

# ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2020

2019/2020

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.



# Annual Report for Fiscal Year Ending June 30, 2020

## MOLALLA URBAN RENEWAL AGENCY

### URBAN RENEWAL AREA BACKGROUND

The Molalla Urban Renewal Plan (Plan) was adopted by the the City of Molalla in July 2008.

The frozen base assessed value (“Frozen Base”) of the Molalla Urban Renewal Area (“Area”) is \$49,474,770. The FY 2019/2020 total assessed value is \$90,842,236. The excess value, or the value on which taxes are paid to the Molalla Urban Renewal Agency (“Agency”) in FY 2019/2020 is \$41,367,466.<sup>1</sup>

The Molalla Redevelopment Agency (Agency) manages the Molalla Urban Renewal Area. It is a separate legal and financial entity, governed by the members of the 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.
- Help diversify the city’s economic base.
- Help implement the city’s comprehensive plan, downtown master plan, and enhance recreational opportunities in the community.

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<sup>1</sup>Clackamas County Assessor Tax FY 2019/2020 Table 4e

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 this statute.

### Money Received/Revenues

In FY 2019/2020, the Agency received \$504,114 from division of taxes.<sup>2</sup> The detailed earnings of the Agency can be seen in Table 1. There are additional special payments of \$107,617 not shown in the money received table below.

**Table 1. Money Received During FY 2019/2020**

Receipt Category	2019/2020 Amount
Division of Taxes	504,114
Interest	2,324
<b>TOTAL:</b>	<b>\$506,438</b>

Source: Molalla Urban Renewal Agency Financial Statement worksheet FYE 2020

### Money Expended/Expenditures

Revenue received through urban renewal and spent on urban renewal activities is shown in Table 2.

**Table 2. Expenditures During FY 2019/2020**

Expenditure Category	2019/2020 Amount
Operation and Maintenance	7,577
Professional Services	7,445
2015 URA Bond Principal	155,000
2015 URA Bond Interest	87,029
Capital Improvements	2,820
<b>TOTAL:</b>	<b>\$259,871</b>

Source: Molalla Urban Renewal Agency Financial Statement worksheet FYE 2020

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<sup>2</sup> Source: Molalla Urban Renewal Agency Financial Statement worksheet FYE 2020

## Estimated Revenues

The estimated tax revenues from property taxes in the FY 2020/21 adopted Agency budget are \$570,000.<sup>3</sup>

## Proposed Budget for Current Fiscal Year, FY 2020/2021

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 3 below.

**Table 3. Budget FY 2020/2021 Urban Renewal Fund**

<b>Budget Category (Revenues)</b>	<b>2020/2021 Amount</b>
Beginning Fund Balance	1,516,000
Division of Taxes	570,000
Interest	2,500
Bond/loan	2,411,500
TOTAL:	\$4,500,000

<b>Budget Category (Expenditures)</b>	<b>2020/2021 Amount</b>
Materials and Services	150,000
Debt Service	600,000
Capital Outlay	3,000,000
Contingency	150,000
Reserve	600,000
TOTAL:	\$4,500,000

Source: Molalla Urban Renewal Agency Budget 2020/21

<sup>3</sup> Molalla Urban Renewal Agency Budget FY 2020/21

## Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 4. This information is from Clackamas County Assessor records, Table 4e.

Urban renewal agencies do not create an additional tax permanent rate levy tax. Instead, during the urban renewal area'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 Molalla River Schools and Clackamas Education Service District are funded through the State School Fund on a per pupil allocation. There is an *indirect* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources. There is a direct impact on property taxpayers due to bond revenues collected.

**Table 4. Impact on Taxing Districts FY 2019/2020**

Taxing Jurisdiction	Impact	Bonds
City of Molalla	\$217,871	
Clack Comm College	\$23,055	\$5,384
Clackamas County	\$98,669	
Clackamas County R	\$895	
4H and Extension	\$2,002	
County Library	\$16,428	
Soil Conservation	\$2,002	
ESD Clackamas	\$15,186	
Molalla Fire District	\$32,373	
Molalla Aquatic	\$11,942	
Port of Portland	\$2,899	
Molalla River Schools	\$194,378	
Vector Control	\$207	

Source: FY 2019/2020 Sal 4a and 4e from Clackamas County Assessor

## Maximum Indebtedness

The maximum indebtedness authorized for the Area was \$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 amount of MI used through FYE 2020 was \$3,802,187.65. The amount of indebtedness remaining for the Plan Area is \$22,372,812.