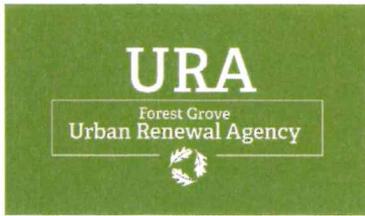


# City of Forest Grove Urban Renewal Agency FY 2025-27 Proposed Budget





FY 2025-27 Budget Message  
Urban Renewal Agency of the City of Forest Grove  
May 13, 2025

To: The Budget Committee and the Residents of Forest Grove:

It is my pleasure to present the first biennial budget for the Urban Renewal Agency of the City of Forest Grove. This budget will cover the period from July 1, 2025, through June 30, 2027. The Urban Renewal Agency (URA) is overseen by the Mayor and the City Councilors, who act in the capacity of the Chair and Directors for the URA.

The URA was established in July 2014 and is slated to expire June 30, 2035. The URA area comprises 6% of the total area of the city and includes the Forest Grove Town Center and the Pacific Avenue/19<sup>th</sup> Avenue corridor to just East of the Quince Street/Pacific Avenue intersection. The principal revenue for the URA is the property tax increment between when the Agency was established and the property tax today.

The URA is authorized under state law and is charged with increasing taxable assessed value through urban revitalization within the URA area for the future benefit of City services that depend on property taxes such as police, fire, parks, and library. The URA accomplishes this through property purchases and incentive programs to improve property and buildings located in the URA area. By reinvesting in the future, the assessed value in the URA area increases faster than it otherwise would have without the investment – yielding more revenue to the general fund when the URA expires.

Regarding incentive programs, the URA reached an inflexion point this past year in that it implemented the Building Improvement Grant Program and funded this program, along with the Storefront and Design Grant Programs, to the point where annual expenses for these programs, combined with debt requirements, closely approximate annual revenues. In other words, at least for this biennium, the URA has planned itself to capacity and will turn its focus from developing to implementing these programs.

Regarding property purchases, with the help of a leading commercial real estate agent, the URA also performed an exhaustive and strategic review of eligible commercial properties for redevelopment. After several work sessions, the Board opted to borrow \$4.25 million or approximately 50% of its annual revenues over a 10-year period. This allowed the URA to purchase strategic properties while also fully funding the above grant programs with the remaining revenues.

These revenues are being used to purchase two strategic properties – the theater property on Pacific and the large gravel lot owned by Woodfold on 19<sup>th</sup> St. The loan is scheduled to be repaid on June 30, 2035. Once these purchases are finalized, the URA will have three properties for redevelopment in the coming years, including Site B on Pacific Avenue.

The next step regarding the properties will be to conduct an economic concept analysis for each property and specifically for a boutique hotel/commercial at the theater property. This information will be used to engage the community and the URA Board on what types of development for each property will best meet the goals of the URA.

The FY 2025-27 Proposed Budget for the URA is \$3,951,08 including property tax revenue of \$1.859 million. Proposed expenditures for FY 2025-27 include \$700,000 for a building improvement program, \$80,000 for the Storefront Improvement Program, \$30,000 for a consultant, and \$1,153,865 for debt service payments on the new loan.

Importantly, the URA will also have \$1,445,788 in undesignated funds over the upcoming budget period that could be used to assist in the development of the URA-owned properties. The focus of the URA over the next couple years will be to fully implement the grant programs and engage the community and Board on the development of URA owned properties.

Respectfully submitted,

Jesse VanderZanden  
Executive Director, Forest Grove Urban Renewal Agency

850 URBAN RENEWAL AGENCY

FISCAL YEARS 2025-2027 PROPOSED BUDGET

URA RESOURCES	2022-23 Actual	2023-24 Actual	2024-25 Budgeted	2024-25 Estimated YE	2025-26 Proposed	2026-27 Proposed	2025-2027 Biennium Total
<b>PROPERTY TAXES</b>							
4000 Property Taxes	655,674	828,945	851,681	886,889	915,269	944,558	1,859,827
4020 Prior Years Property Taxes	8,372	6,493	6,000	8,054	6,000	6,000	12,000
<b>TOTAL PROPERTY TAXES</b>	<b>664,046</b>	<b>835,438</b>	<b>857,681</b>	<b>894,943</b>	<b>921,269</b>	<b>950,558</b>	<b>1,871,827</b>
<b>MISCELLANEOUS REVENUE</b>							
4700 Interest	17,180	32,397	19,000	124,154	48,000	42,000	90,000
4716 Proceeds from Debt Issuance			4,250,000	4,250,000	0	0	0
<b>TOTAL MISCELLANEOUS REVENUE</b>	<b>17,180</b>	<b>32,397</b>	<b>4,269,000</b>	<b>4,374,154</b>	<b>48,000</b>	<b>42,000</b>	<b>90,000</b>
<b>FUND BALANCE AVAILABLE</b>							
4900 Fund Bal Avail For Approp.	622,702	845,592	625,529	639,225	1,989,254	0	1,989,254
<b>TOTAL URA RESOURCES</b>	<b>1,303,928</b>	<b>1,713,427</b>	<b>5,752,210</b>	<b>5,908,322</b>	<b>2,958,523</b>	<b>992,558</b>	<b>3,951,081</b>

URA EXPENDITURES	2022-23 Actual	2023-24 Actual	2024-25 Adopted	2024-25 Estimated YE	2025-26 Proposed	2026-27 Proposed	2025-2027 Biennium Total
<b>MATERIALS &amp; SERVICES</b>							
6125 Public Information	1,443	342	600	743	600	600	1,200
6135 Memberships	0	0	250	0	250	250	500
6200 Intergovernmental Services	88,574	113,789	137,943	137,943	135,518	141,660	277,178
6295 Attorney Services	0	0	15,000	9,925	15,000	15,000	30,000
6305 Professional Services	3,029	0	15,000	8,081	15,000	15,000	30,000
6325 Financial Services, Auditing, Invest	5,500	5,700	5,700	6,900	6,000	6,000	12,000
6328 Bond Issuance Costs			54,000	54,000	0	0	0
6425 Storefront Improvement Grants	1,248	4,398	20,000	15,450	20,000	20,000	40,000
6426 Public Art and Other Projects	39,850	0	350,000	6,000	0	0	0
6427 Building Improvement Program	0	0	0	15,000	510,550	350,000	860,550
6428 Land Purchase Program	0	0	4,421,042	3,540,069	100,000	0	100,000
6430 Undesignated Projects	0	0	607,717	0	0	1,445,788	1,445,788
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>139,644</b>	<b>124,229</b>	<b>5,627,252</b>	<b>3,794,111</b>	<b>802,918</b>	<b>1,994,298</b>	<b>2,797,216</b>
<b>DEBT SERVICE</b>							
8014 Principal	294,421	919,066	0	0	325,000	340,000	665,000
8114 Interest	24,270	18,382	124,958	124,958	254,150	234,715	488,865
<b>TOTAL DEBT SERVICE</b>	<b>318,691</b>	<b>937,448</b>	<b>124,958</b>	<b>124,958</b>	<b>579,150</b>	<b>574,715</b>	<b>1,153,865</b>
<b>UNAPP FUND BALANCE</b>							
8450 Unapp Fund Balance	0	0	0	0	0	0	0
<b>TOTAL URA EXPENDITURES</b>	<b>458,335</b>	<b>1,061,677</b>	<b>5,752,210</b>	<b>3,919,069</b>	<b>1,382,068</b>	<b>2,569,013</b>	<b>3,951,081</b>

## BOND DEBT SERVICE

### Forest Grove Urban Renewal Agency Urban Renewal Bond, Series 2024 (Federally Taxable)

Fiscal Year	Principal	Coupon	Interest	Debt Service
2025-26	325,000	5.980%	254,150	579,150
2026-27	340,000	5.980%	234,715	574,715
2027-28	365,000	5.980%	214,383	579,383
2028-29	385,000	5.980%	192,556	577,556
2029-30	405,000	5.980%	169,533	574,533
2030-31	430,000	5.980%	145,314	575,314
2031-32	455,000	5.980%	119,600	574,600
2032-33	485,000	5.980%	92,391	577,391
2033-34	515,000	5.980%	63,388	578,388
2034-35	545,000	5.980%	32,591	577,591
	4,250,000		1,518,621	5,768,621