials and Services</b>	<b><u>\$523,967</u></b>	<b>-</b>
<b>Capital Outlay:</b>		
URA Plan Projects	\$380,550	
Targeted Partnership Projects	\$240,000	
		-
Adams Avenue Project	\$291,625	
<b>Total Capital Outlay</b>	<b><u>\$912,175</u></b>	<b>-</b>
<b>Contingency</b>	<b><u>\$100,000</u></b>	
<b>Unappropriated Ending Balance</b>	<b><u>\$553,233</u></b>	<b><u>\$5,861</u></b>
<b>Debt Service:</b>		
Principal	-	\$146,135
Interest	-	\$117,383
<b>Total Bonded Debt Service</b>	<b>-</b>	<b><u>\$263,518</u></b>
<b>Transfers Out</b>	<b>-</b>	<b><u>\$807,000</u></b>
<b>TOTAL EXPENDITURES</b>	<b><u>\$2,089,375</u></b>	<b><u>\$1,076,379</u></b>

Source: City of La Grande FY 2016/17 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 \$65,990 of compression losses to the urban renewal area in FY 2015/16.

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 13.42% 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 2015/2016**

Taxing District	Revenue Forgone	Permanent Rate Levy	Percentage of Permanent Rate Levy
City of La Grande	\$572,651	\$4,266,688	13.42%
School District #1	\$356,289	\$4,971,995	7.17%
Union County	\$228,332	\$5,003,072	4.56%
Intermountain ESD	\$47,358	\$1,040,956	4.55%
La Grande Cemetery	\$21,720	\$212,286	10.23%
4H & Extension	\$12,425	\$273,056	4.55%
Vector Control Local Option	\$6,960	\$224,176	3.10%
Vector Control	\$1,822	\$40,322	4.52%
<b>Total</b>	<b>\$1,247,556</b>		

Source: FY 2015/16 SAL 4e and SAL 4a from Union County Assessor