

CITY OF MOLALLA CITY COUNCIL REGULAR MEETING AGENDA

Civic Center | 315 Kennel Avenue Wednesday, June 25, 2025 | 7:00 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.

This institution is an equal opportunity employer.

- 1. CALL TO ORDER AND FLAG SALUTE
- 2. ROLL CALL
- 3. CONSENT AGENDA
 - A. Work Session Meeting Minutes June 11, 2025
 - B. City Council Meeting Minutes June 11, 2025

4. EXECUTIVE SESSION ANNOUNCEMENT

Held pursuant to Oregon Public Record Law, ORS 192.660(2): (d) To conduct deliberations with persons designated by the governing body to carry on labor negotiations.

5. PRESENTATIONS, PROCLAMATIONS, CEREMONIES

6. 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.)

7. PUBLIC HEARINGS

A. Ordinance No. 2025-07: Repeals and Replaces Ordinance No. 2025-05, Efficiency Measures; Changing Accessory Dwelling Unit Approvals from a Type II to a Type I Process and Comprehensive Plan Map and Zoning Map Changes

8. ORDINANCES AND RESOLUTIONS

- A. Ordinance No. 2025-07: Repeals and Replaces Ordinance No. 2025-05, Efficiency Measures; Changing Accessory Dwelling Unit Approvals from a Type II to a Type I Process and Comprehensive Plan Map and Zoning Map Changes
- B. Resolution No. 2025-10: Establishing a Parks Fee in Lieu of Land Dedication
- C. Resolution No. 2025-12: Authorizing Appropriations for Expenditure of a Special Purpose Gift
- D. Resolution No. 2025-13: Declaring a Pressing Necessity and Increasing Appropriations in the Storm Water Fund, the Cost of Which is Supplied by Private Resources
- E. Resolution No. 2025-14: Authorizing a Contingency Transfer in the General Fund
- F. Resolution No. 2025-15: Declaring Councilor RaeLynn Botsford's Seat Vacant
- G. Resolution No. 2025-16: Adopting the Teamsters Labor Contract 2025-2028

9. GENERAL BUSINESS

- A. July City Council Meetings Discussion (Huff)
- B. Street Maintenance Funding (Corthell)
- C. Comical Signage Consideration Parks CPC (Gilmer)

10. STAFF COMMUNICATION

11. COUNCIL COMMUNICATION

12. 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

Staff Report

Agenda Category: CONSENT AGENDA

Agenda Date: Wednesday, June 25, 2025 Submitted by: Christie Teets, City Recorder Approved by: Dan Huff, City Manager

SUBJECT: Work Session Meeting Minutes - June 11, 2025

ATTACHMENTS: 6-11-2025 WS Meeting Minutes.DRAFT.pdf



City of Molalla City Council – Work Session Meeting Minutes – June 11, 2025 Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Work Session of June 11, 2025 was called to order by Mayor Scott Keyser at 6:01pm.

COUNCIL ATTENDANCE

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

STAFF IN ATTENDANCE

Dan Huff, City Manager; Christie Teets, City Recorder, Mac Corthell, Assistant City Manager; Kyle Murphy, Code Compliance Specialist.

DISCUSSION ITEMS

A. MMC 10.72.020 - Storage of Vehicles or Personal Property on Public Property - Designated Time Limits

Code Compliance Specialist Murphy presented the staff report and presentation to City Council, followed by requesting feedback. Currently there is a ten (10) day rule for RV parking. Discussion took place around the difference between 10 days or a 48-72 hour stay.

Mayor Keyser feels that campers should not be parked on streets, as they are a safety concern. Assistant City Manager Corthell shared that item could already be addressed in the Code, so this item will be revisited. Mayor Keyser also suggested that the rules be established so that this would not only be complaint driven, but that Code Compliance could address a citizen without a complaint.

Councilor Gilmer questioned how it falls into homeless rules. Mr. Murphy explained that the City has spaces available on Ross Street to park. Permits are also available through the City if a camper would want to be parked for 30 days or more. Councilor Gilmer also pointed out that some streets are posted no parking, Toliver Drive was provided as an example. Mr. Corthell appreciated the historical knowledge.

A question arose about moving the RV from one space to another, that would only be about 50 feet or so. Towing notices also state that is not permissible.

Councilor Shankle feels that RV parking should take place in front of your own home. Discussion continued.

Mr. Corthell considered downtown parking, as well as neighborhood parking. Unsafe streets shall be named for no parking. Consideration will be given to distance from intersections, stop signs, etc. Mr. Murphy explained the process for chalking a vehicle or RV in order to account for time.

Mr. Corthell expressed the importance of community outreach, and suggested a 45-day wait time once an ordinance was adopted. Mayor Keyser stated that 90 days should be a fair amount of time for educating the public.

Councilor Childress questioned how large of an issue this is. Mr. Murphy estimated 25% of complaints received are devoted to unlawful parking. He indicated that this is information that he could make available to Council.

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Mr. Corthell suggested that slide-outs not be allowed open while parked on streets. Council considered that some units must be extended during loading. A suggestion was made to compromise on allowing folks to extend the slides during loading.

Council President Vermillion asked whether there is a width allowance in the Code, Mr. Murphy will look into the details and report back to Council. Council President Vermillion also suggested clarification in definition to include but not limited to: cargo trailers, larger work-trucks with trailers, campers etc.

For the complete video account of the Work Session, please go to YouTube "Molalla City Council Work Session – June 11, 2025"

ADJOURN

Mayor Keyser adjourned the Work Session at 6:47PM.

Scott Keyser, Mayor

ATTEST:

Christie Teets, CMC - City Recorder

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CITY OF MOLALLA

Staff Report

Agenda Category: CONSENT AGENDA

Agenda Date: Wednesday, June 25, 2025 Submitted by: Christie Teets, City Recorder Approved by: Dan Huff, City Manager

SUBJECT: City Council Meeting Minutes - June 11, 2025

ATTACHMENTS:

6-11-2025 CC Meeting Minutes.DRAFT.pdf 6-11-25 C. DiMeo-Ediger_ Public Comment .pdf Email from Rep. Bynum's Office.pdf



City of Molalla City Council - Regular Meeting Minutes – June 11, 2025 Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Meeting of June 11, 2025 was called to order by Mayor Scott Keyser at 7:00pm.

COUNCIL ATTENDANCE

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

STAFF IN ATTENDANCE

Dan Huff, City Manager; Christie Teets, City Recorder; Mac Corthell, Assistant City Manager, Cindy Chauran; Finance Director; Dan Zinder, Senior Planner.

Guest Speaker: Violet Brown, 3J Consulting.

APPROVAL OF AGENDA

Approved as presented.

CONSENT AGENDA

- A. Work Session Meeting Minutes July 10, 2024
- B. Work Session Meeting Minutes July 24, 2024
- C. Work Session Meeting Minutes April 9, 2025
- D. Work Session Meeting Minutes May 14, 2025
- E. Work Session Meeting Minutes May 28, 2025
- F. City Council Meeting Minutes May 28, 2025
- G. TMDL Report Molalla Dedicated Agency
- H. Resolution No. 2025-08: Molalla Sanitary Rate Adjustment

ACTION:

Councilor Childress moved to approve the Consent Agenda; Council President Vermillion seconded. Motion passed 6-0. AYES: Gilmer, Shankle, Childress, Vermillion, Bartholomew, Keyser.

NAYS: None.

ABSENTIONS: None.

PRESENTATIONS, PROCLAMATIONS, CEREMONIES

None.

PUBLIC COMMENT

Corwin DiMeo-Ediger, outlying City limit Molalla resident, shared comments regarding the Urban Growth Boundary (UGB). Comments are included in these Meeting Minutes.

City Recorder Teets announced Mr. DiMeo-Ediger's comments should have been made during the Public Comment period of the UGB Presenation, therefore comments will not be repeated.

PUBLIC HEARINGS

A. Resolution No. 2025-07: Adopting the Budget for Fiscal Year 2025-2026

Mayor Keyser stated Res. 2025-07 required a Public Hearing, with no Council conflict of interest stated, Public Hearing was opened at 7:10pm.

Finance Director Chauran provided the staff report, explaining to Council the Budget Committee had met on May 21, 2025 and submitted the budget for Fiscal Year 2025-2026 to Council for adoption. All required legal postings were met, and staff is presenting a balanced budget.

There were no audience members present to speak on behalf of the Budget, therefore Mayor Keyser closed the Public Hearing at 7:12pm.

ORDINANCES AND RESOLUTIONS

A. Resolution No. 2025-07: Adopting the Budget for Fiscal Year 2025-2026

Finance Director Chauran had nothing further to add, Mayor Keyser requested a motion to approve the budget.

ACTION:

Council President Vermillion moved to approve Resolution No. 2025-07, Adopting the Budget, Making Appropriations, and Imposing and Categorizing Taxes for the 2025-2026 Fiscal Year; Councilor Shankle seconded. Motion passed 6-0.

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

NAYS: None.

ABSENTIONS: None.

GENERAL BUSINESS

A. Urban Growth Boundary (UGB) Update: (Planning Staff & 3J Consulting)

Violet Brown, 3J Consulting, provided the UGB Presentation for Goal 14 in it's entirety. She described each subarea at length, explaining pros and cons of each area. Parcels are south of Molalla Forest Road. (*Video Minutes* 01:17:45 - 01:59:06) Mayor Keyser questioned whether the project aligns with the Governor's affordable housing goals, noting the high upfront costs, such as five \$1.5 million sewage pumps, may contradict affordability.

Assistant City Manager Corthell highlighted ongoing discussions with the Governor's Office, stressing that moving growth north makes more practical sense but current State Rules lack flexibility. Further explained that the State's Rule interpretation contradicts the Governor's number one goal of Housing Production by mandating cities to produce housing while preventing access to land that could be developed at one-tenth the cost; creating a 'catch-22' where cities face penalties under Housing Production Strategies for failing to meet requirements that the State's own rules made impossible to accomplish. Staff are pursuing approaches with the Governor's office such as potentially waiting for new rules expected January 1, 2026 and presenting different options to resolve contradiction.

Mr. Huff explained that Oregon's Land Use System was established by Senate Bill 100 in 1972, set Molalla's Urban Growth Boundary (UGB) in the early 1980s based on outdated growth, City staff are applying 40-year-old rules to current infrastructure which is costly and impractical. Finally, Mr. Corthell clarified that expanding employment lands are optional under state law, unlike housing land requirements. If proposed industrial parcels don't make sense, the City can choose not to include them in UGB expansion. *For the full details, please refer to the YouTube video between 01:17:45 and 02:21:29.*

B. Pilot Program (Huff/Keyser)

City Manager Huff provided a summary of the Pilot Program. Mr. Corthell discovered the current situation in March 2025. PILOT is Payment in Lieu of Taxes.

The County was distributing dollars from 1000 W. Main throughout the county, where only a portion funds were being dispersed to Molalla.

Clackamas County did not discuss the fee disbursement structure to the Molalla City Council prior to doing so. City staff brought this to the attention of Clackamas County, and Commissioners approved a memo at a recent meeting. CM read highlighted area of memo, CC recognized the issue. Phase 2 would be the realization that Molalla has lost money, as this has been established since 2023. They used a State statute to conduct the business, without consulting City Council.

Mayor Keyser shared a conversation with Commissioner Roberts, explaining the unfairness of the situation. Mayor Keyser asked about whether we were taxed on \$25K as the original 40-unit plan, or if the amount was updated, as there are now more units. Mr. Corthell explained they are separate tax lots. Mayor Keyser feels City Council should have taxing authority. *For the full details, please refer to the YouTube video between 02:21:46 and 02:53:06.*

STAFF COMMUNICATION

- **City Manager Huff**, attended a Library District Task Force meeting, which will continue through the end of the year. The task force includes diverse representation from City Managers, Library Directors, and Mayors. Molalla's Library model was highlighted as unique, well-run, and financially sound despite receiving one of the lower per capita funding rates due to the assessed value-based formula. Concerns were raised from unincorporated area residents about governance, but Molalla continues to serve all patrons equally, including through a bookmobile program, without financial strain.
- Assistant City Manager Corthell, announced that the City of Molalla's Water Intake Project was selected as one of 15 community projects submitted by Congresswoman Bynum to the House Appropriations Committee, moving the

City one step closer to securing a \$2 million federal grant, covering approximately 40% of the project's total construction cost. He also provided an update on Chief Yelkus Park, playground equipment expected to arrive within the week and installation will follow.

- Finance Director Chauran, no report.
- City Recorder Teets, no report.
- Senior Planner Zinder, no report.

COUNCIL COMMUNICATION

- Councilor Bartholomew, no report.
- Councilor Gilmer, no report.
- Councilor Shankle, no report.
- Councilor Childress, no report.
- Council President Vermillion shared Parks CPC upcoming meeting, asked for Molalla to be more vigilant for kids when driving as school is out for the summer.
- Mayor Keyser, announced the Molalla Grange will host a preparedness event featuring various groups and a seminar focused on natural disaster and fire readiness, with county participation. Additionally, Mayor shared that Councilor Botsford has submitted her resignation due to relocating outside City limits. A Resolution declaring the vacancy will be presented at the June 25th City Council meeting, after which the 30-day application process for the open seat will begin. The Mayor expressed appreciation for Councilor Botsford's service, especially her involvement with the Chamber and Planning Commission.

For the complete video account of the City Council Meeting, please go to YouTube <u>"Molalla City Council Meetings -June 11, 2025"</u>

ADJOURN

Mayor Keyser adjourned the meeting at 8:56 PM

Scott Keyser, Mayor

PREPARED BY:

ATTEST:

Crystal Robles, Records Specialist

Christie Teets, CMC - City Recorder

Attachments:

- Mr. DiMeo Ediger Public Comment
- Letter from Congresswoman Janelle Bynum's Office

Hi there,

I am submitting comments for the city council meeting this evening that I would like to read during the comment period if possible.

See below.

Thank you

ATTN: Molalla City Council, Planning Commission

My name is Corwin DiMeo. I spoke at the May city council meeting where I shared my initial concerns regarding the incompatibility of the proposed UGB expansion and Oregon's Goal 14 factors and guidelines.

Over the last few weeks, I re-reviewed the housing needs analysis, capacity documents, and population forecasts. I noted a significant difference between the forecasted population for Molalla from the 2020 estimate being used for planning and the updated 2024 forecast. While this disparity is assumed to be known by both the city and DLCD, it warrants further discussion here, particularly given recent developments in the planning process.

The 2020 population forecast used for UGB planning projects Molalla's 2042 population at 15,660, a net increase of 5,432 residents. However, the updated 2024 forecast places the 2042 estimate at 13,158, a net increase of 2,930 residents. This represents a nearly 50% decrease in the projected population, a monumental disparity given the millions of dollars in infrastructure and service improvements a UGB expansion could require.

To illustrate the point of how dramatic the difference is, we can use the projections in the housing needs analysis and compare the two forecasts using the standard measure of 2.8 people per housing unit needed. The original population projection suggested a need for approximately 1,996 housing units. After accounting for rezoning and other efficiency measures within the current UGB (accommodating 1,068 units), a deficit of 928 units was projected. Using the updated 2024 forecast, the housing need drops to approximately 1,064 units. With the same infil and efficiencies applied (1,068 units) to this estimate, the result is a surplus of 4 units, not a deficit. Even extending the horizon to 2045 and using the latest Oregon DAS estimate of a maximum housing need of 1,152 units, yields a need for only 84 new units, not 928. (Acknowledging this is a slight oversimplification due to additional safe harbor guidelines, housing composition requirements, and planning rules)

To understand the reason for this shift, I visited PSU last week with another community member and met directly with the Population Research Center staff to discuss their analysis. I learned that the basis for the wild variation in the forecasts was largely related to COVID influenced statistical errors and data quality issues. COVID was a shock event which introduced a litany of statistical anomalies and data challenges, altering how components of

change (births, deaths, & migration) were considered in the forecast. The pandemic also disrupted data collection processes and created integrity issues with some sources provided by the US Census Bureau. Additionally, the sequential completion of apartment complexes caused a spike in the notional population which disproportionately impacted Molalla's forecast due to its relative size. This confluence of data issues and statistical irregularities resulted in a deeply misrepresentative population forecast which drastically over-estimated the growth potential for Molalla within the 20 year time horizon.

This means that Molalla is currently planning for a major UGB expansion based on a "need" which is largely the byproduct of statistical anomalies and flawed source data. A "need" which the PSU Population Research Center, Oregon Department of Administrative Services, and DLCD ALL acknowledge does not exist.

While DLCD rules allow cities to "lock in" a forecast during planning, they also permit the adoption of updated data at their discretion. Deferring to a flawed dataset that varies by nearly 50% stretches the reasonableness of this accommodation and may undermine its legal basis. Legislative overrides and land swap options, which the city may pursue in hopes of a more favorable expansion pathway, are very unlikely to pass any basic vetting, much less be considered for approval, if the statistical basis for those claims are fundamentally flawed. A new, accurate, and current forecast exists that truly reflects Molalla's future housing needs.

If Molalla intends to expand in alignment with the state planning guidelines, the Council and Planning Commission should consider adopting the updating population forecast and incorporate it into planning immediately. This would allow Molalla the surest footing for any administrative or legal recourse within the UGB process, greatly improve planning accuracy, ensure that current residents are not forced to subsidize development costs for non-existent demand, and allow the city to refocus on creating sustainable economic development so that future residential expansions will be more appropriately aligned with Molalla's history and character.

Thank you

Mac Corthell

From:	Glang, Patrick <patrick.glang@mail.house.gov></patrick.glang@mail.house.gov>
Sent:	Wednesday, June 11, 2025 3:59 PM
To:	Mac Corthell
Subject:	Molalla Water Intake Project – FY26 Community Project Funding Update
Follow Up Flag:	Follow up
Flag Status:	Flagged

Dear Mac Corthell,

Thank you for submitting a request for Community Project Funding (CPF) to Congresswoman Bynum's office. I'm excited to share that your project, Molalla Water Intake Project is one of the 15 projects the Congresswoman has chosen to submit to the House Appropriations Committee – congratulations! You can view the full list of projects the Congresswoman has selected <u>here</u>.

While this is an important and exciting first milestone, there is a long and uncertain process still ahead before this project receives funding. The Appropriations Committee will now review all submitted projects and determine which projects to include in the House's fiscal year 2026 funding bills. Please note that the funding levels are at the discretion of the Committee, and there is a chance that your project may receive a different funding amount than initially requested.

We expect that the Committee will release its final selection of projects and funding levels in June and July. Once the committee releases and advances their funding bills, the full House must then pass the legislation, following which the House must reach an agreement with the Senate before these bills can be signed into law. While fiscal year 2026 will begin on October 1, 2025, government funding bills may not be signed into law by then, depending on the timelines in the House and Senate. If Congress passes a year-long continuing resolution as they did in fiscal year 2025, then it is unlikely any FY26 CPFs will be funded.

We will keep you posted at every step along the way as we get more information, including when the draft bills with a list of included CPFs are released. Please do not hesitate to reach out with any questions, and thank you for giving Congresswoman Bynum the opportunity to advocate for projects important to Oregon's 5th Congressional District.

Sincerely,

Patrick

Patrick Glang | District Director

Office of Congresswoman Janelle Bynum 502 7th Street, Oregon City Suite 203 <u>Patrick.Glang@mail.house.gov</u> (541) 233-1319

CITY OF MOLALLA



Staff Report

Agenda Category: PUBLIC HEARINGS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Dan Zinder, Senior Planner Approved by: Dan Huff, City Manager

SUBJECT: Ordinance No. 2025-07: Repeals and Replaces Ordinance No. 2025-05, Efficiency Measures; Changing Accessory Dwelling Unit Approvals from a Type II to a Type I Process and Comprehensive Plan Map and Zoning Map Changes

RECOMMENDATION/RECOMMENDED MOTION:

Conduct Public Hearing at this time.

BACKGROUND:

This "Efficiency Measures" ordinance is proposed to satisfy the requirements of ORS 197.296; a rule that requires that jurisdictions consider strategies to more efficiently utilize lands within their existing urban growth boundaries prior to expanding their urban growth boundary to meet land/housing needs identified in a Housing Needs Analysis. Efficiency Measures are included as part of Molalla's Urban Growth Boundary sequential review workplan. The City passed an Efficiency Measures ordinance ORD2025-05 on March 26, 2025. This ordinance:

- 1. Changed ADUs to a ministerial Type I review from a Type II review. This will cut down on permitting time and ease the application process for applicants.
- 2. Changed comprehensive plan map and, for those properties that are also within the City Limits, zoning map designations. These rezonings aim to reduce industrial land surpluses and address residential and commercial land needs identified in the City's recently adopted Housing Needs Analysis and Economic Opportunities Analysis. For this land rebalancing, 20 properties totaling 26.17 unconstrained acres will be rezoned from Industrial to Commercial and 14 properties totaling 44.73 unconstrained acres will be rezoned from industrial to residential. Additionally, 0.68 acres of commercial land will be rezoned to residential to match surrounding uses.

ORD2025-05 received a challenge from the Oregon Department of Transportation (ODOT) for concerns about Transportation Planning Rule findings that there would be no significant impact to ODOT facilities. Concerns were particularly centered on vacant and underdeveloped properties changing from industrial to commercial zoning, citing that commercial buildout could result in substantially higher trip generation than what is considered in the Molalla Transportation Systems Plan (TSP). Staff ascertained that the challenge would lead to a remand from DLCD and rather than wait to go through that process Staff proactively pursued an ordinance to repeal and replace ORD2025-05.

Molalla Staff worked with ODOT Staff to evaluate potential impact on ODOT facilities. Areas of concern were removed for this replacement ordinance, namely the aforementioned heavy industrial (M-2) to general commercial (C-2) zone changes, and more robust Transportation Planning Rule findings were included to justify a finding of no significant impact for the remaining parcels. A 2.95 acre rezoning from light industrial to central commercial (C-1) remains near Molalla's downtown. As residential parcels from the original ordinance remained in the replacement ordinance, Efficiency Measures requirements are satisfied by the proposed ORD2025-07 comprehensive plan map and zoning changes. Analysis on how these proposed rezoning efforts impact surpluses and land needs is available in Attachment A Findings of Fact.

CITY OF MOLALLA



Staff Report

Agenda Category: ORDINANCES AND RESOLUTIONS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Dan Zinder, Senior Planner Approved by: Dan Huff, City Manager

SUBJECT: Ordinance No. 2025-07: Repeals and Replaces Ordinance No. 2025-05, Efficiency Measures; Changing Accessory Dwelling Unit Approvals from a Type II to a Type I Process and Comprehensive Plan Map and Zoning Map Changes

RECOMMENDATION/RECOMMENDED MOTION:

I move the City Council conduct the first reading of ordinance 2025-07, AN ORDINANCE OF THE CITY OF MOLALLA, OREGON CHANGING ACCESSORY DWELLING UNIT APPROVALS TO A TYPE 1 PROCESS AND COMPREHENSIVE PLAN MAP AND ZONING MAP CHANGES. THIS ORDINANCE REPEALS AND REPLACES ORD2025-05, by title only.

If approved by unanimous vote of the City Council:

2. I move the City Council hold the Second Reading and adoption of Ordinance 2025-07, AN ORDINANCE OF THE CITY OF MOLALLA, OREGON CHANGING ACCESSORY DWELLING UNIT APPROVALS TO A TYPE 1 PROCESS AND COMPREHENSIVE PLAN MAP AND ZONING MAP CHANGES. THIS ORDIANCE REPEALS AND REPLACES ORD2025-05, by title only.

ATTACHMENTS:

Ordinance No. 2025-07 Repeal and Replace 2025-05.wo SR.pdf

EXHIBIT A – FINDINGS OF FACT FOR ORD2025-07

MMC 17-4.6.030 Annexation & Zone Change Approval Criteria

Planning Commission review and recommendation, and City Council approval, of an ordinance amending the Zoning Map, Development Code, or Comprehensive Plan shall be based on all of the following criteria:

(A) If the proposal involves an amendment to the Comprehensive Plan, the amendment must be consistent with the Statewide Planning Goals and relevant Oregon Administrative Rules;

Findings:

The proposal does amend the Comprehensive Plan by amending the Comprehensive Plan Map and it also amends the zoning map and development code.

Applicable Statewide Planning Goals are:

Goal 1: Citizen Participation; Goal 2: Land Use Planning; Goal 9: Economic Development; Goal 10: Housing; Goal 14: Urbanization.

Findings for Goal 1: Citizen Participation

Public Engagement for ORD2025-05 and 2025-07 prior to the June 25th City Council Hearing included:

- 1. Discussion of ORD2025-05 with the Molalla Planning Commission on February 5, 2025.
- 2. Courtesy notices to potentially affected properties on February 13th to ensure they arrived in advance of the February 26th Council work session. These letters advised owners of proposed zoning changes and opportunities to learn more and provide feedback. Staff received several calls from property owners, many of whom just wanted clarification on what was happening. Notably, Staff received substantial owner feedback from property owners near Commercial PKWY that changing zoning in these areas to residential was not desirable. This feedback led to Staff to recommend the removal of that area from consideration. Council agreed and those areas were removed from the final proposal.

- 35-day notice to DLCD through the PAPA is required prior to the scheduled hearing. Staff Notified DLCD through their Post-acknowledgement plan amendments (PAPA) portal on February 20th, 2025, missing this requirement by one day.
- 4. Measure 56 notice for ORD2025-05 was mailed to all parties affected by the rezoning on March 4th, 2025 exceeding the required 20 day deadline per ORS 227.186.
- 5. Newspaper notice was published on March 5, 2025 exceeding the 10-day requirement for Type IV decisions per MMC 17-4.1.050 C, 4.
- 6. Web notice was posted on March 3, 2025 exceeding the 10-day requirement for Type IV decisions per MMC 17-4.1.050 C, 4.
- 7. The ordinance and staff report were made available to the public at least 7 days prior to the March 26th hearing.
- 8. PAPA and Measure 56 were re-noticed for the repeal and replace ordinance (ORD2025-07), prior to the June 25th Council meeting and the 35 day and 20 day guidelines respectively.
- 9. Ordinance and staff report for repeal and replace ORD2025-07 were made available to the public at least 7 days prior to the June 25th hearing.

Consistency with Goal 1 is met.

Findings for Goal 2: Land Use Planning

Goal 2's headline object is: "To establish a land use planning process and policy framework as a basis for all decision and actions related to use of land and to assure an adequate factual base for such decisions and actions."

The proposed rezoning actions within this ordinance are directed based on the findings from the City's adopted Housing Needs Analysis and Economic Opportunities Analysis and their respective guidance on 20-year land supply. The proposed rezonings utilize surpluses within the industrial zones to meet commercial and residential land needs with remaining land balances to be addressed in a forthcoming Urban Growth Boundary Amendment.

The proposed change of Accessory Dwelling Units approvals from a Type II to a Type I process is advised in our adopted Housing Production Strategies document.

Consistency with Goal 2 is met.

Findings for Goal 9: Economic Development

Findings for Goal 10: Housing

Because surplus industrial lands are proposed for rezoning for both commercial and residential land categories Staff choses to evaluate these two goals together to holistically account for resulting land balances. Areas selected for rezoning were either found to be either vacant or partially vacant in the City's Employment Buildable Lands Inventory. Adjacent, non-conforming, developed parcels that were sandwiched between properties selected for rezoning were also selected for rezoning.

Goal 9 requires that jurisdictions "provide at least an adequate supply of site of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses." The City's adopted Economic Opportunities Analysis (EOA) shows that Molalla has a deficit of 15 acres of commercial land. Conversely, it showed that the City has a 97-acre surplus of industrial lands. Figure 7.8 from the EOA further shows that the industrial surplus is particularly in smaller industrial sites between 0-4.9 acres with a surplus of 19 sites between 0-1 unconstrained acres and a surplus of 21 sites for parcels between 1-4.9 unconstrained acres.

The City's proposed zone changes add 2.95 acres of unconstrained of undeveloped land to the C-1 Central Commercial zone.

	Commercial		Industrial	
Acreage	Needed Sites	Added Sites	Surplus Sites Converted to Commercial	
1-4.9 ac	5	1	21	1

Table 1: Balancing of Employment Lands Sites

There are other opportunities to rezone underutilized industrial lands within the existing urban growth boundary to commercial, however as commercial lands typically have a greater trip generation impact than industrial lands, additional transportation study and, potentially, Transportation Systems Plan updates, are needed to determine impacts to transportation systems and appropriately respond.

The City's 2023 adopted Housing Needs Analysis and Buildable Lands Inventory found deficits for all housing density types within Molalla's existing urban growth boundary and an overall deficit of 1,576 units within the 2022-2042 20-year planning period that cannot be accounted for by the City's existing available residential lands within the urban growth boundary. The proposed rezonings to residential draw on the surpluses of industrial lands to alleviate some of these deficits. The proposed rezonings would add 45.41 unconstrained acres of residential land, 43.57 of which are considered vacant or partially vacant. Further broken down, the rezonings would add:

- > 7.15 new acres of R-3 zoned land, which can be developed at 8-24 units per acre.
- > 27.07 new acres of R-2 zoned land, which can be developed at 6-12 units per acre.

11.35 new acres of R-1 zoned land, 9.51 ac of which are vacant or partially vacant, which can be developed at 4-8 units per acre.

All proposed residential land would be converted from existing industrial land, with the exception of two parcels totaling 0.68 ac from commercial zoning and rezones to R-3 to match surrounding high residential land uses. Table 2 shows the resultant balance of industrial lands once the residential lands are rezoned, continued from Table 1:

	Industrial	
Acreage	Surplus Sites	Converted to Residential
1-4.9 ac	20	10
5-9.9 ac	(-2)	1

Table 2: Balar	ncing of Re	esidential	Lands Sites
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This proposal takes a 5-9 ac parcel from the industrial inventory, adding to the need for larger industrial parcels. This parcel was selected because it was contiguous with other parcels selected for rezoning to residential. As this project is part of the City's sequential review workplan for an urban growth boundary amendment, the City anticipates accommodating for lost needed industrial site during the urban growth boundary expansion process.

The City's Housing needs analysis anticipated 1,098 low density units, 499 medium density units, and 399 high density units within the 20-year planning period. When accounting for the 287 multifamily units completed in Molalla since 2022, the proposed rezonings would bridge the gap on needed available R-3 land. Land would still be needed to accommodate outstanding R-1 and R-2 housing needs, to be accounted for through the urban growth boundary amendment.

Through this amendment, the City also proposes changing the approval process for accessory dwelling units (ADU) from a Type II "Administrative Review With Notice" process to a Type I "Staff Review and Zoning Checklist" process. This is consistent with OR House Bill 2001's allowance of ADUs by right on properties that can accommodate a single family dwelling unit. Additionally, the City's forthcoming Housing Production Strategies (HPS) document shows a substantial need for more affordable housing types and removing administrative red tape around ADUs is a step in making them more viable for development. These units, if developed more widespread, could account for some of the gap in available housing for 80% of the AMI and below, as identified in the HPS.

Findings for Goal 14: Urbanization

This ordinance is a component of Molalla's sequential review workplan for an urban growth boundary amendment. Rezoning existing surplus lands within the City's existing urban growth boundary will reduce the land need required for the ultimate urban growth boundary expansion. The city has addressed a portion of the housing need and commercial land need through this ordinance.

(B) The proposal must be consistent with the Comprehensive Plan (the Comprehensive Plan may be amended concurrently with proposed changes in zoning);

Findings:

The proposal amends the Comprehensive Plan Map concurrently with zoning map changes. Molalla Comprehensive Plan Goals 1, 2, 9, 10, and 14 are discussed under Statewide Planning Goal Findings. Specific to our Comprehensive Plan, the proposed rezonings provide greater alignment with the following policies:

Commercial Development Policy 1:

The City shall designate and adequate supply of suitable sites for commercial use within the Molalla UGB.

Findings: Per the forthcoming EOA, the proposed rezonings move the city closer to its commercial land supply targets for parcels between 1-4.9 acres.

Commercial Development Policy 9:

Major commercial activities shall be concentrated in areas receiving a high volume of traffic in order to minimize auto use. Commercial land shall be designated in a manner which locates high volume trade activities near major roads, groups a variety of medical facilities and services together, preferably near hospitals, and groups professional and governmental facilities near the downtown area and other major commercial locations.

Findings: Proposed rezoning to commercial occurs along OR-211 and in high volume areas. The proposed rezoning brings the subject parcels to be changed to commercial into greater conformity with this policy.

Industrial Policy 1:

The City shall establish and maintain a competitive short-term and long-term supply of employment land, in readily developable sites.

Findings: The City's proposed rezoning efforts from industrial primarily draw from surpluses in industrial parcels between 0-4.9 acres. One parcel with more than 5 acres or more of buildable land is proposed for rezoning. The City retains three industrial parcels between 5-9.9 acres, leaving an adequate short-term supply. The City anticipates rejuvenating the long term deficit for industrial parcels of this size through a forthcoming urban growth boundary amendment.

Housing Policy 5:

As set forth in the City's Housing Needs Analysis, a variety of housing types shall be encouraged throughout the planning area for households of all incomes levels, ages and living patterns. Such housing should include but not be limited to:

- 5.1. large and small lot single-family residences;
- 5.2. accessory dwellings;
- 5.3. duplexes, triplexes & quadplexes;
- 5.4. multiple-family housing (including for-rent apartments and for-sale condominiums);
- 5.5. attached single-family residences; and
- 5.6. manufactured dwellings in parks and on individual lots.

Findings: The proposed change for Accessory Dwelling Unit approvals from Type II to Type I encourages this type of housing development and is consistent with this policy.

(C) The City Council must find the proposal to be in the public interest with regard to community conditions; the proposal either responds to changes in the community, or it corrects a mistake or inconsistency in the subject plan or code;

Findings:

This proposal responds to a change in community conditions. Findings from the City's Housing Needs Analysis showed that as of 2022 the City had developed the vast majority of its residential land and has a shortage of over 1500 units in its 20-year land supply. Likewise, our economic opportunities analysis showed 20-year shortages in commercial lands and substantial surpluses of smaller industrial parcels. The proposed changes to the Comprehensive Plan and zoning map help balance those surpluses towards areas where the City has shortages.

For changing accessory dwelling unit approvals from Type II to Type I, policy 5 from our Goal 10 comprehensive plan policies advise that this housing type should be encouraged. As the process for approvals is not discretionary and ADUs are allowed by right by state law on any property where a single-family dwelling unit is built, reducing the processing burden for applications is only appropriate.

This criterion is met.

(D) The amendment must conform to Section 17-4.6.050 Transportation Planning Rule Compliance

Findings:

The proposed rezoning includes "land rebalance" rezonings and "courtesy rezonings." The land rebalance rezonings focus on undeveloped and partially developed parcels to address land deficiencies in residential and commercial lands and surpluses in industrial lands as found in the City's recently adopted Housing Needs Analysis and Economic Opportunities Analysis reports. The "courtesy rezonings" change zoning on some already developed parcels that have become

non-conforming uses in the current zone. Transportation Rule Compliance is addressed separately for each of these situations below.

Land Rebalance Rezonings

Staff evaluated trip generation for undeveloped and partially developed lands proposed for rezoning in collaboration with ODOT staff to determine whether significant impacts to transportation facilities would result from the proposal. Land rebalance rezonings are primarily consolidated in two areas; an area south of S Lowe RD and east of Ona WY and another area south of W Main ST and between Shaver Ave and Hart Ave. One undeveloped parcel near the OR-211 and OR-213 intersection is also included. For these areas, Staff projected buildout scenarios that would create near the highest volume of trip generation allowed under zoning code for both the current zoning and after the proposed rezoning.

These buildout scenarios are shown below. All trip generation figures are based on the City's adopted SDC methodology. The trip generation numbers within are derived from the ITE, Trip Generation Manual, 11th edition.



Area 1 – Parcels South of S Lowe RD

ORD2025-07 changes comp plan designations and zoning, as applicable, for these parcels is from M-2 Heavy Industrial to R-1 Low Density Residential and R-2 Medium Density Residential. These scenarios assume that each zone is built out as one consistent campus, maximizing potential uses. Notably, large

truck traffic decreases substantially with the change from heavy industrial to residential in these scenarios and a PCE comparison may be important to understand the difference of impacts for this area.

Proposed Zoning

R-1 – Low-Density Residential Scenario: 11.35 acres of unconstrained land built out at 8 units/acre with 25% of land assumed for public facilities and parks.

Buildout	68 Single Family, Detached Units (210)
Peak Hour Primary Trip ends/Dwelling Unit	Single Family, Detached Units: 0.94
Peak Hour Trip Generation	64

R-2 – Medium High Density Residential Scenario: 27.07 acres of unconstrained land built out at 12 units/acre with 25% of land assumed for public facilities and parks.

Buildout	140 Single Family, Detached Units (210)
	60 Low-Rise Apartment Units (220)
	44 Townhouses (215)
Peak Hour Primary Trip	Single Family, Detached Units: 0.94
ends/Dwelling Unit	Low-Rise Apartment Units: 0.51
	Townhouses: 0.57
Peak Hour Trip	132+31+25=188
Generation	

Current Zoning

M-2 – Heavy Industrial Scenario: Properties are developed together as one site/campus spanning 38.42 acres.

Buildout	281,000 SF Manufacturing (140)	
	200,000 SF Warehousing (150)	

Peak Hour Primary Trip	Manufacturing: 0.74
end/1000 SF	Warehousing: 0.18
Peak Hour Trip	208+36 = 244
Generation	

Total Trip Generation Before Zone Change: 244 Peak Hour Weekday Trips

Total Trip Generation After Zone Change: 252 Peak Hour Weekday Trips, roughly increase by 8 trips

In this scenario planning review, there is negligible impact on projected maximum trip generation and therefore a determination of no significant impact on transportation facilities is appropriate.



Area 2 – Parcels South of OR-211 Between Hart Ave and Shaver Ave

ORD2025-07 changes zoning and comp plan designations for these parcels is from M-1 Light Industrial to C-1 Central Commercial for portions north of W 3rd ST and R-3 Medium-High Density Residential for portions south of W 3rd ST. These scenarios assume that each zone is built out as one consistent campus, maximizing potential uses. While some large truck trips would be associated with the proposed car lot in the light industrial scenario, change in heavy truck traffic can be considered negligible in these scenarios.

Proposed Zoning

Buildout	30,000 SF Movie Theater (445)
Peak Hour Primary Trip end/1000 SF	Movie Theater: 6.17
Peak Hour Trip Generation	185

C-1 – Central Commercial Scenario: 2.95 acres of unconstrained land.

R-3 – Medium High Density Residential Scenario: 6.47 acres of unconstrained land built out at 24 units/acre with 25% of land assumed for public facilities and parks.

Buildout	60 Low-Rise Apartment Units (220)	
	56 Townhouses (231)	
Peak Hour Primary Trip	Low-Rise Apartment Units: 0.51	
ends/Dwelling Unit	Townhouses: 0.57	
Peak Hour Trip	63	
Generation		

Current Zoning

M-1 – Light Industrial Scenario: 9.42 Acres

Buildout	30,000 SF Movie Theater (444) 23,000 SF Car Sales Lot (841)
Peak Hour Primary Trip end/1000 SF	Movie Theater: 6.17 Auto Sales: 3.75
Peak Hour Trip Generation	271

Total Trip Generation Before Zone Change: 271 Peak Hour Weekday Trips

Total Trip Generation After Zone Change: 248 Peak Hour Weekday Trips, roughly decrease by 20 trips

In this scenario planning review, there is negligible impact on projected maximum trip generation and therefore a determination of no significant impact on transportation facilities is appropriate.



Parcel Near OR-211/OR-213 Intersection

ORD2025-07 changes zoning and comp plan designations for this parcel from C-2 General Commercial to R-3 Medium-High Density Residential. This parcel is isolated from the highway, adjacent to an existing apartment complex, and unlikely to develop as commercial.

0.68 ac Portion:

	Proposed Zoning:	
	R-3 – Medium High Density Residential Scenario	
Buildout	12 Dwelling Unit Apartment Complex (220)	
Peak Hour Primary Trip ends/Dwelling Unit	Low-Rise Apartment: 0.51	
Peak Hour Trip Generation	6	

	Current Zoning:
	C-2 – General Commercial Scenario
Buildout	5,000 SF Office (750)
Peak Hour Primary Trip end/1000 SF	Office: 1.3
Peak Hour Trip Generation	7

Total Trip Generation Before Zone Change: 7 Peak Hour Weekday Trips

Total Trip Generation After Zone Change: 6 Peak Hour Weekday Trips, roughly decrease by 1 trip.

In this scenario planning review, there is negligible impact on projected maximum trip generation and therefore a determination of no significant impact on transportation facilities is appropriate.

Courtesy Rezonings

Included in this ordinance is the rezoning of eight parcels totaling 9.62 acres for properties where the existing, built use does not match zoning. These rezoning efforts include:

- Three parcels, totaling 0.97 acres changed from R-2 Medium Density Residential zoning to C-2 General Commercial zoning. The parcels comprise the building and parking area for an existing commercial bed and breakfast known as the Prairie House Inn.
- Five parcels totaling 8.65 acres changed from C-2 General Commercial zoning to R-3 Medium-High Density Residential zoning. These parcels are the current location Colima and Cascade Place Apartments.

Prairie House Inn Parcels

Cascade Place Apartments Parcels



Colima Apartments Parcels



These parcels are already developed as uses that do not match the zoning and their impact was considered in design review and, thus, by the current Transportation Systems Plan. Further, if these properties were to redevelop, rezoning the bulk of the land from C-2 to R-3 reduces a maximum trip count at highest impact and no significant impact to transportation facilities can be determined.

This planning review meets the requirements of Section 17-4.6.050 Transportation Planning Rule Compliance as defined in OAR 660-012-0060 for plan and land use regulation amendments. The review concludes no significant effect to the transportation system and consistency with the current adopted Transportation System Plan (2018).



ORDINANCE NO. 2025-07

AN ORDINANCE OF THE CITY OF MOLALLA, OREGON. REPEALING AND REPLACING ORDINANCE NO. 2025-05, EFFICIENCY MEASURES; CHANGING ACCESSORY DWELLING UNIT APPROVALS FROM A TYPE II TO A TYPE I PROCESS AND COMPREHENSIVE PLAN MAP AND ZONING MAP CHANGES.

WHEREAS, ORS 197.296 requires that jurisdictions consider strategies to more efficiently utilize lands within their existing urban growth boundaries prior to expanding their urban growth boundary

WHEREAS, OR House Bill 2001 allows an accessory dwelling unit by right on any property that has an existing single family dwelling

WHEREAS, Molalla's sequential review workplan for its urban growth boundary requires that the City adopt efficiency measures by March of 2025

WHEREAS, The City's Housing Needs analysis and Economic Opportunities Analysis identified areas of surplus of industrial land and deficits in commercial and residential lands in the City's existing land supply

WHEREAS, The City's forthcoming Housing Production Strategy identified changing accessory dwelling unit approvals to a Type I procedure as a priority

Now, Therefore, the City of Molalla ordains:

- **Section 1.** To amend the Comprehensive Plan Map zoning in accordance with Exhibits A and B attached hereto and incorporated herein by reference. And to adopt the findings in the staff report applicable to the Comprehensive Plan Map amendment. This Ordinance Repeals and Replaces Comprehensive Plan Map changes from ORD2025-05.
- **Section 2:** To amend the Zoning Map in accordance with Exhibits A and C attached hereto and incorporated herein by reference. And to adopt the findings in the staff report applicable to the Zoning Map amendment. This Ordinance Repeals and Replaces Zoning Map changes from ORD2025-05.
- **Section 3:** To amend the Molalla Development Code in accordance with Exhibit D attached hereto and incorporated herein by reference. And to adopt the findings in the staff

Ordinance No. 2025-07: Repeal and Replace Ord. No. 2025-05 Efficiency Measures; Changing Accessory Dwelling Unit Approvals From A Type II To A Type I Process and Comprehensive Plan Map and Zoning Map Changes.

report applicable to the Development Code amendment. This Ordinance Repeals and Replaces Development Code changes from ORD2025-05.

Section 4. Effective Date. This Ordinance shall take effect 30 days after adoption and approval by the mayor.

The First Reading was held on June 25, 2025 and moved to a Second Reading by ______ vote of

the City Council.

The Second Reading was held on ______ and adopted by the City Council on ______.

Signed this _____ day of _____ 2025.

Scott Keyser, Mayor

ATTEST:

Christie Teets, CMC City Recorder

Ordinance No. 2025-07: Repeal and Replace Ord. No. 2025-05 Efficiency Measures; Changing Accessory Dwelling Unit Approvals From A Type II To A Type I Process and Comprehensive Plan Map and Zoning Map Changes.

Exhibit A: ORD05-2025 Subject Parcels

Property Address	Taxlot Number	Current Plan Zone	Proposed Plan Zone	Current Zoning	Proposed Zoning	Acreage	Constrained Acres	Buildable Acres	Vacant/Partially Vacant	Notes
		R-2 Medium Density								
524 E MAIN ST 52E09CD01406	52E09CD01406	Residential	C-2 General Commercial	R-2 Medium Density Residential	C-2 General Commercial	0.3		0.3	N	Courtesy
		R-2 Medium Density								
No Address 52E09CD01407	52E09CD01407	Residential	C-2 General Commercial	R-2 Medium Density Residential	C-2 General Commercial	0.33		0.33	N	Courtesy
		R-2 Medium Density								
No Address 52E09CD014	52E09CD01408	Residential	C-2 General Commercial	R-2 Medium Density Residential	C-2 General Commercial	0.34		0.34	N	Courtesy
			R-3 Medium-High Density		R-3 Medium-High Density					
No Address 52E08	52E08C 04601	C-2 General Commercial	Residential	C-2 General Commercial	Residential	0.13		0.13	N	Courtesy
			R-3 Medium-High Density		R-3 Medium-High Density					
No Address 52E07D 023	52E07D 02300	C-2 General Commercial	Residential	C-2 General Commercial	Residential	0.59		0.59	N	Courtesy
			R-3 Medium-High Density		R-3 Medium-High Density					
13001 S CROMPTONS LN 52E07D 024	52E07D 02402	C-2 General Commercial	Residential	C-2 General Commercial	Residential	1.14		1.14	N	Courtesy
			R-3 Medium-High Density		R-3 Medium-High Density					
200 S LEROY AVE 52E08C 04600	52E08C 04600	C-2 General Commercial	Residential	C-2 General Commercial	Residential	2.07		2.07	Ν	Courtesy
			R-3 Medium-High Density		R-3 Medium-High Density					
201 S LEROY AVE	52E08C 04700	C-2 General Commercial	Residential	C-2 General Commercial	Residential	4.68		4.68	N	Courtesy
304 W MAIN ST	52E08DD09300	M-1 Light industrial	C-1 Central Commercial	M-1 Light industrial	C-1 Central Commercial	0.45		0.45	Y	
13225 S MOLALLA FOREST RD	52E08C 03300	M-2 Heavy Industrial	R-1 Low Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	2.75	0.86	1.89	Y	
13353 S MOLALLA FOREST RD	52E17 00100	M-2 Heavy Industrial	R-1 Low Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	3.45	1.54	1.91	Y	
No Address	52E08C 03400	M-2 Heavy Industrial	R-1 Low Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	4	2.08	1.92	Y	
13355 S MOLALLA FOREST RD	52E17 00101	M-2 Heavy Industrial	R-1 Low Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	9	4.79	4.21	Y	
13566 S LOWE RD	52E08C 03800	M-2 Heavy Industrial	R-2 Medium Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	4.15	0.8	3.35	Y	
13526 S LOWE RD	52E08C 03801	M-2 Heavy Industrial	R-2 Medium Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	4.5		4.5	Y	
13434 S LOWE RD	52E08C 03600	M-2 Heavy Industrial	R-2 Medium Density Residential	M-2 Heavy Industrial	R-2 Medium Density Residential	4.74	0.75	3.99	Y	
13500 S LOWE RD	52E08C 03700	M-2 Heavy Industrial	R-2 Medium Density Residential	M-2 Heavy Industrial	R-2 Medium Density Residential	5.29	0.44	4.85	Y	
13350 S LOWE RD	52E08C 03500	M-2 Heavy Industrial	R-2 Medium Density Residential	M-2 Heavy Industrial	R-2 Medium Density Residential	5.74		5.74	Y	
	52E08C 03200	M-2 Heavy Industrial	R-2 Medium Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	6.45	2.39	4.06	Y	
			R-3 Medium-High Density		R-3 Medium-High Density					
No Address 52E07	52E07D 02404	C-2 General Commercial	Residential	C-2 General Commercial	Residential	0.05		0.05	Y	
			R-3 Medium-High Density		R-3 Medium-High Density					
12763 S CROMPTONS LN	52E07D 02401	C-2 General Commercial	Residential	C-2 General Commercial	Residential	0.63		0.63	Y	
										Area north of W 3rd ST to be
										zoned as C-1 and area south of W
			R-3 Medium-High Density		R-3 Medium-High Density					3rd ST to be zoned as R-3 Medium-
555 SHAVER AVE	52E08DD09400	M-1 Light industrial	Residential	M-1 Light industrial	Residential	7.75		7.75	Y	High residential
			Split R-3 Medium-High Density		Split R-3 Medium-High Density	/		7.00		
			Residential and C-1 Central		Residential and C-1 Central					
430 HART AVE	52E08DD09401	M-1 Light industrial	Commercial	M-1 Light industrial	Commercial	1.49		1.49	Y	

ORD2025-07 - Exhibit B - Proposed Comprehensive Plan Map Changes



ORD2025-07 - Exhibit C - Proposed Zoning Map Changes



EXHIBIT C – PROPOSED DEVELOPMENT CODE AMENDMENT TEXT EDITS

Existing Language – Black Proposed Revisions - Red Proposed Removals – Red Strikethrough

Molalla Municipal Code Section 17-2.3.160 Accessory Dwellings.

Accessory dwellings are subject to review and approval through a Type II Type I procedure, pursuant to Section 17-4.1.030 17-4.1.020, and shall conform to all of the following standards:

- A. One Unit. A maximum of one accessory dwelling unit is allowed per legal lot.
- B. Floor Area. An accessory dwelling unit shall not exceed 800 square feet of floor area, or 40 percent of the primary dwelling unit's floor area, whichever is smaller. The unit may be a detached cottage, a unit attached to a dwelling, or in a portion of an existing dwelling. The floor area of any garage associated with the primary dwelling is not included in the calculation of maximum floor area.
- C. Building Design. The accessory dwelling shall comply with applicable Oregon Structural Specialty Code requirements.
- D. Building Height. The height of an accessory dwelling shall not exceed the height of the primary dwelling.

CITY OF MOLALLA



Agenda Category: ORDINANCES AND RESOLUTIONS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Mac Corthell, Assistant City Manager Approved by: Dan Huff, City Manager

SUBJECT: Resolution No. 2025-10: Establishing a Parks Fee in Lieu of Land Dedication

RECOMMENDATION/RECOMMENDED MOTION:

I move the City of Molalla adopt resolution number 2025-10, a resolution of the city of Molalla, Oregon establishing a Parks Fee in Lieu of Land Dedication.

BACKGROUND:

Earlier this year, the Council adopted an updated Parks and Trails Master Plan that also contained several parks related amendments to the City's Comprehensive Plan. One of those amendments was a reduction in parkland needed per capita from 10 acres/1,000 residents to 7 acres/1,000 residents.

The implemented ordinance for the new policy also rectified an issue that has cost the citizens of Molalla a significant amount of parkland over the years by requiring dedication or fee in lieu instead of making it voluntary or by happenstance. This resolution is the last of the implementing documents for the new policy and allows staff to begin implementation in the City's processes.

This resolution proposes to use the total Market Value of the property in question, meaning the sum of the pre-development land and building Market Values. The reason staff is proposing this as the basis is that when land is dedicated, the developer loses a value that exceeds the bare land value because it would sell for the market value or greater once developed – think of it as a lost opportunity cost. The developer who pays a fee in lieu should not receive an even greater discount than the difference between current total market value and developed market value of the dedication, which would result in the case of utilizing the tax assessed value.

ATTACHMENTS:

Res_2025-10_ParksFeeInLieu.draft.pdf





RESOLUTION NO. 2025-10

A RESOLUTION OF THE CITY OF MOLALLA, OREGON ESTABLISHING A PARKS FEE IN LIEU OF LAND DEDICATION

WHEREAS, the City of Molalla adopted Ordinance No. 2025-03 updating its Parks and Trails Master Plan and amending its Comprehensive Plan in January of 2025; and

WHEREAS, Ordinance No. 2025-03 updated the ratio for Parkland Dedication to 7 acres per 1,000 residents, a reduction from the previous standard; and

WHEREAS, the City of Molalla adopted Ordinance No. 2025-04 in May 2025 updating the City's Development Code Language to account for the parkland dedication policies in Ordinance No. 2025-03; and

WHEREAS, the City of Molalla is committed to ensuring the availability of public parks and recreational spaces for its residents and future generations; and

WHEREAS, the City recognizes the importance of flexibility in land development and seeks to provide an alternative for developers to pay a fee in lieu of dedicating land for park purposes; and

WHEREAS, the Clackamas County Tax Assessor's Office provides annual valuations of land, which will serve as a basis for calculating the appropriate fee in lieu of land dedication.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF MOLALLA:

Section 1. Purpose and Scope. This resolution establishes a fee in lieu of land dedication for park and recreational purposes. It applies to all new developments within the city limits that would otherwise be required to dedicate land for public parks.

Section 2. Calculation of Fee. The fee shall be calculated as a proportion of the total market value of the property as determined by the Clackamas County Tax Assessor's Office. The proportion shall equate to the percentage of land that would have been required for dedication under the City's land-use regulations using the following equation:

Parks Fee in Lieu Payment = ([dedication acreage calculated under MMC 17-3.6.030(B)(1)] / [total buildable acres]) * [Total Market Value of the property(s)].

Section 3. Use of Funds. All fees collected under this resolution shall be used exclusively for the acquisition, development, and maintenance of public parks and recreational facilities.
Section 4. Effective Date. This resolution shall take effect immediately upon adoption.

Signed this 25th day of JUNE 2025.

ATTEST:

Christie Teets, CMC City Recorder Scott Keyser, Mayor



Staff Report

Agenda Category: ORDINANCES AND RESOLUTIONS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Cindy Chauran, Finance Director Approved by: Dan Huff, City Manager

SUBJECT: Resolution No. 2025-12: Authorizing Appropriations for Expenditure of a Special Purpose Gift

RECOMMENDATION/RECOMMENDED MOTION:

I move to approve Resolution No. 2025-12: Authorizing Appropriations for Expenditure of a Special Purpose Gift

BACKGROUND:

In addition to the \$100,000 donation from Molalla Communications for Chief Yelkus Park, two additional gifts were received that were not anticipated. MCC also contributed \$10,000 for playground equipment at Fox Park and \$35,000 for the Clark Park Pavilion rebuilding effort. Additional spending authority is required to spend these funds as intended.

Under ORS 294.338 (3), Oregon Budget Law allows for expenditure of special purpose gifts such as these with a resolution of the City Council.

ATTACHMENTS:

Res. No. 2025-12 MCC Special Purpose Gift.pdf



A RESOLUTION OF THE CITY OF MOLALLA, OREGON AUTHORIZING APPROPRIATIONS FOR THE EXPENDITURE OF A SPECIAL PURPOSE GIFT

WHEREAS, the Molalla Communications Educational Foundation Inc. has provided donations for playground equipment at Fox Park in the amount of \$10,000 and rebuilding the Clark Park Pavilion in the amount of \$35,000; and

WHEREAS, the 2024-2025 FY budget adopted by City Council did not anticipate these funds; and

WHEREAS, ORS 294.338(2) authorizes the governing body to appropriate funds for special purpose gifts;

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

Section 1. Appropriations to the General Funds Parks Department fund are increased by \$45,000 to provide for expenditure of special purpose gifts.

Section 2. This Resolution shall be effective upon adoption by City Council.

Signed this 25th day of June 2025.

Scott Keyser, Mayor

ATTEST:



Staff Report

Agenda Category: ORDINANCES AND RESOLUTIONS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Cindy Chauran, Finance Director Approved by: Dan Huff, City Manager

SUBJECT: Resolution No. 2025-13: Declaring a Pressing Necessity and Increasing Appropriations in the Storm Water Fund, the Cost of Which is Supplied by Private Resources

RECOMMENDATION/RECOMMENDED MOTION:

I move to approve Resolution No. 2025-13: Declaring a Pressing Necessity and Increasing Appropriations in the Storm Water Fund, the Cost of Which is Supplied by Private Resources.

BACKGROUND:

In February of 2025 Molalla Code Compliance received a complaint of potential stormwater violations by a local industrial business. Officer Murphy responded and conducted an investigation that revealed an unknown liquid and plastic pellets being allowed to enter the storm system by not just one, but two local industrial businesses. City staff traced the storm lines to Bear Creek and found no indication that any contaminant had made it to the creek (due in-part to a stormwater quality bio-swale between the catch basins and creek).

With contamination still evident in the pipes, City staff made a report to Oregon DEQ and the National Environmental Protection Agency, both of whom conducted their own investigations into the incident but found no jurisdiction since the foreign materials did not make it to the creek. The City contracted with an environmental cleanup agency to perform emergency mitigation of the pipes and bioswale, along with testing of the soils nearby and the water in Bear Creek, then passed those costs and the cost of staff time on to the two industrial businesses in question. They both provided payment for their share of the costs, and the City must now provide supplemental spending authorization for the costs collected.

Under ORS 294.338 (3)(b)(B), Oregon Budget Law allows for the increase under these conditions with a declaration and resolution of the City Council.

ATTACHMENTS: Res No 2025-13 Storm Water Fund Appropriations.pdf



A RESOLUTION OF THE CITY OF MOLALLA, OREGON DECLARING A PRESSING NECESSITY AND INCREASING APPROPRIATIONS IN THE STORM WATER FUND, THE COST OF WHICH IS SUPPLIED BY PRIVATE RESOURCES

WHEREAS, an occurrence of illegal storm drain dumping occurred which could not be foreseen at the time of the preparation of the current budget; and

WHEREAS, a pressing necessity existed to address the remediation; and

WHEREAS, the Storm Water Fund does not have sufficient budget appropriations to cover the expense; and

WHEREAS, the parties responsible reimbursed the Storm Water Fund expenditures in the amount of \$79,739; and

WHEREAS, ORS 294.338(3)(b)(B) allows the City Council to appropriate funds under the aforementioned conditions;

Now, Therefore, the City of Molalla Declares and Resolves as follows:

Section 1. That an unforeseeable occurrence created a pressing necessity for expenditures reimbursed by private resources, and appropriations in the Storm Water fund shall be increased by \$79,739.

Section 2. This Resolution shall be effective upon adoption by City Council.

Signed this 25th day of June 2025.

Scott Keyser, Mayor

ATTEST:



Staff Report

Agenda Category: ORDINANCES AND RESOLUTIONS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Cindy Chauran, Finance Director Approved by: Dan Huff, City Manager

SUBJECT: Resolution No. 2025-14: Authorizing a Contingency Transfer in the General Fund

RECOMMENDATION/RECOMMENDED MOTION:

I move to approve Resolution No. 2025-14: Authorizing a Contingency Transfer in the General Fund.

BACKGROUND:

Oregon Budget Law allows budgeting for "contingency" on the assumption that operations may necessitate spending during the year on items that cannot be specifically identified at the time the budget is being prepared.

In the Administration department, a transfer from contingency in the amount of \$100,000 is being requested to conform with budget law for expenses including the following: Staffing adjustment and wage increases, new audio visual equipment for Council Chambers, as well as related consulting costs, legal fees related to the telecom franchise agreement, costs of the new web page, payment for June preliminary audit work, and increased postage and records management costs.

In the Court department, a transfer from contingency in the amount of \$50,000 is being requested to conform with budget law for expenses including the following: Staffing adjustment and wage increases, equipment and training costs for the half-time staff member, increased Court security costs, and additional defense attorney fees related both to increased Court volume and fee increases required to meet market demand.

ATTACHMENTS:

Res. No. 2025-14 General Fund Contingency Transfer.pdf



A RESOLUTION OF THE CITY OF MOLALLA, OREGON AUTHORIZING A CONTINGENCY TRANSFER IN THE GENERAL FUND

WHEREAS, this resolution proposes to amend the Fiscal Year 2024-2025 City of Molalla budget due to a need for funds that were budgeted and appropriated as operating contingency; and

WHEREAS, the General Fund requires additional authority in the current fiscal year; and

WHEREAS, OAR 150-294-0430(4) provides that a city must transfer appropriation authority from the contingency category to the category from which it will be expended; and

WHEREAS, the contingency transfer is less than 15% of the original total General Fund appropriation thus allowing budget action to be carried out by Council resolution as provided in ORS 294-463(2);

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

Section 1. That 2024-2025 contingency appropriations in the General Fund be transferred as follows:

GENERAL FUND	Current Appropriations	Change	Amended Appropriation
Administration	\$ 1,552,798	\$100,000	\$ 1,652,798
Police	4,668,026	0	4,468,026
Municipal Court	294,535	50,000	344,535
City Council	68,540	0	68,540
Parks	1,371,764	0	1,371,764
Planning	398,903	0	398,903
Not Allocated:			
Contingency	1,500,000	(150,000)	1,350,000
TOTAL			
APPROPRIATIO	NS \$ 9,854,566	0	\$ 9,854,566
Reserve	764,579	0	764,579
TOTAL	\$ 10,619,145	0	\$10,619,145

Section 2. This Resolution shall be effective upon adoption by City Council.

Signed this 25th day of June 2025.

Scott Keyser, Mayor

ATTEST:



Staff Report

Agenda Category: ORDINANCES AND RESOLUTIONS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Scott Keyser, Mayor Approved by: Dan Huff, City Manager

SUBJECT: Resolution No. 2025-15: Declaring Councilor RaeLynn Botsford's Seat Vacant

RECOMMENDATION/RECOMMENDED MOTION:

Resolution No. 2025-15: Declaring Councilor RaeLynn Botsford's Seat Vacant

BACKGROUND:

On June 11, 2025, the Mayor, City Manager, and City Recorder were notified by Councilor Botsford, submitting her resignation to the Molalla City Council. An announcement was made at the City Council meeting that evening. Councilor Botsford's term expires December 31, 2026.

A resolution must be adopted by City Council to vacate the position.

Below is a recommended outline:

- Receive applications from the public between June 26 August 15, 2025
- Interview candidates at the August 27th Work Session
- Consider appointment at the August 27th regular City Council meeting

ATTACHMENTS:

Res. No. 2025-15 Declaring Botsford Council Vacancy.pdf



A RESOLUTION OF THE CITY OF MOLALLA, OREGON DECLARING THE COUNCIL POSITION HELD BY RAELYNN BOTSFORD TO BE VACANT

WHEREAS, Molalla Municipal Charter, Chapter VII - Elections, Section 32. Vacancies, states the City Council shall declare a vacancy on the Council in the event of an incumbent's resignation from the office; and

WHEREAS, Councilor RaeLynn Botsford submitted her resignation as a member of the Molalla City Council, effective immediately on June 11, 2025; and

Now, Therefore, the City of Molalla Resolves:

Section 1. The Council position held by RaeLynn Botsford is declared vacant.

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

Signed this 25th day of June 2025.

Scott Keyser, Mayor

ATTEST:



Staff Report

Agenda Category: ORDINANCES AND RESOLUTIONS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Mac Corthell, Assistant City Manager Approved by: Dan Huff, City Manager

SUBJECT: Resolution No. 2025-16: Adopting the Teamsters Labor Contract 2025-2028

RECOMMENDATION/RECOMMENDED MOTION:

I move to approve Resolution No. 2025-16: Adopting the Teamsters Labor Contract 2025-2028.





Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Christie Teets, City Recorder Approved by: Dan Huff, City Manager

SUBJECT: July City Council Meetings - Discussion (Huff)

RECOMMENDATION/RECOMMENDED MOTION:

Staff is seeking Council input. A motion will be required.

BACKGROUND:

The City Manager and Assistant City Manager are planning to attend the OCCMA Conference the week of July 8-11, 2025. Currently, there is no City business scheduled on the Agenda for July 9, 2025.

Staff is seeking Council recommendation regarding canceling and/or rescheduling the July 9th City Council meeting.



Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Mac Corthell, Assistant City Manager Approved by: Dan Huff, City Manager

SUBJECT: Street Maintenance Funding (Corthell)

BACKGROUND:

Work Session #1, 5/28/25:

Staff sought and gained Council consensus on the public engagement plan provided in Attachment B. Staff has provided updates on the plan in red.

Today's Discussion #2, 6/25/25:

1. Pre-Engagement Phase

Staff has begun the process of data collection with partial results provided in Attachment A below. Current data includes the gas taxes and street fees charged (or not) by a collection of similarly situated cities in the region.

Staff initially hit an obstacle in obtaining the gallons of gas pumped annually in Molalla, but with some fortitude has identified and engaged the appropriate agencies and individuals. We are currently awaiting that data in order to help the Council and Community estimate the potential value of a gas tax.

2. Project Webpage

The Molalla Current project page is under construction. Staff is planning to "go live" with the page once enough information and data has been gathered to ensure there aren't significant information gaps. As we know, human beings have a tendency to fill in the gaps with best guesses when factual answers aren't provided.

ATTACHMENTS: Attachments A and B - Street Maintenance Fee Study.pdf

Attachment A– Gas Tax & Street Fee Information for Other	Cities
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City	Population	Gas Tax Rate	Street Utility Fee Rate	Other Utility Fee(s)	Rate(s)
Molalla	10,300	N/A	N/A	No	N/A
Silverton	10,341	\$0.02/gal	• \$12.04/month	Parks	\$2.02/month
Oregon City	37,351	N/A	 \$15.99 residential \$0.274/trip non-residential schools based on # of students 	No	N/A
Sandy	12,946	\$0.02/gal	N/A	Public Safety	\$4.50/residential unit/month
Canby	17,944	\$0.03/gal	 \$5 residential \$3.34/unit multi-family \$0.522/trip non-residential 	Parks	\$6.31/month
Gladstone	11,865	N/A	 5% of water, sewer, storm 	No	N/A

*Note – Staff is working to obtain the information needed to estimate the returns on a local gas tax in Molalla

Observations:

- 1. Every city surveyed has a utility fee for streets, parks, public safety, or more than one.
- 2. Sandy and Molalla are the only cities without a street utility fee.
 - a. Sandy has a public safety utility fee and Molalla does not.
 - b. Sandy has a local gas tax and Molalla does not.
- 3. Both cities without a local gas tax (except Molalla) are located inside the Metro Boundary where other taxes such as the homelessness tax apply.

Questions:

- 1. Outside of the data points shared and the local gas information forthcoming, is there any other data the Council wishes staff to obtain on this topic?
- 2. Does the Council have any comments or feedback on the evolution of the public engagement plan?

Pre-Engagement – Began on 5/29/25... currently in-work

Staff will obtain the necessary information to provide the Council and public with the particulars on each option. Staff will present the below materials and information to the Council prior to public dissemination at scheduled work sessions/discussions.

Project webpage – Began on 6/1/25... currently in-work

The project will have a webpage on the Molalla Current that serves as a virtual information hub. This would provide public access to project information, documents, and announcements, such as FAQ's, revenue projections, impacts to PCI, and more. Additionally, this space will provide a location for questions and input from the community, surveys, and the like.

Survey(s) – First Survey projected for review at Work Session #3.

The project team will develop and conduct a survey (or multiple surveys as needed and advisable) to educate the community on the issues surrounding this topic, garner community feedback on the options available, and increase community ownership in the ultimate decision.

Local Event Engagement – First event is Celebrate Molalla in August of 2025.

City staff will prepare materials to educate and seek feedback at local events (e.g. Celebrate Molalla). This will also provide staff with an opportunity to engage the community in-person, field questions and concerns, and provide accurate information.

Townhall(s) – TBD.

City staff will host a town hall (or multiple town halls as needed and advisable), to provide a forum for questions, concerns, and provision of information. Like local events, town halls provide a great opportunity to engage the community on the issues and increase ownership in the final decision.

Community Groups and Partners – TBD.

City staff will attend meetings of community groups and other community partners to provide information, field questions, and garner feedback.

Public Meetings - #1 on 5/28/25, #2 on 6/25/25, next TBD.

Staff will prepare materials and reports for Planning Commission and City Council meetings that invite public comment (and Planning Commission feedback) on the options.

Timing

Staff anticipates this process will take approximately 8-12 months, but can reduce the timeline with reduced public engagement.



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Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, June 25, 2025 Submitted by: Scott Keyser, Mayor Approved by: Dan Huff, City Manager

SUBJECT: Comical Signage Consideration - Parks CPC (Gilmer)

RECOMMENDATION/RECOMMENDED MOTION:

A motion will be required for City Council to approve, amend, or deny.

BACKGROUND:

The Parks CPC Committee requests authorization to conduct a community poll on the installation of humorous "No Littering" signs in City parks. Through an online survey, the CPC will gather essential community input on these designs and whether residents support placement in parks. (See Exhibit A)

ATTACHMENTS: No Littering Signage.pdf

WHY ARE YOU LITTERING?

I am a Jerk.

I don't care about natural areas.

Mommy still cleans up after me.

All of the above.

NOCCALULA FALLS PARK