

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2021

2020/2021

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.



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Annual Report for Fiscal Year Ending June 30, 2021

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”) used for the Urban Renewal Area in FY 2020/2021 is \$112,609,450. The FY 2020/2021 total assessed value is \$169,054,932. The excess value, or the value on which taxes are paid to the Urban Renewal Agency in FY 2020/2021 is \$62,078,898 and is the result of an underlevy.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 2019/19** Table 4e The frozen base was adjusted to accomplish an underlevy, or taking fewer taxes than allowed.

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>.

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 \$9,407,121.²

² MI tracker worksheet from Heather Rajkovich 12/29/2021

Projects

Raul's Taqueria Expansion

1302-1304 Adams Avenue

Project Cost \$46,000

Urban Renewal Grant \$21,000

Urban Renewal funds helped this minority owned restaurant expand into the adjacent storefront. The expansion included the addition of a full bar and allowed the owners to more than double their indoor seating capacity, an expansion that would prove critical to their continued success during the COVID pandemic



Slater Building Renovation

212-224 Fir Street

10 apartments and 5 storefronts

Urban Renewal Grant \$34,700

Urban Renewal funds helped the property owner renovate this mixed use building including refurbishing ten workforce affordable housing units on the second floor, and five ground floor storefronts. The project included substantial improvements to electrical, HVAC, and mechanical systems throughout the building to address and repair decades of deferred maintenance, previous fire damage, and outdated building systems.



Hines Meat Company Expansion

2315 Jefferson Street

Project Cost 211,000

Urban Renewal Grant \$69,708

Urban Renewal funds helped this local butcher and meat market expand their traded sector sales capacity by adding additional coolers and equipment to meet USDA certification standards that allow them to sell locally produced product to new wholesale and consumer markets.



The Local Station Adaptive Reuse

1508 Adams Ave

Project Cost \$409,000

Urban Renewal Grant \$64,220

(Currently 90% complete)

Urban Renewal funds helped repurpose the formerly vacant Texaco station into a coffee shop with walk in and drive through service and outdoor seating. This formerly derelict corner has already started to transition into a bustling gathering space at the entry to downtown La Grande.



Copy Club landscaping improvements

Project Cost \$43,095

Urban Renewal Grant \$19,997

Urban Renewal funds helped rehabilitate the parking lot and landscaping at this highly visible corner location at the entry to downtown 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 2020/2021, the La Grande Urban Renewal Agency received \$1,044,426 from current year and prior years division of taxes.³ The detailed revenue of the La Grande Urban Renewal Agency can be seen in Table 1.

Table 1. Money Received During FY 2020/2021

| Receipt Category | General Fund | Debt Fund | Total |
|-------------------------|--------------|-------------|-------------|
| Assessment Interest | 7,802 | | 7,802 |
| Division of Taxes | | 1,044,426 | 1,044,426 |
| Interest on Investments | | 8,458 | 8,458 |
| Misc. | 1,805 | | 1,805 |
| TOTAL: | \$9,607 | \$1,052,884 | \$1,062,491 |

Source: La Grande Urban Renewal Agency Financial Statement FYE 2021, pg. 4

Money Expended

Revenue received through urban renewal and spent on urban renewal activities is shown in Table 2.

Table 2. Expenditures During FY 2020/2021

| Expenditure Category | General Fund | Debt Fund | Total |
|-----------------------|--------------|-----------|-----------|
| Community Development | 245,178 | | 245,178 |
| Capital Outlay | 386,948 | | 386,948 |
| Debt Service | | 251,243 | 251,243 |
| TOTAL: | \$632,126 | \$251,243 | \$883,369 |

Source: La Grande Urban Renewal Agency Financial Statement FYE 2021, pg. 4

³ La Grande Urban Renewal Agency Audited Financial Statement FYE 2020, pg. 4

Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 3. 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 \$ \$26,008 to compression to permanent rate levies and \$2,785 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 3 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 3. Impact on Taxing Districts FY 2020/2021

| Taxing Jurisdiction | Impact | Percent of Total Permanent Rate Levy | Compression | Bonds | Compression |
|---------------------|-----------|--------------------------------------|-------------|-----------|-------------|
| Union County | \$173,752 | 2.83% | \$4,790 | | |
| 4H & Extension | \$9,423 | 2.82% | \$260 | | |
| Vector Control | \$1,380 | 2.79% | \$37 | | |
| School District #1 | \$271,123 | 4.51% | \$7,474 | \$100,970 | \$2,785 |
| Intermountain ESD | \$36,007 | 2.84% | \$993 | | |
| City of La Grande | \$435,757 | 8.28% | \$12,012 | | |
| La Grande Cemetery | \$16,549 | 6.34% | \$442 | | |

Source: FY 2020/2021 Sal 4a and 4e from Union County Assessor

Estimated Revenues

The estimated tax revenues from the FY 2021/22 adopted La Grande Urban Renewal Agency budget are \$1,148,000 from current and delinquent taxes.⁴

Proposed Budget for Current Fiscal Year, FY 2021/22

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 are shown in Table 4 and Table 5 below.

Table 4. Budget FY 2021/22 Urban Renewal General Fund

| General Fund (Revenues) | 2021/22 Amount |
|---------------------------------------|-----------------------|
| Fund Balance | 183,166 |
| Principal Payments | 5,264 |
| Interest Payments | 2,066 |
| Transfer from URA Debt Fund | 1,612,518 |
| TOTAL: | \$1,803,014 |
| Budget Category (Expenditures) | |
| General Fund | |
| Materials and Services | 385,065 |
| Capital Outlay | 1,254,453 |
| Contingency | 150,000 |
| Unappropriated Ending Balance | 40,496 |
| TOTAL: | \$1,803,014 |

Source: The City of La Grande FY 2021/22 Urban Renewal Budget General Ledger

Table 5. Budget FY 2021/22 Urban Renewal Debt Fund

| Debt Fund (Revenues) | 2021/22 Amount |
|-------------------------------|-----------------------|
| Fund Balance | 900,730 |
| Division of Taxes | 1,125,000 |
| Prior Year Division of Taxes | 23,000 |
| Interest on Investments | 10,000 |
| TOTAL: | \$2,058,730 |
| Debt Fund (Expenses) | |
| Interfund Transfer | 1,612,518 |
| Bonded Debt Principal | 161,748 |
| Bonded Debt Interest | 94,694 |
| Unappropriated Ending Balance | 189,770 |
| TOTAL: | \$2,058,730 |

Source: The City of La Grande FY 2021/22 Urban Renewal Budget General Ledger

⁴ The City of La Grande FY 2021/22 Urban Renewal Budget Ledger, pg. 5