



**City of Forest Grove
Urban Renewal Agency
2016-2017 Proposed Budget**



Urban Renewal Agency of the City of Forest Grove

FY 2016-17 Budget Message

To: The Budget Committee and the Citizens of Forest Grove

It is my sincere pleasure to present the second budget for the Urban Renewal Agency of the City of Forest Grove. The Urban Renewal Agency is overseen by a board of directors made up of the Mayor and City Council members. The Agency is charged with revitalization within the Forest Grove Urban Renewal Area. The urban renewal area was established in July 2014 and includes the Forest Grove Town Center and the Pacific Avenue/19th Avenue corridor to just past the Quince Street/Pacific Avenue intersection. The urban renewal project area is about 6% of the total area of the City. It represents about 9.2% of the taxable assessed value in the community.

The FY 2016-17 Proposed Budget for the Forest Grove Urban Renewal Area is \$1,046,205 which is a significant increase over the first year budget of \$43,071. The revenue is based on: 1) projected property tax revenue received from the tax increment on the taxable assessed value of the urban renewal area; and 2) loan proceeds of \$965,000 from the City of Forest Grove to fund development fees & permits and public improvements related to the Pacific and A Street Development which is scheduled to begin construction in September 2016. The Urban Renewal Agency has committed to pay \$962,561 for those expenses so the development may occur. Other expenditures, including a small reimbursement to the City for administrative expenses, are being held to a minimum.

The Urban Renewal will have incurred debt to the City in the amount of \$2,065,000 after the \$965,000 loan to pay the Pacific and A Street Development costs occurs in August 2016. In December 2015, the Urban Renewal Agency purchased the site for this development for \$1,100,000 from the City. The debts will be combined into one loan and will be paid to the City over a ten-year period. The loan payments will be interest only for the first three years as the Urban Renewal Agency builds enough tax increment to pay the principal.

Many people have participated in the processes to form the Urban Renewal Agency and work on the Agency's first development project. The Urban Renewal Agency is starting to show some of the benefits that it was intended to deliver when it was formed. Hopefully, the Pacific and A Street Development is the first of many projects to receive funding assistance as more properties in the urban renewal area develop in the future.

Respectfully submitted,

Jesse VanderZanden, Executive Director

Forest Grove Urban Renewal Agency

URA RESOURCES	2015-16 Adopted	2015-16 EST. YE	2016-17 Proposed	% Change
PROPERTY TAXES				
440225 Property Taxes	43,021	27,079	75,231	175%
MISCELLANEOUS REVENUE				
470105 Interest	50	95	50	100%
470003 Loan Proceeds	-	-	965,000	#DIV/0!
TOTAL MISCELLANEOUS REVENUE	50	95	965,050	
FUND BALANCE AVAILABLE				
495005 Fund Bal Available	-	-	5,924	#DIV/0!
TOTAL URA RESOURCES	43,071	27,174	1,046,205	2429%
URA EXPENDITURES				
MATERIALS & SERVICES				
520110 Operating Supplies	250	-	-	0%
520270 Miscellaneous	6,446	-	2,500	39%
520506 Memberships	250	-	250	100%
520557 Intergovernmental Services	5,000	5,000	770,477	15410%
521113 Attorney Services	8,000	2,500	8,000	100%
521171 Financial Services, Auditing, Invest	2,500	-	5,000	200%
TOTAL MATERIALS AND SERVICES	22,446	7,500	786,227	3503%
CAPITAL OUTLAY				
550760 Construction Projects	-	-	203,084	#DIV/0!
DEBT SERVICE				
562080 Principal	-	-	-	#DIV/0!
562085 Interest	20,625	13,750	52,365	254%
TOTAL DEBT SERVICE	20,625	13,750	52,365	254%
UNAPPROPRIATED ENDING FUND BAL				
590304 Unappropriated Fund Balance	-	-	4,529	#DIV/0!
TOTAL URA EXPENDITURES	43,071	21,250	1,046,205	2429%