

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2021

2020/2021

Molalla 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.



This page intentionally left blank.

Annual Report for Fiscal Year Ending June 30, 2020

MOLALLA URBAN RENEWAL AGENCY

URBAN RENEWAL AREA BACKGROUND

The Molalla Urban Renewal District Plan (Plan) was adopted by the the City of Molalla on July 1, 2008. The maximum indebtedness established in 2008 for the Plan is \$26,175,000. 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 frozen base assessed value (“Frozen Base”) of the Urban Renewal Area is \$49,474,770. The FY 2020/2021 total assessed value is \$95,326,313. The excess value, or the value on which taxes are paid to the urban renewal agency in FY 2020/2021 is \$45,851,543.¹

The Molalla Urban Renewal Agency (“Agency”) was established by the City of Molalla as a long-term investment strategy to fund and construct capital improvement projects in the Urban Renewal Area (“Area”).

Agency is a separate legal and financial entity, governed by the members of the City of Molalla City Council.

Urban Renewal Goals

The Agency’s guiding document is the Molalla Urban Renewal Plan, which lists a series of goals to guide activities in the Area. Goals listed in the Plan are as follows:

- Carry out public improvements, pursue acquisitions and provide incentives to attract economic investment and redevelopment in Molalla.
- Encourage creation and expansion of enterprises that will provide goods and services the community needs.
- Provide more family wage jobs in Molalla.
- Increase property values in Molalla.
- Enhance overall community appearance and livability.

¹ Clackamas County Assessor Tax FY 2020/2021 Table SAL 4e

- Help diversify the city's economic base.
- Help implement the city's comprehensive plan, downtown master plan, and enhance recreational opportunities in the community.

The entire Molalla Urban Renewal Plan and Report can be found on Molalla Urban Renewal Agency's website: <https://www.cityofmolalla.com/community/page/molalla-urban-renewal-plan>

Urban Renewal Projects

The projects undertaken in the urban renewal area this year and projected for next year are the property acquisition and construction of the Police Station, the Molalla/Main Street (OR 211) Signal project and sidewalk improvements on Toliver Road (Sawyer Trucking).

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 the statute.

Previous Fiscal Year, FY 2020/2021

Money Received

In FY 2020/2021, the Molalla Urban Renewal Agency received \$761,294 from division of taxes.² This number may differ from Table 3 due to payments of prior year taxes and delinquencies. The detailed earnings of the Molalla Urban Renewal Agency can be seen in Table 1.

Table 1. Money Received During FY 2020/2021

Item	Amount
Division of Taxes	761,294
Interest	953
Bond/Loan	2,530,400
TOTAL:	\$3,292,647

Source: Molalla Urban Renewal Agency Financial Statement FYE 2021, pg.3

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

Item	Amount
Materials and Services	66,840
Capital Outlay	0
Bond Principal	178,500
Bond Interest	82,450
Bond 2 Principal	258,600
Bond Interest	9,863
Contingency	0
Bond Reserve	0
TOTAL:	\$956,741

Source: Molalla Urban Renewal Agency Financial Statement FYE 2021, pg. 3

² Molalla Urban Renewal Agency Financial Statement FYE 2021, pg. 3

Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 3. This information is from Clackamas County Assessor records, Table 4e and takes into account any compression occurring this year.

Urban renewal agencies do not create an additional tax. Instead, during the Agency’s lifespan, overlapping taxing districts “forego” a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The School District and 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 District	Impact
City of Molalla	241,373
Clackamas Community College	25,522
Clackamas County	109,331
County R	1,053
County Extension & 4H	2,261
County Library	18,157
County Soil Conservation	2,261
ESD Clackamas	16,844
FD78 Molalla	35,876
PK Molalla Aquatic	13,271
Port of Portland	3,208
Molalla River School District	215,476
Vector Control	292
TOTAL:	\$684,925

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

Current Fiscal Year, FY 2021/2022

Estimated Revenues

The estimated tax revenues from the FY 2021/2022 adopted Molalla Urban Renewal Agency budget are \$700,000.³

Proposed Budget for Current Fiscal Year, FY 2021/2022

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 4 below.

Table 4. Budget FY 2021/2022 Urban Renewal Fund

Item	Approved Budget Value
Division of Taxes	700,000
Beginning Balance	3,484,535
Interest	1,000
TOTAL:	\$4,185,535

Item	Approved Budget Value
Materials and Services	230,000
Capital Outlay	2,658,435
Bond Principal	180,000
Bond Interest	76,000
Bond 2 Principal	259,000
Bond Interest	32,100
Contingency	150,000
Reserve	600,000
TOTAL:	\$4,185,535

Source: the City of Molalla FY 2021/2022 Urban Renewal Budget, pg. 90,91

Maximum Indebtedness

The maximum indebtedness authorized initially for the Area was \$26,175,000. The amount of indebtedness remaining for the Plan Area is \$19,842,412. The amount of maximum indebtedness expended through FYE 2021 was \$6,332,588.⁴

³ City of Molalla FY 2021/2022 Urban Renewal Budget, pg. 90,91

⁴ City of Molalla e mail 12/30/2021