



CITY OF MOLALLA CITY COUNCIL REGULAR MEETING AGENDA

Council Chambers | Molalla Civic Center - 315 Kennel Avenue - Molalla
Wednesday | January 28, 2026 | 6:00 PM

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

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1. CALL TO ORDER AND FLAG SALUTE

2. ROLL CALL

3. CONSENT AGENDA

- A. Work Session Meeting Minutes – January 14, 2026 Pg. 2
- B. City Council Meeting Minutes – January 14, 2026 Pg. 3

4. PRESENTATIONS, PROCLAMATIONS, CEREMONIES

5. PUBLIC COMMENT

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

6. PUBLIC HEARINGS

7. ORDINANCES AND RESOLUTIONS

- A. Resolution No. 2026-03: Authorizing an Intergovernmental Agreement with Clackamas County Relating to Tax Revenue Replacement (Huff) Pg. 51
- B. Resolution No. 2026-04: Adopting Updated Daycare System Development Charges Pg. 61

8. GENERAL BUSINESS

- A. Urban Growth Boundary – Continued Discussion Pg. 63
- B. Clackamas County Transportation System Plan Update Pg. 70

9. STAFF COMMUNICATION

10. COUNCIL COMMUNICATION

11. ADJOURN

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



City of Molalla
 City Council - Work Session
 Minutes – January 14, 2026
 Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Work Session of January 14, 2026 was called to order by Mayor Scott Keyser at 5:00pm.

COUNCIL ATTENDANCE

Present: Mayor Scott Keyser, Council President Eric Vermillion, Councilor Leota Childress, Councilor Terry Shankle, Councilor Doug Gilmer, Councilor Martin Bartholomew, and Councilor K.C. Bisenius (joined at 05:02pm).

STAFF ATTENDANCE

Present: City Manager, Dan Huff and City Recorder, Christie Teets.

GENERAL BUSINESS

A. 2026 City Council Calendar of Events

City Recorder Teets presented the draft 2026 Calendar of Council Events to assist councilors in planning ahead for their responsibilities outside of City Council. The Council thoroughly discussed and set dates for various events and meetings throughout the 2026 calendar year.

January – March Summary: Celebrate Molalla was confirmed for August 22nd and noted only Councilor Childress would attend the January 24th Chamber of Commerce Auction Dinner, requiring no quorum notice. City Manager evaluation process will begin in early February with evaluations due by the 18th of March. A Special Meeting is scheduled for March 25th at 5:00 PM for the evaluation review, though two councilors will be on vacation. Mayor Keyser shared C4 would meet March 5th at the new police station bringing together county mayors and elected officials.

April – October Summary: Spring LOC Conference April 23-24th in Pendleton. Spring cleanup remains scheduled for April 24-25th, 9:00 AM to 4:00 PM, with possible National Honor Society volunteer assistance. The Budget Committee meeting is set for May 20th with a backup date of May 21st. National Night Out scheduled for August 4th at 5:00 PM. The Fall LOC Conference is October 15-17th in Salem and should not interfere with the October 14th Council Meeting.

November - December: The November 11th meeting falls on Veterans Day when City Hall is closed. Council will decide meeting fulfillment as Charter requirement later. The December 23rd meeting remains tentative based on workload and holiday schedules. Recorder Teets will update the agenda tracker based on the Council's input.

B. 2026 Required CIS Trainings

City Recorder Teets presented required 2026 CIS training for City Councilors. Council was informed to complete Elected Essentials, Public Records, Ethics Awareness, and three annual training courses: Harassment, Fraud, and Cyber Security. Council will receive email notifications as training will begin in February.

[For the complete video account of the City Council Meeting, please go to YouTube City of Molalla | Oregon – January 14, 2025](#)

ADJOURN

Mayor Keyser adjourned the Work Session at 5:37 PM.

 Scott Keyser, Mayor

PREPARED BY:

ATTEST:

 Crystal Robles, Deputy City Recorder

 Christie Teets, CMC - City Recorder



City of Molalla
 City Council - Regular Meeting
 Minutes – January 14, 2026
 Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Regular Meeting for January 14, 2026 was called to order by Mayor Scott Keyser at 6:00 pm.

COUNCIL ATTENDANCE

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

STAFF IN ATTENDANCE

Dan Huff, City Manager; Mac Corthell, Assistant City Manager; Dan Zinder, Planning Manager; Christie Teets, City Recorder; Claressa Davis, Associate Planner.

GUEST IN ATTENDANCE

Violet Brown, 3J Consulting

APPROVAL OF AGENDA

As presented.

CONSENT AGENDA

- A. Work Session Meeting Minutes - December 10, 2025
- B. City Council Meeting Minutes - December 10, 2025

ACTION:

Councilor Childress made a motion to approve the Consent Agenda as presented; Councilor Gilmer seconded. Motion passed 7-0.

AYES: Gilmer, Shankle, Childress, Vermillion, Bartholomew, Bisenius, Keyser
 NAYS: None.
 ABSTENTIONS: None.

PRESENTATIONS, PROCLAMATIONS, CEREMONIES

A. 2026 Council President and Liaison Appointments

Mayor Keyser called for nominations for Council President per the Molalla City Charter. Council discussed, nominated, and voted on Council President and liaison appointments. 2026 Council President and liaison appointments were approved by hand-raise consensus.

Appointment President/Liaisons	Nominated	Votes	Abstained
2026 Council President	Councilor Eric Vermillion	6-0-1	Mayor Keyser
Beautification and Culture CPC	Councilors Leota Childress and Terry Shankle	7-0	N/A
Molalla Are Chamber of Commerce	Councilor Terry Shankle	7-0	N/A
Molalla Public Library	Councilor Doug Gilmer and K.C. Bisenius	7-0	N/A
Molalla River School District	Councilor Childress, Gilmer, and Bisenius	7-0	N/A
C4 Alternate	Councilor Eric Vermillion	7-0	N/A

PUBLIC COMMENT

None.

PUBLIC HEARING

None.

ORDINANCES AND RESOLUTIONS

- A. Resolution No. 2026-01: Accepting the Dedication of a Portion of Taxlot 52E07A00710 and Authorizing the City Manager to Prepare and Execute Necessary Real Property Transaction Documents

Mr. Corthell shared the Resolution involved a 4.56-acre undeveloped parcel resulting from a previous partition associated with the Tractor Supply development, located just south of Tractor Supply with a creek running through, known as the Yaw property (*outlined in green on Exhibit A*), would be dedicated to the City.

ACTION:

Council President Vermillion moved to approve Resolution No. 2026-01: Accepting the Dedication of a Portion of Taxlot 52E07A00710 and Authorizing the City Manager to Prepare and Execute Necessary Real Property Transaction Documents by title only; Councilor Shankle seconded. Motion passed 7-0.

AYES: Gilmer, Shankle, Childress, Vermillion, Bartholomew, Bisenius, Keyser.

NAYS: None.

ABSTENTIONS: None.

B. Resolution No. 2026-02: Adopting a Legacy System Development Charge (SDC) Policy (Corthell)

Mr. Corthell explained Res. 2026-02 was the first step in addressing SDCs before a comprehensive update next fiscal year. Staff identified fundamental unfairness in how current SDC policies affect older properties that existed before SDCs were implemented in Molalla. The policy supports the 2025 Comprehensive Plan implementation strategies to encourage infill redevelopment and adaptive reuse of obsolete properties while streamlining regulations to reduce costs and provide predictability. While this reduces SDC revenue for legacy properties, it can be factored into future master planning. Staff believes the policy creates fairness for properties that have contributed to the system for decades and will encourage redevelopment while being more business-friendly.

ACTION:

Councilor Bisenius moved to adopt Resolution 2026-02: Resolution of the City of Molalla Adopting a Legacy System Development Charge (SDC) Policy by title only; Council President Vermillion seconded. Motion passed 7-0.

AYES: Gilmer, Shankle, Childress, Vermillion, Bartholomew, Bisenius, Keyser.

NAYS: None.

ABSTENTIONS: None.

GENERAL BUSINESS:

A. Housing Production Strategy (HPS) Update (Zinder)

Mr. Zinder opened with introduction for Violet Brown consultant with 3J Consulting. Ms. Brown presented updates to the Housing Production Strategy (HPS) following a remand from the Department of Land Conservation and Development (DLCD). Key revisions to the HPS include adding a fee on short-term rentals to fund affordable housing assistance. A new policy for flexible regulatory concessions was added, allowing staff to waive certain requirements like setbacks to make affordable and accessible housing developments for developers, though Mr. Corthell clarified all such actions would come before Council for adoption as ordinances. The zombie housing action was refined to focus on partnerships with affordable housing developers making code enforcement records of problem properties available to partners to reduce their administrative costs while ensuring replacement with affordable units. The document would now include enhanced one-page descriptions for each action showing implementation timelines and specific implementation steps like applying for DLCD funding. All actions now explicitly state when there are "no identified burdens for target populations" as required by statute. The implementation strategy aims to pair actions that might trigger displacement with actions designed to help at-risk communities.

B. System Development Charges related to Daycare Facilities (Corthell)

Mr. Corthell noted this is another targeted SDC issue before the comprehensive update next fiscal year. When SDCs were implemented in April 2022, the City retained certain codes from the 9th edition of the Institute of Traffic Engineers (ITE) manual, which lists daycares at 12.34 PM peak hour trips an astronomically high number that likely represents pass-through trips rather than endpoint destinations. The 10th edition, which is referenced in the City's existing SDC resolution for unlisted codes, shows a more realistic 4.66 PM peak hour trips. Staff recommended updating to align with the 10th edition, particularly since the City's adopted Economic Opportunities Analysis prioritizes childcare as a workforce readiness issue. The current high SDC rate may have deterred childcare business development in the City. Council reached consensus to update the daycare SDC calculation to the newer 10th edition ITE manual standard, which may realistically align with actual impact. (*YouTube Meeting Recording minutes 01:58:55 – 02:02:51*)

C. Urban Growth Boundary (UGB) Update (Corthell)

Mr. Corthell directed Council's attention to an email chain from Kelly Reid at DLCD that initiated the discussion. Although Ms. Reid initially indicated DLCD would support the City's use of updated population forecasts and housing allocations and assist with funding, she later clarified that no dedicated funding is available. Mr. Corthell explained the City could pursue competitive grants or repurpose an existing grant, both of which would depend on the state's biennial budget and grant awards, emphasizing that no guaranteed funding is being offered. Staff and Ms. Brown further expanded on the UGB, noting recent state rule changes, funding uncertainties, and clarified DLCD guidance significantly affect the City's planning path and timelines. They explained that using updated population data would likely require completion of a new Housing Capacity

Analysis under more rigorous standards, which could be largely covered by the existing Goal 14 grant. Council discussed concerns regarding financial responsibility, uncertainty in population projections, and the risks of changing course. While acknowledging benefits and drawbacks to both approaches, Council agreed the issue warranted further review, should not be rushed, and reached consensus to continue the discussion at the January 28th Council meeting. (YouTube Meeting Recording minutes 01:58:56 – 03:22:35)

PUBLIC COMMENT

Mr. Jim Gilbert, Molalla CPO: President of the Molalla Community Planning Organization (CPO) shared the CPOs request that the City use updated population forecast numbers in planning work.

Mr. Corwin DiMeo, rural Molalla: Spoke in opposition to using higher population projections for the UGB expansion and urged the City to rely on updated and accurate data.

Ms. Zoe Conlee, Molalla: She urged the Council to use updated population forecasts.

STAFF COMMUNICATION

- **City Recorder Teets:** Reminded the public of current opportunities to serve the community, noting one vacancy on the Planning Commission and one on the Budget Committee. Both positions are available to residents living within the City limits. She also announced a public notice has been issued regarding Council’s participation in the Grand Opening of the Molalla Police Department scheduled for January 28, 2026. Ms. Teets also noted a Goal Setting Work Session would be held on Wednesday, January 21, 2026, at 5:30 p.m. at the new police facility. Due to the newness of the building, the meeting will not be televised, but it will be open to the public.
- **Associate Planner Davis:** Expressed appreciation for the thoughtful public testimony/evenings discussion and thanked staff for their responses to Council’s questions.
- **Assistant City Manager Corthell:** Mr. Corthell reported that the U.S. House of Representatives approved \$1.92 million in FY26 community project funding for the Molalla Water Intake Project, covering approximately 20–25% of project costs, and that the design phase had begun. He noted that the Oxford Storage and Recovery Feasibility Study, funded by Business Oregon and the Oregon Water Resources Department, would begin soon to evaluate a secondary water source. He also provided updates on the Wastewater Treatment Plant Project, including tentative funding approval from DEQ and USDA, an upcoming regulatory review, and a projected cost reduction of approximately 12% for an accelerated project phase, resulting in significant savings. Additional updates included progress on the North Molalla ADA crosswalk and receipt of draft PAS study results, which will be reviewed with Business Oregon before presentation to Council.
- **City Manager Huff:** Shared Colton High School expressed interest in educational opportunities with the City. He also reported touring PGE’s new command center in Tualatin, noting that Molalla is recognized on their grid and observing their proactive work on power reliability and infrastructure. He emphasized the importance of participating in such tours to demonstrate the City’s engagement. He concluded by looking forward to the police station grand opening and the upcoming Goal-Setting session.

COUNCIL COMMUNICATION

- **Councilor Bisenius:** Noted anticipation for new appointments and learning more about the community.
- **Councilor Bartholomew:** Had no updates.
- **Councilor Gilmer:** Reflected on a positive meeting with the Molalla River School Board’s Mark Luke, who commended the Assistant City Manager for transparency, community engagement, and dedication.
- **Councilor Shankle:** Had no updates.
- **Councilor Childress:** Attended the educational session and reported gaining a new appreciation for the City’s operations and staff, particularly Seth Kelly. She noted the cold conditions but praised the way technical information was made understandable for students. She expressed support for extending similar opportunities to Colton High School.
- **Council President Vermillion:** Shared that he looks forward to serving another year, highlighted positive experiences at local parks and the library with his grandson, and encouraged community engagement with City resources.
- **Mayor Keyser:** Commended public works staff for their rapid response to recent flooding and thanked them for their hard work and leadership. He provided an update on the C4 committee and upcoming state legislative session, shared plans to attend a civic engagement conference, and expressed appreciation to staff and the public for their participation.

For the complete video account of the City Council Meeting, please go to YouTube
[City of Molalla | Oregon – January 14, 2025](#)

ADJOUR

Mayor Keyser adjourned the meeting at 8:35 PM.

Scott Keyser, Mayor

PREPARED BY:

ATTEST:

Crystal Robles, Deputy City Recorder

Christie Teets, CMC - City Recorder

Meeting Attachments:

- Housing Production Strategy Readoption 01/14/2026
- Email Public Comment Submission: Alex Worth 01/14/2026
- Molalla River Watch Watershed Council 01/13/2026
- Email Public Comment Submission: Zoe Conlee 01/14/2026
- Email Public Comment Submission: Corwin DiMeo 01/14/2026
- Molalla Community Planning Organization 01/14/2026
- Email Public Comment Submission: Dirk Schlagenhauser 01/14/2026

Housing Production Strategy Readoption

**City Council Update on Revised Draft
January 14, 2026, 6:00pm – 8:00pm**



Agenda



Project Overview



Revisit Housing
Needs Analysis Key
Findings



Remand Conditions



Draft Revised
Housing Strategy



Next Steps

HPS Project Overview

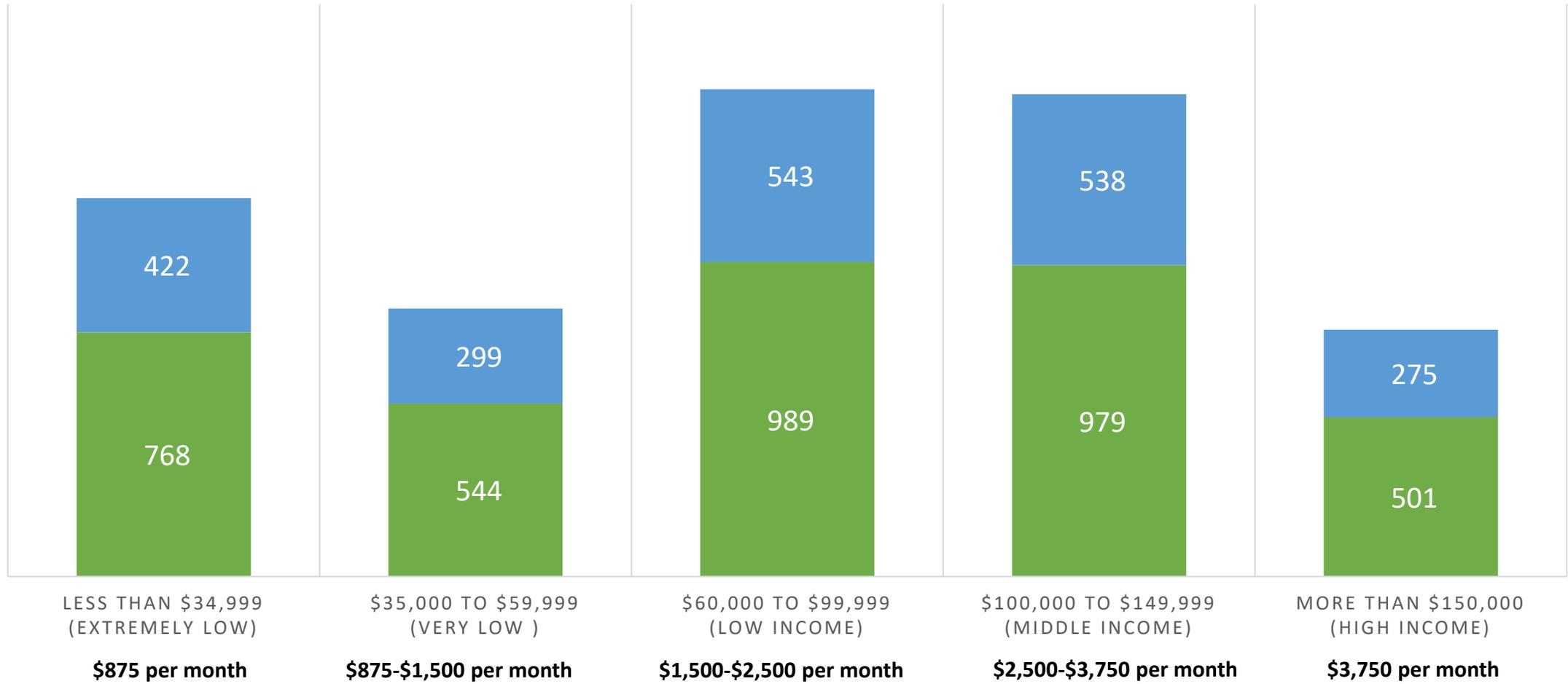
- Key Project Documents
 - Housing Needs Analysis (2023)
 - Draft Housing Production Strategy (2025)
 - Revised Draft Housing Production Strategy (2026)
- Public Engagement
 - Public Advisory Committee (PAC) Summer & Fall 2024
 - Stakeholder Interviews Summer 2024
 - Public Meeting Fall 2024
- Readoption by March 2026

Housing Needs Analysis Overview

- Need 1,996 new units by 2042
 - Population forecasted to grow to 15,660 with 5,432 new people.
 - Assumes vacancy rate of 4% and 2.83 persons per household.
- Needed greater ratio of medium & high-density housing
 - Single-family detached homes 55% (1,143 units)
 - Medium density housing 25% (519 units)
 - High density housing 20% (415 units)
- Need units affordable at all income brackets

MOLALLA HOUSEHOLDS BY INCOME LEVEL

Existing New



Oregon Housing Needs Analysis 2026 Production Targets and Adopted Methodology

Metro UGBs	Results	Total	0-30% AMI	31-60% AMI	61-80% AMI	81-120% AMI	>120% AMI
Molalla UGB	1 year	64	14	11	7	11	21
	20 year	1,145	200	191	126	211	417

Current Molalla AMI \$124,100

\$37,230

\$75,700

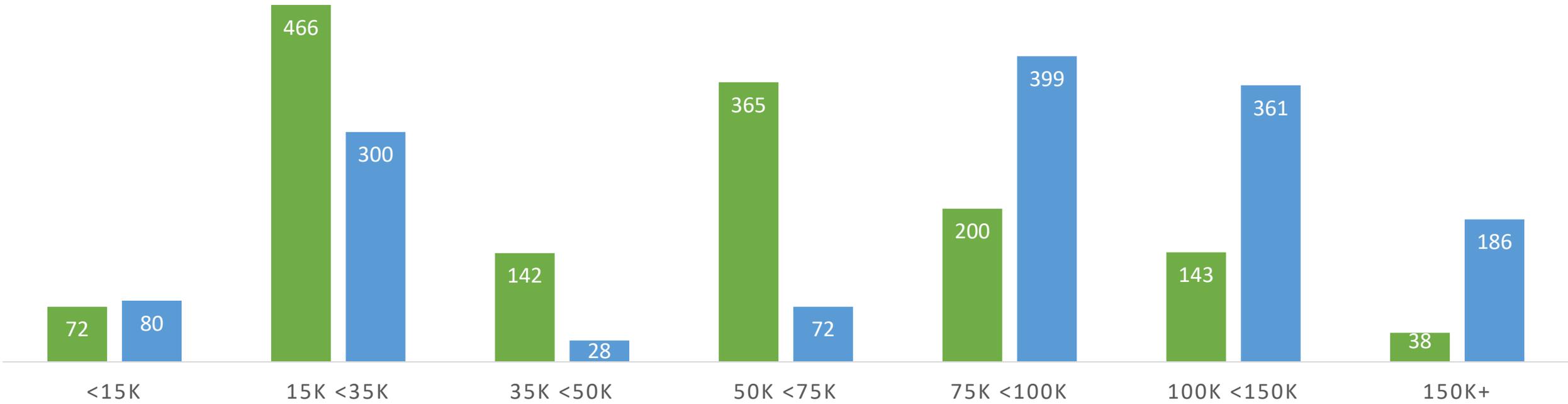
\$100,500

\$148,900

<https://www.oregon.gov/das/oea/Documents/OHNA-2026-Results-Report.pdf>

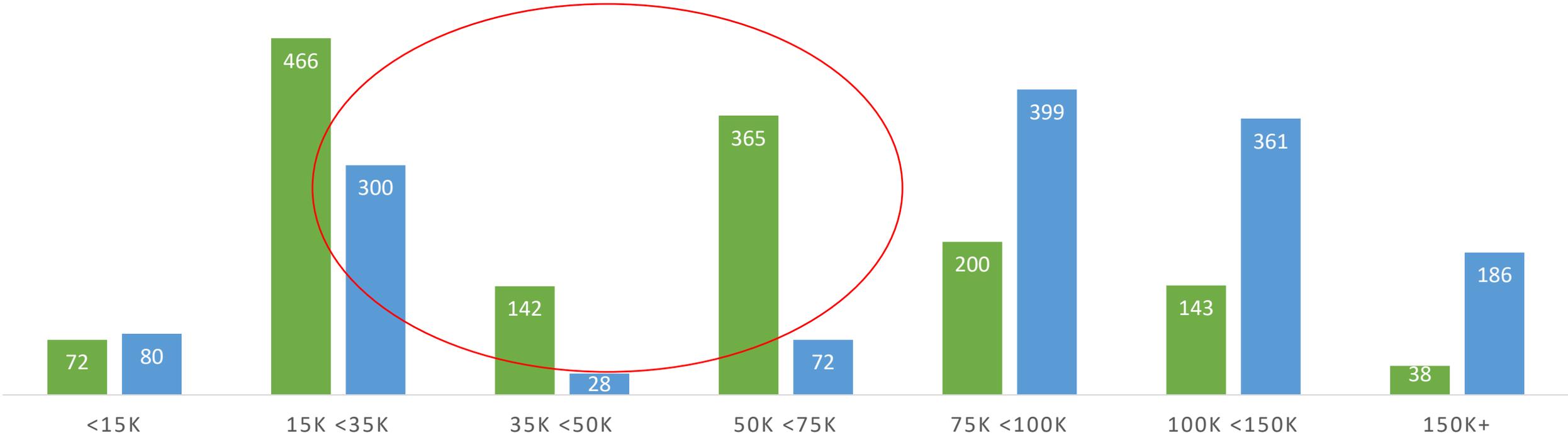
COMPARING RENTAL HOUSEHOLD INCOMES WITH OCCUPIED UNITS AFFORDABLE AT EACH INCOME LEVEL

■ Actual Households at Income Level ■ Estimated Occupied Housing Units Affordable at Income Level



COMPARING RENTAL HOUSEHOLD INCOMES WITH OCCUPIED UNITS AFFORDABLE AT EACH INCOME LEVEL

■ Actual Households at Income Level ■ Estimated Occupied Housing Units Affordable at Income Level



Housing Need Contextualized

- Affordable units (costs less than 30% of income) are 76% of owner-occupied housing and only 54% of renter-occupied housing
- Point in Time counts list 410 people experiencing homelessness in 2023 across Clackamas County
- Population living with a disability represent 16% of Molalla's occupied housing
- Minority population is slightly higher (24%) than the county (23%) and lower than the state (28%)
- Hispanic/Latino population (16%) is higher than county (9%) or state (14%)
- Homeownership rates are slightly lower for some, but not most, minority communities in Molalla

Readoption Conditions

- **Condition 1** Revisit burdens and articulate mitigation steps and refine impact statements as low/medium/high with no ranges and revisit implementation schedule
- **Condition 2** Address housing accessibility more directly, including articulating things the city is already doing to expand ADA protections
- **Condition 3** Elaborate on how these actions address affordability, specifically multi-unit housing
- **Condition 4** Address gentrification implications of the Zombie Housing action

Housing Production Strategies



Zoning & Code Change Options:

- Revisions for Accessory Dwelling Units (ADUs), Cottage Cluster Housing, and Small Dwelling Units
- Adjust Requirements for Ground-floor Retail/Commercial
- Regulate Short Term Rentals

What is already being done?

- Establish Minimum Density Standards
- Encourage Lower-Cost Housing Types
- Broaden the Definition of Housing Unit and Allow for Single Room Occupancy (SRO) in Residential Zones
- High Density Requirements for To-Be-Annexed Land
- Mixed Housing Types in Planned Unit Developments
- ADUs Permitted under Type 1

Housing Production Strategies



Zoning & Code Change Options:

- Revisions for Accessory Dwelling Units (ADUs), Cottage Cluster Housing, and Small Dwelling Units
- Adjust Requirements for Ground-floor Retail/Commercial
- Regulate Short Term Rentals **Add fee to fund affordable housing**

What is already being done?

- Establish Minimum Density Standards
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Housing Production Strategies



Zoning & Code Change Options:

- Revisions for Accessory Dwelling Units (ADUs), Cottage Cluster Housing, and Small Dwelling Units
- Adjust Requirements for Ground-floor Retail/Commercial
- Regulate Short Term Rentals **Add fee to fund affordable housing**
- **Flexible Regulatory Concessions for Affordable/Accessible Housing**

What is already being done?

- Establish Minimum Density Standards
- Encourage Lower-Cost Housing Types
- Broaden the Definition of Housing Unit and Allow for Single Room Occupancy (SRO) in Residential Zones
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Housing Production Strategies

Options to Reduce Regulatory Impediments

- Address Impediments to Home Ownership
- Remove Impediments for Conversions/Duplex parking

What is already being done?

- ✓ Remove or Reduce Minimum Parking Requirements
- ✓ Reduce Regulatory Barriers to Lot Division
- ✓ Promote a Pro-Housing & Pro-Affordable Housing Agenda
- ✓ Align Bike Parking Requirements with actual usage
- ✓ Reduce the Power of NIMBY-ism to stop, slow, change, or reduce affordable housing



Housing Production Strategies

Options for Land, Acquisitions, Lease, and Partnerships

- Address Unmaintained “Zombie” Housing
- Land Owned by Faith-Based Organizations for Affordable Housing

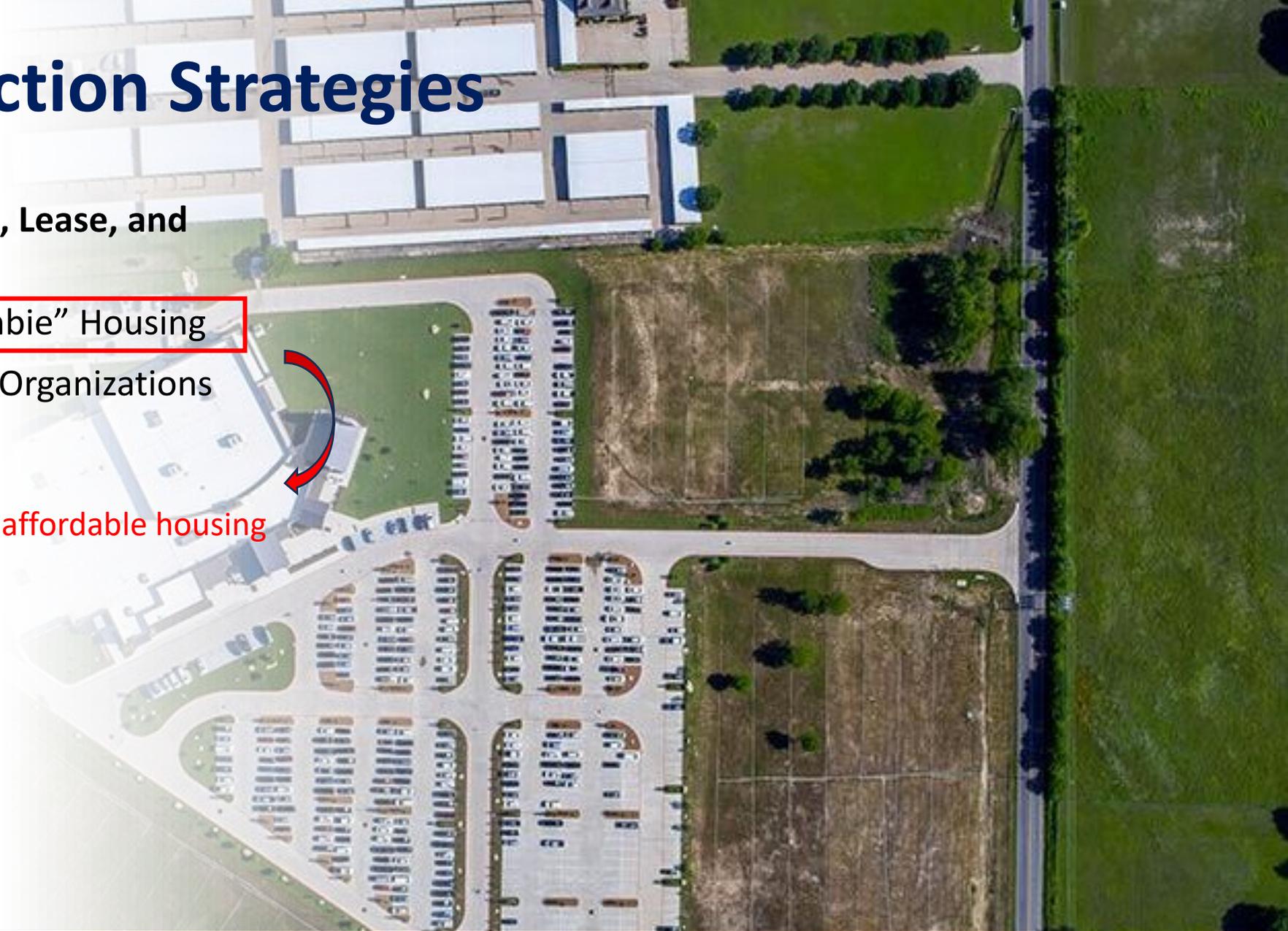


Housing Production Strategies

Options for Land, Acquisitions, Lease, and Partnerships

- Address Unmaintained “Zombie” Housing
- Land Owned by Faith-Based Organizations for Affordable Housing

Resource for developers of affordable housing



Housing Production Strategies



Custom Options

- Modify SDC Fee Schedules To Be Directly Linked to Size
- Affordable Housing Options Library of Information
- Collaborate with Clackamas County on Homelessness and Eviction Prevention
- Provide Public Improvement Assistance to Housing Developers within the Urban Renewal Area

What is already being done?

- ✓ Reduce or Exempt SDC's for Needed Housing
- ✓ Sidewalk Infill and Improvement Grant

Housing Production Strategies

Options for Financial Resources

- Federal Low Income Housing Tax Credit (LIHTC) Program to offset cost of building affordable housing

Potential Future Considerations

- Federal HOME Program funding for rental and homebuyer assistance and construction



Housing Production Strategies

Potential Future Options for Tax Exemption Weighed Against Other Fiscal Concerns

- Property Tax Exemption for Affordable Housing Tied to Level of Affordability
- Delayed Tax Exemption Tied to Affordability



1. Revisions for Accessory Dwelling Units (ADUs)

OVERVIEW

Implementation Timeline

1-2 years	3-4 years
5-6 years	7-8 years

Potential Impact:

Medium

Affordability Target:

Workforce (80-120% AMI)

Market Rate (> 120% AMI)

Tenure:

Owner/Renter

Funding Needs:

Minimal direct funding needs;
administrative costs.

Funding Partners:

None

DESCRIPTION

Revising development code on ADUs:

1. To make ADU standards less restrictive, and
2. Reduce system development charges (SDCs) below the 1 EDU threshold to be commensurate with actual impact of development.

Expands affordable, flexible housing options and increases density.

Magnitude of Impact: Medium Impact (primarily due to SDC reduction)

Long-Term Affordability Considerations: Limited, as ADUs typically do not come with affordability restriction.

IMPLEMENTATION

Approach: Revise development code to increase allowed density. Pursue DLCD technical assistance grants to support this work.

Complexity: Low to High (depending on complexity of new methodology and ability to utilize model code)

Policy Lead: City

Department: Community Development

City Staffing Implications: Moderate staff time for revisions and monitoring.

Implementation Steps: Apply for DLCD funding to support this work and assess the model code once available to determine applicability in Molalla. Engage with local developers, contractors, and homeowners to understand barriers to ADU construction.

Implementation Partners: Developers and Homeowners

Annual Monitoring: Number of ADUs developed.

OPPORTUNITIES/CONSTRIANTS/EXTERNAMILITES

Benefits: Homeowners, particularly those attempting to age-in-place and communities of color, gain additional access to income.

Groups likely to have incomes relevant to the size of units produced by this action are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options and increased housing accessibility and choice.

Burdens: No identified burdens for target populations.

Externalities: Neighbors may experience increased density and strain on infrastructure.

Mitigation of Burden

- *All redevelopment runs the risk of displacing low-income renters, both on the property being developed and in the surrounding neighborhood. ADUs, cottage, and middle housing have a medium impact on preventing displacement, with planning and continued monitoring of production.*
- *Low-income renters are statistically disproportionately seniors, people living with disabilities, communities of color, and other protected classes.*
- *Planning and continued monitoring with attention to displacement in gentrifying areas; Maintain a relationship with Clackamas County Health, Housing, and Human Services regarding available services and assistance.*
- *HPS actions are designed as a whole to support low-income housing, and the implementation strategy aims to offset burdens on at risk communities.*

Implementation

	Evaluate		Pass Ordinance		Implement				
Policy	2025	2026	2027	2028	2029	2030	2031	2032	
Code Revisions for ADUs	Yellow	Orange	Light Blue						
Develop Standards For Cottage Clusters	Yellow		Orange		Light Blue				
Small Dwelling Unit Defined	White		Yellow	Orange	Light Blue				
Modify Requirements for Ground Floor Commercial	White	Yellow	Orange		Light Blue				
Regulate Short Term Rentals	White		Yellow	Orange	Light Blue				
Address Impediments to Home Ownership	White		Yellow	Orange	Light Blue				
Remove Impediments to Duplex Parking	White		Yellow	Orange	Light Blue				
Flexible Regulatory Concessions for Affordable/Accessible Housing	Yellow	Orange	Light Blue						
Federal Low Income Housing Tax Credit	White	Yellow	Light Blue						
Address Zombie Housing	White	Yellow	Light Blue						
Land Owned By Faith Based Organizations	White			Yellow	Light Blue				
Urban Renewal Area Public Improvement Assistance	Yellow		Light Blue						
Modify SDCs based on size	White		Yellow	Orange	Light Blue				
Affordable Housing Options Library of Information	Yellow		Light Blue						
Collaborate with Clackamas County	Yellow		Light Blue						

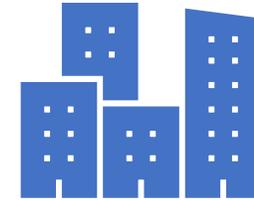
Project Next Steps



Refine Actions & Report based
on feedback

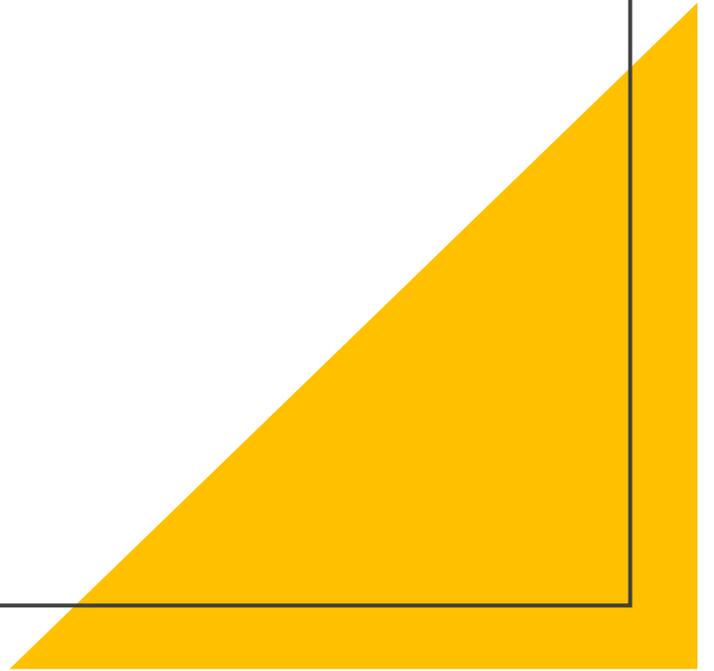


Draft HPS presented to City
Council



Adoption of Updated HPS

Questions?





Thank you!

City of Molalla – Urban Growth Boundary (UGB) Amendment Draft Scope of Work

December 23, 2025

Project Purpose Statement: Prepare materials for an urban growth boundary (UGB) amendment for the City of Molalla according to OAR 660-024-0065 and 660-024-0067 and consistent with the city's approved sequential UGB work program. The purpose of this Project is to update all materials and support processes necessary to amend a city Urban Growth Boundary (UGB) as provided in OAR Chapter 660, Division 024 to address an identified deficiency of lands to accommodate 20-year housing and employment land needs. This project will continue previous Goal 14 Analysis by providing additional engineering cost estimates for development of the study area and the subareas within the final study area. This need for further inquiry into Molalla's UGB study areas is based on City Council direction and discussions with the Governor's office in which they supported our inquiry into an initiative that could provide quicker and more robust housing production. The City may opt to adopt Comprehensive Plan designations for the newly added land at this time or may complete that task separately, following expansion.

Task 1: Kickoff & Project Management

The City and consultant will hold a kickoff meeting for the consultant to become familiar with local conditions and planning documents, including the recently adopted Housing Capacity Analysis and draft Housing Production Strategy, for City staff and the consultant to confirm the project objectives and refine the project schedule, and for City staff to prepare for the project.

The consultant will contact City staff via conference or video call to establish project expectations and familiarize themselves with city-specific concerns. The consultant will verify the action items identified through this initial meeting with the City staff and will develop and share a proposed schedule for the actions required for the completion of all tasks, building on the task timeline included in this scope.

City staff and the consultant will participate in biweekly phone calls to monitor progress on key tasks throughout the course of the project. City will complete required pre-housing production strategy survey on the Housing Portal and provide a copy of survey responses to the Consultant.

Task 1 Consultant Deliverables:

- 1.1 Agenda and notes for meetings, including summary of updated priorities and major tasks for the project*
- 1.2 Proposed Project schedule*
- 1.3 Agenda and notes for project management team meetings*

Task 1 City Deliverables:

- 1.1 Copy of relevant comprehensive plan and code sections*
- 1.3 Building permit and housing data to support the project*

Timeline: December 2025 to May 2026

Estimated Cost: \$20,000

Task 2: Communications and Public Outreach Support

2a Advisory Committees

City staff will schedule and provide notice and agendas for one (1) virtual Project Advisory Committee (PAC) meetings and one (1) Technical Advisory Committee (TAC) meetings to present the project scope, goals, findings, and recommendations. The consultant will coordinate with City staff on meeting arrangements and facilitate the advisory committee meetings, including developing any additional materials to supplement project reports and memoranda.

PAC/TAC meeting topics will include:

- Final and Updated Draft Goal 14 Analysis with cost estimates
- UGB expansion recommendation

2b Public Meetings and Surveys

City staff will schedule one (1) public meeting related to the UGB. The consultant will coordinate with City staff on meeting arrangements and facilitate the public meeting to solicit input from the public on project issues, goals and recommendations.

Public Meetings topics will include:

- Final and Updated Draft Goal 14 Analysis with cost estimates
- UGB expansion recommendation

The consultant will also prepare one (1) online survey to allow participation from people who are unable to attend public meetings.

2c Planning Commission and City Council Briefings

The consultant will coordinate with City staff on presenting UGB updates at two (2) in person Planning Commission briefing/hearings, two (2) in person City Council briefings/hearings, and two (2) in person County public meetings during the project.

Task 2 Consultant Deliverables:

- 2.1 Presentation materials, facilitation, and summary for PAC meeting #1*
- 2.2 Presentation materials, facilitation, and summary for TAC meeting #1*
- 2.3 Presentation materials, facilitation, and summary of public meeting #1*
- 2.4 Planning Commission meeting #1 presentation*
- 2.5 City Council meeting #1 presentation*
- 2.6 Online open house or survey #1*
- 2.7 Planning Commission meeting #2 presentation*
- 2.8 City Council meeting #2 presentation*
- 2.9 Clackamas County meeting #1 presentation*
- 2.10 Clackamas County meeting #2 presentation*

Task 2 City Deliverables:

- 2.1 Advisory committee appointments, meeting notices, and agendas*
- 2.2 Written review comments on public engagement materials*
- 2.3 Public meeting notices and logistics*
- 2.4 Mailers to property owners within or adjacent to the UGB study area*

- 2.5 *Facilitate PAC and TAC touring the UGB study area*
- 2.6 *Coordination of commission and committee meetings*

Timeline: January 2026 to December 2026
Estimated Cost: \$21,328

Task 3: Identification of Potential UGB Expansion Areas

Consultant will conduct a revised Goal 14 Boundary Location Analysis to identify and evaluate potential areas where the UGB could be expanded. Based on the alternatives analysis previously completed by 3J, the City Engineer of record, Dyer Partnerships, will work with consultants to develop updated findings, specific cost estimates for the provision of public facilities and the exclusion of land analysis, to support the UGB amendment proposal, to present at a public work session with Planning Commission and City Council.

This process will be coordinated with County and State Agency staff, including the Oregon Departments of Land Conservation and Development and Transportation throughout. The first step in the process is to identify potential UGB expansion areas as directed by OAR 660-024-0065. Steps include:

- Identify lands that may be excluded from the preliminary study area based on both the topographic/hazard characteristics of areas within the preliminary study area, as well as the cost of providing public facilities, in accordance with OAR 660-024-0065(4) and (7) rule language prior to the recent OHNA rulemaking amendments in December 2025. Analysis should include:
 - Identification of sewer, water, stormwater, and transportation extensions and capital improvements necessary to serve development in the potential study area
 - Itemized estimated costs in today's dollars for identified capital improvements
 - Comparison of the estimated cost to serve potential UGB expansion areas, on a per-unit basis
- Establish the Final Study Area

Consultant will coordinate with Clackamas County and DLCD throughout the process and submit draft findings for an informal review in advance of the formal adoption process.

Task 3 Consultant Deliverables

- 3.1 *Evaluation of Preliminary Study Area / Exclusion of Lands with detailed cost estimates and written findings*
- 3.2 *Final Study Area*

Task 3 City Deliverables:

- 3.1 *Participation in planning meeting*
- 3.2 *Written review comments on the draft Study Area /Exclusion of Lands analysis*

Timeline: December 2025 to March 2026
Estimated Cost: \$59,000

Task 4: Evaluation of Potential UGB Expansion Areas

Once the Final Study Area is established, the next step is to evaluate subareas within the study area to determine the most suitable locations for expansion. The evaluation will include the following steps:

- Prioritize land in the Study Area consistent with OAR 660-024-0067.
- Evaluate Land in the Study Area for inclusion into the UGB, through application of Goal 14 Factors.

Task 4 Consultant Deliverables

4.1 *Final and Updated Draft parcel prioritization*

4.2 *Final and Draft Goal 14 Analysis, including written findings for OAR 660-024-0050 (4) and other relevant rules*

Task 4 City Deliverables:

4.1 *Written review comments on the draft parcel prioritization*

4.2 *Written review comments on the draft Goal 14 analysis*

Timeline: January to September 2026

Estimated Cost: \$20,000

Task 5: UGB Expansion Recommendation

Once the Goal 14 analysis is complete, the Consultant will work with City staff and the advisory committee to select a proposed UGB expansion area based on results of the evaluation described above. Consultant will coordinate with Clackamas County and DLCDC throughout the process and submit draft findings for an informal review in advance of the formal adoption process.

Task 5 Consultant Deliverables

5.1 *Draft UGB expansion recommendation*

5.2 *Final UGB expansion recommendation*

Task 5 City Deliverables:

5.1 *Written review comments on the draft UGB expansion recommendation*

Timeline: May to September 2026

Estimated Cost: \$2,000

Task 6: Preparation of Adoption Materials and Findings

Based on the results of Tasks 3-5, the consultant will prepare materials needed for adoption of a UGB amendment, including memoranda and reports summarizing earlier tasks and findings of compliance and consistency with all applicable City, County and State policies, administrative rules (OARs) and statutes (ORS provisions).

Once City Council adopts the UGB expansion, it will go to the Clackamas County Board of County Commissioners to consider adoption. Once adopted by the City and County, DLCDC will consider any objections that were submitted and its own analysis to determine whether to approve, remand, or refer the matter to the Land Conservation and Development Commission (LCDC).

Task 6 Consultant Deliverables

- 6.1 *Draft adoption materials*
- 6.2 *Final adoption materials*

Task 6 City Deliverables:

- 6.1 *Written review comments on the draft adoption materials*
- 6.2 *Compilation of entire record for submittal to DLC*

Timeline: June - December 2026

Estimated Cost: \$2,700

City of Molalla - DLCDC Housing Planning Assistance Projects

Draft Scope of Work

January 16, 2026

Project Purpose: The purpose of this project is to meet state requirements for preparing and adopting the following for the City of Molalla:

- Contextualized Housing Need (CHN) analysis as described in OAR 660-008-0075 that relates to Molalla's allocated housing need and housing production target, as provided in ORS 184.451 to 184.455 and OAR 660-008-0045(7), to local qualitative and quantitative information. This analysis uses current and future housing needs, along with population and market trends, to evaluate fair housing choice and identify fair housing issues in Molalla to affirmatively further fair housing. The output of the analysis is a determination of the needed types, characteristics, and locations of housing that Molalla must plan for in its eight-year housing capacity and production cycle to mitigate and remedy the identified fair housing issues in furtherance of fair housing choice, and
- Housing Capacity Analysis (HCA), as described in ORS 197A.270, which will incorporate the state-provided Housing Need Allocation.

Project Implementation: 3J Consulting will ensure all final products meet state requirements. Certain aspects of the CHN and HCA may be done at the same time. The Consultant is expected to manage nearly all aspects of the process, including managing public outreach, equitable engagement, and the creation and management of any advisory committee that the Consultant deems necessary to complete the project, as outlined below. City staff will participate in the meetings, provide documents upon request, make suggestions for outreach, coordinate legal notices; agendas and minutes for public hearings and participate in the adoption process, as outlined below.

Task 1: Project Management

1a. Project Kickoff

The purpose of the project kick-off is for the Consultant to become familiar with local conditions and with the City's planning documents, for the parties to confirm the objectives of the project and refine the project schedule, and for the City to prepare for the Project. The Consultant will convene a kickoff meeting to establish project expectations and familiarize themselves with city-specific concerns. The Consultant will verify the action items identified through this initial meeting with City staff and will develop a proposed schedule for the actions required for the completion of all tasks. The level of detail required for the proposed project schedule should be determined and with mutual agreement by the City and the Consultant.

1b. Project Administration

The Consultant will have biweekly Project Management Team (PMT) calls with the City to discuss major project milestones and work products, address questions, and identify follow-up actions.

Task 1 Consultant Deliverables:

- 1.1 *Agenda and summary of the kickoff meeting, including summary of updated priorities and major tasks for the project*

- 1.2 *Proposed project schedule*
- 1.3 *Agenda and notes for biweekly PMT meetings*

Task 1 City Deliverables:

- 1.1 *Copy of relevant comprehensive plan and code sections, other housing related documents including equitable engagement summaries, or other relevant local government data or documents*
- 1.2 *Building permit and housing data to support the Housing Capacity Analysis.*

Timeline: February 2026 and ongoing

Task 2: Equitable Community Engagement

2a Public Involvement Plan

The Consultant will plan equitable engagement and will support City staff with communications and public outreach related to the project. The Consultant will draft a Public Involvement Plan to engage key stakeholder groups through a variety of strategies that prioritize and actively seeks to center communities of color, low-income communities, individuals with disabilities, and tribal communities, to ensure these perspectives are meaningfully incorporated.

The Consultant will help plan for the engagement, including helping to define the questions and topics for the outreach and methods to solicit input and referring to DLCD's Equitable Engagement Toolkit or OAR 660-012-0130 to employ best practices regarding equitable engagement.

City staff will connect Consultant with existing networks and feedback, support facilitation (if appropriate), and support successful execution of equitable engagement pursuant to OAR 660-008-0075(5).

The City will satisfy the engagement requirement to center tribal communities when notice has been made to all tribes with ancestral connection to land within the City's jurisdiction or approved expansion areas from the Oregon Legislative Commission on Indian Services by inviting government-to-government consultation and staff coordination in the development of the City's contextualized housing need, pursuant to OAR 660-08-0075(5)(c).

2b Stakeholder Interviews/Focus Groups

City staff will identify and provide introductions/invitations to up to three (3) meetings with communities of color, low-income communities, individuals with disabilities, and tribal communities. The Consultant will schedule interviews or focus group with identified parties, conduct the meetings, and prepare a written summary.

2c Advisory Committee Meetings

Planning Commission will serve as the project advisory committee. City staff will schedule and provide notice and agendas for up to four (4) virtual advisory committee meetings to present the project scope, goals, findings, and recommendations. The Consultant will coordinate with City staff on meeting arrangements and facilitate the advisory committee meetings.

Advisory Committee meeting topics will include, but are not limited to:

- Meeting #1
 - Project overview
 - Draft Public Involvement Plan
 - Housing Needs Allocation

- Meeting #2
 - Draft Contextualized Housing Need (CHN)
 - Draft Buildable Lands Inventory (BLI)
- Meeting #3
 - Draft Development-Ready Lands Inventory (DRLI)
 - Draft Residential Land Need Analysis (RLNA)
- Meeting #4
 - Equitable Engagement Summary
 - Draft HCA

2d Public Meetings and Surveys

City staff will schedule two (2) public meetings to present required housing findings, statutes and administrative rules. The City will solicit input from the public on the draft deliverables. The Consultant will coordinate with the City on meeting arrangements and facilitate the public meeting(s).

Public Meetings topics will include:

- Housing Needs Allocation and CHN
- Draft BLI, DRLI, and RLNA

The Consultant will also prepare two (2) online surveys to allow participation from people who are unable to attend public meetings.

2e Equitable Engagement Summary Document

Following equitable engagement, the Consultant will produce an equitable engagement summary that includes a list and description of the types of interested parties and communities of color, low-income communities, individuals with disabilities, and tribal communities, in accordance with pursuant to OAR 660-08-0075(5)(c). While the equitable engagement summary will initially be produced as a stand-alone memorandum, it will eventually become a section of the HPS. The Consultant will make it available for public comment.

2f City Council Briefings

The Consultant will coordinate with City staff on presenting updates at three (3) virtual City Council briefings during the project, not including adoption hearings.

Task 2 Consultant Deliverables:

- 2.1 *Draft public involvement plan*
- 2.2 *Final public involvement plan*
- 2.3 *Facilitation and written summaries of three (3) virtual housing stakeholder interviews/focus groups*
- 2.4 *Presentation materials, facilitation, and summary for PC meeting #1*
- 2.5 *Presentation materials, facilitation, and summary of public meeting #1*
- 2.6 *Online open house or survey #1*
- 2.7 *Presentation materials, facilitation, and summary for PC meeting #2*
- 2.8 *Presentation materials, facilitation, and summary of public meeting #2*
- 2.9 *Online open house or survey #2*
- 2.10 *City Council briefing #1 presentation*
- 2.11 *Presentation materials, facilitation, and summary for PC meeting #3*

- 2.12 *Draft Equitable Engagement Summary*
- 2.13 *Presentation materials, facilitation, and summary for PC meeting #4*
- 2.14 *City Council briefing #2 presentation*
- 2.15 *Presentation materials, facilitation, and summary for PC meeting #5*
- 2.16 *City Council briefing #3 presentation*

Task 2 City Deliverables:

- 2.1 *Communications and public outreach coordination*
- 2.2 *Written review comments on draft public involvement plan*
- 2.3 *Identification and introduction to ten key housing stakeholders*
- 2.4 *Advisory committee appointments, meeting notices, and agendas*
- 2.5 *Written review comments on public engagement materials*
- 2.6 *Public meeting notices and logistics*
- 2.7 *Coordination of PC and City Council meetings*
- 2.8 *Coordination of tribal engagement*

Timeline: February 2026 to March 2027

Task 3: Contextualized Housing Need

3a Data Collection and Analysis: The Consultant will gather relevant data from the housing production dashboard, housing equity indicators dashboard, equitable engagement already conducted by the City, the Department of Land Conservation and Development’s (DLCD) hosted data repository as provided by OAR 660-008-0075(3), and any additional information as provided in OAR 660-008-0075(4) if available and recent within the last five years to understand current and future housing needs, along with population and market trends, to evaluate fair housing choice, and identify fair housing issues in Molalla to affirmatively further fair housing, including work recently completed by the Consultant under the previous grant cycle.

The City will provide the Consultant with access to all relevant available local data. The Consultant will incorporate the state-provided Housing Need Allocation. This work will inform the determination of residential land need in Task 7.

3b Contextualized Housing Needs Summary Document: While the CHN analysis will initially be produced as a stand-alone memorandum, it will later become a section of the HPS that clearly describes and identifies the housing types, characteristics, and locations needed to remedy, or mitigate the identified fair housing issues to achieve fair housing choice and meet Molalla’s allocated housing need and housing production target while affirmatively furthering fair housing.

The CHN must include the following:

1. An affordability analysis including at a minimum a review of market conditions affecting the provision of needed housing including existing and expected barriers to the development of needed housing;
2. An analysis of past discriminatory actions or practices related to land and housing access including, as practicable given information and resource availability, mapping of the geographies

impacted by these actions and comparing those geographies' relationship to current patterns of segregation as well as affluence and poverty as illustrated in the housing equity indicators;

3. An analysis of fair housing choice across the following issue areas for communities of color, low-income communities, individuals with disabilities, and tribal communities that concludes with the identification and evaluation of fair housing issues within the city:
 - o Housing tenure and wealth building opportunities;
 - Permanent housing to resolve homelessness;
 - Accessible and adoptable housing;
 - Access to community assets and mitigation of exposure to harms;
 - Housing stability, anti-displacement and displacement mitigation;
 - Addressing and disrupting patterns of segregation, and their correlation with concentrated areas of affluence and poverty;
 - Any issue areas the City is required to address in other requirements or regulations; and
 - Any other issue areas that appear to exist based on occurrences of disparate housing needs in Molalla across protected classes and named communities in needed housing as provided in ORS 197A.018;
4. Clear conclusion that describes the needed types, characteristics, and locations of housing that the Local Government must plan for in its eight-year housing production cycle to mitigate and remedy the identified fair housing issues in furtherance of fair housing choice;

Task 3 Consultant Deliverables:

- 3.1 *Draft CHN with conclusions from the three analyses noted above that clearly describe and identify the housing types, characteristics, and locations needed to remedy, or mitigate the identified fair housing issues to achieve fair housing choice and meet Molalla's housing production target while affirmatively furthering fair housing.*
- 3.2 *Final CHN*

Task 3 City Deliverables:

- 3.1 *Copy of relevant comprehensive plan, housing related planning documents including equitable engagement summaries, or other relevant Molalla data or documents*
- 3.2 *Review and comment on draft CHN*

Timeline: February to June 2026

Task 4: Buildable Lands Inventory (BLI)

The Consultant will prepare a draft inventory of buildable land inventory consistent with OAR chapter 660, division 8, as applicable that will incorporate work recently completed by the Consultant as part of the most recent housing assistance grant cycle. The BLI will be used to determine the City's residential land need in Task 7. The BLI will be developed based on discussion with a project advisory committee at one or more committee meetings.

Task 4 Consultant Deliverables:

- 4.1 *Data Collection and Analysis*
- 4.2 *Draft BLI*

Task 4 City Deliverables:

4.1 *Review and comment on draft BLI*

Timeline: February to August 2026

Task 5: Development Ready Lands Inventory (DRLI)

The Consultant will prepare a draft development ready lands inventory (DRLI) consistent with ORS 197A.210 and OAR Chapter 660, division 8, as applicable. The DRLI will be informed by the BLI and the findings in the Contextualized Housing Need and developed based on discussion with a project advisory committee at one or more committee meetings.

Task 5 Consultant Deliverables:

- 5.1 *Data Collection and Analysis*
- 5.2 *Draft DLRI, including summary, tables, maps, and final GIS layers*
- 5.3 *Final DRLI*

Task 5 City Deliverables:

- 5.1 *Review and comment on draft DLRI, including collaboration with city departments on infrastructure readiness*

Timeline: February to August 2026

Task 6: Residential Land Needs Analysis (RLNA)

Based on the outcomes of previous tasks, the Consultant will prepare a draft RLNA that addresses how much land and what zoning the City needs to accommodate its Housing Need, comparing the demand and supply provided in the deliverables produced in earlier tasks. The RLNA will be developed based on discussions with a project advisory committee at one or more committee meetings and may be developed concurrently with Task 7 (Land Use Efficiency Measures). The RLNA will include:

- Summary of the CHN Findings about the types and locations for housing needed over the 20-year period and the 8-year period
- Documentation of housing development since the last HCA, including analysis of development density by plan designation
- Allocation of housing need to plan designation for the 20-year period and 8-year period
- Summary of buildable vacant and partially vacant land where housing can be developed with clear and objective standards and estimate of capacity of buildable land by plan designation
- Summary of development ready land by plan designation and estimate of capacity of development ready land, may be included in this analysis or may be presented in separate memorandum.
- Comparison of land capacity and housing need for buildable land (for the 20-year housing allocation) and development ready land (for the 8-year housing production targets)

Task 6 Consultant Deliverables:

- 6.1 *Data Collection and Analysis*
- 6.2 *Draft RLNA*
- 6.3 *Final hearings-ready HCA, including the BLI and RLNA*

Task 6 City Deliverables:

- 6.1 *Review and comment on draft RLNA*

Timeline: February to October 2026

Task 7: Land Use Efficiency Measures to Accommodate Needed Housing

The Consultant will identify options for changes to the City's comprehensive plan and land use regulations to address housing and residential land needs determined in previous tasks.

This task may be completed concurrently with Task 6 (RLNA). If the analysis shows that the Housing Need cannot be accommodated by the City's existing comprehensive plan, the Consultant will identify options for accommodating Housing Needs through changes to the comprehensive plan and land use regulations as required by OAR chapter 660, divisions 8. Land use efficiency measures may be adopted with the HCA or later with the Housing Production Strategy.

Task 7 Consultant Deliverables:

- 7.1 *Options for changes to the City's comprehensive plan and land use regulations to address housing and residential land needs*

Task 7 City Deliverables:

- 7.1 *Review and comment on draft measures*

Timeline: February to October 2026

Task 8: Adoption

City will schedule and provide notice and an agenda for hearings to adopt the CHN and HCA, along with any associated updates to the City's comprehensive plan and development code. The Consultant will coordinate with City on hearing arrangements and present updates to the hearings body. Adoption of the hearings-ready work product is not required for this task. The deliverables below are sufficient to demonstrate substantial completion of this task.

Task 8 Consultant Deliverable:

- 8.1 *Presentation materials to explain final draft updates to the Planning Commission and City Council in connection with the HCA and CHN.*

Task 8 City Deliverables:

- 8.1 *Hearings notices, agendas, and minutes as necessary for the adoption of the HCA and CHN.*

Timeline: October 2026 to March 2027

From: [Alex Worth](#)
To: [City Recorder](#); [Mac Corthell](#)
Cc: [Jim Gilbert](#); [Corwin DiMeo-Ediger](#)
Subject: City Council Testimony
Date: Wednesday, January 14, 2026 7:37:58 AM
Attachments: [MRW City Council Testimony January 14.pdf](#)

Hi Mayor Keyser, Mac and the Molalla City Council,

I'm submitting a written testimony here in regards to this evening's city council meeting. As the acting Watershed Council for the Molalla sub-basin, Molalla River Watch's interest in conserving surface flows is reflected in my attached comment. Please reach out if you have any follow up concerns, comments, or questions -- I have consistently valued your experience and track record with the city, and have trust and faith in the city's ability to manage our homewaters and watershed.

All the best,

Alex Worth (*he/him*)
Executive Director
Molalla River Watch
(971)241-4225
www.molallariverwatch.org





MOLALLA RIVER WATCH WATERSHED COUNCIL

P.O. Box 867, Molalla, OR 97038
director@molallariverwatch.org
(971)241-4225

January 13, 2026

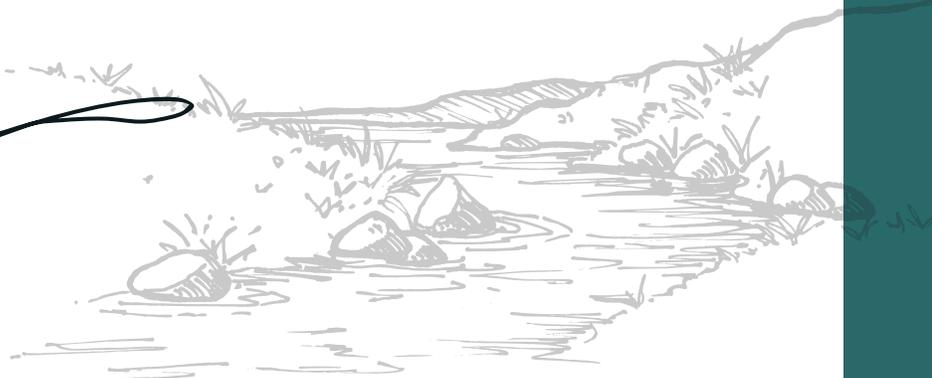
Dear Mayor Keyser and City Council members,

Molalla River Watch, as the Watershed Council representing the Molalla River basin, would like to express support for the use of Portland State's updated 2024 growth rate model for the city of Molalla. As you well know, the Molalla River supplies municipal drinking water to the city, as well as many other private water rights holders, and the city of Canby. Molalla River Watch cares deeply for both the continued responsible use of the river's surface water, and the maintenance of adequate water quality and quantity for vital ecosystem baselines for fish, wildlife, and plants.

For these reasons, we strongly advocate for the use of more current 2024 revised population growth estimates from Portland State University reflecting a 30% rather than 50% 20 year growth forecast. As we continue to responsibly steward the river, we must continue to grow while informed by the best available data, so as not to overburden the river that continues to provide for our community. Please contact us with any comments, concerns, or questions you might have, and thank you for your consideration.

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Molalla River Watch
Executive Director and Board



From: [Zoe Conlee](#)
To: [City Recorder](#)
Subject: Testimony for Council Meeting on January 14
Date: Wednesday, January 14, 2026 11:04:18 AM

Hello,

Below is my testimony regarding the Urban Growth Boundary planning for the City Council Meeting on January 14th.

Thank you,

Zoe Conlee

Dear Mayor Keyser and Members of the City Council,

My name is Zoe Conlee. I have lived in Molalla for the past three and a half years, where I purchased a farm to continue my business and build for my future. I chose Molalla because it values agriculture, community, and a quality of life that is connected to the land.

I grew up in Ridgefield, Washington, a community that has grown explosively in the last decade. Despite city and county planning, growth outpaced the infrastructure and services. A brand new school opened already over capacity, and families quickly felt the strain. Rising land values and taxes reduced agricultural opportunities, and many people who wanted to remain connected to farming and rural life were forced to leave. Those experiences shaped my decision to move to Molalla, where the deep agricultural tradition and respect for the farming and business community felt like a true home.

My concern today is not growth itself, but the data guiding Molalla's growth decisions. The population forecasts currently in use were developed before corrected census data became available. Updated forecasts released in 2024 project significantly lower growth. Planning based on outdated assumptions risks unnecessary expansion of the Urban Growth Boundary, higher long-term costs for taxpayers, increased congestion, and avoidable impacts to farmland, forestland, and the Molalla River watershed. I do not want Molalla to fall victim to the kind of overgrowth Ridgefield experienced, where rapid expansion strained schools, infrastructure, and rural character. I believe we can avoid that with careful, data-driven planning.

Updating the population forecast does not stop growth. Molalla will continue to grow, but aligning plans with current data ensures that growth supports current residents, protects agriculture, and preserves the quality of life that draws people here. The Department of Land Conservation and Development has indicated their support for using the updated projections, both financially through grant funding and through administrative support.

I chose Molalla for its community, quality of life, and agricultural focus. I respectfully ask the City Council to use the most accurate population information available so Molalla can grow in a way that aligns with the community's values and protects the land for generations to come.

Thank you for your time and commitment to Molalla's future.

From: [Corwin DiMeo-Ediger](#)
To: [City Recorder](#)
Subject: Public Comment for the CC Meeting - UGB
Date: Wednesday, January 14, 2026 11:58:41 AM

Hi there,

Please see below for my public comment for the meeting this evening. The comment is related to the UGB planning update. I would like to read this comment during the meeting as well.

My name is Corwin DiMeo. I have spoken at a number of city council meetings regarding the proposed UGB expansion. I have discussed this before at-length but just as a quick review: the proposed UGB expansion relies on an outdated population forecast heavily skewed by COVID related statistical errors. Molalla is currently planning for a major UGB amendment based on a "need" which the PSU Population Research Center, Oregon DAS, DLCD, and the city itself ALL acknowledge does not exist. I'm here to discuss a few additional factors and again urge you to consider using the correct numbers in your planning process.

State Support: The DLCD has formally indicated their commitment to working alongside the city to identify creative financial solutions for any potential funding gaps in the planning process. Specifically, they have offered to facilitate this pivot by converting existing planning grants and utilizing other general funds to ensure our data is accurate and legally defensible. It currently remains to be seen if any additional funds will even be necessary to complete this final correction. However, even if a funding gap were to materialize, the minor cost of a course correction and associated staff time would be immaterial compared to the millions of dollars in future infrastructure debt, social displacement, and environmental damage an incorrect expansion would cause. A minor upfront cost is not a compelling reason to avoid doing the right thing.

The Authority of the PRC: For 70 years, the PSU Population Research Center (PRC) has been Oregon's "gold standard" for demographic data, historically maintaining a staggering 99% accuracy rate when compared to federal Census results. The PRC has been right for seven decades. The 2020 forecast was the only anomaly of this size in their history—a direct result of flawed pandemic-era Census data. That error has now been officially corrected. To ignore the 2024 update is to ignore the very legal and scientific foundation Oregon's planning system is built upon.

Bigger is Not Cheaper: In 50 years of Urban Growth Boundary research in Oregon, there has not been a single peer-reviewed study which found that a drastic over-expansion of a UGB leads to long term positive home price impacts in the city performing the expansion, in fact, the opposite is true. UGBs are not islands, they are part of an integrated statewide structure and, as such, price dynamics are systemic, not isolated. Deliberate over-expansion creates misaligned growth out of step with natural system-wide balancing. We don't lower prices for locals; we create a "spillover magnet" for higher-income commuters from the Portland metro area who have unmet demand in their own cities. These buyers outbid Molalla families. We aren't building for our neighbors; we are inviting regional and out of state demand to artificially inflate our land values and drive our prices even higher.

The Infrastructure Debt Trap: We must also be honest about "Site Development Costs" of future expansion. While developers may pay initial fees, these are a "one-time" payment for a "forever" liability. Developers also pass these fees off to new buyers by baking them into the cost of the houses they build which drives up the median home price. These fees will not cover the medium- or long-term maintenance

of the "pipes and pavement." Because Oregon's Measure 50 caps property tax increases at 3%—which consistently trails the pace of infrastructure inflation and market appreciation—over-expansions almost immediately create a fiscal deficit. When the developer leaves, the maintenance bill stays. This forces existing taxpayers to subsidize the sprawl or face constant bond measures and levies for water plants and road repairs.

To be clear, choosing the 2024 data is not "redoing the work." It is doing the right work, the right way. The way that it should have been done. The city has a rare, narrow window to fix its future trajectory. Following the corrected 2024 forecast is the only way to keep Molalla affordable for the people who actually live and work here. Failing to act will cause systemic harm, making living in this community more expensive and less enjoyable for everyone.

MOLALLA COMMUNITY PLANNING ORGANIZATION

Molallacpo@gmail.com

January 14, 2026

PLEASE HELP KEEP OUR COMMUNITY HEALTHY & LIVABLE

Dear Mayor Keyser and City Council members,

The Molalla Community Planning Organization (CPO), which represents the residents and businesses surrounding the City of Molalla, is concerned about the city's current planning process. The planning work and expansion plans are based on outdated population forecast numbers, the use of which will have many negative impacts on our community, including much increased traffic on our already congested roads, more depletion of our water supply from the overtaxed Molalla River, high sewer, road and other infrastructure costs borne by city taxpayers and paving over many acres of our fertile and productive farmland.

The outdated population forecast was done by PSU in 2020 and predicted a 50% increase in population, to about 15,000 residents in the next 20 years. Because of Covid-19, the population figures used for the forecast were inaccurate; it was revised in 2024, forecasting a much smaller growth in population over that time period, to about 13,000 residents.

Using the updated population forecast will significantly reduce the negative impacts of the current expansion plans, including much reduced planning costs to the city by eliminating or greatly reducing the need to expand the Urban Growth Boundary.

The DLCD will help! The Department of Land Conservation and Development supports Molalla's use of the revised population forecast figures and is offering financial grants to assist the city in revising its expansion plans.

The Molalla CPO requests that you authorize the Planning Division to use the updated population forecast. This will save city taxpayers many thousands of dollars, reduce future road congestion, lessen the impact on the Molalla River and save the fertile farmland surrounding the city for growing food and other crops for generations to come.

Thank you,

Jim Gilbert
President Molalla CPO

Josh Kraemer
Vice-President, Molalla CPO

Corwin DiMeo-Ediger
Secretary, Molalla CPO

From: [dirk.schlagenhauser](#)
To: [City Recorder](#)
Subject: Tonight's meeting UGB item
Date: Wednesday, January 14, 2026 3:16:14 PM

Good afternoon please make these comments part of the record for the UGB expansion discussion, thank you!

Good evening my name is Dirk Schlagenhauser and I live in Colton Oregon. I served for 7 years as a Planning Commissioner for the City of Oregon City. I have seen a lot of land use applications and have seen a lot of developments. I have also seen a lot more land not develop. Moving land into the UGB does not equal development, it equals options, opportunities, and available land for future needs. I've seen developments for the thimble creek concept plan, south end concept plan and park place concept plan sit idle for a decade or longer. It's hard for people to understand just how slow development occurs. Lack of infrastructure, sewer moratoriums, not deciding who will build the roads, years and years and years. There's nothing less scary to me than a UGB expansion. A great example is city of Damascus where an entire city was put into the UGB and nothing happened. Oregon city and Damascus actually had land pulled back out of the UGB so Hillsboro could put some development ready land in. You all know these things I simply wanted to get this on the record with hopes some citizens may read it.

Ok, the main thing I want to convey: if you use larger growth numbers more acres come into the UGB which means more citizens will have land adjacent to city of Molalla than would if you used the smaller growth projections. Here's why that matters. I am fully in support of cities having budgets and taxes paying the bills. I however get concerned when city matters affect more people than minimally necessary. If a property owner has land in the UGB adjacent to city services and their Septic system fails I believe the state mandates connection to city sewer. That's not a choice of the property owner and to top it off the city decides what that costs. Since the city is creating this burden for some property owners due to using growth numbers larger than legally necessary I relate it to forcing someone to marry you and making them pay for the wedding. I think if the city creates this situation it's only fair to pay the connection to the sewer. In Oregon city we mandated street trees which ended up breaking driveways and sidewalks and we reimburse homeowners for the sidewalk repair. It's the fair thing to do when we created the hardship. Another suggestion is allow extraterritorial sewer connections in lieu of annexing to the city. Make annexation and the resulting property tax increases happen during development of property if or when that happens.

Thank you for reading my concerns
Dirk Schlagenhauser
Slug Trail Farm
Colton, Oregon

Sent from my iPhone



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: Ordinances & Resolutions

Agenda Date: January 28, 2026

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

SUBJECT: Intergovernmental Agreement (IGA) Clackamas County – PILOT Program

FISCAL IMPACT: \$6,302.36

RECOMMENDATION/RECOMMEND MOTION: I move to adopt Resolution No. 2026-03: Authorizing an Intergovernmental Agreement with Clackamas County Relating to Tax Revenue Replacement and authorizing the City Manager to execute the IGA.

BACKGROUND:

Council will recall that we have been working with Clackamas County to resolve the issues with the County's adoption of the PILOT Program in Molalla for a housing development since February of 2025. This IGA is the culmination of those discussions and provides the City of Molalla with \$6,302.36 in lost revenue from Clackamas County.

The PILOT Program for Phase I of Bear Creek Apartments is in place and cannot be retracted. However, the City and Fire District have been made whole beginning with last year and moving forward. Because of Oregon's tax structure, we may receive a reduced tax revenue amount over the course of the 20-year period but the funding will not be distributed across all County Taxing Districts as was the case for the first two years.



RESOLUTION NO. 2026-03

**A RESOLUTION OF THE CITY OF MOLALLA, OREGON
AUTHORIZING AN INTERGOVERNMENTAL AGREEMENT WITH
CLACKAMAS COUNTY RELATING TO TAX REVENUE REPLACEMENT**

WHEREAS, Clackamas County adopted a Payment in Lieu of Taxes (PILOT) Program within the city limits of Molalla that resulted in lost tax revenue for the City of Molalla; and

WHEREAS, Clackamas County has agreed to compensate the City of Molalla for this lost revenue; and

WHEREAS, ORS 190 authorizes the City of Molalla and Clackamas County to enter into agreements for the performance of any and all functions and activities.

Now, Therefore, the City of Molalla Resolves:

Section 1. The Intergovernmental Agreement attached hereto as Exhibit A is made a part of this Resolution by reference, approved by the City Council, and authorized for signature by the Mayor.

Section 2. Effective Date. This Resolution shall be effective upon adoption.

Signed this 28th day of January 2026.

Scott Keyser, Mayor

ATTEST:

Christie Teets, CMC
City Recorder

**INTERGOVERNMENTAL AGREEMENT
BETWEEN CLACKAMAS COUNTY
AND THE CITY OF MOLALLA**

THIS AGREEMENT (this "Agreement") is entered into and between Clackamas County ("County"), a political subdivision of the State of Oregon, and the City of Molalla ("Agency"), an Oregon municipal corporation, collectively referred to as the "Parties" and each a "Party."

RECITALS

Oregon Revised Statutes Chapter 190.010 confers authority upon local governments to enter into agreements for the performance of any and all functions and activities that a party to the agreement, its officers or agencies have authority to perform.

In consideration of the mutual promises set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

TERMS

1. **Term.** This Agreement shall be effective upon execution, and shall expire upon the completion of each and every obligation of the Parties set forth herein, or June 30, 2026, whichever is sooner.
2. **Scope of Work.** The Agency agrees to provide the services further identified in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").
3. **Consideration.** The County agrees to pay Agency, from available and authorized funds, a sum not to exceed Seven Thousand Seventy-Eight Dollars and Fifty-Nine cents (\$7,078.59) for accomplishing the Work required by this Agreement. Of the total contract value, \$6,302.36 will be payable to the City of Molalla and \$776.23 shall be payable to the Fire Department through the City of Molalla.
4. **Payment.** Unless otherwise specified, the Agency shall submit monthly invoices for Work performed and shall include the total amount billed to date by the Agency prior to the current invoice. Invoices shall describe all Work performed with particularity, by whom it was performed, and shall itemize and explain all expenses for which reimbursement is claimed. Payments shall be made to Agency following the County's review and approval of invoices submitted by Agency. Agency shall not submit invoices for, and the County will not pay, any amount in excess of the maximum compensation amount set forth above.
5. **Representations and Warranties.**
 - A. *Agency Representations and Warranties:* Agency represents and warrants to County that Agency has the power and authority to enter into and perform this Agreement, and this Agreement, when executed and delivered, shall be a valid and binding obligation of Agency enforceable in accordance with its terms.
 - B. *County Representations and Warranties:* County represents and warrants to Agency that County has the power and authority to enter into and perform this Agreement, and this Agreement, when executed and delivered, shall be a valid and binding obligation of County enforceable in accordance with its terms.

C. The warranties set forth in this section are in addition to, and not in lieu of, any other warranties provided.

6. Termination.

A. Either the County or the Agency may terminate this Agreement at any time upon thirty (30) days written notice to the other party.

B. Either the County or the Agency may terminate this Agreement in the event of a breach of the Agreement by the other. Prior to such termination however, the Party seeking the termination shall give the other Party written notice of the breach and of the Party's intent to terminate. If the breaching Party has not entirely cured the breach within fifteen (15) days of deemed or actual receipt of the notice, then the Party giving notice may terminate the Agreement at any time thereafter by giving written notice of termination stating the effective date of the termination. If the default is of such a nature that it cannot be completely remedied within such fifteen (15) day period, this provision shall be complied with if the breaching Party begins correction of the default within the fifteen (15) day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable. The Party giving notice shall not be required to give more than one (1) notice for a similar default in any twelve (12) month period.

C. The County or the Agency shall not be deemed to have waived any breach of this Agreement by the other Party except by an express waiver in writing. An express written waiver as to one breach shall not be deemed a waiver of any other breach not expressly identified, even though the other breach is of the same nature as that waived.

D. The County may terminate this Agreement in the event the County fails to receive expenditure authority sufficient to allow the County, in the exercise of its reasonable administrative discretion, to continue to perform under this Agreement, or if federal or state laws, regulations or guidelines are modified or interpreted in such a way that either the Project under this Agreement is prohibited or the County is prohibited from paying for such work from the planned funding source.

E. Any termination of this Agreement shall not prejudice any rights or obligations accrued to the Parties prior to termination.

7. Indemnification.

A. Subject to the limits of the Oregon Constitution and the Oregon Tort Claims Act or successor statute, the County agrees to indemnify, save harmless and defend the Agency, its officers, elected officials, agents and employees from and against all costs, losses, damages, claims or actions and all expenses incidental to the investigation and defense thereof arising out of or based upon damages or injuries to persons or property caused by the negligent or willful acts of the County or its officers, elected officials, owners, employees, agents, or its subcontractors or anyone over which the County has a right to control.

Subject to the limits of the Oregon Constitution and the Oregon Tort Claims Act or successor statute, the Agency agrees to indemnify, save harmless and defend the County, its officers, elected officials, agents and employees from and against all costs, losses, damages, claims or actions and all expenses incidental to the

investigation and defense thereof arising out of or based upon damages or injuries to persons or property caused by the negligent or willful acts of the Agency or its officers, elected officials, owners, employees, agents, or its subcontractors or anyone over which the Agency has a right to control.

8. **Insurance.** The Agency agrees to furnish the County with evidence of commercial general liability insurance with a combined single limit of not less than \$1,000,000 for each claim, incident, or occurrence, with an aggregate limit of \$2,000,000 for bodily injury and property damage for the protection of Clackamas County, and their officers, elected officials, agents, and employees against liability for damages because of personal injury, bodily injury, death or damage to property, including loss of use thereof, in any way related to this Agreement. If self-insured, Agency shall provide documentation to the County of Agency's self-insured status by completing the Self-Insurance Certification form provided by the County.

The Parties agree to maintain levels of insurance, or self-insurance, sufficient to satisfy their obligations under this Agreement and all requirements under applicable law.

9. **Notices; Contacts.** Any notice provided under this Agreement shall be delivered by email or by first class US mail to the individuals identified below. Any communication or notice mailed by first class US mail shall be deemed to be given three days after the date it is sent. Any communication or notice sent by electronic mail is deemed to be received on the date sent, unless the sender receives an automated message or other indication that the email has not been delivered. Either Party may change the Party contact information, or the invoice or payment addresses, by giving prior written notice to the other Party.

Devin Ellin or their designee will act as liaison for the County.

Contact Information:

13930 Gain Street
Oregon City, Oregon 97045

Copy to:
County Counsel
2051 Kaen Road, 4th Floor
Oregon City, OR 97045

Dan Huff or their designee will act as liaison for the Agency.

Contact Information:

117 N Molalla Ave
PO Box 248
Molalla, Oregon 97038

10. **General Provisions.**

- A. **Oregon Law and Forum.** This Agreement, and all rights, obligations, and disputes arising out of it will be governed by and construed in accordance with the laws of

the State of Oregon and the ordinances of Clackamas County without giving effect to the conflict of law provisions thereof. Any claim between County and Agency that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Clackamas County for the State of Oregon; provided, however, if a claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. In no event shall this section be construed as a waiver by the County of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States or otherwise, from any claim or from the jurisdiction of any court. Agency, by execution of this Agreement, hereby consents to the in personam jurisdiction of the courts referenced in this section.

- B. **Compliance with Applicable Law.** Both Parties shall comply with all applicable local, state and federal ordinances, statutes, laws and regulations. All provisions of law required to be a part of this Agreement, whether listed or otherwise, are hereby integrated and adopted herein. Failure to comply with such obligations is a material breach of this Agreement.
- C. **Non-Exclusive Rights and Remedies.** Except as otherwise expressly provided herein, the rights and remedies expressly afforded under the provisions of this Agreement shall not be deemed exclusive, and shall be in addition to and cumulative with any and all rights and remedies otherwise available at law or in equity. The exercise by either Party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other remedies for the same default or breach, or for any other default or breach, by the other Party.
- D. **Access to Records.** Agency shall retain, maintain, and keep accessible all records relevant to this Agreement (“Records”) for a minimum of six (6) years, following Agreement termination or full performance or any longer period as may be required by applicable law, or until the conclusion of an audit, controversy or litigation arising out of or related to this Agreement, whichever is later. Agency shall maintain all financial records in accordance with generally accepted accounting principles. All other Records shall be maintained to the extent necessary to clearly reflect actions taken. During this record retention period, Agency shall permit the County’s authorized representatives’ access to the Records at reasonable times and places for purposes of examining and copying.
- E. **Work Product.** All work performed under this Agreement shall be considered work made for hire and shall be the sole and exclusive property of the County. The County shall own any and all data, documents, plans, copyrights, specifications, working papers and any other materials produced in connection with this Agreement. On completion or termination of the Agreement, the Agency shall promptly deliver these materials to the County’s Project Manager.
- F. **Hazard Communication.** Agency shall notify County prior to using products containing hazardous chemicals to which County employees may be exposed, which includes any hazardous, toxic, or dangerous substance, waste, or material that is the subject of environmental protection legal requirements or that becomes

regulated under any applicable local, state or federal law, including but not limited to the items listed in the United States Department of Transportation Hazardous Materials Table (49 CFR §172.101) or designated as hazardous substances by Oregon Administrative Rules, Chapter 437, or the United States Environmental Protection Agency (40 CFR Part 302), and any amendments thereto. Upon County's request, Agency shall immediately provide Material Safety Data Sheets for the products subject to this provision.

- G. **Debt Limitation.** This Agreement is expressly subject to the limitations of the Oregon Constitution and Oregon Tort Claims Act, and is contingent upon appropriation of funds. Any provisions herein that conflict with the above referenced laws are deemed inoperative to that extent.
- H. **Severability.** If any provision of this Agreement is found to be unconstitutional, illegal or unenforceable, this Agreement nevertheless shall remain in full force and effect and the offending provision shall be stricken. The Court or other authorized body finding such provision unconstitutional, illegal or unenforceable shall construe this Agreement without such provision to give effect to the maximum extent possible the intentions of the Parties.
- I. **Integration, Amendment and Waiver.** Except as otherwise set forth herein, this Agreement constitutes the entire agreement between the Parties on the matter of the Project. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. No waiver, consent, modification or change of terms of this Agreement shall bind either Party unless in writing and signed by both Parties and all necessary approvals have been obtained. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. The failure of either Party to enforce any provision of this Agreement shall not constitute a waiver by such Party of that or any other provision.
- J. **Interpretation.** The titles of the sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.
- K. **Independent Contractor.** Each of the Parties hereto shall be deemed an independent contractor for purposes of this Agreement. No representative, agent, employee or contractor of one Party shall be deemed to be a representative, agent, employee or contractor of the other Party for any purpose, except to the extent specifically provided herein. Nothing herein is intended, nor shall it be construed, to create between the Parties any relationship of principal and agent, partnership, joint venture or any similar relationship, and each Party hereby specifically disclaims any such relationship.
- L. **No Third-Party Beneficiary.** Agency and County are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons unless such

third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Agreement.

- M. **Subcontract and Assignment.** Agency shall not enter into any subcontracts for any of the work required by this Agreement, or assign or transfer any of its interest in this Agreement by operation of law or otherwise, without obtaining prior written approval from the County, which shall be granted or denied in the County's sole discretion. County's consent to any subcontract shall not relieve Agency of any of its duties or obligations under this Agreement.
- N. **Counterparts.** This Agreement may be executed in several counterparts (electronic or otherwise), each of which shall be an original, all of which shall constitute the same instrument.
- O. **Survival.** All provisions in Sections 5, 7, and 10 (A), (C), (D), (G), (H), (I), (J), (L), (Q), (T), and (U) shall survive the termination of this Agreement, together with all other rights and obligations herein which by their context are intended to survive.
- P. **Necessary Acts.** Each Party shall execute and deliver to the others all such further instruments and documents as may be reasonably necessary to carry out this Agreement.
- Q. **Time is of the Essence.** Agency agrees that time is of the essence in the performance this Agreement.
- R. **Successors in Interest.** The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective authorized successors and assigns.
- S. **Force Majeure.** Neither Agency nor County shall be held responsible for delay or default caused by events outside of the Agency or County's reasonable control including, but not limited to, fire, terrorism, riot, acts of God, or war. However, Agency shall make all reasonable efforts to remove or eliminate such a cause of delay or default and shall upon the cessation of the cause, diligently pursue performance of its obligations under this Agreement.
- T. **Confidentiality.** Agency acknowledges that it and its employees or agents may, in the course of performing their responsibilities under this Agreement, be exposed to or acquire confidential information. To the extent permitted by law, any and all information of any form obtained by Agency or its employees or agents in the performance of this Agreement shall be deemed confidential information of the County ("Confidential Information"). Agency agrees to hold Confidential Information in strict confidence, using at least the same degree of care that Agency uses in maintaining the confidentiality of its own confidential information, and not to copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give, or disclose Confidential Information to third parties or use Confidential Information for any purpose unless specifically authorized in writing under this Agreement.

U. **No Attorney Fees.** In the event any arbitration, action or proceeding, including any bankruptcy proceeding, is instituted to enforce any term of this Agreement, each party shall be responsible for its own attorneys' fees and expenses.

IN WITNESS HEREOF, the Parties have executed this Agreement by the date set forth opposite their names below.

Clackamas County

City of Molalla

Chair, Board of County Commissioners

[name/title]

Date

Date

Exhibit A

SCOPE OF WORK

Under this Intergovernmental Agreement (IGA), the County shall remit payments representing the payments that the City of Molalla and the Fire District would have received for Tax Years **2022–2023** and **2023–2024** had the funds from the Molalla Apartments Payment in Lieu of Taxes (PILOT) agreement been distributed to the applicable taxing districts in accordance with the tax code in which the property is located.

Property: 01092276 52E08C 01500

Tax Code Area
(TCA): 035-002

<u>Tax Year</u>	<u>City of Molalla</u>	<u>Molalla Fire Dept. 73</u>
2022-23	\$1,747.39	\$194.30
2023-24	\$4,554.97	\$581.93
TOTALS:	\$6,302.36	\$776.23



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: Ordinances & Resolutions

January 28, 2026

From: Mac Corthell, Assistant City Manager
Approved by: Dan Huff, City Manager

SUBJECT: Resolution No. 2026-04: Adopting Updated Daycare System Development Charges

FISCAL IMPACT: Reduction of 7.68 Transportation SDC trips per 1,000sf of Daycare Facilities

RECOMMENDATION/RECOMMEND MOTION: Adopt/I move the City of Molalla to adopt Resolution 2026-04, A RESOLUTION OF THE CITY OF MOLALLA, OREGON, ADOPTING UPDATED DAYCARE SYSTEM DEVELOPMENT CHARGES.

BACKGROUND: At the January 14, 2026 City Council Meeting the City Council directed staff to provide a resolution reducing Daycare Facility SDC fees in accordance with the 10th Edition of the Institute of Traffic Engineers Manual.

This resolution comports with the Council's direction and helps to implement the below Policy from the City of Molalla Comprehensive Plan – Economic Opportunities Analysis.

- **WORKFORCE INITIATIVES: Prioritize childcare as a workforce readiness issue.**
 - *Childcare is a commonly identified need for working households if all adults are working, or working unusual hours, etc. This topic is increasingly raised as an important part of attracting and maintaining an available workforce. Home-based childcare businesses are also usually a category of self-employment.*



RESOLUTION NO. 2026-04

**A RESOLUTION OF THE CITY OF MOLALLA, OREGON
ADOPTING UPDATED DAYCARE SYSTEM DEVELOPMENT CHARGES.**

WHEREAS, The City has adopted System Development Charges (“SDCs”) pursuant to ORS 223.297–223.314 to recover a portion of the costs of capital improvements required to serve development; and

WHEREAS, The City’s current SDC resolution utilizes the 9th Edition of the Institute of Traffic Engineers (ITE) Manual for applying Daycare SDCs; and

WHEREAS, The 10th Edition of the ITE manual adjusted Daycare SDCs downward nearly 60%; and

WHEREAS, The City Council wishes to prioritize childcare as a workforce readiness issue.

Now, Therefore, the City of Molalla Resolves:

Section 1. Notwithstanding Resolution 2022-04, the City of Molalla shall, consistent with the 10th edition of the ITE Manual, utilize 4.66 PM Peak Hour trips per 1,000sf of gross floor area when applying SDCs to Daycares and/or Daycare Centers.

Section 2. Effective Date. This Resolution shall be effective upon adoption.

Signed this 28th day of JANUARY 2026.

Scott Keyser, Mayor

ATTEST:

Christie Teets, CMC
City Recorder



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: General Business

Agenda Date: January 28, 2026

From: Mac Corthell, Assistant City Manager
Approved by: Dan Huff, City Manager

SUBJECT: UGB Expansion Update – Continuation from January 14, 2026 City Council discussion regarding utilization of revised population numbers in a new Housing Capacity Analysis

FISCAL IMPACT: 0.5 FTE of staff time for life of project. All costs in excess of \$115,000 grant award.

RECOMMENDATION/RECOMMEND MOTION: Move forward with the adopted UGB workplan using the 2022 PSU population forecast numbers from the adopted Housing Needs Analysis (HNA) rather than update population numbers in a new Housing Capacity Analysis (HCA). No action necessary.

ACRONYM KEY:

DLCD – Department of Land Conservation & Development

ODOT – Oregon Department of Transportation

OHNA – Oregon Housing Needs Analysis

HNA – Housing Needs Analysis – changed to Housing Capacity Analysis (HCA) under new OHNA rules

BLI – Buildable Lands Inventory

HPS – Housing Production Strategy

UGB – Urban Growth Boundary

TSP – Transportation Systems Plan

TGM – Transportation Growth Management

PSU – Portland State University

CPO - Community Planning Organization

BACKGROUND:

In response to concerns raised by members of the Molalla area CPO, Staff revisited the question of updating and replacing the City's adopted HNA with the Council at the January 14th Molalla City Council Meeting. The CPO is a quasi-planning commission organization for properties residing outside the City limits, but still within Clackamas County. The CPO is advocating that the City update its HNA using recent population forecasts from PSU rather than the 2022 estimates utilized in the HNA. Both the 2024 and 2025 20-year forecasts are substantially lower than the 2022 forecast forecasting that Molalla's population will increase by approximately 2000 fewer people than the 2022 forecast. Using newer numbers would likely result in a smaller land need and smaller UGB expansion.

As discussed in the January 14th meeting, utilizing the revised numbers would have a substantial impact on the UGB expansion timelines and process. Utilizing revised numbers would require a new HNA (now HCA) and subsequent studies would also be impacted. Below, Staff provides a basic summary of what these changes and revised timelines would look like:

PROCESS IF THE CITY CONTINUES WITH THE ADOPTED HNA:

- Re-adopt HPS document in February 2026
- Use granted \$115,000 monies from DLCD to update Goal 14 analysis on practicability of a southern expansion vs norther expansion and UGB amendment adoption.
 - Timeline of completion: End of calendar year, 2026
- Apply for TGM grant with ODOT to update the Molalla TSP to account for and update UGB expansion zoning
 - Project kickoff in 2026, likely to be completed in 2027

PROCESS IF THE CITY COMPLETES A NEW HCA WITH UPDATED NUMBERS:

- Re-adopt HPS document in February 2026
- Use granted \$115,000 monies from DLCD to produce a new HCA and residential land BLI and then update
 - New documents to be completed in compliance with new OHNA rules. The new rules require a more robust BLI, more granular breakdowns of needed housing, and outreach with local tribes. Additional outreach may be required.
 - Approximate timeline for completion of HCA/BLI/New HPS in late 2026/early 2027
- Apply for a new, competitive DLCD grant in the 2027 biennium for additional Goal 14 work
 - Goal 14 work would also be completed under new OHNA rules.
 - The delay would likely not jeopardize City attempts to go north as new OHNA rules define "impracticability" in a concrete way
 - If received, UGB expansion would likely occur in late 2028/early 2029

- Apply for TGM grant with ODOT to update the Molalla TSP to account for and update UGB expansion zoning
 - Project kickoff in late 2028/early 2029, likely to be completed in late 2029

In summary, changing course would add a new HCA under new OHNA rules, additional HPS work, application for and completion of a new grant for Goal 14 work, and at least two years of time to UGB expansion and subsequent TSP updates.

STAFF RECOMMENDATION, EXPOUNDED

As stated above, Staff Recommendation is to continue forward using the adopted HNA population forecast numbers. To expound on Staff's recommendation:

EXPANSION CREATES AN OPPORTUNITY, NOT A TARGET

After years of steady growth statewide, factors related to the pandemic slowed migration to Oregon from other parts of the country and world. For the first time in over 40 years, the state and Portland Metro experienced population declines during the COVID pandemic and the immediate years afterward. These factors, have an impact on Molalla's population forecast as the City's population boom, which outpaced that of Portland Metro, was largely based on overflow from Portland to more rural and less expensive areas. This, combined with slowing birth rates in Oregon and the United States generally led PSU to modify its growth projections downward from recent years for the state and most of its cities, including Molalla.

The population forecasts create the basis for UGB land expansion but there is no obligation for a city to actually grow to meet the forecast project. This distinction is important. As evidenced by many cities throughout the state and by industrial lands in Molalla's own UGB, land may be banked in a UGB for decades without getting developed if market forces do not create pressure for it to develop.

Recent trends are not set in stone. For the first time since the pandemic, PSU reported a positive net migration (of 17,000 persons) into Oregon in 2025. This is a relatively small number compared with the previous 40 years, but trends change and 2025 growth could be a bellwether towards a reversal of a new interest in Oregon. Additional factors outside of big picture growth trends can also change a cities land need quickly. The City's adopted EOA identified a need for larger industrial sites, noting that the existing industrial sites were too small to entice a large business to locate in Molalla and otherwise difficult to be developed. In response to the EOA findings, Council has previously expressed interest in including a larger site for industrial development in the City's UGB expansion. By proceeding with the existing forecast, Molalla would retain flexibility to adapt to a change in macro trends or to develop workforce housing that could be a substantial factor in a business' decision to locate in Molalla.

In contrast, if population forecasts stay low there is no obligation to take measures to artificially inflate Molalla's housing market. The City can be responsive to market-driven applications to develop its residential lands. Further, OHNA rules require that the City complete subsequent

Housing Capacity Analyses on an 8-year planning cycle. If forecast numbers and pressures on Molalla's housing market remain low, a surplus created in this planning cycle would result in the City not needing to expand its UGB in subsequent planning cycles. This opens time and money for staff to put focus efforts on master planning, code development, and other efforts to improve the quality of life in Molalla.

REGULATORY AND HCA PROCESS UNCERTAINTY

The City has an adopted HNA and UGB workplan and is under no obligation to change that, provided that UGB expansion projects do not extend into the 2027 calendar year. While City Staff have conferred with DLCD Staff to outline the process listed above to change course with new population numbers, it is critical to recognize that a changed process is still wrought with uncertainty. The past several years has seen sweeping changes to the regulations governing housing production and the HNA/HCA process. If the City were to produce a new HCA, uncertainties abound both with what the new process would yield and with what regulatory with the altered timeline, points of uncertainty include:

- Oregon could elect a new governor with different priorities and agendas
- OHNA rule adjustments could change the landscape further from our current understanding
- Population forecasts may change again (more on that below)
- The revised BLI could result in demonstrating that the City has less capacity for further housing thus not changing the ultimate UGB expansion by much
- Whether sufficient grant moneys will be available in the new DLCD grant biennium to complete the work

The City has an existing workplan to proceed and move on to other critical implementation steps such as updating its TSP and implementing an adopted HPS.

VISION AS A COLLABORATIVE ENDEAVOR

A vision for cities in Oregon goes well beyond a singular decision on the UGB. UGB boundaries determine the maximum land expansion possible within a planning period but the character and nature of the development of a city is envisioned at many points along the way. City visioning is a collaborative dialogue between Staff, the community, community stakeholders, agency partners, and it's elected and appointed officials. This visioning is cemented through the Comprehensive Plan and subsequent master plans that emanate from it and codified through the development code and other standards and policies.

Through this collaborative process, the City of Molalla has rigorously updated its comprehensive plan and successor plans, laws, and policies over the past decade and a half. The collective effort behind this work has created an environment where when a developer wants to develop in the City the developer needs to ensure that the development will have adequate utility facilities, that abutting streets are either built or rebuilt to meet current standards, that appropriate measures are taken to buffer against conflict with adjacent land

uses, that parkland and pedestrian connections are appropriately designated and dedicated, and that appropriate emergency access is provided.

RECENT WINS TOWARDS IMPLEMENTING MOLALLA'S MASTER PLANS:

City Staff and Council are consistently working towards implementation of these visioning documents. At the January 14, 2026 City Council meeting, salient examples of implementation of the vision of the City's master plans occurred alongside deliberation on the UGB process.

- **PARKLAND ACQUISITION:** City Council accepted the dedication of a newly created parcel along Bear Creek and bordering OR-213. This parcel falls within a corridor identified for parks and trails development in the adopted Molalla Parks Master Plan. This acceptance leads us one step closer to a trails network connecting the eastern and western portions of the City.
- **LEGACY SDC RATES:** City Council passed a resolution acknowledging Legacy SDCs from properties that are already developed within the City Limits. The resolution states that the City will acknowledge prior uses with the highest number of trips generated for a developed property regardless of SDC record payments. This policy was borne from our adopted EOA and Comprehensive Plan Goal 9 policies and ensures that fundamental fairness is applied to existing developments and allows the City's downtown to experience business turnover without financially crippling either the landowner or business owner out of the gate.
- **DAYCARE SDC RATES:** City Council advised Staff to move forward in developing a resolution that would reduce SDC rates for childcare facilities to rates more consistent with more recent editions of the Institute of Transportation Engineers trip generation manual. This would drastically lower rates and make allow a much-needed business, as identified in the City's adopted EOA and Comprehensive Plan Goal 9 policies, to more easily proliferate within the City.
- **WATER INTAKE STRUCTURE:** Assistant City Manager Mac Corthell announced a grant in excess of \$1 million to contribute towards replacement of the water intake in the Molalla River. This project, identified in the City's water master plan will cure the City's biggest challenge with late season water provision, which is placement of the intake structure in a location where it can remain fully submerged.

ADDITIONAL UTILITY NOTES ON MASTER PLANNING IMPLEMENTATION:

WATER AVAILABILITY: The City owns 4.2 million MGD per day of water rights and at its highest peak usage uses only about 2 million. Additionally, the water Molalla uses at its highest

recorded peak is equivalent to about 3% of the lowest river flows. Issues with the intake are related to the “Temporary” nature of the existing intake and are being mitigated through the Water Intake project currently in design. There are substantial water rights for agriculture a short distance north of the City’s intakes that staff has noted contributes to the appearance of low flows in the Feyrer Park area during the dry season. This is not a City of Molalla issue.

RESILIENCY: The City is in the process of studying the feasibility of an ASR (Aquifer Storage and Recovery) system to provide an additional water source in case of emergencies or low flows. Additionally, the City is in the process of obtaining land for an additional 2.0 mg water reservoir on the Water Treatment Plant property. In short, the City has twice the amount of water rights that it needs to serve the existing population and is making the system more reliable and more resilient through execution of the Water master plan.

SEWER: The City’s new Wastewater Treatment Plant is at 50% completion and is designed to serve a population of 16,000. Notably, the City’s system is in far better repair than many others. As an anecdote to illustrate this, Molalla had no discharge violations during the recent storms while multiple other systems were pumping raw sewage directly to water bodies.

RISKS OF WAITING ON MASTER PLAN IMPLEMENTATION WORK:

The City’s Comprehensive Plan, master plans, and codes and standards are all living documents and there is still much work to be done both on the plans and their implementation. To provide one example, this year, the City unearthed that the recently completed roundabout at Toliver RD and OR-213 was constructed assuming population and trip generation consistent with the existing constraints of the UGB, consistent with the current Molalla TSP. As a result, any rezoning or additions of commercial land to Molalla’s inventory were not able to be approved due to insufficient response to the Transportation Planning Rule. Despite Molalla’s 20-year land deficits in commercial lands, the City currently cannot rezone lands that are currently difficult to develop under their current zoning to commercial because our TSP has not accounted for that trip generation.

Updating the TSP to function commensurate with an anticipated growth plan is critical to ensure that improvements that accompany today’s development are adequate to accommodate future development. In this way, anticipating a larger population than what ultimately comes does not actually make achieving that larger population more likely. Required transportation improvements for developers could be more substantial when accounting for a larger population. What building for a larger population would accomplish is to ensure that roadway designs are envisioned for a future 20 years down the line and perhaps even beyond if actual population additions remain low. Additionally, these City TSPs inform County and State provision of transportation infrastructure for all transportation modes into the future. Delaying

these TSP updates thus has substantial implications for the City's financial and functional future as we continue to build facilities that do not meet the City, County, and State's future needs.

STAFFING

Staffing time spent towards UGB planning has been substantial through the duration of the project dating back to 2021. While Staff has not itemized man-hours spent towards this project, Staff feels comfortable that at least 0.5 FTE weekly, or 20 hours, has been spent on this project. On a staff that has ranged from 1.5 FTE to 2.5 FTE over the duration of this project, it has been a substantial portion of the City's planning staff time and a substantial cost to the City. Moving backwards to redo the HCA and delay the UGB adoption monopolizes time and money from other projects such as updating the TSP, code amendments implementing the Goal 9 (EOA) and Goal 10 (HNA and HPS) priorities, code amendments generally fixing identified flaws in the development code, comprehensive plan updates, and other long range planning projects that ensure development in Molalla is consistent with the vision of our master plans and visioning processes.

SUMMARY

Molalla is no longer a small, rural city, struggling through the aches and pains of becoming a larger one. Developers that come to Molalla find a city that collaborates but will not compromise its physical, monetary, and social infrastructure for development's sake alone. In addition to the UGB projects, the City is in the black, building out its TSP, building a new sewer plant to meet projected population and business growth, requiring parkland dedication with new residential development as set out by the comprehensive plan, building a new water intake, and much more. Planning Staff is accountable to the Council to ensure these priorities are met through its development code and the Council is ultimately accountable to the people of Molalla for the same. Whether Molalla builds a city of 13,500 or 15,500, the framework has been set to build this city deliberately and sustainably in a way that improves the livelihood of its citizens. We have a direction forward. Staff recommends that Council trust the process so we can move with the expansion and further, on to projects that continue to move Molalla forward.



Looking ahead to 2045

We are updating the Transportation System Plan (TSP) for areas outside cities in Clackamas County, and your ideas are needed!

About every ten years, we review the progress we've made improving our transportation system and update our plan for the future. We use current data on how people and goods move through our county and where people live and work now and in the future.

We also need your input on the types of transportation improvements you would like to see.

This information helps us as we consider the transportation changes that might be possible by 2045.

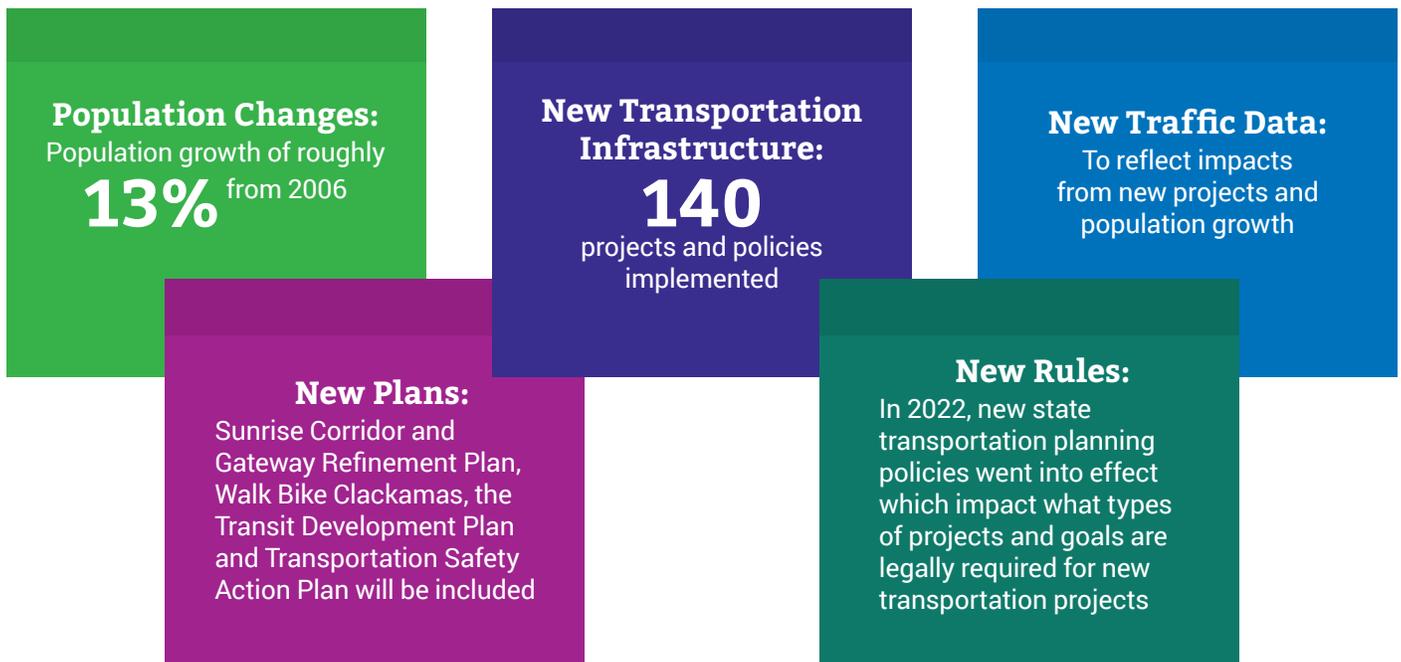


What is a Transportation System Plan and why is it important?

The TSP is a plan for our transportation system (roads, intersections, bike lanes, sidewalks, and more) that looks 20 years into the future. It is made up of policies, programs, studies, and projects that meet transportation needs for residents, businesses and visitors throughout Clackamas County. It's for all community members and all the ways we travel.

What has changed since the last TSP update in 2013?

The last countywide TSP was adopted in 2013, and since then, a lot has changed.



Get involved

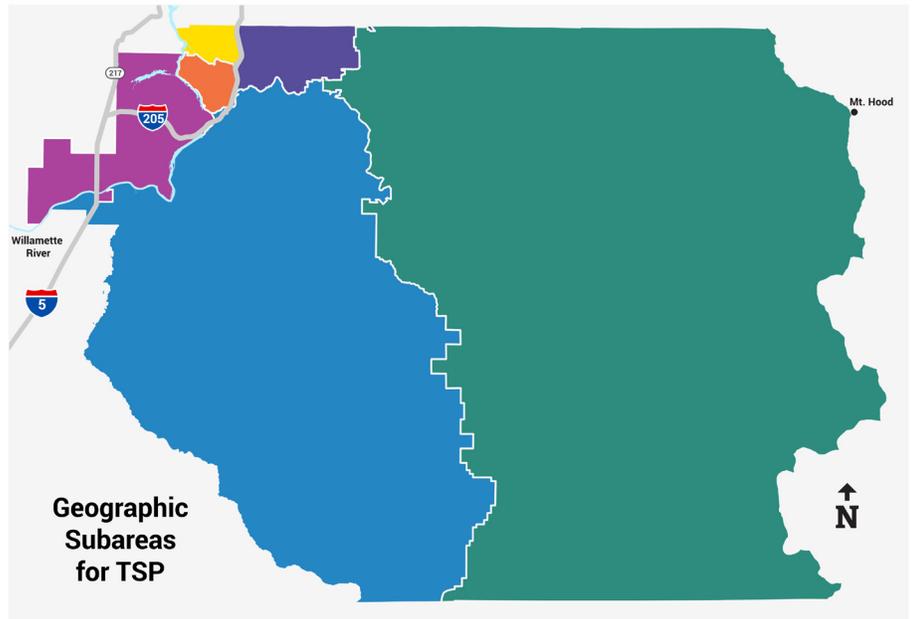
This winter is the first opportunity to get involved and help shape this process. Attend a virtual area-based meeting to share your feedback and speak with project staff or check it out online at your convenience.

Because Clackamas County is so large, we've broken the work into 6 different geographic subareas (GSAs); each area has unique and differing needs and communities.

Geographic Subareas (GSAs) Virtual Meetings

All events will be held online from 6 – 7:30 p.m.

Attend the virtual meeting for the area of most interest to you. See map for subareas.



■ East County

(Near Sandy and Estacada)
January 8, 2026

■ Greater Clackamas County Regional Center/ Industrial Area – East

(Near Happy Valley)
January 22, 2026

■ Greater Clackamas County Regional Center/ Industrial Area – West

(Near Milwaukie)
January 21, 2026

■ Greater McLoughlin Area

(Near Gladstone and Clackamas)
January 20, 2026

■ Northwest County

(Near Wilsonville, Lake Oswego, and West Linn)
January 14, 2026

■ Southwest County

(Near Molalla, Canby, and Oregon City)
January 13, 2026

Get the Zoom link and sign up for a meeting reminder at: clackamas.us/transportation/tsp-update.
RSVP is recommended but not required.



Virtual Open House

Can't attend your local meeting? You can still share your ideas for transportation projects or improvements during our **virtual open house**, open from Jan. 5 - Feb. 16.

For any questions, contact project manager Jeff Owen at TSPUpdate@clackamas.us

To learn more visit the project website: clackamas.us/transportation/tsp-update

Free language assistance services are available.

Contact Cameron Ruen at cruen@clackamas.us (48-hour notice needed).

