

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2020

2019/2020

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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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 2019/2020 total assessed value is \$174,195,251. The Agency decided to under-levy for FY 2019/2020. An under-levy is accomplished by asking the Assessor for an adjusted Frozen Base. The Frozen Base used for FY 2019/2020 was \$132,995,251. 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 2019/2020 is \$41,200,000.¹

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 2019/19 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

Pennington Rental Properties and Tap That Growlers



Completed Pennington Property 2021



IOOF/State Theater prior to renovation

Pennington Rental Properties and Tap That Growlers
1106 and 1108 Adams Avenue
La Grande, OR

Total Project Cost for both projects: \$1,197,750
Urban Renewal Grant: \$100,000
Oregon Main Street Grant \$100,000

Number of New Housing Units: 14
Number of New Employees for Tap That Growlers: 1 full-time and 16 part-time (June 2020)

Once, the most blighted property in La Grande, today, the Pennington Rental Properties stand as a shining example of the power of Urban Renewal. Located in the heart of the downtown, the Former IOOF and State Theater properties were purchased by Pennington Rental Properties in 2017. With an investment of \$100,000 in Urban Renewal funding and a \$100,000 Oregon Main Street grant, the public investment leveraged nearly \$1.2 million in private investment. It brought back to use nearly 18,000 square feet of space, added 13 upper story apartments, a first-floor ADA accessible apartment and allowed for the expansion of a local family-owned business, Tap That Growlers.



Devin Cornford, Co-Owner Tap That



Tap That Growlers

1106 Adams Avenue is two separate property tax lots which includes the original International Order of the Odd Fellows (IOOF), constructed in 1896 and the State Theater, built in 1910. When the City's Urban Renewal Agency acquired the property in 2011, it was severely blighted with broken windows, asbestos, other environmental hazards and pests. It was also a haven for homeless people and posed the potential for a fire. The City's Urban Renewal Agency received a grant from the DEQ through Business Oregon to complete remediation and abatement, as well as the installation of new membrane roofs and windows. There was also work done to the cap along the roof and repair and reinforcement of brick work.

Pennington Rental Properties began work on the project in 2018. Seth Pennington said of the project, "My partners and I decided to take a huge leap on this wild project. Our hope was that it would be good for us financially in the long run as well as be a positive change to downtown La Grande." We are happy with how it has turned out and are excited about the great new space for Tap That Growlers to expand and thrive.

In September 2018, 6 apartments opened in the Imperial Apartments building, formerly the State Theater and 7 apartments opened in the Odd Fellows apartments.



Completed Apartment 2018

Construction continued on the first floor and in June 2020, the ADA accessible apartment was

completed and Tap That Growlers opened in its new location which includes a restaurant serving scrumptious appetizers and hand-tossed artisan pizzas.

Thank you to Seth Pennington and the partners of Pennington Rental Properties and the Cornford/Titus Families for your contributions 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 2019/2020, the La Grande Urban Renewal Agency received \$705,875 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 2019/2020

Receipt Category	General Fund	Debt Fund	Total
General Fund			
Assessment Interest	6,608		6,608
Division of Taxes		705,875	705,875
Interest on Investments		26,023	26,023
Transfers In	697,744		
Transfers Out		-697,744	
TOTAL:			738,506

Source: La Grande Urban Renewal Agency Financial Statement FYE 2020, 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 \$697,744 out of the Debt Fund to the General Fund.

Table 2. Expenditures During FY 2019/2020

Expenditure Category	General Fund	Debt Fund	Total
General Fund			
Community Development	282,700		282,700
Capital Outlay	468,776		468,776
Debt Service		260,090	260,090
TOTAL:	\$751,476	\$260,090	\$1,011,566

Source: La Grande Urban Renewal Agency Financial Statement FYE 2020, pg. 4

Estimated Revenues

The estimated tax revenues from the FY 2020/21 adopted La Grande Urban Renewal Agency budget are \$1,083,000 from current and delinquent taxes.³

² La Grande Urban Renewal Agency Audited Financial Statement FYE 2020, pg. 4

³ The City of La Grande FY 2019/20 Urban Renewal Budget Ledger, pg. 5

Proposed Budget for Current Fiscal Year, FY 2020/21

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 2020/20 Urban Renewal General Fund

General Fund (Revenues)	2020/21 Amount
Fund Balance	3,292
Principal Payments	5,264
Interest Payments	2,271
Transfer from URA Debt Fund	1,723,719
TOTAL:	\$1,734,546
Budget Category (Expenditures)	
General Fund	
Materials and Services	354,169
Capital Outlay	1,227,550
Contingency	150,000
Unappropriated Ending Balance	2,827
TOTAL:	\$1,734,546

Source: The City of La Grande FY 2020/21 Urban Renewal Budget General Ledger

Table 4. Budget FY 2020/20 Urban Renewal Debt Fund

Debt Fund (Revenues)	2020/21 Amount
Fund Balance	980,618
Division of Taxes	1,060,000
Prior Year Division of Taxes	23,000
Interest on Investments	28,000
TOTAL:	\$2,091,618
Debt Fund (Expenses)	
2020/21 Amount	
Interfund Transfer	1,723,719
Bonded Debt	251,243
Unappropriated Ending Balance	116,656
TOTAL:	\$2,091,618

Source: The City of La Grande FY 2020/21 Urban Renewal Budget General Ledger

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 \$ \$14,694.72 to compression to permanent rate levies and \$1,712.56 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 2019/2020

Taxing Jurisdiction	Impact	Percent of Total Permanent Rate Levy	Bonds
Union County	\$119,520	1.97%	
4H & Extension	\$6,468	1.96%	
Vector Control	\$903	1.85%	
School District #1	\$186,388	3.07%	\$75,592.15
Intermountain ESD	\$24,746	1.98%	
City of La Grande	\$299,665	5.36%	
La Grande Cemetery	\$11,362	4.20%	

Source: FY 2019/2020 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 \$9,615,171.⁴

⁴ MI tracker worksheet from Heather Rajkovich 12/1/2020