CITY OF MOLALLA
MOLALLA URBAN RENEWAL AGENCY
AGENDA

Council Chambers | Molalla Civic Center - 315 Kennel Avenue - Molalla
August 26, 2026 | Immediately Following City Council

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.

This institution is an equal opportunity employer.

1. CALL TO ORDER AND FLAG SALUTE

2. ROLL CALL

3. CONSENT AGENDA

A. Molalla Urban Renewal Agency Meeting Minutes – June 24, 2026 Pg. 2

4. PUBLIC COMMENT

5. ORDINANCES AND RESOLUTIONS

6. GENERAL BUSINESS

A. MURA Fire District IGA and Pay-Out Pg. 4
B. Urban Renewal Plan/District Inclusion for New Library Pg. 10

7. 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
Urban Renewal Agency
Minutes – June 24, 2026

Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla Urban Renewal Agency Regular Meeting for June 24, 2026 was called to order by Mayor Scott Keyser at 6:36 pm.
(Flag salute was conducted during the City Council Meeting prior to the MURA Meeting.)

AGENCY MEMBER ATTENDANCE

Present: Chair Scott Keyser, Member Eric Vermillion, Member Terry Shankle, Member Doug Gilmer, Member Martin Bartholomew
Via Phone: Member K.C. Bisenius.
Absent: Member Leota Childress

STAFF IN ATTENDANCE

Dan Huff, City Manager; Cindy Chauran, Finance Director; Christie Teets, City Recorder.

CONSENT AGENDA

A. MURA Meeting Minutes – June 10, 2026
B. MURA Meeting Minutes – June 11, 2025

ACTION:
Member Vermillion moved to approve Consent Agenda as presented; Member Gilmer seconded. Motion passed 6-0.

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

PUBLIC COMMENT

None.

PUBLIC HEARING

A. MURA Resolution No. 2026-02: Adopting the Molalla Urban Renewal District Budget, Making Appropriations, and Declaring Tax Increment for the 2026-2027 Fiscal Year.

Mayor Keyser confirmed no conflicts of interest by Council. Public Hearing for Resolution No. 2026-19 was opened at 6:39pm
Finance Director Chauran presented the Molalla Urban Renewal Agency (MURA) Budget for approval, reporting that the MURA Budget Committee reviewed and approved a balanced proposed budget on May 20, 2026. She recommended the agency to approve the MURA Budget in the amount of $4,163,744.
With no Public Comment, Mayor Keyser closed the Public Hearing for Resolution No. 2026-19 at 6:40pm

ORDINANCES & RESOLUTIONS

A. MURA Resolution No. 2026-02: Adopting the Molalla Urban Renewal District Budget, Making Appropriations, and Declaring Tax Increment for the 2026-2027 Fiscal Year.

City Manager Huff provided an update on the Urban Renewal budget, noting design work for West Main Street and the roadway behind the apartments was included in the current fiscal year budget. He shared staff would investigate the possibility of utilizing urban renewal bonding to fund future infrastructure improvements, emphasizing that any proposal would return to the Agency before any action is taken. Additionally, he discussed exploring an amendment to the Intergovernmental Agreement (IGA) with the Fire District to provide a one-time payment for anticipated future funding obligations, contingent upon terminating the agreement. Agency members expressed support for staff investigating the option and share results for future consideration. Mr. Huff clarified urban renewal bonding is repaid solely through revenues generated within the Urban Renewal District and does not create additional taxes or require voter approval.

ACTION:
Member Vermillion moved to adopt MURA Resolution No. 2026-02: Adopting the Molalla Urban Renewal District Budget, Making Appropriations, and Declaring Tax Increment for the 2026-2027 Fiscal Year by Title Only; Member Shankle seconded. Motion passed 6-0.

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

DRAFT

(For full MURA Session recording please reference YouTube recording, minutes 37:17 - 49:10)

For the complete video account of the Molalla Urban Renewal Agency Meeting, please visit YouTube
City of Molalla | Oregon – June 24, 2026

ADJOURN

Chair Keyser adjourned the meeting at 6:49pm.

_____
Scott Keyser, Mayor

PREPARED BY:

_____
Crystal Robles, Deputy City Recorder

ATTEST:

_____
Christie Teets, CMC - City Recorder

DRAFT

CITY OF MOLALLA

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

Staff Report

Agenda Category: General Discussion

Agenda Date: August 26, 2026 **From:** **Dan Huff, Agency Director**

SUBJECT: MURA Fire District Payout

FISCAL IMPACT: Approximately $700,000

RECOMMENDATION/RECOMMEND MOTION: Discussion/Direction

BACKGROUND:

Agency Members will recall from previous discussions, that the City of Molalla and the Molalla Fire District signed an IGA (Intergovernmental Agreement) in 2009 to make the District whole from foregone MURA (Molalla Urban Renewal District) tax revenue (IGA Attached). The IGA requires the District to provide specific capital project information that complies with the Urban Renewal Plan to the City when they request their foregone revenue. This process has been a bit of a struggle for the District.

Currently, the District is undergoing a project that specifically complies with Plan language and is large enough ($2-3 million) that foregone revenue would substantially benefit their project. However, we can only provide annual revenue totals that equal approximately $50,000, which does not help them with this project (Revenue Estimate Attached).

The District sunsets in 2034 and we have several infrastructure projects to pursue over the course of that time. In the meantime, I asked our city attorney for legal advice on paying the District in full today accounting for the remainder of the life of the District. The answer to that question is yes, we can do that with some restrictions as follows:

1. We will need to craft a new IGA.
2. The IGA will include restrictions on the use of the funds.
3. We will need an analysis to demonstrate what portion of their project benefits the MURD.

The amount of funds, if the Agency agrees, that we will transfer to the District is approximately $700,000. This number is a revenue estimate and will be affected by the economy either up or down. The Agency may want to offer a lower number to offset potential market issues.

I have already had very preliminary discussions of “what do you think” with District staff. They are intrigued. Next steps would be to firm up a draft IGA and discuss terms with the District. Prior to coming back to the Agency for final approval.

INTERGOVERNMENTAL AGREEMENT

This Agreement is made and entered into between Molalla Rural Fire Protection District, a special service district organized under ORS Chapter 478 (District), and the Molalla Urban Renewal Agency (MURA)

RECITALS:

A. Both entities (parties) are units of government, organized and operating under the laws of the state of Oregon. Oregon Revised Statutes, Chapter 190 specifically, authorizes agreements between units of local government for any and all functions and activities that any party to the agreement may perform.

B. Both parties acknowledge that the District provides critical response services to the City of Molalla's Urban Renewal Area. Such services are necessary to the public's health, safety and welfare and integral to the success of the Urban Renewal Area.

C. Both parties recognize that the District will suffer a loss of revenue due to the establishment and implementation of the Urban Renewal Area. The intent of this Agreement is to financially support District infrastructure and capital projects which serve to directly benefit the Urban Renewal Area.

AGREEMENT:

1. District Obligations.

   A. District agrees to renovate the fire station at 320 N Molalla Ave. which serves the Urban Renewal Area. Such renovation may include constructing an addition to the fire station which would house a joint emergency operations center and training facility. Such renovations and construction projects are integral to the success of the urban renewal area and necessary to the health, safety and welfare of the citizens within the Urban Renewal Area.

   B. District agrees to purchase up to four properties located to the north of Molalla Fire District's main station. Such properties will be purchased with the intent to support and serve the Urban Renewal Area.

   C. District agrees to carry out such other improvements or acquisitions as may be agreed to from time to time by the parties, provided that such improvements or acquisitions are within the scope of the Molalla Urban Renewal Plan and authorized under Oregon Revised Statutes 457.170 through 457.180, Oregon's urban renewal statutes, now or as amended in the future.

D. District shall provide annual statements to MURA that account for all City funds given to the District under this Agreement. Furthermore, District agrees that such City funds will only be used for the purposes outlined in Section 1 of this Agreement

2. MURA Obligations.

A. MURA acknowledges the District's critical role in ensuring the success of the Urban Renewal Area and securing the public's health, safety and welfare within the Urban Renewal Area. MURA hall pay District a sum equal to the revenue foregone by the District over the lifespan of the Urban Renewal Plan but not to exceed 1.585 million dollars for improvements and acquisitions as provided for in Section 1 of this Agreement. This sum shall be payable from time to time in installments over the lifespan of the Urban Renewal District as approved by the Urban Renewal Agency, as opportunities arise and as funds accrue to the Urban Renewal Agency.

3. Term of Agreement. This Agreement shall be in effect for the lifespan of the Urban Renewal District, beginning on the date of execution of this Agreement, unless terminated earlier as provided herein.

4. Termination. This Agreement may be terminated by mutual written agreement of the parties at any time.

5. Indemnification. Both parties to this Agreement hereto mutually agree to indemnify, defend, and hold each other, their employees, officers, directors, and agents, harmless against any and all claims, demands, liabilities, and costs incurred by the other party, including reasonable attorneys= fees, arising out of or in connection with the performance or failure to perform any service pursuant to this contract or any other act or omission of the indemnifying party in performance of this contract. This limitation of liability is subject to the limitations and conditions of the Oregon Tort Claims Act, ORS 30.260 through 300, and the Oregon Constitution Article XII, Section 7.

6. Notice. Any notice or invoice required under this Agreement shall be considered delivered if sent by first class mail or personally served on the following persons at the following addresses:

Chief Vince Stafford
Molalla Rural Fire Protection District
P.O. Box 655
Molalla, OR 97038

John Atkins, Jr.
City Manager
City of Molalla
PO Box 248
Molalla, OR 97038

7. Arbitration. Any dispute arising under this Agreement, save and except for acquisition of property subject to eminent domain, may be decided by binding arbitration in District's sole discretion to be exercised within thirty (30) days of the filing of any complaint and conducted in Clackamas County, Oregon before a single arbitrator selected by mutual agreement of the parties. Arbitration shall be conducted under ORS Chapter 36. If the parties are unable to mutually select an arbitrator within twenty (20) days following District's decision to pursue arbitration, then each party shall select an arbitrator, and the two arbitrators shall select a single arbitrator. The arbitrator(s) shall have substantial experience in construction disputes. The parties agree that any award rendered by the arbitrator(s) will be final, and judgment may be entered upon the award in any court having jurisdiction thereof, and will not be subject to modification or appeal except to the extent permitted by Oregon law.

8. Severability. If any part, term or clause of this Agreement is held by a court or arbitrator to be unenforceable, or of no effect or in conflict with any law, the validity of the remaining provisions and clauses shall not be affected and the rights and obligations of the parties shall be construed and in force as if the Agreement did not contain the particular part, term or clause held to be unenforceable.

9. Amendments. The terms of this Agreement may be waived, modified, supplemented or amended only upon written agreement of both parties.

10. Effective Date. This Agreement shall be effective once signed by a representative of each party.

MOLALLA RURAL FIRE PROTECTION DISTRICT	CITY OF MOLALLA
By: [signature]	By: [signature]
Title: Board Chair	Title: City Manager
Date: 12-16-2009	Date: 6/25/09
ATTEST:	ATTEST:
By:	By:
Title:	Title:
Date:	Date:

Molalla Urban Renewal Plan
Review of Historic Estimates of
Revenue Foregone by Fire Dist 73

Year	Original Plan 2008 Table 3	Amendment 2020 Table 2	Actual + Projection	
	2008 est*	2020 est**	4/23/2026	Increase over prior year***
2009	$2,700		**2,330**	
2010	$10,270		**7,402**	218%
2011	$18,049		**11,670**	58%
2012	$28,550		**13,367**	15%
2013	$34,322		**15,040**	13%
2014	$41,083		**15,863**	5%
2015	$49,511		**16,599**	5%
2016	$56,725		**19,427**	17%
2017	$65,945		**28,053**	44%
2018	$78,588		**29,084**	4%
2019	$91,579		**32,373**	11%
2020	$99,950	31,269	**35,876**	11%
2021	$106,742	33,125	**39,536**	10%
2022	$113,721	35,522	**48,303**	22%
2023	$118,506	37,778	**51,047**	6%
2024	$123,422	49,930	**58,379**	14%
2025	$128,474	64,088	**63,668**	9%
2026	$133,664	67,150	***73,194***	***9%***
2027	$138,997	70,132	***76,444***	***9%***
2028	$144,476	73,203	***79,791***	***9%***
2029		76,366	***83,239***	***9%***
2030		79,624	***86,790***	***9%***
2031		82,980	***90,448***	***9%***
2032		86,436	***94,215***	***9%***
2033		89,996	***98,096***	***9%***
2034		93,664	***102,094***	***9%***
	* **$1,585,274**	** **$971,263**	***$1,272,328*** ***	

*The 2008 estimate did not include 2029-2034

**The 2020 report total did not include previous years 2009-2019

***Current projection uses a factor of 9% annual increase.

Molalla Urban Renewal Plan
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Revenue Foregone by Fire Dist 73

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CITY OF MOLALLA

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

Staff Report

Agenda Category: General Discussion

Agenda Date: August 26, 2026 **From: Dan Huff, Agency Director**

SUBJECT: Urban Renewal Plan/District Inclusion for New Library

FISCAL IMPACT: Unknown

RECOMMENDATION/RECOMMEND MOTION: Discussion/Direction

BACKGROUND:

Question: Should the Urban Renewal Agency amend the Urban Renewal Plan and District Boundary to include the site and project to construct the new Molalla Library?

The process will be like the Police Station in that we will need to include this project within the scope of the Urban Renewal Plan, and the use of Urban Renewal Funds must be in proportion to how the project will support the district. For example, if the Agency plans to utilize the funds to build the new Library, there needs to be some analysis to demonstrate what portion of the facility benefits the urban renewal area versus what portion benefits properties outside of the urban renewal area. Urban renewal funds can only pay for the proportional amount of benefit being supplied to the urban renewal area.

In addition, if we propose to use URA funds for the building of a public facility that was not in the original plan, we will need to comply with ORS 457.089, which requires consent from at least three of the four taxing districts that are estimated to forgo the most property tax revenue. For us those taxing districts are the City of Molalla, Molalla Fire District, Clackamas County, and the Molalla River School District. Although MRSD is not affected by URA tax increment financing.

At this point, we have 3.2 million available and we do not know the exact amount of funding will be required. URD funding will only be for filling funding gaps. We are currently working diligently to track down available grant funding and sponsorships for this project. We believe this project will not limit our ability to pursue the infrastructure projects already planned and having URD funding available for this project may be the funding that pushes the project forward.

Direction from the Agency Board, if the Board chooses, would be to include the property within the District and amend the Urban Renewal Plan to include the new Library as a public building project.