



**CITY OF MOLALLA  
CITY COUNCIL REGULAR MEETING  
AGENDA**

Civic Center | 315 Kennel Avenue  
Wednesday, January 22, 2025 | 7:00 PM

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*NOTICE: City Council 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](mailto:recorder@cityofmolalla.com). Submissions must be received by 12:00 p.m. the day of the meeting.*

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*[This institution is an equal opportunity employer.](#)*

**1. CALL TO ORDER AND FLAG SALUTE**

**2. ROLL CALL**

**3. CONSENT AGENDA**

- A. City Council Meeting Minutes - January 8, 2025 (Page 3)
- B. Strategic Planning Work Session Meeting Minutes - January 11, 2025 (page 192)
- C. [Parks CPC Appointment - J. Newland \(Page 308\)](#)

**4. PRESENTATIONS, PROCLAMATIONS, CEREMONIES**

- A. Goodwill Industries Presentation

**5. PUBLIC COMMENT**

*(Citizens are allowed up to 3 minutes to present information relevant to the City but not listed as an item on the agenda. Prior to speaking, citizens shall complete a comment form and deliver it to the City Recorder. The City Council does not generally engage in dialogue with those making comments but may refer the issue to the City Manager. Complaints shall first be addressed at the department level prior to addressing the City Council.)*

**6. PUBLIC HEARINGS**

- A. [Draft Economic Opportunities Analysis \(EOA\), Employment Buildable Lands Inventory \(BLI\), and Comprehensive Plan and Development Code Amendments \(Zinder\) \(Page 310\)](#)
- B. [Ordinance No. 2025-01: Updating MMC Chapter 2.17 Community Program Committee Term Limits \(Page 430\)](#)

**7. ORDINANCES AND RESOLUTIONS**

- A. [Ordinance No. 2025-01: Updating MMC Chapter 2.17 Community Program Committee Term Limits \(Page 430\)](#)

**8. GENERAL BUSINESS**

- A. [Section Street Tree Removal \(Corthell\) \(Page 432\)](#)
- B. [Council Goals Created for 2025 - Draft Document \(Huff\) \(Page 435\)](#)
- C. [Joint Values and Outcomes for the 2025 State Legislative Transportation Package \(Huff\) \(Page 439\)](#)

**9. STAFF COMMUNICATION**

**10. COUNCIL COMMUNICATION**

## 11. ADJOURN

*Agenda posted at City Hall, Library, and the City Website at <http://www.cityofmolalla.com/meetings>. This meeting location is wheelchair accessible. Disabled individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-829-6855.*



City of Molalla  
City Council - Regular Meeting  
Minutes – January 8, 2025  
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

**CALL TO ORDER**

The Molalla City Council Meeting of January 08, 2025, was called to order by City Manager Dan Huff at 7:00pm.

**COUNCIL ATTENDANCE**

Present: Councilor Leota Childress, Councilor Terry Shankle, Councilor Eric Vermillion, Councilor RaeLynn Botsford, Councilor Martin Bartholomew, Councilor Doug Gilmer, and Mayor Scott Keyser.

**STAFF IN ATTENDANCE**

Dan Huff, City Manager; Mac Corthell, Assistant City Manager; Christie Teets, City Recorder; Bobby Call, Molalla Police Lieutenant; Cindy Chauran, Finance Director; and Diana Hadley, Library Director.

**PRESENTATIONS, PROCLAMATIONS, CEREMONIES**

- A. Swearing-In Ceremony
  - a. Mayor-elect Scott Keyser
  - b. Councilor-elect Eric Vermillion
  - c. Councilor-elect Doug Gilmer

City Recorder Teets began the swearing-in ceremony of Mayor-elect Scott Keyser who took the Oath of Office. Following, Mayor Keyser individually conducted swearing-in ceremonies for Councilors-elect Vermillion and Gilmer.

**APPROVAL OF AGENDA**

Approved as presented.

**CONSENT AGENDA**

- A. Regular Session Meeting Minutes – December 11, 2024

**ACTION:**

Councilor Vermillion moved to approve the Consent Agenda as presented; Councilor Shankle seconded. Motion passed 6-0.

AYES: Vermillion, Shankle, Childress, Botsford, Gilmer, Keyser  
NAYS: None.  
ABSENTIONS: None.

**ORDINANCES AND RESOLUTIONS**

- A. Resolution No. 2025-01: Certifying the Results of the November 5, 2024, General Election

City Manager Huff addressed the certification of the 2024 General Election Results, which required a recount for Councilor-elects Martin Bartholomew and Darcy Lightner. Mr. Bartholomew secured enough votes to be elected to the Council. City Manager Huff highlighted the fiscal impact of \$4,592.80 for the recount, a cost to the City.

**ACTION:**

Councilor Botsford made a motion to approve Resolution No. 2025-01, Certifying the Results of the November 5, 2024, General Election; Councilor Shankle seconded. Motion passed 6-0.

AYES: Childress, Shankle, Botsford, Vermillion, Gilmer, Keyser  
NAYS: None.  
ABSENTIONS: None.

**GENERAL BUSINESS**

- A. Swearing-In Ceremony: Councilor-elect Martin Bartholomew

Mayor Keyser conducted the swearing-in ceremony for Councilor-elect Martin Bartholomew; Councilor-elect Bartholomew took the Oath of Office and joined Council at the dias.

#### B. 2025 Council President and Liaison Appointments

City Recorder Teets had explained in effort to simplify the process for selecting the 2025 Council President and Liaison Appointments, a consensus-based approach would be made by through a show of hands. The following nomination motions passed unanimously, with no objections.

Council President: Councilor Eric Vermillion  
Liaison to Chamber of Commerce: Councilor Raelynn Botsford  
Liaison to Beautification and Culture CPC Liaison: Councilors Terry Shankle and Leota Childress  
Liaison to Molalla Public Library: Councilor Martin Bartholomew  
Liaison to Parks CPC: Councilors Eric Vermillion and Doug Gilmer  
C4 Alternate Appointment: Councilor Eric Vermillion

#### C. New Police Facility Update

City Manager Huff introduced Joshua Dodson, OTAK Project Manager for the new police facility, to provide an update on the project's status. Mr. Dodson shared a detailed update, most importantly noting the project is currently on schedule. For a complete report please refer to the January 8, 2025, Meeting Packet and/or view the [YouTube video recording of the City Council Meeting](#) (minutes 18:28-50:50) for full details.

#### **PUBLIC COMMENT**

**Jody Newland, Molalla, OR:** Mrs. Newland provided information on the upcoming Parks CPC Meeting, scheduled for Thursday, January 16, 2025, at 5:30 PM, at Molalla City Hall.

#### **STAFF COMMUNICATION**

**Bobby Call, Molalla Police Lieutenant:** Expressed excitement about the progress of the new facility and witnessing the structure take shape. Lieutenant Call also noted that the recruiting process is ongoing for one vacant position.

**Diana Hadley, Library Director:** Director Hadley shared the (Vision and Action) survey remains open with nearly 300 responses so far, and staff continuing to distribute survey cards at different programs. Director Hadley shared that the Winter Reading program concludes at the end of January.

**Cindy Chauran, Finance Director:** Informed Council copies of the audited financials and reports were placed at their seats, including a new summary report, a simplified version of the 124-page audit (see Meeting Minute Attachments). Director Chauran also informed Council that Finance has also issued an RFP for banking services. She also provided a reminder auditors would be present at an upcoming February meeting; and encouraged Council to prepare any questions in advance.

**Christie Teets, City Recorder:** City Recorder's office announced open seats on several boards and commissions, including the Library Board, Budget Committee, and Planning Commission. The Library Board is open to both City residents and non-residents, while the Budget Committee and Planning Commission seats are restricted to City residents. Budget Committee applications are due to the City Recorder by March 12th to prepare/coordinate duties by May.

**Mac Corthell, Assistant City Manager:** Informed Council a Community Development Quarterly Report would be presented at the January 22<sup>nd</sup> Meeting, along with the Economic Opportunities Analysis (EOA). The Parks Master Plan with Planning Commission modifications, will be discussed at the February 12<sup>th</sup> Council Meeting, including a Public Hearing.

Construction for the Wastewater Treatment Plant has begun, with a groundbreaking ceremony to be planned. A time-lapse camera will not be used due to high costs; instead, a game camera will provide periodic updates.

**City Manager, Dan Huff:** Provided an update regarding the auction of the bowling alley lanes which potentially raised over \$5,000, funds will cover the cost of the art installation in front of the new police station and contribute to the Park Fund as a fundraiser for future projects.

**COUNCIL COMMUNICATION**

**Councilor Bartholomew:** Thanked the community for their vote and reaffirmed his commitment to preparing the City for potential disasters. Mr. Bartholomew expressed pride in the City’s progress and emphasized the importance of balanced growth, good planning, and patience to ensure a bright future.

**Councilor Gilmer:** Thanked the community and those who voted for him! He shared his lifelong connection to Molalla. Mr. Gilmer emphasized a desire to engage more with the community, listen to residents, and their ideas.

**Councilor Botsford:** Reminded everyone of Chamber Networking Meeting the following morning at the Molalla Fire Station at 8:00AM, also announcing the Chamber Annual Banquet on January 25<sup>th</sup>, noting one of their biggest fundraisers. Councilor Botsford congratulated all the re-elected and newly elected officials.

**Councilor Shankle:** Reminded everyone that the pool would be closed Saturday for a swim meet and announced swimming lessons will resume with the second session starting on February 17th and 18th. Councilor Shankle welcomed new Councilors and shared excitement for the year ahead.

**Councilor Childress:** Congratulated newly sworn-in Councilors and Mayor, expressing excitement to work with them. Additionally, Councilor Childress shared a successful caroling event in December, which was well attended by families and individuals, despite the cold weather.

**Council President Vermillion:** Thanked Council for his nomination and appointment of Council President and acknowledged the contributions of the previous president setting a high bar for leadership. Council President also shared his excitement for the goals and projects in the year ahead.

**Mayor Scott Keyser:** Welcomed new Council Members and expressed gratitude to Council Members' families for their support. Mayor announced he would be starting bi-weekly live streams on YouTube to keep the community informed. Mayor Keyser also thanked City staff for continued dedication and hard work, especially during the holiday season.

**ADJOURN**

Mayor Keyser adjourned the City Council Meeting at 8:23pm.

For the complete video account of the City Council Meeting, please go to [YouTube](#)

[“Molalla City Council Meetings – January 08, 2025”](#)

\_\_\_\_\_  
Scott Keyser, Mayor

PREPARED BY:

\_\_\_\_\_  
Crystal Robles, Records Specialist

ATTEST:

\_\_\_\_\_  
Christie Teets, CMC, City Recorder

***Meeting Minute Attachments:***

- 2024 Popular Annual Financial Report – For the Fiscal Year ended June 30, 2024
- Molalla Urban Renewal Agency (A Component Unit of the City of Molalla) Financial Report June 30, 2024
- City of Molalla, Oregon Annual Comprehensive Financial Report Year Ended June 30, 2024

# 2024

## POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year ended  
June 30, 2024



City of Molalla, Oregon



To the Residents of the City of Molalla:

The City of Molalla is pleased to present our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023. This report provides an overview of where the City's revenues come from and how those revenues are spent. It also provides updates on capital projects and highlights some of the services the City provides. We produce this document annually, in keeping with our commitment to financial accountability and transparency. We hope it gives you a greater understanding of your City government and the people who work and serve on your behalf.

The financial information in this document comes from **the City's Annual Comprehensive Financial Report (ACFR)** for the fiscal year ended June 30, 2024. This report is consistent with Generally Accepted Accounting Principles, (GAAP) and all governmental funds are included. The ACFR provides more detailed information on the City's finances, including an audit from an independent firm of licensed certified public accountants. Copies of the most recent ACFR and PAFR can be found on the City's website (**[www.cityofmolalla.com](http://www.cityofmolalla.com)**) or at Molalla City Hall.

We encourage you to reach out and stay up to date with City business by visiting the Molalla Current at (**[www.current.cityofmolalla.com](http://www.current.cityofmolalla.com)**). On behalf of the City of Molalla, we would like to thank you for taking the time to read this report. If you have any questions or want to provide feedback, please don't hesitate to give us a call at 503.829-6855.

Sincerely,

**Dan Huff**  
City Manager

**Cindy Chauran**  
Finance Director





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Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to **City of Molalla** for its annual comprehensive financial report for the fiscal year ended June 30, 2023. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

*Government*



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Molalla  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

***To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.***

***An Award for Outstanding Achievement in popular Annual Financial Reporting is valid for one year only. Since this (PAFR) is the first submission we believe that it conforms to the Popular Annual Financial Reporting requirements and determine its eligibility for an award.***



# Letter from the City Manager

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December 4, 2024

To the Honorable Mayor, City Council, and Citizens of the City of Molalla, Oregon:

We are pleased to present the Popular Annual Financial Report (PAFR) for the City of Molalla for Fiscal Year (FY) 2024. This report is the short and easier to read version of our much larger Annual Comprehensive Financial Report. Our complete set of financial statements produced in accordance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants every year.

## Profile of the City

The City of Molalla, incorporated in 1913, is located just west of the foothills of the Cascade Mountains. Surrounded by farms, ranches and the Molalla River Corridor recreation area, it is a growing city in a rural setting. Situated fifteen miles south of the Clackamas County seat of Oregon City and fifteen miles east of Interstate 5, it is well-positioned halfway between the state capital Salem and the City of Portland. The current area is just over 2.5 square miles, but growth beyond the current borders is likely under the State of Oregon measured growth standards. The City's most recent measure of population stands at 10,335.

The City of Molalla provides a full range of municipal services to the community which include police protection, transportation system improvements and maintenance, water, wastewater and stormwater utilities, planning and zoning, economic development support, a community library, a municipal court, parks, and general administrative services. The major governmental operating funds are the General Fund, Library Fund and Street Fund. The City is also financially accountable for the Molalla Urban Renewal Agency which is included as a part of the City of Molalla's financial statements. Fire protection is provided separately by the Molalla Fire District.

## Local Economy

The City of Molalla, like other political subdivisions in the State of Oregon, continues to face increasing financial challenges in light of voter approved property tax limitations and the on-going increases in the costs of service delivery, driven in particular by inflation. Despite the current market, the City continues to see an increase in industrial and commercial investment. Residential opportunities are slowing mainly due to a lack of residential inventory. This is being addressed by work toward an expanded Urban Growth Boundary. The primary employers continue to be the agricultural and forestry industries, with increasing employment in consumer services and the construction trade. Local events such as the Molalla Buckeroo rodeo, Celebrate Molalla and a growing farmer's market draw interest to Molalla as well.

## Long-term Financial Planning

Under the adopted Financial Policies summarized below, the City of Molalla formulates its annual budget with a long-term focus, emphasizes conservatism, and requires minimum fund balances for stability in periods of economic uncertainty. The general fund balance has increased steadily over the past ten years; at year-end, it stood at nearly 55% of total general fund revenues. All other fund balances are also in line with policy.

## Major Initiatives

Upcoming and on-going major initiatives include:

- Wastewater Treatment Plant Upgrade – After years of planning, the contract to construct a new treatment process and facility has now been awarded. Funding has been secured through a combination of loans and grants, including a USDA Rural Development loan in the amount of \$32,250,000.
- Infrastructure Investments – Deferred maintenance and improvements are being addressed through the Resurfacing Program and Sidewalk Improvement Program managed by the Street Department. Replacement of sewer and water mains and a pump station upgrade are also budgeted in the enterprise funds. Pre-design studies for new water intakes are beginning.
- Planning: Updates to Parks and Stormwater master plans are underway. The work of potential expansion of the urban growth boundary has begun. A digital permitting platform as required by the State is being implemented.
- New Police Department Facility – Ground has been broken for the new structure funded by a \$16.8 million voter approved bond. Completion is expected by the end of 2025.
- Park Development – Phase I of Chief Yelkus Park and Clark Park improvement plans are the current focus.
- Library – Plans to expand or relocate the library facility are being considered.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Molalla the *Distinguished Budget Presentation Award* for its annual budget document for the 2023-2024 budget year, as it has for the previous five years. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The GFOA also awarded the City the Certificate of Achievement for Excellence in Financial Reporting for the annual comprehensive financial report for the fiscal year ended June 30, 2023. The report was judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate the City's financial story and motivate potential users to read the report.

We greatly appreciate the professionalism, commitment, and effort set forth by the Mayor, City Council, Budget Committee, and Department Directors whose leadership is integral to the health and success of the City of Molalla.

Respectfully,  
Dan Huff  
City Manager





# City Council

The City Council consists of the Mayor and six Councilors. This duly elected body serves the City of Molalla as the highest-ranking elected body within the Molalla city limits. Council provides input and governance over policy,

approval of certain contracts, goal setting, adopting the annual budget, employing the City Manager and Municipal Court Judge and offers guidance to ensure and establish rules and regulations for the City of Molalla. Council meetings are held the second and fourth Wednesday of each month. Council meeting agendas, minutes, and videos can be found on the City of Molalla website or [Go, HERE!](#) for more information.



**Mayor Scott Keyer**  
skeyser@cityofmolalla.com



**Leota Childress**  
lchildress@cityofmolalla.com

## Form of Government

The City of Molalla maintains all authority granted to municipal corporations under Oregon State

Statute, including the authority to issue debt, levy taxes on real property within its boundaries; and extend its corporate city limits by annexation. The City provides a full range of services: law enforcement; public library; street operation and maintenance; parks; treatment and distribution of municipal water; collection and treatment of wastewater; storm water collection; current and long-range planning; finance and administration; urban renewal district and enterprise zone.



**Eric Vermillion**  
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**Jody Newland**  
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**Terry Shankle**  
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**Darci Lightner**  
[dlightner@cityofmolalla.com](mailto:dlightner@cityofmolalla.com)  
(Appointed June 12, 2024)



**Raelynn Botsford**  
rbotsford@cityofmolalla.com

## City Recorder's Office

The City Recorder is appointed by the City Council and is responsible for administering all City elections, maintaining the Citywide records management system.

## City Manager & Department Heads

The City Council also appoints the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City, for overseeing day-to-day operations, and for reporting back to and advising the council. Department heads oversee their own department and report to the City Manager.

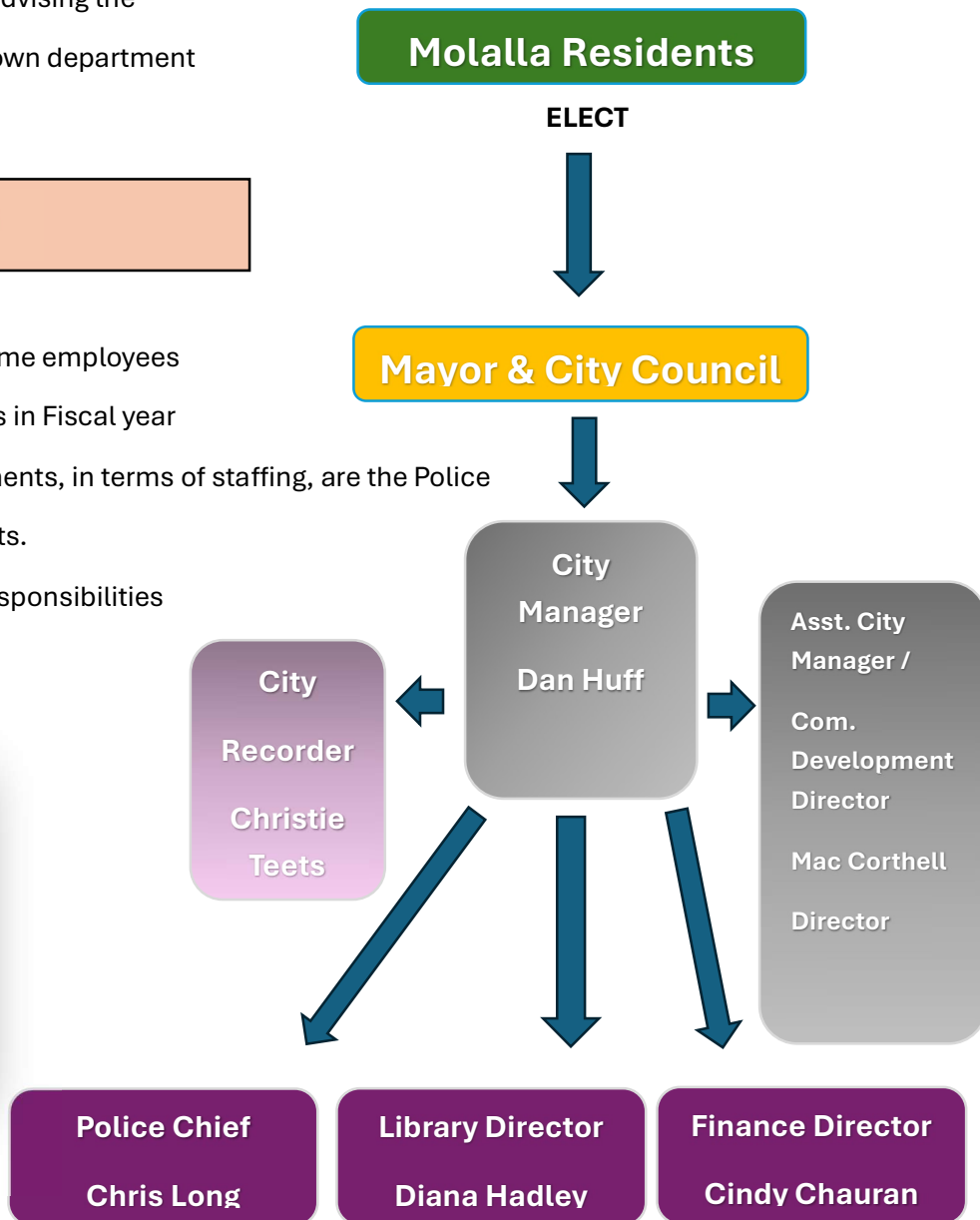
## City Employees

The City employed approximately 59 full-time employees and approximately 14 part-time employees in Fiscal year ending 2024. The City's (2) largest departments, in terms of staffing, are the Police and Community Development Departments.

The Assistant City Manager assumes all responsibilities in the absence of the City Manager.



## ORGANIZATIONAL CHART



## CITY PROFILE

City of Molalla, Oregon Principle Employers	2023			2024		
	Average	% of		Average	% of	
	Employees	Rank	Total City Employment	Employees	Rank	Total City Employment
<b>Employers</b>						
Agriculture, Forestry, Fishing and Hunting	584	1	20.23%	508	1	20.33%
Retail Trade	444	2	15.38%	384	2	15.37%
Accommodation and Food Services	370	3	12.82%	249	6	9.96%
Local Government (including schools)	345	4	11.95%	292	4	11.68%
Manufacturing	266	5	9.21%	306	3	12.24%
Private Educational Services; Health Care and Social Assistance	252	6	8.73%	273	5	10.92%
Other Services	145	7	5.02%	142	7	5.68%
Construction	115	8	3.98%			
Wholesale Trade	86	9	2.98%	82	9	3.28%
Transportation and Warehousing	78	10	2.70%	101	8	4.04%
Finance & Insurance	0	0	0.00%	76	10	3.04%
<b>Sub-total</b>	<b>2,685</b>	<b>55</b>	<b>93.00%</b>	<b>2,413</b>	<b>55</b>	<b>96.54%</b>

City of Molalla, Oregon Principle Property Taxpayers	2023			2024		
	Taxable Assessed	% of		Taxable Assessed	% of	
	Value	Rank	Total Taxable Assessed Value	Value	Rank	Total Taxable Assessed Value
<b>Taxpayer</b>						
Molalla Telephone Co	24,786,705	1	2.96%	20,177,800		3.88%
Molalla MC Investors LLC	18,454,218	2	2.21%	13,625,122		2.62%
Stoneplace Apartments LLC	18,282,760	3	2.18%	13,066,624		2.51%
Pacific Fibre Products Inc	17,033,926	4	2.04%			
Quanex Custom Components	10,623,639	5	1.27%			
Portland Gen Elec Co	7,296,000	6	0.87%	3,485,000		0.67%
Cascade Place LLC	7,196,366	7	0.86%			
Northwest Natural Gas Co	6,719,000	8	0.80%			
Hi-Valley Development Corp	5,224,138	9	0.62%	4,003,868		0.77%
Cascade Center Molalla LLC	4,998,426	10	0.60%			
Brentwood Acquisition Corp				6,522,499		1.25%
Welltower Landlord Group LLC				4,536,865		0.87%
MSRE LLC				3,798,797		0.73%
Oliva Steven J & Janice D				3,171,966		0.61%
Brown Richard K				3,010,365		0.58%
<b>Sub-total</b>	<b>120,615,178</b>		<b>14.41%</b>	<b>75,398,906</b>		<b>14.50%</b>

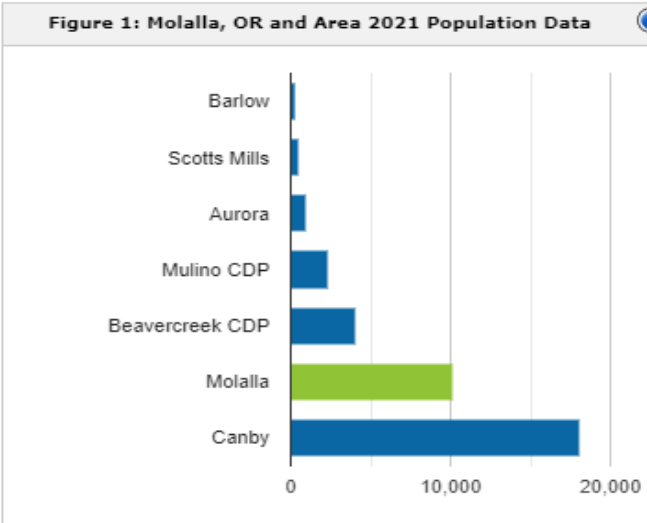
# Molalla Statistics

## POPULATION PATTERNS

- ✓ 2010 Population 8,108
- ✓ 2022 Population 10,298

Note: The percent change from 2010-2020 is 27%

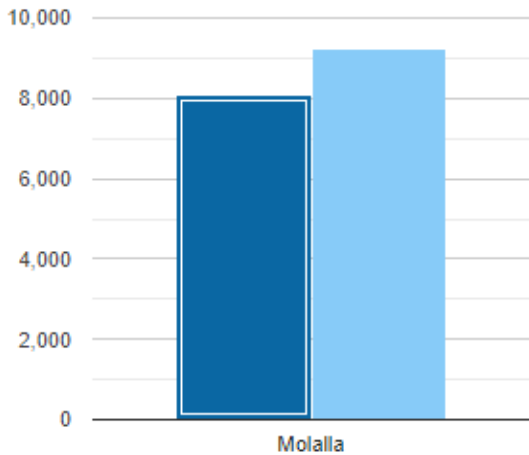
Cited Portland State University [Go, HERE!](#)



**Figure 1**

Molalla is the second most populous of all the places in the greater Molalla region. The city with the highest population in the area is [Canby](#) which depicts a population of 18,078 (79.7% larger).

**Figure 3: Molalla, OR Population Change 2010 to 2020**



**Figure 3**

Molalla population data for a comparison of the population growth/population change estimates from the years 2010 to 2020 and Molalla Oregon shows an increase of 1,116 (14%).

Figure 4: Molalla, OR 2010 to 2020 Population Percent Change

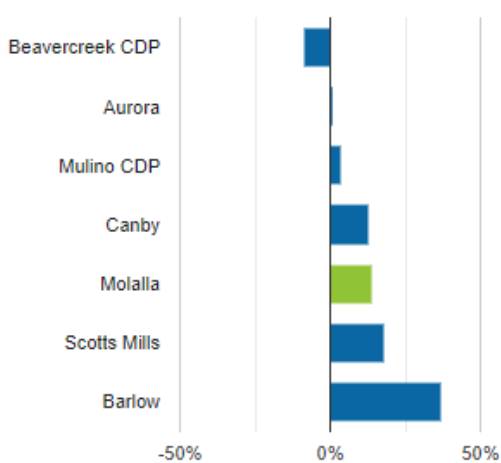


Figure 4

The total Molalla Oregon greater area population percent change for all areas for the years from 2010 to 2020 is shown and for [Molalla](#) depicts it has a Population Change of **13.8% which is the third most population percent change of all other places in the greater Molalla region.**

Figure 5: Molalla, OR Population Density

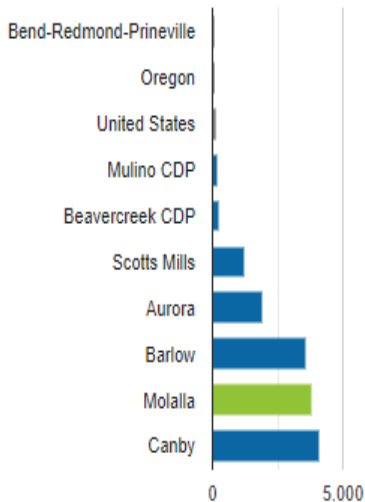


Figure 5

Looking at the Molalla population density (measured as people per square mile) and providing comparisons to both the national and state average population density in [Molalla Oregon indicates it has 3,789 people per square mile which is the second most people per square mile of all the places in the greater Molalla region.](#) The next lower population density is [Barlow](#) about 6.8% smaller with population density of 3,547. The city with the highest population density in the area is [Canby](#) which shows a people per square mile of 4,089 (7.9% larger).

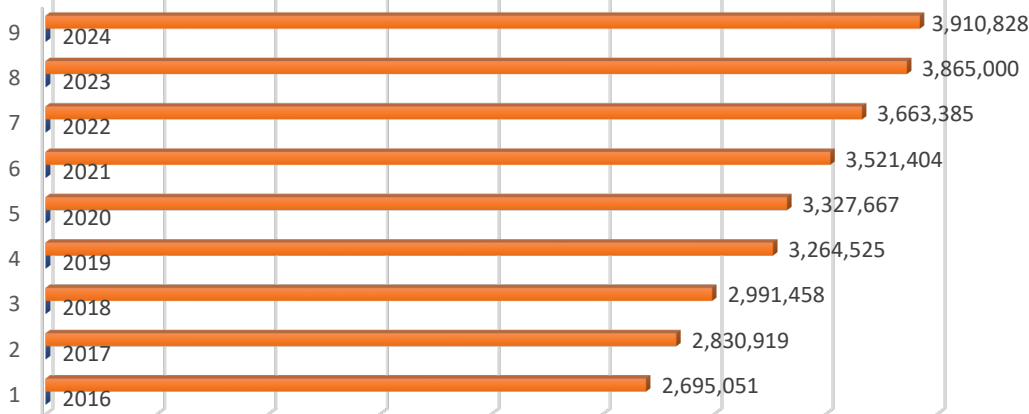
(Below is a hyperlink that will take you to cited information above.)

[Cited Population Graphs](#)



# Population vs Tax Dollars

## Tax Dollars by Year



2024 – Proposed  
 2023 – Budgeted  
 2016-2022 Actual

**Table 4. Populations for Oregon and Its Counties and Incorporated Cities and Towns:  
 July 1, 2020 - July 1, 2022 estimates; Census Counts 2000-2020**

Prepared by Population Research Center, PSU, April 2023.

County and Cities	July 1 Population Estimates			April 1 Census Population		
	2022	2021rev	2020rev	2020	2010	2000
<b>OREGON</b>	<b>4,281,851</b>	<b>4,263,581</b>	<b>4,243,959</b>	<b>4,237,256</b>	<b>3,831,074</b>	<b>3,421,436</b>
<b>CLACKAMAS</b>	<b>430,421</b>	<b>426,818</b>	<b>422,193</b>	<b>421,401</b>	<b>375,992</b>	<b>338,391</b>
Barlow	138	133	133	133	135	140
Canby	18,979	18,731	18,206	18,171	15,829	12,790
Estacada	5,373	5,009	4,434	4,356	2,695	2,371
Gladstone	12,170	12,056	12,009	12,017	11,497	11,438
Happy Valley	26,689	25,823	23,969	23,733	13,903	4,519
Johnson City	527	535	539	539	566	634
Lake Oswego (part)*	38,524	38,164	38,118	38,107	34,066	32,989
Milwaukie	21,305	21,209	21,209	21,119	20,291	20,490
<b>Molalla</b>	<b>10,298</b>	<b>10,237</b>	<b>10,221</b>	<b>10,228</b>	<b>8,108</b>	<b>5,647</b>
Oregon City	37,786	37,691	37,608	37,572	31,859	25,754
Portland (part)*	767	767	842	843	744	747
Rivergrove (part)*	506	501	495	495	257	287
Sandy	12,991	12,854	12,660	12,612	9,570	5,385
Tualatin (part)*	3,129	3,136	3,154	3,156	2,862	2,664
West Linn	27,420	27,343	27,386	27,373	25,109	22,261
Wilsonville (part)*	25,274	25,014	24,582	24,522	17,371	13,987
Unincorporated	188,545	187,615	186,628	186,425	170,591	176,288

For more information on populations in Oregon as of **April 24, 2023**

[\*\*Go, HERE!\*\*](#)

# Property Tax Dollar.....where does the money go?



Above is a snapshot of where the tax revenue is distributed for every dollar collected by the County Assessor.

# Financial Highlights for Popular Annual Financial Report

Financial Summary 4 year Actuals				
	2021	2022	2023	2024
<b>Net Position</b>				
Assets plus Deferred outflows	54,602,838	58,987,941	63,300,533	84,475,225
Liabilities plus Deferred inflows	11,507,500	11,156,096	10,832,635	27,639,207
<b>Total Net Position</b>	<b>43,095,338</b>	<b>47,831,845</b>	<b>52,467,898</b>	<b>56,836,018</b>
<b>Revenues</b>				
Governmental Activities	9,316,650	11,068,240	13,255,899	11,320,496
Business-Type Activities	6,267,850	5,568,880	6,626,628	7,050,989
<b>Total Revenues</b>	<b>15,584,500</b>	<b>16,637,120</b>	<b>19,882,527</b>	<b>18,371,485</b>
<b>Expenses</b>				
Governmental Activities	7,751,384	8,393,650	8,557,121	9,479,192
Business-Type Activities	4,151,450	4,325,800	4,689,353	4,524,173
<b>Total Expenses</b>	<b>11,902,834</b>	<b>12,719,450</b>	<b>13,246,474</b>	<b>14,003,365</b>
<b>Capital Assets + Current Assets</b>				
Governmental Activities	27,994,802	29,497,666	33,848,437	52,050,557
Business-Type Activities	24,541,908	25,399,513	27,737,860	30,755,292
<b>Total Capital Assets</b>	<b>52,536,710</b>	<b>54,897,179</b>	<b>61,586,297</b>	<b>82,805,849</b>
<b>Long-Term Obligations</b>				
Governmental Activities	4,628,598	3,925,442	3,458,630	19,810,173
Business-Type Activities	2,166,510	2,349,641	2,878,264	3,049,466
<b>Total Long-Term Obligations</b>	<b>6,795,108</b>	<b>6,275,083</b>	<b>6,336,894</b>	<b>22,859,639</b>

**Glossary:**

<p><u>Deferred Outflows of Resources</u> A consumption of net position by the City that is applicable to a future reporting period.</p>	<p><u>Deferred Inflows of Resources</u> An acquisition of net position by the City that is applicable to a future reporting period.</p>
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Refer to ACFR for more details, [Go Here!](#) (Page c & d)

# Revenues for 2023 & 2024

## Combined Statement of Revenues

Program Revenues	2023	2024
Charges for Services	7,203,849	7,578,747
Operating Grants	2,176,675	1,548,492
Capital Grants	3,042,928	881,237
<b>General Revenues</b>		
Property Taxes	4,745,833	4,931,923
Other Taxes	1,284,904	1,384,209
Other Revenues	1,428,338	2,046,877
<b>Total Revenues</b>	<b>19,882,527</b>	<b>18,371,485</b>

The City receives the funding it needs to provide basic services to residents through a variety of sources. The table (left) presents a summary of City revenues by source for both 2023 and 2024, including both governmental activities and business-type activities combined.

Overall, the City's total revenues decreased approximately **\$1,511,042** or **8%** during 2024. This was due to one time grant funding for operational and capital funding. All other ongoing revenue sources increased from prior year.

## Revenues By Source

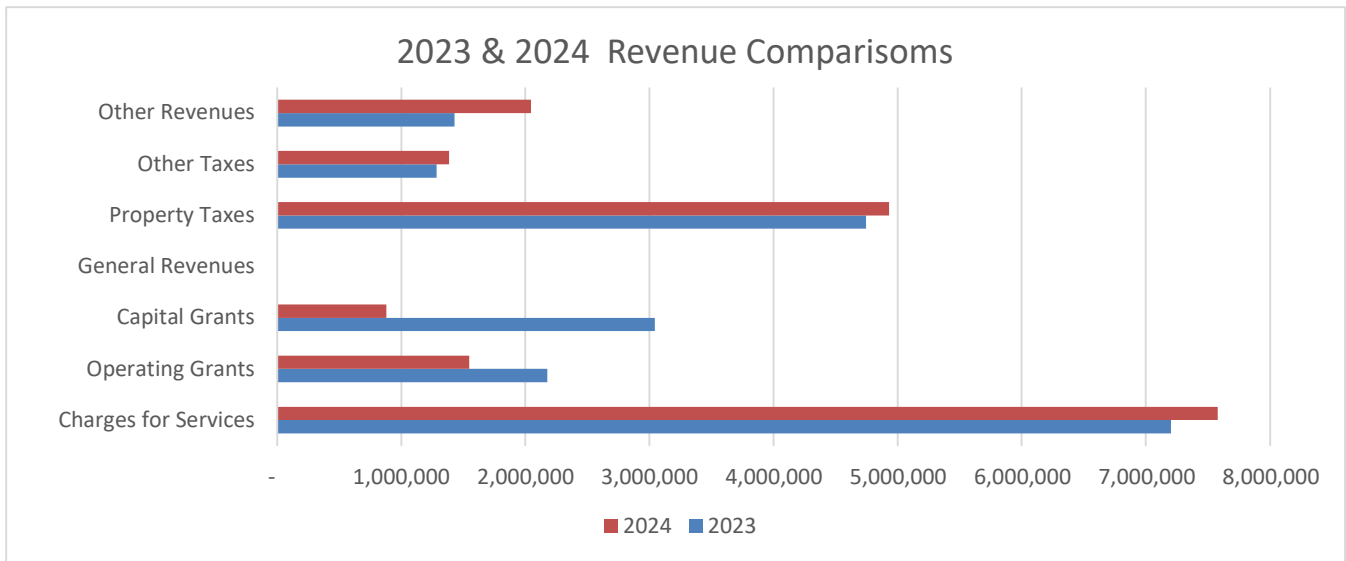
The charts below show total revenues by source, with the percent of the total. Key revenue source descriptions are as follows:

**Charges for Services:** Include suer or customer charges (utility service, building plan reviews and inspections), equipment or building rentals, and system development charges.

**Grants:** Revenue received from federal grant agreements.

**Property Taxes:** Include (permanent, local option, and general obligation) & local surcharge taxes.

**Other Revenues:** Include revenue received from other local, state, and federal agencies, such as grant agreements, intergovernmental agreements, and state shared revenues distributed under Oregon Revised Statutes.



Governmental Activities revenues for 2024 were \$11,320,496 compared to 2023 totals of \$13,255,899. This decrease was due to one time monies from federal COVID

Business-type revenues for 2024 were \$7,050,989 compared to 2023 totals of \$6,626,628, an increase of 6%

Refer to ACFR for more details, [Go Here!](#) (Page d)

# Statement of Net Position for 2023 & 2024

Financial Summary 2 year Actuals						
Net Position	Governmental Activities		Business Activities		Total	
	2023	2024	2023	2024	2023	2024
Current & Other Assets	18320502	34,829,697	7,207,491	9,754,856	25,527,993	44,584,553
Capital Assets	15623169	17,347,979	20,561,732	21,041,131	36,184,901	38,389,110
<b>Total Net Position</b>	<b>33,943,671</b>	<b>52,177,676</b>	<b>27,769,223</b>	<b>30,795,987</b>	<b>61,712,894</b>	<b>82,973,663</b>
<b>Deferred Outflows</b>	<b>1,194,315</b>	<b>1,137,436</b>	<b>393,324</b>	<b>364,126</b>	<b>1,587,639</b>	<b>1,501,562</b>
<b>Liabilities</b>						
Long-Term Liabilities	5,702,665	22,465,183	3,611,292	3,904,170	9,313,957	26,369,353
Current Liabilities	647,408	614,639	76,097	387,194	723,505	1,001,833
<b>Total Liabilities</b>	<b>6,350,073</b>	<b>23,079,822</b>	<b>3,687,389</b>	<b>4,291,364</b>	<b>10,037,462</b>	<b>27,371,186</b>
<b>Deferred Inflows</b>	<b>590,568</b>	<b>196,641</b>	<b>204,605</b>	<b>71,380</b>	<b>795,173</b>	<b>268,021</b>
<b>Net Position</b>						
Net Investment in Capital Assets	11,745,536	12,796,415	17,673,354	18,168,281	29,418,890	30,964,696
Restricted	12,107,520	30,128,030	1,909,844	2,366,093	14,017,364	32,494,123
Unrestricted	4,344,289	(12,885,796)	4,687,355	6,262,995	9,031,644	(6,622,801)
<b>Total Net Position</b>	<b>28,197,345</b>	<b>30,038,649</b>	<b>24,270,553</b>	<b>26,797,369</b>	<b>52,467,898</b>	<b>56,836,018</b>

**Glossary:**

Net Investment in Capital Assets: Assets owned by the City, including but not limited to land, buildings, improvements, utility plants, infrastructure, and equipment, reduced by any debt attributable to their acquisition.

Restricted: Assets that are subject to constraints by external parties (debt covenants, grantors, contributors), or



The statement of net position presents information on all the City's assets and deferred outflows of resources, and the City's liabilities and deferred inflows of resources, with the net difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Net position was \$56,836,018 on June 30th, 2024, and consisted of \$42,634,180 in cash and cash equivalents; \$1,950,373 in accounts receivable and other assets; and \$38,389,110 in capital assets.

The City's net position increased by \$4,368,120 from June 30, 2023, primarily due to increased cash from the sale of general obligation bonds for the new police station. The City's capital assets in fiscal Year 2024 totaled \$38,389,110 net of

# Expenses for 2023 & 2024

## Combined Statement of Revenues

Governmental	2023	2024
General Government	1,441,529	1,413,510
Public Safety	3,826,634	4,481,759
Highway and Streets	1,751,296	1,702,198
Culture and recreation	1,049,101	1,216,138
Community development	417,449	544,691
Interest long-term debt	71,112	120,896
<b>Total Governmental Activities</b>	<b>8,557,121</b>	<b>9,479,192</b>

Business-type	2023	2024
Water	1,551,845	1,765,526
Sewer	2,857,409	2,473,990
Storm water	280,099	284,657
<b>Total Business-type Activities</b>	<b>4,689,353</b>	<b>4,524,173</b>

<b>Total Expenses</b>	<b>13,246,474</b>	<b>14,003,365</b>
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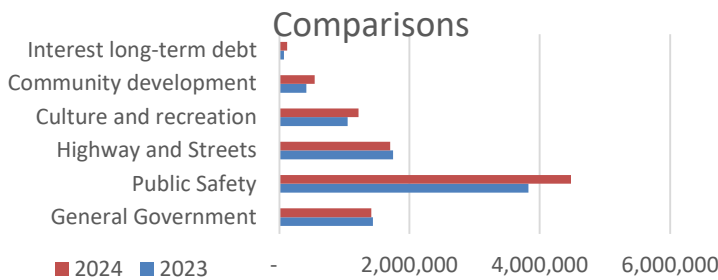
The City provides a wide range of services for the citizens. The table (left) presents a summary of City expenditures by governmental function and business-type programs for both 2023 & 2024, as well as a combined total of all City expenses.

Overall, the City's total increased 6% or \$756,891, primarily due to spending of federal grants and the increase in

**Governmental Activities expenses for 2023 increased by \$922,071 or approximately 11% in comparison to the 2023 total.**

**Business-type Activities expenses for 2023 decreased by (\$165,180) in comparison to 2024. The decrease is from a re-structure of capital assets accounting. The capital fund was closed. Therefore eliminating the need for capital transfers. Along with employee turnover, these factors combined caused the decreases in spending from prior year.**

2023 & 2024 Governmental Expense Comparisons



### Expenses by Program/Function

The charts display expenses by function or program along with the percent of total governmental or business-type activity. Key expense descriptions are as follows:

**Public Safety:** Includes the Police Fund, Police restricted Fund and some of the Fleet replacement Fund.

**General Government:** Includes the general fund, and some of the fleet replacement fund.

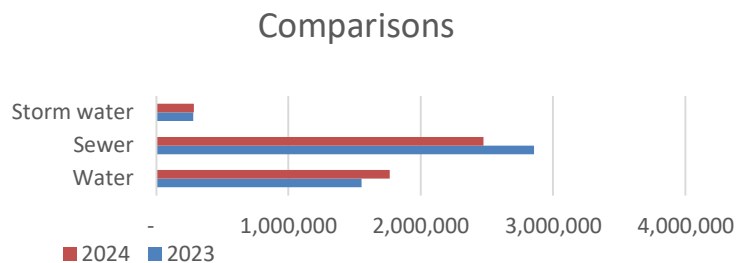
**Highways & Streets:** Includes the street fund, street SDC fund, and some of the fleet replace fund.

**Culture & Recreation:** Includes some of the general fund, library fund, parks SDC fund, and some of the fleet replacement fund.

**Community Development:** Includes some of the general fund, some of the fleet replacement fund, and the Waste Water Upgrade project fund.

**Enterprise Funds:** Some of the fleet replacement fund, sewer, water, and storm funds & sewer, water, and

2023 & 2024 Business Type Expense Comparisons



Refer to ACFR for more details, [Go Here!](#) (Page d)

# Capital & Assets / Long-Term Obligations

**CAPITAL ASSETS**

Delivering services to the citizens of Molalla and doing so efficiently requires the use of a variety of capital assets. In 2023 total assets, net of depreciation, were valued at approximately \$38.4 million, an increase of approximately \$2.2 million from 2022.

Current year capital asset events include City shops decent facility, New Police Facility, Civic Center Improvements, Pickleball Courts at Long Park, Water intake project, Chief Yelkus Park, and Waste Water

Combined Statement of Capital & Lease Assets		
	2023	2024
<b>Capital Assets, not being depreciated:</b>		
Land	2,311,799	2,311,799
Construction in progress	5,103,856	7,607,468
<b>Total not being depreciated</b>	<b>7,415,655</b>	<b>9,919,267</b>
<b>Capital Assets, being depreciated:</b>		
Land Improvement	1,414,182	1,561,265
Buildings	7,494,137	7,809,385
Infrastructure	17,591,786	16,777,303
Machinery & Equipment	1,404,442	1,406,138
Vehicles	864,699	915,752
<b>Total being depreciated</b>	<b>28,769,246</b>	<b>28,469,843</b>
<b>Total Capital Assets</b>	<b>36,184,901</b>	<b>38,389,110</b>

**For more information regarding capital assets go to Note 5 on the Notes to Financial Statements.**

**LONG-TERM OBLIGATIONS**

At the end of the current fiscal year the City had a total bonded debt outstanding of \$20,608,073. Of this amount, \$19,657,948 is debt backed by the full faith and credit of the government. The \$950,125 is the bond premium and the remainder of the City's long-term obligations is comprised of notes payable.

The City's total debt increased by \$ 16,522,745 during the current fiscal year. The following are the reasons for the overall increase.

The City issued \$16,830,230 in general obligation bonds this year for the construction of a new police station. The City entered a Clean Water State Revolving Fund Loan agreement in 2020. The amount drawn thus far, which includes an additional draw of \$533,302 this year, is for the design phase of required Wastewater Treatment Plant improvements. This amount was largely offset by the regularly scheduled principal reductions on the bonded debt.

The City has maintained a "AA" rating from Standard & Poor's. For more detailed information regarding long-term debt **please refer to Note 4 in the Notes to the Financial Statements.**

	Government		Business		Totals		Change + (-)
	Activities		Activities				
	2024	2023	2024	2023	2024	2023	
<b>Bonds payable</b>	18,860,048	3,307,700	797,900	1,160,000	19,657,948	4,467,700	15,190,248
<b>Bond premium</b>	950,125	150,930			950,125	150,930	799,195
<b>Notes payable</b>			2,251,566	1,718,264	2,251,566	1,718,264	533,302
<b>Total</b>	<b>19,810,173</b>	<b>3,458,630</b>	<b>3,049,466</b>	<b>2,878,264</b>	<b>22,859,639</b>	<b>6,336,894</b>	<b>16,522,745</b>

Refer to ACFR for more details, [Go Here!](#) (Page f)

**MOLALLA URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Molalla)**  
**FINANCIAL REPORT**  
**June 30, 2024**



**MOLALLA URBAN RENEWAL AGENCY**  
**OFFICERS AND MEMBERS OF THE GOVERNING BODY**  
June 30, 2024

---

**Agency Officials \***

Dan Huff

Scott Keyser

Jody Newland

Leota Childress

Terry Shankle

Eric Vermillion

RaeLynn Botsford

\*Agency officials receive mail at the address:

PO Box 248  
Molalla, Oregon 97038

# MOLALLA URBAN RENEWAL AGENCY

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**INDEPENDENT AUDITOR'S REPORT**

Agency Officials  
Molalla Urban Renewal Agency  
Molalla, Oregon

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities and major fund of the Molalla Urban Renewal Agency (the "Agency"), a component unit of the City of Molalla, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Agency, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect material misstatements when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Agency Officials  
Molalla Urban Renewal Agency  
Independent Auditor's Report  
December 4, 2024

Accounting principles generally accepted in the United States of America require that the budget to actual schedule for the General fund on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Oregon State Regulations**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 4, 2024, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



December 4, 2024

By:



Bradley G. Bingenheimer, Partner

## **BASIC FINANCIAL STATEMENTS**

# MOLALLA URBAN RENEWAL AGENCY

## STATEMENT OF NET POSITION

June 30, 2024

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 3,077,991
Property tax receivables	32,484
Loan receivable	<u>200,000</u>
 Total assets	 3,310,475
<b>Liabilities</b>	
Accounts payable and accrued liabilities	658
Accrued interest payable	14,748
Long-term liabilities:	
Due within one year	499,012
Due in more than one year	<u>2,489,206</u>
 Total liabilities	 <u>3,003,624</u>
<b>Net position (deficit)</b>	
Unrestricted (deficit)	<u>306,851</u>
 <b>Total net position (deficit)</b>	 <b><u>\$ 306,851</u></b>

**MOLALLA URBAN RENEWAL AGENCY**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2024**

---

	<b>Governmental Activities</b>
<b>Program expenses</b>	
General government	\$ 213,505
Interest	59,497
Total program expenses	273,002
 <b>General revenues:</b>	
Property taxes	947,156
Unrestricted investment earnings	154,362
Total general revenues	1,101,518
Change in net position	828,516
Net position (deficit) - beginning	(521,665)
 <b>Net position (deficit) - ending</b>	 <b>\$ 306,851</b>



# MOLALLA URBAN RENEWAL AGENCY

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2024

---

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 3,077,991
Receivables:	
Property tax receivables	32,484
Loan receivable	<u>200,000</u>
<b>Total assets</b>	<b><u>\$ 3,310,475</u></b>
<b>Liabilities, deferred inflows and fund balances</b>	
Liabilities	
Accounts payable and accrued liabilities	<u>658</u>
Total liabilities	<u>658</u>
Deferred inflows of resources	
Unavailable revenue - property taxes	<u>25,508</u>
Total deferred inflows of resources	<u>25,508</u>
Fund balances	
Nonspendable	200,000
Unassigned	<u>3,084,309</u>
Total fund balances	<u>3,284,309</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<b><u>\$ 3,310,475</u></b>

**MOLALLA URBAN RENEWAL AGENCY**  
**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**June 30, 2024**

---

Fund balances - total governmental funds		\$ 3,284,309
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds		25,508
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds		
Bonds payable	(2,988,218)	
Accrued interest payable	<u>(14,748)</u>	
Total long-term liabilities		<u>(3,002,966)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 306,851</u></b>

# MOLALLA URBAN RENEWAL AGENCY

## STATEMENT OF REVENUES, EXPENDITURES AND

### CHANGES IN FUND BALANCES

#### GOVERNMENTAL FUNDS

Year Ended June 30, 2024

---

	<u>General Fund</u>
<b>Revenues</b>	
Property taxes	\$ 941,991
Interest	<u>154,362</u>
Total revenues	<u>1,096,353</u>
<b>Expenditures</b>	
Current	
General government	15,809
Capital outlay	197,696
Debt service	
Principal	444,900
Interest	<u>87,311</u>
Total expenditures	<u>745,716</u>
Net change in fund balances	350,637
Fund balances at beginning of year	<u>2,933,672</u>
<b>Fund balance at end of year</b>	<b><u>\$ 3,284,309</u></b>

**MOLALLA URBAN RENEWAL AGENCY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2024**

---

Net change in fund balances - total governmental funds	\$	350,637
--	----	---------

*Amounts reported for governmental activities in the Statement of Activities are different because of the following*

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Property taxes		5,165
----------------	--	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest	2,302	
Amortization of bond premiums	<u>25,512</u>	27,814

The repayment of the principal of debt consumes the current financial resources of the governmental funds. This transaction has no effect on net position. This amount is the difference in the treatment of debt.

		<u>444,900</u>
--	--	----------------

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>828,516</u></b>
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# MOLALLA URBAN RENEWAL AGENCY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – FINANCIAL REPORTING ENTITY

The Molalla Urban Renewal Agency (the “Agency”), a component unit of the City of Molalla, Oregon (the “City”), was organized in August 2008 under ORS 457 and is a municipal corporation created by the City to assist in the re-development of blighted and deteriorated areas within the City’s designated urban renewal area. The city council appoints the governing body and is accountable for the fiscal matters of the Agency.

Tax Allocation Bonds for urban renewal plan areas are authorized by state law to 1) "eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

- The Agency selects an urban renewal plan area and defines its boundaries.
- The County Assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance urban renewal projects.
- Urban Renewal Tax increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency’s activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$26,175,000.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Government-wide and fund financial statements

The statement of net position and the statement of activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

# MOLALLA URBAN RENEWAL AGENCY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the Agency's fund. The emphasis of fund financial statements is on the major fund, which is displayed in a separate column.

The single major fund, General Fund, accounts for general administration of the Agency's Urban Renewal Area, for acquisition and rehabilitation of blighted and deteriorated areas within the designated Urban Renewal Area, and repayment of debt incurred for these activities.

#### Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the Agency. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

#### Budget Policies and Budgetary Control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal yearend.

# MOLALLA URBAN RENEWAL AGENCY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Budget Policies and Budgetary Control (continued)

The Agency begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally overextended.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the financial statements have not been revised since the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

#### Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

Uncollected property taxes are reported in the governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes which are collected within 60 days of the end of the current period are considered available and recognized as revenue.

#### Loans Receivable

The Agency provides forgivable loans to small businesses performing approved development within the designated Urban Renewal Area. Loans are generally forgiven when the eligibility requirements are met. Until forgiven, loans receivable are reported as assets in the government-wide financial statements and the fund financial statements.

#### Long-Term Obligations

In the government-wide financial statements' long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are deferred and amortized over the life of the bond.

# MOLALLA URBAN RENEWAL AGENCY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Long-Term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Net position

##### *Government-wide financial statements*

In the government-wide financial statements, equity is classified as net position and displayed in three components:

**Net investment in capital assets** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**Restricted net position** – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** – All amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are reported as “unrestricted net position.”

In the government-wide financial statements when both restricted and unrestricted net position are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Fund Balance

##### *Governmental fund type balance reporting*

Governmental type fund balance is reported within one of the fund balance categories listed below:

**Non-spendable** — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** — Amounts that can be used only for specific purposes determined by a formal action of the Agency Officials. The Agency Officials is the highest level of decision-making authority for the Agency. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Agency Officials.



**MOLALLA URBAN RENEWAL AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balance (continued)

**Assigned** — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

**Unassigned** — The residual classification for the Agency’s General Fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Agency considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Agency considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Risk management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Newly issued accounting standards

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). The statement enhances the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Implementation of this standard had no impact on the Agency’s financial statements.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Agency’s cash and cash equivalents at June 30, 2024 are as follows:

State of Oregon Local Government Investment Pool	<u>\$ 3,077,991</u>
--	---------------------

The Agency’s cash and cash equivalents are pooled with the City. The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

# MOLALLA URBAN RENEWAL AGENCY

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

#### Deposits with financial institutions

*Custodial Credit Risk – Deposits:* This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits with financial institutions up to \$250,000 each for the aggregate of all noninterest-bearing accounts and the aggregate of all interest-bearing accounts at each institution.

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the Agency's deposits. As of June 30, 2024, none of the Agency's deposits with financial institutions were exposed to custodial credit risk.

#### State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Agency's position in the LGIP is the same as the value of the pool shares.

*Credit risk:* Oregon statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

*Concentration of Credit Risk:* The Agency does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the Agency's investments are in the State of Oregon State and Local Investment Pool.

*Interest Rate Risk:* The Agency does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

**MOLALLA URBAN RENEWAL AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)**

*Custodial Credit Risk – Investments:* This is the risk that, in the event of the failure of a counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. The Agency does not have a policy which limits the amount of investments that can be held with counterparties.

**NOTE 4 – LOAN RECEIVABLE**

During the year, the Agency issued a no-interest loan to an individual totaling \$200,000. Monthly payments of \$309 are expected to commence on February 1, 2025. One half of the loan is expected to be forgiven once \$100,000 of the principal has been paid. The loan is secured by property.

Future maturities are as follows:

Fiscal Year	Principal
2025	\$ 1,545
2026	3,708
2027	3,708
2028	3,708
2029	3,708
Thereafter	183,623
	\$ 200,000

**NOTE 5 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2024

	Outstanding July 1, 2023	Additions	Reductions	Outstanding June 30, 2024	Balances Due Within One Year
Long-term debt					
General obligation bonds:					
2015 Full Faith and Credit	\$ 1,515,000	\$ -	\$ 200,000	\$ 1,315,000	\$ 225,000
2020 Full Faith and					
Credit Refunding	1,792,700	-	244,900	1,547,800	248,500
Premium	150,930	-	25,512	125,418	25,512
Total long-term debt	\$ 3,458,630	\$ -	\$ 470,412	\$ 2,988,218	\$ 499,012

**MOLALLA URBAN RENEWAL AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – LONG-TERM OBLIGATIONS (Continued)**

Governmental activities long-term debt obligations

Full Faith and Credit Obligation Bonds, series 2015 – The Agency issued \$2,690,000 of bonds secured by the City’s full faith and credit. Interest on the bonds range from 2% - 4% depending on maturity dates.

Full Faith and Credit Obligation Bonds, series 2020 – The Agency issued \$2,530,400 of refunding bonds to refund previously issued long-term obligations secured by the City’s full faith and credit. Interest on the refunding bonds is a fixed rate of 1.49%.

Future maturities are as follows:

Fiscal Year	Full Faith and Credit Obligations Series 2015		Full Faith and Credit Obligations Series 2020	
	Principal	Interest	Principal	Interest
2025	\$ 225,000	\$ 52,600	\$ 248,500	\$ 23,062
2026	250,000	43,600	252,200	19,360
2027	260,000	33,600	256,000	15,602
2028	280,000	23,200	259,800	11,787
2029	300,000	12,000	263,700	7,916
2029-33	-	-	267,600	3,987
	<u>\$ 1,315,000</u>	<u>\$ 165,000</u>	<u>\$ 1,547,800</u>	<u>\$ 81,715</u>

**NOTE 6 – TAX ABATEMENTS**

The Agency has entered into property tax abatement agreements whereby the assessed value of property tax has been reduced under ORS 285C for partial abatement on enterprise zones. As a result, the Agency’s property tax revenue for the year ended June 30, 2024 has been abated by \$3,088.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MOLALLA URBAN RENEWAL AGENCY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2024**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 922,500	\$ 922,500	\$ 947,913	\$ 25,413
Interest	77,024	77,024	154,362	77,338
Total revenues	<u>999,524</u>	<u>999,524</u>	<u>1,102,275</u>	<u>102,751</u>
<b>Expenditures</b>				
Materials and services	45,608	45,608	15,840	29,768
Capital outlay	2,363,670	2,363,670	625,960	1,737,710
Debt service	532,211	532,211	532,211	-
Contingency	9,300	9,300	-	9,300
Total expenditures	<u>2,950,789</u>	<u>2,950,789</u>	<u>1,174,011</u>	<u>1,776,778</u>
Net change in fund balance	(1,951,265)	(1,951,265)	(71,736)	1,879,529
Fund balance at beginning of year	<u>2,501,265</u>	<u>2,501,265</u>	<u>3,149,727</u>	<u>648,462</u>
<b>Fund balance at end of year</b>	<b><u>\$ 550,000</u></b>	<b><u>\$ 550,000</u></b>	3,077,991	<b><u>\$ 2,527,991</u></b>
<b>Reconciliation to generally accepted accounting principles</b>				
Property taxes receivable			32,484	
Loans receivable			200,000	
Accounts payable			(658)	
Unavailable revenues			<u>(25,508)</u>	
<b>Net position - ending</b>			<b><u>\$ 3,284,309</u></b>	

**MOLALLA URBAN RENEWAL AGENCY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NOTE 1 – BUDGETARY INFORMATION**

Budget Policies and Budgetary Control (continued)

The Agency begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally overextended.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the financial statements have not been revised since the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

**NOTE 2 - RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO BUDGETARY BASIS**

The budget of the Agency is prepared differently from accounting principles generally accepted in the United States of America (GAAP). Therefore, the schedule of revenues, expenditures and changes in fund balances (budgetary basis) – budget to actual for governmental funds are presented on a budgetary basis and are adjusted to the statement of revenues, expenditures and changes in fund balance – governmental funds in accordance with GAAP.

The following is a reconciliation of the differences between the budgetary basis and GAAP for revenues and other financing sources over (under) expenditures and other financing uses for the aforementioned schedule:

<b>Net change in fund balances - generally accepted accounting principles basis</b>	\$ 350,637
<b>Revenues:</b>	
(Increase) decrease in property taxes and other receivables susceptible to accrual, recognized as revenues on the generally accepted accounting principles basis	757
Increase (decrease) in unavailable revenues	5,165
	5,922
<b>Expenditures:</b>	
(Increase) decrease in loans receivable recognized as assets on the generally accepted accounting principles basis	(200,000)
Increase (decrease) in accounts and accrued expenditures recognized as expenditures on the generally accepted accounting principles basis	(228,295)
	(428,295)
<b>Net change in fund balances - budgetary basis</b>	<b>\$ (71,736)</b>

**MOLALLA URBAN RENEWAL AGENCY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NOTE 2 - RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO BUDGETARY BASIS (Continued)**

In addition, a reconciliation of the differences between budgetary basis and GAAP in beginning and ending fund balances is as follows:

<b>Beginning fund balances - generally accepted accounting principles basis</b>	\$ 2,933,672
Differences in revenue recognition	(12,898)
Differences in expenditure recognition	<u>228,953</u>
<b>Beginning fund balance - budgetary basis</b>	<u>\$ 3,149,727</u>
<b>Ending fund balances - generally accepted accounting principles basis</b>	\$ 3,284,309
Differences in revenue recognition	(6,976)
Differences in expenditures recognition	<u>(199,342)</u>
<b>Ending fund balance - budgetary basis</b>	<u>\$ 3,077,991</u>



## **COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY  
OREGON STATE REGULATIONS**

Agency Officials  
Molalla Urban Renewal Agency  
Molalla, Oregon

We have audited the basic financial statements of the Molalla Urban Renewal Agency (the "Agency") as of and for the year ended June 30, 2024, and have issued our report thereon December 4, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Agency Officials  
Molalla Urban Renewal Agency  
Independent Auditor's Report Required by  
Oregon State Regulations  
December 4, 2024

**OAR 162-010-0230 Internal Control**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

**Restriction of Use**

This report is intended solely for the information and use of the Agency Officials and management of the Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*Singer Lewak LLP*

December 4, 2024

By:



Bradley G. Bingenheimer, Partner



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

City Of Molalla, Oregon &

Molalla Urban Renewal





**CITY OF MOLALLA, OREGON**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2024**

**CITY OF MOLALLA, OREGON**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**Year Ended June 30, 2024**

**Prepared by the Finance Office of the City of Molalla**

**Cindy Chauran, Finance Director**

# CITY OF MOLALLA

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## **INTRODUCTORY SECTION**

**CITY OF MOLALLA**  
**OFFICERS AND MEMBERS OF THE GOVERNING BODY**  
**As of June 30, 2024**

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**MAYOR**

Scott Keyser

**CITY COUNCIL MEMBERS\***

Jody Newland – Council President

Leota Childress

RaeLynn Botsford

Terry Shankle

Crystal Robles (through April 2024)

Eric Vermillion

\*The Mayor and Councilors receive mail at the City address listed below

**CITY MANAGER**

Dan Huff

**CITY ADDRESS**

PO Box 248  
Molalla, Oregon 97038



## City of Molalla

117 N Molalla Avenue, PO Box 248, Molalla, Oregon 97038

Phone: (503) 829-6855

Fax: (503) 829-3676

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## Letter of Transmittal for the Fiscal Year Ended June 30, 2024

December 4, 2024

To the Honorable Mayor, City Council, and Citizens of the City of Molalla, Oregon:

We are pleased to submit the Annual Comprehensive Financial Report of the City of Molalla for the fiscal year ended June 30, 2024. Oregon law requires local governments to issue a complete set of audited financial statements each fiscal year. We believe this report is accurate in all material respects and presented in a manner designed to fairly set forth the financial position of the City.

Management assumes full responsibility for the completeness and reliability of the information contained in the report based upon a comprehensive framework of internal controls established for that purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide a reasonable, but not absolute, assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements that are fairly presented.

SingerLewak, LLP, a firm of independent certified public accountants, has issued an unmodified (“clean”) opinion on the City of Molalla’s financial statements for the year ended June 30, 2024. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### Profile of the City

The City of Molalla, incorporated in 1913, is located just west of the foothills of the Cascade Mountains. Surrounded by farms, ranches and the Molalla River Corridor recreation area, it is a growing city in a rural setting. Situated fifteen miles south of the Clackamas County seat of Oregon City and fifteen miles east of Interstate 5, it is well-positioned halfway between the state capital Salem and the City of Portland. The current area is just over 2.5 square miles, but growth beyond the current borders is likely under the State of Oregon measured growth standards. The City’s most recent measure of population stands at 10,489.

The City operates by Charter with an at-large council/manager form of government. Six Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a four-year term. The City Manager is appointed as the administrative head of the city government by a majority of the Council.

The City of Molalla provides a full range of municipal services to the community which include police protection, transportation system improvements and maintenance, water, wastewater and stormwater utilities, planning and zoning, economic development support, a community library, a municipal court, parks, and general administrative services. The major governmental operating funds are the General Fund, Library Fund and Street Fund. The City is also financially accountable for the Molalla Urban Renewal Agency which is included as a part of the City of Molalla's financial statements. Fire protection is provided separately by the Molalla Fire District.

The City Council is required to adopt a budget for the fiscal year no later than June 30, preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Molalla's financial planning and control. The budget is prepared by fund and department. Resources are appropriated by fund. Appropriations set the legal limit of spending which can only be changed, under limited parameters of Oregon law, with Council approval.

## Local Economy

The City of Molalla, like other political subdivisions in the State of Oregon, continues to face increasing financial challenges in light of voter approved property tax limitations and the on-going increases in the costs of service delivery, driven in particular by inflation. Despite the current market, the City continues to see an increase in industrial and commercial investment. Residential opportunities are slowing mainly due to a lack of residential inventory. This is being addressed by work toward an expanded Urban Growth Boundary. The primary employers continue to be the agricultural and forestry industries, with increasing employment in consumer services and the construction trade. Local events such as the Molalla Buckeroo rodeo, Celebrate Molalla and a growing farmer's market draw interest to Molalla as well.

## Long-term Financial Planning

Under the adopted Financial Policies summarized below, the City of Molalla formulates its annual budget with a long-term focus, emphasizes conservatism, and requires minimum fund balances for stability in periods of economic uncertainty. The general fund balance has increased steadily over the past ten years; at year-end, it stood at nearly 55% of total general fund revenues. All other fund balances are also in line with policy.

- Budget Policy - Governs the budgeting process, monitoring of budget execution, performance monitoring, and any revision of the budget. The objective is to ensure that the annual budgeting process is performed timely and supports the City's financial and operational planning objectives and processes; actual costs versus budget are reviewed and monitored for significant variances; expenditures made are in line with program objectives; budgets are reviewed periodically for relevance and revised as necessary.
- Debt Policy - Established to help ensure that all debt is issued both prudently and cost effectively. This policy sets forth comprehensive guidelines for the financing of capital expenditures of the City. Adherence to the policy is essential to ensure that the City maintains a sound debt position and protects the credit quality of its obligations.
- Expenditure Policy - The policy objective is to ensure a fundamental level of integrity, directness, and transparency in how the City spends public funds, and to ensure City expenditures directly support services to customers and citizens.

- Fund Balance and Reserve Policy - Establishes threshold minimums for City funds and is intended to serve as a guide for operational, budgetary, and policy decisions made by the City Council and management.
- Grants Management Policy - Includes guidelines for pursuing, acquiring, and administering grant funding by providing clear guidelines for alignment with the overall purpose of the City and with specific project goals.
- Revenue Policy - Designed to provide general principles and guidelines to promote effective control over, and proper accounting of, revenues from external sources and the related accounts receivable. It also discusses the determination of fees and charges.
- Purchase Policy, and Usage of Purchase Orders – Intended to ensure efficiency and accountability in purchasing and establishing spending authority thresholds by position.
- Capitalization Policy – Formalizes the definition and depreciation of capital assets reported under generally accepted accounting principles.

## Major Initiatives

Upcoming and on-going major initiatives include:

- Wastewater Treatment Plant Upgrade – After years of planning, the contract to construct a new treatment process and facility has now been awarded. Funding has been secured through a combination of loans and grants, including a USDA Rural Development loan in the amount of \$32,250,000.
- Infrastructure Investments – Deferred maintenance and improvements are being addressed through the Resurfacing Program and Sidewalk Improvement Program managed by the Street Department. Replacement of sewer and water mains and a pump station upgrade are also budgeted in the enterprise funds. Pre-design studies for new water intakes are beginning.
- Planning: Updates to Parks and Stormwater master plans are underway. The work of potential expansion of the urban growth boundary has begun. A digital permitting platform as required by the State is being implemented.
- New Police Department Facility – Ground has been broken for the new structure funded by a \$16.8 million voter approved bond. Completion is expected by the end of 2025.
- Park Development – Phase I of Chief Yelkus Park and Clark Park improvement plans are the current focus.
- Library – Plans to expand or relocate the library facility are being considered.

## Property Taxes

The permanent property tax rate for the City of Molalla is 5.3058 per \$1000 of assessed value. This rate is higher than most municipalities in Clackamas County, but its assessed value is lower. Oregon's property tax structure caps assessment rates at 3% annually, so new development is important to increasing tax revenues. Tax receipts for the current year were 3% greater than the previous year.

Taxpayers authorized a general obligation bond for building a new police station in 2023. Assessment for debt service on the \$16.8 million bond begins this year. The City does not currently have any operating levies.

In addition to the Urban Renewal District, the City of Molalla also has an Enterprise Zone which provides a temporary tax abatement to encourage development of properties that carry substantial public improvement requirements.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Molalla the *Distinguished Budget Presentation Award* for its annual budget document for the 2023-2024 budget year, as it has for the previous five years. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The GFOA also awarded the City the Certificate of Achievement for Excellence in Financial Reporting for the annual comprehensive financial report for the fiscal year ended June 30, 2023. The report was judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate the City's financial story and motivate potential users to read the report.

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Finance Department.

We greatly appreciate the professionalism, commitment, and effort set forth by the Mayor, City Council, Budget Committee, and Department Directors whose leadership is integral to the health and success of the City of Molalla.

Respectfully submitted,



Dan Huff  
City Manager



Cindy Chauran  
Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Molalla  
Oregon**

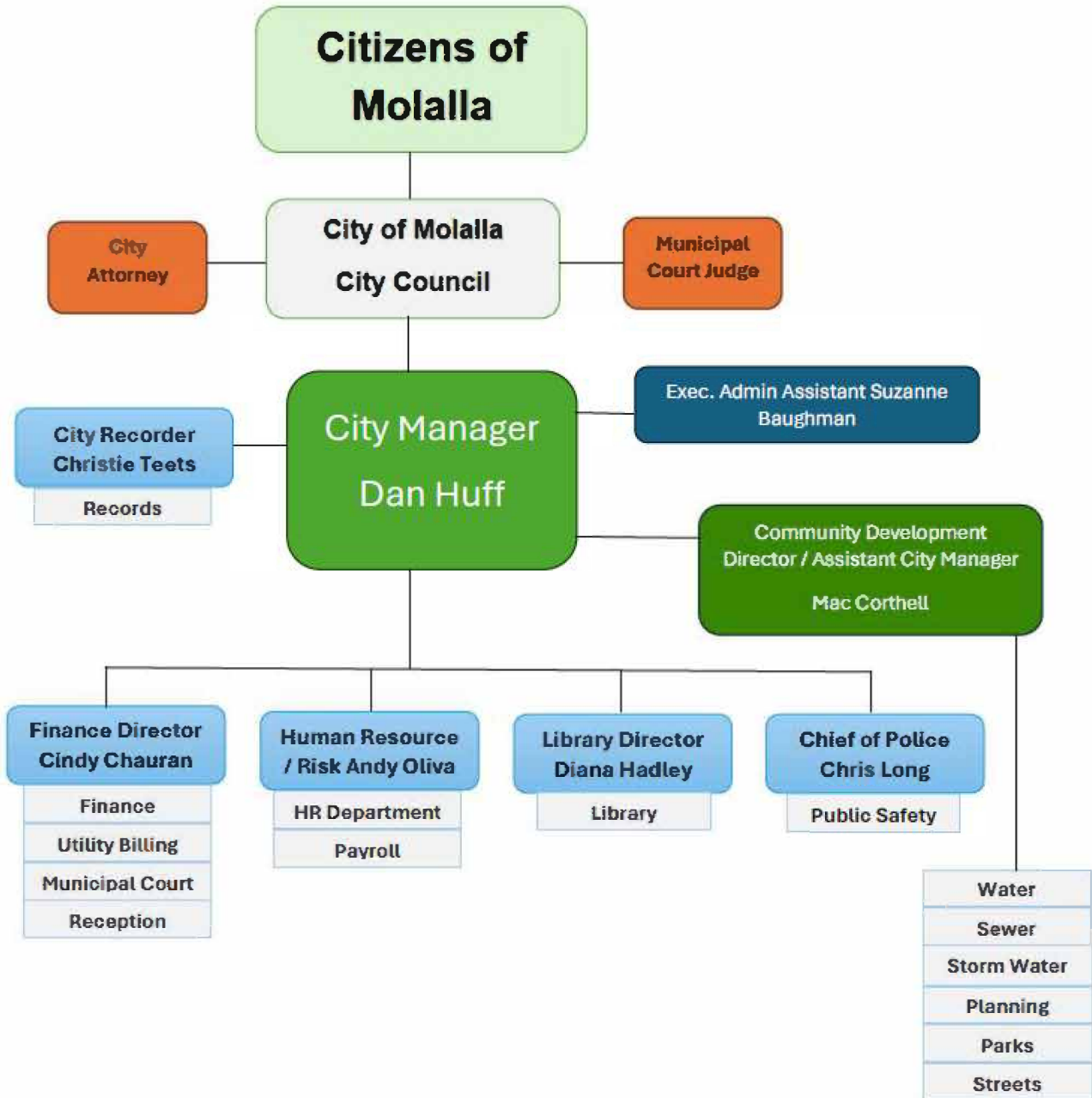
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morrill*

Executive Director/CEO

**CITY OF MOLALLA**  
**ORGANIZATIONAL CHART**  
 As of June 30, 2024



## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members  
City of Molalla  
Molalla, Oregon

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Molalla, Oregon (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Molalla, Oregon, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect material misstatements when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a-g and the pension and OPEB schedules on pages 48 - 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and Council Members  
City of Molalla, Oregon  
Independent Auditor's Report  
December 4, 2024

The schedules of revenues, expenditures and changes in fund balance – budget to actual for the General, Library, Street, and Urban Renewal Agency funds, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information for the year ended June 30, 2024 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with audited standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and Council Members  
City of Molalla, Oregon  
Independent Auditor's Report  
December 4, 2024


**Other Reporting Required by Oregon State Regulations**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 4, 2024, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

*Singer Lewak LLP*

December 4, 2024

By:



Brad Bingenheimer, Partner

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF MOLALLA, OREGON**  
**Management's Discussion and Analysis**  
**JUNE 30, 2024**

The management of the City of Molalla, Oregon offers readers of the Annual Financial Report, this narrative overview and analysis of the financial activities of the City of Molalla for the fiscal year ended June 30, 2024. This analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the City.

**Financial Highlights**

Assets totaled \$82,973,663 on June 30, 2024, and consisted of \$42,634,180 in cash and cash equivalents; \$1,950,373 in accounts receivable and other assets; and \$38,389,110 in capital assets.

Net position was \$56,836,018 on June 30, 2024, compared to \$52,467,898 at June 30, 2023 at year end.

As of June 30, 2024, the City had \$26,369,353 in outstanding bonds, notes payable, accrued compensated absences, and net pension and OPEB liabilities.

The City's net position increased by \$4,368,120 from June 30, 2023, primarily due to increased cash from the sale of general obligation bonds for the police station. The City's capital assets in Fiscal Year 2024 totaled \$38,389,110 net of depreciation, which includes current year assets as well as other major capital construction projects.

**Overview of the Financial Statements**

The Management Discussion and Analysis (MD&A) is intended to serve as an introduction to the City of Molalla basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

**1. Government-Wide Financial Statements**

These two statements present an overview of the City's finances, in a manner like the private sector. Each statement presents highly condensed, entity-wide information and uses the full accrual basis of accounting.

The Statement of Net Position presents information on the City's total assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City as of the date on the statement. Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the net position of the City changed over the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the City's activities are shown as governmental activities and business-type activities. Governmental activities of the City of Molalla include general government, city hall, legal, parks, library, streets, and police. These activities are primarily financed through property taxes and other intergovernmental activities. Business-type activities consist of water, sewer, and stormwater. These activities are services to the public for a fee.

## **2. Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Molalla, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Molalla can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Molalla maintains ten individual governmental funds. Information is presented separately in the governmental balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Library Fund, Street Fund, Urban Renewal Agency Fund, and the Police Station Capital Project Fund. All these funds are considered to be major funds, except data from the other five non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining schedules in the other supplementary information described below.

**Proprietary Funds.** Proprietary funds represent three segments of business-type operations, water, sewer, and stormwater, used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing these services to the general public on a continuing basis be financed primarily through user charges.

## **3. Notes to the Basic Financial Statements**

Notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

**Required Supplementary Information.** Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board (GASB) but are not considered part of basic financial statements. A budgetary comparison schedule for the General Fund and major special revenue funds, schedule of the proportionate share of the net pension liability, and schedule of contributions are presented immediately following the notes to the basic financial statements.

**Other Supplementary Information.** The schedules for any major capital project funds and non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented immediately following the required supplementary information.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$56,836,018 at the close of the most recent fiscal year.

The following table reflects a Summary of Net Position for these fiscal years:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>						
Current assets	\$ 34,702,578	\$ 9,714,161	\$ 44,416,739	\$ 18,225,268	\$ 7,176,128	\$ 25,401,396
Net OPEB assets	127,119	40,695	167,814	95,234	31,363	126,597
Capital assets	17,347,979	21,041,131	38,389,110	15,623,169	20,561,732	36,184,901
<b>Total assets</b>	<b>52,177,676</b>	<b>30,795,987</b>	<b>82,973,663</b>	<b>33,943,671</b>	<b>27,769,223</b>	<b>61,712,894</b>
<b>Deferred outflows of resources</b>	<b>1,137,436</b>	<b>364,126</b>	<b>1,501,562</b>	<b>1,194,315</b>	<b>393,324</b>	<b>1,587,639</b>
<b>Liabilities</b>						
Current liabilities	614,639	387,194	1,001,833	647,408	76,097	723,505
Long-term liabilities	22,465,183	3,904,170	26,369,353	5,702,665	3,611,292	9,313,957
<b>Total liabilities</b>	<b>23,079,822</b>	<b>4,291,364</b>	<b>27,371,186</b>	<b>6,350,073</b>	<b>3,687,389</b>	<b>10,037,462</b>
<b>Deferred inflows of resources</b>	<b>196,641</b>	<b>71,380</b>	<b>268,021</b>	<b>590,568</b>	<b>204,605</b>	<b>795,173</b>
<b>Net position</b>						
Net investment in capital assets	12,796,415	18,168,281	30,964,696	11,745,536	17,673,354	29,418,890
Restricted	30,128,030	2,366,093	32,494,123	12,107,520	1,909,844	14,017,364
Unrestricted	(12,885,796)	6,262,995	(6,622,801)	4,344,289	4,687,355	9,031,644
<b>Total net position</b>	<b>\$ 30,038,649</b>	<b>\$ 26,797,369</b>	<b>\$ 56,836,018</b>	<b>\$ 28,197,345</b>	<b>\$ 24,270,553</b>	<b>\$ 52,467,898</b>

The largest portion of the City of Molalla’s net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets do not have financial liquidity easily available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay these liabilities. The balance of \$32,494,123 represents resources that are subject to external restrictions on how they may be used. The balance of \$24,341,895 is a combination of unrestricted and net investments where capital assets may be used to meet the City’s ongoing obligations to citizens and creditors. These totals when combined equal the net position of \$56,836,018.

The following table summarizes revenues and expenses for these fiscal years:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 639,027	\$ 6,939,720	\$ 7,578,747	\$ 583,355	\$ 6,620,494	\$ 7,203,849
Operating grants	1,548,492	-	1,548,492	2,176,675	-	2,176,675
Capital grants	592,235	289,002	881,237	2,294,958	747,970	3,042,928
<b>General Revenues</b>						
Property taxes	4,931,923	-	4,931,923	4,745,833	-	4,745,833
Other taxes	1,384,209	-	1,384,209	1,284,904	-	1,284,904
Other revenues	2,224,610	(177,733)	2,046,877	2,170,174	(741,836)	1,428,338
<b>Total Revenues</b>	<b>11,320,496</b>	<b>7,050,989</b>	<b>18,371,485</b>	<b>13,255,899</b>	<b>6,626,628</b>	<b>19,882,527</b>
<b>Expenses</b>						
<b>Governmental</b>						
General government	1,413,510	-	1,413,510	1,441,529	-	1,441,529
Public safety	4,481,759	-	4,481,759	3,826,634	-	3,826,634
Highways and streets	1,702,198	-	1,702,198	1,751,296	-	1,751,296
Culture and recreation	1,216,138	-	1,216,138	1,049,101	-	1,049,101
Community development	544,691	-	544,691	417,449	-	417,449
Interest long-term debt	120,896	-	120,896	71,112	-	71,112
<b>Business-Type</b>						
Water	-	1,765,526	1,765,526	-	1,551,845	1,551,845
Sewer	-	2,473,990	2,473,990	-	2,857,409	2,857,409
Storm water	-	284,657	284,657	-	280,099	280,099
<b>Total expenses</b>	<b>9,479,192</b>	<b>4,524,173</b>	<b>14,003,365</b>	<b>8,557,121</b>	<b>4,689,353</b>	<b>13,246,474</b>
Change in Net Position	1,841,304	2,526,816	4,368,120	4,698,778	1,937,275	6,636,053
Net Position July, 1	28,197,345	24,270,553	52,467,898	23,498,567	22,333,278	45,831,845
Net Position--June 30	\$ 30,038,649	\$ 26,797,369	\$ 56,836,018	\$ 28,197,345	\$ 24,270,553	\$ 52,467,898

**Governmental Activities.** Governmental activities increased the City of Molalla’s net position by \$1,841,304. This is primarily due to an increase in tax and interest revenues.

**Business-type Activities.** Business-type activities increased the City of Molalla’s net position by \$2,526,816. This is primarily due to an increase in operating and interest revenues.

## **Financial Analysis of the City's Funds**

**Governmental Funds.** The focus of the City of Molalla's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Molalla's financial requirements. In particular, unassigned fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year as they have not been limited to use for a particular purpose.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33.8 million, an increase of \$17.3 million in comparison with the prior year. Approximately 10% of this amount (\$3.3 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balances is either restricted for specific purposes (\$30 million) or committed for specific purposes (\$360 thousand).

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund increased by approximately \$544,000 during the current fiscal year.

Significant changes from the prior year are as follows:

- Property taxes revenues increased approximately \$166,600, or 4.3%. This increase relates to construction of new commercial properties and homes, and an increase in the property tax rate levied by 3%.
- Interest revenue increased substantially due to inflation. Interest is recorded monthly to the funds based on each fund's cash balance.

The ending fund balances of the General Fund, Library Fund, Street Fund and Urban Renewal increased from the prior year.

The Capital Projects Fund was closed, and it was decided that capital projects will stay in the fund where the project belongs. For example, street projects will stay under capital in the Street Fund.

**Proprietary Funds.** The City's proprietary funds are enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for services. These funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the enterprise funds proprietary funds increased by approximately \$2.5 million (10.4%) over the prior fiscal year. This is primarily due to an increase in Sewer Fund & Water Fund capital assets.

## **General Fund Budgetary Highlights**

There were six budget resolutions adopted in fiscal year 2023-24 that affected the General Fund. The resulting changes increased resources by \$725,697 due to transfers from closed funds, increased expenditures for administration by \$259,200, police by \$301,000, municipal court by \$5,000, city council by \$8,000, and parks by \$412,697, and decreased contingency by \$260,200.

**Capital Assets and Debt Administration**

**Capital Assets.** The City’s net investment in capital assets for its governmental and business-type activities as of June 30, 2024 is \$38,389,110. The investment in capital assets includes land, buildings, equipment, and infrastructure such as roads, water, and wastewater systems. The net increase in net capital assets for the year ended June 30, 2024 was \$2,204,209.

The Construction in progress will remain a larger number now and for future upcoming years as the new Wastewater Treatment Plant is being built. The same is true as a new Police Facility is constructed. The City estimates these two projects to encompass the next several years.

Major capital assets events during the current fiscal year included the following:

- Various infrastructure projects related to streets, sewer, and water improvements including in process and completed projects at a combined cost of \$ 1,526,247.
- Building projects such as the Wastewater Treatment Plant upgrade, Molalla Civic Center Improvements, and the new Police Facility at a combined cost of \$2,441,113.
- Land Improvements including Chief Yelkus Park Design, Cascade Place Apartments, and Pickle Ball Courts completion at a cost of \$530,181.
- Machinery Equipment & Vehicles including (1) K-9 SUV, (1) Dodge Ram Pick-up for PD, (2) New SUV Durango’s for PD, a Vacuum Excavator, and a Tractor for Public Works at a total cost of \$ 549,008.

The following table compares capital assets for these fiscal years:

	Governmental Activities		Business-Type Activities		Total		Change + (-)
	2024	2023	2024	2023	2024	2023	
Land	\$ 1,584,290	\$ 1,584,290	\$ 727,509	\$ 727,509	\$ 2,311,799	\$ 2,311,799	\$ -
Construction in Progress	4,355,812	2,731,175	3,251,656	2,372,681	7,607,468	5,103,856	2,503,612
Land improvement	1,487,478	1,337,171	73,787	77,011	1,561,265	1,414,182	147,083
Buildings	2,492,039	2,152,273	5,317,346	5,341,864	7,809,385	7,494,137	315,248
Infrastructure	5,913,370	6,379,862	10,863,933	11,211,924	16,777,303	17,591,786	(814,483)
Machinery and Equipment	671,904	661,206	734,234	743,236	1,406,138	1,404,442	1,696
Vehicles	843,086	777,192	72,666	87,507	915,752	864,699	51,053
<b>Total</b>	<b>\$17,347,979</b>	<b>\$ 15,623,169</b>	<b>\$ 21,041,131</b>	<b>\$20,561,732</b>	<b>\$ 38,389,110</b>	<b>\$36,184,901</b>	<b>\$2,204,209</b>

For more detailed information regarding capital assets please refer to Note 5 in the Notes to the Financial Statements.

**Long-term Debt.** At the end of the current fiscal year the City had a total bonded debt outstanding of \$20,608,073. Of this amount, \$19,657,948 is debt backed by the full faith and credit of the government. The \$950,125 is the bond premium and the remainder of the City’s long-term obligations is comprised of notes payable.

	Government Activities		Business Activities		Totals		Change + (-)
	2024	2023	2024	2023	2024	2023	
Bonds payable	\$ 18,860,048	\$ 3,307,700	\$ 797,900	\$ 1,160,000	\$ 19,657,948	\$ 4,467,700	\$ 15,190,248
Bond premium	950,125	150,930			950,125	150,930	799,195
Notes payable			2,251,566	1,718,264	2,251,566	1,718,264	533,302
<b>Total</b>	<b>\$ 19,810,173</b>	<b>\$ 3,458,630</b>	<b>\$ 3,049,466</b>	<b>\$ 2,878,264</b>	<b>\$ 22,859,639</b>	<b>\$ 6,336,894</b>	<b>\$ 16,522,745</b>

The City's total debt increased by \$ 16,522,745 during the current fiscal year. The following are the reasons for the overall increase.

The City issued \$16,830,230 in general obligation bonds this year for the construction of a new police station. The City entered a Clean Water State Revolving Fund Loan agreement in 2020. The amount drawn thus far, which includes an additional draw of \$533,302 this year, is for the design phase of required Wastewater Treatment Plant improvements. This amount was largely offset by the regularly scheduled principal reductions on the bonded debt.

The City has maintained a "AA" rating from Standard & Poor's. For more detailed information regarding long-term debt please refer to Note 4 in the Notes to the Financial Statements.

### **Economic Factors and Next Year's Budget**

The 2024/2025 Budget combines the intent to remain conservative with operating costs while preparing for significant capital projects necessary due to growth. Contracts have been approved for construction of a new wastewater treatment plant to be funded through a USDA loan program, and a new police station funded by a voter-approved bond is currently under construction.

We will continue to ensure the conservative approaches to all spending remain in play and that the correct staffing is functioning as needed to maximize the benefits to the residents of Molalla. The City of Molalla will continue the practice of utilizing a cost allocation plan for administrative costs that are indirect and unassignable to a specific cost objective. The method in use is based on budget percentage of the entire city-wide budget but imposed only on actual expenditures.

The City of Molalla budget committee considered all the following factors while preparing the City budget for the 2024/2025 fiscal year.

- Prior history of revenue and expenditures
- Capital projects slated in the next fiscal year as directed from the Capital Improvement Plan
- Expected property tax revenue.

**Requests for Information.** This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. The City of Molalla Urban Renewal Agency has issued a separate report, which is available to those who are interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Cindy Chauran, Finance Director  
City of Molalla  
PO Box 248  
Molalla, Oregon 97038



## **BASIC FINANCIAL STATEMENTS**

**CITY OF MOLALLA**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 33,670,355	\$ 8,963,825	\$ 42,634,180
Accounts receivables	621,347	750,336	1,371,683
Property tax receivables	177,024	-	177,024
Loan receivable	200,000	-	200,000
Prepaid items	33,852	-	33,852
Net other postemployment benefit asset	127,119	40,695	167,814
Capital assets:			
Capital assets, nondepreciable	5,940,102	3,979,165	9,919,267
Capital assets, net of accumulated depreciation	<u>11,407,877</u>	<u>17,061,966</u>	<u>28,469,843</u>
<b>Total assets</b>	<u>52,177,676</u>	<u>30,795,987</u>	<u>82,973,663</u>
<b>Deferred outflows of resources</b>			
Pension related items	1,136,959	363,973	1,500,932
Other postemployment benefit related items	<u>477</u>	<u>153</u>	<u>630</u>
<b>Total deferred outflows of resources</b>	<u>1,137,436</u>	<u>364,126</u>	<u>1,501,562</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	483,357	363,160	846,517
Accrued interest payable	84,422	24,034	108,456
Deposits	46,860	-	46,860
Long-term liabilities:			
Due within one year	768,920	445,618	1,214,538
Due in more than one year	<u>21,696,263</u>	<u>3,458,552</u>	<u>25,154,815</u>
<b>Total liabilities</b>	<u>23,079,822</u>	<u>4,291,364</u>	<u>27,371,186</u>
<b>Deferred inflows of resources</b>			
Refunded debt charges	-	8,428	8,428
Pension related items	175,452	56,168	231,620
Other postemployment benefit related items	<u>21,189</u>	<u>6,784</u>	<u>27,973</u>
<b>Total deferred inflows of resources</b>	<u>196,641</u>	<u>71,380</u>	<u>268,021</u>
<b>Net position</b>			
Net investment in capital assets	12,796,415	18,168,281	30,964,696
Restricted for:			
Highways and streets	3,652,061	-	3,652,061
Library	3,395,586	-	3,395,586
Urban renewal projects	3,309,817	-	3,309,817
System development	3,698,029	2,108,289	5,806,318
Capital projects	15,945,418	-	15,945,418
Debt service	-	217,109	217,109
Net OPEB	127,119	40,695	167,814
Unrestricted	<u>(12,885,796)</u>	<u>6,262,995</u>	<u>(6,622,801)</u>
<b>Total net position</b>	<u>\$ 30,038,649</u>	<u>\$ 26,797,369</u>	<u>\$ 56,836,018</u>

**CITY OF MOLALLA**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Governmental activities:</b>							
General government	\$ 1,413,510	\$ 53,622	\$ 36,095	\$ -	\$ (1,323,793)	\$ -	\$ (1,323,793)
Public safety	4,481,759	318,068	95,912	-	(4,067,779)	-	(4,067,779)
Highways and streets	1,702,198	209,394	259,758	281,542	(951,504)	-	(951,504)
Culture and recreation	1,216,138	13,778	1,156,727	215,693	170,060	-	170,060
Community development	544,691	44,165	-	95,000	(405,526)	-	(405,526)
Interest	120,896	-	-	-	(120,896)	-	(120,896)
Total governmental activities	9,479,192	639,027	1,548,492	592,235	(6,699,438)	-	(6,699,438)
<b>Business-type activities:</b>							
Water	1,765,526	2,175,279	-	115,391	-	525,144	525,144
Sewer	2,473,990	4,395,678	-	141,694	-	2,063,382	2,063,382
Stormwater	284,657	368,763	-	31,917	-	116,023	116,023
Total business-type activities	4,524,173	6,939,720	-	289,002	-	2,704,549	2,704,549
<b>Totals</b>	<b>\$ 14,003,365</b>	<b>\$ 7,578,747</b>	<b>\$ 1,548,492</b>	<b>\$ 881,237</b>	<b>(6,699,438)</b>	<b>2,704,549</b>	<b>(3,994,889)</b>
<b>General revenues:</b>							
Taxes levied for:							
General purposes							
					3,984,767	-	3,984,767
Specific purposes							
					947,156	-	947,156
Franchise fees							
					575,824	-	575,824
Fuel taxes							
					808,385	-	808,385
Grants and contributions not restricted to specific programs							
					470,991	-	470,991
Unrestricted investment earnings							
					1,037,642	489,693	1,527,335
Miscellaneous							
					41,839	6,712	48,551
<b>Transfers</b>							
					674,138	(674,138)	-
Total general revenues and transfers							
					8,540,742	(177,733)	8,363,009
Change in net position							
					1,841,304	2,526,816	4,368,120
Net position - beginning							
					28,197,345	24,270,553	52,467,898
<b>Net position - ending</b>							
					<b>\$ 30,038,649</b>	<b>\$ 26,797,369</b>	<b>\$ 56,836,018</b>

**CITY OF MOLALLA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2024

	General	Library	Street	Urban Renewal Agency	Police Station Capital Project	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 3,383,432	\$ 3,405,907	\$ 3,546,124	\$ 3,077,991	\$ 16,197,009	\$ 4,059,892	\$ 33,670,355
Accounts receivables	421,177	1,230	198,940	-	-	-	621,347
Property tax receivables	144,540	-	-	32,484	-	-	177,024
Loans receivable	-	-	-	200,000	-	-	200,000
Prepaid items	33,852	-	-	-	-	-	33,852
<b>Total assets</b>	<b>\$ 3,983,001</b>	<b>\$ 3,407,137</b>	<b>\$ 3,745,064</b>	<b>\$ 3,310,475</b>	<b>\$ 16,197,009</b>	<b>\$ 4,059,892</b>	<b>\$ 34,702,578</b>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 126,554	\$ 11,551	\$ 93,003	\$ 658	\$ 251,591	\$ -	\$ 483,357
Consumer deposits	46,860	-	-	-	-	-	46,860
<b>Total liabilities</b>	<b>173,414</b>	<b>11,551</b>	<b>93,003</b>	<b>658</b>	<b>251,591</b>	<b>-</b>	<b>530,217</b>
<b>Deferred inflows of resources</b>							
Unavailable revenue - franchise fees	140,550	-	90,000	-	-	-	230,550
Unavailable revenue - property taxes	113,871	-	-	25,508	-	-	139,379
<b>Total deferred inflows of resources</b>	<b>254,421</b>	<b>-</b>	<b>90,000</b>	<b>25,508</b>	<b>-</b>	<b>-</b>	<b>369,929</b>
<b>Fund balances</b>							
Nonspendable	33,852	-	-	200,000	-	-	233,852
Restricted:							
Highways and streets	-	-	3,562,061	-	-	-	3,562,061
Library	-	3,395,586	-	-	-	-	3,395,586
Urban renewal projects	-	-	-	3,084,309	-	-	3,084,309
System development	-	-	-	-	-	3,698,029	3,698,029
Capital projects	-	-	-	-	15,945,418	-	15,945,418
Committed:							
Police department	-	-	-	-	-	7,723	7,723
Fleet replacement	-	-	-	-	-	354,140	354,140
Assigned:							
Capital projects	135,881	-	-	-	-	-	135,881
Unassigned	3,385,433	-	-	-	-	-	3,385,433
<b>Total fund balances</b>	<b>3,555,166</b>	<b>3,395,586</b>	<b>3,562,061</b>	<b>3,284,309</b>	<b>15,945,418</b>	<b>4,059,892</b>	<b>33,802,432</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,983,001</b>	<b>\$ 3,407,137</b>	<b>\$ 3,745,064</b>	<b>\$ 3,310,475</b>	<b>\$ 16,197,009</b>	<b>\$ 4,059,892</b>	<b>\$ 34,702,578</b>

**CITY OF MOLALLA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**June 30, 2024**

*Amounts reported for governmental activities in the statement of net position are different because:*

Total fund balances - total governmental funds		\$	33,802,432
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			17,347,979
The statement of net position reports a net other postemployment benefit asset for its participation in the retirement plan and other postemployment benefit plan for employees of the City			127,119
The government-wide statements report as a deferred outflow, contributions made to OPERS subsequent to the measurement date and changes in assumptions and investment returns related to its participation in OPERS and the retirement plan for employees of the City			1,136,959
The government-wide statements report as a deferred outflow, contributions made subsequent to the measurement date and the net difference between projected and actual earnings related to its participation in other postemployment benefit plans for employees of the City			477
Other assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds			
Property taxes		139,379	
Franchise fees		230,550	
Total unavailable revenues		369,929	369,929
The government-wide statements report a deferred inflow related to changes in assumptions and investment returns related to participation in OPERS and the retirement plan for employees of the City			(175,452)
The government-wide statements report a deferred inflow related to changes in assumptions and investment returns related to participation in other postemployment benefit plans for employees of the City			(21,189)
Long term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds			
Bonds payable		(18,860,048)	
Premium liability		(950,125)	
Net pension liability		(2,358,999)	
Compensated absences		(296,011)	
Accrued interest payable		(84,422)	
Total long-term liabilities		(22,549,605)	(22,549,605)
<b>Net position of governmental activities</b>			<b>\$ 30,038,649</b>

**CITY OF MOLALLA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2024

	General	Library	Street	Urban Renewal Agency	Police Station Capital Project	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>								
Property taxes	\$ 3,967,457	\$ -	\$ -	\$ 941,991	\$ -	\$ -	\$ -	\$ 4,909,448
Franchise fees	346,774	-	180,000	-	-	-	-	526,774
Licenses, permits and fees	70,667	-	209,394	-	-	-	-	280,061
Fines and forfeitures	252,538	4,450	-	-	-	-	-	256,988
Charges for services	99,825	2,153	-	-	-	-	-	101,978
Donations	155,697	2,570	-	-	-	-	5,631	163,898
System development charges	-	-	-	-	-	-	395,560	395,560
Intergovernmental	591,165	1,151,337	259,758	-	-	-	50,000	2,052,260
Fuel taxes	-	-	808,385	-	-	-	-	808,385
Interest	158,575	153,859	114,952	154,362	272,216	-	183,678	1,037,642
Miscellaneous	36,710	744	4,056	-	-	-	329	41,839
<b>Total revenues</b>	<b>5,679,408</b>	<b>1,315,113</b>	<b>1,576,545</b>	<b>1,096,353</b>	<b>272,216</b>	<b>-</b>	<b>635,198</b>	<b>10,574,833</b>
<b>Expenditures</b>								
Current:								
General government	1,402,635	-	-	-	-	-	-	1,402,635
Public safety	4,066,839	-	-	-	312,558	-	2,411	4,381,808
Highways and streets	-	-	860,563	-	-	-	-	860,563
Culture and recreation	177,256	972,827	-	-	-	-	-	1,150,083
Community development	284,810	-	-	10,108	-	-	-	294,918
Debt service:								
Principal	-	-	-	444,900	-	-	-	444,900
Interest	-	-	-	87,311	-	-	-	87,311
Capital outlay	629,945	-	449,923	197,696	844,470	-	376,617	2,498,651
<b>Total expenditures</b>	<b>6,561,485</b>	<b>972,827</b>	<b>1,310,486</b>	<b>740,015</b>	<b>1,157,028</b>	<b>-</b>	<b>379,028</b>	<b>11,120,869</b>
Excess (deficiency) of revenues over expenditures	(882,077)	342,286	266,059	356,338	(884,812)	-	256,170	(546,036)
<b>Other financing sources (uses)</b>								
Issuance of long-term obligations	-	-	-	-	16,830,230	-	-	16,830,230
Transfers in	1,513,119	-	1,440,714	-	-	-	544,009	3,497,842
Transfers out	(87,141)	(91,226)	(106,720)	(5,701)	-	-	(2,985,322)	(3,276,110)
<b>Total other financing sources (uses)</b>	<b>1,425,978</b>	<b>(91,226)</b>	<b>1,333,994</b>	<b>(5,701)</b>	<b>16,830,230</b>	<b>-</b>	<b>(2,441,313)</b>	<b>17,051,962</b>
<b>Net change in fund balances</b>	<b>543,901</b>	<b>251,060</b>	<b>1,600,053</b>	<b>350,637</b>	<b>15,945,418</b>	<b>-</b>	<b>(2,185,143)</b>	<b>16,505,926</b>
Fund balances at beginning of year, as previously presented	3,011,265	3,144,526	1,962,008	2,933,672	-	1,841,462	4,403,573	17,296,506
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-	-	(1,841,462)	1,841,462	-
Fund balances at beginning of year, as restated	3,011,265	3,144,526	1,962,008	2,933,672	-	-	6,245,035	17,296,506
<b>Fund balance at end of year</b>	<b>\$ 3,555,166</b>	<b>\$ 3,395,586</b>	<b>\$ 3,562,061</b>	<b>\$ 3,284,309</b>	<b>\$ 15,945,418</b>	<b>\$ -</b>	<b>\$ 4,059,892</b>	<b>\$ 33,802,432</b>

**CITY OF MOLALLA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2024**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 16,505,926
Governmental funds report the acquisition of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:		
Acquisition of capital assets	2,884,501	
Depreciation	<u>(1,159,691)</u>	1,724,810
The changes in net pension liability (asset) and deferred inflows and outflows related to the entity's participation in OPERS and the Retirement Plan for Employees of the City are reported as pension expense on the statement of activities		
		(60,116)
The changes in other postemployment benefit liability (asset) and deferred outflows related to the entity's participation in the Retirement Health Insurance Account for employees of the City are reported as other postemployment benefit revenue on the statement of activities		
		34,791
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Taxes	22,475	
Franchise fees	<u>49,050</u>	71,525
Proceeds from issuance of debt is a revenue in the governmental funds, but increases the long-term obligations in the statement of net position.		
		(16,830,230)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest	(67,372)	
Changes in compensated absences	(16,717)	
Amortization of bond premiums	<u>33,787</u>	(50,302)
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position.		
		<u>444,900</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 1,841,304</u></b>

**CITY OF MOLALLA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2024**

	<b>Business-type Activities</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Total Nonmajor Funds</b>	<b>Total Enterprise Funds</b>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 3,821,776	\$ 4,378,294	\$ 763,755	\$ 8,963,825
Receivables, net	266,011	442,725	41,600	750,336
Total current assets	<u>4,087,787</u>	<u>4,821,019</u>	<u>805,355</u>	<u>9,714,161</u>
Noncurrent assets				
Capital assets				
Capital assets, nondepreciable	389,308	3,409,640	180,217	3,979,165
Capital assets, net of accumulated depreciation	8,257,363	7,115,490	1,689,113	17,061,966
Total capital assets	8,646,671	10,525,130	1,869,330	21,041,131
Net other postemployment benefits asset	17,683	19,055	3,957	40,695
Total noncurrent assets	<u>8,664,354</u>	<u>10,544,185</u>	<u>1,873,287</u>	<u>21,081,826</u>
Total assets	<u>12,752,141</u>	<u>15,365,204</u>	<u>2,678,642</u>	<u>30,795,987</u>
<b>Deferred outflows of resources</b>				
Pension related items	158,154	170,427	35,392	363,973
Other postemployment benefit related items	66	72	15	153
Total deferred outflows of resources	<u>158,220</u>	<u>170,499</u>	<u>35,407</u>	<u>364,126</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	256,099	54,500	52,561	363,160
Accrued interest payable	-	24,034	-	24,034
Compensated absences	41,027	30,909	7,682	79,618
Bonds payable	-	366,000	-	366,000
Total current liabilities	<u>297,126</u>	<u>475,443</u>	<u>60,243</u>	<u>832,812</u>
Noncurrent liabilities				
Compensated absences	10,257	7,727	1,921	19,905
Bonds payable	-	431,900	-	431,900
Loans payable	-	2,251,566	-	2,251,566
Net pension liability	328,142	353,607	73,432	755,181
Total noncurrent liabilities	<u>338,399</u>	<u>3,044,800</u>	<u>75,353</u>	<u>3,458,552</u>
Total liabilities	<u>635,525</u>	<u>3,520,243</u>	<u>135,596</u>	<u>4,291,364</u>
<b>Deferred inflows of resources</b>				
Refunded debt charges	-	8,428	-	8,428
Pension related items	24,406	26,300	5,462	56,168
Other postemployment benefit related items	2,948	3,176	660	6,784
Total deferred inflows of resources	<u>27,354</u>	<u>37,904</u>	<u>6,122</u>	<u>71,380</u>
<b>Net position</b>				
Net investment in capital assets	8,932,724	7,503,633	1,731,924	18,168,281
Restricted for:				
System development	471,108	1,296,432	340,749	2,108,289
Debt service	-	217,109	-	217,109
Net OPEB	17,683	19,055	3,957	40,695
Unrestricted	2,825,967	2,941,327	495,701	6,262,995
Total net position	<u>\$ 12,247,482</u>	<u>\$ 11,977,556</u>	<u>\$ 2,572,331</u>	<u>\$ 26,797,369</u>



**CITY OF MOLALLA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2024**

	<b>Business-type Activities</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Total Nonmajor Funds</b>	
<b>Operating revenues</b>				
Charges for services	\$ 2,175,279	\$ 4,395,678	\$ 368,763	\$ 6,939,720
Total operating revenues	<u>2,175,279</u>	<u>4,395,678</u>	<u>368,763</u>	<u>6,939,720</u>
<b>Operating expenses</b>				
Personnel services	803,334	849,596	173,287	1,826,217
Materials and services	589,117	1,323,422	59,285	1,971,824
Depreciation	328,121	269,266	52,085	649,472
Total operating expenses	<u>1,720,572</u>	<u>2,442,284</u>	<u>284,657</u>	<u>4,447,513</u>
Operating income (loss)	<u>454,707</u>	<u>1,953,394</u>	<u>84,106</u>	<u>2,492,207</u>
<b>Nonoperating revenues (expenses)</b>				
Interest income	132,774	327,291	29,628	489,693
Miscellaneous	3,351	3,361	-	6,712
Loss on sale of capital assets	-	(44,954)	-	(44,954)
Interest expense	-	(31,706)	-	(31,706)
Total nonoperating revenue (expenses)	<u>136,125</u>	<u>253,992</u>	<u>29,628</u>	<u>419,745</u>
Income (loss) before capital contributions and transfers	590,832	2,207,386	113,734	2,911,952
Capital contributions	115,391	141,694	173,389	430,474
Transfers in	480,501	-	197,608	678,109
Transfers out	(244,099)	(544,114)	(111,628)	(899,841)
Transfers out - non-cash	<u>(557,482)</u>	<u>(36,396)</u>	<u>-</u>	<u>(593,878)</u>
Change in net position	385,143	1,768,570	373,103	2,526,816
Net position - beginning	<u>11,862,339</u>	<u>10,208,986</u>	<u>2,199,228</u>	<u>24,270,553</u>
<b>Net position - ending</b>	<b><u>\$ 12,247,482</u></b>	<b><u>\$ 11,977,556</u></b>	<b><u>\$ 2,572,331</u></b>	<b><u>\$ 26,797,369</u></b>

**CITY OF MOLALLA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year Ended June 30, 2024

	Business-type Activities			
	Water	Sewer	Total Nonmajor Funds	Total Enterprise Funds
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 2,189,096	\$ 4,400,983	\$ 363,191	\$ 6,953,270
Payments to suppliers	(354,247)	(1,313,559)	(60,838)	(1,728,644)
Payments to employees	(790,474)	(850,278)	(175,462)	(1,816,214)
Net cash provided by (used in) operating activities	<u>1,044,375</u>	<u>2,237,146</u>	<u>126,892</u>	<u>3,408,413</u>
<b>Cash flows from noncapital financing activities</b>				
Miscellaneous	3,351	3,361	-	6,712
Transfers in	480,501	-	197,608	678,109
Transfers out	(244,099)	(544,114)	(111,628)	(899,841)
Net cash provided by (used in) noncapital financing activities	<u>239,753</u>	<u>(540,753)</u>	<u>85,980</u>	<u>(215,020)</u>
<b>Cash flows from capital and related financing activities</b>				
System development charges received	115,391	141,694	31,917	289,002
Acquisition of capital assets	(621,341)	(848,844)	(104,238)	(1,574,423)
Issuance of long-term obligations	-	533,302	-	533,302
Principal paid on long-term obligations	-	(362,100)	-	(362,100)
Interest paid on long-term obligations	-	(17,284)	-	(17,284)
Net cash provided by (used in) capital and related financing activities	<u>(505,950)</u>	<u>(553,232)</u>	<u>(72,321)</u>	<u>(1,131,503)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	132,774	327,291	29,628	489,693
Net increase (decrease) in cash and cash equivalents	910,952	1,470,452	170,179	2,551,583
Cash and cash equivalents - beginning of year	<u>2,910,824</u>	<u>2,907,842</u>	<u>593,576</u>	<u>6,412,242</u>
<b>Cash and cash equivalents - end of year</b>	<b><u>\$ 3,821,776</u></b>	<b><u>\$ 4,378,294</u></b>	<b><u>\$ 763,755</u></b>	<b><u>\$ 8,963,825</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 454,707	\$ 1,953,394	\$ 84,106	\$ 2,492,207
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	328,121	269,266	52,085	649,472
(Increase) decrease in assets and deferred outflows				
Receivables, net	13,817	5,305	(5,572)	13,550
Net other postemployment benefits asset	(4,124)	(4,494)	(714)	(9,332)
Deferred outflows - pension related items	11,689	11,969	5,223	28,881
Deferred outflows - other postemployment benefit related items	137	146	34	317
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued liabilities	234,870	9,863	(1,553)	243,181
Compensated absences payable	13,485	(673)	731	13,543
Net pension liability	48,403	53,193	6,537	108,133
Deferred inflows - pension related items	(56,113)	(60,170)	(13,793)	(130,076)
Deferred inflows - other postemployment benefit related items	(617)	(653)	(193)	(1,463)
Net cash provided by (used in) operating activities	<b><u>\$ 1,044,375</u></b>	<b><u>\$ 2,237,146</u></b>	<b><u>\$ 126,892</u></b>	<b><u>\$ 3,408,413</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>				
Capital assets transferred to governmental activities	\$ (557,482)	\$ (36,396)	\$ -	\$ (593,878)
Contributed assets from governmental activities	<u>-</u>	<u>-</u>	<u>141,472</u>	<u>141,472</u>
Total noncash transactions	<b><u>\$ (557,482)</u></b>	<b><u>\$ (36,396)</u></b>	<b><u>\$ 141,472</u></b>	<b><u>\$ (452,406)</u></b>

**NOTE 1 – FINANCIAL REPORTING ENTITY**

The City of Molalla (the “City”) was incorporated under the general laws of the State of Oregon. The City is governed by the Mayor and Council Members who are elected to office by voters within the City. The City Council exercises supervisory responsibilities over City operations, but day-to-day management operations are the responsibility of the City Manager, who reports to the Mayor and City Council.

The accompanying financial statements present all activities, funds and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the City is a primary government with one blended component unit — Molalla Urban Renewal Agency.

Blended Component Unit

The Molalla Urban Renewal Agency (the “Agency”) was established in August 2008 under the provisions of Oregon Revised Statutes (ORS), Chapter 457, to assist in the redevelopment of blighted and deteriorated areas within the City’s designated urban renewal area. As provided by ORS 457, the City Council of the City of Molalla is designated as the governing body of the Agency. The Agency is reported as special revenue fund of the City as a blended component unit. Complete financial statements of the Agency can be obtained from the City’s Finance Department.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-wide and fund financial statements (continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement focus, basis of accounting and financial statement presentation (continued)

The City reports the following major governmental funds:

- *General* – is the main operating fund of the City and accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Library* – accounts for the financial activities related to the City’s library. The primary source of revenue for the Library Fund comes from intergovernmental revenue from Clackamas County.
- *Street* – accounts for the maintenance of the City’s streets and street lighting. The primary sources of revenue include state fuel taxes, franchise fees and maintenance fees collected by the City.
- *Urban Renewal Agency* – accounts for the property tax revenue received for the rehabilitation of the blighted and deteriorated areas within the City’s designated urban renewal area.
- *Capital Projects - Police* – accounts for the construction of and equipment acquisition associated with the new police station.

The City reports the following major proprietary funds:

- *Water* – accounts for the provision of water services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water system and billing and collection activities. The primary source of revenue is user fees and charges.
- *Sewer* – accounts for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The primary source of revenue is user fees and charges.

The City also reports the following nonmajor governmental and proprietary fund types:

- *Special Revenue* – accounts for revenue derived from specific revenue sources which are legally restricted finance particular functions or activities.
- *Capital Projects* – are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or proprietary funds).
- *Enterprise* – accounts for the operations of predominately self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The cash basis of accounting is used for all budgets of the City. All annual appropriations lapse at fiscal yearend.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds, which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the program or department level along with debt service, transfers and contingencies.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The City Council must authorize all appropriation transfers and supplementary budgetary appropriations.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly liquid debt instruments purchased with a maturity of three months or less.

Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

Uncollected property taxes are reported in governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

User charges and fines receivable

User charges and fines receivable are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and records an allowance for user charges at year end, based on their analysis of collectability.

Capital assets

Capital assets, which include property, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, storm sewers, sewers and similar items) and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the statement of net position in the proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition (fair market) value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value or materially extend the useful lives of the assets are not capitalized. Major capital assets and improvements are capitalized as projects are constructed.

Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in the statement of activities. Depreciation expense is allocated in the statement activities by program/function.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type:</u>	<u>Years:</u>
Land improvements	30 – 50 years
Buildings and improvements	25 – 65 years
Infrastructure	20 – 65 years
Machinery and equipment	5 – 30 years
Vehicles	5 – 10 years

Long-term obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related debt using the straight-line method. Bonds payable is reported net of the applicable bond premium or discount.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-term obligations (continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the period in which they are incurred. The face amount of the debt issued, and premiums, are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Premiums and discounts on bonded debt issuance

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

Compensated absences

The City allows the employees to accumulate earned but unused vacation benefits. All vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. The vacation accrual cannot exceed 360 hours at the beginning of the calendar year. Any vacation hours exceeding the maximum limit will be transferred to non-cashable sick leave, not to exceed 528 hours. A liability for vacation pay is reported in the governmental funds only if the time has matured i.e. employee resignations or retirements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits (OPEB)

For purposes of measuring the net other postemployment benefit liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPERS Retirement Health Insurance Account and additions to/deductions from OPERS' net position have been determined on the same basis as they are reported by the City's OPERS' Retirement Health Insurance Account. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.



**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred outflow / inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These include pension related items and OPEB related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Refunded debt charges, pension related items and OPEB related items, which are amortized over specified periods, are reported as deferred inflows of resources.

The balance sheet of governmental funds will report as deferred inflows, unavailable revenues from property taxes and franchise fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position

*Government-wide and proprietary fund financial statements*

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

*Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings and liabilities that are attributable to the acquisition, construction, or improvements of those assets.

*Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are reported as “unrestricted net position.”

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund balance

*Governmental fund type fund balance reporting*

Governmental type fund balances are to be properly reported within one of the fund balance categories lists below:

**Non-spendable** — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** — Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

**Assigned** — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has granted authority to the City Manager to assign fund balance amounts.

**Unassigned** — The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Risk management

The City is exposed to various risks of loss related to errors and omissions, automobile, damage to and destruction of assets, bodily injury, and worker's compensation for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

**CITY OF MOLALLA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – NEWLY ISSUED ACCOUNTING STANDARDS**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The statement establishes accounting and financial reporting requirements for a) accounting changes and b) the correction of an error in previously issued financial statements (error correction).

The following changes within the reporting entity to reclassify previously major funds to nonmajor are as follows:

	Capital Projects - Police	Nonmajor Governmental
June 30, 2023, as previously reported	\$ 1,841,462	\$ 4,403,573
Change from major to nonmajor fund	(1,841,462)	1,841,462
June 30, 2023, as restated	\$ -	\$ 6,245,035

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

The City’s cash and cash equivalents and investments at June 30, 2024 are as follows:

Deposits with financial institutions	\$ 988,515
State of Oregon Local Government Investment Pool	41,644,365
Cash on hand	1,300
Total cash and cash equivalents	\$ 42,634,180

The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

Deposits with financial institutions

*Custodial Credit Risk – Deposits:* This is the risk that in the event of a bank failure, the City’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City’s deposits with financial institutions up to \$250,000 each for the aggregate of all noninterest-bearing accounts and the aggregate of all interest-bearing accounts at each institution.

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the City's deposits. As of June 30, 2024, none of the City's deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

*Credit Risk.* Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

*Concentration of Credit Risk:* The City does not have a formal policy that places a limit on the amount that may be invested in any one issuer.

**CITY OF MOLALLA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

*Interest Rate Risk:* The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

*Custodial Credit Risk – Investments:* This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the amount of investments that can be held by counterparties.

**NOTE 5 – RECEIVABLES**

The City's receivables at June 30, 2024, are shown below:

	Governmental Activities / Funds					Business-type Activities / Proprietary Funds			
	General	Library	Street	Urban Renewal Agency	Total Governmental Funds	Water	Sewer	Nonmajor Stormwater	Total Proprietary Funds
User charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,414	\$ 461,716	\$ 43,386	\$ 782,516
Accounts	421,177	1,230	198,940	-	621,347	-	-	-	-
Property taxes	144,540	-	-	32,484	177,024	-	-	-	-
Loans	-	-	-	200,000	200,000	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	(11,403)	(18,991)	(1,786)	(32,180)
<b>Total</b>	<b>\$565,717</b>	<b>\$ 1,230</b>	<b>\$198,940</b>	<b>\$232,484</b>	<b>\$ 998,371</b>	<b>\$266,011</b>	<b>\$ 442,725</b>	<b>\$ 41,600</b>	<b>\$ 750,336</b>

Court fines in the amount of \$2,514,510 are not included in the Governmental/General Fund receivable balance due to the uncertainty of collections.

**CITY OF MOLALLA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the governmental activities for the year ended June 30, 2024 is as follows:

	Balances July 1, 2023	Additions	Deletions and Reclassification	Balances June 30, 2024
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 1,584,290	\$ -	\$ -	\$ 1,584,290
Construction in progress	<u>2,731,175</u>	<u>2,716,720</u>	<u>(1,092,083)</u>	<u>4,355,812</u>
Total capital assets not being depreciated	<u>4,315,465</u>	<u>2,716,720</u>	<u>(1,092,083)</u>	<u>5,940,102</u>
Capital assets being depreciated				
Land Improvements	1,938,273	-	207,370	2,145,643
Buildings	3,201,050	32,214	389,341	3,622,605
Infrastructure	25,937,457	-	370,129	26,307,586
Machinery and Equipment	1,074,517	62,334	-	1,136,851
Vehicles	<u>1,420,043</u>	<u>198,476</u>	<u>-</u>	<u>1,618,519</u>
Total capital assets being depreciated	<u>33,571,340</u>	<u>293,024</u>	<u>966,840</u>	<u>34,831,204</u>
Less accumulated depreciation for:				
Land Improvements	601,102	57,063	-	658,165
Buildings	1,048,777	81,789	-	1,130,566
Infrastructure	19,557,595	836,621	-	20,394,216
Machinery and Equipment	413,311	51,636	-	464,947
Vehicles	<u>642,851</u>	<u>132,582</u>	<u>-</u>	<u>775,433</u>
Total accumulated depreciation	<u>22,263,636</u>	<u>1,159,691</u>	<u>-</u>	<u>23,423,327</u>
Total capital assets being depreciated, net	<u>11,307,704</u>	<u>(866,667)</u>	<u>966,840</u>	<u>11,407,877</u>
Governmental activities capital assets, net	<u>\$ 15,623,169</u>	<u>\$ 1,850,053</u>	<u>\$ (125,243)</u>	<u>\$ 17,347,979</u>

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

<i>Governmental activities:</i>	
General government	\$ 92,295
Public safety	83,685
Highway and streets	849,972
Culture and recreation	71,089
Community development	<u>62,650</u>
Total depreciation expense - governmental activities	<u>\$ 1,159,691</u>

**CITY OF MOLALLA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – CAPITAL ASSETS (Continued)**

Capital asset activity for the business-type activities for the year ended June 30, 2024 is as follows:

	<u>Balances</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions and</u> <u>Reclassification</u>	<u>Balances</u> <u>June 30, 2024</u>
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 727,509	\$ -	\$ -	\$ 727,509
Construction in progress	<u>2,372,681</u>	<u>943,975</u>	<u>(65,000)</u>	<u>3,251,656</u>
Total capital assets not being depreciated	<u>3,100,190</u>	<u>943,975</u>	<u>(65,000)</u>	<u>3,979,165</u>
Capital assets being depreciated				
Land Improvements	223,302	-	-	223,302
Buildings	8,406,499	65,000	141,472	8,612,971
Infrastructure	18,679,618	-	(35,678)	18,643,940
Machinery and Equipment	2,490,388	112,302	(47,361)	2,555,329
Vehicles	<u>607,583</u>	<u>-</u>	<u>-</u>	<u>607,583</u>
Total capital assets being depreciated	<u>30,407,390</u>	<u>177,302</u>	<u>58,433</u>	<u>30,643,125</u>
Less accumulated depreciation for:				
Land Improvements	146,291	3,224	-	149,515
Buildings	3,064,635	230,990	-	3,295,625
Infrastructure	7,467,694	313,097	(784)	7,780,007
Machinery and Equipment	1,747,152	87,320	(13,377)	1,821,095
Vehicles	<u>520,076</u>	<u>14,841</u>	<u>-</u>	<u>534,917</u>
Total accumulated depreciation	<u>12,945,848</u>	<u>649,472</u>	<u>(14,161)</u>	<u>13,581,159</u>
Total capital assets being depreciated, net	<u>17,461,542</u>	<u>(472,170)</u>	<u>72,594</u>	<u>17,061,966</u>
Business-type activities capital assets, net	<u>\$ 20,561,732</u>	<u>\$ 471,805</u>	<u>\$ 7,594</u>	<u>\$ 21,041,131</u>

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

*Business-type activities:*

Water	\$ 328,121
Sewer	269,266
Stormwater	<u>52,085</u>
Total depreciation expense - business-type activities	<u>\$ 649,472</u>

**CITY OF MOLALLA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – UNAVAILABLE REVENUE**

As of June 30, 2024, property taxes which are due the City, but not received within 60 days after year end are reported as unavailable revenue in the governmental funds as follows:

	Governmental Funds			Total Governmental Funds
	General	Street	Urban Renewal Agency	
Franchise fees	\$ 140,550	\$ 90,000	-	\$ 230,550
Property taxes	113,871	-	25,508	139,379
Total unavailable revenue	\$ 254,421	\$ 90,000	\$ 25,508	\$ 369,929

**NOTE 8 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2024 were as follows:

	Outstanding July 1, 2023	Additions	Reductions	Outstanding June 30, 2024	Due Within One Year
<u>Governmental activities</u>					
Long-term debt					
General obligation bonds:					
URA - 2015 Full Faith and Credit	\$ 1,515,000	\$ -	\$ 200,000	\$ 1,315,000	\$ 225,000
URA - 2020 Full Faith and Credit Refunding	1,792,700	-	244,900	1,547,800	248,500
2024 General Obligation Bond	-	15,997,248	-	15,997,248	-
Unamortized premium	150,930	832,982	33,787	950,125	58,611
Total long-term debt	3,458,630	16,830,230	478,687	19,810,173	532,111
Other long-term obligations					
Compensated absences	\$ 279,294	\$ 296,011	\$ 279,294	\$ 296,011	\$ 236,809
Net pension liability	1,964,741	394,258	-	2,358,999	-
Total long-term obligations - governmental activities	\$ 5,702,665	\$ 17,520,499	\$ 757,981	\$ 22,465,183	\$ 768,920
	Outstanding July 1, 2023	Additions	Reductions	Outstanding June 30, 2024	Due Within One Year
<u>Business-type activities</u>					
Long-term debt					
General obligation bonds:					
2020 Full Faith and Credit Refunding	\$ 1,160,000	\$ -	\$ 362,100	\$ 797,900	\$ 366,000
Direct borrowing:					
Clean Water State Revolving Loan	1,718,264	533,302	-	2,251,566	-
Total long-term debt	2,878,264	533,302	362,100	3,049,466	366,000
Other long-term obligations					
Compensated absences	85,980	99,523	85,980	99,523	79,618
Net pension liability	647,048	108,133	-	755,181	-
Total long-term obligations - business-type activities	\$ 3,611,292	\$ 740,958	\$ 448,080	\$ 3,904,170	\$ 445,618



**CITY OF MOLALLA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – LONG-TERM OBLIGATIONS (Continued)**

Governmental activities long-term debt obligations:

Full Faith and Credit Obligation Bonds, Series 2015 – The Urban Renewal Agency issued \$2,690,000 of bonds secured by the City’s full faith and credit. Interest on the bonds range from 2% - 4% depending on maturity dates.

Full Faith and Credit Obligation Bonds, Series 2020 – The Urban Renewal Agency issued \$2,530,400 of refunding bonds to refund previously issued long-term obligations secured by the City’s full faith and credit. Interest on the refunding bonds is a fixed rate of 1.49%.

2024 General Obligation Bond – The City issued \$15,997,248 of general obligation bonds secured by the City’s full faith and credit, funded annually by a special tax levy. Interest on the bonds range from 4% - 5% depending on maturity dates.

Business-type activities long-term debt obligations:

Full Faith and Credit Obligation Bonds, Series 2020 – The City issued \$2,125,300 of refunding bonds to refund series 2010 Sewer bond and a clean water revolving state revolving loan previously issued. Interest on the refunding bonds is a fixed rate of 1.49%.

Clean Water Revolving Loan Fund – The City signed a Clean Water State Revolving Loan Fund agreement in October 2020 to borrow \$2,700,000 for the purpose of improving the wastewater treatment plant. The funds are issued on a reimbursement basis and repayment will begin upon completion of the project.

Future maturities of long-term obligations

As of June 30, 2024, the future maturities of long-term obligations are as follows:

*Governmental activities:*

Fiscal Year	URA - 2015 Full Faith and Credit		URA - 2020 Full Faith and Credit Refunding		2024 General Obligation Bond		Unamortized Premium	Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Amortization	Principal	Interest
2025	\$ 225,000	\$ 52,600	\$ 248,500	\$ 23,062	\$ -	\$ 739,445	\$ 58,611	\$ 532,111	\$ 815,107
2026	250,000	43,600	252,200	19,360	170,000	599,550	58,611	730,811	662,510
2027	260,000	33,600	256,000	15,602	220,000	592,750	58,611	794,611	641,952
2028	280,000	23,200	259,800	11,787	260,000	583,950	58,611	858,411	618,937
2029	300,000	12,000	263,700	7,916	295,000	573,550	56,469	915,169	593,466
2030-34	-	-	267,600	3,987	2,145,000	2,655,750	165,495	2,578,095	2,659,737
2035-39	-	-	-	-	3,605,000	2,028,000	165,495	3,770,495	2,028,000
2040-44	-	-	-	-	2,422,248	4,182,280	165,495	2,587,743	4,182,280
2045-49	-	-	-	-	6,880,000	866,200	162,727	7,042,727	866,200
	<u>\$ 1,315,000</u>	<u>\$ 165,000</u>	<u>\$ 1,547,800</u>	<u>\$ 81,714</u>	<u>\$ 15,997,248</u>	<u>\$ 12,821,475</u>	<u>\$ 950,125</u>	<u>\$ 19,810,173</u>	<u>\$ 13,068,189</u>

**CITY OF MOLALLA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – LONG-TERM OBLIGATIONS (Continued)**

Future maturities of long-term obligations (continued)

*Business-type activities:*

For governmental activities compensated absences, pension and OPEB liabilities are generally liquidated by the fund in which they were incurred, including the General, Library, Street, Sewer, Water and Stormwater Funds.

Fiscal Year	2020 Full Faith and Credit		Total	
	Refunding		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 366,000	\$ 11,888	\$ 366,000	\$ 11,888
2026	141,900	6,436	141,900	6,436
2027	144,000	4,322	144,000	4,322
2028	146,000	2,176	146,000	2,176
	<u>\$ 797,900</u>	<u>\$ 24,822</u>	<u>\$ 797,900</u>	<u>\$ 24,822</u>

**NOTE 9 – INTERFUND TRANSACTIONS**

The interfund transfers during the year ended June 30, 2024, were as follows:

	Transfers in					Transfers in				Total
	Governmental activities					Business-type activities				
	General	Street	Capital Projects - Police	Governmental non-cash	Nonmajor governmental	Water	Sewer	Stormwater (nonmajor)		
<b>Transfers out:</b>										
<u>Governmental activities</u>										
General	\$ -	\$ -	\$ -	\$ -	\$ 87,141	\$ -	\$ -	\$ -	\$ -	\$ 87,141
Library	91,226	-	-	-	-	-	-	-	-	91,226
Street	68,420	-	-	-	38,300	-	-	-	-	106,720
Urban Renewal Agency	5,701	-	-	-	-	-	-	-	-	5,701
Nonmajor governmental	943,449	1,440,714	-	-	88,813	375,501	-	136,845	-	2,985,322
Governmental non-cash	-	-	-	-	-	34,106	139,491	157,129	-	330,726
<u>Business-type activities</u>										
Water	119,241	-	-	557,482	24,858	-	-	-	-	701,581
Sewer	262,275	-	-	36,396	276,839	5,000	-	-	-	580,510
Stormwater (nonmajor)	22,807	-	-	-	28,058	-	-	-	-	50,865
	<u>\$ 1,513,119</u>	<u>\$ 1,440,714</u>	<u>\$ -</u>	<u>\$ 593,878</u>	<u>\$ 544,009</u>	<u>\$ 414,607</u>	<u>\$ 139,491</u>	<u>\$ 293,974</u>	<u>\$ -</u>	<u>\$ 4,939,792</u>

As part of the budget, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. Non-cash transfers occurred when capital assets were acquired that will be used in the operation of different fund's resources.

**NOTE 9 – INTERFUND TRANSACTIONS (Continued)**

The primary purpose for significant transfers includes the following:

- The Capital Projects fund closed and transferred residual balances to the following funds:
  - General \$868,449
  - Street \$590,714
  - Combined Water \$512,346
  - Non major funds \$116,999
- Street fund received \$850,000 from non-major funds for capital expenditures
- The Water fund had non-cash transfers to the governmental funds totaling \$557,482 for assets placed in service.
- Governmental funds had non-cash transfers to Water, Sewer, and nonmajor Stormwater totaling \$330,726 for capital assets placed in service.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS**

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Annual Comprehensive Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

*PERS Pension (Chapter 238) (Tier 1/Tier 2 retirement benefit)*

The Tier 1/Tier 2 Retirement Benefit Plan is closed to new members hired on or after August 29, 2003.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Pension benefits: The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees and 2% for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55, and police and fire members after age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60.

Death benefits: Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-covered job at the time of death.

Disability benefits: A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 for general service members and age 55 for police and fire members when determining the monthly benefit.

Benefit changes after retirement: Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

*Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)*

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Pension benefits: This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- General service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- Police and fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 60, or age 53 with 25 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death benefits: Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member.

Disability benefits: A member who has accrued 10 or more years of retirement credits before the member becomes disabled, or a member who becomes disabled due to job-related injury, shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit changes after retirement: Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

Contributions and funding policy

OPERS funding policy provides for periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation.

Tier 1/Tier 2 employer contribution rates are 14.67% and the OPSRP employer contribution rates are 9.54% for general service employees. Police and fire employee OPSRP rates are 14.33%. Employer contributions for the year ended June 30, 2024 were \$577,829.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Normal Cost Rate: The PVFNC represents the portion of the projected long-term contribution effort related to future service. An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

UAL Rate: A UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions. The employer's projected long-term contribution effort does not include payments toward the current value of transition liabilities and pre-SLGRP liabilities.

At June 30, 2023, the City's proportion was 0.01662609%, which was a decrease of 0.00043105% from its proportion measured as of June 30, 2022.

*Pension expense*

For the year ended June 30, 2024, the City recognized pension expense of \$67,054.

*Deferred inflows of resources and deferred outflows of resources*

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share.

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period.

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

**CITY OF MOLALLA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 152,293	\$ 12,348
Changes in assumptions	276,645	2,063
Net difference between projected and actual earnings on pension plan investments	55,975	-
Changes in proportionate share	144,232	177,409
Differences between contributions and proportionate share of system contributions	293,958	39,800
Contributions subsequent to the measurement date	577,829	-
	\$ 1,500,932	\$ 231,620

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$577,829 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:		
2025	\$	205,787
2026		(7,778)
2027		340,011
2028		131,279
2029		22,184
	\$	691,483

**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Actuarial methods and assumptions used in developing the total pension liability

The total pension liability measured as of June 30, 2023 was based on an actuarial valuation as of December 31, 2021 using the following methods and assumptions:

Experience study report	2020, published July 20, 2021
Actuarial cost method	Entry age normal
Inflation rate	2.4%
Long-term expected rate of return	6.9%
Discount rate	6.9%
Administrative expenses – Tier 1/Tier 2	\$59 million per year added to normal cost and allocated between Tier One/Tier Two and OPSRP based on valuation payroll
Projected salary increases	3.4%
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p><b>Healthy retirees and beneficiaries:</b> Pub-2010 Health Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Pub-2010 employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.



**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

*UAL amortization*

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized. Senate Bill 1049 was signed into law in June 2019 and required a one-time re-amortization of Tier One/Tier Two UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which set actuarially determined contribution rates for the 2021-2023 biennium. Future Tier One/Tier Two UAL gains or losses will be amortized over 20 years. The closed period amortization under Senate Bill 1049 will continue to decline, and has 20 years remaining as of the December 31, 2021 valuation.

The OPSRP UAL as of December 31, 2007 is amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16-year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

*Discount rate*

The discount rate used to measure the total pension liability was 6.9%, a reduction from 7.2% from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Assumed asset allocation*

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	30.00%
Private equity	20.00%
Real estate	12.50%
Real assets	7.50%
Diversifying strategies	7.50%
Risk parity	2.50%
	100.00%

**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

*Long-term expected rate of return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

Asset Class	Target Allocation	20-Year		
		Annual Arithmetic Return <sup>2</sup>	Annualized Geometric Mean	Annual Standard Deviation
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.5	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

<sup>1</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

<sup>2</sup> The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

*Depletion date projection*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

*Changes in actuarial methods and assumptions*

There have been no changes in actuarial methods or assumptions since the December 31, 2020 valuation.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate  
The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	1% Lower	Current Discount Rate	1% Higher
Proportionate share of net pension liability	\$ 5,144,040	\$ 3,114,180	\$ 1,415,403

**NOTE 11 – DEFINED CONTRIBUTION PLAN – OPERS INDIVIDUAL ACCOUNT PROGRAM**

Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

**NOTE 11 – DEFINED CONTRIBUTION PLAN – OPERS INDIVIDUAL ACCOUNT PROGRAM**

Contributions

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit Pension Plan. If the member earns more than \$2,500 per month (increased to \$3,333 per month on January 1, 2022) 0.65 percent (if OPSRP member) or 2.4 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

The City makes the employee contributions of 6% of covered payroll to the IAP. Contributions for the year ended June 30, 2024 were \$265,080.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

**NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN - RHIA**

Plan description

The City contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Annual Comprehensive Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

**NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – RHIA (Continued)**

*Other Postemployment Healthcare benefits*

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

To be eligible, the member must:

- 1) Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
- 2) Receive both Medicare Parts A and B coverage
- 3) Enroll in a PERS-sponsored health plan

*Surviving spouse or dependent benefits*

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation.

The City contributed 0.05% of PERS-covered salaries for Tier 1 and Tier 2 members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2024, the City made contributions in the amount of \$154 to the RHIA.

Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

*Net OPEB liability (asset)*

At June 30, 2024, the City reported an (asset) of \$(167,814) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2021. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2023, the City's proportion was 0.04583002%, which was an increase of 0.01020256% from its proportion measured as of June 30, 2022.

**NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – RHIA (Continued)**

*OPEB expense*

For the year ended June 30, 2024, the City recognized OPEB expense(revenue) of \$(45,115).

*Deferred inflows of resources and deferred outflows of resources*

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2023, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period.

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,213
Changes in assumptions	-	1,809
Net difference between projected and actual earnings on investments	476	-
Change in proportionate share	-	21,951
City's contributions subsequent to the measurement date	154	-
	\$ 630	\$ 27,973

**NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – RHIA (Continued)**

Deferred outflows of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date in the amount of \$154 will be recognized as an adjustment to the net OPEB (asset) / liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:			
2025	\$	(25,494)	
2026		(10,430)	
2027		6,202	
2028		2,224	
2029		-	
		-	
	\$	(27,497)	

Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in note 10.

*Retiree healthcare participation*

Healthy retirees are assumed to participate 27.5% of the time while disabled retirees are assumed to participate 15% of the time.

*Healthcare cost trend rate*

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

*Depletion date projection*

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.



**NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – RHIA (Continued)**

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.9%, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net other postemployment benefit liability (asset)	\$ (152,543)	\$ (167,814)	\$ (180,916)

**NOTE 13 – OREGON TEAMSTER EMPLOYER’S TRUST PLAN**

The Oregon Teamster Employer’s Trust Plan (the Trust) is a cost-sharing, multiple-employer post employment defined benefit plan that provides eligible retirees medical insurance who participate in the Trust. This plan has assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Trust does not issue a publicly available financial report.

**NOTE 13 – OREGON TEAMSTER EMPLOYER’S TRUST PLAN (Continued)**

Eligible employees are defined as those employees working both within the public works classification and in non-supervisory roles, and who receive a minimum of one hundred twenty (120) hours of compensation in a calendar month. As of June 30, 2024, the Trust has 17 employees participating in the Trust.

The program allows eligible retirees and their dependents to purchase continuation coverage under the Trust’s health insurance plans from the date of retirement until eligibility for Medicare. The City is required by ORS 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees.

The City’s required contributions per eligible employee are \$74 per month under the current collective bargaining agreement, which expires on June 30, 2025. The City’s total contributions to the Trust for the year ended June 30, 2024 were \$9,916.

**NOTE 14 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION**

As of June 30, 2024, the amount of net position restricted by enabling legislation is as follows:

Governmental activities

System development – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$ 3,698,029
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Business-type activities

System development – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	2,317,330
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**NOTE 15 – TAX ABATEMENTS**

The City has entered into property tax abatement agreements whereby the assessed value of property tax has been reduced under ORS 285C for partial abatement on enterprise zones. As a result, the City’s property tax revenue from the year ended June 30, 2024 has been abated by \$16,107, of which \$3,088 relates to the Urban Renewal Agency.

**NOTE 16 – COMMITMENTS**

At June 30, 2023, the City has contract commitments on the Police Facility project totaling \$320,716, the Molalla Waterline project totaling \$838,664, and Yeltus Park improvements totaling \$179,468. The Police Facility project is expected to cost \$16,800,000 in total over the next few years.

**NOTE 17 – SUBSEQUENT EVENTS**

Subsequent to June 30, 2024, a new Clean Water State Revolving Fund (CWSRF) Loan in the amount of \$33,250,000 was entered into for construction of the upgraded Wastewater Treatment Plant. An additional \$335,876 has been drawn down on the existing loan.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MOLALLA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 3,975,678	\$ 3,975,678	\$ 3,995,958	\$ 20,280
Franchise fees	293,650	293,650	346,232	52,582
Licenses, permits and fees	56,840	56,840	70,076	13,236
Fines and forfeitures	155,000	155,000	172,753	17,753
Charges for services	694,581	694,581	669,495	(25,086)
Intergovernmental	526,600	526,600	536,955	10,355
Donations	1,700	1,700	119,853	118,153
Interest	95,182	95,182	158,575	63,393
Miscellaneous	15,000	15,000	29,535	14,535
<b>Total revenues</b>	<u>5,814,231</u>	<u>5,814,231</u>	<u>6,099,432</u>	<u>285,201</u>
<b>Expenditures</b>				
Administration	1,358,478	1,617,678	1,616,876	802
Police	3,819,170	4,120,170	3,983,019	137,151
Municipal court	232,985	237,985	237,014	971
City council	69,810	77,810	63,502	14,308
Parks	195,669	608,366	474,085	134,281
Planning	324,719	324,719	277,972	46,747
Contingency	1,500,000	1,239,800	-	1,239,800
<b>Total expenditures</b>	<u>7,500,831</u>	<u>8,226,528</u>	<u>6,652,468</u>	<u>1,574,060</u>
Excess (deficiency) of revenues over expenditures	<u>(1,686,600)</u>	<u>(2,412,297)</u>	<u>(553,036)</u>	<u>1,859,261</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	725,697	943,449	217,752
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>725,697</u>	<u>943,449</u>	<u>217,752</u>
Net change in fund balance	(1,686,600)	(1,686,600)	390,413	2,077,013
Fund balance at beginning of year	<u>2,564,850</u>	<u>2,564,850</u>	<u>2,976,331</u>	<u>411,481</u>
<b>Fund balance at end of year</b>	<u>\$ 878,250</u>	<u>\$ 878,250</u>	3,366,744	<u>\$ 2,488,494</u>
<b>Reconciliation to generally accepted accounting principles</b>				
Accounts receivable			421,177	
Property tax receivable			144,540	
Prepaid items			33,852	
Accounts payable			(60,549)	
Accrued payroll			(96,177)	
Unavailable revenue - franchise fees			(140,550)	
Unavailable revenue - property taxes			(113,871)	
<b>Fund balance at end of year, GAAP Basis</b>			<u>\$ 3,555,166</u>	

**CITY OF MOLALLA**  
**LIBRARY - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Fines and forfeitures	\$ 2,000	\$ 2,000	\$ 3,949	\$ 1,949
Charges for services	1,300	1,300	2,153	853
Intergovernmental	1,155,000	1,155,000	1,151,337	(3,663)
Donations	1,250	1,250	2,570	1,320
Interest	76,989	76,989	153,859	76,870
Miscellaneous	300	300	15	(285)
<b>Total revenues</b>	<b>1,236,839</b>	<b>1,236,839</b>	<b>1,313,883</b>	<b>77,044</b>
<b>Expenditures</b>				
Library	3,718,087	3,718,087	1,065,462	2,652,625
Contingency	400,000	400,000	-	400,000
<b>Total expenditures</b>	<b>4,118,087</b>	<b>4,118,087</b>	<b>1,065,462</b>	<b>3,052,625</b>
Net change in fund balance	(2,881,248)	(2,881,248)	248,421	3,129,669
Fund balance at beginning of year	3,093,589	3,093,589	3,157,486	63,897
<b>Fund balance at end of year</b>	<b>\$ 212,341</b>	<b>\$ 212,341</b>	3,405,907	<b>\$ 3,193,566</b>
<b>Reconciliation to generally accepted accounting principles</b>				
Accounts receivable			1,230	
Accrued payroll			(6,607)	
Accounts payable			(4,944)	
<b>Fund balance at end of year, GAAP Basis</b>			<b>\$ 3,395,586</b>	

**CITY OF MOLALLA**  
**STREET FUND - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Franchise fees	\$ 180,000	\$ 180,000	\$ 180,000	\$ -
Licenses, permits and fees	210,000	210,000	211,561	1,561
Intergovernmental	-	-	259,758	259,758
Fuel taxes	815,000	815,000	810,401	(4,599)
Interest	36,337	36,337	114,952	78,615
Miscellaneous	-	-	189,389	189,389
<b>Total revenues</b>	<b><u>1,241,337</u></b>	<b><u>1,241,337</u></b>	<b><u>1,766,061</u></b>	<b><u>524,724</u></b>
<b>Expenditures</b>				
Street				
Operations	1,067,926	2,987,454	1,314,527	1,672,927
Contingency	500,000	500,000	-	500,000
<b>Total expenditures</b>	<b><u>1,567,926</u></b>	<b><u>3,487,454</u></b>	<b><u>1,314,527</u></b>	<b><u>2,172,927</u></b>
Excess (deficiency) of revenues over expenditures	<u>(326,589)</u>	<u>(2,246,117)</u>	<u>451,534</u>	<u>2,697,651</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	1,919,528	1,440,714	(478,814)
Transfers out	(348,300)	(348,300)	(38,300)	310,000
<b>Total other financing sources (uses)</b>	<b><u>(348,300)</u></b>	<b><u>1,571,228</u></b>	<b><u>1,402,414</u></b>	<b><u>(168,814)</u></b>
Net change in fund balance	(674,889)	(674,889)	1,853,948	2,528,837
Fund balance at beginning of year	<u>1,681,916</u>	<u>1,681,916</u>	<u>1,692,176</u>	<u>10,260</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,007,027</u></b>	<b><u>\$ 1,007,027</u></b>	3,546,124	<b><u>\$ 2,539,097</u></b>
<b>Reconciliation to generally accepted accounting principles</b>				
Accounts receivable			198,940	
Accounts payable			(74,312)	
Accrued payroll			(18,691)	
Unavailable revenue - franchise fees			<u>(90,000)</u>	
<b>Fund balance at end of year, GAAP Basis</b>			<b><u>\$ 3,562,061</u></b>	



**CITY OF MOLALLA**  
**URBAN RENEWAL AGENCY - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 922,500	\$ 922,500	\$ 947,913	\$ 25,413
Interest	77,024	77,024	154,362	77,338
<b>Total revenues</b>	<b>999,524</b>	<b>999,524</b>	<b>1,102,275</b>	<b>102,751</b>
<b>Expenditures</b>				
Urban renewal	2,409,278	2,409,278	641,800	1,767,478
Debt service	532,211	532,211	532,211	-
Contingency	9,300	9,300	-	9,300
<b>Total expenditures</b>	<b>2,950,789</b>	<b>2,950,789</b>	<b>1,174,011</b>	<b>1,776,778</b>
Net change in fund balance	(1,951,265)	(1,951,265)	(71,736)	1,879,529
Fund balance at beginning of year	2,501,265	2,501,265	3,149,727	648,462
<b>Fund balance at end of year</b>	<b>\$ 550,000</b>	<b>\$ 550,000</b>	3,077,991	<b>\$ 2,527,991</b>
<b>Reconciliation to generally accepted accounting principles</b>				
Property tax receivables			32,484	
Loans receivable			200,000	
Accounts payable			(658)	
Unavailabe revenue - property taxes			(25,508)	
<b>Fund balance at end of year, GAAP Basis</b>			<b>\$ 3,284,309</b>	

**CITY OF MOLALLA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NOTE 1 – BUDGETARY INFORMATION**

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds as required by Oregon Local Budget Law. The basis of budgeting for all major funds is the modified cash basis.

The resolution authorizing appropriations for each fund sets the legal level of control by which the expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Expenditure categories of fund operations, capital outlay, debt service, operating transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget, with some exceptions. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriations transfers between the legal levels of control within a fund. Such transfers require approval by the City Council.

The following changes to budget were recognized during the year:

- On February 28, 2024, the City Council authorized a transfer of appropriations from the Capital Projects – Police fund and increased appropriations for General fund parks and administration departments and Street fund operations.
- On May 8, 2024, The City Council authorized a transfer of appropriations from the Capital Projects – Police fund to the General fund police department.
- On June 26, 2024, the City Council approved adjustments to the General fund increasing administration, police, municipal court, and council, and decreasing contingency.
- On June 28, 2024, the City Council approved an adjustment to the General fund increasing parks and decreasing administration.

During the year, the City closed the Capital Projects fund.

**NOTE 2 - RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO BUDGETARY BASIS**

The budget of the City is prepared differently from accounting principles generally accepted in the United States of America (GAAP). Therefore, the schedules of revenues, expenditures and changes in fund balances (budgetary basis) – budget and actual for the General Fund and each Major Special Revenue Fund are presented on a budgetary basis and are adjusted to the statement of revenues, expenditures and changes in fund balance – governmental funds in accordance with GAAP. The following is a reconciliation of the differences between the budgetary basis and GAAP for revenues and other financing sources over (under) expenditures and other financing uses for the aforementioned schedules:

**CITY OF MOLALLA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 2 - RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO BUDGETARY BASIS (Continued)**

	<u>General</u>	<u>Library</u>	<u>Street</u>	<u>URA</u>
<b>Net change in fund balances - generally accepted accounting principles basis</b>	<u>\$ 543,901</u>	<u>\$ 251,060</u>	<u>\$ 1,600,053</u>	<u>\$ 350,637</u>
<b>Revenues:</b>				
(Increase) decrease in property taxes and other receivables susceptible to accrual, recognized as revenues on the generally accepted accounting principles basis	(204,942)	(1,230)	189,516	(199,243)
Increase (decrease) in unavailable revenues	<u>55,265</u>	<u>-</u>	<u>-</u>	<u>5,165</u>
	<u>(149,677)</u>	<u>(1,230)</u>	<u>189,516</u>	<u>(194,078)</u>
<b>Expenditures:</b>				
Increase (decrease) in accounts and accrued expenditures and deposits recognized as expenditures on the generally accepted accounting principles basis	<u>(3,811)</u>	<u>(1,409)</u>	<u>64,379</u>	<u>(228,295)</u>
<b>Net change in fund balances - budgetary basis</b>	<u>\$ 390,413</u>	<u>\$ 248,421</u>	<u>\$ 1,853,948</u>	<u>\$ (71,736)</u>

In addition, a reconciliation of the differences between budgetary basis and GAAP in beginning and ending fund balances is as follows:

	<u>General</u>	<u>Library</u>	<u>Street</u>	<u>URA</u>
<b>Beginning fund balances - generally accepted accounting principles basis</b>	<u>\$ 3,011,265</u>	<u>\$ 3,144,526</u>	<u>\$ 1,962,008</u>	<u>\$ 2,933,672</u>
Differences in revenue recognition	(161,619)	-	(388,456)	(33,241)
Differences in expenditure recognition	<u>126,685</u>	<u>12,960</u>	<u>118,624</u>	<u>249,296</u>
<b>Beginning fund balance - budgetary basis</b>	<u>\$ 2,976,331</u>	<u>\$ 3,157,486</u>	<u>\$ 1,692,176</u>	<u>\$ 3,149,727</u>
<b>Ending fund balances - generally accepted accounting principles basis</b>	<u>\$ 3,555,166</u>	<u>\$ 3,395,586</u>	<u>\$ 3,562,061</u>	<u>\$ 3,284,309</u>
Differences in revenue recognition	(311,296)	(1,230)	(198,940)	(232,484)
Differences in expenditures recognition	<u>122,874</u>	<u>11,551</u>	<u>183,003</u>	<u>26,166</u>
<b>Ending fund balance - budgetary basis</b>	<u>\$ 3,366,744</u>	<u>\$ 3,405,907</u>	<u>\$ 3,546,124</u>	<u>\$ 3,077,991</u>

**CITY OF MOLALLA**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last 10 Plan Years Ended June 30, \***

Year Ended June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.01662609%	\$ 3,114,180	\$ 4,473,010	70%	85%
2022	0.01705714%	2,611,789	4,334,032	60%	85%
2021	0.01812095%	2,168,441	3,640,295	60%	88%
2020	0.01783089%	3,891,314	3,519,985	111%	76%
2019	0.01439485%	2,489,964	3,497,725	71%	80%
2018	0.01689245%	2,558,984	3,248,982	79%	82%
2017	0.15171290%	2,045,096	2,993,583	68%	83%
2016	0.01652462%	2,480,729	2,891,160	86%	81%
2015	0.01495015%	951,263	2,627,835	36%	92%
2014	0.01495015%	(338,877)	2,773,860	-12%	104%

**Notes to schedule**

***Changes in Benefit Terms and Assumptions***

Benefit Terms: The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. There were no changes for the years ended June 30, 2022 or 2023.

**CITY OF MOLALLA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last 10 Fiscal Years Ended June 30, \***

<b>Year Ended June 30,</b>	<b>Statutorily required contribution</b>	<b>Contributions in relation to the statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>City's covered payroll</b>	<b>Contributions as a percent of covered payroll</b>
2024	\$ 577,829	\$ 577,829	\$ -	\$ 4,915,182	11.76%
2023	649,928	649,928	-	4,473,010	14.53%
2022	628,354	628,354	-	4,334,032	14.50%
2021	525,575	525,575	-	3,640,295	14.44%
2020	483,896	483,896	-	3,519,985	13.75%
2019	348,046	348,046	-	3,497,725	9.95%
2018	323,855	323,855	-	3,248,982	9.97%
2017	218,329	218,329	-	2,993,583	7.29%
2016	320,569	320,569	-	2,891,160	11.09%
2015	722,439	722,439	-	2,627,835	27.49%

**CITY OF MOLALLA**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE**  
**NET OTHER POST EMPLOYMENT BENEFIT LIABILITY (ASSET)**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last 10 Plan Years Ended June 30, \***

<b>Year Ended June 30,</b>	<b>City's proportion of the net OPEB liability (asset)</b>	<b>City's proportionate share of the net OPEB liability (asset)</b>	<b>City's covered payroll</b>	<b>City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>
2023	0.04583002%	\$ (167,814)	\$ 4,473,010	-4%	202%
2022	0.03562746%	(126,597)	4,334,032	-3%	195%
2021	0.02755119%	(94,611)	3,640,295	-3%	184%
2020	0.02026147%	(41,285)	3,519,985	-1%	150%
2019	0.02844408%	(54,964)	3,497,725	-2%	144%
2018	0.02720970%	(30,373)	3,248,982	-1%	124%
2017	0.02671796%	(11,150)	2,993,583	0%	109%

\* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**Notes to schedule**

Changes in Actuarial Assumptions Used to Determine Contributions:

	December 31, 2021 July 2023 - June 2025	December 31, 2019 July 2021 - June 2023	December 31, 2017 July 2019 - June 2021	December 31, 2015 July 2017 - June 2019	December 31, 2013 July 2016 - June 2017
Actuarial valuation Effective:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial cost method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization method:	closed	closed	closed	closed	closed
Amortization period:	10 years	10 years	10 years	10 years	10 years
Asset valuation method:	Market value	Market value	Market value	Market value	Market value
Remaining amortization periods:	10 years	10 years	10 years	20 years	20 years
Actuarial assumptions:					
Inflation rate	2.40 percent	2.40 percent	2.50 percent	2.50 percent	2.75 percent
Health cost trend rates	None	None	None	None	None
Projected salary increase	3.40 percent	3.40 percent	3.50 percent	3.50 percent	3.75 percent
Investment rate of return	6.90 percent	6.90 percent	7.20 percent	7.20 percent	7.75 percent

**CITY OF MOLALLA**  
**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last 10 Fiscal Years Ended June 30,\***

<b>Year Ended June 30,</b>	<b>Statutorily required contribution</b>	<b>Contributions in relation to the statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>City's covered payroll</b>	<b>Contributions as a percent of covered payroll</b>
2024	\$ 154	\$ 154	\$ -	\$ 4,915,182	0.00%
2023	903	903	-	4,473,010	0.02%
2022	878	878	-	4,334,032	0.02%
2021	737	737	-	3,640,295	0.02%
2020	1,447	1,447	-	3,519,985	0.04%
2019	14,097	14,097	-	3,497,725	0.40%
2018	13,175	13,175	-	3,248,982	0.41%
2017	13,302	13,302	-	2,993,583	0.44%

\* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF MOLALLA**  
**SCHEDULE OF CONTRIBUTIONS**  
**OREGON TEAMSTER EMPLOYER'S TRUST**  
**Last 10 Fiscal Years Ended June 30,\***

<b>Year Ended June 30,</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency (excess)</b>
2024	\$ 9,916	\$ 9,916	-
2023	10,249	10,249	-
2022	10,432	10,432	-
2021	9,472	9,472	-
2020	8,396	8,396	-
2019	8,400	8,400	-
2018	3,816	3,816	-

\* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.



**COMBINING FINANCIAL STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

**CITY OF MOLALLA**  
**POLICE STATION CAPITAL PROJECT FUND (MAJOR FUND)**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Interest	\$ -	\$ 272,216	\$ 272,216
Total revenues	-	272,216	272,216
<b>Expenditures</b>			
Materials and services	-	312,558	(312,558) *
Capital outlay	-	592,879	(592,879) *
Total expenditures	-	905,437	(905,437)
Excess (deficiency) of revenues over expenditures	-	(633,221)	(633,221)
<b>Other financing sources (uses)</b>			
Issuance of long-term obligations	-	16,830,230	16,830,230
Total other financing sources (uses)	-	16,830,230	16,830,230
Net change in fund balance	-	16,197,009	16,197,009
Fund balance at beginning of year	-	-	-
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>16,197,009</b>	<b>\$ 16,197,009</b>
<b>Reconciliation to generally accepted accounting principles</b>			
Accounts payable		(251,591)	
<b>Fund balance at end of year, GAAP Basis</b>		<b>\$ 15,945,418</b>	

\*Per ORS 294.338(4), appropriations associated with a bond approved by the voters and sold during a budget period do not result in an over expenditure of appropriations.

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Combining statements for all individual nonmajor special revenue and capital project funds are reported in this section. The combined totals are reported in the combining nonmajor governmental fund statements. Fund statements for major special revenue funds are reported in the basic financial statements.*

*Schedules of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) – Budget and Actual are also presented in this section for each individual nonmajor special revenue fund. Budget and actual comparisons for major special revenue funds are reported in the basic financial statements.*

#### **Nonmajor Special Revenue Funds**

***Police Department Restricted Revenue Fund*** – This fund accounts for revenues received that are restricted for public safety and associated expenditures.

### CAPITAL PROJECTS FUNDS

#### **Nonmajor Capital Projects Funds**

***Parks System Development Fund*** – This fund is financed through a system of development charges levied on all new construction in the City. Revenues are used for improvement to City parks.

***Capital Projects*** – This fund accounts for major construction projects or equipment acquisition. During fiscal year 2023-24, this fund was closed.

***Transportation Systems Development Fund*** – This fund is financed through a system development charge levied on all new construction in the City. Revenues are used for improvements to City transportation systems.

***Fleet Replacement Fund*** – This fund accounts for revenue and expenditures associated with purchases and replacement of vehicles.

**CITY OF MOLALLA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2024

	<b>Special Revenue</b>			<b>Total Nonmajor</b>
	<b>Police</b>			<b>Governmental</b>
	<b>Department</b>			<b>Funds</b>
	<b>Restricted</b>	<b>Total Nonmajor</b>		
	<b>Revenue</b>	<b>Capital Projects</b>		
<b>Assets</b>				
Cash and cash equivalents	\$ 7,723	\$ 4,052,169		\$ 4,059,892
<b>Total assets</b>	<b>\$ 7,723</b>	<b>\$ 4,052,169</b>		<b>\$ 4,059,892</b>
<b>Fund balances</b>				
Restricted for:				
System development	\$ -	\$ 3,698,029		\$ 3,698,029
Police department	7,723	-		7,723
Committed for:				
Fleet replacement	-	354,140		354,140
<b>Total fund balances</b>	<b>\$ 7,723</b>	<b>\$ 4,052,169</b>		<b>\$ 4,059,892</b>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2024**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Police Department Restricted Revenue</u>	<u>Total Nonmajor Capital Projects</u>	
<b>Revenues</b>			
Donations	\$ 5,631	\$ -	\$ 5,631
System development charges	-	395,560	395,560
Intergovernmental	50,000	-	50,000
Interest	381	183,297	183,678
Miscellaneous	329	-	329
	<u>56,341</u>	<u>578,857</u>	<u>635,198</u>
Total revenues			
<b>Expenditures</b>			
Current			
Public safety	2,411	-	2,411
Capital outlay	-	376,617	376,617
	<u>2,411</u>	<u>376,617</u>	<u>379,028</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>53,930</u>	<u>202,240</u>	<u>256,170</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	544,009	544,009
Transfers out	(50,000)	(2,935,322)	(2,985,322)
	<u>(50,000)</u>	<u>(2,391,313)</u>	<u>(2,441,313)</u>
Total other financing sources (uses)			
Net change in fund balances	<u>3,930</u>	<u>(2,189,073)</u>	<u>(2,185,143)</u>
Fund balances at beginning of year, as previously presented	3,793	4,399,780	4,403,573
Change within financial reporting entity (major to nonmajor fund)	-	1,841,462	1,841,462
	<u>3,793</u>	<u>6,241,242</u>	<u>6,245,035</u>
Fund balances at beginning of year, as restated			
<b>Fund balance at end of year</b>	<u><b>\$ 7,723</b></u>	<u><b>\$ 4,052,169</b></u>	<u><b>\$ 4,059,892</b></u>

**CITY OF MOLALLA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2024**

	<b>Parks System Development Charges</b>	<b>Transportation System Development Charges</b>	<b>Fleet Replacement</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,904,535	\$ 1,793,494	\$ 354,140	\$ 4,052,169
<b>Total assets</b>	<b><u>\$ 1,904,535</u></b>	<b><u>\$ 1,793,494</u></b>	<b><u>\$ 354,140</u></b>	<b><u>\$ 4,052,169</u></b>
<b>Fund balances</b>				
Restricted for:				
System development	\$ 1,904,535	\$ 1,793,494	-	\$ 3,698,029
Committed for:				
Fleet replacement	-	-	354,140	354,140
<b>Total fund balances</b>	<b><u>\$ 1,904,535</u></b>	<b><u>\$ 1,793,494</u></b>	<b><u>\$ 354,140</u></b>	<b><u>\$ 4,052,169</u></b>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**Year Ended June 30, 2024**

	<b>Parks System Development Charges</b>	<b>Capital Projects</b>	<b>Transportation System Development Charges</b>	<b>Fleet Replacement</b>	<b>Total</b>
<b>Revenues</b>					
System development charges	\$ 114,017	\$ -	\$ 281,543	\$ -	\$ 395,560
Interest	86,678	-	70,614	26,005	183,297
Total revenues	<u>200,695</u>	<u>-</u>	<u>352,157</u>	<u>26,005</u>	<u>578,857</u>
<b>Expenditures</b>					
Capital outlay	-	-	-	376,617	376,617
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,617</u>	<u>376,617</u>
Excess (deficiency) of revenues over expenditures	<u>200,695</u>	<u>-</u>	<u>352,157</u>	<u>(350,612)</u>	<u>202,240</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	168,860	116,999	258,150	544,009
Transfers out	(75,000)	(2,010,322)	(850,000)	-	(2,935,322)
Total other financing sources (uses)	<u>(75,000)</u>	<u>(1,841,462)</u>	<u>(733,001)</u>	<u>258,150</u>	<u>(2,391,313)</u>
Net change in fund balances	<u>125,695</u>	<u>(1,841,462)</u>	<u>(380,844)</u>	<u>(92,462)</u>	<u>(2,189,073)</u>
Fund balances at beginning of year, as previously presented	1,778,840	-	2,174,338	446,602	4,399,780
Change within financial reporting entity (major to nonmajor fund)	-	1,841,462	-	-	1,841,462
Fund balances at beginning of year, as restated	<u>1,778,840</u>	<u>1,841,462</u>	<u>2,174,338</u>	<u>446,602</u>	<u>6,241,242</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,904,535</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,793,494</u></b>	<b><u>\$ 354,140</u></b>	<b><u>\$ 4,052,169</u></b>

**CITY OF MOLALLA**  
**PD RESTRICTED - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 50,000	\$ 50,000	\$ -
Donations	4,750	5,631	881
Interest	65	381	316
Miscellaneous	<u>300</u>	<u>329</u>	<u>29</u>
 Total revenues	 <u>55,115</u>	 <u>56,341</u>	 <u>1,226</u>
<b>Expenditures</b>			
Police Department	<u>7,466</u>	<u>2,411</u>	<u>5,055</u>
 Total expenditures	 <u>7,466</u>	 <u>2,411</u>	 <u>5,055</u>
 Excess (deficiency) of revenues over expenditures	 <u>47,649</u>	 <u>53,930</u>	 <u>6,281</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(50,000)</u>	 <u>(50,000)</u>	 <u>-</u>
 Net change in fund balance	 (2,351)	 3,930	 6,281
 Fund balance at beginning of year	 <u>2,351</u>	 <u>3,793</u>	 <u>1,442</u>
 <b>Fund balance at end of year</b>	 <b><u>\$ -</u></b>	 <b><u>\$ 7,723</u></b>	 <b><u>\$ 7,723</u></b>



**CITY OF MOLALLA**  
**PARKS SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 75,000	\$ 114,017	\$ 39,017
Interest	<u>32,593</u>	<u>86,678</u>	<u>54,085</u>
Total revenues	<u>107,593</u>	<u>200,695</u>	<u>93,102</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	-
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	-
Net change in fund balance	32,593	125,695	93,102
Fund balance at beginning of year	<u>1,449,581</u>	<u>1,778,840</u>	<u>329,259</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,482,174</u></b>	<b><u>\$ 1,904,535</u></b>	<b><u>\$ 422,361</u></b>

**CITY OF MOLALLA**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 211,670	\$ -	\$ (211,670)
Interest	<u>57,232</u>	<u>-</u>	<u>(57,232)</u>
Total revenues	<u>268,902</u>	<u>-</u>	<u>(268,902)</u>
<b>Other financing sources (uses)</b>			
Transfers in	23,927,284	-	(23,927,284)
Transfers out	<u>(25,487,509)</u>	<u>(2,010,322)</u>	<u>23,477,187</u>
Total other financing sources (uses)	<u>(1,560,225)</u>	<u>(2,010,322)</u>	<u>(450,097)</u>
Net change in fund balance	(1,291,323)	(2,010,322)	(718,999)
Fund balance at beginning of year	<u>1,348,555</u>	<u>2,010,322</u>	<u>661,767</u>
<b>Fund balance at end of year</b>	<u><b>\$ 57,232</b></u>	<u><b>\$ -</b></u>	<u><b>\$ (57,232)</b></u>

**CITY OF MOLALLA**  
**STREET SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 150,000	\$ 281,543	\$ 131,543
Interest	46,794	70,614	23,820
Total revenues	<u>196,794</u>	<u>352,157</u>	<u>155,363</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	116,999	116,999
Transfers out	<u>(850,000)</u>	<u>(850,000)</u>	-
Total other financing sources (uses)	<u>(850,000)</u>	<u>(733,001)</u>	<u>116,999</u>
Net change in fund balance	(653,206)	(380,844)	272,362
Fund balance at beginning of year	<u>2,081,187</u>	<u>2,174,338</u>	<u>93,151</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,427,981</u></b>	<b><u>\$ 1,793,494</u></b>	<b><u>\$ 365,513</u></b>

**CITY OF MOLALLA**  
**FLEET REPLACEMENT - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Interest	\$ 13,258	\$ 26,005	\$ 12,747
Total revenues	13,258	26,005	12,747
<b>Expenditures</b>			
Fleet replacement	659,262	376,617	282,645
Total expenditures	659,262	376,617	282,645
Excess (deficiency) of revenues over expenditures	(646,004)	(350,612)	295,392
<b>Other financing sources (uses)</b>			
Transfers in	258,150	258,150	-
Total other financing sources (uses)	258,150	258,150	-
Net change in fund balance	(387,854)	(92,462)	295,392
Fund balance (deficit) at beginning of year	387,854	446,602	58,748
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ 354,140</b>	<b>\$ 354,140</b>

## ENTERPRISE FUNDS

*Enterprise funds are used to account for the acquisition, operations, maintenance and debt service of governmental facilities and services which are entirely or predominately self-supporting by user charges. Enterprise funds use the economic resources measurement focus and accrual accounting to report the results of operations.*

*Schedules of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) – Budget and Actual are presented in this section for each individual enterprise fund.*

### **Major Enterprise Funds**

**Water** – The Water Fund presented as a major fund in the basic financial statements consists of two separately budgeted funds as follows:

Water Fund –This fund accounts for the provision of water services to residents of the City. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities. The primary source of revenue is user fees and charges.

Water System Development Fund – This fund is financed through a system development charge levied on all new construction in the City. Revenues are used for improvements to water systems.

**Sewer** – The Sewer Fund presented as a major fund in the basic financial statements consists of three separately budgeted funds as follows:

Sewer Fund –This fund accounts for the provision of water services to residents of the City. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The primary source of revenue is user fees and charges.

Sewer System Development Fund – This fund is financed through a system development charge levied on all new construction in the City. Revenues are used for improvements to sewer systems.

Sewer Debt Retirement Fund – This fund accounts for the debt service related to the 2020 Full Faith and Credit Refunding bond.

CWSRF Fund – This fund accounts for the debt service related to the Clean Water State Revolving Loan Fund loan.

### **Nonmajor Enterprise Funds**

The nonmajor enterprise funds presented on the basic financial statements are two separately budgeted funds for the Stormwater system as follows:

Stormwater Fund – This fund accounts for the provision of stormwater services to residents of the City. Activities of the fund include administration, operations and maintenance of the stormwater system and billing and collection activities. The primary source of revenue is user fees and charges.

Stormwater System Development Fund – This fund is financed through a system development charge levied on all new construction in the City. Revenues are used for improvements to stormwater systems.

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF NET POSITION**  
**WATER FUND**  
**June 30, 2024**

	<u>Water</u>	<u>Water System Development Charges</u>	<u>Total Water Fund</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 3,350,668	\$ 471,108	\$ 3,821,776
Receivables, net	<u>266,011</u>	<u>-</u>	<u>266,011</u>
Total current assets	<u>3,616,679</u>	<u>471,108</u>	<u>4,087,787</u>
Noncurrent assets			
Capital assets:			
Capital assets, nondepreciable	389,308	-	389,308
Capital assets, net of accumulated depreciation	<u>8,257,363</u>	<u>-</u>	<u>8,257,363</u>
Total capital assets	8,646,671	-	8,646,671
Net other postemployment benefits asset	<u>17,683</u>	<u>-</u>	<u>17,683</u>
Total noncurrent assets	<u>8,664,354</u>	<u>-</u>	<u>8,664,354</u>
Total assets	<u>12,281,033</u>	<u>471,108</u>	<u>12,752,141</u>
<b>Deferred outflows of resources</b>			
Pension related items	158,154	-	158,154
Other postemployment benefit related items	<u>66</u>	<u>-</u>	<u>66</u>
Total deferred outflows of resources	<u>158,220</u>	<u>-</u>	<u>158,220</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	256,099	-	256,099
Compensated absences	<u>41,027</u>	<u>-</u>	<u>41,027</u>
Total current liabilities	<u>297,126</u>	<u>-</u>	<u>297,126</u>
Noncurrent liabilities			
Compensated absences	10,257	-	10,257
Net pension liability	<u>328,142</u>	<u>-</u>	<u>328,142</u>
Total noncurrent liabilities	<u>338,399</u>	<u>-</u>	<u>338,399</u>
Total liabilities	<u>635,525</u>	<u>-</u>	<u>635,525</u>
<b>Deferred inflows of resources</b>			
Pension related items	24,406	-	24,406
Other postemployment benefit related items	<u>2,948</u>	<u>-</u>	<u>2,948</u>
Total deferred inflows of resources	<u>27,354</u>	<u>-</u>	<u>27,354</u>
<b>Net position</b>			
Net investment in capital assets	8,932,724	-	8,932,724
Restricted for system development	-	471,108	471,108
Other purposes	17,683	-	17,683
Unrestricted	<u>2,825,967</u>	<u>-</u>	<u>2,825,967</u>
Total net position	<u>\$ 11,776,374</u>	<u>\$ 471,108</u>	<u>\$ 12,247,482</u>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**WATER FUND**  
**Year Ended June 30, 2024**

	Water System		Total Water Fund
	Water	Development Charges	
<b>Operating revenues</b>			
Charges for services	\$ 2,175,279	\$ -	\$ 2,175,279
<b>Operating expenses</b>			
Personnel services	803,334	-	803,334
Materials and services	589,117	-	589,117
Depreciation	328,121	-	328,121
Total operating expenses	1,720,572	-	1,720,572
Operating income (loss)	454,707	-	454,707
<b>Nonoperating revenues (expenses)</b>			
Interest income	115,891	16,883	132,774
Miscellaneous	3,351	-	3,351
Total nonoperating revenue (expenses)	119,242	16,883	136,125
Income (loss) before capital contributions and transfers	573,949	16,883	590,832
Capital contributions	-	115,391	115,391
Transfers in	408,960	71,541	480,501
Transfers out	(144,099)	(100,000)	(244,099)
Transfers out - non-cash	(557,482)	-	(557,482)
Change in net position	281,328	103,815	385,143
Net position - beginning	11,495,046	367,293	11,862,339
<b>Net position - ending</b>	<b>\$ 11,776,374</b>	<b>\$ 471,108</b>	<b>\$ 12,247,482</b>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**WATER FUND**  
Year Ended June 30, 2024

	Water	Water System Development Charges	Total Water Fund
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 2,189,096	\$ -	\$ 2,189,096
Payments to suppliers	(354,247)	-	(354,247)
Payments to employees	(790,474)	-	(790,474)
	1,044,375	-	1,044,375
<b>Net cash provided by (used in) operating activities</b>			
<b>Cash flows from noncapital financing activities</b>			
Miscellaneous	3,351	-	3,351
Transfers in	408,960	71,541	480,501
Transfers out	(144,099)	(100,000)	(244,099)
	268,212	(28,459)	239,753
<b>Net cash provided by (used in) noncapital financing activities</b>			
<b>Cash flows from capital and related financing activities</b>			
System development charges received	-	115,391	115,391
Acquisition of capital assets	(621,341)	-	(621,341)
	(621,341)	115,391	(505,950)
<b>Net cash provided by (used in) capital and related financing activities</b>			
<b>Cash flows from investing activities</b>			
Interest on investments	115,891	16,883	132,774
	115,891	16,883	132,774
<b>Net increase (decrease) in cash and cash equivalents</b>	807,137	103,815	910,952
<b>Cash and cash equivalents - beginning of year</b>	2,543,531	367,293	2,910,824
	2,543,531	367,293	2,910,824
<b>Cash and cash equivalents - end of year</b>	<b>\$ 3,350,668</b>	<b>\$ 471,108</b>	<b>\$ 3,821,776</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 454,707	\$ -	\$ 454,707
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	328,121	-	328,121
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	13,817	-	13,817
Net other postemployment benefits asset	(4,124)	-	(4,124)
Deferred outflows - pension related items	11,689	-	11,689
Deferred outflows - other postemployment benefit related items	137	-	137
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	234,870	-	234,870
Compensated absences	13,485	-	13,485
Net pension liability	48,403	-	48,403
Pension related items	(56,113)	-	(56,113)
Deferred inflows - other postemployment benefit related items	(617)	-	(617)
	1,044,375	-	1,044,375
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,044,375</b>	<b>\$ -</b>	<b>\$ 1,044,375</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>			
Capital assets transferred to governmental activities	\$ (557,482)	\$ -	\$ (557,482)



**CITY OF MOLALLA**  
**WATER OPERATIONS - ENTERPRISE FUND (MAJOR FUND)**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 2,515,000	\$ 2,515,000	\$ 2,189,497	\$ (325,503)
Interest	52,053	52,053	115,891	63,838
Miscellaneous	-	-	2,950	2,950
Total revenues	<u>2,567,053</u>	<u>2,567,053</u>	<u>2,308,338</u>	<u>(258,715)</u>
<b>Expenditures</b>				
Water				
Operations	1,457,608	2,797,608	1,888,436	909,172
Contingency	500,000	465,000	-	465,000
Total expenditures	<u>1,957,608</u>	<u>3,262,608</u>	<u>1,888,436</u>	<u>1,374,172</u>
Excess (deficiency) of revenues over expenditures	<u>609,445</u>	<u>(695,555)</u>	<u>419,902</u>	<u>1,115,457</u>
<b>Other financing sources (uses)</b>				
Transfers in	5,000	1,310,000	408,960	(901,040)
Transfers out	<u>(1,176,725)</u>	<u>(1,176,725)</u>	<u>(21,725)</u>	<u>1,155,000</u>
Total other financing sources (uses)	<u>(1,171,725)</u>	<u>133,275</u>	<u>387,235</u>	<u>253,960</u>
Net change in fund balance	(562,280)	(562,280)	807,137	1,369,417
Fund balance at beginning of year	<u>2,619,156</u>	<u>2,619,156</u>	<u>2,543,531</u>	<u>(75,625)</u>
<b>Fund balance at end of year</b>	<b><u>\$ 2,056,876</u></b>	<b><u>\$ 2,056,876</u></b>	3,350,668	<b><u>\$ 1,293,792</u></b>
<b>Reconciliation to generally accepted accounting principles</b>				
Receivable, net			266,011	
Capital assets, net			8,646,671	
Net OPEB asset			17,683	
Deferred outflows related to pension			158,154	
Deferred outflows related to OPEB			66	
Deferred inflows related to pension			(24,406)	
Deferred inflows related to OPEB			(2,948)	
Accounts payable			(256,099)	
Compensated absences			(51,284)	
Net pension liability			<u>(328,142)</u>	
<b>Net position at end of year, GAAP Basis</b>			<b><u>\$ 11,776,374</u></b>	

**CITY OF MOLALLA**  
**WATER SYSTEM DEVELOPMENT CHARGES - WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 66,000	\$ 115,391	\$ 49,391
Interest	<u>6,479</u>	<u>16,883</u>	<u>10,404</u>
Total revenues	<u>72,479</u>	<u>132,274</u>	<u>59,795</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	71,541	71,541
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(28,459)</u>	<u>71,541</u>
Net change in fund balance	(27,521)	103,815	131,336
Fund balance at beginning of year	<u>266,895</u>	<u>367,293</u>	<u>100,398</u>
<b>Fund balance at end of year</b>	<b><u>\$ 239,374</u></b>	<b><u>\$ 471,108</u></b>	<b><u>\$ 231,734</u></b>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF NET POSITION**  
**SEWER FUND**  
**June 30, 2024**

	<b>Sewer</b>	<b>Sewer System Development Charges</b>	<b>Sewer Debt Retirement</b>	<b>Total Sewer Fund</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 2,588,411	\$ 1,505,473	\$ 284,410	\$ 4,378,294
Receivables, net	442,725	-	-	442,725
Total current assets	<u>3,031,136</u>	<u>1,505,473</u>	<u>284,410</u>	<u>4,821,019</u>
<b>Noncurrent assets</b>				
<b>Capital assets:</b>				
Capital assets, nondepreciable	3,409,640	-	-	3,409,640
Capital assets, net of accumulated depreciation	7,115,490	-	-	7,115,490
Total capital assets	10,525,130	-	-	10,525,130
Net other postemployment benefits asset	19,055	-	-	19,055
Total noncurrent assets	<u>10,544,185</u>	<u>-</u>	<u>-</u>	<u>10,544,185</u>
Total assets	<u>13,575,321</u>	<u>1,505,473</u>	<u>284,410</u>	<u>15,365,204</u>
<b>Deferred outflows of resources</b>				
Pension related items	170,427	-	-	170,427
Other postemployment benefit related items	72	-	-	72
Total deferred outflows of resources	<u>170,499</u>	<u>-</u>	<u>-</u>	<u>170,499</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	54,500	-	-	54,500
Accrued interest payable	24,034	-	-	24,034
Compensated absences	30,909	-	-	30,909
Bonds payable	366,000	-	-	366,000
Total current liabilities	<u>475,443</u>	<u>-</u>	<u>-</u>	<u>475,443</u>
<b>Noncurrent liabilities</b>				
Compensated absences	7,727	-	-	7,727
Bonds payable	431,900	-	-	431,900
Loans payable	2,251,566	-	-	2,251,566
Net pension liability	353,607	-	-	353,607
Total noncurrent liabilities	<u>3,044,800</u>	<u>-</u>	<u>-</u>	<u>3,044,800</u>
Total liabilities	<u>3,520,243</u>	<u>-</u>	<u>-</u>	<u>3,520,243</u>
<b>Deferred inflows of resources</b>				
Refunded debt charges	8,428	-	-	8,428
Pension related items	26,300	-	-	26,300
Other postemployment benefit related items	3,176	-	-	3,176
Total deferred inflows of resources	<u>37,904</u>	<u>-</u>	<u>-</u>	<u>37,904</u>
<b>Net position</b>				
Net investment in capital assets	7,503,633	-	-	7,503,633
Restricted for:				
System development	-	1,296,432	-	1,296,432
Debt service	217,109	-	-	217,109
Other purposes	19,055	-	-	19,055
Unrestricted	2,447,876	209,041	284,410	2,941,327
Total net position	<u>\$ 10,187,673</u>	<u>\$ 1,505,473</u>	<u>\$ 284,410</u>	<u>\$ 11,977,556</u>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**SEWER FUND**  
**Year Ended June 30, 2024**

	<u>Sewer</u>	<u>Sewer System Development Charges</u>	<u>Sewer Debt Retirement</u>	<u>Eliminations</u>	<u>Total Sewer Fund</u>
<b>Operating revenues</b>					
Charges for services	\$ 4,395,678	\$ -	\$ -	\$ -	\$ 4,395,678
<b>Operating expenses</b>					
Personnel services	849,596	-	-	-	849,596
Materials and services	1,323,422	-	-	-	1,323,422
Depreciation	269,266	-	-	-	269,266
Total operating expenses	2,442,284	-	-	-	2,442,284
Operating income (loss)	1,953,394	-	-	-	1,953,394
<b>Nonoperating revenues (expenses)</b>					
Interest income	252,633	67,347	7,311	-	327,291
Miscellaneous	3,361	-	-	-	3,361
Interest expense	(31,706)	-	-	-	(31,706)
Loss on sale of capital assets	(44,954)	-	-	-	(44,954)
Total nonoperating revenues (expenses)	179,334	67,347	7,311	-	253,992
Income (loss) before capital contributions and transfers	2,132,728	67,347	7,311	-	2,207,386
Capital contributions	-	141,694	-	-	141,694
Transfers in	-	-	254,392	(254,392)	-
Transfers out	(798,506)	-	-	254,392	(544,114)
Transfers out - non-cash	(36,396)	-	-	-	(36,396)
Change in net position	1,297,826	209,041	261,703	-	1,768,570
Net position - beginning	8,889,847	1,296,432	22,707	-	10,208,986
<b>Net position - ending</b>	<b>\$ 10,187,673</b>	<b>\$ 1,505,473</b>	<b>\$ 284,410</b>	<b>\$ -</b>	<b>\$ 11,977,556</b>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**SEWER FUND**  
**Year Ended June 30, 2024**

	Sewer	Sewer System Development Charges	Sewer Debt Retirement	Eliminations	Total Sewer Fund
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 4,400,983	\$ -	\$ -	\$ -	\$ 4,400,983
Payments to suppliers	(1,313,559)	-	-	-	(1,313,559)
Payments to employees	(850,278)	-	-	-	(850,278)
Net cash provided by (used in) operating activities	<u>2,237,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,237,146</u>
<b>Cash flows from noncapital financing activities</b>					
Miscellaneous	3,361	-	-	-	3,361
Transfers in	-	-	254,392	(254,392)	-
Transfers out	(798,506)	-	-	254,392	(544,114)
Net cash provided by (used in) noncapital financing activities	<u>(795,145)</u>	<u>-</u>	<u>254,392</u>	<u>-</u>	<u>(540,753)</u>
<b>Cash flows from capital and related financing activities</b>					
System development charges received	-	141,694	-	-	141,694
Acquisition of capital assets	(848,844)	-	-	-	(848,844)
Issuance of long-term obligations	533,302	-	-	-	533,302
Principal paid on long-term obligations	(362,100)	-	-	-	(362,100)
Interest paid on long-term obligations	(17,284)	-	-	-	(17,284)
Net cash provided by (used in) capital and related financing activities	<u>(694,926)</u>	<u>141,694</u>	<u>-</u>	<u>-</u>	<u>(553,232)</u>
<b>Cash flows from investing activities</b>					
Interest on investments	252,633	67,347	7,311	-	327,291
Net increase (decrease) in cash and cash equivalents	999,708	209,041	261,703	-	1,470,452
Cash and cash equivalents - beginning of year	1,588,703	1,296,432	22,707	-	2,907,842
<b>Cash and cash equivalents - end of year</b>	<b><u>\$ 2,588,411</u></b>	<b><u>\$ 1,505,473</u></b>	<b><u>\$ 284,410</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,378,294</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ 1,953,394	\$ -	\$ -	\$ -	\$ 1,953,394
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	269,266	-	-	-	269,266
(Increase) decrease in assets and deferred outflows of resources					
Receivables, net	5,305	-	-	-	5,305
Net other postemployment benefits asset	(4,494)	-	-	-	(4,494)
Deferred outflows - pension related items	11,969	-	-	-	11,969
Deferred outflows - other postemployment benefit related items	146	-	-	-	146
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable and accrued liabilities	9,863	-	-	-	9,863
Compensated absences payable	(673)	-	-	-	(673)
Net pension liability	53,193	-	-	-	53,193
Deferred inflows - pension related items	(60,170)	-	-	-	(60,170)
Deferred inflows - other postemployment benefit related items	(653)	-	-	-	(653)
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 2,237,146</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,237,146</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>					
Capital assets transferred to governmental activities	\$ (36,396)	\$ -	\$ -	\$ -	\$ (36,396)

**CITY OF MOLALLA**  
**SEWER OPERATIONS - ENTERPRISE FUND (MAJOR FUND)**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 4,143,000	\$ 4,143,000	\$ 4,401,376	\$ 258,376
Interest	38,196	38,196	252,633	214,437
Miscellaneous	1,000	1,000	3,000	2,000
<b>Total revenues</b>	<b>4,182,196</b>	<b>4,182,196</b>	<b>4,657,009</b>	<b>474,813</b>
<b>Expenditures</b>				
Sewer				
Operations	2,977,786	4,127,786	3,351,916	775,870
Contingency	800,000	800,000	-	800,000
<b>Total expenditures</b>	<b>3,777,786</b>	<b>4,927,786</b>	<b>3,351,916</b>	<b>1,575,870</b>
Excess (deficiency) of revenues over expenditures	404,410	(745,590)	1,305,093	2,050,683
<b>Other financing sources (uses)</b>				
Issuance of long-term obligations	21,226,521	21,226,521	533,302	(20,693,219)
Transfers in	-	22,376,521	-	(22,376,521)
Transfers out	(22,137,022)	(43,363,543)	(838,687)	42,524,856
<b>Total other financing sources (uses)</b>	<b>(910,501)</b>	<b>239,499</b>	<b>(305,385)</b>	<b>(544,884)</b>
Net change in fund balance	(506,091)	(506,091)	999,708	1,505,799
Fund balance at beginning of year	2,103,522	2,103,522	1,588,703	(514,819)
<b>Fund balance at end of year</b>	<b>\$ 1,597,431</b>	<b>\$ 1,597,431</b>	2,588,411	<b>\$ 990,980</b>
<b>Reconciliation to generally accepted accounting principles</b>				
Accounts receivable, net			442,725	
Capital assets, net			10,525,130	
Net OPEB asset			19,055	
Deferred outflows related to pension			170,427	
Deferred outflows related to OPEB			72	
Accounts payable			(54,500)	
Accrued interest payable			(24,034)	
Compensated absences			(38,636)	
Bonds payable			(797,900)	
Loans payable			(2,251,566)	
Net pension liability			(353,607)	
Refunded debt charges			(8,428)	
Deferred inflows related to pension			(26,300)	
Deferred inflows related to OPEB			(3,176)	
<b>Net position at end of year, GAAP Basis</b>			<b>\$ 10,187,673</b>	

**CITY OF MOLALLA**  
**SEWER SYSTEM DEVELOPMENT CHARGES - SEWER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 205,000	\$ 141,694	\$ (63,306)
Interest	<u>25,036</u>	<u>67,347</u>	<u>42,311</u>
Total revenues	<u>230,036</u>	<u>209,041</u>	<u>(20,995)</u>
<b>Expenditures</b>			
Sewer			
Materials and services	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	180,036	209,041	29,005
Fund balance at beginning of year	<u>1,118,446</u>	<u>1,296,432</u>	<u>177,986</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,298,482</u></b>	<b><u>\$ 1,505,473</u></b>	<b><u>\$ 206,991</u></b>

**CITY OF MOLALLA**  
**SEWER DEBT RETIREMENT - SEWER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Interest	\$ 1,838	\$ 7,311	\$ 5,473
Total revenues	<u>1,838</u>	<u>7,311</u>	<u>5,473</u>
<b>Expenditures</b>			
Debt Service	<u>442,482</u>	<u>379,384</u>	<u>63,098</u>
Total expenditures	<u>442,482</u>	<u>379,384</u>	<u>63,098</u>
Excess (deficiency) of revenues over expenditures	<u>(440,644)</u>	<u>(372,073)</u>	<u>68,571</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>633,776</u>	<u>633,776</u>	<u>-</u>
Total other financing sources (uses)	<u>633,776</u>	<u>633,776</u>	<u>-</u>
Net change in fund balance	193,132	261,703	68,571
Fund balance at beginning of year	<u>22,706</u>	<u>22,707</u>	<u>1</u>
<b>Fund balance at end of year</b>	<b><u>\$ 215,838</u></b>	<b><u>\$ 284,410</u></b>	<b><u>\$ 68,572</u></b>



**CITY OF MOLALLA**  
**WWTP UPGRADE PROJECT - SEWER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Expenditures</b>			
Capital outlay	\$ 20,226,521	\$ -	\$ 20,226,521
Total expenditures	<u>20,226,521</u>	<u>-</u>	<u>20,226,521</u>
<b>Other financing sources (uses)</b>			
Transfers in	21,226,521	-	(21,226,521)
Transfers out	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>
Total other financing sources (uses)	<u>20,226,521</u>	<u>-</u>	<u>(20,226,521)</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR - STORMWATER FUNDS**  
**June 30, 2024**

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Nonmajor Stormwater Fund</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 423,006	\$ 340,749	\$ 763,755
Receivables, net	41,600	-	41,600
Total current assets	<u>464,606</u>	<u>340,749</u>	<u>805,355</u>
Noncurrent assets			
Capital assets			
Capital assets, nondepreciable	180,217	-	180,217
Capital assets, net of accumulated depreciation	1,689,113	-	1,689,113
Total capital assets	1,869,330	-	1,869,330
Net other postemployment benefits asset	3,957	-	3,957
Total noncurrent assets	<u>1,873,287</u>	<u>-</u>	<u>1,873,287</u>
Total assets	<u>2,337,893</u>	<u>340,749</u>	<u>2,678,642</u>
<b>Deferred outflows of resources</b>			
Pension related items	35,392	-	35,392
Other postemployment benefit related items	15	-	15
Total deferred outflows of resources	<u>35,407</u>	<u>-</u>	<u>35,407</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	52,561	-	52,561
Compensated absences	7,682	-	7,682
Total current liabilities	<u>60,243</u>	<u>-</u>	<u>60,243</u>
Noncurrent liabilities			
Compensated absences	1,921	-	1,921
Net pension liability	73,432	-	73,432
Total noncurrent liabilities	<u>75,353</u>	<u>-</u>	<u>75,353</u>
Total liabilities	<u>135,596</u>	<u>-</u>	<u>135,596</u>
<b>Deferred inflows of resources</b>			
Pension related items	5,462	-	5,462
Other postemployment benefit related items	660	-	660
Total deferred inflows of resources	<u>6,122</u>	<u>-</u>	<u>6,122</u>
<b>Net position</b>			
Net investment in capital assets	1,731,924	-	1,731,924
Restricted for system development	-	340,749	340,749
Other purposes	3,957	-	3,957
Unrestricted	495,701	-	495,701
Total net position	<u>\$ 2,231,582</u>	<u>\$ 340,749</u>	<u>\$ 2,572,331</u>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**NONMAJOR - STORMWATER FUNDS**  
**Year Ended June 30, 2024**

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Nonmajor Stormwater Fund</u>
<b>Operating revenues</b>			
Charges for services	\$ 368,763	\$ -	\$ 368,763
<b>Operating expenses</b>			
Personnel services	173,287	-	173,287
Materials and services	59,285	-	59,285
Depreciation	52,085	-	52,085
Total operating expenses	284,657	-	284,657
Operating income (loss)	84,106	-	84,106
<b>Nonoperating revenues (expenses)</b>			
Interest income	20,290	9,338	29,628
Total nonoperating revenue (expenses)	20,290	9,338	29,628
Operating income (loss) before capital contributions and transfers	104,396	9,338	113,734
Capital contributions	141,472	31,917	173,389
Transfers in	60,763	136,845	197,608
Transfers out	(50,865)	(60,763)	(111,628)
Change in net position	255,766	117,337	373,103
Net position - beginning	1,975,816	223,412	2,199,228
<b>Net position - ending</b>	<b>\$ 2,231,582</b>	<b>\$ 340,749</b>	<b>\$ 2,572,331</b>

**CITY OF MOLALLA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR - STORMWATER FUNDS**  
Year Ended June 30, 2024

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Nonmajor Stormwater Fund</u>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 363,191	\$ -	\$ 363,191
Payments to suppliers	(60,838)	-	(60,838)
Payments to employees	(175,462)	-	(175,462)
Net cash provided by (used in) operating activities	<u>126,892</u>	<u>-</u>	<u>126,892</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers in	60,763	136,845	197,608
Transfers out	(50,865)	(60,763)	(111,628)
Net cash provided by (used in) noncapital financing activities	<u>9,898</u>	<u>76,082</u>	<u>85,980</u>
<b>Cash flows from capital and related financing activities</b>			
System development charges received	-	31,917	31,917
Acquisition of capital assets	(104,238)	-	(104,238)
Net cash provided by (used in) capital and related financing activities	<u>(104,238)</u>	<u>31,917</u>	<u>(72,321)</u>
<b>Cash flows from investing activities</b>			
Interest on investments	20,290	9,338	29,628
Net increase (decrease) in cash and cash equivalents	52,842	117,337	170,179
Cash and cash equivalents - beginning of year	370,164	223,412	593,576
<b>Cash and cash equivalents - end of year</b>	<b><u>\$ 423,006</u></b>	<b><u>\$ 340,749</u></b>	<b><u>\$ 763,755</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 84,106	\$ -	\$ 84,106
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	52,085	-	52,085
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(5,572)	-	(5,572)
Net other postemployment benefits asset	(714)	-	(714)
Deferred outflows - pension related items	5,223	-	5,223
Deferred outflows - other postemployment benefit related items	34	-	34
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(1,553)	-	(1,553)
Compensated absences payable	731	-	731
Net pension liability	6,537	-	6,537
Deferred inflows - pension related items	(13,793)	-	(13,793)
Deferred inflows - other postemployment benefit related items	(193)	-	(193)
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 126,892</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 126,892</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>			
Contributed assets from governmental activities	\$ 141,472	\$ -	\$ 141,472

**CITY OF MOLALLA**  
**STORMWATER OPERATIONS - ENTERPRISE FUND (NONMAJOR FUND)**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Charges for services	\$ 355,000	\$ 363,191	\$ 8,191
Interest	<u>7,573</u>	<u>20,290</u>	<u>12,717</u>
Total revenues	<u>362,573</u>	<u>383,481</u>	<u>20,908</u>
<b>Expenditures</b>			
Stormwater			
Operations	484,630	365,002	119,628
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>584,630</u>	<u>365,002</u>	<u>219,628</u>
Excess (deficiency) of revenues over expenditures	<u>(222,057)</u>	<u>18,479</u>	<u>240,536</u>
<b>Other financing sources (uses)</b>			
Transfers in	160,763	60,763	(100,000)
Transfers out	<u>(26,400)</u>	<u>(26,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>134,363</u>	<u>34,363</u>	<u>(100,000)</u>
Net change in fund balance	(87,694)	52,842	140,536
Fund balance at beginning of year	<u>374,698</u>	<u>370,164</u>	<u>(4,534)</u>
<b>Fund balance at end of year</b>	<b><u>\$ 287,004</u></b>	423,006	<b><u>\$ 136,002</u></b>
<b>Reconciliation to generally accepted accounting principles</b>			
Accounts receivable, net		41,600	
Capital assets, net		1,869,330	
Net OPEB asset		3,957	
Deferred outflows related to pension		35,392	
Deferred outflows related to OPEB		15	
Accounts payable		(52,561)	
Compensated absences		(9,603)	
Net pension liability		(73,432)	
Deferred inflows related to pension		(5,462)	
Deferred inflows related to OPEB		<u>(660)</u>	
<b>Net position at end of year, GAAP Basis</b>		<b><u>\$ 2,231,582</u></b>	

**CITY OF MOLALLA**  
**STORMWATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND (NONMAJOR FUND)**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 78,500	\$ 31,917	\$ (46,583)
Interest	<u>3,353</u>	<u>9,338</u>	<u>5,985</u>
Total revenues	<u>81,853</u>	<u>41,255</u>	<u>(40,598)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	136,845	136,845
Transfers out	<u>(60,763)</u>	<u>(60,763)</u>	<u>-</u>
Total other financing sources (uses)	<u>(60,763)</u>	<u>76,082</u>	<u>136,845</u>
Net change in fund balance	21,090	117,337	96,247
Fund balance at beginning of year	<u>153,966</u>	<u>223,412</u>	<u>69,446</u>
<b>Fund balance at end of year</b>	<b><u>\$ 175,056</u></b>	<b><u>\$ 340,749</u></b>	<b><u>\$ 165,693</u></b>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

*This section of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.*

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b><i>Financial Trends</i></b> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	81 - 85
<b><i>Revenue Capacity</i></b> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	86 - 89
<b><i>Debt Capacity</i></b> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	90 - 94
<b><i>Demographic and Economic Information</i></b> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	95 - 96
<b><i>Operating Information</i></b> - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	97 - 99



**CITY OF MOLALLA, OREGON**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 12,796,415	\$ 11,745,536	\$ 9,704,248	\$ 8,380,772	\$ 10,309,574	\$ 10,305,834	\$ 8,609,061	\$ 8,658,502	\$ 8,731,352	\$ 12,453,245
Restricted	30,128,030	12,107,520	10,926,081	8,891,455	5,527,674	5,700,235	4,587,201	3,511,668	4,445,288	2,976,327
Unrestricted	(12,885,796)	4,344,289	2,868,238	4,166,139	3,998,388	3,701,073	3,287,686	2,590,056	2,354,161	1,788,198
<b>Total governmental activities net position</b>	<b>\$ 30,038,649</b>	<b>\$ 28,197,345</b>	<b>\$ 23,498,567</b>	<b>\$ 21,438,366</b>	<b>\$ 19,835,636</b>	<b>\$ 19,707,142</b>	<b>\$ 16,483,948</b>	<b>\$ 14,760,226</b>	<b>\$ 15,530,801</b>	<b>\$ 17,217,770</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 18,168,281	\$ 17,673,354	\$ 15,526,339	\$ 15,033,589	\$ 14,386,314	\$ 11,681,554	\$ 10,812,541	\$ 10,103,432	\$ 8,036,493	\$ 7,678,396
Restricted	2,366,093	1,909,844	1,673,867	1,579,989	1,824,071	3,295,698	2,921,729	2,703,957	3,022,290	1,990,122
Unrestricted	6,262,995	4,687,355	5,133,072	4,476,620	3,367,651	3,431,323	2,873,004	2,774,379	2,288,774	2,204,417
<b>Total business-type activities net position</b>	<b>\$ 26,797,369</b>	<b>\$ 24,270,553</b>	<b>\$ 22,333,278</b>	<b>\$ 21,090,198</b>	<b>\$ 19,578,036</b>	<b>\$ 18,408,575</b>	<b>\$ 16,607,274</b>	<b>\$ 15,581,768</b>	<b>\$ 13,347,557</b>	<b>\$ 11,872,935</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 30,964,696	\$ 29,418,890	\$ 25,230,587	\$ 22,799,972	\$ 24,695,888	\$ 21,987,388	\$ 19,421,602	\$ 18,761,934	\$ 16,767,845	\$ 20,131,641
Restricted	32,494,123	14,017,364	12,599,948	10,471,444	7,351,745	8,995,933	7,508,930	6,215,625	7,467,578	4,966,449
Unrestricted	(6,622,801)	9,031,644	8,001,310	8,642,759	7,366,039	7,132,396	6,160,690	5,364,435	4,642,935	3,992,615
<b>Total primary government activities net position</b>	<b>\$ 56,836,018</b>	<b>\$ 52,467,898</b>	<b>\$ 45,831,845</b>	<b>\$ 41,914,175</b>	<b>\$ 39,413,672</b>	<b>\$ 38,115,717</b>	<b>\$ 33,091,222</b>	<b>\$ 30,341,994</b>	<b>\$ 28,878,358</b>	<b>\$ 29,090,705</b>

**CITY OF MOLALLA, OREGON**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General government	\$ 1,413,510	\$ 1,441,529	\$ 2,205,232	\$ 902,446	\$ 1,392,703	\$ 1,038,867	\$ 1,488,976	\$ 1,635,670	\$ 1,361,581	\$ 1,231,553
Public safety	4,481,759	3,826,634	3,276,964	3,707,070	3,216,141	2,912,022	2,542,513	2,548,515	2,550,779	2,044,240
Highways and streets	1,702,198	1,751,296	556,359	1,663,710	1,614,153	1,546,056	1,531,912	1,535,395	1,495,701	1,368,643
Culture and recreation	1,216,138	1,049,101	1,952,616	1,472,861	1,197,912	1,012,008	932,989	663,121	2,761,986	-
Community development	544,691	417,449	308,145	532,877	79,797	22,365	46,008	138,463	180,315	866,407
Interest on long-term debt	120,896	71,112	94,334	49,345	64,677	67,456	74,565	75,892	103,971	37,579
<b>Total governmental activities</b>	<b>\$ 9,479,192</b>	<b>\$ 8,557,121</b>	<b>\$ 8,393,650</b>	<b>\$ 8,328,309</b>	<b>\$ 7,565,383</b>	<b>\$ 6,598,774</b>	<b>\$ 6,616,963</b>	<b>\$ 6,597,056</b>	<b>\$ 8,454,333</b>	<b>\$ 5,548,422</b>
<b>Business-type activities:</b>										
Water operations	\$ 1,765,526	\$ 1,551,845	\$ 1,370,377	\$ 1,953,198	\$ 1,354,806	\$ 906,594	\$ 1,156,816	\$ 910,285	\$ 1,359,442	\$ 1,223,534
Sewer operations	2,473,990	2,857,409	2,724,856	2,839,574	2,664,811	2,040,174	2,237,350	2,091,846	2,085,566	2,457,600
Storm water operations	284,657	280,099	230,567	84,995	338,031	175,680	258,864	116,548	329,046	102,813
<b>Total business-type activities</b>	<b>\$ 4,524,173</b>	<b>\$ 4,689,353</b>	<b>\$ 4,325,800</b>	<b>\$ 4,877,767</b>	<b>\$ 4,357,648</b>	<b>\$ 3,122,448</b>	<b>\$ 3,653,030</b>	<b>\$ 3,118,679</b>	<b>\$ 3,774,054</b>	<b>\$ 3,783,947</b>
<b>Total Expenses</b>	<b>\$ 14,003,365</b>	<b>\$ 13,246,474</b>	<b>\$ 12,719,450</b>	<b>\$ 13,206,076</b>	<b>\$ 11,923,031</b>	<b>\$ 9,721,222</b>	<b>\$ 10,269,993</b>	<b>\$ 9,715,735</b>	<b>\$ 12,228,387</b>	<b>\$ 9,332,369</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for services</b>										
General government	\$ 53,622	\$ 78,385	\$ 45,638	\$ 1,082,896	\$ 714,977	\$ 475,441	\$ 708,068	\$ 700,437	\$ 728,984	\$ 769,780
Public safety	318,068	208,130	208,213	-	-	-	-	-	-	208,997
Highways and streets	209,394	210,468	231,633	829,782	155,421	544,297	259,922	154,094	433,458	-
Culture and recreation	13,778	10,397	9,406	138	11,456	17,111	17,654	19,800	452,649	-
Community development	44,165	75,975	85,803	114,768	78,021	833,581	437,080	213,699	-	87,204
Operating grants and contributions	1,548,492	2,176,675	1,680,579	359,203	92,415	60,015	47,332	15,489	5,576	23,877
Capital grants and contributions	592,235	2,294,958	2,153,813	54,300	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 2,779,754</b>	<b>\$ 5,054,988</b>	<b>\$ 4,415,085</b>	<b>\$ 2,441,087</b>	<b>\$ 1,052,290</b>	<b>\$ 1,930,445</b>	<b>\$ 1,470,056</b>	<b>\$ 1,103,519</b>	<b>\$ 1,620,667</b>	<b>\$ 1,089,858</b>
<b>Business-type activities:</b>										
<b>Charges for services</b>										
Water	\$ 2,175,279	\$ 2,188,755	\$ 1,753,420	\$ 2,103,961	\$ 1,943,296	\$ 2,311,332	\$ 2,028,290	\$ 1,815,514	\$ 2,007,391	\$ 1,527,794
Sewer operations	4,395,678	4,083,894	3,502,150	3,723,379	3,169,550	3,378,742	2,848,764	2,418,392	2,757,245	1,775,320
Storm water operations	368,763	347,845	330,291	413,063	321,049	404,812	319,148	198,601	242,993	123,352
Operating grants and contributions	-	-	-	9,588	-	-	-	-	-	-
Capital grants and contributions	289,002	747,970	207,299	-	-	-	-	-	-	-
<b>Total Business-type Activities</b>	<b>\$ 7,228,722</b>	<b>\$ 7,368,464</b>	<b>\$ 5,793,160</b>	<b>\$ 6,249,991</b>	<b>\$ 5,433,895</b>	<b>\$ 6,094,886</b>	<b>\$ 5,196,202</b>	<b>\$ 4,432,507</b>	<b>\$ 5,007,629</b>	<b>\$ 3,426,466</b>
<b>Total Program Revenues</b>	<b>\$ 10,008,476</b>	<b>\$ 12,423,452</b>	<b>\$ 10,208,245</b>	<b>\$ 8,691,078</b>	<b>\$ 6,486,185</b>	<b>\$ 8,025,331</b>	<b>\$ 6,666,258</b>	<b>\$ 5,536,026</b>	<b>\$ 6,628,296</b>	<b>\$ 4,516,324</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (6,699,438)	\$ (3,502,133)	\$ (3,978,565)	\$ (5,887,222)	\$ (6,513,093)	\$ (4,668,329)	\$ (5,146,907)	\$ (5,493,537)	\$ (6,833,666)	\$ (4,458,564)
<b>Business-type activities</b>	2,704,549	2,679,111	1,467,360	1,372,224	1,076,247	2,972,438	1,543,172	1,313,828	1,233,575	(357,481)
<b>Total Net (Expense)/Revenue</b>	<b>\$ (3,994,889)</b>	<b>\$ (823,022)</b>	<b>\$ (2,511,205)</b>	<b>\$ (4,514,998)</b>	<b>\$ (5,436,846)</b>	<b>\$ (1,695,891)</b>	<b>\$ (3,603,735)</b>	<b>\$ (4,179,709)</b>	<b>\$ (5,600,091)</b>	<b>\$ (4,816,045)</b>

**CITY OF MOLALLA, OREGON**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Revenues										
Governmental Activities:										
Taxes:										
Property taxes	\$ 3,984,767	\$ 3,850,047	\$ 3,686,812	\$ 4,186,467	\$ 3,944,268	\$ 3,707,861	\$ 3,503,079	\$ 3,148,271	\$ 3,072,480	\$ 2,954,828
Public service taxes and state revenue sharing	947,156	895,786	733,171	2,138,831	2,038,041	2,061,169	2,012,180	1,759,103	1,469,469	1,919,016
Franchise taxes	575,824	478,598	468,159	367,257	431,304	396,780	494,405	401,267	363,384	364,723
Fuel taxes	808,385	806,306	807,914	*	*	*	*	*	*	*
Unrestricted grants and contributions	470,991	434,326	456,599	*	*	*	*	*	*	*
Interest and investment earnings	1,037,642	693,686	125,314	168,889	337,842	380,044	208,982	121,451	62,437	54,350
Miscellaneous revenues	41,839	243,491	88,642	14,119	49,872	110,124	46,904	75,514	56,868	116,582
Transfers in (out)	674,138	798,671	286,544	-	-	1,235,545	583,257	(782,644)	(121,034)	(400,000)
Total Governmental Activities	\$ 8,540,742	\$ 8,200,911	\$ 6,653,155	\$ 6,875,563	\$ 6,801,327	\$ 7,891,523	\$ 6,848,807	\$ 4,722,962	\$ 4,903,604	\$ 5,009,499
Business-type activities:										
Interest and investment earnings	\$ 489,693	\$ -	\$ -	\$ -	\$ 337,842	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	6,712	56,835	62,264	139,938	93,214	64,408	63,946	44,841	37,039	10,601
Transfers in (out)	(674,138)	(798,671)	(286,544)	-	-	(1,235,545)	(583,257)	782,644	121,034	400,000
Total Business-type Activities	\$ (177,733)	\$ (741,836)	\$ (224,280)	\$ 139,938	\$ 431,056	\$ (1,171,137)	\$ (519,311)	\$ 827,485	\$ 158,073	\$ 410,601
Total primary government	\$ 8,363,009	\$ 7,459,075	\$ 6,428,875	\$ 7,015,501	\$ 7,232,383	\$ 6,720,386	\$ 6,329,496	\$ 5,550,447	\$ 5,061,677	\$ 5,420,100
Change in Net Position										
Governmental Activities	\$ 1,841,304	\$ 4,698,778	\$ 2,674,590	\$ 988,341	\$ 288,234	\$ 3,223,194	\$ 1,701,900	\$ (770,575)	\$ (1,930,062)	\$ 550,935
Business-type Activity	2,526,816	1,937,275	1,243,080	1,512,162	1,507,303	1,801,301	1,023,861	2,141,313	1,391,648	53,120
Total Change in Net Position	\$ 4,368,120	\$ 6,636,053	\$ 3,917,670	\$ 2,500,503	\$ 1,795,537	\$ 5,024,495	\$ 2,725,761	\$ 1,370,738	\$ (538,414)	\$ 604,055

\* Previously reported in other categories

**CITY OF MOLALLA, OREGON**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>General Fund</b>										
Nonspendable	\$ 33,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	135,881	-	-	-	-	-	-	-	-	-
Unassigned	3,385,433	3,011,265	3,660,620	3,470,175	3,115,275	2,756,155	1,967,938	1,441,381	1,133,000	952,596
<b>Total general fund</b>	<u>\$ 3,555,166</u>	<u>\$ 3,011,265</u>	<u>\$ 3,660,620</u>	<u>\$ 3,470,175</u>	<u>\$ 3,115,275</u>	<u>\$ 2,756,155</u>	<u>\$ 1,967,938</u>	<u>\$ 1,441,381</u>	<u>\$ 1,133,000</u>	<u>\$ 952,596</u>
<b>All other governmental funds</b>										
Nonspendable	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	29,685,403	11,997,177	10,813,325	8,860,471	5,527,674	5,700,235	4,587,201	3,511,668	4,445,288	5,423,234
Committed	361,863	2,288,064	693,268	2,059,053	1,858,871	1,781,899	1,655,471	1,529,407	1,395,999	-
Assigned	-	-	-	-	-	-	-	-	-	1,280,657
Unassigned	-	-	-	209,610	(41,902)	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 30,247,266</u>	<u>\$ 14,285,241</u>	<u>\$ 11,506,593</u>	<u>\$ 11,129,134</u>	<u>\$ 7,344,643</u>	<u>\$ 7,482,134</u>	<u>\$ 6,242,672</u>	<u>\$ 5,041,075</u>	<u>\$ 5,841,287</u>	<u>\$ 6,703,891</u>

**CITY OF MOLALLA, OREGON**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>REVENUES</b>										
Property taxes	\$ 4,909,448	\$ 4,771,973	\$ 4,384,932	\$ 4,276,637	\$ 3,840,270	\$ 3,813,808	\$ 3,483,362	\$ 3,140,786	\$ 3,059,889	\$ 3,308,927
Franchise fees	526,774	478,598	443,159	414,214	420,041	390,897	398,334	362,652	370,634	
Licenses, permits and fees	280,061	296,435	282,647	272,729	72,495	44,284	72,495	64,868	120,968	53,053
Intergovernmental	2,052,260	3,625,748	4,100,474	2,172,224	2,072,929	2,033,364	2,009,380	1,771,723	1,491,767	1,919,016
Fuel taxes	808,385	806,306	807,914	*	*	*	*	*	*	*
Fines and forfeitures**	256,988	152,892	154,731	240,515	9,179	14,201	14,676	16,921	18,031	19,218
Charges for services**	101,978	134,028	143,315	570,988	644,259	428,767	634,551	638,448	613,164	656,905
Grants***	-	-	-	351,405	81,358	40,816	22,748	6,542	3,816	23,877
Interest revenue	1,037,642	693,686	125,314	168,889	337,842	380,044	208,982	121,451	62,437	54,350
Miscellaneous revenue	41,839	243,491	88,642	14,119	49,872	110,124	46,904	75,514	117,079	114,429
Contributions and donations	163,898	12,313	108,752	60,900	11,557	24,499	28,584	8,947	1,760	2,153
System development charges	395,560	1,267,898	81,765	944,550	233,442	1,377,878	697,002	367,793	864,688	501,981
<b>Total Revenues</b>	<b>\$ 10,574,833</b>	<b>\$ 12,483,368</b>	<b>\$ 10,721,645</b>	<b>\$ 9,487,170</b>	<b>\$ 7,773,244</b>	<b>\$ 8,658,682</b>	<b>\$ 7,617,018</b>	<b>\$ 6,575,645</b>	<b>\$ 6,724,233</b>	<b>\$ 6,653,909</b>
<b>EXPENDITURES</b>										
Current:										
General government	\$ 1,402,635	\$ 1,266,205	\$ 2,168,966	\$ 1,008,221	\$ 1,260,822	\$ 1,115,455	\$ 1,191,682	\$ 911,656	\$ 793,643	\$ 816,142
Public safety	4,381,808	3,881,244	3,278,318	3,240,292	2,994,324	2,774,880	2,491,805	2,395,215	2,216,160	2,175,759
Highways and streets	860,563	912,659	565,249	732,343	632,273	616,949	598,546	642,319	590,042	536,001
Culture and recreation	1,150,083	1,128,440	1,016,225	998,753	1,054,556	989,664	924,408	628,401	986,494	-
Community development	294,918	352,199	300,939	464,207	15,022	1,474	24,977	116,878	107,257	926,187
Capital Outlay	2,498,651	6,101,023	3,915,384	2,319,832	3,926,051	2,066,059	931,029	2,086,109	2,230,981	1,255,341
Debt Service:										
Principal	444,900	441,300	417,800	423,600	222,606	207,606	230,885	185,000	145,000	
Interest	87,311	98,907	109,650	72,587	90,576	94,461	96,194	101,898	136,856	66,838
<b>Total Expenditures</b>	<b>\$ 11,120,869</b>	<b>\$ 14,181,977</b>	<b>\$ 11,772,531</b>	<b>\$ 9,259,835</b>	<b>\$ 10,196,230</b>	<b>\$ 7,866,548</b>	<b>\$ 6,489,526</b>	<b>\$ 7,067,476</b>	<b>\$ 7,206,433</b>	<b>\$ 5,776,268</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (546,036)	\$ (1,698,609)	\$ (1,050,886)	\$ 227,335	\$ (2,422,986)	\$ 792,134	\$ 1,127,492	\$ (491,831)	\$ (482,200)	\$ 877,641
<b>OTHER FINANCING SOURCES (USES)</b>										
Issuance of debt	\$ 16,830,230	\$ -		\$ 2,530,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer in	3,497,842	6,384,451	3,048,415	2,453,894	3,745,057	1,990,615	862,089	-	345,000	3,143,156
Transfers out	(3,276,110)	(2,556,549)	(1,429,625)	(1,072,238)	(941,332)	(755,070)	(278,832)	-	(545,000)	(487,500)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 17,051,962</b>	<b>\$ 3,827,902</b>	<b>\$ 1,618,790</b>	<b>\$ 3,912,056</b>	<b>\$ 2,803,725</b>	<b>\$ 1,235,545</b>	<b>\$ 583,257</b>	<b>\$ -</b>	<b>\$ (200,000)</b>	<b>\$ 2,655,656</b>
<b>Net change in fund balances</b>	<b>\$ 16,505,926</b>	<b>\$ 2,129,293</b>	<b>\$ 567,904</b>	<b>\$ 4,139,391</b>	<b>\$ 380,739</b>	<b>\$ 2,027,679</b>	<b>\$ 1,710,749</b>	<b>\$ (491,831)</b>	<b>\$ (682,200)</b>	<b>\$ 3,533,297</b>
Debt service as a percentage of noncapital expenditures	6.91%	5.15%	5.14%	5.45%	3.00%	4.53%	4.94%	3.93%	3.47%	1.15%

\* Previously reported in other categories

\*\* From 2016 -2020 Municipal Court Fines were being recorded as Charges for services rather than Fines and forfeitures.

\*\*\* Beginning 2022, grant revenues are not split out from intergovernmental revenue.

**CITY OF MOLALLA, OREGON**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal year Ended June 30	REAL PROPERTY		MANUFACTURED STRUCTURES		PERSONAL PROPERTY		UTILITIES		TOTAL		Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate/ Thousand
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
	2024	\$ 772,509,695	\$ 1,571,699,627	\$ 4,077,552	\$ 7,808,180	\$ 18,664,589	\$ 18,664,589	\$ 41,521,555	\$ 41,596,274	\$ 836,773,391		
2023	743,658,300	1,502,754,845	3,746,024	6,710,150	16,011,786	16,011,786	44,263,400	44,352,742	807,679,510	1,569,829,523	51.5%	6.04
2022	707,961,793	1,274,571,036	3,628,336	5,477,950	14,536,222	14,536,222	38,803,100	38,872,214	764,929,451	1,333,457,422	57.4%	5.94
2021	672,215,372	1,140,099,977	3,599,622	5,158,740	14,898,925	14,898,925	37,192,500	37,249,742	727,906,419	1,197,407,384	60.8%	5.91
2020	640,709,297	1,074,092,199	3,567,075	4,877,380	14,282,351	14,282,351	30,474,300	30,522,973	689,033,023	1,123,774,903	61.3%	5.89
2019	596,253,536	962,210,749	3,287,116	4,318,290	13,693,175	13,693,175	31,886,300	31,925,433	645,120,127	1,012,147,647	63.7%	5.87
2018	568,373,600	844,622,742	2,997,053	3,710,240	12,251,888	12,251,888	27,680,800	27,722,879	611,303,341	888,307,749	68.8%	5.99
2017	532,604,601	814,535,706	2,563,905	2,926,488	10,753,275	10,757,312	26,757,200	26,787,379	572,678,981	855,006,885	67.0%	5.84
2016	502,276,193	702,867,924	2,299,157	2,545,753	9,686,683	9,687,170	29,160,700	29,478,711	543,422,733	744,579,558	73.0%	5.80
2015	480,012,264	626,356,527	2,106,439	2,288,508	9,596,183	9,598,877	28,150,100	28,210,958	519,864,986	666,454,870	78.0%	5.81

Source: Clackamas County Assessor's Office

**CITY OF MOLALLA, OREGON**  
**Property Tax Rates**  
**Last Ten Fiscal Years**

<u>Fiscal year Ended June 30</u>	<u>City of Molalla/Urban Renewal</u>	<u>Molalla River School District</u>	<u>Clackamas CC &amp; ESD</u>	<u>Clackamas County</u>	<u>Molalla FD 73</u>	<u>Other Taxing Districts</u>	<u>Total</u>
2024	\$ 6.06	\$ 4.33	\$ 1.10	\$ 3.14	\$ 1.69	\$ 0.36	\$ 16.68
2023	6.04	4.34	1.10	3.15	1.69	0.36	16.68
2022	5.94	4.39	1.02	3.06	1.69	0.37	16.48
2021	5.91	4.40	1.04	3.07	1.70	0.37	16.50
2020	5.89	4.42	1.03	3.08	1.71	0.37	16.50
2019	5.87	4.43	1.05	3.09	1.72	0.37	16.52
2018	5.99	4.43	1.05	3.09	1.39	0.37	16.31
2017	5.84	4.50	1.06	3.03	1.41	0.10	15.93
2016	5.80	4.52	1.07	3.05	1.41	0.10	15.94
2015	5.81	4.52	1.03	3.05	1.41	0.10	15.91

Source: Clackamas County Assessor's Office

Tax rates expressed in dollars and cents per \$1,000 of assessed value of taxable property

**CITY OF MOLALLA, OREGON**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Molalla Telephone Co	\$ 24,786,705	1	2.96%	\$ 20,177,800	1	3.88%
Molalla MC Investors LLC	18,454,218	2	2.21%	13,625,122	2	2.62%
Stoneplace Apartments LLC	18,282,760	3	2.18%	13,066,324	3	2.51%
Pacific Fibre Products Inc	17,033,926	4	2.04%			
Quanex Custom Components	10,623,639	5	1.27%			
Portland Gen Elec Co	7,296,000	6	0.87%	3,485,000	8	0.67%
Cascade Place LLC	7,196,366	7	0.86%			
Northwest Natural Gas Co	6,719,000	8	0.80%			
Hi-Valley Development Corp	5,224,138	9	0.62%	4,003,868	6	0.77%
Cascade Center Molalla LLC	4,998,426	10	0.60%			
Brentwood Acquisition Corp				6,522,499	4	1.25%
Welltower Landlord Group LLC				4,536,865	5	0.87%
MSRE LLC				3,798,797	7	0.73%
Oliva Steven J & Janice D				3,171,966	9	0.61%
Brown Richard K				3,010,365	10	0.58%
Subtotal	<u>120,615,178</u>		<u>14.41%</u>	<u>75,398,606</u>		<u>14.50%</u>
All other	<u>716,158,213</u>		<u>85.59%</u>	<u>444,466,380</u>		<u>85.50%</u>
Total	<u>\$ 836,773,391</u>		<u>100.00%</u>	<u>\$ 519,864,986</u>		<u>100.00%</u>

Source: Clackamas County Assessor's Office



**CITY OF MOLALLA, OREGON**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal year Ended June 30</b>	<b>Taxes Levied by Assessor</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collections</b>	<b>Delinquent Taxes Collected</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Adjustments and Discounts</b>	<b>Uncollected Taxes</b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
2024	\$ 5,070,622	\$ 4,830,404	95.26%	\$ 65,974	4,896,378	96.56%	\$ 149,514	\$ 155,701	3.07%
2023	4,882,537	4,674,071	95.73%	90,824	4,764,895	97.59%	148,714	125,026	2.56%
2022	4,549,847	4,325,927	95.08%	49,373	4,375,301	96.16%	140,160	150,260	3.30%
2021	4,308,734	4,123,183	95.69%	56,648	4,179,831	97.01%	125,087	115,874	2.69%
2020	4,061,454	3,881,214	95.56%	51,825	3,933,039	96.84%	119,748	112,058	2.76%
2019	3,788,676	3,623,038	95.63%	126,705	3,749,743	98.97%	146,265	103,381	2.73%
2018	3,671,895	3,496,205	95.22%	44,975	3,541,180	96.44%	107,672	210,714	5.74%
2017	3,360,384	3,202,702	95.31%	53,853	3,256,555	96.91%	95,829	187,670	5.58%
2016	3,159,206	3,004,362	95.10%	58,135	3,062,497	96.94%	87,421	179,671	5.69%
2015	3,024,196	2,871,805	94.96%	66,245	2,938,050	97.15%	84,414	170,383	5.63%

Source: Clackamas County Assessor's Office

**CITY OF MOLALLA, OREGON**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal year Ended June 30	Governmental Activities			Business-type Activities		Total Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt per Capita
	Full Faith and Credit Bonds (1)	General Obligation Bonds (1)	Loans/Notes	Enterprise Bonds (1)	Enterprise Loans/Notes				
2024	\$ 2,988,218	\$ 16,821,955	\$ -	\$ 797,900	\$ 2,251,566	\$ 22,859,639	*	10,489	\$ 2,179
2023	3,458,630	-	-	1,160,000	1,718,264	6,336,894	*	10,335	613
2022	3,925,442	-	-	1,518,000	831,641	6,275,083	1.83%	10,208	615
2021	4,368,754	-	-	1,871,600	208,572	6,448,926	2.06%	9,910	651
2020	2,287,466	-	-	1,400,000	1,272,262	4,959,728	1.76%	9,885	502
2019	2,467,978	-	67,606	1,650,000	1,412,305	5,597,889	2.19%	9,625	582
2018	2,633,490	-	132,084	1,890,000	1,614,848	6,270,422	2.57%	9,610	652
2017	2,819,002	-	-	2,460,000	1,811,791	7,090,793	3.16%	9,085	780
2016	3,029,514	-	-	3,010,000	1,809,810	7,849,324	3.79%	8,940	878
2015	3,200,026	-	-	3,540,000	1,935,111	8,675,137	4.17%	8,820	984

\*Information unavailable at this time

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on Demographic and Economics Statistics table.

(3) Portland State University

**CITY OF MOLALLA, OREGON**  
**Ratios of Net Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal year Ended June 30	Full Faith and Credit Bonds (1)	General Obligation Bonds (1)	Less: Restricted Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2024	\$ 3,786,118	\$ 16,821,955	\$ -	\$ 20,608,073	1.26%	1,965
2023	4,467,700	-	-	4,467,700	0.28%	432
2022	5,443,442	-	-	5,443,442	0.41%	533
2021	6,240,354	-	-	6,240,354	0.52%	630
2020	3,687,466	-	-	3,687,466	0.33%	373
2019	4,117,978	-	-	4,117,978	0.41%	428
2018	4,523,490	-	-	4,523,490	0.51%	471
2017	5,279,002	-	-	5,279,002	0.62%	581
2016	6,039,514	-	-	6,039,514	0.81%	676
2015	6,740,026	-	-	6,740,026	1.01%	764

(1) This is the general bonded debt of both government and business-type activities, net of original issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments.

(3) See the Schedule of Assessed Value and Estimate Actual value of Taxable Property for property value data.

(4) Population data can be found in the schedule of Ratios of Outstanding Debt by Type.

**CITY OF MOLALLA, OREGON**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2024**

<b>Government Unit:</b>	<b>Net Property Tax Backed Debt</b>	<b>Estimated Percent within City</b>	<b>City of Molalla Pro Rata Share</b>
Clackamas Community College	\$ 117,601,792	1.91%	\$ 2,245,724
Clackamas County	100,575,000	1.40%	\$ 1,405,636
Clackamas County ESD	26,603,764	1.45%	\$ 386,499
Clackamas County SD 35 (Molalla River)	10,965,000	35.81%	\$ 3,926,095
Clackamas Soil & Water Conservation	5,035,000	1.40%	\$ 70,369
Molalla RFPD 73	755,000	42.09%	\$ 317,784
 Subtotal, overlapping debt	 <u>261,535,556</u>		 <u>8,352,107</u>
City of Molalla direct debt	<u>16,821,955</u>	100%	<u>16,821,955</u>
Total	<u><u>\$ 278,357,511</u></u>		<u><u>\$ 25,174,062</u></u>

Source: Oregon State Treasury, Debt Management Division

Note: Overlapping governments are those below the state level that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. The State of Oregon provides overlapping debt data based on real market valuation of properties for each jurisdiction.

**CITY OF MOLALLA, OREGON**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Real Market Value of Taxable Property	\$ 1,639,768,670	\$ 1,569,829,523	\$ 1,333,457,422	\$ 1,197,407,384	\$ 1,123,774,903	\$ 1,012,147,647	\$ 888,307,749	\$ 855,006,885	\$ 744,579,558	\$ 666,454,870
Percentage limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Statutory debt limit (1)	49,193,060	47,094,886	40,003,723	35,922,222	33,713,247	30,364,429	26,649,232	25,650,207	22,337,387	19,993,646
Outstanding debt	16,821,955	4,467,700	5,267,000	6,038,400	3,687,466	3,694,911	4,101,932	4,630,793	4,839,324	5,135,137
Legal Debt Margin	<u>\$ 32,371,105</u>	<u>\$ 42,627,186</u>	<u>\$ 34,736,723</u>	<u>\$ 29,883,822</u>	<u>\$ 30,025,781</u>	<u>\$ 26,669,518</u>	<u>\$ 22,547,300</u>	<u>\$ 21,019,414</u>	<u>\$ 17,498,063</u>	<u>\$ 14,858,509</u>
Total net debt applicable to the limit as a percentage of debt limit	34.20%	9.49%	13.17%	16.81%	10.94%	12.17%	15.39%	18.05%	21.66%	25.68%

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(1) Oregon Revised Statute 287A.050 limits the principal amount of general obligation bonds to no more than three percent of the real market value of taxable property.

**CITY OF MOLALLA, OREGON**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

**Water Revenue Bonds**

Fiscal year Ended June 30	Charges for Water Service	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
2024	\$ 2,177,835	\$ 1,048,957	\$ 1,128,878	\$ -	\$ -	N/A
2023	2,075,579	1,404,499	671,080	-	-	N/A
2022	1,766,265	1,171,272	594,993	-	-	N/A
2021	1,826,925	1,208,870	618,055	-	-	N/A
2020	1,894,042	1,123,084	770,958	-	-	N/A
2019	1,891,858	1,056,897	834,961	-	-	N/A
2018	1,781,130	1,097,782	683,348	340,000	5,100	1.98
2017	1,756,714	1,044,373	712,341	325,000	15,075	2.09
2016	1,455,791	950,517	505,274	310,000	24,600	1.51
2015	1,380,765	1,421,961	(41,196)	300,000	33,750	(0.12)

**Sewer Revenue Bonds**

Fiscal year Ended June 30	Charges for Sewer Service	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
2024	\$ 4,344,385	\$ 2,549,257	\$ 1,795,128	\$ 362,100	\$ 17,284	4.73
2023	3,985,315	2,920,495	1,064,820	358,000	22,618	2.80
2022	3,458,099	2,545,029	913,070	353,600	27,886	2.39
2021	3,232,589	2,055,212	1,177,377	253,700	10,908	4.45
2020	2,993,171	2,244,229	748,942	250,000	66,000	2.37
2019	2,805,927	2,125,825	680,102	240,000	75,600	2.15
2018	2,131,000	1,536,437	594,563	230,000	84,800	1.89
2017	2,324,971	1,470,364	854,607	225,000	91,550	2.70
2016	1,891,277	1,586,485	304,792	220,000	98,150	0.96
2015	1,624,714	2,046,295	(421,581)	210,000	104,450	(1.34)

**CITY OF MOLALLA, OREGON**  
**Demographic and Economic Indicators**  
**Last Ten Fiscal Years**

<b>Fiscal year</b>	<b>Population (1)</b>	<b>Median Age (2)</b>	<b>Per Capita Income (2)</b>	<b>Personal Income</b>	<b>Public K-12 School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2024	10,489	*	*	*	*	3.7%
2023	10,335	*	*	*	*	3.5%
2022	10,208	33.6	\$ 33,627	\$ 343,264,416	1,917	3.2%
2021	9,910	34.5	31,626	313,413,660	1,943	4.9%
2020	9,885	34.8	28,459	281,317,215	1,893	9.8%
2019	9,625	35.2	26,498	255,043,250	2,017	3.4%
2018	9,610	33.7	25,437	244,449,570	1,781	3.5%
2017	9,085	34.2	24,703	224,426,755	1,715	3.6%
2016	8,940	33.5	23,155	207,005,700	1,787	4.4%
2015	8,820	32.9	23,614	208,275,480	1,420	5.1%

\*Information unavailable at this time

- Sources:
- (1) Portland State University Population Research Center
  - (2) United States Census Bureau American Community Survey 5-year estimates
  - (3) State of Oregon Employment Department (Clackamas County, Seasonally Adjusted, June)

**CITY OF MOLALLA, OREGON**  
**Principal Employer Types**  
**Current Year and Nine Years Ago**

Taxpayer	2023			2014		
	Average Employees	Rank	Percentage of Total City Employment	Average Employees	Rank	Percentage of Total City Employment
Agriculture, Forestry, Fishing and Hunting	584	1	20.23%	508	1	20.33%
Retail Trade	444	2	15.38%	384	2	15.37%
Accommodation and Food Services	370	3	12.82%	249	6	9.96%
Local Government (including schools)	345	4	11.95%	292	4	11.68%
Manufacturing	266	5	9.21%	306	3	12.24%
Private Educational Services; Health Care and Social Assistance	252	6	8.73%	273	5	10.92%
Other Services	145	7	5.02%	142	7	5.68%
Construction	115	8	3.98%			
Wholesale Trade	86	9	2.98%	82	9	3.28%
Transportation and Warehousing	78	10	2.70%	101	8	4.04%
Finance & Insurance			-	76	10	3.04%
Subtotal	2,685		93.00%	2,413		96.56%
All other	202		7.00%	86		3.44%
Total	2,887		100.00%	2,499		100.00%

Source: Oregon Employment Department



**CITY OF MOLALLA, OREGON**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

Function	Full-time Equivalent Employees as of June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administration/Council	7.82	7.00	6.00	5.00	5.00	4.75	4.75	6.00	5.00	4.00
Police Services	22.40	20.00	19.00	18.50	17.00	18.50	17.00	16.00	14.00	13.00
Parks	1.15	1.00	0.86	0.86	1.00	1.00	1.00	1.00	0.00	0.00
Planning	1.52	1.50	2.50	2.50	2.50	1.00	1.00	1.00	0.00	0.00
Municipal Court	1.50	1.00	1.00	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Library	8.70	8.70	8.70	8.20	8.20	8.40	7.00	5.00	5.00	3.00
Public Works (Street, Storm, Water Sewer)	18.94	16.50	18.50	18.50	15.76	15.62	15.30	14.00	12.00	13.00
	62.03	55.70	56.56	54.31	50.21	50.27	47.05	44.00	37.00	34.00

Source: City Records

**CITY OF MOLALLA, OREGON**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Public Safety</b>										
Citations	1,176	762	673	721	763	642	*	*	*	*
Arrests	410	312	404	212	347	298	*	*	*	*
Code enforcement cases opened	362	109	66	105	22	*	*	*	*	*
Code enforcement cases closed	357	106	66	105	22	*	*	*	*	*
<b>Culture and recreation</b>										
Library circulation										
Materials	167,086	162,934	159,571	109,237	163,673	215,289	217,268	248,674	273,269	289,500
Downloads/Streaming	26,260	23,311	21,519	20,631	20,283	15,803	13,072	11,037	10,872	7,563
Program Participation	9,370	10,727	6,831	3,549	6,724	9,412	4,397	4,917	4,993	4,993
Park reservations	107	101	77	15	26	25	*	*	*	*
<b>Community Development</b>										
Land use decisions/authorizations issued	109	183	136	198	89	102	*	*	*	*
Single-family units permitted	6	1	8	20	11	11	*	*	*	*
Multi-family units permitted	43	153	217	8	40	2	*	*	*	*
Commercial/industrial units permitted	2	9	1	7	6	4	*	*	*	*
<b>Public Works</b>										
Work orders completed	2,879	3,433	4,170	3,906	4,105	3,948	3,773	*	*	*
Linear feet of sewer line cleaned	7,868	13,961	11,616	9,727	9,727	9,733	*	*	*	*
Local road feet paved/resurfaced	6,019	4,780	3,780	1,300	33	*	*	*	*	*
Potholes filled	580	465	552	279	360	385	254	*	*	*
Sewer TV inspected (LF)	6,700	2,605	5,280	1,500	*	*	*	*	*	*
Manholes repaired	10	38	20	105	-	101	*	*	*	*
Laterals repaired	8	34	10	9	4	*	*	*	*	*
<b>Water</b>										
Water usage billed (cubic feet)	39,939,729	39,775,335	36,479,822	40,862,016	*	*	*	*	*	*
Water meters installed	20	68	81	39	31	122	*	*	*	*
Drinking water produced (gallons)	383,756,000	397,445,400	312,211,703	325,626,159	349,201,849	379,959,591	382,572,480	*	*	*
Service orders processed	464	828	713	807	625	820	689	*	*	*
Water meters read	35,818	35,829	32,892	35,853	35,453	26,622	*	*	*	*
Water Main Replaced (linear feet)	-	1,700	-	-	-	*	*	*	*	*
<b>Wastewater</b>										
Biosolids removed (dry tons)	447.78	1,234.84	419.27	411.46	280.00	866.34	*	*	*	*
Wastewater recycled (gallons)	105,603,000	137,188,000	125,891,000	114,091,000	112,303,000	110,279,000	*	*	*	*
Sewer Main Replaced (linear feet)	-	1,580	-	2,900	200	*	*	*	*	*

Source: City records

\*Statistics unavailable

**CITY OF MOLALLA, OREGON**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	22	21	21	20	20	19	*	*	*	*
Highways and streets										
Streets (center lane miles)	36.04	35.77	35.7	35.5	35.5	35.5	*	*	*	*
Streetlights	803	795	780	*	*	*	*	*	*	*
Culture and recreation										
Parks acreage	73.76	73.2	73.2	66.1	66.1	66.73	*	*	*	*
Playgrounds/skate parks	11	11	11	10	10	10	*	*	*	*
Library facility	1	1	1	1	1	1	1	1	1	1
Sanitary sewer										
Sewer EDU's	4,175	4,480	3,841	*	*	*	*	*	*	*
Sewer lines (miles)	34.26	34	33.95	32.62	32.62	32.47	*	*	*	*
Pump stations	5	5	5	5	6	6	*	*	*	*
Water										
Number of water meters	3,057	3,058	2,939	2,918	2,905	2,889	*	*	*	*
Water lines (miles)	42.33	42.07	42.07	41.51	41.51	41.34	*	*	*	*
Water storage capacity (gallons)	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	*	*	*	*

Source: City records

\*Statistics unavailable

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## **COMPLIANCE SECTION**

**INDEPENDENT AUDITOR’S REPORT REQUIRED BY  
OREGON STATE REGULATIONS**

Honorable Mayor and Council Members  
City of Molalla  
Molalla, Oregon

We have audited the basic financial statements of the City of Molalla, Oregon (the “City”) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 4, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295)
- Indebtedness limitations, restrictions and repayment
- Budgets legally required (ORS Chapter 294)
- Insurance and fidelity bonds in force or required by law
- Programs funded from outside sources
- Highway revenues used for public highways, roads, and streets
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except for the following:

Honorable Mayor and Council Members  
City of Molalla  
Independent Auditor's Report Required by  
Oregon State Regulations  
December 4, 2024

ORS Chapter 294.358 – resources and requirements preceding years

Amounts reported in the 2024-25 budget for certain funds did not agree to actual fiscal year 2021-2022 and 2022-2023 amounts as follows:

- 1<sup>st</sup> and 2<sup>nd</sup> preceding year's resources and requirements did not agree for the Capital Projects fund
- 2<sup>nd</sup> preceding year's requirements did not agree for the Water SDC and Park SDC funds
- 1<sup>st</sup> preceding year requirements did not agree for the Stormwater and Stormwater SDC funds

**OAR 162-10-0230 Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

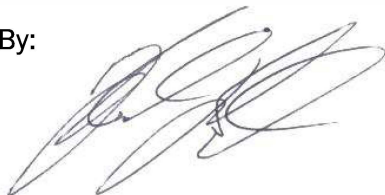
**Restriction on Use**

This report is intended solely for the information and use of the Council Members and management of the City and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*Singer Lewak LLP*

December 4, 2024

By:



Bradley G. Bingenheimer, Partner



City of Molalla  
City Council – Strategic Planning Work Session  
Minutes – January 11, 2025  
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

**CALL TO ORDER**

The Molalla City Council Strategic Planning Work Session of January 11, 2025 was called to order by Mayor Scott Keyser at 9:00am.

**COUNCIL ATTENDANCE**

Present: Mayor Scott Keyser, Council President Eric Vermillion, Councilor Leota Childress, Councilor Terry Shankle, Councilor RaeLynn Botsford, and Councilor Martin Bartholomew.  
Absent: Councilor Doug Gilmer.

**STAFF IN ATTENDANCE**

Dan Huff, City Manager; Christie Teets, City Recorder; Mac Corthell, Assistant City Manager; Chris Long, Police Chief; Cindy Chauran, Finance Director; Diana Hadley, Library Director; and Suzanne Baughman, Executive Administrative Assistant.

**APPROVAL OF AGENDA**

City Recorder Teets requested beginning the session with General Business Item B, proceeded by A. The request was approved via consensus of the City Council.

**GENERAL BUSINESS**

B. City Recorder Announcements

City Recorder Teets provided presentations to City Council that covered the following areas; Ethics Awareness, Public Record Laws, Social Media Best Practices, Public Meeting Law, Legal Powers and Impediments Affecting City Councilors, and common Claims Against Public Officials. *(All presentations are attached to these Meeting Minutes.)* Ms. Teets also presented the 2025 City Council calendar, highlighting opportunities for Council to participate in City activities.

*Mayor Keyser recessed the meeting for a break at 10:29am. The meeting reconvened at 10:45am.*

- A. City Manager Report
- a) 2024 in Review
  - b) 2025 Goals set by Department
  - c) Staffing and Comparisons to other Cities

City Manager Huff shared a presentation that assists in defining Roles & Responsibilities between Council and Administration. He also provided a outline of completed tasks in 2024, that are included in the meeting packet. Highlights of tasks for city staff for 2025 are the Wastewater Treatment Plant upgrade and construction of the new Police facility. Staff provided department goals for 2025, that are available in the meeting packet. Mr. Huff also expressed the need for increased staff levels. A summary comparison was provided as an example. *(Attached to these meeting minutes.)*

*Mayor Keyser recessed the meeting at 12:00pm for a lunch break. The meeting reconvened at 12:35pm.*

[\(Click here for the complete video account of the Strategic Planning Work Session – Part 1\)](#)

C. Review 2024 Council Goals and Accomplishments

*(This items was combined with General Business Item A.)*



D. Potential 2025 Goals/Plans/Tasks

Council reviewed 2024 Goals and decided via consensus items that should remain as 2025 goals. A complete update will be presented for City Council approval and adoption at a future meeting.

*Mayor Keyser recessed the meeting at 2:30pm for a break. The meeting reconvened at 2:45pm.*

E. City Council-led Activities

- a) 2025 City Council Calendar – handout
  - o Spring Clean-Up (April 25-26)
  - o 4<sup>th</sup> of July Parade & Festivities (July 4)
  - o National Night Out (August 5)
  - o Celebrate Molalla (August 23)
  
- b) CCA Dinner Schedule
  - o June 2025 – City of Molalla Hosts (June 26)

Items related to Letter C were discussed during Item A.

[Click here for the complete video account of the Strategic Planning Work Session – Part 2\)](#)

**ADJOURN**

Mayor Keyser adjourned the meeting at 3:17pm.

\_\_\_\_\_  
Scott Keyser, Mayor

ATTEST:

\_\_\_\_\_  
Christie Teets, CMC - City Recorder

Meeting Minute Attachments:

- League of Oregon Cities (LOC) Ethics Awareness
- LOC Public Records
- LOC Social Media Best Practices
- LOC Public Meeting Law
- LOC Legal Powers and Impediments Affecting City Council
- CIS Claims Against Public Officials
- LOC Define Roles & Responsibilities (City Council – City Manager)
- Net Position by Component – Finance Report
- Staffing Comparisons – Public Works
- LOC Model Motor Vehicle Fuel Tax Ordinance – City Manager Handout
- Quick Reference Guides: Executive Session, What is a Public Official, Is it a Gift, Ethics Law Overview



# Ethics Awareness

Understanding Your Legal Obligations



# Oregon Government Ethics Law

Oregon Revised Statute Chapter 244

Oregon Administrative Rule Chapter 199

All public officials in Oregon must comply with the Oregon Government Ethics Law.



# Who is a “Public Official”

- ◆ **Any person serving any public body, as an elected official, appointed official, employee or agent.**
- ◆ **No compensation required.**

You are a public official IF

- You are a city elected official
- You are a city staff member
- You are a city employee
- You volunteer for the city



# GIFTS

\$50

# What is a Gift?

If it wasn't available to members of the public, under the same terms/conditions, it is **LIKELY** a gift

- Something of economic value given to a public official, a candidate or a relative or member of the household of the public official or candidate
- Without valuable consideration of equivalent value, including the full or partial forgiveness of indebtedness, which is not extended to others on the same terms and conditions; or
- For valuable consideration less than that required from others who are not public officials or candidates.

# GIFT LIMITS

A public official/relative/household member may not accept gift if:

Public Official/Relative/Household Member

More than \$50 / Calendar year

Single Source

Legislative/Administrative Interest in Decision Making

# Prohibited Use of Office



# Promise of Future Employment



Public official cannot solicit/receive a pledge/promise for future employment



Either directly or indirectly



In exchange for a vote, official act, or influence

But you can get a job because of your credentials.

# Use of Confidential Information Gained Through Public Office

- ◆ A public official may not attempt to further their personal gain through the use of confidential information gained in the course of or by reason of holding their position or the activities of the public official.
- ◆ This includes any attempt after the public official ceases to be a public official.



# Conflicts of Interest

# What is a Conflict of Interest?

- Potential conflict: Action taken by the public official *could* have a financial impact on that official, relative, or business.
- Actual conflict: Action taken by the public official *would* have a financial impact on that official, relative, or business.
- ORS 244.020(16) - Relative is expansively defined.
- Announce at each meeting.
- Oregon Government Ethics Commission (OGEC) advises if questions

# Conflicts of Interest

Actual

Announce



Disclose



Recuse

Potential

Announce



Disclose



Remain

Record in Minutes

# How to Disclose a Conflict: Elected Official



Publicly announce the nature of the conflict.

The notice must be recorded in the official records of the public body.

Announce the conflict at each meeting or on each occasion the issue is discussed or debated.

Applies when the official is an appointed member of a board/commission.

# Statement of Economic Interest



# SEI Annual Filing Requirement



FILED EACH  
YEAR



COMPLETE ONLINE



FILING OPENS:  
MARCH 15<sup>TH</sup>



FILING DEADLINE:  
APRIL 15



SEI FILER TRAINING  
ON OGEC WEBSITE

Elected officials, appointed officials (municipal judge, city administrator), planning commission members..full list is ORS 244.050.



# What Does the SEI Disclose?

Business interests

Sources of income

Ownership interests in  
real property other  
than the principal  
residence

Honorarium valued  
over \$15

Names of  
compensated lobbyists  
with associated  
business interests

Name of entities in  
which the official  
received over \$50 to  
participate in various  
meetings/travel

See complete list: ORS  
244.060 and 244.070

# Penalties Related to Late SEI Filing

April 16 – April 29 : \$10 per day

After April 29: \$50 per day

Maximum penalty: \$5,000 in fines

# Ethics Resources

1. Oregon Government Ethics Commission

Website: [www.oregon.gov/OGEC](http://www.oregon.gov/OGEC)

Email: [ogec.mail@oregon.gov](mailto:ogec.mail@oregon.gov)

Phone: 503-378-5105

2. OGEC “A Guide for Public Officials”:

<https://www.oregon.gov/ogec/Pages/Guide-for-Public-Officials.aspx>

3. The League of Oregon Cities: [Municipal Handbook Chapter 8 - Ethics](#)

Any  
Questions



# Public Records in Oregon

**What City Officials Need to Know**



# Overview

**Purpose**



**Retention Duration**



**Disclosures/  
Exemptions**



# Public Records Law Purpose



**Informed  
Public**

**Accountability**

**Transparency**

**History**

# Retention: What is a public record?

## Public Record Defined (For Retention)

**City prepared,  
owned, used,  
retained**

**Relates to any  
city activity,  
function,  
transaction**

**Necessary to  
satisfy city's  
fiscal, legal,  
administrative,  
historical policies**



# Retention: What is NOT a Public Record?

**Extra copies**

**Publications**

**Voice  
messages**

**Verbal  
communication**

# Public Record Retention Duration



**Each city is required to maintain all its public records, or accurate copies, in accordance with the State Archivist retention schedules**



**Cities Retention Schedule: OAR 166-200-0200**



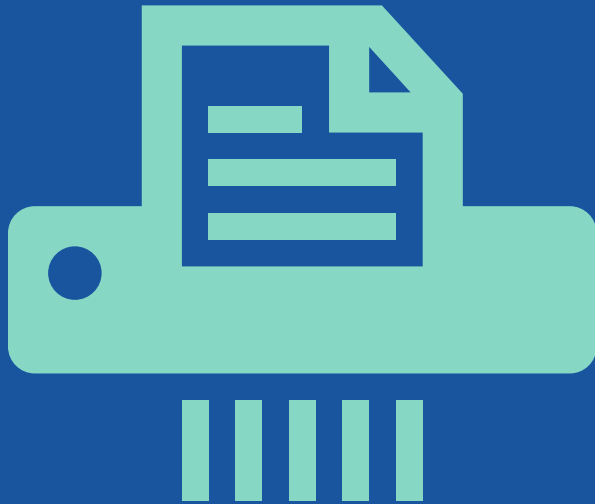
**Applies to city staff + elected officials**



# Tampering / Destroying Public Records

**It is a crime to destroy, mutilate, conceal, remove, make a false entry in, or falsely alter any public record.**

**Class A Misdemeanor**



# Public Records Custodian Liaison

**Records  
Custodian?**

**Records  
Management  
System?**

**Access?**

# Right to Inspect



**Every person has a right to inspect any public record of the city.**

## **EXCEPTIONS**

- **ORS 192.338**
- **ORS 192.345**
- **ORS 192.355**

# Resources

**The Oregon Attorney  
General's Public  
Records Manual  
(June 2019)**

**The Oregon  
Secretary of State's  
Retention Schedule  
for Cities**

**The League of  
Oregon Cities' FAQ on  
Assessing Fees for  
the Production of  
Public Records**

**The League of  
Oregon Cities  
Municipal Handbook,  
Chapter 14: Public  
Records**

**The League of  
Oregon Cities Model  
Email and Social  
Media Policy and  
Retention**

Any  
Questions

# SOCIAL MEDIA: A CRITICAL TOOL FOR ELECTED OFFICIALS

Lauren Garetto, Nathaniel Brown + Jayme Pierce







# JAYME PIERCE

- Five-Year Staff Attorney at LOC
- Spent Five Years prior working at the Oregon Department of Justice.
- Loves working with and providing best-practices to our city officials.
- I'm an attorney, but I'm not \*your\* attorney.





# AGENDA

---

Warm up

---

What's the point?

---

Legal considerations

---

Public park scenario

---

Wildfire scenario

---

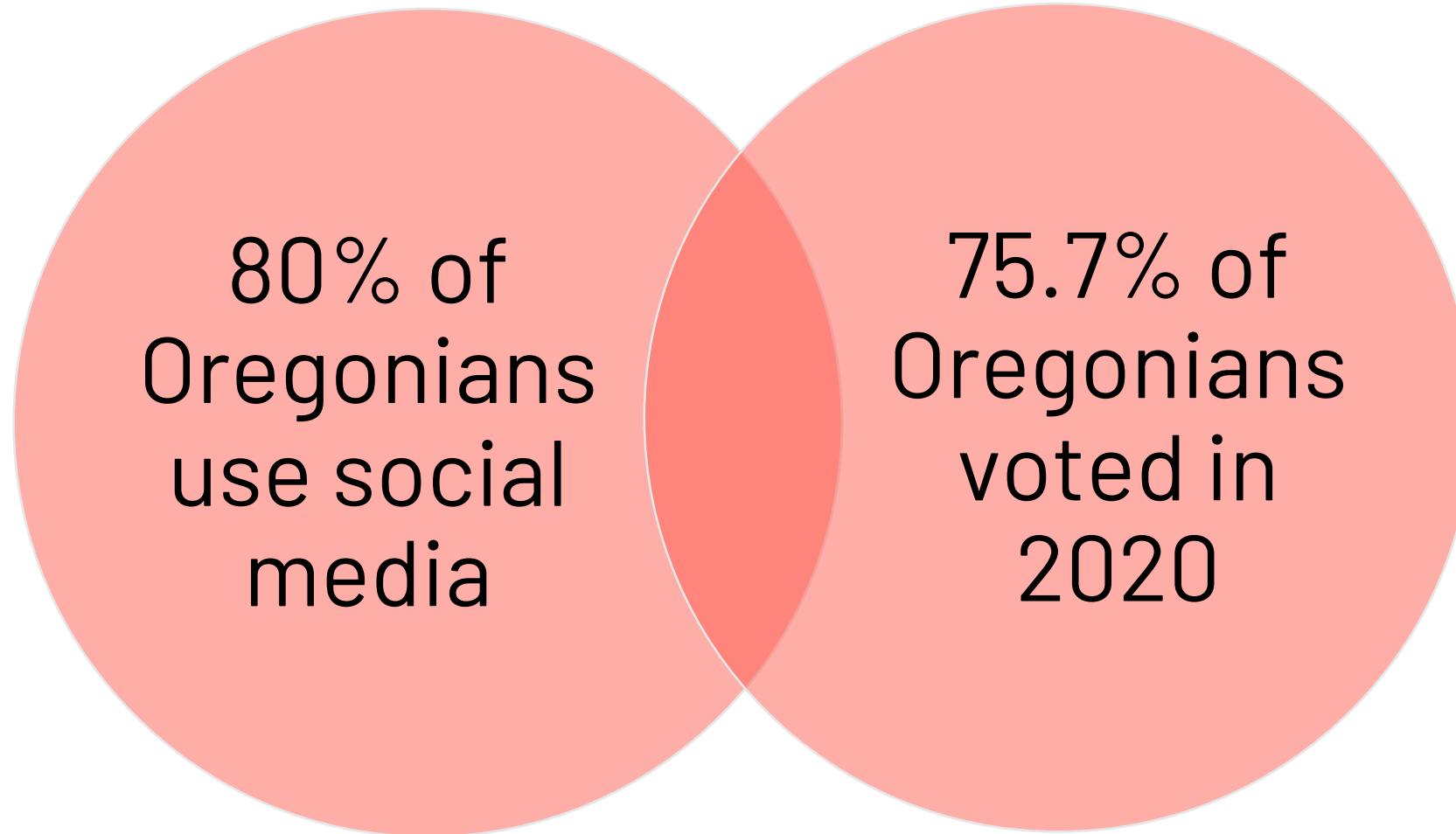
Questions

The page features a solid coral background. On the left and right sides, there are decorative vertical patterns of overlapping chevrons in a lighter shade of coral. The chevrons on the left point upwards, while the chevrons on the right point downwards.

**WHO ARE YOU?**



# OREGON VOTERS USE SOCIAL MEDIA



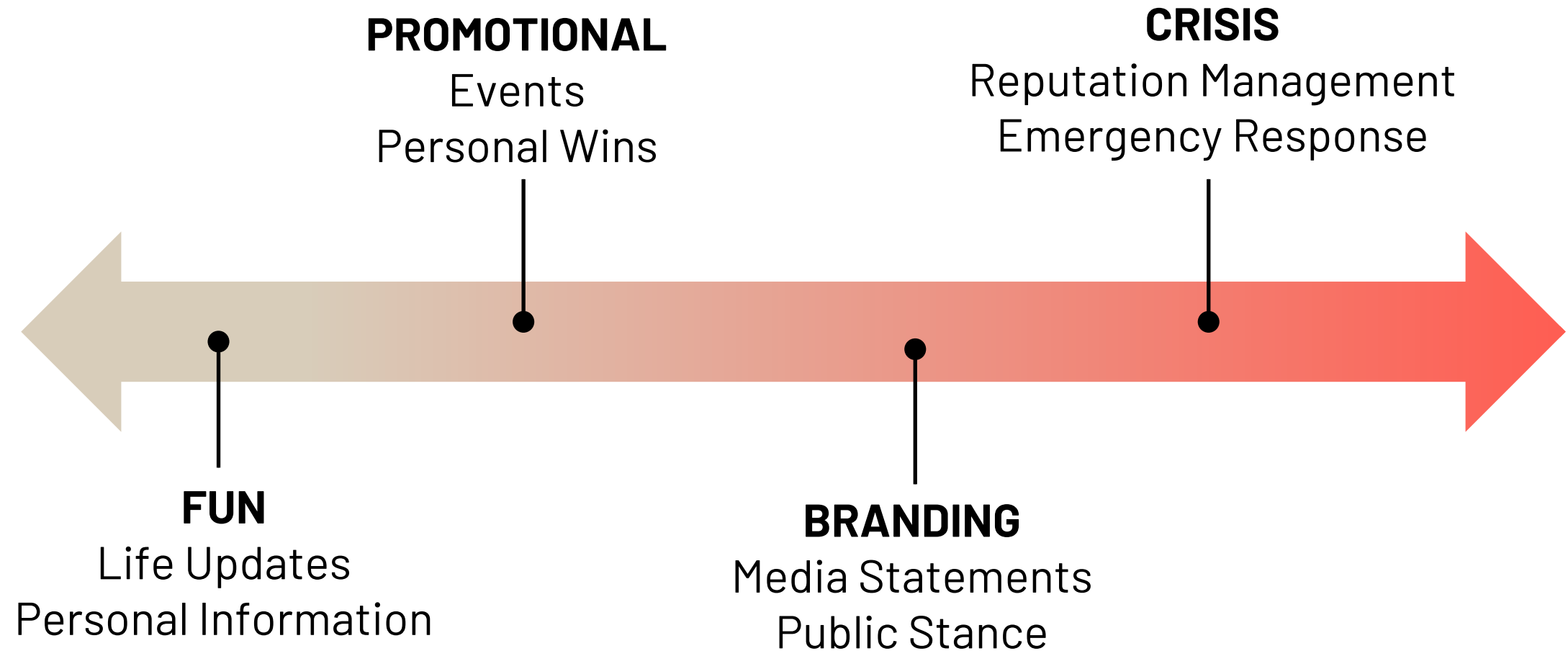


# LEGAL CONSIDERATIONS

First Amendment  
Public Records  
Public Meetings



# SOCIAL MEDIA CONTINUUM



# CASE STUDIES



# PUBLIC PARK OPENING





# AT ITS BEST, SOCIAL MEDIA IS A TOOL FOR PROMOTION.

Your local city is opening a public park that you worked on and would like to call attention to.

**How do you promote the opening and ensure your constituents are informed about the event?**



- Matches the tone
- Includes an appropriate visual
- Tags partners/organizers
- Shows work + commitment
- Speaks to the larger benefit



- Incorrect information
- Lacks visual
- Confuses constituents
- Focus is on you
- Lacks community buy-in



# IN REALITY, SOCIAL MEDIA IS A NECESSARY TOOL FOR EDUCATION.

A week after the park's opening, local activist groups call attention to the water consumption of the main fountain.

**How do you educate residents and prevent more negative attention on the new park?**



- Acknowledge the planning process
- Point to resources and experts
- Outline a plan to monitor water usage
- Create genuine responses
- Ensure cohesive message



- Respond to every comment
- Go solo
- Commit to anything you can't or won't follow through on
- Block comments



# OFTEN, SOCIAL MEDIA IS A TOOL TO DEMONSTRATE REACTION.

Despite your education efforts, your social media posts begin receiving negative comments and a local TV station is doing a story on the call to remove the fountain.

**How do you react to shifting public perception of the park and control the narrative?**



- Reinforce the community benefit
- Amplify allies
- Create space for digital dialogue
- Showcase actions in response to concerns



- Turn off comments
- Publicly dismiss comments
- Issue a long statement
- Seem unsympathetic



# LEGAL CONSIDERATIONS

- Content Moderation
- Record Management
- Avoid an Unintended “Public Meeting”



# WILDFIRE TEARS THROUGH TOWN





# **SOCIAL MEDIA IS A GREAT TOOL TO SPREAD INFORMATION.**

A summer wildfire spread from the mountains and into a local city. Many homes, businesses, schools and more were badly damaged or destroyed because of this natural disaster.

**How do you share key information with those impacted  
and those who want to support?**



- Quickly share information
- Speak with compassion
- Video updates
- Partner with experts
- Acknowledge evolving information



- No response/presence / information
- Lack of sympathy
- Make commitments you cannot follow through on
- Blame others
- Use this as a political gain



# **SOCIAL MEDIA IS A PLACE WHERE PEOPLE GO FOR COMFORT.**

After the community has learned about immediate steps, the town is wondering what this means for the future.

**How do you showcase on social media the work that is being done to solve this current situation and avoid it in the future?**



- Acknowledge the issue
- Restate genuine compassion
- Work with experts and highlight the findings
- Make tangible promises
- Show images and give detail of the work that has been done
- Elevate victim's experiences



- Make the situation about you and/or your platform
- Ignore key stakeholders (ex. first responders)
- Be silent
- Fight with online troll comments



# YOU WILL BE HELD **ACCOUNTABLE** ON SOCIAL MEDIA.

Months after the fire, the community goes to social media to reprimand city officials for not doing enough in the past to avoid this situation.

**How do you address these negative comments and ensure it doesn't pickup traction with a larger audience?**



- Restate good work that is being done
- Employ trusted partners to amplify your positive messages
- Reshare past content with progress updates
- Before and after photos



- Blame others for lack of action
- Engage with negative comments



# LEGAL CONSIDERATIONS

- Potential for defamation
- Absolute privilege may not apply
- Content moderation



**Hubbell** ✓

@Thinkhubbell

📍 Portland, OR

🌐 [Thinkhubbell.com](http://Thinkhubbell.com)

📅 Joined October 2003

Hubbell is an agency dedicated to creating progress on the PNW's most complex issues.

## **Pause Before You Post**

Basic social media guidelines for the public sector.

Choose a clear profile image, without others, to ensure you are easily recognizable.

Make your profile name relevant, concise and easy to remember.

Write a succinct bio that includes priority issues, title and description.



# Four Considerations Before Posting

1. Confirm the content is accurate.
2. Double check already scheduled posts or events.
3. Ensure the post aligns with your public stance and promises.
4. Think about the material being tied to your identity forever.

## Remember to Connect with:



Reporters



Community  
Leaders



City  
Departments



Elected  
Leaders



# QUESTIONS?





# Public Meetings in Oregon

**Legal Requirements & Best Practices**



# Overview

**Legal Requirements**

**Virtual Meetings**

**Serial Meetings**

**OGEC "Training"**

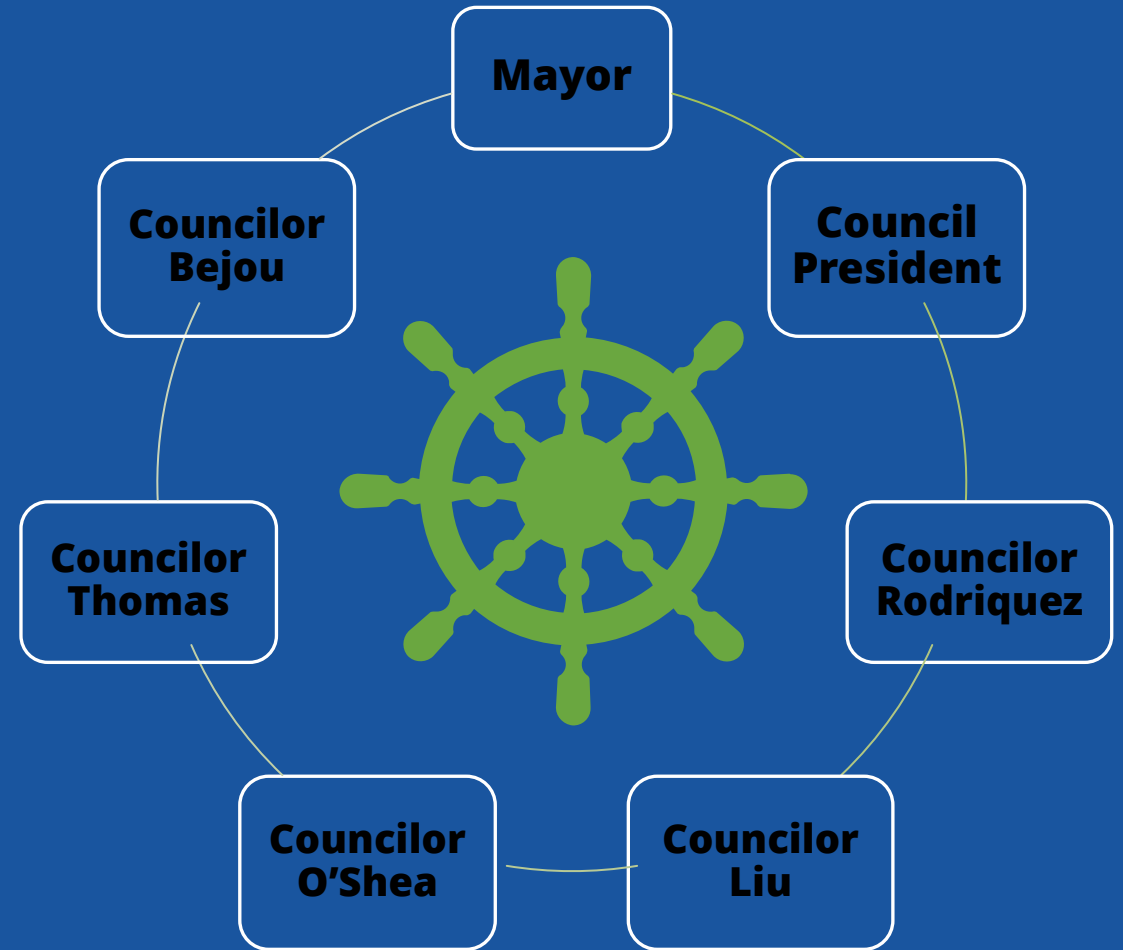
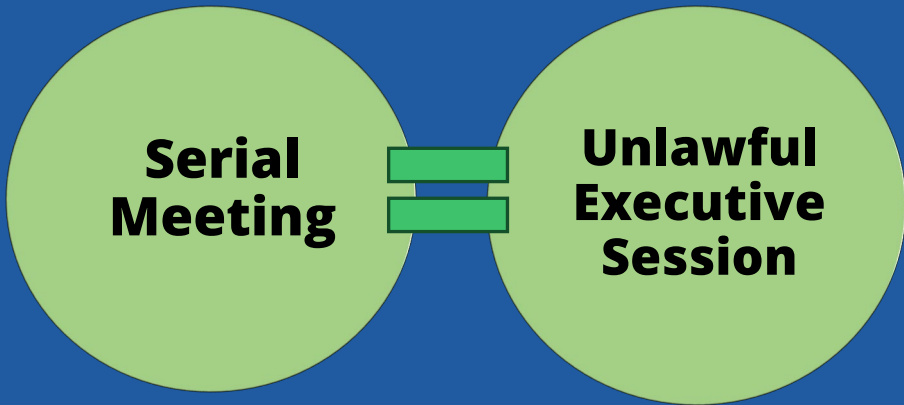
**OMPL Grievance Process**

**Executive Sessions**

**First Amendment**

**Best Practices**

# Serial Meetings



# Serial Meeting Law Updates

## HB 2805 (2023)

- **Amended language excludes:**
  - **Trainings;**
  - **Non-city business;**
  - **Administrative communications**

## Why should you care?

- **ORS 244.350 – Penalty**
- **Up to \$1,000; No indemnity from public body**
- **Advice of counsel defense available**

## What can you do?

- **Socialize**
- **Attend educational trainings**
- **Discuss non-city business items;**
- **Use city manager to be the go-between**

## Prohibited Conduct

- **Deliberate/discuss city business when quorum + that discussion has not been publicly noticed**
- **No “reply all” on city business emails**

# HB 2805 "Training"

**ORS 192.700(2)(a): "Every member of a governing body of a public body with total expenditures for a fiscal year of \$1 million or more shall attend or view training prepared under this section at least once during the member's term of office and shall verify the member's attendance using the method prescribed by the commission."**

→ **OGEC approved training request:**

**<https://www.oregon.gov/ogec/training/Pages/On-Site-Training-Request-Form.aspx>**



# "Grievance Process"

- 1. Grievance filed, in writing, with public body within 30 days of alleged issue.**
- 2. Acknowledge and respond to both person and OGEC via email within 21 calendar days:**
  - Deny allegations
  - Admit allegations/deny violation, or
  - Admit allegations, admit violation, and cure violation
- 3. Complaint filed with OGEC:**
  - Grievance + response is condition for filing OGEC complaint
  - OGEC will dismiss complaint if no grievance.

***Current Rulemaking ongoing --- more to come.***

# What Happens if a Public Meeting Does Not Comply with OPML?



**Fines are against individual city officials**



**Advice of your city attorney may provide safe harbor**



**OGEC hears complaints, renders decisions about ethics, executive sessions, public meeting laws**



**HB 4117 (2024) expanded OGEC authority to all public meetings**



# What is an Executive Session?

**Any meeting, or part of any meeting, of a public body which is closed to certain persons for deliberation on certain matters permitted by law**



**Notice Must List Statutory Authority for the Meeting**



**The News Media Has the Right to be Present**



**Final Decisions are Prohibited**



**All the Legal Requirements Applicable to a Regular Meeting Still Apply**

# Reasons to Hold Executive Sessions

**To consider the employment of a public officer, employee, staff member**

◆ **CANNOT USE:**

- ◆ **To fill a vacancy of elected office or for public committees, commissions or advisory groups**
- ◆ **To consider general employment practices**
- ◆ **Discuss salary**



# 4 STEPS FOR CONSIDERING EMPLOYMENT IN EXECUTIVE SESSION

## When you can hold an executive session for hiring?

A governing body of a public body can meet in executive session to talk about hiring a public officer, employee, staff member or individual agent. Statutes can be found in ORS 192.660(2)(a) and ORS 192.660(7)(d)(A-D).

**BEFORE** you can discussing hiring in executive session, the governing body must take the following steps:

- 

**Advertise the Vacancy**  
The public body must advertise the vacancy.

1
- 

**Adopt Hiring Procedures**  
The public body must adopt regular hiring procedures.

2
- 

**For Chief Executive Officer**  
Governing body adopts the following at a public meeting where public has opportunity to comment:

  - a. Hiring standards (example: DAS hiring practices)
  - b. Criteria (example: position description)
  - c. Policy directives (example: agency/position goals)

3
- 

**For an Officer**  
Public has opportunity to comment on the employment of the individual officer.  
  
(Examples: Stakeholder meetings, candidate meet and greets)

4
- 

**In executive session you cannot discuss:**

  - a. Filling an elected position when it becomes empty.
  - b. Filling a vacancy on any public committee, commission or other advisory group.
  - c. Discussing general employment policies.
  - d. Discussing an officer's salary when hiring them.
  - e. Making a final decision. A governing body must return to a public meeting before taking a final action.

Governing bodies are responsible for complying with notice requirements for any public meetings and executive sessions. Oregon Government Ethics Commission 2023

## Chief Executive Officers



# Reasons to Hold Executive Sessions

**To conduct employee evaluations only if the employee does not request an open hearing.**



# Reasons to Hold an Executive Session

**To consider dismissal or discipline of, or to hear complaints or charges brought against a public officer, employee, staff member or individual agent, unless the person requests an open hearing.**



# Reasons to Hold Executive Sessions



**To conduct labor negotiations or discuss labor negotiations with a negotiator**

**To discuss real estate transactions with a negotiator**

# Reasons to Hold Executive Sessions



**To review or approve of programs relating to security of telecommunications, data transmissions, power storage, hazardous material transport.**

# Reasons to Hold Executive Sessions



**To consider information or records that are exempt by law from public inspection.**



**To consult with your attorney regarding “current litigation or litigation likely to be filed.”**



**To conduct trade negotiations where the city is competing with governing bodies in other states.**



# What Happens if a Prohibited Executive Session is Held?

**The Oregon Government Ethics Commission (OGEC) hears complaints and renders decisions about allegations of impermissible executive sessions.**



**Fines are against individual city officials.**



**Advice of your city attorney may provide safe harbor.**

# Public Comment

## Can the Public Participate in Meetings?



**OPML only requires public attendance**

**Not public participation**

**Exceptions: land use and budget hearings**



**City's governing documents may require both public attendance and public participation**

**Check your charter, ordinances, rules of procedure**



## 1.02.090 Public Comment

### **A.**

Citizen and community group sign-up forms will be available at each regular business meeting. At the time on the agenda designated for public comment and during any public hearing, any member of the public desiring to address the Council must first request to be recognized by the Mayor and then state their name and address for the record. The Council may set time limits for comments. The Council may request that groups with like comments choose a spokesperson to present joint remarks.

### **B.**

During public meetings, all public comments should be directed to the question under discussion and addressed to the Mayor representing the Council as a whole.

### **C.**

In general, Councilors will not respond to comments made during the public comment agenda time, except to ask clarifying questions. Any public requests for Council action will be referred to staff and reviewed before placing on a future agenda.

# Public Comment = Protected Speech

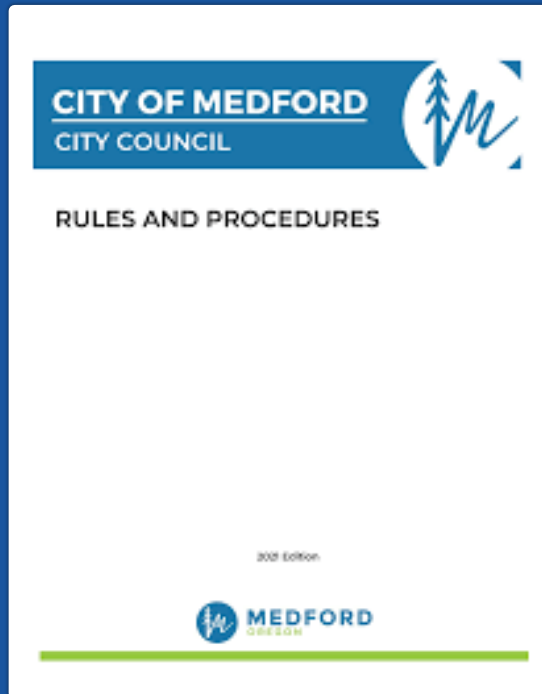
## U.S. Constitution

- **Personal liability**
- **Content-Based restrictions permissible**

## Oregon Constitution

- **Personal liability**
- **Content-Neutral restrictions permissible (more restrictive)**

# Time, Place, Manner Restrictions



**Dictate the time for public comment.**



**Dictate the location where public comment is made.**



**Limit the topic of the comment - CAREFUL**



**Dictate the length of time for public comment**



**All speakers treated EQUALLY.**

# Can We Remove People From Public Meetings?



**Actual disruption required**



**Offensive conduct insufficient**

# Can We Arrest People Who Disrupt Public Meetings?

**Yes**

**Law enforcement determines if Disorderly Conduct crime elements are met**

**Individual cannot disturb lawful assemblies, like a city council meeting**



**Can We  
Suspend  
People  
From  
Attending  
Future  
Council  
Meetings?**

**Probably Not**

**Public Safety Concern, maybe**

**Contact city attorney  
and CIS**



# Best Practices



# Establish (and Follow) Procedures

**Adopt Rules  
of  
Procedure**

**Consistently  
Enforce**

**Applies to  
Elected,  
Staff, Public**

**Set Agenda-  
Setting  
Policy**

**Adopt Public  
Comment  
Procedures**

# Public Comment: Common Procedures

The chair begins the public comment period by reading the Council's rules related to public comment.

Utilize sign-in sheets.

Council members should listen during public comment, and not engage with the public.

If councilors have questions from public comment, Council may direct staff to further investigate into the issue.

Any  
Questions



# Legal Powers and Impediments Affecting City Councilors

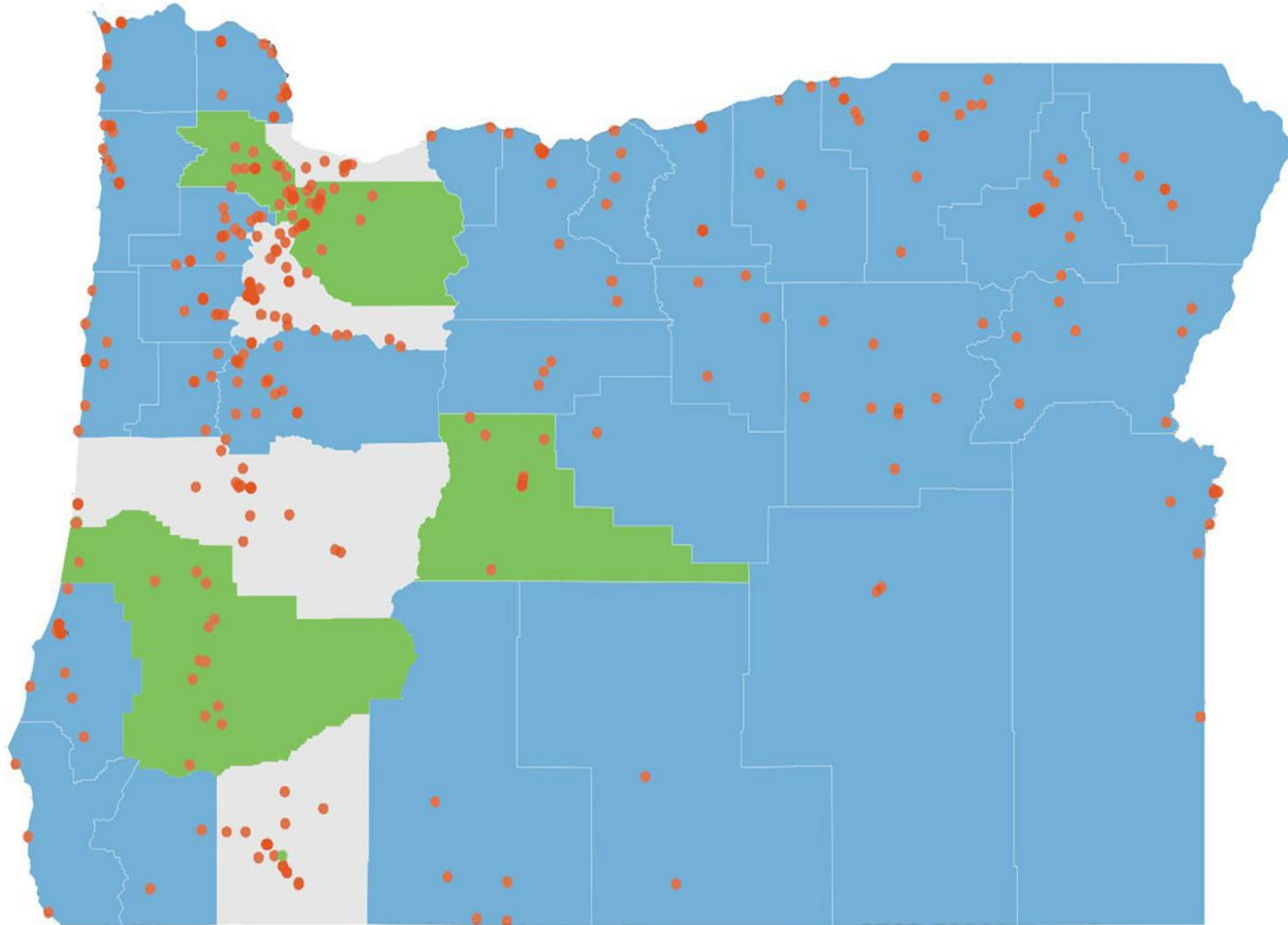
Kirk Mylander, CIS General Counsel

Tamara Russell, CIS Deputy General Counsel



citycounty insurance services 277  
cisoregon.org

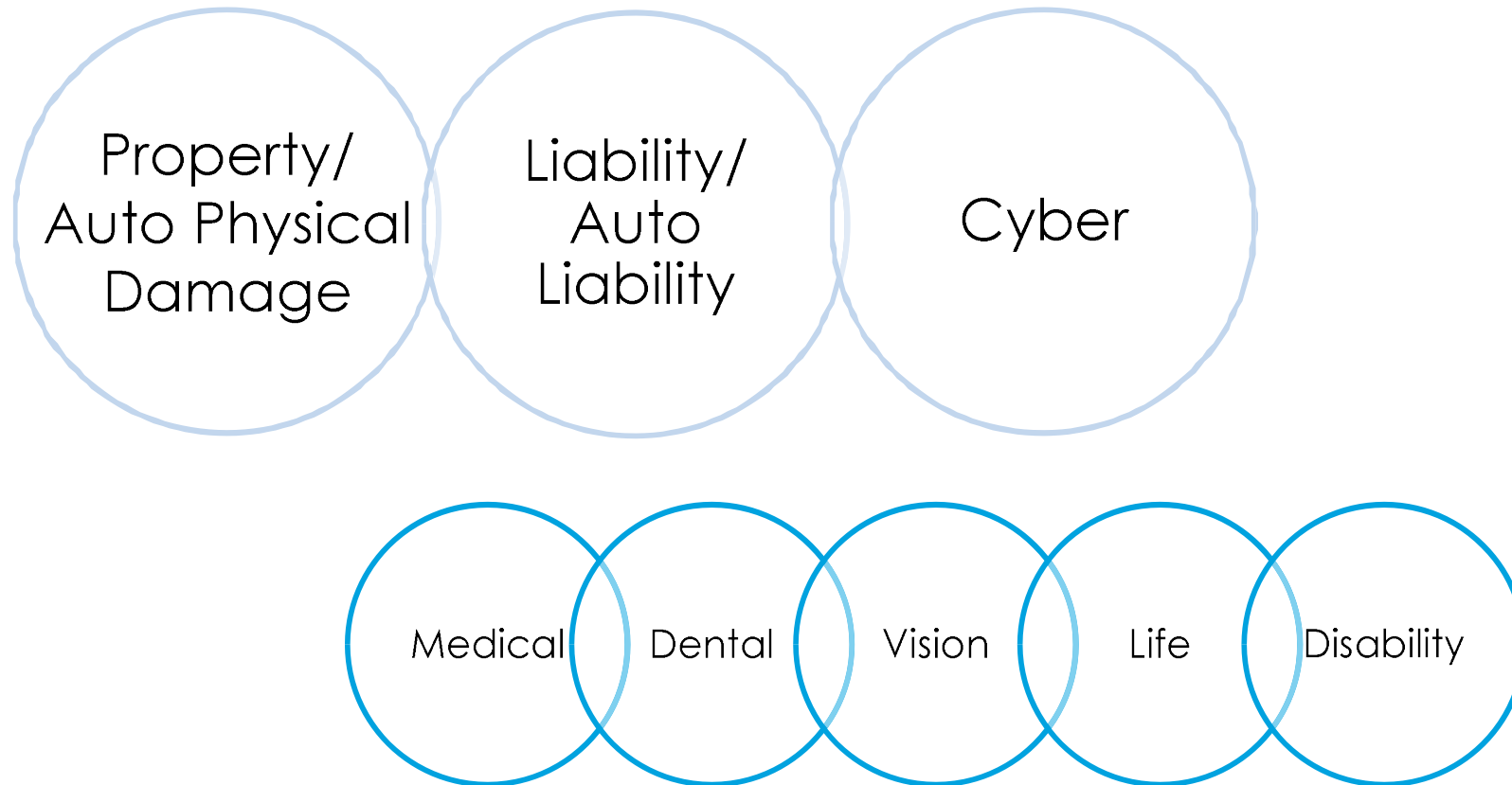
# Map of CIS Members



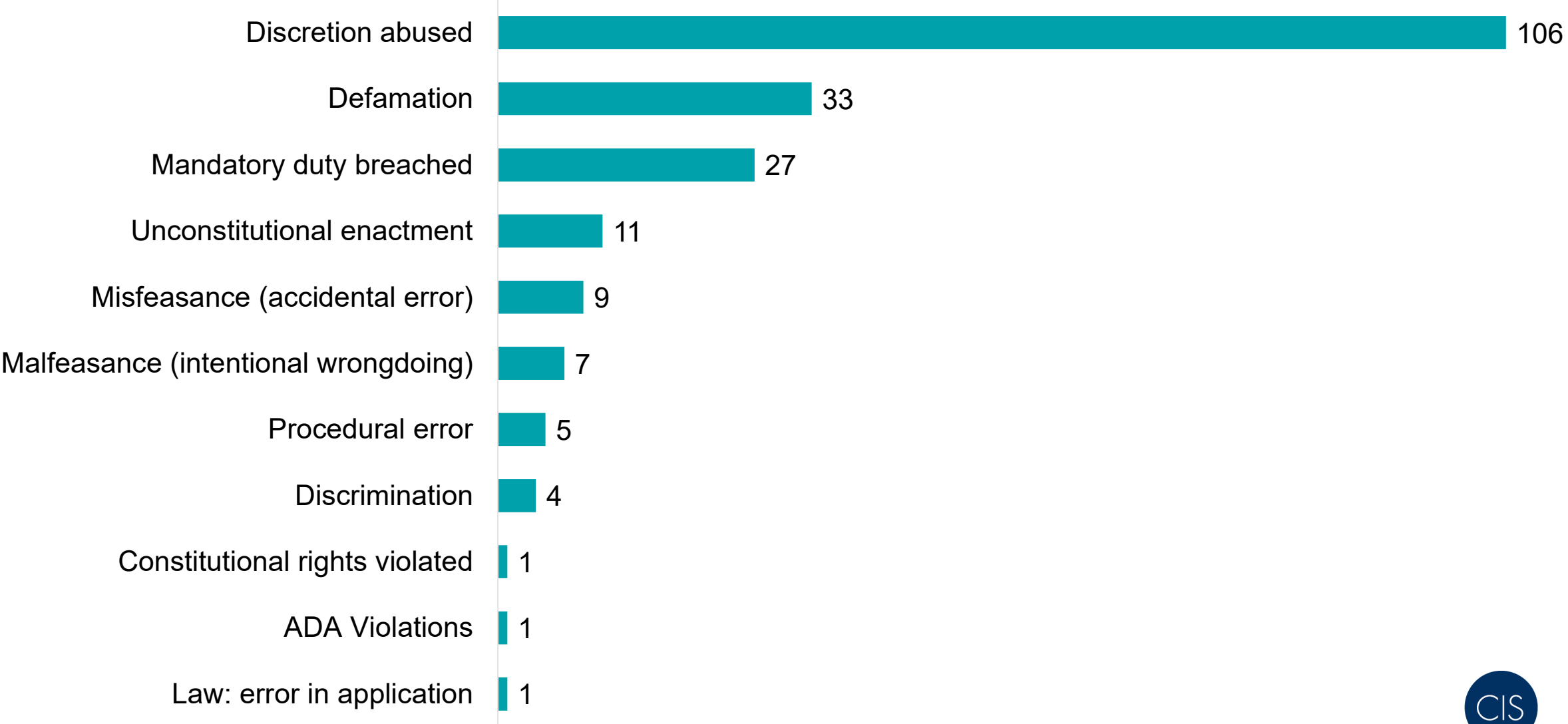
- CIS Members**
  - 236 Cities
  - 28 Counties
  - 109 Affiliated Public Entities
- OPEEP Members**
  - Clackamas County
  - Deschutes County
  - Douglas County
  - Washington County
  - City of Medford



# Coverages Offered by CIS

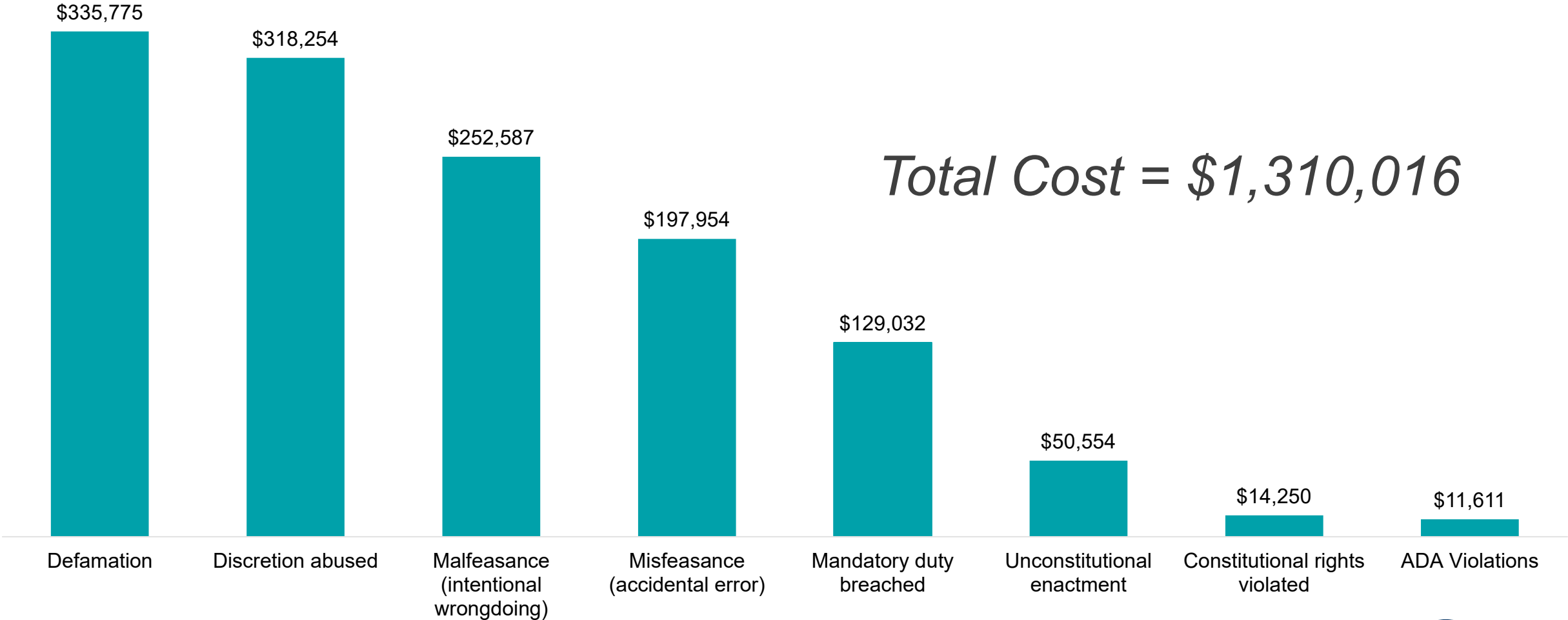


# Claims (#) Against Public Officials





# Claims (\$) Against Public Officials



*Total Cost = \$1,310,016*



# Coverage for Ethics Charges

CIS provides help to public officials in crafting response to ethics charges

**\$7,500** per individual/year

**\$15,000** per city/year



# Common Claims Against Public Officials

## 1. Defamation

(or, explaining how the city manager is a horrible, corrupt person and you had to fire him/her on your first day)

## 2. Causing a “hostile work environment” for staff

(or, doing the City Manager’s job instead of yours)

- Usually outside the scope of your authority



# Common Claims Against Public Officials

**3. Removing disruptive citizens**

**4. Violations of open meetings laws/Executive Sessions**

**5. Using office for personal gain**

- Harassing parking enforcement employee



# Common Claims Against Public Officials

6. Actions relating to **land-use and zoning**
7. **Conflict of interest** claims
8. **Employment decisions:** termination, layoff, no Due Process at time of termination/demotion



# Common Claims Against Public Officials

## 9. Violation of Oregon's Workplace Fairness Law

- Potential liability for your City if you engage in unlawful harassment or sexual assault (as well as personal liability under other laws) *or fail to report it.*
- Your city's no-harassment policy **must** state that it applies to elected officials.
- ORS 244.049: No holder of office may use public money to “buy” a non-disclosure agreement from a victim of unlawful harassment.



ANY  
QUESTIONS

?

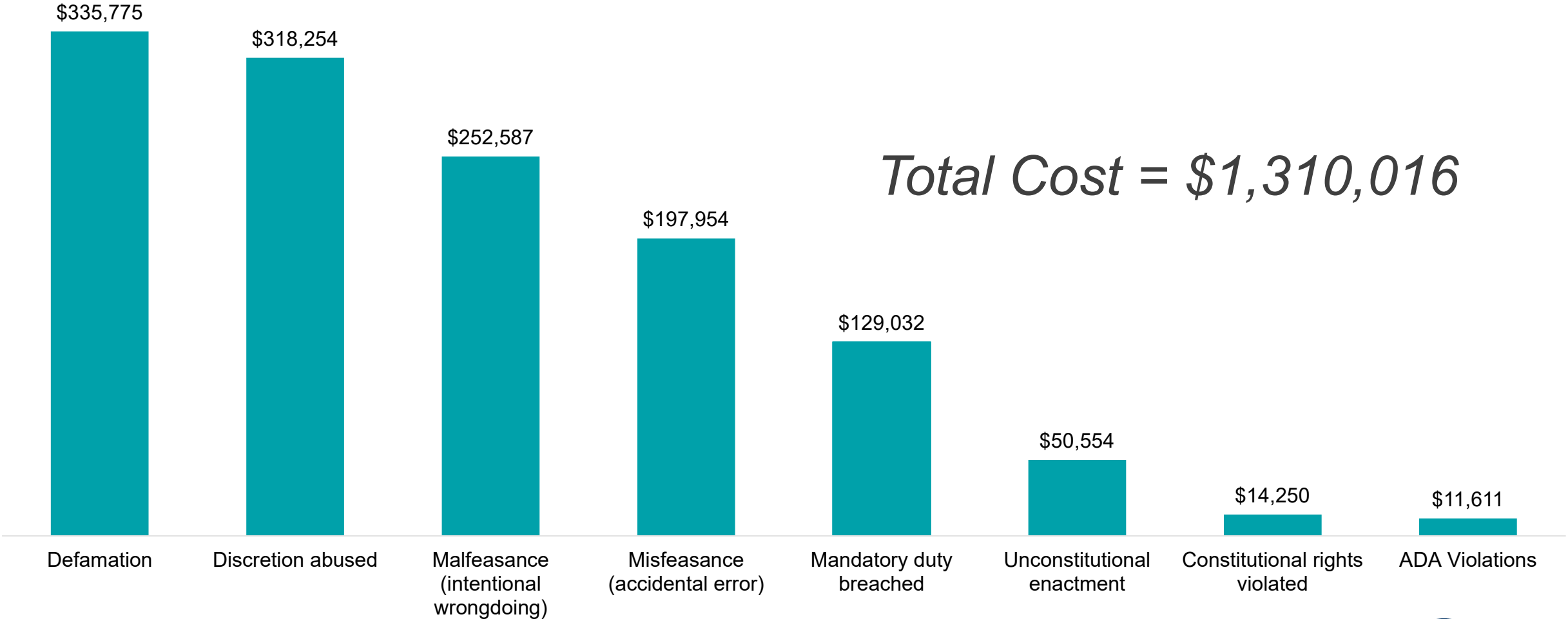
Kirk: [kmylander@cisoregon.org](mailto:kmylander@cisoregon.org)

Tamara: [trussell@cisoregon.org](mailto:trussell@cisoregon.org)

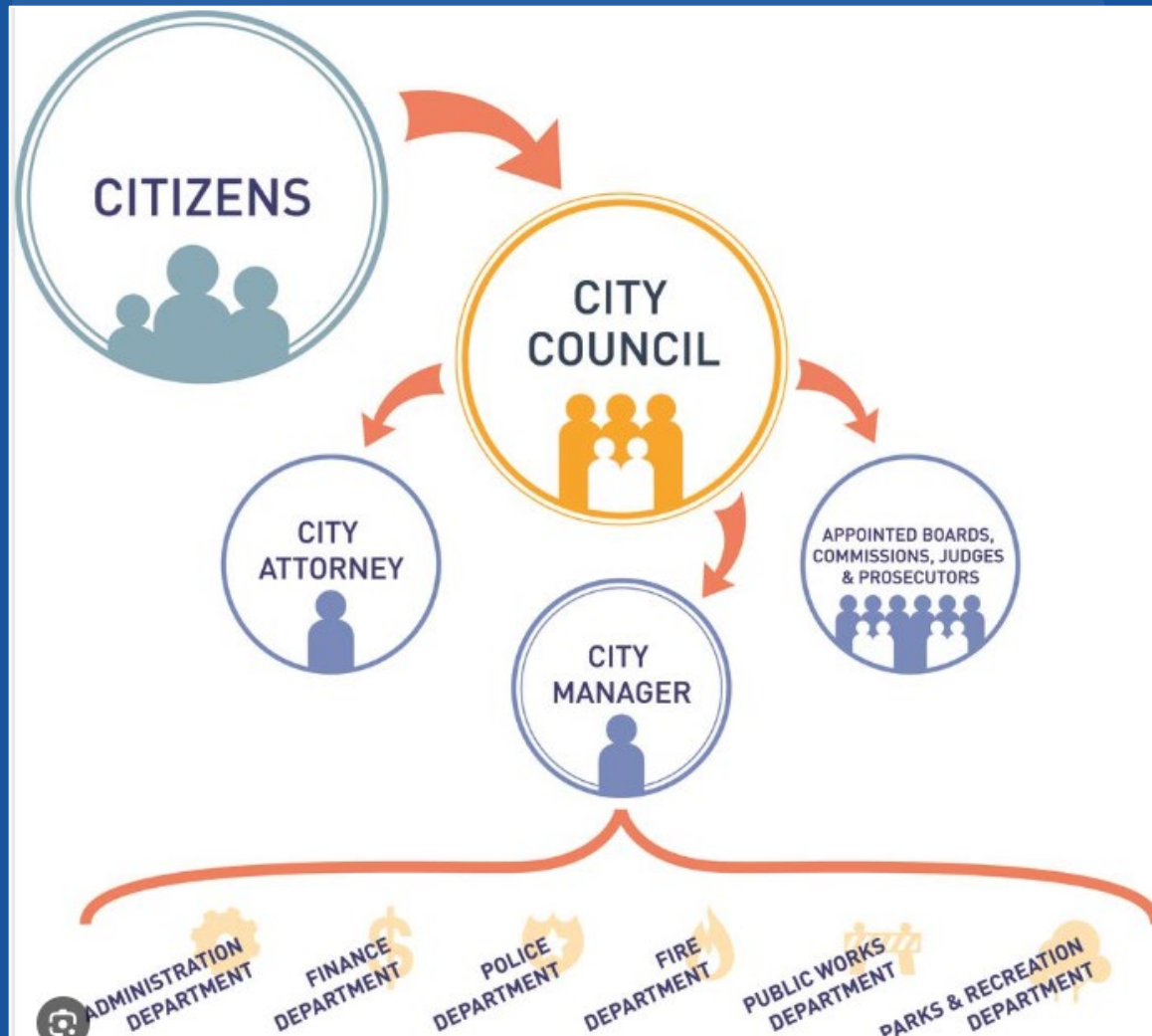


citycounty insurance services  
[cisoregon.org](http://cisoregon.org)

# Claims (\$) Against Public Officials

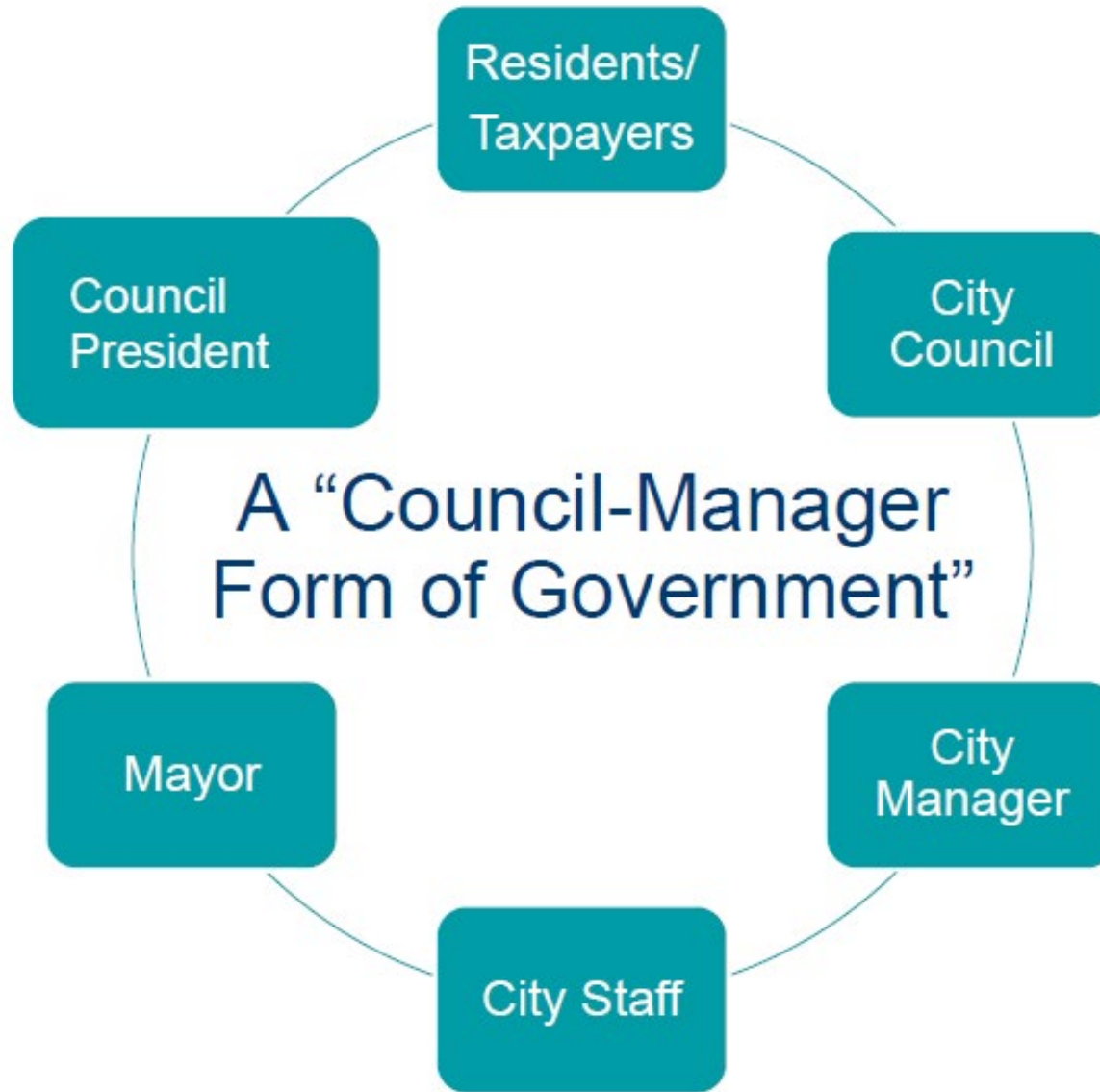




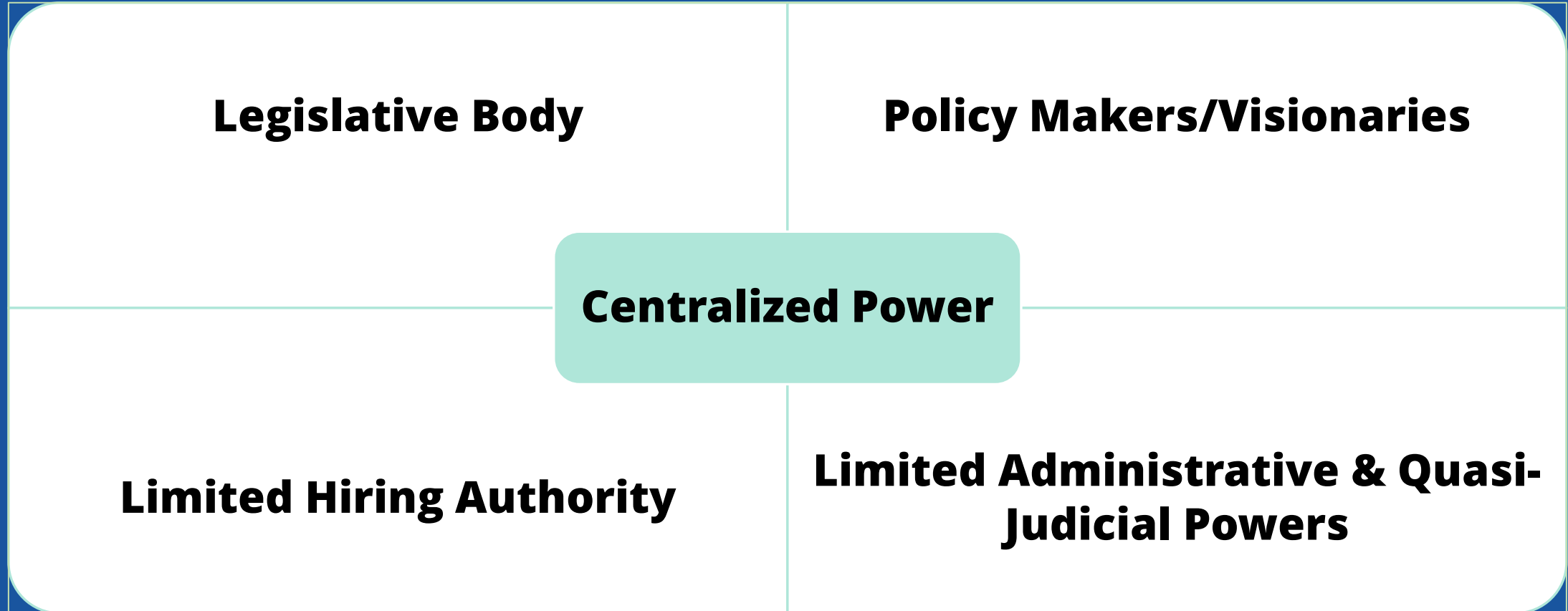


# Define Roles & Responsibilities

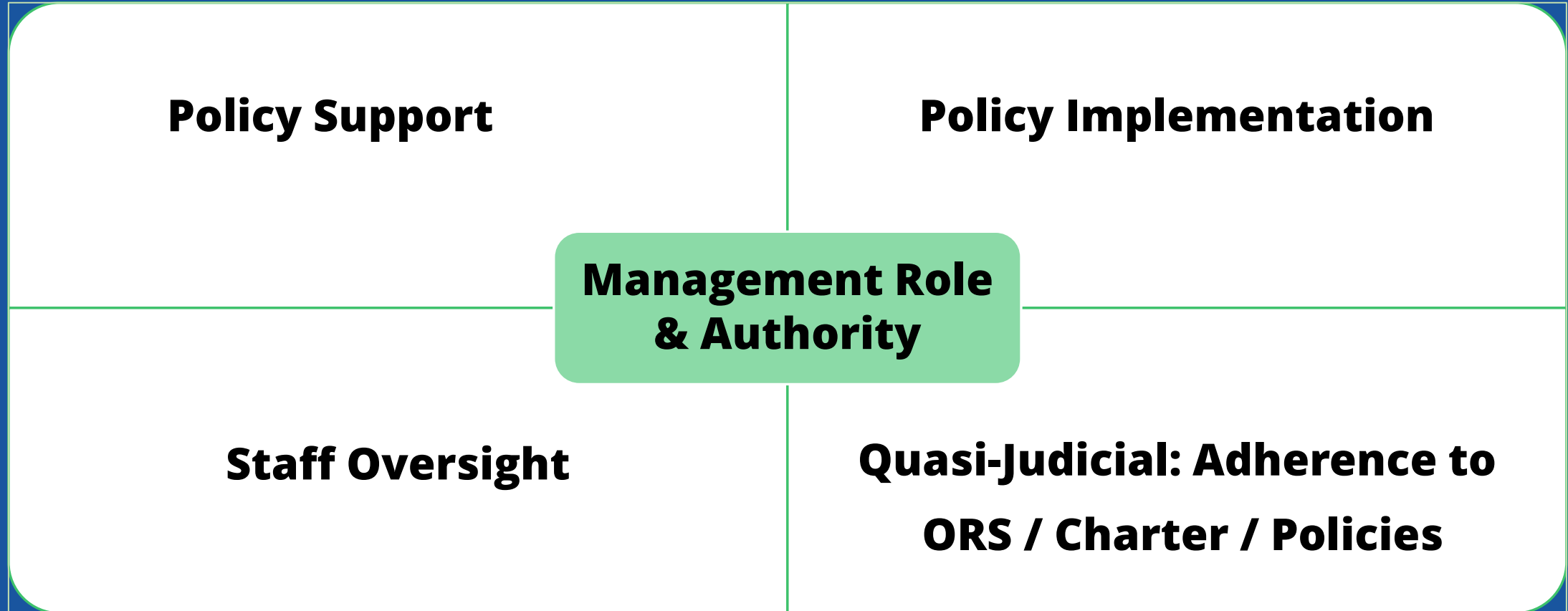
Figure Credit to West University Place



# City Councils - Generally



# City Management - Generally



# Mayors, Generally



## Public Face of Community

- **Represent city at events**
- **Council spokesperson**

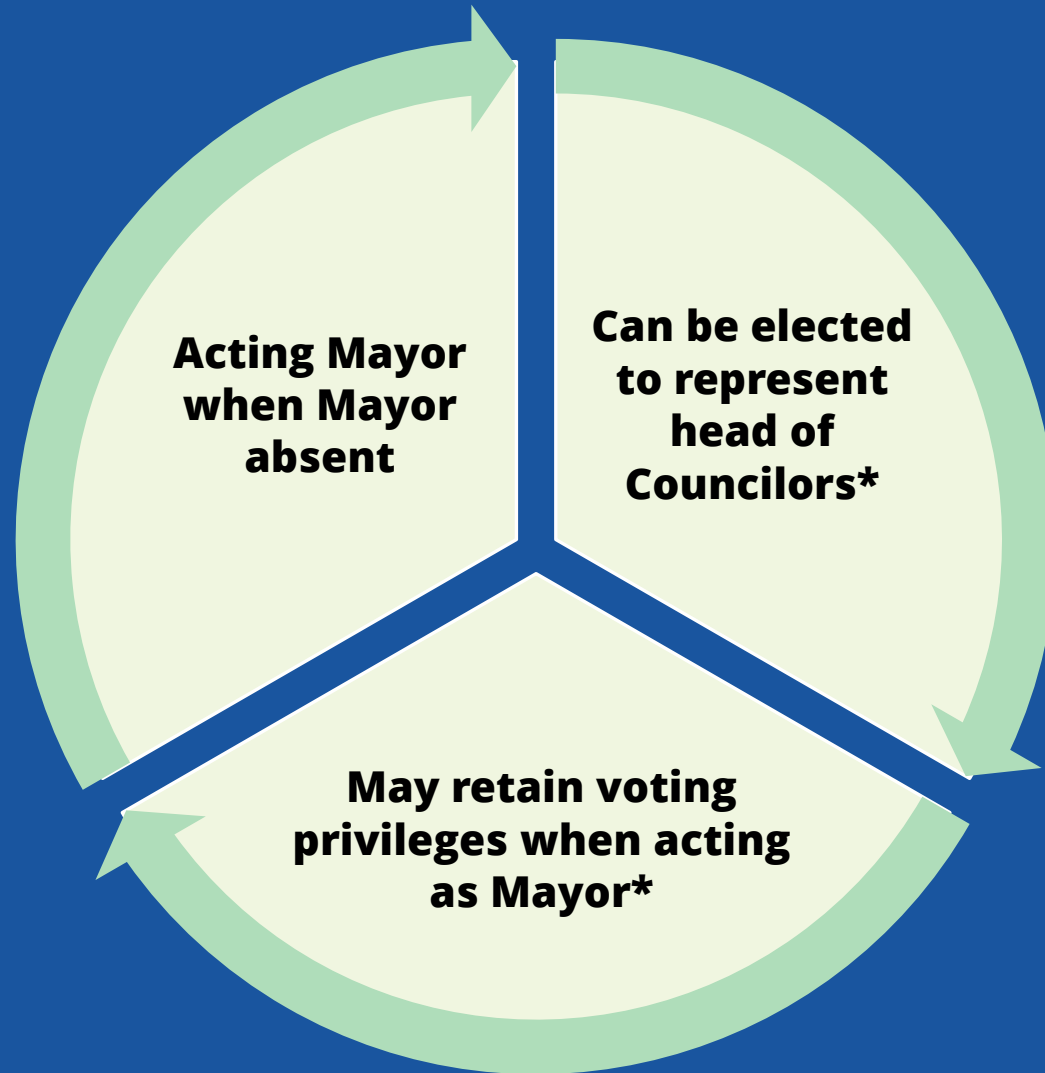
## Presiding Officer

- **Keeps order**
- **Sets agendas**
- **Appoints committee members**
- **Signs documents**

## Chief Facilitator

- **Facilitates discussions between councilors**
- **Facilitates dialogue between council and manager**

# Council President, Generally



# City Managers, Generally



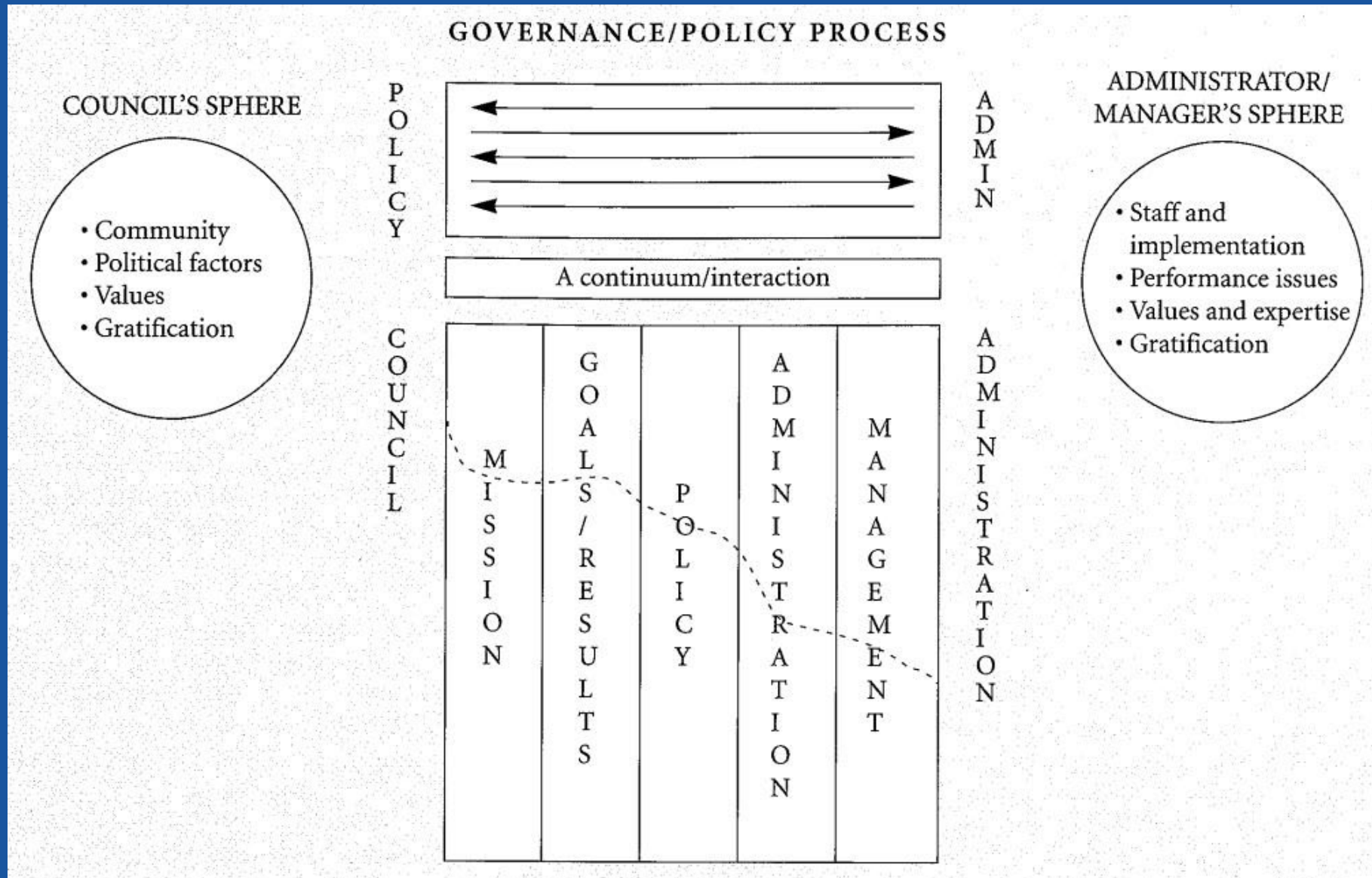
## Chief Executive Officer of the City

- **Manages the city and its personnel**
- **Recruits, hires, supervises and terminates city employees**
- **Prepares the budget (or oversees its preparation) for the council's consideration**
- **Responsible for ensuring the council's vision and strategic plans are brought to fruition**

## Chief Advisor to the City Council

- **Provides the council with objective information about local operations**
- **Provides reasoned analysis and assessments of the benefits and consequences of city council actions**
- **Makes policy recommendations for the council to consider**

# Council-Staff Partnership





# Allocate Time Appropriately



**Goal Setting**



**Exploration &  
Analysis**



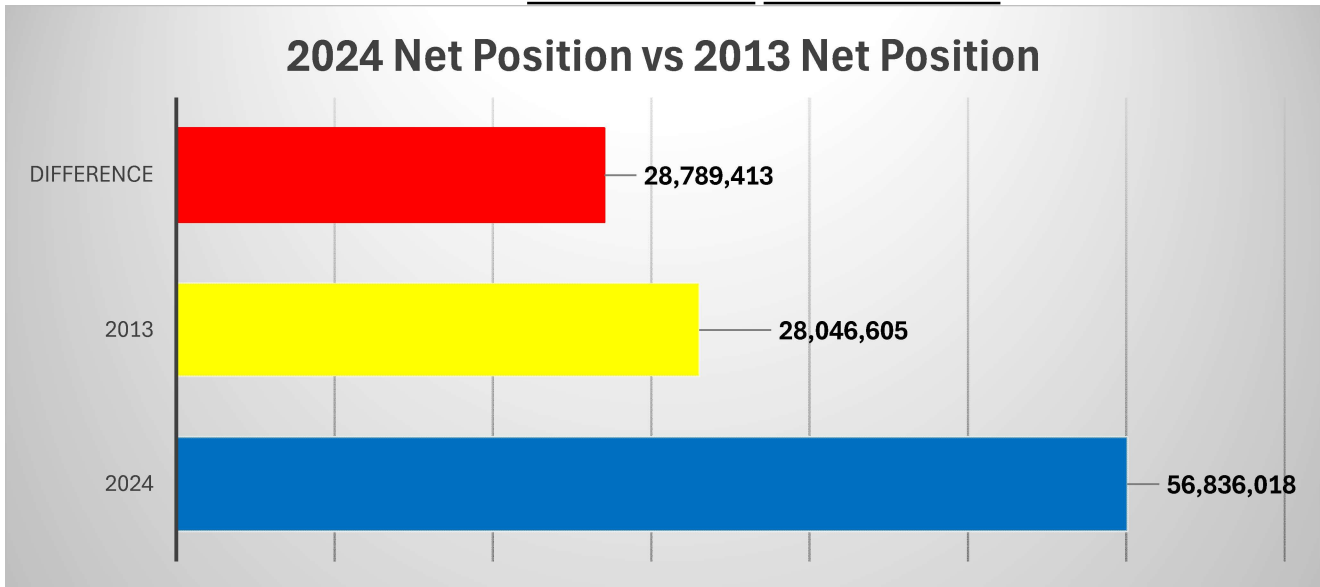
**Disposition &  
Legislation**



**Community  
Relations**

**CITY OF MOLALLA, OREGON**  
**Net Position by Component**  
**Last Ten Fiscal Years**

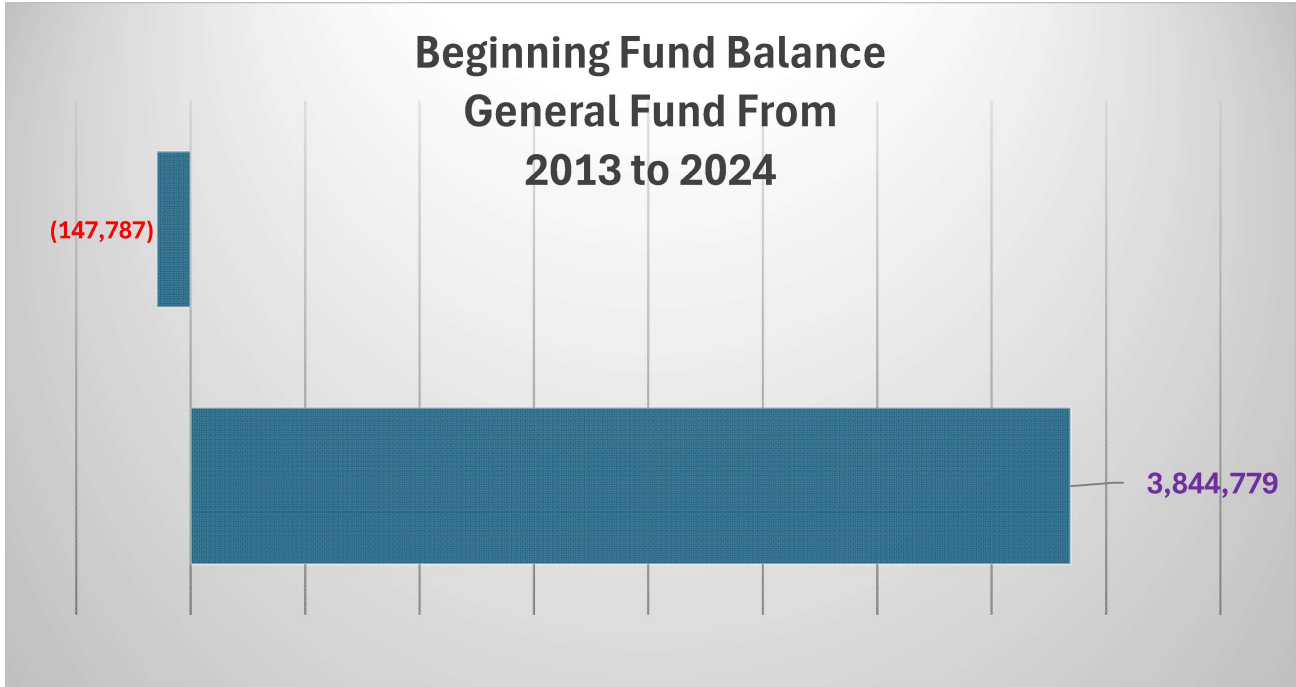
	<b>2024</b>	<b>2013</b>	<b>Difference</b>
<b>Governmental Activities</b>			
Net investment in capital assets	\$ 12,796,415	\$ 13,482,859	
Restricted	30,128,030	1,753,988	
Unrestricted	<b>(12,885,796)</b>	1,276,225	
<b>Total governmental activities net position</b>	<b>\$ 30,038,649</b>	<b>\$ 16,513,072</b>	<b>\$ 13,525,577</b>
<b>Business-type activities</b>			
Net investment in capital assets	\$ 18,168,281	\$ 6,768,889	
Restricted	2,433,394	2,796,017	
Unrestricted	6,195,694	1,968,627	
<b>Total business-type activities net position</b>	<b>\$ 26,797,369</b>	<b>\$ 11,533,533</b>	<b>\$ 15,263,836</b>
<b>Primary government</b>			
Net investment in capital assets	\$ 30,964,696	\$ 20,251,748	
Restricted	32,561,424	4,550,005	
Unrestricted	<b>(6,690,102)</b>	3,244,852	
<b>Total primary government activities net position</b>	<b>\$ 56,836,018</b>	<b>\$ 28,046,605</b>	<b>\$ 28,789,413</b>



Net position presents information on the City's overall health as an organization. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Since 2013 the City's Net Position has increased by approximately **28.7 million**.

**CITY OF MOLALLA, OREGON**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	6/30/2024 2024	6/30/2013 2013
Beginning Fund Balance for General Fund	3,844,779	(147,787)



In 2013 the City of Molalla did not have a healthy General Fund and had a negative fund balance. Causing the City to make some difficult cut backs in personnel, and spending. Each year the General Fund started to increase gradually. Currently the City is in a healthy position and has rating of A-1 by Standard & Poor's Corporation. Our reserves and contingency's are also healthy placing the City in a positive position moving forward.

**Silverton PW & Comm Dev**  
**(1.0 FTE Unless Indicated \*)**  
Deputy City Manager \***0.5FTE**

Community Dev Director  
Associate Planner  
Planning and Permit Assistant  
Code Compliance Specialist

Public Works Director  
Operations Manager  
Engineer Tech/GIS & Field Tech  
Administrative Assistant II

Maintenance Division Supervisor  
UW 3 – Lead  
UW 3 – Mechanic  
UW 2 \***2.0FTE**  
UW 1 \***7.0FTE**  
PMW 2  
FMW  
PMWS \***0.48FTE**

Water Quality Division Supervisor  
Sewer-Water Operator III  
Sewer-Water Operator II  
Sewer-Water Operator I \***3.0 FTE**  
Seasonal \***0.33FTE**

**Total: 30.3FTE**

**Sandy Total: 34.0FTE** (approximate as Sandy's services don't directly align in all areas).

Assistant City Manager

Senior Planner/GIS  
Code Compliance  
Comm Dev Tech

Eng Section Mgr  
Eng Tech

Maint Section Mgr  
Utility Lead  
Utility 3 \***2.0FTE**  
Utility 2 \***2.0FTE**  
Utility 1 \***3.0FTE**

WWTP Mgr  
WWTP Op 2  
WWTP Op 1 \***2.0FTE**

WTP Mgr  
WTP Op 2  
WTP Op 1

**Total: 22.0FTE**

**Molalla PW & Comm Dev**  
**(1.0 FTE Unless Indicated \*)**

# 4 STEPS

## FOR CONSIDERING EMPLOYMENT IN EXECUTIVE SESSION

### When you can hold an executive session for hiring?

A governing body of a public body can meet in executive session to talk about hiring a public officer, employee, staff member or individual agent. Statutes can be found in ORS 192.660(2)(a) and ORS 192.660(7)(d)(A-D).

**BEFORE** you can discussing hiring in executive session, the governing body must take the following steps:



### Advertise the Vacancy

The public body must advertise the vacancy.

1



### Adopt Hiring Procedures

The public body must adopt regular hiring procedures.

2



### For Chief Executive Officer

Governing body adopts the following at a public meeting where public has opportunity to comment:

- Hiring standards (example: DAS hiring practices)
- Criteria (example: position description)
- Policy directives (example: agency/position goals)

3



### For an Officer

Public has opportunity to comment on the employment of the individual officer.

(Examples: Stakeholder meetings, candidate meet and greets)

4



### In executive session you cannot discuss:

- Filing an elected position when it becomes empty.
- Filing a vacancy on any public committee, commission or other advisory group.
- Discussing general employment policies.
- Discussing an officer's salary when hiring them.
- Making a final decision. A governing body must return to a public meeting before taking a final action.

Governing bodies are responsible for complying with notice requirements for any public meetings and executive sessions. Oregon Government Ethics Commission 2023



# Oregon Government Ethics Commission

## Executive Session

### ORS 192.660(2) Provisions

#### Confidential Records/Litigation

##### ORS 192.660(2)(f): to consider information/records exempt by law

- see **ORS 192.345** and **192.355** for statutes on specific exemptions
- information/records **MUST** be exempt by law from public disclosure
- may include attorney-client privileged documents

##### ORS 192.660(2)(h): to consult with counsel on current or upcoming litigation

- attorney must be present in person or by phone/video (see **OAR 199-040-0050**)
- see **ORS 192.660(5)** if litigation involves news media

#### Hiring/Employment

##### ORS 192.660(2)(a): to consider employment of public officer, employee, staff member, or individual agent

- must satisfy mandatory prerequisites in **ORS 192.660(7)**
- only hiring, no other action
- no discussion of compensation

##### ORS 192.660(2)(b): to consider the dismissal or disciplining of, or hear complaints or charges

- written notice must satisfy all the requirements in **OAR 199-040-0030**
- affected individual can elect to have an open hearing
- must provide written notice to affected individual 24 hours before executive session

##### ORS 192.660(2)(i): to review & evaluate employment-related performance

- written notice must satisfy all the requirements in **OAR 199-040-0030**
- affected individual can elect to have an open hearing
- must provide written notice to affected individual 24 hours before executive session
- cannot discuss compensation

#### Negotiations

##### ORS 192.660(2)(d): to conduct deliberations on labor negotiations

- to deliberate with the body's labor negotiator, not just among governing body members
- negotiations must be conducted in open meetings unless negotiators on both sides request executive session – see **ORS 192.660(3)**

##### ORS 192.660(2)(e): to conduct deliberations with designee on real property transaction negotiations

- must be for deliberations with designee who is negotiating a real property transaction
- not to discuss space needs or general policies

##### ORS 192.660(2)(g): to consider preliminary negotiations on trade & commerce matters in competition with other states

- governing body holding executive session must be party to trade & commerce negotiations
- must be competing with governing bodies in other states or nations - NOT within OR

## Security/Safety

### ORS 192.660(2)(n): to discuss information about review or approval of programs relating to security of infrastructure

- permits discussion of security programs for specified infrastructure
- including: (A) A nuclear-powered thermal power plant or nuclear installation; (B) Transportation of radioactive material derived from or destined for a nuclear-fueled thermal power plant or nuclear installation; (C) Generation, storage or conveyance of: (i) electricity; (ii) gas in liquefied or gaseous form; (iii) hazardous substances; (iv) petroleum products; (v) sewage; or (vi) water; (D) Telecommunication systems, including cellular, wireless or radio systems; or (E) Data transmissions by whatever means provided.

### ORS 192.660(2)(p): to consider matters relating to cyber security infrastructure and responses to cyber security threats

- limited to discussions of cyber security infrastructure and threats (see HB 2806 from 2023)

### ORS 192.660(2)(k): to consider matters relating to school safety or a plan that responds to safety threats made toward a school

- limited to discussions of school safety and school safety plans

### ORS 192.660(2)(o): to consider matters relating to the safety of the governing body and the security of public body facilities and meeting spaces

- limited to discussions of safety of governing body, its staff and volunteers, and the security of public body facilities and meeting spaces (see HB 2806 from 2023)

## Less Frequently Used Provisions

### ORS 192.660(2)(c): to consider matters pertaining to function of medical staff of a public hospital licensed pursuant to ORS 441.015 to 441.087

- limited to discussions concerning medical staff of public hospitals
- includes, but not limited to, all clinical committees, executive, credentials, utilization review, peer review committees and all other matters relating to medical competency in the hospital

### ORS 192.660(2)(j): to carry on negotiations under ORS 293 regarding proposed acquisition, exchange, or liquidation of public investments

- limited to investment negotiations
- counterpart to exemption in **ORS 192.355(13)** for records of or submitted to State Treasurer, Oregon Investment Council, etc.

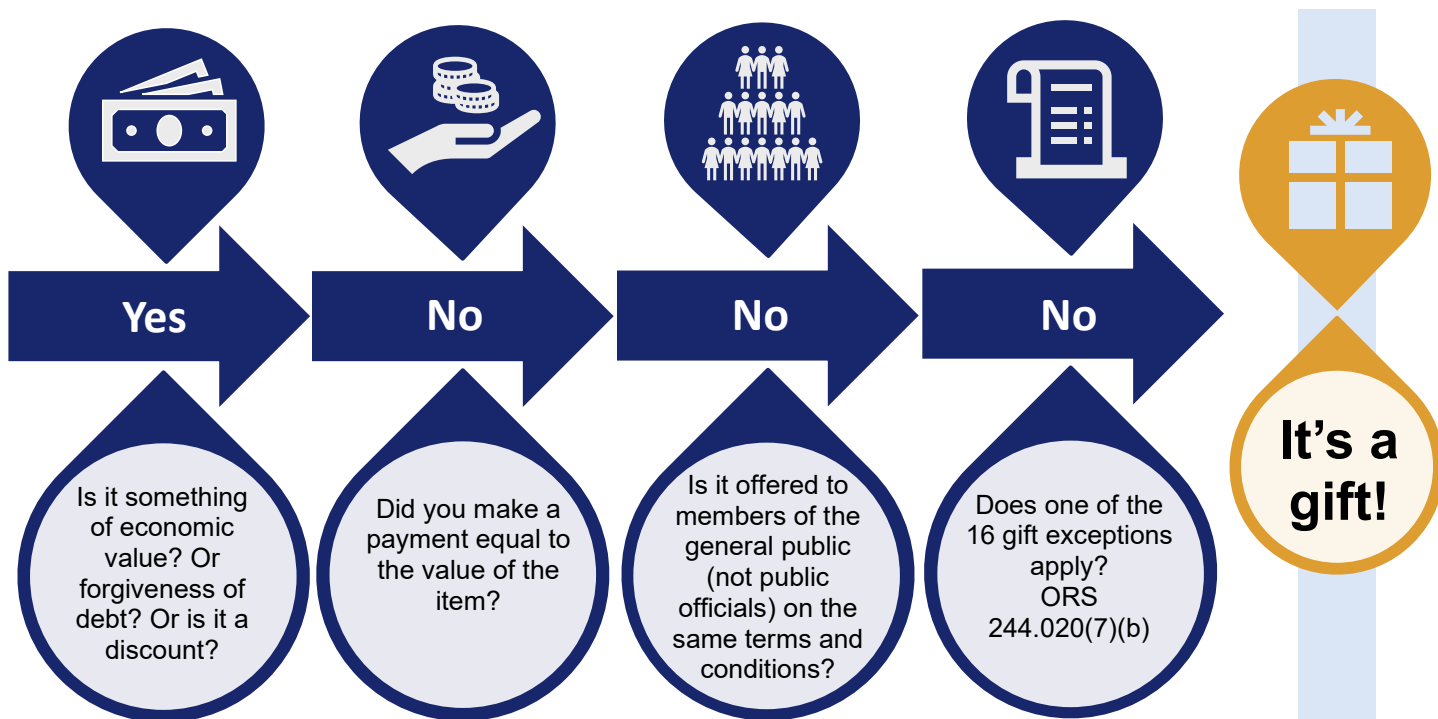
### ORS 192.660(2)(l)&(m): to consider information obtained as part of an investigation of a licensee/registrant or applicant conduct, if:

- the governing body is a **health professional regulatory board (l)**, or is the **State Landscape Architect Board (m)**, or an advisory committee to that board
- discussions limited to the information obtained in investigations

\*ORS 192.660 and this list of matters permitted for discussion in executive session are not exclusive. There may be other statutes authorizing a governing body to hold an executive session.

## Step 1: Is it a gift?

The restrictions in ORS 244.025 limit gifts that can be accepted by a public official, candidate, or a relative, or member of the household of a public official or candidate.



## Step 2: Legislative or Administrative Interest?

**Who is the source of the gift?**

The source is the ultimate payer of the expense.  
OAR 199-005-0030

**Does the source have a legislative or administrative interest?**

Are you in a position where you could take official action that could have an economic impact on the source of the gift that is distinct from that of the general public? ORS 244.020(10)

**What is the value of the gift?**

What is the fair market value of the item. OAR 199-005-0005

You must keep track of the value of all gifts from the same source during the calendar year.

## Step 3: Can you accept the gift?



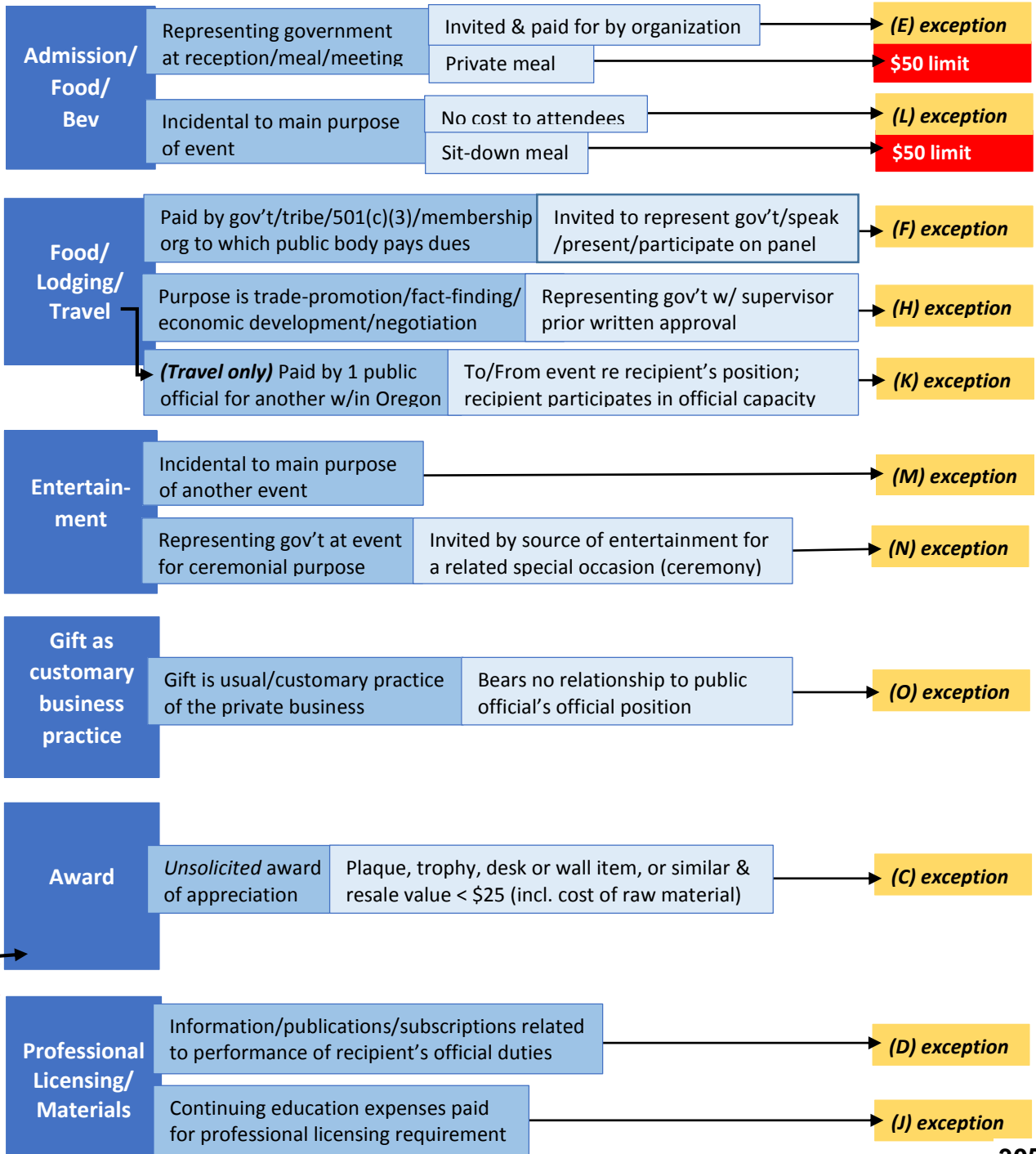


**A GIFT IS:** something of economic value not offered to others who aren't public officials (relatives or household members) on the same terms and conditions (ORS 244.020(7)(a))

But an offer is **NOT A GIFT** if it fails to meet the above definition OR if it is offered by the public entity the public official represents.

\* However, Prohibited Use of Office (ORS 244.040) may apply

**EXCEPTIONS TO THE GIFT LIMIT (ORS 244.020(7)(b)(A)-(O))\***



**SOURCE OF GIFT...**



**OREGON  
GOVERNMENT ETHICS  
COMMISSION**



3218 Pringle Rd. SE Suite 220  
Salem, OR 97302-1544  
Email: [mail@ogec.Oregon.gov](mailto:mail@ogec.Oregon.gov)  
Phone: (503) 378 – 5105  
Fax: (503) 373 – 1456  
Web: <http://www.oregon.gov/OGEC/>

**GOVERNMENT ETHICS LAWS OVERVIEW**

<p><b>Prohibited Use of Position or Office</b> (ORS 244.040)</p>	<p>Public officials are prohibited from using or attempting to use their public positions to obtain financial benefits for themselves, relatives, household members, or businesses with which any is associated, if the benefit would not be available but for the public official holding the position.</p>
<p><b>Financial Interest in Public Contract</b> (ORS 244.047)</p>	<p>A person who ceases to be a public official may not have a direct beneficial financial interest in a public contract (defined at ORS 279A.010) for two years after the date of its authorization, if the person played a significant role in authorizing (<i>i.e.</i>, selecting, executing, recommending, or approving) that public contract as a public official.</p>
<p><b>Limits to Accepting Gifts</b> (ORS 244.025; see ORS 244.020(10))</p>	<p>Public officials and their relatives are limited to accepting gifts (defined at ORS 244.020(7)) worth no more than an aggregate of \$50 in a given calendar year from any individual source reasonably known to have an economic interest in the public official’s decision-making.</p>
<p><b>Conflicts of Interest</b> (ORS 244.020(1); ORS 244.020(13); ORS 244.120)</p>	<p>When a public official, in an official capacity, is faced with making a decision, recommendation, or other action that “<i>would</i>” or “<i>could</i>” financially affect the official, a relative, or business with which either is associated, the public official is faced with an “<i>actual</i>” or “<i>potential</i>” conflict. A conflicted <i>member of a governing body</i> must provide notice of the conflict by making a public announcement, and if the conflict is “<i>actual</i>” (<i>i.e.</i>, “<i>would</i>” financially affect...) must refrain from participation in the matter. <i>Most other public officials</i> must provide written notice to a supervisor/employer. Either type of notice must state the nature of the conflict. A written notice must additionally request that the supervisor/employer dispose of the matter.</p>
<p><b>Nepotism Prohibitions</b> (ORS 244.177 – 179)</p>	<p>Public officials may not directly – or participate in any interview, discussion, or debate to – appoint, employ, promote, discharge, fire, or demote a relative or household member of the public official. Public officials are also prohibited from supervising relatives and household members.</p>

\* *NOTE: The terms “business”, “business with which the person is associated”, “member of the household”, “public official”, and “relative” are defined at ORS 244.020(2), (3), (11), (15), and (16), respectively.*

**DISCLAIMER:** This document presents a brief overview of the most generally applicable Oregon Government Ethics duties and may not account for all relevant laws, exceptions or circumstances. It is ***intended for use as a training tool only and should not substitute for review of ORS Chapter 244 or consultation with an attorney or the Oregon Government Ethics Commission regarding application of the law in a specific situation.***



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: CONSENT AGENDA

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**Agenda Date:** Wednesday, January 22, 2025

**Submitted by:** Christie Teets, City Recorder

**Approved by:** Dan Huff, City Manager

**SUBJECT:** Parks CPC Appointment - J. Newland (Page 308)

**RECOMMENDATION/RECOMMENDED MOTION:**

Former Councilor Newland is known to City Council. Staff is her re-appointment to the Parks CPC as part of the Consent Agenda.

**ATTACHMENTS:**

[JN Parks CPC Application.p1](#)

[JN Parks CPC Application.p2](#)

Today's Date:

1/13/2025

City of Molalla  
APPLICATION FOR APPOINTMENT

Please print or type

Must be received in City Recorder's Office  
Open Position



Please indicate which Board, Commission, or Council you are interested in serving:

PARKS CPC

PERSONAL INFORMATION:

Name	Jody Newland	Years of Residency in Molalla?	15 years
Street	[REDACTED]	City/State/Zip	Molalla, OR 97038
		Registered Voter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
E-mail address	[REDACTED]	Cell / home phone	[REDACTED]

EMPLOYMENT:

Current Employer Name/Address			Home
Position	How long?	Work Phone	
Homeschool Mom	22 years		
Work Experience			<p>RECEIVED</p> <p>JAN 13 2024</p> <p>BY: ct</p>

EDUCATION:

Years Completed	Degrees
	N/A
Colleges	Some college classes
Certifications	HS Diploma

COMMUNITY INVOLVEMENT: Attach additional pages if necessary.

Describe volunteer activity within this or other communities

- Church Volunteer in many capacities
- volunteer @ our local Thrift store
- PARKS CPC member (former chair/vice-chair)
- Molalla City Council (former council president)
- served on PAC's & Budget Committee

Do you presently serve on a City board or committee?  Yes  No

Molalla PARS CPC - reapplying for another year

If yes, which board or committee?

Molalla Parks CPC

In 50 words or less, explain why you desire appointment to the ~~City Council~~: Parks CPC

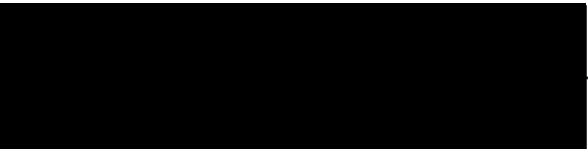
- I love volunteering and helping to make our Community a great place to live.
- I strongly believe that we can fund improvements to our parks through fundraising, grants, and donations rather than adding another tax or fee for our citizens, and I am willing to put my time, effort & energy into that idea.

List any relevant experiences, skills, or interests that have helped to prepare you for your role on the City Council.

- I'm not going to bore you, but I'm willing to show up and do the hard work.
- I'm great at organizing chaos, and doing it with a smile.
- I also love educating others about our parks & our city.

- > Attach a resume if desired.
- > To access the City Council Orientation Handbook, please access the following link: <https://www.cityofmolalla.com/cityrecorder/page/councilor-roles-responsibilities-elections>
- > The information requested herein becomes public record upon submittal. A written request to not disclose certain information may be submitted to the City Recorder's Office for consideration.
- > This Council seat is open until filled.

I certify that the foregoing information is true and correct.

Signed (Applicant) 

1/13/2025  
Date

<b>For Office Use Only</b>	
Date Received: _____	Term assigned: _____
Date Appointed: _____	Residency confirmed: _____
	Voter Registration confirmed: _____



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: PUBLIC HEARINGS

---

**Agenda Date: Wednesday, January 22, 2025**

**Submitted by: Mac Corthell, Assistant City Manager**

**Approved by: Dan Huff, City Manager**

**SUBJECT:** Draft Economic Opportunities Analysis (EOA), Employment Buildable Lands Inventory (BLI), and Comprehensive Plan and Development Code Amendments (Zinder) (Page 310)

#### **RECOMMENDATION/RECOMMENDED MOTION:**

Council to open Hearing, allow public comment, and recommend that Hearing be continued at the February 12, 2025 City Council meeting.

#### **BACKGROUND:**

The City has hired Johnson Economics to update its Economic Opportunities Analysis and Goal 9 Comprehensive Plan section as part of its Urban Growth Boundary study workplan.

On December 4, 2024, Johnson Economics (hereafter “the consultant”) held a Public Hearing to review the EOA report, BLI, and proposed Comprehensive Plan Amendments Planning Commission. Regional Land Use attorney Wendie Kellington provided public comment on behalf of Soni Singh, owner of Molalla Center Market, requesting that the report advise to loosen or remove restrictions on siting fueling stations within the Central Commercial zone in the Molalla Development Code. Planning Commission had no additional comment and recommended the report and changes to the Development Code proposed on behalf of Mr. Singh to Council.

At the December 4th Hearing the consultant advised that changes to the document regarding site specific land needs would be added after the Hearing. Specifically, these changes, were incorporated into the draft. These changes are found in the document that was posted in the packet for this Hearing as document pages 43-47. Additionally, in response to a recent serious inquiry from a data center developer, a specific callout to pursue land related to a data center was also included in the document.

For a more detail on these changes, please refer to my slides presented on the screen to be added to the record.

Staff brought these changes to Planning Commission on January 7, 2025 to determine if they wanted an additional opportunity to deliberate on the EOA. Planning Commission motioned to decline that opportunity, recommending that the plan move on to Council for adoption.

This will also provide the opportunity for Council and the Public to comment on the document generally and specifically to the added changes to the document breaking down land needs by land types. Additionally, DLCD provided comments, included in your packet and their advised changes to strengthen the document could be incorporated.

Staff advises that we keep these changes to the document and revise to meet recommendations from the DLCD comments. These changes provide a basis for the City to recommend zoning changes within employment land in the City. Generally, they show that the surplus of smaller industrial sites could be transferred to commercial lands and that the City has a dearth of larger sites that could be accounted for in the UGB expansion. Without these inclusions, the justifications for these changes will be more difficult and we may not be able to incorporate the

land that we need to meet our site needs for larger employers.

Staff's recommendation is thus to open the Public Hearing, take comment from the public and Council, and continue the Hearing with all feedback incorporated. By continuing the Hearing, the consultant could incorporate changes from Council, the public, and DLCD to make these arguments stronger.

**ATTACHMENTS:**

[DRAFT Molalla EOA Report V3.pdf](#)

[City of Molalla EOA - Proposed Comprehensive Plan Updates.pdf](#)

[City of Molalla EOA - Development Code Concepts Memo.pdf](#)

[Comment from DLCD.pdf](#)

[Comment from Wendie Kellington.pdf](#)



**CITY OF MOLALLA, OREGON  
ECONOMIC OPPORTUNITIES ANALYSIS**

Prepared For:  
City of Molalla, Oregon

December 2024





# Acknowledgments

Johnson Economics prepared this report for the City of Molalla. Johnson Economics and the City of Molalla thank the many people who helped to develop this document.

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***This report was prepared in accordance with the requirements of OAR 660 Division 9: Economic Development. This project is funded by State of Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.***

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# I. INTRODUCTION

This report presents an Economic Opportunities Analysis (EOA) for the City of Molalla, Oregon.

Cities are required to reconcile estimates of future employment land demand with existing inventories of vacant and redevelopable employment land within their Urban Growth Boundary (UGB). The principal purpose of the analysis is to provide an adequate land supply for economic development and employment growth. This is intended to be conducted through a linkage of planning for an adequate land supply to infrastructure planning, community involvement and coordination among local governments and the state.

To this end, this report is organized into seven primary sections:

- **Economic Trends:** Provides an overview of national, state, and local economic trends affecting Clackamas County and the City of Molalla, including population projections, employment growth and a demographic profile.
- **Economic Development Potential:** A discussion of the comparative advantages of the local community and work force.
- **Target Industries:** Analysis of key industry typologies the City should consider targeting as economic opportunities over the planning period.
- **Employment Land Needs:** Examines projected demand for industrial and commercial land based on anticipated employment growth rates by sector.
- **Capacity:** Summarizes the City's inventory of vacant and redevelopable industrial and commercial land (employment land) within City of Molalla's UGB.
- **Reconciliation:** Compares short- and long-term demand for employment land to the existing land inventory to determine the adequacy and appropriateness of capacity over a five and twenty-year horizon.
- **Conclusions and Recommendations:** Summary of findings and policy implications.

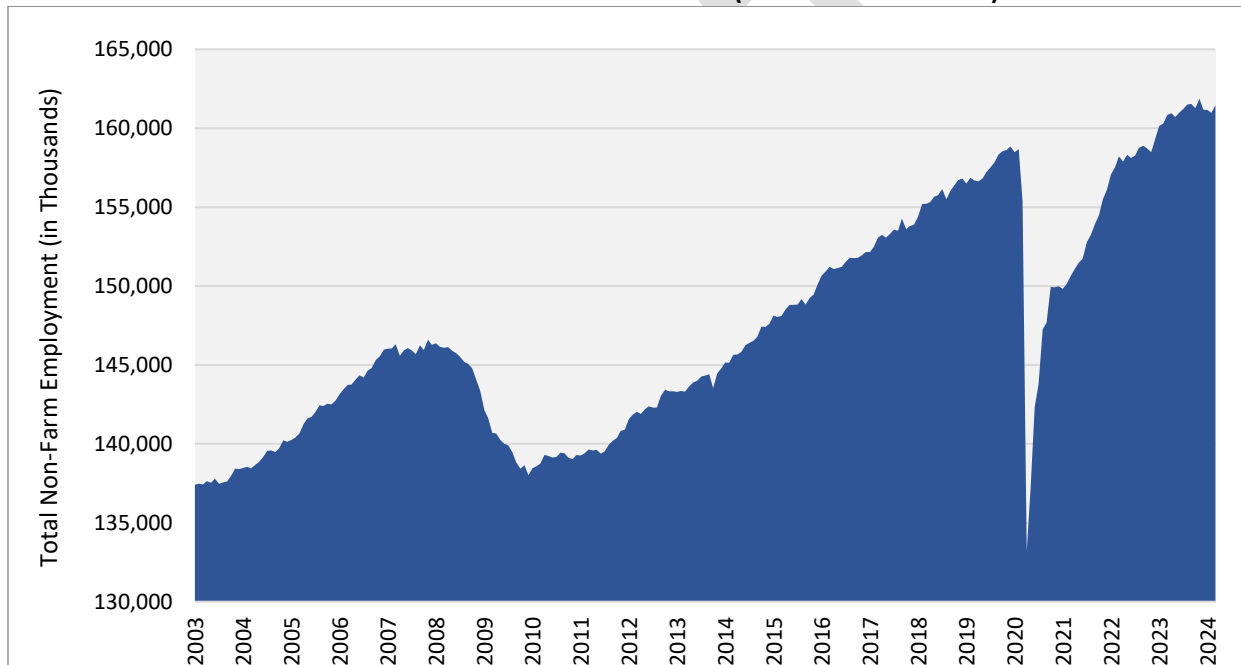
## II. ECONOMIC TRENDS

This section summarizes employment and workforce trends at the national, state, and local level that will influence economic conditions in the City of Molalla over the 20-year planning period. This section is intended to provide the economic context for growth projections and establish a socioeconomic profile of the community.

### A. NATIONAL TRENDS

**Employment:** In the first months of the pandemic, the nation lost nearly 22 million jobs, or 14% of total employment. However, the economy recovered quickly, displaying exponential growth as early as February 2021. As of late 2022, national employment had largely returned to pre-pandemic levels, eventually going on to reach a new peak in 2023 with roughly 162 million non-farm jobs in the economy (Figure 2.1).

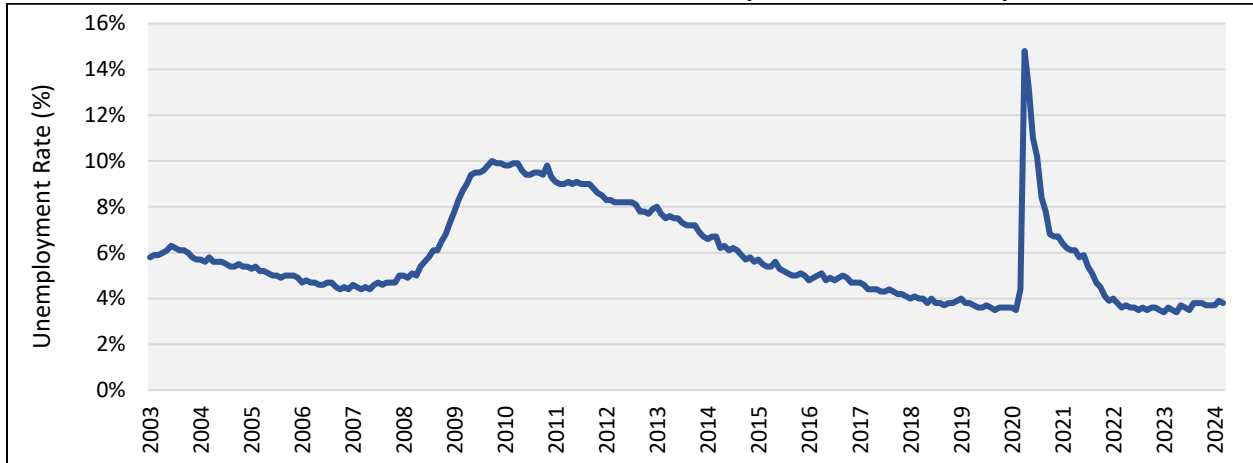
FIGURE 2.1: NATIONAL EMPLOYMENT LEVELS (JAN 2003 – MAR 2023)



Source: U.S Federal Reserve Bank of St. Louis

**Unemployment Rate:** The national unemployment rate spiked to nearly 15% in 2020 as many businesses paused operations or closed permanently in the first months of the pandemic. However, the unemployment rate began to decline almost immediately, and by mid-2022 had fallen back to a low 3.5%. There has been a slight uptick in the unemployment rate following the summer 2023, but it has remained low by historical standards, hovering around 3.9% as of March 2024 (Figure 2.2).

**FIGURE 2.2: NATIONAL UNEMPLOYMENT RATE (JAN 2003 – MAR 2024)**

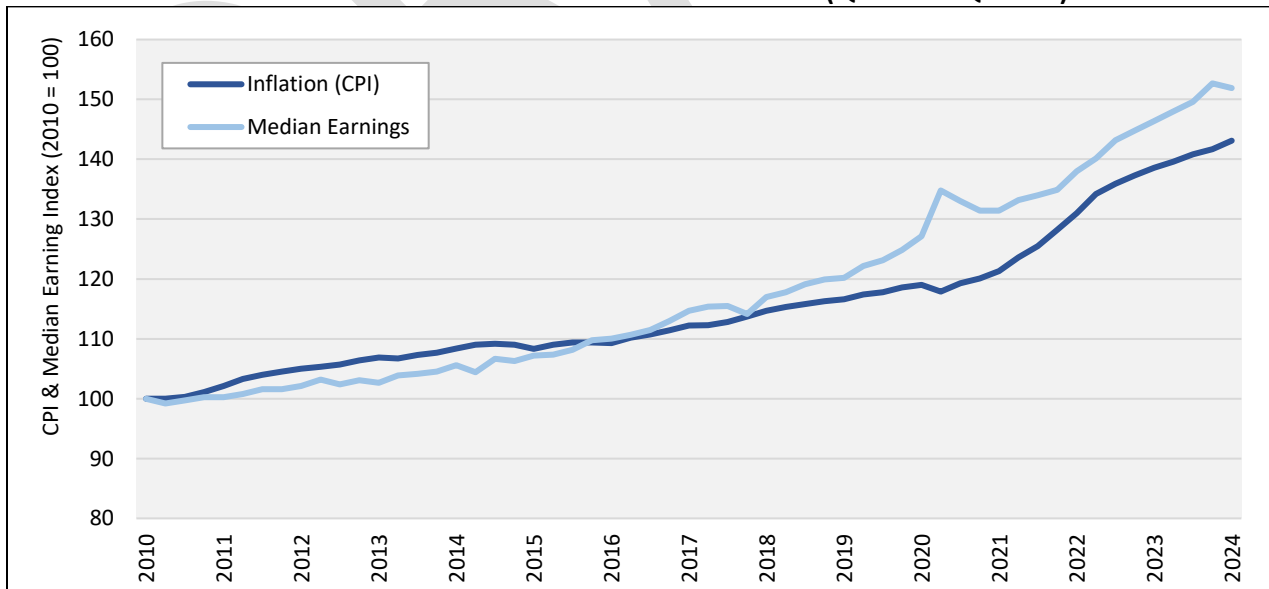


Source: U.S Federal Reserve Bank of St. Louis

**Inflation:** The counter story to this strong positive rebound in employment has been a rising rate of inflation coming out of the pandemic. Various stimulus measures, combined with supply shortages, led to rising prices for many consumer products, energy, and food. The rate of inflation accelerated in 2021 and began moderating towards the end of 2022, though the rate remains elevated (Figure 2.3). The Federal Reserve has maintained higher interest rates to curb price increases, however recent inflation has been at least partially driven by global macroeconomic forces beyond the Fed’s control.

**Wages:** On a positive note, average household earning levels have also enjoyed growth coming out of the recession and have largely kept pace with, or exceeded, inflation in recent years. Earnings also spiked in 2020 when government stimulus payments were added to earned wages. However, this growth has started to decelerate as of Q1 2024, decreasing from the quarter before (Figure 2.3).

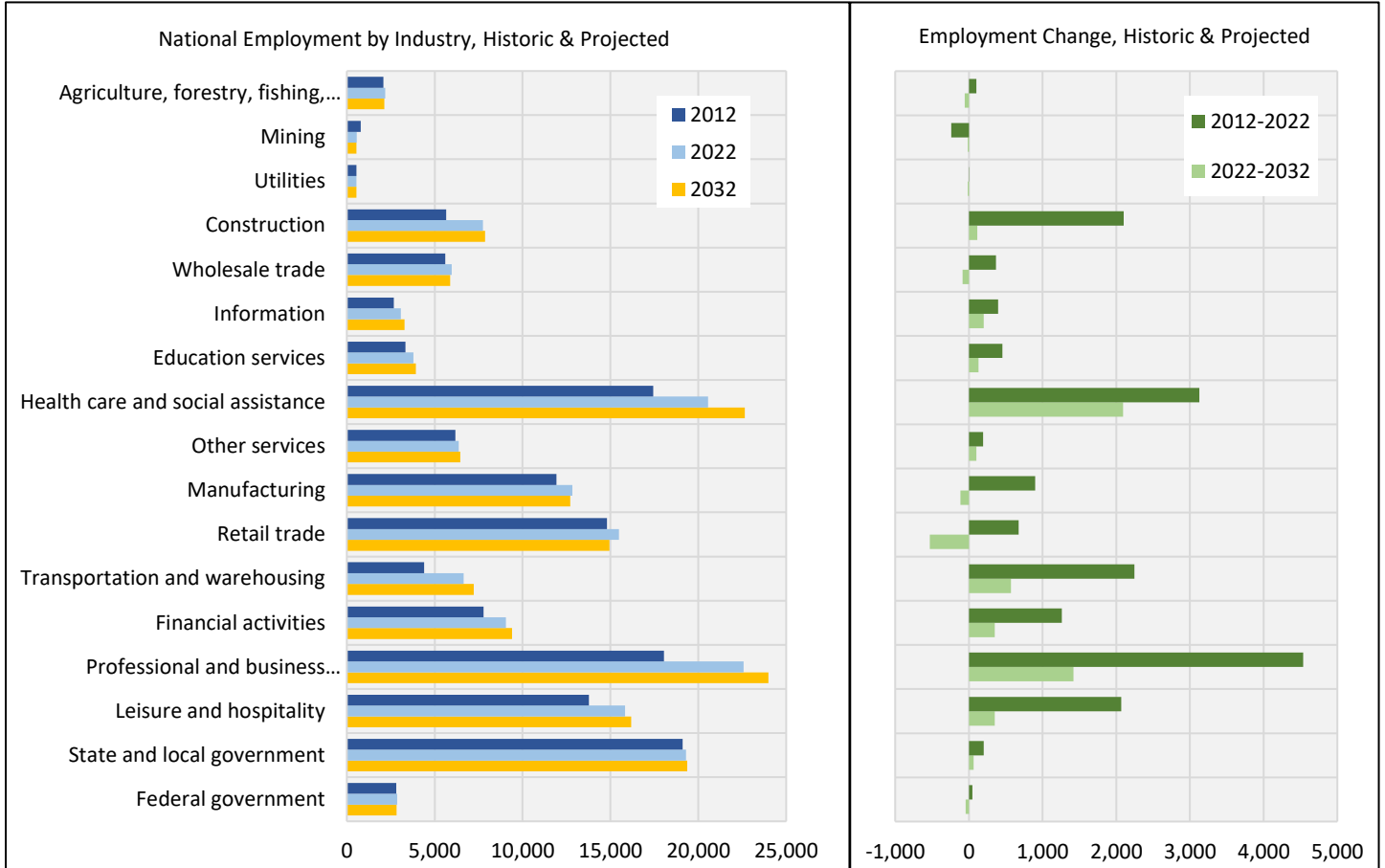
**FIGURE 2.3: INFLATION INDEX VS. MEDIAN EARNINGS INDEX (Q1 2010 – Q1 2024)**



Source: U.S. Federal Reserve Bank of St. Louis; Consumer Price Index for Urban Consumers (US); Median Earnings for Full-Time Employees, Seasonally Adjusted

**Industry Sector Employment:** At a national level healthcare & social assistance is projected to account for the largest share of new employment growth, followed by professional & business services, and leisure & hospitality. The aging of the population is expected to drive the healthcare sector over the next few decades.

**FIGURE 2.4: NATIONAL EMPLOYMENT GROWTH BY SECTOR, HISTORIC AND PROJECTED**

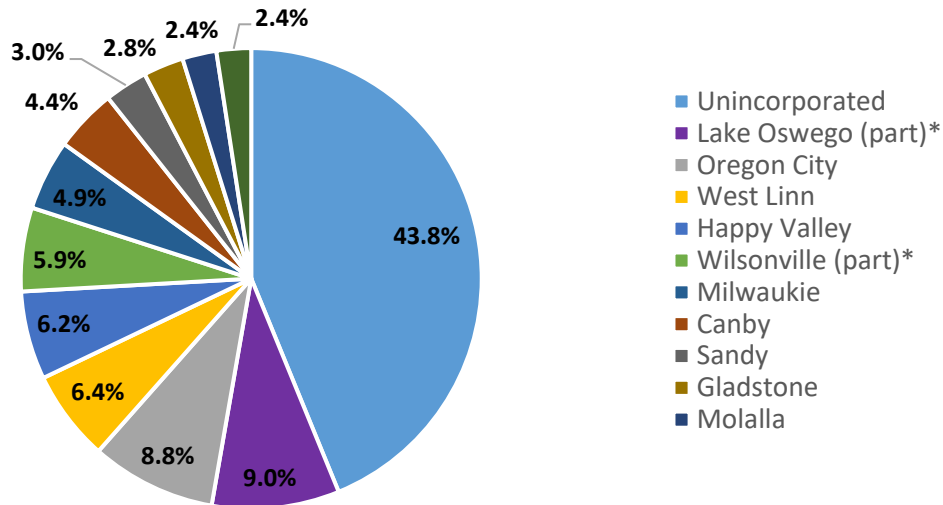


SOURCE: US Bureau of Labor Statistics

## B. COUNTY AND LOCAL POPULATION AND WORKFORCE TRENDS

**Population:** Molalla makes up roughly 2.4% of Clackamas county’s population, with an estimated population of 10,335 people as of 2023 (the latest estimate available). The city has grown by an estimated 2,225 residents since 2010, at an estimated rate of 1.9% per year. This growth rate has outpaced the growth rates of the county (0.9%) and state (0.9%) in the same period.

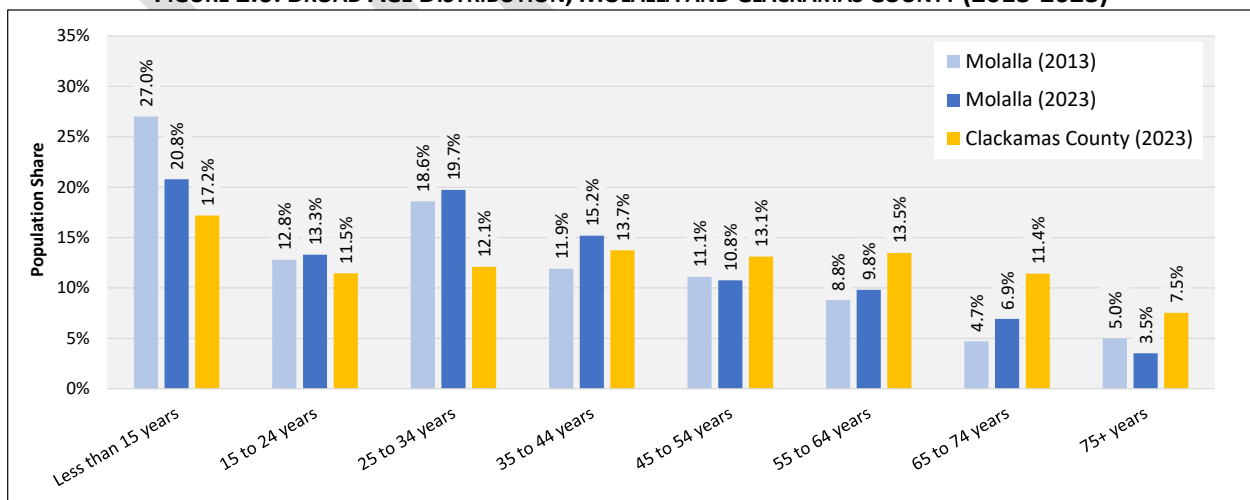
**FIGURE 2.5: SHARE OF TOTAL POPULATION IN CLACKAMAS COUNTY (2023)**



SOURCE: Population Research Center, Portland State University

Clackamas County’s population age distribution is fairly evenly distributed with no one age group far outnumbering the rest. Comparatively, Molalla’s age distribution is considerably more skewed towards the younger groups, with roughly 21% of the city’s population being under 15 years of age. While this remains the largest age segment, its share has fallen over the last ten years from an estimated 27%. An additional third (roughly 33%) of the city are between 15 and 34 years old.

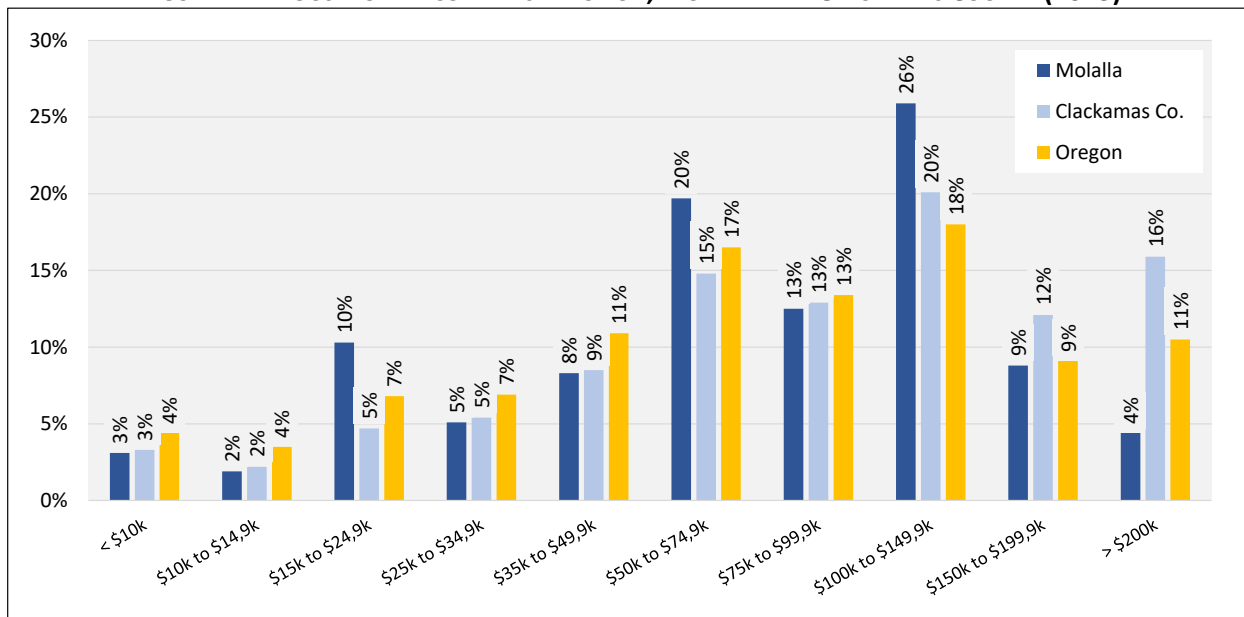
**FIGURE 2.6: BROAD AGE DISTRIBUTION, MOLALLA AND CLACKAMAS COUNTY (2013-2023)**



SOURCE: Population Research Center, Portland State University

Since 2013, the 35- to 44-year-old age cohort grew the most in share of total population in Molalla, while the 15 and younger group faced the biggest decrease. These trends reflect the aging of the Millennial and Baby Boom generations, increasing the share of population approaching middle age, and those aged 60 and older. A secular trend of falling fertility rates leads to fewer average children per family.

**FIGURE 2.7: HOUSEHOLD INCOME DISTRIBUTION, MOLALLA AND CLACKAMAS COUNTY (2023)**



SOURCE: Census Bureau, ACS 5 Year Estimates

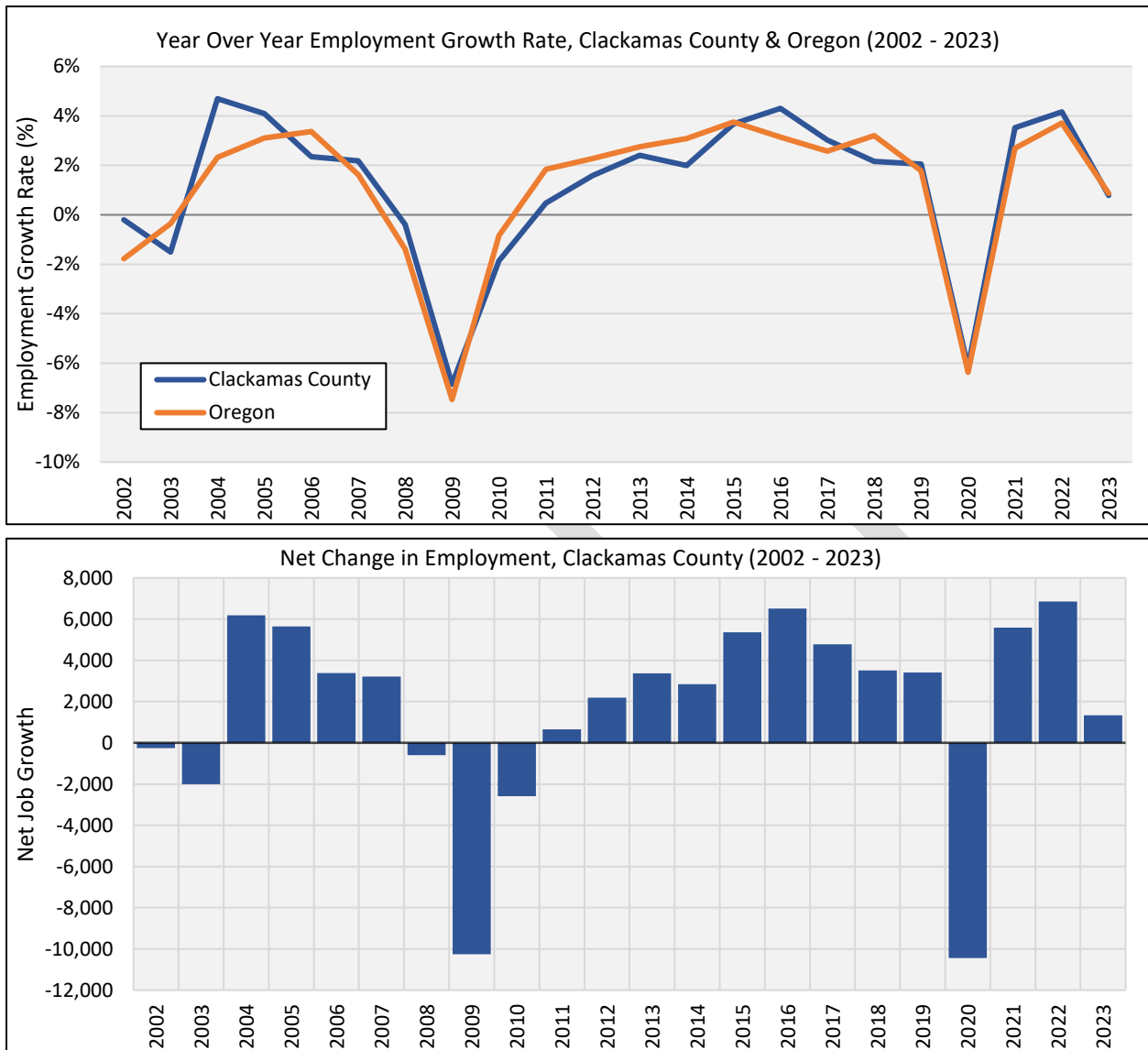
Figure 2.7 presents the estimated income distribution. Roughly 26% of Molalla’s and 20% of Clackamas County’s households earn between \$100k to \$149k, the largest share in both geographies, and greater than the statewide share. However, the city has a lower share of households earning more than \$150k.

**Employment Growth:** Clackamas County experienced slower employment growth relative to the state for most of the 2010’s. Following the ’08 – ’09 recession, the county did not return to positive growth until 2011 while the state saw positive employment growth in 2010. During this decade, Clackamas’ annual employment growth peaked at 4.3% in 2016 before decelerating up until the COVID-19 downturn. During the COVID-19 downturn, Clackamas County experienced a negative shock nearly identical with the state, losing about 6% of its employment base between 2019 and 2020. (Figure 2.8)

Since 2010, Clackamas County has added a net of roughly 30,000 jobs. The job growth peaked in 2015 with over 6,500 jobs added. In 2020, the county lost roughly 10,400 jobs, but recovered that employment over the next two years. (Figure 2.8)



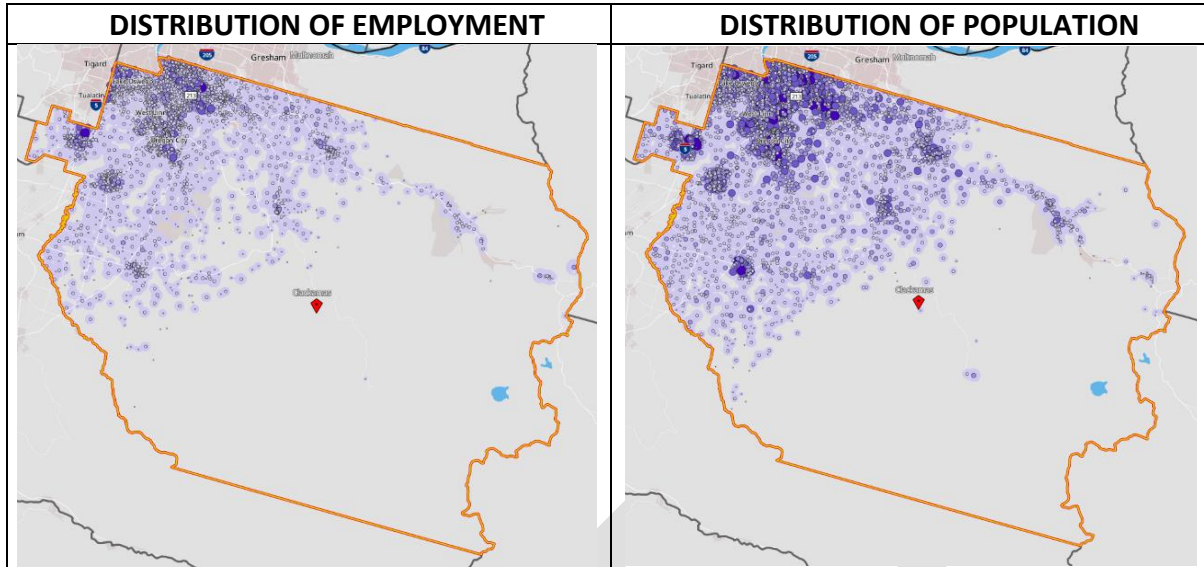
**FIGURE 2.8: EMPLOYMENT GROWTH TRENDS, CLACKAMAS COUNTY & OREGON (2002 – 2023)**



SOURCE: Oregon Employment Department, JOHNSON ECONOMICS

**Employment and Population Concentrations:** The distribution of employment in Clackamas County is concentrated in and around the Portland Metro area, as the largest regional hub of employment and economic activity (Figure 2.9). While population follows a similar pattern, there is a greater dispersion of residents outside of the Metro boundary than employment, indicating that many households live in more dispersed areas, and commute to employment centers.

**FIGURE 2.9: DISTRIBUTION OF EMPLOYMENT AND WORKFORCE, CLACKAMAS COUNTY, 2021**

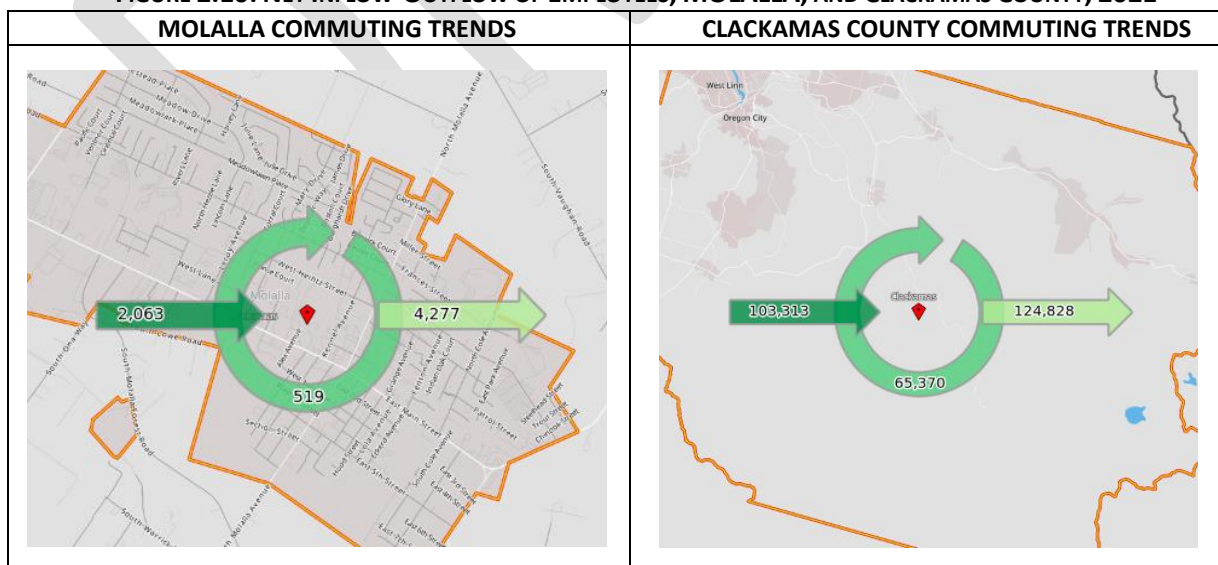


SOURCE: Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) Data

**Commuting Trends:** In 2021 (the most recent data available), the city of Molalla was estimated to have roughly 2,060 people commuting in for work, 4,275 people commuting out and 520 residents both living and working in the city. This indicates that nearly 90% of working Molalla residents commute elsewhere for employment. These figures reflect “covered employment” as of 2021, the most recent year available. Covered employment refers to those jobs where the employee is covered by federal unemployment insurance. This category does not include many contract employees and the self-employed and therefore is not a complete picture of local employment. *The figure discussed here is best understood as indicators of the general pattern of commuting and not exact figures.*

Of those residents who work outside of the city, the most common commute destinations are Portland, Oregon City, Canby, and Salem. For local employees who commute in from outside of Molalla, most live in Salem, Portland, and Oregon City.

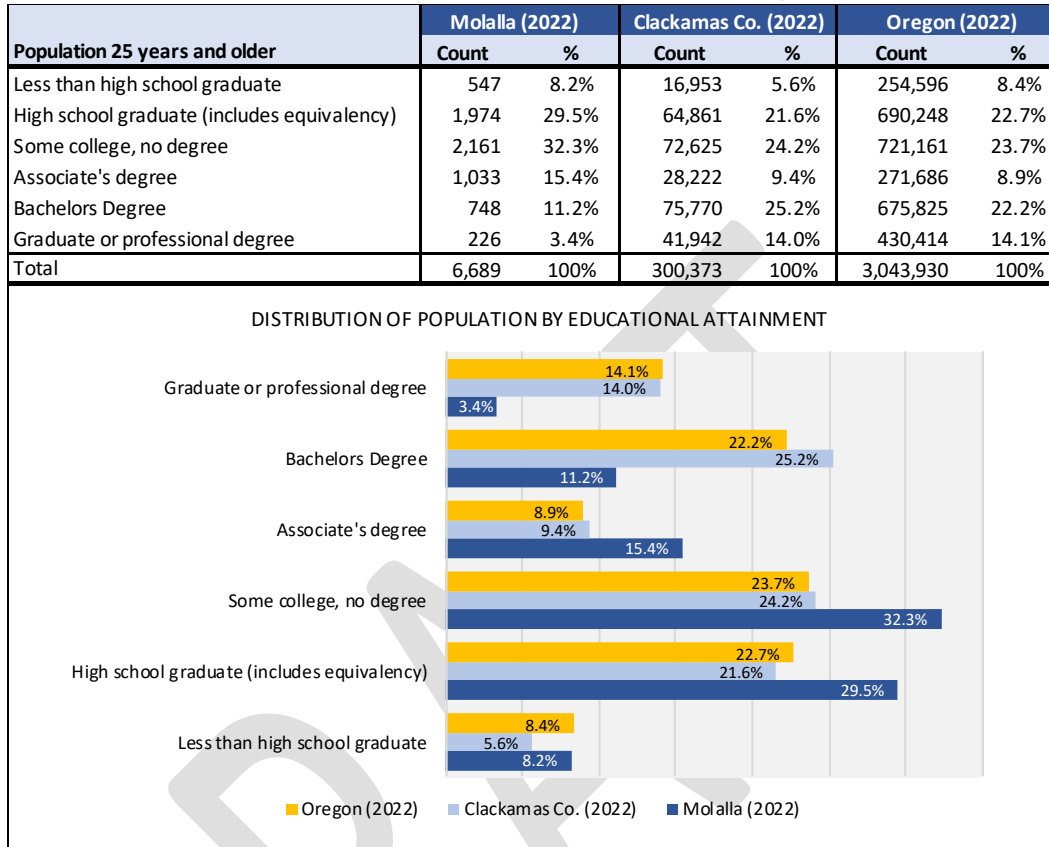
**FIGURE 2.10: NET INFLOW-OUTFLOW OF EMPLOYEES, MOLALLA, AND CLACKAMAS COUNTY, 2021**



SOURCE: Census Bureau, LEHD Data

**Workforce Characteristics:** Molalla has a greater share of less educated adults than the county or state (Figure 2.11).

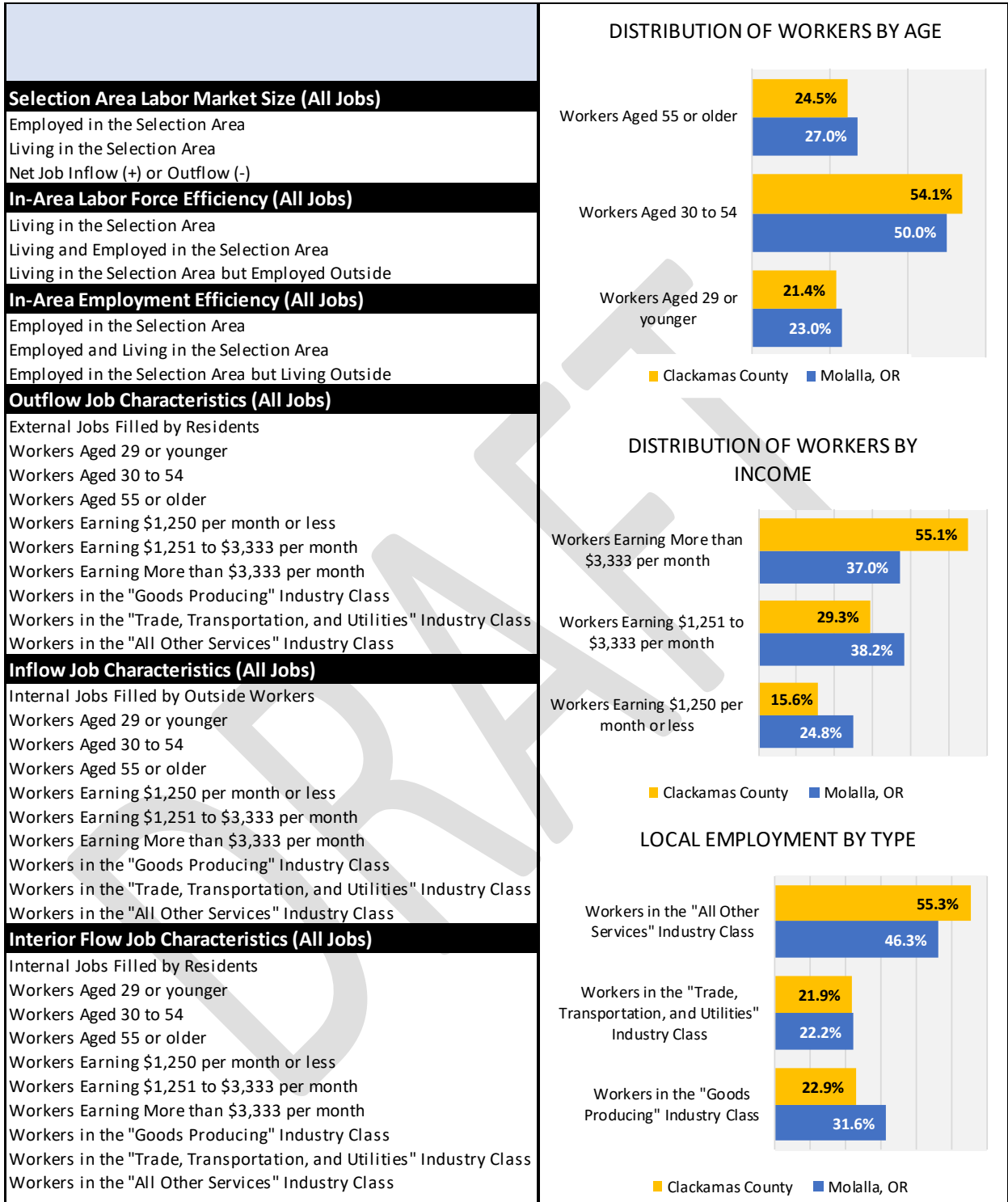
**FIGURE 2.11: EDUCATIONAL ATTAINMENT PROFILE, 2022**



SOURCE: U.S. Census Bureau, 2017 - 2022 ACS 5-Year Estimates

- Molalla’s adult population (aged 25 years and older) has relatively lower average education levels than the county or state. 62% of the population have a high school diploma, or some college with no degree, compared to 46% of the county and state.
- 30% of Molalla’s adult population have a degree, compared to 49% of the county and 45% of the state.
- Molalla has a higher share working in trade, transportation, and utilities (22.2%) and goods producing industries (31.6%) than the county (Figure 2.9). This includes retail, wholesale, warehousing, and shipping industries. (Figure 2.12)
- Molalla has a larger proportion of younger and near-retirement workers than the county, with 23% of its workers less than 30 years of age and 27% of its workers aged 55 or older.
- Working residents of Molalla are more likely to be in middle- and lower-income groups than the county. Roughly 24.8% of working Molalla residents earn over \$1,250 or less per month, and 38.2% earn between \$1,251 to \$3,333 per month.

**FIGURE 2.12: CHARACTERISTICS OF LOCAL WORKFORCE, CITY OF MOLALLA AND CLACKAMAS COUNTY, 2021**



### C. MOLALLA EMPLOYMENT & SECTOR SUMMARY

As of 2024, the City of Molalla is home to roughly 290 businesses with roughly 3,050 employees. There are an additional roughly 750 self-employed or sole-proprietor workers in the city, for a total of nearly 3,800 locally employed, or self-employed persons.

The largest industries by employment are “agriculture, forestry, fishing, and hunting”, retail trade, and leisure and hospitality (including dining). The manufacturing, health care & social assistance, and educational services sectors also have a notable employment base in the city. Molalla has the lowest employment representation in finance & insurance and real estate sectors, and no reported employment in the mining or utilities subsectors.

As for average annual wages, the highest paying sectors in 2024 are information, wholesale trade, and finance & insurance. The lowest paying sectors are “arts, entertainment, & recreation”, accommodation & food services, “agriculture, forestry, fishing, & hunting”, and retail trade.

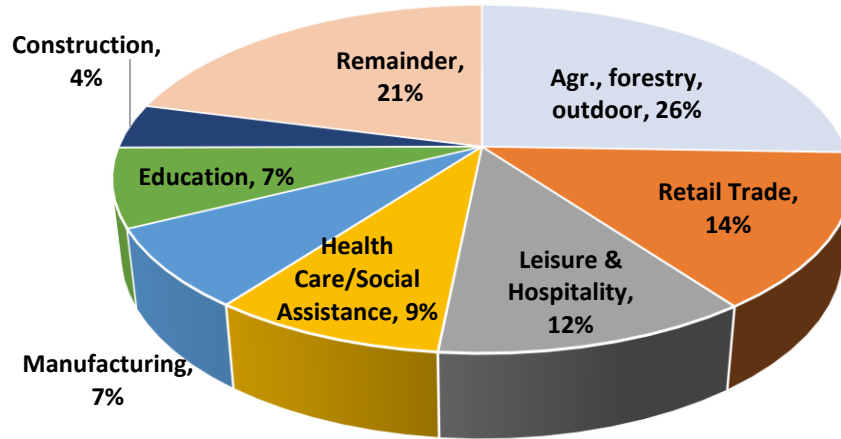
(Industry sectors are discussed in more detail in Section IV of this report.)

**FIGURE 2.13: ESTIMATED EMPLOYMENT BY INDUSTRY SECTOR, CITY OF MOLALLA 2024**

Major Industry Sector	Estimated Employment 2024	Average Annual Wage	Share of Employment
Agr., forestry, outdoor	968	\$30,000	26%
Construction	157	\$53,000	4%
Manufacturing	280	\$58,000	7%
Wholesale Trade	159	\$104,000	4%
Retail Trade	547	\$32,000	14%
Transport., Warehousing, Utilities	129	\$48,000	3%
Information	38	\$138,000	1%
Finance & Insurance	22	\$91,000	1%
Real Estate	19	\$41,000	1%
Professional & Technical Services	56	\$45,000	1%
Administration Services	71	\$59,000	2%
Education	277	\$60,000	7%
Health Care/Social Assistance	327	\$37,000	9%
Leisure & Hospitality	441	\$20,000	12%
Other Services	205	\$40,000	5%
Government	93	\$79,000	2%
<b>TOTAL</b>	<b>3,791</b>	<b>\$45,000</b>	

SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

**FIGURE 2.14: ESTIMATED SHARE OF EMPLOYMENT BY INDUSTRY SECTOR, CITY OF MOLALLA 2024**

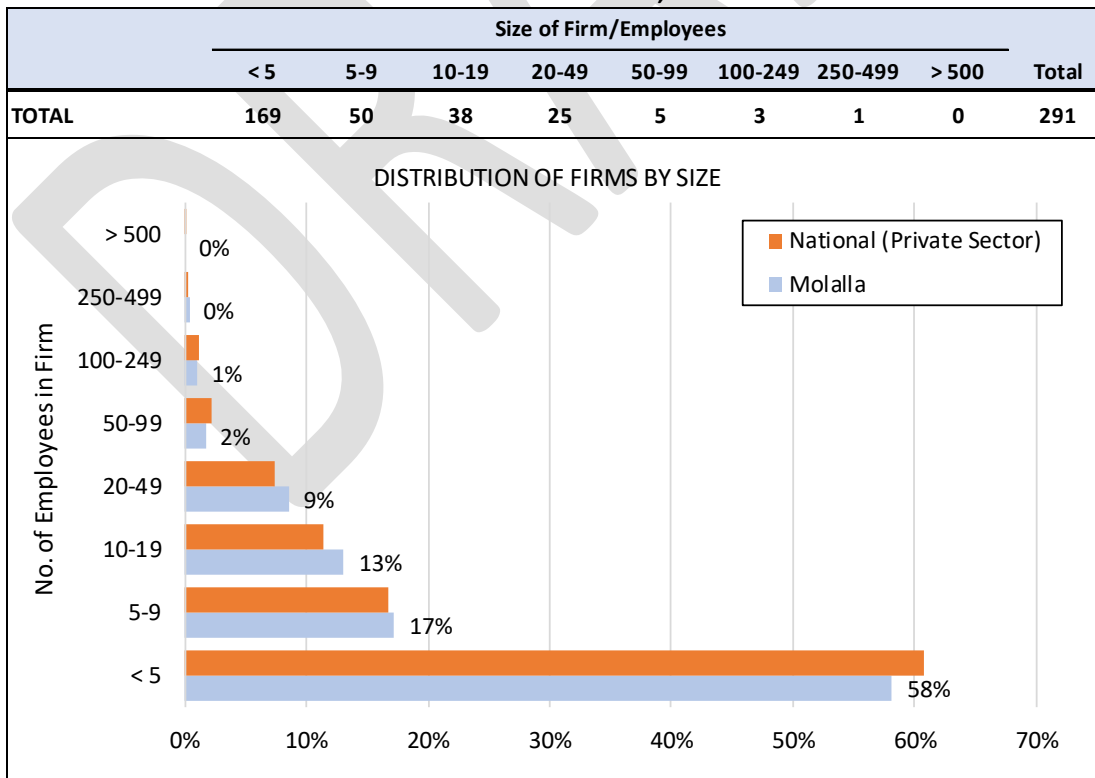


SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

The local employment base is dominated by relatively small firms, with nearly 90% of businesses having fewer than 20 employees (Figure 2.15). However, this trend is in keeping with the national average. Most businesses are small businesses. (This is based on the most recent 2022 QCEW data for unemployment-insurance covered employment, and therefore doesn't include all self-employment or owner/operator businesses.) Just 1% of firms have more than 100 employees. This is again, in keeping with national trends.

As of 2022, there were an estimated 291 firms in Molalla with covered employees (not including sole-proprietorships/self-employed).

**FIGURE 2.15: DISTRIBUTION OF FIRMS BY SIZE, CITY OF MOLALLA - 2024**



SOURCE: Oregon Employment Department, Johnson Economics

### III. COMMUNITY ECONOMIC DEVELOPMENT POTENTIAL

The economic climate of a community helps foster growth of existing firms and industry clusters and make the area attractive for new businesses. The City of Molalla has several advantages that boost its potential as a location for current and future business.

**Location:** Molalla enjoys a location between agricultural and forest lands, and near the Portland Metro area. The community has grown as a center for housing, employment, commerce, and services for the central Clackamas County subregion. The community is served by state highway access in the north/south and east/west directions. It is roughly 15 miles from I-5 freeway access via Woodburn to the west, and 15 miles from the Portland Metro region, via Oregon City to the north. Molalla is within commuting distance to Salem, the Metro region, and other Willamette Valley communities.

The location puts the city's businesses in the middle of a subregional market area and available labor force. While the city provides many shopping, dining, and service options, there are others that are lacking in the community, and necessitate a trip to neighboring communities. At the same time, the location separate from the major metro areas has allowed the city to maintain a small town identity and establish a strong base of agricultural and wood products industries based in the surrounding natural resources.

**Transportation Connectivity:** Molalla has good highway access, at the crossroads of state highways 213 and 211. These provide access to the surrounding agricultural and forestry lands in central Clackamas County, as well as broader access to the I-5 corridor, and the eastern Metro area. Highway 211 also provides a route to Estacada, Sandy, and US Highway 26 to the northeast. These routes can suffer from congestion that extends driving times, especially during commuting hours.

Portland International Airport is located approximately forty-five minutes to the north providing global air connections. The Salem Municipal Airport has recently been in discussions to provide some commercial service to a limited number of southwest states, which would provide nearer access to residents and businesses in Molalla.

**Labor Market:** The availability of ample and skilled labor is a key factor in economic development potential. It is estimated that nearly 90% of working Molalla residents commute elsewhere for their primary employment. This means that the community is likely home to a broader range of skills and specialties than just those found among local employers. This represents a diverse talent pool and skillset from which new businesses locating and growing in the city could draw.

Beyond the talent pool of Molalla residents, the city's highway access gives local businesses the ability to draw on a larger labor pool from the region. An estimated 80% of the local workforce commutes into Molalla, with the greatest numbers coming from Salem, Portland, Woodburn, Oregon City, and Canby. While ideally these workers may eventually choose to relocate to the community, in the meantime businesses know they can attract workers with a full range of skills and experience from a broader area if necessary.

The "Mid-Willamette Valley Supply and Target Industry Growth Recommendations for Clackamas, Polk and Yamhill Counties" (2014) report identified workforce issues in Clackamas, Polk, and Yamhill counties. These issues included finding qualified workers with the proper basic and technical skills, training entry-level workers effectively, and successfully employing contractors from staffing agencies. These issues remain a challenge in many regions across Oregon and call for broader solutions with the city's economic development partners.

**Quality of Life:** Molalla offers a high quality of life and suburban amenities to attract new workers and businesses to the city. The city offers a mixture of small-town lifestyle, diverse cultural activities, with access to nature and rural amenities, while also being a quick trip away from larger metro areas with additional urban amenities. The community features relatively affordable housing in comparison to other parts of the region, good schools, parks, and shopping and local services for most daily needs.

Molalla's location in the Willamette Valley offers ready access to a full range of mountain recreation to the east, and Oregon's wine country to the west.

**Economic Development Partnerships:** Molalla has several partners in economic development, including the local Chamber of Commerce, SEDCOR, Clackamas County, and Business Oregon. Molalla is within roughly 15 miles of outposts of both Clackamas and Chemeketa Community College to offer ongoing education and training to the local workforce.

Local and regional employers are also key partners in promoting and growing their industries. Molalla works with these and other regional partners to provide the infrastructure and services needed to retain and attract businesses to the city.

**Economic Development Tools:** Molalla features an Enterprise Zone which allows for tax abatements to incentivize new business development across major commercial and industrial sections of the city, including the downtown. Molalla also maintains an Urban Renewal area that covers the downtown area, and much of the Highway 211 corridor, extending to highway 213, among other corridors. The urban renewal agency can offer incentives for development, secure key economic development sites, among other projects.



## IV. INDUSTRY DIFFERENTIATION ANALYSIS

This element of the Economic Opportunities Analysis utilizes analytical tools to assess the economic landscape in Clackamas County and the City of Molalla. The objective of this process is to identify a range of industry types that can be considered targeted economic opportunities over the planning period.

A range of analytical tools to assess the local and regional economic landscape are used to determine the industry typologies the city should consider targeting over the planning period. Where possible, we look to identify the sectors that are likely to drive growth in current and subsequent cycles.

### ECONOMIC SPECIALIZATION (CLACKAMAS COUNTY)

A common analytical tool to evaluate economic specialization is location quotient analysis. This metric compares the concentration of employment in an industry at the local level to a larger geography. All industry categories are assumed to have a quotient of 1.0 on the national level, and a locality's quotient indicates if the local share of employment in each industry is greater or less than the share seen nationwide. For instance, a quotient of 2.0 indicates that locally, that industry represents twice the share of total employment as seen nationwide. A quotient of 0.5 indicates that the local industry has half the expected employment.

A location quotient analysis was completed for Clackamas County, which evaluated the distribution of local employment relative to national averages, as well as average annual wage levels by industry (Figure 4.1). The industries that are well-represented countywide are good candidates for growth in localities such as Molalla as the city has the ability to tap into regional advantages to grow locally.

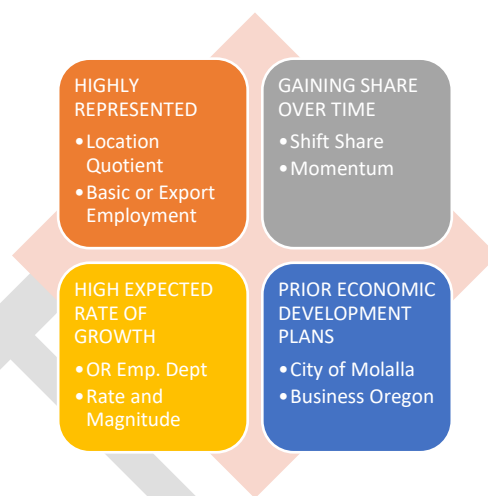


FIGURE 4.1: INDUSTRY SECTOR SPECIALIZATION BY MAJOR INDUSTRY, CLACKAMAS COUNTY, 2022

Industry	Annual Establishments	Average Employment	Total Annual Wages	Average Annual Wages	Employment LQ
102 Service-providing	14407	117,463	\$7,620,027,186	\$64,872	0.96
101 Goods-producing	3,179	37,686	\$2,640,181,944	\$70,057	1.48
1011 Natural resources and mining	389	4,673	\$202,637,060	\$43,365	2.25
1012 Construction	2,057	15,192	\$1,106,928,565	\$72,865	1.72
1013 Manufacturing	733	17,822	\$1,330,616,319	\$74,661	1.22
1021 Trade, transportation, and utilities	2,590	33,948	\$2,083,407,387	\$61,370	1.04
1022 Information	480	2,643	\$294,869,919	\$111,587	0.76
1023 Financial activities	1,611	7,918	\$771,058,869	\$97,383	0.8
1024 Professional and business services	3158	24,425	\$2,084,308,856	\$85,334	0.95
1025 Education and health services	2,642	24,553	\$1,592,778,916	\$64,872	0.92
1026 Leisure and hospitality	1208	16,740	\$471,365,906	\$28,159	0.93
1027 Other services	1,622	6,735	\$280,288,847	\$41,619	1.34
1029 Unclassified	1097	502	\$41,948,486	\$83,535	1.49
Total	17,587	155,151	\$10,260,209,130	\$66,130	

SOURCE: U.S. Bureau of Labor Statistics

In general, the County has stronger representation among goods-producing sectors than service-producing sectors, relative to nationally. Among major industries, the natural resources & mining industry was the most strongly represented, with the construction industry being the next. Construction, Manufacturing and other types of services each have representation somewhat higher than the national average. The information and financial activities industries were the most under-represented major industries. The information sector provided the highest average wages among these industries (\$112k/year), while the other services industry has the lowest average wages (\$42k/year).

A more detailed industry analysis shows that the industries with the highest LQ in the county are “agriculture, forestry, fishing, and hunting”, construction, wholesale trade, and unclassified workers. Health care & social assistance, retail trade, and manufacturing employ the most people out of all the industries, employing a little over a third of the county’s entire employment base. The most under-represented industries are utilities, federal and state government, and mining. (Figure 4.2 includes government employment as well.)

**FIGURE 4.2: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CLACKAMAS COUNTY, 2022**

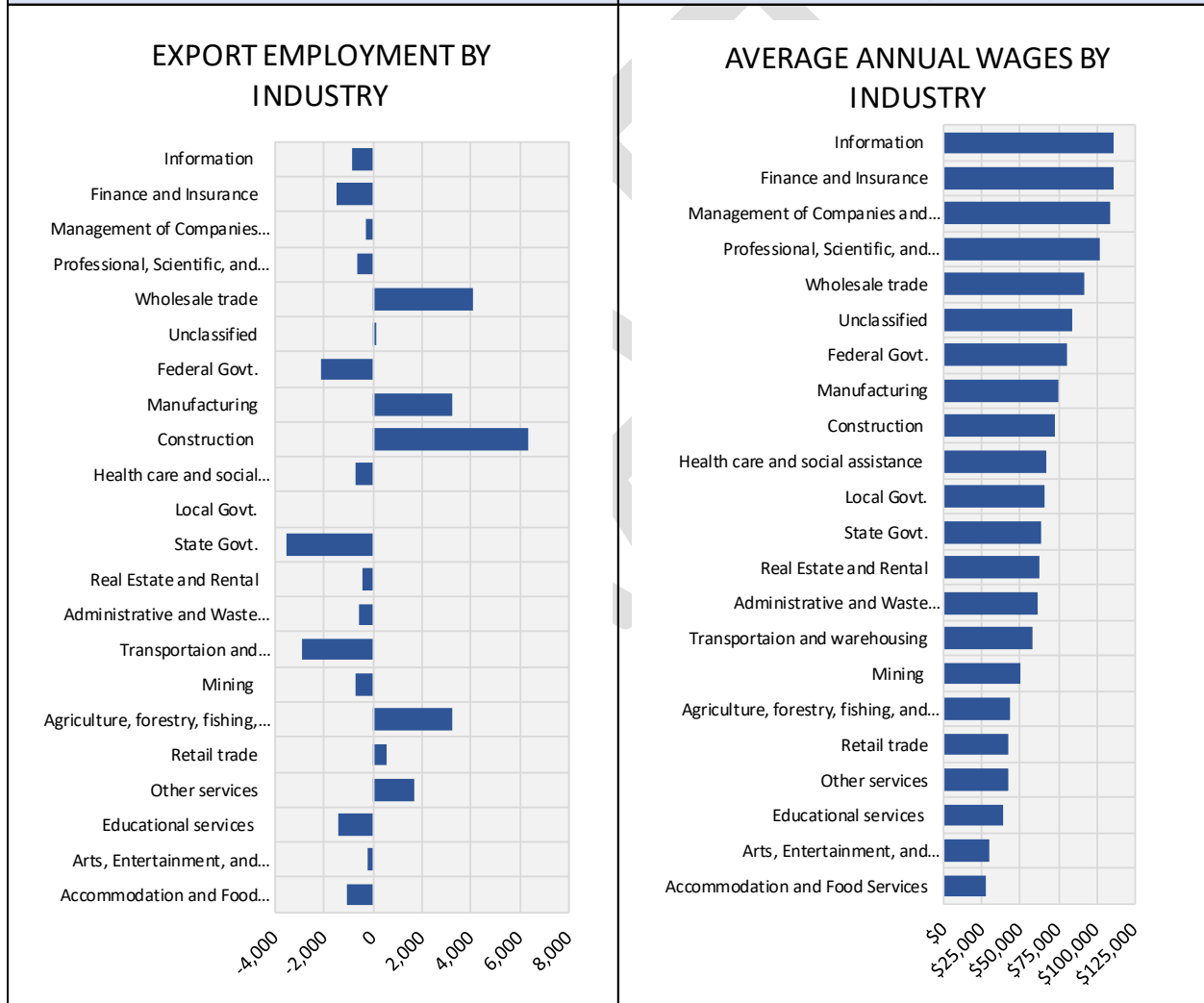
Industry	Annual Establishments	Average Employment	Total Annual Wages	Average Annual Wages	Employment LQ
Agriculture, forestry, fishing, and hunting	384	4,645	\$201,222,408	\$43,320	3.23
Mining	5	28	\$1,414,652	\$50,523	0.04
Utilities	16	298	\$36,920,679	\$123,895	0.47
Construction	2,057	15,192	\$1,106,928,565	\$72,863	1.72
Manufacturing	733	17,822	\$1,330,616,319	\$74,661	1.22
Wholesale trade	1,102	10,932	\$1,011,208,904	\$92,500	1.6
Retail trade	1125	18,244	\$777,672,778	\$42,626	1.03
Transportation and warehousing	347	4,475	\$257,605,026	\$57,565	0.61
Information	480	2,643	\$294,869,919	\$111,566	0.76
Finance and Insurance	905	5,666	\$630,017,931	\$111,193	0.79
Real Estate and Rental	706	2,252	\$141,040,938	\$62,629	0.84
Professional, Scientific, and Technical Services	2,127	11,438	\$1,169,298,119	\$102,229	0.95
Management of Companies and Enterprises	141	2,590	\$281,333,541	\$108,623	0.9
Administrative and Waste Management	890	10,397	\$633,677,196	\$60,948	0.95
Educational services	238	2,072	\$80,957,209	\$39,072	0.6
Health care and social assistance	2,405	22,481	\$1,511,821,707	\$67,249	0.97
Arts, Entertainment, and Recreation	215	2,409	\$71,302,136	\$29,598	0.91
Accommodation and Food Services	994	14,331	\$400,063,770	\$27,916	0.93
Other services	1622	6,735	\$280,288,847	\$41,617	1.34
Unclassified	1097	502	\$41,948,486	\$83,563	1.49
Federal Govt.	50	1,141	\$91,420,549	\$80,123	0.35
State Govt.	31	1,641	\$104,538,207	\$63,704	0.32
Local Govt.	198	13,033	\$866,580,255	\$66,491	0.82
Total	17,868	170,967	\$11,322,748,141	\$66,228	

SOURCE: U.S. Bureau of Labor Statistics

The level of indicated export employment is estimated by sector by combining the location quotients and overall employment levels. Export industries are important in that they grow the overall size of the local economy by bringing in dollars from outside the community, rather than recirculating internal spending. Clackamas County only has seven industries that had positive export employment in 2022: construction, wholesale trade, agriculture, other services, retail trade, and unclassified workers (in order from highest to lowest positive export employment).

**FIGURE 4.3: TOP TEN INDUSTRIES IN TERMS OF TOTAL AND EXPORT EMPLOYMENT, CLACKAMAS COUNTY (2022)**

Industry	Total Employment	Industry	Location Quotient
Health care and social assistance	22,481	Agriculture, forestry, fishing, and hunting	3.23
Retail trade	18,244	Construction	1.72
Manufacturing	17,822	Wholesale trade	1.60
Construction	15,192	Unclassified	1.49
Accommodation and Food Services	14,331	Other services	1.34
Local Govt.	13,033	Manufacturing	1.22
Professional, Scientific, and Technical Services	11,438	Retail trade	1.03
Wholesale trade	10,932	Health care and social assistance	0.97
Administrative and Waste Management	10,397	Professional, Scientific, and Technical Services	0.95
Other services	6,735	Administrative and Waste Management	0.95



SOURCE: U.S. Bureau of Labor Statistics

## ECONOMIC SPECIALIZATION (CITY OF MOLALLA)

The same analysis applied to the City of Molalla reveals high levels of employment concentration in industries such as agriculture, educational services, wood manufacturing, other services, and retail trade. In terms of employment concentration, agriculture far outperforms any other industries in the city with a location quotient (LQ) of 28.5, with the next highest employment concentration in the city being education services with a LQ of 3.4, and wood manufacturing with a LQ of 2.6. [Figure 4.2 presents data based on *covered employment* from 2022 (the most recent year available), not including self-employment.]

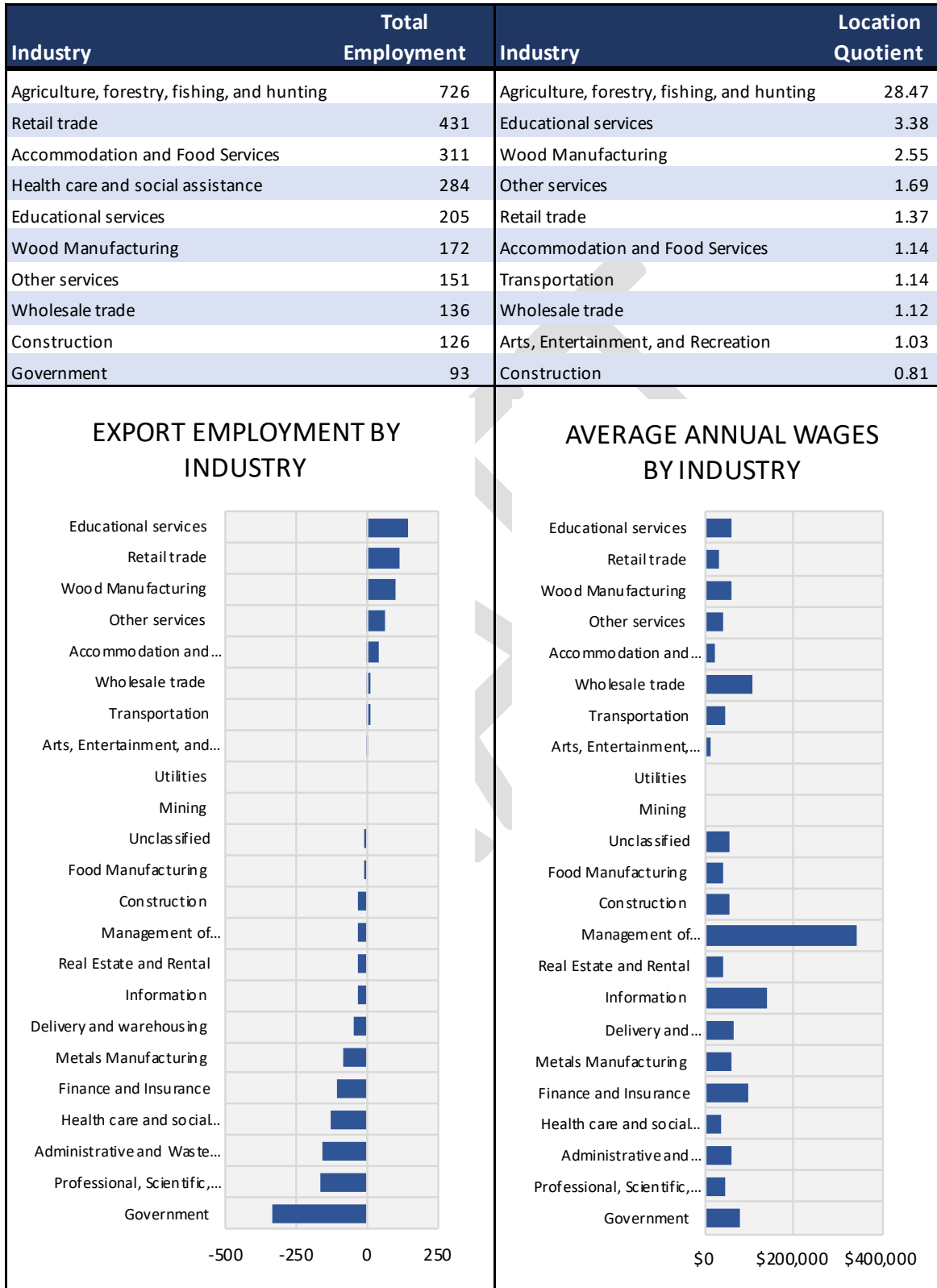
**FIGURE 4.4: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CITY OF MOLALLA, 2022**

Industry	Annual Establishments	Average Employment	Total Annual Wages	Average Annual Wages	Employment LQ
Agriculture, forestry, fishing, and hunting	14	726	\$21,470,928	\$29,574	28.47
Mining	0	0	\$0	\$0	0.00
Construction	37	126	\$6,763,733	\$53,680	0.81
Food Manufacturing	3	35	\$1,411,010	\$40,315	0.74
Wood Manufacturing	3	172	\$10,524,733	\$61,190	2.55
Metals Manufacturing	6	61	\$3,554,808	\$58,276	0.42
Utilities	0	0	\$0	\$0	0.00
Wholesale trade	11	136	\$14,192,868	\$104,359	1.12
Retail trade	27	431	\$13,801,890	\$32,023	1.37
Transportation	13	79	\$3,554,413	\$44,993	1.14
Delivery and warehousing	1	17	\$1,085,718	\$63,866	0.28
Information	3	27	\$3,731,841	\$138,216	0.44
Finance and Insurance	8	20	\$1,914,161	\$95,708	0.16
Real Estate and Rental	9	15	\$607,949	\$40,530	0.32
Professional, Scientific, and Technical Service	15	46	\$2,116,179	\$46,004	0.22
Management of Companies and Enterprises	2	19	\$6,504,641	\$342,350	0.37
Administrative and Waste Management	10	35	\$2,080,197	\$59,434	0.18
Educational services	5	205	\$12,264,813	\$59,828	3.38
Health care and social assistance	41	284	\$10,533,807	\$37,091	0.69
Arts, Entertainment, and Recreation	4	48	\$613,208	\$12,775	1.03
Accommodation and Food Services	30	311	\$6,341,262	\$20,390	1.14
Other services	39	151	\$6,057,328	\$40,115	1.69
Government	3	93	\$7,371,629	\$79,265	0.22
Unclassified	0	2	\$109,064	\$54,532	0.33
<b>Total</b>	<b>284</b>	<b>3,039</b>	<b>\$136,606,180</b>	<b>\$44,951</b>	

SOURCE: Oregon Employment Department

The top industries in terms of overall employment in 2022 were agriculture, retail trade, accommodation & food services, health care & social services, and educational services. The city were eight industries with positive export employment, the largest being educational services, retail trade, and wood manufacturing. As for the industries with the highest average annual wages, three industries stood out in particular. These were the management of company & enterprises, information, and wholesale trade industries. All three of these industries paid an annual average wage of above \$100k a year. (The management of company & enterprises sector was estimated to pay a very high average salary, but this is likely distorted due to small sample size.)

**FIGURE 4.5: TOP TEN INDUSTRIES IN TERMS OF TOTAL AND EXPORT EMPLOYMENT, CITY OF MOLALLA (2022)**



SOURCE: Oregon Employment Department and Bureau of Labor Statistic

## ECONOMIC DRIVERS

### Shift Share Analysis

The identification of the economic drivers of a local or regional economy is critical in informing the character and nature of future employment, and by extension land demand over a planning cycle. To this end, we employ a shift-share analysis of the local economy emerging out of the latter half of the recent expansion cycle<sup>1</sup>.

A shift-share analysis measures the local effect of economic performance within a particular industry or occupation. The process considers local economic performance in the context of national economic trends—indicating the extent to which local growth can be attributed to unique regional competitiveness or simply growth in line with broader trends. For example, consider that Widget Manufacturing is growing at a 1.5% rate locally, about the same rate as the local economy. On the surface we would consider the Widget Manufacturing industry to be healthy and contributing soundly to local economic expansion. However, consider also that Widget Manufacturing is booming across the country, growing at a robust 4% annually. In this context, local widget manufacturers are struggling, and some local or regional conditions are stifling economic opportunities.

We can generally classify industries, groups of industries, or clusters into four groups:

**Growing, Outperforming:** Industries that are growing locally at a rate faster than the national average. These industries have characteristics locally leading them to be particularly competitive.

**Growing, Underperforming:** Industries that are growing locally but slower than the national average. These industries generally have a sound foundation, but some local factors are limiting growth.

**Contracting, Outperforming:** Industries that are declining locally but slower than the national average. These industries have structural issues that are impacting growth industry wide. However, local firms are leveraging some local or regional factor that is making them more competitive than other firms on average.

**Contracting, Underperforming:** Industries that are declining locally at a rate faster than the national average. These industries have structural issues that are impacting growth industry wide. However, some local or regional factors are making it increasingly tough on local firms.

The average annual growth rate by industry from 2013 to 2022 (the latest available data) in Clackamas County was compared to the national rate. The observed local change was compared to a standardized level reflecting what would be expected if the local industry grew at a rate consistent with national rates for that industry.

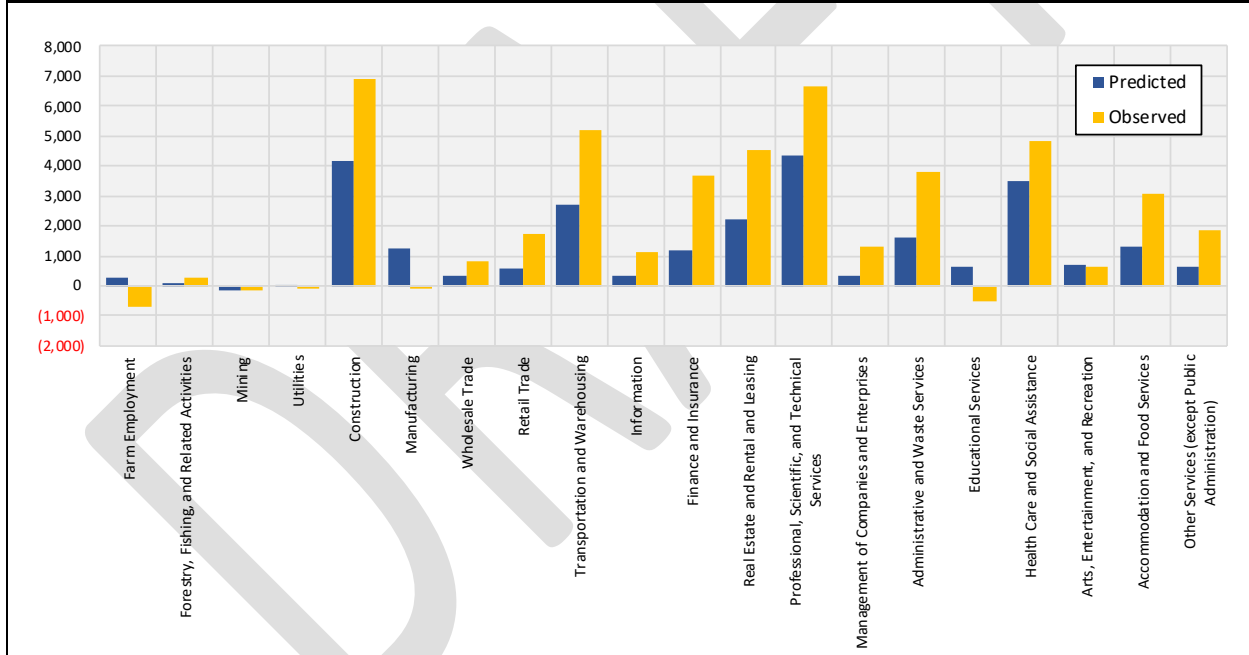
As shown in Figure 4.6, more county industries grew at a faster rate than the rest of the country than those that grew at a slower rate. Sectors that experienced the most notable positive regional shift in employment during this period were construction, transportation & warehousing, finance & insurance, real estate & rental leasing, and professional services, and accommodation & food services. Only five county sectors experienced a negative regional shift in employment, these being manufacturing, educational services, farm employment, utilities, “arts, entertainment, & recreation” and mining.

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<sup>1</sup> Measured from 2013 through 2022

**FIGURE 4.6: INDUSTRY SECTOR SHIFT SHARE ANALYSIS, CLACKAMAS COUNTY (2013 – 2022)**

Industry	Average Employment		Net Change		Standardized Level - 2022*	Regional Shift
	2013	2022	Total	AAGR		
Farm Employment	6,784	6,092	(692)	-1.2%	7,053	(961)
Forestry, Fishing, and Related Activities	1,845	2,142	297	1.7%	1,918	224
Mining	475	319	(156)	-4.3%	325	(6)
Utilities	387	341	(46)	-1.4%	391	(50)
Construction	12,845	19,751	6,906	4.9%	17,027	2,724
Manufacturing	19,379	19,374	(5)	0.0%	20,614	(1,240)
Wholesale Trade	12,287	13,085	798	0.7%	12,618	467
Retail Trade	22,554	24,315	1,761	0.8%	23,161	1,154
Transportation and Warehousing	5,275	10,499	5,224	7.9%	7,973	2,526
Information	2,833	3,931	1,098	3.7%	3,196	735
Finance and Insurance	10,745	14,412	3,667	3.3%	11,952	2,460
Real Estate and Rental and Leasing	12,382	16,891	4,509	3.5%	14,585	2,306
Professional, Scientific, and Technical Services	14,586	21,230	6,644	4.3%	18,928	2,302
Management of Companies and Enterprises	1,743	3,082	1,339	6.5%	2,091	991
Administrative and Waste Services	10,414	14,193	3,779	3.5%	12,010	2,183
Educational Services	4,438	3,942	(496)	-1.3%	5,057	(1,115)
Health Care and Social Assistance	22,080	26,933	4,853	2.2%	25,571	1,362
Arts, Entertainment, and Recreation	4,972	5,622	650	1.4%	5,655	(33)
Accommodation and Food Services	12,801	15,873	3,072	2.4%	14,111	1,762
Other Services (except Public Administration)	10,857	12,715	1,858	1.8%	11,524	1,191
<b>TOTAL</b>	<b>189,682</b>	<b>234,742</b>	<b>45,060</b>	<b>2.4%</b>	<b>215,760</b>	<b>18,982</b>

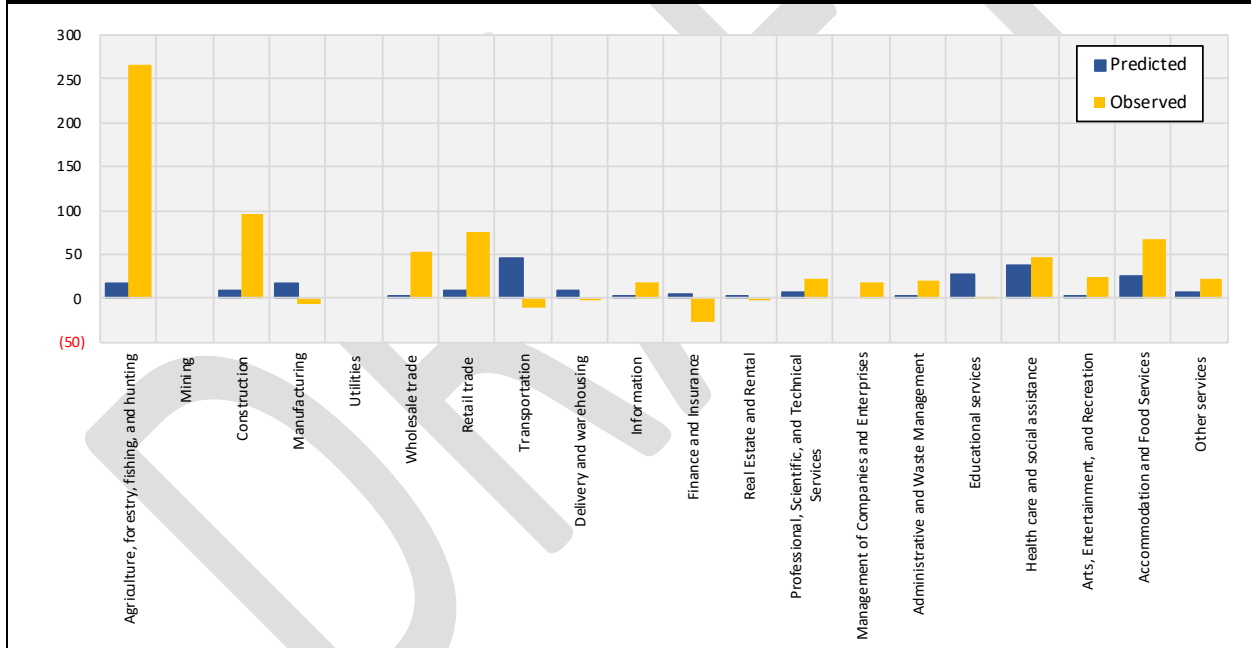


\* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.  
 SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Bureau of Labor Statics, Oregon Employment Department

When the same analysis is applied to the city of Molalla (Figure 4.7), most of the city’s industries also displayed faster growth than the rest of the country. The most notable sector on this measure in the local economy was the agriculture and forestry sectors followed by construction, retail trade, and wholesale trade. These sectors grew faster than expected based on the national pace.

**FIGURE 4.7: INDUSTRY SECTOR SHIFT SHARE ANALYSIS, CITY OF MOLALLA (2013 – 2022)**

Industry	Average Employment		Net Change		Standardized Level - 2022*	Regional Shift
	2013	2022	Total	AAGR		
Agriculture, forestry, fishing, and hunting	460	726	266	5.2%	478	248
Mining	0	0	0	0.0%	0	0
Construction	29	126	97	17.7%	38	88
Manufacturing	274	268	(6)	-0.2%	291	(23)
Utilities	0	0	0	0.0%	0	0
Wholesale trade	82	136	54	5.8%	85	51
Retail trade	356	431	75	2.1%	366	65
Transportation	89	79	(10)	-1.3%	135	(56)
Delivery and warehousing	18	17	(1)	-0.6%	27	(10)
Information	9	27	18	13.0%	10	17
Finance and Insurance	46	20	(26)	-8.8%	51	(31)
Real Estate and Rental	17	15	(2)	-1.4%	20	(5)
Professional, Scientific, and Technical Services	24	46	22	7.5%	31	15
Management of Companies and Enterprises	0	19	19	38.7%	0	19
Administrative and Waste Management	14	35	21	10.7%	16	19
Educational services	204	205	1	0.1%	232	(27)
Health care and social assistance	237	284	47	2.0%	274	10
Arts, Entertainment, and Recreation	23	48	25	8.5%	26	22
Accommodation and Food Services	243	311	68	2.8%	268	43
Other services	128	151	23	1.9%	136	15
<b>TOTAL</b>	<b>2,253</b>	<b>2,944</b>	<b>691</b>	<b>3.0%</b>	<b>2,486</b>	<b>458</b>



\* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Bureau of Labor Statistics



## Growth and Current Strength Analysis

This analysis takes a look at the relationship between the location quotient of an industry and its employment growth (shift share) over the years to give useful insight into an industry's competitive performance. As mentioned above, location quotients are a metric that compares a local industry's employment concentration to the nation's employment concentration of the same industry. A quotient above 1 indicates that an industry has more local representation compared to what is expected nationally while a quotient less than 1 indicates that the local industry has less than the expected employment. When an industry's LQ is compared alongside its employment growth one can identify which industries in the region have been highly competitive, showing signs of growth, decreasing in competitiveness, or underperforming.

Much like the shift share analysis, this analysis separates industries/clusters into 4 categories<sup>2</sup> :

**Growth Clusters:** Industries that show strong concentration locally (LQ > 1.0) and have had positive employment growth in recent history. These industries are a focal point of the regional economy, displaying strong competitive advantage and potential growth.

**Mature Clusters:** Industries that have a strong local concentration (LQ > 1.0), but negative employment growth during the period of analysis. These industries have been an important factor in the local economy but may need resources to ensure growth into the future and continued competitiveness.

**Emerging Clusters:** Industries that have a smaller local concentration (LQ < 1.0), but have seen positive employment growth recently. Although these industries may not have been as important in the regional economy, there is strong potential for growth and could be main drivers of the regional economy in the foreseeable future.

**Declining Clusters:** Industries that have a smaller local concentration (LQ < 1.0) as well as negative employment growth. These industries are shrinking and have little competitive advantage in the region.

The figure 4.8 below depicts this relationship in the city of Molalla during the 2013 – 2022 period. A majority of industries showed positive employment growth in the last decade, placing them in the growth and emerging clusters. However, more industries have an LQ lower than 1, indicating that industries within Molalla are less concentrated than what is expected on the national level.

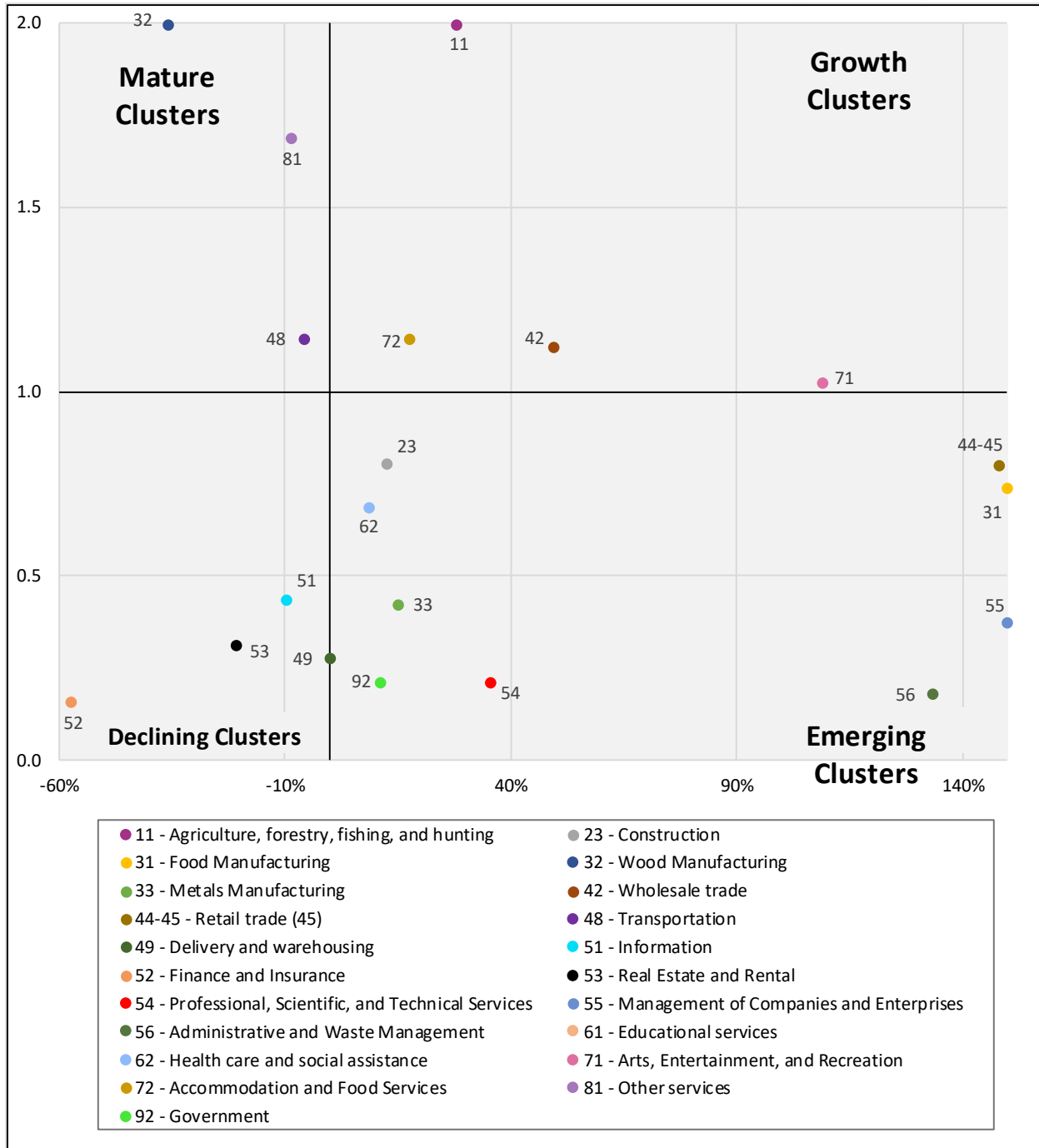
The construction, retail trade (NAICS 45), and food manufacturing industries are notably the closest to crossing the threshold from being an “emerging” industry into becoming a “growth” industry as they have displayed healthy employment growth with LQ's close to 1 as of 2022. The industries with the highest local concentrations are wood manufacturing and retail trade (NAICS 44) in the mature cluster, and agriculture in the growth sector.

The industries found to be in decline are information, real estate, warehousing, and finance and insurance.

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<sup>2</sup> Kaliba, Aloyce. (2014). Industry Cluster Analyses for Capital Region Planning and Development District and the North Delta Regional Planning & Development District, Louisiana, USA. 10.13140/RG.2.1.2639.5282.

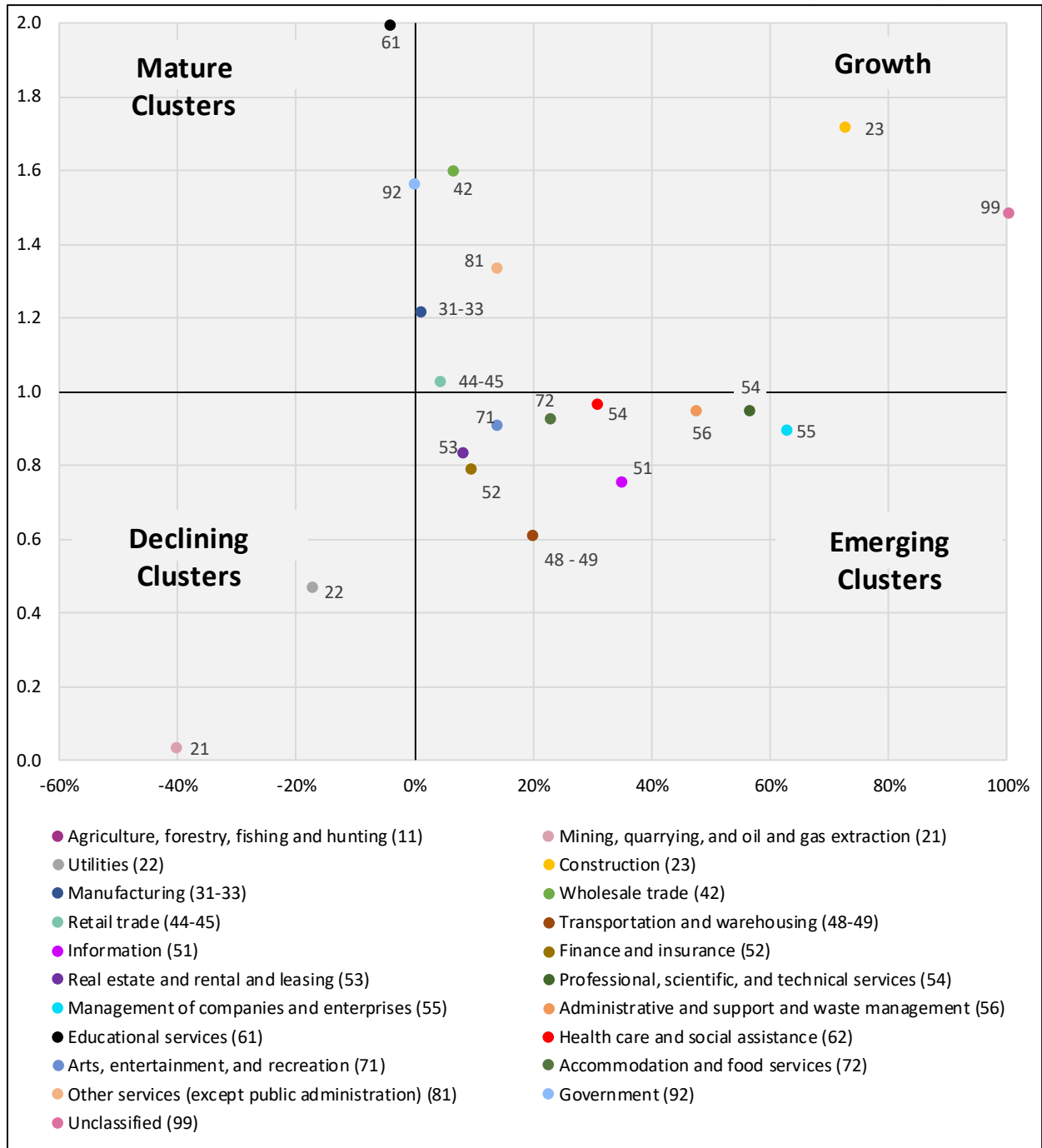
FIGURE 4.8: LQ AND EMPLOYMENT GROWTH RELATIONSHIP, CITY OF MOLALLA (2013 – 2022) \*



\*Note: NAICS 11 and 32 had an LQ of 28.47 and 2.55 respectively, while NAICS 31 and 55 had a growth rate of 290%, and 1800% from '17 – '22  
 Source: Oregon Employment Department, Bureau of Labor Statistics, JOHNSON ECONOMICS

Figure 4.9 below depicts the location quotient analysis done for Clackamas County during the 2013 – 2022 period. Similar to Molalla, a majority of Clackamas County’s industries fall under the emerging cluster. The industries that are closest to crossing into the “growth” quadrant are the “healthcare & social assistance”, “professional, scientific, & technical services”, and “administrative & waste services” industries. The county’s strongest industries in the last decade include construction, wholesale trade, and educational services. Only two of Clackamas County’s industries fall under the declining clusters, these being the mining and utilities industries.

FIGURE 4.9: LQ AND EMPLOYMENT GROWTH RELATIONSHIP, CLACKAMAS COUNTY (2013 – 2022) \*



\* NAICS 61 had an LQ of 3.23, while NAICS 99 had a growth rate of 1421% in 2022

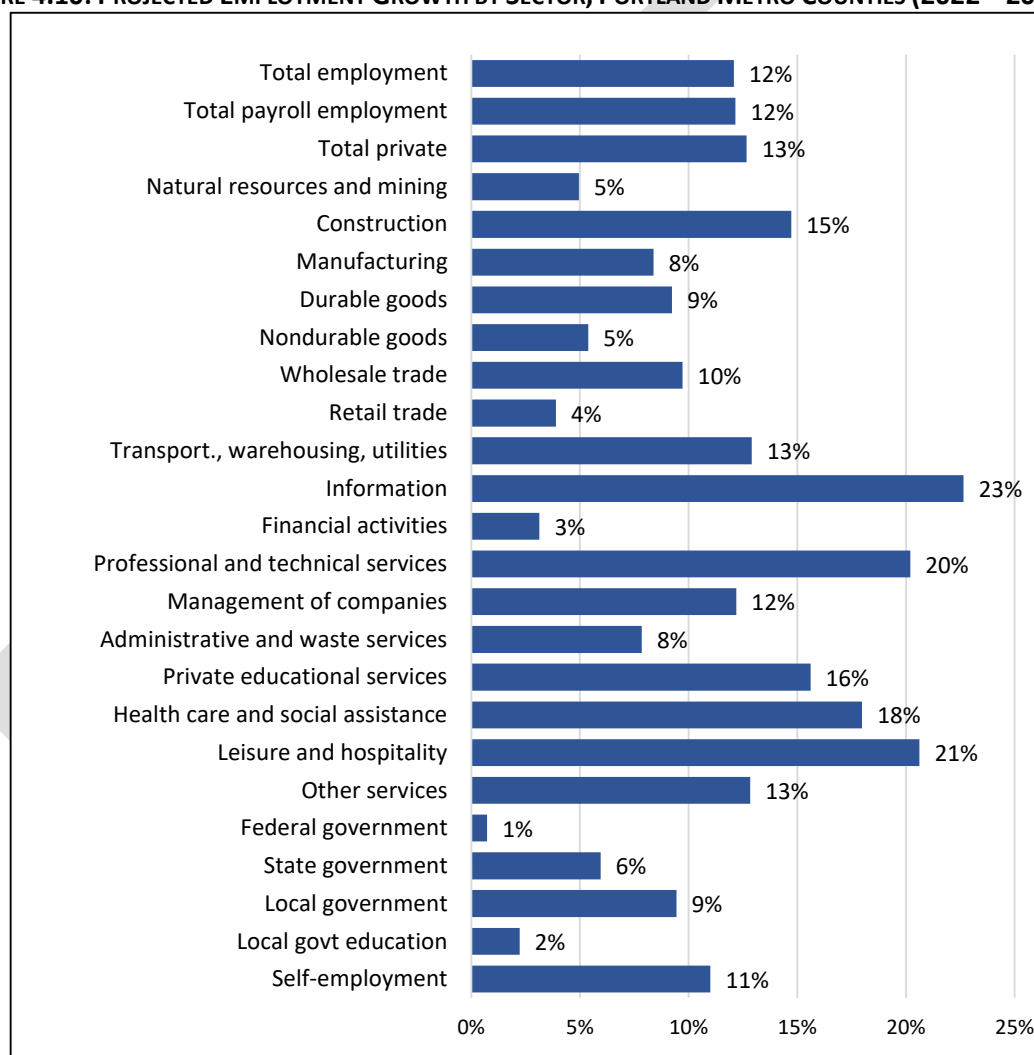
Source: 2013-2022 QCEW Data, Bureau of Labor Statistics, JOHNSON ECONOMICS

## PROJECTED EMPLOYMENT GROWTH (OED)

The State of Oregon produces employment forecasts by sector at the broader regional level, which groups Clackamas, Multnomah, and Washington Counties together into one Portland Tri-County region. The most recent forecast anticipates a gain of 127,500 jobs from 2022 through 2032, reflecting growth of 12%, or an average annual rate of about 1.1% during the period. This region has historically seen strong growth, and recovery from the COVID pandemic has been promising.

In this region, the industries with the fastest growth rates are projected to be information, leisure and hospitality (tourism related), professional services, and health care. Furthermore, none of the industries are projected to experience decline in the coming years.

**FIGURE 4.10: PROJECTED EMPLOYMENT GROWTH BY SECTOR, PORTLAND METRO COUNTIES (2022 – 2032)**



SOURCE: Oregon Employment Department, Workforce and Economic Research Division

## V. MOLALLA TARGET INDUSTRIES ANALYSIS

The preceding analysis provides a basis for narrowing of target industries for the City of Molalla. These indicators point to sectors of past and potential growth, as well as locally expressed economic development vision for the community. The following is a summary of targeted sectors and indicators for Molalla, and the broader region.

### Molalla Targets and Indicators

<b>CITY OF MOLALLA</b> <b>Industry Clusters Analysis (2020)</b> Manufacturing Agriculture/Forestry/Outdoors Education Health Care Retail and Wholesale Trade Tourism-Related (Dining, Lodging, Recreation) Construction	<b>CITY OF MOLALLA</b> <b>Current Largest Employers</b> Agriculture/Forestry/Outdoors Retail Trade Tourism Health Care Manufacturing Education Construction
<b>STRONG LOCATION QUOTIENT</b> Agriculture/Forestry/Outdoors Education Wood Manufacturing Retail Trade Accommodation and Food Services Transportation	<b>STRONG SHIFT SHARE INDICATOR</b> Agriculture/Forestry/Outdoors Construction Retail and Wholesale Trade Accommodation and Food Service
<b>BUSINESS OREGON - Statewide Targets</b> Outdoor Gear and Apparel Forestry & Wood Products Advanced Manufacturing Business Services Food & Beverage High Technology	<b>County and Regional</b> Traded sector industries Suppliers to existing companies Self-sufficiency-wage jobs Food & Beverage Manufacturing High Technology

These broader analyses arrived at similar conclusions of the advantageous industries for Molalla and the central Clackamas County region in general, including wood product, food product and other manufacturing, and support industries including health care, education, and construction. Through the EOA planning process, the advisory group and community stakeholders focused on the desire for a greater diversity of shopping and dining options, and a greater tourism-related industry including lodging and recreation amenities, and agritourism.

### TARGET INDUSTRY CLUSTERS

The selected priority industries reflect the community's historical strengths and advantages, regional trends, and local goals and objectives. These are discussed in more detail in the following pages:

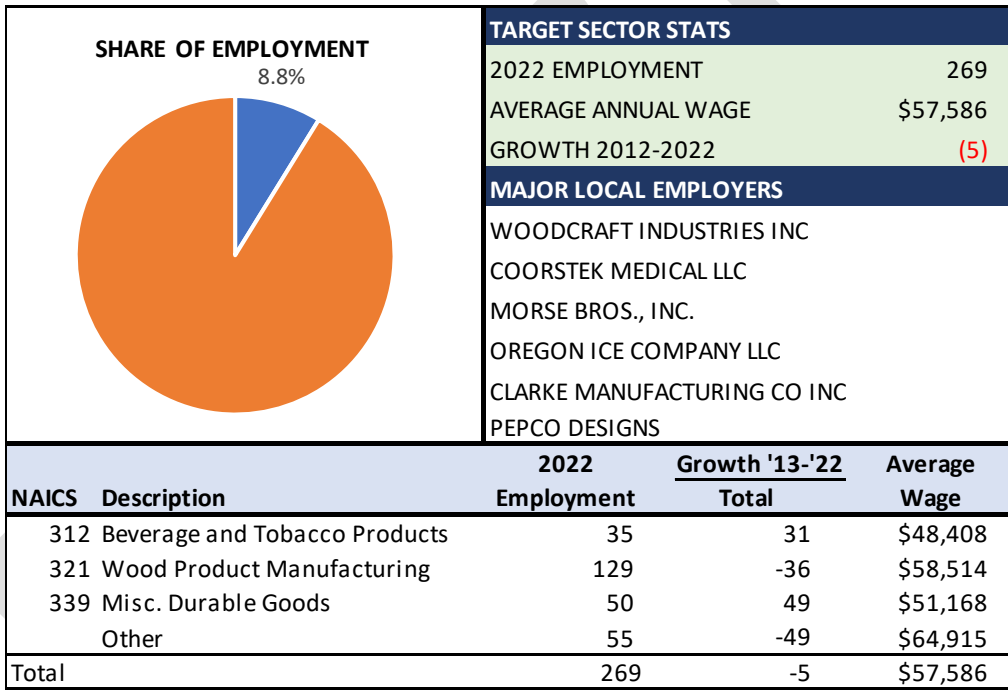
- Manufacturing
- Health Care & Social Assistance
- Retail Trade
- Accommodation & Food Services
- Construction
- Arts, Entertainment & Recreation

Note: The following discussion of target sectors relies on the most recent QCEW (covered) employment data from the Oregon Employment Department, dating to 2022. Total employment figures are updated to an estimate for 2024 in the following section of this report.

**MANUFACTURING**

Manufacturing is identified as a target industry due to the high wages it offers, ability to build technical skills, and grow the community’s economy as a traded sector with external customers. Manufacturing includes a wide range of potential product types including wood products, food processing and value-add products, metals, machinery, and high-tech manufacturing. While manufacturing has experienced secular decline nationwide over many decades, there are still many opportunities for producers that benefit from proximity to inputs and the intended market

**SECTOR SUMMARY: MANUFACTURING**



Source: Oregon Employment Department

As of 2022, the manufacturing sector employed around 270 people which translates to 9% of the local employment base. The average annual wage was approximately \$57,500 per year in 2022. Employment base in the sector decreased slightly (2%) from 2012 through 2022.

*Cluster Strengths*

- Foundation of existing manufacturing businesses.
- Location near agricultural and forestry inputs.
- Solid wages, blue collar opportunities.

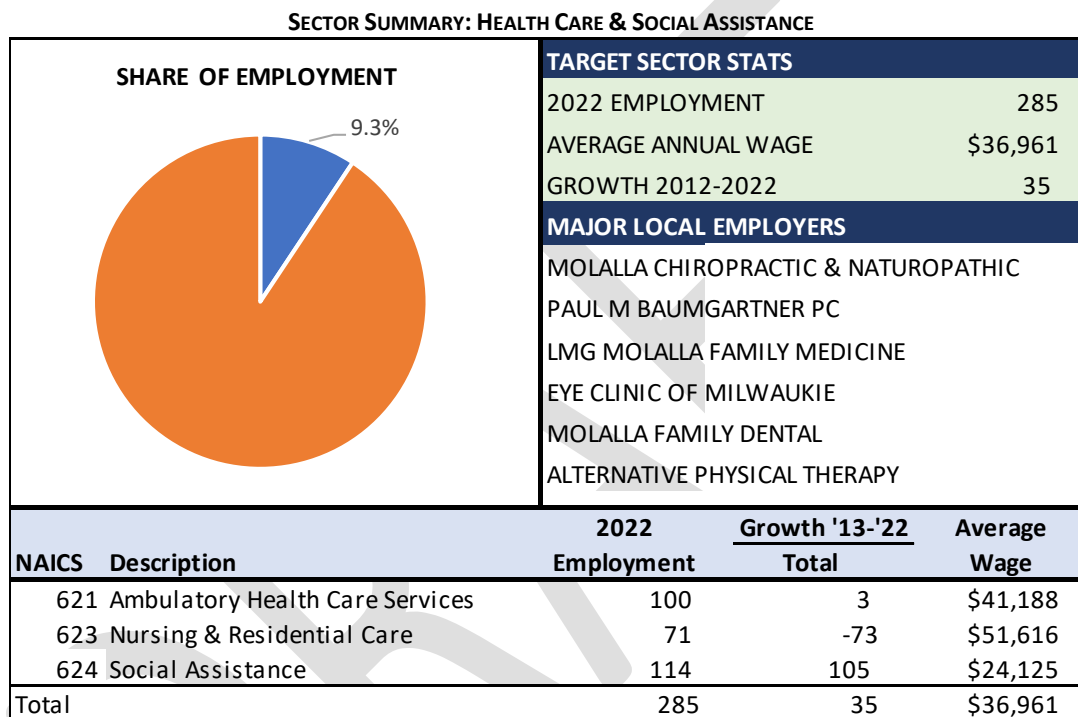
*Cluster Challenges*

- Limited available labor workforce, particularly for skilled manufacturing.
- Increasing shortage of appropriate industrial sites.

### HEALTH CARE & SOCIAL ASSISTANCE

The Health Care and Social Services sector is one of the largest employers in Molalla, representing nearly 10% of employment. Like most communities, Molalla will increasingly face growing health care needs from a growing and aging population. The health care needs of the Baby Boom generation, the oldest of which are approaching 80 years old and the youngest approaching 60, are expected to increase the need for health care facilities and workforce over the next 20 years. The need for more local services such as medical specialists and expanded urgent care were identified as on-going needs in the community.

The health care & social assistance sector employed 285 people in 2022, which is over 9% of the city's employment base. The average annual wage in the industry was \$37,000 in 2022. The sector's employment base grew by 14% from 2012 to 2022, with the social assistance subsector seeing the strongest growth.



Source: Oregon Employment Department

#### Cluster Strengths

- Strong forecasted growth for health care.
- Growing population and number of households generating new demand.
- Attractive location for retirees and assisted living.

#### Cluster Challenges

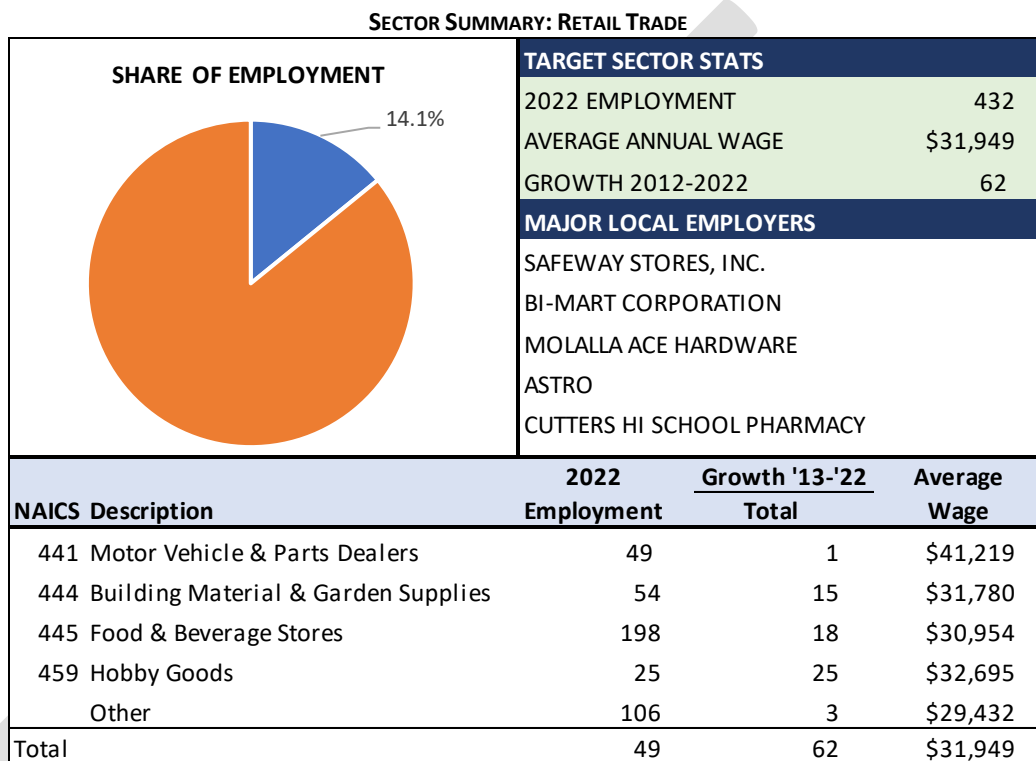
- Distance to full-service hospital.
- Recruitment of skilled workforce.



**RETAIL TRADE**

Despite its somewhat distant location from the I-5 corridor and Portland Metro area, Molalla serves as a commercial hub for the surrounding parts of Clackamas County, offering necessities such as groceries, gas, hardware, as well as general merchandise. The community requires more retail options and categories to serve the daily needs of residents, so that fewer trips outside of the area are necessitated to meet these needs.

Retail trade in Molalla employed roughly 14.1% of the county’s employment base, with 432 covered employment jobs in 2022. The average annual wage in this sector was \$32,000 in 2022. Employment levels grew by 2% from 2012 to 2022, or a gain of about 62 workers during this time.



Source: Oregon Employment Department

Molalla is likely to keep its advantages as a sub-regional hub of shopping, dining and services in this part of the central valley. Continued growth in the community and surrounding area will support continued addition of retail options.

*Cluster Strengths*

- Established sub-regional market area and customer base.
- Continuing growth in population and households.

*Cluster Challenges*

- National challenges to brick-and-mortar retail from on-line shopping.
- Affordable housing for lower-wage workforce.





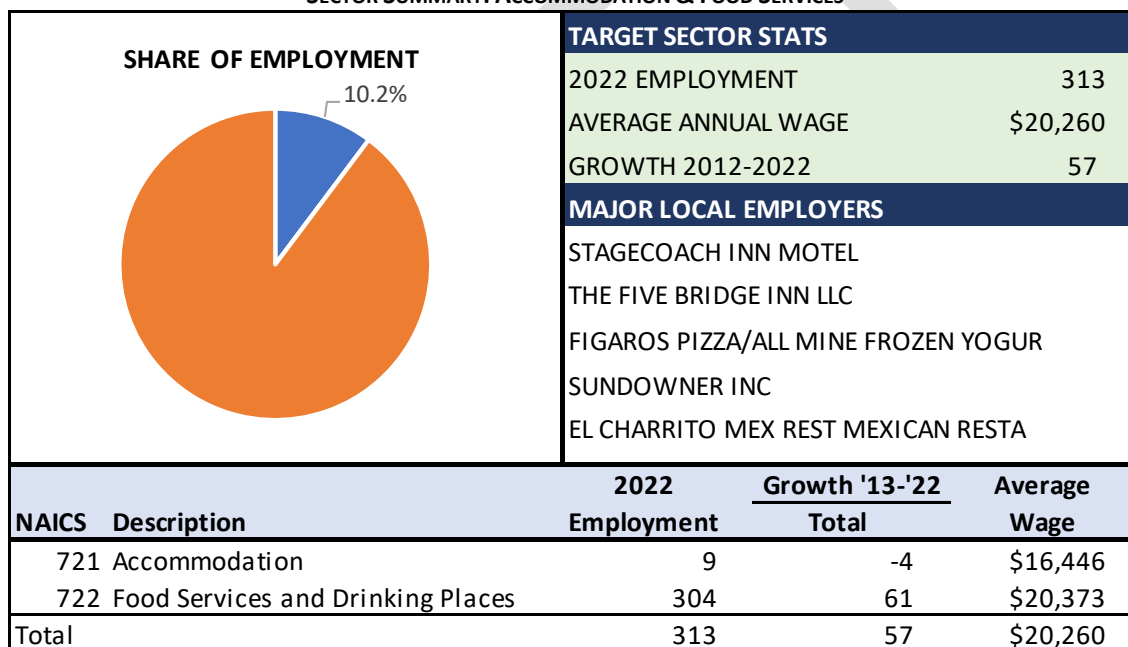
### ACCOMMODATION & FOOD SERVICES

Molalla and the surrounding area has physical and locational attributes that make recreation and hospitality an attractive target sector. The city is a gateway to the Cascades, including Jefferson Park Wilderness, Detroit Lake area, and national forest lands. Regional outdoor recreation includes camping, hiking, hunting, fishing, skiing and biking. The accommodation and food services sector is key to supporting tourism through offering lodging and dining to visitors and local residents. The community identified a desire to increase recreational offerings to attract visitors (see more below) and offer lodging for them to stay.

The dining and bar sector is a significant part of the employment base and an amenity for local residents. While the sector provides generally low-wage employment, these businesses offer options for outside dining and entertainment that allow local spending to remain in the community and prevent long drives to other communities. The community expressed interest in more options in this sector and greater variety.

This sector employed about 313 in 2022, representing roughly 10% of the local employment base. The average annual wage is on the lower side compared to the other target industries with workers making an average of \$20,260 per year in 2022. The sector grew by roughly 22.3% in the last decade, adding around 57 jobs.

#### SECTOR SUMMARY: ACCOMMODATION & FOOD SERVICES



Source: Oregon Employment Department

#### Cluster Strengths

- Great location and access to farm, mountain, and forest amenities.
- Opportunity to raise profile as “basecamp”, with related dining/hospitality.

#### Cluster Challenges

- Marketing, awareness as destination.
- Need for more recreation activities and events (i.e. sports or festivals).
- Relatively low wages in tourism-related industries.

**CONSTRUCTION**

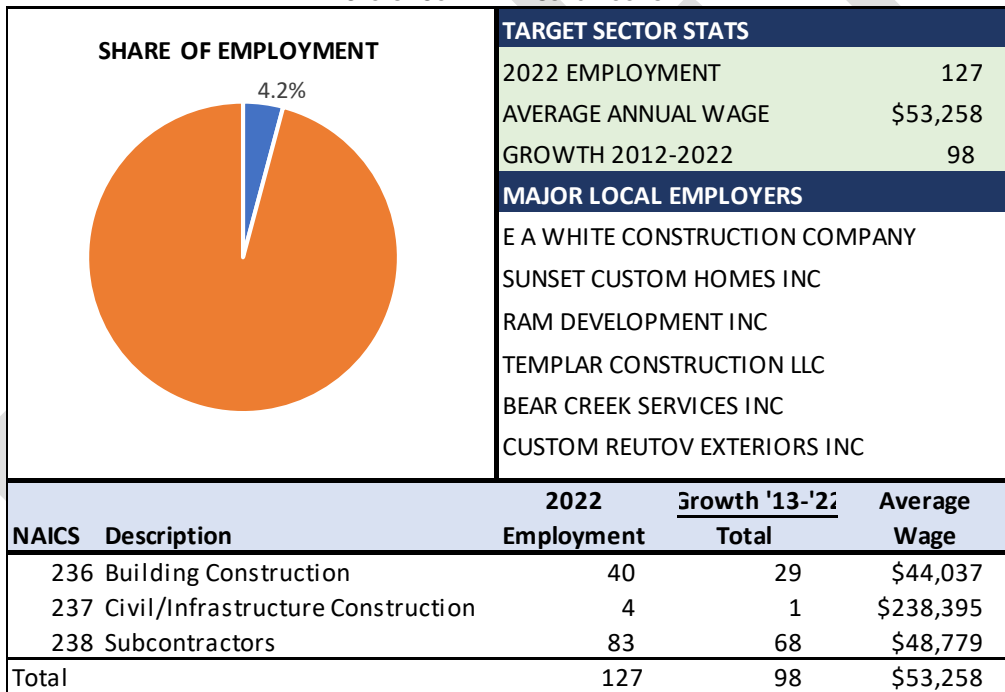
The strength of the construction sector typically trails growth in population and employment, as new households and businesses drive new real estate development. Construction is a desirable sector that provides both lower skilled and highly skilled positions and supports solid wages. Having construction capacity also allows the local economy to respond quickly and competently to new demand, while keeping costs down relative to importing construction workers and expertise from outside the area.



Construction is generally a resilient sector in areas that continue to experience organic growth in population and jobs such as Oregon. Even as broader economic trends may depress some aspects of real estate development, other sectors are often healthy or growing, and specialties such as public infrastructure development are resistant to economic cycles. This sector is a good industry for a relatively young, diverse, and less educated workforce.

The construction sector accounted for roughly 130 jobs in 2022, representing roughly 4.2% of the county’s employment base. The average annual wage was approximately \$53,000 per year in 2022. The sector showed strong growth from 2012 to 2022, growing by 338%.

**SECTOR SUMMARY: CONSTRUCTION**



Source: Oregon Employment Department

*Cluster Strengths*

- On-going demand for construction in a growing community.
- Responds to both residential and employment growth.

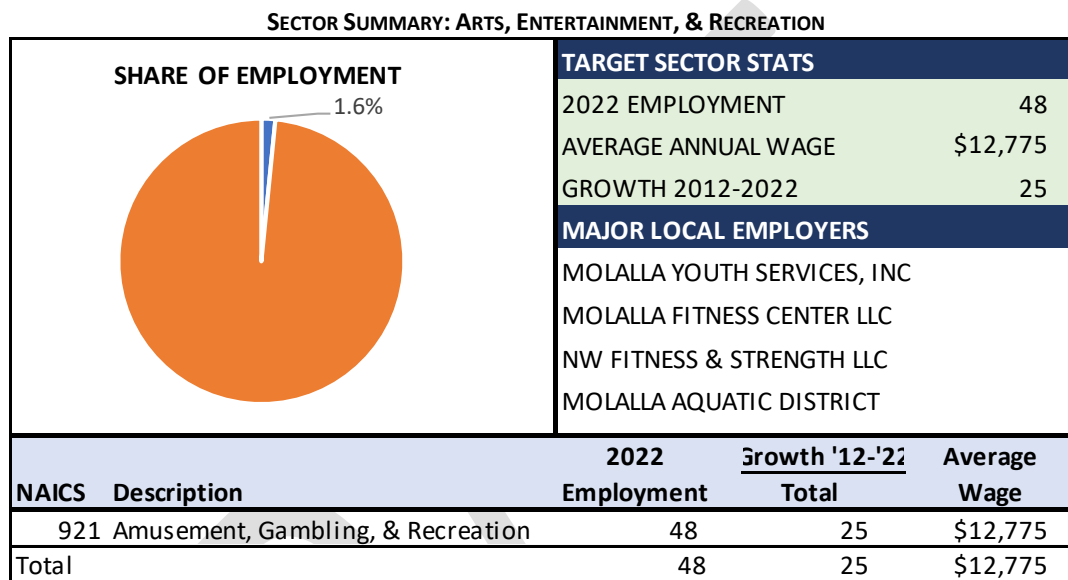
*Cluster Challenges*

- This sector tends to be dependent on other growth factors.
- Skilled construction workforce is in short supply.
- Current headwinds in development industry including interest rates, land, labor and material costs.

**ARTS, ENTERTAINMENT, & RECREATION**

In relation to the need for accommodations and dining to serve desired tourism, the community seeks to grow the arts, entertainment, and recreation sector to help attract and keep visitors in Molalla. Potential amenities might include regional sports tournaments or venues, indoor or outdoor music venues, farm/wine/beer related agritourism events, wedding venues, community festivals and other public events.

Overall, the arts, entertainment, & recreation sector is currently small, representing roughly 2% of all employment in the city of Molalla. This translates to 48 jobs in 2022 with an average annual wage of \$12,257. Employment in the cluster grew by 109% from 2012 through 2022, adding around 25 jobs in total.



Source: Oregon Employment Department

*Cluster Strengths*

- Great location and access to farm, mountain, and forest amenities.
- Opportunity to raise profile as “basecamp”, with related dining/hospitality.

*Cluster Challenges*

- Marketing, awareness as destination.
- Need for more recreation activities and events (i.e. sports or festivals).
- Relatively low wages in tourism-related industries.



## VI. FORECAST OF EMPLOYMENT AND LAND NEED

### CITY OF MOLALLA EMPLOYMENT FORECAST

Goal 9 requires that jurisdictions plan for a 20-year supply of commercial and industrial capacity. Because employment capacity is the physical space necessary to accommodate new workers in the production of goods and services, employment need forecasts typically begin with a forecast of employment growth in the community. The previous analysis of economic trends and targeted industries set the context for these estimates. This analysis translates those trends into estimates of employment growth by broad industry. Forecasts are produced at the sector or subsector level (depending on available information), and subsequently aggregated into two-digit North American Industry Classification System (NAICS) sectors. Estimates in this analysis are intended for long-range land planning purposes and are not designed to predict or respond to business cycle fluctuation.

The projections in this analysis are built on an estimate of employment in 2024, the commencement year for the planning period. Employment growth will come as the result of net-expansion of existing businesses in the community, new business formation, or the relocation/recruitment of new firms. Forecast scenarios consider a range of factors influencing growth. Long-range forecasts typically rely on a macroeconomic context for growth. The forecast does not consider the impact of a significant exogenous shift in employment such as recruitment of an unforeseen major employer.

### OVERVIEW OF EMPLOYMENT FORECAST METHODOLOGY

Our methodology starts with employment forecasts for major commercial and industrial sectors. Forecasted employment is allocated to building type, and a space demand is a function of the assumed square footage per employee ratio multiplied by projected change. The need for space is then converted into land and site needs based on assumed development densities using floor area ratios (FARs).

FIGURE 6.1: UPDATE TO BASELINE YEAR AND CONVERSION OF COVERED TO TOTAL EMPLOYMENT



The first analytical step of the analysis is to update covered employment to the 2024 base year. The Quarterly Census of Employment and Wages (QCEW) data was used to determine the City of Molalla’s covered employment by industry through 2022, the latest year available. To update these estimates, we use observed industry specific growth rates for Clackamas County between 2022 and 2023.

The second step in the analysis is to convert “covered”<sup>3</sup> employment to “total” employment. Covered employment only accounts for a share of overall employment in the economy. Specifically, it does not consider sole proprietors or commissioned workers. Covered employment was converted to total employment based on observed ratios at

<sup>3</sup> The Department of Labor’s Quarterly Census of Employment and Wages (QCEW) tracks employment data through state employment departments. Employment in the QCEW survey is limited to firms with employees that are “covered” by unemployment insurance.

the national level derived from the Bureau of Economic Analysis from 2014 through 2022. The adjusted 2024 total employment base for the city of Molalla is nearly 3,800 jobs.

**FIGURE 6.2: UPDATE TO 2024 BASELINE AND CONVERSION OF COVERED TO TOTAL EMPLOYMENT, CITY OF MOLALLA**

Major Industry Sector	QCEW Employment			Total Emp. Conversion <sup>2</sup>	2024 Estimate
	2022 Employment	'22-'24 County Δ <sup>1</sup>	2024 Estimate		
Agriculture, forestry, outdoor	726	0.0%	726	75%	968
Construction	127	0.7%	128	81%	157
Manufacturing	269	-0.6%	267	96%	280
Wholesale Trade	137	1.9%	140	88%	159
Retail Trade	432	3.3%	446	82%	547
Transport, Warehousing, Utilities	98	-2.1%	96	75%	129
Information	27	3.8%	28	73%	38
Finance & Insurance	21	-7.0%	20	89%	22
Real Estate	15	-5.0%	14	74%	19
Professional & Technical Services	47	0.8%	47	84%	56
Administration Services	54	0.8%	54	76%	71
Education	205	6.5%	218	79%	277
Health Care/Social Assistance	285	6.5%	304	93%	327
Leisure & Hospitality	361	1.8%	367	83%	441
Other Services	153	0.0%	153	75%	205
Government	93	0.0%	93	100%	93
<b>TOTAL</b>	<b>3,050</b>	<b>1.7%</b>	<b>3,102</b>	<b>82%</b>	<b>3,791</b>

1/Growth rate calculated using CES data for Clackamas County

2/ Bureau of Economic Analysis (2022 County Averages)

SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

**SCENARIO 1: “SAFE HARBOR” FORECAST (EMPLOYMENT GROWTH)**

The Goal 9 statute does not have a required method for employment forecasting. However, OAR 660-024-0040(9)(a) outlines several safe harbor methods, which are intended to provide jurisdictions a methodological approach that will not be challenged. The recommended approach for the City of Molalla is based on 660-024-0040(9)(a)(B), which allows using the most recently forecasted population growth rate for the City from the PSU Population Research Center (adopted 2020). The employment growth rate may be assumed to match the population growth rate.

This method results in an average annual growth rate of 1.9%, with a total growth of 1,730 jobs over the forecast period. This approach is taken to form the base forecast of the adjusted forecast described below.

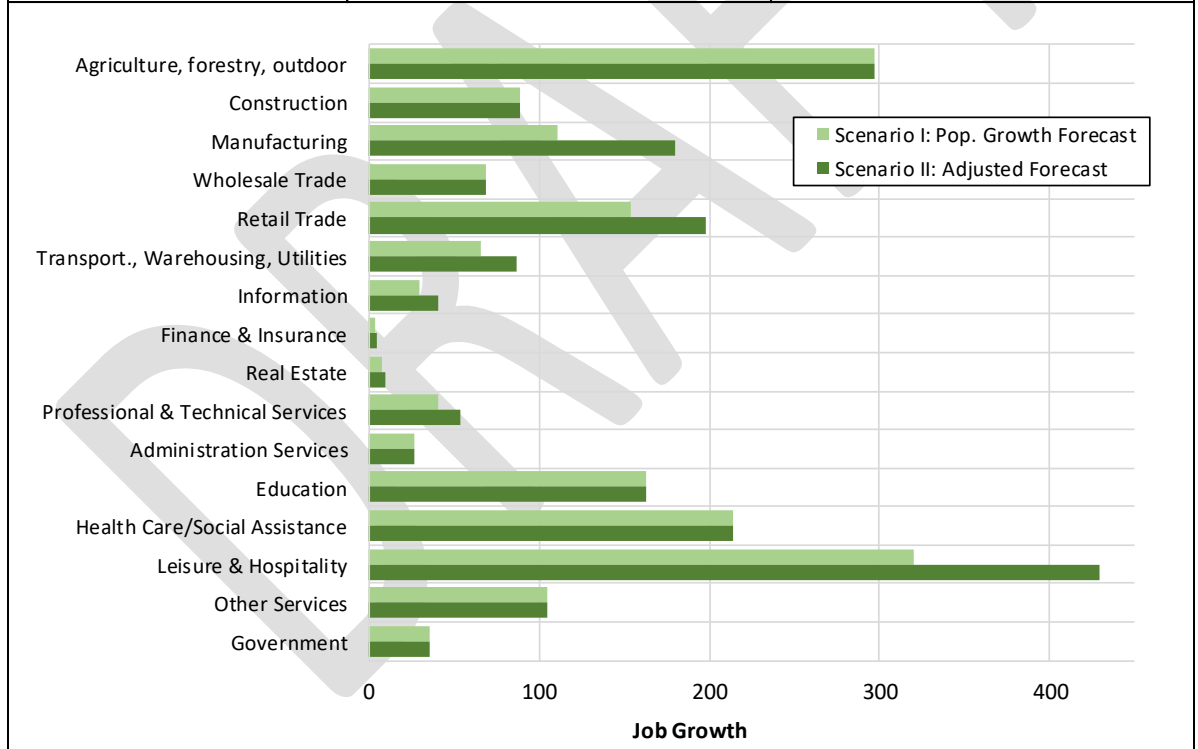
**SCENARIO 2: ADJUSTED EMPLOYMENT FORECAST**

A second adjusted forecast scenario was influenced by the research and analysis conducted in the EOA. This scenario formulates an employment growth trajectory based on identified trends, an increased growth outlook for targeted industries, and input from the project advisory group. Further, the alternative scenario recognizes that economic development efforts and public policy can influence realized growth in targeted sectors.

The adjusted forecast results in an average annual growth rate of 2.1%, with a total growth of over 2,000 jobs over the forecast period.

**FIGURE 6.3: COMPARISON OF ALTERNATE FORECASTS, CITY OF MOLALLA (2024 - 2044)**

Industry	SCENARIO I (Population Forecast)				SCENARIO II (Adjusted Forecast)			
	2024	2044	Chg.	AAGR	2024	2044	Chg.	AAGR
Agriculture, forestry, outdoor	968	1,265	297	1.3%	968	1,265	297	1.3%
Construction	157	246	88	2.3%	157	246	88	2.3%
Manufacturing	280	390	110	1.7%	280	460	180	2.5%
Wholesale Trade	159	228	68	1.8%	159	228	68	1.8%
Retail Trade	547	700	154	1.2%	547	745	198	1.6%
Transport., Warehousing, Utilities	129	195	66	2.1%	129	216	87	2.6%
Information	38	68	30	2.9%	38	79	41	3.7%
Finance & Insurance	22	26	4	0.9%	22	27	5	1.1%
Real Estate	19	27	7	1.6%	19	29	10	2.0%
Professional & Technical Services	56	97	40	2.7%	56	110	54	3.4%
Administration Services	71	98	27	1.6%	71	98	27	1.6%
Education	277	440	163	2.3%	277	440	163	2.3%
Health Care/Social Assistance	327	541	214	2.5%	327	541	214	2.5%
Leisure & Hospitality	441	761	320	2.8%	441	870	429	3.5%
Other Services	205	310	105	2.1%	205	310	105	2.1%
Government	93	130	36	1.7%	93	130	36	1.7%
<b>TOTAL:</b>	<b>3,791</b>	<b>5,521</b>	<b>1,730</b>	<b>1.9%</b>	<b>3,791</b>	<b>5,793</b>	<b>2,002</b>	<b>2.1%</b>



Source: Oregon Employment Department, Johnson Economics

**SUMMARY OF EMPLOYMENT FORECAST SCENARIOS**

The two forecast scenarios in this analysis range from 1.9% to 2.1% average annual growth. Job growth estimates range from 1,730 to 2,000 jobs over the 20-year period. Forecasts grounded in broad based economic variables cannot account for all the realities of local businesses and trends among evolving industries. Any long-term forecast is inherently uncertain and should be updated on a regular basis to reflect more current information. This is particularly true in a smaller jurisdiction such as Molalla, in which a single large firm’s location and/or operational decision may substantively impact the rate of growth.

**FIGURE 6.4: SUMMARY OF PROJECTION SCENARIOS, CITY OF MOLALLA**

Industry	Overall Employment					Net Change by Period				Total 24-44
	2024	2029	2034	2039	2044	24-29	29-34	34-39	39-44	
<b>SCENARIO 1 (Population Growth)</b>										
Agriculture, forestry, outdoor	968	1,035	1,107	1,183	1,265	67	72	77	82	297
Construction	157	176	197	220	246	19	21	23	26	88
Manufacturing	280	304	330	359	390	24	26	29	31	110
Wholesale Trade	159	174	190	208	228	15	16	18	19	68
Retail Trade	547	582	619	658	700	35	37	40	42	154
Transport., Warehousing, Utilities	129	143	158	176	195	14	16	17	19	66
Information	38	44	51	59	68	6	7	8	9	30
Finance & Insurance	22	23	24	25	26	1	1	1	1	4
Real Estate	19	21	23	25	27	2	2	2	2	7
Professional & Technical Services	56	65	74	85	97	8	9	11	12	40
Administration Services	71	77	84	91	98	6	6	7	8	27
Education	277	311	349	392	440	34	38	43	48	163
Health Care/Social Assistance	327	371	421	477	541	44	50	56	64	214
Leisure & Hospitality	441	505	579	664	761	64	74	85	97	320
Other Services	205	228	252	280	310	22	25	27	30	105
Government	93	101	110	119	130	8	9	9	10	36
<b>TOTAL:</b>	<b>3,791</b>	<b>4,159</b>	<b>4,568</b>	<b>5,020</b>	<b>5,521</b>	<b>369</b>	<b>408</b>	<b>452</b>	<b>501</b>	<b>1,730</b>
<b>SCENARIO 2 (Adjusted)</b>										
Agriculture, forestry, outdoor	968	1,035	1,107	1,183	1,265	67	72	77	82	297
Construction	157	176	197	220	246	19	21	23	26	88
Manufacturing	280	317	359	406	460	37	42	47	54	180
Wholesale Trade	159	174	190	208	228	15	16	18	19	68
Retail Trade	547	591	638	689	745	44	47	51	55	198
Transport., Warehousing, Utilities	129	146	167	189	216	18	20	23	26	87
Information	38	46	55	66	79	8	9	11	13	41
Finance & Insurance	22	23	24	26	27	1	1	1	1	5
Real Estate	19	21	24	26	29	2	2	3	3	10
Professional & Technical Services	56	67	79	93	110	10	12	14	17	54
Administration Services	71	77	84	91	98	6	6	7	8	27
Education	277	311	349	392	440	34	38	43	48	163
Health Care/Social Assistance	327	371	421	477	541	44	50	56	64	214
Leisure & Hospitality	441	522	619	734	870	82	97	115	136	429
Other Services	205	228	252	280	310	22	25	27	30	105
Government	93	101	110	119	130	8	9	9	10	36
<b>TOTAL:</b>	<b>3,791</b>	<b>4,207</b>	<b>4,674</b>	<b>5,200</b>	<b>5,793</b>	<b>416</b>	<b>467</b>	<b>526</b>	<b>593</b>	<b>2,002</b>

Source: Oregon Employment Department, Johnson Economics

The forecasts were further broken down into four five-year increments, assuming a consistent rate of growth over the period. We would expect that a twenty-year forecast will include multiple business cycles, and that growth will be variable.

### EMPLOYMENT LAND FORECAST

The next analytical step in our analysis is to convert projections of employment into forecasts of land demand over the planning period. The generally accepted methodology for this conversion begins by allocating employment by sector into a distribution of building typologies those economic activities typically use. As an example, insurance agents typically locate in traditional office space, often along commercial corridors. However, a percentage of these firms are also located in commercial retail space adjacent to retail anchors. Cross tabulating this distribution provides an estimate of employment in each typology.

The next step converts employment into space using estimates of the typical square footage exhibited within each typology. Adjusting for market average vacancy we arrive at an estimate of total space demand for each building type.

Finally, we can consider the physical characteristics of individual building types and the amount of land they typically require for development. The site utilization metric commonly used is referred to as a “floor area ratio” or FAR. For example, assume a 25,000-square foot general industrial building requires roughly a site of roughly 100k square feet to accommodate its structure, setbacks, parking, and necessary yard/storage space. This building would have an FAR of roughly 0.25. Demand for space is then converted to net acres using a standard floor area ratio FAR for each development form.

**LAND DEMAND ANALYSIS – ADJUSTED FORECAST SCENARIO**

In this analytical step we allocate employment growth to the standard building typologies. The building typology matrix represents the share of sectoral employment that is located across various building types. (Note that only a fraction of employment in the agricultural sector is assumed to need urban real estate, as many of these companies operate in unincorporated areas in the region around the city. Food processing operations are captured under “manufacturing.”)

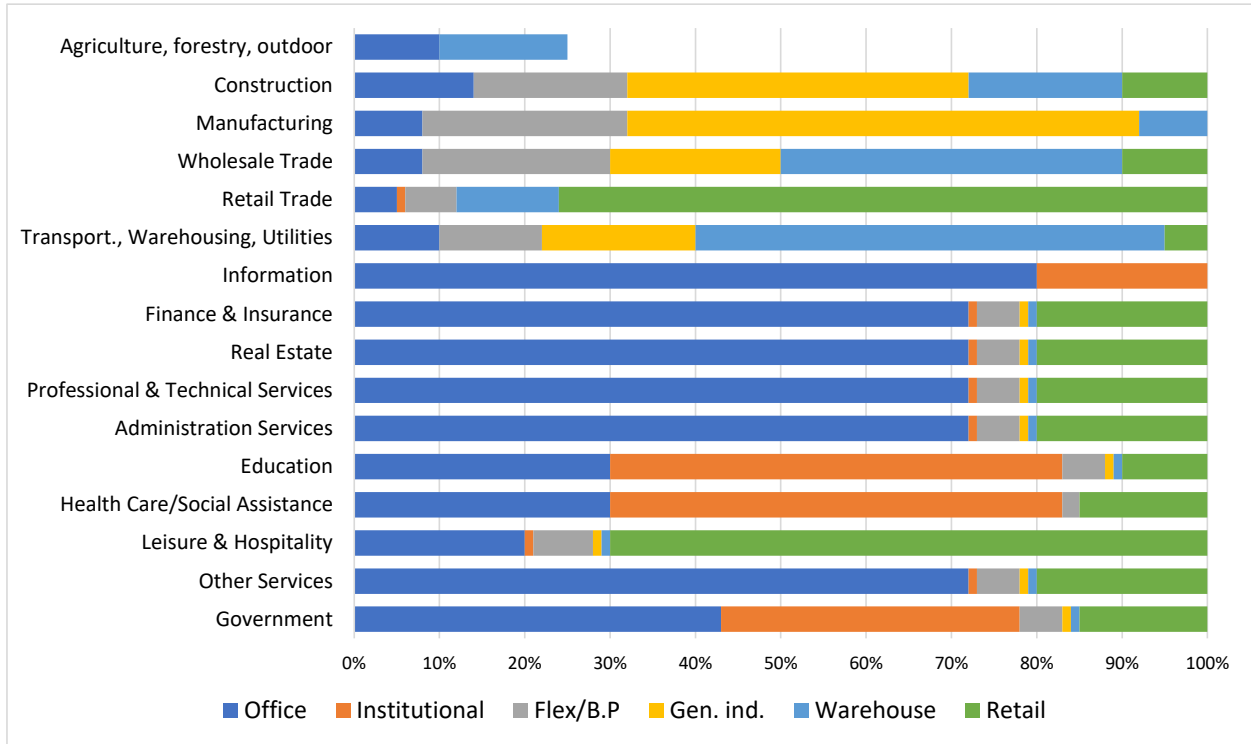
**FIGURE 6.5: DISTRIBUTION OF EMPLOYMENT BY SPACE TYPE, CITY OF MOLALLA**

Industry Sector	20-year Job Forecast		BUILDING TYPE MATRIX					
	Number	AAGR	Office	Institutional	Flex/B.P	Gen. ind.	Warehouse	Retail
Agriculture, forestry, outdoor	297	1.3%	10%	0%	0%	0%	15%	0%
Construction	88	2.3%	14%	0%	18%	40%	18%	10%
Manufacturing	180	2.5%	8%	0%	24%	60%	8%	0%
Wholesale Trade	68	1.8%	8%	0%	22%	20%	40%	10%
Retail Trade	198	1.6%	5%	1%	6%	0%	12%	76%
Transport., Warehousing, Utilities	87	2.6%	10%	0%	12%	18%	55%	5%
Information	41	3.7%	80%	20%	0%	0%	0%	0%
Finance & Insurance	5	1.1%	72%	1%	5%	1%	1%	20%
Real Estate	10	2.0%	72%	1%	5%	1%	1%	20%
Professional & Technical Services	54	3.4%	72%	1%	5%	1%	1%	20%
Administration Services	27	1.6%	72%	1%	5%	1%	1%	20%
Education	163	2.3%	30%	53%	5%	1%	1%	10%
Health Care/Social Assistance	214	2.5%	30%	53%	2%	0%	0%	15%
Leisure & Hospitality	429	3.5%	20%	1%	7%	1%	1%	70%
Other Services	105	2.1%	72%	1%	5%	1%	1%	20%
Government	36	1.7%	43%	35%	5%	1%	1%	15%
<b>TOTAL</b>	<b>2,002</b>	<b>2.1%</b>	<b>24%</b>	<b>11%</b>	<b>8%</b>	<b>9%</b>	<b>9%</b>	<b>28%</b>

Source: Johnson Economics



**FIGURE 6.6: ASSUMED DISTRIBUTION OF SPACE BY TYPE AND INDUSTRY SECTOR, CITY OF MOLALLA**



Source: Johnson Economics

**FIGURE 6.7: NET GROWTH IN EMPLOYMENT BY BUILDING TYPE, CITY OF MOLALLA (SCENARIO 2) 2024-2044**

Industry Sector	NET CHANGE IN EMPLOYMENT BY BUILDING TYPE - 2022-2042						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Agriculture, forestry, outdoor	30	0	0	0	45	0	74
Construction	12	0	16	35	16	9	88
Manufacturing	14	0	43	108	14	0	180
Wholesale Trade	5	0	15	14	27	7	68
Retail Trade	10	2	12	0	24	150	198
Transport., Warehousing, Utilities	9	0	10	16	48	4	87
Information	32	8	0	0	0	0	41
Finance & Insurance	4	0	0	0	0	1	5
Real Estate	7	0	0	0	0	2	10
Professional & Technical Services	39	1	3	1	1	11	54
Administration Services	20	0	1	0	0	5	27
Education	49	86	8	2	2	16	163
Health Care/Social Assistance	64	113	4	0	0	32	214
Leisure & Hospitality	86	4	30	4	4	301	429
Other Services	75	1	5	1	1	21	105
Government	16	13	2	0	0	5	36
<b>TOTAL</b>	<b>472</b>	<b>228</b>	<b>151</b>	<b>181</b>	<b>182</b>	<b>565</b>	<b>1,779</b>

Source: Johnson Economics

Under the employment forecast scenario, employment housed in retail space accounts for the greatest share of growth, followed by employment housed in office space. The combined employment forecast in commercially zoned space (~1,250 jobs) is somewhat greater than that forecast for industrially zoned space (~515 jobs). Note that the

1,779 total jobs shown here is less than the total employment in the adjusted forecast (2,002 jobs) because not all agricultural jobs require commercial real estate space.

Employment growth estimates by building type are then converted to demand for physical space. This conversion assumes the typical space needed per employee on average. This step also assumes a market average vacancy rate, acknowledging that equilibrium in real estate markets is not 0% vacancy. The analysis assumes a 10% vacancy rate for office, retail, and flex uses, as these forms have high rates of speculative multi-tenant usage. A 5% rate is used for general industrial and warehouse—these uses have higher rates of owner occupancy that lead to lower overall vacancy. Institutional uses are assumed to have no vacancy, as they are typically purpose-built for healthcare, nonprofit, government, or related users.

The demand for space is converted into an associated demand for acreage using an assumed Floor Area Ratio (FAR), based upon the observed FAR in existing Molalla commercial and industrial properties. The combined space and FAR assumptions further provide estimates indicated of job densities, determined on a per net-developable acre basis.

**FIGURE 6.8: NET ACRES REQUIRED BY BUILDING TYPOLOGY, CITY OF MOLALLA  
(ADJUSTED GROWTH FORECAST) – 20-YEAR**

	DEMAND BY GENERAL USE TYPOLOGY, 2020-2040						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
<b>Employment Growth</b>	472	228	151	181	182	565	1,779
<b>Avg. SF Per Employee</b>	350	600	990	600	1,850	500	663
<b>Demand for Space (SF)</b>	165,100	137,000	149,200	108,600	336,900	282,400	1,179,200
<b>Floor Area Ratio (FAR)</b>	0.25	0.30	0.25	0.25	0.20	0.25	0.24
<b>Market Vacancy</b>	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	6.9%
<b>Implied Density (Jobs/Acre)</b>	28.0	21.8	9.9	17.2	4.5	19.6	14.5
<b>Net Acres Required</b>	16.8	10.5	15.2	10.5	40.7	28.8	122.6
Share for infrastructure (Net-to-Gross)	20%	20%	15%	15%	15%	20%	17%
<b>Gross Acres Required</b>	21.1	13.1	17.9	12.3	47.9	36.0	148.3

Source: Johnson Economics

Commercial office and retail densities are 28 and 20 jobs per acre, respectively. Industrial uses range from 17 for general industrial to less than 5 jobs per acre for warehouse/distribution. The overall weighted employment density is 15 jobs per acre, with the projected 2,000-job expansion in the local employment base through 2044 requiring an estimated 123 net acres, and 148 gross acres of employment land. An estimated 53% of this forecasted need is industrial land, and 47% commercial land. A major reason for this is the lower average employment density typically seen in industrial land use.

## VII. RECONCILIATION OF EMPLOYMENT LAND NEED AND INVENTORY

The inventory of buildable employment land provides a snapshot of the current local capacity to accommodate more businesses and jobs over the planning period. This current available land is compared to the forecasted need for new land over the 20-year planning period, presented in Section VI.

### SUMMARY OF LAND DEMAND (ACRES)

The estimate of future land need is re-presented below. A total need for 148 gross acres was identified across a range of land use and building types, based on the adjusted growth forecast.

**FIGURE 7.1: SUMMARY OF FORECASTED 20-YEAR LAND NEED BY BUILDING TYPOLOGY (MOLALLA)**

	DEMAND BY GENERAL USE TYPOLOGY, 2020-2040						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
<b>Employment Growth</b>	472	228	151	181	182	565	1,779
<b>Avg. SF Per Employee</b>	350	600	990	600	1,850	500	663
<b>Demand for Space (SF)</b>	165,100	137,000	149,200	108,600	336,900	282,400	1,179,200
<b>Floor Area Ratio (FAR)</b>	0.25	0.30	0.25	0.25	0.20	0.25	0.24
<b>Market Vacancy</b>	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	6.9%
<b>Implied Density (Jobs/Acre)</b>	28.0	21.8	9.9	17.2	4.5	19.6	14.5
<b>Net Acres Required</b>	16.8	10.5	15.2	10.5	40.7	28.8	122.6
Share for infrastructure (Net-to-Gross)	20%	20%	15%	15%	15%	20%	17%
<b>Gross Acres Required</b>	21.1	13.1	17.9	12.3	47.9	36.0	148.3

Source: Oregon Employment Department, City of Molalla, Johnson Economics LLC

An estimated 53% of this forecasted need is industrial land (business park, general industrial, warehouse), and 43% commercial land (office, retail, institutional). There is a forecasted need for a total of 66 net (78 gross) acres of industrial land, and 56 net (70 gross) acres of commercial land.

### SUMMARY OF LAND SUPPLY (ACRES)

To assess the remaining supply of buildable employment land suitable to accommodate the 20-year land need, an inventory of land with the proper zoning was conducted. The following is a summary of the results on that inventory. A more detailed explanation of the methodology and findings of the Buildable Land Inventory (BLI) is presented as Appendix A of this report.

The BLI filtered all of the zoned employment land in Molalla by Commercial or Industrial zoning category, environmental constraints that will limit development, and whether the parcel is already developed, vacant, or partially vacant (see Appendix A for more detail). The inventory was vetted to address development projects in the pipeline and known limitations on specific sites that will prevent development on all or a portion of the site.

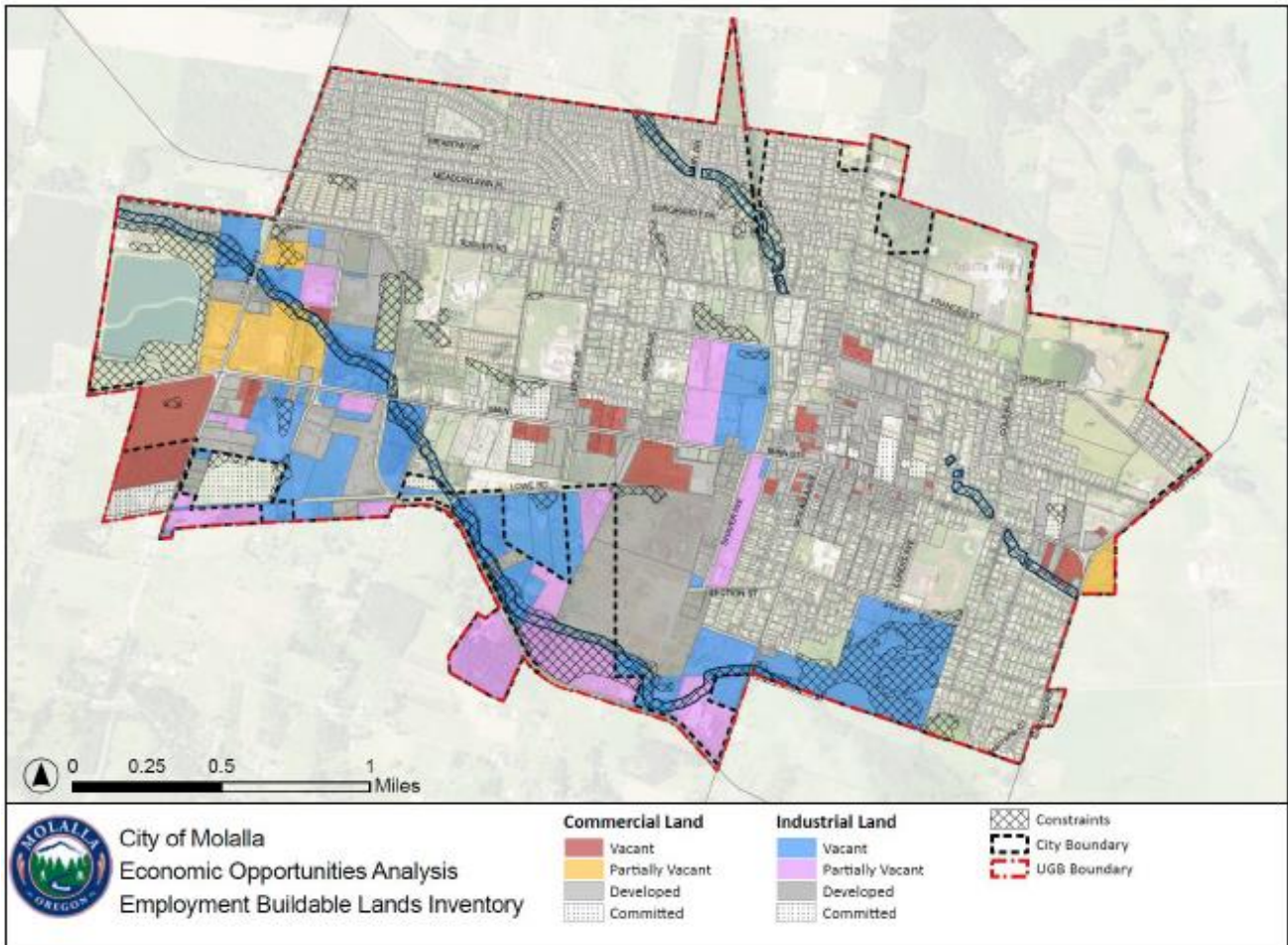
The following figure presents the estimated net developable acres of land by zone. There are an estimated 55 net acres of buildable Commercial land and an estimated 166 net acres of buildable Industrial land.

**FIGURE 7.2: BUILDABLE LAND INVENTORY, NET DEVELOPABLE ACRES BY ZONE (MOLALLA)**

	Net Developable Acres on Vacant Parcels	Net Developable Acres on Partially Vacant Parcels	Total Net Developable Acres
General Commercial (C-1)	5.3	0	5.3
Central Commercial (C-2)	38.7	10.7	49.4
<b>Commercial Subtotal</b>	<b>44.0</b>	<b>10.7</b>	<b>54.7</b>
Light Industrial (M-1)	19.5	12.7	32.3
Heavy Industrial (M-2)	101.4	29.8	131.3
Rural Industrial (RI)	2.8	-	2.8
<b>Industrial Subtotal</b>	<b>123.7</b>	<b>42.6</b>	<b>166.3</b>
<b>Total</b>	<b>167.8</b>	<b>53.3</b>	<b>221.0</b>

Source: City of Molalla, MIG

**FIGURE 7.3: BUILDABLE LAND INVENTORY, EMPLOYMENT LAND BY DEVELOPMENT STATUS (MOLALLA)**



Source: City of Molalla, MIG

### COMPARING RECONCILIATION OF 20-YEAR LAND SUPPLY AND DEMAND

Comparing the Buildable Land Inventory to the 20-year forecast of employment land need indicates that the City of Molalla faces a deficit of employment land over the planning period of Commercial land and a surplus of Industrial land. A summary of the comparison of land supply and demand is presented below.

**FIGURE 7.4: RECONCILIATION OF LAND SUPPLY AND 20-YEAR DEMAND (MOLALLA)**

EMPLOYMENT ZONING DESIGNATION	20 YR. DEMAND (Gross Acres)	BUILDABLE LAND (Acres)	SURPLUS OR (DEFICIT) (Gross Acres)
Commercial (Office, Institutional, Retail)	70.2	54.7	(15.5)
Industrial (Gen. Ind., Warehouse, Flex)	78.1	166.3	88.2
<b>TOTAL:</b>	<b>148.3</b>	<b>221.0</b>	<b>72.7</b>

Source: Johnson Economics, MIG

- This analysis indicates that Molalla faces a deficit of 16 gross Commercial acres, and a surplus of 88 gross Industrial acres, for a **total employment land surplus of 73 gross acres**.
- It is important to note that some of the forecasted growth will include employers who may have specific site needs and preferences that are not reflected in the available buildable inventory. (See Appendix A for more details on site preferences for certain key industries.) In particular, there is forecasted demand for more suitable medium- and large-lot commercial and industrial sites while relatively few of these sites were found to remain in the inventory that are unconstrained. This is discussed in greater detail below.
- Based on proposed **data center** projects in the region, and the rate of development of data centers generally in the region over the past decade, **there is additional identified potential need for one or more large-lot industrial sites appropriate for this type of development**.
- In keeping with recent data center campuses in the region, these developments can scale from roughly 20 acres to over 100 acres. Recent market trends indicate strong on-going demand for new data center capacity statewide and nationwide. The explosive growth and investment in AI technology, combined with the continuing growth in general cloud storage and streaming service needs has led to exponential growth in data center needs in recent years. The largest technology companies in the world are aggressively seeking sites for new development, and ever-larger campuses. Where appropriate sites are available, with adequate services, data center developers will commit to even more remote locations.

### SITE SUPPLY VS. SITE DEMAND (NUMBER AND SIZE OF SITES)

This section compares the more specific site requirements of projected future commercial and industrial users with the specific inventory of prospective employment sites identified within the UGB. Oregon Administrative Rules requires a determination of 20-year employment land need, as well as a determination of need for suitable, readily serviceable land to meet short-term demand.

The following definitions from OAR 660-009-005 are relevant to this discussion:

(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive

areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas....

(10) "Short-term Supply of Land" means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required. "Competitive Short-term Supply" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed

As noted in the prior section, the Buildable Land Inventory was screened for major constraints, including current development, floodways, wetlands, steep slopes, and federal ownership. The remaining parcels in the inventory may be buildable but may not meet the specific site requirements of certain users. Others may be part of the long-term supply, but not be well-suited for the short-term supply.

**ESTIMATED 20-YEAR SITE NEEDS VS. CURRENT SUPPLY**

The following figures represent the findings of estimated need (Section VI) and current supply (Section VII) of sites by size. Note that the estimate of future needs is approximate, as economic growth is dynamic and difficult to predict. Communities should maintain flexibility and ensure a supply of a variety of site types with short-term availability, as allowed through the Goal 9 EOA process.

Figure 7.5 presents the estimated supply of sites by zoning and site size as found in the BLI. As shown, there are few remaining sites over 10 acres in size in the inventory, and no sites of greater than 13 acres. In total, there are 73 commercial sites remaining, and 81 industrial sites, most being small sites of under one acre.

Over 93% of sites are under five acres in size, while 5% are between five and ten acres. Only 1% of sites are greater than ten acres in size. This implies that Molalla needs a greater variety of medium and large sites.

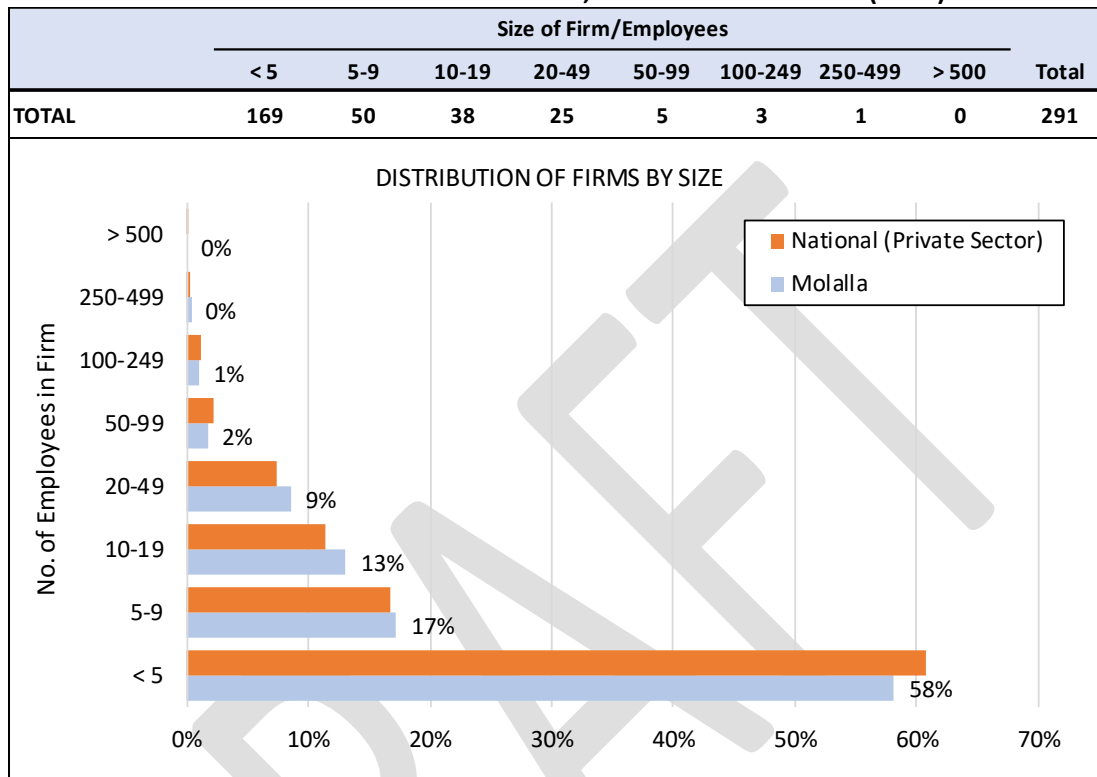
**FIGURE 7.5: SUMMARY OF SITE SUPPLY VS. FORECASTED 20-YEAR NEED BY LAND USE AND SITE SIZE (ACRES), MOLALLA**

	Number of lots	Net Acres
<b>Commercial</b>		
0 – 5 acres	70	28.3
5 – 10 acres	2	14.3
>10 acres	1	12.6
<b>Commercial Subtotal</b>	<b>73</b>	<b>54.7</b>
<b>Industrial</b>		
0 – 5 acres	74	117.1
5 – 10 acres	6	40.9
>10 acres	1	11.8
<b>Industrial Subtotal</b>	<b>81</b>	<b>166.3</b>
<b>Total</b>	<b>154</b>	<b>221.0</b>

Source: City of Molalla, MIG

As is the trend nationwide, most firms in Molalla are small businesses. The number of firms under five employees is 61% nationally, and 58% in Molalla. Those with fewer than 10 employees are 77% of businesses nationwide and 75% locally. However, while large firms of at least 100 employees make up a small percentage of businesses, their high employment means they still represent a significant share of overall employment.

**FIGURE 7.6: NUMBER OF FIRMS BY SIZE, MOLALLA AND NATIONAL (2024)**



Source: Oregon Employment Department, Bureau of Economic Analysis

By applying assumptions of the amount of space and land firms require based on size, we come to an estimate of the number of sites needed for commercial and industrial users from the 20-year growth forecast. Note that many of the smallest firms of one to four people will likely include home businesses, those sharing space, in multi-tenant commercial centers and other arrangements than strictly needing their own sites. Most of the larger firms likely will need their own sites, particularly industrial businesses with externalities that make it difficult to operate in shared space.

While need is weighted towards smaller sites for the majority of businesses that have five or fewer employees, there is also a need for some sites at larger sizes to provide opportunities for new businesses to locate and allow existing businesses to expand.

The need for the largest site (50-to-100 acres) is for data center development, but there is also a need for additional sites of 5+, 10+ and 20+ acres to provide a full range of options to other types of commercial and industrial businesses.

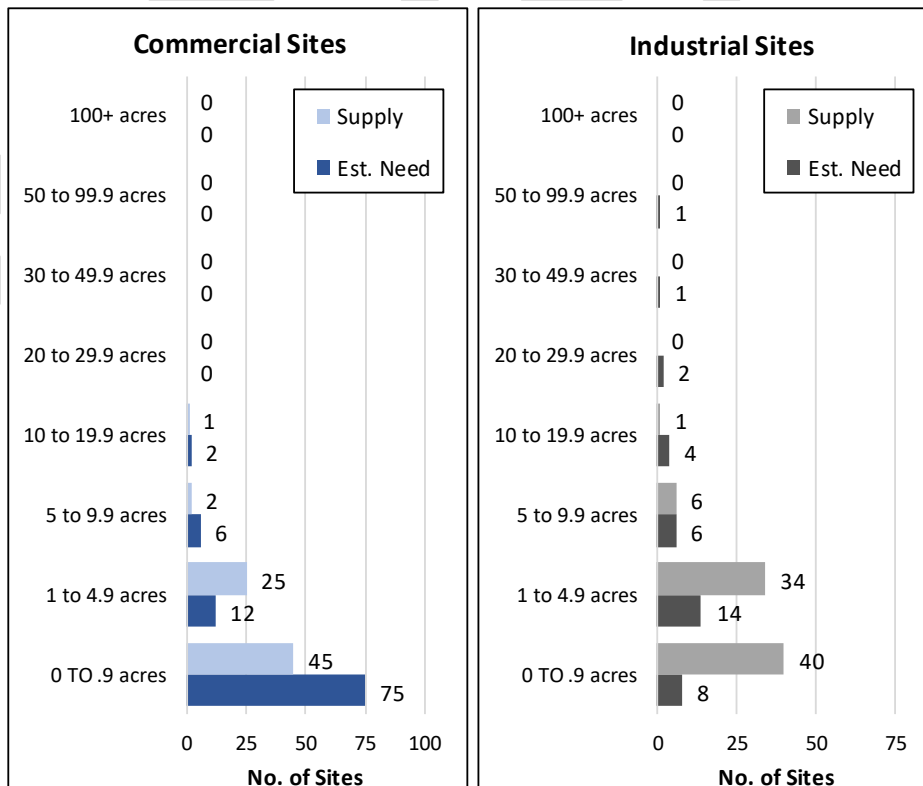
**FIGURE 7.7: ESTIMATE OF FORECASTED 20-YEAR SITE NEED  
BY LAND USE AND SITE SIZE (ACRES)**

LAND USE	0 TO .9 acres	1 to 4.9 acres	5 to 9.9 acres	10 to 19.9 acres	20 to 29.9 acres	30 to 49.9 acres	50+ acres	TOTAL (sites)	TOTAL (acres)
Office	32	5	2	1	0	0	0	40	21
Institutional	4	3	2	0	0	0	0	9	13
Retail	39	4	2	1	0	0	0	46	36
<b>Commercial Total:</b>	<b>75</b>	<b>12</b>	<b>6</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>95</b>	<b>70</b>
Flex/B.P	1	5	2	1	0	0	0	9	18
Gen. Ind.	5	4	2	1	1	0	0	13	12
Warehouse	2	5	2	2	1	1	0	13	48
<b>Industrial Total:</b>	<b>8</b>	<b>14</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>35</b>	<b>78</b>
Data Center	0	0	0	0	0	0	1	1	50
<b>TOTAL:</b>	<b>83</b>	<b>26</b>	<b>12</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>131</b>	<b>198</b>

Source: Oregon Employment Department, BEA, Johnson Economics LLC

Figure 7.8 presents a side-by-side comparison of forecasted need and current supply (inventory) by site size.

**FIGURE 7.8: SUMMARY OF FORECASTED 20-YEAR SITE NEED VS. SITE SUPPLY  
BY LAND USE AND SITE SIZE (ACRES), MOLALLA**



Source: Oregon Employment Department, Molalla, Johnson Economics LLC



The forecasted need for sites of different sizes does not match exactly with the current supply. The demand for commercial sites (retail/office/institutional) and industrial (general industrial, warehousing, flex park, and data center) exceeds the current supply.

It is estimated that the supply of small commercial sites is adequate but need exceeds supply for most site sizes larger than 5 acres. There is one identified commercial sites of 12.5 acres.

Similarly for industrial users, the number of smaller sites is estimated to be sufficient, while sites over 5 acres are undersupplied. There is one remaining site of under 12 acres, and there are no sites over 20 acres.

DRAFT

## VIII. FINDINGS AND RECOMMENDATIONS

### SUMMARY OF FINDINGS

The EOA report points to several key conclusions regarding economic development goals and target industries in Molalla over the next 20 years. It also quantifies projected employment growth and land need within the UGB, and the adequacy of the current supply of employment land to meet that need.

#### Employment Growth

Molalla is home to an estimated 3,800 jobs as of 2024. The largest sectors by number of jobs are agriculture, forestry supportive firms, retail trade, food service and health care.

Based on a forecasted annual growth rate of 2.1%, the city is expected to add roughly 2,000 jobs by 2044. The greatest growth in number of jobs is projected to be in many of the same strong sectors, along with education and manufacturing. The forecasted 20-year employment growth would improve the balance of locally available jobs to the number of workers in Molalla. It would also emphasize higher wage industries to support these local households.

Broken down into broad categories of employment that tends to use commercial office/retail space, or that tends to use industrial space, the analysis forecasts that the 20-year demand for new employment land will be somewhat more weighted towards industrial land (53%) than commercial land (47%).

#### Expanding & Target Industries

The city has current advantages in several key industries including retail, forestry and wood manufacturing. However, in keeping with the identified economic objectives, a range of potential target industries for growth were identified through this process.

The target industries reflect industries where the area has shown historic strength, as well as sectors with robust growth potential and consistency with the locally expressed vision for the community:

- 1) Manufacturing
- 2) Health Care and Social Assistance
- 3) Retail Trade
- 4) Accommodation & Food Services
- 5) Construction
- 6) Arts, Entertainment & Recreation

Supporting growth in a range of industries will help the community build a more diverse and sustainable employment and tax base for the future and be more resilient to economic impacts on the traditional local industries.

#### Employment Land Need

The EOA analysis finds that the forecasted 20-year job growth by industry will translate to a need for 123 total net acres (148 gross acres) of land zoned for employment uses. The distribution of land demand between commercial uses (Office, Institutional, Retail) and industrial uses (Industrial, Warehouse, Business Park) leans towards industrial (53% vs. 47%).

A range of site sizes will be needed ranging from small to large to accommodate the projected business expansion. Different commercial and industrial users have different site requirements driven by the specific nature of their business operations, firm size, location and infrastructure requirements, and other factors.

### **Adequacy of Employment Land Supply**

The Buildable Land Inventory (BLI) of employment lands completed in conjunction with the EOA found a total of 221 net buildable acres in Commercial and Industrial zones.

- The projected 20-year need for Commercial land trails the supply, with an estimated 55 acres of commercial land remaining to meet a projected need for 70 acres. This indicates a deficit of 16 acres of Commercial land.
- There is a projected supply of 166 acres of Industrial land to meet the forecasted need of 78 acres. This indicates a surplus of 88 acres of Industrial land.
- This does not include need for one or more large sites appropriate for data center development. This site, of 50 to 100 acres would be in addition to the identified industrial acreage need cited above.
- The total estimated surplus of employment land is 73 gross acres.
- 93% of the remaining contiguous development sites in Molalla are under five acres in size, with most being one acre or less. Only two contiguous sites of slightly more than 10 acres remains. Molalla is without land to meet the needs of many medium to large employers.

### **EOA IMPLEMENTATION RECOMMENDATIONS**

This section discusses a range of strategies and/or action items that the city may consider that are consistent with the findings of this report. (Adoption of this report does not imply official commitment to any of these steps although some of these strategies may be incorporated in Comprehensive Plan policies in some form.)

<b>PROVIDE AN ADEQUATE SUPPLY OF EMPLOYMENT LAND &amp; SITES</b>		
<b>CORE INITIATIVE</b>		
	<b>Actions</b>	<b>Notes</b>
<b>MEET INDUSTRIAL AND COMMERCIAL LAND NEEDS</b>		
1	Establish and maintain a competitive short-term and long-term supply of employment land, in readily developable sites.	The City should maintain an inventory of available employment land to meet the 20-year economic development needs of the community, including identifying sites of varying sizes that can be readily served with new infrastructure in the short-term. <u>Options:</u> UGB swap or expansion to increase the land supply; rezoning of other land categories to employment categories; public effort to prioritize and serve key employment areas.
2	Prioritize serving key industrial subareas and sites in the TSP and Capital Improvement Plan	Given limited public resources, ensure that all planning efforts reflect the prioritization and sequencing of infrastructure projects to serve key sites and areas.
3	Encourage infill, redevelopment and/or adaptive reuse of obsolete or underused properties in current employment zones.	Some existing commercial and retail space in the Downtown area and along commercial corridors might be more intensively used, accommodating more job growth in existing employment areas. More intensive development and mixed-use construction often encounter a feasibility gap between costs and end value. Common approaches to bridging this gap include TIF funding, tax credit programs, tax incentives, and public/private partnerships.

4	Inventory properties that might be good opportunity sites for potential public/private catalyst projects.	Public control of a property by the City, TIF agency, or other public agency provides the public with a valuable incentive with which to forge a public/private deal that provides public benefits that a private development might not. Examples include incentivizing the developer to build at greater density, mixed uses, design elements, transit-oriented or other design elements, and other public goods.
5	Evaluate assisting in wetland mitigation to increase developable land inventory, including creating or partnering in a wetland mitigation bank	Costs of mitigating can be prohibitive for industrial users while on-site mitigation reduces usable site area and can be difficult for a business operator to maintain over time. Mitigation banks allow for off-site mitigation. Credits at existing banks can be difficult or expensive to obtain. A local bank would provide more certainty for mitigation; however, an extensive interagency process is involved.
6	Facilitate clean up and utilization of identified brownfield sites	Work with the appropriate agencies to identify requirements, as well as potential funding sources, to bring environmentally contaminated sites to productive use. Possible incentives include local and state tax abatement programs, and surcharge-based clean up funds.
<b>POLICY AND CODE STRATEGIES</b>		
7	Continue to improve and streamline development regulations and review processes where possible, to reduce cost and time, and provide predictability.	The community and city work to be development and employer friendly.
8	Ensure that applicable Comp Plan designations and zoning allow the mix of uses sought in employment areas, and if necessary, limit those uses that don't contribute to goals.	Ensure that the desired zones are in place and permit the uses that are foreseen in the City's existing and future employment areas. Where current zoning does not match the vision, consider rezoning, or amending zone standards.
9	Review and update Development Code language to support the desired development types and streetscape initiatives.	A review of code standards can reveal where the adopted standards for elements like building height, setbacks, floor-area-ratio, parking, etc. may be posing difficulties in achieving feasible development in the target industries. Some large-lot commercial businesses and industrial users may benefit from more flexibility in site and building design to allow for creative design solutions and make projects more feasible.

<b>TARGET INDUSTRIES AND BUSINESS DEVELOPMENT</b>		
<b>CORE INITIATIVE</b>		
	<b>Actions</b>	<b>Notes</b>
<b>SUPPORT AND EXPAND EMPLOYMENT IN TARGETED INDUSTRIES</b>		
10	Adopt and regularly update target industry profiles.	Industry patterns can change significantly over time, and target industries should be assessed regularly for progress on metrics like job creation and new firms.
11	Maintain and enhance business outreach and communication.	Coordinate business cluster and employment district networking opportunities. Participate in efforts of major regional economic development partners. Potential actions in support of this strategy include developing and updating marketing materials, attending industry tradeshows, following up on referrals by partner organizations, publicizing the success of local businesses, and highlighting competitive advantages of the area for proposals.
12	Develop a marketing plan to attract businesses within the identified target industry business sectors.	Assemble and distribute materials of specific interest to targeted industries and identify key industry groups.
13	Support and engage regional and statewide partners.	Regularly meet and coordinate with groups such as the Chamber of Commerce, SEDCOR, Clackamas County, and Business Oregon. Promote available employment space and land.
14	Regularly update Oregon Prospector to promote available employment space and land to site selectors.	Business Oregon provides the Oregon Prospector tool which provides open, free data on available employment lands across the state, including both industrial and commercial properties. Ensure that all key sites are listed, and information is accurate and up to date.
15	Promote locally available tools: Enterprise Zone and Urban Renewal Grant Programs.	In all site listings and marketing materials, ensure that the benefits of the existing zones are mentioned where applicable.
<b>SUPPORT SMALL BUSINESS DEVELOPMENT</b>		
16	Develop and/or market programs to assist emerging and under-capitalized firms	Technical assistance, micro loans, storefront improvement programs, master leases, and credit enhancement. Refer businesses to partner agencies providing grants, training, and other programs.
17	Evaluate development of incubator space, or shared or collective space.	<p>A shared work or incubator space, often affiliated with a college, economic development agency, or other agency, to provide space for small but promising companies to work and collaborate in a subsidized environment while they grow.</p> <p>Or repurpose existing space to support multi-tenant maker space. These provide small spaces for craftsmen and artisans to work and share tools and knowledge, to incubate new businesses.</p>

18	Connect small business opportunities with property owners.	The City can serve as a clearinghouse or matchmaker, matching business needs with local property owners. This could include food carts, which can serve as an incubator for future food service tenants. Consider using public land for food carts, artisan fair, or similar small businesses.
<b>WORKFORCE INITIATIVES</b>		
19	Support connections between local industry, K-12, CCC, and state education and training courses.	Help match training programs to employers, potentially coordinating internships, or regular interaction with local businesses. Ensure that these programs address target industries in particular and stay up to speed on rapidly evolving industry norms and technology.
20	Promote workforce training resources.	Increase knowledge of existing resources for job seekers.
21	Ensure the housing policies allow for an appropriate mix of housing for the local workforce.	The community should strive to provide the full range of housing types and price points to meet the needs to the full workforce and encourage residents to both live and work in Molalla.
22	Support local affordable housing developers	Some low-wage positions are a foundational component of any local economy, and most industries rely on this workforce either primarily, or through their supporting firms. Subsidized affordable housing is one key segment of the workforce housing puzzle.
23	Prioritize childcare as a workforce readiness issue.	Childcare is a commonly identified need for working households if all adults are working, or working unusual hours, etc. This topic is increasingly raised as an important part of attracting and maintaining an available workforce. Home-based childcare businesses are also usually a category of self-employment.

## **APPENDIX A: INDUSTRIAL COMPETITIVE SITE NEEDS**

**STATE OF OREGON - Infrastructure Finance Authority  
Industrial Development Competitiveness Matrix**



PROFILE  CRITERIA		Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribution		Specialized			
		A	B	C	D	E	F	G	I	H	J	K	L	
		Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial	
1	<b>GENERAL REQUIREMENTS</b>		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCDA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.											
<b>PHYSICAL SITE</b>														
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	20 - 100+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
<b>WORKFORCE</b>														
4	AVAILABLE WORKFORCE POPULATION IN 50 MILE RADIUS:	People	30,000	150,000	20,000	60,000	30,000	750,000	25,000	75,000	20,000	60,000	10,000 - 25,000	1,000
<b>TRANSPORTATION</b>														
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 30 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	N/A	w/ in 30	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	N/A
10	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	w/ in 100	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	N/A



**STATE OF OREGON - Infrastructure Finance Authority  
Industrial Development Competitiveness Matrix**



PROFILE		Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribution		Specialized			
		A	B	C	D	E	F	G	I	H	J	K	L	
		Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial	
CRITERIA														
11	WATER:	UTILITIES												
		Min. Line Size (Inches/Dmtr)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Dmtr)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre	1600 (GPD / Acre)	5200 (GPD / Acre)	3150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1600 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
12	SEWER:	Min. Service Line Size (Inches/Dmtr)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2000 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1300 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)
13	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Dmtr)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
14	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
		Secondary System Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
15	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required

**STATE OF OREGON - Infrastructure Finance Authority  
Industrial Development Competitiveness Matrix**



PROFILE  CRITERIA	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribution		Specialized		
	A	B	C	D	E	F	G	I	H	J	K	L
	Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
16 <b>SPECIAL CONSIDERATIONS:</b>	Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power capacity, water supply, and security are critical. Surrounding environment (vibration, noise, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

**Terms:**

<p>More Critical</p> <p>↑</p> <p>Less Critical</p>	<p><b>'Required'</b> factors are seen as mandatory in a vast majority of cases and have become industry standards</p>
	<p><b>'Competitive'</b> significantly increases marketability and is <u>highly recommended by Business Oregon</u>. May also be linked to financing in order to enhance the potential reuse of the asset in case of default.</p>
	<p><b>'Preferred'</b> increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.</p>
<p>* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.</p>	
<p>**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space</p>	
<p>† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).</p>	
<p>‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.</p>	

## **APPENDIX B: BUILDABLE LAND INVENTORY**

### **METHODOLOGY AND FINDINGS**

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# Employment Buildable Lands Inventory (DRAFT)

## City of Molalla Economic Opportunities Analysis

Date August 20, 2024  
To City of Molalla  
From Andrew Parish and Sun-Gyo Lee, MIG  
CC Brendan Buckley, Johnson Economics

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### INTRODUCTION

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This memorandum describes the methodology and DRAFT results of the Buildable Lands Inventory (BLI) for the City of Molalla’s Economic Opportunities Analysis (EOA). This analysis supports the broader EOA by identifying the amount and types of land available for employment uses in the City’s Urban Growth Boundary (UGB). The findings of the BLI will be compared to the forecast of needed employment land in order to quantify the surplus or deficiency of land in any or all of the City’s commercial and industrial land categories.

### REGULATORY BASIS

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This BLI is consistent with the following requirements of statewide planning Goal 9 and the Goal 9 administrative rule (OAR 660-009) as they pertain to BLIs. The BLI supports an Economic Opportunities Analysis that is currently underway.

1. **Economic Opportunities Analysis (OAR 660-009-0015).** The Economic Opportunities Analysis (EOA) requires communities to:
  - Identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends;
  - Identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on site characteristics typical of expected uses;
  - Include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and

- Estimate the types and amounts of industrial and other employment uses likely to occur in the planning area.
2. **Industrial and commercial development policies (OAR 660-009-0020).** Cities with a population over 2,500 are required to enact commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

## METHODOLOGY

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Consistent with OAR 660-009-0015, the BLI is conducted in several steps as follows.

- **Step 1: Identify Land Type** – This step identifies all land within the UGB as either “Residential,” “Employment,” or “Other,” based on zoning and additional characteristics. Employment lands are the focus of this BLI.
- **Step 2: Identify and Calculate Constraints** – This step identifies development constraints and removes constrained land from the inventory to measure the amount of developable land more accurately within the UGB.
- **Step 3: Classify Land by Development Status** – This step classifies land into categories of “Vacant,” “Partially Vacant,” “Developed,” and “Committed,” based on a series of filters using available data.
- **Step 4: Inventory Results** – This step reports the results of the analysis in various ways, and accounts for land needed for right-of-way and other public uses to arrive at total developable net acreage within the UGB.

The remainder of this memorandum addresses each of the above steps in turn.

### Input Data

The following data sources were utilized in this analysis.

- City limits and Urban Growth Boundary, provided by City of Molalla
- Zoning districts, provided by City of Molalla
- Tax lot data, provided by City of Molalla
- Riparian Corridor, provided by City of Molalla
- Local Wetland Inventory, provided by City of Molalla

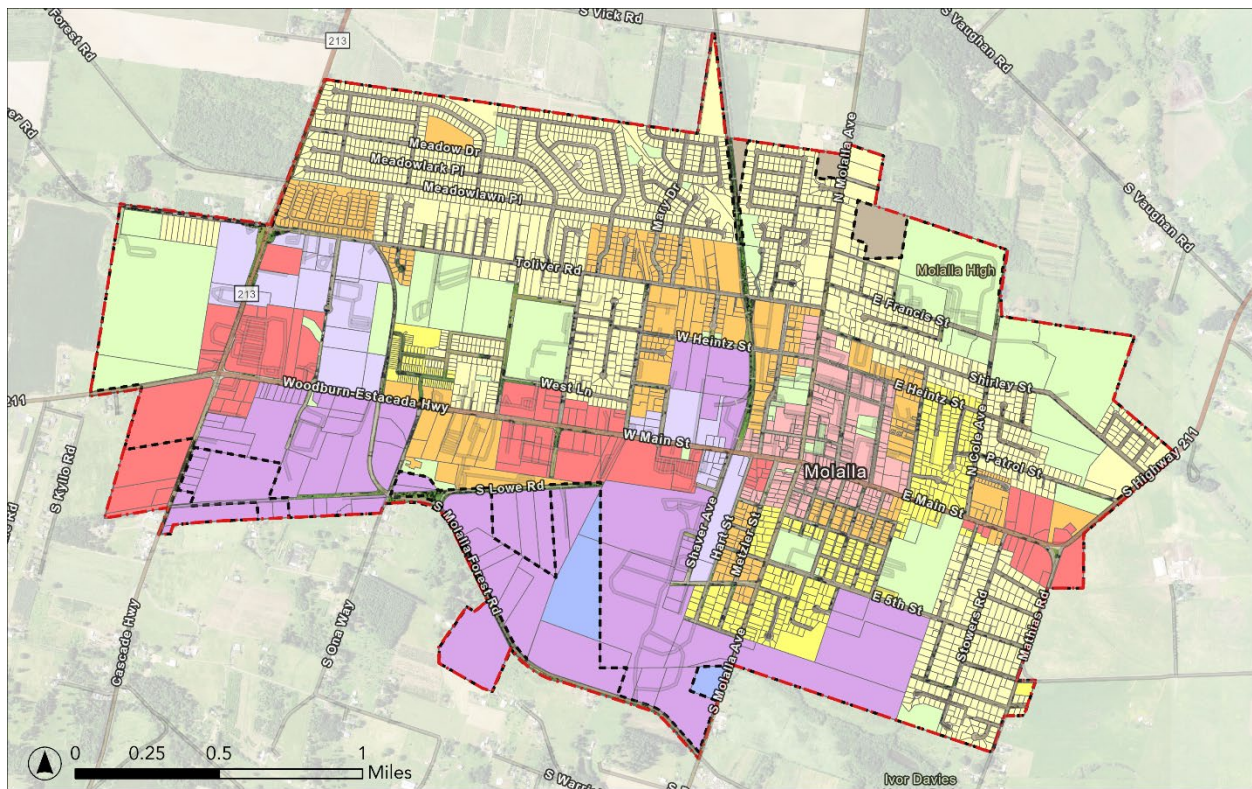
- Aerial Imagery, provided by Oregon Spatial Data Library

## Step 1: Identify Land Type

Land in the City of Molalla is categorized as Residential, Employment, or Other based on zoning designation and other factors. Zoning designations in the City of Molalla are shown in Figure 1. Table 1 describes the zoning designations that make up each land category. Additional reclassifications may be made based on site ownership and other characteristics.

Figure 2 shows the classification of land within the City of Molalla.

Figure 1: Molalla Zoning Designations



City of Molalla  
Economic Opportunities Analysis  
Employment Buildable Lands Inventory

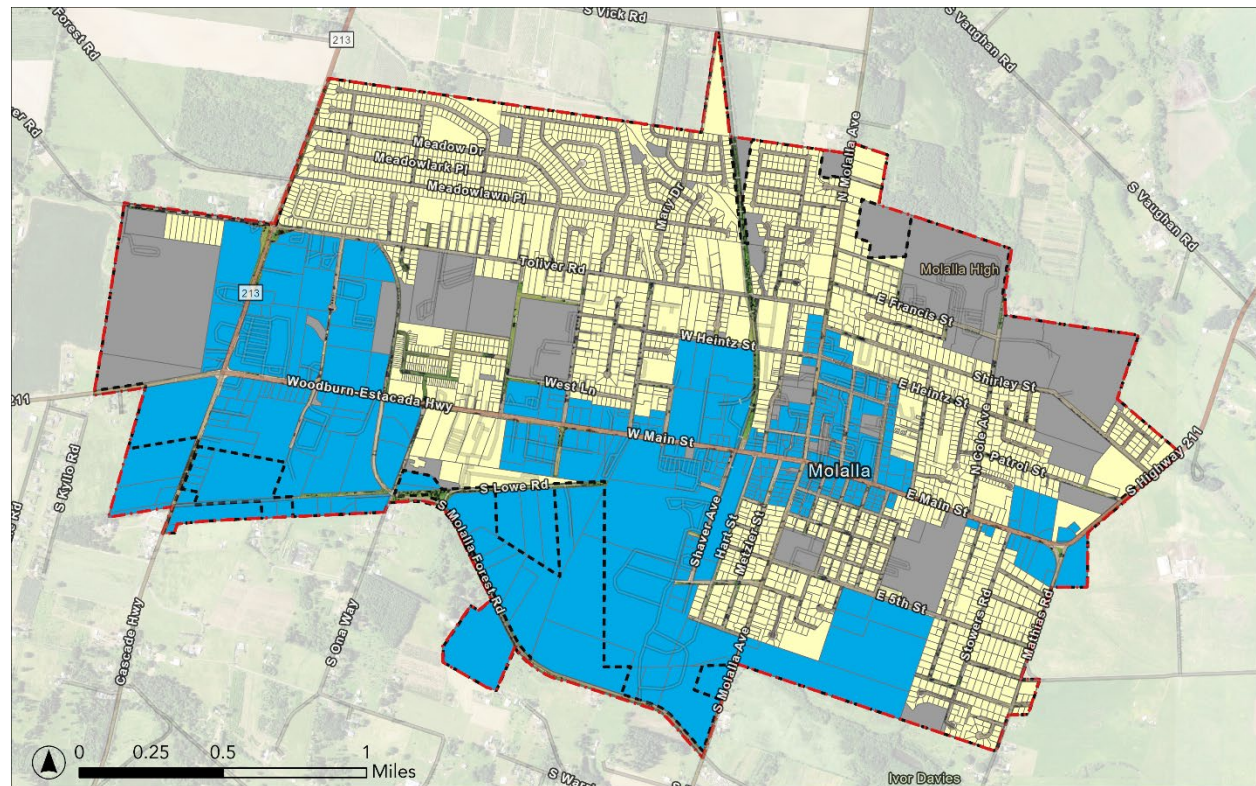
### Legend

- |                                 |                          |                              |
|---------------------------------|--------------------------|------------------------------|
| Single Family Residential (R-1) | Central Commercial (C-2) | Public and Semi Public (PSP) |
| Two Family Residential (R-2)    | M1                       | Exclusive Farm Use (EFU)     |
| Multi-Family Residential (R-3)  | Heavy Industrial (M-2)   | City Boundary                |
| General Commercial (C-1)        | Rural Industrial (RI)    | UGB Boundary                 |

Table 1: Land Classifications and Zoning Designations

Category	Zones
Residential	Single Family Residential, Two Family Residential, Multi-Family Residential
Employment	General Commercial, Central Commercial, Light Industrial, Heavy Industrial, Rural Industrial (Clackamas County)
Other	Public and Semi Public, Exclusive Farm Use (Clackamas County)

Figure 2: Land Classification in the City of Molalla



City of Molalla  
Economic Opportunities Analysis  
Employment Buildable Lands Inventory

Legend

- Residential
- Employment
- Other
- City Boundary
- UGB Boundary

Table 2 summarizes the number of tax lots and gross acreage associated with the three land types. Roughly 41% of land in the UGB is classified as employment land.

Table 2: Land Type

Category	Number of Tax lots	Gross Acres <sup>1</sup>	Percent of Area
Employment	413	629.2	41.1%
Residential	2,734	633.1	41.4%
Other	61	268.3	17.5%
<b>Total</b>	<b>3,208</b>	<b>1,530.6</b>	<b>100.0%</b>

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<sup>1</sup> Gross acreage includes a limited number of tax lots that are partially located inside the Molalla UGB.



## Step 2: Calculate Constraints

OAR 660-009-005 states:

*“Development Constraints” means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.*

The constraints used for this analysis include:

- Local Wetland Inventory
- Riparian Corridor

Based on feedback from the City of Molalla, wetlands have been grouped into two categories: (1) wetlands associated with riparian features, which are assumed to be undevelopable; and (2) isolated wetlands, a portion of which are assumed to be developable through the wetland modification process described in the City’s development code.<sup>2</sup> Figure 3 shows the location of these constraints.

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<sup>2</sup> Molalla Development Code 17-2.4.030

Figure 3. Molalla Development Constraints

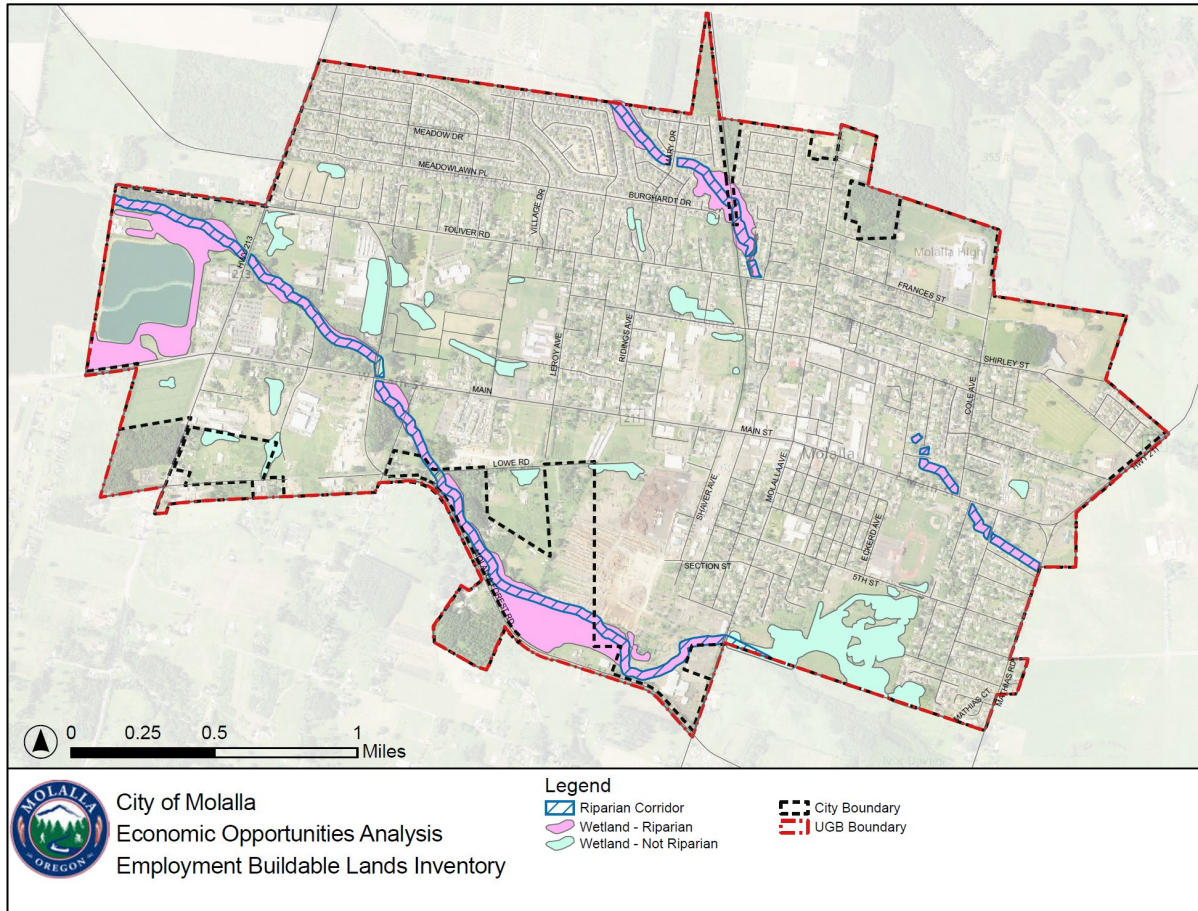


Table 3 provides a summary of the overall amount of constrained areas present within the UGB. Approximately 77 acres of employment land is constrained by wetlands or Riparian corridor.

*Table 3: Development Constraints*

<b>Category</b>	<b>Constrained Acres</b>	<b>Unconstrained Acres</b>	<b>Total</b>
Employment Land	76.5	552.6	629.2
Residential Land	24.0	609.1	633.1
Other Land	35.2	233.1	268.3
<b>Total</b>	<b>155.5</b>	<b>1,375.1</b>	<b>1,530.6</b>

### Step 3: Classify Employment Land by Development Status

Employment land within the study area was classified by development status, as follows. These classifications are based on safe harbors provided in OAR 660-024 or professional judgement and standard planning practice. Additional input from property owners and City of Molalla planning was utilized to determine development status, notably for businesses that operate with few permanent structures on site.

- **“Vacant”** land meets one or more of the following criteria:
  - Equal to or larger than ½ acre and not currently containing permanent improvements.<sup>3</sup>
  - Equal to or larger than 5 acres where less than ½ acre is occupied by permanent buildings or improvements.<sup>4</sup>
  - Improvement value is less than \$5,000 or less than 5% of the property’s land value.
- **“Partially Vacant”** land has an improvement value of between 5% and 40% of the land value, or is greater than one acre in size with at least ½ acre not improved (based on aerial photos). Each Partially Vacant parcel is assigned a vacant area based on review of aerial photos with the assumption that existing uses will remain on site.
- **“Developed”** land does not meet the definition of vacant or partially vacant.
- **“Committed”** land with special uses such as religious facility, charitable property, veteran service facility, public property, etc. is considered not developable.

Table 4 presents a summary of the land development status organized by zoning inside City limits and by general commercial/industrial designation outside of City limits. Development status was assigned based on available information and City of Molalla input.

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<sup>3</sup> Safe harbor pursuant to OAR 660-024-0050(3)(a)

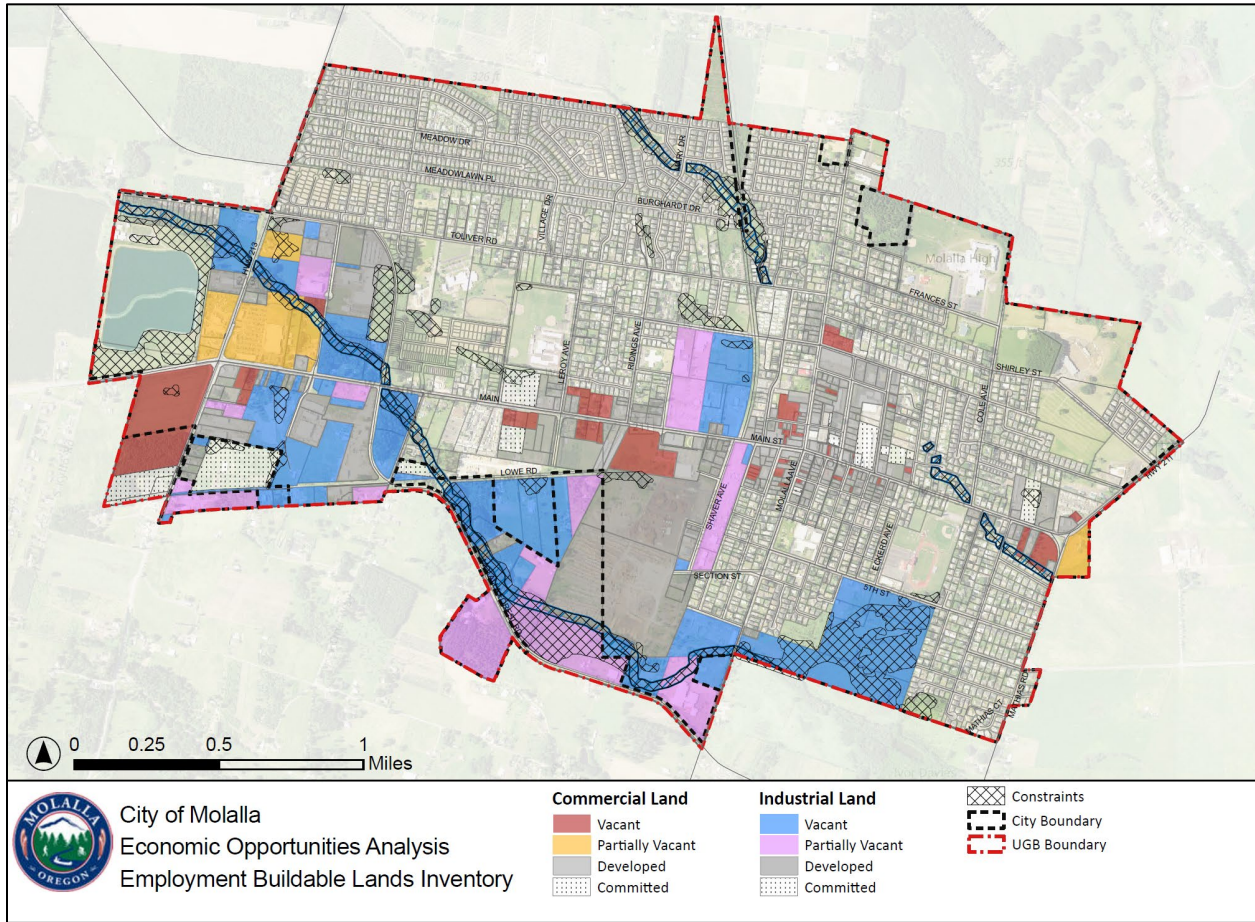
<sup>4</sup> Safe harbor pursuant to OAR 660-024-0050(3)(b)

Table 4: Unconstrained Employment Land Acreage by Development Status

Zone	Vacant		Partially Vacant		Developed		Committed		Total	
	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres
General Commercial (C-1)	28	6.6	-	-	153	39.4	10	5.9	191	51.9
Central Commercial (C-2)	25	48.4	8	32.7	52	40.4	7	14.8	92	136.3
<b>Commercial Subtotal</b>	<b>53</b>	<b>55.0</b>	<b>8</b>	<b>32.7</b>	<b>205</b>	<b>79.8</b>	<b>17</b>	<b>20.8</b>	<b>283</b>	<b>188.3</b>
Light Industrial (M-1)	10	23.0	4	20.4	26	28.3	-	-	40	71.7
Heavy Industrial (M-2)	45	119.3	13	55.6	27	84.8	2	12.8	87	272.5
Rural Industrial (RI)	1	3.3	-	-	2	16.9	-	-	3	20.2
<b>Industrial Subtotal</b>	<b>45</b>	<b>119.3</b>	<b>13</b>	<b>55.6</b>	<b>27</b>	<b>84.8</b>	<b>2</b>	<b>12.8</b>	<b>87</b>	<b>272.5</b>
<b>Total</b>	<b>109</b>	<b>200.6</b>	<b>25</b>	<b>108.7</b>	<b>260</b>	<b>209.8</b>	<b>19</b>	<b>33.5</b>	<b>413</b>	<b>552.6</b>

Figure 4 illustrates the development status of employment land types within the City’s UGB.

Figure 4: Employment Land by Development Status



## Step 4: Inventory Results

A portion of unconstrained land is assumed to be used for infrastructure improvements, such as rights-of-way and stormwater treatment facilities, or otherwise unavailable for future employment uses. This analysis uses the following takeouts:

- 15% of vacant industrial employment land (Light Industrial, Heavy Industrial, Rural Industrial zones).
- 20% of vacant commercial employment land (General Commercial, Central Commercial).

The 15% and 20% deductions for vacant industrial and commercial employment lands are to account for potential infrastructure improvements on vacant land. Typically, infrastructure improvements include right-of-way dedications for street improvements.<sup>5</sup>

Table 5 summarizes net developable acreage by development type and zoning designation. Table 6 classifies the developable lands by size.

Table 5: Net Developable Acres of Employment Land by Zone

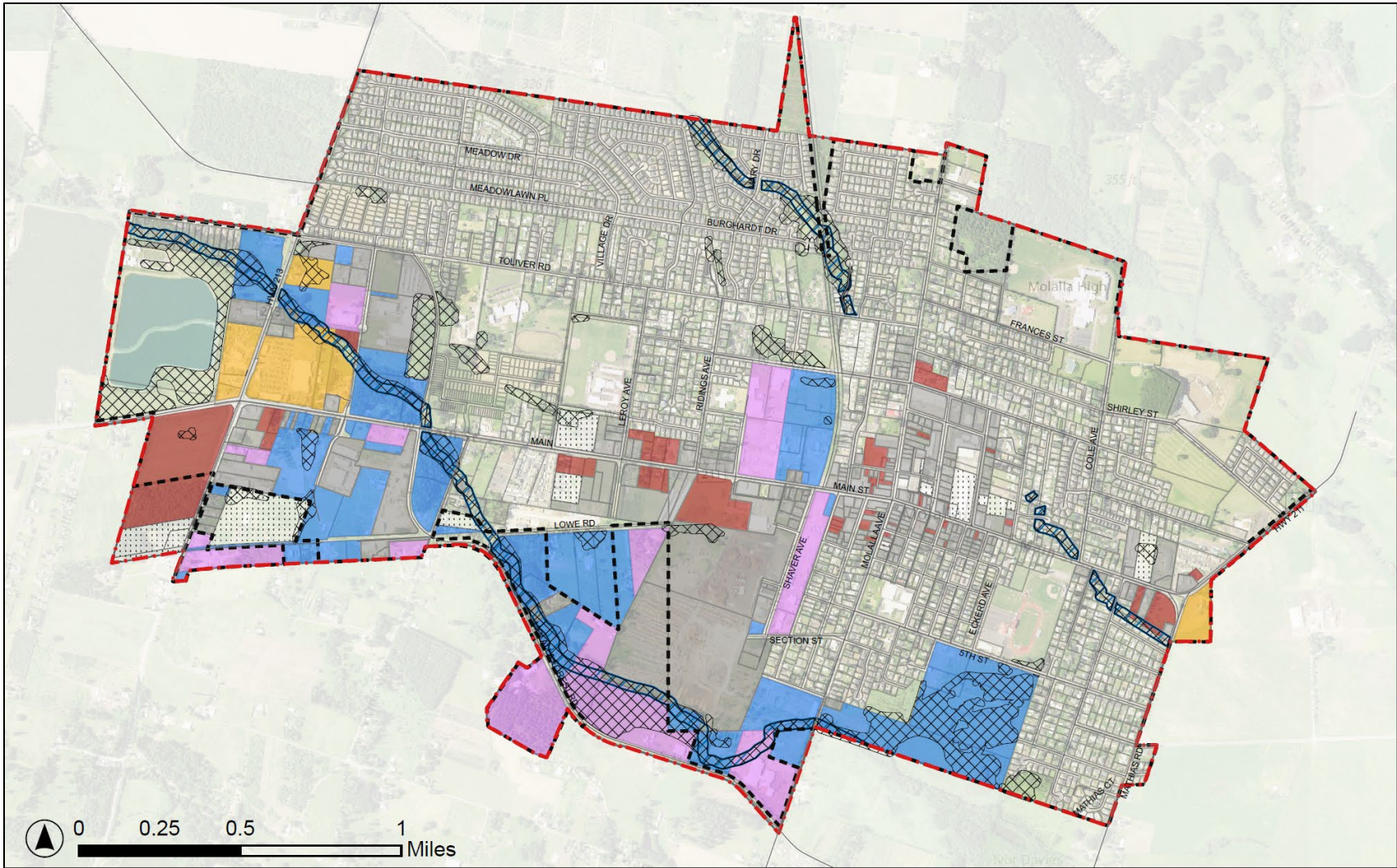
	Net Developable Acres on Vacant Parcels	Net Developable Acres on Partially Vacant Parcels	Total Net Developable Acres
General Commercial (C-1)	5.3	0	5.3
Central Commercial (C-2)	38.7	10.7	49.4
<b>Commercial Subtotal</b>	<b>44.0</b>	<b>10.7</b>	<b>54.7</b>
Light Industrial (M-1)	19.5	12.7	32.3
Heavy Industrial (M-2)	101.4	29.8	131.3
Rural Industrial (RI)	2.8	-	2.8
<b>Industrial Subtotal</b>	<b>123.7</b>	<b>42.6</b>	<b>166.3</b>
<b>Total</b>	<b>167.8</b>	<b>53.3</b>	<b>221.0</b>

<sup>5</sup> Note, OAR 660-024-0040(10) allows a safe harbor deduction of 25% for a residential buildable land inventory to account for streets and roads, parks, and school facilities. There is no equivalent rule in the OAR for an employment buildable land inventory. A lesser set-aside is used for this employment BLI due to the lower intersection density typical of employment land, as seen in many communities throughout the state.

Table 6. Net Developable Acres of Employment Land by Zone Category and Lot Size

	Number of lots	Net Acres
<b>Commercial</b>		
0 – 5 acres	70	28.3
5 – 10 acres	2	14.3
>10 acres	1	12.6
<b>Commercial Subtotal</b>	<b>73</b>	<b>54.7</b>
<b>Industrial</b>		
0 – 5 acres	74	117.1
5 – 10 acres	6	40.9
>10 acres	1	11.8
<b>Industrial Subtotal</b>	<b>81</b>	<b>166.3</b>
<b>Total</b>	<b>154</b>	<b>221.0</b>





City of Molalla  
 Economic Opportunities Analysis  
 Employment Buildable Lands Inventory

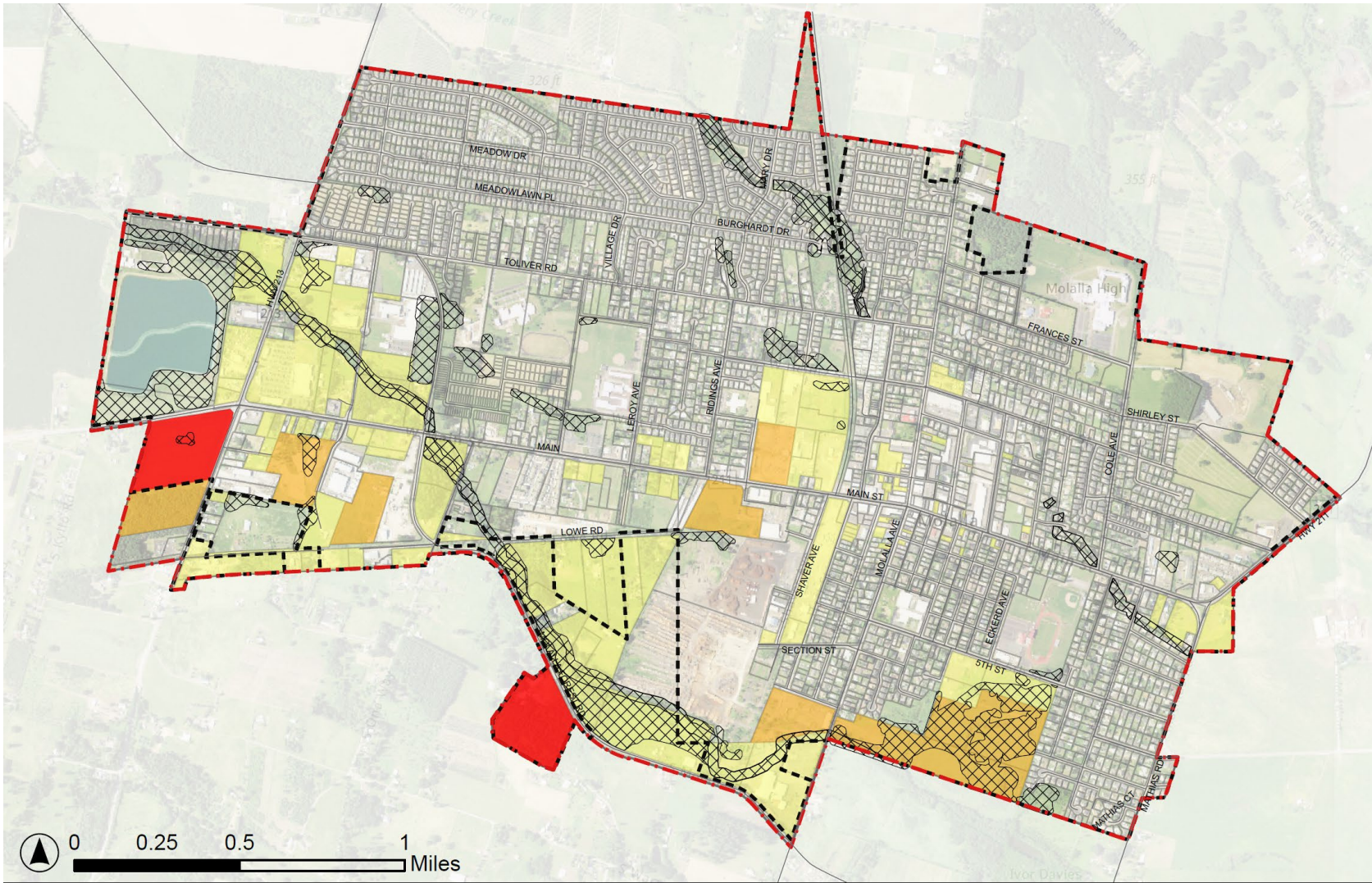
**Commercial Land**

- Vacant
- Partially Vacant
- Developed
- Committed

**Industrial Land**

- Vacant
- Partially Vacant
- Developed
- Committed

- Constraints
- City Boundary
- UGB Boundary



City of Molalla  
 Economic Opportunities Analysis  
 Employment Buildable Lands Inventory

-  Constraints
-  City Boundary
-  UGB Boundary

- Lot Size**
-  <5 Acres
  -  5-10 Acres
  -  10+ Acres



Parcels under the same ownership

<i>PROPERTY OWNER</i>	<i>Number of Lots</i>	<i>Gross Acres</i>	<i>Unconstrained Acres</i>
800 LLC	2	0.8	0.8
AVISION LUMBER CO	13	114.2	54.6
B&I CONSTRUCTION INC	9	1.5	1.5
BRINKMAN JEFFREY & LAURI	2	3.1	3.1
BY DESIGN INVESTMENTS LLC	3	4.3	4.3
CARTER FROST LLC	3	0.7	0.7
CASCADE CENTER MOLALLA LLC	10	8.2	8.2
CASCADE PLACE LLC	3	6.9	6.9
COLE ERIC	2	16.9	3.8
COLIMA PROPERTY HOLDINGS LLC	2	1.1	1.1
COLUMBIA STATE BANK	2	0.6	0.6
DANSKIN RODNEY E & ROBIN L BONNIE	3	0.9	0.9
DEARDORFF 3-D LLC	4	0.7	0.7
EJK ASSOCIATES LLC	4	0.7	0.7
ERICKSON GALE	2	1.9	1.9
ESCOBAR JOAB ANTONIO	2	0.9	0.9
FORRISTALL FAMILY INVESTMENTS LLC	4	10.7	9.2
GREER CORY & LESLEIGH A	2	6.1	3.4
HELMIG	2	4.2	4.2
KERLEY PROPERTIES LLC	6	2.0	2.0
KNIFE RIVER CORPORATION NORTHWEST	2	16.8	16.8
KRAXBERGER JASON M TRUSTEE	2	0.2	0.2
MARSON TRUCKING INC	2	11.7	11.2
MOLALLA PROPERTIES LLC	3	2.7	2.7
MOORHOUSE ERIK	3	9.4	6.5
MORALES-HERRERA JUAN & J R SANTOS	2	0.1	0.1

<i>PROPERTY OWNER</i>	<i>Number of Lots</i>	<i>Gross Acres</i>	<i>Unconstrained Acres</i>
NATIONAL STORAGE AFFILIATES	3	2.7	2.7
PACIFIC FIBRE PRODUCTS INC	6	75.9	72.0
PARVAS ALI & KELLY S	2	0.2	0.2
PORTLAND GEN ELEC CO	2	5.8	5.8
POWELL DISTRIBUTING CO INC	2	0.6	0.6
PRICE AUTOMOTIVE REFINISHING LLC	4	0.7	0.7
RAAD INC	2	1.7	1.7
SEELEY-WADA FAMILY LLC	1	1.0	1.0
SHARABARIN MARINA M	3	0.7	0.7
STEINER RUTH ANN	1	1.2	1.2
STEINER RUTHANN	1	0.5	0.5
STOW-AWAY SELF STORAGE LLC	2	1.9	1.8
TALLC LLC	6	21.6	20.7
THOMAS-MCCLOUD CORINNE & KURT THOMAS	2	0.2	0.2
VALOV WILLIAM	2	1.2	1.2
VEST PROPERTIES & VEST, TROY	3	9.4	9.4
W MAIN STREET LLC	3	1.3	1.3
WADA RITSUKO	2	2.4	2.3
WELLTOWER LANDLORD GROUP LLC	2	3.1	3.0
WHITE ROCK LLC	2	0.5	0.5
WSCO PETROLEUM CORP	2	1.2	1.2
<b>Total</b>	<b>147</b>	<b>361.1</b>	<b>275.7</b>

# Review of Comprehensive Plan Goals and Policies

## City of Molalla Economic Opportunities Analysis

DATE November 15, 2024  
 TO City of Molalla  
 FROM Andrew Parish, AICP  
 CC Brendan Buckley, Johnson Economics

### INTRODUCTION

This document provides recommended updates to City of Molalla’s Comprehensive Plan in order to implement the findings and recommendations of the 2024 Economic Opportunities Analysis (EOA). Updates are provided on underline for new text and ~~strikeout~~ for deletions. Additional commentary is provided in blue boxes.

### PART III: COMMUNITY DEVELOPMENT & LIVABILITY

Part III addresses community employment, housing and livability needs – consistent with Molalla’s vision of a recreation-focused community with a diversity of shopping and dining options, lodging and recreation amenities, and agritourism.

Updated to include the items detailed in the EOA.

- ~~Industrial development is a primary concern in Molalla’s growth. Industrial development provides the City its economic base. Economic trends have fluctuated significantly, perhaps cyclically, since Molalla was incorporated in 1913. As with much of Oregon, the local economy hit a low point in the early 1980s but boomed throughout the 1990s.~~
- Molalla’s economic base has historically been industrial, while commercial development provides secondary employment and provides retail outlets for manufactured goods. The commercial sector also provides support services for industry as well as goods and services for local residents and workers.

Narrative about the City’s current and former economy updated with text from the EOA, as well as the main themes for this section.

- ~~Commercial development is also important in that it creates secondary employment and provides retail outlets for manufactured goods. The commercial sector also provides support services for industry and personal goods and services (doctors, lawyers, food, clothing) for local residents and workers. Providing commercial services in proximity to homes and other businesses reduces the need for travel and helps to meet state and regional goals for energy, air quality and traffic congestion.~~
- ~~While commercial and industrial developments are generally associated with economic~~

growth, housing is an important element of the local economy. Housing development provides employment in engineering, architecture, construction and real estate. More important, however, is the relationship of the availability of affordable housing to the local labor market and business operators. Availability of also housing plays an important role in the local labor market and the City's economy.

- Land use compatibility, protection of natural and historic resources, and good urban design are critical to the community's livability and Molalla's recreational concept.

Molalla is home to an estimated 3,800 jobs as of 2024. Its largest sectors by number of jobs are agriculture, forestry supportive firms, retail trade, food service, and health care.

The city is expected to add roughly 2,000 jobs by 2044. The greatest growth in number of jobs is projected to be in many of the same strong sectors, along with education and manufacturing. The forecasted 20-year employment growth would improve the balance of locally available jobs to the number of workers in Molalla. It would also emphasize higher wage industries to support these local households.

Broken down into broad categories of employment that tends to use commercial office/retail space, or that tends to use industrial space, the analysis forecasts that the 20-year demand for new employment land will be somewhat more weighted towards industrial land (53%) than commercial land (47%).

### **Expanding & Target Industries**

The City has current advantages in several key industries including retail, forestry and wood manufacturing. However, in keeping with the identified economic objectives, a range of potential target industries for growth were identified through this process.

The target industries reflect industries where the area has shown historic strength, as well as sectors with robust growth potential and consistency with the locally expressed vision for the community:

- 1) Manufacturing
- 2) Health Care and Social Assistance
- 3) Retail Trade
- 4) Accommodation & Food Services
- 5) Construction
- 6) Arts, Entertainment & Recreation

Supporting growth in a range of industries will help the community build a more diverse and sustainable employment and tax base for the future and be more resilient to economic impacts on the traditional local industries.

## **GOAL 9: ECONOMIC DEVELOPMENT**

The purpose of Statewide Planning Goal 9 is:

To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens.

## Background

The present industrial pattern in Molalla was established when the City was heavily involved in the timber industry. Molalla has changed from a town relying solely on the timber industry. Nearly all of the industrial development outside of the City limits but within the Urban Growth Boundary lies to the west along Highway 211 and 213.

## Economic Opportunities Analysis and Employment Land Needs

Update this section with narrative, tables, and charts from the EOA.

The following section describes the key takeaways of the City of Molalla's most recent Economic Opportunities Analysis, adopted [ADOPTION DATE].

### **Employment Growth**

Molalla is home to an estimated 3,800 jobs as of 2024. The largest sectors by number of jobs are agriculture, forestry supportive firms, retail trade, food service, and health care.

Based on a forecasted annual growth rate of 2.1%, the city is expected to add roughly 2,000 jobs by 2044. The greatest growth in number of jobs is projected to be in many of the sectors noted above, along with education and manufacturing. The forecasted 20-year employment growth is expected to improve the balance of locally available jobs to the number of workers in Molalla. It is expected to also emphasize higher wage industries to support these local households.

### **Expanding & Target Industries**

The city has current advantages in several key industries including retail, forestry, and wood manufacturing. However, other target industries for growth were identified through in the EOA. These target industries include sectors where that have shown historic strength, as well as sectors with robust growth potential and consistency with the locally expressed vision for the community:

- 1) Manufacturing
- 2) Health Care and Social Assistance
- 3) Retail Trade
- 4) Accommodation & Food Services
- 5) Construction
- 6) Arts, Entertainment & Recreation

Supporting growth in a range of industries will help the community build a more diverse and sustainable employment and tax base for the future and be more resilient to economic impacts on the traditional local industries.

### **Employment Land Need**

The EOA analysis finds that the forecasted 20-year job growth by industry will translate to a need for



123 total net acres (148 gross acres) of land zoned for employment uses. The distribution of land demand between commercial uses (Office, Institutional, Retail) and industrial uses (Industrial, Warehouse, Business Park) leans towards industrial (53% vs. 47%).

A range of site sizes will be needed, ranging from small to large to accommodate the projected business expansion. Different commercial and industrial users have different site requirements driven by the specific nature of their business operations, firm size, location and infrastructure requirements, and other factors.

### **Adequacy of Employment Land Supply**

The Buildable Land Inventory (BLI) of employment lands completed in conjunction with the EOA found a total of 221 net buildable acres in Commercial and Industrial zones.

- The projected 20-year need for Commercial land trails the supply, with an estimated 55 acres of commercial land remaining to meet a projected need for 70 acres. This indicates a deficit of 16 acres of Commercial land.
- There is a projected supply of 166 acres of Industrial land to meet the forecasted need of 78 acres. This indicates a surplus of 88 acres of Industrial land.
- The total estimated surplus of employment land is 73 gross acres.
- 93% of the remaining contiguous development sites in Molalla are under five acres in size, with most being one acre or less. Only two contiguous sites of slightly more than 10 acres remain. As a result, Molalla does not have sufficient land in the sizes or configurations needed to meet the needs of many medium to large employers.

In 2004, the City of Molalla contracted E.D. Hovee and Company (Hovee) to prepare an economic analysis and strategic plan in order to meet Statewide Planning Goal 9 (Employment) requirements, and for use in determining 20-year employment (industrial and commercial) land needs. The *Molalla Economic Profile* (Hovee, 2004) provides 20-year population and employment projections, an assessment of employment trends, and a commercial and industrial land demand analysis. The Economic Profile notes:

“The approach taken in this analysis to Molalla’s future employment is based upon the city’s policy objective to improve its jobs-housing balance and regain its status as a somewhat independent economic region rather than a bedroom community serving employers elsewhere in the region. This employment projection is therefore appropriately termed as a policy projection rather than a market-based forecast. It is recognized that this policy projection is more aggressive than Metro’s preliminary jobs forecast for the Molalla area. Molalla’s employment policy projection is based upon a 2025 jobs-housing target of 1.6 jobs per housing unit, equivalent to the jobs-housing balance of the entire metropolitan region as of 2002. This recommended jobs-housing target represents a significant increase from Molalla’s current jobs housing balance, but would be roughly half of the community’s peak jobs to housing ratio

experienced in the mid 90s.” (Pages 11-12)

The Goal 9 (Economy) administrative rule provides guidance to local governments regarding the preparation of economic plans (OAR Chapter 660, Division 009). OAR 660-009-0025(1) states that:

“...the plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies.”

Molalla’s long-term objectives, as expressed in its Comprehensive Plan, are to continue to increase its employment/population ratio while fostering a strong traded-sector “industrial” job base. The *2009 Employment Land Needs Analysis*:

- builds on the analysis provided in the *Molalla Economic Profile (2004)*;
- extends the 20-year planning period from 2025 to 2030;
- adjusts projected population to reflect “safe harbor” population growth through 2030; and
- identifies and projects site requirements of firms that are likely to locate in Molalla over the next 20 years.

However, because the *2009 Employment Land Needs Analysis* relies on the simple “policy objective” employment forecast and to facilitate this planning process by providing Molalla with as much security as possible, this analysis uses the 660-024-0040(9) “safe harbors” for determining employment needs until such a time as the Economic Opportunities Analysis can be updated to reflect current conditions

The “safe harbor” provided by OAR 660-024-0040(9)(a) allows that:

“A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

- (A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or
- (B) The population growth rate for the urban area in the adopted 20-year coordinated population forecast specified in OAR 660-024-0030.”

Utilizing option (B), projecting employment growth at the same rate as the rate found in the 20-year population forecast (2.0%), yields the results shown in Table 9-1. Given the findings of the earlier economic reports that Molalla currently lacks employment and the city desires to and is making efforts to improve the job/housing ratio above its current low levels, the city will likely need to complete a new Economic Opportunities Analysis prior to any assessment of the UGB to understand if there is a way to create more employment for city residents or if the “site needs” methodology is more appropriate.

*Table 9-1: 2014-2034 Safe Harbor Employment Forecast*

2014 Employment (Est)	2,876
2034 Employment	4,299

Projected 2014-2035 Employment Growth	1,423
---------------------------------------	-------

Source: Clackamas County and City of Molalla

As shown in Table 9-1, applying the employee/acre ratios used in the *2009 Employment Land Needs Analysis* to the safe harbor 2034 employment forecast results in a year 2034 employment land need of 123 net developable acres for the projected 1,423 new employees.

Table 9-2: 2014-2034 Net Employment Land Needs

Factors	
Projected “safe harbor” 2014-2034 Employment Growth	1,423
2034 Commercial %	68%
2034 Industrial %	32%
2034 Commercial Employment/Acre	15
2034 Industrial Employment/Acre	8
2014-2034 Commercial Employees	968
2014-2034 Industrial Employees	455
2014-2034 Commercial Land Need	65
2014-2034 Industrial Land Need	57

Source: Hovee, Clackamas County and City of Molalla

### Economic Development Goals and Policies

This section states Molalla’s overall economic development objectives, and is followed by more specific goals and policies related to Commercial Development, the Central Business District, and Industrial Development. ~~The Central Business District and Community Planning Areas;~~

- Commercial Development; and
- Industrial Development.

Rephrased and reordered.

#### Economic Development Goal:

**To expand the economic base to increase the economic independence of the area – through expansion and retention of existing businesses and recruitment of new businesses.**

It appears that all goals in the Comprehensive Plan are structured like this “To...” which is typical of many cities’ Comprehensive Plans.

#### Economic Development Policies:

The following general policies are related to all types of existing and planned employment in Molalla:

Introductory sentence not necessary.

Overall note on policies – some are phrased “The City Shall...” while others have different formulations. Some policies use “should.” Binding policy language is clear, directs City actions, and uses words like “will,” and “shall.” In general, we recommend using a consistent structure for all policy statements and we have taken that approach in these amendments.

1. ~~The City shall encourage infill, redevelopment and/or adaptive reuse of obsolete or underused properties in current employment zones.~~

New policy from EOA

2. ~~The City shall encourage Encourage the siting and growth of employers which pay high wages and allow for Molalla residents to work locally, rather than having to travel elsewhere for work. family wages as identified in Molalla Economic Opportunities Analysis (EOA).~~

Specific references in each policy to the EOA are not necessary. Reworded and combined with other policies about attracting well-paying businesses.

3. ~~The City shall designate Designate adequate suitable land with site size and locational characteristics required by targeted industries employment as set forth in the Economic Opportunities Analysis (EOA).~~

Reference to EOA not necessary. Suggest combining with several other policies below related to allocating sufficient land with the right site characteristics.

4. ~~The City shall regularly identify “shovel ready” sites and request Oregon Economic and Community Development Department (OECDD) certification for those sites. Identify industrial sites that are immediately available and serviceable for industrial development consistent with the Goal 9 rule. Request Oregon Economic and Community Development Department (OECDD) certification for “shovel ready” industrial sites pursuant to Executive Order 03-02.~~

Rephrased to simplify and make an ongoing action.

5. ~~Ensure Molalla’s planning area contains adequate amounts of industrial and commercial lands for projected growth.~~

Removed to combine with several other policies related to allocating sufficient land with the right site characteristics.

6. ~~Land use designations within the Molalla Planning Area shall be designed to accommodate projected commercial and industrial growth and population densities through the year 2034.~~

Removed to combine with several other policies related to allocating sufficient land with the right site characteristics.

~~7. The UGB may need to be expanded to ensure adequate lands for commercial and industrial development through 2034.~~

Suggest removing.

~~8. Coordinate with property owners to retain large commercial and industrial sites identified in the EOA for their intended commercial and industrial uses through zoning and master planning.~~

Suggest removing.

9. The City shall ~~Actively~~ actively support redevelopment efforts for under-utilized commercial and industrial sites within Molalla UGB.

Use “Molalla UGB” or “Planning Area” consistently.

~~10. Protect large redevelopment sites for their intended uses as identified in the EOA.~~

Combine with other similar policies. Remove reference to EOA.

~~11. Commercial and service uses in the City’s industrial zones should be limited to small-scale uses that cater primarily to local area employees and customers.~~

Combine with other similar policies.

~~12. The City of Molalla shall encourage commercial and industrial development. More jobs can be created causing less reliance on the automobile for travel away from the City.~~

Replace this and others with a policy about supporting local job growth, particularly for higher paying positions and industries, and enabling residents to work locally.

~~13. The City shall strive to reduce the home to work distance by encouraging industrial and commercial development thus reducing the dependency on the auto and saving energy.~~

Replace this and others with a policy about supporting local job growth, particularly for higher paying positions and industries, and enabling residents to work locally.

~~14. The city shall establish and maintain an inventory of industrial and commercial land of a quantity and quality to attract industry to the City of Molalla. The City of Molalla shall maintain a five-year supply of vacant and serviced industrial land to comply with the Goal 9 Administrative Rule.~~

The City does not have/maintain such an inventory. Policy is generally duplicative of others.

15. ~~The City shall Continue~~ continue to work with the Oregon Department of Economic Development in seeking new commercial and industrial development.

~~16. The City shall work with the Port of Portland to assist in industrial development strategies. The City shall work with Business Oregon and others to support industrial development.~~

Port of Portland reference no longer relevant; updated accordingly.

17. The City shall ensure adequate amounts of suitable lands for the business community to thrive:

Duplicative of other policies; deleted.

18. The City shall make every effort possible to work with interested businesses to draw them to the community:

Combine with other goals about attracting business.

19. The City shall monitor and update land use process to reduce or eliminate unnecessary obstacles to economic development for developers, employers, and businesses. In the process of administering the City's Comprehensive Plan, careful consideration will be given to the economic impacts of proposed policies, programs and regulations. Efforts will be made to simplify and streamline the planning and zoning review process while maintaining the quality of development to improve the economic base of the community:

Reworded to be more straightforward.

20. The City shall encourage businesses that support the recreation concept and encourage all businesses to provide a choice of goods and services to the community:

Suggest removing unless still relevant to target industries.

21. The City shall encourage business to locate or relocate to Molalla to provide for the needs of the community:

Duplicate of other policies; deleted.

22. The City shall provide a safe convenient and attractive place to live to draw small business to the community:

Duplicate of other policies; deleted.

23. The City shall encourage and support diversification of employment in the City Diversify and improve industry in the City of Molalla in order to ensure insure the lack of dependence upon any single industry.

Combine with other policies related to diversification of job base.

24. Expand, improve and diversify the economy of the Molalla Urban Growth Boundary area by encouraging supporting home occupations while maintaining Molalla's quality of life:

24.1.—The City shall work with existing businesses and encourage businesses to come to Molalla to provide family wage jobs thus creating a diverse economy and reduce energy consequences:

24.2.—The City shall work with these businesses to draw them to the community thus reducing the number of people leaving the community for such jobs by travel:

24.3.—The City shall work to retain and pursue opportunities to draw businesses to the City and ensure businesses remain in the City and shall work with interested businesses to encourage moving to Molalla:

Remove and combine with other similar policies. Energy consequences language can be removed, can tighten up language about keeping jobs in town.

25. ~~Move~~ ~~The City shall focus~~ industrial lands away from Molalla's Central Business District and focus them in areas where Highway access is appropriate.

“Focus” broadens the policy somewhat.

26. ~~The City should give a high priority to extending and improving the infrastructure needed for economic development~~ ~~The City shall prioritize serving key industrial areas in the Transportation System Plan and Capital Improvement Plan~~

Replace with Action 2 in the EOA. “Prioritize serving key industrial areas in the Transportation System Plan and Capital Improvement Plan.”

27. The City ~~and County~~ shall continue to work cooperatively with County, ~~as well as~~ the State and Federal government and economic development agencies to implement economic development within the Molalla Urban Growth Boundary.

This policy directs the County to act – limit to just the City and include cooperation with the County.

- 27.1. The City of Molalla shall regularly review and revise, as necessary, the ~~existing~~ Urban Growth Management Agreement (UGMA) with Clackamas County clearly stating the respective roles of the City and Clackamas County within the Molalla UGB Planning Area.

Updated language to indicate a continuing process.

- 27.2. ~~The UGMA should address the concept of a recreation community in that the City should have input on decisions that may affect this concept, such as: camping facilities, river rafting facilities, fishing and hunting lodges, resorts or any facility that will have an impact on the safety and livability of the City.~~

Was this review done/is this still needed? Recommend deleting since it is not stated as a policy but more as an objective.

28. ~~The City shall work with partners to evaluate and enact workforce initiatives, including: supporting connections between local industry, K-12, CCC, and state education and training courses; promoting workforce training resources; ensuring housing policies allow for an appropriate mix of housing for the local workforce; supporting local affordable housing developers; and prioritize childcare as a workforce readiness issue.~~

New policy from EOA.

## Commercial Development

Move this section to come before the CBD section – CBD goals and policies will be a subset of Commercial Development.

The Comprehensive Plan Map indicates where commercial development will be encouraged. Commercial areas are planned to allow for the optimum utilization of the land to provide retail and service business to the community. A variety of commercial establishments serving residents, visitors, and the traveling public are an important component of the City's economy.

Population projections for the study area indicate an increase of approximately 4,340 residents by the year 2034. In order to meet the demands created by this increase in population, the City may need to designate additional land for commercial use. A number of businesses have recently developed in the City, adding to the economic base. This commercial base has enough capacity to serve some of the increase in population.

The variety of commercial establishments and services which serve the community should be expanded to provide a wider range of facilities for the convenience of the residents and the benefit of the community at large. The Molalla business district at the junction of Molalla Avenue and Main Street is becoming a traffic-congested area. With additional truck traffic this intersection will only get worse in the future, negatively impacting commercial businesses in the downtown area. The Transportation System Plan identifies the Molalla Forest Road as a by-pass road for truck traffic travelling to the industrial areas of the City. Additional suitable commercial land may also need to be provided to allow for commercial expansion.

Update based on EOA narrative if this section is to be retained.

### Potential Commercial Districts

The Downtown Plan looked at the different sections of town outside the CBD and potential Community Planning Areas (CPAs) to create ways to provide auto-oriented commercial services to the community including:

- **Highway Commercial Overlay:** Commercial development in this section should be anchored by a few major department and grocery stores.
- **General Commercial District:** This commercial section should offer a variety of uses filling the gap between Highway Commercial and the Central Business District (CBD).

Duplicative of later section

### Commercial Comprehensive Plan and Zoning Designations

The Comprehensive Plan Map indicates where commercial development will be encouraged. Commercial designations are implemented with the Central Commercial (C-1) and General Commercial (C-2) zones:

- **Central Commercial (C-1):** Central Commercial (C-1) areas are designated to provide principle shopping, business and transportation to the community and its trade area. This district allows for a broad range of uses in keeping with Molalla's historic commercial area.
- **General Commercial (C-2):** General Commercial (C-2) areas are designated to provide 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 trade area.



## Commercial Development Goals and Policies

### Commercial Development Goal:

**Develop an attractive and economically sound community. To support and grow commercial development in the City which supports the local economy and contributes to the community's desired character.**

Revise goal to address commercial development. Revise to match phrasing of other goals.

### Commercial Development Policies:

~~Molalla must provide commercial land to serve its growing population, without taking business away from the CBD or planned CPAs. Thus, the location and design of commercial areas should be given very careful consideration. Commercial developments occur at points of maximum traffic movement and directly affect the visual quality of the community. If Molalla is to retain its image of a thriving recreational community and desirable place to live, its commercial areas must be well-designed and inviting.~~

Remove introductory text.

1. ~~The City shall designate and adequate supply of suitable sites for commercial use within the Molalla UGB. The Molalla planning area shall contain adequate suitable sites for commercial use. This shall include~~ Sufficient sufficient vacant commercial lands with a diversity of sizes, types, and service levels for future commercial uses shall be designated on the comprehensive plan/zoning map.
2. The City shall develop and apply design standards relating to appearance and neighborhood compatibility of commercial development.

Specify that this is for commercial development.

3. ~~Large retail development shall comply with design standards relating to appearance, functionality, and neighborhood compatibility.~~

Remove – not needed if standards are in place.

4. The City ~~shall~~ will continue to support a cooperative and active working relationship with the business community through the Chamber of Commerce as well as those businesses that are not members of the Chamber of Commerce and will seek their input when making decisions having economic impacts on the business community.
5. As existing businesses are renovated and new ones are constructed, the City ~~shall~~ will require high standards of compatibility with surrounding development, landscaping, architecture and signage. The ability of a site to function properly in relation to the surrounding area will be emphasized.
6. ~~The City shall assure efficient development of land consistent and compatible with the community's needs and resources.~~

Remove – vague and likely challenging to implement.

~~7. The City is designating itself a recreational community and shall ensure adequate parks and opportunity for a host of recreational activities to encourage business supporting the recreational activities. This shall be in addition to the City supporting a wide range of other business opportunities which will provide for the needs of the citizenry.~~

Unclear language, not necessary in the Commercial section of the Comprehensive plan.

~~8. The City shall work cooperatively with commercial development to ensure that City park needs are met, either through land dedication or payment of system development charges (SDCs).~~

This is more appropriate for inclusion under the City’s Park and Recreation Goals; suggest removing here.

9. Major commercial activities shall be concentrated in areas receiving a high volume of traffic in order to minimize auto use and conserve energy resources. Commercial land shall be designated in a manner which locates high volume trade activities near major roads, groups a variety of medical facilities and services together, preferably near hospitals, and groups professional and governmental facilities near the downtown area and other major commercial locations.

~~10. Inefficient strip development patterns that increase congestion and therefore waste energy resources shall be avoided.~~

Remove – duplicative of policy 9.

~~11. Provide for additional land needed for commercial expansion to serve the projected population growth and to ensure choice in the market place while also encouraging private revitalization of existing commercial structures.~~

Remove – duplicative of Policy 1

~~12. Encourage a rate of commercial development consistent with serving the needs of residents of the City and adjacent rural and agricultural lands.~~

Consider removing – duplicative of other policies.

13. The City shall ~~Provide~~ provide an atmosphere that is inviting to potential businesses while maintaining the City’s feel and desire to maintain a rural community feeling.

~~13.1. Through the code incorporate language that invites development yet protects the City's character.~~

Vague, consider removing. Can incorporate in combined policy about commercial design.

~~14. Provide buffers between industrial uses and residential uses for the benefit of all concerned.~~

Remove – address industrial buffers in industrial section.

~~15. Commercial development adjacent to arterial streets and highways may be subject to access restrictions:~~

Remove – not needed as policy statement.

16. Commercial development shall be encouraged to provide service access roads, which feed into arterial and collector streets at designated points, consistent with the adopted Transportation System Plan.

Ensure consistency with TSP.

~~17. Sign standards shall be designed to enhance the appearance of the City and provide for the advertising needs of the business community.~~

- ~~17.1. Signs shall serve as a marker for businesses.~~
- ~~17.2. Signs shall not become the focal point of the City.~~
- ~~17.3. Signs shall not occupy any portion of the right-of-way.~~

Signage requirements are more appropriate for the Development Code itself.

~~18. Shopping centers Commercial Development shall be attractive and pedestrian oriented, as required in the development code.~~

- ~~18.1. Retail shopping centers should be safe, comfortable and attractive environments, with convenient access, and designed for the safe and convenient movement of pedestrians and other non-auto transportation.~~
- ~~18.2. The Molalla Municipal Code shall provide standards for planting trees and other landscaping for all commercial development.~~
- ~~18.3. The City shall adopt a bicycle, pedestrian, and equestrian plan, which provides safe, convenient, and recreational activities throughout the City.~~
- ~~18.4. Shopping centers shall have pedestrian ways with attractive landscaping.~~
- ~~18.5. Lighting in the shopping area shall be attractive and allow for safe ingress and egress from the shopping area into the parking lot.~~

Replace with reference to the development code, which has detailed requirements.

~~19. A sufficient number of locations should be made available for shopping centers and other commercial activities as the urban area population increases.~~

- ~~19.1. Provide adequate lands along major arterials:~~

Remove; land availability addressed elsewhere.

~~20. Commercial establishments shall be landscaped and maintained and provide off-street parking for employees, customers and access of delivery of goods.~~

Remove; design addressed elsewhere.

21. Shopping areas should be pleasant environments to live near and to do business within:
- a. They should not be designed in a manner only to attract attention. Buildings need not be painted in an offensive manner or have obtrusive signs to secure their share of the shopping public. In fact, the reverse trend tends to be the case, with centers providing a pleasant shopping environment often being more prosperous.
  - b. Commercial development demands special consideration in terms of traffic. The City must balance the needs of both the commercial and non-commercial sectors of the community in reviewing proposed development and considering the traffic impacts that will result.

Duplicative of earlier policy about commercial areas.

- c. All commercial districts are planned in the form of centers or complexes rather than as a strip development along major streets.

Remove, design addressed elsewhere. Vague language.

## Central Business District Goals and Policies & Community Planning Areas

Remove references to “Community Planning Areas” but keep section related to the CBD. Introductory information is updated below. This section has been moved to be a subset of Commercial Development

The Central Business District (CBD) and potential Community Planning Areas (CPA) provides for mixed retail, service and residential uses with a strong pedestrian orientation and respect for Molalla’s history.

The Central Business District (downtown area) is located in an approximately twelve-square-block area divided by state Highway 211 running east and west, and by Molalla Avenue running north and south. The area is bound on the east, north and south by residences, and to the west by a large industrial complex. For this reason the City has developed with this Comprehensive Plan the tools to provide the necessary elements to help the CBD to thrive. The CBD consists of small shops offering a variety of merchandise and unique shopping experiences. ~~The CBD can accommodate uses such as office, theatres, restaurants, bicycle sales and repair, sports related activities and stores, fly tying shops, gun shops, boat sales, and repair activities. These shops should enhance the City’s concept as a “Recreational Community”.~~

~~Many of the older buildings have undergone an exterior and interior upgrading which has done much in improving the overall appearance of the core area. Much of the “facelift” of the older commercial structures as well as the new construction has been voluntarily done in theme lending itself to the recreational concept. There is broad community support for the continuation of remodeling and new construction as indicated by letters from various community organizations and the City’s desire to become a recreational center.~~

~~Many new stores and buildings have been placed in the CBD and a great deal of redevelopment and remodeling has occurred, while maintaining the historic feel of older buildings.~~

Parking is a big concern for the CBD. As the vacancy rate goes down a need for additional parking becomes evident. The City is working on new ways to increase the amount of signage showing additional downtown parking as well as searching for ways to provide additional parking areas. The City is currently seeking funding for a downtown revitalization plan. This plan will give the City the ability to identify potential downtown parking areas. The goal and policy framework for the CBD and potential future CPAs are outlined below:

Outdated text, not necessary in Comprehensive Plan

#### Downtown Development Central Business District Goal:

**To protect and ~~insure~~ ensure the permanency of the Central Business District (CBD) as a vital economic base and to maximize customer access and exposure, and convenience.**

Rephrase, use “ensure.”

#### Downtown Development Central Business District Policies:

Selective updates recommended to this section.

The *Molalla Downtown Plan* (Cogan Owens Cogan, 2007) includes detailed policies and implementation measures to revitalize the Central Business District (CBD). The following policies apply in conjunction with Downtown Plan policies when making land use decisions in the CBD.

1. Within the CBD alleyways ~~should~~ shall be maintained and used as pedestrian walkways, for rear entrance delivery and/or customer access.
2. Downtown commercial development shall be encouraged through the reduction of truck traffic through the downtown core area.
3. Bicycle and pedestrian access to the CBD from the surrounding areas should be improved.
  - 3.1. Secure and safe bike storage areas should be considered.
  - 3.2. Sidewalk and street activity that will stimulate pedestrian traffic should be encouraged.
4. The City shall consider incentives to preserve historically significant buildings in the Downtown Core.
5. Commercial development should be based on the following goals, guidelines and principles:
  - 5.1. Separation of pedestrian and through motor vehicle traffic.
  - 5.2. Grouping of retail opportunities conducive to pedestrian shopping movement.
  - 5.3. Convenient, identifiable and accessible parking.
  - 5.4. By-pass industrial traffic around commercial areas, particularly the CBD.
  - 5.5. Improve CBD shopping environment and amenities.
  - 5.6. Provide for CBD growth needs.
- ~~6. The look and feel of the CBD commercial area shall be protected and maintained by encouraging CBD compatible businesses as defined below to locate or expand within or adjacent to that area~~

identified as the CBD:

Duplicative

~~7. A concerted effort should be made to revitalize the central business district through rehabilitation or redevelopment of existing areas. The City shall encourage and identify new businesses to occupy the CBD in order to create an active and vibrant district. Encourage and identify new businesses that enhance the Central Business District.~~

Reworded for clarity and emphasis on the end-state.

8. The central business district shall provide a variety of services; cultural, recreational, social, professional and governmental activities.

Separated unrelated policies, renumbered.

9. The history of Molalla ~~should~~ shall be a consideration in a redevelopment opportunities as well as event promotion.

Correction of typo

~~10. The City shall encourage new businesses to promote the City’s recreational theme, services of all types, medical and dental offices, federal, state, and city offices to enhance the CBD of Molalla.~~

Unnecessary.

11. Through the Molalla Municipal Code the City shall place specific criteria upon new development and redevelopment in the CBD, which matches the style found in the early 1900s.

12. The CBD shall have adequate parking that is well lit and visually attractive. ~~The City shall encourage unique shops and restaurants in the CBD.~~

13. The City shall encourage unique shops and restaurants in the CBD.

Broke previous Policy 11 into two policies. Renumbered.

14. Kiosks should be encouraged in the downtown area to increase shopping convenience and public awareness of downtown facilities and services.

~~Community Planning Area Goal:~~

~~Provide for higher density mixed-use development within designated community planning areas.~~

Staff notes that “Community Planning Areas” are not specifically designated; likely a recommendation from a prior planning effort that were not fully adopted. Recommend removing.

~~Community Planning Area Policies:~~

~~1. The Community Planning Area (CPA) designation may be applied to create pedestrian-oriented, mixed use centers near the Central Business District.~~

2. ~~CPA plan designations shall be implemented through the establishment of a zoning district that includes the following:
 
  - 2.1. ~~Provisions that reduce off-street parking requirements;~~
  - 2.2. ~~Development and design standards for buildings, streets and public spaces that are oriented toward the pedestrian not excluding the automobile;~~
  - 2.3. ~~Concentration of housing near the downtown where all sorts of services are available;~~
  - 2.4. ~~Provisions for public and private amenities (including parks, plazas, and other facilities to support the higher densities and mixed use development);~~
  - 2.5. ~~A multi-modal circulation system that links uses of bus, bicycle, carpool/vanpool, and shuttle services with pedestrians; design review standards.~~~~
3. ~~A wide range of housing types shall be authorized within CPA, including but not limited to small lot single-family residential detached, attached single-family residential, townhouses or row houses, ancillary dwelling units, garden apartments, mid-rise apartments, high density apartments, student housing, senior housing, and housing above retail and office space~~
4. ~~Those areas included in a CPA shall transition the type and density of new housing to be compatible with the established area at such time one is developed.~~
5. ~~Future population expansions shall include additional community planning area zones to maximize densities while providing the public with unique concepts.~~
6. ~~CPAs are intended to preserve and enhance the historic, open space, and architecture qualities of the historic nature of the area. In addition to general standards in the zoning ordinance, all development within CPA shall comply with specific design standards aimed at preserving the historic and architectural character and qualities of the area.~~
7. ~~The development of housing shall allow for the retention of lands for open space and recreation within the planning area, encourage the preservation of trees within developments where possible, and be consistent with goals and policies of this Plan.~~
8. ~~Industrial uses shall be moved, when feasible, from this area to the southwest section of the City.~~

### Small Scale Commercial and Mixed Use Development

1. ~~In addition to larger-scale CPAs, The City shall incorporate minor commercial activities to reduce energy and enhance Molalla's quality of life.~~
2. ~~Minor commercial activities, which are compatible with residential uses, shall be dispersed allowed throughout the planning area City to serve residents the public and conserve energy resources.~~
3. ~~Minor commercial activities shall be reviewed by the Planning Department to ensure the integrity of the residential zone is not impaired Development Code requirements are met.~~

Removed references to "Community Planning Areas" and updated language.

## Industrial Development

Industrial employment is an important component of the City’s economy and accounts for roughly half of Molalla’s projected economic growth over the next 20 years. Sites for future industrial growth have specific needs which may include:

- Site sizes ranging from small (less than 1 acre) to large (greater than 10 acres)
- Flat sites with little topography
- Access to highways and rail facilities
- Availability of City and private utilities

When discussing the attraction of new industry, it should be pointed out that industry has several criteria on which it bases selection of location. Among these are:

- ~~adequate site size;~~
- ~~relatively flat topography;~~
- ~~good access to highways or railroads to facilitate the transporting of raw materials and finished products;~~
- ~~compatibility with adjacent or nearby residential and commercial development;~~
- ~~the availability of housing for managers and workers;~~
- ~~the availability of water and sewer service;~~
- ~~the availability of utilities such as storm drainage and gas, electricity and telephone; and~~
- ~~the availability of advanced technology communications infrastructure.~~

Replace narrative with text from EOA.

### Industrial Comprehensive Plan Designations and Zoning

The Comprehensive Plan Map indicates where industrial development will be ~~encouraged~~ permitted. Industrial areas are planned for the economic benefit of the City and located ~~so as~~ to minimize impacts to residential development. The City shall continue to provide sufficient ~~enough~~ industrial land to support future growth to optimize its chances for industrial development. Providing land for light industrial development, as a buffer between heavy industrial and commercial or multi-family development is priority. ~~The City, by providing a healthy amount of industrial lands, is proving its support to bring industrial development to the City of Molalla.~~

To meet the needs of the present and future residents of Molalla and the surrounding area for industry and to comply with state and local goals and the policies established to implement those goals, the following are established to provide a suitable quantity and quality of land in the most beneficial locations for each industrial development in the City of Molalla.

Updated narrative for clarity

- **Light Industrial District (M-1):** Light industrial (M-1) areas are designated for non-polluting



industries, which are generally compatible with residential and commercial activities. ~~The light industrial concept for future development is envisioned in areas primarily west of the current City limits. Larger parcels have been designated in this location to attract industries that require greater land areas for the operation, or for several industries to cooperatively design an industrial park. The location of the land designated for light industrial use is based on existing industrial uses, proximity to public services, highway access and the goals and policies of the plan to utilize land for industrial use which meets the needs of those industries most likely to locate in Molalla.~~

Unnecessary detail, specifics may change over time.

- **Heavy Industrial District (M-2):** Heavy Industrial (M-2) uses include manufacturing, fabrication and processing, bulk handling, storage, warehousing and heavy trucking. Most heavy industrial uses are incompatible with residential and commercial uses.

## Industrial Development Goals and Policies

### Industrial Development Goal:

**To develop a diverse industrial base offering an increasing number a range of employment opportunities.**

Consider replacing “increasing.”

### Industrial Development Policies:

1. ~~The City shall establish and maintain a competitive short-term and long-term supply of employment land, in readily developable sites. The City shall provide suitable industrial sites to maintain and attract a diversified industrial base.~~

Replaced with wording from EOA recommendation.

2. The City shall prioritize serving key industrial areas and sites in the Transportation System Plan and Capital Improvement Plan.
3. The City shall inventory properties that might be good opportunity sites for potential public/private catalyst projects.
4. The City shall evaluate assisting in wetland mitigation to increase developable land inventory, including creating or partnering in a wetland mitigation bank
5. The City shall support clean up and utilization of identified brownfield sites

New policies from EOA.

6. ~~The City shall provide~~ Provide for developments that, ~~whenever possible,~~ will allow residents of the City of Molalla to work in Molalla and not have to seek employment in other areas.

Remove “whenever possible.” Consider combining with overall goal about local employment opportunities for residents.

7. The City shall locate industrial ~~Industrial land should be located~~ to take advantage of Highway

access or rail transportation that is available where such sites exist.

- 8. ~~To minimize impacts on Clackamas County’s agricultural land base, Class I agricultural soils shall be preserved outside the UGB. At the same time, it is important that industrial lands be located in relatively flat areas, which have suitable soils and that are free from flooding dangers.~~

UGB policies are a better fit for another part of the comprehensive plan.

- 9. The City shall protect industrial lands from being converted to commercial uses by prohibiting or significantly limiting commercial uses in industrial land in the M-1 (Light Industrial) and M-2 (Heavy Industrial) zones.
- 10. The City shall designate industrial land on the Comprehensive Plan map limiting the impacts to citizens in the community and the Molalla Municipal Code shall establish standards to reduce impacts on other areas.
- 11. ~~All industries shall meet federal, state and local environmental quality standards.~~

Not needed as a policy in this chapter. If retained, it would be more appropriately included under the Air, Land and Water Quality goal.

- 12. ~~The City shall attract and accommodate both labor intensive and land intensive industrial activities:~~

~~12.1.—The City shall establish an industrial area that has limited impact on citizens of the community:~~

Purpose is unclear. 8.1 is duplicative of earlier policy. Recommend removing 8 altogether.

- 13. ~~Ensure Molalla’s planning area contains adequate amounts of industrial lands for projected growth:~~

Remove, duplicated elsewhere.

- 14. ~~Land use designations within the Molalla Planning Area shall be designed to accommodate projected industrial growth and population densities through at least the year 2030:~~

Remove, duplicated elsewhere.

- 15. ~~The UGB may be expanded to ensure adequate lands for industrial development through 2034:~~

Remove, duplicated elsewhere. UGB expansion a better fit for other comprehensive plan sections.

- 16. ~~Encourage “non-polluting industry” development:~~

Define or remove?

- 17. ~~Designate large areas of land together for several industries to cooperatively design an industrial park:~~

Was this done or is this still needed?

18. ~~Maintain a light industrial zone, which eliminates excessive noise, smoke, odor, dust, and gas.~~

Not needed.

19. The City shall work with existing employers to move industrial development to the southwest section of Molalla. By placing all industrial development in the southwest corner of the City the citizens will have a reduced possibility of odor since the southwest wind blows away from the City.

Still needed or was this done?

20. ~~The City’s development code shall require buffers and mitigation of impacts where industrial land abuts residential land. Both residential and industrial development shall be responsible for minimizing impacts in areas where residential uses border industrial.~~

Reword/combine with a design and buffer policy.

21. ~~Sufficient vacant industrial lands with a diversity of sizes, types, and service levels for future industrial development shall be designated on the comprehensive plan/zoning map.~~

Remove; duplicated elsewhere.

22. ~~Publicly owned lands shall not be given a competitive advantage over private ownership through governmental land use regulations.~~

Unclear – is this still relevant? Suggest deleting.

23. ~~Industrial areas should be set aside primarily for industrial activities. Other supporting uses, including some retail uses, may be allowed if limited to sizes and locations intended to serve the primary uses and the needs of people working or living in the immediate industrial areas~~

Remove; duplicated elsewhere.

24. Industrial developments are subject to development standards relating to setbacks, landscaping, signs, exterior lighting, parking, building height, massing and visual impacts, and architectural styles and outside storage.

25. Molalla shall provide a suitable site within its UGB to allow large scale agricultural or nursery processing industries to locate within the City.

Still a priority?

26. ~~Industrial areas that are located adjacent to arterial streets or to residential areas should be controlled through site plan review and buffer zones so as to minimize the impact of industrial uses.~~

Combine with other residential buffer policies.

# Review of Development Code

## City of Molalla Economic Opportunities Analysis

DATE November 18, 2024

TO City of Molalla

FROM Andrew Parish, AICP

CC Brendan Buckley, Johnson Economics

## INTRODUCTION

This document is intended to provide recommendations related to the City of Molalla’s development code to implement the findings and recommendations of the 2024 Economic Opportunities Analysis (EOA). This draft contains high-level comments and code recommendations, in some cases including specific code examples. Adoption of development code changes is expected to occur at a later date.

Comments are provided in-line below in blue boxes.

## Title 17: Development Code

### 17-2.1 Establishment of Zoning Districts

#### A. Residential Districts...

No changes to this section are recommended as part of the EOA, however recommended policies in the EOA include supporting availability and affordability of housing, as well as siting of daycare facilities in residential districts, as workforce development priorities.

- B. Commercial Districts (C-1 and C-2). Commercial zoning districts accommodate a mix of commercial services, retail, and civic uses, with existing residences permitted to continue, and some new residential uses permitted. Two commercial zoning districts, one for the central commercial/traditional downtown area (C-1, Central Commercial) and one for the general commercial (C-2, General Commercial) area, provide for the full range of commercial land uses within the City. The zoning district regulations are intended to promote the orderly development and improvement of walkable commercial areas; facilitate compatibility between dissimilar land uses; provide employment opportunities in proximity, and with direct connections, to housing; and to ensure efficient use of land and public facilities.

No changes recommended.

- C. Industrial Districts (M-1 and M-2). Industrial zoning districts accommodate a mix of intensive and less intensive uses engaged in manufacturing, processing, warehousing, distribution, and similar activities. Two industrial zoning districts, one for Light Industry (M-1, Light Industrial) and one for Heavy Industry (M-2, Heavy Industrial) provide for the full range of planned

industrial land uses within the City. Both districts are intended to provide for efficient use of land and public services, provide a high quality environment for business, offer a range of parcel sizes and locations for industrial site selection, avoid encroachment by incompatible uses, provide transportation options for employees and customers, and facilitate compatibility between dissimilar uses. The Heavy Industrial district additionally provides suitable locations for intensive industrial uses, such as those with processing, manufacturing, assembly, packaging, distribution, or other activities.

No changes recommended.

- D. Public Facilities, Semi-Public District (PSP). See also Chapter 17-2.2 Zoning District Regulations and Chapter 17-2.3 Special Use Standards. The Public Facilities, Semi-Public (PSP) district provides for public and semi-public uses, including, but not limited to, schools, government offices, fire stations, police stations, libraries, public works yards, reservoirs, and other public facilities, consistent with adopted public facility master plans.

No changes recommended.

Table 17.2.2.030 Uses Allowed by Zoning District

Overall minor edits suggested. Target industries from EOA appear to be appropriately reflected in use table.

Uses	Residential Zones				Commercial Zones and Industrial Zones				Public Use	Special Use Standards
	R-1	R-2	R-3	R-5	C-1	C-2	M-1	M-2	PSP	
Child Daycare Center	CU	CU	CU	CU	P	P	CU	CU	N	

Child Daycare Center – consider allowing as a permitted use in more than just the C-1 and C-2 zones. Home childcare centers (which are typically smaller and are regulated differently by the State of Oregon) are currently allowed as home occupations in residential zones. Childcare is increasingly being seen as a workforce and economic development issue, and limitations on siting is an often-cited barrier.

Uses	Residential Zones				Commercial Zones and Industrial Zones				Public Use	Special Use Standards
	R-1	R-2	R-3	R-5	C-1	C-2	M-1	M-2	PSP	
Machine Shop, and Sales, Service and Repair of Machinery; except as allowed for Artisanal and Light Manufacture Uses. Must be wholly enclosed in buildings.	N	N	N	N	C-1	CU	CU	P	N	

Likely typo – change “C-1” to “CU”

Table 17-2.2.040.E Lot and Development Standards for Non-Residential Zones

Lists industrial zones as "I" rather than "M". Consider updating.

No substantive edits to table.

## 17.2-3 Special Use Standards

### 17.2.3.040 Artisanal and Light Manufacture Uses

No changes recommended.

### 17.2.3.120 Home Occupations

No changes recommended.

### 17.2.4.010 Support Commercial (SC) Overlay.

A. Purpose. The purpose of the Support Commercial (SC) Overlay District allows support commercial uses in designated transitional industrial areas. This zone is applied over the base M-2 Industrial District in those areas where small parcels are unlikely to be used for heavy industrial purposes.

B. Use and Dimensional Standards. The list of permitted and conditional uses, as well as the lot size and dimensional standards of the M-2 District shall apply to land within the SC Overlay District. This zone should allow for support type commercial uses which serve the industrial zone.

C. Minimum Lot Sizes. No lot shall be reduced to less than one-half acre in size.

This overlay is not applied currently, but the City wishes to keep it available in case rezoning of certain small industrial properties is infeasible.

## 17.3.1 Community Design Standards

### 17.3.1.020 Applicability

Division III’s applicability is based on permit type, rather than use type. So provisions within Division III should be updated to reflect the desired standards for different types of employment land.

## 17.3.2 Building Orientation and Design

Staff has noted that as written, this section does not exempt Industrial developments, though most of the standards appear to be geared toward commercial and mixed use (commercial/residential) development. A separate section on industrial design standards is recommended.

### 17.3.2.040 ~~Non-Residential Buildings~~ Commercial, Mixed-Use, and Institutional Developments

Change title from “Non-Residential” to “Commercial, Mixed Use, and Institutional” to match contents. A separate Industrial section is recommended.

A. Purpose and Applicability. The following requirements apply to non-residential development, including individual buildings and developments with multiple buildings such as shopping centers, office complexes, mixed-use developments, and institutional campuses. The standards are intended to create and maintain a built environment that is conducive to pedestrian accessibility, reducing dependency on the automobile for short trips, while providing civic space for employees and customers, supporting natural surveillance of public spaces, and creating human-scale design. The standards require buildings placed close to streets, with storefront windows (where applicable), with large building walls divided into smaller planes, and with architectural detailing.

The following design standards should be considered for industrial uses:

- **Purpose:** The purpose of industrial design standards is to provide for flexibility in site planning for industrial uses while maintaining standards that improve the appearance of the City and protects neighboring properties from potential impacts.
- **Height Step Downs:** Transition height allowances from industrial areas to neighboring residential areas by requiring additional setbacks or “step-downs” in height for industrial uses in cases where the height of adjacent allowed industrial uses exceeds allowed residential district heights by more than one story.
- **Outdoor Storage and Parking Location:** Limit the amount of outdoor storage and parking between the right-of-way and buildings where industrial uses are adjacent to residential zones. Consider allowing more storage if appropriate screening is provided.
- **Connectivity and Pedestrian Orientation:** Require breaks in building façade, orientation toward sidewalks, pedestrian circulation through parking areas, lighting for walkways, and direct pedestrian access to abutting transit facilities, parks, or other activity centers. Some of these requirements may overlap with or encompass similar standards applied to commercial and institutional uses.
- **Incorporate basic landscaping requirements,** including percent of site to be landscaped, location of landscaping, specified species, irrigation, etc. Use basic requirements applied in other land use districts.
- **If non-industrial uses are allowed in residential zones,** corresponding design standards for those uses applied in other zones also should be applied those uses if located in industrial zones.

**Examples of Similar Standards:**

City of Gresham 7.0320 Industrial Developments

City of Stayton: 17.2.230 Industrial Design Standards

## 17-3.5 Parking and Loading

Table 17-3.5.030.A Automobile Parking Spaces by Use

No changes recommended.

Table 17-3.5.040.A Minimum Required Bicycle Parking Spaces

No changes recommended.

## 17-5.1 Definitions

Industrial. Land use predominantly involving the manufacturing, storing, processing, and distribution of goods.

Consider adding “Industrial” as a definition. The above is worded similarly to the existing “Commercial” definition.



**From:** [REID Kelly \\* DLCD](#)  
**To:** [Dan Zinder](#); [Mac Corthell](#)  
**Cc:** [MCILVAINE Leigh \\* DLCD](#)  
**Subject:** RE: Molalla EOA - Quick Call Request  
**Date:** Friday, January 10, 2025 9:07:09 AM

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Hi Dan and Mac,

Below are DLCD's comments on the EOA, given the addition of the data center site demand. Leigh and I are happy to discuss – please let us know if you'd like to.

- There are multiple aspects of the EOA, including explicit narrative and detailed graphs, that point to the information sector as a declining industry for Molalla. This is inconsistent with the recently added narrative describing demand and potential for this industry in the city.
- The narrative supporting demand for site(s) for a data center is inadequate – page 43 refers to rate of development in the region but does not cite any actual numbers nor does it translate this to local demand. The EOA should include supporting justification of some kind demonstrating the actual or forecasted demand for a data center site.
- If the site for a data center (Avison Lumber site) has already been identified inside the UGB, then both the BLI and the EOA need to account for this site as available/developable.
- Data centers have extremely specific electricity and water needs and the city should consider its ability to meet these requirements in the EOA.
- More generally, the EOA identifies unmet demand for larger site sizes – this would be a stronger analysis if those larger site sizes were associated with one or more of the target industries identified in the analysis. Another way to approach this would be to demonstrate that this mix of site sizes is appropriate to historic development patterns or other similarly situated cities in the region.
- The analysis would be more clear if its conclusions about the availability of large sites were more clearly connected to the table showing the sites aggregated by ownership in the BLI.

If the department were to receive objections related to justification of the inclusion of site needs for data centers, we would need to seriously consider the arguments of the objector.

Thanks,



**Kelly Reid**

Regional Representative for Multnomah and Clackamas Counties  
Portland Metro Regional Solutions

*Pronouns: She/her*

Oregon Department of Land Conservation and Development

1600 SW Fourth Avenue, Suite 109 | Portland, OR 97201

Cell: 971-345-1987

[kelly.reid@dlcd.oregon.gov](mailto:kelly.reid@dlcd.oregon.gov) | [www.oregon.gov/LCD](http://www.oregon.gov/LCD)

**From:** Dan Zinder <dzinder@cityofmolalla.com>  
**Sent:** Wednesday, January 8, 2025 8:57 AM  
**To:** REID Kelly \* DLCDC <Kelly.REID@dlcd.oregon.gov>  
**Cc:** MCILVAINE Leigh \* DLCDC <Leigh.MCILVAINE@dlcd.oregon.gov>  
**Subject:** RE: Molalla EOA - Quick Call Request

Kelly,

That's correct. That's the only one. The short of it is that we had a data center approach us with a very serious inquiry this fall. We met with them and PGE to do a tour of potential sites and they're currently working on a design on a set of properties held by one landowner. Brendan advised that we just add data centers generally as a target industry and state the need for a site that would meet the needs. I believe I sent a map of the property to you recently but if not I can resend. It's the one below E 5<sup>th</sup> ST and extending to S Molalla Ave.

Best,  
*Dan Zinder*  
503.759.0226

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**From:** REID Kelly \* DLCDC <[Kelly.REID@dlcd.oregon.gov](mailto:Kelly.REID@dlcd.oregon.gov)>  
**Sent:** Tuesday, January 7, 2025 12:32 PM  
**To:** Dan Zinder <[dzinder@cityofmolalla.com](mailto:dzinder@cityofmolalla.com)>  
**Cc:** MCILVAINE Leigh \* DLCDC <[Leigh.MCILVAINE@dlcd.oregon.gov](mailto:Leigh.MCILVAINE@dlcd.oregon.gov)>  
**Subject:** RE: Molalla EOA - Quick Call Request

Thanks Dan. Upon a quick scan, I am seeing the addition of a target industry site need for data center of 50 acres. This means the UGB expansion will be looking to add an appropriate site for a data center of 50 acres – either as a single site or possibly two ~25 acre sites?

Did I miss any other target industry additions to the document?

**Kelly Reid**  
Regional Representative for Multnomah and Clackamas Counties  
Portland Metro Regional Solutions  
*Pronouns: She/her*  
Oregon Department of Land Conservation and Development  
1600 SW Fourth Avenue, Suite 109 | Portland, OR 97201  
Cell: 971-345-1987  
[kelly.reid@dlcd.oregon.gov](mailto:kelly.reid@dlcd.oregon.gov) | [www.oregon.gov/LCD](http://www.oregon.gov/LCD)

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**From:** Dan Zinder <[dzinder@cityofmolalla.com](mailto:dzinder@cityofmolalla.com)>  
**Sent:** Tuesday, January 7, 2025 12:22 PM  
**To:** REID Kelly \* DLCDC <[Kelly.REID@dlcd.oregon.gov](mailto:Kelly.REID@dlcd.oregon.gov)>  
**Cc:** MCILVAINE Leigh \* DLCDC <[leigh.mcilvaine@dlcd.oregon.gov](mailto:leigh.mcilvaine@dlcd.oregon.gov)>  
**Subject:** FW: Molalla EOA - Quick Call Request

Hi Kelly,

Here's the most recent update of our EOA.

Best,  
*Dan Zinder*  
503.759.0226

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**From:** Dan Zinder  
**Sent:** Tuesday, January 7, 2025 11:21 AM  
**To:** Violet Brown <[violet.brown@3j-consulting.com](mailto:violet.brown@3j-consulting.com)>  
**Subject:** FW: Molalla EOA - Quick Call Request

Violet,

Fyi, here is the updated EOA that we plan to bring to Council.

We will be discussing the changes with Planning Commission tonight to confirm whether they want additional deliberation about the modifications. Seeing as they said nothing about the original we suspect it to move through without comment but you never know.

Best,  
*Dan Zinder*  
503.759.0226

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**From:** Brendan Buckley <[bwb@johnsoneconomics.com](mailto:bwb@johnsoneconomics.com)>  
**Sent:** Friday, January 3, 2025 3:44 PM  
**To:** Dan Zinder <[dzinder@cityofmolalla.com](mailto:dzinder@cityofmolalla.com)>  
**Subject:** RE: Molalla EOA - Quick Call Request

Hi Dan,

I have attached a new draft with more specific forecast of specific site need. Here is what is new:

- New section starting with the bullets on Page 43 and going through Page 47.
- You will see that I have added some points about data centers and noted that the City could use a site for such a development. That site would be between 50 and 100 acres. Because we are adding this discussion now, this need is not included in the employment projects or industrial site need that we had before. That analysis remains the same. The need for a large site for a data center is raised here under site needs.
- I have also added an Appendix A to the end of the PDF version. This is a matrix that comes from the state that we have included in EOAs before that gives a summary of what different industries are looking for. We worked with Mackenzie on this project when it was first developed, so we still use it because it is detailed and it is still current enough to not reinvent the wheel.
- The BLI doc is attached the PDF as appendix B.

Please review and we can discuss on Monday prior to the PC meeting.

Thanks,  
Brendan

Brendan Buckley  
Senior Project Manager  
Johnson Economics  
[bwb@johnsoneconomics.com](mailto:bwb@johnsoneconomics.com)  
503-295-7832 Ext. 2

621 SW Alder Street  
Suite 605  
Portland, OR 97205

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**From:** Dan Zinder <[dzinder@cityofmolalla.com](mailto:dzinder@cityofmolalla.com)>  
**Sent:** Tuesday, December 17, 2024 11:06 AM  
**To:** Brendan Buckley <[bwb@johnsoneconomics.com](mailto:bwb@johnsoneconomics.com)>  
**Subject:** Molalla EOA - Quick Call Request

Hi Brendan – are you around this afternoon or tomorrow? It would be helpful to have a quick call to discuss the way forward towards adoption. On my monthly call with Kelly Reid we discussed the remaining piece for the EOA document (tying target industries to land needs and then re-extrapolating the land need) and how we'll present that to the Council and PC and that's the main focus for the discussion.

Best,

**Dan Zinder**

*Senior Planner, City of Molalla*  
117 N Molalla Ave | PO Box 248  
Direct: 503.759.0226 | Office: 503.829.6855

Eric Fruits, Ph.D.  
President & Chief Economist

November 24, 2024

Wendie L. Kellington  
Attorney at Law  
P.O. Box 2209  
Lake Oswego, OR 97035

RE: Molalla code amendment regarding fueling stations in downtown core

Dear Ms. Kellington:

I understand that Center Market is working with Carson Oil and wishes to establish four motor fuel dispensers and eight fueling positions at the Center Market in Downtown Molalla. Center Market and Carson Oil request that the City of Molalla pass a code amendment to allow fueling stations in the city's downtown core.

The proposed addition of fueling positions in Center Market represents an opportunity to better serve the residents of Molalla and boost local economic development in a manner that is entirely consistent with the city's goal for commercial zoning to provide "a mix of commercial services, retail, and civic uses" and "provide for the full range of commercial land uses."

I am president and chief economist at Economics International Corp., a consulting firm specializing in providing economics services to private and public sector clients. I am also an adjunct professor at Portland State University, where I have taught courses in economics and real estate finance. I have been the editor of a quarterly real estate journal published by PSU and served as a peer reviewer for *Land Economics*, a top-tier specialty academic journal. My research on the effects of natural gas pipelines and residential property values was published in the *Journal of Real Estate Research*.

I have been engaged in numerous matters involving the retail motor fuel market, including a State of California inquiry into retail gasoline "price spikes," several mergers involving retail motor fuel operations, and several private lawsuits alleging anticompetitive behavior in retail gasoline markets.

The City of Molalla is located in the western portion of Clackamas County and is home to approximately 10,335 people, comprising about 2.4% of the county's population.<sup>1</sup> The city has grown by an estimated 2,225 residents since 2010, at an estimated growth of 1.9% per year.<sup>2</sup> Molalla lies outside the Portland Metro Service District, roughly 15 miles south of Oregon City and 13 miles east of Interstate 5.

Molalla's commercial district is concentrated around the confluence of Molalla Avenue and OR 211.<sup>3</sup> OR 211 runs east-west through the heart of Molalla's commercial district and is commonly referred to as Main Street due to its character of abutting businesses and attractions.<sup>4</sup> Center Market is within the business district and about one-quarter mile from the center at 501 E. Main St. (OR 211). Nearly all Molalla's restaurants are within one-half mile of Center Market (Figure 1).

The market's central location to restaurants, shops, and other businesses indicates that the addition of fueling positions will boost traffic to these businesses in several ways:

- Enabling "trip chaining" where people combine multiple stops, such as commuting home where a resident would go from work to the fuel station, then a restaurant, then home.
- Time budget effects in which customers who save time by avoiding going out of their way to buy fuel use the saved time to shop or eat out. For example, a resident who saves time by fueling at a more convenient location could use the saved time to buy a coffee in town to drink on their commute to work.

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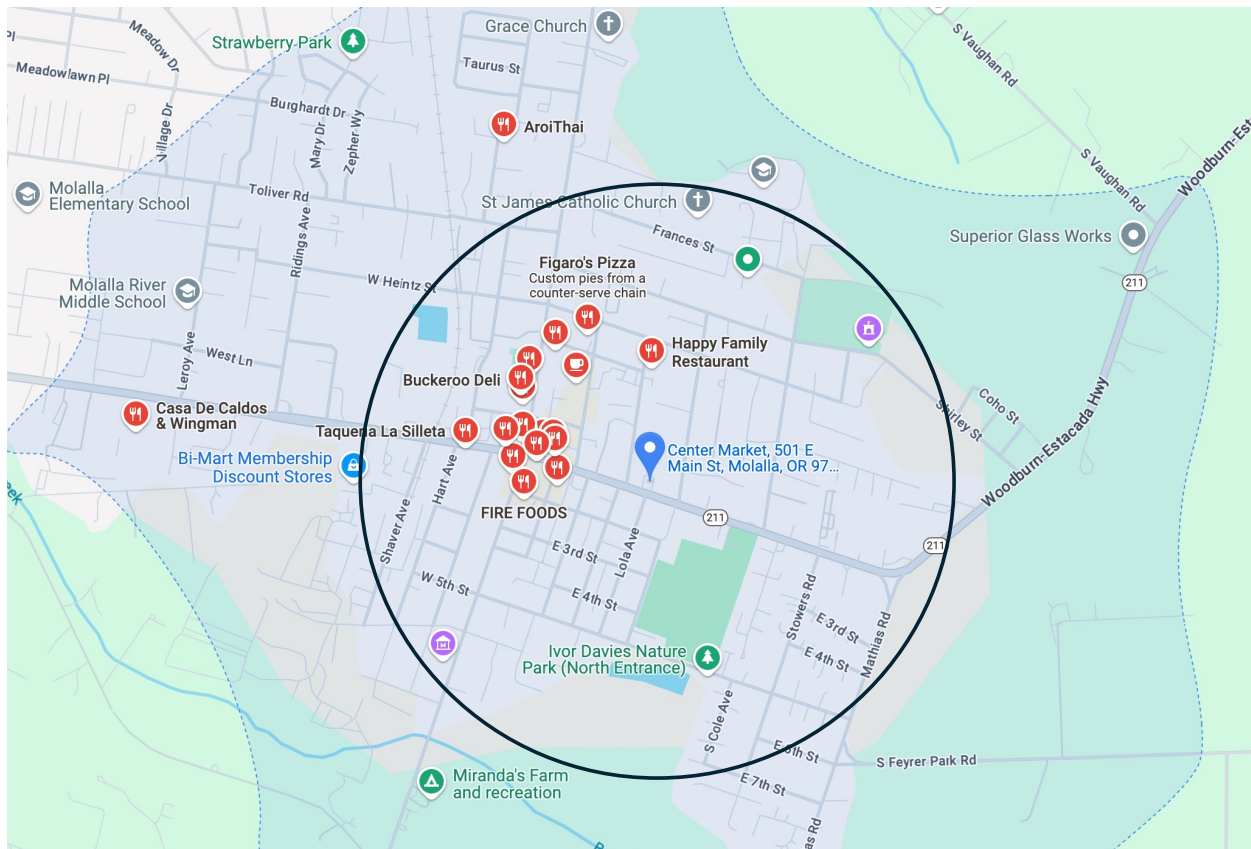
<sup>1</sup> City of Molalla, Oregon Economic Opportunities Analysis (June 2024).

<sup>2</sup> *Id.*

<sup>3</sup> City of Molalla Transportation System Plan, Volume 1: Transportation System Plan (Sep. 26, 2018), [https://www.cityofmolalla.com/sites/default/files/fileattachments/planning/page/3760/city\\_of\\_molalla\\_tsp\\_2018-09-26.pdf](https://www.cityofmolalla.com/sites/default/files/fileattachments/planning/page/3760/city_of_molalla_tsp_2018-09-26.pdf).

<sup>4</sup> *Id.*

**Figure 1: Restaurants within a 0.5-mile radius of Center Market**



Source: Google Maps

Vehicular traffic to and from Molalla is commonly along OR 213 and OR 211. OR 213 travels north-south along the western edge of the city limits, whereas OR 211 travels east-west through the heart of the downtown commercial area, serving as the city’s “main street.”<sup>5</sup> Oregon Department of Transportation data indicates that Main Street is associated with approximately 6,100 average annual daily trips (Figure 2).<sup>6</sup> The Main St. and Molalla Ave. intersection has an AM peak hour travel count of 858 vehicles and a PM peak of 1,316 vehicles.<sup>7</sup> Allowing fueling stations in downtown Molalla could relieve traffic congestion due to the Chevron and Safeway fueling stations on the city’s

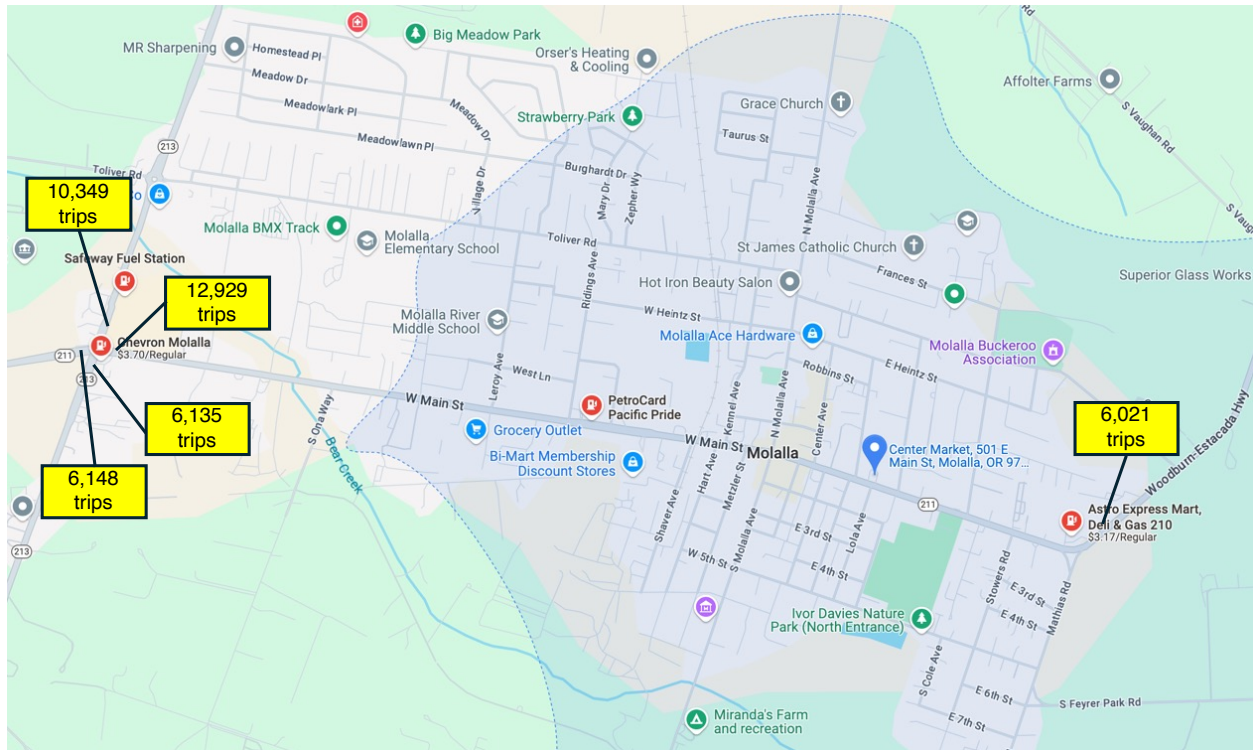
<sup>5</sup> *Id.*

<sup>6</sup> Oregon Department of Transportation, Traffic Flow Map 2022 (Sep. 2023), [https://www.oregon.gov/odot/Data/Documents/Flow\\_Map\\_Enlargements\\_2022.pdf](https://www.oregon.gov/odot/Data/Documents/Flow_Map_Enlargements_2022.pdf).

<sup>7</sup> City of Molalla Planning Commission Meeting Agenda, Item 6.A. SUB01-2024 – Proposed Industrial Subdivision on West Main Street (Zinder) (Nov. 6, 2024), <https://mccmeetings.blob.core.us-govcloudapi.net/molalla-pubu/MEET-Packet-5d9cffa021db47a6aaff0dbc181ca5f8.pdf#page=159.11>.

western outskirts. For example, adding fueling pumps at Center Market would be associated with approximately 20 net new trips during peak hours.<sup>8</sup>

**Figure 2: Molalla traffic flow, annual average daily traffic**



Source: Oregon Dept. of Transportation; Google Maps

Further, the City's Comprehensive Plan emphasizes the importance of revitalizing the Central Business District and encouraging and identifying new businesses to enhance the district. The city plan also establishes that the city aspires to be a recreation community as the city's location serves as the gateway to the Molalla River Corridor and other recreational destinations.

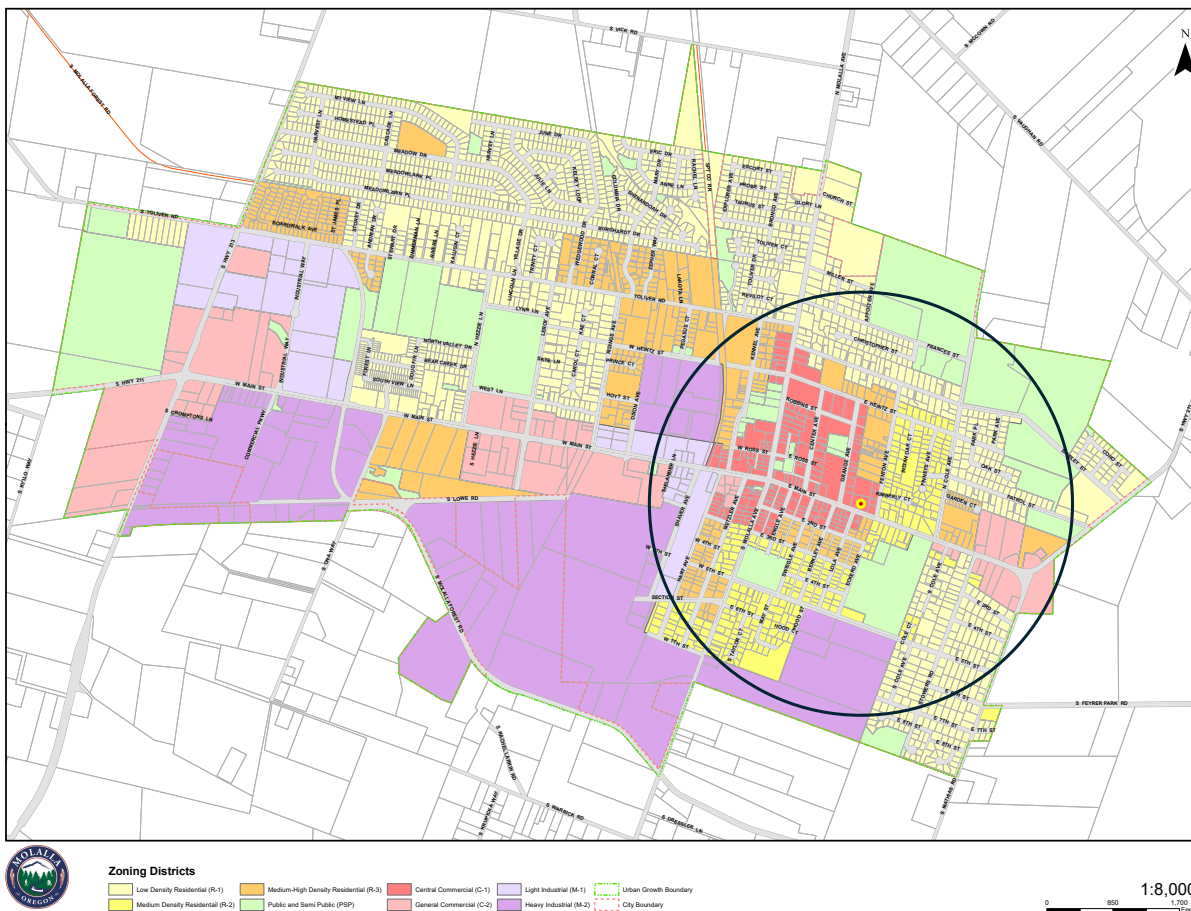
A fueling station in the downtown core can be a powerful catalyst for economic growth. When drivers stop for fuel, they often explore nearby businesses, creating natural foot traffic for restaurants and shops. This convenience attracts both locals and tourists, helping establish downtown as a vibrant destination. By allowing filling stations in the central business district, the city can strengthen its identity as a recreation-friendly

<sup>8</sup> Based on a convenience store with a gross floor area of 4,200 square feet and eight fueling positions. See, State of Wisconsin, Convenience Store/Gas Station Trip Generation Study (Sep. 26, 2022), <https://wisconsin.gov/dtsdManuals/traffic-ops/programs/analysis/tripgenstudy-gas.pdf>.



community while supporting revitalizing its downtown core by attracting and retaining businesses to serve tourists and residents.

**Figure 3: Molalla zoning districts within 0.5-mile radius of Center Market**



Source: City of Molalla

The city's Economic Opportunities Analysis notes in the City of Molalla:<sup>9</sup>

- Approximately 2,100 people commute into the city for work;
- Approximately 4,300 people commute out of the city for work; and
- Approximately 520 residents both live and work in the city; thus
- Nearly 90% of working Molalla residents commute elsewhere for employment.

<sup>9</sup> EOA, *supra* note 1.

Consistent with its location in the downtown core, the Center Market site is zoned Central Commercial (C-1). All of the city's sites zoned for Medium Density Residential (R-2) and about one-third of the sites zoned Medium-High Density Residential (R-3) are within one-half mile of Center Market (Figure 3).<sup>10</sup> Not only would fueling facilities at Center Market boost local business, but it would also benefit many households, as the location would be much more convenient for residents—especially those who live and work in Molalla—than existing options.

Molalla City Code § 17-2.1.020.B states (emphasis added):

Commercial Districts (C-1 and C-2). Commercial zoning districts accommodate *a mix of commercial services, retail*, and civic uses, with existing residences permitted to continue, and some new residential uses permitted. Two commercial zoning districts, one for the central commercial/traditional downtown area (C-1, Central Commercial) and one for the general commercial (C-2, General Commercial) area, provide for the *full range of commercial land uses* within the City. The zoning district regulations are intended to promote the orderly development and improvement of walkable commercial areas; facilitate compatibility between dissimilar land uses; *provide employment opportunities in proximity, and with direct connections, to housing*; and to ensure efficient use of land and public facilities.

Motor fueling must be part of the “mix” of commercial and retail uses. The ability to conveniently fuel a vehicle is crucial to enabling employment, fostering local business, and providing residents access to jobs, services, and shopping.

Molalla is a growing city with growing demands. One of those demands is for fueling motor vehicles. While it can be argued that an increase in electric vehicle (EV) usage would render motor fuel unnecessary, Molalla is in the same position as many suburban and exurban areas. Because 90% of working Molalla residents commute elsewhere for employment, the longer commutes introduce “range anxiety” in that an EV may not have sufficient range for longer commutes. Thus, the timing of EV adoption is less certain and will be more drawn out in cities like Molalla than in more urban areas such as Portland. Moreover, a traditional gas station can include EV positions which, if the grid is available to do so, can further incent tourists and local customers alike to stop, refuel, and shop or eat.

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<sup>10</sup> City of Molalla, Zoning Districts (July 2023), [https://www.cityofmolalla.com/sites/default/files/fileattachments/community\\_development/page/1605/20230710\\_-\\_comp\\_plan\\_zoning.pdf](https://www.cityofmolalla.com/sites/default/files/fileattachments/community_development/page/1605/20230710_-_comp_plan_zoning.pdf).

Wendie Kellington re: Molalla Planning Commission

Page 7

Please do not hesitate to contact us with comments or questions regarding our findings and conclusions in this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Eric Fruits". The signature is stylized and cursive, with a prominent "E" and "F".

Eric Fruits, President  
Economics International Corp.



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: ORDINANCES AND RESOLUTIONS

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**Agenda Date:** Wednesday, January 22, 2025

**Submitted by:** Christie Teets, City Recorder

**Approved by:** Dan Huff, City Manager

**SUBJECT:** Ordinance No. 2025-01: Updating MMC Chapter 2.17 Community Program Committee Term Limits (Page 430)

**RECOMMENDATION/RECOMMENDED MOTION:**

Adopt Ordinance No. 2025-01

**BACKGROUND:**

Under recent review of Boards and Commissions terms, it was noted by staff that a term time/limit is not defined for Community Program Committees. This item was discussed at the December 11, 2024 City Council meeting and a consensus of two-year terms was made. This ordinance would amend the language of Chapter 2.17.

**ATTACHMENTS:**

[Ord. No. 2025-01 Amending CPC Language.docx](#)



ORDINANCE NO. 2025-01

AN ORDINANCE OF THE CITY OF MOLALLA, OREGON.  
AMENDING LANGUAGE IN CHAPTER 2.17, COMMUNITY  
PROGRAM COMMITTEES IN THE MOLALLA MUNICIPAL CODE

WHEREAS, In 2019 the Molalla City Council established Community Program Committees to include, but not limit art and culture, economic development, visual design, community livability and such other endeavors promoting and enhancing as may be designated by Council; and

WHEREAS, All Community Program Committees shall function under the direction of policy established by the City Council; and

WHEREAS, it has been acknowledged that MMC, Chapter 2.17 lacks term language.

Now, Therefore, the City of Molalla ordains that:

Section 1. Molalla Municipal Code, Chapter 2.17.010 (A.) shall be updated to include the following:

All Community Program Committees shall function under the direction of policy established by the City Council and may have one City Councilor as a voting member. A Councilor may also be assigned as a liaison. Each Community Program Committee shall consist of five members appointed by the City Council. **Term limits for Community Program Committee members shall be two-years.**

Section 2: Effective Date. This Ordinance shall take effect 30 days after enactment.

The First Reading was held on January 22, 2025, and moved to a Second Reading by \_\_\_\_\_ vote of the City Council.

The Second Reading was held on \_\_\_\_\_ and adopted by the City Council on \_\_\_\_\_.

Signed this \_\_\_\_ day of \_\_\_\_\_ 2025.

\_\_\_\_\_  
Scott Keyser, Mayor

ATTEST:

\_\_\_\_\_  
Christie Teets, CMC  
City Recorder



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: ORDINANCES AND RESOLUTIONS

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Scott Keyser, Mayor

ATTEST:

\_\_\_\_\_  
Christie Teets, CMC  
City Recorder



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: GENERAL BUSINESS

---

**Agenda Date: Wednesday, January 22, 2025**

**Submitted by: Mac Corthell, Assistant City Manager**

**Approved by: Dan Huff, City Manager**

**SUBJECT:** Section Street Tree Removal (Corthell) (Page 432)

**FISCAL IMPACT:** Approximately \$6.5k vs Approximately \$90k - \$150k

**RECOMMENDATION/RECOMMENDED MOTION:**

Staff recommends tree removal to facilitate lowest possible cost, mitigation of costs to owners for future development, and improved environment for vehicle, bicycle, and pedestrian safety.

No action = Tree Removal. All other options require vote of the Council.

**BACKGROUND:**

Many older sections of town have significant Right of Way (ROW) issues. These manifest as improper incursion into City ROW, improper outfitting of infrastructure within or around the ROW, incomplete ROW dedications that are being used as ROW, and so on.

These sorts of issues play a big role in confusing citizens as to what they own and do not own, how to go about development or improvement of their property, what their responsibilities/protections are within the purported ROW, and tend to drive up costs.

**What?**

In short, the power poles on the north side of Section St. are set to be moved north approximately 2-3 feet to the edge of the City ROW in conjunction with the completion of the Section St repaving project. The pole at the south ADA ramp on Section St and S Molalla Ave is set to move approximately 6 feet south.

**Why?**

Pole #1 (see attachment): Is in a dangerous location for vehicles, especially given the nature of the road as a truck route. The danger to vehicles compounds as danger to pedestrians given that the hazard is nearly in an ADA sidewalk ramp. Also, the current powerline configuration crossing the street does not meet current standards and would not be allowed by PGE today, thus PGE will require this pole to move at the time of development of the vacant lot 1 property west of the intersection on the north side of the road and the cost will all be borne by the property owner.

Pole #2 (see attachment): Will move 2- 3 feet north to facilitate line tension for the other poles on Section St. moving north to the back of the ROW. This too will be on PGE's dime if it is done as part of this project and stays overhead, this is in accordance with the franchise agreement. Alternatively, no action will eventually place the cost burden on the property owner mentioned in Pole #1 above.

Pole #3 (see attachment): Will move 2- 3 feet north to the back of the ROW thus mitigating cost for future development and providing the safest possible roadway in terms of power pole location.

Finally, there are a few financial considerations that are played out in the three possible scenarios below:



1. Due to the pole movement being based on a City project, our franchise agreement designates PGE as the financially liable party to move the poles, so long as the lines remain overhead. Thus the cost to the City would be approximately \$6,500 for tree removal, and the rest of the work is on PGE.

**Summary: Tree down, power moved, City pays tree removal cost, PGE pays cost to move poles.**

2. If this is not completed with this public project, whoever builds their home on the vacant land next to the poles will have to pay PGE to move them, and to cut the tree, so one neighbor would need to pay the \$6,500 for tree removal, and about \$20k per pole, all things being equal.

**Summary: Tree down, power moved, Molalla resident pays all costs.**

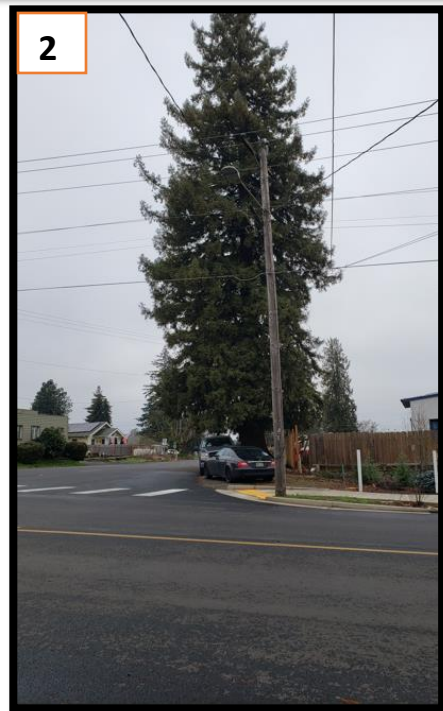
3. The alternative to tree removal is undergrounding power. Our franchise agreement designates the City as the financially liable party in this case of transitioning from overhead to underground in the public ROW. The projected costs associated with undergrounding are approximately \$75,000 for a small run.

**Summary: Tree up, power underground, City pays approximately \$90k-\$150k for undergrounding, or developing property owner pays the cost to underground at time of development.**

**ATTACHMENTS:**

[Section Street Photos](#)

## Section St Tree/Power Pole Photographs





## CITY OF MOLALLA

### Staff Report

#### Agenda Category: GENERAL BUSINESS

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**Agenda Date: Wednesday, January 22, 2025**

**Submitted by: Christie Teets, City Recorder**

**Approved by: Dan Huff, City Manager**

**SUBJECT:** Council Goals Created for 2025 - Draft Document (Huff) (Page 435)

**BACKGROUND:**

City Council and staff met on Saturday, January 11, 2025 for a day-long Strategic Planning Work Session.

The attached document is a draft for Council review prior to adoption of 2025 Goals.

**ATTACHMENTS:**

[Council Goals Created for 2025 - DRAFT](#)



COUNCIL GOALS CREATED FOR 2025

FOCUS AREA 1

A resilient community that passionately recognizes and builds on its history, culture, and location.

- ~~Promote Diversity and Inclusion Opportunities~~
- ~~Update Parks Master Plan~~
- Park Naming Policy
- Update Molalla Area Vision & Action Plan 2020-2030
- Promote Micro-Business Industry
- Increase PCI for Molalla Streets
- City of Molalla Charter Update

FOCUS AREA 2

A welcoming, friendly, and vibrant community, an attractive hometown feel that is safe, hospitable, and inclusive of all residents, businesses, and visitors.

- ~~Update Parks Master Plan~~
- Traffic Unit
- Update Molalla Area Vision & Action Plan 2020-2030
- Promote Micro-Business Industry
- Increase PCI for Molalla Streets
- City of Molalla Charter Update

### FOCUS AREA 3

An economically sound and growing community which is evident in the diversity of businesses, partnerships, education, innovation, and the strong work ethic of its people.

- New Library Facility
- Civic Education – Town Hall Sessions
  - Emergency Preparedness (Police, Fire, CERT)
  - Budget 101
  - Youth Engagement
  - City Responsibilities (water, sewer, roads)
- ~~Industrial/Business Park~~
- Identify Target Industries
- Establish Truck Route (Continue Investigation of Molalla Forest Road as viable Truck Route option)
- Citizen Academy
- Update Molalla Area Vision & Action Plan 2020-2030
- Promote Micro-Business Industry
- Increase PCI for Molalla Streets
- City of Molalla Charter Update
- Review 5-year Capital Improvement Plan
  - Re-evaluate SDC's

### FOCUS AREA 4

A full-service hub of resources.

- ~~Update Emergency Management Plan~~
- New Library Facility
- ~~CONNECT~~
- Promote Volunteer Opportunities
- Encourage MOLALLA CURRENT & Text-Alert Use
- Update Molalla Area Vision & Action Plan 2020-2030
- City of Molalla Charter Update

## FOCUS AREA 5

A beautiful tranquil area where people are deeply connected to its natural features.

- Incorporate Art with new Police Facility
- Finalize Mural Code
- Update Molalla Area Vision & Action Plan 2020-2030
- City of Molalla Charter Update

### KEY:

Items removed

Items to carry over

Items added

PCI – Pavement Condition Index

DRAFT



## CITY OF MOLALLA

### Staff Report

**Agenda Category: GENERAL BUSINESS**

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**Agenda Date: Wednesday, January 22, 2025**

**Submitted by: Dan Huff, City Manager**

**Approved by: Dan Huff, City Manager**

**SUBJECT:** Joint Values and Outcomes for the 2025 State Legislative Transportation Package (Huff) (Page 439)

**ATTACHMENTS:**

[2024 Communities of Clackamas Values and Outcomes.pdf](#)

**Joint Values and Outcomes  
for the 2025 State Legislative Transportation Package  
by the Communities of Clackamas County**

Approved on August 1, 2024

The jurisdictions named here support a seamless, functional transportation system that prioritizes safety and the reliable movement of people and goods.

We acknowledge that without adequate transportation funding to address maintenance and capital projects in our communities, our collective transportation system will continue to struggle, maintenance projects will become capital projects, and our transportation systems will fail to meet public expectations and uses. As the state legislature considers funding solutions to address state and local needs, the values and outcomes named here will be the foundation of our advocacy.

**These values are not an endorsement of any collective or particular funding proposal.**

**To ensure an equitable, balanced, and seamless system for all, a transportation package should...**

- Develop in collaboration with local voices and jurisdictions
- Protect and retain the 50/30/20 revenue formula from the State Highway Fund
- Secure operations and maintenance funding for state and local partners
- Increase safety for all travel modes and reduce diversion from highways onto local roads

**To ensure maximum and efficient utilization of public dollars, a transportation package should...**

- Provide local jurisdictions with the resources to implement state requirements
- Build trust through budget transparency, implement cost saving measures, and limit administrative costs
- Maximize our opportunity to leverage federal funds for local and state projects of significance
- Secure varied revenue sources to diversify funding tools for local and state agencies

**To advance projects that build public trust and accountability, a transportation package should...**

- Finish what was promised in HB 2017 and HB 3055, including the I-205 widening and bridge improvements between Stafford Rd and Abernethy Bridge.
- Formulate a list of additional, high-priority projects for future funding, such as Sunrise Corridor and other investments addressing growth in urban, suburban, and rural communities

**To provide accessibility and funding to multimodal facilities and services, a transportation package should...**

- Complete gaps in transit service, sidewalks, and bike lanes
- Improve transit operations, including regional coordination and equitable access to transit
- Invest in transit and paratransit so that it is a convenient, reliable, and safe travel option
- Provide sustainable long-term funding for first- and last-mile transit solutions
- Consider investments that improve safety for commuters reliant on bicycles, scooters, and other non-traditional transportation options

**To support housing production and economic opportunities, a transportation package should...**

- Accelerate transportation networks supporting developing areas
- Improve the operations of regional freight routes, bridges and arterials
- Improve safety and reduce congestion on roads that connect urban and rural communities



Supporting Logos for the Clackamas Joint Values and Outcomes

