

Molalla Urban Renewal Agency

Annual Report for Fiscal Year 2022-2023



Oregon Revised Statute 457.460 requires each Urban Renewal Agency in the state to publish an annual report containing revenue, expense and budget information as well as maximum indebtedness and impacts on other taxing districts. This report fulfills those requirements and is available to all interested parties.

Background

The Molalla Urban Renewal Plan was adopted by the City of Molalla in July 2008. This established the Molalla Urban Renewal Area and the frozen base assessed values of properties within. The Molalla Urban Renewal Agency manages the Molalla Urban Renewal Area. It is a separate legal and financial entity, made up of the members of the the Molalla City Council.

The entire Molalla Urban Renewal Plan and Report, as well as the 2020 Plan Amendment can be found on Molalla Urban Renewal Agency's website:

<https://www.cityofmolalla.com/bc-urban/page/reports-documents>

Agency Goals

The Molalla Urban Renewal Plan sets a series of goals to guide the Agency in pursuing projects. The stated purpose of the plan is to eliminate blighting influences found in the Renewal Area, to implement goals and objectives of the City of Molalla Comprehensive Plan, the Molalla Downtown Development Plan, and the Oregon Highway 211 Streetscape Plan.

In addition, the renewal plan committee developed a set of renewal plan goals and objectives in its public meetings on the plan. Those goals are:

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

Projects and Financing

The Molalla Urban Renewal Plan outlines the types of projects to be undertaken, primarily public improvement of parks and infrastructure. The plan also addresses beautification projects, safety improvements and public buildings.

The excess property values beyond the frozen base are assessed to the Agency through a division of tax. This is the basis of tax increment financing of projects. Debt is taken on to complete projects and is paid off over time through the division of tax.

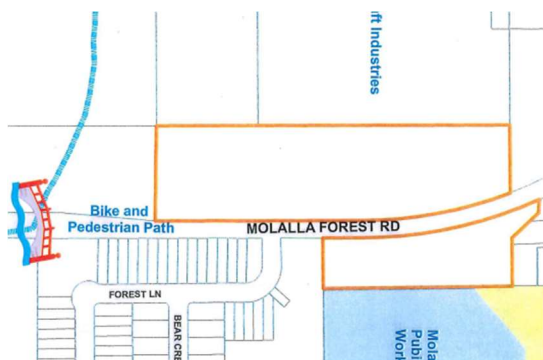
Specific projects undertaken in 2022-2023 include:

- Molalla Civic Center Improvements - Complete
- Demolition/preparation for new Police Facility
- Opportunity/Streetscape projects - Ongoing
- Sawyers Trucking - Ongoing



Budgeted projects for 2023-2024 include:

- Molalla Forest Road - \$500,000
- Opportunity Partnerships - \$200,000
- Police Facility Progression - \$1,400,000 (Gap Funding/Early Procurement)



Financial Information

2022-2023 Revenue and Expense

Revenue Category	2022/2023 Actual
Division of Property Taxes	\$ 888,154
Issuance of Debt	-
Interest	830
Total	\$ 888,983

Expenditure Category	2022/2023 Actual
Materials and Services	\$ 78,961
Debt Service	540,206
Capital Outlay	53,159
Total	\$ 672,326

2023-2024 Budget

Revenue Category	2023/2024 Budget
Beginning Fund Balance	\$ 2,501,264
Division of Property Taxes	922,500
Issuance of Debt	-
Interest	77,025
Total	\$ 3,500,789

Expenditure Category	2023/2024 Budget
Materials and Services	\$ 45,608
Debt Service	532,211
Capital Outlay	2,363,670
Contingency	9,300
Reserve	550,000
Total	\$ 3,500,789

Maximum Indebtedness

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 maximum indebtedness authorized for the Plan Area is \$26,175,000. The amount used through fiscal year ended 2023 was \$6,370,659. The amount of indebtedness remaining is \$19,804,341.

Impact of Division of Tax on Other Tax Districts

Urban renewal agencies do not create an additional permanent rate tax. Instead, during the urban renewal area’s lifespan, overlapping taxing districts “forgo” a portion of their permanent rate. That is, tax on the assessed property values above the frozen base are reallocated to Urban Renewal.

Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. It is assumed that, over time, improvements completed under the plan lead to increased property tax values. This, in turn, lifts the overall assessment beyond what it would have been without the improvements.

The revenues foregone by local taxing districts shown below are the 2022/2023 estimates provided by the Clackamas County Assessment and Tax Department.

Tax District	Impact
City of Molalla	\$ 324,606
Clackamas Community College	34,386
Clackamas County (City)	147,078
Clackamas County (Rural)	1,432
County Extension & 4-H	3,075
County Library District	24,435
Soil & Water Conservation District	3,075
Clackamas Educational Service District*	22,736
Molalla Fire District 73	48,303
Molalla Aquatic District	17,881
Port of Portland	4,288
Molalla River School District*	289,817
Clackamas County Vector Control	324
<i>Source: Clackamas County Assessor (Table 4e)</i>	

*The impact of urban renewal on school funding is indirect. The State School Fund operates on a per pupil allocation funded by property taxes as well as other state resources.