



**City of Forest Grove
Urban Renewal Agency
2016-2017 Adopted 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	2016-17 Proposed	2016-17 Approved	2016-17 Adopted
PROPERTY TAXES				
440225 Property Taxes	43,021	75,231	75,231	75,231
MISCELLANEOUS REVENUE				
470105 Interest	50	50	50	50
470003 Loan Proceeds	-	965,000	965,000	965,000
TOTAL MISCELLANEOUS REVENUE	50	965,050	965,050	965,050
FUND BALANCE AVAILABLE				
495005 Fund Bal Available	-	5,924	5,924	5,924
TOTAL URA RESOURCES	43,071	1,046,205	1,046,205	1,046,205
URA EXPENDITURES				
MATERIALS & SERVICES				
520110 Operating Supplies	250	-	-	-
520270 Miscellaneous	6,446	2,500	2,500	2,500
520506 Memberships	250	250	250	250
520557 Intergovernmental Services	5,000	770,477	770,477	770,477
521113 Attorney Services	8,000	8,000	8,000	8,000
521171 Financial Services, Auditing, Invest	2,500	5,000	5,000	5,000
TOTAL MATERIALS AND SERVICES	22,446	786,227	786,227	786,227
CAPITAL OUTLAY				
550760 Construction Projects	-	203,084	203,084	203,084
DEBT SERVICE				
562080 Principal	-	-	-	-
562085 Interest	20,625	52,365	52,365	52,365
TOTAL DEBT SERVICE	20,625	52,365	52,365	52,365
UNAPPROPRIATED ENDING FUND BAL				
590304 Unappropriated Fund Balance	-	4,529	-	-
TOTAL URA EXPENDITURES	43,071	1,046,205	1,041,676	1,041,676