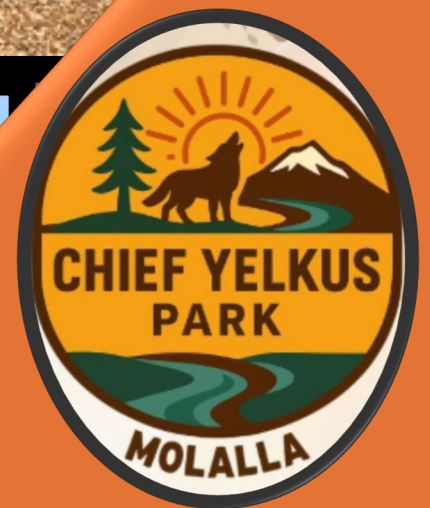


# Proposed Annual Budget

## City of Molalla & Molalla Urban Renewal Fiscal Year 2026 - 2027



## READER'S GUIDE TO BUDGET DOCUMENT

This document is divided into the following sections:

### **The Budget Message**

Provides a brief overview of the proposed budget and includes FY 2026-27 Proposed Budget snapshot.

### **Strategic Operational Plan**

Provides the City's vision of the community goals and aspirations and the concrete steps the City is taking to support this vision.

### **Departments at a Glance**

Provides an overview of the City's Departments and a quick snapshot of various City functions and the organization of the employees to accomplish the City's work.

### **City Overview**

Provides information about the City, City government structure, budget planning process and budget calendar.

### **Financial Overview**

Provides budget and funds summary, detailed information of the City's revenue and expenditures, Full Time Employees schedules, financial structure, City wide budget and fund balances information.

### **Budget Overview**

Provides funds overview and departmental information budgeted in each City's fund. This information includes departmental mission, operating and non-operating budgets, personnel information, current year accomplishments, future year goals and focus areas and performance measures.

### **Non-Operating**

Provides information on the City's capital projects, current debt and repayment schedules, and information on budgeted interfund transfers.

### **Financial Forecasts**

Provides information primarily about forecasting and assumptions related to the more detailed financial data.

### **Glossary**

Includes commonly used accounting terms, acronyms, and abbreviations current to GAAP and applicable to state and local governments.

### **Appendices**

Includes legal resolutions, proof of publications, financial policies, and salary schedules.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Molalla  
Oregon**

For the Fiscal Year Beginning

**July 01, 2025**

*Christopher P. Morill*

Executive Director

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **City of Molalla, Oregon**, for its Annual Budget for the fiscal year beginning **July 01, 2025**. We received our **7th** award on 11/1/2025. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.



The Government Finance Officers Association  
of the United States and Canada

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

Finance Department  
City of Molalla, Oregon



The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.

Executive Director

*Christopher P. Morill*

Date: 10/10/2025

(Chicago, Illinois)--Government Finance Officers Association is pleased to announce that **City of Molalla, Oregon**, has received GFOA's Distinguished Budget Presentation Award for its budget.

The award represents a significant achievement by the entity. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the entity had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as:

- a policy document
- a financial plan
- an operations guide
- a communications device

Budget documents must be rated "proficient" in all four categories, and in the fourteen mandatory criteria within those categories, to receive the award.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual(s) or department designated as being primarily responsible for having achieved the award. This has been presented to **Finance Department**.

There are over 1,700 participants in the Budget Awards Program. The most recent Budget Award recipients, along with their corresponding budget documents, are posted quarterly on GFOA's website. Award recipients have pioneered efforts to improve the quality of budgeting and provide an excellent example for other governments throughout North America.

## **Section 1 – Introduction and Overview**

- ✓ Table of Contents
- ✓ Budget Message
- ✓ Forms of Government
- ✓ Goals & Visioning
- ✓ Intro to Molalla
- ✓ Molalla Statistics
- ✓ Personnel
- ✓ Position Schedule
- ✓ Budget Overview
- ✓ Current Year Summary
- ✓ Prior year Summary
- ✓ Budget Process
- ✓ Budget Committee



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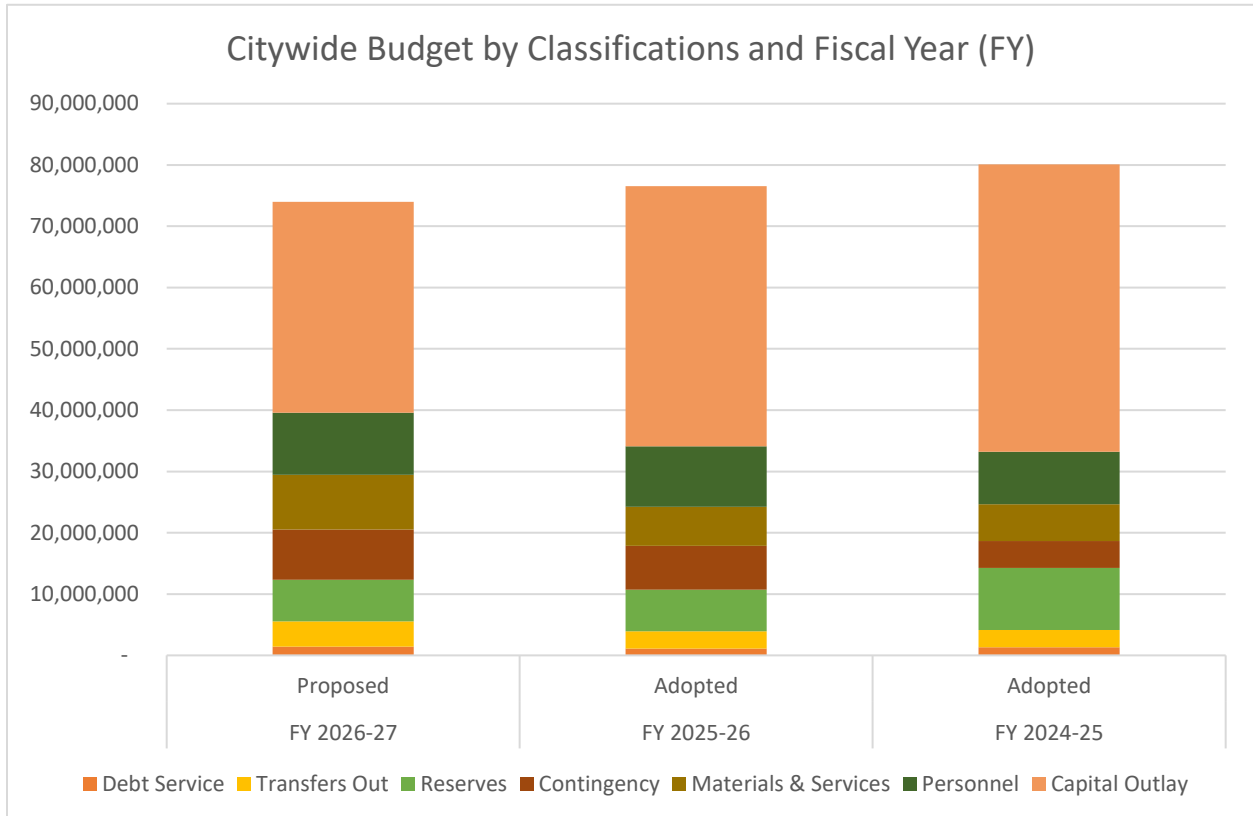
**Administration – City Manager’s Office**  
 117 N Molalla Avenue | PO Box 248 | Molalla, Oregon 97038  
 Phone: (503) 829-6855 Ext. 291 | Fax: (503) 829-3676

May 1, 2026

Honorable Mayor Scott Keyser  
 City Councilors  
 Budget Committee Members  
 Citizens of the City of Molalla

**RE: 2026-2027 Budget Transmittal Message**

I am pleased to present the City of Molalla proposed Budget for Fiscal Year (FY) 2026-2027. The proposed \$74,007,129 million budget (including contingencies and reserves) maintains our critical services and programs and is consistent with our Financial Policies, 5-year forecast and Council Goals. The General Fund portion of the proposed Budget is \$11,278,104 million. As required by State Budget Law, this proposed Budget is balanced.



## **Budget Overview**

Molalla has continued to grow at a consistent level for several years. The City is able to manage this growth rate and keep up on demand in all areas that are appropriately funded. The City takes a conservative approach to all financial issues. This has allowed us to address current needs and capital projects identified within our master plans and Council priorities. We are meeting current levels of service, demand growth, and improving in areas where we can make gains in conjunction with steady population growth.

Council has supported efforts to pursue Urban Growth Boundary expansion under a difficult State process. These efforts to expand will set benchmarks for Molalla's future growth. Our growth in the commercial, potential industrial and non-single family construction sectors will pay dividends in the future as these developments have a higher assessment value than single family residential. However, the tax system and distribution of taxes is slower than new development occurs. We have not focused on current League of Oregon Cities discussions of the Oregon State tax system, but we are aware of the impacts in Molalla. To combat this issue, we remain conservative with our budget and continue to grow services in a sustainable way.

Larger projects such as the Wastewater Treatment Plant and the completion of the New Police Facility will continue to inflate the budget. The Police Facility Capital Fund will be closed by June 30, 2026. But the GO bond repayment will remain for many years to come. The Wastewater Plant will remain for another few years only to be replaced by the Water Intake Structure and an anticipated new Library. These projects are the result of hard work and a City Council commitment to provide necessary infrastructure for the community. These large projects represent resilience and a commitment to make Molalla a better Molalla.

We began the Library replacement design in January this year and expect to complete this work by the end of June 2026. We currently have just over \$3 million in Library Capital and will need to reach a goal of \$5 - \$6 million before we commence construction. Approximately 1 million of that cost will be for Library/Civic Center interface that Library funds cannot be used to complete. Fiscal Year 2026 – 27 will be focused on funding investigation to reach that goal. We have identified capital funds in the Library budget.

The market over the past few years has continued to fluctuate but continued development efforts in Molalla are positively impacting this community and our tax base. Residential opportunities will continue to slow due to a lack of residential land inventory. Molalla has consumed most of its buildable residential land and expansion is an opportunity to meet housing demands. The Community Development Department continues to work diligently on very difficult Urban Growth Boundary expansion processes to combat this issue.

We have made recent investments in our transportation system throughout portions of the city such as the repaving of Ridings Avenue, North Molalla Avenue, and Lola Avenue. Second Street and a few other side streets will be completed in late spring 2026. Staff have worked diligently to stretch out scarce street funding, but this will slow even further unless additional funding is secured. We do need to recognize that without additional funding mechanisms for street maintenance, our transportation infrastructure may decline at a faster pace.

We opened Chief Yelkus Park in September 2025 and have been preparing for Phase II of this project. Also on the table are improvements to Clark Park in the form of drainage improvements, play structure replacement, and sports field improvements. We have reached our limit on new park spaces for maintenance purposes, and we will be focused on maintaining and improving the spaces we have. Again, this situation may not change until additional maintenance revenue is secured.

## **Property Tax-General Fund Overview**

Property Tax estimated revenues total \$ 4,311,457 which is an estimated 4% increase from the prior year. Total General Fund Resources are proposed at \$ 8,414,720. Personnel Services are up 4.2%. Material and Services are up 25%, largely due to the addition of the new Police Facility and operational expenses incurred. The General Fund includes Administration, Police Department, Parks, Municipal Court, Planning and City Council.

## **Revenues**

### Taxes

Property tax revenue prior and current is estimated at \$4,401,457 for the 2026-2027 fiscal year and constitutes our General Fund. This fund provides necessary revenue for police, administration, parks, planning, etc. Some of these programs are bolstered through planning fees, donations and other revenue sources and are directly reflective of tax revenue derived from new development.

### Utility Charges and Fees

Water/Sewer/Storm/SDC's – Utility charges consist of water, sewer and storm drainage and are impacted by our rate structure, consumption rates and the infrastructure needs within the community.

### Other Revenue

Franchise fees  
Intergovernmental revenue (ie, state shared revenue, transportation revenue)  
Fines (Municipal Court)

## **Contingencies and Reserves**

Each fund in this budget includes contingency and reserve line items and are included in our ending fund balances. These balance levels are subject to our financial policies, and this budget follows Council mandated contingencies and reserves. Balances reflected here require Council action to expend. Some of the funds cover required reserves for debt service, gap funding, and best practice financial planning.

## **Total Budget**

The 2026-2027 overall Budget is proposed at \$ 74,007,129. Combined with Urban Renewal, the total for all Funds is \$ 78,170,873.

## Budget Highlights

Each Department Head has prepared their fund budgets based on program requirements, various Master Plans and available funding. For more details on each of these projects please refer to the individual fund.

### Police:

- Continuing to manage costs associated with a larger building
- Hire/Replace 6 Officers

### Community Development: Relocate back to City Hall Planning

- Complete Final UGB Studies & Adopt New Urban Growth Boundary
- TSP Update Preparations
- Mural Code
- Farmstand & Cottage Kitchens
- Implementation of (HPS) High-Performance Strategies

### Wastewater

- Wastewater Treatment Plant Construction
- S. Molalla Avenue Lift Station
- Continuing CIPP (Cured In Place Pipe) Program
- Update Recycled Water Use Plan

### Water

- Advance Water Intake Project to 90% Design
- Complete Replacement of Pump Intake #2
- Complete ASR (Aquifer Storage & Recovery) Feasibility Study & Wellhead Analysis
- Complete Land Use Property Acquisition for New 2.0 MG Reservoir
- Lola Water/Sewer/Paving Project Completion

### Stormwater

- Complete Clark/Bohlander Stormwater Project
- Complete S. Molalla Avenue Culvert Replacement Project
- Complete Ivor Davies Parking and Stormwater Improvements
- Complete Clearing Replanting in Riparian Zone at Cemetery Park
- Update TMDL Plan to Reflect Designated Management Agency Role

### Transportation

- Continue Pavement Management Program
- Complete Chief Yelkus Park Access Road
- Complete Construction of N. Ona Lane
- Continue Sidewalk Improvement Program

### Parks

- Complete Concept of Playgrounds Athletic Fields at Clark Park
- Design & Construct Ivor Davies Entrance and Parking
- Complete Separate Vehicle & Pedestrian Access for Chief Yelkus Park
- Complete Camera Installation at Odd Fellows Park

### Library:

- Pursue funding for new Library

## Administration

- Craft and Implement Fleet Policy
- Records Center Remodel
- Charter Update
- Hire, Train, Cross train, and Reorganize staff
- Continue Preparing On-Time Audits
- Continue Preparing all GFOA Awards and Maintain Triple Crown Status

## Staffing

The City of Molalla currently has positions 66.34 FTE. We did not propose staffing increases for 2026-2027 and we are not proposing staffing increases within the 2026-2027 Fiscal Year.

## Financial Forecast

Budget Committee members may recall that our long-term financial forecasts and analysis identify future financial challenges and opportunities and then identify strategies to secure financial sustainability in consideration of those challenges and opportunities. Our five-year forecast has been the cornerstone of our Budget preparation process. We continue to balance the service we provide as local government and reflect on the cost burden that is borne by the community. Staff have been creative with our Street Fund, and we continue to find opportunities to improve our Parks without a revenue stream.

We provide more detailed information on our annual five-year capital improvement plans within the Budget document. 2025 – 2026 saw a focus on Master Planning and projections to plan better for future years decision making. Most of that work is complete except for UGB planning and process. Based on our annual Audit information from June of 2025, the City of Molalla Statement of Position is \$ 60,739,473 million. The Statement of Position in our annual Audit is a snapshot of the overall health of the City. Molalla is prepared for what the future may hold with respect to our projections for staffing, capital costs, infrastructure, and service provision. Based on our audits and comparisons with other entities, we believe our five-year forecast is positive. As a general comparison, the City's Statement of Position is up \$ 4.57 million from the prior year.

## Urban Renewal Agency

With the completion of the Police Station, the proposed Budget includes two infrastructure projects identified within the Urban Renewal Plan and approved by the Urban Renewal Agency as follows:

West Main Rehabilitation Project (Design)	\$600,000
Lowe Road (Design)	\$400,000

Section B of the Urban Renewal Plan discusses funding improvements for public utilities. West Main is limited as a redevelopment area due to a lack of sanitary sewer, storm drainage and variable water service needs. During fiscal year 2026-27, staff is proposing that we complete an infrastructure rehabilitation design and investigate taking on additional Urban Renewal debt for potential construction in 2027-2028.

Similarly with Lowe Road, we need to investigate design for an upgrade to Lowe Road for utility and street improvements. Once design is complete, staff recommends that we include this project for increased Urban Renewal debt for the 2027-28 fiscal year.

## **Conclusion**

As a City, Molalla is healthy, yet we understand that the list of unmet needs is large and there is a thin line between healthy and strained. However, this Budget is balanced and in compliance with Oregon Budget Law and allocates resources in a fashion that supports strategic goals and direction provided by the Mayor and City Council. We are in this position today because of the arduous work of a few and the City can address some of the needs that exist in our community. Molalla continues to move in the right direction.

Your role as the Budget Committee is to approve total allocations within each of the 18 funds. I state this each year but “not spending” can create as much damage as spending too much. The City has experienced this exponentially with our wastewater program. It is important for the Budget Committee to consider that we have a participatory process established in our local government and the Budget process is one of your opportunities, as a resident, to weigh in and effect change. Our budget process works best when the community is active and hears about the proposed Budget.

As the Molalla Budget Officer, and for these reasons, it is my recommendation that the Budget Committee approve the 2026-2027 proposed budget. I am proud of the progress we have made in Molalla. I would especially like to thank staff members responsible for preparation of this proposed Budget, including each Department Head and specifically our Finance Department.

As always, good things happen in Molalla, and we appreciate the opportunity to be part of that process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Huff', written in a cursive style.

Dan Huff  
City Manager, Budget Officer

## FORM OF GOVERNMENT



Our City is a Council-Manager Form of Government ([Go, Here!](#)) for more information on this form of government. Governed by a Mayor, Council President, and five members of City Council. To hold any of these offices, you must be a registered voter, reside in Molalla, and cannot be employed by the City.

### **The Role of the Mayor**

The Mayor is the presiding officer over meetings and deliberations. Responsibilities include preserving order, and enforcing rules set by the council. The Mayor is a voting member and has no veto authority.

### **The Role of Elected Officials**

Under the council-manager form, the elected officials are the legislative body and the community's policy makers. Power is centralized in this body, which approves the budget and adopts local laws and regulations. The elected officials hire a professional manager based on the person's education, experience, skills, and abilities. The elected officials supervise the manager's performance.

### **The City Manager's Role**

The City Manager is an at-will employee. The City Manager's role is to present and assist in preparing a budget for the governing body's consideration. Recruits, hires, supervises, and terminates governmental staff. Serves as the governing body's chief advisor by providing complete and objective information about local operations, discussing options, offering an assessment of the long-term consequences of decisions, and making policy recommendations. Also carrying out the policies established by the governing body.

Council meetings are on the 2<sup>nd</sup> and 4<sup>th</sup> Wednesday of each month. Meetings are held at the Civic Center located at 315 Kennel Avenue at 6:00pm. Meetings are also streamed live on the City's YouTube channel. The public is welcome to attend in person.

Tune in here for YouTube [Go,HERE!](#) If you would like to read about our City Council members or get in contact with them, please follow the link provided.

 [City Council Members 2026 2027](#)



# Organizational Chart

**Citizens of Molalla**



EST. 1913

**City of Molalla  
City Council**

**City Attorney**

**Municipal Court Judge**

**City Manager**

**City Recorder**  
Records

**Exec. Admin Assistant**

**Community Development Director / Assistant City Manager**

**Finance Director**

- Finance
- Utility Billing
- Municipal Court
- Reception
- Payroll

**Human Resource / Risk**

- HR Department

**Library Director**

- Library

**Chief of Police**

- Public Safety

Water

Sewer

Storm Water

Planning

Parks

Streets

# City of Molalla 2026 Council Goals & Priorities

**Mission Statement** – *The mission of the Molalla City Council is to make Molalla a safe, livable, and resilient community dedicated to our people, businesses, and visitors.*

## **2026 City Council Goals:**

1. \*Review Dark Skies Policy
2. \*Finalize Mural Code
3. Charter Update
4. \*System Development Charge Update
5. Comprehensive Plan Goal/Policy Training

## **Motto -**



## **2026 Staff Priorities:**

### ✓ **Economic Development**

1. Attract Industrial Development
  - Accelerate Industrial land readiness through public projects that serve unserved/underserved industrial sites
  - Promote shovel ready sites on Oregon Prospector
  - Develop a listing of industrial sites and service levels on City website
  - Explore feasibility of URA contribution to power infrastructure
2. Retain Commercial Businesses and Reduce Commercial Vacancy Rates
  - Legacy System Development Charge (SDC) policy implementation
  - Explore a façade improvement matching grant program
  - Local business spotlight Support Micro-Enterprise Entrepreneurship
  - Simplify & Streamline Mobile Food Unit (MFU), Cottage Kitchen, and Farmstand Regulations
  - Minimize Financial impacts on micro-entreprises

Focus Areas 1, 2, 3 (See Vision & Action Plan [Go, HERE!](#))

# City of Molalla 2026 Council Goals & Priorities

## **Infrastructure**

1. Review & Update 5-year Capital Improvement Plan
  - Prioritize ongoing projects and projects to serve underserved employment lands and known trouble areas
  - Continue executing street surfacing program
2. \*Re-evaluate System Development Charges (SDC)
  - Complete Parks and Stormwater SDC updates and rate studies
3. Continue to seek out public-private partnership opportunities within the Urban Renewal Agency
4. City Responsibility Graphic
  - Water
  - Sanitary Sewer
  - Streets
  - Storm Drainage
  - Parks

Focus Areas 1, 2, 3 (See Vision & Action Plan [Go, HERE!](#))

## **Facilities**

1. Wastewater Treatment Plant
2. New Library design process
3. Water Intake
4. Clark Park Sports Field(s)

Focus Areas 1, 3, 4

## **Culture, Art, and Education**

1. Civic Education using the Molalla Current, Website and Social Media
2. \*Finalize Mural Code
3. Park Naming Policy

Focus Areas 1, 2, 5 (See Vision & Action Plan [Go, HERE!](#))

\*Refers to Goals with significant Staff work planning

## Strategic Goals and Visioning Strategies

To see the complete Vision and Action Plan, [Go,HERE!](#)

To learn more about the activities surrounding our community visioning project, [Go,HERE!](#)

### Please Note:

Below is a summary of the Visioning Action Plan. In order to show how the City is incorporating these goals and actions, “**Focus Area #2**” was used in all budget narratives showing how that department supports that focus area.

**FOCUS AREA #1** Molalla is... a resilient community that passionately recognizes and builds on its history, culture, and location.

### Strategies

- Be deliberate about building identity.
- Embed collaborative thinking and practice in all actions.
- Identify, support, and build on local culture including arts, history, heritage, and humanities.

### Action

Develop an awareness campaign that:

- a) Celebrates the unique and interesting aspects of the area.
- b) Builds local pride of place of confidence in the Molalla community.
- c) Increases awareness about managed growth efforts.
- d) Highlights community achievements (Share the Love, Running Club, Charitable Giving, service organizations efforts on behalf of those in need.)

#### ➤ Potential Partners

- Chamber of Commerce, (Chamber), City of Molalla (City), media partners, nonprofits, Molalla River School District (MRSD), student groups, businesses, Elks, Rotary, VFW, etc.

### Action

- a) Create a Live, Work and Play promotion video for Molalla

#### ➤ Potential Partners

- Chamber, City of Molalla

## Strategic Goals and Visioning Strategies, *Continued*

### **Action**

a) Cultivate and continue to build on relationships with heritage partners

➤ **Potential Partners**

- Confederated Tribes of Grand Ronde, Molalla Area Historical Society, City of Molalla

### **Action**

a) Inventory local arts, heritage, historical sites, and other cultural assets, and make information available online (such as Dibble House, galleries, Apple Festival, Celebrate Molalla, farmers market, Future Farmers of America)

➤ **Potential Partners**

- Chamber, City, heritage partners, non-profits

### **Action**

a) Preserve significant buildings and other visible elements of local history

➤ **Potential Partners**

- Molalla Area Historical Society, business owners, City of Molalla

### **Action**

a) Build relationships by incentivizing collaborative work projects and be inclusive in planning and decision making

➤ **Potential Partners**

- City, Chamber, service organizations, community, MRSD, Molalla Fire District (MFD)

**FOCUS AREA #2** Molalla is... a welcoming, friendly, and vibrant community with an attractive hometown feel that is safe, hospitable, and inclusive of all residents, businesses and visitors.

**\*\*\*Focus area #2 is demonstrated throughout all department narratives. Go to each department narrative for the detailed example.\*\*\***

### **STRATEGIES**

- Develop the physical infrastructure needed to support a welcoming community.
- Foster socially welcoming activities and embrace diversity as our strength.
- Engage youth.



## Strategic Goals and Visioning Strategies, *Continued*

### **Action**

Research aesthetic design and architectural standards to create a plan which promotes development of an appealing and cohesive identity for downtown and throughout the community.

#### ➤ **Potential Partners**

- City, business owners

### **Action**

Utilize the Transportation Master Plan to improve infrastructure and safety for all modes of travel (pedestrian, vehicles, bicycles, etc.) and identify new opportunities to enhance livability, i.e., Rails to Trails, bike/pedestrian paths, etc.

#### ➤ **Potential Partners**

- City, Clackamas County, Oregon Department of Transportation (ODOT), City of Canby, MRSD, MFD, Southern Pacific Hillvista Investment Co.

### **Action**

Implement wastewater treatment plant improvements to ensure compliance.

#### ➤ **Potential Partners**

- City, state, and federal agencies

### **Action**

Form a citizen advisory committee to provide input for development of an updated Parks/Greenspace Master Plan • Maintain and improve existing parks and recreation areas. Add new community parks or elements to existing parks, i.e., dog park, serenity park, tree park, nature park.

#### ➤ **Potential Partners**

- City, service organizations, neighborhood associations, landowners

### **Action**

Map all points of entry to the city and identify landowner contacts to develop a plan to improve gateway, wayfinding, and informational signage.

#### ➤ **Potential Partners**

- City, state agencies



## Strategic Goals and Visioning Strategies, *Continued*

### **Action**

Build a new police station. Develop and implement a property re-use/redevelopment/new development strategy for properties along Highway 211 and downtown. Ensure that K–12 educational facilities meet community needs. Improve downtown curb appeal: paint buildings, add vibrant colors with flowers/landscaping, artwork, banners, lighting. Improve awareness about free public parking locations in the downtown area. Create centrally located information board for community announcements and information.

#### ➤ **Potential Partners**

- City, landowners, Chamber, MRSD, community

### **Action**

Develop clear, consistent, effective ways of communicating with local people, including those whose first language is not English, as well as visitors • Monthly newsletter • Community calendar • Resource directory • Facebook, Next Door Neighbor (social media) • Molalla Communications reader boards. Enhance City website to add event information and cross promote with Chamber and other entities. Develop a system for collecting and updating email address list for monthly community newsletter. Promote and utilize “Just Serve” website for connecting volunteers and volunteer opportunities.

#### ➤ **Potential Partners**

- Service organizations, City, Clackamas County and specifically Health, Housing, and Human Services. Police Department, MRSD, Library, City, Chamber.

**FOCUS AREA #3** Molalla is... 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

### **STRATEGIES**

- Develop and sustain an environment for successful economic development and managed growth.
- Encourage youth participation in job development.

### **Actions**

Develop a directory of small to large businesses. Create an economic development plan that identifies a foundation to grow resources and services for the community, i.e. shopping, entertainment, dining, and generating jobs. Host a conference with local

## Strategic Goals and Visioning Strategies, *Continued*

businesses, City of Molalla, and the MRSD Board of Directors on innovation and possible areas for growth in Molalla's local workforce.

➤ **Potential Partners**

- City, Chamber, Clackamas County, Local businesses, MRSD

### **Actions**

Create a branding and marketing plan to encourage entrepreneurs and attract new businesses. Strengthen promotion and support of local businesses, craftspeople, artisans, etc. (Made in Molalla). Develop a "start a new business" checklist for City website. Promote career technical education for youth, job development, and continuing education.

➤ **Potential Partners**

- Clackamas Community College, MRSD, Oregon Universities, Colleges, Extension Services. Businesses, Chamber of Commerce.

### **FOCUS AREA #4 Molalla is... a full-service hub of resources.**

#### **STRATEGIES**

- Inventory and promote available services, resources, and opportunities in Molalla.

#### **Action**

Identify regional community needs and the infrastructure required to support them. Study successful models of collaborative efforts that have addressed such needs. Attract missing services to Molalla (Social Security Administration, Oregon Health Authority, health care, expanded bus service, language interpreters) and encourage greater collaboration across non-profits serving families.

➤ **Potential Partners**

- County, City/police, state agencies, non-profit agencies.

### **Focus Area #5 Molalla is a beautiful and tranquil area where people are deeply connected to its unique natural features.**

#### **STRATEGIES**

- Strengthening regional partnerships, natural resource areas.

#### **ACTION**

Promote Private Groups; Add Signage, engage in partnerships within the community.

Organize volunteer groups.

➤ **Potential Partners**

- Molalla River Alliance, ODOT, Molalla River Watch

# About Molalla

## Location

Molalla is part of the Mt. Hood Territory located at the foothills of the Cascade Range, near the Mount Hood National Forest, 15 miles south of Oregon City, and 13 miles east of Interstate 5. The city of Molalla is surrounded by the Molalla River Corridor, rich agriculture, ranches, and rural residential development.

## History

Prior to the arrival of the first Euro-American settlers, the area now known as the City of Molalla was populated by the Molalla Peoples, a Native American tribe that occupied the greater Cascade Mountain range in modern day Oregon, from Mt. Hood in the north to Mt. McLoughlin in the south. The Molalla Peoples subsisted primarily on large game (e.g. deer and elk), fish (e.g. salmon and steelhead), and naturally occurring vegetation (e.g. huckleberries and hazelnuts). The best documented aspect of Molalla culture is the language through which it was transmitted.

Descendants of the Molalla's are now part of the Confederated Tribes of Grande Ronde. However, their presence and heritage exist today throughout our community. The City of Molalla, Molalla River School District, and other non-profits have worked hard, and will continue to do so, to bring healing and a more prominent Tribal presence back to the Molalla area. Seeking fertile soils, ample water and rich grasses, pioneers were attracted to the Molalla area, and in 1840 William Russel filed the first land claim in the area. The community continued to grow around the crossing of two Indian trails, and in 1850 the first local post-office opened. By 1856, the first schools opened, and the town had become a thriving timber, agricultural, and trade center. The year 1857 brought the first general store. The City of Molalla was incorporated in 1913, a year that would prove to be full of "firsts" for the new city. Molalla welcomed her first steam train, first Molalla Buckeroo Rodeo, first bank, and first locally published weekly newspaper. Over time, timber production became the community's largest commodity; at one point five sawmills were present!

Molalla was a true Oregon timber town, and while the local economy has grown far more diverse today, still retains the frontier spirit and "can do" attitude that comes with the dangerous, difficult work of logging and milling. Today, Molalla is a community of 10,491 residents where citizens, business, and City government work together to

## Go, Here! (About Molalla)



## About Molalla, *Continued*

ensure the community retains its hometown identity, livability, and natural beauty. Molalla's rich past and beautiful setting is still reflected today in our commitment to our quality of life.

### Points of Interest & Community Events

#### Celebrate Molalla!

Every September, the town celebrates this Beautiful City! This event is hosted by our Councilors Leota Childress and Terry Shankle. [Celebrate Molalla 2026](#). For more information about this annual event, click the link above.



#### Heritage Art Walk

In 2015 a Ford Family Foundation Cohort and the Confederated Tribes of Grand Ronde Tribe helped create a light pole banner project celebrating Molalla's community and its history. Imagery from the banner project may be used and interpretive signage to expand on the stories of Molalla's heritage and in particular the Molalla Tribe. Sculptures have been placed throughout Molalla in various locations; Fox Park, Clark Park, Rotary Park, Long Park, Bear Creek Byway, The Dentist Off Main, and the park near Bi-Mart. For more images and information regarding the Heritage Art Walk.

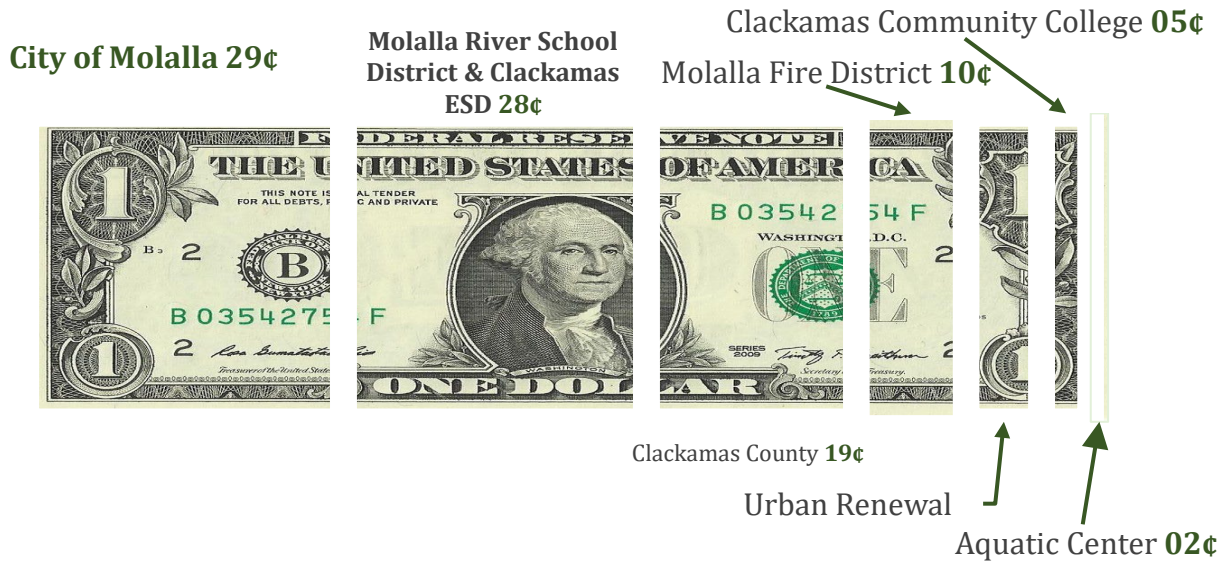
#### National Night Out      [Go, Here!](#)

Every August at Clark Park, the Police Department participates in National Night Out. Participants are invited to present displays, demonstrations, and/or handouts relating to child safety and welfare. Current participants include Molalla Fire Department, Molalla Communications (w/free bike helmets), CCSO Sheriff's Posse, Oregon Humane Society, OR Dept. of Forestry (w/Smokey the bear), NW Natural Gas, school buses, Molalla Public Works (with specialized equipment) and many more! We do not allow vendors or individuals to sell products or their services while at the event. However, participants may have business cards or handouts with contact information on them to promote their services/business later.



# Molalla Property Tax Dollar's

## Where Does the Property Tax's Go?



# Molalla Demographics

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

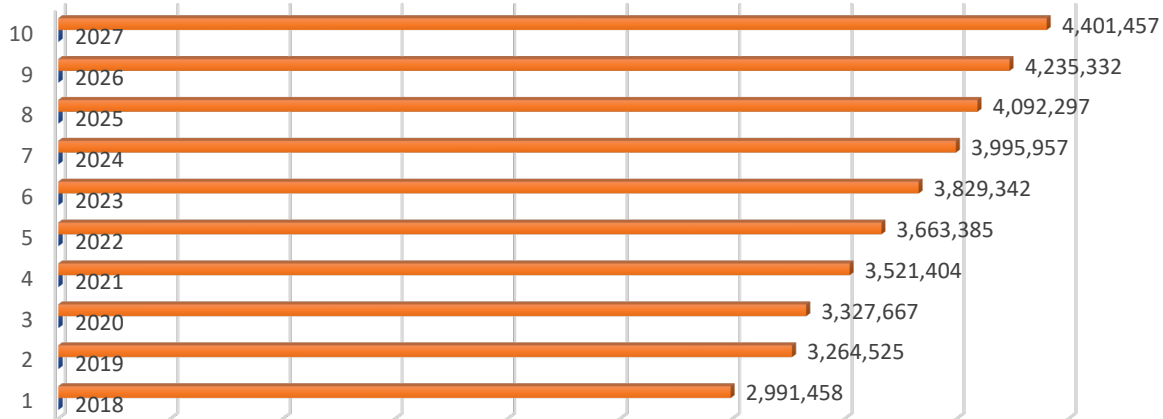
Fiscal year	Population (1)	Median Age (2)	Per Capita Income (2)	Personal Income	Public K-12 School Enrollment (2)	Unemployment Rate (3)
2025	10,491	*	*	*	*	4.5%
2024	10,489	*	*	*	*	3.7%
2023	10,335	32.5	\$ 36,114	\$ 373,238,190	2,025	3.5%
2022	10,208	33.6	33,627	343,264,416	1,917	3.2%
2021	9,910	34.5	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%

\*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)

## Population vs Tax Dollars

### Tax Dollars by Year



2027 – Proposed

2026 - Budgeted

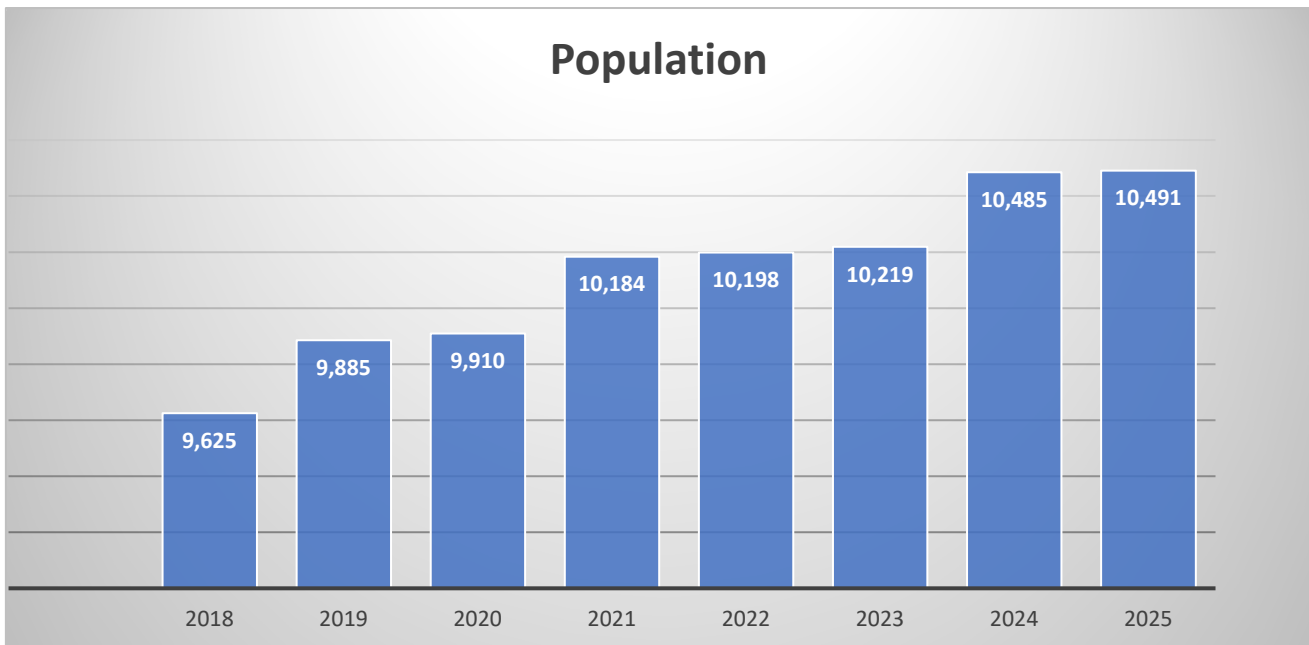
2018-2025

For more information on populations in Oregon as of **April 15, 2025**

[Go, HERE!](#)

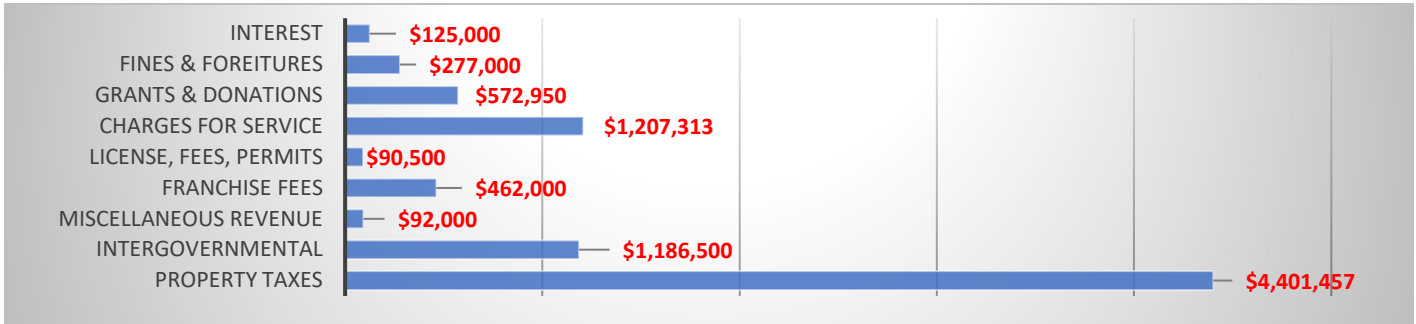
## Molalla Population Growth

### Population

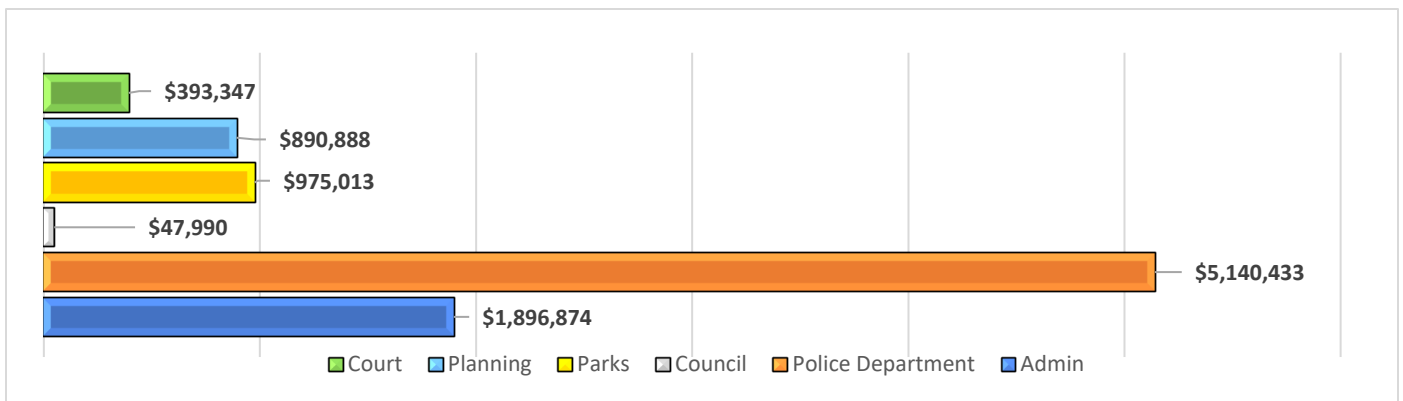


# General Fund Revenues vs Expenses vs BFB

## General Fund Revenues



## General Fund Expenses

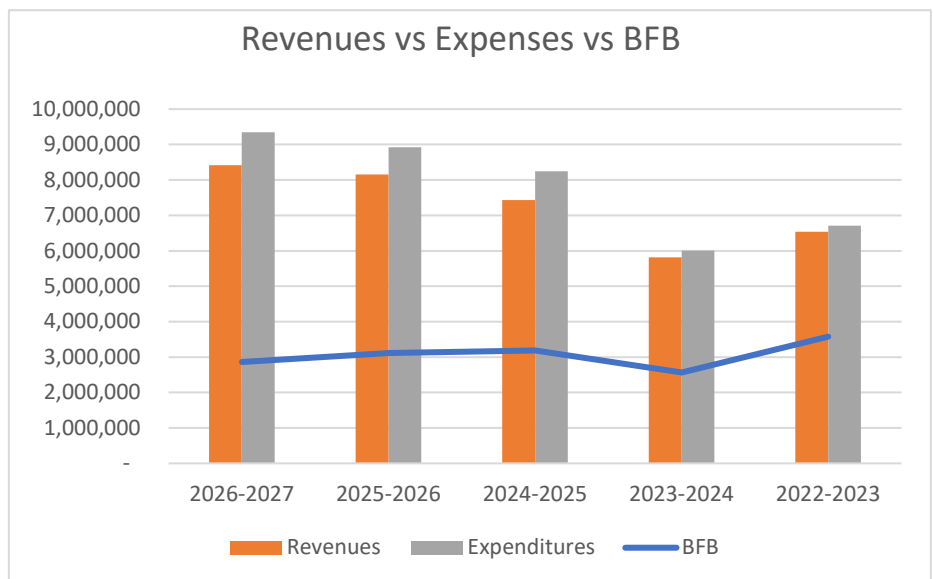


As the City continues to balance and navigate between rising health insurance, retirement benefits, and liability insurance we do our best to keep the expenses and revenues close. The actual audited numbers are presented on the Consolidated Schedules (Go,HERE!) located on page 55. Our beginning fund balances remain strong and healthy at 31% of General Fund Expenses. Our policy does not allow us to be under 20% and we are well within policy and compliance. The City of Molalla is rated at a AA- Bond Rating by Moody’s see scale below:

### Moody’s Rating Scale

<b>AAA</b>	<b>Highest Quality</b>
<b>AA</b>	<b>High Quality (Molalla)</b>
<b>A</b>	Upper-Medium Risk
<b>BBB</b>	Medium Grade
<b>BB</b>	Speculative
<b>B</b>	Highly Speculative
<b>CCC</b>	Poor Quality

**\*\*Molalla cannot receive a AAA rating because of the population size.**



## PERSONNEL OVERVIEW

### Summary of Personnel

The presented budget has a combined total number of full-time equivalent positions at **66.34**. Molalla is growing every year, and development has been at a high. With population growth on the rise the City's need is also growing to accommodate the rise in population. The City works hard to fill vacant positions as they arise.

## PERSONNEL FTE City Wide Chart

### Represented Bargaining Units

The City has three unions that represent employees of the City of Molalla:

- Teamsters Local 223 [Go,HERE!](#)
- CCPOA Clackamas County Peace Officers Association, [Go,HERE!](#)
- CCPOA Clackamas County Peace Officers Association Sergeant's Unit, [Go, HERE!](#)

### Non-Represented Employees

- Exempt Employees
- Casual Employees

## FULL-TIME EQUIVALENT (FTE'S) EMPLOYEES

	23-24	24-25	25-26	26-27	Varian
Admin	7.50	8.50	8.50	8.25	-0.25
Police	22.40	22.40	22.70	22.70	0.00
City Council	2.24	2.24	0.33	0.33	0.00
Court	1.50	1.50	1.50	1.75	0.25
Parks	1.15	1.05	1.05	1.05	0.00
Planning	1.52	1.62	2.42	2.52	0.10
<b>Total General Fund</b>	<b>36.31</b>	<b>37.31</b>	<b>36.50</b>	<b>36.60</b>	<b>0.10</b>
Library	8.70	8.70	8.70	8.70	0.00
Street	3.23	3.23	3.29	3.26	-0.03
<b>Total Special Revenue</b>	<b>11.93</b>	<b>11.93</b>	<b>11.99</b>	<b>11.96</b>	<b>-0.03</b>
Sewer	8.14	7.14	8.70	8.67	-0.03
Water	6.03	7.03	7.59	7.56	-0.03
Stormwater	1.54	1.54	1.56	1.55	-0.01
<b>Total Enterprise</b>	<b>15.71</b>	<b>15.71</b>	<b>17.85</b>	<b>17.78</b>	<b>-0.07</b>
<b>Total FTE</b>	<b>63.95</b>	<b>64.95</b>	<b>66.34</b>	<b>66.34</b>	<b>0.00</b>

**Note:** Departments may fluctuate up or down depending on allocation changes, this is why you will see some negative numbers. However Total FTE shows the overall increase in FTE.

## Public Employee Retirement System PERS

The Public Employee Retirement System (PERS) is the retirement system for most public service workers in Oregon. The Legislature determines the benefit structure for PERS members, which has been modified over time. The following pension plans exist:

- Tier One was created in 1945 with the inception of Oregon PERS. Tier One covers members hired by a PERS-participating employer before January 1, 1996.
- Tier Two covers members hired between January 1, 1996, and August 28, 2003.
- Oregon Public Service Retirement Program (OPSRP) covers members hired after August 28, 2003.
- The Individual Account Program (IAP) started in 2004 and is separate from the above pension plans; the City contributes 6% to active PERS members IAP.

Every even year in the fall, the PERS Board approves the employer contribution rates for the upcoming biennium. Following approval, the accompanying valuations detailing an employer's individual rates are published to the Actuarial Valuations [webpage](#).

Every odd year on July 1, these approved rates take effect. July 2021 PERS rates include Senate Bill 1049 (2019) policy changes which made several adjustments to PERS to slow the increase in employer contribution rates:

- UAL Re-amortization - a one-time re-amortization of the Tier One/Tier Two UAL from 20 years to 22 years. This change had the largest reduction on employer contribution rates, though it likewise extends the length of time it will take to reduce the systemwide UAL.
- Salary Limit - the calendar year 2025 limit is \$238,567. The limit is indexed annually to the Consumer Price Index, All Urban Consumers, and West Region.
- Member IAP Redirect - as of July 1, 2020, if a member's gross pay in a month exceeds the monthly salary threshold, a portion of their 6% IAP contributions is redirected to the Employee Pension Stability Account (EPSA).

Fiscal Year	July 2025-27 Rates	July 2027 - 29 Rates	% INCREASE
Tier I/II General Service	21.12%	23.14%	2.02%
Tier I/II Police & Fire	21.12%	23.14%	2.02%
OPSRP General Service	15.03%	17.11%	2.08%
OPSRP Police & Fire	20.30%	22.50%	2.20%

# HEALTH INSURANCE

The cost of health insurance has become a leading budget driver for municipalities of all sizes and in all sectors. This increase has led many employers, including governments, to review the benefits they provide, benchmark their offerings to comparable employers, and seek ways to control costs. This has been proving difficult as health insurance has been increasing at a rate of 8 – 13.6% percent annually. The City of Molalla continues to offer competitive and comprehensive health insurance packages to employees from City Insurance Services. Below are the coverage costs associated with all applicable plans.

FISCAL YEAR	COVERAGE	MONTHLY PREMIUM	% OF CHANGE
2026	REGENCE + DENTAL– FAMILY	\$2,669	
2025	REGENCE + DENTAL– FAMILY	\$2,455	8.72%
2026	KAISER + DENTAL – FAMILY	\$3,140	
2025	KAISER + DENTAL – FAMILY	\$2,802	12.6%

**\*\*Note:** After the annual report from CIS (City Insurance Services) 2027 increases will be as follows:

- Regence                                    13.6% increase
- Dental - Regence                        2.0% increase
- Kaiser                                        5.5% increase
- Dental – Kaiser                            3.5% increase

Finance is paying close attention to these changes and is looking at all available options to reduce this increasing trend. Currently the City is waiting for quotes on other plans that can offer the same care for less.

## Position SCHEDULE FOR MOLALLA

<u>Position</u>	<u>Salaried</u>	<u>Hourly</u>	<u>Classification</u>
City Manager	✓		Exempt
Police Chief	✓		Exempt
Community Development Director / Assistant City Manager	✓		Exempt
Finance Director	✓		Exempt
Library Director	✓		Exempt
Senior Accountant	✓		Non-Exempt
Lieutenant Police / Administrative Supervisor	✓		Exempt
PW Maintenance Superintendent	✓		Exempt
Engineering Section Manager	✓		Exempt
Water Quality Superintendent	✓		Exempt
Senior Engineer	✓		Non-Exempt
Sergeant Police	✓		CCPOA
Code Compliance Specialist	✓		CCPOA
Human Resource Risk / Human Resource Coordinator	✓		Non-Exempt
Planning Manager	✓		Exempt
Associate Planner	✓		Non-Exempt
Community Development Technician	✓		Non-Exempt
Exec Admin Asst/Dep City Recorder	✓		Non-Exempt
Office Specialist Records / Deputy City Recorder	✓		Non-Exempt
City Recorder	✓		Exempt
Office Specialist IV COURT	✓		Non-Exempt
OS-VI Court Coordinator	✓		Non-Exempt
Program & Outreach Librarian / Librarian	✓		Non-Exempt
Assistant Library Director	✓		Exempt
FT Circulation Assistant II	✓		Non-Exempt
PT Circulation Assistant II		✓	Non-Exempt
PT Circulation Assistant I		✓	Non-Exempt
Police Officer	✓		CCPOA
Records Specialist / Evidence Tech	✓		CCPOA
Utility Maintenance I	✓		Teamsters
Utility Maintenance II	✓		Teamsters
Utility Maintenance III	✓		Teamsters
Utility Maintenance Lead	✓		Teamsters
Water Plant Operator I	✓		Teamsters
Water Plant Operator II	✓		Teamsters
Wastewater Plant Operator Lead	✓		Teamsters
Wastewater Plant Operator I	✓		Teamsters
Wastewater Plant Operator II	✓		Teamsters

## Budget Overview

The pages that follow summarize the City of Molalla's fiscal year 2026-27 budget. More details will be explained in each fund's narratives.

### Revenues

The budget includes total revenue projections of \$78,113,279 in all funds including the Urban Renewal District. The City of Molalla has strong beginning balances, and the overall health remains positive. Showing 32% of all revenue in beginning fund balances.

#### Highlights:

- Property tax revenue reflects an increase in budgeted revenue for fiscal year 26/27 of \$166,125 over prior year estimated balances.
- Special Revenues increased by \$187,116 (Streets, Library, Restricted Funds)
- Fines and Forfeitures increased by \$44,900. Increase due to more code violations that were settled in court and payments made from past due collections.
- Enterprise Revenues increased by \$2,335,800 due to large capital projects that require loan reimbursement and grant money for the said projects.
- Franchise Fees increased by \$32,700 due to estimated inflation and interest requirements.

Revenue Source	FY 2026/2027 Adopted Budget		
	FY 2026-2027	FY 2025-2026	over/under
	Proposed Total All Revenue	Proposed Total All Revenue	
Property Taxes	\$ 4,401,457	\$ 4,235,332	\$ 166,125
Intergovernmental	\$ 1,186,500	\$ 1,458,262	\$ (271,762)
Miscellaneous Revenue	\$ 92,000	\$ 35,500	\$ 56,500
Franchise Fees	\$ 462,000	\$ 429,300	\$ 32,700
License, Fees, Permits	\$ 90,500	\$ 81,600	\$ 8,900
Charges for Service	\$ 1,207,313	\$ 1,333,690	\$ (126,377)
Grants & Donations	\$ 572,950	\$ 189,900	\$ 383,050
Fines & Forfeitures	\$ 277,000	\$ 232,100	\$ 44,900
Interest	\$ 125,000	\$ 160,000	\$ (35,000)
Special Revenues	\$ 3,950,816	\$ 3,763,700	\$ 187,116
Capital Revenues	\$ 24,189,313	\$ 25,426,075	\$ (1,236,762)
Debt Service Revenues	\$ 1,583,077	\$ 1,022,757	\$ 560,320
SDC Revenues	\$ 705,400	\$ 601,875	\$ 103,525
Enterprise Revenues	\$ 11,306,300	\$ 8,970,500	\$ 2,335,800
Beg. Fund Balance	\$ 23,799,909	\$ 28,605,637	\$ (4,805,728)
	\$ 73,949,535	\$ 76,546,228	

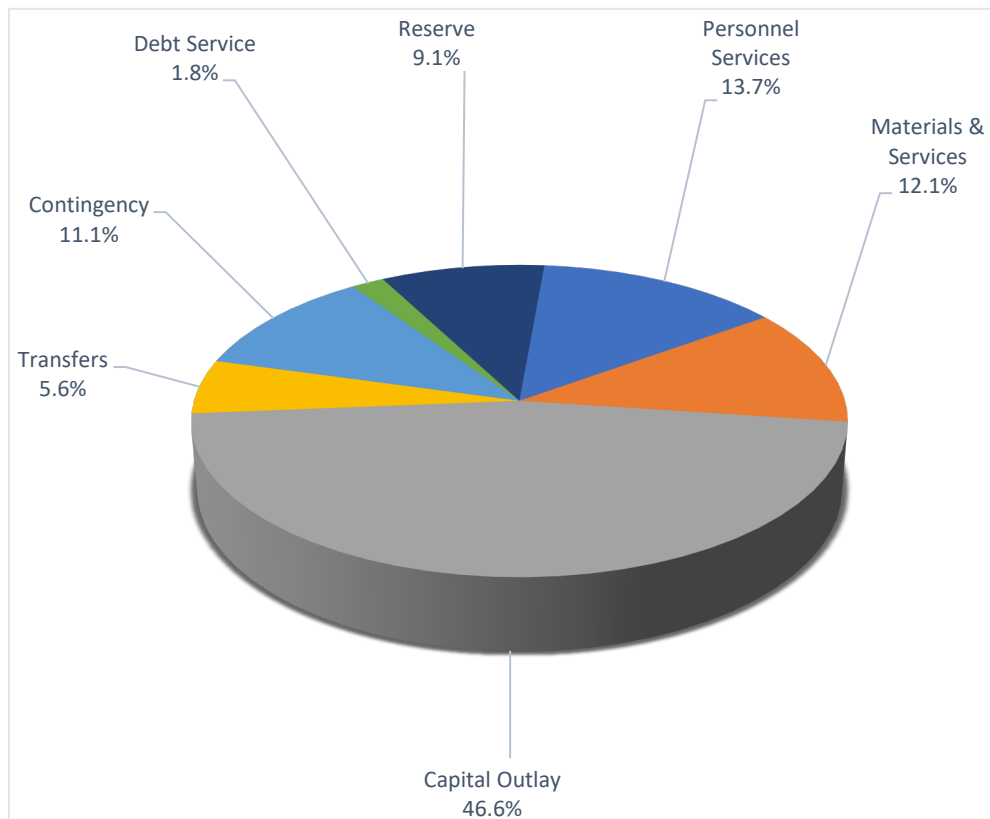
## FY 26/27 Budget Brief including Beginning Fund Balances

Budget Brief FY 26/27 All Numbers Are Expenses	2024-25	2025-26	2026-27	Variance	% change
	ACTUAL	ADOPTED	ADOPTED		
<b>General Fund</b>					
Admin	1,632,012	4,070,190	3,830,433	-239,757	-6%
Police	4,356,392	4,948,389	5,140,433	192,044	4%
Court	324,774	354,635	393,347	38,712	11%
City Council	59,163	67,796	47,990	-19,806	-29%
Parks	1,236,848	1,279,458	975,013	-304,445	-24%
Planning	365,903	546,450	890,888	344,438	63%
<b>Total General Fund</b>	<b>7,975,091</b>	<b>11,266,918</b>	<b>11,278,104</b>	<b>11,186</b>	<b>0%</b>
<b>Special Revenue Funds</b>					
Library	1,204,251	5,027,567	4,925,331	-102,236	-2%
Street	1,950,092	5,396,730	4,487,984	-908,746	-17%
PD Restricted	55,874	83,657	70,019	-13,638	-16%
<b>Total Special Revenue Funds</b>	<b>3,210,217</b>	<b>10,507,954</b>	<b>9,483,334</b>	<b>-1,024,620</b>	<b>-10%</b>
<b>Capital Project Funds</b>					
WWTP Project	9,503,790	25,748,000	24,758,185	-989,815	-4%
New Police Facility*CLOSED	11,176,175	5,840,129	0	-5,840,129	-100%
Fleet Replacement	228,890	504,624	516,062	11,438	2%
<b>Total Capital Project Funds</b>	<b>20,908,855</b>	<b>32,092,753</b>	<b>25,274,247</b>	<b>-6,818,506</b>	<b>-21%</b>
<b>Debt Service Funds</b>					
Sewer Debt Retirement	377,889	365,444	783,624	418,180	114%
GO BOND DEBT FUND	739,444	783,550	814,750	31,200	4%
<b>Total Debt Service Funds</b>	<b>1,117,333</b>	<b>1,148,994</b>	<b>1,598,374</b>	<b>449,380</b>	<b>39%</b>
<b>SDC Funds</b>					
Sewer SDC's	0	1,614,223	1,786,031	171,808	11%
Water SDC's	252,227	298,065	560,264	262,199	88%
Street SDC's	88,946	1,905,494	1,980,494	75,000	4%
Park SDC's	700,000	1,972,854	775,527	-1,197,327	-61%
Stormwater SDC's	0	462,759	468,900	6,141	1%
<b>Total SDC Funds</b>	<b>1,041,172</b>	<b>6,253,395</b>	<b>5,571,216</b>	<b>-682,179</b>	<b>-11%</b>
<b>Enterprise Funds</b>					
Sewer	4,005,306	8,384,392	11,250,795	2,866,403	34%
Water	2,800,114	6,048,516	8,375,301	2,326,785	38%
Stormwater	544,330	843,306	1,118,164	274,858	33%
<b>Total Enterprise Funds</b>	<b>7,349,750</b>	<b>15,276,214</b>	<b>20,744,260</b>	<b>5,468,046</b>	<b>36%</b>
<b>Total City of Molalla</b>	<b>41,602,419</b>	<b>76,546,228</b>	<b>73,949,535</b>	<b>-2,596,693</b>	<b>-3%</b>
<b>URBAN RENEWAL</b>	<b>735,458</b>	<b>4,985,615</b>	<b>4,163,744</b>	<b>-821,871</b>	<b>-16%</b>
<b>TOTAL ALL FUNDS</b>	<b>42,337,877</b>	<b>81,531,843</b>	<b>78,113,279</b>	<b>-3,418,564</b>	<b>-4%</b>

## Budget Overview, Expenditures

The illustrations below show how the proposed budget is expensed, with percentages.

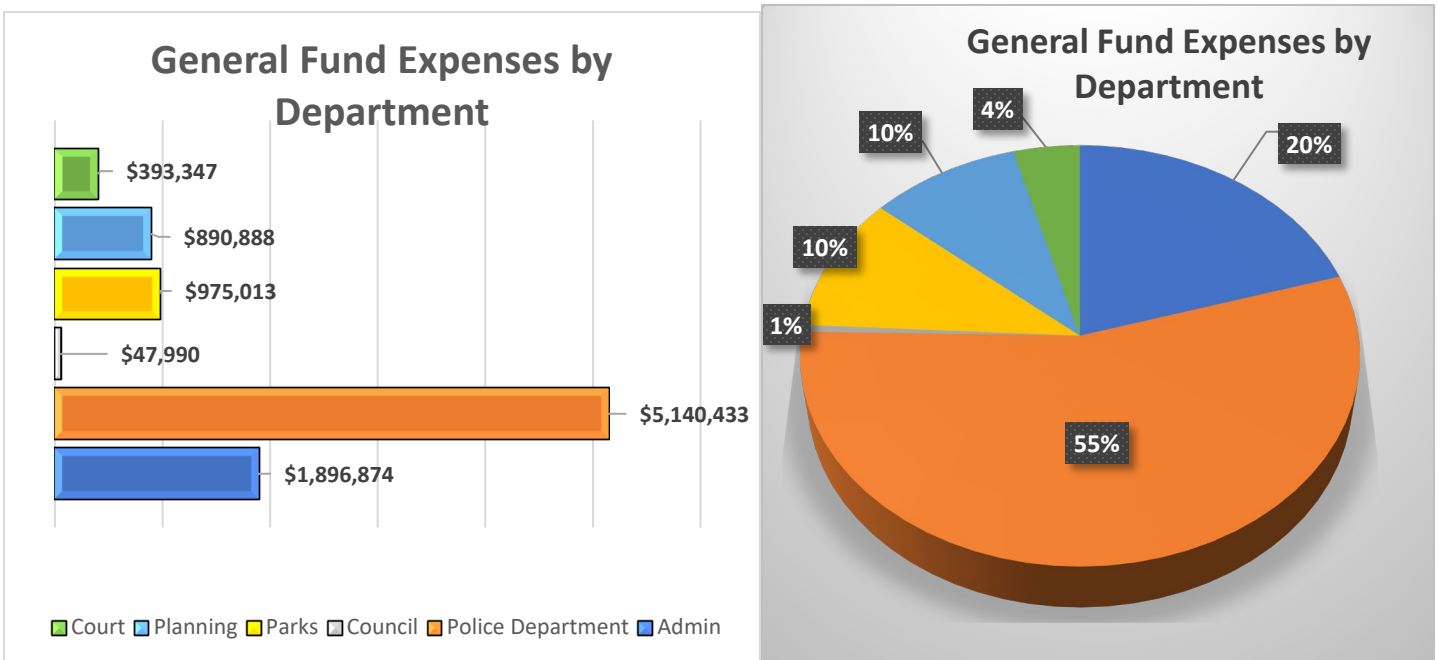
Expenditure	FY 2026/2027 Adopted Budget	
	Totals	
<i>Personnel Services</i>	\$	10,105,327
<i>Materials &amp; Services</i>	\$	8,934,929
<i>Capital Outlay</i>	\$	34,439,052
<i>Transfers</i>	\$	4,147,174
<i>Contingency</i>	\$	8,204,403
<i>Debt Service</i>	\$	1,361,730
<i>Reserve</i>	\$	6,756,920
	\$	73,949,535



# Budget Overview, Expenditures General Fund Continued

FY 2026/2027 Proposed Budget	
General Fund	Operating Expenses
<b>Admin</b>	<b>\$ 1,896,874</b>
<b>Police Department</b>	<b>\$ 5,140,433</b>
<b>Council</b>	<b>\$ 47,990</b>
<b>Parks</b>	<b>\$ 975,013</b>
<b>Planning</b>	<b>\$ 890,888</b>
<b>Court</b>	<b>\$ 393,347</b>
<b>Total</b>	<b>\$ 9,344,545</b>

Note: General Fund Revenues are \$8,414,720, while Expenses are \$9,344,545. **One-time money** transfers for capital projects, special projects, potential donations, and grants are all factored into this ratio. When these factors are considered there is more Revenue than Expenditures.

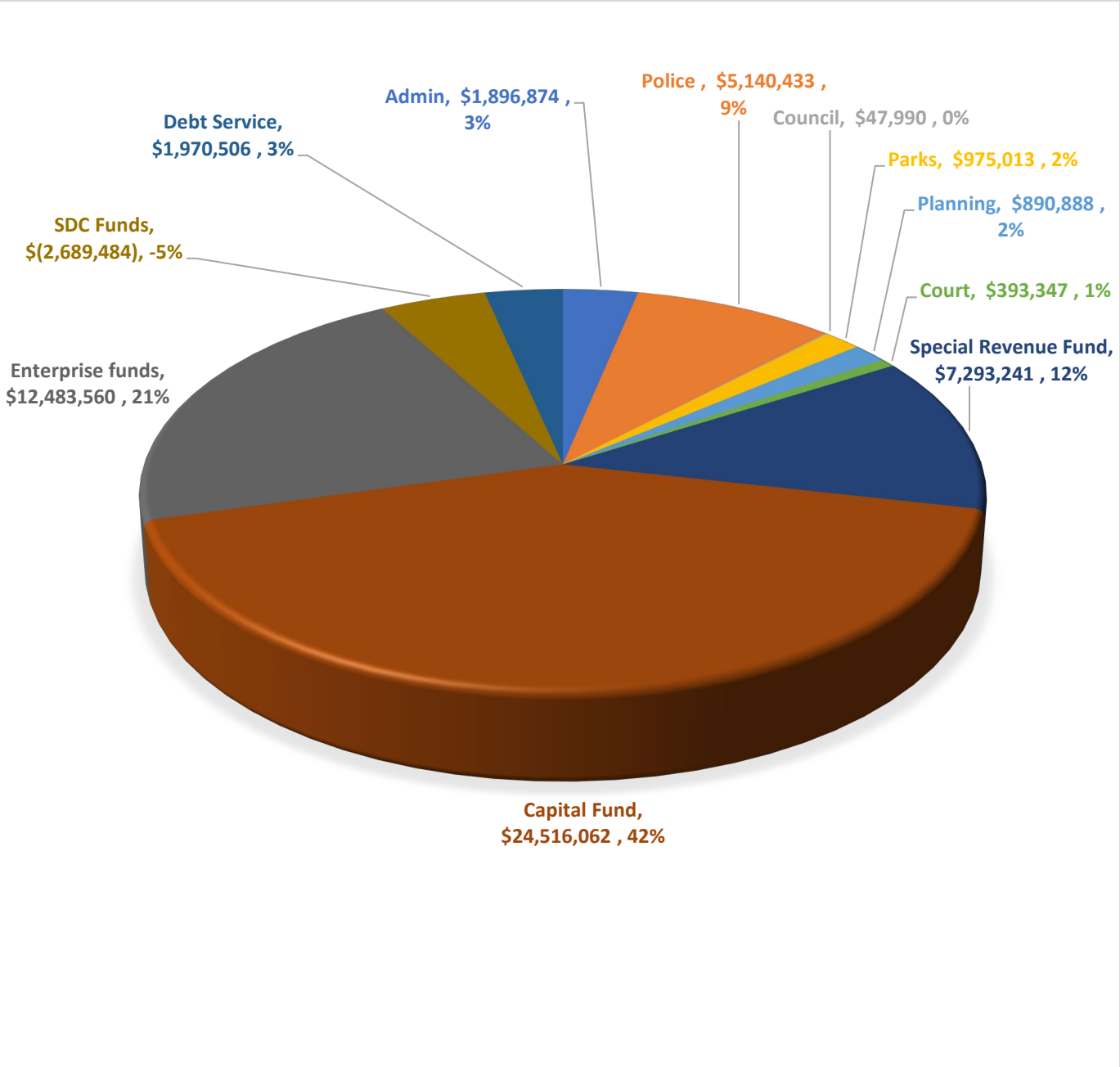


The above charts show the General Fund Expenditures and how they are allocated

# Budget Overview, Expenditures Continued

Below is the percentage of the entire budget expense percentages for FY 2026-2027 for a total of \$73,949,535.

Below are the percentage and the cost of all FY 2026 – 2027 Expenditures MINUS transfers, reserves, & Contingency's.



## City of Molalla Budget Summary- FY 2026-2027 - *CURRENT YEAR*

	Expenditures							Resources			
	PERSONNEL Services	Material & Services	Capital Outlay	Transfers	Contin- gency	Debt Service	Reserve	Total Expenses	BFB	Revenues	Total Revenues
<b>General Fund</b>									2,863,384	8,414,720	11,278,104
Administration	1,236,955	355,000	304,919					1,896,874			
Police	4,325,653	729,780	60,000	25,000				5,140,433			
Court	223,922	154,425	15,000					393,347			
City Council	14,740	33,250						47,990			
Parks	146,068	91,845	729,000	8,100				975,013			
Planning	345,963	544,925						890,888			
Capital Outlay											
Transfers											
Contingency/Reserve					1,122,641		810,918	1,933,559			
<b>Total General Fund</b>	<b>6,293,301</b>	<b>1,909,225</b>	<b>1,108,919</b>	<b>33,100</b>	<b>1,122,641</b>		<b>810,918</b>	<b>11,278,104</b>	<b>2,863,384</b>	<b>8,414,720</b>	<b>11,278,104</b>
<b>Special Revenue Funds</b>											
Library	789,540	516,060	3,276,571		79,402		263,758	4,925,331	3,265,331	1,660,000	4,925,331
Street	500,921	1,052,630	1,012,500	75,000	1,175,734	135,488	535,711	4,487,984	2,255,568	2,232,416	4,487,984
PD Restricted		20,019		50,000				70,019	11,619	58,400	70,019
<b>Total Special Revenue</b>	<b>1,290,461</b>	<b>1,588,709</b>	<b>4,289,071</b>	<b>125,000</b>	<b>1,255,136</b>	<b>135,488</b>	<b>799,469</b>	<b>9,483,334</b>	<b>5,532,518</b>	<b>3,950,816</b>	<b>9,483,334</b>
<b>Capital Project Funds</b>											
WWTP Upgrade Project			24,000,000				758,185	24,758,185	748,185	24,010,000	24,758,185
Fleet Replacement			516,062					516,062	336,749	179,313	516,062
<b>Total Capital</b>			<b>24,516,062</b>				<b>758,185</b>	<b>25,274,247</b>	<b>1,084,934</b>	<b>24,189,313</b>	<b>25,274,247</b>
<b>Debt Service Funds</b>											
GO Bond Debt							812,750	814,750	2,000	799,453	814,750
Sewer Debt Retirement							413,492	783,624	370,132	783,624	783,624
Water Debt Retirement											
CWSRF Debt Retirement											
<b>Total Debt Service</b>							<b>1,226,242</b>	<b>372,132</b>	<b>1,598,374</b>	<b>15,297</b>	<b>1,583,077</b>
<b>SDC Funds</b>											
Street SDC's				800,000			1,180,494	1,980,494	1,680,494	300,000	1,980,494
Park SDC's				625,000			150,527	775,527	660,277	115,250	775,527
Sewer SDC's				950,000			836,031	1,786,031	1,621,031	165,000	1,786,031
Water SDC's				400,000			160,264	560,264	483,264	77,000	560,264
Stormwater SDC's				275,000			193,900	468,900	420,750	48,150	468,900
<b>Total SDC's</b>				<b>3,050,000</b>			<b>2,521,216</b>	<b>5,571,216</b>	<b>4,865,816</b>	<b>705,400</b>	<b>5,571,216</b>
<b>Enterprise Funds</b>											
Sewer	1,209,256	4,085,025	2,385,000	852,349	1,906,165		813,000	11,250,795	5,407,495	5,843,300	11,250,795
Water	1,076,111	1,143,140	1,865,000	71,725	3,644,325		575,000	8,375,301	3,625,301	4,750,000	8,375,301
Stormwater	236,198	208,830	275,000	15,000	276,136		107,000	1,118,164	405,164	713,000	1,118,164
<b>Total Enterprise</b>	<b>2,521,565</b>	<b>5,436,995</b>	<b>4,525,000</b>	<b>939,074</b>	<b>5,826,626</b>		<b>1,495,000</b>	<b>20,744,260</b>	<b>9,437,960</b>	<b>11,306,300</b>	<b>20,744,260</b>
<b>Total City of Molalla</b>	<b>10,105,327</b>	<b>8,934,929</b>	<b>34,439,052</b>	<b>4,147,174</b>	<b>8,204,403</b>	<b>1,361,730</b>	<b>6,756,920</b>	<b>73,949,535</b>	<b>23,799,909</b>	<b>50,149,626</b>	<b>73,949,535</b>
<b>Urban Renewal</b>		93,430	1,000,000		2,133,510	565,202	371,602	<b>4,163,744</b>	2,848,877	1,314,867	4,163,744
<b>Total All Funds</b>	<b>10,105,327</b>	<b>9,028,359</b>	<b>35,439,052</b>	<b>4,147,174</b>	<b>10,337,913</b>	<b>1,926,932</b>	<b>7,128,522</b>	<b>78,113,279</b>	<b>26,648,786</b>	<b>51,464,493</b>	<b>78,113,279</b>

**City of Molalla Budget Summary-Adopted FY 2025-2026 - PRIOR YEAR**

	Expenditures							Resources			
	PERSONNEL Services	Material & Services	Capital Outlay	Transfers	Contingency	Debt Service	Reserve	Total Expenses	BFB	Revenues	Total Revenues
<b>General Fund</b>									3,111,234	8,155,684	11,266,918
Administration	1,302,500	346,300	80,000					1,728,800			
Police	4,082,970	650,500	164,919	50,000				4,948,389			
Court	175,925	163,710	15,000					354,635			
City Council	14,334	53,462						67,796			
Parks	139,600	94,650	1,037,308	7,900				1,279,458			
Planning	325,700	220,750						546,450			
Capital Outlay											
Transfers											
Contingency					1,541,390		800,000	2,341,390			
<b>Total General Fund</b>	<b>6,041,029</b>	<b>1,529,372</b>	<b>1,297,227</b>	<b>57,900</b>	<b>1,541,390</b>		<b>800,000</b>	<b>11,266,918</b>	<b>3,111,234</b>	<b>8,155,684</b>	<b>11,266,918</b>
<b>Special Revenue Funds</b>											
Library	827,500	488,140	3,200,000		300,000		211,927	5,027,567	3,648,667	1,378,900	5,027,567
Street	509,179	1,025,168	1,941,148	33,725	1,285,724	201,786	400,000	5,396,730	3,081,230	2,315,500	5,396,730
PD Restricted		33,657		50,000				83,657	14,357	69,300	83,657
<b>Total Special Revenue</b>	<b>1,336,679</b>	<b>1,546,965</b>	<b>5,141,148</b>	<b>83,725</b>	<b>1,585,724</b>	<b>201,786</b>	<b>611,927</b>	<b>10,507,954</b>	<b>6,744,254</b>	<b>3,763,700</b>	<b>10,507,954</b>
<b>Capital Project Funds</b>											
WWTP Upgrade Project			25,748,000					25,748,000	734,000	25,014,000	25,748,000
New Police Facility			5,840,129					5,840,129	5,636,129	204,000	5,840,129
Fleet Replacement			504,624					504,624	296,549	208,075	504,624
<b>Total Capital</b>			<b>6,344,753</b>					<b>32,092,753</b>	<b>6,666,678</b>	<b>25,426,075</b>	<b>32,092,753</b>
<b>Debt Service Funds</b>											
GO Bond Debt						783,550		783,550	7,000	776,550	783,550
Sewer Debt Retirement						148,335	217,109	365,444	119,237	246,207	365,444
<b>Total Debt Service</b>						<b>931,885</b>	<b>217,109</b>	<b>1,148,994</b>	<b>126,237</b>	<b>1,022,757</b>	<b>1,148,994</b>
<b>SDC Funds</b>											
Street SDC's				750,000			1,155,494	1,905,494	1,685,494	220,000	1,905,494
Park SDC's				750,000			1,222,854	1,972,854	1,812,854	160,000	1,972,854
Sewer SDC's				500,000			1,114,223	1,614,223	1,482,223	132,000	1,614,223
Water SDC's				165,000			133,065	298,065	230,065	68,000	298,065
Stormwater SDC's				150,000			312,759	462,759	440,884	21,875	462,759
<b>Total SDC's</b>				<b>2,315,000</b>			<b>3,938,395</b>	<b>6,253,395</b>	<b>5,651,520</b>	<b>601,875</b>	<b>6,253,395</b>
<b>Enterprise Funds</b>											
Sewer	1,172,339	2,069,700	1,531,500	277,932	2,682,921		650,000	8,384,392	3,169,892	5,214,500	8,384,392
Water	1,067,203	1,065,231	2,104,500	41,725	1,269,857		500,000	6,048,516	2,855,016	3,193,500	6,048,516
Stormwater	235,120	160,073	280,576	35,000	82,537		50,000	843,306	280,806	562,500	843,306
<b>Total Enterprise</b>	<b>2,474,662</b>	<b>3,295,004</b>	<b>3,916,576</b>	<b>354,657</b>	<b>4,035,315</b>		<b>1,200,000</b>	<b>15,276,214</b>	<b>6,305,714</b>	<b>8,970,500</b>	<b>15,276,214</b>
<b>Total City of Molalla</b>	<b>9,852,370</b>	<b>6,371,341</b>	<b>16,699,704</b>	<b>2,811,282</b>	<b>7,162,429</b>	<b>1,133,671</b>	<b>6,767,431</b>	<b>76,546,228</b>	<b>28,605,637</b>	<b>47,940,591</b>	<b>76,546,228</b>
<b>Urban Renewal</b>		70,751	4,030,000		48,102	565,160	271,602	4,985,615	3,745,228	1,240,387	4,985,615
<b>Total All Funds</b>	<b>9,852,370</b>	<b>6,442,092</b>	<b>20,729,704</b>	<b>2,811,282</b>	<b>7,210,531</b>	<b>1,698,831</b>	<b>7,039,033</b>	<b>81,531,843</b>	<b>32,350,865</b>	<b>49,180,978</b>	<b>81,531,843</b>

## BUDGET PROCESS

### OREGON BUDGET LAW

A budget is a financial plan containing estimates of revenues and expenditures for a single fiscal year (July 1 through June 30). Besides outlining programs for the coming year, the budget controls the local government's spending authority and encourages community involvement. Oregon's local budget law is a group of statutes, ORS 294.305 to 294.565, that require local governments to prepare and adopt annual or biennial budgets following a very specific process. Chapter 294.321 defines the six major purposes of local budget law:

1. To establish standard procedures for the preparation, presentation, administration, and appraisal of budgets of municipal corporations.
2. To provide a brief description of the programs of a municipal corporation and the fiscal policy which is to accomplish these programs.
3. To provide for estimation of revenues, expenditures, and proposed taxes.
4. To provide specific methods for obtaining public views in the preparation of fiscal policy.
5. To provide for the control of revenues and expenditures for the promotion of efficiency and economy in the expenditure of public funds.
6. To enable the public, taxpayers, and investors to be apprised of the financial policies and administration of the municipal corporation in which they are interested.

Publications such as the ["Local Budgeting Manual"](#) provide detailed budgeting guidelines and statutory interpretations: ["Local Budgeting in Oregon"](#) is an overview of the budgeting process and is especially designed for the public and budget committee members.

### BUDGET PROCESS

**PREPARE** – The Finance Department, under the direction of the City Manager and Finance Director and with department directors, prepares a requested budget. The budget document is in a format prescribed by the Oregon Department of Revenue, meeting the requirements set out in statute. The Finance Department performs financial, economic, budgetary and statistical forecasting and analyses in support of management decisions, including development of revenue forecasting models, cost variance analyses, and preparation of long-term financial plans.

## BUDGET PROCESS, Continued

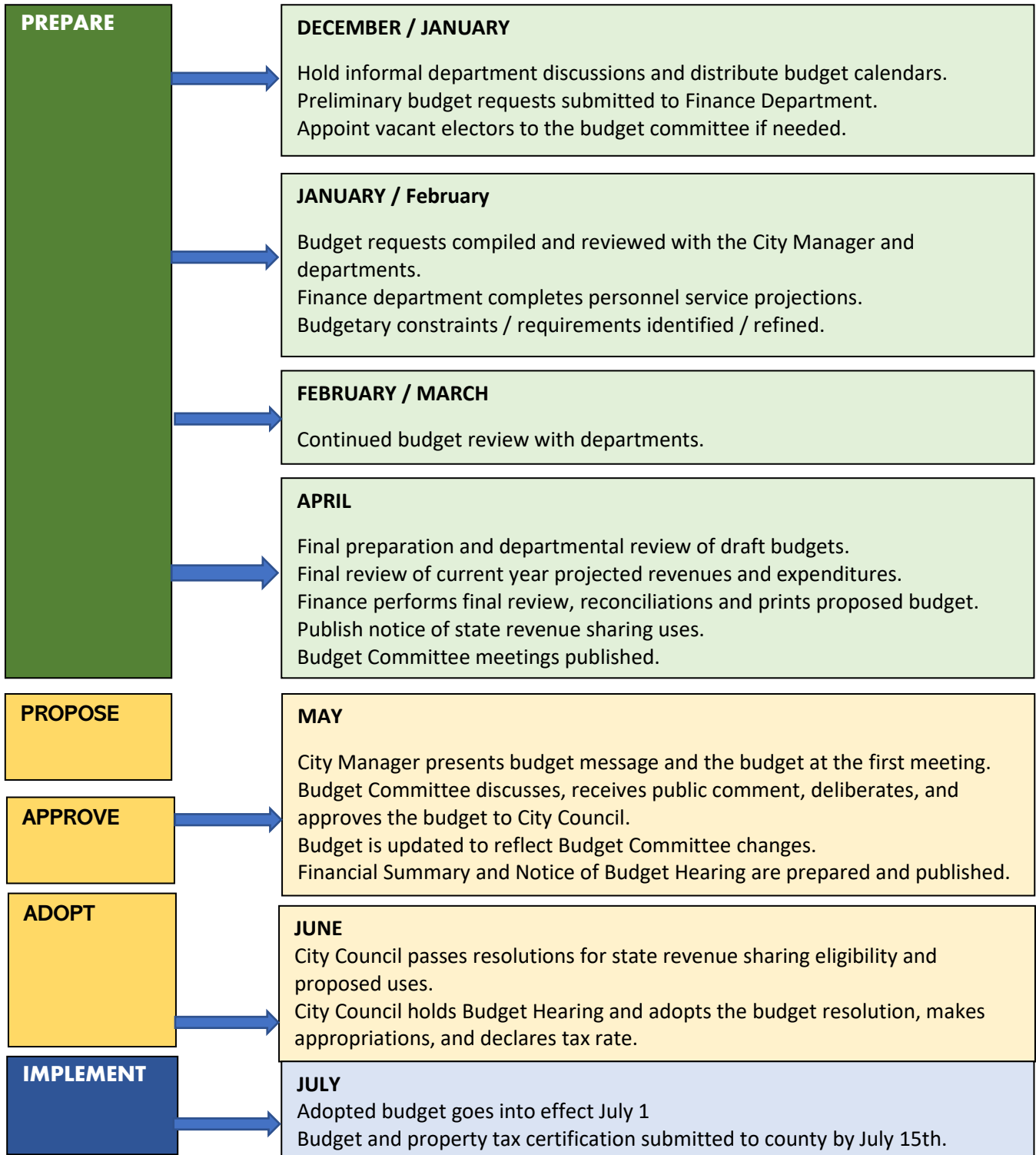
**PROPOSE** – The Budget Officer (City Manager) is responsible for delivering the budget message and presenting a proposed budget that is balanced. The City Manager in collaboration with the Finance Director and department directors, adjusts the requested budget. The Proposed Budget must be balanced; total resources consisting of beginning fund balance, current year revenue, transfers, and other resources must equal total requirements consisting of expenditures, transfers, contingency and other requirements.

**APPROVE** – The Budget Committee reviews and approves the budget. At the Budget meeting, the budget message is delivered. The budget message explains the proposed budget and significant changes in the local government's financial position. The Budget Committee reviews the proposed budget, listens to comments from community members, considers any changes, and then approves the budget. Public notices are required before the Budget Committee's first meeting. These requirements encourage public participation in the budget-making process and give public exposure to budgeted programs and fiscal policies before their adoption.

**ADOPT** – After the budget is approved, a budget hearing must be held by the governing body. The purpose of the hearing is to receive community testimony on the budget approved by the Budget Committee. All hearings are open to the public. After the budget hearing, and after considering public testimony, the governing body enacts a resolution or ordinance to 1) formally adopt the budget, 2) make appropriations, 3) levy, and 4) categorize any tax. The budget is the basis for making appropriations and certifying the tax levy. The resolution must be adopted no later than June 30. Public notices are required before the hearing, including a summary of the approved budget.

**IMPLEMENT** – This phase occurs during the budget period when the City is operating under the adopted budget. The City implements responsible budget management, monitoring, and review. Revisions to the adopted budget may require budget adjustments, resolutions or supplemental budgets. By transferring appropriations, a governing body usually has enough flexibility to carry out the programs prescribed in an adopted budget. The governing body may adopt a supplemental budget at a regular public meeting if prior notice is given and the expenditures in the supplemental budget are **10 % or less** than the budget fund being adjusted. If the expenditure is higher, the governing body must publish a summary of the changes in the supplemental budget and hold a special hearing.

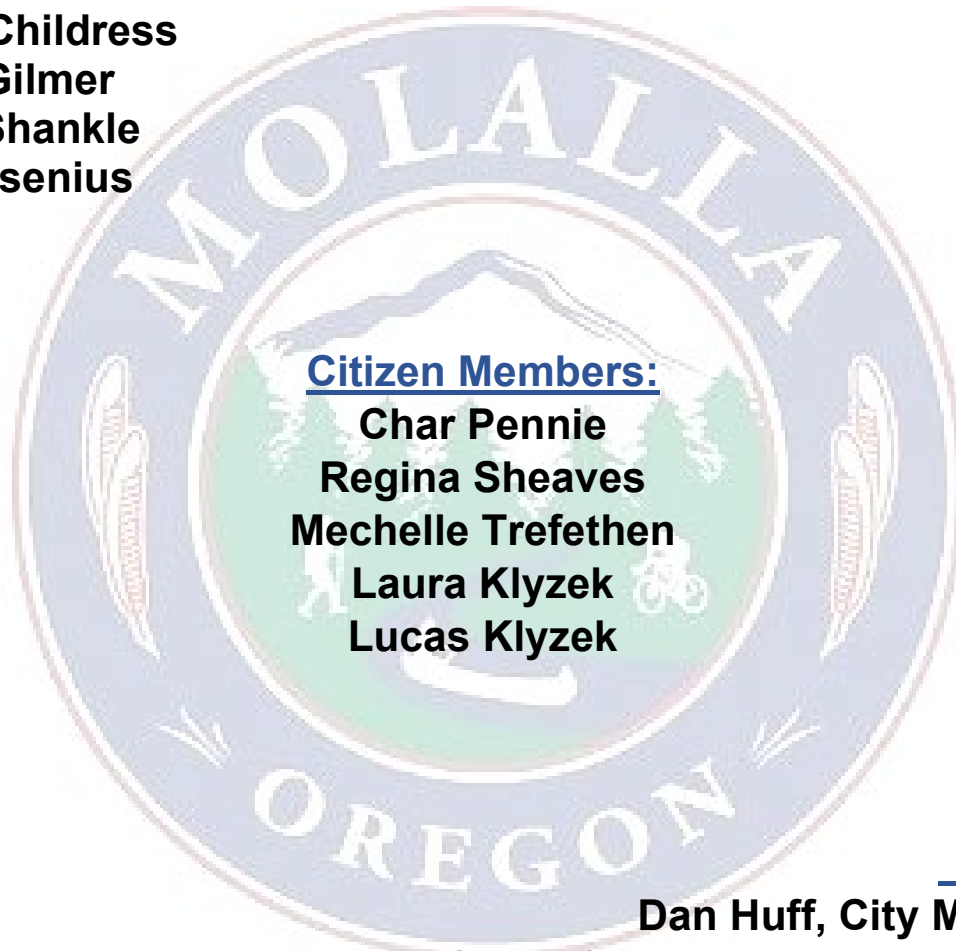
# BUDGET CALENDAR



## Budget Committee FY 2026-2027

### City Council Members:

**Scott Keyser, *Mayor***  
**Eric Vermillion, *Council President***  
**Martin Bartholomew**  
**Leota Childress**  
**Doug Gilmer**  
**Terry Shankle**  
**K.C. Bisenius**



### Citizen Members:

**Char Pennie**  
**Regina Sheaves**  
**Mechelle Trefethen**  
**Laura Klyzek**  
**Lucas Klyzek**

### Staff:

**Dan Huff, City Manager**  
**Cindy Chauran, Finance Director**  
**Christie Teets, City Recorder**  
**Chris Long, Chief of Police**  
**Mac Corthell, CD Director/Assistant City Manager**  
**Rebekah Murcay, Library Director**

## Section 2 – Financial Structure, Policy, and Process

- ✓ Basis of Accounting & Budgeting
- ✓ Fund Descriptions & Structures & Functional Units
- ✓ Financial Policies
- ✓ Long Term Debt Policy



# BASIS OF ACCOUNTING AND BUDGETING

## Measuring Focus, Basis of Accounting & Budgeting

The “basis of accounting” and “basis of budgeting” determine when revenues and expenditures are recognized for the purposes of financial reporting and budget control. *The city of Molalla employs a hybrid basis of accounting that is called “modified accrual”.*



The City maintains accounting records on a budget basis as well as on a Generally Accepted Accounting Principles (GAAP) basis. For financial reporting purposes, governmental funds use the modified accrual basis of accounting where revenues are recognized when they are both measurable and available and expenditures (other than debt service, compensated absences, claims and judgments) are recognized when a liability is incurred. Proprietary funds use the full accrual basis of accounting where revenues are recorded when earned and expenses are recorded when liability is incurred.

The City maintains its accounting records on the budget basis (modified accrual basis) throughout the year and adjusts at year-end for financial reporting to reflect GAAP basis as needed. Budgets for all City funds are prepared on a modified accrual basis.

Examples of GAAP basis adjustments include:

- Acquisition of capital assets or construction costs which are considered current expenditures under Oregon Local Budget Law but are reported as capital assets and depreciated over the life of the assets under GAAP.
- Proceeds from debt issues are considered budgetary resources while under GAAP, debt issued is recorded as a liability. Likewise, debt principal payments are a reduction in the liability under GAAP reporting but show as expenditures for budget purposes.
- Amortization and non-cash transactions are other examples of transactions that are not reported under the budget basis but are reported in GAAP-basis financial reporting

Encumbrances are entered through our PO process and shown in current fund financials.

# FUND ACCOUNTING

## Financial Analysis

The budget for FY 2026/2027 for the City of Molalla has been prepared in accordance with Oregon budget law and generally accepted accounting principles. This is a lean budget with continued focus on expenditure controls, building working capital, contingencies, and reserves, and focus on capital improvements to City infrastructure.

## Fund Descriptions

The financial structure of the City is organized and operated based on fund accounting. There are both federal and state requirements for local governments to budget by fund as a means of maintaining records for resources which are designated to carry out specific activities or meet objectives. Oregon Administrative rules define a fund as, “a fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives with special regulations, restrictions, or limitations.”

## Government Funds

Government funds house most of the City’s functions and include the General Fund, Special Revenue Funds, and General Obligation Debt Service Fund.

**General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

- Police
- Administration
- Municipal Court
- City Council
- Parks
- Planning

**Special Revenue Funds** – Account for money that is earmarked for a specific purpose, for example, gas tax or special district revenue.

- Library Fund
- Street Fund
- PD Restricted Revenue Fund
- Fleet Replacement Fund
- Street SDC Fund
- Park SDC Fund

## FUND ACCOUNTNG, Continued

**Capital Project Funds** – The City has (1) capital funds for significant projects:

- Waste Water Treatment Plant Upgrade Project Fund

**Debt Service Funds** – The City maintains dedicated funds for long-term repayment of debt:

- Sewer Debt Retirement Fund
- GO Debt Fund

**Enterprise (Proprietary) Funds** – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations – Water, Sewer, and Stormwater. Included in these segments are:

### **Water Operations**

**Water Fund** – The Water Fund accounts for water services for residents of the City. The principal revenues source is from user fees. The primary expenditure is for system operations.

**Water SDC Fund** – The Water SDC Fund is used to implement Water System Master Plan projects. The resource is SDC fee charged on new development.

### **Sewer Operations**

**Sewer Fund** – The Sewer Fund accounts for sewer services for residents of the City. The principal revenue source is from user fees. The primary expenditure is for system operations.

**Sewer SDC Fund** – The Sewer SDC Fund accounts for expenditures on major construction projects or infrastructure equipment acquisition. Resources are system development charges and fees charged on new development.

### **Storm Water Operations**

**Storm Water Fund** – The Storm Water Fund accounts for storm drain services for residents of the City. The principal revenue source is from user fees. The primary expenditure is for system operations.

**Storm Water SDC Fund** – The Storm Water Fund is used to implement the Storm Sewer System Master Plan. Resources are SDC fees charged in new development.

# FUND ACCOUNTNG, Continued

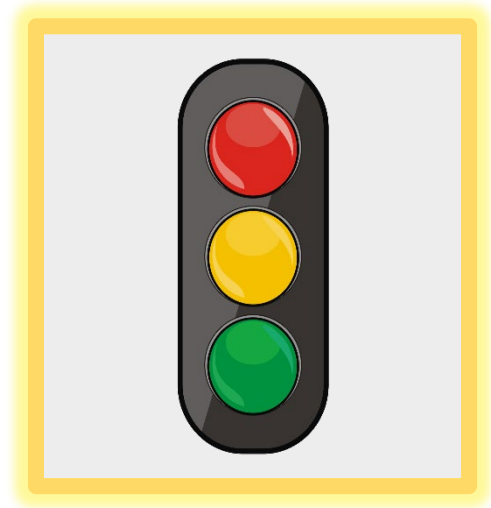
## The City has a combined total of 17 funds.

Think of a stop light when thinking about how a City spends its money, for example:

**RED LIGHT:** Spending is **RESTRICTED**, this means the money is **100%** restricted to the purpose required by the funding source. The City has (16) Restricted Funds. Categories include Special Revenue Funds, Enterprise Funds, and Debt Service Funds.

**YELLOW LIGHT:** Spending is **LESS RESTRICTED** because the Council can amend the purpose through budget action. The City has (1) Less Restricted Fund: The Fleet Fund

**GREEN LIGHT:** Spending from the General Fund is **UNRESTRICTED**, except for Grants, and designated donations. The City has (1) Unrestricted Fund: The General Fund.



### **Red** Light **Restricted** Funds

- \*Library
- \*Street
- \*PD Restricted
- \*Park SDC Fund
- \*Sewer
- \*Storm Water
- \*Water SDC
- \*Sewer Debt Fund
- \*GO Debt Fund
- \*WWTP Upgrade Project
- \*Street SDC
- \*Urban Renewal
- \*Water
- \*Sewer SDC
- \*Stormwater SDC

### **Yellow** Light **LESS Restricted** Funds

- \*Fleet Replacement Fund

### **Green** Light **Unrestricted** Funds

- \*General Fund

***EXCEPT For Grants, and designated donations***

# Financial Policies

## Financial Objectives

### **Financial Goals:**

The City of Molalla's financial goals seek to:

- a. Ensure the financial integrity of the City.
- b. Improve financial information for decision makers at all levels.
- c. 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 Policy

### **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. [Go,HERE!](#) For complete policy.
2. Operating budget policy - Relating to budgeting guidelines. [Go,HERE!](#) For complete policy.
3. Debt policy - Dealing with long-term financing of the City's capital needs and its bond rating. [Go,HERE!](#) For complete policy.
4. Reserve policy - For establishing reserves and contingency funding as needed for the various activities of the City. [Go,HERE!](#) For complete policy.
5. Grant Policy - To assist City of Molalla (City) personnel involved in pursuing, acquiring, and administering federal grant funding [Go,HERE!](#) For complete policy.
6. Expenditure Policy - The purpose of this policy is to establish guidelines for the City of Molalla to process expenditure transactions efficiently and effectively. [Go,Here!](#) For complete policy.
7. Purchasing Policy & Usage of Purchase Orders – The purpose of this policy is to ensure efficiency and accountability in purchasing, while mitigating the risk of theft and impropriety. [Go,Here!](#) For complete policy.

Note: Complete policy details are in the back of this document. Take the short-cut link where it says [Go,HERE!](#) and you will be directed to the policy details immediately.

# Reserve Policy

Below is an illustration of the City’s reserve policy. Percentages and amounts show that the City is following this policy.

CITY OF MOLALLA				
Reserve				
FY 2026-2027				
FUND	Total Budget	Operating Expenses	% of Operating Budget	Amount
General Fund	\$11,278,104	\$8,202,526	24%	\$1,933,559
Library	\$4,925,331	\$1,305,600	20%	\$263,758
Streets	\$4,487,984	\$1,553,551	34%	\$535,711
Sewer	\$11,250,795	\$5,294,281	15%	\$813,000
Water	\$8,375,301	\$2,219,251	26%	\$575,000
Storm	\$1,118,164	\$445,028	24%	\$107,000
Urban Renewal	\$4,163,744	\$93,430	107%	\$100,000
Operating expenses includes personnel services and material & services.				
FUND	Recommended per Policy			
General Fund	3 months or 20%			
Library	3 months or 8%			
Streets	3 months or 15%			
Sewer	3 months or 15%			
Water	3 months or 15%			
Storm	3 months or 15%			
Urban Renewal	2 months or 5%			

## FUND STRUCTURE

The City of Molalla has 17 budgeted funds. All the funds with budgetary appropriations in the FY 2026-2027 budget are presented below.

	Governmental Funds					Proprietary Funds	
	General Fund	Special Revenue Funds	Capital Projects Fund	Reserve Fund	Debt Service Fund	Enterprise Funds	Special Revenue Funds
<b>General Fund</b>	✓						
<b>Library Fund</b>		✓					
<b>Street Fund</b>		✓					
PD Restricted Fund		✓					
Street SDC Fund		✓					
Park SDC Fund		✓					
<b>WWTP Upgrade Project Fund</b>			✓				
Fleet Replacement				✓			
<b>Sewer Fund</b>						✓	
<b>Water Fund</b>						✓	
Storm Water Fund						✓	
Sewer SDC Fund							✓
Water SDC Fund							✓
Storm Water SDC Fund							✓
Sewer Debt Fund					✓		
GO Debt Fund					✓		
<b>Urban Renewal</b>		✓					

A “fund”, as defined by Oregon Administrative Rule 150-294-0420(1), is a fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances, and changes, all segregated for specific, regulated activities and objectives. Governmental accounting systems are organized and operated on a fund basis. The diverse nature of governmental operations and the need for legal compliance preclude recording and summarizing financial transactions in a single accounting entity.

The table above illustrates fund types required under Oregon Budget Law, as well as the Governmental versus Proprietary Fund distinction required under Generally Accepted Accounting Principles (GAAP). **Major Funds are noted in Bold.**

## FUNCTIONAL UNITS

	General Government	Public Safety	Highways and Streets	Culture and Recreation	Community Development	Enterprise Utility Services
General Fund	✓	✓		✓	✓	
Library Fund				✓		
Street Fund			✓			
PD Restricted Fund		✓				
Street SDC Fund			✓			
Park SDC Fund				✓		
Fleet Replacement Fund	✓	✓	✓	✓	✓	✓
Sewer Fund						✓
Water Fund						✓
Storm Fund						✓
Sewer SDC Fund						✓
Water SDC Fund						✓
Storm SDC Fund						✓
Sewer Debt Fund						✓
WWTP Upgrade Project Fund					✓	
Go Debt Fund	✓					
Urban Renewal Agency Fund					✓	

The above table provides where the City's functional units are accounted for by fund type and fund.

## Section 3 – Financial Summaries

- ✓ Consolidates Schedules
- ✓ Revenue Overview
- ✓ 5 Year Financial Forecast
- ✓ Long Term Debt



## Consolidated Schedules

The consolidated schedule section first shows the audited all funds revenues and expenses. The purpose of this model is to show the sources of revenue by their type, some examples are property taxes, intergovernmental, etc. Also showing the same information for expenditures by presenting them by function, and or program.

- ✓ Consolidated Audited All Funds (4 Years) With Beginning Fund Balances
- ✓ Audited (4 Years) of Revenues
- ✓ Audited (4 years) of Expenditures



**Consolidated Schedules of Resources,  
Expenditures, and changes in fund balance ALL FUNDS**

All Funds Fiscal Years 2022 - 2025	2022 Audited Actual		2023 Audited Actual		2024 Audited Actual		2025 Audited Actual	
	Gov. Activities	Business- Type Activities	Gov. Activities	Business-Type Activities	Gov. Activities	Business-Type Activities	Gov. Activities	Business- Type Activities
<b>Revenues</b>								
Program Revenues								
Charges for Service	580,693	5,585,861	583,355	6,620,494	639,027	6,939,720	678,608	7,505,998
Operating Grants	2,706,390		2,176,675		1,548,492		1,400,698	
Capital Grants	1,128,002	207,299	2,294,958	747,970	592,235	289,002	2,131,283	1,516,174
General Revenues								
Property Taxes	4,419,983		4,745,833		4,931,923		5,929,320	
Other Taxes	1,276,073		1,284,904		1,384,209		1,497,394	
Other Revenues	957,099	-224,280	2,170,174	-741,836	1,550,472	-177,733	2,672,923	-56,947
<b>Total Revenues</b>	<b>11,068,240</b>	<b>5,568,880</b>	<b>13,255,899</b>	<b>6,626,628</b>	<b>10,646,358</b>	<b>7,050,989</b>	<b>14,310,226</b>	<b>8,965,225</b>
<b>Expenditures</b>								
Governmental								
General Gov.	2,205,232		1,441,529		1,413,510		2,953,179	
Public Safety	3,276,964		3,826,634		4,481,759		4,311,499	
Highway & Streets	556,359		1,751,296		1,702,198		3,000,152	
Culture and Rec.	1,952,616		1,049,101		1,216,138		1,386,679	
Community Dev.	308,145		417,449		544,691		460,953	
Int. Long-Term Debt	94,334		71,112		120,896		732,649	
Business Type		1,370,377						
Water		2,724,856		1,551,845		1,765,526		1,994,521
Sewer		230,567		2,857,409		2,473,990		2,944,448
Storm water				280,099		284,657		692,056
<b>Total Expenses</b>	<b>8,393,650</b>	<b>4,325,800</b>	<b>8,557,121</b>	<b>4,689,353</b>	<b>9,479,192</b>	<b>4,524,173</b>	<b>12,845,111</b>	<b>5,631,025</b>
Change in Net Position	2,674,590	1,243,080	4,698,778	1,937,275	1,167,166	2,526,816	1,465,115	3,334,200
Net Position July 1	20,823,977	21,090,198	23,498,567	22,333,278	28,197,345	24,270,553	29,206,062	26,734,096
Net Position June 30	23,498,567	22,333,278	28,197,345	24,270,553	29,364,511	26,797,369	30,671,177	30,068,296
<b>BFB</b>		<b>41,914,175</b>		<b>45,831,845</b>		<b>52,467,898</b>		<b>55,940,158</b>
<b>Net Position</b>		<b>45,831,845</b>		<b>52,467,898</b>		<b>56,161,880</b>		<b>60,739,473</b>

**Beginning Fund Balances**

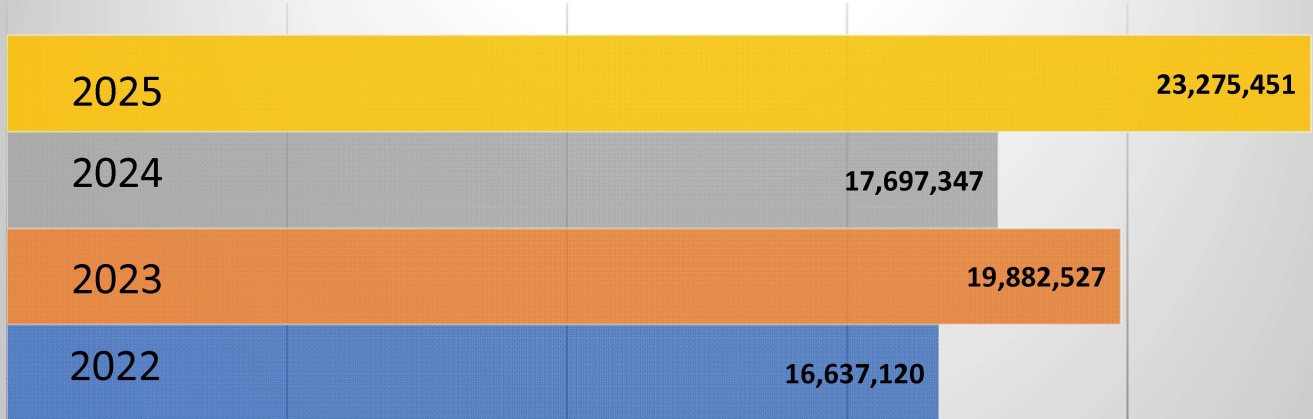


Note: Go to page "d" of the Audited Financials for the City of Molalla, GO, HERE!

**Consolidated Schedules of Revenues,  
and changes in ALL FUNDS**

All Funds Fiscal Years 2022 - 2025	2022 Audited Actual		2023 Audited Actual		2024 Audited Actual		2025 Audited Actual	
	Gov. Activities	Business- Type Activities	Gov. Activities	Business-Type Activities	Gov. Activities	Business- Type Activities	Gov. Activities	Business- Type Activities
<b>Revenues</b>								
Program Revenues								
Charges for Service	580,693	5,585,861	583,355	6,620,494	639,027	6,939,720	678,608	7,505,998
Operating Grants	2,706,390		2,176,675		1,548,492		1,400,698	
Capital Grants	1,128,002	207,299	2,294,958	747,970	592,235	289,002	2,131,283	1,516,174
General Revenues								
Property Taxes	4,419,983		4,745,833		4,931,923		5,929,320	
Other Taxes	1,276,073		1,284,904		1,384,209		1,497,394	
Other Revenues	957,099	-224,280	2,170,174	-741,836	1,550,472	-177,733	2,672,923	-56,947
<b>Total Revenues</b>	<b>11,068,240</b>	<b>5,568,880</b>	<b>13,255,899</b>	<b>6,626,628</b>	<b>10,646,358</b>	<b>7,050,989</b>	<b>14,310,226</b>	<b>8,965,225</b>
<b>Combined Revenues</b>		<b>16,637,120</b>		<b>19,882,527</b>		<b>17,697,347</b>		<b>23,275,451</b>

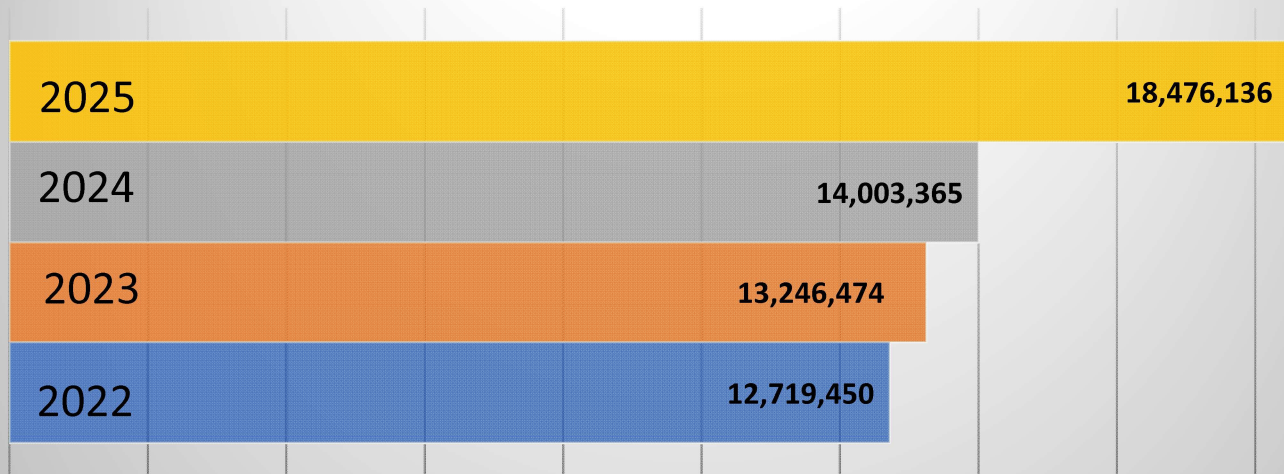
**ALL REVENUE FROM 2022-2025**



**Consolidated Schedules of Expenses,  
and changes in ALL FUNDS**

All Funds Fiscal Years 2022 - 2025	2022 Audited Actual		2023 Audited Actual		2024 Audited Actual		2025 Audited Actual	
	Gov. Activities	Business- Type Activities	Gov. Activities	Business- Type Activities	Gov. Activities	Business- Type Activities	Gov. Activities	Business- Type Activities
<b>Expenditures</b>								
<b>Governmental</b>								
General Gov.	2,205,232		1,441,529		1,413,510		2,953,179	
Public Safety	3,276,964		3,826,634		4,481,759		4,311,499	
Highway & Streets	556,359		1,751,296		1,702,198		3,000,152	
Culture and Rec.	1,952,616		1,049,101		1,216,138		1,386,679	
Community Dev.	308,145		417,449		544,691		460,953	
Int. Long-Term Debt	94,334		71,112		120,896		732,649	
<b>Business Type</b>		1,370,377						
Water		2,724,856		1,551,845		1,765,526		1,994,521
Sewer		230,567		2,857,409		2,473,990		2,944,448
Storm water				280,099		284,657		692,056
<b>Total Expenses</b>	<b>8,393,650</b>	<b>4,325,800</b>	<b>8,557,121</b>	<b>4,689,353</b>	<b>9,479,192</b>	<b>4,524,173</b>	<b>12,845,111</b>	<b>5,631,025</b>
<b>Combined Expenses</b>		<b>12,719,450</b>		<b>13,246,474</b>		<b>14,003,365</b>		<b>18,476,136</b>

**ALL EXPENDITURES FOR 2021-2024**



## Revenue Overview

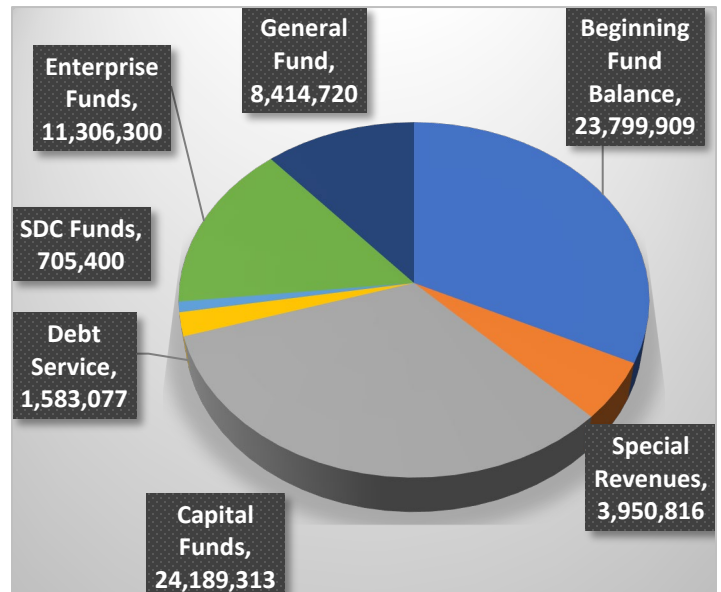
Each local government estimates its budget resources for the ensuing fiscal year by funds and sources. [\(ORS 294.361\(1\)\)](#) Budgeting resources is the total of beginning fund balance (net resources available in a fund at the beginning of the fiscal year) and revenues received into a fund from outside the fund during the fiscal year. All resources and revenue estimates are based on “Good Faith.” That is, they should be reasonable and be reasonably likely to prove correct, based on the known facts at the time.

### REVENUE CATEGORIES

- **Taxes** include property taxes (permanent, local option, and general obligation) and local surcharge taxes. Urban renewal incremental taxes are not included within this budget—they may be found in Molalla Urban Renewal Agency section. **GO, HERE! for URA**
- **Fees, Licenses & Permits** are typically required by resolution, such as franchise fees or City services fees.
- **Charges for Service** include user or customer charges (utility service, building plan reviews and inspections), equipment or building rentals, and system development charges.
- **Intergovernmental** includes revenue received from other local, state, and federal agencies, such as grant agreements, intergovernmental agreements, and State Shared Revenues distributed under Oregon Revised Statutes.
- **Fines & Forfeitures** include traffic, municipal citations, and other imposed penalties.
- **Miscellaneous/Other** revenue includes donations, interest on investments, bad debts recovered, and other revenues that cannot be categorized above.
- **Interfund Transfers** are transfers of resources from one fund to another. The fund receiving the transfer shows it as revenue.
- **Other Financing Sources** include pass-through transfers, and debt proceeds from financing of debt. Pass-through transfers are when one local government collects revenue on behalf of another local government

**All Budgeted Revenue for  
Fiscal Year**

**2026-2027      *\$73,949,535***



## Revenue Overview, Continued

### Property Taxes

#### Property Taxes in Molalla

The City of Molalla tax revenue is based off a permanent tax rate of \$5.3058 / \$1000, converted to a tax rate of .0053058%. Full payment of taxes is due by November 15<sup>th</sup> to receive a discount. No discount is allowed on a (1/3) payment, and additional (1/3) payments are due on February 15<sup>th</sup> and May 15<sup>th</sup>.

For 26/27 \$4,401,457 is budgeted for Property Taxes. Property Taxes make up the largest portion of the City's overall government resources. Since funding is not made available until after November, contingencies and reserves remain healthy to compensate for the months of July through October

### Intergovernmental

This year, \$1,186,500 is budgeted for Intergovernmental revenue. Sources include special grants related to the Police Department, transfers from other funds, Revenue Sharing, Shared Revenues, Liquor Taxes, and Cigarette Taxes.

### Franchise Fees

The City has four franchise agreements. Revenue from these sources has proved to remain steady even as rates and inflation move up and down. Since this is based on customer behaviors it shows a direct relation to the growth in Molalla. The franchise fees that are on the decline are TV and Cable and Natural Gas Franchise fees, due to customers moving away from these services.

Franchise	Budget	Increase
NWNG – Natural Gas	72,000	+2,000
TELEPHONE	6,100	-100
TV- Cable	14,000	+800
PGE - Electric	370,000	+30,000

## Revenue Overview, Continued

### Charges for Service

Below is the revenue budgeted from charges for service this fiscal year. Utilities make up a large portion of the budgeted amount. Approximately \$1,207,313 is budgeted in the General Fund for charges and services to include sources from Planning Fees, SRO Fees, Cost Allocation Fees (Administrative Overhead), and Lien Searches.

	<b>Budgeted</b>
<b>Water Monthly User Fees</b>	<b>2,720,000</b>
<b>Sewer Monthly User Fees</b>	<b>4,668,300</b>
<b>Stormwater Fund</b>	<b>395,000</b>
<b>SDC Revenues</b>	<b>705,400</b>

### Licenses, Permits, Fees

Approximately \$90,500 has been budgeted for licenses, permits, and fees for the General Fund. The bulk of this revenue is from:

	<b>Budgeted</b>
<b>Administrative Revenues</b>	<b>70,000</b>
<b>Police Fees</b>	<b>10,500</b>
<b>Parks Revenue</b>	<b>10,000</b>

### Fines and Forfeitures

This year, \$277,000 has been budgeted for Fines & Forfeitures for the General Fund. This revenue is from:

	<b>Budgeted</b>
<b>Court Revenues</b>	<b>275,000</b>
<b>Code Enforcement Revenue</b>	<b>2,000</b>

## Revenue Overview, Continued

### Administrative Overhead

The process of allocating administration costs is necessary to ensure that all funds contribute to the costs of providing administrative oversight (such as City Manager and Council), human resources, payroll, accounts payable, receivables, legal costs, and liability insurance. The methodology of calculating the allocation varies from city to city. Two of the most common bases are operating costs and FTE's.

There is a two-step process involved. The first allocation that must be determined is the broad allocation of costs between general fund operating departments (Police, Court, Parks, and Planning) and other (non-general) funds.

The second step of the process is to re-allocate the overall percentage of each of the non-general funds to develop the actual transfer ratio for each fund (Library, Streets, Water, Storm, Urban Renewal). The same methodology (i.e. operating costs) should be used to develop those ratios as well.

This makes sure that all operating expenses incurred by the general fund are allocated to all departments for reimbursement of those said costs. Based on the figures described we are budgeting \$993,000 to recover the costs of those services.

### Miscellaneous & Interest

This year, \$ 92,000 is budgeted for misc. revenue. Sources include PD, Parks, Planning, and GF misc. revenues.

In addition, \$ 125,000 is budgeted for interest revenue. Due to interest rates being at an all-time high the City has been experiencing larger than usual interest returns.

### Grants & Donations

This year, \$ 572,950 is budgeted for grants & Donations. Sources include grants applied for by the Planning Department for upcoming projects. Grants that we are hoping to receive are from the TGM – Grant (\$150K), Donations from Molalla Communications, various Police Donations, Beautification/Culture CPC, and Park Donations.

## Five-Year Financial & Capital Forecasts

### Summary

Finance has completed a five-year financial forecast for all operating funds. Capital, SDC's, capital transfers, are reviewed and scheduled by the Community Development Department. Internal transfers will also not be included as they are driven by financial health during the budget process. Please go to the [Molalla Current](#) for current and upcoming Capital Projects. Also refer to the Capital Projects Fund within this document for more forecasting information on future projects. Molalla continues to take a conservative approach to spending. The goal with this forecast is to preserve capital and continue to grow as a City while staying relevant and sustainable. This is why Contingency/Reserve is part of the General Fund Projections.

### Assumptions

Below are the assumptions for the Five-year Financial Plan. Amounts and percentages are projected very conservatively. That way projections can be made for a worst-case scenario, then when the actual numbers are entered the growth can be recognized with the hopes of an upward trend forming. The Capital Fund will be omitted since Capital will have its own 5-year plan. No capital in other funds, transfers, or SDC's will be included in the financial assumptions.

#### All Funds

- Salaries: Pending COLAs are a result of Union negotiations.
- Personnel Services will be estimated at up to a 5% increase.
- Materials & Services will be estimated up to a 3% increase.
- PERS will be estimated at an increase up to 4% Increase.
- Health Insurance Estimated at a 5% increase.
- Recurring revenues will increase at 3 - 5%

#### For Five Year Capital Plan.

The Capital plan was adopted by resolution on April 27, 2022. Complete details of this plan can be found on the City's website [GO,HERE!](#) and you will be routed there. The plan is for the FY 21/22 – FY 25/26. Community Development is currently working on an updated five-year plan. When the plan is completed, it will be posted to the website.

**Five Year Financial Forecast  
with Actual & Current Budget Numbers**

**Expenditures Actual - Budgeted - & Estimated**

	24/25 Audited	24/25 Budgeted	25/26 Budgeted	26/27 Budgeted	27/28 Estimated	28/29 Estimated	29/30 Estimated
Total General Fund	10,810,335	10,619,145	11,266,918	11,101,686	12,421,777	13,042,866	13,695,009
Total Special Revenue	10,219,485	9,889,026	10,496,454	9,483,334	11,572,341	12,150,958	12,758,505
Total Capital	24,173,495	38,808,317	31,267,898	25,274,247	556,348	584,165	613,374
Total Debt Service	1,246,076	1,484,453	1,148,994	1,655,968	1,266,766	1,330,104	1,396,609
Total SDC's	6,660,119	6,226,269	6,253,395	5,571,216	6,894,368	7,239,086	7,601,041
Total Enterprise	14,639,736	13,069,374	15,276,214	20,744,260	16,842,026	17,684,127	18,568,334
Total City of Molalla	67,749,246	80,096,584	75,709,873	73,830,711	49,553,625	52,031,307	54,632,872
Urban Renewal	4,333,636	4,363,875	4,985,615	4,163,744	1,006,836	1,060,802	1,117,661
	72,082,882	84,460,459	80,695,488	77,994,455	50,560,461	53,092,109	55,750,533

**Revenues Actual - Budgeted - & Estimated**

	24/25 Audited	24/25 Budgeted	25/26 Budgeted	26/27 Budgeted	27/28 Estimated	28/29 Estimated	29/30 Estimated
Total General Fund	10,810,335	10,619,145	11,266,918	11,101,686	12,421,777	13,042,866	13,695,009
	6,959,754						
Total Special Revenue	10,219,485	9,889,026	10,496,454	9,483,334	11,572,341	12,150,958	12,758,505
	16,551,149						
Total Capital	24,173,495	38,808,317	31,267,898	25,274,247	556,348	584,165	613,374
	284,411						
Total Debt Service	1,246,076	1,484,453	1,148,994	1,655,968	1,266,766	1,330,104	1,396,609
	6,015,359						
Total SDC's	6,660,119	6,226,269	6,253,395	5,571,216	6,894,368	7,239,086	7,601,041
Total Enterprise	14,639,736	13,069,374	15,276,214	20,744,260	16,842,026	17,684,127	18,568,334
Total City of Molalla	67,749,246	80,096,584	75,709,873	73,830,711	49,553,625	52,031,307	54,632,872
Urban Renewal	4,333,636	4,363,875	4,985,615	4,163,744	1,006,836	1,060,802	1,117,661
Total All Funds	72,082,882	84,460,459	80,695,488	77,994,455	50,560,461	53,092,109	55,750,533

# Overview of Long-Term Debt

## Governmental Activities

The City carries debt in the governmental funds for Urban Renewal projects, building a new Police Station and road improvements on Oregon 213 at Toliver Road. As of February 2024, the City of Molalla's bond rating with Standard & Poor's is AA- (investment grade). The State of Oregon limits general obligation debt to 3% of real market value of taxable property. The City is well below the limit at 0.98%. The governmental debt schedules are listed below.

Fiscal Year	URA-2015 Full Faith and Credit		URA-2020 Full Faith and Credit Refunding	
	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
2030-34			267,600	3,987
	<b>\$ 1,315,000</b>	<b>\$ 165,000</b>	<b>\$ 1,547,800</b>	<b>\$ 81,714</b>

Fiscal Year	2024 General Obligation Bond		Unamortized Premium	Oregon Infrastructure Loan	
	Principal	Interest	Amortization	Principal	Interest
2025	\$ -	\$ 739,445	\$ 58,611	\$ 90,704	\$ 740
2026	170,000	599,550	58,611	163,990	18,898
2027	220,000	592,750	58,611	165,996	16,892
2028	260,000	583,950	58,611	168,028	14,860
2029	295,000	573,550	56,469	170,084	12,804
2030-34	2,145,000	2,655,750	165,495	882,154	32,286
2035-39	3,605,000	2,028,000	165,495	650,217	(10,109)
2040-44	2,422,248	4,182,280	165,495		
2045-49	6,880,000	866,200	162,727		
	<b>\$ 15,997,248</b>	<b>\$ 12,821,475</b>	<b>\$ 950,125</b>	<b>\$ 2,291,172</b>	<b>\$ 86,372</b>

Fiscal Year	Total Governmental Activities	
	Principal	Interest
2025	\$ 622,815	\$ 815,847
2026	\$ 894,801	\$ 681,408
2027	\$ 960,607	\$ 658,844
2028	\$ 1,026,439	\$ 633,797
2029	\$ 1,085,253	\$ 606,270
2030-34	\$ 3,460,249	\$ 2,692,023
2035-39	\$ 4,420,712	\$ 2,017,891
2040-44	\$ 2,587,743	\$ 4,182,280
2045-49	\$ 7,042,727	\$ 866,200
	<b>\$ 22,101,345</b>	<b>\$ 13,154,561</b>

# Overview of Long-Term Debt, *Continued*

## **Business-Type Activities**

The City carries debt in the Sewer Fund for prior improvements to the Wastewater Treatment Plant as shown in the following debt schedule.

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

The City has committed to additional debt funding that will not be in repayment status until the current plant upgrade is complete. That includes \$11,250,000 in permanent financing from the Clean Water State Revolving Fund. The CWSRF is also providing \$33,250,000 in interim financing which will be converted to a USDA loan at completion.



## Section 4 – Department Information

- ✓ Narratives & Department Details
- ✓ Performance & Activity measures
- ✓ Goals Aligned with Visioning



General Fund RESOURCES	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	3,844,779	3,366,743	3,111,234	2,863,384.00	2,863,384	-
<b>GENERAL REVENUES</b>						
CURRENT PROPERTY TAXES	3,895,655	4,022,713	4,160,332	4,311,457	4,311,457	-
PRIOR PROPERTY TAXES	100,302	69,584	75,000	90,000	90,000	-
REVENUE SHARING - State OR DAS	124,226	135,366	140,000	135,000	135,000	-
STATE/LOCAL SHARED REVENUES	85,643	66,820	130,000	115,000	115,000	-
LIQUOR TAX	193,370	197,084	170,000	125,000	125,000	-
CIGARETTE TAX	6,862	5,884	6,200	6,500	6,500	-
CODE ENFORCEMENT REVENUE		820	2,000	2,000	2,000	-
FEMA-WILDFIRE	-	12,277	-	-	-	-
INTEREST	158,575	157,709	160,000	125,000	125,000	-
TRANSFER FROM PARKS IMP SDC	75,000	700,000	750,000	625,000	625,000	-
TRANSFER FROM SEWER	-	-	20,000	50,000	50,000	-
TRANSFER FROM STREETS	-	-	12,000	50,000	50,000	-
TRANSFER FROM STORM	-	-	20,000	-	-	-
TRANSFER FROM WATER	-	-	20,000	50,000	50,000	-
NWNG FRANCHISE FEES	70,124	68,148	70,000	72,000	72,000	-
TELEPHONE FRANCHISE FEES	5,487	5,863	6,100	6,000	6,000	-
TV FRANCHISE FEES	15,090	16,910	13,200	14,000	14,000	-
PGE FRANCHISE FEES	255,532	336,989	340,000	370,000	370,000	-
<b>TOTAL GENERAL REVENUES</b>	<b>4,985,865</b>	<b>5,796,166</b>	<b>6,094,832</b>	<b>6,146,957</b>	<b>6,146,957</b>	-
<b>ADMINISTRATION REVENUES</b>						
BUSINESS LICENSES	35,968	37,475	40,000	40,000	40,000	-
LIEN SEARCHES	2,820	3,721	3,400	3,800	3,800	-
SDC ADMINISTRATION FEE	14,244	7,015	18,000	30,000	30,000	-
GENERAL-MISCELLANEOUS	13,674	31,590	20,000	75,000	75,000	-
DONATIONS	61,998	-	-	-	-	-
COST ALLOCATION PLAN	569,670	835,952	1,036,815	993,000	993,000	-
<b>Total Administration Revenue</b>	<b>698,373</b>	<b>915,753</b>	<b>1,118,215</b>	<b>1,141,800</b>	<b>1,141,800</b>	-
<b>Parks Revenue</b>						
PARK-DONATIONS	264	-	300	300	300	-
PARK FUN-RAISER DONATIONS	5,391	11,311	10,500	50	50	-
PARK-KEY DEPOSITS	875	50	100	100	100	-
PARK-USE FEES	-	50	-	-	-	-
PARK-SPECIAL EVENT RENTAL FEE	6,300	13,500	10,000	10,000	10,000	-
DONATIONS - BEAUT/CULTURE CPC	1,000	2,500	2,500	-	-	-
GRANT-FORD FAMILY FOUND/YELKUS	25,000	-	-	-	-	-
PARKS LAND DEDICATION (InLieu)	-	-	100,000	-	-	-
PARK-MISCELLANEOUS	1,393	150	1,000	1,000	1,000	-
<b>TOTAL PARKS REVENUES</b>	<b>40,222</b>	<b>27,561</b>	<b>124,400</b>	<b>11,450</b>	<b>11,450</b>	-
<b>Court Revenue</b>						
COURT-NUISANCE/PLANNING FINES	-	-	100	-	-	-
COURT COSTS REVENUE	-	80,036	80,000	100,000	100,000	-
COURT FINES	172,754	261,684	150,000	175,000	175,000	-
<b>TOTAL COURT REVENUES</b>	<b>172,754</b>	<b>341,720</b>	<b>230,100</b>	<b>275,000</b>	<b>275,000</b>	-

**GENERAL FUND  
RESOURCES**

RESOURCES-continued

**Historical Data**

Actual

**Budget for FY 2026-2027**

APPROVED BY

PROPOSED BY

APPROVED BY

FISCAL

FISCAL

Actual YTD

BUDGET

BUDGET  
OFFICER

BUDGET  
COMMITTEE

**Police Revenue**

PD-ALARM PERMITS	9,245	9,568	9,600	6,500	6,500	-
PD-FINGERPRINTS	2,520	1,650	1,500	1,500	1,500	-
PD-TOW FEES	1,800	2,300	2,500	2,500	2,500	-
PD-REPORTS	1,965	1,685	3,000	3,000	3,000	-
PD-MISCELLANEOUS	1,738	3,033	2,000	3,500	3,500	-
PD-SCHOOL RESOURCE OFFICER	50,000	75,000	78,375	80,413	80,413	-
PD-COPS OFFICER GRANT	-	-	42,000	42,000	42,000	-
PD-GRANTS	16,933	43,744	30,000	30,000	30,000	-
PD-SPECIAL EVENT OT REVENUE	-	4,350	20,000	20,000	20,000	-
PD-DONATIONS	26,201	5,600	2,600	2,600	2,600	-
<b>TOTAL POLICE REVENUES</b>	<b>110,402</b>	<b>146,930</b>	<b>191,575</b>	<b>192,013</b>	<b>192,013</b>	<b>-</b>

**City Council Revenue**

CELEBRATE MOLALLA	12,730	8,280	12,500	12,500	12,500	-
NATIVE AMERICAN ART WALK GRANT	-	4,947	10,062	-	-	-
<b>TOTAL CITY COUNCIL REVENUES</b>	<b>12,730</b>	<b>13,227</b>	<b>22,562</b>	<b>12,500</b>	<b>12,500</b>	<b>-</b>

**Planning Revenue**

PLANNING FEES	44,165	64,289	50,000	65,000	65,000	-
UGB STUDY GRANT	19,923	60,000	150,000	145,000	145,000	-
MCC DONATION	-	180,844	149,000	100,000	100,000	-
GRANT- TGM	-	-	-	325,000	325,000	-
CDBG GRANT	90,000	5,000	-	-	-	-
GRANT - MT HOOD TERRITORY	-	-	25,000	-	-	-
<b>TOTAL PLANNING REVENUES</b>	<b>154,087</b>	<b>310,133</b>	<b>374,000</b>	<b>635,000</b>	<b>635,000</b>	<b>-</b>

<b>TOTAL GENERAL FUND REVENUES</b>	<b>6,174,433</b>	<b>7,551,490</b>	<b>8,155,684</b>	<b>8,414,720</b>	<b>8,414,720</b>	<b>-</b>
<b>TOTAL FUND BALANCE</b>	<b>3,844,779</b>	<b>3,366,743</b>	<b>3,111,234</b>	<b>2,863,384</b>	<b>2,863,384</b>	<b>-</b>
<b>TOTAL ALL GENERAL FUND RESOURCES</b>	<b>10,019,213</b>	<b>10,918,233</b>	<b>11,266,918</b>	<b>11,278,104</b>	<b>11,278,104</b>	<b>-</b>
<b>TOTAL GENERAL FUND NET</b>						
<b>TOTAL GENERAL FUND RESOURCES AND FB</b>	<b>10,019,213</b>	<b>10,918,233</b>	<b>11,266,918</b>	<b>11,278,104</b>	<b>11,278,104</b>	<b>-</b>
<b>TOTAL GENERAL FUND REQUIREMENTS</b>	<b>6,652,471</b>	<b>7,975,091</b>	<b>11,266,918</b>	<b>11,278,104</b>	<b>11,278,104</b>	<b>-</b>
<b>TOTAL NET GENERAL FUND</b>	<b>3,366,742</b>	<b>2,943,142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Administration Department



The Administration Department is the core functioning unit for the City of Molalla. General Fund Administration includes the City Manager's office, City Recorder's office, Human Resource, and Finance. Administration is where the City connects with the public and provides the organizational and business foundation for the City. This department provides many external services such as civic leadership, communication, engagement, as well as administrative support, city management, financial management and services, customer service, human resources, records management, risk management, and

information technology. A percentage of costs that are recorded to the General Fund are recovered through cost allocations. These percentages are reviewed each fiscal year by the Finance Department.

### City Manager's Office

The City Manager works to unite political leadership (City Council) with skilled administrative Staff. The City Manager does this through broad authority to run the City by providing an annual Budget (adopted by Council), hiring Staff (personnel) and provision of public services such as streets, water sanitary sewer, parks, storm drainage, public safety (police), finance administration, etc. (City Charter Chapter VIII, Section 34).

### City Recorder's Office

The City Recorder serves as the clerk for the City Council through recording and archiving official records, city proceedings and legislative history of the City of Molalla, and acts as the City's Elections Officer. The Recorder also provides internal support to all City departments regarding record management, legal records, deeds, liens, record requests, risk management, minutes, and decisions for City Council and all Committees and Commissions.

### Finance Department

The Finance Department, under the administrative direction of the City Manager and Finance Director plans, organizes and directs the Finance, Court, Reception, and Utility Billing departments. Finance also provides internal management to Staff responsible for accounting, financial reporting, reception, investments, debt management grants, purchasing, budgeting, general ledger, payroll, personnel, utility billing, court, annual audit, and workers compensation.



## Human Resource Office

Research and stays up to date on all FMLA, BOLI, Paid Leave Oregon, FMLA (Family Medical Leave Act), and current issues affecting staffing and payroll, job recruiting, employment listings, and processes all new hires. Also works with our insurance company to process Risk Management.

### Activity Measures from Last Year, with Performance Percentage From Prior Year

Activity Measures	FY 2025 Actual	FY 2025 Projected	Did the City Meet Estimates?	Performance Percentage	FY 2026 Projected
City Council Meetings	20	24	No	83%	22
City Council Executive Sessions	3	10	No	30%	10
URA Meetings & Work Sessions	20	20	Yes	100%	20
Resolutions Adopted	29	25	Yes	116%	25
Ordinance Adopted	13	10	Yes	130%	10
Public Records Requests	58	50	Yes	116%	50

### Explanation of Significant Budget Variances

#### 2027 Adopted Budget vs 2026 Adopted Budget

- The administration budget decreased \$168,074.
- Transfer In \$150,000
- Transfer Out \$58,100 to Fleet

### Summary of Explanations Above

- The General Fund was able to transfer money into the fleet fund for Police and Parks this year. Transfers into the General Fund by various other funds to pay for the upcoming remodel to house the Community Development Department at City Hall. This is due to position restructuring. The HR Coordinator position has been retired. The Finance Department will be taking over all Payroll Duties. Replacing the Administrative position will be an OSV – Office Specialist for Utility Billing Back up, Accounts Payable, and Reception.

### 2026 - 27 Goals

- ✓ Continue to submit an ACFR (Annual Comprehensive Financial Report) to the GFOA.
- ✓ Continue to submit for the Distinguished Budget award.
- ✓ Continue to submit for a PAFR award and continue to achieve Triple Crown Status

### 2025 - 2026 Accomplishments

- ✓ Received GFOA Distinguished Budget award for a 7<sup>th</sup> year.
- ✓ Received GFOA Certificate of Excellence in Financial Reporting in our first year of submitting.
- ✓ Received a PAFR, Awarded Triple Crown through GFOA

### Goals Aligned with Molalla Area Vision and Action Plan 2030 (Focus Area #2)

Develop the physical infrastructure needed to support a welcoming community.

- Increased communication through the [Molalla Current](#), which supports infrastructure needs and a welcoming community.

Foster socially welcoming activities and embrace diversity as our strength.

- Participates and sponsors Celebrate Molalla.

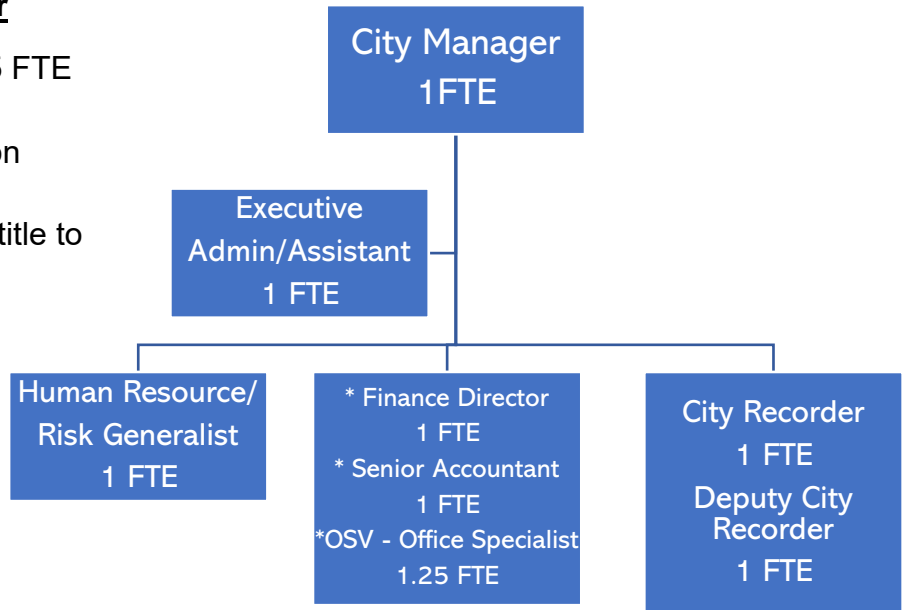
Engage youth:

- Participated in the Career Fair at Molalla High School to encourage professional development.

Staffing				
	FY 2023-24	FY 2024-25	FY 2025-26 Budgeted	FY 2026-27 Budgeted
City Manager	1	1	1	1
Finance Director	1	1	1	1
Senior Accountant	1	1	1	1
Exec Admin Assistant	1	1	1	1
OSV – Office Specialist	0	0	0	1.25
HR Coordinator	1	1	1	0
HR Risk Generalist	0	0	1	1
City Recorder	1	1	1	1
HR Supervisor/Risk	0	1	0	0
Deputy City Recorder	0	0	1	1
OSIV – Office Specialist Records	0	1	0	0
OSIV – Office Specialist	0	.5	.5	0

**Changes to staffing from Prior Year**

- Re allocated OSIV to OSV -.25 FTE
- Payroll is now under Finance
- Retired HR Coordinator Position replaced with OSV position
- HR Coordinator Risk changed title to HR Risk Generalist



**GENERAL FUND  
ADMINISTRATION**

**Historical Data**

**Budget for FY 2026-2027**

	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED BY
	Actual	Actual	BUDGET	BY	BY	Council
REQUIREMENTS				Officer	Committee	
<b>PERSONNEL SERVICES</b>						
BENEFITS AND TAXES	303,702	385,177	397,000	399,544	399,544	-
SALARIES AND WAGES	711,157	880,356	905,500	837,411	837,411	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>1,014,859</b>	<b>1,265,533</b>	<b>1,302,500</b>	<b>1,236,955</b>	<b>1,236,955</b>	<b>-</b>
FTE	7.00	7.50	8.50	8.25	8.25	-
<b>MATERIALS &amp; SERVICES</b>						
POWER	7,117	7,405	7,000	9,500	9,500	-
PHONE	12,185	10,886	11,500	11,000	11,000	-
OPERATIONS & MAINTENANCE	37,169	42,314	45,000	45,000	45,000	-
BUILDING MAINTENANCE	31,928	14,672	15,000	4,500	4,500	-
TRAINING & CONF. TRAVEL	15,029	12,700	20,000	18,000	18,000	-
MEETINGS & OTHER ADMIN EXPENSE	327	22,019	25,000	10,000	10,000	-
DUES & MEMBERSHIP	14,413	15,568	16,000	15,000	15,000	-
POSTAGE	1,760	10,348	7,000	5,000	5,000	-
PRINTING & PUBLICATIONS	300	1,035	3,500	500	500	-
PROFESSIONAL SERVICES	1,754	8,660	1,300	15,000	15,000	-
INSURANCE/LIABILITY/GEN	25,627	15,894	15,000	20,000	20,000	-
PARK-KEY DEPOSIT REFUNDS	125	-	-	-	-	-
CUSTODIAN	11,712	13,321	13,000	15,000	15,000	-
OFFICE SUPPLIES	14,328	12,704	10,000	7,500	7,500	-
CITY ATTORNEY	3,906	15,641	8,000	20,000	20,000	-
COMPUTER SERVICES	85,751	90,623	95,000	105,000	105,000	-
RECORDS MANAGEMENT	18,590	17,771	14,000	14,000	14,000	-
AUDITS & BUDGETS	28,622	50,310	40,000	40,000	40,000	-
ANNEXATIONS & ELECTIONS	-	4,593	-	-	-	-
CASH, OVER/SHORT	0	15	-	-	-	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>310,644</b>	<b>366,478</b>	<b>346,300</b>	<b>355,000</b>	<b>355,000</b>	<b>-</b>

Continued

**GENERAL FUND  
ADMINISTRATION**

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council

**CAPITAL OUTLAY**

CAPITAL IMPROVEMENTS	13,994	-	80,000	200,000	200,000	-
RESERVED FOR FUTURE PROJECT	-	-	-	104,919	104,919	-
CDBG GRANT CAPITAL PROJ	95,000	-	-	-	-	-
GRANT-ARP#1	182,378	-	-	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>291,372</b>	<b>-</b>	<b>80,000</b>	<b>304,919</b>	<b>304,919</b>	<b>-</b>

**TRANSFERS OUT**

TRANSFER CAPITAL	-	-	-	-	-	-
<b>TOTAL TRANSFERS OUT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CONTINGENCY**

OPERATING CONTINGENCY	-	-	1,541,390	1,122,641	1,122,641	-
<b>TOTAL OPERATING CONTINGENCY</b>	<b>-</b>	<b>-</b>	<b>1,541,390</b>	<b>1,122,641</b>	<b>1,122,641</b>	<b>-</b>

**FUND BALANCE/RESERVES**

FB RESERVE	-	-	800,000	810,918	810,918	-
<b>TOTAL RESERVES</b>	<b>-</b>	<b>-</b>	<b>800,000</b>	<b>810,918</b>	<b>810,918</b>	<b>-</b>

<b>TOTAL ADMINISTRATION REQUIREMENTS</b>	<b>1,616,876</b>	<b>1,632,012</b>	<b>4,070,190</b>	<b>3,830,433</b>	<b>3,830,433</b>	<b>-</b>
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## Police Department

The 2026-2027 budget for the Molalla Police Department is supporting the continuation of the body worn camera system which expires at the end of this year. The body worn camera system was implemented five years ago, and the program has provided transparency to our organization as well as great evidence in cases. After the tragic passing of K9 Benz the police department was able to purchase a young police K9 which is currently in training. We anticipate the new dog and K9 handler to be deployed in the next several months.



The police department will undergo several changes this year. We are currently hiring for a vacancy and anticipate three senior officers including a sergeant to retire within the next nine months. These three senior officers have all dedicated more than twenty years of service to the City of Molalla. This fiscal year we will be focused on this transition with an emphasis on getting ahead of the vacancies and training new officers and developing leadership.

The police department had many great accomplishments during this fiscal year that would not have been possible without the support of the city and community. The biggest accomplishment is the completion of our new state-of-the-art police department. The new police department was completed on schedule in December. Not only was it completed on schedule it came in under budget. For a public project of this size to come in under budget is exceedingly rare in the private sector. This budget reflects the new operating cost of the facility.

This next fiscal year will be about change and sustainability focused on moving the police department forward and continuing to provide excellent service to the community.

### Activity Measures from Last year, with Performance Percentage from prior year.

	FY 2025 Actual	FY 2025 Projected	Did Police Department Meet Expectations	Performance Percentage	FY 2026 Projected
<b>Offenses</b>	1200	900	Yes	<b>133%</b>	<b>950</b>
<b>Citations (Not Warnings)</b>	500	500	Yes	<b>100%</b>	<b>500</b>
<b>Arrests</b>	400	345	Yes	<b>116%</b>	<b>350</b>

## **Explanation of Significant Budget Changes**

### 2027 Adopted Budget vs 2026 Adopted Budget

- Personnel Services increased \$242,683
- Central Dispatch increased by \$12,500
- Transfer to Police Fleet from General Fund \$75,000
- Materials and Services increased by \$79,280

## **Summary of Explanations above**

Police are entering a new budget year with an expectation of being fully staffed. The personnel budget reflects the necessary expenses associated with benefits, taxes, and salaries. Also, overtime will increase the need of coverage for special events and upcoming anticipated retirements.

## **2026 – 2027 Goals**

- ✓ Hire and train up to four officers as we anticipate upcoming retirements.
- ✓ Continue to learn about the new technology that the new facility will offer.
- ✓ Continue the use of body worn cameras
- ✓ To announce and deploy our new K9 this upcoming summer/fall

## **2025 - 2026 Accomplishments**

- ✓ Replaced laptops in all vehicles
- ✓ Completed the New Police Facility

## **Goals Aligned with Visioning**

Developing the physical infrastructure is needed to support a welcoming community.

- By adding a Code Compliance Officer there is a more proactive and less reactive approach to neighborhood livability issues.
- Hire and train up to (4) officers to keep up with the growth of the City. Also allows for more participation in specialized units, having a direct benefit and impact on the citizens of the city.

Foster socially welcoming activities and embrace diversity as our strength

- National Night Out first Tuesday in August. Embracing welcoming activities and community strength. Full public introduction of K9 and drone program.
- Participate in Celebrate Molalla 2026. Provide engaging activities and welcome questions.
- Be present and participate in Annual Spring Clean-Up, drug takeback/drop off.

Engage youth

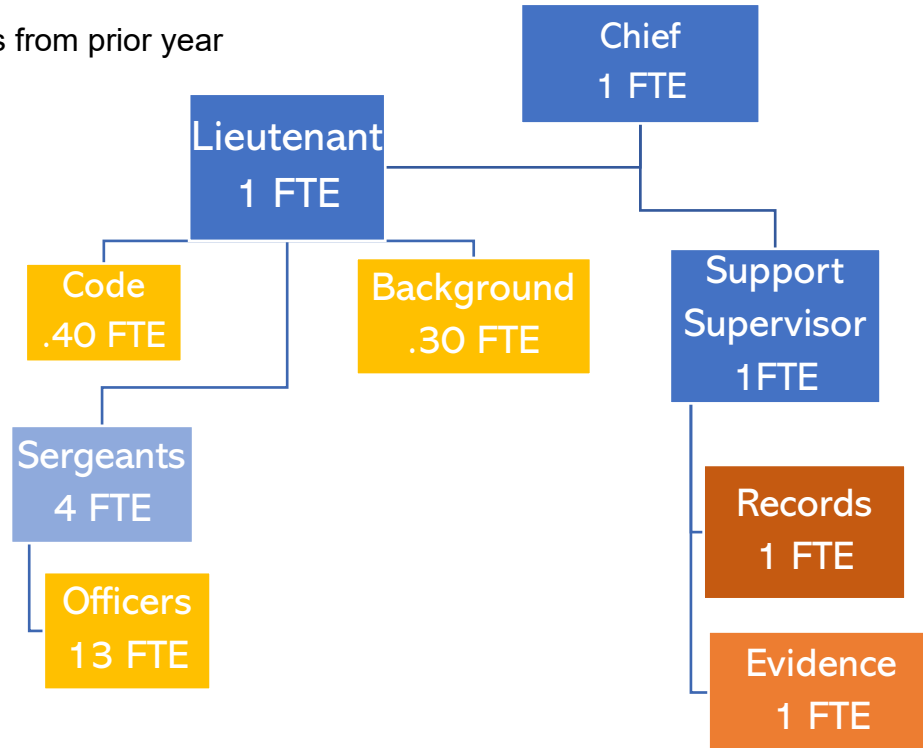
- Participated at the job fair with Molalla High School to encourage professional development.
- Elementary and high school career and wellness presentations.
- Be an active presence at home high school sporting events and dances.
- Continue to lead, participate, and ensure safety in the Kiddie Parade during 4<sup>th</sup> of July festivities.

# Staffing

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b>Full Time FTE's</b>	<b>20.0</b>	<b>22.4</b>	<b>22.4</b>	<b>22.7</b>	<b>22.7</b>

## Change from Prior Year

- No staffing changes from prior year



GENERAL FUND POLICE REQUIREMENTS	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL Actual	FISCAL Actual	APPROVED BUDGET	PROPOSED BY Officer Budget	APPROVED BY Committee Budget	ADOPTED BY Council
<b>PERSONNEL SERVICES</b>						
BENEFITS AND TAXES	1,064,508	1,245,881	1,441,430	1,568,191	1,568,191	-
SALARIES AND WAGES	2,101,667	2,378,754	2,641,540	2,757,462	2,757,462	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>3,166,175</b>	<b>3,624,635</b>	<b>4,082,970</b>	<b>4,325,653</b>	<b>4,325,653</b>	-
FTE	20.00	22.40	22.40	22.40	22.40	-
<b>MATERIALS &amp; SERVICES</b>						
POWER	6,800	7,238	10,800	24,000	24,000	-
PHONE	24,763	25,579	20,500	21,000	21,000	-
NATURAL GAS	-	-	-	4,500	4,500	-
CONNECTIVITY/INTERNET	52,474	53,858	55,500	65,000	65,000	-
OPERATIONS & MAINTENANCE	12,397	18,754	13,000	13,000	13,000	-
BUILDING MAINTENANCE	6,981	5,505	4,000	7,500	7,500	-
TRAINING & CONF. TRAVEL	34,656	26,730	35,000	30,000	30,000	-
DUES & MEMBERSHIP	5,367	7,646	6,500	4,500	4,500	-
POSTAGE	344	-	-	500	500	-
DONATION EXPENSE	-	3,021	100	3,000	3,000	-
CONTRACTS & OBLIGATIONS	29,609	43,752	50,000	50,000	50,000	-
PROFESSIONAL SERVICES	7,705	3,340	3,000	7,500	7,500	-
INSURANCE/LIABILITY/GEN	52,716	59,174	43,000	75,980	75,980	-
VEHICLE FUEL	74,093	60,817	55,000	55,000	55,000	-
VEHICLE REPAIR	53,940	48,057	30,000	40,000	40,000	-
UNIFORMS	23,884	20,011	20,000	15,000	15,000	-
JANITOR	11,712	13,321	13,600	30,000	30,000	-
OFFICE SUPPLIES	1,049	402	1,000	1,000	1,000	-
CENTRAL DISPATCH	134,841	144,681	207,500	220,000	220,000	-
LEGAL SERVICES	3,063	2,175	4,000	6,000	6,000	-
OFFICE MACHINES & MAINT	2,991	4,030	5,000	1,300	1,300	-
FIREARMS	15,996	17,438	13,000	10,000	10,000	-
COMPUTER SVC,REP & UPGRADES	63,239	40,819	50,000	35,000	35,000	-
SUPPLIES / EQUIPMENT	35,911	19,127	10,000	10,000	10,000	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>654,532</b>	<b>625,476</b>	<b>650,500</b>	<b>729,780</b>	<b>729,780</b>	-

Continued

**GENERAL FUND  
POLICE**

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
<b>CAPITAL OUTLAY</b>						
POLICE CAPITAL PROJECTS	162,314	6,281	164,919	60,000	60,000	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>162,314</b>	<b>6,281</b>	<b>164,919</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>
<b>TRANSFERS OUT</b>						
TRANSFER TO POLICE FLEET RES	-	100,000	50,000	25,000	25,000	-
<b>TOTAL TRANSFERS OUT</b>	<b>-</b>	<b>100,000</b>	<b>50,000</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>
<b>TOTAL POLICE REQUIREMENTS</b>	<b>3,983,020</b>	<b>4,356,392</b>	<b>4,948,389</b>	<b>5,140,433</b>	<b>5,140,433</b>	<b>-</b>

## Municipal Court Department

The Molalla Municipal Court is a service to our community and as such it is important that our staff be available to answer the needs of the public. Court sessions are held on Tuesday mornings at the new Molalla Civic Center located at 315 Kennel Avenue, Molalla, OR 97038, while the Court office is located inside City Hall.

Municipal Court for the City of Molalla constitutes the City's chartered judicial tribunal and hears cases arising under the [Molalla Municipal Code](#), the Oregon Vehicle Code, all misdemeanor charges, both traffic and non-traffic, and most recently driving under the influence of intoxicants (DUII) crimes.

The court continues to hold sessions on Tuesday mornings, with criminal matters beginning at 8:30 am, and traffic and violation matters beginning at 1:00 pm. Additional days are added in the month as needed for court jury trials. For information regarding the court about fines, parking, forms, payment options, etc. [Go Here!](#) For more detailed information.



Pictured: Oregon Patrol Services, Maeghan Sandberg Court Coordinator, Judge Heil, Anna Burkoff Office Specialist

## Activity Measures from Last Year, with Performance Percentages from prior year.

	FY 2025 Actual	FY 2025 Projected	Did the Court Meet Expectations? (FY 2025-26)	Performance Percentage	FY 2026 Projected
Misc. Violations (MIP Alcohol/ Tobacco/MJ, Bikes, Parking, etc.)	32	25	Yes	128%	50
Ordinance	9	15	No	60%	20
Misdemeanor	176	200	No	88%	200
Traffic	925	800	Yes	116%	900

### Explanations of Significant Budget Variances

2027 Adopted Budget vs 2026 Adopted Budget

- Budgeted revenues have begun to increase as the economy recovers from hardships caused by the COVID-19 pandemic and changes in state law.
- Personnel Services increased by \$47,997
- Materials and Services decreased by \$9,285

### Summary of Explanations above

The court revenue has seen an increase as the economy improves and more people become employed. The court continues to take a conservative approach to spending this fiscal year.

### Goals for 2026-27

- ✓ Along with the code enforcement officer, work on modifications to the municipal code needed for the municipal judge to effectively adjudicate code enforcement matters through the Molalla Municipal Court.
- ✓ Support our in-house Spanish interpreter in becoming court-certified by the state of Oregon to assist with more complex court cases.



### 2025-26 Accomplishments

- ✓ Continuous training with the OSV to increase proficiency in court processes.
- ✓ Improved courtroom technology to allow more real-time, streamlined processing.

## Goals Aligned with Visioning

Develop the physical infrastructure needed to support a welcoming community.

- Implementing an in-person Spanish interpreter for those who need a clear understanding of their complex court cases.

Foster socially welcoming activities and embrace diversity as our strength.

- The court offers a phone interpreter service, when needed, handling cases in the courtroom, at the court counter, and via phone. The interpreter service provides a wide array of languages they can handle, including ASL via video. So far, we've utilized the Spanish, Russian, and ASL interpreters.

Engage youth.

- Encourage diversion programs and educational classes as substitutes for convictions when youth find themselves in court to promote educational opportunities and keep their records clean.

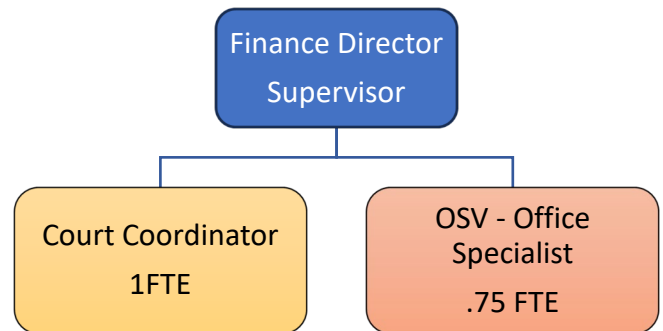
## Staffing

- ❖ The Judge and Prosecutor are under Contract.
- ❖ Two bailiffs are in the courtroom at all times provided by a contracted vendor.
- ❖ Court-appointed attorneys (CAAs) are independent contractors and are paid per resolved case via invoice. The court currently uses one full-time CAA, and two part-time CAAs to handle conflict matters.
- ❖ Two City FTE's are in the courtroom at all times, the Court Coordinator and OSV.

Full Time (FTE's)	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b>Court Clerk</b>	1	0	0	0
<b>Court Coordinator</b>	0	1	1	1
<b>OSIV</b>	.5	.5	.5	0
<b>OSV</b>	0	0	0	.75

### Changes from prior year:

- OSIV was promoted to OSV
- Allocation went from .5 to .75 for OSV



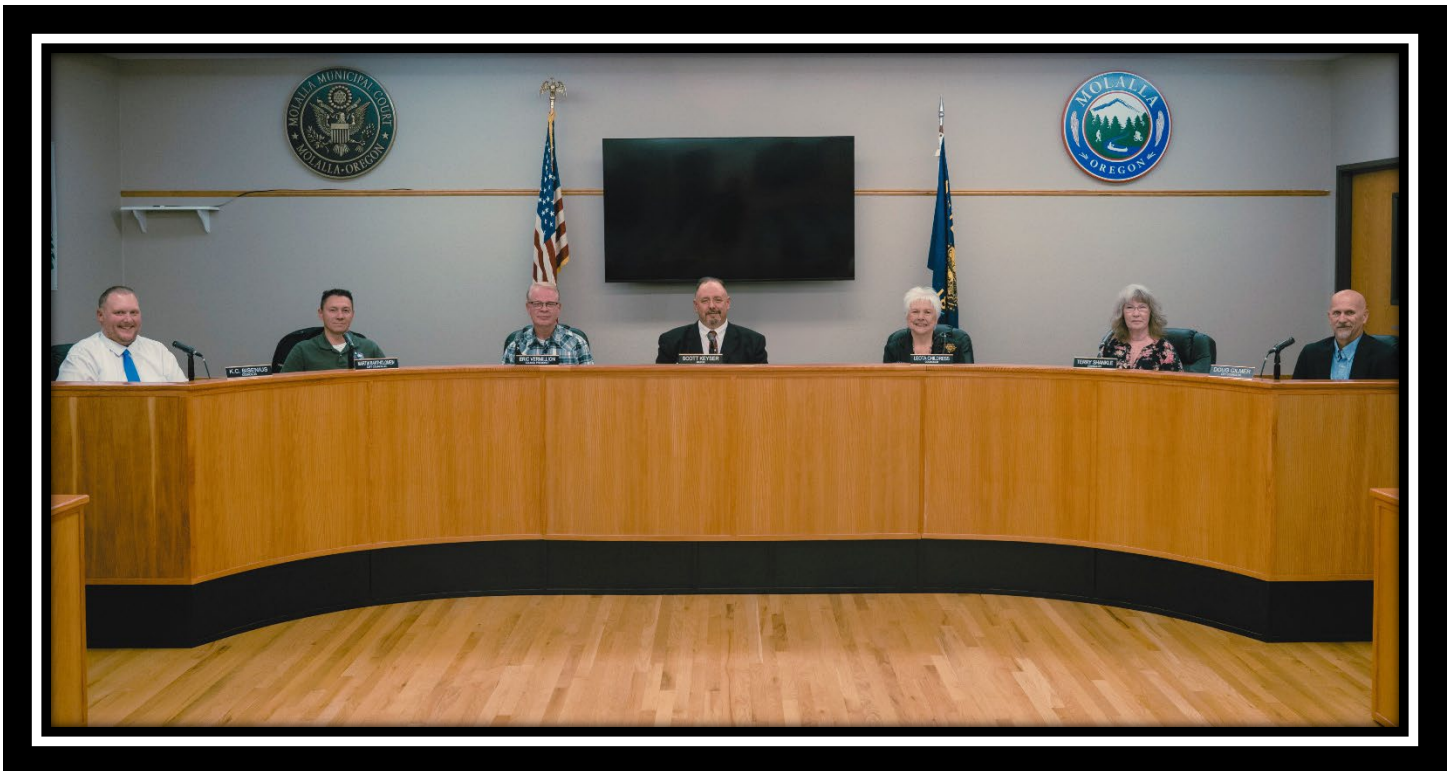
<b>GENERAL FUND COURT REQUIREMENTS</b>	<b>Historical Data</b>			<b>Budget for FY 2026-2027</b>		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
<b>PERSONNEL SERVICES</b>						
BENEFITS AND TAXES	41,170	64,632	65,925	89,360	89,360	-
SALARIES AND WAGES	73,632	100,630	110,000	134,562	134,562	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>114,802</b>	<b>165,262</b>	<b>175,925</b>	<b>223,922</b>	<b>223,922</b>	<b>-</b>
FTE	1.00	1.50	1.50	1.75	1.75	-
<b>MATERIALS &amp; SERVICES</b>						
PHONE/COMPUTER/CONNECTIVITY	9,025	11,071	10,900	16,000	16,000	-
OPERATIONS & MAINTENANCE	2,868	3,077	3,200	3,200	3,200	-
BUILDING MAINTENANCE	942	1,989	2,000	2,000	2,000	-
TRAINING & CONF. TRAVEL	(384)	3,233	5,000	5,000	5,000	-
POSTAGE	680	-	-	-	-	-
PROFESSIONAL SERVICES	82,141	83,351	85,000	90,000	90,000	-
INSURANCE/LIABILITY/GEN	1,198	1,119	1,160	1,400	1,400	-
JANITOR	527	552	600	525	525	-
OFFICE SUPPLIES	927	1,074	800	800	800	-
COURT APPOINTED ATTORNEY	16,450	43,400	45,000	24,000	24,000	-
SECURITY	7,859	10,556	10,000	11,500	11,500	-
VICTIM RESTITUTION	(20)	50	50	-	-	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>122,214</b>	<b>159,513</b>	<b>163,710</b>	<b>154,425</b>	<b>154,425</b>	<b>-</b>
<b>CAPITAL OUTLAY</b>						
COURT CAPITAL	-	-	15,000	15,000	15,000	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>
<b>TOTAL COURT REQUIREMENTS</b>	<b>237,016</b>	<b>324,774</b>	<b>354,635</b>	<b>393,347</b>	<b>393,347</b>	<b>-</b>

## City Council Department

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 on 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.

## City Council Members

If you would like additional information on Council Members or would like to get in touch with them, please refer to the City of Molalla's website or [Go, HERE!](#)





**Mayor Scott Keyser**

[skeyser@cityofmolalla.com](mailto:skeyser@cityofmolalla.com)

Term Ends 12/31/2028



**Eric Vermillion / Council President**

[evermillion@cityofmolalla.com](mailto:evermillion@cityofmolalla.com)

Term Ends 12/31/2028



**Leota Childress**

[lchildress@cityofmolalla.com](mailto:lchildress@cityofmolalla.com)

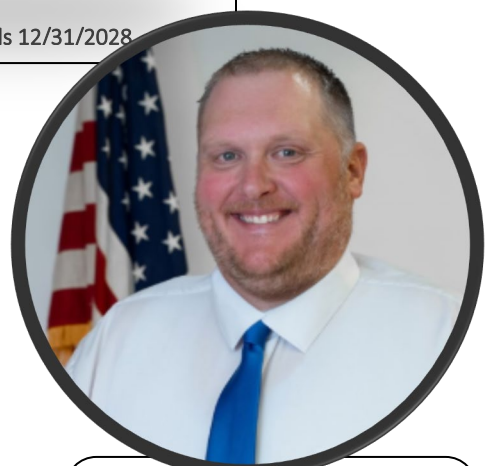
Term Ends 12/31/2026



**Terry Shankle**

[tshankle@cityofmolalla.com](mailto:tshankle@cityofmolalla.com)

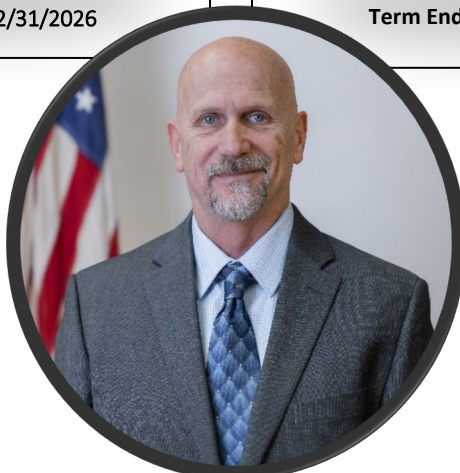
Term Ends 12/31/2026



**KC Bisenius**

[kbisenius@cityofmolalla.com](mailto:kbisenius@cityofmolalla.com)

Term Ends 12/31/2026



**Doug Gilmer**

[dgilmer@cityofmolalla.com](mailto:dgilmer@cityofmolalla.com)

Term Ends 12/31/2028



**Martin Bartholomew**

[mbartholomew@cityofmolalla.com](mailto:mbartholomew@cityofmolalla.com)

Term Ends 12/31/2028

<b>GENERAL FUND COUNCIL REQUIREMENTS</b>	<b>Historical Data</b>			<b>Budget for FY 2026-2027</b>		
	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2026-2027</b>	<b>2026-2027</b>
	<b>FISCAL</b>	<b>FISCAL</b>	<b>APPROVED</b>	<b>PROPOSED BY</b>	<b>APPROVED BY</b>	<b>ADOPTED BY</b>
	<b>Actual</b>	<b>Actual</b>	<b>BUDGET</b>	<b>Budget Officer</b>	<b>Budget Committee</b>	<b>Council</b>
<b>PERSONNEL SERVICES</b>						
<b>MAYOR &amp; COUNCIL</b>	6,225	13,050	13,200	13,200	13,200	-
SALARIES AND WAGES	6,225	13,050	13,200	13,200	13,200	-
BENEFITS AND TAXES	534	1,217	1,134	1,540	1,540	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>6,759</b>	<b>14,267</b>	<b>14,334</b>	<b>14,740</b>	<b>14,740</b>	<b>-</b>
<b>FTE</b>	<b>-</b>	<b>-</b>	<b>0.33</b>	<b>0.33</b>	<b>0.33</b>	<b>-</b>
<b>MATERIALS &amp; SERVICES</b>						
OPERATIONS & MAINTENANCE	3,372	3,452	4,000	3,000	3,000	-
TRAINING	14,976	9,162	10,000	9,500	9,500	-
DUES & MEMBERSHIP	640	210	400	250	250	-
LEGAL SERVICES	542	427	-	3,000	3,000	-
VISIONING GRANT	472	190	10,000	-	-	-
NATIVE AMERICAN WALK GRANT	-	3,000	9,562	-	-	-
CELEBRATE MOLALLA	14,604	8,426	7,500	8,000	8,000	-
BANNER PROJECT	6,175	8,107	8,000	7,000	7,000	-
MEETINGS AND STIPENDS	14,616	-	-	-	-	-
SPECIAL COUNCIL PROJECTS	1,346	5,122	4,000	2,500	2,500	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>56,745</b>	<b>44,896</b>	<b>53,462</b>	<b>33,250</b>	<b>33,250</b>	<b>-</b>
<b>TOTAL COUNCIL REQUIREMENTS</b>	<b>63,504</b>	<b>59,163</b>	<b>67,796</b>	<b>47,990</b>	<b>47,990</b>	<b>-</b>

# Parks Department

The Parks Division is funded through the General Fund, which supports personnel, operations, maintenance, and capital needs for city parks and pathways. The City does not currently have a dedicated funding source for parks. In addition to General Fund support, parks-related funding may include donations, grant opportunities, and Parks System Development Charges for eligible capacity-increasing capital projects, as allowed by state law.



*The Highlight of Chief Yelkus Park, the Coyote from the Foundational Story of the Molalla Tribe! Check his belly for strawberries!!!*

Goals and policies for city parks and trails are established in Goal 8 (Recreational Needs) of the Molalla Comprehensive Plan and in the City’s Parks and Trails System Master Plan. Information regarding major parks projects and initiatives is also provided through the Molalla Current and the City of Molalla website.

### Helpful Links:

[Comprehensive Plan](#) | [Parks & Trails Master Plan](#) | [The Molalla Current](#) | [City of Molalla Website](#)

## Activity Measures from Last Year, Performance Percentage from prior year.

	FY 2025 Actual	FY 2025 Estimate	Parks Meet Estimates	Performance Percentages	FY 2026 Estimate
Park Reservations	148	130	Yes	114%	145

### Explanation of Significant Budget Variances

FY26/27 Adopted Budget vs FY25/26 Projected Actuals

- General Liability Insurance increased by \$1,645
- Small Equipment and Tools Increased by \$1,500

### Summary Explanations of Above

Operations & Maintenance: Parks portable toilets previously came out of the Admin Budget but it made more sense for the portable toilets to be charged to the parks since that is what they are for. In April of 2026 Finance made this change. Even though the budgeted expenses stayed the same the actual expenses will show this change.

Money was marked for the Certified Park Inspector credential earned by the Parks Maintenance Crew this year this will show in the training and certificates.

## **FY26/27 Goals**

- ✓ Clark Park/Bohlander Field: Complete stormwater upgrades and concept design of playground and sports fields.
- ✓ Ivor Davies Park: Design and construct dedicated park entrance and parking lot.
- ✓ Chief Yelkus Park: Refinish and open vehicle access to the park from Toliver Rd. Design and construct pedestrian path from Toliver Rd. to main park access.



*The other half of the Chief Yelkus playground includes log jams, slides, springboards, reeds, and a scavenger hunt!*

- ✓ Odd Fellows Park: Complete camera installation.
- ✓ Cemetery Park: Adopt official park name. Continue mitigation of blackberries and other non-native species. Adopt passive park theme.

## **FY25/26 Accomplishments**

- ✓ Completed phase I development of Chief Yelkus Park
- ✓ Completed Fox Park Tot Park Upgrades
- ✓ Obtained a Parks Inspector Certification on Maintenance Crew
- ✓ Completed Eagle Scouts' Projects on Birdhouses and Cemetery Park Bench
- ✓ Completed phase I clearing of "Cemetery Park" (the park is unnamed currently)
- ✓ Completed Bohlander safe pedestrian crossing, ADA parking

## **Goals Aligned with Molalla Area Vision and Action Plan 2030 (Focus Area #2)**

Develop the physical infrastructure needed to support a welcoming community:

- Continue to enhance existing parks and develop new parks with a focus on adding at least one significant park asset each year (e.g. Pickleball Courts, Disc Golf Course, Chief Yelkus Park).
- Construct Clark Park/Bohlander Field stormwater upgrades & Ivor Davies Parking.

Foster socially welcoming activities and embrace diversity as our strength:

- Ensure Park upgrades and new park development is accessible, ADA compliant, and multi-lingual.
- Continue development of Yelkus Park as an educational park with culturally focused play options, and educational elements aimed at the natural space and historic culture of Molalla.

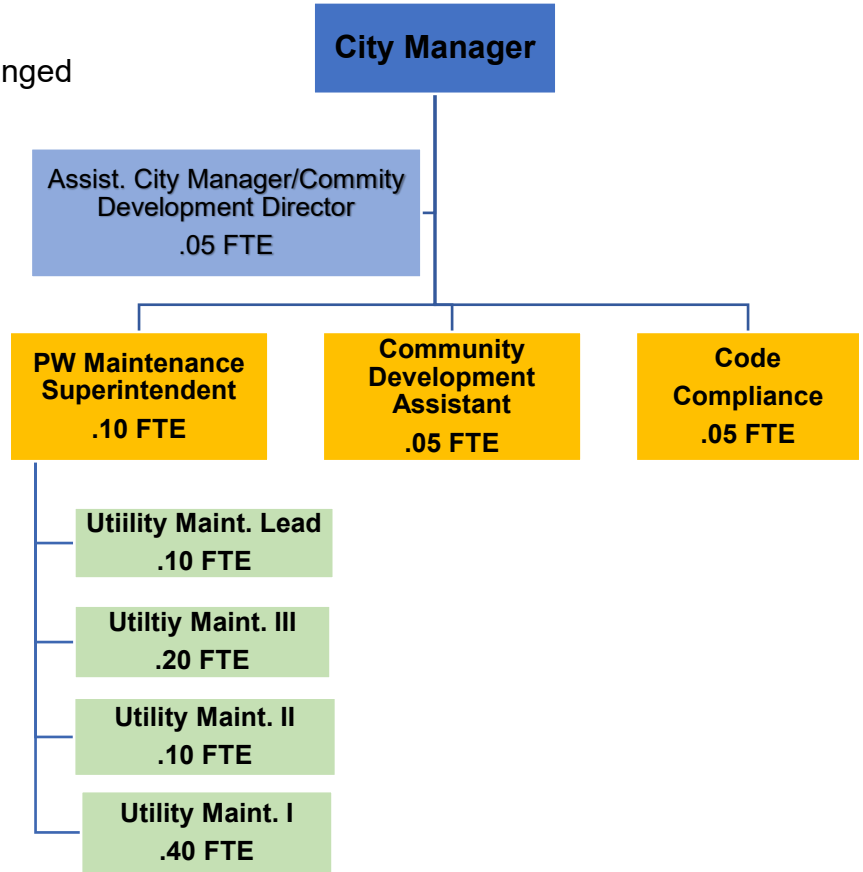
Engage youth:

- Participated in the Career Fair at Molalla High School to encourage professional development.
- Worked with 2 rising Eagle Scouts to complete their Scout projects in City Parks.

# Staffing

## Changes from prior year

- Community Dev Tech changed to an OSVI position



	FY 2023-24	FY 2024-25	FY 2025-202	FY 2026-27
<b>Full Time FTE's</b>	1.15	1.05	1.05	1.05



<b>GENERAL FUND PARKS REQUIREMENTS</b>	<b>Historical Data</b>			<b>Budget for Next FY 2026-2027</b>		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL Actual	FISCAL Actual	APPROVED BUDGET	PROPOSED BY Budget Officer	APPROVED BY Budget Committee	ADOPTED BY Council
<b>PERSONNEL SERVICES</b>						
BENEFITS AND TAXES	39,679	44,966	50,000	54,285	54,285	-
SALARIES AND WAGES	77,169	85,345	89,600	91,783	91,783	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>116,848</b>	<b>130,311</b>	<b>139,600</b>	<b>146,068</b>	<b>146,068</b>	<b>-</b>
<b>FTE</b>	<b>1.00</b>	<b>1.15</b>	<b>1.05</b>	<b>1.05</b>	<b>1.05</b>	<b>-</b>
<b>MATERIALS &amp; SERVICES</b>						
POWER	1,352	1,206	900	900	900	-
PHONE	1,244	1,154	1,300	850	850	-
NATURAL GAS	-	-	-	-	-	-
OPERATIONS & MAINTENANCE	24,259	22,543	35,000	35,000	35,000	-
PARKS FUN-RAISER DONATION EXP	-	15,905	5,000	-	-	-
BUILDING MAINTENANCE	2,121	2,634	5,500	5,000	5,000	-
TRAINING & CERTIFICATES	600	742	3,000	2,000	2,000	-
DUES & MEMBERSHIP	17	199	2,000	500	500	-
POSTAGE	-	-	-	-	-	-
COMPUTER NETWORK	13,272	24,235	22,000	22,700	22,700	-
PROFESSIONAL SERVICES	646	1,470	2,500	2,500	2,500	-
INSURANCE/LIABILITY/GEN	10,048	10,259	11,250	12,895	12,895	-
GAS & VEHICLE MAINTENANCE	1,323	2,139	2,000	2,500	2,500	-
VEHICLE REPAIR	2,898	1,922	1,200	2,500	2,500	-
UNIFORM & SAFETY GEAR	760	750	1,000	1,000	1,000	-
SMALL EQUIPMENT/TOOLS	655	708	2,000	3,500	3,500	-
SIGNS	-	541	-	-	-	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>59,194</b>	<b>86,407</b>	<b>94,650</b>	<b>91,845</b>	<b>91,845</b>	<b>-</b>

Continued

<b>GENERAL FUND PARKS</b>	<b>Historical Data</b>			<b>Budget for FY 2026-2027</b>		
	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2026-2027</b>	<b>2026-2027</b>
	<b>FISCAL</b>	<b>FISCAL</b>	<b>APPROVED</b>	<b>PROPOSED</b>	<b>APPROVED</b>	<b>ADOPTED BY</b>
	<b>Actual</b>	<b>Actual</b>	<b>BUDGET</b>	<b>Budget</b>	<b>Budget</b>	<b>Council</b>
			<b>Officer</b>	<b>Committee</b>		
<b>CAPITAL OUTLAY</b>						
PARKS CAPITAL IMPROVEMENTS	136,029	277,229	32,308	29,000	29,000	-
PARK IMP SDC CAPITAL PROJECTS	60,640	700,000	750,000	625,000	625,000	-
PARK EQUIPMENT	-	-	5,000	-	-	-
PARKS LAND DEDICATION(In Lieu)	-	-	100,000	-	-	-
MCC PARK ASSIST CAPITAL PROJ	101,370	35,000	150,000	75,000	75,000	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>298,040</b>	<b>1,012,229</b>	<b>1,037,308</b>	<b>729,000</b>	<b>729,000</b>	<b>-</b>
<b>TRANSFERS OUT</b>						
TRANSFER TO FLEET REPLACEMENT	-	7,900	7,900	8,100	8,100	-
<b>TOTAL TRANSFERS OUT</b>	<b>-</b>	<b>7,900</b>	<b>7,900</b>	<b>8,100</b>	<b>8,100</b>	<b>-</b>
<b>TOTAL PARKS REQUIREMENTS</b>	<b>474,082</b>	<b>1,236,848</b>	<b>1,279,458</b>	<b>975,013</b>	<b>975,013</b>	<b>-</b>

## Planning Division

The Planning Division is part of the Community Development Department and for budgeting purposes is an activity of the General Fund. This means Planning pays its expenses via the General Fund. Planning revenues are substantially comprised of fees for service such as land use and permitting with some grant funding augmentation for specific projects and initiatives. Typical Expenses include operations, personnel, and consultant services on an as needed basis.



The City Council sets the goals and policies of the Planning Division through the Molalla Comprehensive Plan, the City of Molalla Development Code (Title 17 of the Molalla Municipal Code), the City of Molalla Housing Production Strategy, Economic Opportunities Analysis, and the master planning document for each public facility.

### Helpful Links:

[Comprehensive Plan](#) | [Molalla Municipal Code](#) | [The Molalla Current](#) | [City of Molalla Website](#)

## Planning Commission



The Planning Commission is comprised of up to seven Molalla citizens (including up to two out-of-town members) that make quasi-judicial land use decisions, recommendations to the City Council on land use legislation, and provide a community voice on long-term planning initiatives. Planning Commissioners serve 4-year terms and are appointed by the Mayor with the consent of the City Council. Anyone interested in filling in a Planning Commission vacancy, please watch the City's Facebook feed and newsletter for announcements when a seat opens. To qualify, applicants must be U.S. citizens and submit a complete [Application for Appointment to a Citizen Committee](#). Forms are also available at City Hall. Each applicant shall include a brief statement of why you wish to serve on the Planning Commission. Applicants may include a resume with their applications. Planning Commissioners and City Councilors are required to fill out a [Statement of Economic Interest](#) on or before April 15th of each year. Planning Commission Meetings are scheduled on the first Wednesday of each month. For more information about the Planning Commission [Go,Here!](#) For more information.

### Current Roster:

- **Doug Eaglebear, Chair** - [deaglebear@cityofmolalla.com](mailto:deaglebear@cityofmolalla.com)
- **Connie Sharp** - [csharp@cityofmolalla.com](mailto:csharp@cityofmolalla.com) (out of town seat 1)
- **Brady Rickey** - [brickey@cityofmolalla.com](mailto:brickey@cityofmolalla.com)
- **Clint Ancell** - [cancell@cityofmolalla.com](mailto:cancell@cityofmolalla.com) (out of town seat 2)
- **Martin Ornelas** - [mornelas@cityofmolalla.com](mailto:mornelas@cityofmolalla.com)
- **David Potts** - [dpotts@cityofmolalla.com](mailto:dpotts@cityofmolalla.com)
- **Vacant**

## Activity Measures from Prior Year

Planning Measures Processed	2022	2023	2024	2025	2026 Projected
# of all land use decisions & authorizations issued	157	126	75	89	84
# of Single-Family Units Permitted	3	8	9	24	3
# of Multi-Family Units Permitted	211	40	0	4	0
# of Commercial and Industrial Units Permitted	2	5	3	3	0

### Explanation of Significant Budget Variances

- Increase in Materials & Services Costs

### Summary of Explanations Above

- Materials & Services: This increase is a bit of an illusion. The cost escalation in this category is nearly all attributable to a large Transportation Growth Management grant that Staff will be applying for. If it is not awarded, it will not be spent and will reduce M&S costs by \$155k, resulting in a spending level that is equal to this FY.

### Goals for 2027

- ✓ Complete UGB Studies & Action Processes
- ✓ Apply for a Transportation Growth Management Grant to fund a concept plan for any land added to the UGB
- ✓ Begin implementation of housing production strategies
- ✓ Develop a Comprehensive Plan Training Program
- ✓ Establish a City Mural Ordinance
- ✓ Establish a Farmstand & Cottage Kitchen Ordinance
- ✓ Support Micro-Enterprise Entrepreneurship by minimizing financial impacts and implementing a local business spotlight
- ✓ Explore a façade improvement matching grant program

### 2026 Accomplishments

- ✓ Continued to advance UGB Study & Action Processes
- ✓ Reduced SDC's for Daycare Development
- ✓ Developed Code Compliance Webpage
- ✓ Developed Economic Development Webpage
- ✓ Formalized the Molalla Current Program
- ✓ Recruited and Trained an Associate Planner
- ✓ Developed a simpler & less costly Mobile Food Unit Code
- ✓ Completed Housing Production Strategy
- ✓ Developed & Implemented a Legacy SDC Policy



**Goals Aligned with Molalla Area Vision and Action Plan 2030 (Focus Area #2)**

Develop the physical infrastructure needed to support a welcoming community.

- Received a Grant to complete enhanced Goal 14 Analysis (public infrastructure)
- Completed the City’s Housing Production Strategies Plan

Foster socially welcoming activities and embrace diversity as our strength.

- Developed web pages for Code Compliance & Economic Development on the City Website with multi-lingual functionality

Engage youth

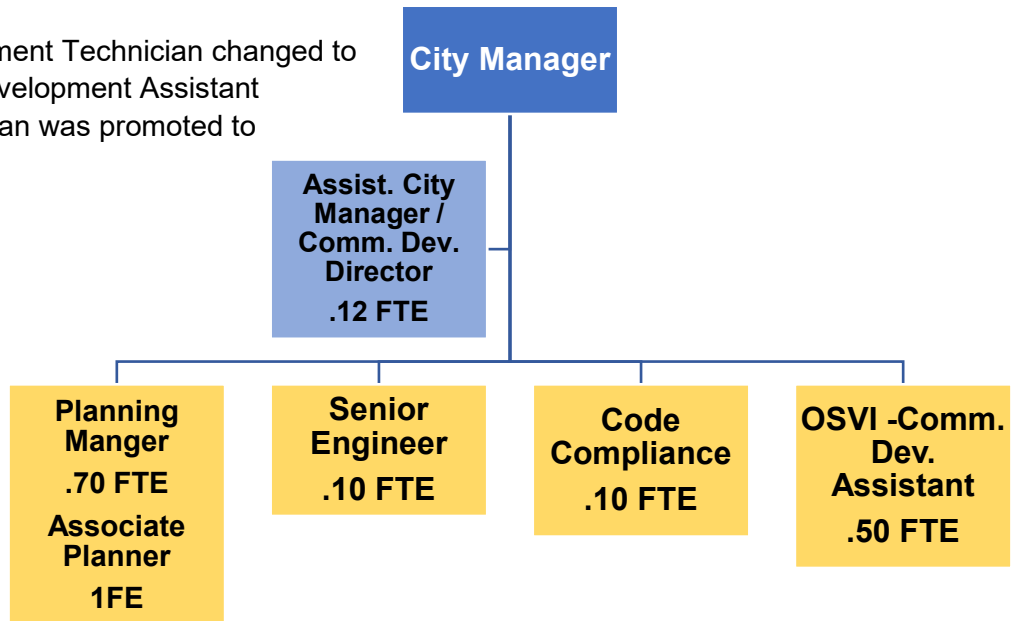
- Participated in the Career Fair at Molalla High School to encourage professional development and recruit potential interns.
- Developed and advertised a local government internship program, and the “student Councilor” program.

**Staffing**

	<b>FY 23/24</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>
<b>Staffing Full Time FTE’s</b>	1.52	1.62	2.42	2.52

Changes from prior year:

- Community Development Technician changed to OSVI Community Development Assistant
- Engineering Technician was promoted to Senior Engineer



**Historical Data**

**Budget for FY 2026-2027**

<b>GENERAL FUND Planning REQUIREMENTS</b>	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
<b>PERSONNEL SERVICES</b>						
BENEFITS AND TAXES	60,565	85,303	99,100	111,022	111,022	-
SALARIES AND WAGES	133,895	171,607	226,600	234,941	234,941	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>194,461</b>	<b>256,910</b>	<b>325,700</b>	<b>345,963</b>	<b>345,963</b>	<b>-</b>
<b>FTE</b>	<b>1.52</b>	<b>1.62</b>	<b>2.42</b>	<b>2.52</b>	<b>2.52</b>	<b>-</b>
<b>MATERIALS &amp; SERVICES</b>						
POWER	1,441	1,760	1,700	1,500	1,500	-
PHONE	7,021	9,698	9,500	13,000	13,000	-
OPERATIONS & MAINTENANCE	5,242	2,790	3,500	4,000	4,000	-
OPERATIONS & MAINTENANCE-Code	-	18	1,000	1,000	1,000	-
BUILDING MAINTENANCE	2,244	1,892	2,300	2,500	2,500	-
TRAINING & CONF. TRAVEL	3,398	2,260	3,500	3,500	3,500	-
TRAINING & CONF. TRAVEL-Code	-	79	1,000	1,000	1,000	-
DUES & MEMBERSHIP	86	1,012	1,750	1,750	1,750	-
POSTAGE-PLANNING	-	30	-	-	-	-
PRINTING & PUBLICATIONS	608	468	500	750	750	-
PROFESSIONAL SERVICES	21,573	18,370	17,000	20,000	20,000	-
INSURANCE/LIABILITY/GEN	5,042	5,476	6,250	6,845	6,845	-
CUSTODIAN	829	1,069	1,200	1,320	1,320	-
OFFICE SUPPLIES	104	251	1,750	1,000	1,000	-
CITY ATTORNEY-PLANNING	4,622	6,341	7,500	5,000	5,000	-
COMPUTER SERVICES	-	9,288	7,800	7,800	7,800	-
MEETINGS AND BOARDS	3,462	3,610	4,500	3,960	3,960	-
POSTAGE-CODE ENFORCEMENT	-	11	-	-	-	-
UGB STUDY GRANT	22,839	44,571	150,000	140,000	140,000	-
UGB STUDY GRANT-MATCH	5,000	-	-	5,000	5,000	-
TGM GRANT - MATCH	-	-	-	320,000	320,000	-
TGM GRANT - MATCH	-	-	-	5,000	5,000	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>83,512</b>	<b>108,993</b>	<b>220,750</b>	<b>544,925</b>	<b>544,925</b>	<b>-</b>
<b>TOTAL PLANNING</b>	<b>277,973</b>	<b>365,903</b>	<b>546,450</b>	<b>890,888</b>	<b>890,888</b>	<b>-</b>

## Library Fund



The Molalla Public Library is funded by the [Library District of Clackamas County](#) and operated by the City of Molalla. The permanent rate is 0.3974 per thousand assessed property value. The Ready to Read grant is administered through the State of Oregon Library and supplements our summer reading program for children.

For 126 years, the Molalla Public Library has served this community. It is the oldest continuously serving library in

Clackamas County. The Library continues to be a community resource hub and supplies educational and entertainment materials and programs for our community. The Library provides underserved populations with bookmobile stops in places such as Plaza Los Robles, the Greens at Ridings, Bear Creek apartments, Big Meadow neighborhood, the Molalla Adult Center, and Love One Laundry as well as participating in the 4<sup>th</sup> of July Parade and attending National Night Out, Celebrate Molalla, Molalla High School's Career Fair, and other local school programs.

**Early literacy, elementary age, and teen specific programs** are offered monthly, engaging children of all ages. All programs are facilitated by Library staff. Programs include:

- Storytimes for ages 0-5 weekly throughout the school year
- Homeschool Huddle, providing a connection for our homeschooling families as well as a learning-based enrichment program
- LEGO Club, encouraging a love for design and building.
- STEAM (Science, Technology, Engineering, Arts, and Math) Powered Fun! immersing participants in a scientific topic each month with hands-on experiments
- Stuffed animal sleepover at the Library
- Dungeons and Dragons campaigns for teens
- Teen programs focusing on crafts and activities
- Curated book boxes for teens



## Library Fund - *Continued*

### **The library also offers many adult programs**

Programs include:

- Mexican Cooking classes
- Make It Monday, offering a wide variety of craft projects
- Technology classes and support
- Curated book boxes
- Homebound services to individuals
- A wide variety of speakers and craft presenters



### **Family activities all year long**

Programs include:

- Music in the Park, during the summer
- Día de los Niños/Children's Day
- Día de los Muertos/Day of the Dead celebrations
- Celebrate Molalla
- National Night Out
- Lotería
- Mini golf in the library
- Oregon Trail experience for kids



Library staff continue to provide curbside service when requested, in addition to the activities above. Visits to local daycare and other care facilities have increased this year. Our staff members remain committed to serving our community.

The budget prepared for next year reflects the increasing demand for streaming audio, visual, and a variety of e-materials as well as the continued need for books and other materials. Our programming budget has been increased, allowing us to maintain the quality of performers and the materials used for our many craft and educational programs. Increases also reflect the rising cost of doing business day to day.



Our budget allows Library staff to continue to welcome our patrons, reach out to those who are unable to come to the Library, and grow with our community with updated resources, outreach, and educational and family-friendly events.

# Activity Measures from Last Year, with Performance Percentages from prior year

## Explanation of Significant Budget Changes

2026 Adopted Budget vs 2025 Projected Actual

- Increased the Capital Line for future library

## Summary of Explanations Above

The intention is to reserve the beginning fund balance for the **26/27** budget year. This is why there is an increase in the contingency reserve.

	FY 2025-26 Actual	FY 2025-26 Estimated	Did Library Meet Expectations	Performance Percentage	FY 2026-27 Estimated
<b>Materials Circulation</b>	95,308	157,000	No		120,000
<b>Downloads / Streaming Circulation</b>	38,340	29,000	Yes		40,000
<b>Participation in Programs</b>	11,901	10,000	Yes		13,000

## 2026 – 2027 Goals

- Increase awareness of and attendance at bookmobile stops
- Expand seed library program
- Increase program attendance by 5%
- Continue design for new library facility

## 2025 - 2026 Accomplishments

- ✓ Increased outreach to daycare centers, underserved areas, and low-income housing through increased bookmobile visits
- ✓ Significantly increased program participation by establishing regular, quality programs Library patrons enjoy
- ✓ Refreshed the collection with popular titles, replacements, and patron requests
- ✓ Hosted a series of technology programs for adults



## Library Fund - *Continued*

### Goals Aligned with Visioning

#### **Develop the physical infrastructure needed to support a welcoming Community.**

- Constantly increasing marketing of monthly events at the library. See full monthly schedule and activities on the City Calendar [GO HERE!](#)
- For all programs and activities [GO HERE!](#)
- Continue designing a new library facility to reflect the needs of the community with a larger community room and space for multiple study rooms
- Obtain funding for the new facility through grants



#### **Foster socially welcoming activities and embrace diversity as our strength.**

- Presentations with a wide variety of speakers
- Regular visits with the bookmobile to Plaza Los Robles to present storytimes, crafts, and offer materials in Spanish for residents
- Mexican cooking classes, Mexican Bingo (Lotería), and a celebration of Día de Los Muertos, which celebrates Mexican heritage and ancestors
- Create larger meeting spaces for library programs and community groups in the new facility
- Create spaces in new facility which embrace individual and group activities as well as providing space to grow for the future

#### **Engage youth.**

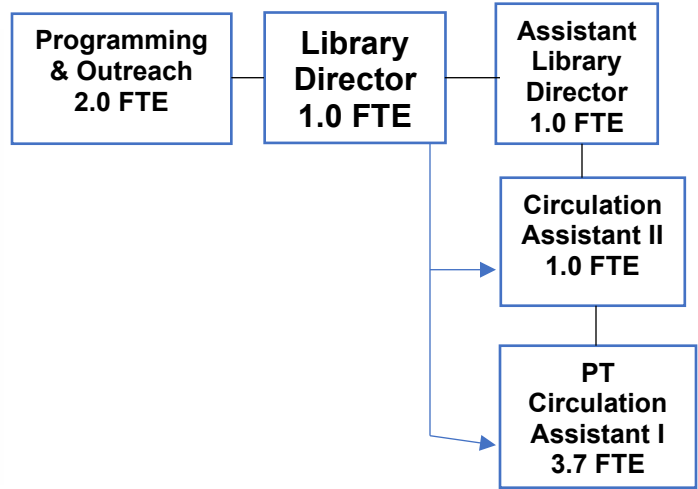
- Participate in the career fair at the Molalla High School to encourage interest in professional development
- Regular visits to area daycare facilities
- Weekly story time for ages 0-5 years
- Homeschool Huddle, LEGO Club, and STEAM Powered Fun!
- Teen Book Boxes
- Dungeons and Dragons campaigns
- Design new library facility which includes a teen space with areas for quiet and group study
- Create space in new facility for growing programs, particularly for youth activities



# Staffing

## Changes from the previous year:

- None



Staffing FY 2023-24 FY 2024-25 FY 2025-26 FY 2026-27

<b>Full Time FTE</b>	<b>8.7</b>	<b>8.7</b>	<b>8.7</b>	<b>8.7</b>
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# LIBRARY FUND RESOURCES

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	BY Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	3,157,486	3,405,907	3,648,667	3,265,331	3,265,331	-
<b>GENERAL REVENUES</b>	<b>GENERAL REVENUES</b>					
COUNTY FUNDS	1,146,481	1,244,928	1,243,000	1,276,000	1,276,000	-
GRANTS	4,856	5,017	5,200	254,500	254,500	-
COPIER INCOME	2,153	4,278	2,000	2,000	2,000	-
MISC	15	4,585	-	-	-	-
FINES	3,949	4,185	2,000	1,000	1,000	-
DONATIONS	2,570	2,528	1,700	1,500	1,500	-
INTEREST	153,859	171,724	125,000	125,000	125,000	-
<b>TOTAL FUND REVENUES</b>	<b>1,313,883</b>	<b>1,437,244</b>	<b>1,378,900</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>3,157,486</b>	<b>3,405,907</b>	<b>3,648,667</b>	<b>3,265,331</b>	<b>3,265,331</b>	<b>-</b>
<b>TOTAL LIBRARY FUND RESOURCES</b>	<b>4,471,369</b>	<b>4,843,150</b>	<b>5,027,567</b>	<b>4,925,331</b>	<b>4,925,331</b>	<b>-</b>

**LIBRARY FUND  
REQUIREMENTS**

**Historical Data**

**Budget for FY 2026-2027**

	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	BY Budget Officer	Budget Committee	Council
<b>PERSONNEL SERVICES</b>						
BENEFITS AND TAXES	200,260	201,579	274,500	265,840	265,840	-
SALARIES AND WAGES	446,009	509,075	553,000	523,700	523,700	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>646,270</b>	<b>710,654</b>	<b>827,500</b>	<b>789,540</b>	<b>789,540</b>	<b>-</b>
FTE	8.70	8.70	8.70	8.70	8.70	-
<b>MATERIALS &amp; SERVICES</b>						
POWER	9,041	9,757	12,500	13,000	13,000	-
PHONE	7,762	8,499	10,000	10,500	10,500	-
NW NATURAL GAS	2,188	2,554	3,100	3,000	3,000	-
OPERATIONS & MAINTENANCE	20,604	20,051	30,000	15,000	15,000	-
BUILDING MAINTENANCE	61,010	41,168	15,000	25,000	25,000	-
TRAINING & CONF. TRAVEL	1,480	6,061	7,000	10,000	10,000	-
DUES & MEMBERSHIP	678	1,982	250	750	750	-
POSTAGE	348	352	500	500	500	-
PROFESSIONAL SERVICES	-	31,022	5,000	5,000	5,000	-
INSURANCE/LIABILITY/GEN	25,991	28,947	30,000	40,000	40,000	-
BOOKS	54,753	65,996	65,000	65,000	65,000	-
E-PUBLICATIONS	13,718	11,954	13,500	16,000	16,000	-
READY TO READ MATERIAL	4,731	4,600	5,200	4,500	4,500	-
AUDIO-VISUAL MATERIAL	18,364	18,489	15,000	15,000	15,000	-
DATA BASES	8,055	15,277	18,000	26,000	26,000	-
CUSTODIAN	22,975	25,439	29,000	30,000	30,000	-
OFFICE SUPPLIES	11,346	8,542	11,000	11,000	11,000	-
COST ALLOCATION AGREEMENT	91,226	133,752	165,890	168,810	168,810	-
FURNITURE & FIXTURES	10,206	1,536	3,000	3,000	3,000	-
COPIER EXPENSES	5,547	6,566	7,000	7,000	7,000	-
PROGRAMS	33,506	37,854	35,000	40,000	40,000	-
PERIODICALS	2,000	2,160	2,200	2,000	2,000	-
EQUIPMENT	13,663	10,997	5,000	5,000	5,000	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>419,193</b>	<b>493,555</b>	<b>488,140</b>	<b>516,060</b>	<b>516,060</b>	<b>-</b>

*Continued*

# LIBRARY REQUIREMENTS

Continued

	Historical Data			Budget for FY 2026-2027		
	2023-2024 FISCAL Actual	2024-2025 FISCAL Actual	2025-2026 APPROVED BUDGET	2026-2027 PROPOSED BY Budget Officer	2026-2027 APPROVED BY Budget Committee	2026-2027 ADOPTED BY Council
<b>CAPITAL OUTLAY</b>						
CAPITAL PROJECT - CONSTRUCTION	-	-	3,000,000	3,276,571	3,276,571	-
CAPITAL PROJECT - DESIGN	-	42	200,000	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>-</b>	<b>42</b>	<b>3,200,000</b>	<b>3,276,571</b>	<b>3,276,571</b>	<b>-</b>
<b>TRANSFERS OUT</b>						
TRANSFER TO FLEET REPLACEMENT	-	-	-	-	-	-
<b>TOTAL TRANSFERS OUT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTINGENCY</b>						
OPERATING CONTINGENCY	-	-	300,000	79,402	79,402	-
<b>TOTAL OPERATING CONTINGENCY</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>79,402</b>	<b>79,402</b>	<b>-</b>
<b>FUND BALANCE/RESERVES</b>						
FB RESERVE	-	-	211,927	263,758	263,758	-
<b>TOTAL RESERVES</b>	<b>-</b>	<b>-</b>	<b>211,927</b>	<b>263,758</b>	<b>263,758</b>	<b>-</b>
<b>TOTAL LIBRARY REQUIREMENTS</b>	<b>1,065,463</b>	<b>1,204,251</b>	<b>5,027,567</b>	<b>4,925,331</b>	<b>4,925,331</b>	<b>-</b>
<b>TOTAL LIBRARY FUND RESOURCES AND FB</b>	<b>4,471,369</b>	<b>4,843,150</b>	<b>5,027,567</b>	<b>4,925,331</b>	<b>4,925,331</b>	<b>-</b>
<b>TOTAL LIBRARY FUND REQUIREMENTS</b>	<b>1,065,463</b>	<b>1,204,251</b>	<b>5,027,567</b>	<b>4,925,331</b>	<b>4,925,331</b>	<b>-</b>
<b>TOTAL NET LIBRARY FUND</b>	<b>3,405,907</b>	<b>3,638,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Street Fund



The Street Fund functions similarly to a business in that the vast majority of fund revenues can only be spent on the transportation system, though it does not receive user fees as revenue; this is known as a Special Revenue type of fund. The fund accounts for all revenues and expenses related to Molalla's Transportation System. Revenues are substantially comprised of state shared gas tax revenues, vehicle registration revenues, plan review fees, Federal surface transportation block grant funds, and transportation grants. Expenses include operations, maintenance, personnel, capital improvements, and debt service.

The City Council sets the goals and policies of the transportation system in Part IV of the Molalla Comprehensive Plan (Public Facilities and Transportation) and plans the projects and initiatives to achieve those goals in the City of Molalla Transportation System Master Plan. Additionally, information on significant transportation projects and initiatives is made available on the Molalla Current and the City of Molalla Website.

### Helpful Links:

[Comprehensive Plan](#) | [The Molalla Current](#) | [City of Molalla Website](#)

## Activity Measures from Prior Year, with Performance Percentages from prior year.

	FY 2025 Actual	FY 2025 Projected	Did Streets Meet Estimates?	Performance Percentages	FY 2026 Projected
# of local road feet paved/resurfaced	9404	8220	Yes	114%	5,840
Potholes Filled	392	362	Yes	108%	300
# of work orders completed	369	393	No	94%	350

## Street Fund, Continued

### **Explanation of Significant Budget Variances**

2027 Adopted Budget vs 2026 Projected Actual

- Personnel Services Increased by \$48,000
- Road Surfacing Program Increase by \$82,000
- Capital Decrease of approximately \$800,000
- Fund Balance Reserve Increased by \$718,000

### **Summary of Explanations Above**

Personnel services growth is largely attributable to a \$28,000 increase in insurance costs with the remainder driven by cost-of-living increases based on the CPI. The road surfacing increase is due mainly to a reconfiguration in accounting methods which moved the street surfacing funds out of capital and into the road surfacing account line. The decrease in capital spending is also based on the reconfiguration in accounting methods moving the street surfacing out of capital and into the road surfacing account. The increase in fund balance reserve is due to private developer contributions to future infrastructure improvements. Those funds can only be spent on the infrastructure for which they were provided and must be reserved for future execution of those projects.

### **Goals for 2027**

- ✓ Apply for TGM Grant Funding
- ✓ Continue execution of CAPS pavement management plan
- ✓ Complete improvement of Chief Yelkus Park access road
- ✓ Complete development of N Ona Ln
- ✓ Continuing Sidewalk Improvement Grant
- ✓ Prepare for a Safe Routes to School Grant application

### **Accomplishments for 2026**

- ✓ Completed N Molalla enhanced crossing at Frances St.
- ✓ Completed \$750k in dig out and repaving projects per CAPS plan.
  - Lola Ave
  - Shirley St (N Cole Ave to N Molalla Ave)
  - Frances St
  - N Cole Ave
  - Ridings Ave
  - 2<sup>nd</sup> St & 5<sup>th</sup> St
- ✓ Continued sidewalk improvement grant program:
  - 3,289 SF of Sidewalk
  - 383 LF of Curb & Gutter
  - 2 new ADA Ramps
- ✓ Completed feasibility studies & design for Chief Yelkus Park Access
- ✓ Completed preparation to apply for TGM Grant
- ✓ Completed Improvements along the North side of OR-211 across from Bear Creek Apartments

- ✓ Completed design of N Ona Ln
- ✓ Awarded a Mt. Hood Territory Grant for cross street banner holders
- ✓ Obtained dedication of 4<sup>th</sup> St adjacent to Fox Park

**Goals Aligned with Molalla Area Vision and Action Plan 2030 (Focus Area #2)**

Develop the physical infrastructure needed to support a welcoming community.

- Increased communication through the [Molalla Current](#), which supports infrastructure needs and a welcoming community.
- Sidewalk improvement grant has added 5 ADA curb ramps over the last 2 years.

Foster socially welcoming activities and embrace diversity as our strength.

- Participates in the City-Wide Newsletter that offers a bilingual version.
- Molalla Current can also be easily converted to Spanish.

Engage youth:

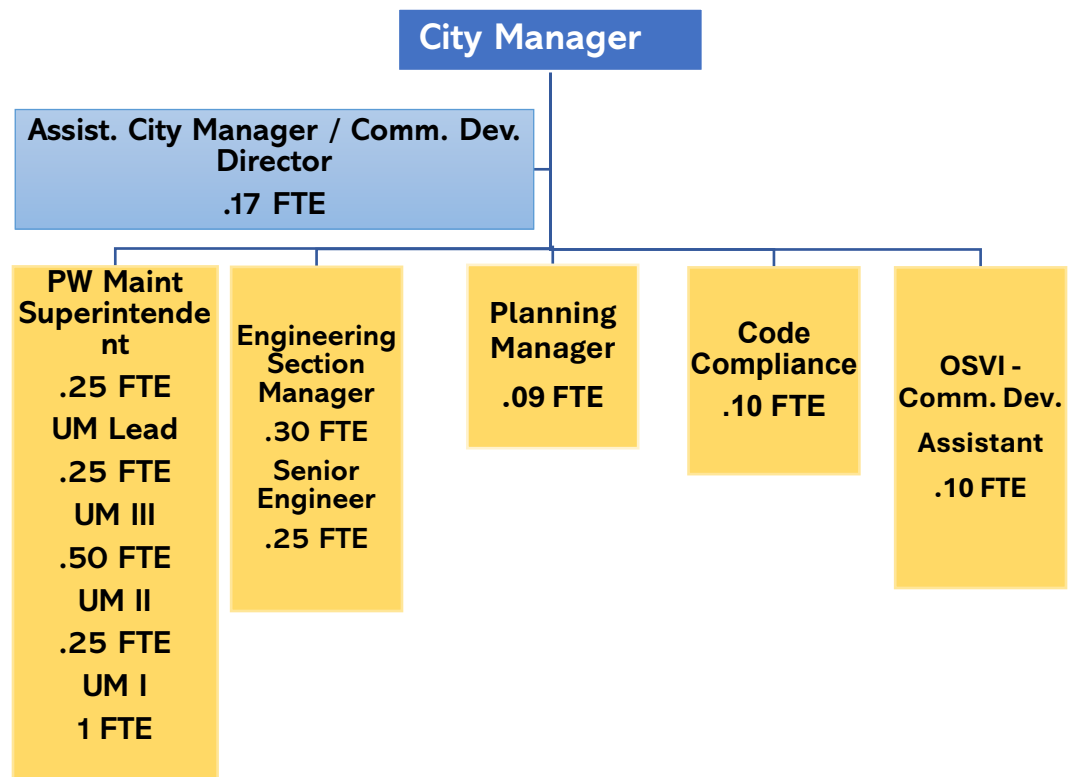
- Participated in the Career Fair at Molalla High School to encourage professional development.

**Staffing**

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b>Full Time FTE</b>	3.23	3.23	3.29	3.26

**Changes from Prior Year**

- .03 Decrease due to allocations
- Comm. Dev. Technician changed to a OSVI



**STREET FUND  
RESOURCES**

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	2,282,890	3,546,124	3,081,230	2,255,568	2,255,568	-
<b>REVENUE</b>						
STATE GAS TAX	810,401	920,203	864,000	765,000	765,000	-
VEHICLE REGISTRATION FEE	192,601	220,916	190,000	175,000	175,000	-
PGE FRANCHISE FEE	180,000	180,000	180,000	180,000	180,000	-
MISCELLANEOUS	189,389	69,877	63,000	43,000	43,000	-
INTEREST	114,952	159,542	140,000	115,000	115,000	-
PLAN REVIEW AND PERMITS	18,960	33,284	4,500	20,000	20,000	-
FUND EXCHANGE	259,758	128,099	124,000	134,416	134,416	-
TRANSFER FROM STREET IMP-SDC	350,000	32,477	600,000	500,000	500,000	-
TRANSFER FROM STREET REIMB-SDC	500,000	56,469	150,000	300,000	300,000	-
<b>TOTAL STREET FUND REVENUES</b>	<b>2,616,061</b>	<b>1,800,868</b>	<b>2,315,500</b>	<b>2,232,416</b>	<b>2,232,416</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BAL</b>	<b>2,282,890</b>	<b>3,546,124</b>	<b>3,081,230</b>	<b>2,255,568</b>	<b>2,255,568</b>	<b>-</b>
<b>TOTAL STREET FUND RESOURCES</b>	<b>4,898,951</b>	<b>5,346,991</b>	<b>5,396,730</b>	<b>4,487,984</b>	<b>4,487,984</b>	<b>-</b>

# STREET FUND REQUIREMENTS

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL Actual	FISCAL Actual	APPROVED BUDGET	PROPOSED BY Budget Officer	APPROVED BY Budget Committee	ADOPTED BY Council
<b>PERSONNEL SERVICES</b>						
BENEFITS AND TAXES	117,046.8	131,262.8	203,406.0	198,867.0	198,867	-
SALARIES AND WAGES	236,471.2	271,587.6	305,773.0	302,054.0	302,054	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>353,517.9</b>	<b>402,850.3</b>	<b>509,179.0</b>	<b>500,921.0</b>	<b>500,921.0</b>	<b>-</b>
FTE	3.23	3.23	3.29	3.26	3.26	-
<b>MATERIALS &amp; SERVICES</b>						
POWER	113,661	131,583	130,000	115,000	115,000	-
PHONE	4,573	3,994	5,500	4,000	4,000	-
NATURAL GAS	1,239	904	1,000	1,000	1,000	-
O&M	8,628	19,169	20,000	20,000	20,000	-
BUILDING MAINTENANCE	7,828	10,719	20,000	15,000	15,000	-
TRAINING & CONF. TRAVEL	1,212	382	3,000	3,500	3,500	-
DUES & MEMBERSHIP	86	1,133	1,750	2,000	2,000	-
COMPUTER NETWORK	10,943	12,233	1,500	8,750	8,750	-
PW SOFTWARE SERVICES	-	16,807	18,500	12,500	12,500	-
PROFESSIONAL SERVICES	5,177	4,611	18,000	15,000	15,000	-
LEGAL & RECORDING	3,299	5,021	7,500	7,500	7,500	-
INSURANCE/LIABILITY/GEN	36,388	39,561	45,000	50,000	50,000	-
VEHICLE FUEL	10,799	11,232	12,000	18,000	18,000	-
VEHICLE REPAIR	8,064	10,042	15,000	7,500	7,500	-
UNIFORMS & SAFETY GEAR	3,196	1,682	4,000	4,000	4,000	-
COST ALLOCATION AGREEMENT	68,420	100,314	124,418	158,880	158,880	-
SIDEWALK / STREET REPAIRS	11,003	31,097	50,000	20,000	20,000	-
ROAD SURFACING PROGRAM	250,000	296,568	480,000	562,000	562,000	-
SMALL EQUIPMENT / TOOLS	1,550	562	3,000	3,000	3,000	-
SIGNAGE & STRIPING	8,665	10,641	45,000	25,000	25,000	-
STREET LIGHT & BULB REPLACEMENT	20,006	2,486	20,000	-	-	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>574,737</b>	<b>710,742</b>	<b>1,025,168</b>	<b>1,052,630</b>	<b>1,052,630</b>	<b>-</b>

Continued

<b>STREET FUND REQUIREMENTS</b>	<b>Historical Data</b>			<b>Budget for FY 2026-2027</b>		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
<b>DEBT</b>						
OTIF LOAN PRINCIPAL	-	90,704	182,888	118,162	118,162	-
OTIF LOAN INTEREST	-	740	18,898	17,326	17,326	-
<b>TOTAL DEBT</b>	<b>-</b>	<b>91,444</b>	<b>201,786</b>	<b>135,488</b>	<b>135,488</b>	<b>-</b>
<b>CAPITAL OUTLAY</b>						
STREET IMP SDC CAPITAL PROJ	159,851	32,477	600,000	500,000	500,000	-
STREET EQUIPMENT	-	-	20,000	25,000	25,000	-
STREET REIMB SDC CAPITAL PROJ	1,086	56,469	150,000	163,500	163,500	-
STREET CAPITAL PROJECTS	66,929	158,969	793,000	128,000	128,000	-
ODOT FUND EXCHANGE	158,407	458,842	378,148	196,000	196,000	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>386,273</b>	<b>706,756</b>	<b>1,941,148</b>	<b>1,012,500</b>	<b>1,012,500</b>	<b>-</b>
<b>TRANSFERS OUT</b>						
TRANSFER TO CAPITAL PROJECT F	-	-	-	50,000	50,000	-
TRANSFER TO GF CAPITAL	-	-	12,000	-	-	-
TRANSFER TO FLEET REPLACE FUND	38,300	38,300	21,725	25,000	25,000	-
<b>TOTAL TRANSFERS OUT</b>	<b>38,300</b>	<b>38,300</b>	<b>33,725</b>	<b>75,000</b>	<b>75,000</b>	<b>-</b>
<b>CONTINGENCY</b>						
OPERATING CONTINGENCY	-	-	1,285,724	1,175,734	1,175,734	-
<b>TOTAL OPERATING CONTINGENCY</b>	<b>-</b>	<b>-</b>	<b>1,285,724</b>	<b>1,175,734</b>	<b>1,175,734</b>	<b>-</b>
<b>FUND BALANCE/RESERVES</b>						
FB RESERVE/FUTURE PROJECTS	-	-	-	135,711	135,711	-
FB RESERVE	-	-	400,000	400,000	400,000	-
<b>TOTAL RESERVES</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>535,711</b>	<b>535,711</b>	<b>-</b>
<b>TOTAL STREET FUND RESOURCES AND FE</b>	<b>4,898,951</b>	<b>5,346,991</b>	<b>5,396,730</b>	<b>4,487,984</b>	<b>4,487,984</b>	<b>-</b>
<b>TOTAL STREET REQUIREMENTS</b>	<b>1,352,828</b>	<b>1,950,092</b>	<b>5,396,730</b>	<b>4,487,984</b>	<b>4,487,984</b>	<b>-</b>
<b>TOTAL NET STREET FUND</b>	<b>3,546,124</b>	<b>3,396,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## PD Restricted Fund

The PD Restricted Fund houses several smaller accounts designed to be protected or set aside. For example, when citizens or a business entity donate money for a particular cause (like K9) those funds need to be held separately to ensure they are used for the reason they were designated.



When funds are donated to the Police Department and are not designated to a particular area, they go into a Youth Athletic or Activity fund which the Department uses to pay for registration fees for families that otherwise could not afford to let their children participate. This category is also funded from any auctions or sales of surplus equipment. Similarly, our officers and staff personally donate monthly funds to a Youth Scholarship fund which awards an annual \$1000 college scholarship to a worthy graduating senior at Molalla High School. Below are direct Hyperlinks to the application if you are viewing this online.

### [Youth Activity Fund Application](#)



## PD RESTRICTED FUND RESOURCES

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL Actual	FISCAL Actual	APPROVED BUDGET	PROPOSED BY Budget Officer	APPROVED BY Budget Committee	ADOPTED BY Council

### RESOURCES

BEGINNING FUND BALANCE	3,793	7,723	14,357	11,619	11,619	-
<b>REVENUE</b>						
EMERGENCY VEHICLE FUND	4,011	-	-	-	-	-
K9 DONATIONS	4,242	8,127	18,500	6,000	6,000	-
POLICE PAYROLL DONATIONS	1,020	1,020	500	800	800	-
POLICE AUCTION / YOUTH FUND	600	-	-	1,000	1,000	-
SHARED REVENUES	50,000	50,000	50,000	50,000	50,000	-
DNU -EXPIRED PROPERTY/EVIDENCE INTEREST	329	188	-	-	-	-
	381	584	300	600	600	-
<b>TOTAL PD RESTRICTED REVENUES</b>	<b>60,583</b>	<b>59,919</b>	<b>69,300</b>	<b>58,400</b>	<b>58,400</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>3,793</b>	<b>7,723</b>	<b>14,357</b>	<b>11,619</b>	<b>11,619</b>	<b>-</b>
<b>TOTAL PD RESTRICTED RESOURCES</b>	<b>64,376</b>	<b>67,642</b>	<b>83,657</b>	<b>70,019</b>	<b>70,019</b>	<b>-</b>

## REQUIREMENTS

### MATERIALS & SERVICES

#### REQUIREMENTS

#### MATERIALS & SERVICES

K9 (Donation)	4,553	4,624	26,644	12,161	12,161	-
PD EMERGENCY VEHICLE FUND	-	-	-	-	-	-
YOUTH FUND	1,100	630	-	2,148	2,148	-
YOUTH SCHOLARSHIP	1,000	620	7,013	5,710	5,710	-
SUPPLIES / EQUIPMENT	-	-	-	-	-	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>6,653</b>	<b>5,874</b>	<b>33,657</b>	<b>20,019</b>	<b>20,019</b>	<b>-</b>

#### TRANSFERS OUT

TRANSFER TO FLEET REPLACEMENT	50,000	50,000	50,000	50,000	50,000	-
<b>TOTAL TRANSFERS OUT</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>

<b>TOTAL RESOURCES AND FUND BAL</b>	<b>64,376</b>	<b>67,642</b>	<b>83,657</b>	<b>70,019</b>	<b>70,019</b>	<b>-</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>56,653</b>	<b>55,874</b>	<b>83,657</b>	<b>70,019</b>	<b>70,019</b>	<b>-</b>
<b>TOTAL NET PD RESTRICTED FUND</b>	<b>7,723</b>	<b>11,767</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## WWTP Upgrade Project Fund

The WWTP Upgrade Project Fund was created by Resolution 2024-05 in February 2024 in preparation of receiving loan proceeds for financing the completion of the new Wastewater Treatment Plant. The project is underway with an estimated completion date of December 2026.

Please [GO Here!](#) to the Molalla Current to see updates and progression as the City prepares for the Waste Water Treatment Upgrade.



<b>CAPITAL PROJECT WWTP UPGRADE</b>	<b>Historical Data</b>			<b>Budget for FY 2026-2027</b>		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	-	-	<b>734,000</b>	748,185	748,185	-
<b>REVENUE</b>						
INTEREST	-	20,624	14,000	10,000	10,000	-
CWSRF INTERIM FINANCING	-	-	15,000,000	22,000,000	22,000,000	-
CWSRF PERMANENT FINANCING	-	5,613,879	5,000,000	-	-	-
USDA GRANT	-	-	-	2,000,000	2,000,000	-
LOTTERY GRANT	-	338,792	5,000,000	-	-	-
TRANSFER FROM SEWER FUND	-	720,000	-	-	-	-
<b>TOTAL REVENUE</b>	-	<b>6,693,295</b>	<b>25,014,000</b>	<b>24,010,000</b>	<b>24,010,000</b>	-
<b>TOTAL BEGINNING FUND BALANCE</b>	-	-	734,000	748,185	748,185	-
<b>TOTAL WWTP UPGRADE RESOURCES</b>	-	<b>6,693,295</b>	25,748,000	24,758,185	24,758,185	-
<b>EXPENDITURE</b>						
NEW WWTP - USDA	-	-	-	2,000,000	2,000,000	-
NEW WWTP - CWSRFP	-	9,164,998	5,000,000	-	-	-
NEW WWTP - CWSRFI	-	-	15,000,000	22,000,000	22,000,000	-
NEW WWTP - LOTTERY	-	338,792	5,000,000	-	-	-
CAPITAL IMPROVEMENTS	-	-	28,000	-	-	-
					-	-
					-	-
<b>RESERVE</b>						
DEBT RESERVE-USDA	-	-	720,000	758,185	758,185	-
<b>TOTAL REQUIREMENTS</b>	-	<b>9,503,790</b>	<b>25,748,000</b>	<b>24,758,185</b>	<b>24,758,185</b>	-
<b>TOTAL RESOURCES AND FUND BAL</b>	-	6,693,295	<b>25,748,000</b>	<b>24,758,185</b>	<b>24,758,185</b>	-
<b>TOTAL FUND REQUIREMENTS</b>	-	9,503,790	<b>25,748,000</b>	<b>24,758,185</b>	<b>24,758,185</b>	-
<b>TOTAL NET WWTP UPGRADE FUND</b>	-	(2,810,495)	-	-	-	-

## Fleet Replacement Fund

The Fleet Replacement Fund is a Special Revenue fund that accounts for the purchase and replacement of vehicles and other fleet equipment. Revenues for this fund are exclusively transfers in from enterprise funds, and governmental funds for fleet vehicle purchases. In addition to the purchase of fleet vehicles, this fund acts as a savings account for future vehicle purchases which allows the city to avoid interest payments and other fees associated with financing by having cash on hand for these purchases.



The FY26-27 budget continues a budgeting strategy that allows city staff to more easily account for funds carried out from year to year, and to provide flexibility for vehicle purchasing as needed. This flexibility allows the city to use vehicles right up to the end of their useful life when the cost to maintain exceeds the value of the asset. Instead of pre-ordering vehicle purchases to replace vehicles that may not need replacement or

failing to anticipate a seemingly reliable vehicle becoming unusable, staff can use and maintain a vehicle until it does not make fiscal sense to do so, then replace it when necessary.

**FLEET FUND**

**RESOURCES**

**Historical Data**

**Budget for FY 2026-2027**

	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED BY
	Actual	Actual	BUDGET	Budget	Budget	Council
				Officer	Committee	
BEGINNING FUND BALANCE	446,602	354,140	296,549	336,749	336,749	-
<b>REVENUE</b>						
TRANSFER FROM POLICE	-	100,000	50,000	25,000	25,000	-
TRANSFER FROM GF PARKS	-	7,900	7,900	8,100	8,100	-
TRANSFER FROM STREETS	38,300	38,300	21,725	25,000	25,000	-
TRANSFER FROM SEWER	121,725	21,725	21,725	21,725	21,725	-
TRANSFER FROM WATER	21,725	21,725	21,725	21,725	21,725	-
TRANSFER FROM STORMWATER	26,400	15,000	15,000	15,000	15,000	-
INTEREST	26,005	25,106	20,000	12,763	12,763	-
MISCELLANEOUS REVENUE	-	34,000	-	-	-	-
TRANSFER FROM PD REST	50,000	50,000	50,000	50,000	50,000	-
<b>TOTAL FUND REVENUES</b>	<b>284,155</b>	<b>313,756</b>	<b>208,075</b>	<b>179,313</b>	<b>179,313</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>446,602</b>	<b>354,140</b>	<b>296,549</b>	<b>336,749</b>	<b>336,749</b>	<b>-</b>
<b>TOTAL FLEET REPLACEMENT FUND RESOURCES</b>	<b>730,756</b>	<b>667,896</b>	<b>504,624</b>	<b>516,062</b>	<b>516,062</b>	<b>-</b>

**REQUIREMENTS**

**CAPITAL OUTLAY**

POLICE FLEET	148,384	129,218	152,299	160,401	160,401	-
PARKS FLEET	-	14,512	19,043	27,683	27,683	-
STREET FLEET	38,979	32,222	119,339	131,196	131,196	-
SEWER FLEET	139,491	12,292	81,475	68,722	68,722	-
WATER FLEET	34,106	19,904	78,548	62,997	62,997	-
STORM FLEET	15,657	20,742	53,920	65,063	65,063	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>376,616</b>	<b>228,890</b>	<b>504,624</b>	<b>516,062</b>	<b>516,062</b>	<b>-</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>376,616</b>	<b>228,890</b>	<b>504,624</b>	<b>516,062</b>	<b>516,062</b>	<b>-</b>
<b>TOTAL NET FLEET REPLACEMENT FUND</b>	<b>354,140</b>	<b>439,005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Sewer Fund



The Sewer Fund functions similarly to a utility business in that fund revenue can only be spent on the Sewer System; this is known as an Enterprise type of fund. The fund accounts for all revenues and expenses related to Molalla’s sewer system. Revenues are substantially comprised of user fees, grants, and plan review fees, while expenses include operations, maintenance, personnel, capital improvements, and debt service.

The City Council sets the goals and policies of the sewer system in Part IV of the Molalla Comprehensive Plan (Public Facilities and Transportation) and plans

the projects and initiatives to achieve those goals in the City of Molalla Wastewater System Master Plan. Additionally, information on significant sewer projects and initiatives is made available on the Molalla Current and the City of Molalla Website.

### Helpful Links:

[Comprehensive Plan](#) | [Wastewater System Master Plan](#) | [The Molalla Current](#) | [City of Molalla Website](#)

## Activity Measures from Prior Year

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Projected
<b>Sewer TV Inspected (Feet)</b>	5,280	2,605	6,932	5,650	5,575
<b>Sewer Cleaned (Feet)</b>	11,616	13,961	48,504	18,163	19,550
<b>Mainline Replaced (Feet)</b>	0	1,580	0	CIPP 4,714	5,000
<b>Manholes Repaired (Each)</b>	20	38	14	0	5
<b>Laterals Repaired (Each)</b>	10	34	14	2	0

### Explanation of Significant Budget Variances

2027 Adopted Budget vs 2026 Projected Actual

- Personnel Increased by 20%
- Materials & Services Increased by 20%
- Capital Increased by 24%

### Summary of Explanations Above

The increase in personnel is driven by large increases in retirement and insurance allocations coupled with the addition of a 4<sup>th</sup> Wastewater Operator as required by the new plant. The increase in materials & services is due to the increased cost of power, an increase in the training budget to assist in training for the new plant, an increase in professional services related to the startup operations of the new plant, an increase in

## Sewer Fund, Continued

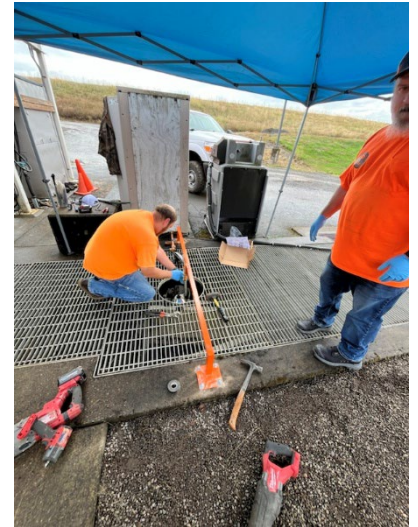
operations and maintenance to comply with the new wastewater testing requirements based on the City's population, and a requirement associated with the wastewater plant funding to keep a certain amount of funding in a short-lived assets account. The increase in Capital is driven by the dual factors of beginning to schedule more substantial sewer projects other than the wastewater plant as the city had been reserving capital funds to deal with any potential eventuality, the continuation of the S Molalla Ave lift station upgrade project, and funding for a new NPDES permit requirement to install observation wells at the wastewater treatment plant.

### **Goals for 2027**

- ✓ Continue to advance the Wastewater Treatment Plant project.
- ✓ Complete 5-year Capital Plan update

Complete construction of upgraded S Molalla lift station

- ✓
- ✓ Complete installation of groundwater monitoring wells
- ✓ Continue to implement the CIPP program
- ✓ Update Recycled Water Use Plan



### **Accomplishments for 2026**

- ✓ Continued to advance the new WWTP Project to over 50% construction
- ✓ Completed sewer line replacement on Lola Ave
- ✓ Completed design of upgraded S Molalla lift station
- ✓ Recruited and hired 1 new Wastewater Operator
- ✓ Restored 5,855 linear feet of sewer main under the CIPP Program

### **Goals Aligned with Molalla Area Vision and Action Plan 2030 (Focus Area #2)**

Develop the physical infrastructure needed to support a welcoming community.

- Increased communication through the [Molalla Current](#), which supports infrastructure needs and a welcoming community.

Fostering Socially welcoming activities and embrace diversity as our strength.

- Participates in the City-Wide Newsletter that offers a bilingual version.
- Molalla Current can also be easily converted to Spanish.

Engage youth.

- Participated in the Career Fair at Molalla High School to encourage professional development.

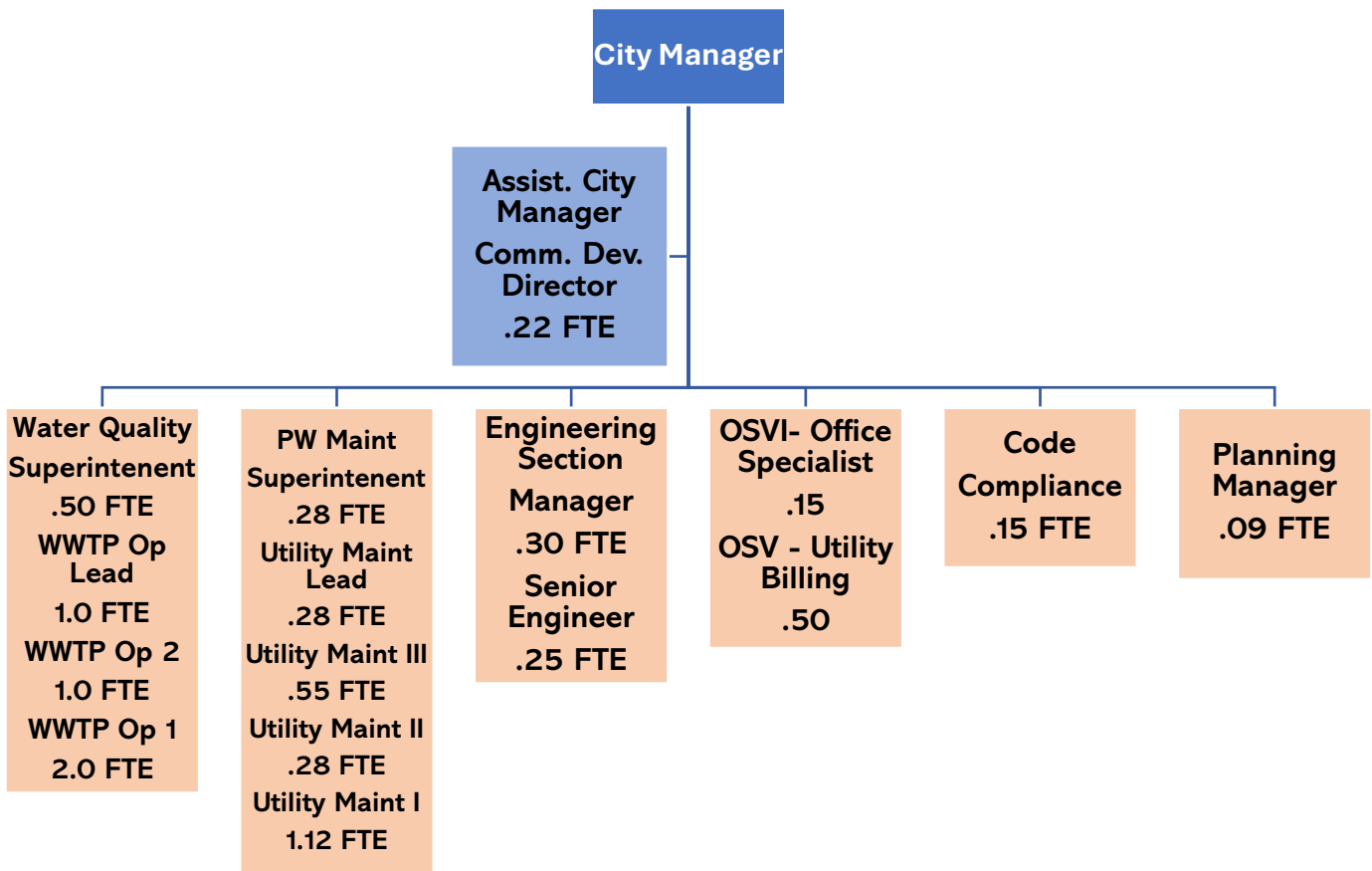
# Staffing

	FY 23-24	FY 24-25	FY 25-26	FY 26-27
<b>FTE</b>	8.14	7.14	8.70	8.67

## Changes from Prior Year

- FTE allocation decreased .03 due to allocations
- Community Development Technician changed to an OSVI

## Personnel Sewer FTE Chart



**SEWER FUND  
RESOURCES**

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED BY
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	Council
BEGINNING FUND BALANCE	1,510,517	2,588,411	3,169,892	5,407,495	5,407,495	-
<b>REVENUE</b>						
MISCELLANEOUS	3,000	3,679	1,500	10,000	10,000	-
WASTEWATER DECREE ALLOCATION	45,500	15,000	25,000	15,000	15,000	-
PLAN REVIEW AND PERMITS	6,341	8,296	1,000	7,500	7,500	-
MONTHLY USER FEE	4,344,385	5,064,828	4,550,000	4,668,300	4,668,300	-
SERVICE CONNECTIONS	5,150	8,815	7,000	7,500	7,500	-
INTEREST	252,633	159,688	130,000	185,000	185,000	-
TRANSFER FROM SEWER SDC-IMPROV	-	-	250,000	750,000	750,000	-
TRANSFER FROM SEWER SDC REIMBU	-	-	250,000	200,000	200,000	-
DEQ LOAN	533,302	335,875	-	-	-	-
<b>TOTAL FUND REVENUES</b>	<b>5,190,310</b>	<b>5,596,181</b>	<b>5,214,500</b>	<b>5,843,300</b>	<b>5,843,300</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>1,510,517</b>	<b>2,588,411</b>	<b>3,169,892</b>	<b>5,407,495</b>	<b>5,407,495</b>	<b>-</b>
<b>TOTAL SEWER FUND RESOURCES</b>	<b>6,700,828</b>	<b>8,184,592</b>	<b>8,384,392</b>	<b>11,250,795</b>	<b>11,250,795</b>	<b>-</b>

**REQUIREMENTS****PERSONNEL SERVICES**

BENEFITS AND TAXES	281,880	313,562	418,544	437,169	437,169	-
SALARIES AND WAGES	567,544	628,016	753,795	772,087	772,087	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>849,424</b>	<b>941,578</b>	<b>1,172,339</b>	<b>1,209,256</b>	<b>1,209,256</b>	-
FTE	8.14	7.14	8.70	8.67	8.67	-

**MATERIALS & SERVICES**

POWER	230,100	230,183	250,000	236,000	236,000	-
PHONE	7,928	9,597	13,500	9,500	9,500	-
NATURAL GAS	1,651	1,393	1,200	1,500	1,500	-
COMPUTER NETWORK	29,534	31,662	27,000	35,000	35,000	-
LEGAL & RECORDING	107,291	137,069	120,000	120,000	120,000	-
INSURANCE/LIABILITY/GEN	36,388	40,815	45,000	48,500	48,500	-
COST ALLOCATION AGREEMENT	262,275	384,538	476,935	367,410	367,410	-
POSTAGE	13,106	13,115	17,500	19,000	19,000	-
OFFICE SUPPLIES	-	238	2,000	2,000	2,000	-
USDA SHORT LIVED ASSET REPLACE	-	72,844	68,865	68,865	68,865	-
PW SOFTWARE SERVICES	-	20,505	17,000	17,000	17,000	-

**SEWER MAINTENANCE DIVISION****MATERIALS & SERVICES**

OPERATIONS & MAINTENANCE	127,981	39,911	40,000	50,000	50,000	-
BUILDING MAINTENANCE	44,287	9,211	12,000	15,000	15,000	-
TRAINING & CONF. TRAVEL	9,652	762	8,000	7,500	7,500	-
DUES & MEMBERSHIP	652	2,496	3,000	3,000	3,000	-
PROFESSIONAL SERVICES	18,031	25,556	45,000	40,000	40,000	-
VEHICLE FUEL	10,934	6,501	10,000	15,000	15,000	-
VEHICLE REPAIR	20,659	12,737	20,000	25,000	25,000	-
UNIFORMS & SAFETY GEAR	5,763	1,430	5,000	5,000	5,000	-
SEWER LINE REPAIR	6,736	29,449	30,000	50,000	50,000	-
SEWER CIPP PROGRAM	-	-	250,000	250,000	250,000	-
PERMITS	4,462	-	-	-	-	-
SMALL EQUIP/TOOLS	1,711	1,234	3,000	3,500	3,500	-
LIFT STATION MAINT	3,153	20,075	20,000	20,000	20,000	-
<b>TOTAL MAINT. MATERIALS &amp; SERVICES</b>	<b>942,292</b>	<b>1,091,321</b>	<b>1,485,000</b>	<b>1,408,775</b>	<b>1,408,775</b>	-

**SEWER TREATMENT PLANT DIVISION****MATERIALS & SERVICES**

OPERATIONS & MAINTENANCE	212	97,187	145,000	150,000	150,000	-
BUILDING MAINTENANCE	766	16,780	7,500	10,000	10,000	-
TRAINING & CONF. TRAVEL	-	2,968	5,200	6,750	6,750	-
VEHICLE FUEL	-	4,035	5,000	8,000	8,000	-
VEHICLE REPAIR	-	6,773	10,000	10,000	10,000	-
IRRIGATION FUEL	18,390	18,484	35,000	45,000	45,000	-
UNIFORMS & SAFETY GEAR	-	3,627	3,500	5,000	5,000	-
BIOSOLIDS REMOVAL	523,731	266,431	-	2,000,000	2,000,000	-
EFFLUENT MONITORING	1,513	544	7,500	7,500	7,500	-
LAB SUPPLIES/EQUIPMENT	16,095	16,576	25,000	30,000	30,000	-
CHLORINE & CHEMICALS	196,832	239,628	315,000	315,000	315,000	-
PERMITS	-	4,420	6,000	6,000	6,000	-
PROFESSIONAL SERVICES	-	17,056	17,000	80,000	80,000	-
SMALL EQUIP/TOOLS	-	2,964	3,000	3,000	3,000	-
<b>TOTAL TREAT. PLANT &amp; MATERIALS &amp; SER</b>	<b>757,540</b>	<b>697,897</b>	<b>584,700</b>	<b>2,676,250</b>	<b>2,676,250</b>	-

**CAPITAL OUTLAY**

SEWER CAPITAL IMPROVEMENTS	649,889	334,568	1,000,000	1,400,000	1,400,000	-
SEWER FUND I&I CAPITAL PROJ	147,565	-	-	-	-	-
SEWER SDC IMPROVEMENTS	-	-	250,000	750,000	750,000	-
SEWER SDC REIMBURSEMENT	-	-	250,000	200,000	200,000	-
SEWER EQUIPMENT	5,205	-	31,500	35,000	35,000	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>802,659</b>	<b>334,568</b>	<b>1,531,500</b>	<b>2,385,000</b>	<b>2,385,000</b>	<b>-</b>

**TRANSFERS OUT**

TRANSFER TO SEWER DEBT	633,776	198,216	236,207	780,624	780,624	-
TRANSFER TO GF CAPITAL	-	-	20,000	50,000	50,000	-
TRANSFER TO WATER	5,000	-	-	-	-	-
TRANSFER TO WWTP UPGRADE FUND	-	720,000	-	-	-	-
TRANSFER TO FLEET REPLACE.	121,725	21,725	21,725	21,725	21,725	-
<b>TOTAL TRANSFERS OUT</b>	<b>760,501</b>	<b>939,941</b>	<b>277,932</b>	<b>852,349</b>	<b>852,349</b>	<b>-</b>

**CONTINGENCY/Reserve**

CONTINGENCY	-	-	2,682,921	1,906,165	1,906,165	-
FB RESERVE	-	-	650,000	813,000	813,000	-
<b>TOTAL OPERATING CONTINGENCY</b>	<b>-</b>	<b>-</b>	<b>3,332,921</b>	<b>2,719,165</b>	<b>2,719,165</b>	<b>-</b>

<b>TOTAL SEWER REQUIREMENTS</b>	<b>4,112,416</b>	<b>4,005,306</b>	<b>8,384,392</b>	<b>11,250,795</b>	<b>11,250,795</b>	<b>-</b>
<b>TOTAL FUND RESOURCES &amp; FUND BALANCE</b>	<b>6,700,828</b>	<b>8,184,592</b>	<b>8,384,392</b>	<b>11,250,795</b>	<b>11,250,795</b>	<b>-</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>4,112,416</b>	<b>4,005,306</b>	<b>8,384,392</b>	<b>11,250,795</b>	<b>11,250,795</b>	<b>-</b>
<b>TOTAL NET SEWER FUND</b>	<b>2,588,411</b>	<b>4,179,286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Water Fund



The Water Fund functions similarly to a utility business in that fund revenue can only be spent on the Water System; this is known as an Enterprise type of fund. The fund accounts for all revenues and expenses related to Molalla’s water system. Revenues are substantially comprised of user fees, grants, and plan review fees, while expenses include operations, maintenance, personnel, capital improvements, and debt service.

The City Council sets the goals and policies of the water system in Part IV of the Molalla Comprehensive Plan (Public Facilities and Transportation) and plans the projects and initiatives to achieve

those goals in the City of Molalla Water System Master Plan. Additionally, information on significant water projects and initiatives is made available on the Molalla Current and the City of Molalla Website.

## Helpful Links:

[Comprehensive Plan](#) | [Water System Master Plan](#) | [The Molalla Current](#) | [City of Molalla Website](#)

## Activity Measures from Prior Year, with Performance Percentages from prior year.

	FY 2025 Actual	FY 2025 Projected	Did Water Meet Estimates	Performance Percentage	FY 2026 Projected
<b>Water Usage Billed (cubic feet)</b>	43,217,353	44,000,000	No	98%	44,000,000
<b>New Water Meters Installed</b>	32	65	No	49%	40
<b>Service Orders Processed</b>	843	1,500	No	56%	1,000
<b>Water Meters Read</b>	37,220	36,000	Yes	103%	36,500

### Explanation of Significant Budget Variances

2027 Adopted Budget vs 2026 Projected Actual

- Personnel Services increased by approximately 12%.
- Maintenance Materials & Services increased by approximately 18%.
- Treatment Plant Materials & Services increased by approximately 12%.
- Capital increased by approximately 43%.

### **Summary of Explanations Above**

The increase in Personnel Services is driven largely by significant cost escalations in insurance, FICA, and retirement, with the remainder attributable to cost of living increases based on the consumer price index. Maintenance Materials & Services is projected to increase due to cost escalations in the cost of utilities, the cost allocation agreement, additional funding to rebuild a failing PW shed, and an increase in water line repair to address the “lead service inventory” requirements put out by the State of Oregon. Treatment Plant Materials & Services is increasing due to a need to clean and inspect a water reservoir and clean out a backwash pond, as well as increased costs of treatment chemicals and lab supplies. The Capital increase is based on 3 grants received for the ASR Feasibility Study, and the Water Intake Project, these total approximately \$1.4 million and comprise the entirety of the cost escalation in this category.

### **Goals for 2027**

Complete 60% Design of Water Intake project and begin permitting.

- ✓
- ✓ Complete property acquisition for Pressure Reducing Valves.
- ✓ Complete rebuilding of pump #2.
- ✓ Complete ASR feasibility studies.
- ✓ Implement a hydrant exercising program.
- ✓ Complete 5-year Capital plan update.
- ✓ Complete property acquisition for new 2.0mg Water Reservoir.



### **Accomplishments for 2026**

- ✓ Secured all funding for water intake project, including \$1.09M in grant funding
- ✓ Completed water line replacement on Lola Ave.
- ✓ Completed replacement of water intake pump #2.
- ✓ Began ASR Study and obtained 2 grants to fund the project.
- ✓ Completed PFAS treatment and feasibility study.
- ✓ Completed Chief Yelkus Park waterline project to serve the new park.
- ✓ Resolved 2.0mg tank land acquisition barriers.
- ✓ Recruited and hired 1 new water operator.

## Goals Aligned with the Molalla Area Vision and Action Plan 2030

Develop the physical infrastructure needed to support a welcoming community.

- Completed and started several capital improvement projects aimed at serving the growing population for the 20-year planning horizon.

Fostering Socially welcoming activities and embracing diversity as our strength.

- Participates in the City-Wide Newsletter that offers a bilingual version.
- Molalla Current can also be easily converted to Spanish.

Engage youth:

- Participated in the Career Fair at Molalla High School to encourage professional development.

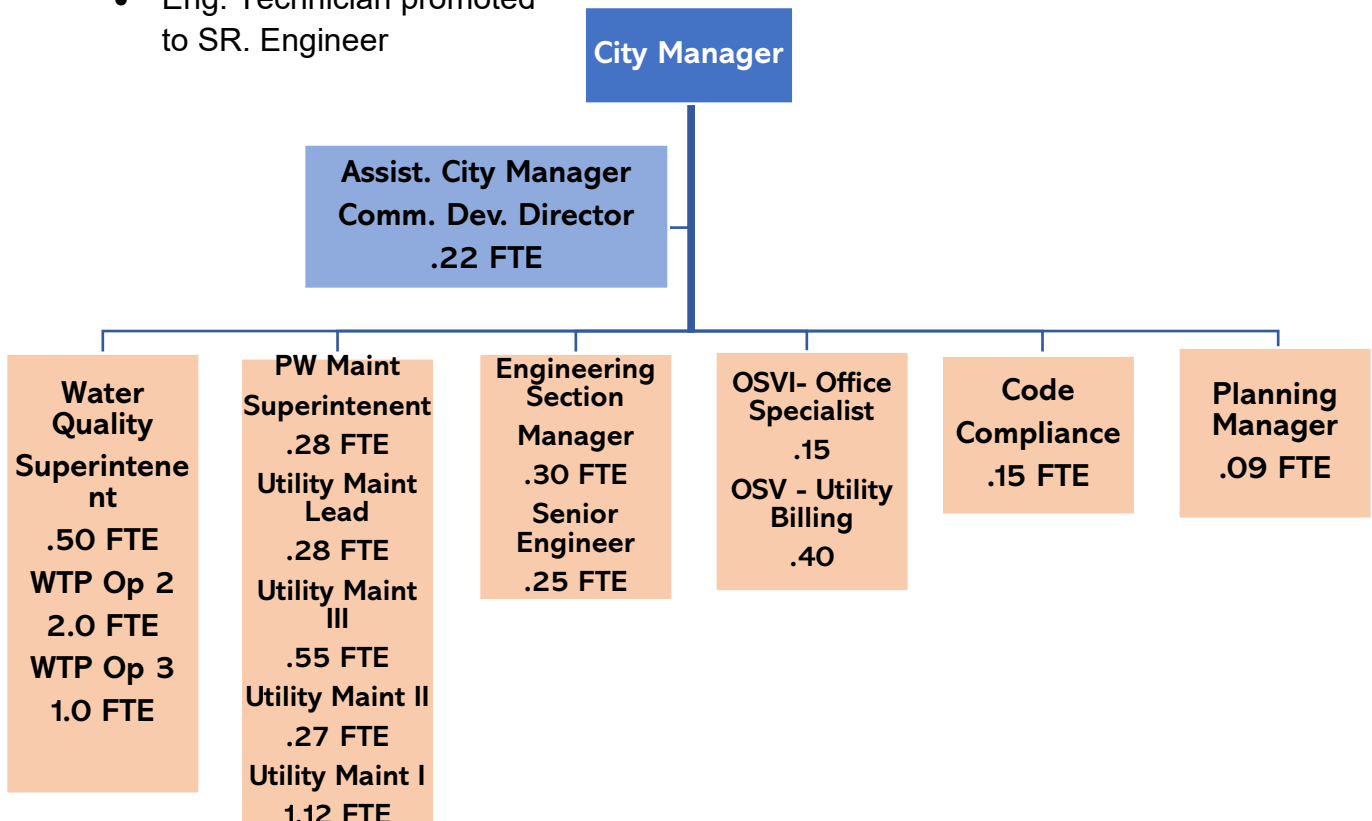
## Staffing

	FY 23/24	FY 24-25	FY 25-26	FY 26-27
<b>Water</b>	6.03	7.03	7.59	7.56

## Personnel Water FTE Chart

### Changes From Prior Year:

- Decreased .03 FTE
- Com. Dev. Tech changed to OSIV
- Eng. Technician promoted to SR. Engineer



**WATER FUND  
RESOURCES**

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	BY Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	2,847,491	3,350,668	2,855,016	3,625,301	3,625,301	-
<b>REVENUE</b>						
MISCELLANEOUS	2,949	5,463	3,000	50,000	50,000	-
PLAN REVIEW AND PERMITS	5,862	7,021	7,500	7,500	7,500	-
MONTHLY USER FEE	2,177,835	2,671,504	2,475,000	2,720,000	2,720,000	-
SERVICE CONNECTIONS	5,800	10,465	7,000	7,500	7,500	-
INTEREST	115,891	157,796	125,000	135,000	135,000	-
TRANSFER FROM WATER IMP-SDC	100,000	224,340	65,000	300,000	300,000	-
TRANSFER FROM WATER REIMBU-SDC	-	27,887	100,000	100,000	100,000	-
GRANTS - MISC	-	-	411,000	1,430,000	1,430,000	-
TRANSFER FROM SEWER	5,000	-	-	-	-	-
<b>TOTAL FUND REVENUES</b>	<b>2,413,338</b>	<b>3,104,476</b>	<b>3,193,500</b>	<b>4,750,000</b>	<b>4,750,000</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>2,847,491</b>	<b>3,350,668</b>	<b>2,855,016</b>	<b>3,625,301</b>	<b>3,625,301</b>	<b>-</b>
<b>TOTAL WATER FUND RESOURCES</b>	<b>5,260,830</b>	<b>6,455,144</b>	<b>6,048,516</b>	<b>8,375,301</b>	<b>8,375,301</b>	<b>-</b>

**REQUIREMENTS****PERSONNEL SERVICES**

BENEFITS AND TAXES	262,946	281,862	386,678	399,564	399,564	-
SALARIES AND WAGES	526,673	563,834	680,525	676,547	676,547	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>789,619</b>	<b>845,696</b>	<b>1,067,203</b>	<b>1,076,111</b>	<b>1,076,111</b>	-
FTE	6.03	7.03	7.59	7.56	7.56	-

**MATERIALS & SERVICES-Maintenance**

POWER	92,400	92,511	100,000	89,000	89,000	-
PHONE	6,864	8,061	9,500	10,500	10,500	-
NATURAL GAS	1,309	1,000	1,000	1,250	1,250	-
LEGAL & RECORDING	748	1,292	5,000	5,000	5,000	-
INSURANCE/LIABILITY/GEN	46,784	47,763	54,500	57,000	57,000	-
POSTAGE	13,106	10,541	17,500	12,500	12,500	-
COMPUTER NETWORK	26,593	28,813	31,000	31,000	31,000	-
PW SOFTWARE SERVICES	-	20,545	17,000	17,000	17,000	-
COST ALLOCATION AGREEMENT	119,241	175,550	217,731	228,390	228,390	-
OFFICE SUPPLIES	1,738	818	2,000	2,000	2,000	-
CONTRACT SERVICES	7,030	-	-	-	-	-
OPERATIONS & MAINTENANCE	135,828	36,288	55,000	65,000	65,000	-
BUILDING MAINTENANCE	20,735	7,712	10,000	15,000	15,000	-
TRAINING & CONF. TRAVEL	5,242	3,135	7,500	8,000	8,000	-
DUES & MEMBERSHIP	1,543	1,612	3,000	3,000	3,000	-
PROFESSIONAL SERVICES	18,762	14,527	21,500	21,500	21,500	-
VEHICLE FUEL	12,172	6,789	8,000	14,000	14,000	-
VEHICLE REPAIR	14,627	14,768	20,000	20,000	20,000	-
UNIFORMS & SAFETY GEAR	2,823	1,574	4,500	5,000	5,000	-
WATER LINE REPAIR	52,127	42,013	100,000	100,000	100,000	-
NEW WATER CONNECTIONS	4,275	-	5,000	5,000	5,000	-
CHLORINE & CHEMICALS	32,072	-	-	-	-	-
SMALL EQUIP/TOOLS	1,424	923	3,000	3,500	3,500	-
NEW WATER METERS	44,149	74,998	95,000	125,000	125,000	-
PERMITS	2,946	-	-	-	-	-
<b>TOTAL MAINTENANCE-MATERIALS &amp; SERVICES</b>	<b>664,540</b>	<b>591,232</b>	<b>787,731</b>	<b>838,640</b>	<b>838,640</b>	-

**TREATMENT PLANT- Operations****MATERIALS & SERVICES**

OPERATIONS & MAINTENANCE	-	83,923	125,000	125,000	125,000	-
BUILDING MAINTENANCE	-	22,389	10,000	10,000	10,000	-
TRAINING & CONF. TRAVEL	-	4,732	7,500	7,000	7,000	-
DUES & MEMBERSHIP	-	2,294	3,000	2,000	2,000	-
VEHICLE FUEL	-	2,562	8,500	12,500	12,500	-
VEHICLE REPAIR	-	4,934	5,500	7,000	7,000	-
UNIFORMS & SAFETY GEAR	-	1,147	2,500	4,000	4,000	-

LAB SUPPLIES/EQUIPMENT	6,987	9,091	10,500	11,500	11,500	-
CHLORINE & CHEMICALS	-	41,382	70,000	85,000	85,000	-
PERMITS	-	3,005	5,000	5,500	5,500	-
SMALL TOOLS	-	2,269	3,000	3,000	3,000	-
PROFESSIONAL SERVICES	-	32,357	27,000	32,000	32,000	-
<b>TOTAL OPERATIONS-MATERIALS &amp; SERVICES</b>	<b>6,987</b>	<b>210,085</b>	<b>277,500</b>	<b>304,500</b>	<b>304,500</b>	<b>-</b>
<b>CAPITAL OUTLAY</b>						
WATER CAPITAL IMPROVEMENTS	374,016	845,240	1,908,000	1,430,000	1,430,000	-
WATER IMP SDC CAPITAL PROJ	49,111	224,340	65,000	300,000	300,000	-
WATER REIMBUR SDC CAPITAL PROJ	-	27,887	100,000	100,000	100,000	-
WATER EQUIPMENT	4,164	33,909	31,500	35,000	35,000	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>427,290</b>	<b>1,131,376</b>	<b>2,104,500</b>	<b>1,865,000</b>	<b>1,865,000</b>	<b>-</b>
<b>TRANSFERS OUT</b>						
TRANSFER TO CAPITAL PROJECT	-	-	20,000	50,000	50,000	-
TRANSFER TO FLEET REPLACE FUND	21,725	21,725	21,725	21,725	21,725	-
<b>TOTAL TRANSFERS OUT</b>	<b>21,725</b>	<b>21,725</b>	<b>41,725</b>	<b>71,725</b>	<b>71,725</b>	<b>-</b>
<b>CONTINGENCY</b>						
OPERATING CONTINGENCY	-	-	1,269,857	3,644,325	3,644,325	-
<b>TOTAL OPERATING CONTINGENCY</b>	<b>-</b>	<b>-</b>	<b>1,269,857</b>	<b>3,644,325</b>	<b>3,644,325</b>	<b>-</b>
<b>RESERVE</b>						
FB RESERVE	-	-	500,000	575,000	575,000	-
<b>TOTAL RESERVE</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>575,000</b>	<b>575,000</b>	<b>-</b>
<b>TOTAL WATER REQUIREMENTS</b>	<b>1,910,162</b>	<b>2,800,114</b>	<b>6,048,516</b>	<b>8,375,301</b>	<b>8,375,301</b>	<b>-</b>
<b>TOTAL RESOURCES AND FUND BALANCE</b>	<b>5,260,830</b>	<b>6,455,144</b>	<b>6,048,516</b>	<b>8,375,301</b>	<b>8,375,301</b>	<b>-</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>1,910,162</b>	<b>2,800,114</b>	<b>6,048,516</b>	<b>8,375,301</b>	<b>8,375,301</b>	<b>-</b>
<b>TOTAL NET WATER FUND</b>	<b>3,350,668</b>	<b>3,655,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Stormwater Fund

The Stormwater Fund functions similarly to a utility business in that fund revenue can only be spent on the Stormwater System; this is known as an Enterprise type of fund. The fund accounts for all revenues and expenses related to Molalla's stormwater system. Revenues are substantially comprised of user fees, grants, and plan review fees, while expenses include operations, maintenance, personnel, capital improvements, and debt service (though Molalla's stormwater system is currently free of debt).



The City Council sets the goals and policies of the stormwater system in Part IV of the Molalla Comprehensive Plan (Public Facilities and Transportation) and plans the projects and initiatives to achieve those goals in the City of Molalla Stormwater Master Plan and 5-year Capital plan. Additionally, in FY25/26 the City of Molalla was named a Designated Management Agency (DMA) for the Willamette Basin Total Maximum Daily Load (TMDL) plan which requires the City to develop and implement a TMDL plan responsive to the Willamette Basin guidance.

### Helpful Links:

[Comprehensive Plan](#) | [Stormwater System Master Plan](#) | [The Molalla Current](#) | [City of Molalla Website](#)

## Activity Measures from Prior Year, with Performance Percentages from prior year.

	FY 2024 Actual	FY 2025 Actual	FY 2025 Projected	Did Stormwater Meet Expectations For 2025	Performance Percentages	FY 2026 Projected
<b>Number of Days Swept</b>	62	66	68	Yes	97%	72
<b>Miles Swept</b>	2,170	2,373	2300	Yes	103%	2,500
<b>Loads Collected</b>	260	284	250	Yes	114%	290

### Explanation of Significant Budget Variances

2027 Adopted Budget vs 2026 Projected Actual

- Materials & Services increased \$48,757
- Reserve and Contingency increased by \$250,599

## Stormwater Fund, *Continued*

### Summary of Explanations Above

- Professional Services, small equipment, and internal services increased.
- Less projects allowed savings to be placed in contingency and reserve.

### Goals for 2027

- ✓ Complete construction of Clark Park/Bohlander Field Stormwater Project
- ✓ Complete S Molalla Culvert Replacement Project
- ✓ Complete Ivor Davies Park Parking & Stormwater Improvements
- ✓ Complete clearing of non-natives and planting of native shade trees at “Cemetery Park”
- ✓ Complete TMDL Temperature Replacement Plan and Begin Implementation

### 2026 Accomplishments

- ✓ Completed and adopted the Stormwater Master Plan update
- ✓ Updated the Molalla Comprehensive Plan to reflect Stormwater Policy Changes
- ✓ Completed a Stormwater rate and SDC study and update
- ✓ Began a cooperative construction project with Clackamas County on the S Molalla Ave culvert replacement
- ✓ Began design on Clark Park/Bohlander Field Stormwater Project
- ✓ Began TMDL Temperature Replacement Plan and Studies
- ✓ Integrated the TMDL program with the Stormwater page of the City website

### Goals Aligned with Molalla Area Vision and Action Plan 2030 (Focus Area #2)

Develop the physical infrastructure needed to support a welcoming community.

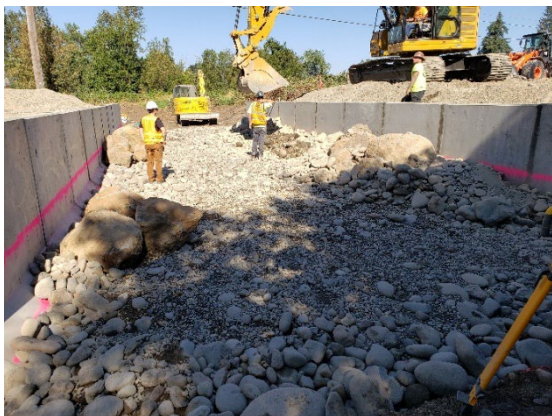
- Three significant stormwater infrastructure projects scheduled and budgeted.
- Two major stormwater plans commissioned and completed or in-work.

Fostering Socially welcoming activities and embrace diversity as our strength

- Participates in the City-Wide Newsletter that is bilingual
- Molalla Current can also be easily converted to Spanish

Engage youth:

- Participated in the Career Fair at Molalla High School to encourage professional development
- Provide Stormwater information quarterly in the City Newsletter

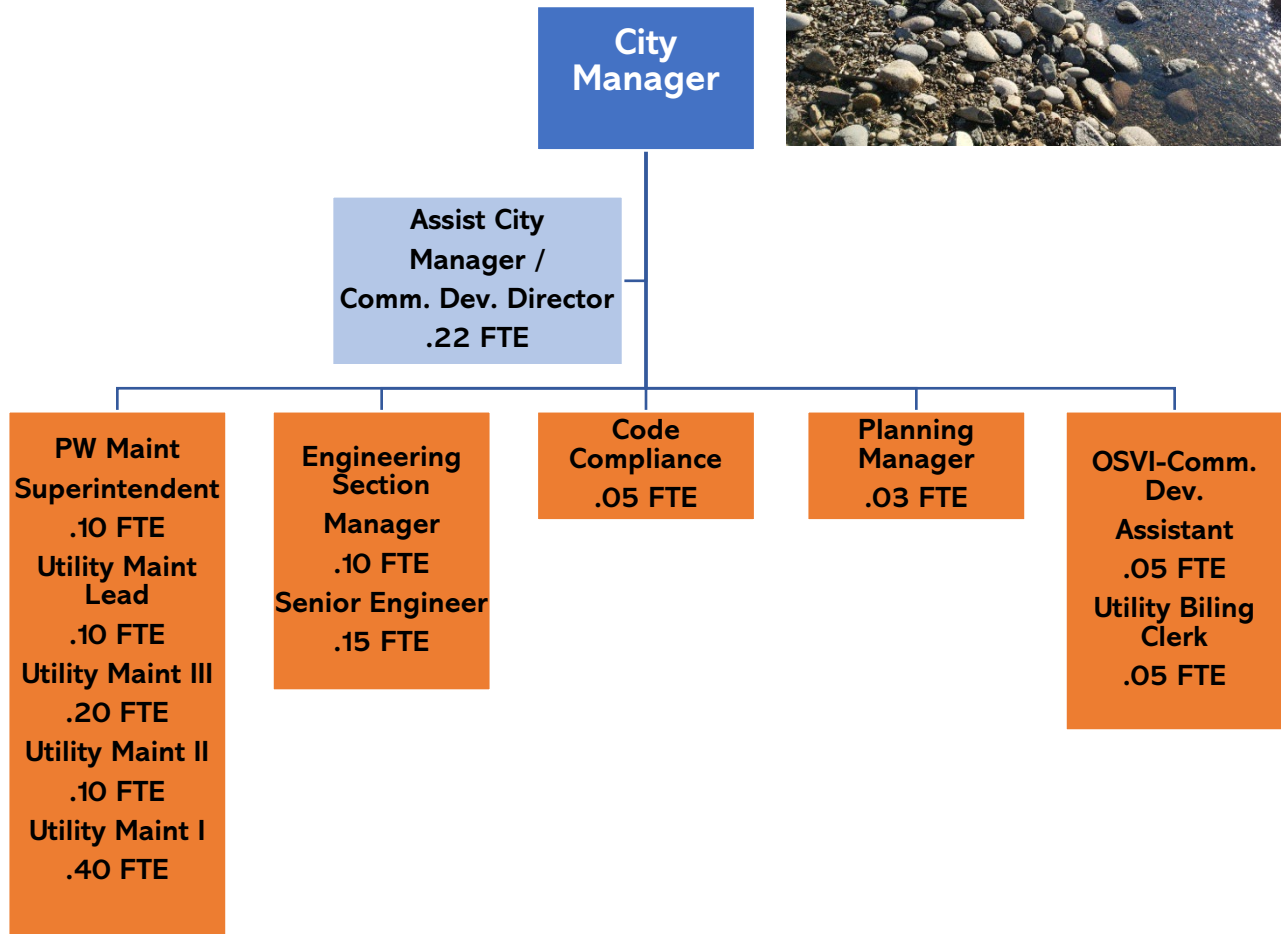


# Staffing

	FY 23-24	FY 24-25	FY 25-26	FY 26-27
<b>Full Time FTE</b>	1.54	1.54	1.56	1.55

## Changes From Prior Year:

- Engineering Tech Promoted to Sr. Engineer
- Comm. Development Technician changed to OSVI
- Associate Planner was removed from allocation



**STORM WATER FUND  
RESOURCES**

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED BY
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	Council

BEGINNING FUND BALANCE	370,164	423,006	280,806	405,164	405,164	405,164
<b>REVENUE</b>						
INTEREST	20,290	17,629	17,500	18,000	18,000	18,000
PLAN REVIEW AND PERMITS	13,332	25,641	15,000	25,000	25,000	25,000
TRANSFER FROM STORM IMP-SDC	60,763	-	150,000	250,000	250,000	250,000
MISCELLANEOUS	-	79,739	-	-	-	-
TRANSFER FROM STORM REIMBU-SDC	-	-	-	25,000	25,000	25,000
MONTHLY USER FEE	349,859	430,731	380,000	395,000	395,000	395,000
<b>TOTAL FUND REVENUES</b>	<b>444,244</b>	<b>553,740</b>	<b>562,500</b>	<b>713,000</b>	<b>713,000</b>	<b>713,000</b>
TOTAL BEGINNING FUND BALANCE	370,164	423,006	280,806	405,164	405,164	405,164
<b>TOTAL STORM WATER FUND RESOURCES</b>	<b>814,408</b>	<b>976,746</b>	<b>843,306</b>	<b>1,118,164</b>	<b>1,118,164</b>	<b>1,118,164</b>

<b>STORM WATER FUND REQUIREMENTS</b>	<b>Historical Data</b>			<b>Budget for FY 2026-2027</b>		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
<b>PERSONNEL SERVICES</b>						
BENEFITS AND TAXES	57,319	67,288	82,899	84,009	84,009	84,009
SALARIES AND WAGES	117,859	137,333	152,221	152,189	152,189	152,189
<b>TOTAL PERSONNEL SERVICES</b>	<b>175,178</b>	<b>204,621</b>	<b>235,120</b>	<b>236,198</b>	<b>236,198</b>	<b>236,198</b>
FTE	1.54	1.54	1.56	1.55	1.55	1.55
<b>MATERIALS &amp; SERVICES</b>						
PHONE	1,316	1,577	2,500	3,000	3,000	3,000
OPERATIONS & MAINTENANCE	15,295	15,918	20,000	25,000	25,000	25,000
DECANTED WASTE DISPOSAL	-	77,562	20,000	20,000	20,000	20,000
BUILDING MAINTENANCE	610	3,765	5,000	7,500	7,500	7,500
TRAINING & CONF. TRAVEL	492	191	2,000	2,500	2,500	2,500
DUES & MEMBERSHIP	26	1,112	1,500	1,500	1,500	1,500
POSTAGE	2,913	1,329	3,500	2,750	2,750	2,750
COMPUTER NETWORK	3,687	16,690	11,500	11,500	11,500	11,500
PROFESSIONAL SERVICES	12,777	18,191	17,000	30,000	30,000	30,000
LEGAL & RECORDING	292	-	-	-	-	-
INSURANCE/LIABILITY/GEN	13,515	15,438	17,600	18,500	18,500	18,500
VEHICLE FUEL	3,227	3,413	3,500	5,000	5,000	5,000
VEHICLE REPAIR	6,195	4,777	10,000	15,000	15,000	15,000
UNIFORMS & SAFETY GEAR	1,272	619	3,000	3,000	3,000	3,000
COST ALLOCATION AGREEMENT	22,807	33,438	41,473	59,580	59,580	59,580
SMALL EQUIP/TOOLS	428	216	1,500	4,000	4,000	4,000
<b>TOTAL MATERIALS AND SERVICES</b>	<b>84,851</b>	<b>194,236</b>	<b>160,073</b>	<b>208,830</b>	<b>208,830</b>	<b>208,830</b>
<b>CAPITAL OUTLAY</b>						
STORM CAPITAL IMPROVEMENTS	-	130,473	125,576	-	-	-
STORM IMP SDC CAPITAL PROJ	104,238	-	150,000	250,000	250,000	250,000
STORM REIMB SDC CAPITAL PROJ	-	-	-	25,000	25,000	25,000
STORM EQUIPMENT	735	-	5,000	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>104,973</b>	<b>130,473</b>	<b>280,576</b>	<b>275,000</b>	<b>275,000</b>	<b>275,000</b>
<b>TRANSFERS OUT</b>						
TRANSFER TO GF - CAPITAL	-	-	20,000	-	-	-
TRANSFER TO FLEET REPLACE FUND	26,400	15,000	15,000	15,000	15,000	15,000
<b>TOTAL TRANSFERS OUT</b>	<b>26,400</b>	<b>15,000</b>	<b>35,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>CONTINGENCY</b>						
CONTINGENCY	-	-	82,537	276,136	276,136	276,136
<b>TOTAL OPERATING CONTINGENCY</b>	<b>-</b>	<b>-</b>	<b>82,537</b>	<b>276,136</b>	<b>276,136</b>	<b>276,136</b>
<b>RESERVE</b>						
FB RESERVE	-	-	50,000	107,000	107,000	107,000
<b>TOTAL RESERVE</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>107,000</b>	<b>107,000</b>	<b>107,000</b>
<b>TOTAL RESOURCES AND FUND BALANCE</b>	<b>814,408</b>	<b>976,746</b>	<b>843,306</b>	<b>1,118,164</b>	<b>1,118,164</b>	<b>1,118,164</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>391,402</b>	<b>544,330</b>	<b>843,306</b>	<b>1,118,164</b>	<b>1,118,164</b>	<b>1,118,164</b>
<b>TOTAL NET STORM FUND</b>	<b>423,006</b>	<b>432,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## System Development Charges



*The Coyote at Chief Yelkus Park Playground was purchased and installed using Park SDC's*

System Development Charges (SDC's) are the fees collected from new development to reimburse the community for its impact on existing systems and to pay their portion for required increases in system capacity associated with their development. The fee is comprised of 2 portions known as Reimbursement and Improvement. Each City managed infrastructure system collects its own SDC's, those systems are Water, Sewer, Stormwater, Transportation (Streets), and Parks.

Improvement SDC's may only be used on projects that are in the adopted Capital Improvement Plan and have been determined to increase system capacity. Additionally, they may only contribute to that portion of the project that increases system capacity. Reimbursement SDC's may be used on any capital project within the system for which they were collected.

### **SDC METHODOLOGY**

Oregon Revised Statutes 223.297 – 223.314 provide the statutory basis for application of System Development Charges. These statutes provide a uniform framework for the development of equitable funding to support orderly growth.

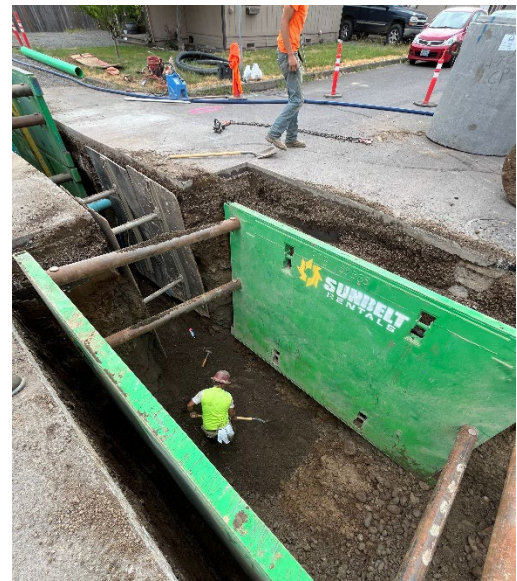
The City's methodologies identify current "replacement value" for all existing improvements to establish the basis of the Reimbursement Fee. The basis for the Improvement Fee is "estimated cost" of improvements not yet constructed, but needed, to serve population growth.

To ensure equitable allocation of costs between existing and future users, the value of all existing facilities and the estimated cost of all future improvements are allocated to all users based on their proportionate use of available system capacity. This methodology avoids double charging capacity and is also independent of current population.

SDCs are typically collected with the issuance of building permits, or at the time of an increase in system impacts. As a result, the unit of measure for allocating SDC costs is defined in various unique forms for each infrastructure system.

### **SDC ADMINISTRATION**

Oregon Revised Statute 223.311 requires SDC revenues to be deposited in dedicated accounts for each utility, and an annual accounting prepared identifying: 1) amounts collected for each utility, 2) amounts spent on each qualified project, and 3) the annual cost of complying with



*The water & sewer main replacement on Lola Ave was paid for using SDC's from Water, Sewer, and Transportation*

## System Development Charges, *Continued*

these requirements. The statute further mandates that reimbursement fees may be expended on any capital improvements or associated debt service within the subject infrastructure, while improvement fees may only be spent on capacity-increasing projects included in the Capital Improvement Plan for each infrastructure system, and associated debt service. Accordingly, it is important to account for reimbursement and improvement fees separately.

### **PROJECTS USING SDC'S IN FY25-26**

The City is required to create and post an annual SDC report on the City's website. That report is posted by July 30<sup>th</sup> of each year and can be reviewed on the "SDC Page" page of the City website [Go, HERE!](#).

### **PROJECTS PROJECTED TO USE SDC'S IN FY26-27**

Below is a list of projects for FY26-27 that have been projected to utilize SDC's:

#### **Water:**

- 2mg Tank Project
- Pressure Reducing Valves Project
- New Water Intake Project

#### **Sewer**

- S Molalla Lift Station Upgrade Project
- Groundwater Monitoring Plan & Wells Project
- Recycled Water Use Plan Update Project

#### **Stormwater**

- Clark/Bohlander Stormwater Project
- Ivor Davies Parking Area Stormwater Project
- TMDL Designated Management Agency Plan

#### **Transportation**

- N Ona Ln Construction Project
- S Molalla Lift Station Upgrade Project

#### **Parks**

- Clark Park Sports Concept Design
- Ivor Davies Parking Lot Construction
- Ped Path, Toliver to Chief Yelkus Park
- "Cemetery" Park Passive Improvements

**SEWER SDC FUND  
RESOURCES**

**Historical Data**

**Budget for FY 2026-2027**

	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE-REIMB	403,523	432,418	324,168	237,416	237,416	-
BEGINNING FUND BALANCE-IMP	892,909	1,073,055	1,158,055	1,383,615	1,383,615	-
<b>REVENUE</b>						
INTEREST - SEWER IMP SDC	44,449	54,034	45,000	47,000	47,000	-
INTEREST - SEWER REIMB SDC	22,898	23,158	20,000	11,000	11,000	-
SEWER SDC - REIMBURSEMENT FEE	5,997	4,128	2,000	7,000	7,000	-
SEWER SDC - IMPROVEMENT FEE	135,697	93,526	65,000	100,000	100,000	-
<b>TOTAL FUND REVENUES</b>	<b>209,041</b>	<b>174,846</b>	<b>132,000</b>	<b>165,000</b>	<b>165,000</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>1,296,432</b>	<b>1,505,473</b>	<b>1,482,223</b>	<b>1,621,031</b>	<b>1,621,031</b>	<b>-</b>
<b>TOTAL SEWER SDC FUND RESOURCES</b>	<b>1,505,473</b>	<b>1,680,319</b>	<b>1,614,223</b>	<b>1,786,031</b>	<b>1,786,031</b>	<b>-</b>
<b>REQUIREMENTS</b>						
PROFESSIONAL SERVICES						
<b>TRANSFERS OUT</b>						
TRANSFER TO CAP-REIMBURSE	-	-	250,000	200,000	200,000	-
TRANSFER TO CAP-IMPROVE	-	-	250,000	750,000	750,000	-
<b>TOTAL TRANSFERS OUT</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>950,000</b>	<b>950,000</b>	<b>-</b>
<b>RESERVES</b>						
FB RESERVE-IMPROVEMENT	-	-	1,018,055	780,615	780,615	-
FB RESERVE-REIMBURSEMENT	-	-	96,168	55,416	55,416	-
<b>TOTAL RESERVE</b>	<b>-</b>	<b>-</b>	<b>1,114,223</b>	<b>836,031</b>	<b>836,031</b>	<b>-</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>-</b>	<b>-</b>	<b>1,614,223</b>	<b>1,786,031</b>	<b>1,786,031</b>	<b>-</b>
<b>TOTAL NET SEWER SDC FUND</b>	<b>1,505,473</b>	<b>1,680,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**WATER SDC FUND  
RESOURCES**

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	BY Council
BEGINNING FUND BALANCE-REIMB	139,928	164,964	125,278	139,069	139,069	-
BEGINNING FUND BALANCE-IMP	298,906	306,144	104,787	344,195	344,195	-
<b>REVENUE</b>						
INTEREST - WATER IMP SDC	10,974	12,594	8,000	17,000	17,000	-
INTEREST - WATER REIMB SDC	5,909	6,203	5,000	5,000	5,000	-
WATER SDC - REIMBURSEMENT FEE	19,127	15,288	10,000	10,000	10,000	-
WATER SDC - IMPROVEMENT FEE	96,264	76,798	45,000	45,000	45,000	-
<b>TOTAL FUND REVENUES</b>	<b>132,273</b>	<b>110,883</b>	<b>68,000</b>	<b>77,000</b>	<b>77,000</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>438,834</b>	<b>471,108</b>	<b>230,065</b>	<b>483,264</b>	<b>483,264</b>	<b>-</b>
<b>TOTAL WATER SDC FUND RESOURCES</b>	<b>571,108</b>	<b>581,990</b>	<b>298,065</b>	<b>560,264</b>	<b>560,264</b>	<b>-</b>
<b>TRANSFERS OUT</b>						
TRANSFER TO CAP-REIMBURSE	-	27,887	100,000	100,000	100,000	-
TRANSFER TO CAP-IMPROVE	100,000	224,340	65,000	300,000	300,000	-
<b>TOTAL TRANSFERS OUT</b>	<b>100,000</b>	<b>252,227</b>	<b>165,000</b>	<b>400,000</b>	<b>400,000</b>	<b>-</b>
<b>RESERVES</b>						
FB RESERVE-IMPROVEMENT	-	-	92,787	106,195	106,195	-
FB RESERVE-REIMBURSEMENT	-	-	40,278	54,069	54,069	-
<b>TOTAL RESERVE</b>	<b>-</b>	<b>-</b>	<b>133,065</b>	<b>160,264</b>	<b>160,264</b>	<b>-</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>100,000</b>	<b>252,227</b>	<b>298,065</b>	<b>560,264</b>	<b>560,264</b>	<b>-</b>
<b>TOTAL NET WATER SDC FUND</b>	<b>471,108</b>	<b>329,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# STREET SDC FUND RESOURCES

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE-REIMB	1,284,376	867,354	779,354	847,354	847,354	-
BEGINNING FUND BALANCE-IMP	1,006,961	926,140	906,140	833,140	833,140	-
<b>REVENUE</b>						
INTEREST - STREET REIMB SDC	-	-	-	-	-	-
INTEREST - STREET IMP SDC	36,719	49,307	30,000	42,000	42,000	-
INTEREST - REIMBURSEMENT	33,895	42,002	25,000	38,000	38,000	-
TRANSPORTATION - REIMBURSEMENT	49,083	9,997	15,000	20,000	20,000	-
TRANSPORTATION - IMPROVEMENT	232,460	101,166	150,000	200,000	200,000	-
<b>TOTAL FUND REVENUES</b>	<b>352,157</b>	<b>202,472</b>	<b>220,000</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>2,291,338</b>	<b>1,793,494</b>	<b>1,685,494</b>	<b>1,680,494</b>	<b>1,680,494</b>	<b>-</b>
<b>TOTAL STREET SDC FUND RESOURCES</b>	<b>2,643,494</b>	<b>1,995,966</b>	<b>1,905,494</b>	<b>1,980,494</b>	<b>1,980,494</b>	<b>-</b>
<b>TRANSFERS OUT</b>						
TRANSFER TO CAP-REIMBURSE	500,000	56,469	150,000	300,000	300,000	-
TRANSFER TO CAP-IMPROVE	350,000	32,477	600,000	500,000	500,000	-
<b>TOTAL TRANSFERS OUT</b>	<b>850,000</b>	<b>88,946</b>	<b>750,000</b>	<b>800,000</b>	<b>800,000</b>	<b>-</b>
<b>RESERVES</b>						
FB RESERVE-IMPROVEMENT	-	-	486,140	575,140	575,140	-
FB RESERVE-REIMBURSEMENT	-	-	669,354	605,354	605,354	-
<b>TOTAL RESERVE</b>	<b>-</b>	<b>-</b>	<b>1,155,494</b>	<b>1,180,494</b>	<b>1,180,494</b>	<b>-</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>850,000</b>	<b>88,946</b>	<b>1,905,494</b>	<b>1,980,494</b>	<b>1,980,494</b>	<b>-</b>
<b>TOTAL NET STREET SDC FUND</b>	<b>1,793,494</b>	<b>1,907,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PARK SDC FUND  
RESOURCES**

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE-REIMB	-	-	-	-	-	-
BEGINNING FUND BALANCE-IMP	1,778,840	1,904,535	1,812,854	660,277	660,277	-
<b>REVENUE</b>						
INTEREST - IMPROVEMENTS	86,678	89,465	85,000	35,000	35,000	-
INTEREST - REIMBURSEMENTS	-	-	-	250	250	-
PARK SDC - REIMBURSEMENT FEE	-	-	-	5,000	5,000	-
PARK SDC - IMPROVEMENT FEE	114,017	36,276	75,000	75,000	75,000	-
<b>TOTAL FUND REVENUES</b>	<b>200,695</b>	<b>125,741</b>	<b>160,000</b>	<b>115,250</b>	<b>115,250</b>	<b>-</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>1,778,840</b>	<b>1,904,535</b>	<b>1,812,854</b>	<b>660,277</b>	<b>660,277</b>	<b>-</b>
<b>TOTAL PARK SDC FUND RESOURCES</b>	<b>1,979,535</b>	<b>2,030,277</b>	<b>1,972,854</b>	<b>775,527</b>	<b>775,527</b>	<b>-</b>
<b>TRANSFERS OUT</b>						
TRANSFER TO CAP-IMPROVE	75,000	700,000	750,000	625,000	625,000	-
TRANSFER TO CAP-REIMBURSE	-	-	-	-	-	-
<b>TOTAL TRANSFERS OUT</b>	<b>75,000</b>	<b>700,000</b>	<b>750,000</b>	<b>625,000</b>	<b>625,000</b>	<b>-</b>
<b>RESERVES</b>						
FB RESERVE-IMPROVEMENT	-	-	1,222,854	145,277	145,277	-
FB RESERVE-REIMBURSEMENT	-	-	-	5,250	5,250	-
<b>TOTAL RESERVE</b>	<b>-</b>	<b>-</b>	<b>1,222,854</b>	<b>150,527</b>	<b>150,527</b>	<b>-</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>75,000</b>	<b>700,000</b>	<b>1,972,854</b>	<b>775,527</b>	<b>775,527</b>	<b>-</b>
<b>TOTAL NET PARK SDC FUND</b>	<b>1,904,535</b>	<b>1,330,277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**STORM WATER FUND  
RESOURCES**

	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL Actual	FISCAL Actual	APPROVED BUDGET	PROPOSED BY Budget Officer	APPROVED BY Budget Committee	ADOPTED BY Council

BEGINNING FUND BALANCE	370,164	423,006	280,806	405,164	405,164	-
<b>REVENUE</b>						
INTEREST	20,290	17,629	17,500	18,000	18,000	-
PLAN REVIEW AND PERMITS	13,332	25,641	15,000	25,000	25,000	-
TRANSFER FROM STORM IMP-SDC	60,763	-	150,000	250,000	250,000	-
MISCELLANEOUS	-	79,739	-	-	-	-
TRANSFER FROM STORM REIMBU-SDC	-	-	-	25,000	25,000	-
MONTHLY USER FEE	349,859	430,731	380,000	395,000	395,000	-
<b>TOTAL FUND REVENUES</b>	<b>444,244</b>	<b>553,740</b>	<b>562,500</b>	<b>713,000</b>	<b>713,000</b>	<b>-</b>
TOTAL BEGINNING FUND BALANCE	<b>370,164</b>	<b>423,006</b>	<b>280,806</b>	<b>405,164</b>	<b>405,164</b>	<b>-</b>
<b>TOTAL STORM WATER FUND RESOURCES</b>	<b>814,408</b>	<b>976,746</b>	<b>843,306</b>	<b>1,118,164</b>	<b>1,118,164</b>	<b>-</b>

<b>STORM WATER FUND REQUIREMENTS</b>	<b>Historical Data</b>			<b>Budget for FY 2026-2027</b>		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
<b>PERSONNEL SERVICES</b>						
BENEFITS AND TAXES	57,319	67,288	82,899	84,009	84,009	-
SALARIES AND WAGES	117,859	137,333	152,221	152,189	152,189	-
<b>TOTAL PERSONNEL SERVICES</b>	<b>175,178</b>	<b>204,621</b>	<b>235,120</b>	<b>236,198</b>	<b>236,198</b>	-
FTE	1.54	1.54	1.56	1.55	1.55	-
<b>MATERIALS &amp; SERVICES</b>						
PHONE	1,316	1,577	2,500	3,000	3,000	-
OPERATIONS & MAINTENANCE	15,295	15,918	20,000	25,000	25,000	-
DECANTED WASTE DISPOSAL	-	77,562	20,000	20,000	20,000	-
BUILDING MAINTENANCE	610	3,765	5,000	7,500	7,500	-
TRAINING & CONF. TRAVEL	492	191	2,000	2,500	2,500	-
DUES & MEMBERSHIP	26	1,112	1,500	1,500	1,500	-
POSTAGE	2,913	1,329	3,500	2,750	2,750	-
COMPUTER NETWORK	3,687	16,690	11,500	11,500	11,500	-
PROFESSIONAL SERVICES	12,777	18,191	17,000	30,000	30,000	-
LEGAL & RECORDING	292	-	-	-	-	-
INSURANCE/LIABILITY/GEN	13,515	15,438	17,600	18,500	18,500	-
VEHICLE FUEL	3,227	3,413	3,500	5,000	5,000	-
VEHICLE REPAIR	6,195	4,777	10,000	15,000	15,000	-
UNIFORMS & SAFETY GEAR	1,272	619	3,000	3,000	3,000	-
COST ALLOCATION AGREEMENT	22,807	33,438	41,473	59,580	59,580	-
SMALL EQUIP/TOOLS	428	216	1,500	4,000	4,000	-
<b>TOTAL MATERIALS AND SERVICES</b>	<b>84,851</b>	<b>194,236</b>	<b>160,073</b>	<b>208,830</b>	<b>208,830</b>	-
<b>CAPITAL OUTLAY</b>						
STORM CAPITAL IMPROVEMENTS	-	130,473	125,576	-	-	-
STORM IMP SDC CAPITAL PROJ	104,238	-	150,000	250,000	250,000	-
STORM REIMB SDC CAPITAL PROJ	-	-	-	25,000	25,000	-
STORM EQUIPMENT	735	-	5,000	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>104,973</b>	<b>130,473</b>	<b>280,576</b>	<b>275,000</b>	<b>275,000</b>	-
<b>TRANSFERS OUT</b>						
TRANSFER TO GF - CAPITAL	-	-	20,000	-	-	-
TRANSFER TO FLEET REPLACE FUND	26,400	15,000	15,000	15,000	15,000	-
<b>TOTAL TRANSFERS OUT</b>	<b>26,400</b>	<b>15,000</b>	<b>35,000</b>	<b>15,000</b>	<b>15,000</b>	-
<b>CONTINGENCY</b>						
CONTINGENCY	-	-	82,537	276,136	276,136	-
<b>TOTAL OPERATING CONTINGENCY</b>	<b>-</b>	<b>-</b>	<b>82,537</b>	<b>276,136</b>	<b>276,136</b>	-
<b>RESERVE</b>						
FB RESERVE	-	-	50,000	107,000	107,000	-
<b>TOTAL RESERVE</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>107,000</b>	<b>107,000</b>	-
<b>TOTAL RESOURCES AND FUND BALANCE</b>	<b>814,408</b>	<b>976,746</b>	<b>843,306</b>	<b>1,118,164</b>	<b>1,118,164</b>	-
<b>TOTAL FUND REQUIREMENTS</b>	<b>391,402</b>	<b>544,330</b>	<b>843,306</b>	<b>1,118,164</b>	<b>1,118,164</b>	-
<b>TOTAL NET STORM FUND</b>	<b>423,006</b>	<b>432,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	-

## Sewer Debt Retirement Fund

The Sewer Debt Retirement Fund is the fund from which debt principal and interest is paid. Sewer debt is paid by transfers from the Sewer Fund. Beginning with the 2023/24 budget, this fund was redesigned to include all sewer-related debt.

Currently, the sole debt being processed through this fund is the sewer portion of the Full Faith & Credit Financing Series 2020 bond. That bond paid off the 2005 CWSRF Bond. Although debt has been accrued for the current CWSRF agreement, no payments are due until 2026/27.

### Outstanding Debt and Debt Service Payments Fiscal Years June 30, 2026 – 2031

<i>City of Molalla</i>						
	Balance 6/30/26	26/27	27/28	28/29	29/30	30/31
<b>Full Faith &amp; Credit Financing Series 2020</b> <i>(Sewer Only – see MURA for that portion)</i>	290,000	148,321	148,175	0	0	0
<b>Clean Water State Revolving Fund Loan R66101</b> <i>(Future Debt Payments are based on a total debt of \$11.25M not yet incurred)</i>	11,250,000	265,171	488,840	487,157	485,460	483,748
<b>Total</b>	11,540,000	413,492	637,015	487,157	485,460	483,748

### Explanation of Significant Budget Variances

The current budget is down because of the declining balance of the 2020 bond. Debt service will increase in 26/27 as we begin repayment of permanent financing through the Clean Water State Revolving Fund Loan. This loan was for design and initial construction of the required Wastewater Treatment Plant improvements. Additional interim funding of \$33,250,000 through this program has been secured with backing from USDA.

There are no reserve funds required by the 2020 agreement. The current CWSRF loan reserve requirement of \$232,000 is budgeted.



SEWER DEBT RETIREMENT	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	22,706	284,410	119,237	-	-	-
<b>REVENUE</b>						
INTEREST	7,312	15,108	10,000	3,000	3,000	-
TRANSFER FROM SEWER FUND	633,776	198,216	236,207	780,624	780,624	-
<b>TOTAL FUND REVENUES</b>	<b>641,088</b>	<b>213,324</b>	<b>246,207</b>	<b>783,624</b>	<b>783,624</b>	<b>-</b>
<b>TOTAL GO DEBT FUND RESOURCES</b>	<b>663,794</b>	<b>497,734</b>	<b>365,444</b>	<b>783,624</b>	<b>783,624</b>	<b>-</b>
<b>REQUIREMENTS</b>						
2020 SEWER FF&C LOAN -INT	17,284	11,889	6,435	4,321	4,321	-
2020 SEWER FF&C LOAN - PRIN	362,100	366,000	141,900	144,000	144,000	-
2020 CWSRF/DEQ - INTEREST	-	-	-	265,171	265,171	-
DEBT RESERVE-USDA	-	-	-	138,132	138,132	-
DEBT RESERVE-CWSRF	-	-	217,109	232,000	232,000	-
<b>TOTAL REQUIREMENTS</b>	<b>379,384</b>	<b>377,889</b>	<b>365,444</b>	<b>783,624</b>	<b>783,624</b>	<b>-</b>
<b>TOTAL FUND REQUIREMENTS</b>	<b>379,384</b>	<b>377,889</b>	<b>365,444</b>	<b>783,624</b>	<b>783,624</b>	<b>-</b>
<b>TOTAL NET STORM SDC FUND</b>	<b>284,410</b>	<b>119,845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## GO Debt Fund

The GO Debt Fund is the fund from which debt principal and interest will be paid for the General Obligation Bonds issued in 2024 with voter approval for construction of the new Police Station.

Each year, the County Assessor is provided with the information necessary to collect sufficient taxes to cover the debt service payments. The entire payment schedule is shown below.

### BOND DEBT SERVICE

#### City of Molalla, Oregon - Current GO Bonds (Police Station) Series 2024

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Compounded Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
12/01/2024			439,670		439,670.00	
06/01/2025			299,775		299,775.00	739,445.00
12/01/2025			299,775		299,775.00	
06/01/2026	170,000.00	4.000%	299,775		469,775.00	769,550.00
12/01/2026			296,375		296,375.00	
06/01/2027	220,000.00	4.000%	296,375		516,375.00	812,750.00
12/01/2027			291,975		291,975.00	
06/01/2028	260,000.00	4.000%	291,975		551,975.00	843,950.00
12/01/2028			286,775		286,775.00	
06/01/2029	295,000.00	4.000%	286,775		581,775.00	868,550.00
12/01/2029			280,875		280,875.00	
06/01/2030	340,000.00	4.000%	280,875		620,875.00	901,750.00
12/01/2030			274,075		274,075.00	
06/01/2031	380,000.00	4.000%	274,075		654,075.00	928,150.00
12/01/2031			266,475		266,475.00	
06/01/2032	425,000.00	4.000%	266,475		691,475.00	957,950.00
12/01/2032			257,975		257,975.00	
06/01/2033	475,000.00	4.000%	257,975		732,975.00	990,950.00
12/01/2033			248,475		248,475.00	
06/01/2034	525,000.00	5.000%	248,475		773,475.00	1,021,950.00
12/01/2034			235,350		235,350.00	
06/01/2035	585,000.00	5.000%	235,350		820,350.00	1,055,700.00
12/01/2035			220,725		220,725.00	
06/01/2036	650,000.00	5.000%	220,725		870,725.00	1,091,450.00
12/01/2036			204,475		204,475.00	
06/01/2037	715,000.00	5.000%	204,475		919,475.00	1,123,950.00
12/01/2037			186,600		186,600.00	
06/01/2038	790,000.00	5.000%	186,600		976,600.00	1,163,200.00
12/01/2038			166,850		166,850.00	
06/01/2039	865,000.00	5.000%	166,850		1,031,850.00	1,198,700.00
12/01/2039			145,225		145,225.00	
06/01/2040	610,582.20	** %	145,225	335,835.50	1,091,642.70	1,236,867.70
12/01/2040			137,600		137,600.00	
06/01/2041	456,389.00	4.620%	137,600	546,342.00	1,140,331.00	1,277,931.00
12/01/2041			137,600		137,600.00	
06/01/2042	454,404.70	4.620%	137,600	590,625.35	1,182,630.05	1,320,230.05
12/01/2042			137,600		137,600.00	
06/01/2043	452,420.40	4.620%	137,600	636,678.60	1,226,699.00	1,364,299.00
12/01/2043			137,600		137,600.00	
06/01/2044	448,451.80	4.620%	137,600	681,548.20	1,267,600.00	1,405,200.00
12/01/2044			137,600		137,600.00	
06/01/2045	1,180,000.00	4.000%	137,600		1,317,600.00	1,455,200.00
12/01/2045			114,000		114,000.00	
06/01/2046	1,270,000.00	4.000%	114,000		1,384,000.00	1,498,000.00
12/01/2046			88,600		88,600.00	
06/01/2047	1,370,000.00	4.000%	88,600		1,458,600.00	1,547,200.00
12/01/2047			61,200		61,200.00	
06/01/2048	1,475,000.00	4.000%	61,200		1,536,200.00	1,597,400.00
12/01/2048			31,700		31,700.00	
06/01/2049	1,585,000.00	4.000%	31,700		1,616,700.00	1,648,400.00
	15,997,248.10		10,030,445	2,791,029.65	28,818,722.75	28,818,722.75

<b>GO DEBT FUND</b>	<b>Historical Data</b>			<b>Budget for FY 2026-2027</b>		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	BY Council
BEGINNING FUND BALANCE	-	-	7,000	15,297	15,297	-
<b>REVENUE</b>						
INTEREST	-	6,753	7,000	6,000	6,000	-
CURRENT PROPERTY TAXES	-	741,589	769,550	841,347	783,753	-
PRIOR PROPERTY TAXES	-	-	-	9,700	9,700	-
<b>TOTAL FUND REVENUES</b>	-	<b>748,342</b>	<b>776,550</b>	<b>872,344</b>	<b>814,750</b>	-
TOTAL GO DEBT FUND RESOURCES	-	<b>748,342</b>	<b>776,550</b>	<b>872,344</b>	<b>814,750</b>	-
<b>REQUIREMENTS</b>						
2024 BOND PRINCIPAL	-	-	170,000	220,000	220,000	-
2024 BOND INTEREST	-	739,444	599,550	592,750	592,750	-
2024 BOND RESERVE	-	-	14,000	59,594	2,000	-
<b>TOTAL REQUIREMENTS</b>	-	<b>739,444</b>	<b>783,550</b>	<b>872,344</b>	<b>814,750</b>	-
TOTAL FUND REQUIREMENTS	-	<b>739,444</b>	<b>783,550</b>	<b>872,344</b>	<b>814,750</b>	-
TOTAL NET GO DEBT FUND	-	<b>8,897</b>	<b>(7,000)</b>	-	-	-

**Section 5 – URA**  
**Urban Renewal Agency**





City of Molalla – Urban Renewal Agency  
 Director’s Office  
 117 N Molalla Avenue | PO Box 248 | Molalla, Oregon 97038  
 Phone: (503) 829-6855 Fax: (503) 829-3676

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May 1, 2026

Members of the Urban Renewal Agency  
 Chair, Scott Keyser, and Agency Members  
 Molalla Citizens

**RE: Molalla Urban Renewal Agency – 2026-2027 Budget Transmittal Memo**

I am pleased to submit the proposed Budget for the City of Molalla Urban Renewal Agency for the Fiscal Year 2026-2027. This proposed Budget includes action items identified within the Urban Renewal Plan.

Urban Renewal is a tool used to help improve and spur Economic Development within a specific district by using Tax Increment Financing (TIF) to implement capital improvements and other projects within the District. The basic purpose of Urban Renewal is to increase the total assessed value of the District, and during the District timeline, use the funds derived from that increase in assessed value to fund various projects in the Urban Renewal Plan. Once the District expires, the full assessed value of the District comes back on the tax rolls and the increased revenue goes into the City’s General Fund.

With the completion of the Police Station, the proposed Budget includes two infrastructure projects identified within the Urban Renewal Plan and approved by the Urban Renewal Agency as follows:

West Main Rehabilitation Project (Design)	\$600,000
Lowe Road (Design)	\$400,000

Based on anticipated development and redevelopment within the District, we anticipate increased revenue. We have budgeted \$565,202 in debt service for the 2026-2027 fiscal year.

The proposed FY 2026-2027 Budget for the MURA is balanced as required by Oregon State Budget Law.

Sincerely,

Dan Huff  
 Agency Director

URBAN RENEWAL RESOURCES	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	3,149,727	3,077,991	3,745,228	2,848,877	2,848,877	-
<b>REVENUE</b>						
PROPERTY TAX-CURRENT	926,092	1,065,644	1,095,387	1,174,867	1,174,867	-
PROPERTY TAX-PRIOR	21,821	15,746	15,000	20,000	20,000	-
INTEREST	154,362	174,255	130,000	120,000	120,000	-
<b>TOTAL FUND REVENUES</b>	<b>1,102,276</b>	<b>1,255,645</b>	<b>1,240,387</b>	<b>1,314,867</b>	<b>1,314,867</b>	<b>-</b>
TOTAL BEGINNING FUND BALANCE	3,149,727	3,077,991	3,745,228	2,848,877	2,848,877	-
TOTAL URA FUND RESOURCES	4,252,003	4,333,636	4,985,615	4,163,744	4,163,744	-

<b>URBAN RENEWAL REQUIREMENTS</b>	<b>Historical Data</b>			<b>Budget for FY 2026-2027</b>		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Budget	BUDGET	Budget Officer	Budget Committee	Council
<b>MATERIAL &amp; SERVICES</b>						
OPERATION & MAINTENANCE	9,193	1,467	58,383	80,000	80,000	-
PROFESSIONAL SERVICES	946	946	2,000	3,500	3,500	-
COST ALLOCATION AGREEMENT	5,702	8,359	10,368	9,930	9,930	-
<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>15,841</b>	<b>10,772</b>	<b>70,751</b>	<b>93,430</b>	<b>93,430</b>	<b>-</b>
<b>DEBT SERVICE</b>						
2015 URA BOND- PRINCIPAL	200,000	225,000	250,000	260,000	260,000	-
2015 URA BOND- INTEREST	60,600	52,599	43,600	33,600	33,600	-
2020 URA FF&C- PRINCIPAL	244,900	248,500	252,200	256,000	256,000	-
2020 URA FF&C- INTEREST	26,711	23,062	19,360	15,602	15,602	-
<b>TOTAL DEBT SERVICE</b>	<b>532,211</b>	<b>549,162</b>	<b>565,160</b>	<b>565,202</b>	<b>565,202</b>	<b>-</b>
<b>CAPITAL OUTLAY</b>						
CAPITAL IMPROVEMENTS	-	-	-	1,000,000	1,000,000	-
MOLALLA FOREST ROAD	-	102,667	-	-	-	-
DEVELOPMENT LOAN	177,297	-	-	-	-	-
OPPORTUNITY PARTNERSHIPS	220,000	72,858	-	-	-	-
POLICE FACILITY	228,663	-	4,030,000	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>625,960</b>	<b>175,525</b>	<b>4,030,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>
<b>CONTINGENCY</b>						
CONTINGENCY	-	-	48,102	2,133,510	2,133,510	-
<b>TOTAL CONTINGENCY</b>	<b>-</b>	<b>-</b>	<b>48,102</b>	<b>2,133,510</b>	<b>2,133,510</b>	<b>-</b>
<b>RESERVE</b>						
RESERVE	-	-	-	100,000	100,000	-
URA BOND - RESERVE	-	-	271,602	271,602	271,602	-
<b>TOTAL RESERVES</b>	<b>-</b>	<b>-</b>	<b>271,602</b>	<b>371,602</b>	<b>371,602</b>	<b>-</b>
<b>TOTAL URA FUND REQUIREMENTS</b>	<b>1,174,012</b>	<b>735,458</b>	<b>4,985,615</b>	<b>4,163,744</b>	<b>4,163,744</b>	<b>-</b>
Total Net URA Fund	<b>3,077,991</b>	<b>3,598,178</b>	-	-	-	-

## Section 6 – Appendix & Legal

- ✓ **Full Policy by Resolution**
- ✓ **Action Plans**
- ✓ **Economic Road Maps**
- ✓ **Local Budget Law Statutory References**
- ✓ **Acronyms**
- ✓ **Glossary**
- ✓ **Closed Funds**





**RESOLUTION NUMBER 2019-17**

**A RESOLUTION ADOPTING THE CITY OF MOLALLA FINANCIAL POLICIES.**

**WHEREAS**, the City of Molalla has a responsibility to ensure it handles public funds appropriately; and

**WHEREAS**, written, adopted financial policies and have many benefits in assisting Council with the financial management of the City; and

**WHEREAS**, the auditing firm for the City has recommended that Council adopt financial policies that promote sound financial management practices designed to meet Council's goals and objectives; and

**WHEREAS**, staff has prepared the City of Molalla Financial Policies document that outlines procedures, safeguards, and internal controls for public fund management; and

**WHEREAS**, the City of Molalla Financial Policies document, attached hereto as Exhibit A,

**NOW, THEREFORE BE IT RESOLVED**, That the City of Molalla Finance Policies document, attached hereto as Attachment A, is hereby adopted.

**PASSED AND ADOPTED** by the City of Molalla City Council and signed by me, and the City Recorder, in authentication of its passage.

Duly Appointed this 24<sup>th</sup> day of July, 2019

  
Keith Swigart, Mayor

ATTEST:

  
Christie DeSantis, Interim City Recorder

# City of Molalla



## Budget Policy

Adopted July 24, 2019  
Resolution 2019-17

**This document supersedes any and all previous budget policies.**

## **I. Purpose**

The purpose of this policy is to establish guidelines for The City of Molalla (City) to account for public funds, to manage municipal finances wisely, and to plan for the provision of services desired by the public through the budget cycle.

This policy is designed to provide conceptual standards for financial decision-making, enhance consistency in financial decisions, and establish parameters to use in directing the day-to-day financial affairs of the City.

## **II. Scope**

This policy governs the budgeting process, monitoring of budget execution, performance monitoring, and any revision of the budget.

## **III. Objectives**

The primary objectives of budget activities shall be:

- To ensure that the annual budgeting process is performed timely and supports the City's financial and operational planning objectives and processes.
- To ensure actual versus budget is reviewed and monitored for significant variances.
- To ensure that expenditures made are in line with program objectives.
- To ensure that budgets are reviewed periodically for relevance and revised as necessary.

To the extent possible, the City's budget process will:

- Incorporate a long-term perspective,
- Establish linkages to broad organizational goals,
- Focus budget decisions on results and outcomes,
- Involve and promote effective communication with stakeholders, and

## **IV. Policy Statement**

### **A. Oregon Local Budget Law**

The City is subject to the requirements of Oregon Local Budget Law under ORS Section 294.

### **B. Long-term Focus**

The City recognizes the importance of long-term strategic planning. Similarly, it recognizes that prudent financial planning considers the multi-year implications of financial decisions. The City shall maintain a long-term focus in its financial planning that is mindful of the long-term objectives of the City.

### **C. Conservatism**

Revenues will be projected conservatively, but realistically, considering:

1. past experience,

2. the volatility of the revenue source,
3. inflation and other economic conditions, and
4. the costs of providing the related service.

Expenditures will be projected conservatively considering:

1. a conservative but likely scenario of events (versus “worst case”),
2. specific, identified needs of the program or service,
3. historic consumption and trends, and
4. inflation and other economic trends.

D. Matching Concept

The City will make an effort to match one-time resources with one-time uses in the development of the budget. Similarly, recurring resources will be identified with recurring uses to the extent possible.

If it becomes necessary to use one-time resources to balance the City’s budget, a plan for achieving a structural balance will be developed simultaneously that identifies revenue enhancements or expenditure decreases to bring the budget back into balance

E. Contingencies and Unappropriated Ending Fund Balance

Contingencies will be budgeted in all operating funds to provide flexibility and to address unforeseen circumstances that may arise after the budget is adopted. There shall be no expenditures from contingencies. Transfers of appropriations to expenditure categories may be made with City Council approval.

The City will report an unappropriated ending fund balance in the debt service funds equal to the first scheduled debt service payment of the subsequent year. Unappropriated fund balances may not be appropriated or spent. Unappropriated balances will then be available and appropriated in the following year to ensure adequate resources to cover debt service.

F. Budget Development

1. The operating budget is the City’s financial operating plan. All funds will be subject to appropriation by the City Council.
2. The budget will be balanced for each fund. The proposed cash resources of each fund (beginning of year fund balance plus estimated receipts) will equal or exceed appropriations. When necessary, the following budget-balancing strategies will be used, in order of priority:
  - a. Reduce expenditures through improved productivity.
  - b. Create new service fees or increase existing fees and charges.
  - c. Reduce or eliminate services.
3. Unencumbered appropriations lapse at the end of the fiscal year.

4. The City Manager shall serve as the City's Budget Officer, and as such will present the proposed budget to the Budget Committee for consideration and eventual approval. The Finance Director is the City Manager's alternate.
5. Public hearings will be held to obtain public input on the City's proposed and approved budget.
6. The City's budget shall be prepared on a budgetary basis. The budget will be sufficiently detailed to identify all significant sources and uses of funds. Adopted budget for current year data, second proceeding year actuals, and first proceeding year actual results will be presented for comparative purposes.
7. The budget will be adopted by the City Council no later than June 30.

G. Budget Modification

1. The adopted budget may be amended to transfer appropriations between funds or budget categories through resolution of the City Council.
2. A supplemental budget may be adopted by the City Council, following a public hearing, to increase the adopted appropriations of any fund.

# City of Molalla



## Fund Balance and Reserve Policy

Adopted July 24, 2019  
Resolution 2019-17

**This document supersedes any and all previous fund balance and reserve policies.**

## **I. Purpose**

The City wishes to maintain existing service levels and maintain a stable financial position during periods of economic uncertainty. To that end, the City will establish prudent reserves in certain funds in order to ensure financial stability throughout the fiscal year including provision for unforeseen contingencies and consideration to revenue timing. This policy establishes threshold minimums for the City's funds and is intended to serve as a guide for operational, budgetary, and policy decisions made by the City Council and management.

## **II. Definition**

Fund balance is defined as the difference between assets and liabilities in a fund. Reserves are broadly referred to as the portion of fund balance held in reserve to provide a buffer against risk, unforeseen circumstances, or for planned future expenditures.

For purposes of this policy, the terms "fund balance" and "reserves" may be used together and interchangeably to refer to amounts retained in the City's various funds for purposes of offsetting risk, providing flexibility and stability, or for specific future expenditures.

An adequate fund balance is critical to lessen the impact of revenue shortfalls and/or unanticipated expenditures over time and provide a lower level of financial risk. Fund balance also serves as a source of bridge funding from year to year, allowing the City to maintain or transition to sustainable service levels.

## **III. Policy Statement**

The City will establish and maintain a minimum fund balance in identified funds to:

1. Provide sufficient resources to meet cash flow needs;
2. Maintain an investment grade bond rating capacity;
3. Cover unforeseen emergencies;
4. Avoid short-term borrowing to fund operations; and
5. Set aside funds for major capital projects or equipment purchase when deemed appropriate.

Fund balance targets for respective funds are as follows:

### **General Fund**

A minimum fund balance equal to three (3) months of operations or 20% of budgeted expenditures in the Fund.

### **Library Fund**

A minimum fund balance equal to three (3) months of operations or 8% of budgeted expenditures in the Fund.

### **Street Fund**

A minimum fund balance equal to three (3) months of operations or 15% of budgeted expenditures in the Fund.

**Urban Renewal Agency Fund**

A minimum fund balance equal to two (2) months of operations or 5% of budgeted expenditures in the Fund.

Enterprise Funds:

**Water Fund**

A minimum fund balance equal to three (3) months of operations or 15% of budgeted expenditures in the Fund.

**Sewer Fund**

A minimum fund balance equal to three (3) months of operations or 15% of budgeted expenditures in the Fund.

**Storm Water Fund**

A minimum fund balance equal to three (3) months of operations or 15% of budgeted expenditures in the Fund.

# City of Molalla



## Grants Management Policy

Adopted July 24, 2019  
Resolution 2019-17

**This document supersedes any and all previous grants management policies.**

**I. Purpose**

To assist City of Molalla (City) personnel involved in pursuing, acquiring, and administering federal grant funding by providing clear guidelines for alignment with the overall purpose of the City and with specific project goals. While specifically addressing requirements of federal funding, this policy shall also be applied to non-federal grants and programs as appropriate.

**II. Authority**

The City Council shall ensure federal funds received by the City are administered in accordance with federal requirements including, but not limited to, the federal Uniform Grant Guidance<sup>1</sup>.

The City Council designates the City Manager or the Finance Director as the City’s primary contact for all federal programs and funding. Administration and management of individual funding programs shall be accomplished by the respective departments working in conjunction with the Finance Director or designee.

**III. Policy Statement**

The City encourages the consideration of grants as a funding source for established or planned projects as appropriate. Grant funding should only be pursued as it relates to current or planned projects, and not funding for projects yet to be identified.

The Finance Director shall establish and maintain a sound financial management system. The system shall ensure internal controls and federal grant management standards address the receipt of both direct and pass-through federal grants, track costs and expenditures of funds associated with grant awards, maintain a high level of transparency and accountability, and document all applicable procedures<sup>2</sup>.

**A. Guidelines**

Financial management standards and procedures shall ensure that the following responsibilities are fulfilled:

1. Identification  
The City must identify in its accounts, all federal awards received and expended and the federal programs under which they were received.
2. Financial Reporting  
Accurate, current, and complete disclosure of the financial results of each federal award or program must be made in accordance with the financial reporting requirements of the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles for government.
3. Accounting Records  
The City must maintain records which adequately identify the source and application of funds provided for federally-assisted activities.
4. Internal Controls

<sup>1</sup> Ref. 2 CFR Part 200

<sup>2</sup> Ref. 2 CFR Part 200

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The City must adequately safeguard all such property and must ensure that it is used solely for authorized purposes.

5. Budget Control

Actual expenditures or outlays must be compared with budgeted amounts for each federal award. Procedures shall be developed to establish determination for allowability of costs with respect to federal programs.

6. Cash Management

The City recognizes Uniform Grant guidance with respect to cash management requirements and incorporate by reference..

7. Allowability of Costs

The City shall ensure that allowability of all costs charged to each federal award is accurately determined and documented.

B. Training

The City shall provide annual training to those employees with direct responsibility over various aspects of federal award management and administration. Training will include, but not be limited to, identification and differentiation of federal grants from other funding sources, identification of direct and material compliance requirements of federal awards, establishing and documenting effective internal controls over compliance, and proper use of the City 's centralized grants management system.

C. Standards of Conduct

The City shall maintain standards of conduct covering conflicts of interest and the actions of the City Council and City employees engaged in the selection, award, and administration of federal grants and of all contracts.

All employees shall be informed of conduct that is required for federal fiscal compliance and the disciplinary actions that may be applied for violation of Council policies, administrative regulations, rules, and procedures.

The City shall communicate to all employees the importance of ethical and legal actions in dealing with grant-related programs and funds. The City shall reinforce its zero-tolerance position as appropriate to ensure proper awareness and attention to policies and procedures guiding appropriate employee activities related to federal award programs.

D. Grant Project Management

The City shall establish clear roles and responsibilities for post-award, close-out, and audit activities related to federal grant awards. Key personnel in consideration of those roles and responsibilities include, but are not limited to departmental Project Manager, Finance Director, City Manager, and the City Council.

The City shall establish a grants project team for each federal award consisting at a minimum of the departmental Project Manager and the Finance Director or his/her designee. This team shall have primary responsibility for managing all aspects of the award

program including, but not limited to, implementation and documentation of effective internal controls, compliance with stated program requirements, effective accounting and reporting to support both financial and compliance needs of the City and the federal program, and monitoring activities.

Roles and responsibilities will be identified with appropriate parties so as to provide efficient and effective administration of federal grant monies, effective internal control over financial reporting and related compliance, and effective project management.

E. Annual Risk Assessment

The Finance Director shall have responsibility to perform an annual risk assessment with respect to potential noncompliance related to the City's federal award programs. Such risk assessment will be documented and serve as the basis for further efforts to provide reasonable assurance of compliance with all applicable compliance requirements.

The City's departmental Project Manager identified to each respective federal grant program shall have primary responsibility for compliance with applicable requirements of the federal award. The Project Manager shall also have primary responsibility for establishing and documenting internal controls over compliance with respect to each identified compliance requirement so as to provide reasonable assurance that compliance is achieved.

F. Expenditure Review and Approval

Consistent with a strong system of internal controls, all grant-related expenditures shall follow established City policies and procedures with respect to procurement, approvals, and documentation. All grant expenditures shall require review and approval by the applicable departmental Project Manager to ensure compliance with all applicable requirements. Such review and approval shall be evidenced by an appropriate method (initials and date on expenditure documentation (purchase order, invoice, pay request, etc.), email, electronic approval, etc.). All grant-related expenditures shall be coded with the appropriate general ledger and project account numbers to accommodate proper accounting and reporting of grant amounts in the City's financial records and reporting to federal granting agencies.

G. Employee Time and Effort Reporting

All City employees paid with federal funds shall, in accordance with law, document the time they expend in work performed in support of each federal program. Time and effort reporting requirements do not apply to contracted individuals.

City employees shall be reimbursed for travel costs incurred in the course of performing services related to official business as a federal grant recipient. Such reimbursements shall be made on the basis of documentation as required under City policy.

The City shall establish and maintain employee policies on hiring, benefits and leave, and outside activities as approved by the City Council.

#### H. Procurement

The City shall establish and maintain a written procurement policy. The City shall follow that policy for all grant-related procurements.

#### I. Record Keeping

The City shall develop, document, and maintain a written Records Management Plan and related policy and administrative rules for the retention, retrieval, and disposition of manual and electronic records including email<sup>3</sup>.

The City shall ensure the proper maintenance of federal fiscal records documenting<sup>4</sup>:

1. Amount of federal funds.
2. How federal funds are used.
3. Total cost of each federally-funded project.
4. Share of total cost of each project provided from other, non-federal sources.
5. Evidence of the design and maintenance of effective internal controls over compliance.
6. Evidence of compliance with federal program requirements.
7. Significant project experiences and results (programmatic).

All records must be retrievable and available for federal monitoring, programmatic or financial audit purposes.

The City shall provide the federal awarding agency, Inspectors General, the Comptroller General of the United States, pass-through entities, or any of their authorized representatives, the right of access to any documents, papers, or other City records which are pertinent to federal funding awards. The City shall also permit timely and reasonable access to the City's personnel for the purpose of interview and discussion related to such documents<sup>5</sup>.

The Plan shall include identification of staff authorized to access records, appropriate training, and preservation measures to protect the integrity of records and data.

The City shall ensure that all personally identifiable information (PII) protected by law or regulations is handled in accordance with the requirements of applicable law, regulations, policy, and administrative regulations.

#### J. Subrecipient Monitoring

In the event the City awards subgrants of federal funds, the City shall establish written procedures<sup>6</sup> to:

1. Assess the risk of noncompliance on the part of the subrecipient.

<sup>3</sup> Ref 2 CFR Part 200.333-337

<sup>4</sup> Ref. 34 CFR Sec. 75.730-732

<sup>5</sup> Ref. 2 CFR Sec. 200.336

<sup>6</sup> Ref. 2 CFR Sec. 200.330-331

2. Monitor grant subrecipients to ensure compliance with federal compliance requirements, state and local laws and policy and procedures.
3. Ensure the City 's record retention schedule addresses document retention on assessment and monitoring.

K. Compliance Violations

Employees and contractors involved in federally-funded programs and subrecipients shall be made aware of all identifying information and federal compliance requirements associated with the award. They shall also be made aware that failure to comply with federal requirements, law, regulation or terms and conditions of a federal award may result in the federal awarding agency or pass-through entity imposing additional conditions or terminating the award in whole or in part.

# City of Molalla



## Revenue Policy

Adopted July 24, 2019  
Resolution 2019-17

**This document supersedes any and all previous revenue policies.**

## **I. Purpose**

The purpose of this policy is to establish guidelines for City of Molalla to encourage diversification and stabilization of the revenue base in order to minimize the effects of fluctuations in revenue yield.

## **II. Scope**

This policy is 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.

## **III. Objectives**

- Revenue received by the City shall be utilized in accordance with this policy.
- Revenue received for specific funds within the City shall be utilized for expenses and obligations of that fund.
- All revenue is accurately recorded in the City 's accounting system in the period in which it is earned.
- Appropriate internal controls and sound financial business practices are adopted for the recognition and billing of revenue, the collection and timely recording and deposit of cash receipts, and the management of accounts receivable.

## **IV. Policy Statements**

### **A. High level Roles and Responsibilities**

The City will assign roles and responsibilities according to skills, knowledge, and expertise necessary to accomplish the respective tasks, and to maintain an appropriate separation of duties consistent with strong internal controls.

- The City Manager
  1. Provide guidance and advice on compliance to the political structures, political office-bearers and officials of the City.
- The Finance Director
  1. Administratively in charge of the budget;
  2. Advise the City Manager on the exercise of powers and duties assigned to the City Manager;
  3. Advise Senior Managers and other officials in the exercise of powers and duties assigned to them; and
  4. Must perform such budgeting, accounting, analysis, financial reporting, cash management, debt management, supply chain management, financial management, review and other duties as delegated by the City Manager to the Finance Director.
- Senior Management
  1. Managing and coordinating the financial administration of the City.
- Any Official or External Consultant duly appointed
  1. Performs any operation in respect to the revenue management given by the Finance Director or City Manager.

### **B. Determination of Fees and Charges**

The City shall ensure that all fees and charges have a basis in the associated cost of

providing the related service. Full costing shall be determined for all services, including direct costs of materials, labor, and related services as well as any appropriate allocation of overhead or indirect costs. The City Council will decide full cost recovery or the percentage to be recovered.

C. Utility Billing

The City shall ensure the completeness and accuracy of billings to all utility customers as a basis for revenues collected.

- Water services

1. Application for water service shall be made in writing by the owner of the premises to be served, or the owner's agent duly authorized in writing on regular application forms furnished by the City. No service will be rendered until such application has been completed and the required payments made. All applications shall include signature of applicant, location of premises for which service is requested, address to which all bills shall be sent, and such additional data as the Council from time to time may require.
  - a. Applications for service shall be considered merely as a request for service, and they shall not bind the City or Council to provide service.
2. Meters shall be read on a regular cycle as a basis for accurate billing of usage to customers.
3. All charges for utility service shall be due and payable monthly on the date of mailing and become delinquent on the 16th of each month. A late fee set by resolution shall be assessed on any utility accounts, which become delinquent. After a customer's utility bill is delinquent, the Finance Director or designee shall mail to customer a notice stating:
  - a. That the utility bill is delinquent;
  - b. The amount necessary to cure the delinquency;
  - c. That the utility service to the property will be shut off 20 days after the date of the notice, unless the delinquency is paid in full.
  - d. After termination of utility service, the full account balance including the fees will be required before service can be restored. If notice is mailed as provided in this section, the City may shut off utility service to the property 20 days after mailing of the notice unless the total amount due is paid in full, but subject to the City's compliance with the options specified in subsection
4. Utility services disconnected for lack of payment of the utility bills will be assessed a disconnect/reconnect fee as set by resolution and shall not be restored until all past-due-bills, late fees, and any other utility charges or connection fees are paid in full.
  - a. The customer may request in writing a one-time emergency extension of payment (not to exceed 10 days) to avoid service

being shut off and a disconnect fee being charged. If customer defaults on this agreement the utility account will be shut off the morning after the agreement expires and a disconnect fee will then be charged.

- b. Any customer may request a waiver of their late fee in writing providing no other late fees have been assessed in the prior 12 months.
  - c. A customer may appeal a notice of utility shut-off by filing a written request for an informal hearing with the City within 15 days after the date of mailing of the notice. The appeal shall be filed with the City Manager and shall specify the reasons for the appeal. If an appeal is so filed, utility service shall not be disconnected before the business day after the announcement of the result of the hearing. The informal hearing shall be held as soon as is practically possible before the City Manager or designee. The City shall provide the customer reasonable notice of the date of the hearing. The customer may be represented by an attorney at the hearing, and any probative evidence shall be admissible. The hearing officer may affirm, overrule, or modify the notice of utility shut-off, considering applicable law and the nature of any hardship of the customer.
5. All payments shall be made to the City either by mail, online bill pay, at the office of the City, placed in drop box, or such other place as the Council may from time to time designate.
- Wastewater services
    1. Wastewater usage fees will be based on the winter average usage of water at the physical address listed for the account and will be reevaluated annually.
  - Surface water services
    - a. There is hereby established a surface water utility user charge, which shall be set by the City Council by resolution. The rate shall be in an amount reasonable and necessary to fund the administration, planning, design, construction, operation, maintenance and repair of the surface water management system. The surface water utility user charge shall be based upon the amount of developed impervious surface used by a customer. Owners or occupants of undeveloped property shall not be charged. Each customer using a location for one single-family residential use shall be charged a uniform rate based upon one equivalent development unit (EDU). For multifamily residential uses, the charge shall be one EDU per each residential unit. The charge for all other uses shall be based upon the total amount of measured impervious surface used, divided by one EDU and rounded to the nearest whole number. The actual service charge shall be computed by multiplying the amount of EDUs measured for each use by the rate established

for each EDU; provided, however, that the amount of EDUs measured shall be limited to 20 EDUs per use.

D. Detailed Role of Finance Director

- That the City had effective revenue collection systems
- That the revenue due to the City is calculated on a monthly basis;
- That all money received is promptly deposited in the City 's primary and other bank accounts;
- That the City has and maintains a management, accounting and information system which—
  1. recognize revenue when it is earned;
  2. accounts for debtors; and
  3. accounts for receipts of revenue;
- That the City has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;
- That the City charges interest on arrears, except where the Council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and
- That all revenue received by the City, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.

E. Receipt of Revenue to the City

- Cash transactions are verified by two employees to ensure that cash is properly recorded and deposited.
- Receipts are given to all customers who pay with cash. Customers paying with check are offered a receipt and customers who pay with debit/credit are offered a confirmation number.



**RESOLUTION NO. 2022-01**

**A RESOLUTION OF THE CITY OF MOLALLA, OREGON  
AMENDING THE FINANCIAL POLICY - DEBT POLICY SECTION**

**WHEREAS**, the City of Molalla has a responsibility to ensure it handles public funds appropriately; and

**WHEREAS**, written, adopted financial policies and have many benefits in assisting Council with the financial management of the City; and

**WHEREAS**, the auditing firm for the City has recommended that Council adopt financial policies that promote sound financial management practices designed to meet Council's goals and objectives; and

**WHEREAS**, staff has prepared the City of Molalla Financial Policies document that outlines procedures, safeguards, and internal controls for public fund management; and

**WHEREAS**, the City of Molalla Financial Policies document, attached hereto as Exhibit A,

**Now, Therefore, the City of Molalla Resolves as follows:**

**Section 1.** That the City of Molalla Finance Policies amending the Debt Policy document, hereby referred to as Exhibit A.

**Section 2. Effective Date.** This Resolution is effective upon the signature of the Mayor.

Signed this 9<sup>th</sup> day of March.

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

ATTEST:

  
\_\_\_\_\_

Christie Teets, City Recorder

# City of Molalla



## Debt Policy

**Revised 03-09-2022**  
**Resolution 2022-01**

**This document supersedes any and all previous debt policies.**



**I. Purpose**

This Debt Policy for the City of Molalla (City) is 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 Council maintains a sound debt position and protects the credit quality of its obligations.

**II. Governing Authority**

The City's debt policy shall be operated in conformance with Oregon Revised Statutes, applicable federal law and other regulatory requirements. The Finance Director will maintain the debt policy and develop recommendations for debt financing.

**III. Scope**

This policy applies to all financing activities of the City.

**IV. Objectives**

The objectives of the policy shall be that:

- i. the City obtain financing only when necessary,
- ii. the process for identifying the timing and amount of debt or other financing be as efficient as possible,
- iii. the most favorable interest rate and other related costs be obtained, and
- iv. when appropriate, future financial flexibility be maintained.

**V. Conditions of Debt**

1. Debt Limits

i. Legal Restrictions

- The City shall observe and comply with all legal restrictions including State constitution or law, local charter, by-laws, resolution or ordinance, or covenant, and bond referenda approved by voters.

ii. Public Policies

- The City shall observe and support appropriate public policy considerations including the purposes for which debt proceeds may be used or prohibited,
- The types of debt that may be issued or prohibited, the relationship to and integration with the Capital Improvement Program, and policy goals related to economic development, including potential public-private partnerships.

iii. Financial Restrictions

A. Direct Debt

The City shall develop and maintain financial information in the consideration and evaluation of its debt position including the ratio of debt



per capita, the ratio of debt to personal income, the ratio of debt to taxable property value, and debt service payments as a percentage of general fund revenues or expenditures.

**B. Revenue Debt**

The City may consider issuance of revenue bonds as an alternative to other types of financing when the situation and conditions of the borrowing so indicate, and upon advice from financial advisors and/or bond counsel.

**C. Conduit Debt**

The City shall not engage in the issuance of conduit debt.

**D. Short-term Debt**

The City may engage in short-term financing if cash or working capital needs so dictate. All short-term borrowings should reflect the same objectives as those identified for debt financing above.

**E. Variable Rate Debt**

The City may consider issuance of variable rate debt as an alternative to other types of financing when the situation and conditions of the borrowing so indicate, and upon advice from financial advisors and/or bond counsel.

**2. Debt Structuring Practices**

The City shall consult with financial advisors and bond counsel, and within the framework of applicable accounting and reporting requirements to identify and implement sound debt structuring practices for each type of bond to the best advantage of the City, including:

- Maximum term
- Average maturity
- Debt service pattern (i.e. equal payments or equal principal amortization)
- Use of optional redemption features that reflect market conditions and/or needs of the City,
- Use of variable or fixed-rate debt, credit enhancements, short-term debt, and limitations as to when, and to what extent, each can be used, and
- Other structuring practices should be considered, such as capitalizing interest during the construction of the project and deferral of principal, and/or other internal credit support, including general obligation pledges.

**3. Debt Issuance Practices**

The City shall employ sound practices for debt issuance in the context of best practices and strong internal controls, including:

- Selection and use of professional service providers, including an independent financial advisor, to assist with determining the method of sale and the selection of other financing team members,



- Criteria for determining the sale method (competitive, negotiated, private placement) and investment of proceeds,
- Use of comparative bond pricing services or market indices as a benchmark in negotiated transactions, as well as to evaluate final bond pricing results,
- Criteria for issuance of refunding bonds,
- Require external input and review regarding the specific methodology of recording new or refunded debt at the time such activity occurs, and
- Use of credit ratings, minimum bond ratings, determination of the number of ratings, and selection of rating services.

#### 4. Debt Management Practices

The City shall manage outstanding debt to the direct advantage of the City, and ultimately to the benefit of citizens. In doing so, the City shall:

- Establish and maintain appropriate funds and accounting structures to properly support budgeting, recording, and reporting of debt service activities,
- Establish, document, and maintain a system of internal control over debt activities including proper approvals for debt issuance and debt service payments, and
- Provide for periodic review of the City's debt position for purposes of reporting to the City Council and evaluation of opportunities for refunding or other adjustments to the portfolio.

# City of Molalla



## Expenditure Policy

Revised June 14, 2023  
Resolution 2023-15

**This document supersedes any and all previous expenditures policies.**

**EXHIBIT A**



**I. Purpose**

The purpose of this policy is to establish guidelines for the City of Molalla to efficiently and effectively process expenditure transactions.

**II. Scope**

This policy is applicable to all expenditure transactions of the City.

**III. Objectives**

- A. To ensure a fundamental level of integrity, directness, and transparency in how the City spends public funds.
- B. To ensure City expenditures directly support services to customers and citizens.

**IV. Policy Statements**

- A. All monies due by the City shall be paid in full within 30 days of receipt of the invoice. The City shall take advantage of vendor discounts to the extent practicable and available.
- B. All payments must be properly authorized and supported by appropriate documentation. Proper authorization may consist of an approved purchase order or direct approval on an invoice or payment request. Approval is based on City Charter limits. Appropriate documentation consists of an invoice or payment request and verification of receipt of goods and services.
- C. All checks require two (2) electronic signatures, one of which is the Mayor and the other the City Manager. All checks are reviewed by the City Manager and the Finance Director. A list of checks is provided to a designated Council member for review and documentation is provided on request. In the event of technical failure, authorized check Signers include the City Manager, Department Head, and at least two members of the City Council. Payments other than by check require the same approval process.
- D. Expenditure-related duties shall be assigned to City staff in such a manner that there is an appropriate separation of duties. Specifically, the initiation, authorization, and processing of expenditures shall be assigned to separate individuals.
- E. Access shall be restricted to City staff with direct responsibilities for expenditure-related functions, and only those functions as assigned.
  - 1. System access shall be assigned and maintained according to specific functional assignments and accessed by unique login and password, by employee.
  - 2. Access to blank check stock shall be restricted and under the control of the Finance Director. All check numbers in sequence shall be properly accounted for.
  - 3. Voided checks shall be appropriately cancelled (stamped or marked "void" and the signature lines removed) and retained until after completion of the annual audit.

# City of Molalla



## **Purchasing Policy and Usage of Purchase Orders**

Resolution No. 2026-14

Adopted by City Council on May 27, 2026

**EXHIBIT B**



City of Molalla  
117 N Molalla Ave / PO Box 248  
Molalla, OR 97038  
Phone 503.826.6855  
[www.cityofmolalla.com](http://www.cityofmolalla.com)

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## PURCHASING POLICY, AND USAGE OF PURCHASE ORDERS

### I. Purpose

The purpose of the Purchasing Policy is to ensure efficiency and accountability in purchasing, while mitigating the risk of theft and impropriety.

### II. Scope

This policy applies to all City of Molalla Department Purchases, including all divisions and subdivisions thereof.

### III. Authority

Specific spending authority by position will be by the City Manager and updated as needed. See current approved expense authorization.

### IV. Policy

#### Purchasing with a Purchase Order (PO)

PO's **SHALL** be used for the following purchase types:

1. All purchases of \$5,000 or more.
2. When a paper PO is required by a vendor.

PO's **MAY** be used for the following purchase types:

1. For recurring expenses that can be encumbered for the entire fiscal year (e.g. utilities).

#### Purchasing without a PO

For any purchase made without a PO:

1. Before Purchasing - Permission to purchase must be granted by a manager or supervisor with expense authority over the purchaser. (*see Spending Authority, Paragraph III*).
2. During Purchasing - An invoice or receipt for the full cost of the expenditure must be retained by the purchaser and provided to the authorizing Manager or Supervisor.
3. After Purchasing – The authorizing manager or supervisor will code the invoice/receipt with the account number (and activity code if applicable), initial and date the document.



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4. Routing after coding and initialing.

- a. **Cash/Check purchase** invoices/receipts will be submitted to Accounts Payable upon coding and initialing by the authorizing manager or supervisor.
- b. **Credit card purchase** receipts/invoices shall be coded, initialed, and retained. Upon receipt of the monthly credit account statement, each expenditure on the statement will be coded and initialed and all corresponding receipts will be attached to the statement.
- c. **Account purchase** receipts/invoices shall be noted in addition to the coding and manager initials, then turned into Accounts Payable.

5. Credit Purchasing Records

- a. Individuals are required to review, sign, code and attach all receipts to their credit card statements each month and provide them to their supervisor for review and approval signature. Completed documents must be submitted to the Finance Department by the deadline given.
- b. Notwithstanding (5a) above, the Police Department will assign an individual to collect receipts from all department cardholders and provide either a comprehensive spreadsheet, or individual coded statements, with the receipts. The spreadsheet or statements must be reviewed/signed by the Chief or Lieutenant and approved by the City Manager.



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: ORDINANCES AND RESOLUTIONS

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**Agenda Date:** Wednesday, May 27, 2026

**Submitted by:** Mac Corthell, Assistant City Manager

**Approved by:** Dan Huff, City Manager

**SUBJECT:** Resolution No. 2026-15: Updating Local Public Contracting Rules

**RECOMMENDATION/RECOMMENDED MOTION:**

I move to approve Resolution No. 2026-15: A Resolution of the City of Molalla, Updating Public Contracting Rules, by title only.

**BACKGROUND:**

The State Contracting Code (the Model Code) and Attorney General's Model Rules for Public Contracting (the Model Rules), apply to all municipal contracts in the State of Oregon. ORS 279A.065(6) explicitly allows local agencies, like the City of Molalla, to adopt their own set of rules, use the model rules, or use a combination of both; though all must be compliant with the model code.

The City of Molalla has used a combination of the Model Rules and local rules to contract for over 20 years. Notably, the City's Contracting Rules have a fairly narrow scope:

1. Name the Council as the City's Local Contract Review Board
2. Name the City Manager as the City's Contracting Agent
3. Regulate personal services contracts
4. Provide authority for electronic procurements
5. Allow the City Manager to declare a sole-source

All other public contracts and associated processes are regulated by the Model Rules.

In 2023, the City's 2005 contracting rules were updated to bring them into compliance with state law/rule changes that had occurred over the prior 18 years.

In 2024, the state legislature provided a long overdue amendment to the public contracting limits that had been in place since 2003. The adjustment is largely nominal in nature meaning it changes the dollar limits but keeps spending power near that of the 2003 limits.

This resolution will move Molalla's public contracting limits from the 2003 levels to the 2024 levels, tie them to the statutory limits for the sake of posterity, and remove extraneous sections with no effect.

**ATTACHMENTS:**

[Resolution No. 2026-15 Updating Public Contracting Rules.draft..pdf](#)

ACTION ITEM	GOAL (ongoing/in progress)	EXPECTATION (yearly function)	ACCOMPLISHED (task completed)
<b>2021 Action Items</b>			
<i>(Administration/City Manager)</i>			
DUII prosecution in Molalla Municipal Court (FA 1, 3)	✓	✓	
Revisit Wildfire Emergency Response program (FA 1)	✓		
Promote Diversity, Equity, Inclusion Opportunities (FA 1, 2)	✓	✓	✓
Community Partnership (FA 2)	✓		
Marketing/Social Media Firm (PIO?) (FA 2)	✓		
Update Emergency Operation Plan (FA 2)	✓		
Reestablish Student Liaison with City Council (FA 3)	✓		
Inventory and Promote available resources, services, and opportunities in Molalla (FA 4)			
Community Outreach via Molalla Current (FA 4, 5)	✓	✓	✓
Investigate Community Development bonding (FA 5)	✓		
Work with Molalla Hope to provide space for Warming/Cooling Shelter (FA 4)	✓		✓
Create and Implement a Parks CPC (FA 2)	✓	✓	✓
Oversee Parks CPC for creation of Chief Yelkus Park – Molalla Forest Road (FA 1, 2, 5)	✓	✓	

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ACTION ITEM	GOAL (ongoing/in progress)	EXPECTATION (yearly function)	ACCOMPLISHED (task completed)
Oversee Parks CPC for creation of Strawberry Park (FA 1, 2, 5)	✓		✓
<i>(City Recorder)</i>			
Provide prompt service when fulfilling Public Records Requests (FA 3, 4)	✓	✓	✓
<i>(Finance Department)</i>			
Develop Human Resources Department (FA 4)	✓		✓
Assist all departments with funding for projects (FA 4)	✓	✓	✓
Annually receive Budget Award (FA 4)	✓	✓	✓
Annually receive good audit (FA 4)	✓	✓	✓
Continual Grant Management (ARPA, CRF, CDBG, etc.) (FA 4)	✓	✓	
Organize and secure funding for Police Facility	✓		
Organize and secure funding for Park Property Purchase (FA 1, 2, 4, 5)	✓		✓
Financial Health – 5 yr plan Auditors state that we are better than most Cities our size (FA 4)	✓	✓	

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LIBRARY

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – February 23, 2022

ACTION ITEM	GOAL (ongoing/in progress)	EXPECTATION (yearly function)	ACCOMPLISHED (task completed)
<b>2021 Action Items</b>			
Actively participate in Celebrate Molalla and National Night Out (FA 1, 2)		✓	
Coordinate with Molalla Current for updates and monthly newsletter (FA 1, 2)		✓	
Promote local musicians through summer Music in the Park series (FA 1, 2)		✓	
Plans programs promoting all holidays, increasing awareness of diversity of culture and celebrations (FA 1, 2, 5)		✓	
Library employs Spanish speaking staff to assist in all aspects of communication with Hispanic community (FA 2)		✓	
Provide materials and online databases to assist in career and test taking skills for local high school students (FA 3)		✓	
The Molalla Library is a full-service resource hub. (FA 4)		✓	
Provide a variety of resources to community regarding the environment and sustainability (FA 5)		✓	
		✓	
<b>ACTION ITEM</b>	<b>GOAL</b>	<b>EXPECTATION</b>	<b>ACCOMPLISHED</b>

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LIBRARY

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – February 23, 2022

	(ongoing/in progress)	(yearly function)	(task completed)
<b>2022 Action Items</b>			
Collaborate with Todos Juntos to provide outreach programs (FA 1, 2)		✓	
Collaborate with local daycare centers to promote literacy skills (FA 1)		✓	
Collaborate with Lutheran Family Services to restart Citizenship Classes (FA 1)		✓	
Create additional teen activities for local students, providing a safe place for teens to gather (FA 3)		✓	
Introducing a Tree Planting Program to celebrate Earth Day 2022 (FA 5)	✓	✓	

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POLICE DEPARTMENT

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – February 23, 2022

ACTION ITEM	GOAL (ongoing/in progress)	EXPECTATION (yearly function)	ACCOMPLISHED (task completed)
<b>2021 Action Items</b>			
New Policy Facility (FA 1-5)	✓		
Police Department Webpage Update (FA 1, 2, 5)	✓		
Public Information Officer (FA 1, 2, 5)	✓		
Expand Bike Patrol (FA 2)		✓	
Establish Police Facility CPC (FA 1-5)			✓
Develop Bicycle Registration & Education Program (FA 2, 3)	✓		
Sustainable Police Department Staff (FA 2, 3)	✓		
Pursue Traffic Unit Grants (FA 2, 3, 4)		✓	
Develop Drug Recognition Expert (FA 2, 3)	✓		
Investigate Use of Drone (FA 2, 3)	✓		
Maintain Police Accreditation (FA 2, 3)		✓	

1

POLICE DEPARTMENT

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – February 23, 2022

ACTION ITEM	GOAL (ongoing/in progress)	EXPECTATION (yearly function)	ACCOMPLISHED (task completed)
<b>2022 Action Items</b>			
Participate in Molalla Current Updates (FA 1)		✓	
Collaborate with Molalla & Colton Fire Departments (active shooter training) (FA 1)		✓	
Collaborate with MRSD to create an Emergency Management Plan (FA 1)	✓		
Collaborate with local businesses – Evaluating security measures in event of active shooter or similar emergencies (FA 1)	✓		
Coordinate community events with other agencies (Buckeroo, 5K run, Chamber Parade) (FA 2)		✓	
Partner with DEA – National Drug Take Back Day, including year-round kiosk at PD (FA 2)			✓

2

VISION & ACTION PLAN	GOAL (ongoing/in progress)	EXPECTATION (yearly function)	ACCOMPLISHED (task completed)
<b>2021 Goals</b>			
Complete Clark Park Phase 4 (FA 1, 2, 5)	Completed - In warranty	20-05: N/A	Project Closed.
Complete Creamery Creek Park *Now Strawberry Park* (FA 1, 2, 5)	In progress	20-07: Complete Project 2022	Equipment on order, infrastructure in engineering.
Establish Bohlander Field Vision (FA 1, 2, 5)	None Yet	Adopt Vision (Council) 2022	Included on 2022 Goals
Recruit and Implement Parks CPC (FA 1, 2, 5)	Ongoing (CPC Seated)	Meet regularly on Park Development, and Master Plan	Fox Park & Strawberry Park Developing, Chief Yelkus Park Named and Designing
Complete Molalla Forest Road Bike & Ped Path Phase 1 (FA 1, 5)	Completed - In warranty	19-07: N/A	Project Closed.
Replace Park equipment at Fox Park (FA 2)	In progress	21-11: Complete 2022	Equipment on order, infrastructure in engineering.
Investigate Use of Marketing Firm (FA 1, 2)	None Yet	Determine potential scopes of work and pricing 2022	None
Complete Water Master Plan (FA 3)	Completed	19-02: N/A	Project Closed - Adopted 5/26/21
Continue Transportation Projects on OR 211 and OR 213 (Traffic Signal) (FA 2, 3)	Ongoing	18-08: 213/Toliver RAB, Complete 2023; 19-04: Cascade Center, Complete 2022; 19-09: 211/Molalla Signal, Complete 2022; 1000 W Main frontage/220 W Main frontage/1522 W Main frontage/501 E Main frontage /31330 Hwy 213 frontage – All Complete 2022.	19-04: Cascade Center full street improvements complete, 211 & Molalla Ave signal nearly complete; 17-04 211 Bike/Ped path complete; New ADA ramps along 211 complete; Executing private improvements on 211/213; 18-08 Row acquisition in work.
Right-of-Way acquisition and development of Leroy Avenue (FA 2)	In progress	19-04: obtain ROW through to Lowe Rd., complete existing S Leroy frontage improvements	Completed S Leroy improvements except portion developing with new Apt's, and unowned ROW at end.

Designate Truck Route to ease congestion and improve safety of Molalla Avenue (FA 2)	Completed	N/A	Truck Route Completed: Ord 2020-12, adopted 11/18/2020.
Street Utility Fee (FA 3)	Ongoing	Review street utility fee options, begin public process, pass fee or other tax as applicable	Added to Council's Goals for 2022.
Park Utility Fee or Park Use Fee (FA 5)	None	Removed from list until street fee work is done.	Removed from Council's Goals for 2022.
Examine Funding Options for Acquisition of Railroad Right of Way (FA 5)	Ongoing	Begin regional discussions with County and Canby.	Determined that RR Company only interested in selling all ROW, not just city portion.
Explore Travel Oregon Grant – Wayfinding Kiosks (FA 1)	Completed	N/A	Grant awarded, kiosks and maps placed, art contest ongoing. Grant closed.
Managed Growth Efforts – Molalla Current Established (FA 1)	Completed	Additional Implementation Steps 2022.	Completed: Molalla Current procured, developed, marketed and functioning.
Community Identity – Branding Action (Real People, Real Adventure, Real Fun) (FA 1)	Ongoing	Facilitate a community branding initiative to incorporate new logo/slogan into the community.	Logo/Slogan Adopted and Being Implemented on Community Development initiatives.
Coordinate with Chamber to develop digital map to be used on wayfinding kiosks (FA 1)	Ongoing	Licensing agreements implemented; non-chamber businesses allowed on map.	Map product with list of tourism/travel developed. Digital space created and included.
Collaborate with Chamber to bring Business Resource Center to Molalla Business Community (FA 1)	Completed	N/A	Negotiated with BRC to include Molalla, brought Chamber rep to BRC rep, Chamber offered funding from BRC's to host ½ time BRC employee. Chamber did not approve.
Establish Beautification & Culture CPC – Dissolve Arts & Culture and Economic Dev. CPC's (FA 2)	Ongoing (CPC Seated, others dissolved)	Meet regularly to discuss beautification and culture initiatives. Gateways, mural code, architectural standards... etc.	Working on Destination Ready Assessment and Kiosk Art Contest.
Involved with negotiation of new Police Facility project (FA 1-5)	Completed	N/A	Several months of negotiation on purchase of property, price lowered from \$1.1 mil, to \$500k

COMMUNITY DEVELOPMENT DEPARTMENT

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – March 23, 2022

Conduct Phase I environment on new Police Facility property (FA 1 – 5)	Completed	N/A	Enviro 1 completed, no issues of major concern.
Police Facility Stormwater/drainage improvements scheduled in Phase II (ARPA Funding) (FA 1-5)	In progress	Contract with project manager, design/engineer storm/drainage improvements based on selected design... complete improvements 2022	Real property acquired, personal property auctioned, project manager contract under review.
Purchase Reader Board for City Hall (FA 2)	Completed	Establish use policy for regular and special posting to board.	Board fully installed and fully functioning.
Develop and Install Public Parking Signs at City Hall public areas (FA 2)	Completed	N/A	Public parking signs added on N Molalla Ave, adjacent to lots on Ross, in lots, and on kiosks.
Monthly Newsletter via Molalla Current (FA 2)	Ongoing	Continue monthly newsletter, enhance as opportunity allows.	Established the Molalla Current Monthly E-Newsletter using the tool on Molalla Current.
Local Government Internship hosted by Planning Department (FA 2, 3)	Ongoing	Disseminate opportunity to home and charter school as well as public school.	Hosted one H.S. intern with great success.
Provided Description for non-degree seeking City internship to MRSD program manager (FA 2)	Completed	N/A	Developed and provided non-degree seeking internship, then MHS advised the program was cancelled.
Economic Development Plan created and adopted by City Council (FA 3)	Completed	Continue to work on ED plan task list...	Conducted numerous meetings, significant research, and other public outreach in development of plan. Adopted by Council on 6/9/21.
How to "Start a New Business" checklist created and posted on website (FA 3)	Ongoing	Upgrade checklist to include any/all new processes and policies. Integrate in Planning Handbook.	Developed and posted start a business checklist.

COMMUNITY DEVELOPMENT DEPARTMENT

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – March 23, 2022

VISION & ACTION PLAN	GOAL (ongoing/in progress)	EXPECTATION (yearly function)	ACCOMPLISHED (task completed)
<b>2022 Goals – Carried Forward from 2021</b>			
Complete Creamery Creek Park *Now Strawberry Park* (FA 1, 2, 5)	In progress	20-07: Complete Project 2022	Equipment on order, infrastructure in engineering.
Establish Bohlander Field Vision (FA 1, 2, 5)	None Yet	Adopt Vision (Council) 2022	Included on 2022 Goals
Replace Park equipment at Fox Park (FA 2)	In progress	21-11: Complete 2022	Equipment on order, infrastructure in engineering.
Investigate Use of Marketing Firm (FA 1, 2)	None Yet	Determine potential scopes of work and pricing 2022	None
Continue Transportation Projects on OR 211 and OR 213 (Traffic Signal) (FA 2, 3)	Ongoing	18-08: 213/Toliver RAB, Complete 2023; 19-04: Cascade Center, Complete 2022; 19-09: 211/Molalla Signal, Complete 2022; 1000 W Main frontage/220 W Main frontage/1522 W Main frontage/501 E Main frontage /31330 Hwy 213 frontage – All Complete 2022.	19-04: Cascade Center full street improvements complete, 211 & Molalla Ave signal nearly complete; 17-04 211 Bike/Ped path complete; New ADA ramps along 211 complete; Executing private improvements on 211/213; 18-08 Row acquisition in work.
Right-of-Way acquisition and development of Leroy Avenue (FA 2)	In progress	19-04: obtain ROW through to Lowe Rd., complete existing S Leroy frontage improvements	Completed S Leroy improvements except portion developing with new Apt's, and unowned ROW at end.
Street Utility Fee (FA 3)	Ongoing	Review street utility fee options, begin public process, pass fee or other tax as applicable	Added to Council's Goals for 2022.
Examine Funding Options for Acquisition of Railroad Right of Way (FA 5)	Ongoing	Begin regional discussions with County and Canby.	Determined that RR Company only interested in selling all ROW, not just city portion.
Community Identity – Branding Action (Real People, Real Adventure, Real Fun) (FA 1)	Ongoing	Facilitate a community branding initiative to incorporate new logo/slogan into the community.	Logo/Slogan Adopted and Being Implemented on Community Development initiatives.

Coordinate with Chamber to develop digital map to be used on wayfinding kiosks (FA 1)	Ongoing	Licensing agreements implemented; non-chamber businesses allowed on map.	Map product with list of tourism/travel developed. Digital space created and included.
Police Facility Stormwater/drainage improvements scheduled in Phase II (ARPA Funding) (FA 1-5)	In progress	Contract with project manager, design/engineer storm/drainage improvements based on selected design... complete improvements 2022	Real property acquired, personal property auctioned, project manager contract under review.
How to “Start a New Business” checklist created and posted on website (FA 3)	Ongoing	Upgrade checklist to include any/all new processes and policies. Integrate in Planning Handbook.	Developed and posted start a business checklist.
<b>2022 Goals – Newly Established</b>			
Develop a tracking system to account for needed data points for DLCD annual reporting requirements (over 10k population)	In Progress	Integrate datapoints into tracking system. Backlog 1-year of data and report.	Data points identified.
Complete Housing Needs Analysis and associated plan amendments	In Progress	Contract consultant, conduct studies and public outreach, complete studies, adopt findings.	Grant awarded. RFP out for bids.
Identify funding for, and begin Employment Lands Studies to aid in UGB exploration	None Yet		
Reconcile PSP Zoning and complete associated plan amendments	In Progress	Complete rezoning/comp plan amendments.	Improperly zone properties identified.
Emergency Management Plan Update	In Progress	Identify and apply for funding to complete update; begin plan update with expected completion in 2023.	Potential grant funding sources identified.
Travel Oregon Destination Ready Assessment and Projects	In Progress	Complete assessment, identify priority projects, seek funding	Grant awarded, community advisory committee seated, first 2 meetings complete
Kiosk Art Contest	In Progress	Establish contest rules and timelines, disseminate, and select. Seek options for sustainability of contest.	B & C Committee researching Art contests and working to develop proposed rules.
Mural Program	In Progress	Finalize and adopt comprehensive local mural program	B & C Committee researching mural programs.

Developer Assistance Programs	In Progress	Complete MURA Opportunity Fund Grant Program and adopt, Adopt expanded enterprise zone, manage IOF – Dansons project.	Outline for MURA opportunity fund complete, Enterprise Zone Expansion in beginning stages, ODOT IOF grant awarded for Dansons improvements.
Develop integrated project management program and procedures to include Engineering, Finance, Public Works, Planning, and Administration.	In Progress	Map all processes and develop digital tools.	Opening checklist prototype complete, private development checklist complete.
Secure property for 2.0 MG Water Tank	Ongoing	Determine costs, identify and obtain funding.	Land owner talks and tank design/placement costs and options explored.
Water Intake Structure	Ongoing	Determine design and costs.	Put into CIP as a priority water project.
Complete Water Service Leak Repairs	In Progress	Conduct actual repairs.	21-06: Out for bids, other service leaks in engineering.
Wastewater Treatment Plant	In Progress	Identify funding sources, determine what (if any) property may be acquired to continue design. Ensure continued compliance with DEQ consent decree.	Substantial research into potential funding sources currently underway. Negotiating for potential property purchase.
Wastewater Consent Decree Compliance	In Progress	Continue removal of biosolids, I & I mitigation, and TMDL Mercury plan	Developed and implemented bio-solid removal plan, conducted substantial I & I mitigation, and turned in draft TMDL Mercury plan to DEQ.
Molalla Forest Road Exploration	None yet	Determine what it will take to open MFR from S Molalla to OR-211	Walked road and observed potential issues.
Develop Stormwater Master Plan, CIP, and Rate Study	None yet	Identify potential funding resources to complete plan. Contract with consultant and begin planning process.	N/A
Mitigate Flooding in the Community	None yet	Identify flood prone areas and determine action/costs to mitigate.	N/A
Chief Yelkus Park Development	In Progress	Complete park and roadway design. Assess funding availability	Parks CPC has solicited public input on the park proper. Design &

		and proceed with construction as funding allows.	Engineering work being done on roadway in front of park
Civic Center Renovation	In Progress	Complete Council/Court Chamber and Executive Session room in 2022. Complete CDB Grant improvements in 2023.	21-10: Digital upgrades complete, dais on order, construction contracted.
City Hall Upstairs Renovation	In Progress	Construction in progress, complete 2022.	21-04: design, engineering, bids, all complete.
System Development Charges and Capital Improvement Plan reconciliation and adoption	Ongoing	Hire consultant to reconcile and present options to Council, adopt. Create a new baseline with certainty of appropriateness.	Multiple work sessions and discussions on this topic.

Repeating Annual Goals/Tasks	
Provide Exceptional Customer Service (FA 1-5)	Manage and Facilitate Parks CPC (FA 1, 2, 5)
Manage and Facilitate Beautification & Culture CPC (FA 1, 2, 5)	Implement Economic Development Plan (FA 1-5)
Produce and Disseminate the Molalla Current E-Newsletter (FA 1-5)	Host Local Government Internship Program (FA 2, 3)
Manage the Molalla Current and Use it to Engage the Molalla Community (FA 1-5)	Manage, Facilitate and Train the Planning Commission
Implement Water Master Plan	Implement Wastewater Master Plan
Implement Stormwater Master Plan	Implement Transportation Master Plan
Implement Downtown Master Plan	Implement Parks Master Plan
Implement Development Code	Implement Comprehensive Plan



June 9, 2021



## VISION PLAN: 5 FOCUS AREAS

### 5 Focus Areas based on City aspirations for 2030:

1. A resilient community that passionately recognizes and builds on its history, culture, and location
2. A welcoming, friendly and vibrant community with an attractive hometown feel that is safe, hospitable, and inclusive of all residents, businesses, and visitors
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
4. A full-service hub of resources
5. A beautiful and tranquil area where people are deeply connected to its unique natural features



# THE MOLALLA ECONOMIC DEVELOPMENT COMMITTEE

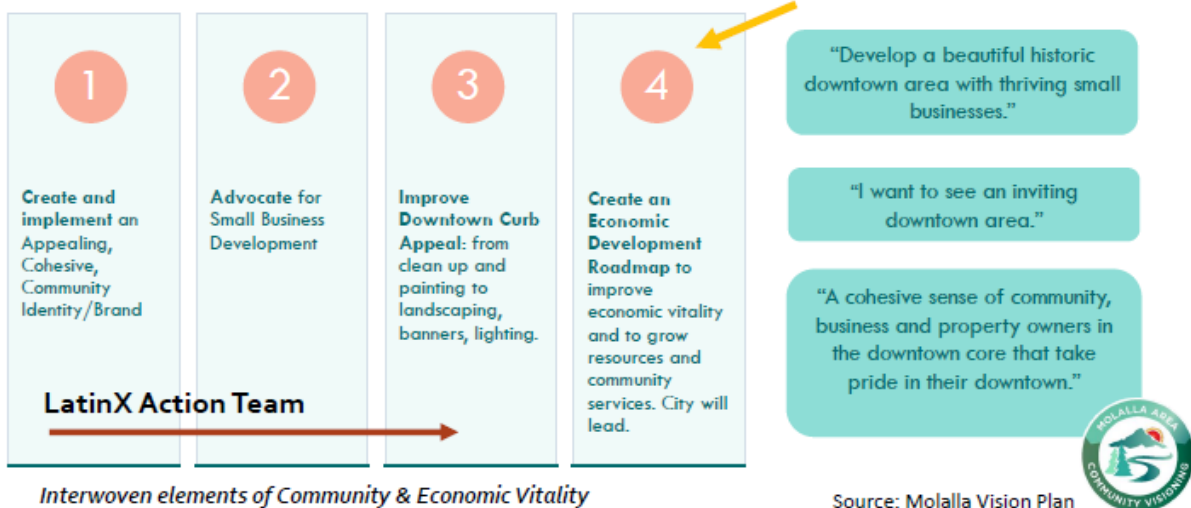
**PURPOSE:** To assist with the creation of a tangible economic development action plan and encourage community engagement in implementation

- Pamela Lucht - NW Transplants LLC
- Elizabeth (Lizz) Klein – City Council
- Crystal Robles - City Council
- Brad Berzinski - Molalla High School
- Robert Thompson - Welcome to Molalla & eXp Realty LLC
- Mac Corthell - City Planning Director



*Guided by a Community-based Process*

## PRIORITIES FOR ACTION – 2021



*Interwoven elements of Community & Economic Vitality*

## Sample of Results:

- Story Walk Storyboards are underway
- Clean-up Day planning
- Organized Advocacy for Highway improvements
- Small Business Outreach & Survey Completed
- Engagement of LatinX residents
- Draft Molalla Identity & Market Position Statement
- Flower baskets/planter program underway
- Engaged and committed Steering Committee meeting monthly

*Nearly 40 community members are engaged with moving Molalla's Vision Plan to Action!*



## WHAT MAKES AN ECONOMIC BASE?



*"It's not one thing!"*



*In this work, stay focused on:*

# BUSINESS INTERESTS & RESOURCES

- Workforce – Talent, Education
- Competitive Business Costs
- Market (access, consumer base)
- Quality of Life
- Government/Regulation (positive)
- Real Estate
- Incentives, Financing, Capital
- Housing



## Assessment and Next Steps Highlights.....



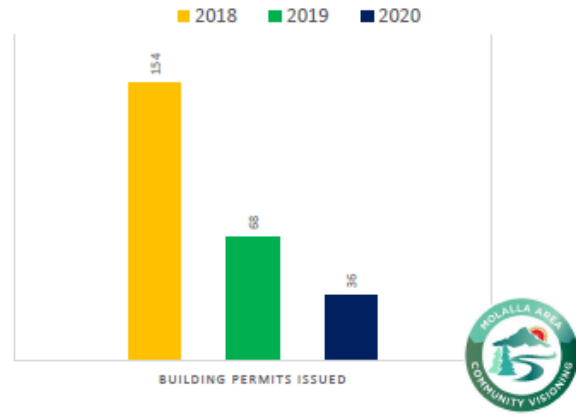
**OUR COMMUNITY is  
Growing and Changing**



# GROWTH TRENDS: *Building Permits Issued*

2020	
Residential	32
Commercial	4
Industrial	0
2019	
Residential	64
Commercial	4
Industrial	0
2018	
Residential	152*
Commercial	1
Industrial	1

\*includes Bear Creek



*In May 2021, 16 commercial & industrial projects are active.*

As of May 2021, 16 active projects in pipeline:  
*12 commercial & 4 industrial*



**Nearly \$28 million in investment**  
**233 jobs anticipated**

- Self Storage - Cascade Center
- AutoZone - Cascade Center
- Grocery Outlet - Cascade Center
- Dollar Tree - Cascade Center
- Goodwill - Cascade Center
- Burger King - Cascade Center
- Dollar General - Cascade Center
- Dairy Queen
- Dansons
- Molalla Market Place Bank
- Molalla Market Place Retail
- Scandia
- Center Market
- B & I Construction and Office Space
- Industrial Landscaping Company
- Industrial Landscaping Company Retail Space
- Mobile Food Unit Pod
- By Design Steel Company





## ECONOMIC DIVERSITY IS A KEY ASSET

3200 local jobs - From agriculture and manufacturing to tourism and retail



## WHAT LOCAL BUSINESSES ARE SAYING...



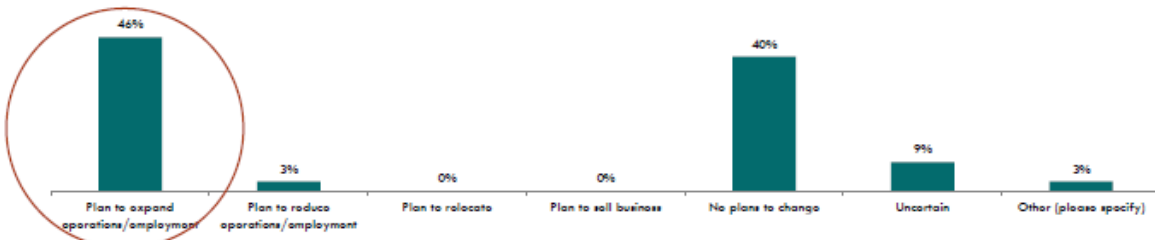
Molalla's Small Business Advocacy Action Team created a Small Business Survey, garnering 35 responses from local business owners and/or operators in March 2021. What follows are a few key highlights from results.

- Business owners are **generally optimistic** despite a tumultuous 2020 – with most saying they either will expand or stay steady
- When asked about the top advantages of doing business in Molalla, an overwhelming majority pointed to the **small town feel and local community**

Q10 What are the top advantages of doing business within Molalla? List up to three.

area Day access Small town other home close local Close home  
 people great business easy town work  
 community advantage growing products Molalla  
 Customer live help supporting by love

Which phrase best describes your plans to expand or reduce your operations in the next 1 or 2 years?



# BUSINESS CLIMATE SUMMARY

## ASSETS



- Well-rated high school
- Community feel, neighborly support
- Natural beauty and resources
- Economic diversity

## CHALLENGES



- The availability and skill level of workforce
- Ability to navigate and keep up with the tax laws and government regulation
- Limited land availability
- Market support/shoppers
- Downtown parking is limited
- Limited roads in and out of town

Source: Molalla Small Business Survey



# CHALLENGES



"There are way too many vacant buildings and small businesses have a hard time. Something needs to be done to help small businesses and encourage property owners to maintain their buildings and work with renters."



"We really need another store out here. I shop Winco, Trader Joe's and Costco because Safeway is always understaffed and overpriced. Maybe a lower priced store would keep people local for shopping!"



# Available Industrial Space exists but is limited and little is 'on the market'

Only 1 Industrial space actively marketed (spring 2021)

- Molalla Forest Road Industrial Park
- 17,800 SF building on 14.55 AC lot

Undeveloped; but What's Buildable?

**Vacant Heavy Industrial (M-2)**  
Within UGB: 128.99 ac

**Vacant Light Industrial (M-1)**  
In UGB: 13.41 ac



Sources: Loonnet. City of Molalla

## OPPORTUNITIES



### Retail Business Development

- Fill vacant business spaces;
- Expand retail base
- Marketing campaigns

### Quality of Life Improvements

- Home prices
- Recreation
- Schools
- Crime

### Tourism Development

- "More grocery stores!"
- "More shopping and food options."

"Bring back a vital Main Street to the heart of town -- a bustling 'old-town,' busy with hometown business, like it once was."

### Industry Cluster Expansion



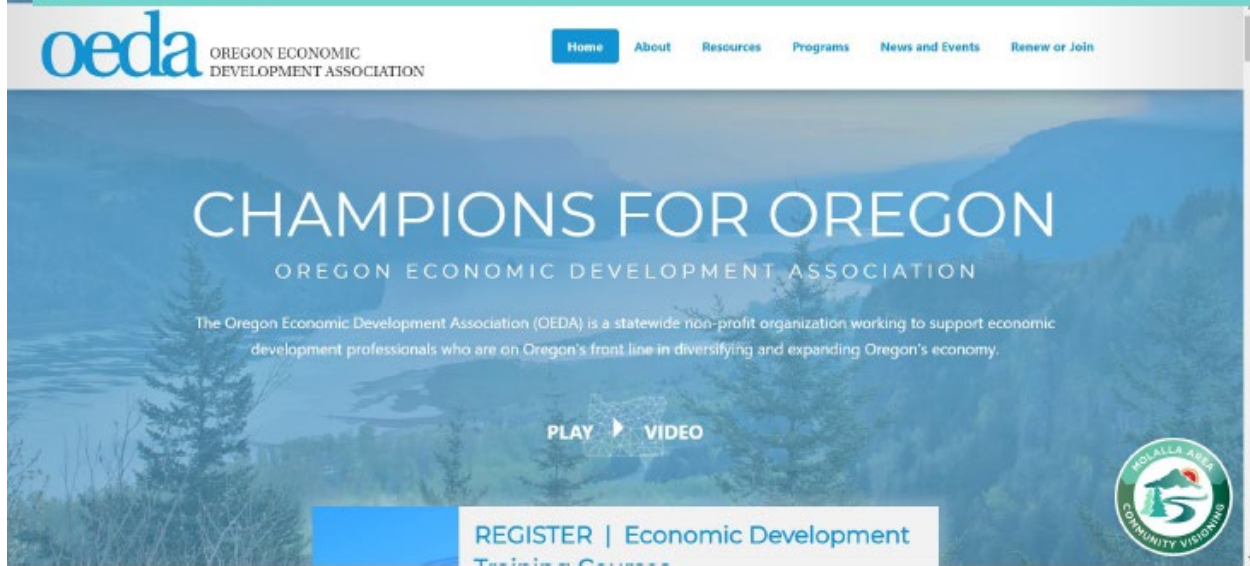
# How to: Grow the Economy?

## Economic Development Core Services

1. Build Your ED Network & Synergies
2. Business Assistance & Facilitation
3. Business Attraction & Marketing
4. Entrepreneurial Development
5. Economic Snapshots & Benchmarks
6. Branding
7. Marketing (e.g., website)



# 1. Get active within the economic development profession.



# 2. Tap Economic Development Partners and Resources (many!)



### 3. Tell Your Story – Promote Your Successes!

## Ex: VISITOR INDUSTRY

Travel Oregon Molalla page features Molalla Train Park, the Buckaroo and Rosso Passo Across Elk Farm

- There are opportunities to draw more visitors in to Molalla. Key to success = Partner with key attraction and visitor industry leaders in and around the area to increase Molalla's market exposure.

DON'T MISS IN MOLALLA		
Golden Avenue Food Center	Japan Park	Tule Buck Wilderness
Elk & Vibe	White Horse Restaurant and Saloon	Elk Area Distillery

- Welcome to Molalla page has space for upcoming events and offers a comprehensive spot for visitors to see businesses and restaurants. Continue to build on the momentum on that page!



### 4. Get a clear picture of your real estate: commercial and industrial and how to expand 'market-ready' properties.

.....*Investment is a must*

*Staff. Marketing and Visibility. Planning for continued economic growth.*



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# 2021 – 2022 FY Workplan



Strategy 1	Support and guide the Economic Development Steering Committee(SC) and Action Teams
Strategy 2	Encourage and support formation of Latinx Action Team
Strategy 3	Strengthen partnerships with and leverage resources of economic and business development organizations to serve Molalla business community
Strategy 4	Meet 1-on-1 with Molalla's largest employers (starting w/ traded sector) to build relationship and understand and help address key challenges and opportunities
Strategy 5	Follow-up with small business survey respondents
Strategy 6	Help new and expanding commercial/industrial businesses offset cost of infrastructure improvements
Strategy 7	Promote City's commitment to economic development and provide businesses 1-stop info center by adding economic development webpage to website
Strategy 8	For Visitor Marketing, clarify organizational roles and responsibilities of City, Ec Dev Steering Committee, Welcome to Molalla and Chamber + next steps
Strategy 9	Increase positive media coverage of Molalla's accomplishments, events, community spirit

# Statutory and Administrative Rule References

	ORS/OAR
<b>I. Time of Making Budget</b>	
A. Budget message.	294.408
 <b>II. Budget Officer</b>	
A. Appointed by the governing body.	294.331
B. Under supervision of executive officer or governing body.	294.331
C. Prepares or supervises preparation of budget.	294.331
D. Publishes notice of meeting of budget committee including notice of where a copy of the budget is available.	294.426(3)(a)
If published only in a newspaper of general circulation, the notice is published twice between five to 30 days before the meeting. If published once in a newspaper of general circulation, the notice is also published on the district's website, and the website address is included in the newspaper publication. If published by mailing or hand delivery, the notice is published not later than 10 days before the meeting.	294.426(5)
E. Provides copy of budget to committee.	294.426(2)&(6)
F. Files copy of budget in office of governing body immediately following presentation of budget to committee.	294.426(7)
 <b>III. Budget Document</b>	
A. Coming year budget shown:	294.358
1. Proposed	
2. Approved	
3. Adopted	
B. Current year budget shown.	294.358
C. First preceding year actual resources <b>and</b> expenditures.	294.358
D. Second preceding year actual resources <b>and</b> expenditures.	294.358
E. Each fund to contain estimates of expenditures for:	150-294.388
1. Personal services	294.388
2. Materials and services	294.388
3. Capital outlay	294.388
4. Special payments and interfund transfers	294.388
5. General operating contingencies	294.388
	150-294.388(7)
 <b>IV. Budget Resources</b>	
A. Estimate of beginning cash balances for the ensuing year.	294.361(2)
B. Estimate for delinquent tax collection included if fund has been tax-supported.	294.361(2)(k)
C. Transfers budgeted as requirements in other funds.	294.361(2)(q)
D. Resources must be equal to requirements.	294.388(1)
	150-294.352(1)(B)

E. Excess of actual revenues over actual expenditures in second preceding year must equal the beginning balance in first preceding year.

## V. Debt Service Fund

- A. Principal and interest payments identified for each bond issue. 294.388(6)
- B. Requirement shown in unappropriated ending fund balance. 294.398  
(For payments between end of coming fiscal year and receipt of taxes in second coming year.) 150-294.398

## VI. Budget Committee

- A. A budget committee is established by each local government subject to Local Budget Law. 294.414(1)
- B. Committee shall consist of the members of the governing body and an equal number of qualified electors. 294.414(2)
- C. Committee shall at its first meeting elect a presiding officer from its members. 294.414(9)
- D. The purpose of the budget committee is to receive the budget document and budget message, and to provide the public with an opportunity to ask questions and comment on the budget. 294.426(1)
- E. Duty of the committee to review, or revise and approve the budget document. 294.428(1)
- F. Committee may compel any official or employee of the municipality to furnish information regarding the budget. 294.428(3)

## VII. Financial Summary

- A. Publish Financial Summary, LB-1, UR-1, CC-1 or ED-1 five to 30 days prior to the public hearing. 294.438(1)
- B. Summary of indebtedness is shown on Form LB-1, UR-1, or ED-1. 294.438(7)

## VIII. Publication of Notice of Budget Hearing

- A. Notice of budget hearing advertised five to 30 days prior to hearing. 294.448(2)
- B. If budget requirements do not exceed \$100,000 and no newspaper is published in district, the financial summary and notice of hearing can be posted for at least 20 days prior to the hearing. 294.448(1)

## IX. After Public Hearing of Budget

- A. Changes, if made after hearing, cannot increase estimated expenditures of any fund more than \$5,000 or 10 percent, whichever is greater, of the amounts approved by the budget committee. 294.456(1)(c)(A)
- B. Budget adopted prior to June 30. 294.408

C. Levy the taxes. 294.456(1)  
150-294.456(1)-(A)

D. Make appropriations: 294.456(3)  
150-294.456(3)

1. By organizational unit or program for personnel services, materials and services, and capital outlay.
2. When not allocated to organizational unit or program by:
  - a. personnel services
  - b. materials and services
  - c. capital outlay
  - d. special payments
  - e. transfers
  - f. general operating contingency
  - g. debt service

**X. Certify Tax to Assessor by July 15**

- A. Two copies of the notice of tax; LB-50, UR-50, or ED-50. 150-310.060(A)  
294.458(3)(a)  
310.060(2)  
294.456(1)(c)  
150-294.456(1)-(A)  
310.060(2)(b), (c)
1. Total tax certified cannot exceed amount approved by the budget committee.
  2. Local option taxes are detailed on LB-50 or ED-50 showing:
    - a. Purpose of tax.
    - b. Date of approval by voters.
    - c. Total amount or rate to be imposed.
    - d. Amount to be imposed each year.
    - e. First year of tax.
    - f. Last year of tax.
  3. Levies for the payment of bond principal and interest. 310.060(2)(d), (e)
  4. Categorization of tax. 294.458(3)(c)
- B. Two copies of the resolutions adopting the budget, making appropriations, levying tax, and categorizing tax. 294.458(3);  
310.060(1)
- C. Two copies of successful tax ballot measures. 150-294.458(3)-(a),(c)
- D. File a copy of the budget with the county clerk by September 30. 294.458(5)
- E. School districts file a budget with the county Educational Service District (ESD) and State Department of Education.

**XI. Supplemental Budgets**

150-294.480

- A. One or more of the following circumstances must exist:
1. An occurrence, condition or need which had not been ascertained 294.471(1)(a)&(b)  
at the time the budget was adopted.
  2. Funds were made available by another unit of federal, state 294.471(1)(c)&(d)  
or local government or the costs are to be born by a private individual corporation or company, and the availability of funds could not have been known at the time the budget was adopted.

3. Proceeds from the involuntary destruction, involuntary conversion, or sale of property has necessitated the immediate purchase, construction, or acquisition of different facilities in order to carry on the government operation.	294.471(1)(e)
4. Ad valorem taxes are received during the fiscal year in an amount greater than the amount estimated to be collected.	294.471(1)(f)
5. A reduction in available resources that requires reduced appropriations.	294.471(1)(h)
B. A supplemental budget shall not authorize any levy of taxes.	294.471(4)
C. A supplemental budget shall not extend beyond the end of the fiscal year during which it is submitted.	294.471(2)

## **XII. Other**

A. Interfund Transfers.	294.463
	150-294.463(3)
1. Transfers may be made between appropriations within a fund by board resolution.	294.463(1)
2. Contingency appropriation transfers not to exceed 15 percent of total fund without supplemental budget.	294.463(2)
3. Transfers of appropriations, or appropriations and a like amount of resources, may be made from the general fund to any other fund by board resolution.	294.463(3)
B. Expenditures outside of the budget.	294.338
1. Specific purpose grants or gifts.	294.338(2)
2. Unforeseen occurrence with non-tax funds.	294.338(3)
3. Bond exceptions.	294.338(4)&(5)
4. Bond redemptions expenditures.	294.338(5)
5. Expenditure of assessments for local improvements.	294.338(6)
6. Payment of deferred compensation.	294.338(7)
7. Refunds when purchased items are returned.	294.338(9)
8. Newly formed municipal corporations.	294.338(10)
C. Interfund loans.	294.468
D. Elimination of unnecessary fund.	294.353
E. Major emergencies or public calamities.	294.481
F. Basis of accounting.	294.333
1. Cash	
2. Accrual	
3. Modified Accrual	

## Appendix - Acronyms

AED	Automated External Defibrillator
AV	Assessed Value
BLM	Bureau of Land Management
CAFR	Comprehensive Annual Financial Report
CIP	Capital Improvement Projects
CPI	Consumer Price Index
CWSRF	Clean Water State Revolving Loan Fund
DEQ	Department of Environmental Quality
DHS	Department of Human Services
DMV	Department of Motor Vehicles
FASB	Financial Accounting Standards Board
FTE	Full Time Employee
FY	Fiscal Year
GAAP	Generally Accepted Accounting Practices
GASB	Government Accounting Standards Board
GFOA	Government Finance Officers Association
LEDS	Law Enforcement Data System
LOC	League of Oregon Cities
MAC	Molalla Aquatic Center
MCC	Molalla Communications Company
OACA	Oregon Association of Court Administrators
OAMR	Oregon Association of Municipal Recorders
ODOT	Oregon Department of Transportation
OSHA	Oregon Safety & Health Association
OSP	Oregon State Police
PERS	Public Employees Retirement System
PGE	Portland General Electric
SAIF	State Accident Insurance Fund
SDC'S	System Development Charges
STP	Surface Transportation Program
TAP	Tourism Action Plan
TEAM	Team for Economic Action in Molalla
UPS	United Parcel Service
UR	Urban Reserve
URA	Urban Reserve Area
W & S	Weed & Seed
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plan

## Appendix - Glossary

**Accrual basis.** Method of accounting recognizing transactions when they occur without regard to cash flow timing [ORS 294.311(1)].

**Activity.** That portion of the work of an organizational unit relating to a specific function or class of functions, a project or program, a subproject or subprogram, or any convenient division of these. [ORS 294.311(2)].

**Adopted budget.** Financial plan that is the basis for appropriations. Adopted by the governing body [ORS 294.435].

**Ad valorem tax.** A property tax computed as a percentage of the assessed value of taxable property.

**Agent.** Generally, someone who is authorized to act for the local government, or who can make commitments or sign contracts in the name of the local government. Agency is the fiduciary relationship that arises when one person (a 'principal') manifests assent to another person (an 'agent') that the agent shall act on the principal's behalf and be subject to the principal's control, and the agent manifests assent or otherwise consents so to act.

**Appropriation.** Authorization for spending a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body [ORS 294.311(3)].

**Approved budget.** The budget which has been approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing [ORS 294.406].

**Assessed value.** The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property's maximum assessed value or real market value.

**Assessment date.** The date on which the value of property is set, January 1 [ORS 308.210, 308.250].

**Audit.** The annual review and appraisal of a municipal corporation's accounts and fiscal affairs conducted by an accountant under contract or the Secretary of State [ORS 297.425].

**Audit report.** A report in a form prescribed by the Secretary of State made by an auditor expressing an opinion about the propriety of a local government's financial statements, and compliance with requirements, orders, and regulations

**Balanced budget.** A budget in which the resources equal the requirements in every fund.

**Bequest.** A gift by will of personal property; a legacy.

**Biennial budget.** A budget for a 24-month period.

**Billing rate.** The tax rate used to compute ad valorem taxes for each property

**Budget.** Written report showing the local government’s comprehensive financial plan for one fiscal year. It must include a balanced statement of actual revenues and expenditures during each of the last two years and estimated revenues and expenditures for the current and upcoming year [ORS 294.311(5)].

**Budget committee.** Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the district [ORS 294.336].

**Budget message.** Written explanation of the budget and the local government’s financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body [ORS 294.391].

**Budget officer.** Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget [ORS 294.331].

**Budget period.** For local governments on a biennial budget, the 24-month period beginning July 1 and ending June 30 of the second following calendar year. See also “Fiscal year.”

**Budget transfers.** Amounts moved from one fund to finance activities in another fund. They are shown as expenditures in the originating fund and revenues in the receiving fund.

**Capital outlay.** Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings [ORS 294.352 (6)].

**Capital projects fund.** A fund used to account for resources, such as bond sale proceeds, to be used for major capital item purchase or construction [OAR 150-294.352 (1)].

**Cash basis.** System of accounting under which revenues are accounted for only when received in cash and expenditures are accounted for only when paid [ORS 294.311 (9)].

**Category of limitation.** The three categories in which taxes on property are placed before the constitutional limits can be tested—education, general government, excluded from limitation [ORS 310.150].

**Consolidated billing tax rate.** The combined total of the billing rates for all taxing Districts in a code area. Does not include the billing rate for any urban renewal special levies or non-ad valorem taxes, fees, or other charges.

**Constitutional limits.** The maximum amount of tax on property that can be collected from an individual property in each category of limitation (Art. XI, sect. 11b, OR Const.).

**Debt service fund.** A fund established to account for payment of general long-term debt principal and interest [OAR 150-294.352 (1)].

**Devise.** A gift by will of the donor of real property.

**District.** See “Local government.”

**Division of tax.** Division of tax refers to the process of, and revenue from, apportioning tax to urban renewal agencies based on the relationship of the excess to frozen value, a.k.a. tax increment revenue.

**Double majority.** A term that refers to an election where at least 50 percent of the registered voters eligible to vote in the election cast a ballot and more than 50 percent voting approve the question.

**Education category.** The category for taxes that will be used to support the public school system and are not used to pay exempt bonded indebtedness [ORS 310.150(2)].

**Encumbrance.** An obligation chargeable to an appropriation and for which part of the appropriation is reserved [ORS 294.311(10)].

**Enterprise fund.** A fund established to account for operations financed and operated in a manner similar to private business enterprises. They are usually self-supporting. Examples of enterprise funds are those for water, gas, and electric utilities, swimming pools, airports, parking garages, transit systems, and ports [OAR 150-294.352(1)].

**Estimate.** (v) To arrive at a rough calculation or an opinion formed from imperfect data. (n) The resulting amount.

**Excluded from limitation category.** The category for taxes used to pay principal and interest on exempt bonded indebtedness [ORS 310.150(2)].

**Exempt bonded indebtedness.** 1) Bonded indebtedness authorized by a specific provision of the Oregon Constitution, or 2) bonded indebtedness issued as a general obligation on or before November 6, 1990, incurred for capital construction or capital improvements, or 3) bonded indebtedness issued as a general obligation after November 6, 1990, incurred for capital construction or capital improvements with the approval of the electors of the local government. Bonded indebtedness issued to refund or refinance any bonded indebtedness described above is also included [ORS 310.140(7)].

**Existing plan.** An existing urban renewal plan is defined as a plan that existed in December 1996 and 1) chose an option and 2) established a maximum amount of indebtedness by July 1998 and has not been amended to increase the land area or maximum indebtedness [ORS 457.101(4) (a)].

**Expenditures.** Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis [ORS 294.311(16)].

**Fiscal year.** A 12-month period to which the annual operating budget applies. The fiscal year is July 1 through June 30 for local governments [ORS 294.311(17)].

**Fund.** A fiscal and accounting entity with self-balancing accounts to record cash and other financial

resources, related liabilities, balances, and changes, all segregated for specific, regulated activities and objectives.

**Fund balance.** The fund equity of government funds.

**Fund type.** One of nine fund types: General, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve [OAR 150-294.352 (1) and ORS 280.100].

**Gap bonds.** Any portion of a local government's property tax levy used to repay qualified taxing district obligations. This portion was exempted from the calculation of the permanent rate limit. When the debt is paid, the permanent rate is adjusted. Qualified obligations include principal and interest on certain bonds or formal, written borrowings of moneys issued before December 5, 1996, and pension and disability plan obligations that commit property taxes to fulfill those obligations.

**General fund.** A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund [OAR 150-294.352 (1)].

**General government category.** The category for taxes used to support general government operations other than schools that are not for the purposes of paying exempt bonded indebtedness [ORS 310.150(1)].

**Good Faith.** The standard for estimating budget resources and requirements. Good faith estimates are reasonable and are reasonably likely to prove accurate, based on the known facts at the time.

**Governing body.** County court, board of commissioners, city council, school board, board of trustees, board of directors, or other managing board of a local government unit [ORS 294.311(15)].

**Grant.** A donation or contribution in cash by one governmental unit to another unit which may be made to support a specified purpose or function, or general purpose [ORS 294.311(19)].

**Inter-fund loans.** Loans made by one fund to another and authorized by resolution or ordinance (ORS 294.460).

**Internal service fund.** A fund used to account for fiscal activities when goods or services are provided by one department or agency to other departments or agencies on a cost-reimbursement basis (ORS 294.470).

**Legal opinion.** The opinion as to legality rendered by an authorized official, such as the Oregon attorney general or city attorney.

**Levy.** (v) To impose a property tax. (n) Ad valorem tax certified by a local government.

**Local government.** Any city, county, port, school district, education service district, community college, special district, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipality or municipal corporation under ORS

294.311(25).

**Local option tax.** Voter-approved taxing authority in addition to the taxes generated by the permanent tax rate. Local option taxes can be for general operations, a specific purpose, or capital projects. It is limited to five years unless it is for a capital project, then it is limited to the useful life of the project or 10 years, whichever is less [Art. XI, section 11(4) OR Const.].

**Maximum assessed value (MAV).** A constitutional limitation on the taxable value of real or personal property. It can increase a maximum of 3% each year. The 3% limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction.

**Maximum authority.** The limitation on the amount of revenue an existing urban renewal plan may raise from the property tax system [ORS 457.435(3)]. The assessor calculated this amount for the 1997-98 tax year for each existing plan based on the taxes each urban renewal plan area would have been entitled to prior to Measure 50. This amount is adjusted each year based on the growth of excess value in the plan area.

**Maximum indebtedness.** The amount of the principal of the indebtedness necessary to complete an urban renewal plan. This does not include indebtedness incurred to refund or refinance existing indebtedness [ORS 457.010(10)]. It is specified in dollars and cents and based on good faith estimates of the scope and costs of the anticipated project or projects. All existing plans are required to have an ordinance which establishes a maximum indebtedness.

**Measure 5.** A constitutional amendment (Art. XI, section 11b OR Const.) passed in 1990 that limits the amount of operating tax which can be imposed on a property to \$5 per \$1,000 of real market value for education and \$10 per 1,000 for general government.

**Measure 50.** A constitutional amendment (Art. XI, section 11 OR Const.) passed in 1997 that limits the growth in a property's assessed value to 3% per year. It also limits a local government's taxing authority by creating permanent rate limits.

**Municipal Corporation.** See "Local government."

**Municipality.** See "Local government."

**Net working capital.** The sum of the cash balance, accounts receivable expected to be realized during the ensuing year, inventories, supplies, prepaid expenses less current liabilities and, if encumbrance method of accounting is used, reserve for encumbrances [ORS 294.311(26)].

**Object classification.** A grouping of expenditures, such as personal services, materials and services, capital outlay, debt services, and other types of requirements [ORS 294.311(28)].

**Operating rate.** The rate determined by dividing the local government's operating tax amount by the estimated assessed value of the local government. This rate is needed when a local government wants to impose less tax than its permanent rate will raise.

**Option, urban renewal.** Financing arrangement chosen by existing urban renewal plans. Cannot be changed. The options are as follows:

**Option 1** [ORS 457.435(2) (a)], allows the plan to collect division of tax as computed under ORS 457.440. If the amount collected from the division of tax is insufficient, a special levy may be imposed against all taxable property of the municipality that activated the urban renewal agency. Option 1 plans are “reduced rate” (do not divide local option or bond levies approved by voters after October, 2001).

**Option 2** [ORS 457.435(2) (b)]. The Cascade Locks Plan in Hood River County was the only Option 2 Urban Renewal Plan and that plan has been completed. May impose a special levy, but does not collect division of tax.

**Option 3** [ORS 457.435(2) (c)], provides that Option 3 plans can obtain funds from both the division of tax and a special levy. Like Option 1, the agency may limit the amount to be received from the special levy, but unlike Option 1 the agency limited the amount of funds received from the division of tax when the Option was chosen. Option 3 plans are “standard rate” (divide all tax levies).

**Other “standard rate” plan** was adopted between December 1996 and October 2001. Receives division of tax, but no special levy.

**Other “reduced rate” plan** was adopted after October 2001, or was an Option 1 or 2 plan that was substantially amended. Receives division of tax only.

**Ordinance.** A formal legislative enactment by the governing board of a municipality.

**Organizational unit.** Any administrative subdivision of the local government, especially one charged with carrying on one or more specific functions (such as a department, office, or division) [ORS 294.311 (30)].

**Personal services expenses.** Expenses related to the compensation of salaried employees, such as health and accident insurance premiums, Social Security and retirement contributions, civil service assessments.

**Permanent rate limit.** The maximum rate of ad valorem property taxes a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government or its voters can change a permanent rate limit.

**Principal act.** The Oregon Revised Statutes which describe how a certain type of municipal corporation is formed and selects its governing body, the powers it may exercise, and the types of taxing authority its voters may authorize.

**Prior years’ tax levies.** Taxes levied for fiscal years preceding the current one.

**Program.** A group of related activities to accomplish a major service or function for which the local government is responsible [ORS 294.311 (32)].

**Program budget.** A budget based on the programs of the local government.

**Property taxes.** Ad valorem tax certified to the county assessor by a local government unit.

**Proposed budget.** Financial plan prepared by the budget officer. All funds must balance. It is submitted to the public and the budget committee for review.

**Publication.** Public notice given by publication in a newspaper of general circulation within the boundaries of the local government; mailing through the U.S. Postal Service by first class mail to each street address within the boundaries of the local government; and hand delivery to each street address within the boundaries of the local government [ORS 294.311 (34)].

**Real Market Value (RMV).** The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm's-length transaction as of the assessment date. For most properties, the value used to test the constitutional limits [ORS 308.205].

**Reserve fund.** Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment [ORS 294.525].

**Resolution.** A formal order of a governing body; lower legal status than an ordinance.

**Resource.** Estimated beginning funds on hand plus anticipated receipts [ORS 294.361].

**SAL Report.** Summary of Assessments and Levies [ORS 309.330].

**Special levy.** A special levy is an ad valorem tax, imposed for an urban renewal plan on the entire municipality that adopted the plan. It is not a result of a division of tax.

**Special revenue fund.** A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) legally restricted to expenditure for specific purposes [OAR 150-294.352 (1)].

**Special payment.** A budget expenditure category for pass-through payments, grants made to other organizations and other one-time or unusual expenditures which do not fall into the other categories of personal services, materials and services, capital outlay, etc.

**Supplemental budget.** A financial plan adopted during a budget period to meet unexpected needs or to appropriate revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax [ORS 294.480].

**Tax increment financing.** A financial mechanism for urban renewal plans which captures the tax from the growth in property value within a designated geographical area by dividing the taxes of local governments.

**Tax on property.** Any tax, fee, charge, or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property [ORS 310.140(1)].

**Tax rate.** The amount of tax stated in terms of a unit of tax for each \$1,000 of assessed value of taxable

property.

**Tax roll.** The official listing of the amount of taxes imposed against each taxable property.

**Tax year.** The fiscal year from July 1 through June 30.

**Trust fund.** A fund used to account for fiscal activities of assets held in trust by a local government.

**Unappropriated ending fund balance.** Amount set aside in the budget to be carried over to the next year's budget. It provides the local government with cash until tax money or other revenues are received later in the year. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency [ORS 294.371, ORS 294.455].

# PROPERTY TAX WORKSHEET

1. Permanent Rate Limit		\$5.3058 / \$1000	
			Enter your Permanent Rate levy
2. Est. Assessed Value		\$797,144,248.00	Enter your estimated total Assessed Value.
		3.00% <small>est gr</small>	
		\$23,914,327.44 <small>est growth amt</small>	
		\$821,058,575.44	
3. Tax rate (per dollar) <i>(converts rate to a decimal)</i>	X	0.0053058	
4. Amount the Rate would raise		\$4,356,372.59	
5. Estimate Measure 5 loss (compression)  <i>Assessor sends report in Oct each yr shows current yr information referred to as the Table 4a - Summary of Assessment &amp; Levies (SAL) - This inform is entered on LB- 1 &amp; 3 form, line 14a</i>	-	(\$3.81)	Gain/Loss from truncati
6. Tax to be billed	=	\$4,356,368.78	
7. Average Collection Factor <i>See your forms &amp; instructions booklet - Page 17 for a 5 year report - by county</i>	X	0.955	Clack County
<b>8. Taxes Estimated to be Received</b> <i>Gets entered on LB- 1 &amp; 3 form, line 11</i>	=	<b>\$4,160,332.18</b>	
9. Loss due to discount & uncollectables (line 6 minus line 8) <i>Gets entered on LB- 1 &amp; 3 form, line 14b</i>	=	\$196,036.60	

## Closed Funds



CAPITAL PROJECT POLICE STATION <b>CLOSED</b>	Historical Data			Budget for FY 2026-2027		
	2023-2024	2024-2025	2025-2026	2026-2027	2026-2027	2026-2027
	FISCAL Actual	FISCAL Actual	APPROVED BUDGET	PROPOSED BY Budget Officer	APPROVED BY Budget Committee	ADOPTED BY Council
BEGINNING FUND BALANCE	-	16,197,009	5,636,129			
<b>REVENUE</b>						
INTEREST	272,216	602,695	200,000			
MISCELLANEOUS	-	4,165	-			
INTEREST ON RETAINAGE	-	8,435	4,000			
BOND PROCEEDS	16,830,230	-	-			
<b>TOTAL REVENUE</b>	<b>17,102,446</b>	<b>615,295</b>	<b>204,000</b>			
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>-</b>	<b>16,197,009</b>	<b>5,636,129</b>			
<b>TOTAL POLICE STATION RESOURCES</b>	<b>17,102,446</b>	<b>16,812,304</b>	<b>5,840,129</b>			
<b>EXTENDITURE</b>						
COST OF ISSUANCE	178,761	-	-			
REIMBURSE PRE-ISSUANCE COSTS	133,797	-	-			
POLICE STATION CAPITAL PROJECT	592,879	11,176,175	5,840,129			
<b>TOTAL CAPITAL OUTLAY</b>	<b>905,437</b>	<b>11,176,175</b>	<b>5,840,129</b>			
<b>CONTINGENCY</b>						
OPERATING CONTINGENCY						
<b>TOTAL CONTINGENCY</b>						
<b>TOTAL REQUIREMENTS</b>	<b>905,437</b>	<b>11,176,175</b>	<b>5,840,129</b>			
<b>TOTAL RESOURCES AND FUND BAL</b>	<b>17,102,446</b>	<b>16,812,304</b>	<b>5,840,129</b>			
<b>TOTAL FUND REQUIREMENTS</b>	<b>905,437</b>	<b>11,176,175</b>	<b>5,840,129</b>			
<b>TOTAL NET WWTP UPGRADE FUND</b>	<b>16,197,009</b>	<b>5,636,129</b>	<b>-</b>			

FORM OR-LB-1

NOTICE OF BUDGET HEARING

A public meeting of the Molalla City Council will be held on **June 24th, 2026** at 6:00 pm at 315 Kennel Avenue, Molalla, Oregon 97038. The purpose of this meeting is to discuss the budget for the fiscal year beginning July 1, 2026 as approved by the Molalla Budget Committee. A summary of the budget is presented below. A copy of the budget may be inspected or obtained at 117 N Molalla Avenue, Molalla, OR 97038, between the hours of 8:00 a.m. and 4:30 p.m. or online at [www.cityofmolalla.com/finance](http://www.cityofmolalla.com/finance). This budget is for an annual budget period. This budget was prepared on a basis of accounting that is the same as the preceding year.

Contact: Cindy Chauran

Telephone: 503-829-6855

Email: [cchauran@cityofmolalla.com](mailto:cchauran@cityofmolalla.com)

FINANCIAL SUMMARY - RESOURCES

TOTAL OF ALL FUNDS	Actual Amount 2024-25	Adopted Budget 2025-26	Approved Budget 2026-27
Beginning Fund Balance/Net Working Capital	39,539,500	28,605,637	23,799,909
Fees, Licenses, Permits, Fines, Assessments & Other Service Charges	10,626,740	10,034,940	10,531,113
Federal, State & all Other Grants, Gifts, Allocations & Donations	3,651,056	8,776,062	7,119,666
Revenue from Bonds and Other Debt	5,949,754	20,000,000	22,000,000
Interfund Transfers / Internal Service Reimbursements	2,214,038	2,811,282	4,147,174
All Other Resources Except Current Year Property Taxes	2,126,796	1,388,425	1,256,463
Current Year Property Taxes Estimated to be Received	4,764,302	4,929,882	5,095,210
<b>Total Resources</b>	<b>68,872,186</b>	<b>76,546,228</b>	<b>73,949,535</b>

FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION

Personnel Services	8,562,319	9,852,370	10,105,327
Materials and Services	5,386,708	6,371,341	8,934,929
Capital Outlay	24,230,580	41,727,704	34,439,052
Debt Service	1,208,777	1,119,671	1,361,730
Interfund Transfers	2,214,038	2,811,282	4,147,174
Contingencies		7,162,429	8,204,403
Special Payments			
Unappropriated Ending Balance and Reserved for Future Expenditure	27,269,764	7,501,431	6,756,920
<b>Total Requirements</b>	<b>68,872,186</b>	<b>76,546,228</b>	<b>73,949,535</b>

FINANCIAL SUMMARY - REQUIREMENTS AND FULL-TIME EQUIVALENT EMPLOYEES (FTE) BY ORGANIZATIONAL UNIT OR PROGRAM \*

Name of Organizational Unit or Program FTE for that unit or program			
Administration	1,632,015	4,070,190	3,830,433
FTE	8.50	8.50	8.25
Police	4,356,392	4,948,389	5,140,433
FTE	22.40	22.70	22.70
Court	324,774	354,635	393,347
FTE	1.50	1.50	1.75
City Council	59,163	67,796	47,990
FTE	0.33	0.33	0.33
Parks	1,236,848	1,279,458	975,013
FTE	1.05	1.05	1.05
Planning	365,903	546,450	890,888
FTE	1.62	2.42	2.52
Library	1,204,251	5,027,567	4,925,331
FTE	8.70	8.70	8.70
Street	1,950,092	5,396,730	4,487,984
FTE	3.23	3.29	3.26
Sewer	4,005,306	8,384,392	11,250,795
FTE	7.14	8.70	8.67
Water	2,800,114	6,048,516	8,375,301
FTE	7.03	7.59	7.56
Storm	544,330	843,306	1,118,164
FTE	1.54	1.56	1.55
Not Allocated to Organizational Unit or Program	50,392,999	39,578,799	32,513,856
FTE	0.00	0.00	0.00
<b>Total Requirements</b>	<b>68,872,186</b>	<b>76,546,228</b>	<b>73,949,535</b>
<b>Total FTE</b>	<b>63.04</b>	<b>66.34</b>	<b>66.34</b>

STATEMENT OF CHANGES IN ACTIVITIES and SOURCES OF FINANCING \*

Variances are largely due to a reduction in capital outlay.

PROPERTY TAX LEVIES

	Rate or Amount Imposed 2024-25	Rate or Amount Imposed 2025-26	Rate or Amount Approved 2026-27
Permanent Rate Levy (rate limit 5.3058 per \$1,000)	5.3058	5.3058	5.3058
Local Option Levy	0	0	0
Levy For General Obligation Bonds	\$739,445	\$805,812	\$820,684

STATEMENT OF INDEBTEDNESS

LONG TERM DEBT	Estimated Debt Outstanding on July 1.	Estimated Debt Authorized, But Not Incurred on July 1
General Obligation Bonds	\$15,827,248	
Other Bonds	\$2,177,100	
Other Borrowings	\$22,599,628	\$23,350,000
<b>Total</b>	<b>\$40,603,976</b>	

**FORM UR-1**

**NOTICE OF BUDGET HEARING**

A public meeting of the Molalla Urban Renewal Agency will be held on June 10, 2026 following the Molalla City Council meeting which begins at 6:00 pm at 315 Kennel Avenue, Molalla, Oregon 97038. The purpose of this meeting is to discuss the budget for the fiscal year beginning July 1, 2026 as approved by the Molalla Budget Committee. A summary of the budget is presented below. A copy of the budget may be inspected or obtained at 117 N Molalla Avenue, Molalla, OR 97038, between the hours of 8:00 a.m. and 4:30 p.m. or online at [www.cityofmolalla.com/finance](http://www.cityofmolalla.com/finance). This budget is for an annual budget period. This budget was prepared on a basis of accounting that is the same as the preceding year.

Contact: Cindy Chauran

Telephone: 503-829-6855

Email: [cchauran@cityofmolalla.com](mailto:cchauran@cityofmolalla.com)

<b>FINANCIAL SUMMARY - RESOURCES</b>			
<b>TOTAL OF ALL FUNDS</b>	<b>Actual Amount 2024-25</b>	<b>Adopted Budget 2025-26</b>	<b>Approved Budget 2026-27</b>
Beginning Fund Balance/Net Working Capital	3,077,991	3,745,228	2,848,877
Federal, State and All Other Grants			
Revenue from Bonds and Other Debt			
Interfund Transfers			
All Other Resources Except Division of Tax & Special Levy	190,001	145,000	140,000
Revenue from Division of Tax	1,065,644	1,095,387	1,174,867
Revenue from Special Levy			
<b>Total Resources</b>	<b>4,333,636</b>	<b>4,985,615</b>	<b>4,163,744</b>

<b>FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION</b>			
Personnel Services			
Materials and Services	10,722	70,751	93,430
Capital Outlay	175,525	4,030,000	1,000,000
Debt Service	549,162	565,160	565,202
Interfund Transfers			
Contingencies		48,102	2,133,510
All Other Expenditures and Requirements		271,602	371,602
Unappropriated Ending Fund Balance	3,598,227		
<b>Total Requirements</b>	<b>4,333,636</b>	<b>4,985,615</b>	<b>4,163,744</b>

<b>FINANCIAL SUMMARY-REQUIREMENTS AND FULL-TIME EQUIVALENT EMPLOYEES (FTE) BY ORGANIZATIONAL UNIT OR PROGRAM *</b>			
<b>Name of Organizational Unit or Program FTE for that unit or program</b>			
Urban Renewal Agency	4,333,636	4,985,615	4,163,744
FTE			
Not Allocated to Organizational Unit or Program			
FTE			
<b>Total Requirements</b>	<b>4,333,636</b>	<b>4,985,615</b>	<b>4,163,744</b>
<b>Total FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>STATEMENT OF CHANGES IN ACTIVITIES and SOURCES OF FINANCING *</b>

<b>STATEMENT OF INDEBTEDNESS</b>		
<b>LONG TERM DEBT</b>	<b>Estimated Debt Outstanding July 1</b>	<b>Estimated Debt Authorized, But Not Incurred on July 1</b>
General Obligation Bonds		
Other Bonds	\$1,887,100	
Other Borrowings		
<b>Total</b>	<b>\$1,887,100</b>	



**RESOLUTION NO. 2026-XX**

**A RESOLUTION ADOPTING THE CITY OF MOLALLA BUDGET, MAKING APPROPRIATIONS, AND IMPOSING AND CATEGORIZING TAXES FOR THE 2026-2027 FISCAL YEAR**

**WHEREAS**, the Molalla Budget Committee approved and recommended a balanced budget for fiscal year 2026-2027 to the City Council on May 20, 2026; and

**WHEREAS**, a public hearing for the 2026-2027 City Budget as approved by the Budget Committee was duly advertised and held on June 24, 2026; and

**NOW, THEREFORE, THE CITY OF MOLALLA RESOLVES** and hereby adopts the budget for fiscal year 2026-2027 in the total amount of \$73,949,535. This budget is now on file at 117 N. Molalla Avenue, Molalla, Oregon.

**THE CITY OF MOLALLA FURTHER RESOLVES** as follows:

**Section 1.** THAT the amounts for the purpose of operating the City of Molalla for the fiscal year 2026-2027 budget be appropriated as follows, beginning July 1, 2026.

**GENERAL FUND**

Administration	\$ 1,896,874
Police	5,115,433
Municipal Court	393,347
City Council	47,990
Parks	966,913
Planning	890,888
Not Allocated:	
Transfers	33,100
Contingency	1,122,641
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 10,467,186</b>
Reserve	810,918
<b>TOTAL</b>	<b>\$ 11,278,104</b>

**LIBRARY FUND**

Library	\$	4,582,171
Contingency		79,402
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>4,661,573</b>
Reserve		263,758
<b>TOTAL</b>	<b>\$</b>	<b>4,925,331</b>

**STREET FUND**

Streets	\$	2,566,051
Transfers		75,000
Debt Service		135,488
Contingency		1,175,734
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>3,952,273</b>
Reserve		535,711
<b>TOTAL</b>	<b>\$</b>	<b>4,487,984</b>

**PD RESTRICTED REVENUE FUND**

PD Restricted	\$	20,019
Transfers		50,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>70,019</b>

**SEWER FUND**

Sewer	\$	7,679,281
Transfers		852,349
Contingency		1,906,165
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>10,437,795</b>
Reserve		813,000
<b>TOTAL</b>	<b>\$</b>	<b>11,250,795</b>

**WATER FUND**

Water	\$	4,084,251
Transfers		71,725
Contingency		3,644,325
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>7,800,301</b>
Reserve		575,000
<b>TOTAL</b>	<b>\$</b>	<b>8,375,301</b>

**STORM WATER FUND**

Storm Water	\$	720,028
Transfers		15,000
Contingency		276,136
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>1,011,164</b>
Reserve		107,000
<b>TOTAL</b>	<b>\$</b>	<b>1,118,164</b>

**GO BOND DEBT FUND**

Debt Service	\$	812,750
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>812,750</b>
Reserve		2,000
<b>TOTAL</b>	<b>\$</b>	<b>814,750</b>

**SEWER DEBT RETIREMENT FUND**

Debt Service	\$	413,492
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>413,492</b>
Reserve		370,132
<b>TOTAL</b>	<b>\$</b>	<b>783,624</b>

**STREET SDC FUND**

Transfers	\$	800,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>800,000</b>
Reserve		1,180,494
<b>TOTAL</b>	<b>\$</b>	<b>1,980,494</b>

**PARK SDC FUND**

Transfers	\$	625,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>625,000</b>
Reserve		150,527
<b>TOTAL</b>	<b>\$</b>	<b>775,527</b>

**SEWER SDC FUND**

Transfers	\$	950,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>950,000</b>
Reserve		836,031
<b>TOTAL</b>	<b>\$</b>	<b>1,786,031</b>

**WATER SDC FUND**

Transfers	\$	400,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>400,000</b>
Reserve		160,264
<b>TOTAL</b>	<b>\$</b>	<b>560,264</b>

**STORM WATER SDC FUND**

Transfers	\$	275,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>275,000</b>
Reserve		193,900
<b>TOTAL</b>	<b>\$</b>	<b>468,900</b>

**WWTP UPGRADE PROJECT FUND**

Capital Projects	\$	24,000,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>24,000,000</b>
Reserve		758,185
<b>TOTAL</b>	<b>\$</b>	<b>24,748,185</b>

**FLEET REPLACEMENT FUND**

Fleet Replacement	\$	516,062
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>516,062</b>

<b>TOTAL APPROPRIATIONS, ALL FUNDS</b>	<b>\$</b>	<b>67,192,615</b>
TOTAL RESERVE, ALL FUNDS		6,756,920
<b>TOTAL FY 2026-2027 ADOPTED BUDGET</b>	<b>\$</b>	<b>73,949,535</b>

**Section 2.** THAT the following ad valorem property taxes are hereby imposed upon the assessed value of all taxable property within the district for the tax year 2026-2027:

- (1) At the rate of \$5.3058 per \$1,000 of assessed value for the permanent tax rate
- (2) In the amount of \$820,684 for debt service on general obligation bonds

**Section 3.** THAT the taxes imposed are hereby categorized for purposes of Article XI section 11b as:

Subject to General Government Limitation

Permanent Rate \$5.3058 / \$1,000.00

Excluded from Limitation

General Obligation Bond Debt Service....\$820,684

**Section 4.** This resolution is adopted immediately upon passage by the Council and signature by the Mayor and becomes effective July 1, 2026.

Signed this 24<sup>th</sup> day of June, 2026.

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Scott Keyser, Mayor

ATTEST:

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Christie Teets, CMC  
City Recorder



**RESOLUTION NO. 2026-XX**  
**MOLALLA URBAN RENEWAL AGENCY**

**A RESOLUTION ADOPTING THE MOLALLA URBAN RENEWAL DISTRICT BUDGET,  
MAKING APPROPRIATIONS, AND DECLARING TAX INCREMENT FOR  
THE 2026-2027 FISCAL YEAR**

**WHEREAS**, the Molalla Urban Renewal Agency Budget Committee approved and recommended a balanced budget for fiscal year 2026-2027 to the Molalla Urban Renewal Agency on May 20, 2026; and

**WHEREAS**, a public hearing for the 2026-2027 Urban Renewal Budget as approved by the Budget Committee was duly advertised and held on June 24, 2026; and

**NOW, THEREFORE, THE MOLALLA URBAN RENEWAL AGENCY RESOLVES** and hereby adopts the budget for fiscal year 2026-2027 in the total amount of \$4,163,744. This budget is now on file at 117 N. Molalla Avenue, Molalla, Oregon.

**THE MOLALLA URBAN RENEWAL AGENCY FURTHER RESOLVES** as follows:

**Section 1.** THAT the amounts for the fiscal year beginning July 1, 2026, and for the purposes shown below are hereby appropriated:

Urban Renewal	\$ 1,093,430
Debt Service	565,202
Contingency	2,133,510
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 3,792,142</b>
Reserve	371,602
<b>TOTAL</b>	<b>\$ 4,163,744</b>

**Section 2.** THAT the Molalla Urban Renewal Agency hereby resolves to certify to the County Assessor for the Molalla Urban Renewal Plan Area a request for the maximum amount of revenue that may be raised by dividing the taxes under Section 1c, Article IX of the Oregon Constitution and ORS Chapter 457.

**Section 3.** This resolution is adopted immediately upon passage by the Agency and signature by the Chair and Budget Officer; and becomes effective July 1, 2026.

Adopted by the Molalla Urban Renewal Agency this 24<sup>th</sup> day of June, 2026.

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Scott Keyser, Chair

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Dan Huff, Budget Officer

ATTEST:

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



