

# Sandy Urban Renewal Agency

## ANNUAL REPORT FISCAL YEAR ENDING JUNE 30, 2023



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, 2023

SANDY URBAN RENEWAL AGENCY

## SANDY URBAN RENEWAL AREA HISTORY

The Sandy Urban Renewal Agency (Agency) established by the City of Sandy in 1998. The Agency is comprised of the Sandy City Council and a representative of the Sandy Fire District and Sandy Chamber of Commerce.

The Sandy Urban Renewal Plan (Plan) was adopted by the City of Sandy in December 1998. The maximum indebtedness established in 2015 for the Sandy Urban Renewal Plan is \$67,000,000. 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.

Oregon state law allows cities to create urban renewal districts in size not to exceed twenty-five percent (25%) of the total acreage and not to exceed 25% of the assessed property value within the city limits. The Sandy Urban Renewal Area (Area) is 315.95 acres, less than 25% of the total city acreage. The frozen base assessed value of the Urban Renewal Area is \$47,944,037 ("Frozen Base") and does not exceed the 25% limit.

## Goals & Objectives

When developing the Sandy Urban Renewal Plan and Report, a series of Goals and Objectives were developed to guide activities funded by or related to the Plan Area. The Goals and Objectives are listed in the Plan, and the goals are reiterated here:

1. Improve the vitality of Sandy's downtown core.
2. Make productive use of land in the renewal area.
3. Create opportunities for new development within the renewal area.
4. Enhance public safety in the renewal area.
5. Provide new public amenities and open spaces in the renewal area.
6. Make improvements to infrastructure in the renewal area.
7. Implement goals and objectives of Sandy's Comprehensive Plan.

A full copy of the Sandy Urban Renewal Plan and Annual Reports can be found on the following website:  
<https://www.ci.sandy.or.us/planning/page/urban-renewal-plan-and-programs>.

The projects undertaken in FY 2023 include:

- Continued "Outdoor Covered Structures" program to construct gazebo-like structures for additional outdoor dining space for restaurants impacted by COVID-19 restrictions.

- Continued work with the “Façade Improvement Program” to assist businesses with implementing “Sandy Style” design elements to their properties.

## 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

In FY 2023, the Agency received \$1,851,750 from the division of taxes.<sup>1</sup>

### Estimated Revenues

The estimated tax revenues from the FY 2023 the Agency budget are \$1,800,663.<sup>2</sup>

### Money Expended

The expenditures during FY 2023 are listed in Table 1 below.

**Table 1. Fiscal Year 2023 Expenditures**

Expenditures	
Personnel services	\$ 172,601
Material and services	229,935
Capital Outlay	314,303
Debt Service:	
Principal	714,656
Interest	173,160
Other fees	-
<b>Total Expenditures</b>	<b>\$ 1,604,655</b>

### Remaining Maximum Indebtedness

The total maximum indebtedness for the Agency is \$67,000,000. A total of \$24,299,154 has been expended through the end of FY 2023. The remaining maximum indebtedness for the Agency is \$42,700,846.<sup>3</sup>

<sup>1</sup> Clackamas County Department of Assessment & Taxation.

<sup>2</sup> This number was estimated by using the estimated tax levy of \$1,895,435 and adjusting by 5% for delinquencies.

<sup>3</sup> Total maximum indebtedness less qualifying Urban Renewal Agency expenditures.

## Adopted Budget for Fiscal Years 2022 & 2023

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 2 below. Because a biennial budget is used, Table 2 includes the actual revenues, expenditures, and other financing sources for FY 2022, and FY 2023, when available.

**Table 2. BN 2022 - 2023 Biennial Budget**

Item	Biennial Budget BN 22 - 23	FY 2022 Actuals	FY 2023 Actuals	Variance with Final Budget
<b>Revenues</b>				
Property taxes	\$ 4,000,000	\$1,993,362	\$1,851,750	\$ (154,888)
Interest	100,000	36,540	197,903	134,443
Miscellaneous	-	33,896	487,323	521,219
<b>Total revenues</b>	<b>4,100,000</b>	<b>2,063,798</b>	<b>2,536,976</b>	<b>500,774</b>
<b>Expenditures</b>				
Personnel services	347,000	160,872	172,601	13,527
Material and services	404,600	91,665	229,935	83,000
Capital Outlay	3,550,000	379,966	314,303	2,855,731
Debt Service:				
Principal	1,412,290	697,634	714,656	-
Interest	363,344	190,183	173,160	1
Contingency	4,234,190	-	-	4,234,190
<b>Total Expenditures</b>	<b>10,311,424</b>	<b>1,520,320</b>	<b>1,604,655</b>	<b>7,186,449</b>
<b>Revenues over (under) expenditures</b>	<b>(6,211,424)</b>	<b>543,478</b>	<b>932,320</b>	<b>7,687,222</b>
<b>Other Financing Sources/Uses</b>				
Issuance of debt	-	-	-	-
Loan payments to City of Sandy	-	-	-	-
Transfers out	(48,563)	(24,282)	(24,281)	-
<b>Total other financing sources</b>	<b>(48,563)</b>	<b>(24,282)</b>	<b>(24,281)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(6,259,987)</b>	<b>519,196</b>	<b>908,040</b>	<b>6,779,183</b>
<b>Fund Balance, Beginning Budgetary Basis</b>	<b>6,259,987</b>	<b>6,230,022</b>	<b>6,749,218</b>	<b>(29,965)</b>
<b>Fund Balance, Ending Budgetary Basis</b>	<b>\$ -</b>	<b>\$6,749,218</b>	<b>\$7,657,258</b>	<b>\$ 6,749,218</b>

Source: Sandy Urban Renewal Agency Financial Activity Reports

### 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. These numbers are after truncation and compression losses.

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 districts receive the full permanent rate of taxes. The School District and Education Service District (ESD) 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 2023**

Taxing District Name	Revenue Foregone	Permanent Rate Levy	% of Permanent Rate
County - Clackamas	\$ 274,307	\$ 74,683,491	0.37%
County - Extension & 4H	5,640	2,907,272	0.19%
County - Library	45,238	23,084,778	0.20%
County - Soil & Water Conservation	5,640	2,908,140	0.19%
City - Sandy	469,538	4,468,470	10.51%
ESD - Clackamas	41,998	20,327,087	0.21%
Community College - Mt. Hood	56,037	2,792,273	2.01%
Fire District - 72 Sandy	248,393	4,731,312	5.25%
Port of Portland	7,920	4,080,585	0.19%
School District - 46 Oregon Trail	529,415	19,047,284	2.78%
Vector Control	720	382,734	0.19%
<b>Total</b>	<b>\$ 1,684,845</b>		

Source: Tax Year 22/23 SAL 4a and SAL 4e from Clackamas County Assessor

### Revenue Sharing

HB 3056 was passed in 2009 which enacted what is known as "Revenue Sharing." Revenue sharing requires the Agency to share increment when certain thresholds are met. The threshold is tied the area's maximum indebtedness, which is 10% of the Agency's previous maximum indebtedness of \$18,000,000. The Agency under-levied property taxes by **approximately \$293,615** due to revenue sharing. In the future, the Agency will be under-levying annually because the revenue sharing threshold established in the statute has been reached.