



**CITY OF MOLALLA
WORK SESSION REGULAR MEETING
AGENDA**

Civic Center | 315 Kennel Avenue Molalla, OR 97038
Wednesday, April 9, 2025 | 6:00 PM

NOTICE: Work Session will hold this meeting in-person and through video Live-Streaming on the City's Facebook Page and YouTube Channel. Written comments may be delivered to City Hall or emailed to recorder@cityofmolalla.com. Submissions must be received by 12:00 p.m. the day of the meeting.

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- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. GENERAL BUSINESS**
 - A. [Farmstands & Cottage Kitchens in Molalla \(Corthell\)](#)
 - B. [City File DCA02-2025 Gas Stations in the C-1 Zone \(Zinder\)](#)
- 4. ADJOURN**



CITY OF MOLALLA

Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, April 9, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT: Farmstands & Cottage Kitchens in Molalla (Corthell)

RECOMMENDATION/RECOMMENDED MOTION:

Staff requests that Council provide feedback on potential regulations.

BACKGROUND:

City Council has directed staff to develop Code language to help legalize farmstand and cottage kitchen operations in Molalla.

The attached presentation is intended to provide Council with relevant information on the topic and que a discussion that will aid staff in drafting an ordinance to meet with Council's desires on Cottage Kitchens and Farmstands in Molalla.

ATTACHMENTS:

[Farmstands & Cottage Kitchens - Presentation](#)



Real Adventure
Real People
Real Fun

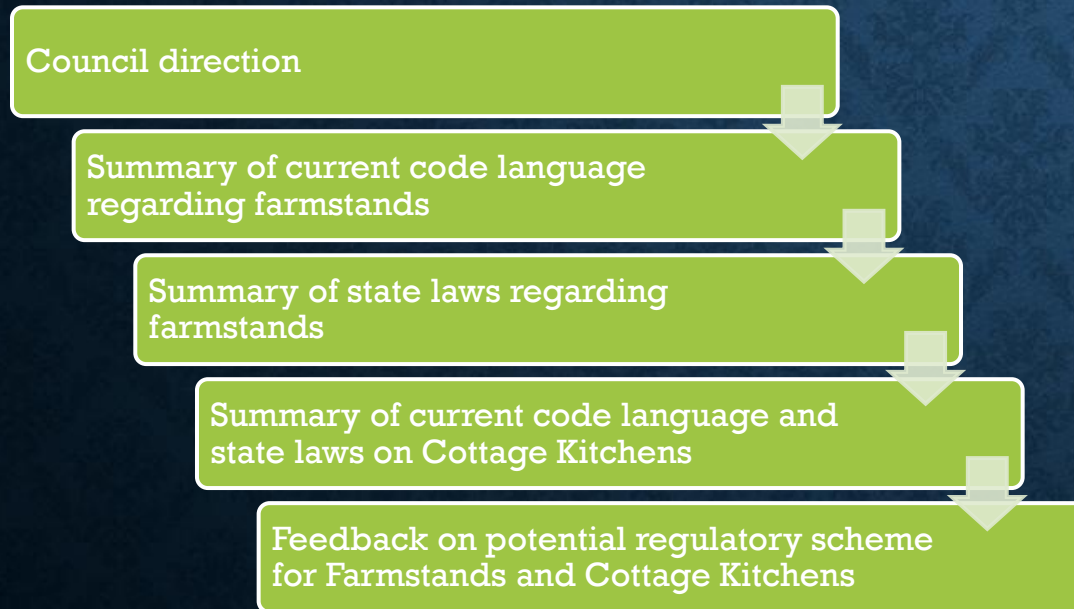


FARMSTANDS & COTTAGE KITCHENS

Prepared by Molalla Community Development for:
April 2, 2025 Planning Commission Meeting &
April 9, 2025 City Council Meeting

OVERVIEW & GOALS

Overview



Goals

- Ensure understanding of existing code structure for farmstands & cottage kitchens
- Ensure understanding of state laws and regarding farmstands & cottage kitchens
- Get feedback on the proposed new code language

COUNCIL DIRECTION

- The City Council has directed staff to develop code language to legalize Farmstands & Cottage Kitchens as an allowed use in the residential zones.

CURRENT MOLALLA MUNICIPAL CODE LANGUAGE FOR FARMSTANDS

General Provisions

- Definition: No definition in Molalla Municipal Code
- MMC 17-2.3.030 Table of Allowed Uses
 - Residential zones generally do not allow business activities except daycare centers, newsstands, schools, utility structures, and approved “Home Occupations”
 - Farmstands are allowed in the C-1 and C-2 (commercial zones) subject to the standards and regulations of the development code.
- MMC 5.24.025(A)(10) Exemptions [to the Business License Requirement]
- [A business license is not required for] Any producer of farm products raised in Oregon, produced by themselves or their immediate families, who sell, vend, or dispose of such projects within the City.

Home Occupation Provisions

- MMC 17-2.3.120(C) Home occupations require a zoning checklist and business license.
- MMC 17-2.3.120(D)(1)(d) No products or equipment... may be displayed to be visible from outside any structure.
- MMC 17-2.3.120(D)(2)(c) Storage of inventory, products, and all other equipment and activities associated with the home occupation shall be enclosed in a structure or otherwise screened from view of the public right of way.
- MMC 17-2.3.120(D)(7)(b) Any activity involving on-site retail sales... except as incidental to a permitted home occupation (e.g. sheet music from music teacher) [are prohibited].

CURRENT STATE LAWS ON FARMSTANDS

- State law requires the allowance of farmstands in EFU (county) zones along with several other uses not traditionally allowed inside city limits. ORS215.283(1)(o).
 - Structures are designed and used for the sale of farm crops or livestock
 - Farm crops or livestock must be grown on the farm operation, or grown on the farm operation and other farm operations in the local agricultural area
 - Sales of retail incidental items and fee-based activity to promote the sale of farm crops or livestock do not make up more than 25 percent of the total annual sales of the farm stand
- Farm Direct Marketers exempt from ODA Licensing Requirements. OAR603-025-0235.
 - Only farm direct products and producer processed products on the list are allowed.
 - Must be grown/raised by the Farm Direct Marketer directly, or be a consignment between two farm direct marketers in the same or adjoining counties.

FARM DIRECT MARKETER EXEMPTION CONTINUED...

Farm Direct Products List:

Fruits, vegetables, edible flowers and herbs that are:

- Fresh;
- Cured or dried by the agricultural producer as part of routine post-harvest handling.

Dried or cured fruits, vegetables, edible flowers and herbs for which drying or curing is not part of routine post-harvest handling, if:

- All principal ingredients are grown by the agricultural producer; ~~and~~
- The product is labeled with a list of ingredients and the name and address of the agricultural producer that produced the ingredients.

Shelled nuts and unshelled nuts cured or dried by an agricultural producer as part of routine post-harvest handling;

Shell eggs;

Honey, only when not combined with other ingredients;

Olive oil;

Whole, hulled, crushed or ground grain, legumes and seeds, if of a type customarily cooked before eating;

Parched or roasted grains, if of a type customarily cooked before eating;

Popcorn, nuts, peppers and corn on the cob, if those items are:

Roasted at the place of purchase,

By a farm direct marketer,

After purchase, and Not sold for immediate consumption

FARM DIRECT MARKETER EXEMPTION CONTINUED...

Producer Processed Products List:

Fruit-based syrups, fruit in syrup, preserves, jams, jellies, processed fruits and processed vegetables that meet all of the following conditions:

- They are producer-processed products;
- They are acidic foods;
 - Products having a naturally occurring equilibrium pH of 4.6 or below will be processed in a clean, healthful and sanitary manner;
 - Products having been lacto-fermented to decrease the equilibrium pH of the food to 4.6 or below will be processed in a clean, healthful and sanitary manner;
 - Products having a water activity (aw) greater than 0.85 and having been acidified to decrease the equilibrium pH of the food to 4.6 or below will be processed in a clean, healthful and sanitary manner using:
- A published process and product formulation that has been approved by a recognized process authority. Examples of published processes and product formulations that have been approved by a recognized process authority can be found in:
 - United States Department of Agriculture Complete Guide to Home Canning, 2009 Revision;
 - Pacific Northwest Extension publications. The Pacific Northwest Extension publications are produced cooperatively by Oregon State University, Washington State University, and the University of Idaho; or
 - So Easy to Preserve, 5th Edition, which is offered by the University of Georgia Cooperative Extension.
- Any process and product formulation that has been submitted to, and approved by a recognized process authority. A recognized process authority may be contacted through the Oregon State University, Department of Food Science and Technology Extension Service.
- They are labeled with:
 - A product identity;
 - Net weight;
 - An ingredient statement that also includes properly declared major food allergens; **and**
 - The name and address of the agricultural producer that produced the principal ingredients and processed the product;
- During the preceding calendar year, had annual sales of producer-processed products that in total did not exceed \$20,000.
 - Bottling, packaging and canning supplies will be made from food grade materials.
 - Ingredients other than the principal ingredients are limited to herbs, spices, salt, vinegar, pectin, lemon or lime juice, honey and sugar, and will be:
 - From an approved source; **or** Farmed or produced by the agricultural producer.

COMPARE – CONTRAST – SUMMARIZE

- **City Standards**
 - Farmstands not allowed in residential zones.
 - Farmstands allowed in commercial zones subject to development standards.
 - More of a walk-in type farmstand business
- **State Standards**
 - Farmstands allowed in EFU zones (county) subject to county zoning regulations.
 - Farm-Direct Marketer's Exempt from ODA licensing requirements
 - Not exempt from development regulations.
 - To be a farm direct marketer, one must be an "agricultural producer" which is defined as a person, including family members and employees, who grows, raises, and harvests agricultural products to the point at which the products are ready for sale.

Summary: Farmstands are allowed in the county EFU zoned areas by state law, subject to zoning regulations. Farm Direct Marketing type of Farm stands are exempt from the ODA licensing requirements typically required of food sales businesses. This exemption requires that the seller is also the grower/raiser (a Farm Direct Marketer), or that two Farm Direct Marketers in the same or contiguous counties have an agreement for consignment sales from the farmstand. Farm Direct sales are limited to a specific set of products.

CURRENT REGULATIONS ON COTTAGE FOODS/DOMESTIC KITCHENS

Molalla Municipal Code

- Cottage Kitchen Operations are allowed as a home occupation use, but retail sales would only be allowed in the Commercial Zones.
- MMC 17-2.3.120(D)(7)(b) Any activity involving on-site retail sales... except as incidental to a permitted home occupation (e.g. sheet music from music teacher) [are prohibited].

State Laws OAR 603-025-0320

- Allows retail sales direct to end use but does not require the allowance.
 - Prohibits sales to institutions (e.g. Nursing Home, School, Caterer, etc.)
 - Allows sales to a retailer, subject to certain conditions the retailer must meet
- Must operate from a domestic kitchen.
- Must prepare foods that are not time/temp controlled for safety
- Cannot contain Marijuana or Marijuana items.
- Several provisions on the condition of the kitchen, storage of ingredients, food handling, and allowable activities during food preparation
- Annual Gross Sales \$50,000 or less
- Only foods on the list are allowed for sale

COTTAGE FOOD LIST

List of Allowed Cottage Foods:

- Baked goods;
- Confectionary items, including freeze dried confectionary items;
- Coffee beans;
- Dried tea, spice, or seasoning blends from commercial food;
- Popcorn;
- Jams and jellies made only with fruit that has a natural pH that is less than 4.60;
- Honey or honey products using commercial food;
- Syrups;
- Fruit butters made only with fruit that has a natural pH that is less than 4.60;
- Nut mixes;
- Repackaged freeze-dried foods from commercial food;
- Repackaged dried and dehydrated foods from commercial food; or
- Powdered drink mixes from commercial food;

Summary:

The Cottage Food Exemption allows people to produce certain food items in their home kitchens and sell them retail to consumers, in-person or online, and wholesale through grocers and other businesses without having to obtain a food establishment license or undergo an inspection from the Oregon Department of Agriculture (ODA).

QUESTIONS FOR YOU...

Cottage Kitchens:

These are currently allowed under the MMC as home occupations. However, retail sales on-site are prohibited by the MMC, but are allowed by State law.

1. Should retail cottage food sales be allowed on-site in the residential zones?
2. If so, should they be subject to all of the home occupation standards except the retail sales provisions?
3. If not the home occupation standards, what standards should apply to ensure preservation of the residential character of the neighborhood?

Note 1: It is likely that most farmstands in Molalla would be subject to ODA licensing based on the Farm Direct Marketer Exemption requiring the operator to be an agricultural producer as defined in previous slides.

Farm Direct Marketers/Farm Stands:

Not currently allowed in the residential zones per the MMC, and not subject to the Business License Requirement. Generally allowed on-site at a farm in the County subject to standards, or subject to an agreement between two farmers in the same or contiguous counties.

1. Should the City create a carve out for Farm Direct Marketers to operate in the residential zone?
2. Should the City create a carve out for all farmstands to operate in the residential zone?
3. Should a business license be required for farmstand uses in the residential zones?
4. In either case, should the list of allowed products be limited in the way the state has limited them?
5. Should the home occupation standards apply to these uses, with the exception of those prohibiting them, or should a separate set of standards be adopted?
6. What standards do you think it is most important to adopt in order to ensure preservation of the residential character of the neighborhood?



CITY OF MOLALLA

Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, April 9, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT: City File DCA02-2025 Gas Stations in the C-1 Zone (Zinder)

RECOMMENDATION/RECOMMENDED MOTION:

Staff to gain feedback from Council towards a potential ordinance modifying existing regulations on Gas Stations in the C-1 Zone.

BACKGROUND:

Molalla's Development Code MMC Chapter 17 currently prohibits the following use within its C-1 zone:

"Automotive Repair and Service, includes fueling station, car wash, tire sales and repair or replacement, painting, and other repair for automobiles, motorcycles, aircraft, boats, RVs, trucks, etc. (No junking, salvage operations)"

Hereafter, this use will be abbreviated to *"Automotive Repair and Service"*. This use is currently permissible in the C-2 General Commercial Zone, M-1 Light Industrial Zone, and M-2 Heavy Industrial Zone.

The City received public comment on its Economic Opportunities Analysis that this prohibition in the C-1 zone should be revisited and both Planning Commission (12/4/2024) and Council (1/22/2025) concurred that the City should revisit this topic. As part of the Economic Opportunities Analysis project, the consultant made Development Code recommendations, among them was revisiting whether fueling stations should be allowed in the C-1 zone.

Four potential options are available for regulating *"Automotive Repair and Service"* uses:

- No change. *"Automotive Repair and Service"* uses will continue to be prohibited in the C-1 zone.
- Change to "Permitted." *"Automotive Repair and Service"* uses will be allowed in the C-1 zone.
- Change to "Special Use Standards." Special use standards apply specifically to one class of uses. For example, standards could be developed to specify which of the *"Automotive Repair and Service"* uses could be developed in the C-1 zone, define spacing between *"Automotive Repair and Service"* uses, and beautification requirements such as landscaping or screening. Staff would need direction from Council on what elements to include if this option is chosen.
- Change to "Conditional Use Permit." This option provides the Planning Official substantial leeway in responding to specific site considerations of a proposal.

Consideration should be given to Comprehensive Plan policies. The Comprehensive Plan does not specifically address *"Automotive Repair and Service"* uses but does provide some guidance suggesting that a variety of uses ought to be encouraged.

Central Business District Policy 6 reads: *The City shall encourage and identify new businesses to occupy the CBD in order to create an active and vibrant district.*

Central Business District Policy 7 reads: *The central business district shall provide a variety of services; cultural,*

recreational, social, professional and governmental activities.

A policy that is flexible towards allowance of “*Automotive Repair and Service*” uses but is sensitive to them not dominating the landscape would fit Comprehensive Plan direction.