

ANNUAL REPORT FOR
FISCAL YEAR ENDING JUNE 30, 2021

Sandy 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.

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SANDY URBAN RENEWAL AGENCY

SANDY URBAN RENEWAL AREA HISTORY

The Sandy Urban Renewal Agency was 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.

The renewal area has also taken on one new project in the 2018 amendment, as follows:

City Hall: This project will help the City of Sandy modernize City Hall with ADA accessibility upgrades, weather proofing, security provisions, and achieving a "Sandy Style" design appearance. The building was constructed in 1969 and is in need of a major renovation. The upgrades will also assist in creating a positive link between the downtown and Meinig Park which holds many of the civic events in the community.

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 2021 include:

- Implemented new “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.
- Continued improvements to City Hall, including some safety and security improvements.

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. The numbers reflected in this report are unaudited, as the annual audit of the Agency has been delayed due to unforeseen circumstances.

Money Received

In FY 2021 Sandy Urban Renewal received \$1,817,378 from the division of taxes.¹

Estimated Revenues

The estimated tax revenues from the FY 2021 adopted Urban Renewal Agency budget are \$1,836,922.²

Money Expended

The expenditures during FY 2021 are listed in Table 1 below.

Expenditures	
Personnel services	\$ 136,932
Material and services	46,589
Capital Outlay	562,879
Debt Service:	
Principal	681,017
Interest	206,780
Other fees	-
Total Expenditures	\$ 1,634,197

Remaining Maximum Indebtedness

The total maximum indebtedness for the Agency is \$67,000,000. A total of \$22,925,532 has been expended through the end of FY 2021. The remaining maximum indebtedness for the Urban Renewal Agency is \$44,074,468.³

¹ Clackamas County Department of Assessment & Taxation.

² This number was estimated by using the estimated tax levy of \$1,933,602 and adjusting by 5% for delinquencies.

³ Total maximum indebtedness less qualifying Urban Renewal Agency expenditures.

Adopted Budget for Fiscal Years 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 2 below. Because a biennial budget is used, Table 2 includes the actual revenues, expenditures, and other financing sources for FY 2020 and FY 2021.

Table 2. BN 2020 - 2021 Biennial Budget

Item	Biennial Budget BN 20 - 21	FY 2020 Actuals	FY 2021 Actuals	Variance with Final Budget
Revenues				
Property taxes	\$ 3,620,000	\$1,816,946	\$1,873,603	\$ 70,549
Interest	75,000	114,994	48,438	88,432
Miscellaneous	-	68,244	968	69,212
Total revenues	3,695,000	2,000,184	1,923,009	228,193
Expenditures				
Personnel services	247,200	125,635	136,932	(15,367)
Material and services	162,720	110,689	46,589	5,442
Capital Outlay	3,960,000	244,262	562,879	3,152,859
Debt Service:				
Principal	1,345,813	664,796	681,017	-
Interest	429,821	223,041	206,780	-
Contingency	2,621,073	-	-	2,621,073
Total Expenditures	8,766,627	1,368,423	1,634,197	5,764,007
Revenues over (under) expenditures	(5,071,627)	631,761	288,812	5,992,200
Other Financing Sources/Uses				
Transfers out	(17,906)	(8,952)	(8,952)	(2)
Total other financing sources	(17,906)	(8,952)	(8,952)	(2)
Net change in fund balances	(5,089,533)	622,809	279,860	5,712,342
Fund Balances, Beginning Budgetary Basis	5,089,533	5,311,254	5,934,063	221,721
Fund Balances, Ending Budgetary Basis	\$ -	\$ 5,934,063	\$ 6,213,923	\$ 5,934,063

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 jurisdictions 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 2021

Taxing District Name	Revenue Foregone	Permanent Rate Levy	% of Permanent Rate
County Clackamas City	\$ 278,718	\$68,347,723	0.41%
County Extension & 4H	5,701	2,677,017	0.21%
County Library	46,041	2,124,276	2.17%
County Soil & Water Conservation	5,701	2,677,765	0.21%
City of Sandy	477,188	3,949,596	12.08%
ESD Clackamas	42,706	18,673,843	0.23%
Community College Mt. Hood	57,013	2,542,694	2.24%
Fire District 72 Sandy	252,470	4,295,213	5.88%
Port of Portland	8,068	3,756,181	0.21%
School District 46 Oregon Trail 2009	537,966	17,310,328	3.11%
Vector Control	753	351,337	0.21%
Total	\$1,712,327		

Source: Tax Year 20/21 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. Revenue sharing will begin with the other overlapping taxing districts in Fiscal Year 2022.