



**AGENDA**

**MOLALLA URBAN RENEWAL AGENCY**

**March 11, 2020**

**Immediately Following City Council Regular Meeting**

**Molalla Adult Center**

**315 Kennel Ave, Molalla, OR 97038**

*Member Keith Swigart*

*Member Leota Childress  
Member Elizabeth Klein  
Member DeLise Palumbo*

*Member Terry Shankle  
Member Jody Newland  
Member Crystal Robles*

**1. CALL TO ORDER AND ROLL CALL**

**2. ADOPTION OF AGENDA**

**3. CONSENT AGENDA**

- A. Meeting Minutes – January 8, 2020.....Pg. 2
- B. MURA Resolution Number 2020-02: Oregon Transportation Investment Fund (OTIF) Loan....Pg. 5

**4. GENERAL BUSINESS**

- A. Urban Renewal Plan and Financial Audit Update.....Pg. 36

**5. RECESS INTO EXECUTIVE SESSION**

Held pursuant to Oregon Public Record Law, ORS 192.660(2):

(e) To conduct deliberations with persons designated by the governing body to negotiate real property transactions.

**6. RECONVENE REGULAR SESSION**

**7. ADJOURN**



## Minutes of the Molalla Urban Renewal Agency Meeting

Molalla Adult Community Center  
315 Kennel Ave., Molalla, OR 97038  
January 8, 2020

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### 1. CALL TO ORDER AND FLAG SALUTE

*The Molalla Urban Renewal Agency Meeting was called to order by Member Keith Swigart at 7:00pm.*

#### **MEMBER ATTENDANCE:**

Member Keith Swigart – Present  
Member Elizabeth Klein – Present  
Member Leota Childress – Present  
Member DeLise Palumbo – Present  
Member Terry Shankle – Absent  
Member Jody Newland - Present  
Member Crystal Robles - Present

#### **STAFF IN ATTENDANCE**

Dan Huff, City Manager - Present  
Christie DeSantis, City Recorder - Present  
Gerald Fisher, Public Works Director - Present  
Chaunee Seifried, Finance Director - Present  
Alice Cannon, Planning Director - Present

### 2. APPROVAL OF THE AGENDA

#### 3. CONSENT AGENDA

*(This section allows the City Council to consider routine items that require no discussion and can be approved in one comprehensive motion. An item may only be discussed if it is pulled from the consent agenda.)*

A. Minutes of the January 9, 2019 MURA Meeting

***A request was made by Member Swigart to approve the Agenda and Consent Agenda with one motion. All Members agreed to the request. A motion was made by Member Childress to approve the Agenda and Consent Agenda, seconded by Member Klein. Vote passed 6-0.***

#### 4. GENERAL BUSINESS

A. Resolution MURA 2020-01: Budget Officer Appointment

Finance Director Seifried explained to members the need for the appointment of a Budget Officer at the beginning of each fiscal year. She requested that members appoint City Manager Huff.

***A motion was made by Member Childress to appoint City Manager Huff as the Budget Officer for the Fiscal Year 2020-2021, seconded by Member Newland. Vote passed 6-0.***

5. ADJOURN

***A motion to adjourn the Urban Renewal Agency meeting was made by Member Newland, seconded by Member Palumbo. Vote passed 6-0. Meeting adjourned at 7:06pm.***

\_\_\_\_\_  
Keith Swigart, Mayor

\_\_\_\_\_  
Date

ATTEST: \_\_\_\_\_  
Christie DeSantis, City Recorder

DRAFT

# Molalla Urban Renewal Agency

## Urban Renewal Agency Meeting



### Agenda Category: Consent Agenda

**Subject:** Resolution Number MURA 2020-02: OTIF Loan Agreement – OR 213-Toliver Road Intersection Improvement & OR 211-Molalla Avenue Signal

**Recommendation:** Adopt Resolution

**Date of Meeting to be Presented:** March 11, 2020

**Fiscal Impact:** Urban Renewal Fund

**Background:**

Attached to this memo is the standard Oregon Transportation Infrastructure Fund (OTIF) loan agreement between the City of Molalla and the Department of Transportation (ODOT). Staff and the City Attorney are working with ODOT to modify some of the language to better fit the two intersection projects.

This agreement provides a mechanism for ODOT to loan the City of Molalla \$2,500,000 through OTIF to cover intersection costs for OR 213-Toliver and OR 211-Molalla. One of the loan requirements is that execution of the contract be authorized by the Molalla City Council through a Resolution.

Recommended Motion: Adopt Resolution 2020-02 authorizing the Agency Director to negotiate and execute the loan agreement with ODOT.

**SUBMITTED BY:** Gerald Fisher, Public Works Director  
**APPROVED BY:** Dan Huff, City Manager



**RESOLUTION NUMBER MURA 2020-02**

**A RESOLUTION OF THE MOLALLA URBAN RENEWAL AGENCY,  
MOLALLA, OREGON, AUTHORIZING THE AGENCY DIRECTOR TO  
NEGOTIATE AND EXECUTE AN OREGON DEPARTMENT OF  
TRANSPORTATION LOAN AGREEMENT FOR OREGON  
TRANSPORTATION INFRASTRUCTURE FUNDS**

**WHEREAS**, the City of Molalla; has the responsibility of providing safe transportation routes for commerce, convenience and to adequately serve the traveling public; and

**WHEREAS**, the City of Molalla has identified intersection projects at OR 213-Toliver Road and OR 211-Molalla Avenue in its 2018 Transportation System Plan and 2018 Capital Improvement Plan; and

**WHEREAS**, the City of Molalla and the Molalla Urban Renewal Agency intends to fund its portion of the design and construction of the projects known as OR 213-Toliver Road Intersection Improvements Project #18-08 and OR 211-Molalla Avenue Signal Project #19-09 with a Oregon Transportation Infrastructure Fund (OTIF) loan through the Oregon Department of Transportation (ODOT); and

**WHEREAS**, the loan agreement must be authorized by a Resolution of the Molalla Urban Renewal Agency as required by ORS 367.035(4).

**Now, Therefore, the Molalla Urban Renewal Agency resolves as follows:**

Section 1. The Agency Members authorizes the Agency Director to negotiate and execute the OTIF loan agreement with ODOT for projects #18-08 and #19-09.

Duly adopted by Molalla Urban Renewal Agency the 11<sup>th</sup> day of March, 2020.

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Member, Keith Swigart

ATTEST the 11<sup>th</sup> day of March, 2020

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Christie DeSantis, Agency Recorder

LOAN AGREEMENT

between

STATE OF OREGON

acting by and through its

DEPARTMENT OF TRANSPORTATION

and

CITY OF MOLALLA

THIS LOAN AGREEMENT, is made and entered into on the \_\_\_ day of \_\_\_\_\_, 2020, by and between the State of Oregon, acting by and through its Department of Transportation (the “State” or “ODOT”), and the Borrower (as defined below). The reference number for this Loan Agreement is OTIF-0070. Terms not otherwise defined in this Loan Agreement shall have the meanings assigned to them by Section 1.01 below.

**WITNESSETH:**

WHEREAS, the State, in accordance with the Act, will provide funds from the Oregon Transportation Infrastructure Fund for the purpose of making loans to Municipalities, including the Borrower, to finance a portion of the cost of transportation projects (as that term is defined in the Rules);

WHEREAS, the Borrower has made timely application to the State for a loan to finance all or a portion of the cost of a transportation project, and the Oregon Transportation Commission and the State have approved the Borrower's application for a loan to finance a portion of the cost of such project;

WHEREAS, the Borrower has agreed to make payments sufficient to pay when due the principal of, premium, if any, and interest on the Loan from the State pursuant to the terms of the Note and this Loan Agreement; and

NOW, THEREFORE, for and in consideration of the Loan by the State, the Borrower agrees to perform its obligations under this Loan Agreement in accordance with the conditions, covenants and procedures set forth below:

## ARTICLE 1

### DEFINITIONS

**Section 1.01. Definitions.** The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the meanings assigned to them below:

"Act" means ORS 367.010 to 367.050 and related provisions, as the same may be from time to time amended and supplemented.

"Agreement" or "Loan Agreement" means this loan agreement, including the attached Exhibits, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

"Authorized Officer" means, in the case of the Borrower, the person or persons authorized pursuant to a resolution or ordinance of the governing body of the Borrower to act as an authorized officer of the Borrower to perform any act or execute any document relating to the Loan or this Loan Agreement and whose name is furnished in writing to the State.

"Borrower" means the **City of Molalla**, and its successors and permitted assigns.

"Business Day" means any day other than:

- (i) a Saturday, Sunday or legal holiday;
- (ii) a day on which banking institutions in the State of Oregon are closed; or
- (iii) a day on which the New York Stock Exchange is closed.

"Costs of the Project" shall mean only those specified costs listed in Exhibit B. The term "Costs of the Project" does not include:

- (i) costs in excess of one-hundred percent (100%) of the total cost of the Project;
- (ii) the purchase of equipment and other property not directly related to the Project;
- (iii) construction or repair of facilities owned or operated by private parties;
- (iv) costs incurred prior to the date of the Loan, except as provided in Section 5.01; and
- (v) administrative expenses of the Borrower.

"Counsel" means an attorney at law or firm of attorneys at law (who may be, without limitation, of counsel to, or an employee of, the State or the Borrower) duly admitted to practice



law before the highest court of any state.

"Event of Default" means any occurrence or event specified in Section 7.01 of this Agreement.

"Loan" means the loan evidenced by the Note and made by the State to the Borrower to finance or refinance a portion of the Costs of the Project pursuant to this Loan Agreement. The Loan may be funded by the State from amounts held in the OTIF.

"Loan Closing Date" means the date on which all conditions to closing are satisfied by the Borrower (or waived by State) and the Loan actually closes.

"Loan Closing Deadline" means **May 8, 2020**, the date by which the Loan must close.

"Loan Prepayment" means, as to any payment, the amount paid by the Borrower that is in excess of the amount required to be paid as a Loan Repayment.

"Loan Repayment(s)" means the scheduled payment(s) of principal and interest of **Ninety-one Thousand Four Hundred Forty-three and 97/100 Dollars (\$91,443.97)** each required to be made by the Borrower pursuant to the provisions of the Note and this Loan Agreement.

"Maturity Date" means the date on which the Loan is payable in full, which date shall be **October 1, 2037**.

"Municipality" means a city, county, road district, school district, special district, metropolitan service district, the Port of Portland, or an intergovernmental entity organized under ORS 190.010.

"Note" means the promissory note of the Borrower substantially in the form of Exhibit C, as it may be amended, extended or renewed.

"Oregon Transportation Infrastructure Bank" or "OTIB" means the program authorized by Section 350 of the National Highway System Designation Act of 1995, 23 U.S.C. 101 note, Public Law 104-59, and a cooperative agreement between the Federal Highway Administration, Federal Transit Administration, of the United States Department of Transportation and the Oregon Department of Transportation dated August 20, 1996.

"Oregon Transportation Infrastructure Fund" or "OTIF" means the fund created by the Act. Loans from the OTIF may include OTIB loans or loans to finance transportation projects from any accounts established within the OTIF.

"Pledged Revenues" means

- (i) Any funds payable from the State to the Borrower, including but not limited to, any amounts due to the Borrower from the State pursuant to ORS 366.785 to

366.820; and

(ii) All lawfully available funds of Borrower.

"Project" means the transportation project of the Borrower described in Exhibit A, a portion of the Costs of the Project of which is financed or refinanced by the State through the making of the Loan under this Loan Agreement.

"Project Completion Date" means the date on which the Borrower completes construction of the Project.

"Project Completion Deadline" means June 1, 2023.

"Rule" or "Rules" means Oregon Administrative Rules, chapter 731, division 30, as they may be supplemented, modified or amended from time to time.

"State" means the State of Oregon, acting by and through its Department of Transportation.

"State Highway Fund" means the fund described in ORS 366.505.

**Section 1.02. General Rules.** Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, agencies and districts. Words importing one gender shall include the other gender.

## ARTICLE II

### LOAN

**Section 2.01. Loan Amount.** On the Loan Closing Date the State hereby agrees to make to the Borrower, and the Borrower agrees to borrow and accept from the State, a Loan in the maximum aggregate principal amount of **Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000).**

**Section 2.02. Use of Loan Proceeds.** The Borrower shall use the proceeds of the Loan strictly in accordance with Section 5.01 of this Agreement.

**Section 2.03. Loan Term.** The term of the Loan is set forth in the Note.

**Section 2.04. Interest.** The Note shall bear interest at the rate of **One and 22/100 percent (1.22%)** per annum. Interest shall be computed on the basis of a 360-day year, consisting of twelve (12), thirty (30) day months. Interest shall be due and payable in arrears and shall accrue on the outstanding principal balance from the date of this Agreement until the principal amount of the Note, together with accrued unpaid interest thereon, is paid in full.

**Section 2.05. Payments.**

(a) The Loan shall be due and payable in scheduled payments of principal and interest as set forth herein and in the Note. The Loan Repayments, when taken together, shall be in an amount sufficient to amortize the original principal amount of the Note, together with interest thereon, from the date of this Agreement to the Maturity Date.

(b) A scheduled payment received before the scheduled Loan Repayment date will be applied to interest and principal on the scheduled Loan Repayment date, rather than on the day such payment is received, and will be applied first to the State's expenses (if any) and any fees due, then to interest, and then to principal according to the applicable Loan Repayment schedule.

**Section 2.06. Prepayments.** Each Loan Prepayment shall include any prepayment premium and all unpaid interest on the amount prepaid that accrued to the date of prepayment.

(a) *Mandatory Prepayment.* The Borrower shall prepay the outstanding balance of the Loan upon the destruction of all or a substantial portion of the Project.

(b) *Optional Prepayment.* The Borrower may make Loan Prepayments upon prior written approval of the State obtained not less than one hundred twenty (120) days prior to the prepayment date. On the prepayment date, the Borrower shall remit to the State the principal amount of the Loan Prepayments, plus the unpaid interest accrued on such amount to the date of prepayment, and any applicable prepayment premium.

(c) *General.* Loan Prepayments shall be applied first to any expenses of the State and accrued interest on the portion of the Loan prepaid, and then to principal payments (including premium, if any) on the Loan. In the case of a Loan Prepayment that does not prepay all of the principal of the Loan, the State shall determine, in its sole discretion, the method by which such Loan Prepayment shall be applied to the outstanding principal payments. After a partial Loan Prepayment, the State may, in its sole and absolute discretion, reamortize the outstanding Loan amount at the same interest rate for the same number of remaining payments to decrease the Loan Repayment amount; provided, however, that nothing in this Agreement requires the State to reamortize the outstanding Loan amount if it accepts a partial Loan Prepayment.

**Section 2.07. Unconditional Obligation.** Except as provided in Section 2.10, the obligation of the Borrower to make the Loan Repayments and all other payments required under this Agreement and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained in this Agreement is payable solely from the sources of repayment described in Section 2.10 and shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any payments under this Loan Agreement remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project, commercial frustration of the purpose, any change in the laws of the

United States of America or of the State of Oregon or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the State to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with the Project, this Loan Agreement, or any intergovernmental agreement related to the Project or any rights of set off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the State or any other party or parties; provided, however, that payments under the Agreement shall not constitute a waiver of any such rights.

**Section 2.08. Disclaimer of Warranties and Indemnification.** The Borrower acknowledges and agrees that:

(a) the State does not make any warranty or representation, either expressed or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the Project or any portions of the Project or any other warranty or representation;

(b) in no event shall the State or its commissioners, officers, agents or employees be liable or responsible for any direct, incidental, indirect, special, consequential, punitive or other damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishing, functioning or use of the Project; and

(c) to the extent authorized by law, the Borrower shall indemnify, save, hold harmless and defend the State and its commissioners, officers, agents and employees, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees incurred as a result of any act or omission by the Borrower, or its officers, employees, agents or subcontractors pursuant to the terms of this Loan Agreement; provided, however, that the provisions of this subsection (c) are not intended to and shall not be construed as a waiver of any defense or limitation on damages provided for under and pursuant to Chapter 30 of the Oregon Revised Statutes or the laws of the United States of America or other laws of the State of Oregon.

**Section 2.09. Termination of Availability.** The State shall have no obligation to make any disbursements to the Borrower under this Loan Agreement after the Project Completion Deadline, except for Costs of the Project incurred by the Borrower prior to the Project Completion Deadline.

**Section 2.10. Sources of Repayment of the Borrower's Obligations.**

(a) The State and the Borrower agree that the amounts payable by the Borrower under this Loan Agreement, including, without limitation, the amounts payable by the Borrower pursuant to Section 2.05, Section 2.06, and Section 7.04 of this Loan Agreement, are payable from the sources of repayment described in subsections (b) and (c) of this Section 2.10. Nothing herein shall be deemed to prevent the Borrower from paying the amounts payable under this Loan Agreement from any other legally available source.

(b) The amounts payable by the Borrower under this Loan Agreement are payable from

the Pledged Revenues.

(c) The Borrower pledges its full faith and credit and taxing power, within the limitations of Article XI, sections 11 and 11 b of the Oregon Constitution, to pay the amounts payable by Borrower under this Loan Agreement. The amounts payable by Borrower under this Loan Agreement are secured by and payable from all lawfully available funds of the Borrower.

(d) The Borrower acknowledges that the State of Oregon is entitled to withhold any amounts due to the Borrower from the State of Oregon, including but not limited to any amounts due to the Borrower from the State of Oregon pursuant to ORS 366.785 to 366.820, and to apply any such amounts to payments due under this Loan Agreement if the Borrower defaults on payments due under this Loan Agreement.

(e) Borrower hereby grants a security interest in and irrevocably pledges its Pledged Revenues to pay Borrower's obligations hereunder. The Pledged Revenues so pledged and hereafter received by Borrower shall immediately be subject to the lien of such pledge without physical delivery, filing or other act, and the lien of the pledge shall be superior to all other claims and liens whatsoever, to the fullest extent permitted by ORS 287A.310. Borrower hereby represents and warrants that the pledge of Pledged Revenues hereby made by Borrower complies with, and shall be valid and binding from the date of this Agreement pursuant to, ORS 287A.310.

**Section 2.11. Loan Fee.** The Borrower shall pay to the State a one-time Loan fee equal to one percent (1%) of the Loan. This fee shall be in addition to any interest charged on the Loan. The Borrower may elect to:

pay the entire amount of this Loan fee on the Loan Closing Date; or

authorize the State to deduct the Loan fee from the Loan proceeds;

provided however that if the Loan is not fully disbursed, the State shall refund to the Borrower the portion of the Loan fee allocated to the undisbursed portion of the Loan.

**Section 2.12. Late Fee.** If any Loan Repayment required under the Note is delinquent more than fifteen (15) days, the Borrower shall pay to the State a late charge of five percent (5%) of the delinquent Loan Repayment in addition to the Loan Repayment due under the Note.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF BORROWER

The Borrower represents and warrants to the State as follows:

**Section 3.01. Organization and Authority.**

(a) The Borrower is a Municipality.

(b) The Borrower has full legal right and authority and all necessary licenses and permits required as of the date of this Agreement to own, operate and maintain the Project, other than licenses and permits relating to the Project which the Borrower expects to receive in the ordinary course of business, to carry on its activities relating to the Project, to execute and deliver this Loan Agreement, to undertake and complete the Project, and to carry out and consummate all transactions contemplated by this Loan Agreement.

(c) The Project is a project which the Borrower may undertake pursuant to Oregon law and for which the Borrower is authorized by law to borrow money.

(d) The proceedings of the Borrower's governing members and voters, if necessary, approving this Loan Agreement and the Note and authorizing the execution, issuance and delivery of this Loan Agreement and the Note on behalf of the Borrower and authorizing the Borrower to undertake and complete the Project have been duly and lawfully adopted in accordance with the laws of Oregon, and such proceedings were duly approved and published, if necessary, in accordance with applicable Oregon law, at a meeting or meetings which were duly called pursuant to necessary public notice and held in accordance with applicable Oregon law and at which quorums were present and acting throughout.

(e) This Loan Agreement has been duly authorized, executed and delivered by an Authorized Officer of the Borrower, and, assuming that the State has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed and delivered, this Loan Agreement, this Loan Agreement constitutes the legal, valid and binding obligation of the Borrower in accordance with its terms, and the information contained in Exhibits A and B is true and accurate in all respects.

(f) This Loan Agreement is duly authorized by a resolution of the Borrower which was adopted as required by ORS 367.035(4), and was adopted in accordance with applicable law and the Borrower's requirements for filing public notices and holding public meetings.

**Section 3.02. Full Disclosure.** There is no fact that the Borrower has not disclosed to the State in writing, on the Borrower's application for the Loan or otherwise, that materially adversely affects the properties, activities, prospects or the condition (financial or otherwise) of the Borrower or the Project or the ability of the Borrower to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement. Neither the Borrower's application for the Loan nor the Borrower's representations and warranties in this Loan Agreement contain any untrue statement of a material fact or omits any statement or information which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**Section 3.03. Pending Litigation.** There are no proceedings pending, or, to the knowledge of the Borrower threatened, against or affecting the Borrower, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect (a) the Project, (b) properties, activities, prospects or the condition

(financial or otherwise) of the Borrower, or (c) the ability of the Borrower to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

**Section 3.04.** Compliance with Existing Laws and Agreements. The authorization, execution and delivery of this Loan Agreement by the Borrower, the observation and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement and the consummation of the transactions provided for in this Loan Agreement, and the undertaking and completion of the Project will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to, any existing ordinance or resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument (other than any lien and charge arising under this Loan Agreement or any of the documents related to this Loan Agreement) to which the Borrower is a party or by which the Borrower or any of its property or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, resolutions, rules, regulations or court orders to which the Borrower or its properties or operations is subject.

**Section 3.05.** No Defaults. No event has occurred and no condition exists that, upon authorization, execution and delivery of this Loan Agreement or receipt of the amount of the Loan, would constitute an Event of Default under this Loan Agreement. The Borrower is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it or its properties may be bound, which violation would materially adversely affect the (a) Project, (b) properties, activities, prospects or the condition (financial or otherwise) of the Borrower, or (c) the ability of the Borrower to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

**Section 3.06.** Governmental Consent. The Borrower has obtained or will obtain all permits and approvals required by any governmental body or officer for the making, observance or performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement or for the undertaking or completion of the Project and the financing or refinancing of the Project; and the Borrower has complied or will comply with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement or with the undertaking or completion of the Project and the financing or refinancing of the Project. No consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer that has not been obtained is required on the part of the Borrower as a condition to the authorization, execution and delivery of this Loan Agreement.

**Section 3.07.** Compliance with Law. The Borrower:

- (a) is in compliance with all laws, ordinances, rules and regulations to which it is subject,

non-compliance with which would materially adversely affect the condition (financial or otherwise) of the Borrower or the ability of the Borrower to conduct its activities or undertake or complete the Project; and

(b) has obtained or will obtain all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property or for the conduct of its activities which, if not obtained, would materially adversely affect the ability of the Borrower to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the Borrower.

**Section 3.08. The Project.**

(a) The Project is feasible, and there will be adequate funds available to repay the Loan.

(b) The Borrower has been provided with a copy of the Rules, and the Project is in compliance with such Rules.

**Section 3.09. Costs of the Project.**

(a) The Costs of the Project is a reasonable and accurate estimation and based upon an engineer's feasibility report and engineer's estimate stamped by a registered professional engineer.

(b) The principal amount of the Loan is not in excess of the Costs of the Project.

**Section 3.10. [Reserved.]**

**ARTICLE IV**

**CONDITIONS TO LOAN AND DISBURSEMENTS**

**Section 4.01. Conditions Precedent to Loan.** The State shall be under no obligation to make the Loan to the Borrower pursuant to the terms of this Loan Agreement unless:

(a) the Borrower delivers to the State, on or prior to the Loan Closing Deadline, the following documents in form and substance satisfactory to the State and its Counsel:

(i) An opinion of the Borrower's Counsel on the power and authority of the Borrower, the validity and enforceability of the Loan Agreement, and such other matters as the State may require;

(ii) This Loan Agreement duly executed and delivered by an Authorized Officer of the Borrower;

(iii) The Note duly executed and delivered by an Authorized Officer of the Borrower;



(iv) A copy of the ordinance/resolution, duly adopted by the governing body of the Borrower, authorizing this Loan, the pledge of Borrower's full faith and credit and taxing power, the pledge of the Pledged Revenues and execution of the Loan documents, which copy of ordinance/resolution shall be certified by an Authorized Officer of the Borrower;

(v) [Reserved.]

(vi) Such other certificates, documents, opinions and information as the State; and

(b) there is availability of moneys in the OTIF for use in the Project;

provided, however, the State shall be under no obligation to make the Loan if there has been a change in the Act so that the Project is no longer eligible for financial assistance authorized by this Loan Agreement.

**Section 4.02. Conditions to Disbursement.** The obligation of the State to make any disbursement to the Borrower is subject to the following conditions:

(a) All the conditions set forth in Section 4.01 of this Loan Agreement have been satisfied;

(b) There shall exist no Event of Default, or event, omission or failure of a condition which would constitute an Event of Default after notice or lapse of time or both;

(c) All representations and warranties of the Borrower made in this Loan Agreement shall be true and correct on the date of disbursement with the same effect as if made on such date;

(d) The State has received documentation satisfactory to the State evidencing that the Borrower has obtained any matching funds that are needed to pay for the Costs of the Project; and

(e) The State receives:

(i) a requisition executed by the Borrower in substantially the form of Exhibit D; and

(ii) any other written evidence of materials and labor furnished to or performed upon the Project, itemized receipts or invoices for the payment of the same, and releases, satisfactions and other signed statements and forms as the State may require as a condition for making disbursements of the Loan.

The State may, at its option, from time to time, either reimburse the Borrower for construction costs paid or may make direct payment for construction costs to suppliers, subcontractors and others for sums due them in connection with construction of the Project. Nothing in this Loan Agreement shall require the State to pay any amounts for labor or materials unless satisfied that such claims are reasonable and that such labor and materials were actually expended and used in the construction of the Project. The State, at its option, from time to time, may also require that the Borrower have a

contractor or subcontractor execute and deliver a surety bond or indemnification form acceptable to the State for the faithful performance of the construction contract or subcontract and payment of all liens and lienable expenses in connection with such performance in a sum equal to the contract or subcontract price. Disbursements for the Costs of the Project shall be subject to a retainage at the rate of five percent (5%) which will be released upon satisfactory completion of the Project.

Further, the State shall have no obligation to make any disbursement to the Borrower if, on or before the time for disbursement, there has been a change in the Act so that the Project is no longer eligible for financial assistance authorized by this Loan Agreement or if ODOT does not receive sufficient funding, appropriations, limitation, allotments and other expenditure authority to allow ODOT or OTIF, in the exercise of its reasonable administrative discretion, to provide such funding.

## ARTICLE V

### COVENANTS OF BORROWER

**Section 5.01.** Use of Proceeds. The Borrower will apply the proceeds of the Loan to finance all or a portion of the Costs of the Project. None of the proceeds of the Loan shall be used for administrative purposes by the Borrower.

**Section 5.02.** Source of Repayment. The Loan shall be paid from the sources of repayment described in Section 2.10 of this Loan Agreement. Such sources shall be applied to the punctual payment of the principal of and the interest on the Loan, and all other amounts due under this Loan Agreement according to the terms of this Agreement.

**Section 5.03.** Performance Under Loan Agreement. The Borrower covenants and agrees to cooperate with the State in the observance and performance of the respective duties, covenants, obligations and agreements of the Borrower and the State under this Loan Agreement.

**Section 5.04.** Completion of Project and Provision of Moneys for the Project. The Borrower covenants and agrees to provide State with copies of all permits, plans and specifications relating to the Project promptly, but in any event no later than the Project Completion Date. The Borrower shall obtain as-built drawings for all facilities of the Project and obtain certification of completion per as-built drawings from the Project engineer within ninety (90) days of the Project Completion Date. The Borrower shall supply a copy of such drawings and certification to the State upon request. The Borrower further covenants and agrees: (a) to exercise its best efforts in accordance with prudent practice to complete the Project and to so accomplish such completion on or before the estimated Project Completion Date; (b) to proceed expeditiously with, and complete, the Project; and (c) to provide from its own fiscal resources all moneys in excess of the total amount of proceeds it receives pursuant to this Loan Agreement required to complete the Project. The Borrower shall have a program, documented to the satisfaction of the State, for the on-going maintenance, operation and replacement, at its sole expense, of the Project. The program shall include a plan for generating revenues sufficient to assure the operation, maintenance and replacement of the Project during the useful life of the

Project. The Borrower shall provide such documentation to the State on or before December 31, 2019.

**Section 5.05. Disposition of Project.** Unless it is worn out, obsolete or, in the reasonable opinion of the Borrower, no longer useful in the operation of the Project, the Borrower shall not sell, lease, abandon, exchange or otherwise dispose of (collectively for the purposes of this Section "transfer") all or substantially all or any substantial portion of the Project or any other properties or assets which provide revenues for the payment of the amounts due under this Loan Agreement except on ninety (90) days' prior written notice to the State and, in any event, shall not so transfer the same unless the State consents to such transfer. Proceeds of any such transfer not used to replace property that is part of the Project shall be applied to payment of the outstanding principal and interest of the Loan as a Loan Prepayment subject to a prepayment premium, if any, as provided in Section 2.06 of this Agreement.

**Section 5.06. Operation and Maintenance of Project.** The Borrower covenants and agrees that it shall, in accordance with prudent practice, maintain the Project in good repair, working order and operating condition.

**Section 5.07. Records; Accounts.** The Borrower shall keep accurate records and accounts for the revenues and funds that are the sources of repayment of the Loan, including but not limited to those Pledged Revenues (the "Repayment Revenues Records"), separate and distinct from its other records and accounts (the "General Records"). Such Repayment Revenues Records shall be maintained in accordance with generally accepted accounting principles as established by the Government Accounting Standards Board as in effect from time to time and shall be audited annually by an independent accountant, which audit may be part of the annual audit of the General Records of the Borrower. Such Repayment Revenues Records and General Records shall be made available for inspection by the State and the federal government (including but not limited to the Federal Highway Administration and the Federal Transit Administration, if applicable) at any reasonable time, and a copy of such annual audit(s), including all written comments and recommendations of such accountant, shall be furnished to the State within two hundred ten (210) calendar days of the close of the fiscal year being so audited.

**Section 5.08. Inspections; Information.** The Borrower shall permit the State and the federal government (including but not limited to the Federal Highway Administration and the Federal Transit Administration, if applicable) and any party designated by any of such parties to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including, without limitation, its records regarding receipts, disbursements, contracts and any other matters relating to the Project and to its financial standing, and shall supply such reports and information as the State may reasonably require in connection with this Agreement. In addition, the Borrower shall provide the State with copies of loan documents or other financing documents and any official statements or other forms of offering documents relating to any bonds, notes or other indebtedness of the Borrower that are issued after the Loan Closing Date and are secured by the Pledged Revenues.

**Section 5.09. Insurance.** The Borrower shall maintain or cause to be maintained insurance policies with responsible insurers or self-insurance programs providing against risk of direct physical loss, damage or destruction of the Project, at least to the extent that similar insurance is usually carried, or self-insurance is usually provided for, by governmental units constructing, operating and maintaining facilities of the nature of the Borrower's Project, including liability coverage, all to the extent available at reasonable cost. Unless otherwise prohibited by law, the Borrower shall cause the State to be listed on such insurance policies as a loss payee on such policy. Nothing herein shall be deemed to preclude the Borrower from asserting against any party, other than the State, a defense which may be available to the Borrower, including, without limitation, a defense of immunity. In the event the Project or any portion thereof is destroyed, any insurance proceeds shall be paid to the State and shall be applied to the principal and interest on the Loan, unless the State agrees in writing that the insurance proceeds shall be used to rebuild the Project. Any application of insurance proceeds to prepay the outstanding principal of the Loan shall not be subject to the prepayment premium, if any, as provided in Section 2.06.

**Section 5.10. Condemnation.** In the event the Project or any portion of the Project is condemned, any condemnation proceeds shall be used to prepay the outstanding principal on the Loan, and shall not be subject to the prepayment premium, if any, as provided in Section 2.06.

**Section 5.11. Engineer's Report.** Upon request by the State, the Borrower shall promptly provide the stamped engineer's feasibility report and estimate described in Section 3.09(a) to the State.

**Section 5.12. Notice of Material Adverse Change.** The Borrower shall promptly notify the State of any material adverse change in the properties, activities, prospects or the condition (financial or otherwise) of the Borrower or the Project or in the ability of the Borrower to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

**Section 5.13. Financial Statements; Reports.** The Borrower shall deliver to the State in form and detail satisfactory to the State:

(a) As soon as reasonably possible and in any event within Two Hundred Seventy (270) days after the close of each fiscal year of the Borrower, the annual audited financial statements of Borrower, including revenues, expenditures, cash flows, and changes in retained earnings for each of the funds constituting the Pledged Revenues for the fiscal year just ended, prepared by an independent certified public accountant(s) satisfactory to the State, all financial statements to be prepared in accordance with generally accepted accounting principles.

(b) Such other statement or statements or reports as to the Borrower as the State may reasonably request.

**Section 5.14. Compliance with Applicable Laws.** The Borrower will comply with the

requirements of all applicable laws, rules, regulations and orders of any governmental authority that relate to the financing, construction and operation of the Project. In particular, but without limitation, the Borrower shall comply with the following, **as applicable**:

- a. The National Environmental Policy Act (NEPA), and other environmental laws and requirements;
- b. The Uniform Relocation Assistance Act (Right of Way);
- c. The Civil Rights Act of 1964 and other civil rights laws and requirements including the DBE program;
- d. The Davis Bacon Act and other labor laws and requirements;
- e. The Common Rule (49 C.F.R.19) with respect to procurement;
- f. The Brooks Act;
- g. Competitive bidding requirements and state labor standards and wage rates found in the Oregon Public Contracting Code, ORS 279A, 279B, and 279C, as applicable, including but not limited to ORS 279B.220, 279B.225 (if applicable to this Agreement), 279B.230, and 279B.235 (if applicable to this Agreement), as amended from time to time, which provisions are hereby incorporated by reference, and ORS 279B.280, as amended from time to time;
- h. Buy America;
- i. Manual of Uniform Traffic Control Devices;
- j. The Americans with Disabilities Act (ADA) and other federal and state laws prohibiting discrimination against persons with disabilities;
- k. OAR, Chapter 731, Division 30, as amended from time to time at the discretion of the State; and
- l. State municipal bonding requirements found in ORS Chapters 280, 286A, and 287A.

**Section 5.15. Compliance with State Handbook.** The Borrower agrees that it will at all times comply with the provisions of any project management handbook of the State for OTIF loans.

**Section 5.16. Continuing Representations.** The representations of the Borrower contained in this Loan Agreement shall be true at the time of the execution of this Loan Agreement and at all times during the term of this Loan Agreement.

**Section 5.17. [Reserved.]**

**Section 5.18. Further Assurances.** The Borrower shall, at the request of the State, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement.

**Section 5.19. [Reserved.]**

## ARTICLE VI

## ASSIGNMENT

### **Section 6.01.** Assignment and Transfer by State.

The Borrower hereby approves and consents to any assignment, sale or transfer of this Loan Agreement that the State deems to be necessary.

**Section 6.02.** Assignment by Borrower. This Loan Agreement may not be assigned by the Borrower without the prior written consent of the State. The State may grant or withhold such consent in its sole discretion. In the event of an assignment of this Loan Agreement by the Borrower and assumption of the Borrower's obligations under this Agreement, the Borrower shall pay, or cause to be paid, to the State any fees or costs incurred by the State as the result of such assignment, including but not limited to, attorney fees.

## ARTICLE VII

### DEFAULTS AND REMEDIES

**Section 7.01.** Event of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Failure by the Borrower to pay, or cause to be paid, any Loan Repayment required to be paid hereunder on the due date thereof; or

(b) Failure by the Borrower to make, or cause to be made, any required payments of principal, redemption premium, if any, and interest on any bonds, notes or other obligations of the Borrower for borrowed money (other than the Loan), after giving effect to the applicable grace period; or

(c) Any representation made by or on behalf of the Borrower contained in this Loan Agreement, or in any agreement, instrument, certificate or document furnished in compliance with or with reference to this Loan Agreement or the Loan, is false or misleading in any material respect; or

(d) A petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within twenty (20) calendar days after such filing, and such dismissal shall be final and not subject to appeal; or the Borrower shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including without limitation, a trustee, receiver, custodian, liquidator, or the like of the Borrower or any of its property) shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) calendar days; or

(e) [Reserved.]

(f) [Reserved.]

(g) The Borrower fails to proceed expeditiously with, or to complete, the Project or any segment or phase of the Project in accordance with the plans and schedules approved by the State, provided that the Borrower may request the State's written approval of reasonable modifications to such plans and schedules, which approval shall not be unreasonably withheld; or

(h) The Borrower defaults in the performance or observance of any covenants or agreements contained in any loan documents between itself and another lender or lenders (including but not limited to other Oregon state agencies) or in any loan documents between itself and the Department of Transportation for another loan, and the default remains uncured upon the expiration of any cure period provided for such a default by said loan documents; or

(i) Failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in subsections (a) through (h) of this Section, which failure shall continue for a period of thirty (30) calendar days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the State, unless the State agrees in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the State may not unreasonably withhold its consent to an extension of such time up to one hundred twenty (120) calendar days of the written notice referred to above if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Event of Default is corrected.

**Section 7.02. Notice of Default.** The Borrower shall give the State prompt telephonic notice of the occurrence of any Event of Default referred to in Section 7.01(d) of this Agreement and of the occurrence of any other event or condition that constitutes an Event of Default at such time as any senior administrative or financial officer of the Borrower becomes aware of the existence thereof. Any telephonic notice pursuant to this Section 7.02 shall be confirmed in writing as soon as is practicable by the Borrower.

**Section 7.03. Remedies on Default.** Whenever an Event of Default referred to in Section 7.01 of this Agreement shall have occurred and be continuing, the State shall have the right to take any action permitted or required pursuant to the Loan Agreement and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Loan Agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Borrower under this Agreement, including, without limitation:

(a) declaring all Loan Repayments and all other amounts due under this Loan Agreement to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand,

(b) appointment of a receiver,

- (c) refusal to disburse any Loan proceeds,
- (d) barring the Borrower from applying for future OTIF assistance, or

(e) withholding other State of Oregon funds, including but not limited to, the Borrower's apportionment of State Highway Fund revenues due under ORS 366.785 to 366.820, to the extent permitted by Section 2.10.

In addition, if an Event of Default referred to in Section 7.01(a) of this Agreement shall have occurred and be continuing, the State shall have the right to declare all Loan Repayments and all other amounts due under this Agreement to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand.

**Section 7.04. Attorney Fees and Other Expenses.** To the extent permitted by the Oregon Constitution and the Oregon Tort Claims Act, the prevailing party in any dispute arising from this Agreement shall be entitled to recover from the other its reasonable attorney fees, costs and expenses at trial and on appeal. Reasonable attorney fees shall not exceed the rate charged to the State by its attorneys. The Borrower shall, on demand, pay to the State reasonable expenses incurred by the State in the collection of Loan Repayments.

**Section 7.05. Application of Moneys.** Except as otherwise provided in another provision of this Loan Agreement, any moneys collected by the State pursuant to Section 7.03 of this Agreement shall be applied in the following order:

- (a) to pay any attorney fees, or other fees, costs and expenses incurred by the State,
- (b) to pay interest due and payable on the Loan, and
- (c) to pay principal due and payable on the Loan.

**Section 7.06. No Remedy Exclusive; Waiver; Notice.** No remedy herein conferred upon or reserved to the State is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. To entitle the State to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article VII.

**Section 7.07. Retention of State's Rights.** Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions of this Agreement, or anything else to the contrary contained in this Agreement, the State shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the



Borrower at law or in equity, as the State may, in its discretion, deem necessary to enforce the obligations of the Borrower to the State pursuant to Sections 2.05, 2.08 and 7.04 hereof.

**Section 7.08.** Default by the State. In the event of any default by the State under any covenant, agreement or obligation of this Loan Agreement, the Borrower's remedy for such default shall be limited to injunction, special action, action for specific performance or any other available equitable remedy designed to enforce the performance or observance of any duty, covenant, obligation or agreement of the State hereunder as may be necessary or appropriate.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.01.** Notices. All notices permitted or required under this Agreement shall be given in writing by personal delivery, facsimile, email or mail, postage prepaid, to the Borrower or the State, as the case may be, at the addresses or numbers set forth below or at such other address or number of which such party shall have notified in writing the other party:

If to the State:

Oregon Department of Transportation  
Financial Services  
Attn: Debt Manager  
355 Capitol Street NE  
Salem, Oregon 97301-3872  
Email: [ODOTDebtMgt@odot.state.or.us](mailto:ODOTDebtMgt@odot.state.or.us)  
Telephone No.: (503) 986-3393  
Facsimile No.: (503) 986-3907

If to the Borrower:

City of Molalla  
PO Box 248  
Molalla, OR 97038  
Telephone No. (503) 829-6855 ext. 291  
Attn: Dan Huff  
Email: [DHuff@CityofMolalla.com](mailto:DHuff@CityofMolalla.com)

Any notice so addressed and mailed shall be effective five (5) days after mailing. Any notice given by personal delivery shall be effective when actually delivered. Any notice delivered by facsimile shall be deemed to be given when receipt of the transmission is generated by the transmitting machine. To be effective against the State, such facsimile transmission must be confirmed by telephone notice to the Debt Manager of ODOT.

**Section 8.02.** Successors and Assigns; No Third Party Beneficiaries.

(a) This Loan Agreement shall inure to the benefit of and shall be binding upon the State and the Borrower and their respective successors and assigns.

(b) The State and the Borrower are the only parties to this Loan Agreement and are the only parties entitled to enforce its terms. Nothing in this Loan Agreement gives or provides any benefit or right not held by or made generally available to the public, whether directly, indirectly or otherwise, to third persons unless such third persons are individually identified by name in this Loan Agreement and expressly described as intended beneficiaries of the terms of this Loan Agreement.

**Section 8.03. Severability.** In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

**Section 8.04. Amendments, Supplements and Modifications.** This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the State and the Borrower. This Loan Agreement may not be amended, supplemented or modified in a manner that is not in compliance with the Act or the Rules.

**Section 8.05. Choice of Law; Designation of Forum; Federal Forum.**

(a) The laws of the State of Oregon (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement.

(b) Any party bringing a legal action or proceeding against any other party arising out of or relating to this Agreement shall bring the legal action or proceeding in the Circuit Court of the State of Oregon for Marion County (unless Oregon law requires that it be brought and conducted in another county). Each party hereby consents to the exclusive jurisdiction of such court, waives any objection to venue, and waives any claim that such forum is an inconvenient forum.

(c) Notwithstanding Section 8.05(b), if a claim must be brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court for the District of Oregon. This Section applies to a claim brought against the State of Oregon only to the extent Congress has appropriately abrogated the State of Oregon's sovereign immunity and is not consent by the State of Oregon to be sued in federal court. This Section is also not a waiver by the State of Oregon of any form of defense or immunity, including but not limited to sovereign immunity and immunity based on the Eleventh Amendment to the Constitution of the United States.

**Section 8.06. Loan not an Obligation of the United States of America.** The covenants, agreements and obligations of the State contained in this Loan Agreement shall not be construed to be covenants, agreements or obligations of the United States of America.

**Section 8.07. Headings.** The Section headings in this Loan Agreement are intended to be for reference purposes only and shall in no way modify or restrict any of the terms or provisions hereof.

**Section 8.08.** No Construction against Drafter. Both parties acknowledge that they are each represented by and have sought the advice of counsel in connection with, and the transactions contemplated by, this Loan Agreement and have read and understand the terms of this Loan Agreement. The terms of this Loan Agreement shall not be construed against either party as the drafter.

**Section 8.09.** Merger; No Waiver. This Loan Agreement and attached exhibits (that are by this reference incorporated herein) constitute the entire agreement between the parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Loan Agreement. No waiver of any provision of this Loan Agreement or consent shall bind either party unless in writing and signed by both parties and all necessary State approvals have been obtained. Such waiver or consent, if made, shall be effective only in the specific instance and for the specific purpose given. The failure of the State to enforce any provision of this Loan Agreement shall not constitute a waiver by the State of that or any other provision.

**Section 8.10.** Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the State and the Borrower have caused this Loan Agreement to be executed and delivered as of the date first above written.

STATE OF OREGON, acting by and  
through its Department of Transportation

Borrower:  
CITY OF MOLALLA

By: \_\_\_\_\_  
Chief Financial Officer

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Exhibits:

Exhibit A: Project Description

Exhibit B: Approved Project Budget

Exhibit C: Form of Promissory Note  
(with Exhibit 1: Repayment Schedule)

Exhibit D: Form of Payment Requisition

## **Exhibit A to Loan Agreement**

### **Project Description**

Borrower: CITY OF MOLALLA

Cascade Highway, OR 213, is a part of the state highway system under the jurisdiction and control of the Oregon Department of Transportation (“ODOT”). Toliver Road is a part of the city street under the jurisdiction and control of the City of Molalla (“City”).

City adopted a new Transportation System Plan and a comprehensive plan amendment with a condition of approval regarding the Intersection. City received an application from a developer to develop a large parcel of land near the Intersection, and as a condition of the zone change and comprehensive plan amendment becoming effective, City was required to establish and adopt a funding mechanism for improvements at the intersection of OR 213 and Toliver Road (the "Intersection").

ODOT conducted a Road Safety Audit (RSA) of the Intersection to outline existing intersection issues and provide suggestions for improvement, ranging from low-cost to high-cost solutions. ODOT subsequently conducted an Intersection Control Evaluation (ICE) to consider multiple context-sensitive control strategies for the modified intersection. The ICE indicated that a roundabout could provide adequate capacity and minimize delay under 2040 traffic conditions, accommodate freight movements, and accommodate bicycle and pedestrian users with significant safety benefits as compared to other alternatives. As a result of the RSA and the ICE, ODOT recommended constructing a roundabout at the Intersection to achieve safe and efficient operations of the highway.

As such, ODOT and City desire ODOT to construct a roundabout at the Intersection and City desires to contribute funds to facilitate that construction.

**Exhibit B to Loan Agreement**

**Approved Project Budget**

Borrower: CITY OF MOLALLA

Costs of Project:

<b>Sources</b>	
State Contribution (federal & state funds)	\$6,514,481
OTIB Loan City of Molalla	2,500,000
Total	\$9,014,481
<b>Uses</b>	
Preliminary Engineering	\$1,151,352
Right of Way	2,250,182
Construction	2,878,381
Design & Architectural	575,676
Other Capital Costs	633,890
Other (OR211-Molalla Signal)	1,500,000
Loan Fee	25,000
Total	\$9,014,481

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**Exhibit C to Loan Agreement**

**Form of Promissory Note**

**PROMISSORY NOTE**

\$2,500,000 \_\_\_\_\_, 2020

For value received, the **City of Molalla** (hereinafter "Borrower") unconditionally promises to pay to the State of Oregon, acting by and through its Department of Transportation (hereinafter "State"), or order, at 350 Capitol St. NE, Salem, OR 97301-3871 or such other place as the State may designate in writing, the principal sum of **Two Million Five Hundred Thousand Dollars (\$2,500,000)**, or so much thereof as is disbursed and not repaid, plus interest from the date of this Note on the unpaid principal balance until paid. Any capitalized terms not defined in this Note have the meanings assigned to such terms in that certain loan agreement dated the same date as this Note between the State and Borrower (as amended from time to time the "Loan Agreement").

Interest shall accrue on the unpaid principal balance at the rate of **One and 22/100 percent (1.22%)** per annum and shall be computed on the basis of a 360-day year, consisting of twelve (12), thirty (30) day months.

Principal and interest shall be payable at the times and in the amounts specified in Exhibit 1: Repayment Schedule (attached to this Note and by this reference made a part hereof), and the outstanding principal balance of the Note, together with accrued unpaid interest, shall be due and payable on the Maturity Date. Each payment made by the Borrower under this Note shall be applied first to the State's expenses (if any) and any fees due, then to interest due, and then to the principal of the Loan unless the Loan Agreement provides otherwise.

This Note is payable prior to its maturity except as provided for in Section 2.06 of the Loan Agreement.

This Note is given to avoid the execution by the Borrower of an individual note for each advance by the State to the Borrower. In consideration thereof, the Borrower agrees that the State's record entries of transactions pursuant to this Note shall be conclusive evidence of borrowings and payments made pursuant to this Note, absent manifest error.

In the event that the Borrower receives written notification from the State that payments made pursuant to the Loan Agreement have been assigned, all payments hereunder shall be made directly to the assignee pursuant to such assignment.

If an Event of Default occurs, the outstanding balance under this Note, including principal, interest and other charges, if any, shall, at the option of the State, become immediately due and payable. Presentment, demand, protest, and notice of dishonor, protest and nonpayment

are waived by the Borrower.

To the extent permitted by the Oregon Constitution and the Oregon Tort Claims Act, the prevailing party in any dispute arising from this Note shall be entitled to recover from the other its reasonable attorney fees, costs and expenses at trial and on appeal. Reasonable attorney fees shall not exceed the rate charged to the State by its attorneys. The Borrower shall, on demand, pay to the State its reasonable expenses incurred in the collection of Loan payments.

The terms, provisions and covenants contained in this Note shall apply to, inure to the benefit of, and bind the parties hereto and their respective successors and assigns.

This Note shall be governed by and construed in accordance with the laws of the State of Oregon (without giving effect to its conflicts of law principles).

This Note is subject to the terms and conditions of the Loan Agreement. The indebtedness evidenced by this Note is secured by the collateral described in the Loan Agreement.

#### NOTICE TO BORROWER

DO NOT SIGN THIS NOTE BEFORE YOU READ IT. FULL OR PARTIAL REPAYMENT BEFORE THE DATE PROVIDED FOR REPAYMENT IN THIS NOTE AND IN THE LOAN AGREEMENT MAY NOT BE PERMITTED, AND A PREMIUM FOR ANY SUCH PREPAYMENT MAY BE CHARGED AND COLLECTED.

CITY OF MOLALLA

By: \_\_\_\_\_

Name & Title (print): \_\_\_\_\_



**Exhibit 1 to Promissory Note**

**Repayment Schedule**

Borrower: City of Molalla

<b>Payment Due Date:</b>	<b>Amount Due:</b>
April 1, 2023	Any unpaid accrued interest
April 1, 2024	Any unpaid accrued interest
April 1, 2025 and the first day of each October and April thereafter	Installment payment of principal and interest of \$91,443.97
Maturity Date (October 1, 2037)	The remaining principal and interest due on the Loan

**Exhibit D to Loan Agreement**

**Form of Payment Requisition**

TO: Oregon Transportation Infrastructure Bank  
Oregon Department of Transportation  
355 Capitol St. NE, MS #21  
Salem, Oregon 97301-3871

RE: Oregon Transportation Infrastructure Fund, Loan Number OTIF-0070

On behalf of the City of Molalla I request that the Oregon Transportation Infrastructure Fund (OTIF) disburse to the following payees the following amounts from the account established in the OTIF for this loan:

[Insert Payee]

[Insert Amount]

The foregoing disbursements are all for Costs of the Project as such term is defined in, and which are permitted under, the Loan Agreement. I have attached all necessary documentation as required by Section 4.02(e)(ii) of the Loan Agreement. No Event of Default has occurred or is continuing under the Loan Agreement.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

City of Molalla

By: \_\_\_\_\_  
Authorized Officer

Attachments

# City of Molalla

## City Council Meeting



### Agenda Category: General Business

**Subject:** Urban Renewal Plan and Financial Audit

**Recommendation:** Process Update

**Date of Meeting to be Presented:** March 11, 2020

**Fiscal Impact:** \$12,000

**Background:**

Staff has discussed with Council potential Urban Renewal project implementation during past Council meetings. In addition, general project descriptions for potential project usage has been included in the 2019-2020 Molalla Urban Renewal Budget. With the addition of an updated Transportation System Plan (TSP) we have found that the original URD Plan (Adopted in 2008) needs updating.

Due to the positive health of our District, we have contacted two consultants Tiberius, LLC and Elaine Howard Consulting to perform these tasks. Each of these firms worked on Molalla's Urban Renewal Plan in 2013. Tiberius will be updating the financial projections and conducting a financial audit of the District and Elaine Howard will be addressing needed plan updates.

Our plan is to have this completed by final 2020-2021 Budget adoption. The original URD Plan and a financial update from 2013 are included as reference.

**SUBMITTED BY:** Dan Huff, City Manager

**APPROVED BY:** Dan Huff, City Manager

**Exhibit A**

# **The Molalla Urban Renewal Plan**

**Prepared for:  
The Molalla City Council**

**July, 2008**

## **MOLALLA URBAN RENEWAL PLAN**

### **ACKNOWLEDGEMENTS**

The Molalla City Council appointed a citizen advisory body to direct the public involvement and management efforts for preparation of this renewal plan. Members of the advisory committee and City of Molalla staff gave generously of their time in providing direction and assistance on all key issues involved in preparing the plan.

### **Members of the Advisory Committee**

<b>Name</b>		<b>Affiliation</b>
Bill	Avison	Avison Rock
Gary	Deardorff	Doubletrees Land & Timber
Todd	Gary	Molalla Fire Dist. No. 73
Jamie	Johnk	Clackamas County
Wayne	Kostur	Molalla River School District
Steve	Loutzenhiser	Molalla Communications
Mitch	Magenheimer	Edward Jones
Steve	Morris	Chamber of Commerce
Gary	Musgrove	Prudential Northwest Properties
Linda	Ohta	Inkbrary
Jim	Needham	City Council
Shane	Potter	City of Molalla
Beth	Smith	PGE
Pattie	Smith	Mill Barn
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Jim	Taylor	Champion Raceway
Kristine	Wheeler	Citizen

### **Staff Assistance**

John Atkins, City Manager  
Shane Potter, Planning Director  
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### **Urban Renewal Consultants**

Charles Kupper, Spencer & Kupper

**MOLALLA URBAN RENEWAL PLAN**

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## **100. INTRODUCTION**

The Molalla Urban Renewal Plan consists of Part One: Text, and Part Two: Exhibits. This plan has been prepared pursuant to Oregon Revised Statute (ORS) Chapter 457, the Oregon Constitution, and all applicable laws and ordinances of the State of Oregon and City of Molalla respectively. All such applicable laws and ordinances are made a part of this Plan, whether expressly referred to in the text or not.

This urban renewal plan for the Molalla Urban Renewal Area was approved by the City Council of City of Molalla on \_\_\_\_ by Ordinance No. \_\_\_\_.

## **200. CITIZEN PARTICIPATION**

The Molalla urban renewal plan was developed in an extensive series of public meetings. Renewal planning was initiated in September, 2007 with a renewal feasibility study. The feasibility study included three public work session meetings with a committee consisting of Council members and citizens. The feasibility report was presented at a meeting of the Molalla City Council in February, 2008. After discussion of the feasibility report, the City Council approved proceeding with preparation of an urban renewal plan.

Work on a renewal plan started in April, 2008. Four public meetings were held during the preparation of the renewal plan. Each meeting was built around discussion and public input on key elements of the urban renewal plan. Meeting topics included basic information on urban renewal and tax increment financing, development of project goals and objectives, development of a list of project activities, and a thorough review of the revenues, costs, and tax impacts of carrying out the project.

The City of Molalla Planning Commission met to review the Plan on July 29, 2008 at 7 p.m. in City Hall. The City Council scheduled a public hearing on adoption of this Plan on Aug. 13, 2008 at 7 p.m. in the Molalla Adult Center, 315 Kennel St. Additional notice for the City Council's hearing on adoption of the Plan was provided, as required by ORS 457.120.

## **300. BOUNDARY DESCRIPTION**

The boundary of the renewal area is shown in Exhibit 1, attached to this plan. A legal description of the project boundary is included as Attachment "A" of this plan. If inconsistencies exist between Exhibit 1 and Attachment A, Attachment A governs.

## **400. RELATIONSHIP TO LOCAL OBJECTIVES: GOALS**

The purpose of this Renewal 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.

**500. PROPOSED LAND USES**

**A. Land Use Plan**

The use and development of land in the Renewal Area shall be in accordance with the regulations prescribed in the City’s Comprehensive Plan, Zoning Ordinance, Sign Ordinance, Subdivision Ordinance, City Charter, or any other applicable local, county, state or federal laws regulating the use of property in the Urban Renewal Area.

**Zoning Classifications in the Renewal Area**

Zoning in the renewal area is shown in the boundary map attached as Exhibit 1 of this plan. Zoning classifications in the area are:

<b>ZONING DISTRICT</b>	<b>DESCRIPTION</b>
C1 Central Commercial	The CI Central Commercial district allows for a broad range of uses in keeping with Molalla's historic commercial area and central business districts. Development in the CI district is intended to be characterized by high building coverage and close placement of buildings. Development is also to be pedestrian-oriented with a strong emphasis on a pleasant streetscape.
C2 General Commercial	The C2 district is intended to provide for those types of retail, wholesale, transportation, and service uses which because of traffic, size and other requirements depend upon particular



locations to serve the needs of the community and its trading area. Thus, the zone allows a full range of retail and service businesses with a local or regional market, and is to be characterized by attractive development, an open and pleasant street appearance, and compatibility with adjacent residential areas. Development is expected to be generally auto-oriented, and intended to be aesthetically pleasing for motorists, pedestrians, and the businesses themselves.

M1 Light Industrial

Light Industrial areas are designated for non-polluting industries, which are generally compatible with residential and commercial activities. In the M1, Light Industrial district, attention is given to the protection of surrounding areas from off-site impacts.

M2 Heavy Industrial

This M2 District is designated for uses that have a strong industrial orientation. Specific regulations protect the health, safety and welfare of the public, address the character of the area and provide certainty to property owners, developers and neighbors about the limits of what is allowed.

R1 Residential

The R1 District is primarily intended for single-family detached dwellings and manufactured homes on lots consisting of not less than six thousand, three hundred (6,300) square feet.

R2 Residential

The R2 District is primarily intended for single-family detached dwellings on lots of not less than six thousand, three hundred (6,300) square feet or duplex/two-family dwellings on lots of not less than seven thousand, five hundred (7,500) square feet.

R3 Residential

The R3 District is primarily intended for duplex and multi-family dwelling structures on lots consisting of seven thousand, five hundred (7,500) square feet but also allows for single-family detached structures on lots consisting of six thousand, three hundred (6,300) square feet.

Public/Semi-public

The purpose and function of this district is for the siting of public or semi-public facilities. The regulations in this chapter are to ensure that these facilities are properly located and that they are compatible with surrounding neighborhoods.

## **B. Plan and Design Review**

The Urban Renewal Agency shall be notified of any Comprehensive Plan/Zoning amendment application, building permit, conditional use or other development permits requested within the Area.

### **600. OUTLINE OF DEVELOPMENT**

The Urban Renewal project consists of activities and actions which treat the causes of blight and deterioration in the Molalla Urban Renewal Area. Project activities further are intended to implement the goals in Section 400 of this plan. Project activities to treat blighting conditions and to implement community and comprehensive plan goals include:

- Making improvements to streets, sidewalks, and crossings in the renewal area
- Making improvements to deficient water, sewer and storm drainage in the area
- Contributing to funding improvements to public facilities and in the renewal area
- Improving the physical appearance of the renewal area
- Improving parking availability in the renewal area.
- Providing incentives for the repair and rehabilitation of substandard structures in the project area.
- Providing incentives to new public and private building investments in the renewal area.
- Section 700 of this plan provides further description of each urban renewal project to be undertaken within the Urban Renewal Area.

### **700. DESCRIPTION OF PROJECTS TO BE UNDERTAKEN**

To achieve the objectives of this Urban Renewal Plan, the following activities will be undertaken by the Urban Renewal Agency in accordance with applicable federal, state, county, and county laws, policies, and procedures, and will be coordinated with the Downtown Master Plan. Renewal Agency may fund these activities in full, in part, or it may seek other sources of funding for them. The Renewal Agency may prepare a Design Plan which will better define project locations. **The listing of projects is not an order of priority.** Priorities will be decided as funds become available, and opportunities arise.

#### **1. PUBLIC IMPROVEMENTS**

**Definition** - Public improvements include the construction, repair, or replacement of curbs, sidewalks, streets, parking, parks and open spaces, pedestrian and bicycle amenities, water, sanitary sewer and storm sewer facilities, utilities, and other public facilities necessary to carry out the goals and objectives of this Plan.

##### **A. Public Parks and Open Spaces**

The Renewal Agency may participate in funding the design, acquisition, construction or rehabilitation of public spaces, parks or public recreation facilities within the Urban Renewal Area. Projects that may be undertaken include:

- Develop a pedestrian/bicycle trail along abandoned railroad line.

### **B. Street, Curb, and Sidewalk Improvements**

The Renewal Agency may participate in funding sidewalk and roadway improvements including design, redesign, construction, resurfacing, repair and acquisition of right-of way for curbs, streets, and sidewalks. Street, curb, and sidewalk improvements may include:

- Make streetscape improvements identified in the Downtown Master Plan.
- Install, and repair deficiencies in sidewalks in downtown Molalla.
- Install crosswalks and curb extensions in downtown Molalla.
- Participate in widening of Oregon Highways 211 and 213.
- Commercial Parkway extension to South Road and OR Highway 213.
- Molalla Forest Road improvements, including
  - ❖ Improve Molalla Forest Road from Mathias to OR Highway 213.
  - ❖ Improve Mathias Road/Main Street Connection.
  - ❖ Widen Mathias Road.

### **C. Public Utilities**

The Renewal Agency is authorized to participate in funding improvements to water, storm, and sanitary sewer facilities in the area. Utility improvements that may include:

- Place utilities underground throughout project area as funds permit.
- Provide water, sewer, and storm services as necessary to treat blighting conditions in renewal area, and to meet future development needs in renewal area.

### **D. Streetscape and Neighborhood Beautification Projects**

The Renewal Agency is authorized to participate in activities improving the visual appearance of the project area. These improvements may include street furniture, special lighting fixtures, landscaping, street trees, irrigation, decorative pavers, signs, and other fixtures and improvements. Areas for streetscape improvements include:

- Streetscape improvements along Highway 211.
- Streetscape improvements in downtown Molalla.

### **E. Public Safety Improvements**

The Renewal Agency may participate in funding improvements needed for public safety purposes. Public safety improvements may include:

- Participate in funding traffic signals and signage at
  - ❖ OR Highway 211 and Thelander.
  - ❖ The intersection of Main and Molalla.
  - ❖ OR211 and Ridings.

## **F. Public Buildings and Facilities**

The Renewal Agency may participate in development of public facilities in the Renewal Area. The extent of the Renewal Agency's participation in funding public facilities will be based upon a Renewal Agency finding on the proportional benefit of that project to the Urban Renewal Area, and the importance of the project in carrying out Plan objectives. Potential public facilities to be funded may include:

- Assist in improvements to fire station and public safety training facility
- Develop new public parking facilities.
- Assist in improvements to, or construction of public facilities, including city hall, and a conference/community center.

## **2. PRESERVATION AND REHABILITATION**

This activity will help improve the condition and appearance of buildings in the project area, and encourage infill and reuse in the Urban Renewal Area. The Renewal Agency may participate, through loans, grants, or both, in maintaining and improving exterior and interior conditions of public and private buildings or properties within the Urban Renewal Area.

## **3. DEVELOPMENT AND REDEVELOPMENT**

The Renewal Agency also is authorized to provide loans or other forms of financial assistance to parties wishing to develop or redevelop land or buildings within the Urban Renewal Area. The Agency may make this assistance available as it deems necessary to achieve the objectives of this Plan. Examples of such assistance include, but are not limited to:

- Grants, and below market interest rate loans.
- Write down of land acquisition costs.
- Provision of public parking to assist development.
- Assistance in providing utilities and other infrastructure.
- Technical assistance, including architectural assistance, and zoning change work.
- Transfer of assembled sites at fair reuse value.

## **4. PROPERTY ACQUISITION AND DISPOSITION**

In order to carry out the objectives of this Plan, the Renewal Agency is authorized to acquire land or buildings for public and private development purposes. The procedures for acquiring and disposing of property are described in Sections 800 of this Plan.

## **5. PLAN ADMINISTRATION**

Tax increment funds may be utilized to pay indebtedness associated with preparation of this Plan, to carry out design plans, miscellaneous land use and public facility studies, engineering, market, and other technical studies as may be needed during the course of the

Plan. Project funds also may be used to pay for personnel and other administrative costs incurred in management of the Plan.

## **800. PROPERTY ACQUISITION AND DISPOSITION PROCEDURES**

The Renewal Agency is authorized to acquire property within the Area, if necessary, by any legal means to achieve the objectives of this Plan. Property acquisition is hereby made a part of this Plan and may be used to achieve the objectives of this Plan. The use of eminent domain is allowed for all public purposes of this plan. However, private property within the Renewal District shall not be taken by eminent domain for the purpose of conveying ownership interest in all or part of the property to a private party for economic development by or the commercial benefit of the private party. All authorized uses of eminent domain will require approval by the City Council. All acquisitions of property will require an amendment to the plan as set forth in Section 1100.

### **A. Acquisition requiring City Council approval.**

Acquisitions described in Section 800 A1, and A2 of this plan will require an amendment as set forth in Section 1100C4. City Council ratification is required for Renewal Agency acquisitions for the following purposes:

1. Acquisition of land for development by the public or private sector.
2. Acquisition for any purpose that requires the use of the Agency's powers of eminent domain.

### **B. Acquisition not requiring City Council approval.**

Land acquisition not requiring City Council ratification requires a minor amendment to this Plan as set forth in Section 1100C5. The minor amendment to the Renewal Plan may be adopted by the Renewal Agency by Resolution. The Agency may acquire land without Council ratification where the following conditions exist:

Where it is determined that the property can be acquired without condemnation and is needed to provide public improvements and facilities as follows:

1. Right-of-way acquisition for streets, alleys or pedestrian ways.
2. Right of way and easement acquisition for water, sewer, and other utilities.
3. Where the owner of real property within the boundaries of the Area wishes to convey title of such property by any means, including by gift.

### **C. Properties to be acquired**

At the time this Plan is prepared, no properties are identified for acquisition. If plan amendments to acquire property are approved, a map exhibit shall be prepared showing the properties to be acquired and the property will be added to the list of properties to be

acquired. The list of properties acquired will be shown in this section of the Plan. The map exhibit shall be appropriately numbered and shall be included in Part Two as an official part of this Urban Renewal Plan.

**D. Property Disposition Policies and Procedures**

The Renewal Agency is authorized to sell, lease, exchange, subdivide, transfer, assign, pledge, encumber by mortgage or deed of trust, or otherwise dispose of any interest in real property which has been acquired, in accordance with the provisions of this Plan.

All real property acquired by the Renewal Agency for redevelopment in the Urban Renewal Area shall be disposed of for development for the uses permitted in the Plan at its fair re-use value. All persons and entities obtaining property from the Renewal Agency shall use the property for the purposes designated in this Plan, and shall commence and complete development of the property within a period of time which the Renewal Agency fixes as reasonable, and shall comply with other conditions which the Renewal Agency deems necessary to carry out the purposes of this Plan.

To provide adequate safeguards to insure that the provisions of this Plan will be carried out to prevent the recurrence of blight, all real property disposed of by the Renewal Agency, as well as all other real property the development of which is assisted financially by the Renewal Agency, shall be made subject to this Plan. Leases, deeds, contracts, agreements, and declarations of restrictions by the Renewal Agency may contain restrictions, covenants, and conditions running with the land, rights of reverter, conditions subsequent, equitable servitudes, or any other provisions necessary to carry out this Plan.

No property acquisition is under consideration at the time this plan is adopted, therefore no specific disposition schedule is included. It is anticipated that any property acquired by the renewal agency will be disposed of within five years of its acquisition.

**900. REDEVELOPER'S OBLIGATIONS**

A Redeveloper is any individual or group acquiring property from the Urban Renewal Agency or receiving financial assistance for the physical improvement of privately or publicly held structures and land. Redevelopers within the Urban Renewal Area will be subject to controls and obligations imposed by the provisions of this Plan. Redevelopers also will be obligated by the following requirements:

1. The Redeveloper shall develop or redevelop property in accordance with the land-use provisions and other requirements specified in this Plan.
2. The Renewal Agency may require the redeveloper to execute a development agreement acceptable to the Renewal Agency as a condition of any form of assistance by the Renewal Agency. The Redeveloper shall accept all conditions and agreements as may be required by the Renewal Agency.
3. The Renewal Agency may require the Redeveloper to submit plans and specifications for the property as a condition of Renewal Agency assistance. The

Redeveloper shall submit all plans and specifications for construction of improvements on the land to the Renewal Agency or its designated agent, for review and approval prior to distribution of these plans to any additional zoning, planning, or design review bodies required by the City.

4. The Redeveloper shall commence and complete the development of such property for the use provided in this Plan within a reasonable period of time as determined by the Agency.
5. The Redeveloper shall not effect any instrument whereby the sale, lease, or occupancy of the real property, or any part thereof, is restricted upon the basis of age, race, color, religion, sex, marital status, or national origin.

### **1000. RELOCATION**

The Renewal Agency will provide relocation assistance to all persons or businesses displaced by project activities. Those displaced will be given assistance in finding replacement facilities. All persons or businesses which may be displaced will be contacted to determine such relocation needs. They will be provided information on available space and will be given assistance in moving. All relocation activities will be undertaken and payments made, in accordance with the requirements of Chapter 35 of the Oregon Revised Statutes, and any other applicable laws or regulations. The Renewal Agency may contract with Oregon Department of Transportation (ODOT), or other appropriate agencies or parties for assistance in administering its relocation program.

### **1100. PLAN AMENDMENTS**

It is anticipated that this renewal plan will be reviewed periodically during the execution of the Project. The plan may be changed, modified, or amended as future conditions warrant. Types of plan amendments are:

#### **A. Substantial Amendments per ORS Chapter 457**

1. Increasing the maximum amount of indebtedness that can be issued or incurred under the Plan.
2. Adding land to the urban renewal area that is in excess of one percent of the existing area of the Plan.

Substantial Amendments shall require the same notice, hearing and approval procedure required of the original Plan, including public involvement, consultation with taxing districts, presentation to the Planning Commission and adoption by the City Council by non-emergency ordinance after a hearing requiring “special notice” per ORS 457. 120.

#### **B. Other Amendments Requiring Approval by Ordinance of City Council**

The following types of amendments will require adoption by a non-emergency Ordinance of the City Council, and require consultation with taxing districts, and presentation to the

Planning Commission, but will not require the special notice prescribed in ORS 457.120.

1. The addition of improvements or activities which represent a substantial change in the purpose and objectives of this Plan, and which cost more than \$750,000. The \$750,000 amount will be adjusted annually from the year 2008 according to the “Engineering News Record” construction cost index for the Northwest area.

### **C. Minor Amendments.**

Minor amendments may be approved by the Renewal Agency in resolution form. Such amendments are defined as:

1. Amendments to clarify language, add graphic exhibits, make minor modifications in the scope or location of improvements authorized by this Plan, or other such modifications which do not change the basic planning or engineering principles of the Plan.
2. Addition of a project substantially different from those identified in Sections 700 of the Plan or substantial modification of a project identified in Section 700 if the addition or modification of the project costs less than \$750,000. The \$750,000 amount will be adjusted annually from the year 2008 according to the “Engineering News Record” construction cost index for the Northwest area.
2. Increases in the Urban Renewal Area boundary that are less than one percent of the existing area of the Plan.
3. Acquisition of property for purposes specified in Section 800A1 and 800A2 of this Plan. **Note – Minor amendments to the plan to acquire properties specified in Sections 800A1 and A2 must be ratified by the City Council.** The City Council approval may be in the form of a resolution.
4. Acquisition of properties for purposes specified in Section 800B of this plan. These acquisitions do not require approval by the City Council.

### **1200. MAXIMUM INDEBTEDNESS**

The maximum indebtedness authorized under this plan is Twenty-Six million, one hundred and seventy-five thousand dollars (\$26,175,000). This amount is the principal of indebtedness, and does not include interest on indebtedness.

### **1300. FINANCING METHODS**

#### **A. General**

The Urban Renewal Agency may borrow money and accept advances, loans, grants and other forms of financial assistance from the federal government, the state, city, county or other public body, or from any sources, public or private for the purposes of undertaking and carrying out this Plan. In addition, the Agency may borrow money from, or lend money to a public agency in conjunction with a joint undertaking of a project authorized by this Plan. If such funds are loaned, the Agency may promulgate rules and procedures for the methods and conditions of payment of such loans. The funds obtained by the Agency



shall be used to pay or repay any costs, expenses, advances and indebtedness incurred in planning or undertaking project activities or in otherwise exercising any of the powers granted by ORS Chapter 457.

## **B. Tax Increment Financing**

This urban renewal plan will be financed in whole, or in part, by tax increment revenues. The ad valorem taxes levied by all taxing districts in which all or a portion of the Molalla is located shall be divided as provided in section 1c, Article IX of the Oregon Constitution and ORS 457.420 to 457.460.

## **C. Prior Indebtedness**

Any indebtedness permitted by law and incurred by the Urban Renewal Agency or the City in connection with preplanning for this Urban renewal plan shall be repaid from tax increment proceeds generated pursuant to this section.

## **1400. DEFINITIONS**

The following definitions will govern the construction of this Plan unless the context otherwise requires:

**“Area”** means the area included within the boundaries of the Molalla Urban Renewal Area.

**“Bonded Indebtedness”** means any formally executed written agreement representing a promise by a unit of government to pay to another a specified sum of money, at a specified date or dates at least one year in the future.

**“County”** means Clackamas County, Oregon.

**“City Council”** means the City Council of City of Molalla, Oregon.

**“Comprehensive Plan”** means the City's Comprehensive Land Use Plan and its implementing Ordinances, policies and development standards.

**“Displaced”** person or business means any person or business who is required to relocate as a result of action by the Urban Renewal Agency to vacate a property for public use or purpose.

**“Disposition and Development Agreement”** means an agreement between the Urban Renewal Agency and a private developer which sets forth the terms and conditions under which will govern the disposition of land to a private developer.

**“Exhibit”** means an attachment, either narrative or map, to the Urban renewal plan for the Molalla Urban Renewal Area, Part Two - Exhibits.

**“ORS”** means Oregon Revised Statute (State Law) and specifically Chapter 457 thereof.

**“Plan”** means the Urban renewal plan for the Molalla Urban Renewal Area, Parts One and Two.

**“Planning Commission”** means the Planning Commission of the City of Molalla, Oregon.

**“Project, Activity or Project Activity”** means any undertaking or activity within the Renewal Area, such as a public improvement, street project or other activity which is authorized and for which implementing provisions are set forth in the Urban renewal plan.

**“Report”** refers to the report accompanying the urban renewal plan, as provided in ORS 457.085 (3)

**“Redeveloper”** means any individual or group acquiring property from the Urban Renewal Agency or receiving financial assistance for the physical improvement of privately or publicly held structures and land.

**“Rehabilitation Loans and Grants”** – Funds provided by the Renewal Agency to owners of existing properties within the urban renewal area for the purpose of rehabilitation, renovation, repair, or historic preservation of the property. Loan and grant policies and procedures will be developed by the Renewal Agency, to carry out the Rehabilitation and Conservation activities of this Plan

**“Redevelopment Assistance”** – Financial assistance provided by the Renewal Agency to private or public developers of property within the urban renewal area. This assistance is intended to make development within the renewal area financially feasible and competitive with other locations, and carry out the redevelopment through new construction activities of this Plan. Redevelopment Assistance may take the form of participation in financing public improvements such as parking, infrastructure, landscaping, and public places, providing technical information and assistance to potential redevelopers, re-sale of land at written down prices, and such other assistance as the Agency determines is within its authority, and necessary.

**“State”** means the State of Oregon.

**“Text”** means the Urban renewal plan for the Molalla Urban Renewal Area, Part One - Text.

**“Urban Renewal Agency”** means the Urban Renewal Agency of City of Molalla, Oregon.

**“Urban Renewal Area”, “Molalla Urban Renewal Area”, or “Renewal Area”** means the geographic area for which this Urban renewal plan has been approved. The boundary of the Renewal Area is described in Exhibits made a part of this plan.

**Molalla Urban Renewal Plan**

**City of Molalla, Oregon**

**Part Two: Exhibits**

EXHIBITS

Exhibit 1 .....Map of Plan Boundary and Zoning

ATTACHMENTS

Attachment A ..... Boundary Description

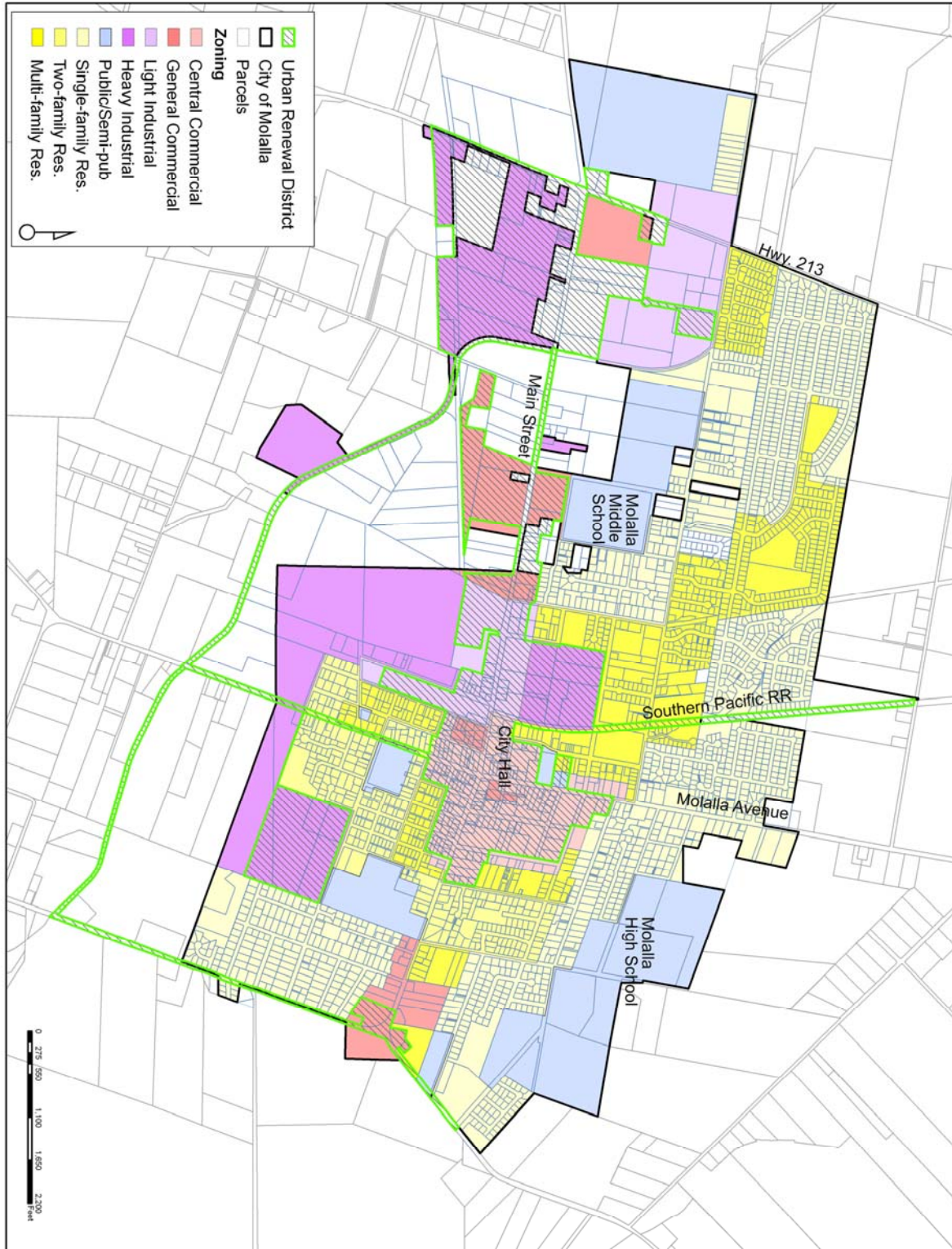


EXHIBIT 1 – BOUNDARY AND ZONING MAP OF MOLALLA URBAN RENEWAL AREA

**ATTACHMENT 1 – BOUNDARY DESCRIPTION**

July 14, 2008

**Legal Description**

**2008 City of Molalla Urban Renewal District**

Clackamas County Assessor's Maps:

5 2E 16	5 2E 9CA	5 2E 8AA
5 2E 16AB	5 2E 9CB	5 2E 8A
5 2E 17A	5 2E 9CC	5 2E 8AC
5 2E 17AA	5 2E 9BC	5 2E 8B
5 2E 16AC	5 2E 5	5 2E 8C
5 2E 9D	5 2E 7A	5 2E 8DB
5 2E 9DC	5 2E 7AA	5 2E 8DD
5 2E 9DA	5 2E 7D	

An urban renewal district situated in the Northwest one-quarter of Township 5 South, Range 2 East, of the Willamette Meridian, in the County of Clackamas and State of Oregon, more particularly described as follows:

Beginning at the Southeast corner of Parcel 2, Partition Plat 1997-147, said Clackamas County Plat Records; thence North 10.13° East, a distance of 405.1 feet; thence North 70° West, a distance of 330 feet; thence North 10.14° East, a distance of 47 feet; thence North 80.01° West, a distance of 173.4 feet to a point along the West line of the Grange Ave. right-of-way, South 16.54° West, a distance of 604.8 feet from the Southwest Corner of Parcel 2, Partition Plat 2000-101, said Clackamas County Plat Records; thence North 10.08° East, a distance of 891.7 feet; thence North 69.76° West, a distance of 500 feet; thence North 10.16° East, a distance of 215.1 feet to a point at the Southeast corner of Parcel 2 of Partition Plat 2003-102, said Clackamas County Plat Records; thence North 70.03° West, a distance of 200 feet; thence North 10.14° East, a distance of 174.6 feet; thence North 70.04° West, a distance of 202.3 feet; thence North 77.18° West, a distance of 58.1 feet to a point along the West edge of the right-of-way of Molalla Ave.; thence South 10.10° West, a distance of 604.6 feet; thence North 79.95° West, a distance of 401.1 feet; thence South 9.82° West, a distance of 200.5 feet; thence South 80.06° East, a distance of 400 feet; thence South 10.13° West, a distance of 200 feet; thence North 80.08° West, a distance of 459 feet; thence South 21.90° West, a distance of 74.6 feet; thence South 9.70° West, a distance of 307 feet; thence South 83.27° West, a distance of 62.6 feet to a point along the West boundary of the Kennel Ave. right-of-way; map 5 2E 8AD missing; thence North 80.30° West, a distance of 180 feet to a point along the East line of the right-of-way of the Southern Pacific R.R. at the intersection of the East line of the Southern Pacific R.R. right-of-way and the South line of the Toliver Rd. right-of-way, North 83.07° East, a distance of 1173.5 feet from the Northeast Corner of Rachel Larkins D.L.C. No. 43, said Clackamas County Plat Records; thence 1699.4 feet North then Northwest following a line coinciding with the East line of the Southern Pacific R.R. right-of-way, South 79.49° East, a distance of 85.7 feet from the Northeast corner of Parcel 1, Partition Plat 1999-62, said Clackamas County Plat Records; thence North 4.90° West, a distance of 3448.2 feet; thence North 79.80° West, a distance of 74.5 feet; thence South 4.74° East, a distance of 4134.5 feet; thence North 80.29° West, a distance of 966.9 feet; thence South 10.11° West, a distance of 600 feet; thence South 80.29° East, a distance of 30 feet; thence South 10.15° West, a distance of 452.5 feet; thence North 81.17° West, a distance of 460.1 feet; thence North 34.43° West, a distance of 76.7 feet to point at the Southeast corner of Clark Estates 3934, said Clackamas County Plat Records; thence North 80.40° West, a distance of 505.1 feet; thence South 9.93° West, a distance of 69.5 feet; thence North 80.21° West, a distance of 350 feet; thence North 9.74° East, a distance of 123 feet along the East edge of the S. Leroy Avenue right-of-way; thence North 80.04° West, a distance of 215 feet; thence North 9.74° East, a distance of 97.5 feet; thence North 80.04° West, a distance of 560.1 feet; thence South 10.19° West, a distance of 424.5 feet; thence North 89.93° West, a distance of 58.9 feet; thence North 79.94° West, a distance of 1527.7 feet along the north right-of-way line of State Hwy 211; thence South 23.79° West, a distance of 56.5 feet; thence South 79.70° East, a distance of 1518.5 feet along the South right-of-way line of State Hwy

211; thence South 22.10° West, a distance of 669 feet; thence North 80.01° West, a distance of 200 feet; thence South 10.16° West, a distance of 266 feet; thence North 76.33° West, a distance of 263.9 feet; thence North 8.72° East, a distance of 249.1 feet; thence north 80.01° West, a distance of 437 feet; thence South 22.10° West, a distance of 209 feet; thence South 77.47° East, a distance of 380.5 feet; thence South 34.05° East, a distance of 211 feet; thence North 88.62° East, a distance of 1891.7 feet; thence North 80.01° West, a distance of 484.1 feet; thence North 10.05° East, a distance of 655.6 feet; thence South 80.06° East, a distance of 616.5 feet along the South right-of-way line of Hwy 211;

thence South 0.73° East, a distance of 590.8 feet; thence South 89.78° East, a distance of 40.2 feet; thence South 79.96° East, a distance of 857.1 feet along the South line of Parcel 1, Partition Plat 2000-62, said Clackamas County Plat Records; thence North 10.12° East, a distance of 336.1 feet; thence North 79.88° West, a distance of 253.3 feet; thence North 10.71° East, a distance of 172.5 feet; thence South 81.44° East, a distance of 18.7 feet; thence North 10.56° East, a distance of 23.9 feet; thence South 83.57° East, a distance of 28.4 feet; thence South 10.99° West, a distance of 125.3 feet; thence South 79.90° East, a distance of 535.6 feet; thence South 17.97° West, a distance of 258.8; thence South 70.35° East, a distance of 335 feet to a point along the east line of the S. Shaver Avenue right-of-way; thence South 20.19° West, a distance of 934.7 feet along the east line of the S. Shaver Avenue right-of-way; thence South 70.29° East, a distance of 240 feet; thence North 20.20° East, a distance of 930.2 feet; thence South 69.71° East, a distance of 367.6 feet; thence South 20.46° West, a distance of 64.5 feet; thence South 79.54° East, a distance of 240 feet; thence South 20.37° West, a distance of 3269.8 feet, to a point at the intersection of the West line of the Molalla Ave. right-of-way and the North line of the Molalla Forest Rd. right-of-way; thence Northeast coinciding with the north line of the Molalla Forest Rd. right-of-way, a distance of approximately 6850 feet to a point at the intersection of the East line of the Molalla Forest Rd. right-of-way and the South line of the State Hwy 211 right-of-way; thence North 78.65° West, a distance of 60.7 feet;

thence North 24.75° East, a distance of 56.9 feet; thence North 10.17° East, a distance of 281.8 feet; thence North 15.11° East, a distance of 250.9 feet; thence North 80.01° West, a distance of 835.5 feet to a point at the Northwest corner of Parcel 3, Partition Plat 1993-141, said Clackamas County Plat Records; thence North 10.09° East, a distance of 436.5 feet; thence South 80.30° East, a distance of 30 feet; thence North along the East line of the Industrial Way right-of-way, a distance of approximately 509 feet to a point South 49.98° East, a distance of 67.6 feet from the Southeast corner of Parcel 4, Partition Plat 2000-05, said Clackamas County Plat Records; thence South 80.17° East, a distance of 309.6 feet; thence North 10.11° East, a distance of 470.9 feet to a point along the South line of the Toliver Rd. right-of-way; thence North 80.39° West, a distance of 368 feet; thence South along the West line of the Industrial Way right-of-way to a point South 10.13° West, a distance of approximately 977 feet, to a point a distance of 522 feet from the Southeast corner of Parcel 4, Partition Plat 2000-05, said Clackamas County Plat Records; thence North 80.60° West, a distance of 409.2 feet; thence South 10.21° West, a distance of 933 feet to a point along the North line of the State Hwy 211 right-of-way; thence North 79.82° West, a distance of 733.1 feet; thence North 42.56° West, a distance of 62.7 feet to a point along the East line of the State Hwy 213 right-of-way; thence North 20.35° East, a distance of 717.8 feet; thence South 80.34° East, a distance of 320.7 feet; thence North 9.66° East, a distance of 182.5 feet; thence South 80.34° East, a distance of 17.8 Feet; thence North 10.05° East a distance of 150 feet; thence North 80.66° West, a distance of 337.9 feet; thence South 20.61° West, a distance of 843.6 feet; thence North 84.32° West, a distance of 304.7 feet; thence South 9.75° West, a distance of 341.3 feet;

thence North 81.26° East, a distance of 272.7 feet; thence South 21.98° West along the West line of the State Hwy 213 right-of way, a distance of 2163.7 feet; thence North 85.31° East, a distance of 524.9 feet; thence North 87.34° East, a distance of 150.8 feet; thence North 88.61° East, a distance of 613.4 feet; thence North 0.89° East, a distance of 231 feet; thence North 88.89° East, a distance of 404.5 feet; thence South 1.36° East a distance of 220 feet; thence 89.19° East, a distance of 1179.3 feet to a point along the East line of the Ona Way right-of-way; thence North 22.14° East, a distance of 236.8 feet to a point at the intersection of the South line of the Molalla Forest Rd. right-of-way and the West line of the Ona Way right-of-way, South 22.14° East, a distance of 236.805 feet from the Northwest corner of D.L.C No.43, said Clackamas County Plat Records; thence coinciding with the South line of the Molalla Forest Rd. right-of-way

Southeast, a distance of approximately 5707 feet to a point at the intersection of the South line of the Molalla Forest Rd. right-of-way and the East line of the Molalla Ave. right-of-way, North 20.01° East, a distance of 1727.77 feet from the Southeast corner of the John Larkins CL., said Clackamas County Plat Records; thence continuing along the South line of the Molalla Forest Rd. right-of-way Southeast, a distance of approximately 3676.7 feet to a point at the intersection of the South line of the Molalla Forest Rd. right-of-way and the East line of the Mathias Rd. right-of-way, North 14.72° East, a distance of 1316.6 feet from the Southwest Corner of D.L.C No. 39, said Clackamas County Plat Records; thence North 20.12° East, a distance of 4597.8 feet coinciding with the East line of the Mathias Rd. right-of-way to a point North 68.51° East, a distance of 75.453 feet from the Northeast Corner of the W.M. Engle D.L.C. No. 44, said Clackamas County Plat Records;

thence continuing Northeast along the South line of the State Hwy 213 right-of-way, a distance of approximately 1468.1 feet to a point South 76.96° West, a distance of 448.7 feet of the Northwest Corner of D.L.C No. 53, said Clackamas County Plat Records; thence North 47.45° West, a distance of 60.3 feet to a point along the East line of the State Hwy 213 right-of-way; thence South 51.66° West, a distance of 1273.3 feet to a point South 38.32° East, a distance of 39.1 feet from the Southeast Corner of Parcel 2, Partition Plat 1995-31, said Clackamas County Plat Records; thence North 38.32° West, a distance of 39.1 feet to a point at the Southeast Corner of Parcel 2, Partition Plat 1995-31, said Clackamas County Plat Records; thence North 51.71° East, a distance of 98.6 feet to a point at the Northeast Corner of Parcel 2, Partition Plat 1995-31, said Clackamas County Plat Records; thence North 40.50° West, a distance of 120 feet to a point at the Northwest Corner of Parcel 2, Partition Plat 1995-31, said Clackamas County Plat Records; thence South 51.72° West, a distance of 131.3 feet to a point at the Southwest Corner of Parcel 2, Partition Plat 1995-31, said Clackamas County Plat Records; thence North 78.35° West, a distance of 101.2 feet; thence South 8.32° West, a distance of 220 feet; thence North 70.35° West, a distance of 221.3 feet to a point along the North line of the State Hwy 211 right-of-way North 69.86° West, a distance of 143.2 feet from the Southeast Corner of Parcel 1, Partition Plat 2000-01, said Clackamas County Plat Records; thence South 23.67° West, a distance of 484.2 feet to a point at the Southeast Corner of Parcel 2, Partition Plat 1995-146; thence South 56.36° East, a distance of 257 feet; thence North 20.12° East, a distance of 177 feet; thence South 69.90° East, a distance of 105 feet to a point along the West line of the Co. Rd. No. 925 right-of-way; thence South 21.25° West, a distance of 4129.6 feet to a point at the intersection of the West line of the Mathias Rd. right-of-way and the North line of the Molalla Forest Rd. right-of-way North 12.63° East, a distance of 1416.8 feet from the Southwest Corner of D.L.C. No. 39, said Clackamas County Plat Records; thence Northwest along a line coinciding with the North line of the Molalla Forest Rd. right-of-way, a distance of approximately 3626.6 feet to a point at the intersection of the North line of the Molalla Forest Rd. right-of-way and the East line of the Molalla Ave. right-of-way North 48.45° West, a distance of 627.8 feet from the Northwest corner of Parcel 1, Partition Plat 1194-116, said Clackamas County Plat Records; thence North 20.21° East along the East line of the Molalla Ave. right-of-way, a distance of 1612.8 feet;

thence South 69.94° East, a distance of 2231.1 feet; thence North 20.78° East, a distance of 995.5 feet; thence North 70.77° West, a distance of 1256.5 feet; thence South 20.52° West, a distance of 975.4 feet; thence North 69.81° West, a distance of 987.3 feet to a point along the East line of the Molalla Ave. right-of-way; thence North 20.42° East 1711.2 feet to a point at the intersection of the East line of the Molalla Ave. right-of-way and the North line of the 3<sup>rd</sup> St. right-of-way South 17.71° West, a distance of 680.1 feet from the Northwest Corner of Wm. Engle D.L.C. No. 44, said Clackamas County Plat Records; thence South 70.04° East, a distance of 254.5 feet; thence North 20.46° East, a distance of 350 feet; thence South 70.04° East, a distance of 851.5 feet; thence North 19.87° East, a distance of 359.6 feet to a point along the North line of the State Hwy 211 right-of-way, North 70.02° West, a distance of 200 feet from the Southwest Corner of Parcel 2, Partition Plat 1997-147, said Clackamas County Plat Records; thence South 70.02° East, a distance of 296.6 feet to the point of Beginning.

Said urban renewal district containing 363.95 acres, more or less. Subject to easements of record.

Exhibit B

**Report**

**On**

**The Molalla Urban Renewal Plan**

**Prepared for:  
The Molalla City Council**

**July, 2008**



## **REPORT ON THE MOLALLA URBAN RENEWAL PLAN**

### **MOLALLA URBAN RENEWAL PLAN**

#### **ACKNOWLEDGEMENTS**

The Molalla City Council appointed a citizen advisory body to direct the public involvement and management efforts for preparation of this renewal plan. Members of the advisory committee and City of Molalla staff gave generously of their time in providing direction and assistance on all key issues involved in preparing the plan.

#### **Members of the Advisory Committee**

<b>Name</b>		<b>Affiliation</b>
Bill	Avison	Avison Rock
Gary	Deardorff	Doubletrees Land & Timber
Todd	Gary	Molalla Fire Dist. No. 73
Jamie	Johnk	Clackamas County
Wayne	Kostur	Molalla River School District
Steve	Loutzenhiser	Molalla Communications
Mitch	Magenheimer	Edward Jones
Steve	Morris	Chamber of Commerce
Gary	Musgrove	Prudential Northwest Properties
Linda	Ohta	Inkbrary
Jim	Needham	City Council
Shane	Potter	City of Molalla
Beth	Smith	PGE
Pattie	Smith	Mill Barn
Ed	Stafford	Windermere Realty
Jim	Taylor	Champion Raceway
Kristine	Wheeler	Citizen

#### **Staff Assistance**

John Atkins, City Manager  
Shane Potter, Planning Director  
Zach Pelz, Assistant Planner

#### **Urban Renewal Consultants**

Charles Kupper, Spencer & Kupper

# REPORT ON THE MOLALLA URBAN RENEWAL PLAN

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## **REPORT ON THE MOLALLA URBAN RENEWAL PLAN**

### **Public Involvement in the Report on the Plan.**

Work on a renewal plan and report started in April, 2008. Four public meetings were held during the preparation of the renewal plan. Each meeting was built around discussion and public input on key elements of the urban renewal plan. Meeting topics included basic information on urban renewal and tax increment financing, development of project goals and objectives, development of a list of project activities, and a thorough review of the revenues, costs, and tax impacts of carrying out the project.

The City of Molalla Planning Commission met to review the Plan on July 29, 2008. The City Council held a public hearing and approved an ordinance adopting this Plan on Aug. 13, 2008. Additional notice for the City Council' hearing on adoption of the Plan was provided, as required by ORS 457.120.

## **100. DESCRIPTION OF THE PHYSICAL, SOCIAL AND ECONOMIC CONDITIONS IN THE RENEWAL AREA**

### **Definition of Blighting Conditions**

ORS 457.010 defines "blight" as follows: (underlining is added for emphasis)

"Blighted areas mean areas which, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community. A blighted area is characterized by the existence of one or more of the following conditions:

"The existence of buildings and structures, used or intended to be used for living, commercial, industrial or other purposes, or any combination of those uses, which are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:

"Defective design and quality of physical construction;

"Faulty interior arrangement and exterior spacing;

"Overcrowding and a high density of population;

"Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities; or

"Obsolescence, deterioration, dilapidation, mixed character or shifting of uses."

"An economic dislocation, deterioration or disuse of property resulting from faulty planning;

“The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;

“The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;

“The existence of inadequate streets and other rights-of-way, open spaces and utilities;

“The existence of property or lots or other areas which are subject to inundation by water;

“A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;

“A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare; or

“A loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.”

Note that it is not necessary for each of the cited conditions to be present in the renewal area, or that these conditions be prevalent in each and every sector of the urban renewal area.

## **100A. PHYSICAL CONDITIONS**

### ***1. Land Area and Conformance with 25 % limit on acreage***

Oregon urban renewal law limits the total acreage in urban renewal areas to 25% of the total acreage within a city. City staff advises that Molalla contains approximately 1,474 acres within its City limits. This would allow the City of Molalla to have approximately 368.5 acres in renewal areas. Staff estimates the total acreage in the boundary at 364 acres. The acreage in the proposed renewal area represents 24.7% of the total acreage in Molalla.

### ***2. Existing Land Use and Development***

The Molalla Urban Renewal area encompasses the downtown commercial district of Molalla, and some adjacent areas. Assessor’s data shows that of a total of 313 tax accounts in the renewal area, 153 are commercial, 111 are single family residential, and 38 are industrial, with 10 accounts miscellaneous or tax exempt.

### **3. Blighting Conditions in Renewal Area**

**A. Depreciated values and reduced utilization of the area:** Clackamas County assessor records indicate there are 316 real property accounts in the renewal study area. Of those accounts, 65 show no building value at all. This unutilized land represents approximately 20% of property within the study area. That is a significant percentage of taxable property that currently is producing little property tax for taxing bodies. 60% of the property in the area has real market building values less than \$100,000. The overall taxable value in the area is quite low, considering that the area includes the downtown commercial core of Molalla.

Another measure of the utilization and productivity of land is the ratio of building value to land value. For example, the ratio for a property with a building value of \$100,000, and a land value of \$50,000 would be 2 to 1. High building to land value ratios therefore indicate good utilization of land, while low ratios usually indicate the land is not producing adequate taxable values for the community. The overall ratio of building to land in the proposed study area boundary is just 1.2 to 1. 170 of the property accounts show ratios of 1 to 1 or less. Only 60 accounts show ratios of 2 to 1 or better. In all, the low improvement ratios indicate the proposed renewal area is currently under-utilized.

A preponderance of low value property can lead to service problems for the City and other service providers in Molalla. The low level of property values and lack of proper utilization of the area for tax producing purposes meets the ORS definition of blight.

**B. Obsolete and Deteriorated Buildings:** A windshield survey of exterior building conditions shows the overall condition of property as fair to good. There are some properties that could benefit from exterior maintenance and repair. Renewal programs typically allocate fund for this purpose.

#### **C. Infrastructure Deficiencies:**

Molalla's public works director and city manager surveyed the project area with the consultant in November, 2007, and provided the following list of infrastructure deficiencies in the project area:

##### ***Deficiencies in Streets, Curbs, and Sidewalks***

- Ross Street is failed, curb and sidewalk missing.
- Kennel Street between Main and Toliver is failed.
- Heintz Street is failed. This collector street also is discontinuous for two blocks, has curb and sidewalk missing.
- Grange Avenue between Main and Heintz is failed, has curb and sidewalk missing.

- All streets in downtown core area are at, or nearing failure.

***Deficiencies in Water, Sanitary and Storm Sewer Service***

- Ross Street: storm sewer inadequate or missing.
- Kennel Street: storm and sanitary inadequate or leaking, replace or reline.
- Heintz Street: portions lack storm or sanitary sewer.
- Grange Avenue: Storm and sanitary sewer inadequate, need replacement or relining.
- East Main Street: Sewer needs replacement or relining.
- Most streets in downtown core need storm and sewer upgrades or repairs
- Hwy 211: Portions lack curb and sidewalk, portions have open drainage ditches for storm, portions lack sanitary sewer.

***Other***

- The layout of streets in Molalla results in numerous offset intersections, which can be both confusing and hazardous to motorists.

***7. Conformance with 25% limit on Assessed Values Land and Building values***

It is assumed the adoption date of the renewal plan will establish January 1, 2007 as the frozen base date for the plan. The assessed value of real, personal and utility property in the renewal area is estimated at \$40,576,676 for the 2007-08 tax year. The total assessed valuation of the City of Molalla for that year is \$384,173,177. The assessed value within the renewal area represents 10.56 % of the total assessed value of property within Molalla. Total assessed value within the renewal area therefore will be well within the maximum 25% of total valuation allowed by urban renewal law.

**100B. SOCIAL AND ECONOMIC CONDITIONS**

No current census data is available for the residential population of the renewal plan area. Economic conditions, as measured by overall property values, and new investment are reflected in the data in section 100 A.6. above.

**200. ANTICIPATED FISCAL, SERVICE AND POPULATION IMPACTS OF PLAN**

Urban renewal plan activities are intended to assist in attracting new investment and increases in property values and taxes for taxing bodies in Molalla. Renewal activities to improve infrastructure, streets, curbs, sidewalks, parking, public safety, public buildings, and making streetscape improvements, and providing funds for building rehabilitation will make the renewal area more attractive and accessible to the general public.

The public and private investments made in the renewal area are likely to encourage new investment in areas adjacent to the renewal area. There are other positive effects of a renewal program that are quality of life issues. Retaining Molalla's small town atmosphere, maintaining the downtown core as the heart of the city, and improving housing, employment and shopping opportunities; all reflect Molalla's community values.

All the above elements of the Plan are expected to result in positive fiscal and service impacts for residents of Molalla. The Plan is not expected to result in a need for any additional police, fire, or other emergency services beyond those already contemplated by the City and other service providers.

The expenditure of tax increment funds is expected to produce increased property values for Molalla. The renewal project is estimated to be completed by 2029. During that period, assessed property values in the renewal area are expected to increase by approximately \$184.4 million. At tax rates expected to prevail at the termination of this plan, the new property values anticipated in the renewal area will contribute approximately \$2.72 million in property tax revenues to all taxing bodies in the first year after tax increment collection is ended.

### **300. REASONS FOR SELECTING THE URBAN RENEWAL AREA**

The Urban Renewal Plan Area was selected based on the existence of blighting conditions within the area, goals developed in the Planning process, and taken from other relevant City studies and documents, including Molalla' Comprehensive Plan. The project area evidences the following characteristics of blight:

- Deficient utilities in the renewal area.
- Deficient streets, curbs and sidewalks in the renewal area.
- Buildings in need of repair and rehabilitation.
- Safety issues arising from offset intersections in the area.
- A lack of proper utilization of land planned for tax producing purposes.
- Low property values in the project area, resulting in reduced tax receipts.

This Report on the Plan concludes that conditions exist within the Renewal area that meet the definitions of blight in ORS457.010. Treating these conditions is the reason for selecting this renewal area

#### **400. RELATIONSHIP BETWEEN EACH PROJECT ACTIVITY AND EXISTING CONDITIONS IN THE PROJECT AREA**

All project activities described in Section 700 of the Plan are intended to correct the deficiencies described in Section 100 of this Report and summarized in Section 300 of this Report.

1. Improvements to streets serving undeveloped industrial and commercial land will help those lands to develop, and provide property taxes and employment.
2. Assistance for rehabilitation and new development will attract new investment to the area, and improve the building conditions and blighted appearance of the area.
3. Curb, street, and sidewalk improvements will provide better public safety in the area.
4. Signalization and signage improvements will also benefit public safety in the area
5. Streetscape activities in downtown and Highway 211 and will improve the visual appearance of the area, and provide a better climate for new investment in the project area.
6. Improvements to public buildings, will help increase public usage of the area, and improve the climate for new investment in the area.
7. Parking improvements will help maintain and increase commercial investment in the renewal area.

#### **500. FINANCIAL ANALYSIS OF PLAN**

##### **500A. ESTIMATED PROJECT COST AND REVENUE SOURCES**

Table 1 shows the estimated Renewal Agency share of total costs of the Molalla Urban Renewal Plan. These costs reflect anticipated inflation, and are the basis for the maximum indebtedness of the Plan. It is anticipated that there will be long and short-term borrowings to carry out project activities, and that other sources of public and private funds will be pursued and applied to covering project casts. The costs shown in Table 1 do not include interest on indebtedness undertaken to carry out project activities.

The costs shown in Table 1 are referenced to sections of the urban renewal plan document. Costs of property acquisition authorized in Section 700 (4) are assumed to be covered in the project cost shown in Table 1. No property acquisition is contemplated at the time this plan is prepared.



<b>Table 1</b>		
<b>Molalla Urban Renewal Plan</b>		
<b>Estimated Urban Renewal Cost of Projects</b>		
<b>Authorizations and Projects in Renewal Plan</b>	<b>Percentage</b>	<b>Dollars</b>
Street/Sidewalk Improvements and Public Utilities <i>(This sum is the allocation for projects in Sections 700 1B, C, D, and E of the Urban Renewal Plan)</i>	60.0%	\$15,705,000
Parks/Open Spaces and Public buildings <i>(This sum is the allocation for projects in Sections 700 1A and F of the Urban Renewal Plan)</i>	15.0%	\$3,926,250
Building Preservation/Redevelopment <i>(This sum is the allocation for projects in Sections 700 2 and 700 3 of the Urban Renewal Plan)</i>	15.0%	\$3,926,250
Plan Administration <i>(This sum is the allocation for projects in Section 700 5 of the Urban Renewal Plan)</i>	10.0%	\$2,617,500
<b>Totals</b>	<b>100.00%</b>	<b>\$26,175,000</b>

The principal method of funding the renewal share of costs will be through use of tax increment financing as authorized by ORS 457. Revenues are obtained from anticipated proceeds of long-and-short term urban renewal indebtedness.

Anticipated annual revenues are shown in Table 2 of this Report. The Agency may make use of short-term indebtedness to carry out project activities not covered by issue of long-term debt. Long-term indebtedness may be issued as revenues, project requirements, and overall bond market conditions dictate. In addition, the Renewal Agency will apply for, and make use of funding from other federal, state, local, or private sources as such funds become available.

**500B. ANTICIPATED START & FINISH DATES OF PROJECT ACTIVITIES**

The project activities shown in Table 1 will begin in 2009, and be completed by 2028-29. The sequencing and prioritization of individual project activities shown in Table 1 will be done by the Urban Renewal Agency, and any citizen advisory bodies that the Agency calls upon to assist in this process. The priority of projects and annual funding will be as established in the annual budget process. Completion dates for individual activities may be affected by changes to local economic and market conditions, changes in the availability of tax increment funds, and changes in priorities for carrying out project activities.

It is estimated that all activities proposed in this plan will be completed, and project indebtedness paid off by 2028-29. At that time, the tax increment provisions of this plan can be ended.

**500C. ESTIMATED EXPENDITURES AND YEAR OF DEBT RETIREMENT**

It is estimated that the project will collect tax increment revenue between the 2009-10 and 2028-29 tax years. The amount of tax increment revenue needed to carry out project activities and interest on debt is estimated at \$28,747,450

It is anticipated that available project revenues, and funds accumulated in a special fund for debt redemption will be sufficient to retire outstanding bonded indebtedness in the 2028-29 tax year, and terminate the tax increment financing provisions of the project. After all project debt is retired, and the project closed out, it is estimated that there will be surplus tax increment funds of approximately \$146,000. These funds will be distributed to taxing bodies affected by this plan, as provided in ORS 457. Table 2 of this Report shows the anticipated tax increment receipts and project requirements for each year of the project. Table 2 follows on the next page.

<b>Table 2</b>										
<b>Molalla Urban Renewal Plan</b>										
<b>Resources and Requirements</b>										
<b>a. Resources</b>	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Beginning Balance</b>	\$0	\$14,453	\$31,245	\$25,566	\$17,906	\$11,663	\$9,442	\$33,813	\$10,932	\$34,805
Resources										
A. Tax increment Revenue	\$48,964	\$186,241	\$327,293	\$517,728	\$622,393	\$744,992	\$897,834	\$1,028,645	\$1,195,847	\$1,425,124
B. Bond Proceeds										
long term	\$0	\$1,126,873	\$0	\$0	\$3,768,362	\$0	\$0	\$0	\$0	\$4,543,845
C. Interest	\$490	\$13,131	\$3,273	\$5,177	\$43,908	\$7,450	\$8,978	\$10,286	\$11,958	\$59,690
<b>Total Resources</b>	\$49,453	\$1,326,245	\$330,566	\$522,906	\$4,434,663	\$752,442	\$906,813	\$1,038,932	\$1,207,805	\$6,028,659
<b>b. Project Requirements</b>										
To Long term Debt Service	\$0	\$155,000	\$155,000	\$155,000	\$673,000	\$673,000	\$673,000	\$673,000	\$673,000	\$1,298,000
Projects funded long and short debt	\$35,000	\$1,140,000	\$150,000	\$350,000	\$3,750,000	\$70,000	\$200,000	\$355,000	\$500,000	\$4,700,000
Total, projects and Debt Service	\$35,000	\$1,295,000	\$305,000	\$505,000	\$4,423,000	\$743,000	\$873,000	\$1,028,000	\$1,173,000	\$5,998,000
<b>Ending Balance</b>	\$14,453	\$31,245	\$25,566	\$17,906	\$11,663	\$9,442	\$33,813	\$10,932	\$34,805	\$30,659
<b>Table 2 (continued)</b>										
<b>Resources and Requirements</b>										
<b>a. Resources</b>	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Beginning Balance</b>	\$30,659	\$34,313	\$37,621	\$12,025	\$32,849	\$15,498	\$85,525	\$78,045	\$73,108	\$45,786
Resources										
A. Tax increment Revenue	\$1,660,706	\$1,812,496	\$1,935,668	\$2,062,227	\$2,148,992	\$2,238,144	\$2,329,747	\$2,423,869	\$2,520,580	\$2,619,950
B. Bond Proceeds										
long term	\$0	\$0	\$0	\$0	\$5,019,818	\$0	\$0	\$0	\$0	\$0
C. Interest	\$16,607	\$18,125	\$19,357	\$20,622	\$71,688	\$22,381	\$23,297	\$24,239	\$25,206	\$26,200
<b>Total Resources</b>	\$1,677,313	\$1,830,621	\$1,955,025	\$2,082,849	\$7,240,498	\$2,260,525	\$2,353,045	\$2,448,108	\$2,545,786	\$2,646,150
<b>b. Project Requirements</b>										
To Long term Debt Service	\$1,143,000	\$1,143,000	\$1,143,000	\$625,000	\$1,875,000	\$1,875,000	\$1,875,000	\$1,875,000	\$0	\$0
Projects funded long and short debt	\$500,000	\$650,000	\$800,000	\$1,425,000	\$5,350,000	\$300,000	\$400,000	\$500,000	\$2,500,000	\$2,500,000
Total, projects and Debt Service	\$1,643,000	\$1,793,000	\$1,943,000	\$2,050,000	\$7,225,000	\$2,175,000	\$2,275,000	\$2,375,000	\$2,500,000	\$2,500,000
<b>Ending Balance</b>	\$34,313	\$37,621	\$12,025	\$32,849	\$15,498	\$85,525	\$78,045	\$73,108	\$45,786	\$146,150

(a) In 2028-29, all project debt is paid off, all projects are assumed completed, and an estimated \$146,150 can be distributed to affected taxing bodies

#### **500D. IMPACT OF TAX INCREMENT FINANCING**

The passage of Ballot Measure 50 (BM50) changed Oregon's property tax system, and the impacts of urban renewal on taxpayers, and other taxing bodies. Prior to BM50, collection of tax increment revenues for a renewal agency resulted in an increase in the taxpayer's property tax rate. Taxing bodies suffered no revenue losses, unless there was overall compression of property tax revenues. Under Ballot Measure 50, the taxpayers' permanent rates will not change. However, collection of tax increment revenue will impact the potential property tax revenues received by overlapping tax bodies. These taxing bodies will not be able to apply their permanent BM50 tax rates against the new values added within the urban renewal area. As a result, the taxing bodies will forego revenue they otherwise might have had if there was no renewal plan in effect.

Table 3 shows the anticipated cumulative incremental values in the Renewal Area over the life of the Plan, and the anticipated property tax revenues foregone as a result of taxing bodies not being able to apply their permanent BM50 tax rates to those values. Table 3 actually presents a worst case picture of revenue foregone, for it assumes that all the estimated new values in the Molalla Renewal Area would occur, even without the investment of urban renewal funds. However, it is more realistic to assume that the public expenditures on renewal activities will have some positive effect on the growth of values within and immediately adjacent to the urban renewal area. Table 3 does not make this adjustment

More important, Table 3 expresses all revenue foregone in 2008 dollars. It therefore does not take into account the fact that a dollar in the future is not as valuable as today's dollar. A present value calculation of the revenues foregone, using just a 3.5 % rate would substantially reduce the revenue foregone total. Evidence of that reduction is shown in the bottom row of Table 3.

Also, during the plan period, overall values in Molalla will increase, and those value increases outside the renewal area will reduce the tax foregone impact on the budgets of taxing bodies.

Under the current method of funding K-12 level education, the urban renewal program will not result in revenue losses for those educational units of government. The level of funding per student is not dependent on the amount of property tax raised locally.

When the project is completed, an estimated \$184.4 million in assessed values will be placed back on the tax roll. In the following year, the permanent rates of the overlapping taxing bodies will generate property tax revenues estimated at

approximately \$2.72 million. Given a 4% inflation of assessed values in the area, the revenues foregone by the overlapping taxing bodies will be repaid in a period of 10 years after the project is completed.

#### **500E. FINANCIAL FEASIBILITY OF PLAN**

The total capital costs (i.e., exclusive of interest on indebtedness) to implement the project activities shown in Table 1 are estimated at \$26,175,000. The principal source of revenue to implement project activities will be annual tax increment revenues of the Renewal Agency. Anticipated tax increment revenues are shown in Table 2. The tax increment revenues shown in Table 2 are based on the following assumptions:

- Indexed growth in total assessed value at 2.75% annually, AND
- Exception values (i.e., new construction) as shown in Table 4 of this report
- Exception values of \$1 million annually in the period 2023 to 2028.

The maximum indebtedness and project costs undertaken in the plan is derived from assumptions on project values. To the extent those assumptions do not materialize as projected, projects will be delayed, cut back, or dropped. It therefore is financially feasible to carry out this urban renewal plan.

**Table 3**

**Molalla Urban Renewal Plan**

**Revenue Foregone by Taxing Bodies**

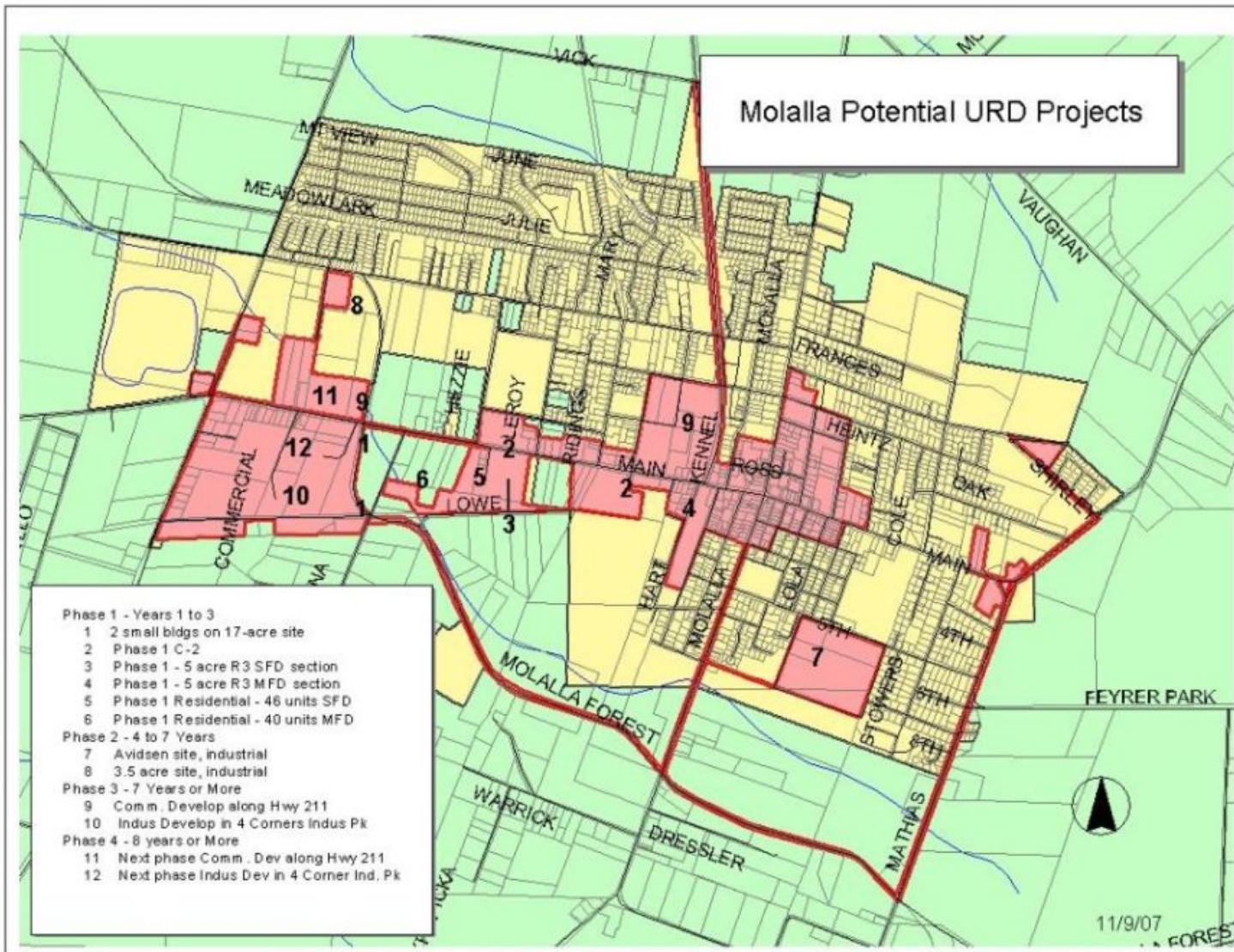
		<u>Clack County tax rate</u>	<u>Molalla Tax Rate</u>	<u>Fire Dist 73</u>	<u>Port of PDX</u>	<u>Vector Control</u>	<u>Soil Conserv.</u>	<u>Molalla Schools</u>	<u>ESD</u>	<u>Clack. CC</u>
		<b>2.4042</b>	<b>5.3058</b>	<b>0.7833</b>	<b>0.069</b>	<b>0.0065</b>	<b>0.0493</b>	<b>4.7001</b>	<b>0.3624</b>	<b>0.5481</b>
	Cumulative New									
	Incremental	foregone on	foregone on	foregone on	foregone on	foregone on	foregone on	foregone on	foregone on	foregone on
Year	Values in area	new values	new values	new values	new values	new values	new values	new values	new values	new values
2009	\$3,447,090	\$8,287	\$18,290	\$2,700	\$238	\$22	\$170	\$16,202	\$1,249	\$1,889
2010	\$13,111,493	\$31,523	\$69,567	\$10,270	\$905	\$85	\$646	\$61,625	\$4,752	\$7,186
2011	\$23,041,667	\$55,397	\$122,254	\$18,049	\$1,590	\$150	\$1,136	\$108,298	\$8,350	\$12,629
2012	\$36,448,447	\$87,629	\$193,388	\$28,550	\$2,515	\$237	\$1,797	\$171,311	\$13,209	\$19,977
2013	\$43,816,946	\$105,345	\$232,484	\$34,322	\$3,023	\$285	\$2,160	\$205,944	\$15,879	\$24,016
2014	\$52,447,995	\$126,095	\$278,279	\$41,083	\$3,619	\$341	\$2,586	\$246,511	\$19,007	\$28,747
2015	\$63,208,187	\$151,965	\$335,370	\$49,511	\$4,361	\$411	\$3,116	\$297,085	\$22,907	\$34,644
2016	\$72,417,384	\$174,106	\$384,232	\$56,725	\$4,997	\$471	\$3,570	\$340,369	\$26,244	\$39,692
2017	\$84,188,459	\$202,406	\$446,687	\$65,945	\$5,809	\$547	\$4,150	\$395,694	\$30,510	\$46,144
2018	\$100,329,745	\$241,213	\$532,330	\$78,588	\$6,923	\$652	\$4,946	\$471,560	\$36,359	\$54,991
2019	\$116,914,917	\$281,087	\$620,327	\$91,579	\$8,067	\$760	\$5,764	\$549,512	\$42,370	\$64,081
2020	\$127,601,049	\$306,778	\$677,026	\$99,950	\$8,804	\$829	\$6,291	\$599,738	\$46,243	\$69,938
2021	\$136,272,424	\$327,626	\$723,034	\$106,742	\$9,403	\$886	\$6,718	\$640,494	\$49,385	\$74,691
2022	\$145,182,262	\$349,047	\$770,308	\$113,721	\$10,018	\$944	\$7,157	\$682,371	\$52,614	\$79,574
2023	\$151,290,614	\$363,733	\$802,718	\$118,506	\$10,439	\$983	\$7,459	\$711,081	\$54,828	\$82,922
2024	\$157,566,946	\$378,822	\$836,019	\$123,422	\$10,872	\$1,024	\$7,768	\$740,580	\$57,102	\$86,362
2025	\$164,015,877	\$394,327	\$870,235	\$128,474	\$11,317	\$1,066	\$8,086	\$770,891	\$59,439	\$89,897
2026	\$170,642,153	\$410,258	\$905,393	\$133,664	\$11,774	\$1,109	\$8,413	\$802,035	\$61,841	\$93,529
2027	\$177,450,652	\$426,627	\$941,518	\$138,997	\$12,244	\$1,153	\$8,748	\$834,036	\$64,308	\$97,261
2028	\$184,446,385	\$443,446	\$978,636	\$144,477	\$12,727	\$1,199	\$9,093	\$866,916	\$66,843	\$101,095
	<b>Total</b>	<b>\$4,865,718</b>	<b>\$10,738,094</b>	<b>\$1,585,274</b>	<b>\$139,645</b>	<b>\$13,155</b>	<b>\$99,775</b>	<b>\$9,512,254</b>	<b>\$733,440</b>	<b>\$1,109,267</b>
	<b>PV @3.5%</b>	<b>\$3,067,821</b>	<b>\$6,770,337</b>	<b>\$999,511</b>	<b>\$88,046</b>	<b>\$8,294</b>	<b>\$62,858</b>	<b>\$5,997,448</b>	<b>\$462,432</b>	<b>\$699,390</b>

**Note:** School and ESD revenue foregone is replaced dollar-for-dollar by State funds, and does not affect per student funding.

PV = Present value of the revenue foregone. This adjusts future dollars to 2007 dollar totals.

<b>Table 4</b>						
<b>Molalla Urban Renewal Plan</b>						
<b>Estimates of Assessed Values added by New Construction in Renewal Area</b>						
<b>PHASE 1 – Values one to four yrs. away</b>	Begin Year	Years phasing	Total RMV	Change Prop. Ratio**	Total AV	Annual AV
2 small buildings on 17 acre site	2007	1	\$1,750,000	0.563	\$985,250	\$985,250
Phase 1 C-2	2008	3	\$34,140,150	0.563	\$19,220,904	\$6,406,968
Phase 1 - 5 acre R3 SFD section	2008	2	\$3,500,000	0.544	\$1,904,000	\$952,000
Phase 1 - 5 acre R3 MFD section	2007	1	\$2,000,000	0.673	\$1,346,000	\$1,346,000
Phase 1 Residential - 46 units SFD	2008	4	\$8,050,000	0.544	\$4,379,200	\$1,094,800
Phase 1 residential - 40 units MFD	2009	3	\$2,000,000	0.673	\$1,346,000	\$448,667
<b>PHASE 2 - Values four to seven yrs. away</b>						
Avison site, industrial	2010	4	\$24,698,520	0.673	\$16,622,104	\$4,155,526
3.5 acre site, industrial	2012	1	\$3,201,660	0.673	\$2,154,717	\$2,154,717
<b>PHASE 3 - Values seven or more yrs. away</b>						
Comm. Develop along Hwy 211	2013	5	\$35,937,000	0.563	\$20,232,531	\$4,046,506
Indus Develop in 4 Corners Ind Park	2014	4	\$13,721,400	0.673	\$9,234,502	\$2,308,626
<b>PHASE 4 - Values eight or more yrs. away</b>						
Next phase Comm. Develop along Hwy 211	2016	5	\$35,937,000	0.563	\$20,232,531	\$4,046,506
Next phase Indus Develop in 4 Corners Ind Park	2015	4	\$13,721,400	0.673	\$9,234,502	\$2,308,626

\*\* The change property ratio is an assessor's conversion of real market value to assessed value (AV). AV is the basis for tax increment revenue





## **600. RELOCATION**

### **A. PROPERTIES REQUIRING RELOCATION**

No relocation is anticipated at the adoption of this plan.

### **B. RELOCATION METHODS**

If in the implementation of this Plan, persons or businesses should be displaced by action of the Agency, the Agency shall provide assistance to such persons or businesses to be displaced. Such displaces will be contacted to determine their individual relocation needs. They will be provided information on available space and will be given assistance in moving.

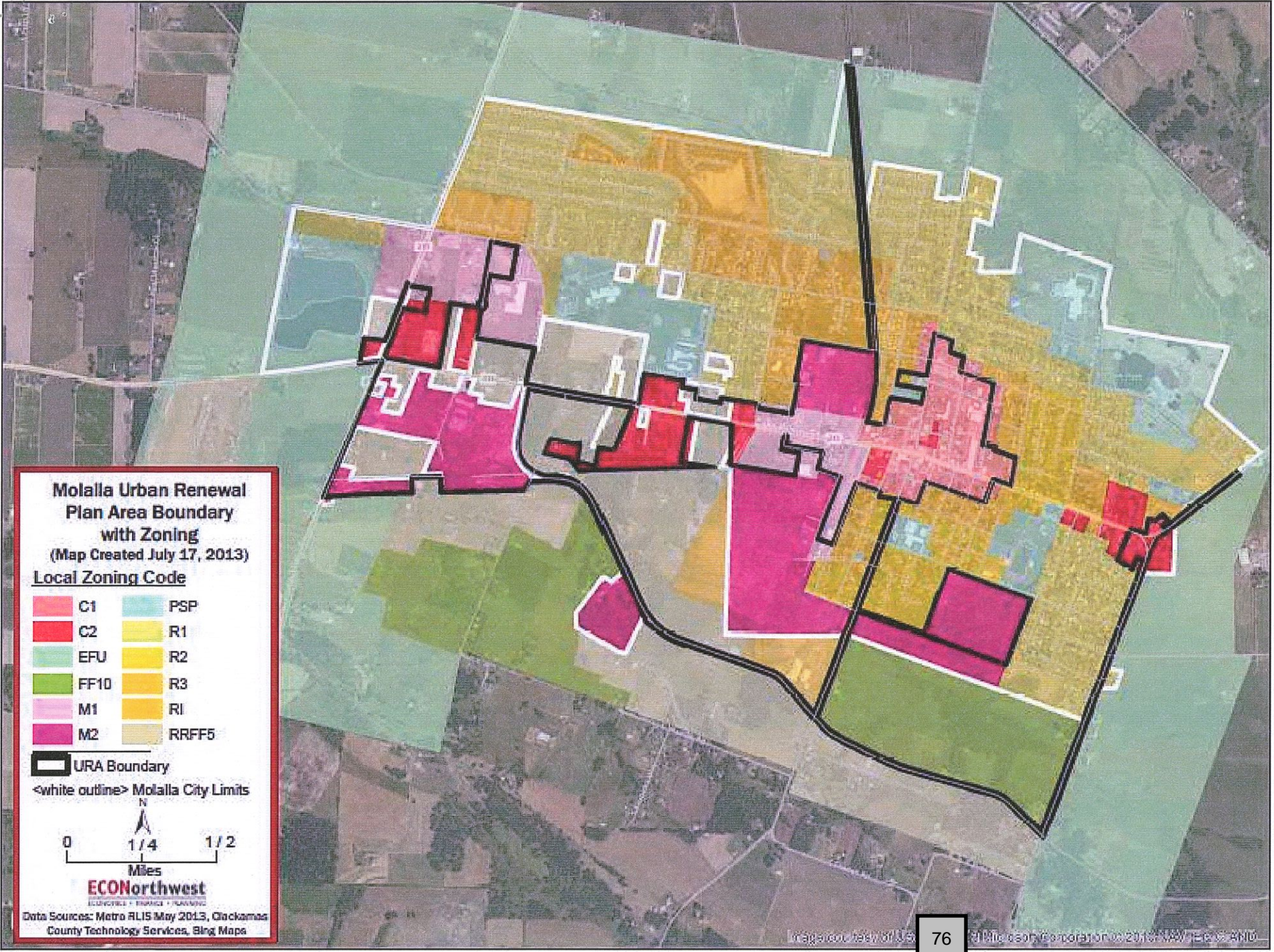
No relocation of businesses or residents is anticipated in this plan.

### **C. HOUSING COST ENUMERATION**

No housing units are scheduled for removal under this plan. It is anticipated that the renewal plan will produce new housing units via rehabilitation and new construction. It is expected that housing units will cover a wide range of unit types and affordability.

# MOLALLA URBAN RENEWAL: TAX INCREMENT EVALUATION


Presentation  
by  
ECONorthwest  
July 17, 2013

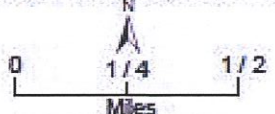


**Molalla Urban Renewal  
Plan Area Boundary  
with Zoning**  
(Map Created July 17, 2013)

**Local Zoning Code**

 C1	 PSP
 C2	 R1
 EFU	 R2
 FF10	 R3
 M1	 RI
 M2	 RRRF5

 URA Boundary  
 <white outline> Molalla City Limits



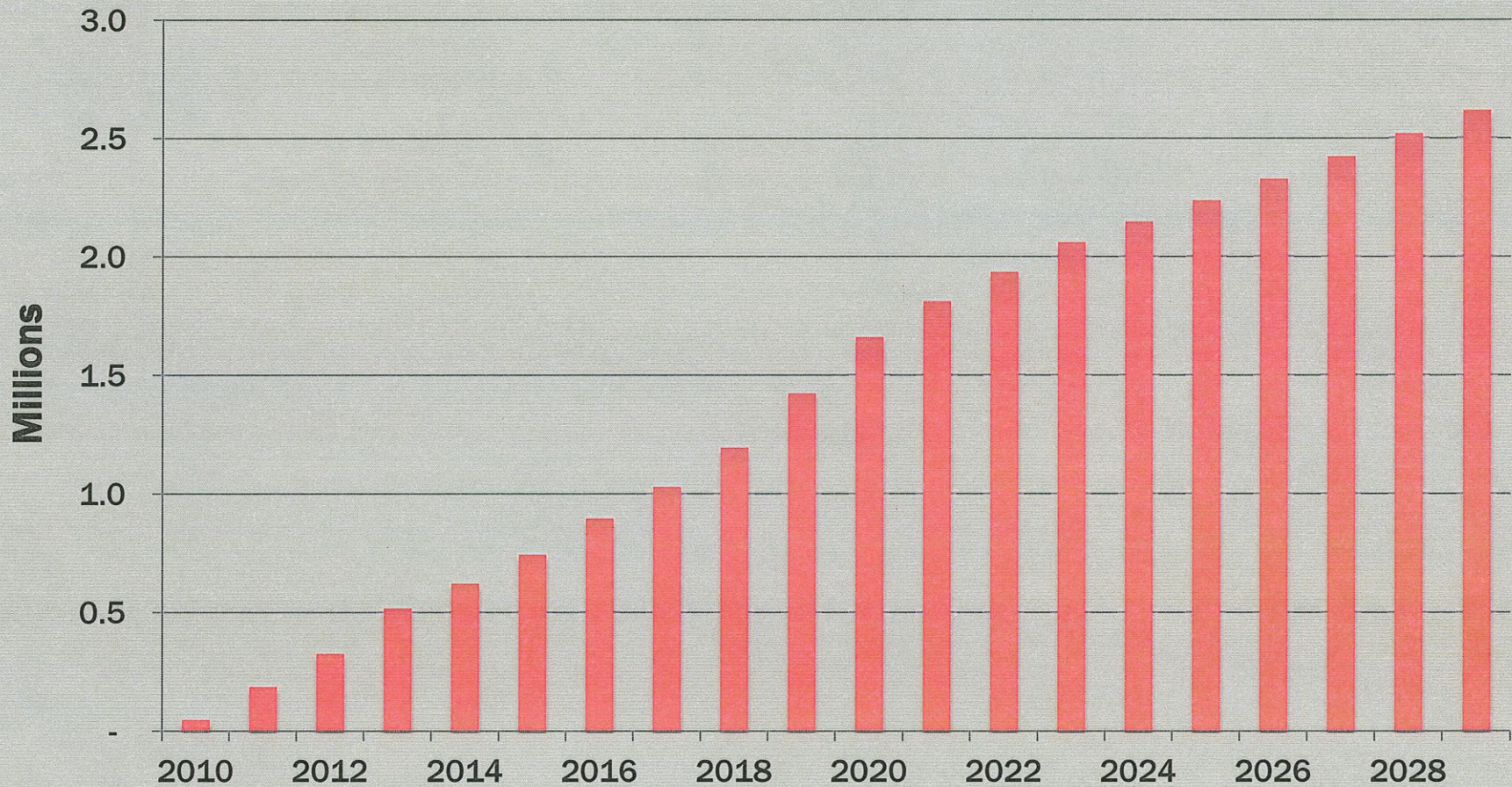
**ECONorthwest**  
 ECONOMICS • ENERGY • PLANNING

Data Sources: Metro RLIS May 2013, Clackamas County Technology Services, Bing Maps

# OUTLINE

- Old projections vs. actual TIF
- Revised projections
- Implications for Molalla URA and Fire District

# ORIGINAL PROJECTIONS



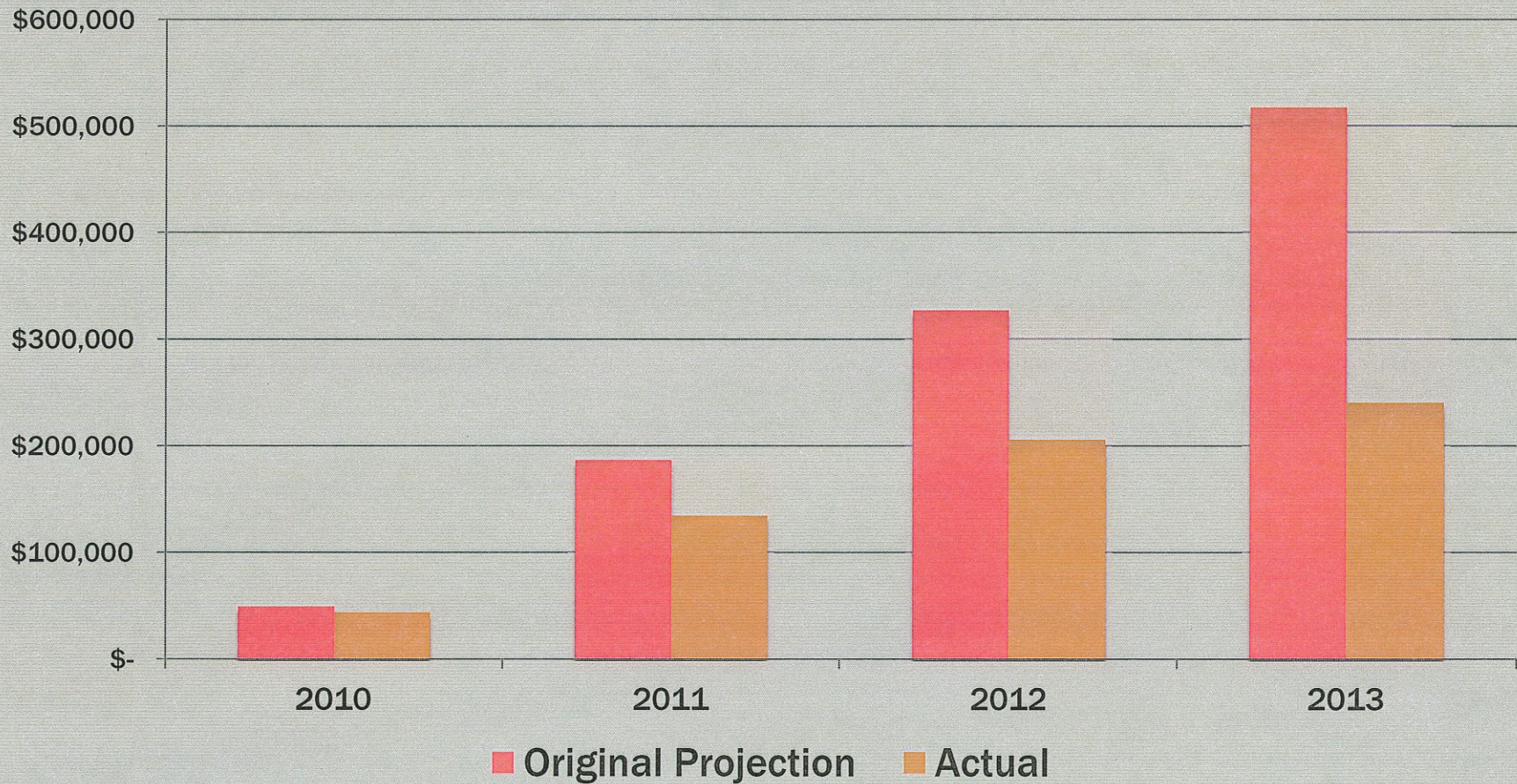
# ORIGINAL PROJECTIONS

- **\$1,585,000 set aside for Fire District to offset foregone revenues**
- **Maximum indebtedness of \$26,175,000**
- **Estimated \$184.4 million in total growth in assessed value (AV) by 2028-29**
- **“Estimated that all activities proposed in this plan will be completed and project indebtedness paid off by 2028-29.”**

# ORIGINAL ASSUMPTIONS

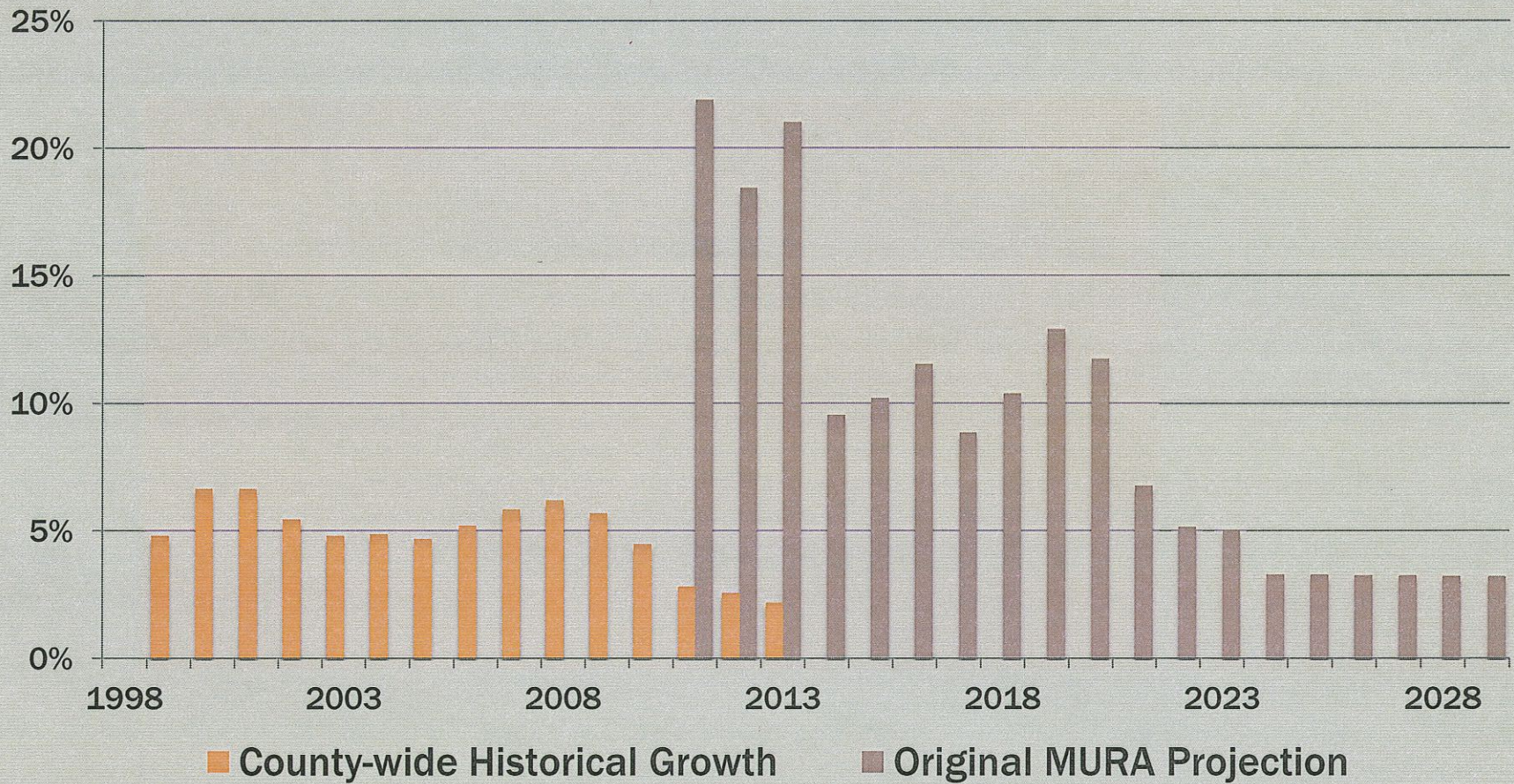
- Inflation of existing properties: 2.75%
- 4 Phases of new development
  - Phase 1, 2007 to 2009: \$51M in new RMV
  - Phase 2, 2010 to 2012: \$28M in new RMV
  - Phase 3, 2013 to 2014: \$50M in new RMV
  - Phase 4, 2015 to 2016: \$50M in new RMV
- Later years, \$1 million in new AV each year.

# PROJECTION VS ACTUAL TIF





# PROJECTION VS. HISTORICAL COUNTY-WIDE PERCENT GROWTH IN AV



## LAST TIME: “NEXT STEPS”

- Identify short-term development potential
- Examine parcel-specific assessment data
- Identify trends for property types and highest value properties
- Watch for appeals of assessed value
- Discuss borrowing options with financial advisors
- Revisit TIF forecasts annually

# SHORT-TERM DEVELOPMENT

## ■ Interviews:

- Clay Glasgow, Clackamas County Planner
- Jenifer Kay Hood, TEAM Executive Director

## ■ Research:

- Lexis Nexis
- Molalla Pioneer

## ■ Verification:

- GIS analysis
- Clackamas County Assessment Data

# CATEGORIES OF DEVELOPMENT

- Already built, but not on tax rolls yet (FY 2013-14, or FY 2014-15)
- Under construction/permitted, and coming on tax rolls soon (FY 2014-15 or FY 2015-16)
- Planned but uncertain (FY 2015-16 and beyond)

# NEW DEVELOPMENT

- We found ONE development project that will impact the URA assessed value in the short-term (i.e. between now and FY 2015-16).
- O'Reilly's Auto Parts
  - 690 West Main Street
  - \$650,000 RMV (based on similar buildings)
  - Construction finished May, 2013
  - Hits tax rolls in FY 2014-15

# OTHER DEVELOPMENT

## COMPLETED AND COMING ON TAX ROLLS

- Ace Hardware: 107 E Robbins St.
  - Redevelopment of existing building.
  - MIGHT have an impact on AV.
  
- Single-family residential development North of Toliver Rd.
  - 7 permits issued since Jan. 2012.
  - OUTSIDE OF URA

# OTHER DEVELOPMENT

## PLANNED OR UNDER CONSTRUCTION

- **Modern Construction: 410 Section St.**
  - Estimated \$2.2M of RMV. OUTSIDE OF URA
- **Stoneplace Apartments.**
  - 118 unit expansion. Broke Ground in May 2013.  
\$\$ Millions in new RMV. OUTSIDE OF URA
- **Single-family residential on S. Mathias Rd.**
  - About 20 homes. Estimated \$3M in RMV.  
OUTSIDE OF URA

# DEVELOPMENT BEYOND FY 2015-16

FYE	% Growth	AV from New Development
2013		\$ -
2014		\$ -
2015		\$ 575,861
2016	0.00%	\$ -
2017	0.25%	\$ 166,413
2018	0.50%	\$ 343,312
2019	0.75%	\$ 532,477
2020	1.00%	\$ 735,883
2021	1.25%	\$ 955,727
2022	1.25%	\$ 995,390
2023	1.25%	\$ 1,036,698
2024	1.25%	\$ 1,079,722
2025	1.25%	\$ 1,124,530
2026	1.25%	\$ 1,171,198
2027	1.25%	\$ 1,219,803
2028	1.25%	\$ 1,270,425
2029	1.25%	\$ 1,323,147



# PARCEL SPECIFIC-DATA

## ■ Property “Type”

- Real
- Personal
- Utility
- Manufactured

## ■ Land Use

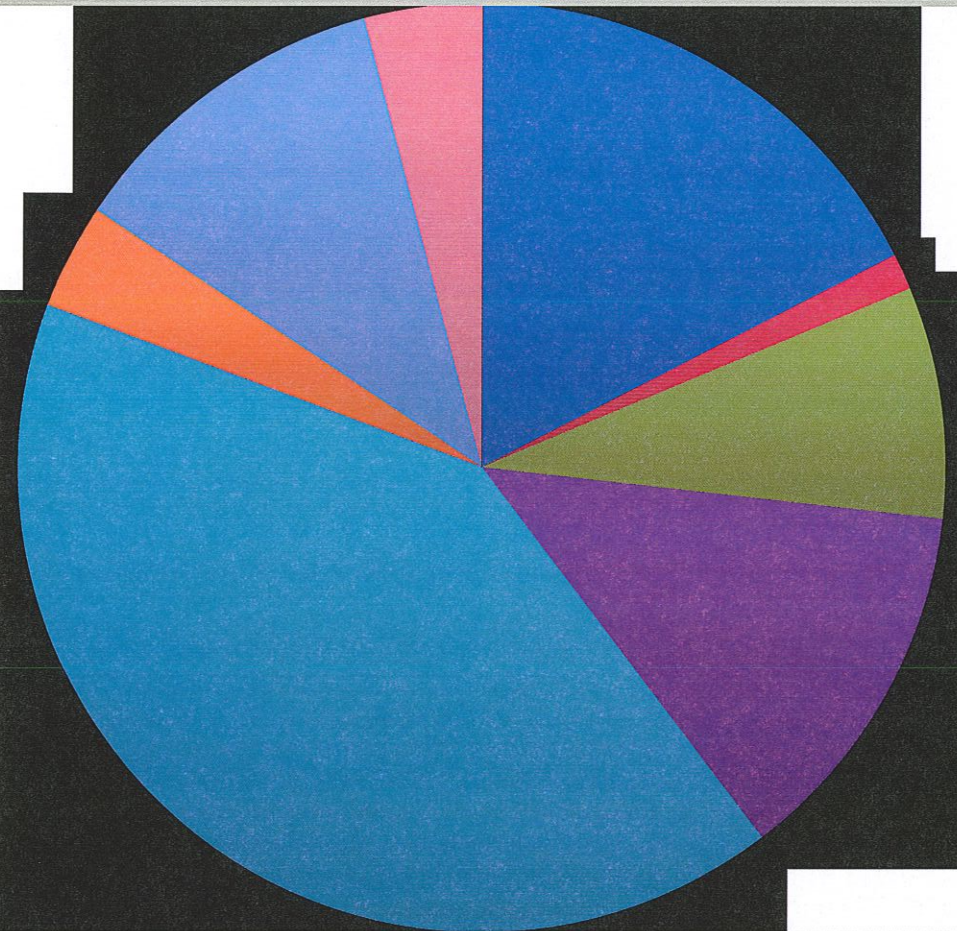
- Commercial
- Industrial
- Residential

## ■ AV/RMV Ratio

# AV BY PROPERTY TYPE

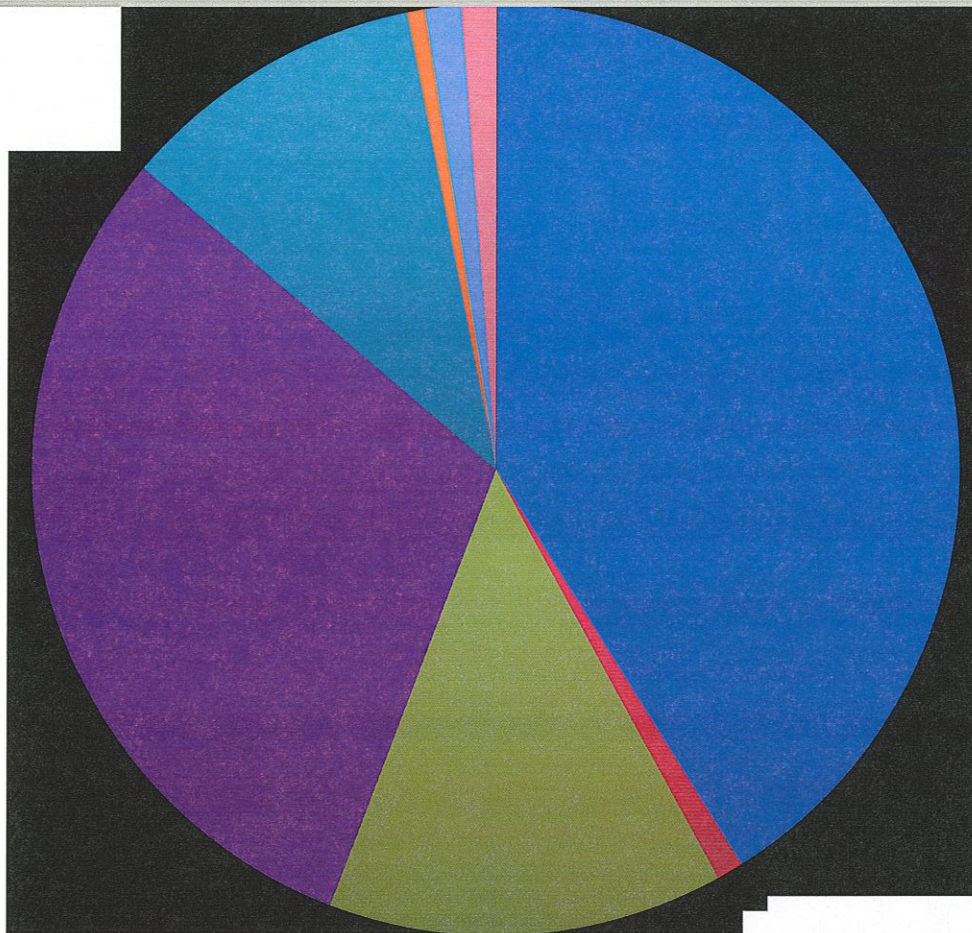
Account Type	Assessed Value	
	Number	Percent
<b>Sited Values</b>		
R Values	\$ 60,549,610	91.0%
P Values	\$ 3,841,347	5.8%
M Values	\$ 42,570	0.1%
<b>Non-sited Values</b>		
P Values	\$ 327,888	0.5%
U Values	\$ 1,797,700	2.7%
<b>Total</b>	<b>\$ 66,559,115</b>	<b>100.0%</b>

# ACRES



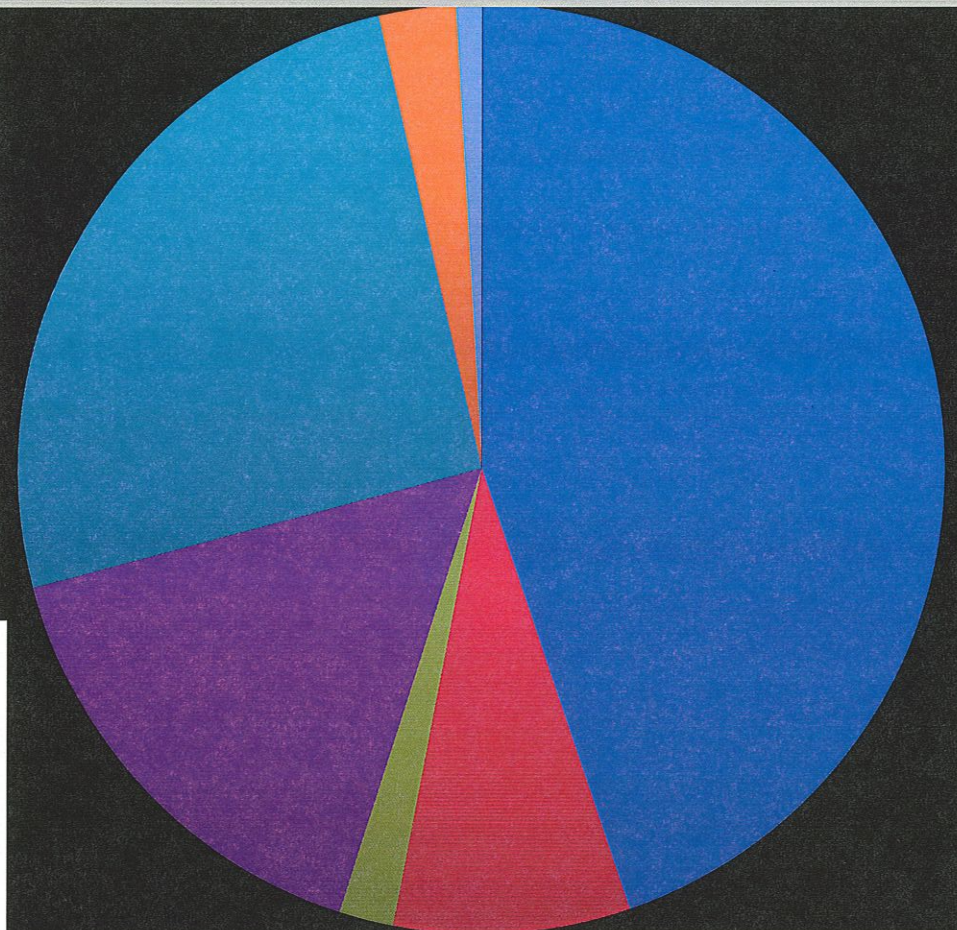
- Commercial
- Multi-family residential
- Vacant
- Single-family residential
- Industrial
- Rural / Ag / SWO
- Tract Land
- Other

# PARCELS



- Commercial
- Multi-family residential
- Vacant
- Single-family residential
- Industrial
- Rural / Ag / SWO
- Tract Land
- Other

# ASSESSED VALUE



- Commercial
- Multi-family residential
- Vacant
- Single-family residential
- Industrial
- Rural / Ag / SWO
- Tract Land
- Other

# AV/RMV RATIO

<b>Property Type</b>	<b>Average of AV/RMV</b>	<b>Total AV</b>
R	66%	60,550,794
M	80%	42,570
P	100%	4,169,235
U	97%	1,797,700
<b>Total</b>	<b>73%</b>	<b>66,560,299</b>

# APPRECIATION ASSUMPTIONS

- Overall rate of appreciation: 2.68%
  - Real = 2.90%
  - Utility = 0%
  - Personal = 0%
  - Mobile Homes = 0%

## WHEN I WAS HERE LAST TIME...

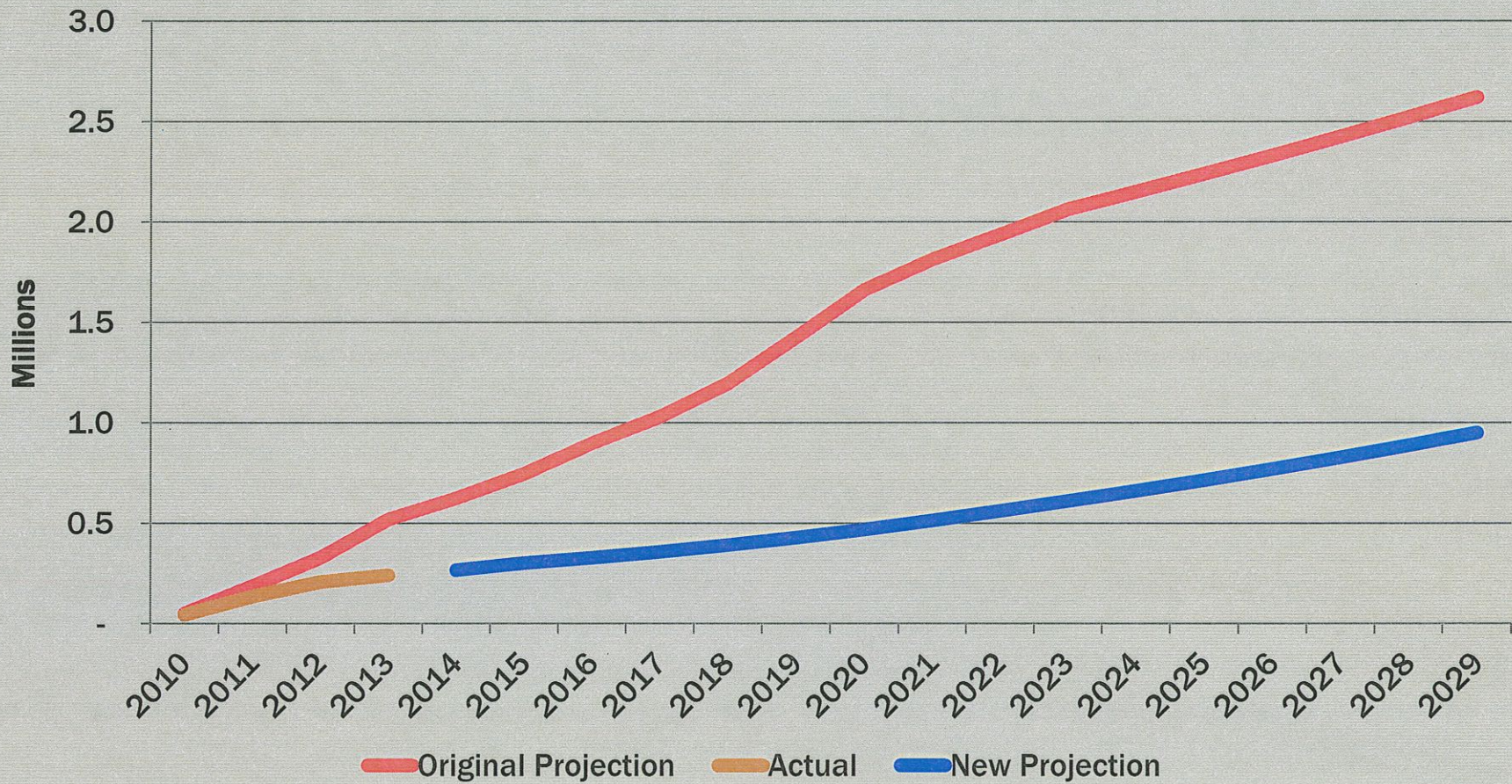
- Average annual growth in AV: 4.0%
- TIF through FYE 2029: \$11.5M
- Foregone TIF from Fire District: \$611,000
- Likely maximum indebtedness of <\$10M



## REVISED FORECAST...

- Average annual growth in AV: 3.54%
- TIF through FYE 2029: \$9.9M
- Foregone TIF from Fire District: \$544,000
- Likely maximum indebtedness of <\$10M
- Everything is roughly 1/3 of what was originally projected.

# REVISED TIF FORECAST



# IMPLICATIONS

- Need to prioritize short-term and long-term projects
- Need to understand when funding for Fire District is realistic, and how much funding
- Could consider increasing the amount of time to repay debt
- Could consider increasing the amount of time to incur debt

# PROJECT LIST

- Heintz Street between Kennel and Ridings
- ✕ ■ Intersection at Main Street and Molalla Ave
- Engineering design for Four Corners Industrial Park
- Design study for downtown streetscape improvements
- Bike/ped improvements on Main Street
- Building façade improvements
- **Acquire property for fire station**
- ✕ ■ Molalla Forest Road improvements
  - Community Center
  - Expand Adult Center
  - Underground power and utility lines in downtown