



## AGENDA

### MOLALLA CITY COUNCIL MEETING

October 25, 2017

7:00 PM

Molalla Adult Center

315 Kennel Ave, Molalla, OR 97038

*Mayor Jimmy Thompson*

*Council President Elizabeth Klein  
Councilor Leota Childress  
Councilor DeLise Palumbo*

*Councilor Glen Boreth  
Councilor Cindy Dragowsky  
Councilor Keith Swigart*

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#### 7:00 PM - REGULAR SESSION OF CITY COUNCIL MEETING

##### 1. **CALL TO ORDER**

- A. Convene Regular Meeting and Roll Call
- B. Pledge of Allegiance

##### 2. **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 dialog 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.)*

##### 3. **ADOPTION OF THE AGENDA**

##### 4. **DISCUSSION ITEMS**

- A. Street Utility – Next Steps
- B. System Development Charges – Payment Installment Plan
- C. Planning for Goal Setting Retreat
- D. Council Policies

##### 5. **REPORTS AND ANNOUNCEMENTS**

- A. City Manager and Staff
- B. City Councilors
- C. Mayor

##### 6. **EXECUTIVE SESSION**

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

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

(h): To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

##### 7. **ADJOURN**

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*Agenda posted at City Hall, Senior Center, 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.*



Administration – City Manager’s Office  
117 N Molalla Avenue, PO Box 248, Molalla, Oregon 97038  
Phone: (503) 829-6855 Fax: (503) 829-3676

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DATE: October 25, 2017  
TO: Mayor and Council  
FROM: City Manager  
SUBJECT: **Council Discussion Items**

The following items are presented on the Agenda for Council discussion:

**Street Utility – Next Steps** – Council held a Town Hall meeting on September 20, 2017 for the purpose of making a street condition presentation and identify options regarding funding. The Town Hall was attended by approximately 20 people with varying opinions regarding the amount that a utility should charge. Interestingly, there seemed to be consensus that a fee should be charged and at the higher rate. Council may want to discuss “next steps” and possible dates for Town Hall meetings and Council decisions.

**SDC Deferred Payments** – Included with the Agenda is a copy of Molalla Municipal Code Section 13.14.095 Deferred and Installment Payments regarding SDC’s. We have also attached a copy of Clackamas County’s code language regarding deferred payments as a comparison. This is a discussion item and Council would need to provide consensus direction to Staff regarding this matter.

**Goal Setting** – We have a Communication Session scheduled for October 31<sup>st</sup> (you can wear your costume) and Goal Setting scheduled for November 4<sup>th</sup>. I wanted to encourage a discussion regarding end products that each of you would like to see as an outcome of these discussions.

**Council Policies** – We believe it is also a good time to begin discussing Council and or City Policies. Current policies may need to be updated and there may be a need to adopt new policies. We included policies in your Draft Handbook if you would like to bring your handbooks to the meeting. If not we will have copies for you at the meeting.

  
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Dan Huff  
City manager

<b>Molalla Municipal Code</b>							
<a href="#">Up</a>	<a href="#">Previous</a>	<a href="#">Next</a>	<a href="#">Main</a>		<a href="#">Search</a>	<a href="#">Print</a>	<a href="#">No Frames</a>

[Title 13 PUBLIC SERVICES](#)

[Chapter 13.14 SYSTEMS DEVELOPMENT CHARGES](#)

### **13.14.095 Deferred and installment payments.**

A. System development charges are immediately due and payable and shall be collected as provided in Section [13.14.090](#), unless deferred or installment payments are authorized in accordance with this section.

B. When the total of City system development charges due is less than \$10,000.00, the City Manager may approve deferred payments of system development charges for up to one year. Interest on the balance shall accrue at a rate equal to nine percent per annum. The City will not issue an occupancy permit for the property until the developer executes an approved payment agreement with the City.

C. When the total of City system development charges due is equal to or exceeds \$10,000.00, the City Manager may approve an agreement with the developer under which the developer will make installment payments equal to not less than one fifth of the original SDC assessment, on an annual basis, for a period not to exceed two years. Interest on the balance shall accrue at a rate equal to nine percent per annum. The City will not issue an occupancy permit for the property until the developer executes an approved installment payment agreement with the City.

D. If the developer elects to defer payment of system development charges or to pay the system development charges in installments, the developer or a principle of the developer shall execute a promissory note in favor of the City in an amount equal to not less than the outstanding balance of unpaid charges on the date the note is executed.

E. In the event a developer elects to defer payment of system development charges or to pay the system development charges in installments, the City shall cause a lien to be placed upon the property in an amount equal to the balance owed, including interest, until payment has been received in full. Alternatively, the developer may provide the City with an irrevocable stand-by letter of credit in favor of the City in an amount equal to the unpaid balance of system development charges. The City shall release the lien or letter of credit upon full payment of all system development charges owed.

F. Failure to pay the system development charges within 60 days of the due date shall result in a penalty equal to 10% of the outstanding balance. Interest on the balance shall accrue from the 61st day following the due date at the rate of nine percent per annum.

G. In addition to any other remedy provided in law or equity, when system development charges are delinquent, the City may:

1. Refuse to issue development permits to the delinquent party;
2. Refuse to issue development permits for the subject property;
3. Refuse to honor any system development charge credits held by the delinquent party for any development;
4. Condition any development approval requested by the delinquent party on payment in full of the unpaid system development charges, including penalties and interest;
5. Remove any previous system development charges due, including penalties and interest, from any offset account held by the City for the delinquent party, in which case the system development charges shall immediately be due, and refuse to issue any new deferrals;

6. Withdraw the amount of system development charges due, including penalties and interest, from any offset account held by the City for the delinquent party.

H. For purposes of this section, the terms “developer” and “delinquent party” include a person controlling a delinquent corporate permittee and any corporation controlled by a delinquent individual permittee.

I. Only one deferral or installment payment agreement between the City and a developer shall be in effect at any time. Upon payment of SDCs owed and termination of a deferral or installment agreement, a new agreement may be sought. (Ord. 2011-02 §1; Ord. 2010-06; Ord. 2008-22)

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View the [mobile version](#).

1. If the proposed development includes more than one parcel of land and/or more than one structure, the Mixed-Use Development and/or Station Area reductions shall be authorized as part of a development approval outlining the final build-out of the master plan development area. The applicable reduction shall be memorialized in a Development Agreement and recorded as a right-to-lien against each parcel included within the approved development area, allowing for renewal on active development projects.
  - a. If a development avails itself of the Mixed-Use Development and/or Station Area reductions and does not construct the development within the term of the Development Agreement, the County will capture any unwarranted reduction provided by the Department at the time of permitting any built structures based on the original conceptual plan that the final built development does not warrant, by:
    - i. The Developer will have an opportunity to pay the TSDC reductions that were attributed to a built structure within the Mixed-Use Development and/or Station Area; or
    - ii. The County can collect the TSDC reductions that were attributed to a built structure within the Mixed-Use Development and/or Station Area by filing a lien against the benefitting parcels.
- H. Notwithstanding any other provision, the Rate Schedule adopted pursuant to 11.03.030(C) shall, annually, be adjusted to account for changes in the costs of acquiring and constructing transportation facilities, based on the change in CONSTRUCTION COST INDEX.

The CONSTRUCTION COST INDEX shall be used to adjust the TSDC Rate Schedule each fiscal year, unless it is otherwise adjusted by the Board based on adoption of an updated Methodology or TSDC Capital Project list.

#### **11.03.040 Collection**

- A. The TSDC is due and payable at the time of issuance of the DEVELOPMENT PERMIT. The DEVELOPMENT PERMIT shall not be issued, except as provided in Subsection C or D of this Section, until payment is made. The TSDC Rate Schedule in effect at the time that a complete DEVELOPMENT PERMIT submittal is received by the County will be applied to that permit. That TSDC rate applied is effective for 180-days from the date the land use approval is given or the DEVELOPMENT PERMIT is submitted to the Building Department, whichever comes last. At the expiration of the 180-day period, if the permit is not yet issued, any adjustments applied under Section 11.03.030(H) can be applied to the permit.

- B. Notwithstanding Section 11.03.030(A), the following are exempt from the TSDC:
1. Alteration permits for tenant improvements, new construction or remodeling where:
    - a. no additional dwelling unit(s) or structure(s) are created
    - b. a change of use, building addition, or other modification does not result in an increase in Average Weekday Trips as determined in the manner set forth in a Methodology adopted pursuant to Section 11.03.010(E), or as provided in Section 11.03.030(D) or 11.03.030(E), whichever is applicable.
  2. Relocation of any structure originally located on property that the County acquire in-fee as a part of a capital transportation project that results in a building encroachment over public right-of-way or easements, when the remaining remnant will not be redevelopable, such that the structure is relocated to another parcel within the same system development charge district. Except to the extent such relocation creates additional dwelling units and/or additional Average Weekday Trips as determined in the manner set forth in a Methodology adopted pursuant to Section 11.03.010(E), or as provided in Section 11.03.030(D) or 11.03.030(E), whichever is applicable.
  3. Replacement of any structure located on excess property that the County acquires in-fee as a part of a capital transportation project that can be marketed, or available for occupancy, except to the extent such remodeling or replacement creates additional dwelling units and/or additional Average Weekday Trips as determined in the manner set forth in a Methodology adopted pursuant to Section 11.03.010(E), or as provided in Section 11.03.030(D) or 11.03.030(E), whichever is applicable:
    - a. The agency has been provided a reasonable period of time to meet public notification requirements for sale or other disposition (i.e., public auction); and
    - b. Upon completion of the project, after access has been restored and/or recorded whichever is the later, such that the property has legal ingress/egress for development or occupancy purposes.

- C. Payment of the TSDC by a person who is also eligible for a credit voucher for construction of a Qualified Public Improvement may be delayed until a date certain to be set by the Department at the time of DEVELOPMENT PERMIT issuance.

Payment may only be delayed for the same development which is associated with the construction of the capital improvement for which credit is given, and the permittee shall provide the Department with security to secure payment of the TSDC. The amount of security shall equal the Transportation System Development Charge assessment for the development as calculated by the Department, and must be in a form outlined in Subsection (1),(2) or (3) below, or an alternative method approved by County Counsel.

A permittee eligible for delay of payment of the TSDC pursuant to this section shall secure payment of the assessment, prior to issuance of the Development or Building Permit, by any of the following:

1. Placing cash in the amount of the assessment in an escrow account accessible by the County. Permittee shall reconcile any remaining balance after applying the credit voucher to the outstanding balance, or revenue in the escrow account shall be withdrawn to cover the balance. Once the balance is reconciled any remaining revenue in the escrow account shall be released, but not later than 180-days after the issuance of the credit voucher against the improvement pursuant to Section 11.03.050.
  2. Issuing a letter of credit in the amount of the assessment which is accessible by the County. Permittee shall reconcile any remaining balance after applying the credit voucher to the outstanding balance, or the County shall send a demand to draw down on the letter of credit to cover the balance. Once the balance is reconciled any remaining balance on the letter of credit shall be released, but not later than 180-days after the issuance of the credit voucher against the improvement pursuant to Section 11.03.050.
  3. The permittee can apply for delay of payment of the TSDC assessment pursuant to ordinance Section 11.03.040(D). The administrative fee and interest will be waived for a deferral under section 11.03.040(C)(2) until the credit voucher is issued. Once the credit voucher is issued, the permittee can apply all (or a portion of) the credit voucher toward the principal and interest balance on the account, or continue making installment payments in accordance with the payment plan throughout the duration of the loan. If the installment plan is continued, the applicant would pay an administrative fee and interest would begin accruing on the principal balance as of the date of credit voucher issuance.
- D. When a TSDC is due and payable, the parcel owner may apply to the County for payment in twenty (20) semiannual installments, secured by a lien on the property upon which the development is to occur, to include interest on the unpaid balance, if that payment option is required to be made available to the permittee by ORS 223.207.
1. A parcel owner may request installment payments for up to \$500,000 in TSDC assessments; any remaining balance must be paid in full prior to issuance of the DEVELOPMENT PERMIT.
  2. The County shall prepare the agreement for installment payments, which shall include a waiver of all rights to contest the validity of the lien, except for the correction of computational errors. The application fee for this option shall be set by resolution.

3. The applicable interest rate shall be determined as follows:

Principal	Interest Rate
\$0-24,999	Current prime lending rate plus 3.0 percentage points
\$25,000-\$500,000	Current prime lending rate plus 2.0 percentage points

4. An applicant requesting installment payments shall have the burden of demonstrating the authority to assent to the imposition of a lien on the property and that the interest of the permittee is adequate to secure payment of the lien. The Department Director may order the imposition of the lien as recommended by the Department.
5. Upon the Department Director, or Director's Designee, order the Department shall cause the lien to be recorded on the lien docket kept by the County Clerk. From that time the County shall have a lien upon the described parcel for the amount of the TSDC, together with interest on the unpaid balance at the rate established by the Department Director, or Director's Designee. The lien shall be enforceable in the manner provided in ORS Chapter 223, and shall be superior to all other liens pursuant to ORS 223.230. Upon satisfaction of the obligation the Department Director shall request the County Clerk to release the lien.
6. With the passage of Article XI, Section 11 B of the Oregon Constitution, progressive payment shall be taken for all unpaid debt. The Department Director, or Director's Designee, will be notified immediately by the Department of any account thirty (30) days or more past due. The Department Director shall then send a letter to the defaulting party demanding payment no later than thirty (30) days following the date of the demand letter. The demand letter shall require payment of all amounts to bring the account current including any applicable interest or other penalty and shall demand full compliance with a "time is of the essence" clause according to the type of obligation at issue. The time for payment to bring the account current shall be left to the best professional judgment of the Department Director depending upon the type of debt and amount owed but in no event shall time for payment exceed the next payment due date or any other requirements imposed by debt instruments executed by the County in favor of any third party or other agreements that may have been executed by the County.
7. If payment has not been made following the first notice, the Department Director shall refer the matter to legal counsel who shall send a second notice, detailing the prior defaults and notices thereof indicating that further action, including legal action, will be taken.



8. If, following the second notice, time for payment has expired, then legal counsel shall include the defaulting person or entity on a list entitled "Collection/Foreclosure" and consult with appropriate staff regarding the most efficient and cost effective method for collection of the debt.
9. Legal counsel shall determine if the matter will be retained for pursuit by legal counsel, or referred to a debt collection agency or other method for collection. If retained by legal counsel, a demand letter to the debtor shall be sent declaring a default, accelerating the entire balance and requiring full payment within a reasonable period of time not to exceed thirty (30) days. If no satisfactory response is forthcoming, legal counsel may extend the time limits for legal action in cases of extraordinary hardship; such determination shall be at the sole discretion of legal counsel and not subject to review by the Board.
10. Upon referral and direction by the Board, counsel may proceed with foreclosure of the assessment lien or take other legal action authorized by law which is deemed most appropriate under the circumstances.
11. If the legal counsel determines that it is most effective to use the services of a collection agency, legal counsel may solicit proposals and make a recommendation to the Board regarding selection of a firm consistent with the Clackamas County Local Contract Review Board Rules and ORS Chapter 279. Legal counsel shall be authorized to negotiate a contract regarding the amount of compensation, length of term and methods of collection, subject to final review and approval by the Board. However, the contract shall specifically provide that the collection agency shall fully comply with the Fair Debt Collection Practices Act, 15 U.S.C. 1601, et seq., and shall provide for full indemnification and protection of the County from any and all claims for unfair or unlawful debt collection practices.

### **11.03.050 Credit**

An applicant for a Development Permit, shall be entitled to a credit against the TSDC for payment of a fee-in-lieu of construction or for the construction of a Qualified Public Improvement. Calculation of any TSDC credit value will be based on the Ordinance and Methodology in place upon the County's receipt of a TSDC credit application. The applicant shall have the burden of demonstrating in its application for credit that a particular improvement qualifies for credit.

- A. The County shall provide credit for the documented, reasonable cost of construction (whether paid via fee-in-lieu of or a constructed improvement) of all or part of a Qualified Public Improvement listed in TSDC CAPITAL PROJECT LIST, adopted pursuant to 11.03.010(E), based on the following criteria:
  1. Transportation improvements located neither on nor contiguous to the property that is the subject of development approval shall be considered for credit at 100% of the cost of the qualified improvements.

City of Molalla

CITY COUNCIL POLICY NO. 2009-01  
COMPENSATION FOR CITY STAFF

The City of Molalla desires to remain competitive with comparable cities in the Willamette Valley in recruiting and retaining qualified professional staff. It is therefore a policy goal of the City of Molalla that the total compensation (wages + benefits) of city employees be adjusted to equal the average staff compensation provided by comparable cities for comparable work and qualifications, to be implemented as resources permit over the next five to seven years.

This policy adopted April 8, 2009.

City of Molalla

CITY COUNCIL POLICY No. 2009-02

FEE IN LIEU OF PARKS

Consistent with Resolution 2005-04 adopted by the Molalla City Council on Feb. 9, 2005. it is the policy of the City of Molalla that:

1. A fee that is imposed in lieu of park dedication, if less than \$5,000, shall be paid prior to the issuance of a building permit.
- 2.A. A fee that is imposed in lieu of park dedication, if equal to or greater than \$5,000, shall be paid prior to the issuance of a certificate of occupancy; or  
B. Subject to approval of the City Council, park improvements equal to 1½ times the amount of the fee, may be agreed to in writing in place of the fee, provided that:
  - a.) The value of the improvements, including materials and labor, is approved by the City Engineer;
  - b.) The improvements are completed and accepted by the City by a date certain;
  - c.) Completion of improvements is bonded or otherwise insured in the event of nonperformance by the responsible party; and
  - d.) The improvements are carried out in conformance with applicable state and local requirements.
3. The City may impose the fee or accept the improvements described in this policy pursuant to an approved land use permit or land use decision.
4. If the City, in its sole discretion, decides to accept improvements in lieu of the fee described in this policy, the City shall require the property owner or developer to enter into a development agreement with the City for the purpose of describing the terms and conditions under which the owner or developer will construct and dedicate the improvements.

This policy adopted May 27, 2009.

## City of Molalla

### CITY COUNCIL POLICY No. 2010-01 EMPLOYMENT POLICY

## RECRUITMENT AND SELECTION

### I. PURPOSE

To provide a competitive system of filling positions for the city with the individuals whose skills, abilities and qualifications best match those of the open position.

### II. SCOPE

This policy applies to recruiting and selecting employees for regular full-time and regular part-time positions except those listed in the City Charter, as it may be amended from time to time (i.e. elected positions, City manager, Municipal Judge).

### III. POLICY

When a personnel vacancy occurs, the appropriate department director, in collaboration with the city manager and city recorder, will carry out a recruitment and selection process designed to identify the most qualified individual for the position by carefully considering current employees as well as new applicants. All recruitment and selection practices and procedures shall be conducted in compliance with all applicable state and federal laws governing equal employment opportunity. Veteran preference shall be provided according to Oregon law.

The city is committed to using job-related criteria consistent with business necessity in its selection program. The city is also committed to providing reasonable accommodation to individuals with disabilities throughout the selection process and in its employment practices.

### IV. DEFINITIONS

A. Job-Related. Each qualification standard, test or other selection criterion must be a legitimate measure or qualification for the specific job it is being used for. It is not enough that it measures qualifications for a general class of jobs.

B. Consistent With Business Necessity. If a test or other selection criterion excludes an individual with a disability *because of* the disability and does not relate to the *essential functions of a job* it is not consistent with business necessity. A standard may be job-related but not justified by business necessity, because it does not concern an essential job function

C. Reasonable Accommodation. Reasonable accommodation is a modification or adjustment to a job, the work environment, or the way things usually are done that enables a qualified individual with a disability to enjoy an equal employment opportunity. An equal employment opportunity means an opportunity to attain the same level of performance or to enjoy equal benefits and privileges of employment as are available to an average similarly situated employee without a disability.

The Americans with Disabilities Act (ADA) requires that even if a qualification standard or selection criterion *is* job-related and consistent with business necessity, it may not be used to exclude an individual with a disability if this individual could satisfy the legitimate standard or selection criterion with a "reasonable accommodation."

## V. PROCEDURE

The following steps govern the recruitment and selection process:

A. Request to Recruit. When a job vacancy exists or is anticipated, the department director shall make a request to the city manager to initiate the recruitment and selection process. The request shall include a current job description listing the essential job duties and responsibilities, the essential job qualifications, established salary range, and the selection criteria. Upon approval of the city manager the city recorder shall initiate the recruitment and selection process.

### B. Job Announcement.

1. A notice announcing recruitment for an open position shall be prepared specifying the title of the job, salary range of the position, summary of the essential job duties, responsibilities and qualifications, and the application procedures. The notice shall be published in a newspaper of general circulation and posted on the city's web site. At the city's discretion, additional notices may be circulated to professional organizations and published in professional journals or posted electronically on web sites of relevant professional organizations. The application procedures shall, at a minimum, include the time and location to apply, how to make alternate arrangements if the location is inaccessible; the selection process to be used, i.e., testing, application, assessment centers, interviews, etc., as well as the closing date for accepting applications.

Reasonable accommodations will be made to enable an applicant with a disability to apply for and test for a job. All job announcements shall include this message: "We are an Equal Opportunity Employer. We do not discriminate on the basis of race, color, religion, sex, age, national origin, physical or mental disability, marital familial status, status as a Vietnam-era or special disabled veteran, or membership in any other group protected by law in accordance with applicable federal, state and local laws."

2. Job announcements will be posted for a minimum of five (5) working days. Posting locations include the personnel department, employee bulletin boards in city facilities. Vacancy announcements may also be sent to newspapers for inclusion in the "help wanted" ads, the State of Oregon Employment Division, and other agencies or organizations where there may exist qualified, interested applicants. The city shall further make job announcements accessible to people with disabilities by providing written information in various formats upon request.

C. Applications. Employment applications shall be available in City Hall and on the city's web site. Assistance in filling out an application shall be provided upon request. All individuals applying for a position shall complete an application form and any supplemental materials required by the city for certain positions, as specified. Application materials shall be considered confidential and reviewed only by the authorized personnel. The city shall make specific reasonable accommodation for both site accessibility and testing for applicants with disabilities.

The city accepts applications and/or resumes only when a vacancy exists. The city does not stockpile job applications or resumes for possible future consideration. When the city solicits

applications for a vacant position, there will be a designated cut-off date beyond which applications will not be accepted. Unless the city is currently accepting applications for a vacant position, all applications will be returned with a Response to Unsolicited Application form letter.

#### D. Selection.

1. Selection criteria shall be designed to measure each applicant's qualifications, experience and ability to perform the duties and responsibilities of the open position. When requested, specific reasonable accommodations will be made for individuals with disabilities.
2. Any combination of two or more of the following methods may be used to determine the applicant best suited for the position:
  - a) Information supplied by the applicant, on the application, in resumes, letters of recommendation and through supplemental examinations, if required;
  - b) Written, performance (i.e. typing test) and physical agility test (not a medical exam);
  - c) Individual or group oral interviews;
  - d) Assessment centers;
  - e) Information and evaluation provided by previous and current employers and references;
  - f) Personal background investigation for some positions; and
  - g) Other appropriate job-related screening techniques.

Note: Some positions may require that medical and related information be obtained through a medical entrance exam or other means to evaluate the ability of applicants to perform essential job functions, or to promote health and safety on the job. The city will not request this information until after a conditional job offer has been made, and then only when it is consistent with business necessity. All positions will require applicants to be tested for drug usage as part of the pre-employment process after a conditional job offer has been made.

E. Appointment. The department director makes the appointment to the position after consultation with the city manager. All recruitment and selection records shall be retained by the city recorder for a minimum of three (3) years from the time each applicant has been notified of his/her application status. Appointments may be made subject to the result of a medical entrance exam.

F. Multiple Use of Application and Selection Methods. When it is deemed appropriate by the city manager, selection materials including application, testing and interview results, reference, and other selection information received for one (1) vacancy may be considered for a subsequent recruitment and selection process, as long as the subsequent recruitment and selection process is in the same job classification and provided that no more than one (1) year has passed since the initial process. A list of qualified candidates for purposes of internal recruitment shall remain active for a minimum of one (1) year. All applicants shall be notified of their application status.

#### G. Temporary Appointments.

1. A temporary appointment may be required to fill a position on an immediate, short-term basis. For example, a temporary appointment may be used to fill an unexpected vacancy, to fill in for a current, regular employee out on an approved leave of absence such as disability leave or family medical leave, or to fill a special project position resulting from the availability of grant money. The department director may fill these vacancies by appointment on a

temporary basis after consultation with the city manager without following the recruitment and selection process for a period not to exceed one (1) year. Approval from the City manager for an extension is required.

2. Vacated regular positions may be filled with temporary appointments. A regular position, which is vacant because an employee is out on approved leave, may be filled by temporary appointment as long as there is a reasonable expectation that the employee will return. A new position funded by grant moneys or other outside source may be filled by temporary appointment for the duration of the funds. If such position becomes a regular full-time position with the city, however, the recruitment and selection process shall be initiated and followed. If a current and qualified applicant pool or list exists for any vacated position, the department director shall first consider making the temporary appointment from this pool or list.

H. Promotions and Transfers. The city encourages promotions and transfers from within city service and seeks to select the best-qualified individual for the position. Promotional appointments shall be made from employees within the city if the department director and city manager determine that there exist qualified and interested employees to compete through an internal selection process.

If only one qualified and interested employee is determined to exist, the employee interested in a promotional appointment may communicate his/her interests and concerns directly to his/her department director and may be considered for promotion. If the employee is selected for promotion, the position vacated by the promoted employee shall be filled using the recruitment and selection process adopted by the city.

Adopted June 9, 2010

THIS POLICY TABLED ON MAY 25, 2011 PENDING FURTHER REFINEMENT

City of Molalla

CITY COUNCIL POLICY NO. 2011-01  
CITY GRANTS AND LOANS

The City of Molalla recognizes the value of events and activities that promote community identity and involvement and attract visitors to Molalla. To that end, during the annual budgeting process, the city will create a line item from which disbursements to groups and organizations in the form of grants or loans may be made to support activities that in the Council's judgment substantially satisfy the guidelines provided in this policy.

Guidelines

1. Applicants shall submit requests using the city's grant application form.
2. Is the applicant nonprofit organization?
3. Has the applicant submitted a budget identifying sources and amounts of revenues and expenditures for the event or activity?
4. Is the amount requested by the applicant matched or exceeded by funds provided by the applicant?
5. Has the applicant previously received a grant from the city?
6. How many visitors to the city is the event or activity expected to attract?
7. How will the event or activity to be funded implement Council goals or the City's mission?

This policy adopted May 25, 2011.



City of Molalla

CITY COUNCIL POLICY No. 2011-02  
APPOINTMENTS TO BOARDS AND COMMISSIONS

Notwithstanding provisions of the City Charter relating to appointments to boards and commissions, it is the policy of the City Council that vacancies be filled through a collaborative effort. Councilors, city staff and members of boards and commissions are encouraged to recruit and recommend qualified candidates for appointment. The City shall publicize vacancies via the news media, the city's website, newsletters, announcements and other appropriate means.

This policy adopted May 25, 2011.

## Financial Policies

### Financial Goals

The City of Molalla's financial goals seek to:

- Ensure the financial integrity of the City
- Improve financial information for decision makers at all levels
- Assist policy makers as they contemplate decisions affecting the City on a long-term basis, and be a manager as they implement policy on a day-to-day basis

### Financial Objectives

The City of Molalla's fiscal policies address the following major areas:

1. Revenue policy - Addresses property taxes, user charges, and other sources to adequately fund desired services
2. Operating budget policy - Relating to budgeting guidelines
3. Accounting policy - Relating to reporting financial transactions and preparing financial reports
4. Debt policy - Dealing with long-term financing of the City's capital needs and its bond rating
5. Reserve policy - For establishing reserves and contingency funding as needed for the various activities of the City
6. Management of fiscal policy - Dealing with approval, recommendation, review, and implementation of policies including monitoring compliance

### Long-Term Financial Policies

The City of Molalla's long-term financial policies are as follows:

#### 1. REVENUE MANAGEMENT POLICY

##### A. General Guidelines

1. Dedicated revenue sources shall be used only for the purposes for which funds are being collected. For example: gasoline tax revenue shall be used only for street maintenance, improvements and operations.

2. One time revenue sources will not be used to fund ongoing operations of the City.

3. The City will closely manage the collection of its revenues. In the event of non-payment of obligations such as utility bills, the City shall discontinue service using collection agencies, liens, and other methods of collection as necessary.

##### B. System Development Charges, User Fees and Other Charges

1. General:

System Development Charges (SDCs) are levied on new developments to finance capacity improvements to sewer, water, streets, storm drainage, and parks due to growth. System Development Charges may be a reimbursement fee, an improvement fee, or a combination thereof assessed or completed at the time of increased usage of a capital improvement or issuance of a development permit/building permit in connection to the capital improvement.

To the extent practical, the City of Molalla will use SDCs to pay for additional service capacity rather than levying taxes and/or imposing service charges on all city residents. As a result, SDCs have been established that reflect the costs of providing roads, storm drains, water, sewer, and parks improvements needed to service demands of the growing community.

2. Fee Increases/Reviews:

Fees and charges should be reviewed on an annual basis to determine whether the fees being charged are adequate to cover the entire cost (operating, direct, indirect, and capital) of providing the service. Before fees and charges are adjusted, the City shall consider rates assessed by comparable cities.

C. Utility Rates

1. Charges for providing water, sewer, and street lighting shall be sufficient to finance all operating, capital outlay, and debt service expenses of the City's enterprise funds, including operating contingency and reserve requirements. Projects funded with SDCs and general obligation bonds shall be excluded from this requirement. It is the City's position that if a system's capacity needs to be expanded as a result of growth, the cost of the expansion should be borne by those causing the growth. On an annual basis, the City shall review and, if necessary, revise the rates it charges to its utility customers.

D. Interest Income

1. Interest earned from the investment of City money shall be distributed to the appropriate fund in accordance with the equity balance of the particular fund from which the money was provided for investment.

2. OPERATING BUDGET POLICY

A. Compliance with Local Budget Law

The City shall prepare, present, adopt, and amend its annual operating budget in accordance with Oregon Budget Law.

B. Budgetary Control System

1. The City shall maintain a budget system to monitor expenditures and revenues on a monthly basis, with a thorough analysis and adjustment (if required).

2. The City shall not adopt an operating budget that is greater than the amount of resources available to fund it. Current operating resources will be sufficient to support current operating expenditures, reimbursement transfers, reserves, and contingencies.

3. Long-term debt or bond financing shall only be used for the acquisition of capital facilities or specialized equipment. Long-term debt or bond financing shall not be used to finance current operating expenditures.

### 3. ACCOUNTING POLICY

#### A. Maintenance of Accounting Records

The City shall establish and maintain its accounting systems according to Generally Accepted Accounting Practices (GAAP) and shall adhere to generally accepted accounting principles and standards promulgated by the Government Finance Officers Association (GFOA), Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

#### B. External Audit

1. An annual audit shall be performed by an independent public accounting firm, which will issue an official opinion on the annual financial statement, along with a management letter identifying as needing improvement, if appropriate.

2. Full disclosure of the City's financial condition shall be provided in the financial statements and bond representations.

#### C. Financial Reporting

1. A Comprehensive Annual Financial Report (CAFR) shall be submitted to present the results, financial position, and operations of the City for the prior fiscal year.

2. Quarterly budget reports showing the current status of revenues and expenditures shall be prepared and distributed to appropriate legislative, staff, and management personnel in a timely manner and made available for public inspection.

### 4. DEBT SERVICE

#### A. Uses of Debt

Debt shall not be used for operating purposes. No debt shall be in existence for longer than the useful life of the capital investment for which the debt was incurred.

#### B. Debt Margins

The City shall ensure that its debt margins are within the 3% true cash value limitation as set forth in ORS 287.004.

#### C. Financing Alternatives

The City will examine all financial alternatives in addition to long-term debt. These alternatives will include pay-as-you-go, reserve funds, lease-to-purchase, local

improvement districts, borrowing from other funds, and system development charges. Before a decision is made, a cost benefit analysis will be performed for each alternative being considered with the goal of minimizing the cost of the financing to the City. All financial analysis shall be reviewed by the finance director prior to any final decision.

5. RESERVE POLICY

A. Budget Contingency Plan

The City shall maintain a contingency plan in order to respond to significant shortfalls within the City's budget. The plan shall outline an appropriate course of action that management should consider in response to significant gaps between revenues and expenditures.

B. Minimum Fund Balances (Reserves)

The City's goal shall be to maintain a non-appropriated fund balance in the general fund of at least 5% of the annual operating expenditures. This goal will also apply to the City's other operating funds. The reserve shall be used to avoid cash flow interruptions, generate interest income, and reduce the need for any short-term borrowing.

C. Operating Contingency

The City shall attempt to establish an operating contingency that will be used to provide for unanticipated expenditures of a non-recurring nature or to meet unexpected increases in service delivery costs. This contingency budget shall be at least 5% of each fund's original budget estimate for the fiscal year. This policy does not apply to debt service, trust, capital projects, and temporary or certain special purpose funds.

6. MANAGEMENT OF FISCAL POLICIES

1. Fiscal policies and changes in policies shall be approved by the City Council and adopted by resolution at a public hearing.

2. The City Manager shall recommend fiscal policy and changes in policy to the City Council.

3. The City Manager shall prepare a report explaining the substantive impact of all recommendations and their impact on the City's operations, service levels, and/or finances.

4. The City Manager shall implement fiscal policies and monitor compliance.

5. If the City Manager discovers a material deviation from policy, he/she shall inform the City Council in a timely manner.

6. As a part of the City's annual budget document, the City Manager's budget message shall identify:

(a) all major changes in policy since the previous budget year;

(b) any material variations from policy in the ensuing year's budget;

(c) any deviation from established policies in the previous fiscal year.





## City of Molalla – Department of Finance **FRAUD POLICY**

*Fraud Policy Effective July 1, 2015*

### **Article 1.1 – Purpose**

The City of Molalla is committed to the highest standard of moral and ethical behavior by its employees, including management, elected officials, volunteers, vendors and contractors, to strengthen the public's trust in the integrity of our municipal government. This policy establishes responsibilities and procedures for reporting, investigating and resolving suspected acts of fraud, theft, waste, abuse and ethical misconduct. It will provide a structure that will encourage the reporting of any suspicions of violations of this policy and will ensure that employees are able to discuss their concerns in a secure and confidential environment.

### **Article 1.2 – Scope**

This policy is applicable to all City of Molalla employees, elected officials, volunteers as well as outside consultants, contractors and vendors who have a business relationship with the City of Molalla.

### **Article 1.3 – Policy**

Through all levels of management, the City of Molalla is responsible for the prevention and detection of fraud, misappropriation of City of Molalla funds, or any other deemed inappropriate conduct. It is the City of Molalla's intent to fully investigate any suspected acts of fraud, theft, abuse, waste or unethical behavior, in an impartial manner regardless of the suspected wrongdoer's length of service, position, title or relationship to the City of Molalla.

Any violation of this policy that is detected or suspected by City of Molalla employees, elected officials, volunteers as well as outside consultants, contractors and vendors, who have a business relationship with the City, must be reported immediately to the City Manager or the Anti-Fraud Committee as outlined in the Responsibilities and Procedures section of this policy. The Anti-Fraud Committee will determine who will investigate the suspected fraudulent activity in accordance with this policy. Any employee found to have violated this policy will be subject to disciplinary action up to and including dismissal and/or prosecution by the appropriate authorities. Elected officials, volunteers and others having a business relationship with the City of Molalla may be subject to sanctions or prosecution by the appropriate authorities.

The City of Molalla intends to pursue every reasonable legal remedy when a violation has occurred and to obtain recovery of any losses from the offender including, when appropriate, notifications of bonding company, court-ordered restitution, or other available remedies.





#### **Article 1.4 – Definitions of Fraud**

Fraud: An intentional illegal use of City of Molalla assets by any act including, but not limited to, theft, embezzlement or misrepresentation. Fraud is designed to obtain a benefit or advantage or cause some benefit that is due to be denied. Examples include, but are not limited to:

- Forgery or alteration of a check, document, or account belonging to the City of Molalla
- Misappropriation of city funds, securities, supplies, or property. (*Misappropriation means to illegally use public funds or assets, which have been set aside for a specific purpose, for personal gain*)
- Unauthorized personal use of city equipment and supplies
- Profiteering as a result of insider knowledge
- Theft of cash, checks or property
- Falsifying records such as timecards, expense reports or official documents
- Willful destruction of City of Molalla property
- Employee with access to confidential information who sells this information for personal gain
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the City of Molalla

Waste: The expenditure or allocation of resources significantly in excess of need. Examples include, but are not limited to:

- Unauthorized use or misuse of city facilities, equipment or vehicles
- Falsifying time worked or leave taken on a timesheet
- Retaining ineligible dependents on health care coverage
- Unnecessary incurring of costs as a result of inefficient or negligent practices, systems or controls.

Abuse of Position: Use of employment or official position with the city to obtain personal gain or benefit from the city to which one is not entitled. Examples of *abuse of position* include, but are not limited to:

- Obtaining a benefit or service from the city which one does not qualify
- Providing a benefit or service to someone for which they do not qualify
- Unauthorized reductions in fees and fines
- Suspending or terminating enforcement action based on a personal relationship
- Bid-fixing

Ethical Misconduct: Individuals, who conduct their official duties in a manner which is not impartial, use their position for personal gain, or fail to properly disclose an actual or potential conflict of interest. See the City of Molalla's Charter and/or Personnel Policy for details. Examples include, but are not limited to:

- Authorize contracts in violation of municipal purchasing laws
- Failure to disclose an actual or potential conflict of interest
- Accepting gifts prohibited by Oregon ethics laws

Job Application Fraud: Individuals, who knowingly provide false information on job applications.

#### **Article 1.5 Responsibilities and Procedures**

Management and Employees: Managers, supervisors, and administrators at all levels are responsible for maintaining a system of internal controls which prevent, deter, or detect fraud, theft, waste, abuse, and/or unethical or dishonest behavior. Managers, supervisors, and administrators are also expected and required to recognize risks and potential exposures that may be inherent within their areas of responsibility, to be alert to any indication of irregularity or potential violation of this policy, and to know and follow the requirements set forth in this policy. Each employee is required to report any suspected or detected violation of this policy, fraud, theft, waste, abuse or other unethical or dishonest conduct. An employee may choose to report immediately the suspicion and/or detection to their department manager, who in turn must immediately report the information to the City Manager or the Anti-Fraud Committee. If the employee is not comfortable reporting directly to their department manager, the employee may immediately report their suspicion directly to the City Manager, Anti-Fraud Committee or anonymously in writing to the City Manager. Suspected fraudulent activity and/or violations of this policy involving the City Manager's Office must be reported to the Anti-Fraud Committee immediately.

The employee reporting suspected violations of this policy and/or fraudulent activity may choose to identify themselves or to remain anonymous. The identity of an employee or complainant who reports suspected fraudulent activity will be protected to the fullest extent possible, but the City of Molalla cannot guarantee confidentiality. It is the City of Molalla's intent to protect an employee who discloses information of suspected fraudulent activity from retaliatory actions by other individuals in accordance with Oregon Statutes, Section 659A.200-203 (Whistleblower's Act) which prohibits adverse personnel actions against an employee for disclosing this information. Retaliation against an employee or other person who reports a detected or suspected violation of this policy is strictly prohibited. Any employee who retaliates against a person for reporting a detected or suspected violation of this policy will be subject to discipline up to and including termination of employment.

In all cases, the reporting employee must provide enough detail about the activity to aid in the investigation. All employees, which include management employees, will cooperate with the Anti-Fraud Committee and investigators and will not by any means personally investigate the suspected fraud, or contact the suspected individual in an effort to determine facts or demand restitution.

All employees shall cooperate with the investigative processes of the Committee and law enforcement agencies including prosecution of offenders. All participants in a fraud investigation will keep details and results of the investigation confidential. All inquiries from suspected individuals and their legal representatives must be directed to the City Manager. Proper response to such an inquiry is, "I am not at liberty to discuss this matter."

#### **Article 1.6 – Anti-Fraud Committee / Human Resources**

The City of Molalla's Anti-Fraud Committee will be comprised of the City Manager, Council Member, City Recorder, and Finance Director. The Committee will appoint the investigator and oversee and coordinate all actions taken during the course of the investigation. The investigator will

have unlimited and unattended access to all relevant city files at all times in order to facilitate investigative work as permitted by city policy and state and federal law. All investigations conducted by the Committee are considered part of the audit process and the working papers will be kept confidential in accordance with state statutes and administrative rules regarding public records laws.

Great care must be taken in the investigation of suspected fraudulent activity to avoid mistaken accusations or alerting suspected individuals that an investigation is under way, or making any statement which could provide a basis for a suit for false accusation or other offenses.

The Committee will evaluate the extent of any potential criminal activity, including consulting the Clackamas County District Attorney's Office if needed. If any potential prosecutable criminal activity exists, the Police Department or other appropriate law enforcement agency will be notified and conduct the investigation. The Committee will assist with the investigation if law enforcement requests such assistance. In every case, the City will cooperate fully with the investigating and prosecuting authorities. If no potentially prosecutable criminal activity exists, the City Manager will conduct the investigation with the assistance of other appropriate City officials.

If fraudulent activity is detected or reasonably suspected of the City Attorney or City Manager, the City Recorder will apprise the Mayor and Council of the investigation and update them on progress as is deemed appropriate.

In cases where the suspected fraudulent activity involves the offices of the City Manager or City Finance, the Committee will determine the investigation process and assign an investigator. The City Manager or City Attorney will be apprised of the investigation and updated on progress as is deemed appropriate by the investigator.

The City Manager or City Recorder, as appropriate, may notify the Mayor and Council of a reported allegation of fraudulent activity upon the start of the investigation to the extent practical. The Mayor and Council will be apprised of the progress of the investigation as deemed appropriate by the City Manager. At the conclusion of the investigation, a confidential report will be issued and distributed to the Mayor, City Council, City Manager and City Attorney. After their review, a copy of the report will be provided to the appropriate department head and the Finance Director.

#### **Article 1.7 – Disciplinary Action**

If a suspected or detected violation of this policy is substantiated by an investigation, the City will take the appropriate action in conformance with City and departmental personnel policies and procedures, and union contracts if applicable. Violations of the City of Molalla's Fraud Policy will result in disciplinary actions up to and including immediate dismissal. Examples of violations of this policy which can lead to disciplinary action up to and including dismissal include, but are not limited to an employee who:

- Commits an act of fraud, theft, abuse, waste or other unethical behavior as defined by this policy.
- Suspects, discovers or has knowledge of fraudulent activity that violates or potentially violates this policy and fails to report the information as required by this policy; or
- Intentionally reports false or misleading information of fraudulent activity; or

- Retaliates against or penalizes any individual for reporting or cooperating in the investigation or prosecution of fraudulent activity.

**Article 1.8 – Distribution**

All City of Molalla employees, volunteers and elected officials will be given a copy of this policy. All newly hired employees and appointed volunteers will be provided a copy as part of orientation and required to provide a written acknowledgement upon receipt of the policy which be retained by the Human Resources Clerk.

**Article 1.9 – Administration**

The City Manager is responsible for the administration, revision, interpretation and application of this policy. The policy will be reviewed and revised as needed.

**ACKNOWLEDGEMENT OF RECEIPT OF CITY OF MOLALLA FRAUD POLICY**

I hereby acknowledge the receipt of a copy of the City of Molalla Fraud Policy. I agree to read and familiarize myself with the contents and I understand I will be responsible for adhering to this Policy. I agree to abide by the City of Molalla’s rules and procedures as outlined in this Policy.

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Printed Name Relationship to the City of Molalla  
(Employee/Volunteer/Elected)