

City of Molalla & Molalla Urban Renewal Fiscal Year 2025-2026



Proposed Annual Budget



www.cityofmolalla.com

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READER'S GUIDE TO BUDGET DOCUMENT

This document provides citizens with a comprehensive overview of the City of Molalla's budget, the budget process, City services and operations, and the resources that fund them. This document first outlines the process, policies, goals, and issues involved in developing the budget. It then discusses the financial structure of the City with an overview of the City's various funds, including where the money comes from and how it is spent. Details about the budget, forecasted revenue and appropriated expenditures follow, along with an in-depth look at the City's departments and programs. You will see many connecting links to documents and services within the document this year. Look for the **Go,HERE!** This document is divided into the following sections:

Introduction

The purpose of this section is to provide the reader with general information about the City's history, demographics, and economy. The City's vision, mission, goals and strategic initiatives, organizational structure, and a message from the City Manager are also included.

Budget Overview

Information in this section gives the reader an understanding about the services the City provides to our citizens and the costs incurred in the provision of those services. It includes the sources of funding, including long-term debt financing that support the City's operations and capital needs. This section also contains summaries of the budget process, the budget, a fund structure matrix, a description of major fund types and a discussion of revenue and expenditures and how they are forecasted.

Long-Range Plan & Capital Budget

The section presents a Five-Year Forecast for the operations and finances of the City.

This section provides detail on the Capital Budget and the Five-Year Capital Improvement Plan (CIP) that was adopted by resolution.

Revenue Manual

This manual provides information on the City's major revenues that are received primarily from outside sources.

Budget Detail

This section includes summaries of the overall budget by fund, sources of revenue, types of expenditures and costs by department, along with the authorized staffing levels by department or division. For comparison, two years of historical results and the prior year amended budget, and projections are presented alongside the budget. There is also a fund balance summary for each fund. Following each fund summary is information at the department and division levels, including explanations of significant budget variances, prior year accomplishments, goals for the current year, authorized positions and significant changes within the department or division.

Appendix This section contains a copy of the signed budget resolution, a glossary, and other informative financial policy material.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Molalla
Oregon**

For the Fiscal Year Beginning

July 01, 2024

Christopher P. Morill

Executive Director

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **City of Molalla, Oregon**, for its Annual Budget for the fiscal year beginning **July 01, 2024**. We received our **6th** award on 11/1/2024. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.



**The Government Finance Officers Association
of the United States and Canada**

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

Finance Department
City of Molalla, Oregon



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

Executive Director

Christopher P. Morill

Date: 11/1/2024

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

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

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

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

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

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

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Administration – City Manager’s Office
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Phone: (503) 829-6855 Ext. 291 | Fax: (503) 829-3676

May 5, 2025

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

RE: 2025-2026 Budget Transmittal Message

I am pleased to present the City of Molalla proposed Budget for Fiscal Year (FY) 2025-2026. The proposed \$75,709,873 million budget (including contingencies and reserves) maintains our critical services and programs and is consistent with our Financial Policies, 5-year forecast and Council Goals. The General Fund portion of the proposed Budget is \$ 8,925,528 million. As required by State Budget Law, this proposed Budget is balanced.

Budget Overview

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

Council has supported efforts to pursue Urban Growth Boundary expansion under a difficult State process. These efforts to expand will set benchmarks for Molalla’s future growth. Our growth in the commercial, potential industrial and non-single family construction sectors will pay dividends in the future as these developments have a higher assessment value than single family residential. However, the tax system and distribution of taxes is slower than new development occurs. We have not focused on current discussions of the Oregon State tax system in Molalla. We have remained conservative in our budget and continue to grow services in a sustainable way. The reason Molalla is not on the list of 64% of cities with financial shortfalls is because of these practices.

3-Year Molalla Population Growth

<u>Year</u>	<u>Population</u>
2022	10,279
2023	10,335
2024	10,489

Larger projects such as the new Police Facility and the new Wastewater Treatment Plant continue to inflate the budget. However, these projects are the result of hard work and a City Council commitment to provide necessary infrastructure. The Police Facility will be completed in December of 2025, but we have a couple of years left before the Wastewater Plant is complete. These are large projects for a city of Molalla's size but also represent a commitment to make Molalla a better Molalla.

We have begun the process of looking at replacing the Molalla Public Library. Work we expect to do over the course of the next year will dictate our path for this project. The expectation to move the Library over to the Civic Center area is expected to cost between \$3 -5 million. Staff will be working toward grant funding to pair with our current available funding of \$3,200,000 to reach that goal. We have identified these funds in the Library budget.

I stated last year that we are faced with a continuous stream of regulatory change and mandates handed down from the Oregon State Legislature. These changes affect all areas of our service levels from law enforcement, parks, water and sanitary sewer services but mainly in our planning and development programs including HB 2001, HB2003, HB2006, HB2008, HB2306, HB2918, SB458, HB3040B, SB1051, SB8, HB2984, SB1537, HB2138. Rules and mandates consume staff time and cost the City scarce resources.

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

We have made recent investments in our transportation system throughout portions of the city such as the repaving of South Molalla Avenue and Section Street in 2025 and we expect to continue this program, but at a slower rate due to funding. We do need to recognize that without additional funding mechanisms for street maintenance, our transportation infrastructure may decline at a faster pace. In addition, we have reached capacity in our ability to maintain our Park system. Our newest park, Chief Yelkus Park, will open in late July/early August this calendar year and it may be the last new park this community sees until ongoing maintenance revenue is secured.

Many projects and opportunities take multiple years to bring to fruition. For example, the groundwork for a new Police Facility began ten plus years ago when the City began putting money away for the future. The Police Bond, the community passed in November 2023 brought this

project to reality. Work on a new Wastewater Treatment Plant began in 2014. We broke ground on this project January 17, 2025.

Property Tax-General Fund Overview

Property Tax estimated revenues total \$ 4,160,332 which is an estimated 6 % increase amounting to \$227,645 in additional General Fund revenue. Total General Fund Resources are proposed at \$8,155,684. Personnel Services are up 6 % and Material and Services are up 4%. The General Fund includes Administration, Police Department, Parks, Municipal Court, Planning and City Council.

Revenues

Taxes

Property tax revenue is estimated at \$4,160,332 for the 2025-2026 fiscal year and constitutes our General Fund. This fund provides necessary revenue for police, administration, parks, planning, etc. Some of these programs are bolstered through planning fees, donations and other revenue sources and are directly reflective of tax revenue derived from new development.

Utility charges and fees

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

Other Revenue (such as)

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

Contingencies and Reserves

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

Total Budget

The 2025-2026 overall Budget is proposed at \$ 75,709,873 (current year \$80,096,584). Combined with Urban Renewal, the total for All Funds is \$ 80,695,488 (current year \$84,460,459).

Budget Brief FY 25/26 All Budgeted Numbers Are Expenses	2023-24 ACTUAL	2024-25 ADOPTED	2025-26 PROPOSED	Variance	% change
General Fund					
Admin	1,616,876	3,817,377	4,070,190	252,813	7%
Police	3,983,020	4,668,026	4,948,389	280,363	6%
Court	237,016	294,535	354,635	60,100	20%
City Council	63,504	68,540	67,796	-744	-1%
Parks	474,082	1,371,764	1,279,458	-92,306	-7%
Planning	277,973	398,903	546,450	147,547	37%
Total General Fund	6,652,471	10,619,145	11,266,918	647,773	6%
Special Revenue Funds					
Library	1,065,463	4,623,532	5,027,567	404,035	9%
Street	1,352,828	5,186,088	5,396,730	210,642	4%
PD Restricted	56,653	79,406	72,157	-7,249	-9%
Total Special Revenue Funds	2,474,944	9,889,026	10,496,454	607,428	6%
Capital Project Funds					
WWTP Project	0	21,226,521	25,748,000	4,521,479	21%
New Police Facility	905,437	16,960,230	5,015,274	-11,944,956	-70%
Fleet Replacement	376,616	621,566	504,624	-116,942	-19%
Total Capital Project Funds	1,282,054	38,808,317	31,267,898	-7,540,419	-19%
Debt Service Funds					
Sewer Debt Retirement	379,384	745,008	365,444	-379,564	-51%
GO BOND DEBT FUND	0	739,445	783,550	44,105	6%
Total Debt Service Funds	379,384	1,484,453	1,148,994	-335,459	-23%
SDC Funds					
Sewer SDC's	0	1,679,926	1,614,223	-65,703	-4%
Water SDC's	100,000	465,596	298,065	-167,531	-36%
Street SDC's	850,000	1,814,380	1,905,494	91,114	5%
Park SDC's	75,000	2,045,857	1,972,854	-73,003	-4%
Stormwater SDC's	60,763	220,510	462,759	242,249	110%
Total SDC Funds	1,085,763	6,226,269	6,253,395	27,126	0%
Enterprise Funds					
Sewer	4,112,416	6,450,145	8,384,392	1,934,247	30%
Water	1,910,162	5,807,039	6,048,516	241,477	4%
Stormwater	391,402	812,190	843,306	31,116	4%
Total Enterprise Funds	6,413,980	13,069,374	15,276,214	2,206,840	17%
Total City of Molalla	18,288,595	80,096,584	75,709,873	-4,386,711	-5%
URBAN RENEWAL	1,174,012	4,363,875	4,985,615	621,740	14%
TOTAL ALL FUNDS	19,462,607	84,460,459	80,695,488	-3,764,971	-4%

Budget Highlights

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

Police:

- New MPD move -in
- Hire/replace 3 Officers
- Prepare for Retirements

Community Development:

- UGB Process
- Annexations
- Mural Code
- Lola Water/Sewer/Paving Project completion
- Complete N. Molalla enhanced crossing at Francis
- Complete Gas Tax/Street Fee Exploration
- Complete feasibility study for Molalla Forest Road
- Wastewater Treatment Plant Construction
- S Molalla Lift Station Rebuild
- Cured in place pipe program
- Design for new water intake project

Library:

- With feasibility study complete, pursue funding for new Library

Parks:

- Chief Yelkus Park Phase I
- Examine Park Maintenance Fee

Staffing

We are proposing an overall staff increase of 1.39 total FTE's. Adding (1) FTE in Sewer and the resulting .39 due to allocation shifts within the departments.

Financial Forecast

Longstanding Budget Committee members will recall that our long-term financial forecasts and analysis identifies future financial challenges and opportunities and then identifies strategies to secure financial sustainability in consideration of those challenges and opportunities. Our five-year forecast has been the cornerstone of our Budget preparation process. We continue to balance the service we provide as local government and reflect on the cost burden that is borne

by the community. Staff have been creative with our Street Fund, and we continue to find opportunities to improve our Parks without a revenue stream.

We provide more detailed information on our annual five-year capital improvement plans within the Budget document. 2024 – 2025 saw a focus on Master Planning and projections to plan better for future years decision making. Most of that work is complete except for UGB planning and process. Based on our annual Audit information from June of 2024, the City of Molalla Statement of Position is \$56,836,018 million. The Statement of Position in our annual Audit is a snapshot of the overall health of the City. Molalla is prepared for what the future may hold with respect to our projections for staffing, capital costs, infrastructure, and service provision. Based on our audits and comparisons with other entities, we believe our five-year forecast is positive. As a general comparison, the City’s Statement of Position is up \$4.4 million from last year.

Basis of Accounting

The “basis of accounting” and “basis of budgeting” determine when revenues and expenditures are recognized for the purposes of financial reporting and budget control. The city of Molalla employs a hybrid basis of accounting that is called “modified accrual”. Under this system revenues are recognized when they become measurable and available; expenditures are recognized when the obligation to pay is incurred. Where capital expenditures are concerned, this can lead to significant increases and decreases in total expenditure from year to year. Capital expenses tend to be large and unevenly timed.

Urban Renewal Agency

To ensure the Molalla Urban Renewal Agency (MURA) maintains capacity to support the planned contribution to the new Police Station as the only project for Fiscal Year 2025-2026.

New Molalla Police Station: \$4,030,000

Conclusion

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

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

effect change. Our budget process works best when the community is active and hears about the proposed Budget.

As the Molalla Budget Officer, and for these reasons, it is my recommendation that the Budget Committee approve the 2025-2026 proposed budget. I am proud of the progress we have made in Molalla, and I would especially like to thank Staff members responsible for preparation of this proposed Budget including each Department head and specifically our Finance Department. As always, good things happen in Molalla, and we appreciate the opportunity to be part of that process.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Huff". The signature is fluid and cursive, with the first name "Dan" being more prominent than the last name "Huff".

Dan Huff
City Manager, Budget Officer



FORM OF GOVERNMENT

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

The Role of the Mayor

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



The Role of Elected Officials

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

The City Manager's Role

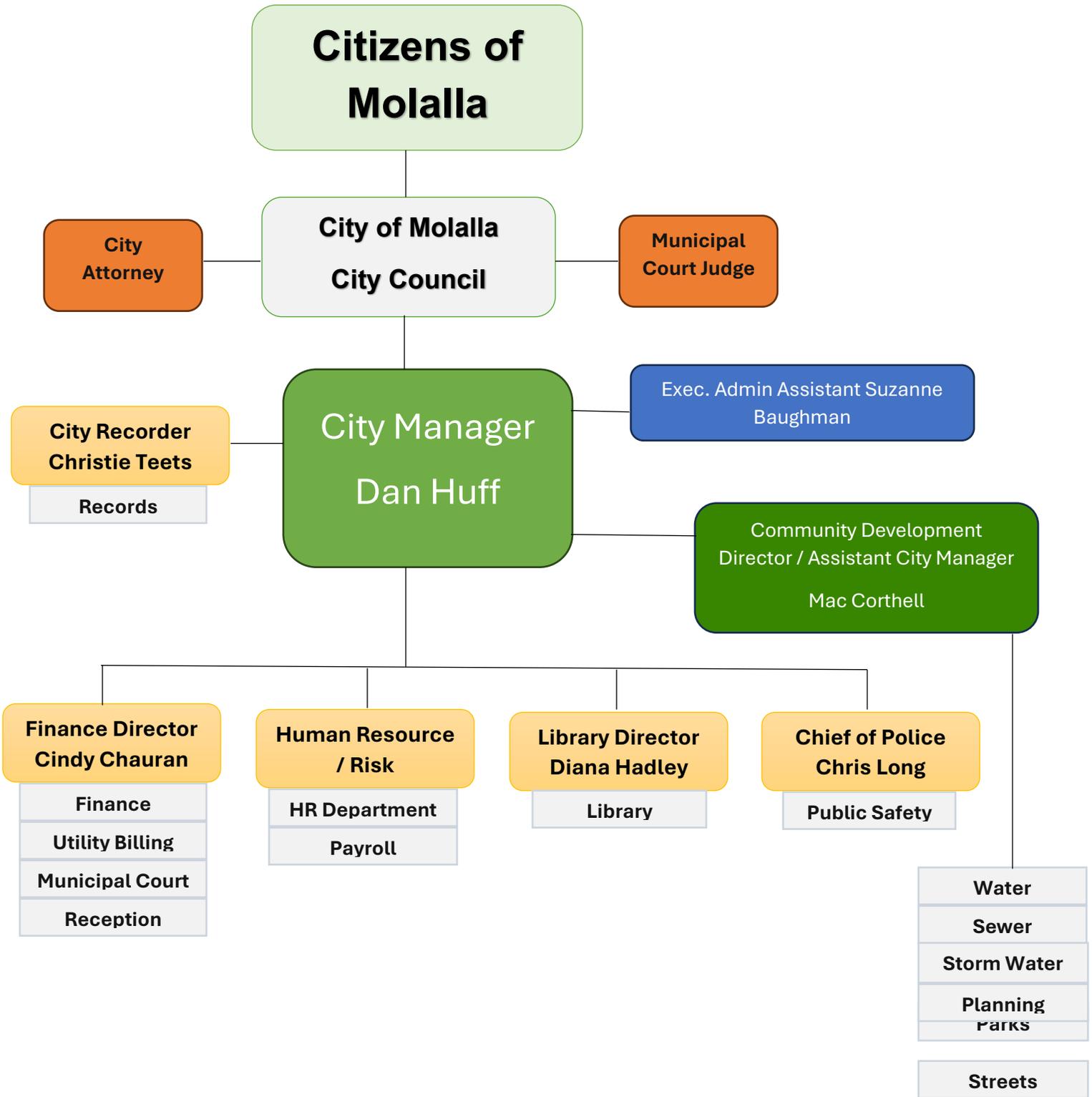
The City Manager is an at-will employee. The City Manager's role is to present and assist in preparing a budget for the governing body's consideration. Recruits, hires, supervises, and terminates governmental staff. Serves as the governing body's chief advisor by providing complete and objective information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

Council meetings are on the 2nd and 4th Wednesday of each month. Meetings are held at the Civic Center located at 315 Kennel Avenue at 7:00pm. Meetings are also streamed live on the City's FaceBook Page, and YouTube channel. The public is welcome to attend in person.

Tune in [Live Here!](#) for FaceBook
Tune in here for YouTube [Go,HERE!](#)

If you would like to read about our City Council members or get in contact with them, please follow the link provided. [City Council Members 2025 - 2026](#)

Organizational Chart



Strategic Goals and Visioning Strategies

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

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

Please Note:

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

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

Strategies

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

Action

Develop an awareness campaign that:

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

➤ Potential Partners

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

Action

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

➤ Potential Partners

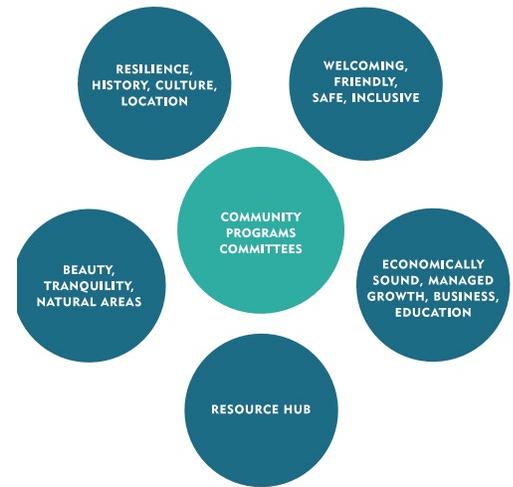
- Chamber, City of Molalla

Action

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

➤ Potential Partners

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



Action

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

➤ Potential Partners

- Chamber, City, heritage partners, non-profits

Action

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

➤ Potential Partners

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

Action

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

➤ Potential Partners

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

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

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

STRATEGIES

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

Action

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

➤ **Potential Partners**

- City, landowners, Chamber, MRSD, community

Action

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

➤ **Potential Partners**

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

FOCUS AREA #3 Molalla is... an economically sound and growing community which is evident in the diversity of businesses, partnerships, education, innovation, and the strong work ethic of its people

STRATEGIES

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

Actions

Develop a directory of small to large businesses. Create an economic development plan that identifies a foundation to grow resources and services for the community, i.e. shopping, entertainment, dining, and generating jobs. Host a conference with local businesses, City of Molalla, and the MRSD Board of Directors on innovation and possible areas for growth in Molalla’s local workforce.

➤ **Potential Partners**

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

Actions

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

➤ **Potential Partners**

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

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

STRATEGIES

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

Action

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

➤ **Potential Partners**

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

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

STRATEGIES

- Strengthening regional partnerships, natural resource areas.

ACTION

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

Organize volunteer groups.

➤ **Potential Partners**

- Molalla River Alliance, ODOT, Molalla River Watch

About Molalla

Location

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



History

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

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

Molalla was a true Oregon timber town, and while the local economy has grown far more diverse today, still retains the frontier spirit and "can do" attitude that comes with the dangerous, difficult work of logging and milling. Today, Molalla is a community of 10,489 residents where citizens, business, and City government work together to

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

Points of Interest & Community Events

Celebrate Molalla!

Every September the town celebrates this Beautiful City! This event is hosted by our Councilor, Leota Childress. [Celebrate Molalla 2025](#). For more information about this annual event, click the link above.

Heritage Art Walk

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

National Night Out

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



Molalla Statistics

POPULATION PATTERNS

- ✓ 2010 Population 8,108
- ✓ 2022 Population 10,279
- ✓ 2023 Population 10,335
- ✓ 2024 Population 10,489

Cited Portland State University

[Go, HERE!](#)

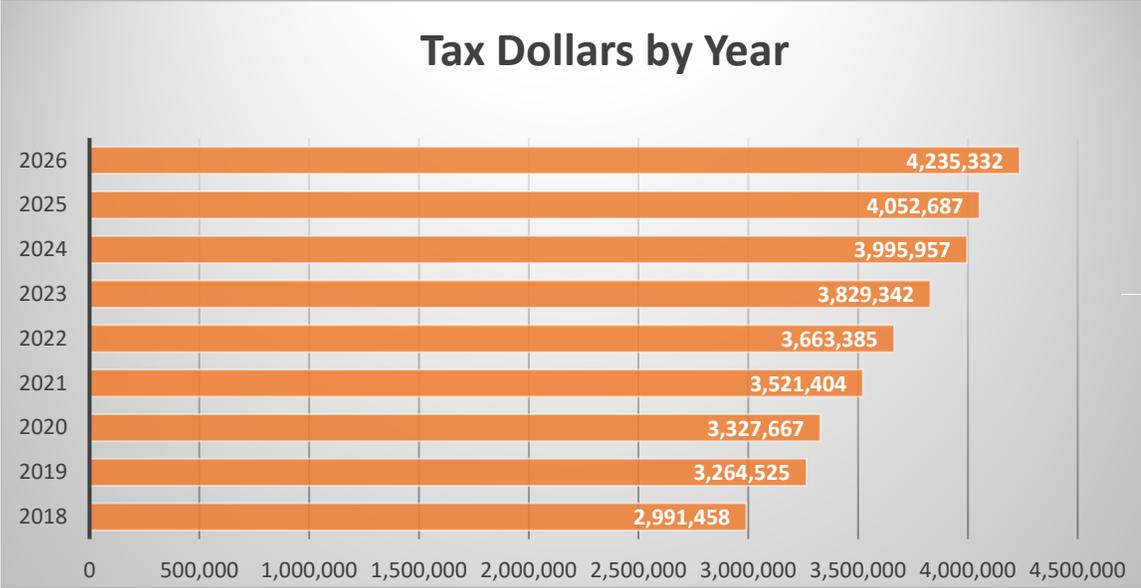


Molalla Demographics

Fiscal year	Population (1)	Median Age (2)	Per Capita Income (2)	Personal Income	Public K-12	Unemployment Rate (3)
					School Enrollment (2)	
2023	10,335	32.5	\$ 36,114	\$ 373,238,190	2,025	3.5%
2022	10,208	33.6	\$ 33,627	343,264,416	1,917	3.2%
2021	9,910	34.5	31,626	313,413,660	1,943	4.9%
2020	9,885	34.8	28,459	281,317,215	1,893	9.8%
2019	9,625	35.2	26,498	255,043,250	2,017	3.4%
2018	9,610	33.7	25,437	244,449,570	1,781	3.5%
2017	9,085	34.2	24,703	224,426,755	1,715	3.6%
2016	8,940	33.5	23,155	207,005,700	1,787	4.4%
2015	8,820	32.9	23,614	208,275,480	1,420	5.1%

Sources: (1) Portland State University Population Research Center
 (2) United States Census Bureau American Community Survey 5-year estimates
 (3) State of Oregon Employment Department (Clackamas County, Seasonally Adjusted, June)

Population vs Tax Dollars

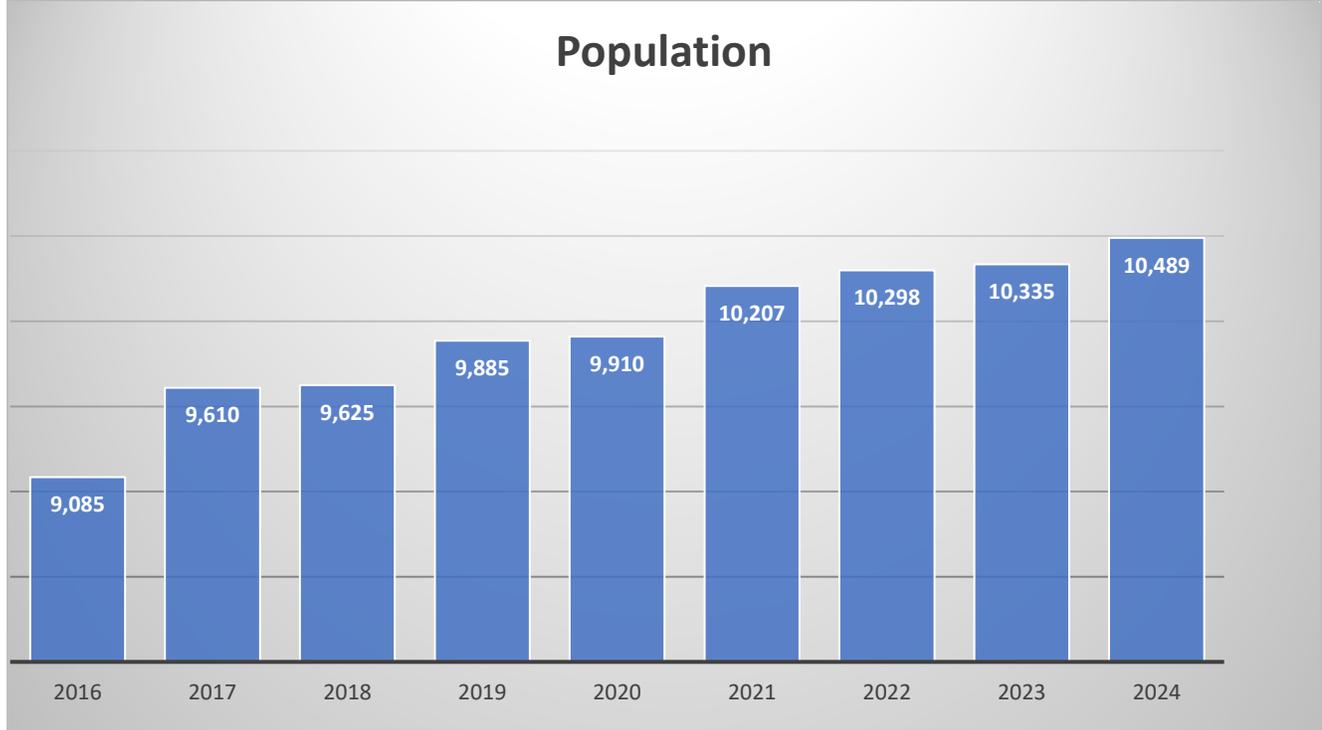


2025 – Proposed
2024 – Budgeted
2016-2023 Actual

For more information on populations in Oregon as of April 24, 2024

[Go, HERE!](#)

Molalla Demographics



Property Tax Dollar.....where does the money go?



Above is a snapshot of where the tax revenue is distributed for every dollar collected by the County Assessor.

PERSONNEL

Summary of Personnel

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

PERSONNEL FTE City Wide Chart

The City has three unions that represent employees of the City of Molalla: Teamsters Local 223 Go, [HERE!](#), the CCPOA Clackamas County Peace Officers Association, [Go, HERE!](#) And the CCPOA Clackamas County Peace Officers Association Sergeant's Unit, [Go, HERE!](#) Public Works employees fall under the Teamsters and the Police Department fall under the CCPOA. Administrative staff is not represented by an Association.

FULL-TIME EQUIVALENT (FTE'S) EMPLOYEES

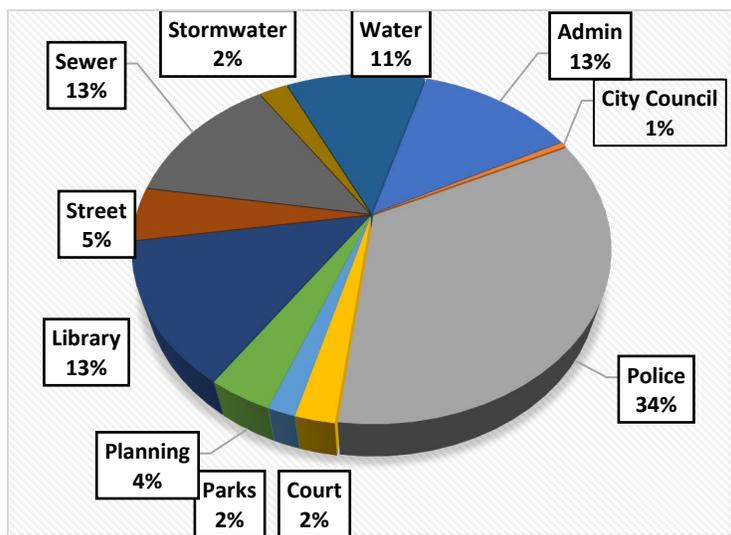
	22-23	23-24	24-25	25-26	Varian
Admin	7.00	7.50	8.50	8.50	0.00
Police	20.00	22.40	22.40	22.70	0.30
City Council	0.00	2.24	2.24	0.33	-1.91
Court	1.00	1.50	1.50	1.50	0.00
Parks	1.00	1.15	1.05	1.05	0.00
Planning	1.50	1.52	1.62	2.42	0.80
Total General Fund	30.50	36.31	37.31	36.50	-0.81
Library	8.70	8.70	8.70	8.70	0.00
Street	2.86	3.23	3.23	3.29	0.06
Total Special Revenue	11.56	11.93	11.93	11.99	0.06
Sewer	6.69	8.14	7.14	8.70	1.56
Water	5.58	6.03	7.03	7.59	0.56
Stormwater	1.37	1.54	1.54	1.56	0.02
Total Enterprise	13.64	15.71	15.71	17.85	2.14
Total FTE	55.70	63.95	64.95	66.34	1.39

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

CHANGES FROM THE PRIOR YEAR

Personnel Changes

- Added .30 Position at Police Department for Part Time Background Checks.
- Added .80 Position in Planning for an Associate Planner.
- Added .06 Position in Streets allocation.
- Added 1.56 Position in Sewer. Re-Structure of positions and added an Op 2 Position.
- Added .56 Position in Water. Re-Structure of positions which left an allocation change.
- Added .02 Position in Stormwater result of a re-structure in allocation change.
- Council FTE's were miscalculated in prior years; this is the adjustment



Position SCHEDULE FOR MOLALLA

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

Budget Overview

The pages that follow summarize the City of Molalla's fiscal year 2025-26 budget. More details will be explained in each fund's narratives.

Revenues

The budget includes total revenue projections of \$75,709,873 in all funds. The City of Molalla has strong beginning balances, and the overall health remains positive.

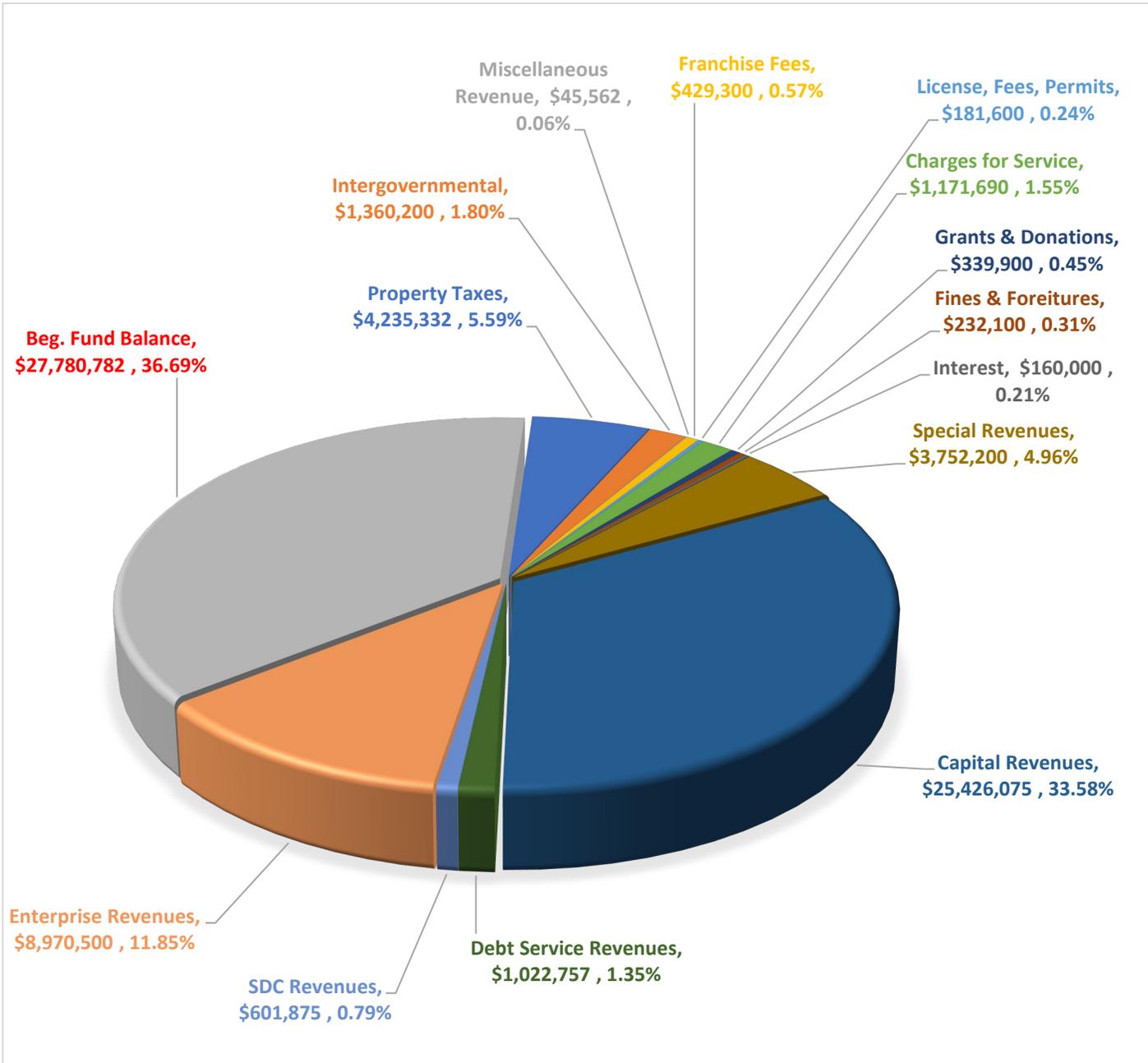
Highlights:

- Property tax revenue reflects an increase in budgeted revenue for fiscal year 25/26 of \$152,897 over prior year estimated balances.
- Special Revenues increased by \$739,528 (Streets, Library, Restricted Funds)
- Charges for services increased by \$141,754. This is due to increases in the cost allocation plan distributed throughout the funds and certain service contract increases. Example SRO officer, lien searches, etc.
- Fines and Forfeitures increased by \$12,374.
- Contingencies and reserves increased by \$76,811 in the General Fund

Revenue Source	FY 2025/2026 Proposed Budget			
	FY 2025-2026	FY 2025-2026	FY 2024-2025	over/under
	Proposed Total All Revenue	Proposed Minus Transfers	Estimated Actual	PY
Property Taxes	\$ 4,235,332	\$ 4,235,332	\$ 4,082,435	\$ 152,897
Intergovernmental	\$ 1,360,200	\$ 1,302,300	\$ 804,229	\$ 498,071
Miscellaneous Revenue	\$ 45,562	\$ 45,562	\$ 40,050	\$ 5,512
Franchise Fees	\$ 429,300	\$ 429,300	\$ 429,086	\$ 214
License, Fees, Permits	\$ 181,600	\$ 181,600	\$ 93,348	\$ 88,252
Charges for Service	\$ 1,171,690	\$ 1,171,690	\$ 1,029,936	\$ 141,754
Grants & Donations	\$ 339,900	\$ 339,900	\$ 166,444	\$ 173,456
Fines & Foreitures	\$ 232,100	\$ 232,100	\$ 219,726	\$ 12,374
Interest	\$ 160,000	\$ 160,000	\$ 172,120	\$ (12,120)
Special Revenues	\$ 3,752,200	\$ 3,668,475	\$ 2,928,947	\$ 739,528
Capital Revenues	\$ 25,426,075	\$ 25,426,075	\$ 4,162,915	\$ 21,263,160
Debt Service Revenues	\$ 1,022,757	\$ 1,022,757	\$ 959,161	\$ 63,596
SDC Revenues	\$ 601,875	\$ (1,713,125)	\$ 544,356	\$ (2,257,481)
Enterprise Revenues	\$ 8,970,500	\$ 8,615,843	\$ 8,618,369	\$ (2,526)
Beg. Fund Balance	\$ 27,780,782	\$ 27,780,782	\$ 22,403,353	\$ 5,377,429
	\$ 75,709,873	\$ 72,898,591	\$ 46,654,475	\$ 26,244,116

*Estimates Actual Year End are computed during the budget process.

FY 25/26 Budget Revenues All Funds including Beginning Fund Balances

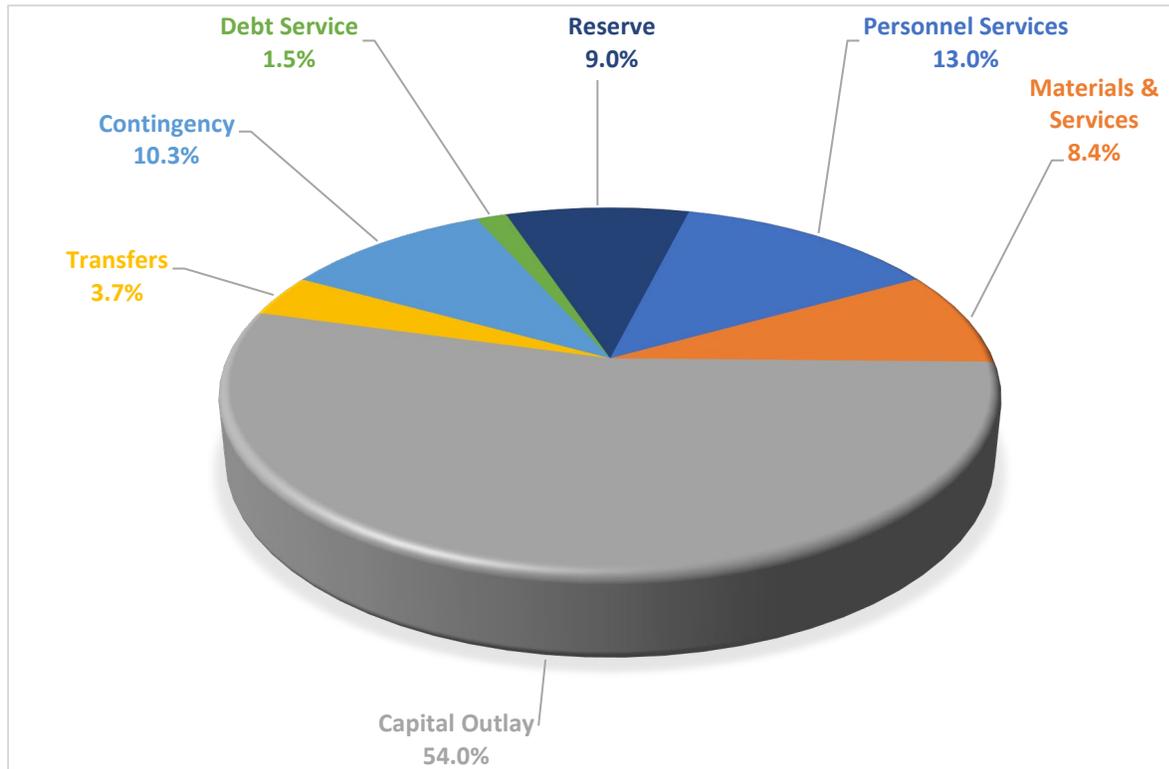


The above chart shows the percentages of where the money comes from of the 2025/2026 Budgeted Revenues.

Budget Overview, Expenditures

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

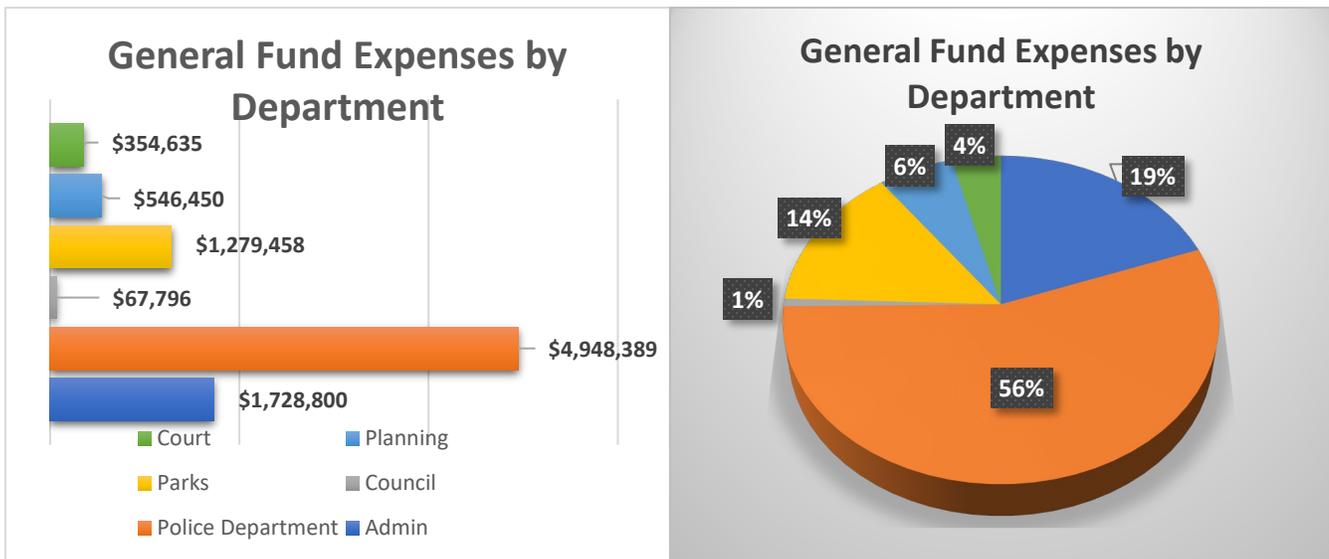
Expenditure	FY 2025/2026 Proposed Budget	
		Totals
<i>Personnel Services</i>	\$	9,852,370
<i>Materials & Services</i>	\$	6,359,841
<i>Capital Outlay</i>	\$	40,902,849
<i>Transfers</i>	\$	2,811,282
<i>Contingency</i>	\$	7,812,429
<i>Debt Service</i>	\$	1,133,671
<i>Reserve</i>	\$	6,837,431
	\$	75,709,873



Budget Overview, Expenditures General Fund Continued

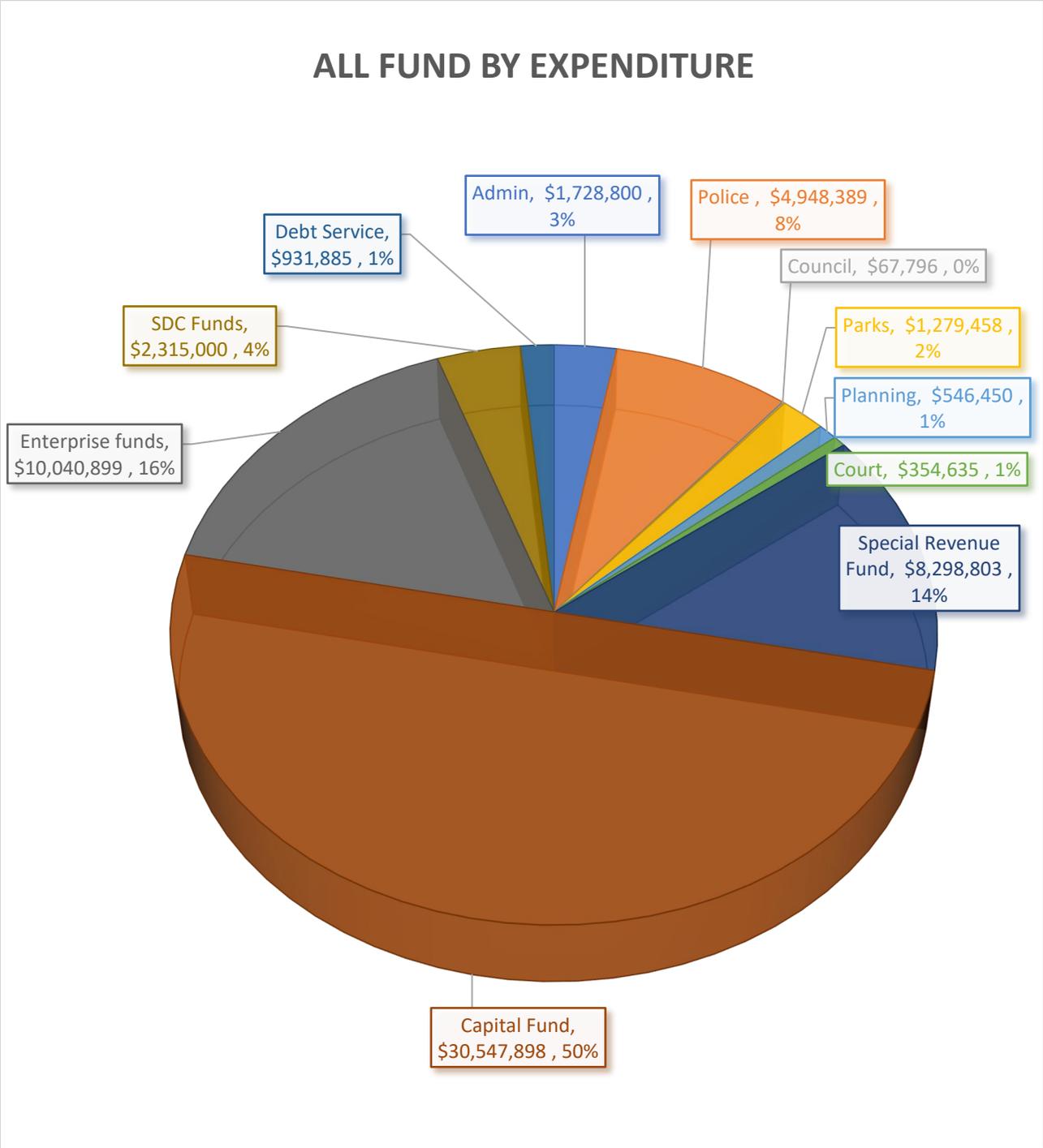
FY 2024/2025 Proposed Budget	
General Fund	Operating Expenses
<i>Admin</i>	\$ 1,728,800
<i>Police Department</i>	\$ 4,948,389
<i>Council</i>	\$ 67,796
<i>Parks</i>	\$ 1,279,458
<i>Planning</i>	\$ 546,450
<i>Court</i>	\$ 354,635
Total	\$ 8,925,528

Note: General Fund Revenues are \$8,155,684, while Expenses are \$8,925,528. **One-time money** transfers for capital projects, potential donations, and grants are all factored into this ratio.



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

Budget Overview, Expenditures Continued



The above chart shows **ALL EXPENDITURES** minus reserves and contingencies for a total of \$61,060,013.



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City of Molalla Budget Summary-Proposed FV 2025-2026 - CURRENT YEAR

	Expenditures							Resources			
	PERSONNEL Services	Material & Services	Capital Outlay	Transfers	Contingency	Debt Service	Reserve	Total Expenses	BFB	Revenues	Total Revenues
General Fund									3,111,234	8,155,684	11,266,918
Administration	1,302,500	346,300	80,000					1,728,800			
Police	4,082,970	650,500	164,919	50,000				4,948,389			
Court	175,925	163,710	15,000					354,635			
City Council	14,334	53,462						67,796			
Parks	139,600	94,650	1,037,308	7,900				1,279,458			
Planning	325,700	220,750						546,450			
Capital Outlay											
Transfers											
Contingency/Reserve					1,541,390		800,000	2,341,390			
Total General Fund	6,041,029	1,529,372	1,297,227	57,900	1,541,390		800,000	11,266,918	3,111,234	8,155,684	11,266,918
Special Revenue Funds											
Library	827,500	488,140	3,200,000		300,000		211,927	5,027,567	364,867	137,890	5,027,567
Street	509,179	1,025,168	1,941,148	33,725	1,285,724	201,786	400,000	5,396,730	308,123	231,550	5,396,730
PD Restricted		22,157		50,000				72,157	14,357	57,800	72,157
Total Special Revenue	1,336,679	1,535,465	5,141,148	83,725	1,585,724	201,786	611,927	10,496,454	6,744,254	3,752,200	10,496,454
Capital Project Funds											
WWTP Upgrade Project			25,028,000				720,000	25,748,000	734,000	25,014,000	25,748,000
New Police Facility			5,015,274					5,015,274	481,127	204,000	5,015,274
Fleet Replacement			504,624					504,624	296,549	208,075	504,624
Total Capital			30,547,898				720,000	31,267,898	5,841,823	25,426,075	31,267,898
Debt Service Funds											
GO Bond Debt							783,550	783,550	7,000	776,550	783,550
Sewer Debt Retirement							148,335	148,335	217,109	365,444	365,444
Water Debt Retirement											
CWSRF Debt Retirement											
Total Debt Service							931,885	931,885	217,109	1,148,994	1,148,994
SDC Funds											
Street SDC's				750,000			1,155,494	1,905,494	1,685,494	220,000	1,905,494
Park SDC's				750,000			1,222,854	1,972,854	1,812,854	160,000	1,972,854
Sewer SDC's				500,000			1,114,223	1,614,223	1,482,223	132,000	1,614,223
Water SDC's				165,000			133,065	298,065	230,065	68,000	298,065
Stormwater SDC's				150,000			312,759	462,759	440,884	21,875	462,759
Total SDC's				2,315,000			3,938,395	6,253,395	5,651,520	601,875	6,253,395
Enterprise Funds											
Sewer	1,172,339	2,069,700	1,531,500	277,932	3,332,921			8,384,392	3,169,892	5,214,500	8,384,392
Water	1,067,203	1,065,231	2,104,500	41,725	1,269,857		500,000	6,048,516	2,855,016	3,193,500	6,048,516
Stormwater	235,120	160,073	280,576	35,000	82,537		50,000	843,306	280,806	562,500	843,306
Total Enterprise	2,474,662	3,295,004	3,916,576	354,657	4,685,315		550,000	15,276,214	6,305,714	8,970,500	15,276,214
Total City of Molalla	9,852,370	6,359,841	40,902,849	2,811,282	7,812,429	1,133,671	6,837,431	75,709,873	27,780,782	47,929,091	75,709,873
Urban Renewal		70,751	4,030,000		48,102	565,160	271,602	4,985,615	3,745,228	1,240,387	4,985,615
Total All Funds	9,852,370	6,430,592	44,932,849	2,811,282	7,860,531	1,698,831	7,109,033	80,695,488	31,526,010	49,169,478	80,695,488

City of Molalla Budget Summary-Adopted FV 2024-2025 - CURRENT YEAR

	Expenditures								Resources		
	PERSONNEL Services	Material & Services	Capital Outlay	Transfers	Contingency	Debt Service	Reserve	Total Expenses	BFB	Revenues	Total Revenues
General Fund									3,186,088	7,433,057	10,619,145
Administration	1,226,198	326,600						1,552,798			
Police	3,711,250	667,076	189,700	100,000				4,668,026			
Court	155,930	138,605						294,535			
City Council	16,411	52,129						68,540			
Parks	124,267	89,597	1,150,000	7,900				1,371,764			
Planning	260,078	138,825						398,903			
Capital Outlay											
Transfers											
Contingency					1,500,000			764,579	2,264,579		
Total General Fund	5,494,134	1,412,832	1,339,700	107,900	1,500,000		764,579	10,619,145	3,186,088	7,433,057	10,619,145
Special Revenue Funds											
Library	702,324	476,455	2,516,909		706,546		221,298	4,623,532	3,360,632	1,262,900	4,623,532
Street	421,790	828,961	1,254,198	38,300	1,453,839	184,000	1,005,000	5,186,088	3,458,088	1,728,000	5,186,088
PD Restricted		29,406		50,000				79,406	12,212	67,194	79,406
Total Special Revenue	1,124,114	1,334,822	3,771,107	88,300	2,160,385	184,000	1,226,298	9,889,026	6,830,932	3,058,094	9,889,026
Capital Project Funds											
WWTP Upgrade Project			21,226,521					21,226,521		21,226,521	21,226,521
New Police Facility			16,960,230					16,960,230	16,830,230	130,000	16,960,230
Fleet Replacement			621,566					621,566	351,916	269,650	621,566
Total Capital			17,581,796					38,808,317	17,182,146	21,626,171	38,808,317
Debt Service Funds											
GO Bond Debt						739,445		739,445	0	739,445	739,445
Sewer Debt Retirement						377,899	367,109	745,008	542,292	202,716	745,008
Total Debt Service						1,117,344	367,109	1,484,453	542,292	942,161	1,484,453
SDC Funds											
Street SDC's				450,000			1,364,380	1,814,380	1,670,380	144,000	1,814,380
Park SDC's				700,000			1,345,857	2,045,857	1,900,857	145,000	2,045,857
Sewer SDC's				210,000			1,469,926	1,679,926	1,499,926	180,000	1,679,926
Water SDC's				275,000			190,596	465,596	377,096	88,500	465,596
Stormwater SDC's							220,510	220,510	202,950	17,560	220,510
Total SDC's				1,635,000			4,591,269	6,226,269	5,651,209	575,060	6,226,269
Enterprise Funds											
Sewer	825,965	2,136,058	860,000	944,941	80,000		1,603,181	6,450,145	1,781,645	4,668,500	6,450,145
Water	872,978	958,947	1,925,100	21,725	500,000		1,528,289	5,807,039	3,140,539	2,666,500	5,807,039
Stormwater	196,457	159,514	202,000	15,000	150,000		89,219	812,190	432,190	380,000	812,190
Total Enterprise	1,895,400	3,254,519	2,987,100	981,666	730,000		3,220,689	13,069,374	5,354,374	7,715,000	13,069,374
Total City of Molalla	8,513,648	6,002,173	25,679,703	2,812,866	4,390,385	1,301,344	10,169,944	80,096,584	38,747,041	41,349,543	80,096,584
Urban Renewal		50,278	3,000,000		464,435	549,162	300,000	4,363,875	3,278,330	1,085,545	4,363,875
Total All Funds	8,513,648	6,052,451	28,679,703	2,812,866	4,854,820	1,850,506	10,469,944	84,460,459	42,025,371	42,435,088	84,460,459

BUDGET PROCESS

OREGON BUDGET LAW

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

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

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

BUDGET PROCESS

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

BUDGET PROCESS, Continued

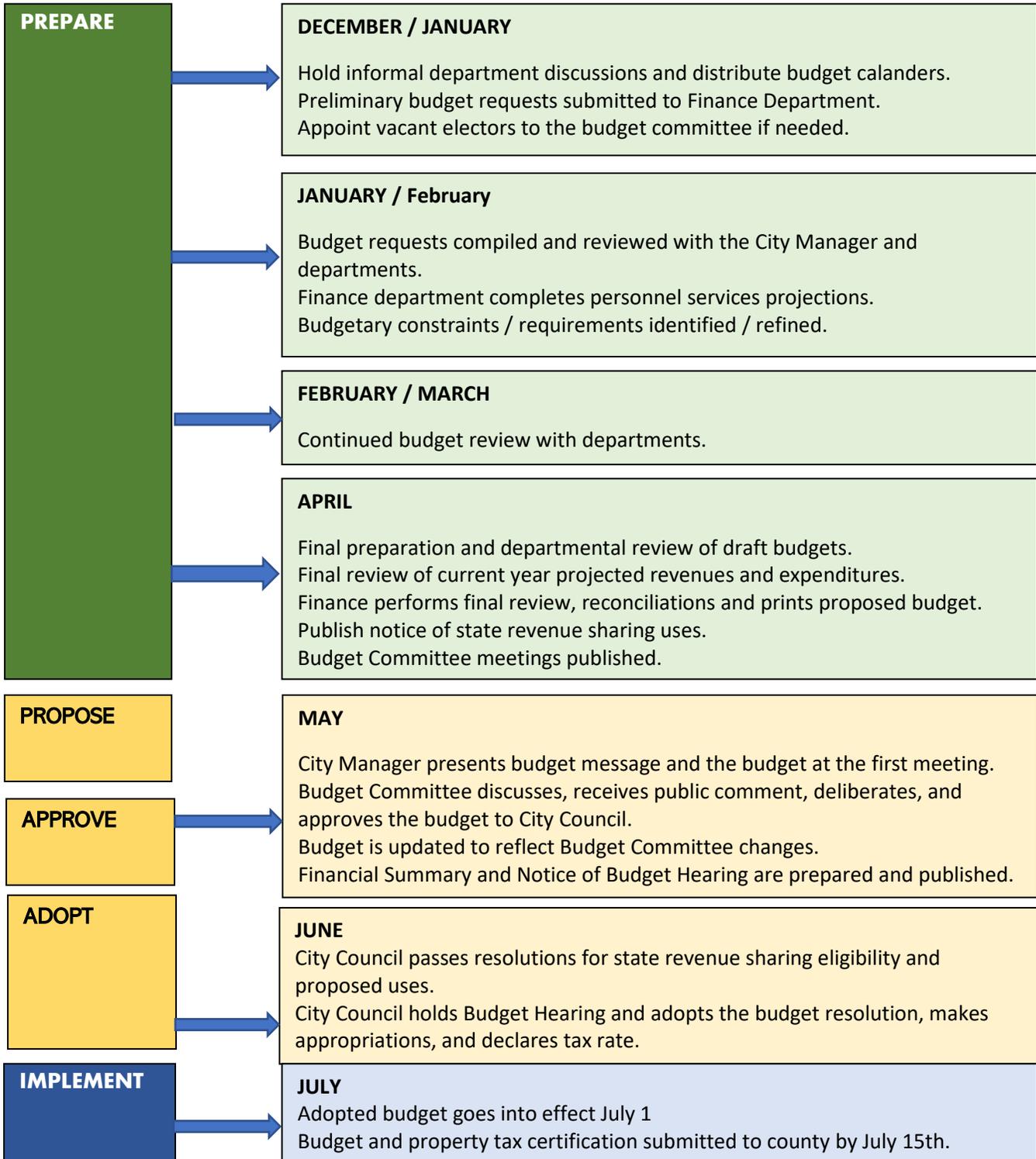
PROPOSE – The Budget Officer (City Manager) is responsible for delivering the budget message and presenting a proposed budget that is balanced. The City Manager in collaboration with the Finance Director and department directors adjust the requested budget. The Proposed Budget must be balanced; total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

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

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

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

BUDGET CALENDAR



Budget Committee FY 2025-2026

City Council Members:

Scott Keyser, *Mayor*
Eric Vermillion, *Council President*
Rae Lynn Botsford
Martin Bartholomew
Leota Childress
Doug Gilmer
Terry Shankle



Citizen Members:

Lizz Klein
Char Pennie
Regina Sheaves
Mechelle Trefethen
Amy Williams
Laura Klyzek

Staff:

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

Section 2 – Financial Structure, Policy, and Process

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



BASIS OF ACCOUNTING AND BUDGETING

Measuring Focus, Basis of Accounting & Budgeting

The “basis of accounting” and “basis of budgeting” determine when revenues and expenditures are recognized for the purposes of financial reporting and budget control. *The city of Molalla employs a hybrid basis of accounting that is called “modified accrual”.* Under this system revenues are recognized when they become measurable and available; expenditures are recognized when the obligation to pay is incurred. Where capital expenditures are concerned, this can lead to significant increases and decreases in total expenditure from year to year. Capital expenses tend to be large and unevenly timed. Enterprise funds are accounted for in the same way under the “modified accrual”.



Molalla’s governmental fund financial statements are reported using the [current financial resources measuring focus](#) and the modified accrual bases of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within a period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other



revenue items are measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Encumbrances are entered through our PO process and shown in current fund financials.

FUND ACCOUNTING

Financial Analysis

The proposed budget for FY 2025/2026 for the City of Molalla has been prepared in accordance with Oregon budget law and generally accepted accounting principles. This is a lean budget with continued focus on expenditure controls, building working capital, contingencies, and reserves, and focus on capital improvements to city infrastructure.

Fund Descriptions

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

Government Funds

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

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

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

SPECIAL REVENUE FUNDS – Account for money that is earmarked for a specific purpose, for example, gas tax or special district revenue.

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

FUND ACCOUNTNG, Continued

CAPITAL PROJECTS FUNDS – The City has two capital funds for significant projects:

- Police Station Capital Project Fund
- WWTP Upgrade Project Fund

DEBT SERVICE FUNDS – The City maintains dedicated funds for long-term repayment of debt:

- Sewer Debt Retirement Fund
- GO Debt Fund

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

Water Operations

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

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

Sewer Operations

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

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

Storm Water Operations

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

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

FUND ACCOUNTNG, Continued

The City has a combined total of 18 funds.

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

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

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

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



Red Light **Restricted** Funds

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

Yellow Light **LESS Restricted** Funds

- *Fleet Replacement Fund

Green Light **Unrestricted** Funds

- *General Fund

EXCEPT For Grants, and designated donations

Financial Policies

Financial Objectives

Financial Goals:

The City of Molalla's financial goals seek to:

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

Financial Policy

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

1. Revenue policy - Addresses property taxes, user charges, and other sources to adequately fund desired services. [Go,HERE!](#) For complete policy.
2. Operating budget policy - Relating to budgeting guidelines. [Go,HERE!](#) For complete policy.
3. Debt policy - Dealing with long-term financing of the City's capital needs and its bond rating. [Go,HERE!](#) For complete policy.
4. Reserve policy - For establishing reserves and contingency funding as needed for the various activities of the City. [Go,HERE!](#) For complete policy.
5. Grant Policy - To assist City of Molalla (City) personnel involved in pursuing, acquiring, and administering federal grant funding [Go,HERE!](#) For complete policy.
6. Expenditure Policy - The purpose of this policy is to establish guidelines for the City of Molalla to process expenditure transactions efficiently and effectively. [Go,Here!](#) For complete policy.

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

Reserve Policy

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

CITY OF MOLALLA				
Contingency				
FY 2025-2026				
FUND	Total Budget	Operating Expenses	% of Operating Budget	Amount
General Fund	\$11,266,918	\$7,570,401	20%	\$1,541,390
Library	\$5,027,567	\$1,315,640	23%	\$300,000
Streets	\$5,396,730	\$1,534,347	84%	\$1,285,724
Sewer	\$8,384,392	\$3,242,039	103%	\$3,332,921
Water	\$6,048,516	\$2,132,434	60%	\$1,269,857
Storm	\$843,306	\$395,193	21%	\$82,537
Urban Renewal	\$4,985,615	\$70,751	68%	\$48,102
Operating expenses includes personnel services and material & services.				
FUND	Recommended per Policy			
General Fund	3 months or 20%			
Library	3 months or 20%			
Streets	3 months or 20%			
Sewer	3 months or 15%			
Water	3 months or 15%			
Storm	3 months or 15%			
Urban Renewal	2 months or 5%			

FUND STRUCTURE

The City of Molalla has 18 budgeted funds. All the funds with budgetary appropriations in the FY 2025-2026 budget are presented below.

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

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

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

FUNCTIONAL UNITS

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

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

Section 3 – Financial Summaries

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



Consolidated Schedules

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

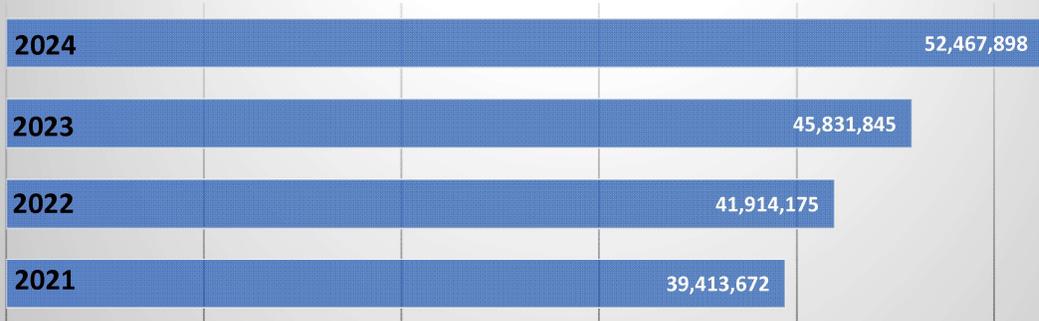
- ✓ Consolidated Audited All Funds (4 Years) w Beginning Fund Balances
- ✓ Audited (4 Years) of Revenues
- ✓ Audited (4 years) of Expenditures



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

All Funds Fiscal Years 2021 - 2024	2021 Audited Actual		2022 Audited Actual		2023 Audited Actual		2024 Audited Actual	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	Governmental Activities	Business- Type Activities
Revenues								
Program Revenues								
Charges for Service	2,027,584	6,240,403	580,693	5,585,861	583,355	6,620,494	639,027	6,939,720
Operating Grants	359,203	9,588	2,706,390		2,176,675		1,548,492	
Capital Grants	54,300		1,128,002	207,299	2,294,958	747,970	592,235	289,002
General Revenues								
Property Taxes	4,186,467		4,419,983		4,745,833		4,931,923	
Other Taxes	2,506,088		1,276,073		1,284,904		1,384,209	
Other Revenues	183,008	139,938	957,099	-224,280	2,170,174	-741,836	2,224,610	-177,733
Total Revenues	9,316,650	6,389,929	11,068,240	5,568,880	13,255,899	6,626,628	11,320,496	7,050,989
Expenditures								
Governmental								
General Gov.	902,446		2,205,232		1,441,529		1,413,510	
Public Safety	3,707,070		3,276,964		3,826,634		4,481,759	
Highway & Streets	1,663,710		556,359		1,751,296		1,702,198	
Culture and Rec.	1,472,861		1,952,616		1,049,101		1,216,138	
Community Dev.	532,877		308,145		417,449		544,691	
Int. Long-Term Debt	49,345		94,334		71,112		120,896	
Business Type				1,370,377				
Water		1,953,198		2,724,856		1,551,845		1,765,526
Sewer		2,839,574		230,567		2,857,409		2,473,990
Storm water		84,995				280,099		284,657
Total Expenses	8,328,309	4,877,767	8,393,650	4,325,800	8,557,121	4,689,353	9,479,192	4,524,173
Change in Net Position	988,341	1,512,162	2,674,590	1,243,080	4,698,778	1,937,275	1,841,304	2,526,816
Net Position July 1	19,835,636	19,578,036	20,823,977	21,090,198	23,498,567	22,333,278	28,197,345	24,270,553
Net Position June 30	20,823,977	21,090,198	23,498,567	22,333,278	28,197,345	24,270,553	30,038,649	26,797,369
2021 BFB		39,413,672		41,914,175		45,831,845		52,467,898
2021 Net Position		41,914,175		45,831,845		52,467,898		56,836,018

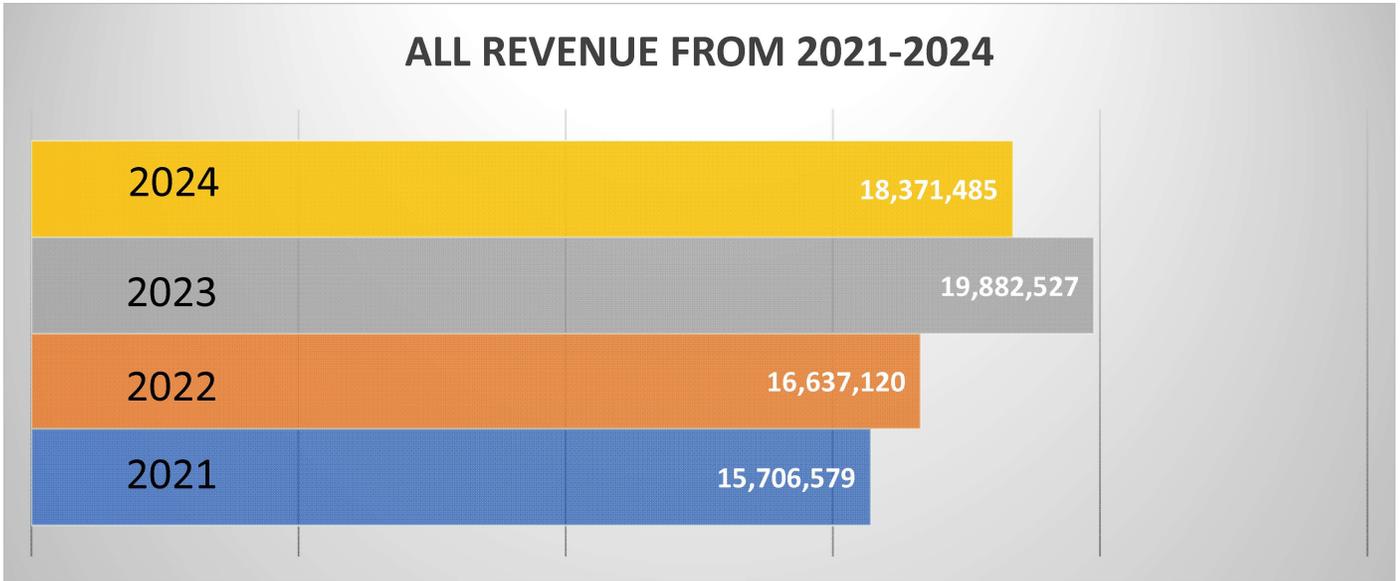
Beginning Fund Balances



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

All Funds Fiscal Years 2021 - 2024	2021 Audited Actual		2022 Audited Actual		2023 Audited Actual		2024 Audited Actual	
	Governmental Activities	Business- Type Activities	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	Governmental Activities	Business- Type Activities
Revenues								
Program Revenues								
Charges for Service	2,027,584	6,240,403	580,693	5,585,861	583,355	6,620,494	639,027	6,939,720
Operating Grants	359,203	9,588	2,706,390		2,176,675		1,548,492	
Capital Grants	54,300		1,128,002	207,299	2,294,958	747,970	592,235	289,002
General Revenues								
Property Taxes	4,186,467		4,419,983		4,745,833		4,931,923	
Other Taxes	2,506,088		1,276,073		1,284,904		1,384,209	
Other Revenues	183,008	139,938	957,099	-224,280	2,170,174	-741,836	2,224,610	-177,733
Total Revenues	9,316,650	6,389,929	11,068,240	5,568,880	13,255,899	6,626,628	11,320,496	7,050,989
Combined Revenues	15,706,579	15,706,579	16,637,120	16,637,120	19,882,527	19,882,527	18,371,485	18,371,485

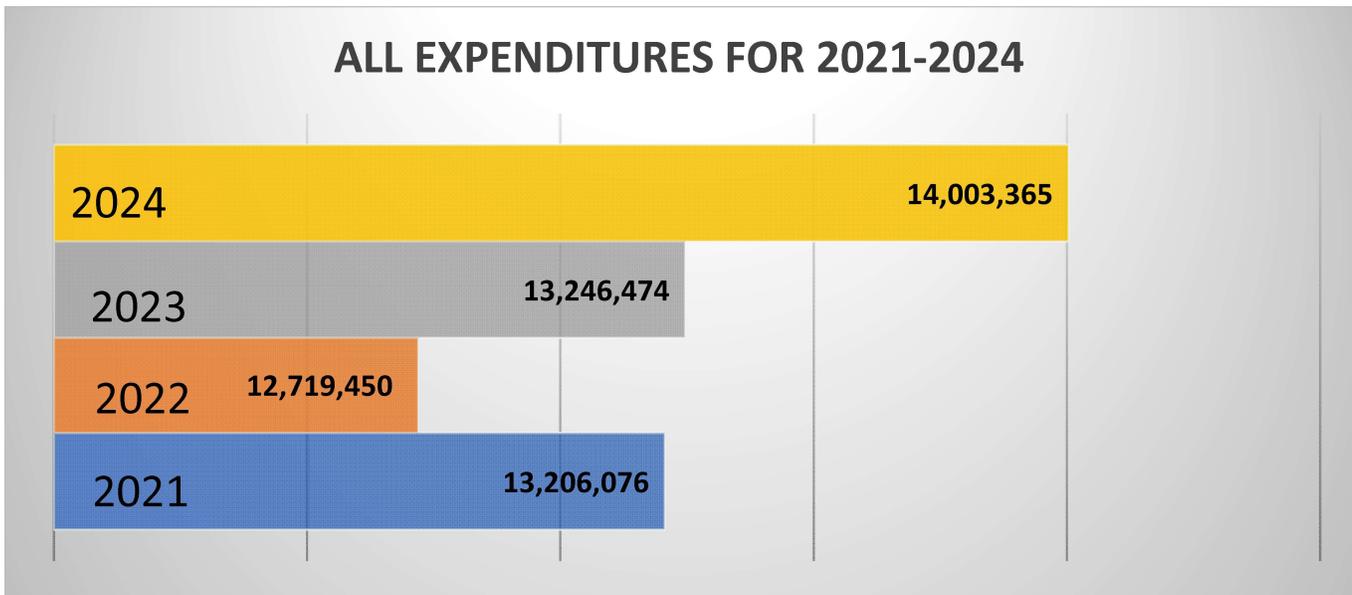
ALL REVENUE FROM 2021-2024



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

All Funds Fiscal Years 2021 - 2024	2021 Audited Actual		2022 Audited Actual		2023 Audited Actual		2024 Audited Actual	
	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities
Expenditures								
Governmental								
General Gov.	902,446		2,205,232		1,441,529		1,413,510	
Public Safety	3,707,070		3,276,964		3,826,634		4,481,759	
Highway & Streets	1,663,710		556,359		1,751,296		1,702,198	
Culture and Rec.	1,472,861		1,952,616		1,049,101		1,216,138	
Community Dev.	532,877		308,145		417,449		544,691	
Int. Long-Term Debt	49,345		94,334		71,112		120,896	
Business Type				1,370,377				
Water		1,953,198		2,724,856		1,551,845		1,765,526
Sewer		2,839,574		230,567		2,857,409		2,473,990
Storm water		84,995				280,099		284,657
Total Expenses	8,328,309	4,877,767	8,393,650	4,325,800	8,557,121	4,689,353	9,479,192	4,524,173
Combined Expenses		13,206,076		12,719,450		13,246,474		14,003,365

ALL EXPENDITURES FOR 2021-2024



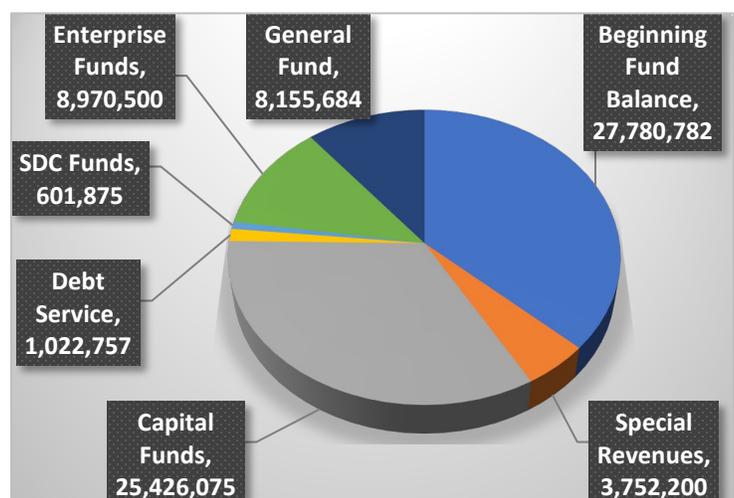
Revenue Overview

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

REVENUE CATEGORIES

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

All Budgeted Revenue for Fiscal Year
2025-2026 **\$75,709,873**



Revenue Overview, Continued

Property Taxes

Property Taxes in Molalla

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

For 25/26 \$4,235,332 is budgeted for Property Taxes. Property Taxes make up the largest portion of the City's overall government resources. Since funding is not made available until after November, contingencies and reserves remain healthy to compensate for the months of July through October

Intergovernmental

This year, \$1,360,200 is budgeted for Intergovernmental revenue. Sources include special grants related to the Police Department, transfers from other funds, Revenue Sharing, Shared Revenues, Liquor Taxes, and Cigarette Taxes.

Franchise Fees

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

Franchise	Budget	Increase
NWNG – Natural Gas	70,000	-8,000
TELEPHONE	6,100	No Change
TV- Cable	13,200	-1,300
PGE - Electric	340,000	+48,693

Revenue Overview, Continued

Charges for Service

Below is the revenue budgeted from charges for service this fiscal year. Utilities make up a large portion of the budgeted amount. Approximately \$1,171,690 is budgeted in the General Fund for charges and services to include sources from Planning Fees, SRO Fees, Cost Allocation Fees (Administrative Overhead), and Lien Searches.

	Budgeted
Water Monthly User Fees	2,475,000
Sewer Monthly User Fees	4,550,000
Stormwater Fund	380,000
SDC Revenues	601,875

Licenses, Permits, Fees

Approximately \$81,600 has been budgeted for licenses, permits, and fees for the General Fund. The bulk of this revenue is from:

	Budgeted
Administrative Revenues	58,000
Police Fees	13,600
Parks Revenue	10,000

Fines and Forfeitures

This year, \$230,100 has been budgeted for Fines & Forfeitures for the General Fund. This revenue is from:

	Budgeted
Court Revenues	230,000
Code Enforcement Revenue	100

Revenue Overview, Continued

Administrative Overhead

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

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

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

This makes sure that all operating expenses incurred by the general fund are allocated to all departments for reimbursement of those said costs. Based on the figures described we are budgeting \$1,036,815 to recoup the costs of those services.

Miscellaneous & Interest

This year, \$ 45,562 is budgeted for misc. revenue. Sources include PD, Parks, Planning, and GF misc. revenues.

In addition, \$ 160,000 is budgeted for interest revenue. Due to interest rates being at an all-time high the City has been experiencing larger than usual interest returns.

Grants & Donations

This year, \$ 329,900 is budgeted for grants & Donations. Sources include grants applied for by the Planning Department for upcoming projects. Grants that we are hoping to receive are from the Mt Hood Territory (\$25K), UGB Grant (\$150K), Donations from MCC, various PD Donations, Beautification/Culture CPC, Park Donations, and Park CPC Donations.

Five-Year Financial & Capital Forecasts

Summary

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

Assumptions

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

All Funds

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

For Five Year Capital Plan.

The Capital plan was adopted by resolution on April 27, 2022. Complete details of this plan can be found on the City's website [GO,HERE!](#) and you will be routed there.

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

Expenditures Actual - Budgeted - & Estimated

	23/24 Audited	24/25 Budgeted	25/26 Budgeted	27/28 Estimated	28/29 Estimated	29/30 Estimated	30/31 Estimated	31/32 Estimated
Total General Fund	10,019,212	10,619,145	11,266,918	11,830,264	12,421,777	13,042,866	13,695,009	14,379,760
Total Special Revenue	9,392,154	9,889,026	10,496,454	11,021,277	11,572,341	12,150,958	12,758,505	13,396,431
Total Capital	17,833,203	38,808,317	31,267,898	27,565,255	556,348	584,165	613,374	644,042
Total Debt Service	663,794	1,484,453	1,148,994	1,206,444	1,266,766	1,330,104	1,396,609	1,466,440
Total SDC's	6,851,819	6,226,269	6,253,395	6,566,065	6,894,368	7,239,086	7,601,041	7,981,093
Total Enterprise	12,272,824	13,069,374	15,276,214	16,040,025	16,842,026	17,684,127	18,568,334	19,496,750
Total City of Molalla	57,033,006	80,096,584	75,709,873	74,229,329	49,553,625	52,031,307	54,632,872	57,364,516
Urban Renewal	4,252,002	4,363,875	4,985,615	955,615	1,006,836	1,060,802	1,117,661	1,177,568
	61,285,008	84,460,459	80,695,488	75,184,944	50,560,461	53,092,109	55,750,533	58,542,084

Revenues Actual - Budgeted - & Estimated

	23/24 Audited	24/25 Budgeted	25/26 Budgeted	27/28 Estimated	28/29 Estimated	29/30 Estimated	30/31 Estimated	31/32 Estimated
Total General Fund	10,019,212	10,619,145	11,266,918	11,830,264	12,421,777	13,042,866	13,695,009	14,379,760
	4,853,455							
Total Special Revenue	9,392,154	9,889,026	10,496,454	11,021,277	11,572,341	12,150,958	12,758,505	13,396,431
	446,602							
Total Capital	17,833,203	38,808,317	31,267,898	27,565,255	556,348	584,165	613,374	644,042
	22,707							
Total Debt Service	663,794	1,484,453	1,148,994	1,206,444	1,266,766	1,330,104	1,396,609	1,466,440
Total SDC's	6,851,819	6,226,269	6,253,395	6,566,065	6,894,368	7,239,086	7,601,041	7,981,093
Total Enterprise	12,272,824	13,069,374	15,276,214	16,040,025	16,842,026	17,684,127	18,568,334	19,496,750
Total City of Molalla	57,033,006	80,096,584	75,709,873	74,229,329	49,553,625	52,031,307	54,632,872	57,364,516
Urban Renewal	4,252,002	4,363,875	4,985,615	955,615	1,006,836	1,060,802	1,117,661	1,177,568
Total All Funds	61,285,008	84,460,459	80,695,488	75,184,944	50,560,461	53,092,109	55,750,533	58,542,084

Overview of Long-Term Debt

Governmental Activities

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

Fiscal Year	URA-2015 Full Faith and Credit		URA-2020 Full Faith and Credit Refunding	
	Principal	Interest	Principal	Interest
2025	\$ 225,000	\$ 52,600	\$ 248,500	\$ 23,062
2026	250,000	43,600	252,200	19,360
2027	260,000	33,600	256,000	15,602
2028	280,000	23,200	259,800	11,787
2029	300,000	12,000	263,700	7,916
2030-34			267,600	3,987
	\$ 1,315,000	\$ 165,000	\$ 1,547,800	\$ 81,714

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

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

Overview of Long-Term Debt, *Continued*

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

Business-Type Activities

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

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



Section 4 – Department Information

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



General Fund RESOURCES	Historical Data			Budget for Next FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	BY Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	3,636,531	3,844,779	3,186,088	3,111,234		
GENERAL REVENUES						
CURRENT PROPERTY TAXES	3,766,141	3,895,655	3,932,687	4,160,332		
PRIOR PROPERTY TAXES	63,200	100,303	120,000	75,000		
REVENUE SHARING - State OR DAS	127,750	124,226	140,000	140,000		
STATE/LOCAL SHARED REVENUES	41,619	85,643	123,200	130,000		
LIQUOR TAX	202,418	193,370	210,000	170,000		
CIGARETTE TAX	7,490	6,862	9,000	6,200		
CODE ENFORCEMENT REVENUE		-	4,000	2,000		
GRANTS-ARP#1	1,028,947	-	-	-		
INTEREST	692,856	158,575	145,000	160,000		
TRANSFER FROM CLOSED FUND	42,000	-	-	-		
TRANSFER FROM PARKS IMP SDC	-	75,000	700,000	750,000		
TRANSFER FROM SEWER	-	-	-	20,000		
TRANSFER FROM STREETS	-	-	-	12,000		
TRANSFER FROM STORM	-	-	-	20,000		
TRANSFER FROM WATER	-	-	-	20,000		
NWNG FRANCHISE FEES	57,653	70,124	78,000	70,000		
TELEPHONE FRANCHISE FEES	6,036	5,487	6,100	6,100		
TV FRANCHISE FEES	12,561	15,090	14,500	13,200		
PGE FRANCHISE FEES	222,402	255,532	291,307	340,000		
TOTAL GENERAL REVENUES	6,271,073	4,985,866	5,773,794	6,094,832		
ADMINISTRATION REVENUES						
BUSINESS LICENSES	35,350	35,968	40,000	40,000		
LIEN SEARCHES	4,350	2,820	3,000	3,400		
SDC ADMINISTRATION FEE	38,685	14,244	18,000	18,000		
GENERAL-MISCELLANEOUS	39,066	13,674	15,000	20,000		
DONATIONS	-	61,998	-	-		
COST ALLOCATION PLAN	399,194	569,670	807,843	1,036,815		
Total Administration Revenue	516,645	698,373	883,843	1,118,215		
Parks Revenue						
PARK-DONATIONS	-	264	300	300		
PARK FUN-RAISER DONATIONS	2,887	5,391	5,500	10,500		
PARK-KEY DEPOSITS	75	875	800	100		
PARK-SPECIAL EVENT RENTAL FEE	4,350	6,300	5,000	10,000		
PARKS MASTER PLAN GRANT	-	-	150,000	-		
DONATIONS - BEAUT/CULTURE CPC	-	1,000	-	2,500		
GRANT-FORD FAMILY FOUND/YELKUS	-	25,000	-	-		
PARKS LAND DEDICATION (InLieu)	-	-	-	100,000		
PARK-MISCELLANEOUS	890	1,393	1,000	1,000		
TOTAL PARKS REVENUES	8,202	40,222	162,600	124,400		
Court Revenue						
COURT-NUISANCE/PLANNING FINES	9,111	-	100	100		
COURT COSTS REVENUE	-	-	-	80,000		
COURT FINES	125,388	172,754	170,000	150,000		
TOTAL COURT REVENUES	134,498	172,754	170,100	230,100		

**GENERAL FUND
RESOURCES**

RESOURCES-continued

Historical Data

Actual

FISCAL FISCAL

Actual YTD

Budget for Next FY 2025-2026

APPROVED BY BUDGET OFFICER
 PROPOSED BY BUDGET COMMITTEE
 APPROVED BY BUDGET COMMITTEE

Police Revenue

PD-ALARM PERMITS	4,902	9,245	8,000	9,600
PD-FINGERPRINTS	1,380	2,520	2,500	1,500
PD-TOW FEES	1,300	1,800	1,500	2,500
PD-REPORTS	1,641	1,965	2,000	3,000
PD-MISCELLANEOUS	1,074	1,738	1,800	2,000
PD-SCHOOL RESOURCE OFFICER	50,000	50,000	75,000	78,375
PD-COPS OFFICER GRANT	-	-	42,000	42,000
PD-GRANTS	6,406	16,933	15,000	30,000
PD-SPECIAL EVENT OT REVENUE	-	-	-	20,000
PD-DONATIONS	2,600	26,201	1,500	2,600
TOTAL POLICE REVENUES	69,303	110,402	149,300	191,575

City Council Revenue

CELEBRATE MOLALLA	7,180	12,730	13,420	12,500
NATIVE AMERICAN ART WALK GRANT	-	-	-	10,062
TOTAL CITY COUNCIL REVENUES	7,180	12,730	13,420	22,562

Planning Revenue

PLANNING FEES	75,975	44,165	60,000	50,000
UGB STUDY GRANT	35,000	19,923	20,000	150,000
MCC DONATION	-	-	100,000	149,000
CDBG GRANT	-	90,000	-	-
GRANT - MT HOOD TERRITORY	-	-	100,000	25,000
TOTAL PLANNING REVENUES	110,975	154,087	280,000	374,000

TOTAL GENERAL FUND REVENUES	7,117,877	6,174,434	7,433,057	8,155,684
TOTAL FUND BALANCE	3,636,531	3,844,779	3,186,088	3,111,234
TOTAL ALL GENERAL FUND RESOURCES	10,754,408	10,019,214	10,619,145	11,266,918

TOTAL GENERAL FUND NET

TOTAL GENERAL FUND RESOURCES AND FB	10,754,408	10,019,214	10,619,145	11,266,918
TOTAL GENERAL FUND REQUIREMENTS	7,778,079	6,652,471	10,619,145	11,266,918
TOTAL NET GENERAL FUND	2,976,329	3,366,743	-	-

Administration Department



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

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

City Manager Office

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

City Recorders Office

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

Finance Department

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



Human Resource Office

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

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

Activity Measures	FY 2022-23 Actual	FY 2023-24 Actual	FY 2023-24 Projected	Did the City Meet Estimates?	Performance Percentage	FY 2024-25 Projected
City Council Meetings	22	22	24	NO	8% Under	24
City Council Executive Sessions	1	7	10	NO	30% Under	10
URA Meetings & Work sessions	17	17	20	NO	15% Under	20
Resolutions Adopted	28	28	25	YES	12% Over	25
Ordinance Adopted	8	3	10	NO	70% Under	10
Public Records Requests	52	47	50	NO	6% Under	50

Explanation of Significant Budget Variances

2026 Adopted Budget vs 2025 Projected Actual

- The administration budget increased \$295,240. Increases were due to the addition of a records specialist as well as certain materials and services. There will also be a remodel to the existing building for when Community Development moves back to City Hall this upcoming fall.

Summary of Explanations Above

The General Fund was able to transfer money into the fleet fund for Police and Parks this year. Transfers into the General Fund by various other funds to pay for the upcoming remodel to house the Community Development Department at City Hall.

Goals for 2025/26

- ✓ Continue to prepare and issue an ACFR (Annual Comprehensive Financial Report) for submission to the GFOA.
- ✓ Receive a PAFR award. In addition, achieve a Triple Crown award through the GFOA.

2025 Accomplishments

- ✓ Received GFOA Distinguished Budget award for a 6th year.
- ✓ Received GFOA Certificate of Excellence in Financial Reporting, in our first year of submitting.

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

Develop the physical infrastructure needed to support a welcoming community.

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

Foster socially welcoming activities and embrace diversity as our strength.

- Participates and sponsors Celebrate Molalla.

Engage youth:

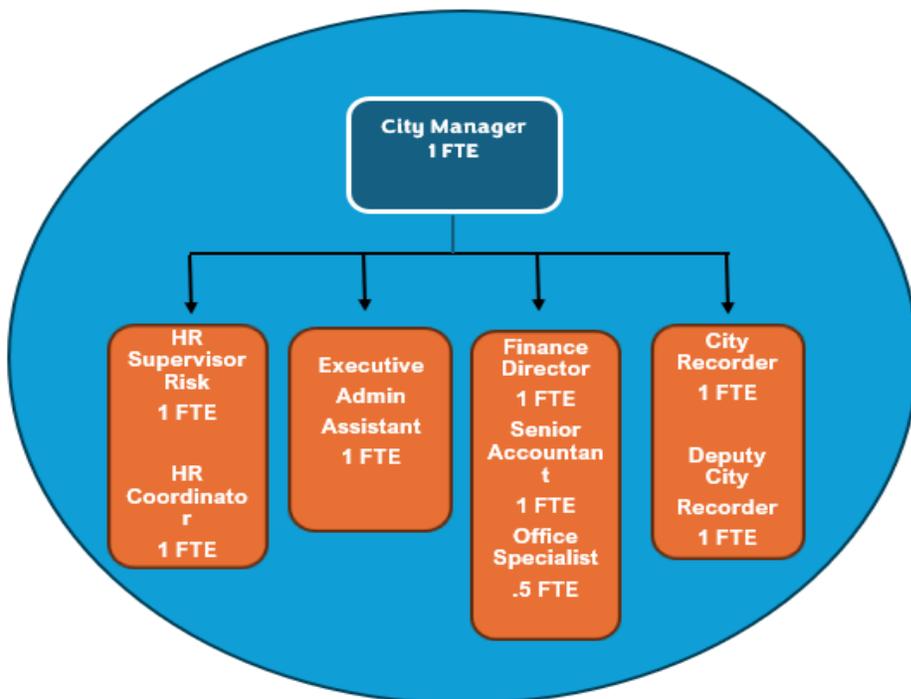
- Participated in the Career Fair at Molalla High School to encourage professional development.

Staffing

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 Budgeted
City Manager	1	1	1	1
Finance Director	1	1	1	1
Senior Accountant	1	1	1	1
Exec Admin Assistant	1	1	1	1
Finance Accountant	1	0	0	0
HR Coordinator	1	1	1	1
HR Supervisor/Risk	1	1	1	1
City Recorder	1	1	1	1
Deputy City Recorder				1
OSIV – Office Specialist Records			1	0
OSIV – Office Specialist			.5	.5

Changes to staffing from Prior Year

- No additional staffing for the 2025-2026 FY
- OSIV – Office Specialist was promoted to Deputy City Recorder



**GENERAL FUND
ADMINISTRATION**

Historical Data

Budget for Next FY 2025-2026

2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED BY
Actual	Actual	BUDGET	Budget	Budget	Council
			Officer	Committee	

PERSONNEL SERVICES

BENEFITS AND TAXES	339,126	303,702	391,011	397,000	
SALARIES AND WAGES	654,037	711,157	835,187	905,500	
TOTAL PERSONNEL SERVICES	993,163	1,014,859	1,226,198	1,302,500	
FTE	7.00	7.50	8.50	8.50	

MATERIALS & SERVICES

POWER	4,108	7,117	8,650	7,000	
PHONE	16,612	12,185	13,000	11,500	
OPERATIONS & MAINTENANCE	20,392	37,169	45,000	45,000	
BUILDING MAINTENANCE	6,939	31,928	15,000	15,000	
TRAINING & CONF. TRAVEL	10,983	15,029	15,000	20,000	
MEETINGS & OTHER ADMIN EXPENSE	-	327	-	25,000	
DUES & MEMBERSHIP	11,929	14,413	16,000	16,000	
POSTAGE	636	1,760	7,000	7,000	
PRINTING & PUBLICATIONS	2,031	300	250	3,500	
PROFESSIONAL SERVICES	1,537	1,754	3,000	1,300	
INSURANCE/LIABILITY/GEN	26,582	25,627	28,400	15,000	
PARK-KEY DEPOSIT REFUNDS	25	125	-	-	
CUSTODIAN	7,167	11,712	13,700	13,000	
OFFICE SUPPLIES	6,887	14,328	12,000	10,000	
CITY ATTORNEY	2,771	3,906	5,000	8,000	
COMPUTER SERVICES	47,358	85,751	91,000	95,000	
RECORDS MANAGEMENT	17,352	18,590	16,500	14,000	
AUDITS & BUDGETS	40,626	28,622	37,100	40,000	
CASH, OVER/SHORT	105	0	-	-	
CDBG GRANT CAPITAL PROJ	-	95,000	-	-	
GRANT-ARP#1	424,598	182,378	-	-	
TOTAL MATERIALS & SERVICES	648,639	588,022	326,600	346,300	

Continued

**GENERAL FUND
ADMINISTRATION**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council

CAPITAL OUTLAY

CAPITAL IMPROVEMENTS	17,374	13,994	-	80,000		
TOTAL CAPITAL OUTLAY	17,374	13,994	-	80,000		

TRANSFERS OUT

TRANSFER TO CAPITAL-ARPA	547,479	-	-	-		
TRANSFER CAPITAL	611,397	-	-	-		
TOTAL TRANSFERS OUT	1,158,876	-	-			

CONTINGENCY

OPERATING CONTINGENCY	-	-	1,500,000	1,541,390		
TOTAL OPERATING CONTINGENCY	-	-	1,500,000	1,541,390		

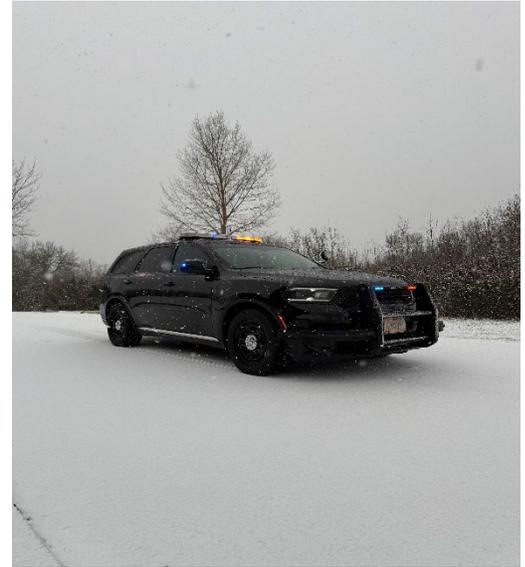
FUND BALANCE/RESERVES

FB RESERVE/PERS	-	-	5,000	-		
FB RESERVE	-	-	759,579	800,000		
TOTAL RESERVES	-	-	764,579	800,000		

TOTAL ADMINISTRATION REQUIREMENTS	2,818,052	1,616,876	3,817,377	4,070,190		
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Police Department

The 2025-2026 budget for the Molalla Police Department reflects the need to change and adapt to growing technology changes which includes purchasing new computers for all sworn staff. This year we have partnered with Molalla Communications in a technology leasing program. This will keep the police department from making large purchases every three years and save money on maintenance and upgrades. The police department is currently hiring two police officers to fill current vacancies. The police department will undergo several changes next year with the anticipated retirement of three senior officers including a sergeant for a total of five positions that need to be hired in the coming fiscal year. This fiscal year we will be focused on this transition with an emphasis on getting ahead of the vacancies and training new officers and developing leadership.



The new police department is scheduled to be completed in December of this year. This is a very exciting time for the police department and community. We will have a heavy focus on making the transition to the new facility. With the new facility comes new state-of-the-art technology that everyone in the department will be trained to use and will enhance our ability to serve the community.

The police department had many great accomplishments during this fiscal year that would not have been possible without the support of the city and community. As stated above, the biggest accomplishment is the near completion of the new police facility which has stayed on schedule and within budget. The police department has also attracted top talent in hiring from other agencies and we anticipate being fully staffed by August of this year. With full staffing comes the opportunity to branch into other specialty units that will enhance the police department’s abilities and benefit the community.

This next fiscal year is going to be a year of positive change for the police department. These accomplishments and goals would not have been achieved without the hard work of the police department and city staff as well as support from our community.

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

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2023-24 Projected	Did Police Department Meet Expectations	Performance Percentage	FY 2025-26 Projected
Offenses	582	911	1200	No- Under 289	-24%	900
Citations (Not Warnings)	306	547	500	Yes – Over 47	9%	500
Arrests	346	347	400	No- Under 53	-13%	345

Explanation of Significant Budget Changes

2025 Adopted Budget vs, 2026 Projected Actual

- Personnel Services increased \$371,720
- Vehicle Fuel Decreased
- Central Dispatch increased by \$16,500
- Transfer to Police Fleet \$50,000
- Replacing Laptops in all vehicles

Summary of Explanations above

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

Goals for 2026

- ✓ To be moved into New Police Facility by Christmas of 2025.
- ✓ Reach 100% completion of the New Police Facility.
- ✓ Hire and train up to five officers to maintain current staffing.
- ✓ Transition to new technology that the new facility will offer.

2025 Accomplishments

- ✓ Reached 90% completion of new police department on time within budget.
- ✓ Maintained police accreditation through Oregon Accreditation Alliance.

Goals Aligned with Visioning

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

- By adding a Code Compliance Officer there is a more proactive and less reactive approach to neighborhood livability issues.
- Hire and train up to (5) officers to keep up with the growth of the city. Also allows for more participation in specialized units, having a direct benefit and impact on the citizens of the city.

Foster socially welcoming activities and embrace diversity as our strength

- National Night Out first Tuesday in August. Embracing welcoming activities and community strength. Full public introduction of K9 Benz and drone program.
- Participate in Celebrate Molalla 2025. Provide engaging activities and welcome questions.
- Be present and participate in Annual Spring Clean-Up, drug takeback/drop off.



Engage youth

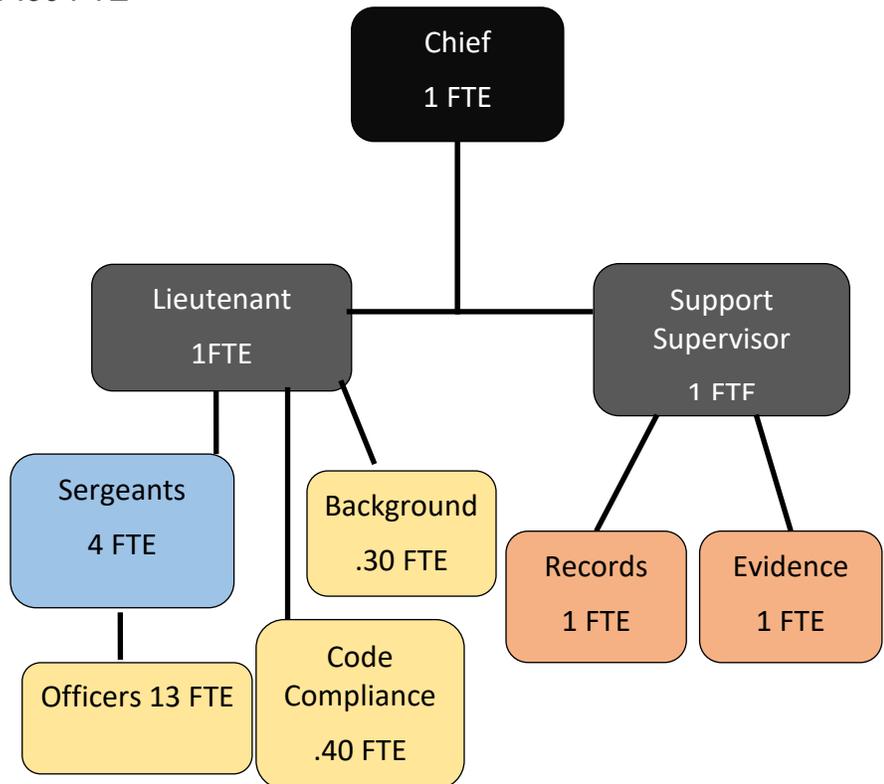
- Participated at the job fair with Molalla High School to encourage professional development.
- Elementary and high school career and wellness presentations.
- Be an active presence at home high school sporting events and dances.
- Continue to lead, participate, and ensure safety in the Kiddie Parade during 4th of July festivities.
- Donate “K9 Benz Baskets” in school fundraising support, including “Lunch with an Officer” or meet and greets with K9 Benz.
- (1) Full Time School Resource Officer

Staffing

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-25
Full Time FTE's	19.0	20.0	22.4	22.4	22.7

Change from Prior Year

- Addition of Background Specialist for .30 FTE



GENERAL FUND POLICE	Historical Data		Budget for FY 2025-2026			
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY	BY	BY
			Officer	Committee	Council	
PERSONNEL SERVICES						
BENEFITS AND TAXES	1,133,662	1,064,508	1,158,123	1,441,430		
SALARIES AND WAGES	1,832,950	2,101,667	2,553,127	2,641,540		
TOTAL PERSONNEL SERVICES	2,966,611	3,166,175	3,711,250	4,082,970		
FTE	20.00	22.40	22.40	22.40		
MATERIALS & SERVICES						
POWER	9,394	6,800	7,800	10,800		
PHONE	22,133	24,763	25,000	20,500		
CONNECTIVITY/INTERNET	65,337	52,474	53,500	55,500		
OPERATIONS & MAINTENANCE	12,102	12,397	20,000	13,000		
BUILDING MAINTENANCE	3,372	6,981	1,500	4,000		
TRAINING & CONF. TRAVEL	20,596	34,656	30,000	35,000		
DUES & MEMBERSHIP	2,164	5,367	6,000	6,500		
POSTAGE	673	344	1,000	-		
DONATION EXPENSE	-	-	-	100		
CONTRACTS & OBLIGATIONS	73,395	29,609	50,000	50,000		
PROFESSIONAL SERVICES	6,048	7,705	20,000	3,000		
INSURANCE/LIABILITY/GEN	46,519	52,716	55,776	43,000		
VEHICLE FUEL	70,331	74,093	90,000	55,000		
VEHICLE REPAIR	24,701	53,940	30,000	30,000		
UNIFORMS	22,109	23,884	20,000	20,000		
JANITOR	15,302	11,712	12,000	13,600		
OFFICE SUPPLIES	859	1,049	1,000	1,000		
CENTRAL DISPATCH	136,200	134,841	153,000	207,500		
LEGAL SERVICES	3,313	3,063	3,500	4,000		
OFFICE MACHINES & MAINT	3,682	2,991	4,000	5,000		
FIREARMS	18,008	15,996	18,000	13,000		
COMPUTER SVC,REP & UPGRADES	104,369	63,239	25,000	50,000		
SUPPLIES / EQUIPMENT	15,842	35,911	40,000	10,000		
TOTAL MATERIALS & SERVICES	676,447	654,532	667,076	650,500		

Continued

**GENERAL FUND
POLICE**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council

CAPITAL OUTLAY

POLICE CAPITAL PROJECTS	-	162,314	189,700	164,919		
TOTAL CAPITAL OUTLAY	-	162,314	189,700	164,919		

TRANSFERS OUT

TRANSFER TO CAP PROJECTS-PD	500,000	-	-	-		
TRANSFER TO POLICE FLEET RES	110,000	-	100,000	50,000		
TOTAL TRANSFERS OUT	610,000	-	100,000	50,000		

**TOTAL POLICE
REQUIREMENTS**

	4,253,059	3,983,020	4,668,026	4,948,389		
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Municipal Court Department



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

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

The court continues to hold sessions on Tuesday mornings, with traffic violation matters beginning at 8:30 am, bench trials at 9:30 am, and criminal matters beginning at 10:00 am. The addition of the city's new Code Enforcement Officer has prompted a need to make regular room on the court docket for the increased number of municipal code violation matters. Additional days are added in the month as needed for court jury trials. Please refer to the court calendar. [Go Here!](#) For information regarding the court about fines, parking, forms, payment options, etc. [Go Here!](#) For more detailed information.

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

Activity Measures	FY 2022-23 Actual	FY 2023-24 Actual	Did the Court Meet Expectations? (FY 2023-24)	Performance Percentage	FY 2024-25 Projected
Misc. Violations (MIP Alcohol/ Tobacco/MJ, Bikes, Parking, etc.)	4	16	Yes	Over by – 75%	16
Ordinance	4	21	Yes	Over by– 81%	15
Misdemeanor	160	248	Yes	Over by– 55%	200
Traffic	520	912	Yes	Over by – 75%	800

Explanations of Significant Budget Variances

2026 Adopted Budget vs, 2025 Projected Actual

- Budgeted revenues have begun to increase as the economy recovers from hardships caused by the COVID-19 pandemic and changes in state law.
- Molalla Police Department has started participating in county-wide interagency traffic missions generating more income from both in-jurisdiction citations and out-of-jurisdiction citations.
- There is a New Capital Account this year. The court is saving for a new software system that will streamline their overall performance.

Summary of Explanations above

The court revenue has seen an increase as the economy improves and more people become employed. The court continues to take a conservative approach to spending this fiscal year. The Court added a capital line in order to save for future accounting software.

Goals for 2025-26

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

2024-25 Accomplishments

- ✓ Completed clean-up of database of uncollectable cases (20+ years old).
- ✓ Added security cameras in the courtroom for safety of all personnel and visitors.
- ✓ Started the process of adding improvements to the municipal code that enables the Municipal Court to effectively adjudicate municipal code violations.

Goals Aligned with Visioning

Develop the physical infrastructure needed to support a welcoming community.

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

Foster socially welcoming activities and embrace diversity as our strength.

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

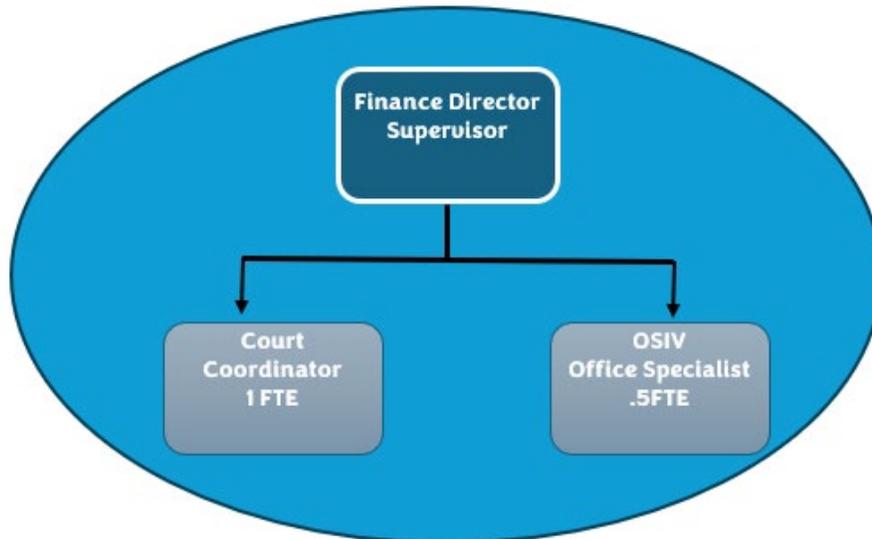
Engage youth.

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

Staffing

The Judge and Prosecutor are under Contract.

Full Time FTE's	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Court Clerk	1.0	1.0	0.0	0.0
Court Coordinator			1.0	1.0
OSIV		.5	.5	.5



GENERAL FUND COURT	Historical Data			Budget for Next FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
PERSONNEL SERVICES						
BENEFITS AND TAXES	46,381	41,170	58,668	65,925		
SALARIES AND WAGES	63,587	73,632	97,262	110,000		
TOTAL PERSONNEL SERVICES	109,968	114,802	155,930	175,925		
FTE	1.00	1.50	1.50	1.50		
MATERIALS & SERVICES						
POWER	447	-	-	-		
PHONE/COMPUTER/CONNECTIVITY	6,299	9,025	9,000	10,900		
OPERATIONS & MAINTENANCE	3,703	2,868	2,900	3,200		
BUILDING MAINTENANCE	751	942	2,500	2,000		
TRAINING & CONF. TRAVEL	-	(384)	1,500	5,000		
POSTAGE	229	680	-	-		
PROFESSIONAL SERVICES	79,340	82,141	90,000	85,000		
INSURANCE/LIABILITY/GEN	4,430	1,198	1,160	1,160		
JANITOR	960	527	720	600		
OFFICE SUPPLIES	1,378	927	1,300	800		
COURT APPOINTED ATTORNEY	18,314	16,450	20,000	45,000		
OS AGENCY FINES DUE	2,815	-	1,000	-		
SECURITY	-	7,859	8,500	10,000		
VICTIM RESTITUTION	143	(20)	25	50		
TOTAL MATERIALS & SERVICES	118,809	122,214	138,605	163,710		
CAPITAL OUTLAY						
COURT CAPITAL	-	-	-	15,000		
TOTAL CAPITAL OUTLAY	-	-	-	15,000		
TOTAL COURT REQUIREMENTS	228,777	237,016	294,535	354,635		

City Council Department

The City Council consists of the Mayor and six Councilors. This duly elected body serves the City of Molalla as the highest-ranking elected body within the Molalla city limits. Council provides input and governance over policy, approval of certain contracts, goal setting, adopting the annual budget, employing the City Manager and Municipal Court Judge and offers guidance to ensure and establish rules and regulations for the City of Molalla. Council meetings are held the second and fourth Wednesday of each month. Council meeting agendas, minutes, and videos can be found on the City of Molalla website or [Go, HERE!](#) for more information.

City Council Members

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





Mayor Scott Keyer

skeyser@cityofmolalla.com

Term Ends 12/31/2028



Eric Vermillion / Council President

evermillion@cityofmolalla.com

Term Ends 12/31/2028



Leota Childress

lchildress@cityofmolalla.com

Term Ends 12/31/2026



Terry Shankle

tshankle@cityofmolalla.com

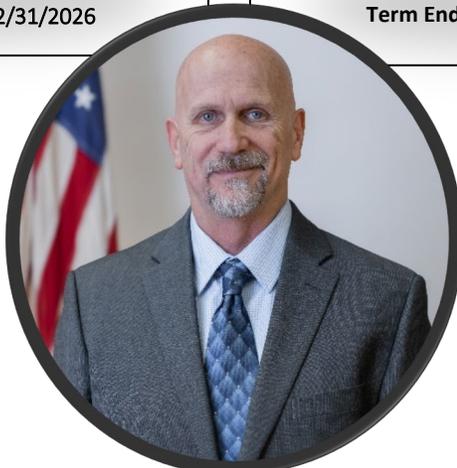
Term Ends 12/31/2026



Raelynn Botsford

rbotsford@cityofmolalla.com

Term Ends 12/31/2026



Doug Gilmer

dgilmer@cityofmolalla.com

Term Ends 12/31/2028



Martin Bartholomew

mbartholomew@cityofmolalla.com

Term Ends 12/31/2028

**GENERAL FUND
COUNCIL**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL Actual	FISCAL Actual	APPROVED BUDGET	PROPOSED BY Budget Officer	APPROVED BY Budget Committee	ADOPTED BY Council

PERSONNEL SERVICES

SALARIES AND WAGES	-	6,225	13,200	13,200		
BENEFITS AND TAXES		534	3,211	1,134		
TOTAL PERSONNEL SERVICES	-	6,759	16,411	14,334		
FTE	-	-	2.24	0.33		

MATERIALS & SERVICES

OPERATIONS & MAINTENANCE	2,330	3,372	3,200	4,000		
TRAINING	5,022	14,976	13,000	10,000		
DUES & MEMBERSHIP	689	640	650	400		
POSTAGE	3	-	-	-		
LEGAL SERVICES	3,105	542	-	-		
VISIONING GRANT	2,060	472	20,529	10,000		
NATIVE AMERICAN WALK GRANT	-	-	-	9,562		
CELEBRATE MOLALLA	3,139	14,604	7,500	7,500		
BANNER PROJECT	5,775	6,175	6,500	8,000		
MEETINGS AND STIPENDS	16,146	14,616	-	-		
SPECIAL COUNCIL PROJECTS	1,460	1,346	750	4,000		
TOTAL MATERIALS & SERVICES	39,729	56,745	52,129	53,462		

TOTAL COUNCIL REQUIREMENTS	39,729	63,504	68,540	67,796		
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Parks Division

The Parks Division is part of the General Fund budget and provides the funding for the staffing, equipment, supplies, and services necessary to operate and maintain city parks and pathways. There are no designated recurring sources of funding for operations, maintenance, and capital improvements. At present, parks operations and maintenance receive its funding from the General Fund, while parks capital improvements are funded by the General Fund, park system development charges, donations, and grants.



The City Council sets the goals and policies of the parks and trails system under Goal 8 of the Molalla Comprehensive Plan (Recreational Needs) and plans the projects and initiatives to achieve those goals in the City of Molalla Parks and Trails System Master Plan. Additionally, information on significant Parks projects and initiatives is made available on the Molalla Current and the City of Molalla Website.

Helpful Links: [Comprehensive Plan](#) | [Parks Community Program Committee](#) | [The Molalla Current](#)
[City of Molalla Website](#) | [Parks & Trails Plan](#)

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

	FY 2023-24 Actual	FY 2023-24 Estimated	Parks Meet Estimates	Performance Percentages	FY 2024-25 Estimate
Park Rentals	107	100	Yes	Over 7%	130

Explanation of Significant Budget Variances

FY25/26 Adopted Budget vs FY24/25 Projected Actuals

- MCC Donations Increased by \$100,000



Parks Division, *Continued*

Summary Explanations of Above

Molalla Communications Company (MCC) has been the leading advocate and donor to the development and restoration of parks in Molalla. The projected funding amount was increased based on MCC's substantial and continued support of Molalla's Parks System.

Goals for FY25/26

- ✓ Complete phase I development of Chief Yelkus Park
- ✓ Complete design and development plan for Clark Park Sports Fields
- ✓ Replace bridges in Ivor Davies Park
- ✓ Complete Fox Park Tot Park Upgrades
- ✓ Create a Parks Standard Specifications Manual
- ✓ Obtain a Parks Inspector Certification on Maintenance Crew
- ✓ Complete Eagle Scouts' Projects on Birdhouses and Cemetery Park Clearing
- ✓ Explore dedicated, recurring funding resources for City Parks

FY24/25 Accomplishments

- ✓ **Parks in General:** Completed Parks Master Plan update and updated the Comprehensive Plan in accordance with the new Parks Master Plan
- ✓ **Chief Yelkus Park:** Completed design, and began construction of Phase I
- ✓ **Strawberry Park:** Installed a new drinking fountain
- ✓ **Fox Park:** Replaced main play structure in Toddler area of park, replaced bridge from parking lot to park, renewed park lease for 50-year term
- ✓ **Long Park:** Replaced swing set with new upgraded system, added wood fiber to play area, made play area ADA accessible, and painted restrooms
- ✓ **Clark Park:** Projected replacement of Gazebo
- ✓ **Bohlander Field:** Projected completion of pedestrian safety improvements

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

Developing the physical infrastructure needed to support a welcoming community.

- Continue development of at least one park, and/or significant park asset (e.g. Pickleball Courts, Disc Golf Course) each year.

Foster socially welcoming activities and embrace diversity as our strength.

- Ensuring Park upgrades and new park development is accessible, ADA compliant, and multi-lingual.



- Continue development of Yelkus Park as an educational park with culturally focused play options, and educational elements aimed at the natural space and historic culture of Molalla.

Engage youth:

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

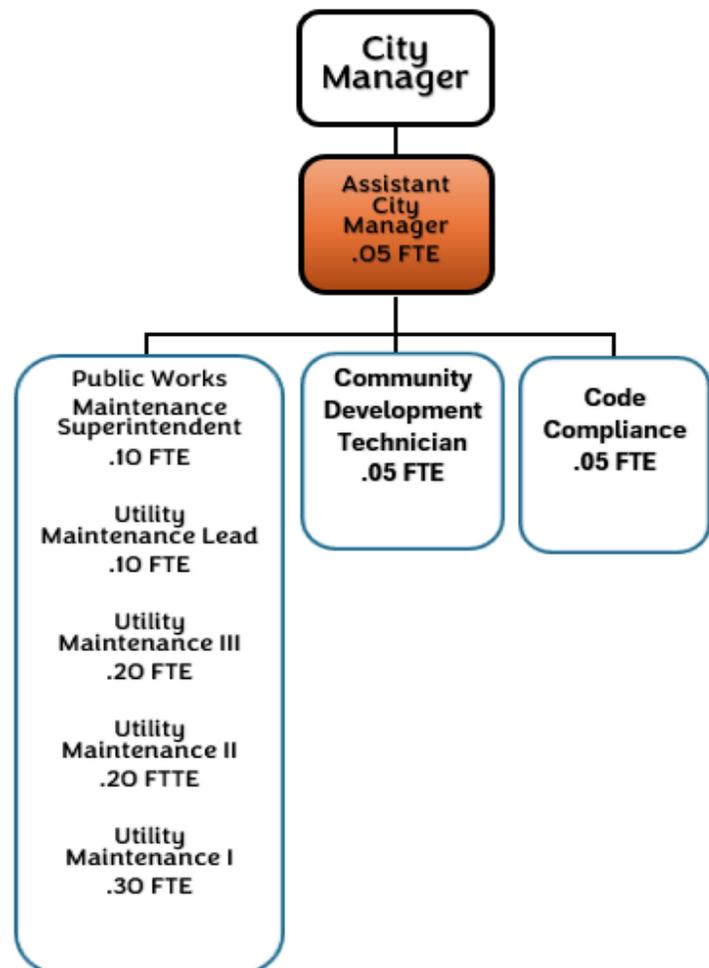
Staffing

	FY 2022-23	FY 2023-24	FY 2024-25	FY 25-26
Full Time FTE's	1.0	1.15	1.05	1.05

Changes from Prior Year Changes from Prior year



- No Changes from prior year



GENERAL FUND PARKS	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
PERSONNEL SERVICES						
BENEFITS AND TAXES	38,443	39,679	43,246	50,000		
SALARIES AND WAGES	63,071	77,169	81,021	89,600		
TOTAL PERSONNEL SERVICES	101,514	116,848	124,267	139,600		
FTE	1.00	1.15	1.05	1.05		
MATERIALS & SERVICES						
POWER	187	1,352	1,750	900		
PHONE	-	1,244	1,490	1,300		
NATURAL GAS	131	-	-	-		
OPERATIONS & MAINTENANCE	23,075	24,259	40,000	35,000		
PARKS FUN-RAISER DONATION EXP	-	-	-	5,000		
BUILDING MAINTENANCE	3,697	2,121	2,500	5,500		
TRAINING & CERTIFICATES	604	600	750	3,000		
DUES & MEMBERSHIP	53	17	75	2,000		
POSTAGE	275	-	-	-		
COMPUTER NETWORK	1,810	13,272	21,600	22,000		
PROFESSIONAL SERVICES	2,400	646	2,500	2,500		
INSURANCE/LIABILITY/GEN	8,861	10,048	10,632	11,250		
GAS & VEHICLE MAINTENANCE	2,386	1,323	3,000	2,000		
VEHICLE REPAIR	1,337	2,898	3,000	1,200		
UNIFORM & SAFETY GEAR	625	760	1,200	1,000		
SMALL EQUIPMENT/TOOLS	1,227	655	1,000	2,000		
SIGNS	285	-	100	-		
TOTAL MATERIALS & SERVICES	46,954	59,194	89,597	94,650		

Continued

**GENERAL FUND
PARKS**

	Historical Data		Budget for FY 2025-2026			
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council

CAPITAL OUTLAY

PARKS CAPITAL IMPROVEMENTS	-	136,029	450,000	32,308		
PARK IMP SDC CAPITAL PROJECTS	-	60,640	700,000	750,000		
PARK EQUIPMENT	-	-	-	5,000		
PARKS LAND DEDICATION(In Lieu)	-	-	-	100,000		
MCC PARK ASSIST CAPITAL PROJ	-	101,370	-	150,000		
TOTAL CAPITAL OUTLAY	-	298,040	1,150,000	1,037,308		

TRANSFERS OUT

TRANSFER TO FLEET REPLACEMENT	7,900	-	7,900	7,900		
TOTAL TRANSFERS OUT	7,900	-	7,900	7,900		

**TOTAL PARKS
REQUIREMENTS**

	156,368	474,082	1,371,764	1,279,458		
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Planning Department

For financial purposes, the Planning Division is an activity of the General Fund. This means planning revenues are received in the General Fund revenues section of the budget, and expenses are paid out of the Planning Activity of the General Fund. Revenues are substantially comprised of fees for land use and permitting services, and grants. Expenses include operations, personnel, and consultant services (typically provided by grant funding).

The City Council sets the goals and policies of the Planning Division through the Molalla Comprehensive Plan and the Molalla Development Code (Title 17 of the Molalla Municipal Code). Additionally, each Master Planning Document contains several policies and goals that impact Planning.



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

Planning Commission

The Planning Commission is comprised of Molalla citizens (with up to two out-of-town members) that make quasi-judicial land use decisions, recommendations to the City Council on land use legislation, and provide a community voice on long-term planning initiatives. Planning Commissioners serve 4-year terms and are appointed by the Mayor with the consent of the Council. If you are interested in filling in a planning commission vacancy, please watch the City's Facebook feed and newsletter for announcements when a seat opens. To



qualify, applicants must be U.S. citizens and submit a complete [Application for Appointment to a Citizen Committee](#). Forms are also available at City Hall. Each applicant shall include a brief statement of why you wish to serve on the Planning Commission. Applicants may include a resume with their applications. Planning Commissioners and City Councilors are required to fill out a [Statement of Economic Interest](#) on or before April 15th of each calendar year. Planning Commission Meetings are scheduled on the first Wednesday of each month. For more information about the Planning Commission [Go,Here!](#) For more information.

Current Roster:

- **Doug Eaglebear, Chair** - deaglebear@cityofmolalla.com
- **Connie Sharp** - csharp@cityofmolalla.com (out of town seat 1)
- **Bradey Rickey** – brickey@cityofmolalla.com
- **Clint Ancell** - cancell@cityofmolalla.com (out of town seat 2)
- **Martin Ornelas** - mornelas@cityofmolalla.com
- **David Potts** – dpotts@cityofmolalla.com
- **Kristy Hodgkinson** – khodgkinson@cityofmolalla.com

Appointed April 23, 2025



Activity Measures from Prior Year

Planning Measures Processed	2021	2022	2023	2024	2025 Projected
# of all land use decisions & authorizations issued	149	157	126	75	100
# of Single-Family Units Permitted	22	3	8	9	18
# of Multi-Family Units Permitted	0	211	40	0	4
# of Commercial and Industrial Units Permitted	1	2	5	3	3

Explanation of Significant Budget Variances

- ✓ Increase in Personnel Costs
- ✓ Increase in Materials & Services

Summary of Explanations Above

- Personnel Costs: This is primarily driven by the addition of a new staff member, Associate Planner, for a full fiscal year. Other notable cost increases include a fairly substantial increase in rates for retirement and insurance.
- Materials & Services: This increase is a bit of an illusion. The cost escalation in this category is nearly all attributable to a large Transportation Growth Management grant that Staff will be applying for. If it is not awarded, it will not be spent, and will reduce M&S costs by \$150k, resulting in a spending level that is lower than this FY.

Goals for 2026

- ✓ Complete UGB Studies and Expansion
- ✓ Complete buildout of digital land use/permitting interface
- ✓ Begin implementation of housing production strategies
- ✓ Develop and Implement Mural Code
- ✓ Work to expand childcare opportunities
- ✓ Develop Code Compliance Webpage
- ✓ Develop Economic Development Webpage
- ✓ Formalize Molalla Current Program
- ✓ Conduct Hazardous Spill Code Compliance Training

2025 Accomplishments

- ✓ Recruited and Trained Community Development Technician
- ✓ Recruited and Trained Associate Planner
- ✓ Completed Parks Master Plan Update
- ✓ Completed Employment Opportunities Analysis
- ✓ Completed Housing Production Strategy
- ✓ Implemented Hazard & Code Compliance Outreach Program

Planning Department, Continued

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

Develop the physical infrastructure needed to support a welcoming community.

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

Foster socially welcoming activities and embrace diversity as our strength.

- Implemented Community Events Calendar and Molalla Current Page
- Enhanced participation in local events (e.g. marketing)

Engage youth

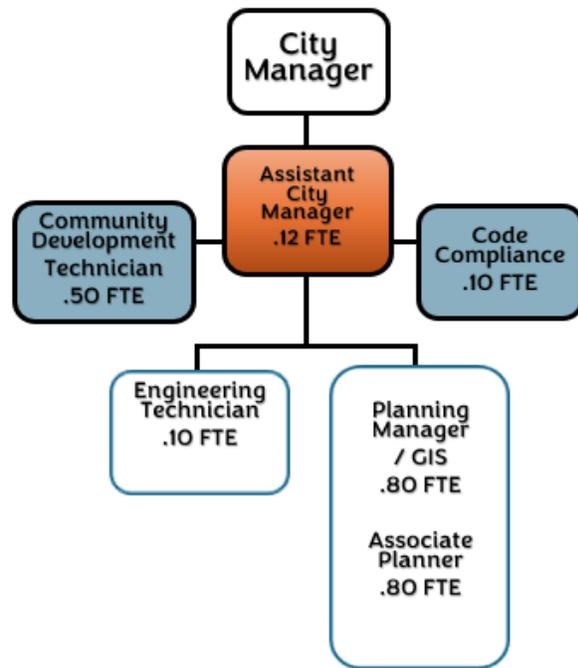
- Participated in the Career Fair at Molalla High School to encourage professional development and recruit potential interns.
- Developed and advertised a local government internship program, and the “student Councilor” program.

Staffing

	FY 22-23	FY 23-24	FY 25-26	FY 25-26
Staffing Full Time FTE's	1.5	1.52	1.62	2.42

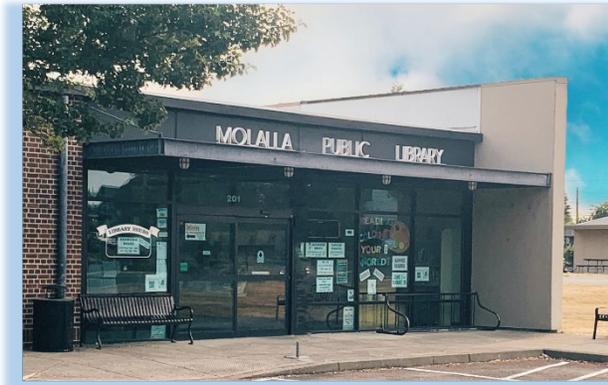
Changes from Prior Year

- ✓ .80 Increase of FTE due to a reallocation and the addition of Associate Planner last FY.



GENERAL FUND Planning	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	BY Council
PERSONNEL SERVICES						
BENEFITS AND TAXES	72,626	60,565	86,853	99,100		
SALARIES AND WAGES	120,623	133,895	173,225	226,600		
TOTAL PERSONNEL SERVICES	193,249	194,461	260,078	325,700		
FTE	1.50	1.52	1.62	2.42		
MATERIALS & SERVICES						
POWER	1,410	1,441	1,950	1,700		
PHONE	8,685	7,021	8,000	9,500		
NW NATURAL GAS	-	-	900	-		
OPERATIONS & MAINTENANCE	7,631	5,242	4,500	3,500		
OPERATIONS & MAINTENANCE-Code	-	-	5,000	1,000		
BUILDING MAINTENANCE	1,708	2,244	2,000	2,300		
TRAINING & CONF. TRAVEL	1,503	3,398	2,500	3,500		
TRAINING & CONF. TRAVEL-Code	-	-	2,500	1,000		
DUES & MEMBERSHIP	87	86	500	1,750		
POSTAGE-PLANNING	682	-	100	-		
PRINTING & PUBLICATIONS	916	608	1,200	500		
PROFESSIONAL SERVICES	5,762	21,573	25,000	17,000		
INSURANCE/LIABILITY/GEN	4,430	5,042	5,675	6,250		
CUSTODIAN	1,083	829	1,000	1,200		
OFFICE SUPPLIES	1,901	104	500	1,750		
CITY ATTORNEY-PLANNING	368	4,622	5,000	7,500		
COMPUTER SERVICES	2,592	-	13,500	7,800		
MEETINGS AND BOARDS	3,784	3,462	4,000	4,500		
UGB STUDY GRANT	46,303	22,839	45,000	150,000		
UGB STUDY GRANT-MATCH	-	5,000	10,000	-		
TOTAL MATERIALS & SERVICES	88,845	83,512	138,825	220,750		
TOTAL PLANNING REQUIREMENTS	282,094	277,973	398,903	546,450		

Library Fund



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

For 125 years, the Molalla Public Library has served this community. It is the oldest continuously serving library in

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

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

- Storytimes for ages 0-5 weekly throughout the school year
- Homeschool Huddle provides a connection for our homeschooling families as well as a learning-based enrichment program
- LEGO Club encourages a love for design and building.

STEAM (Science, Technology, Engineering, Arts, and Math) Powered Fun! immerses participants in a scientific topic each month with hands-on experiments

- Stuffed animal sleepover at the Library
- Dungeons and Dragons campaigns for teens
- Teen focused on crafts and activities
- Curated book boxes for teens



Library Fund - *Continued*

The library also offers many adult programs. Programs include:

- Mexican Cooking classes
- Citizen Preparation classes for civics exam
- Make It Monday offers a wide variety of craft projects
- Curated book boxes
- Homebound services to individuals
- A wide variety of speakers and craft presenters



Family activities all year long

- Music in the Park during the summer
- Día de los Niños/Children's Day and Día de los Muertos/Day of the Dead celebrations
- Lotería
- Mini golf in the library



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

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



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

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

Explanation of Significant Budget Changes

2025 Adopted Budget vs, 2026 Projected Actual

- Increased the Capital Line for future library

Summary of Explanations Above

The intention is to reserve the beginning fund balance for the 25/26 budget year. This is why there is an increase in the contingency reserve.

	FY 2023-24 Actual	FY 2023-24 Estimated	Did Library Meet Expectations	Performance Percentage	FY 2024-25 Estimated
Materials Circulation	143,829	148,000	No	-2.9%	157,000
Downloads / Streaming Circulation	26,264	27,000	No	-2.8%	29,000
Participation in Programs	7,919	7,500	Yes	5.59%	10,000

Goals for 2026

- Increase bookmobile stops
- Grow seed library program
- Increase program attendance by 5%
- Complete design for new library facility

2025 Accomplishments

- ✓ Increased outreach to daycare centers, underserved areas, and low-income housing
- ✓ Significantly increased program participation by establishing regular, quality programs Library patrons enjoy
- ✓ Refreshed the collection with popular titles, replacements, and patron requests
- ✓ Increased curated book boxes for teens
- ✓ Hosted a Dogman (popular children’s book series) party prior to the movie release



Goals Aligned with Visioning

Library Fund - *Continued*

Develop the physical infrastructure needed to support a welcoming Community.

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



Foster socially welcoming activities and embrace diversity as our strength.

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

Engage youth.

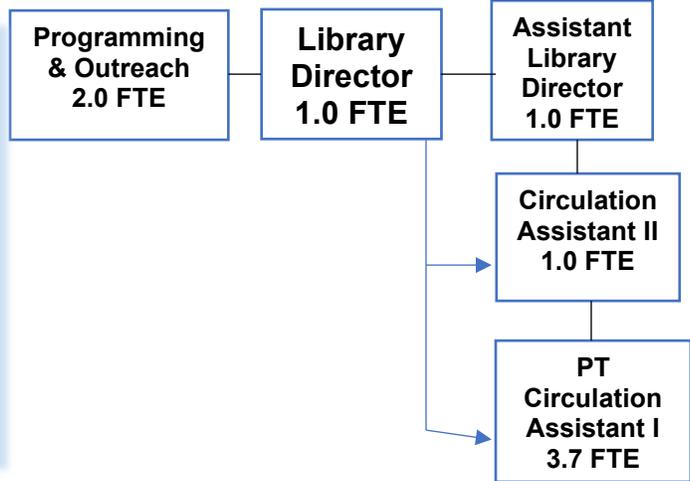
- ✓ Participates in the career fair at the Molalla High School to encourage interest in professional development
- Regular visits to area daycare facilities
- Weekly story time for ages 0-5 years
- Homeschool Huddle, LEGO Club, and STEAM Powered Fun!
- Teen Book Boxes
- Dungeons and Dragons campaigns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



Staffing

Changes from the previous year:

- None



Staffing **FY 2022-23** **FY 2023-24** **FY 2024-25** **FY 2025-26**

Full Time FTE	8.7	8.7	8.7	8.7
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LIBRARY FUND RESOURCES

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	BY Council
BEGINNING FUND BALANCE	3,047,076	3,157,486	3,360,632	3,648,667		
GENERAL REVENUES	GENERAL REVENUES					
COUNTY FUNDS	1,126,708	1,146,481	1,152,000	1,243,000		
LIBRARY DISTRICT CAPITAL FUNDS	-	-	-	-		
GRANTS	4,881	4,856	4,900	5,200		
COPIER INCOME	1,987	2,153	1,500	2,000		
MISC	586	15	-	-		
FINES	3,985	3,949	2,500	2,000		
DONATIONS	2,580	2,570	2,000	1,700		
INTEREST	-	153,859	100,000	125,000		
TOTAL FUND REVENUES	1,140,726	1,313,883	1,262,900	1,378,900		
TOTAL BEGINNING FUND BALANCE	3,047,076	3,157,486	3,360,632	3,648,667		
TOTAL LIBRARY FUND RESOURCES	4,187,803	4,471,369	4,623,532	5,027,567		

**LIBRARY FUND
REQUIREMENTS**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	BY Council
PERSONNEL SERVICES						
BENEFITS AND TAXES	244,156	200,260	225,413	274,500		
SALARIES AND WAGES	433,211	446,009	476,911	553,000		
TOTAL PERSONNEL SERVICES	677,368	646,270	702,324	827,500		
FTE	8.70	8.70	8.70	8.70		
MATERIALS & SERVICES						
POWER	8,284	9,041	10,500	12,500		
PHONE	5,905	7,762	8,150	10,000		
NW NATURAL GAS	2,768	2,188	3,000	3,100		
OPERATIONS & MAINTENANCE	10,976	20,604	30,000	30,000		
BUILDING MAINTENANCE	54,121	61,010	50,000	15,000		
TRAINING & CONF. TRAVEL	4,272	1,480	6,000	7,000		
DUES & MEMBERSHIP	724	678	250	250		
POSTAGE	364	348	500	500		
PROFESSIONAL SERVICES	1,326	-	4,000	5,000		
INSURANCE/LIABILITY/GEN	20,068	25,991	30,000	30,000		
BOOKS	65,736	54,753	65,000	65,000		
E-PUBLICATIONS	11,794	13,718	12,500	13,500		
READY TO READ MATERIAL	3,457	4,731	4,800	5,200		
AUDIO-VISUAL MATERIAL	18,556	18,364	20,000	15,000		
DATA BASES	5,054	8,055	12,000	18,000		
CUSTODIAN	21,149	22,975	25,000	29,000		
OFFICE SUPPLIES	9,352	11,346	12,000	11,000		
COST ALLOCATION AGREEMENT	50,989	91,226	129,255	165,890		
FURNITURE & FIXTURES	2,214	10,206	5,000	3,000		
COPIER EXPENSES	4,747	5,547	5,500	7,000		
PROGRAMS	28,806	33,506	35,000	35,000		
PERIODICALS	2,050	2,000	2,000	2,200		
EQUIPMENT	20,236	13,663	6,000	5,000		
TOTAL MATERIALS & SERVICES	352,949	419,193	476,455	488,140		

Continued

LIBRARY
Continued

	Historical Data			Budget for FY 2025-2026		
	2022-2023 FISCAL Actual	2023-2024 FISCAL Actual	2024-2025 APPROVED BUDGET	2025-2026 PROPOSED BY Budget Officer	2025-2026 APPROVED BY Budget Committee	2025-2026 ADOPTED BY Council
CAPITAL OUTLAY						
CAPITAL PROJECT - CONSTRUCTION	-	-	2,516,909	3,000,000		
CAPITAL PROJECT - DESIGN	-	-	-	200,000		
TOTAL CAPITAL OUTLAY	-	-	2,516,909	3,200,000		
TRANSFERS OUT						
TRANSFER TO FLEET REPLACEMENT	-	-	-	-		
TOTAL TRANSFERS OUT	-	-	-	-		
CONTINGENCY						
OPERATING CONTINGENCY	-	-	706,546	300,000		
TOTAL OPERATING CONTINGENCY	-	-	706,546	300,000		
FUND BALANCE/RESERVES						
FB RESERVE/PERS	-	-	5,000	-		
FB RESERVE	-	-	216,298	211,927		
TOTAL RESERVES	-	-	221,298	211,927		
TOTAL LIBRARY REQUIREMENTS	1,030,317	1,065,463	4,623,532	5,027,567		
TOTAL LIBRARY FUND RESOURCES AND FB	4,187,803	4,471,369	4,623,532	5,027,567		
TOTAL LIBRARY FUND REQUIREMENTS	1,030,317	1,065,463	4,623,532	5,027,567		
TOTAL NET LIBRARY FUND	3,157,486	3,405,907	-	-		

Street Fund

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



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

Helpful Links:

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

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

	FY 2022-23	FY 2023-24	Did Streets Meet Estimates?	Performance Percentages	FY 2024-25 Estimated
# of local road feet paved/resurfaced	4780	3538	NO	29% Under	8220
Potholes Filled	465	580	YES	16% Over	362
# of work orders completed	3433	2879	NO	24% Under	1393

Street Fund, *Continued*

Explanation of Significant Budget Variances

2026 Adopted Budget vs 2025 Projected Actual

- Miscellaneous revenue increased to \$63k
- Road Surfacing Program Increase by \$180,000
- Capital Increase of approximately \$500,000
- Debt service increased by \$109,000
- First union contract negotiations in 3 years.



Summary of Explanations Above

The Miscellaneous revenue increase is based on potential award of a TMobile Hometown Grant for a downtown banner holder. The surfacing program accounts for the entire increase in the Road Surfacing Program, and a large proportion of the increase in the Capital outlay section of the budget. This is due to a more aggressive approach to street restoration. Notably, this is not a sustainable spending level for this program in future years without identifying other revenue sources. Debt service increased due to the beginning of repayment for the ODOT loan that helped fund the City's proportionate cost of the Toliver Roundabout project. Finally, the city's public works union contract is due for negotiation and no pay raise outside of the capped annual cost of living has been provided in nearly 6 years.

Goals for 2026

- ✓ Complete N Molalla enhanced crossing at Frances St.
- ✓ Complete \$750k in dig out and repaving projects per CAPS plan.
- ✓ Complete \$450k in less intrusive restoration of eligible streets per CAPS plan.
- ✓ Complete overlay of Lola Ave in conjunction with water/sewer main project.
- ✓ Continue sidewalk improvement grant program.
- ✓ Apply for a Transportation Growth Management grant.
- ✓ Complete feasibility studies for Molalla Forest Rd.
- ✓ Explore Gas Tax and Street Fee options for revenue enhancement.

Accomplishments for 2025

- ✓ Completed resurfacing of Section St. including 2 new ADA ramps.
- ✓ Completed resurfacing on S Molalla from 3rd to 5th St.
- ✓ Completed survey for Molalla Forest Rd.
- ✓ Completed installation of tree lights along Molalla Ave.
- ✓ Completed Bohlander/Buckeroo Pedestrian Safety Zone.

Street Fund, *Continued*

- ✓ Sidewalk Improvement Grant assisted with completion of:
 - 3,729 Sq Ft of Sidewalk
 - 456 Linear Ft of Curb and Gutter
 - 3 new ADA ramps

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

Develop the physical infrastructure needed to support a welcoming community.

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

Foster socially welcoming activities and embrace diversity as our strength.

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

Engage youth:

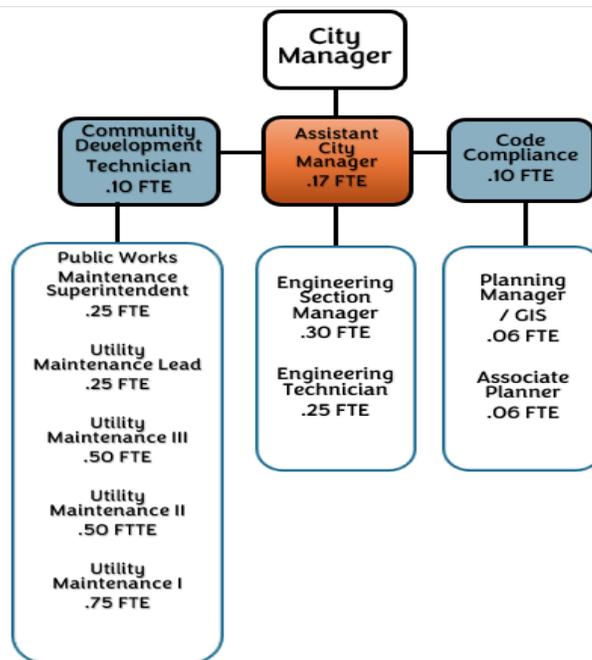
- Participated in the Career Fair at Molalla High School to encourage professional development.

Staffing

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Full Time FTE	2.86	3.23	3.23	3.29

Changes from Prior Year

- Increase of .06 FTE



**STREET FUND
RESOURCES**

Historical Data

Budget for FY 2025-2026

	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY	BY	BY
				Budget	Budget	Council
				Officer	Committee	
BEGINNING FUND BALANCE	1,611,285	2,282,890	3,458,088	3,081,230		
REVENUE						
STATE GAS TAX	800,415	810,401	820,000	864,000		
VEHICLE REGISTRATION FEE	201,361	192,601	200,000	190,000		
PGE FRANCHISE FEE	180,000	180,000	180,000	180,000		
MISCELLANEOUS	4,441	189,389	-	63,000		
INTEREST	-	114,952	75,000	140,000		
PLAN REVIEW AND PERMITS	8,075	18,960	3,000	4,500		
FUND EXCHANGE	-	259,758	-	124,000		
TRANSFER FROM STREET IMP-SDC	-	350,000	300,000	600,000		
TRANSFER FROM STREET REIMB-SDC	-	500,000	150,000	150,000		
TOTAL STREET FUND REVENUES	1,194,291	2,616,061	1,728,000	2,315,500		
TOTAL BEGINNING FUND BAL	1,611,285	2,282,890	3,458,088	3,081,230		
TOTAL STREET FUND RESOURCES	2,805,577	4,898,951	5,186,088	5,396,730		

STREET FUND REQUIREMENTS	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY	BY	BY
			Budget	Budget	Council	
PERSONNEL SERVICES				Officer	Committee	
BENEFITS AND TAXES	129,014.6	117,046.8	162,444.0	203,406.0		
SALARIES AND WAGES	232,231.7	236,471.2	259,346.0	305,773.0		
TOTAL PERSONNEL SERVICES	361,246.4	353,517.9	421,790.0	509,179.0		
FTE	3.34	2.86	3.23	3.29		
MATERIALS & SERVICES						
POWER	116,342	113,661	120,000	130,000		
PHONE	10,284	4,573	5,500	5,500		
NATURAL GAS	2,085	1,239	1,200	1,000		
O&M	22,184	8,628	25,000	20,000		
BUILDING MAINTENANCE	13,689	7,828	35,000	20,000		
TRAINING & CONF. TRAVEL	907	1,212	3,000	3,000		
DUES & MEMBERSHIP	192	86	1,000	1,750		
POSTAGE	549	-	-	-		
COMPUTER NETWORK	13,059	10,943	15,000	1,500		
PW SOFTWARE SERVICES	-	-	20,000	18,500		
PROFESSIONAL SERVICES	5,969	5,177	10,000	18,000		
LEGAL & RECORDING	2,121	3,299	7,500	7,500		
INSURANCE/LIABILITY/GEN	31,012	36,388	41,000	45,000		
VEHICLE FUEL	14,654	10,799	18,000	12,000		
VEHICLE REPAIR	9,206	8,064	10,000	15,000		
UNIFORMS & SAFETY GEAR	1,712	3,196	4,000	4,000		
COST ALLOCATION AGREEMENT	72,668	68,420	96,941	124,418		
SIDEWALK / STREET REPAIRS	278,427	11,003	50,000	50,000		
ROAD SURFACING PROGRAM	-	250,000	300,000	480,000		
SMALL EQUIPMENT / TOOLS	964	1,550	3,000	3,000		
SIGNAGE & STRIPING	17,793	8,665	35,000	45,000		
STREET LIGHT & BULB REPLACEMENT	10,036	20,006	27,820	20,000		
TOTAL MATERIALS & SERVICES	623,854	574,737	828,961	1,025,168		

Continued

STREET FUND REQUIREMENTS	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
DEBT						
OTIF LOAN PRINCIPAL	-	-	92,000	182,888		
OTIF LOAN INTEREST	-	-	92,000	18,898		
TOTAL DEBT	-	-	184,000	201,786		
CAPITAL OUTLAY						
STREET IMP SDC CAPITAL PROJ	-	159,851	450,000	600,000		
STREET EQUIPMENT	-	-	2,800	20,000		
STREET REIMB SDC CAPITAL PROJ	-	1,086	-	150,000		
STREET CAPITAL PROJECTS	-	66,929	200,000	793,000		
ODOT FUND EXCHANGE	-	158,407	601,398	378,148		
TOTAL CAPITAL OUTLAY	-	386,273	1,254,198	1,941,148		
TRANSFERS OUT						
TRANSFER TO CAPITAL PROJECT F	90,000	-	-	-		
TRANSFER TO GF CAPITAL	-	-	-	12,000		
TRANSFER TO FLEET REPLACE FUND	38,300	38,300	38,300	21,725		
TOTAL TRANSFERS OUT	128,300	38,300	38,300	33,725		
CONTINGENCY						
OPERATING CONTINGENCY	-	-	1,453,839	1,285,724		
TOTAL OPERATING CONTINGENCY	-	-	1,453,839	1,285,724		
FUND BALANCE/RESERVES						
FB RESERVE/PERS	-	-	5,000	-		
FB RESERVE	-	-	1,000,000	400,000		
TOTAL RESERVES	-	-	1,005,000	400,000		
TOTAL STREET FUND RESOURCES AND FB	2,805,577	4,898,951	5,186,088	5,396,730		
TOTAL STREET REQUIREMENTS	1,113,400	1,352,828	5,186,088	5,396,730		
TOTAL NET STREET FUND	1,692,176	3,546,124	-	-		

PD Restricted Fund

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



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

[Youth Activity Fund Application](#)



**PD RESTRICTED FUND
RESOURCES**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL Actual	FISCAL Actual	APPROVED BUDGET	PROPOSED BY Budget Officer	APPROVED BY Budget Committee	ADOPTED BY Council

RESOURCES

BEGINNING FUND BALANCE 1 3,793 12,212 14,357

REVENUE

EMERGENCY VEHICLE FUND	2,999	4,011	4,800	-
K9 DONATIONS	-	4,242	10,000	7,000
POLICE PAYROLL DONATIONS	1,090	1,020	1,066	500
POLICE AUCTION / YOUTH FUND	157	600	600	-
SHARED REVENUES	50,000	50,000	50,000	50,000
EXPIRED PROPERTY/EVIDENCE	1,047	329	328	-
INTEREST	-	381	400	300
TOTAL PD RESTRICTED REVENUES	55,293	60,583	67,194	57,800
TOTAL BEGINNING FUND BALANCE	1	3,793	12,212	14,357
TOTAL PD RESTRICTED RESOURCES	55,293	64,376	79,406	72,157

REQUIREMENTS

MATERIALS & SERVICES

REQUIREMENTS

MATERIALS & SERVICES

K9 (Donation)	-	4,553	24,591	15,144
PD EMERGENCY VEHICLE FUND	-	-	-	-
YOUTH FUND	1,500	1,100	1,000	-
H.S. SCHOLARSHIP (eeDonation)	-	1,000	1,000	7,013
SUPPLIES / EQUIPMENT	-	-	2,815	-
TOTAL MATERIALS & SERVICES	1,500	6,653	29,406	22,157

TRANSFERS OUT

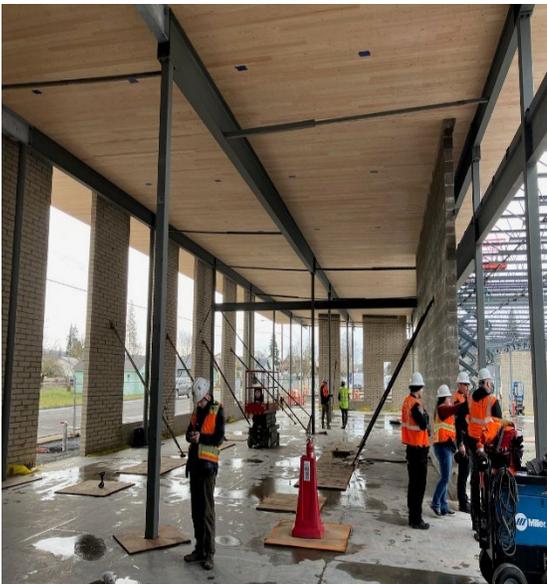
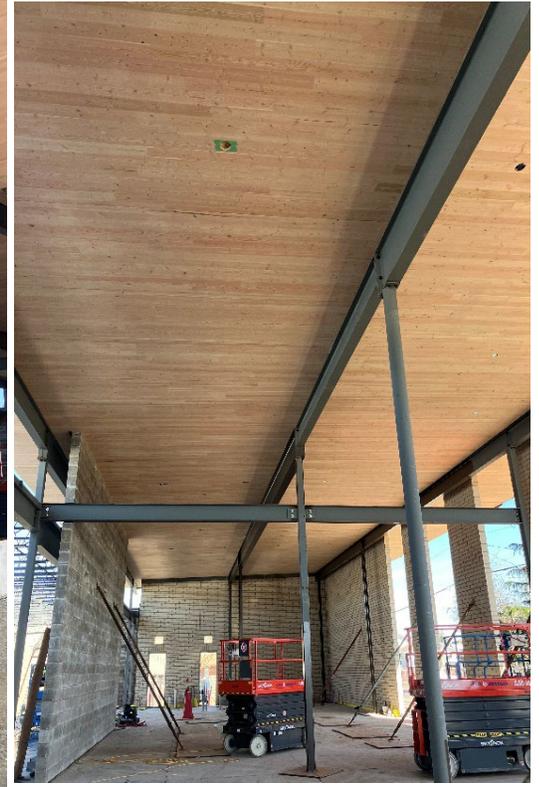
TRANSFER TO FLEET REPLACEMENT	50,000	50,000	50,000	50,000
TOTAL TRANSFERS OUT	50,000	50,000	50,000	50,000

TOTAL RESOURCES AND FUND BAL	55,293	64,376	79,406	72,157
TOTAL FUND REQUIREMENTS	51,500	56,653	79,406	72,157
TOTAL NET PD RESTRICTED FUND	3,793	7,723	-	-

Police Station Capital Project Fund

The Police Station Capital Project Fund was created by Resolution 2024-04 in February 2024 in preparation for receiving bond proceeds, for the construction of a new police station.

Construction is moving along, and the Police Department is anticipating moving into the new facility in December of this year. To stay up to date on the project [Go, HERE](#) to get current updates on the construction process.

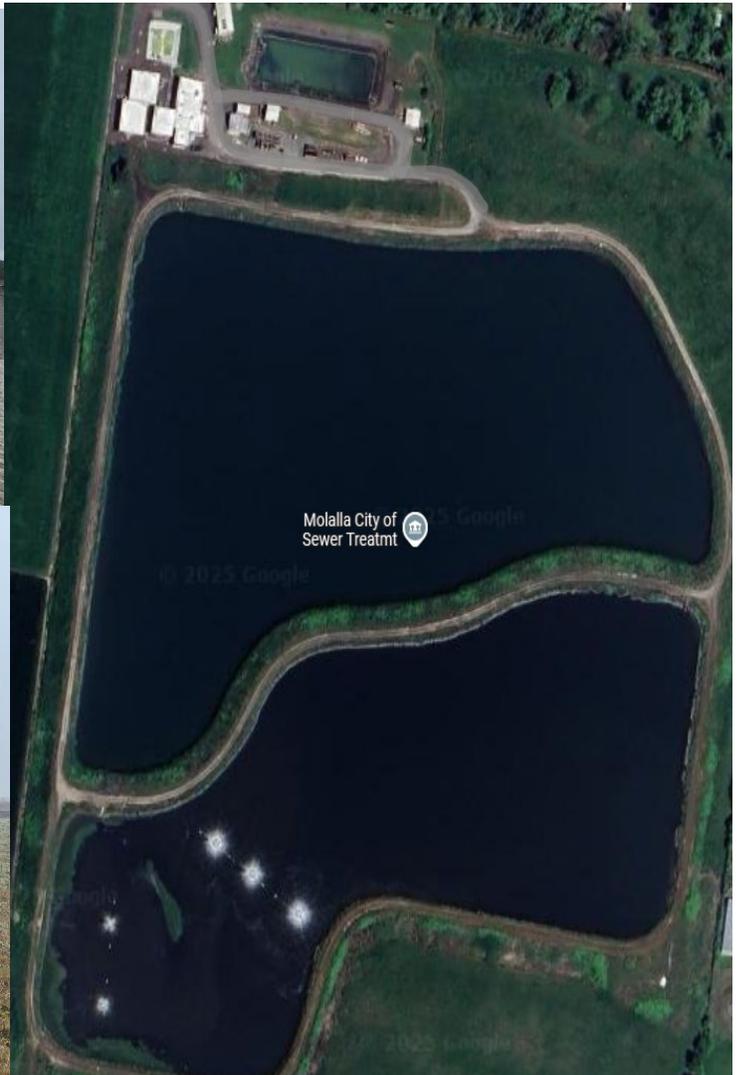


CAPITAL PROJECT POLICE STATION	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	BY Council
BEGINNING FUND BALANCE	-	-	16,830,230	4,811,274		
REVENUE						
INTEREST	-	272,216	130,000	200,000		
INTEREST ON RETAINAGE	-	-	-	4,000		
BOND PROCEEDS	-	16,830,230	-	-		
TOTAL REVENUE	-	17,102,446	130,000	204,000		
TOTAL BEGINNING FUND BALANCE		-	16,830,230	4,811,274		
TOTAL POLICE STATION RESOURCES		17,102,446	16,960,230	5,015,274		
EXTENDITURE						
COST OF ISSUANCE	-	178,761	178,761	-		
REIMBURSE PRE-ISSUANCE COSTS	-	133,797	133,797	-		
POLICE STATION CAPITAL PROJECT	-	592,879	16,517,672	5,015,274		
TOTAL CAPITAL OUTLAY	-	905,437	16,830,230	5,015,274		
CONTINGENCY						
OPERATING CONTINGENCY	-	-	130,000	-		
TOTAL CONTINGENCY	-	-	130,000	-		
TOTAL REQUIREMENTS	-	905,437	16,960,230	5,015,274		
TOTAL RESOURCES AND FUND BAL	-	17,102,446	16,960,230	5,015,274		
TOTAL FUND REQUIREMENTS	-	905,437	16,960,230	5,015,274		
TOTAL NET WWTP UPGRADE FUND	-	16,197,009	-	-		

WWTP Upgrade Project Fund

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

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



**CAPITAL PROJECT
WWTP UPGRADE**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council

BEGINNING FUND BALANCE	-	-	-	734,000		
REVENUE						
INTEREST	-	-	-	14,000		
CWSRF INTERIM FINANCING	-	-	21,226,521	15,000,000		
CWSRF PERMANENT FINANCING	-	-	-	5,000,000		
LOTTERY GRANT	-	-	-	5,000,000		
TOTAL REVENUE	-	-	21,226,521	25,014,000		
TOTAL BEGINNING FUND BALANCE	-	-	-	734,000		
TOTAL WWTP UPGRADE RESOURCES	-	-	21,226,521	25,748,000		
EXTENDITURE						
NEW WWTP - CWSRFP	-	-	-	5,000,000		
NEW WWTP - CWSRFI	-	-	-	15,000,000		
NEW WWTP - LOTTERY	-	-	-	5,000,000		
CAPITAL IMPROVEMENTS	-	-	21,226,521	28,000		
DEBT RESERVE-USDA	-	-	-	720,000		
TOTAL REQUIREMENTS	-	-	21,226,521	25,748,000		
TOTAL RESOURCES AND FUND BAL	-	-	21,226,521	25,748,000		
TOTAL FUND REQUIREMENTS	-	-	21,226,521	25,748,000		
TOTAL NET WWTP UPGRADE FUND	-	-	-	-		

Fleet Replacement Fund

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



The FY25-26 budget continues a budgeting strategy that allows city staff to more easily account for funds carried out from year to year, and to provide flexibility for vehicle purchasing as needed. This flexibility allows the city to use vehicles right up to the end of their useful life when the cost to maintain exceeds the value of the asset. Instead of pre-ordering vehicle purchases to replace vehicles that may not need replacement or

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

FLEET FUND

RESOURCES

Historical Data

Budget for FY 2025-2026

	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED BY
	Actual	Actual	BUDGET	Budget	Budget	Council
				Officer	Committee	
BEGINNING FUND BALANCE	382,448	446,602	351,916	296,549		
REVENUE						
TRANSFER FROM POLICE	110,000	-	100,000	50,000		
TRANSFER FROM GF PARKS	7,900	-	7,900	7,900		
TRANSFER FROM STREETS	38,300	38,300	38,300	21,725		
TRANSFER FROM SEWER	21,725	121,725	21,725	21,725		
TRANSFER FROM WATER	21,725	21,725	21,725	21,725		
TRANSFER FROM STORMWATER	26,400	26,400	15,000	15,000		
INTEREST	-	26,005	15,000	20,000		
TRANSFER FROM PD REST	50,000	50,000	50,000	50,000		
TOTAL FUND REVENUES	276,050	284,155	269,650	208,075		
TOTAL BEGINNING FUND BALANCE	382,448	446,602	351,916	296,549		
TOTAL FLEET REPLACEMENT FUND RESOURCES	658,498	730,756	621,566	504,624		

REQUIREMENTS

CAPITAL OUTLAY

POLICE FLEET	47,663	148,384	229,111	152,299		
PARKS FLEET	9,339	-	20,075	19,043		
STREET FLEET	44,600	38,979	142,993	119,339		
SEWER FLEET	44,600	139,491	77,882	81,475		
WATER FLEET	44,600	34,106	84,512	78,548		
STORM FLEET	21,093	15,657	66,993	53,920		
TOTAL CAPITAL OUTLAY	211,896	376,616	621,566	504,624		
TOTAL FUND REQUIREMENTS	211,896	376,616	621,566	504,624		
TOTAL NET FLEET REPLACEMENT FUND	446,602	354,140	-	-		

Sewer Fund

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

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



These Lagoons have served for the City’s needs for many years, but population now exceeds their capacity. A new Plant is in Design.

Helpful Links:

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

Activity Measures from Prior Year

	2021-22	2022-23	2023-24	2024-25 Estimated	2025-26 Estimated
Sewer TV Inspected (Feet)	5,280	2,605	6,932	3,960	4,200
Sewer Cleaned (Feet)	11,616	13,961	48,504	51,480	53,000
Mainline Replaced (Feet)	0	1,580	0	900	500
Manholes Repaired (Each)	20	38	14	5	5
Laterals Repaired (Each)	10	34	14	25	15

Explanation of Significant Budget Variances

2026 Adopted Budget vs 2025 Projected Actual

- Increased Capital Budget for S Molalla Lift Station Rebuild
- New monitoring and testing requirements for a “major” wastewater treatment facility
- Formalized Cured in Place Piping program to address some capital needs
- First Union Negotiations in 3 years

Summary of Explanations for Variances

The S Molalla lift station rebuild is a major capital project. City staff were able to minimize cash and manpower expenditures on this project through partnership with Clackamas County for the S Molalla culvert replacement project. The new treatment plant will push the City into the “major facility” category which brings with it additional monitoring requirements, and in-turn additional laboratory costs. The cured in place piping program (CIPP) has been formally implemented. Though this represents an additional cost category it actually reduces long-term costs by resetting the capital life of eligible pipes that then do not require replacement (which costs about 10 times more than CIPP) depending on circumstances. Finally, the city’s public works union contract is due for negotiation and no pay raise outside of capped annual cost of living has been provided in nearly 6 years.



Goals for 2026

- ✓ Continue scheduled progress on new Molalla Wastewater Treatment Facility
- ✓ Complete sewer line replacement on Lola Ave
- ✓ Complete design and begin construction of upgraded S Molalla lift station
- ✓ Complete tune-up maintenance on 5th and Cole lift station
- ✓ Design and implement sewer main cleaning program
- ✓ Continue CIPP program on eligible sewer lines and laterals
- ✓ Complete 5-year Capital Plan update
- ✓ Recruit and hire 1 new Wastewater Operator

2025 Accomplishments

- ✓ Completed procurement, contracting, and financing of new WWTP; and began construction.
- ✓ Procured and contracted with on-call CIPP provider.
- ✓ Completed approximately 1,000 feet of Cured in Place Sewer Main restoration.
- ✓ Completed removal of treatment plant aeration basin biosolids and grit.
- ✓ Completed update of NPDES permit.

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

Develop the physical infrastructure needed to support a welcoming community.

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

Fostering Socially welcoming activities and embrace diversity as our strength.

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

Engage youth.

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

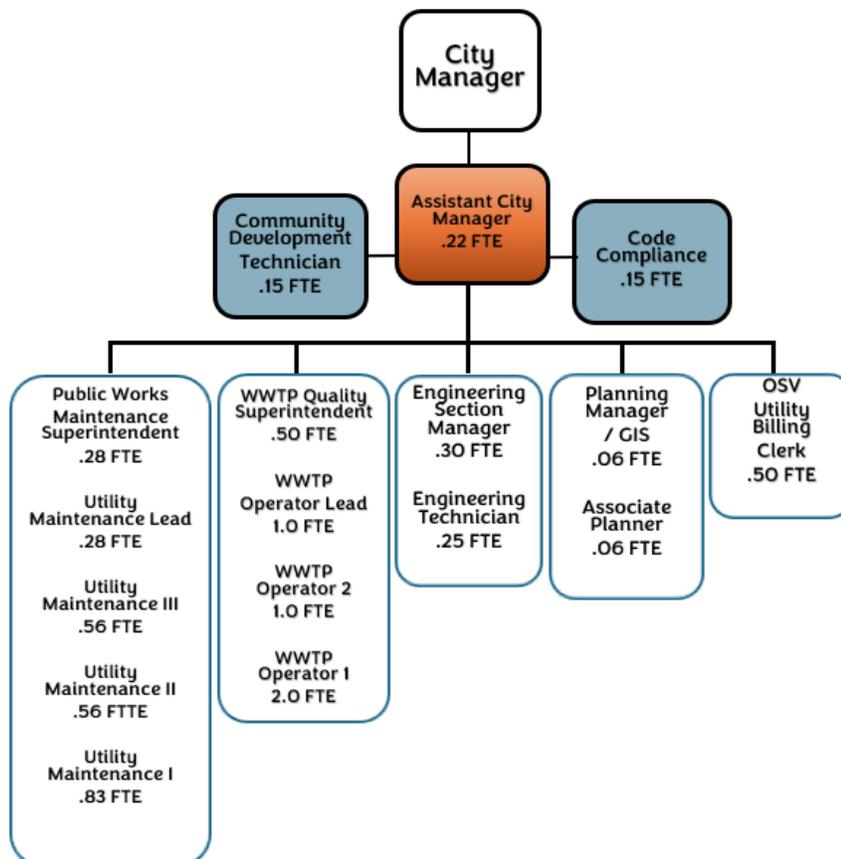
Staffing

	FY 22-23	FY 23-24	FY 24-25	FY 25-26
FTE	6.69	8.14	7.14	8.70

Changes from Prior Year

- Addition of 1 FTE Plant Operator 2
- Addition of a .50 FTE for Water Quality Superintendent
- Addition of a .06 FTE for an Associate Planner

Personnel Sewer FTE Chart



SEWER FUND RESOURCES

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED BY
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	Council
BEGINNING FUND BALANCE	2,119,177	1,510,517	1,781,645	3,169,892		
REVENUE						
MISCELLANEOUS	-	3,000	1,000	1,500		
WASTEWATER DECREE ALLOCATION	56,500	45,500	25,000	25,000		
PLAN REVIEW AND PERMITS	21,084	6,341	3,000	1,000		
MONTHLY USER FEE	3,985,315	4,344,385	4,350,000	4,550,000		
SERVICE CONNECTIONS	4,850	5,150	4,500	7,000		
INTEREST	-	252,633	75,000	130,000		
TRANSFER FROM SEWER SDC-IMPROV	-	-	210,000	250,000		
TRANSFER FROM SEWER SDC REIMBU	-	-	-	250,000		
DEQ LOAN	886,623	533,302	-	-		
TOTAL FUND REVENUES	4,954,371	5,190,310	4,668,500	5,214,500		
TOTAL BEGINNING FUND BALANCE	2,119,177	1,510,517	1,781,645	3,169,892		
TOTAL SEWER FUND RESOURCES	7,073,548	6,700,828	6,450,145	8,384,392		
REQUIREMENTS						
PERSONNEL SERVICES						
BENEFITS AND TAXES	286,770	281,880	259,965	418,544		
SALARIES AND WAGES	519,821	567,544	566,000	753,795		
TOTAL PERSONNEL SERVICES	806,592	849,424	825,965	1,172,339		
FTE	6.69	8.14	7.14	8.70		
MATERIALS & SERVICES						
POWER	199,043	230,100	275,000	250,000		
PHONE	10,796	7,928	9,000	13,500		
NATURAL GAS	942	1,651	1,200	1,200		
COMPUTER NETWORK	13,059	29,534	30,000	27,000		
LEGAL & RECORDING	163,998	107,291	148,000	120,000		
INSURANCE/LIABILITY/GEN	31,012	36,388	42,300	45,000		
COST ALLOCATION AGREEMENT	177,380	262,275	371,608	476,935		
POSTAGE	10,765	13,106	16,000	17,500		
OFFICE SUPPLIES	-	-	2,000	2,000		
SHORT LIVED ASSET REPLACEMENT	-	-	160,000	68,865		
PW SOFTWARE SERVICES	-	-	28,000	17,000		
SEWER MAINTENANCE DIVISION						
MATERIALS & SERVICES						
OPERATIONS & MAINTENANCE	44,931	127,981	45,000	40,000		
BUILDING MAINTENANCE	38,671	44,287	15,000	12,000		
TRAINING & CONF. TRAVEL	1,618	9,652	7,000	8,000		
DUES & MEMBERSHIP	1,275	652	2,000	3,000		
PROFESSIONAL SERVICES	18,267	18,031	45,000	45,000		
VEHICLE FUEL	8,297	10,934	10,000	10,000		
VEHICLE REPAIR	8,963	20,659	17,500	20,000		
UNIFORMS & SAFETY GEAR	2,432	5,763	5,000	5,000		
SEWER LINE REPAIR	16,268	6,736	45,000	30,000		
SEWER CIPP PROGRAM	-	-	-	250,000		
PERMITS	-	4,462	-	-		
SMALL EQUIP/TOOLS	1,995	1,711	3,000	3,000		
LIFT STATION MAINT	14,147	3,153	28,000	20,000		
TOTAL MAINT. MATERIALS & SERVICES	763,858	942,292	1,305,608	1,485,000		

**SEWER TREATMENT PLANT DIVISION
MATERIALS & SERVICES**

OPERATIONS & MAINTENANCE	66,714	212	105,000	145,000
BUILDING MAINTENANCE	17,947	766	20,000	7,500
TRAINING & CONF. TRAVEL	4,516	-	4,500	5,200
VEHICLE FUEL	4,775	-	5,250	5,000
VEHICLE REPAIR	5,420	-	10,000	10,000
IRRIGATION FUEL	21,218	18,390	32,500	35,000
UNIFORMS & SAFETY GEAR	1,858	-	2,500	3,500
BIOSOLIDS REMOVAL	930,113	523,731	300,000	-
EFFLUENT MONITORING	12,564	1,513	2,500	7,500
LAB SUPPLIES/EQUIPMENT	18,709	16,095	20,500	25,000
CHLORINE & CHEMICALS	236,293	196,832	299,500	315,000
PERMITS	918	-	5,200	6,000
INFLOW & INFILTRATION	29,000	-	-	-
PROFESSIONAL SERVICES	-	-	20,000	17,000
SMALL EQUIP/TOOLS	-	-	3,000	3,000
TOTAL TREAT. PLANT & MATERIALS & SER	1,350,045	757,540	830,450	584,700

CAPITAL OUTLAY

SEWER CAPITAL IMPROVEMENTS	-	649,889	650,000	1,000,000
SEWER FUND I&I CAPITAL PROJ	-	147,565	-	-
SEWER SDC IMPROVEMENTS	-	-	-	250,000
SEWER SDC REIMBURSEMENT	-	-	210,000	250,000
SEWER EQUIPMENT	87,000	5,205	-	31,500
TOTAL CAPITAL OUTLAY	87,000	802,659	860,000	1,531,500

TRANSFERS OUT

TRANSFER TO SEWER DEBT	380,625	633,776	918,216	236,207
TRANSFER TO GF CAPITAL	-	-	-	20,000
TRANSFER TO WATER	5,000	5,000	5,000	-
TRANSFER TO CAPITAL PROJECT F	2,070,000	-	-	-
TRANSFER TO FLEET REPLACE.	21,725	121,725	21,725	21,725
TOTAL TRANSFERS OUT	2,477,350	760,501	944,941	277,932

CONTINGENCY/Reserve

CONTINGENCY	-	-	80,000	2,682,921
FB RESERVE/PERS	-	-	5,000	-
FB RESERVE	-	-	1,598,181	650,000
TOTAL OPERATING CONTINGENCY	-	-	1,683,181	3,332,921

TOTAL SEWER REQUIREMENTS	5,484,845	4,112,416	6,450,145	8,384,392
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TOTAL FUND RESOURCES & FUND BALANCE	7,073,548	6,700,828	6,450,145	8,384,392
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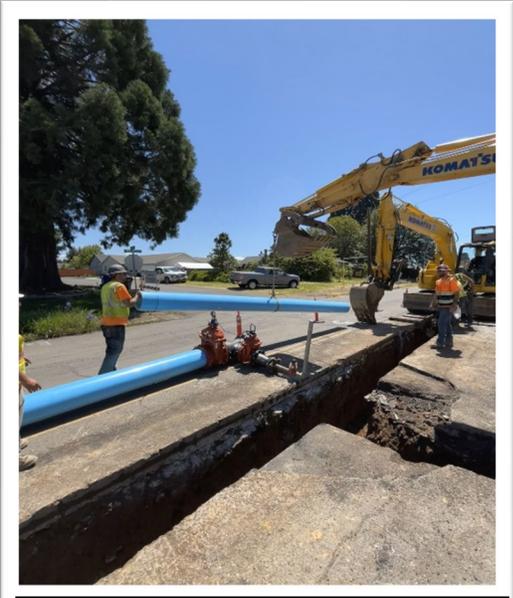
TOTAL FUND REQUIREMENTS	5,484,845	4,112,416	6,450,145	8,384,392
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TOTAL NET SEWER FUND	1,588,703	2,588,411	-	-
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Water Fund

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

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



Water Main 6th Section Molalla Ave

Helpful Links:

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

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

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2023-2024 Estimate	Did Water Meet Estimates	Performance Percentage	FY 2024-25 Projected
Water Usage Billed (cubic feet)	37,479,000	39,939,729	41,000,000	No	Short 3%	44,000,000
New Water Meters Installed	90	70	80	No	Short 12%	65
Service Orders Processed	775	929	885	Yes	Over 5%	1500
Water Meters Read	33,000	35213	36,000	No	Short 2%	36,000

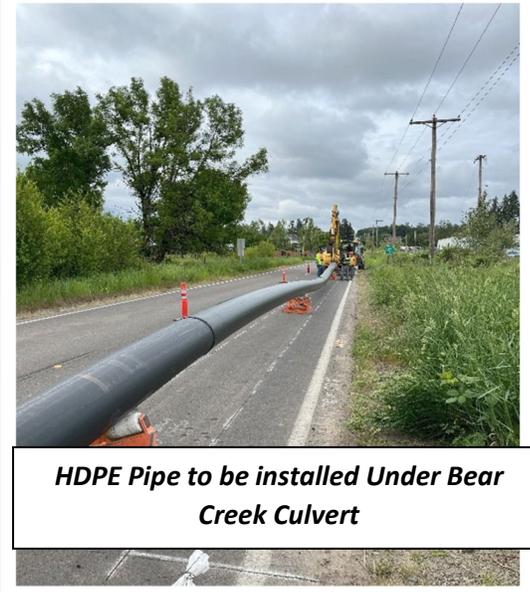
Note: Service orders processed are jumping due to all the meter endpoints the PW is replacing.

Water Fund - *Continued*

Explanation of Significant Budget Variances

2026 Adopted Budget vs 2025 Projected Actual

- Water meter ends reaching end of usable life require replacement.
- An aggressive capital improvement approach fueled by grant opportunities.
- Increasing utility rates for phone, power, and IT services.
- First union contract negotiations in 3 years.



HDPE Pipe to be installed Under Bear Creek Culvert

Summary of Explanations Above

Water meters ends are on about a 10–15-year replacement schedule. Many of the City's existing meters were installed in bulk at one time which means they fail at the same time and require end replacement. A large chunk of the capital improvements scheduled will be funded by grant awards or will not be undertaken. The rates for utilities are felt throughout the community and really the country, the City is not immune to these cost escalations. Finally, the city's public works union contract is due for negotiation and no pay raise outside of the capped annual cost of living has been provided in nearly 6 years.

Goals for 2026

- ✓ Begin Design and Identify Funding for Water Intake Project.
- ✓ Complete property acquisition for Pressure Reducing Valves.
- ✓ Complete water line replacement on Lola Ave.
- ✓ Complete rebuilding of pump #2.
- ✓ Complete ASR feasibility studies.
- ✓ Complete PFAS treatment and feasibility study.
- ✓ Complete Chief Yelkus Park waterline project to serve the new park.
- ✓ Implement a hydrant exercising program.
- ✓ Complete 5-year Capital plan update.
- ✓ Recruit and hire 1 new water operator.



Molalla is currently considered an outstanding performer.

Water Fund, *Continued*

2025 Accomplishments

- ✓ Completed pre-design studies for placement of a new water intake structure
- ✓ Completed placement of a 12" water main from 5th St. to Molalla Forest Rd. on Molalla Ave.
- ✓ Completed placement of a 12" water main connecting S Leroy Ave. to S Lowe Rd.
- ✓ Completed placement of an 8" water main on Racel Ln. from Eric Dr. into and through the new River Meadows subdivision.
- ✓ Completed placement of an 8" water main on Ona Way.
- ✓ Completed replacement of an 8" water main running from OR-211 to Heintz St. in the 500 block.
- ✓ Completed the phase 1 requirements for inventorying lead & copper service lines.
- ✓ Completed phase 1 design for pressure reducing valves.
- ✓ Signed on to the class action lawsuit for PFAS detection.
- ✓ Awarded a grant for PFAS treatment studies
- ✓ Applied for two grants to fund an Aquifer Storage and Recovery (ASR) feasibility study.
- ✓ Applied for funding to support the water intake project through the office of Representative Janelle Bynum.
- ✓ Added two new Water Collections 1 Certifications, a Water Operator 1 certification, a Water Operator 2 certification, and a Water Operator 3 certification.

Goals Aligned with the Molalla Area Vision and Action Plan 2030

Develop the physical infrastructure needed to support a welcoming community.

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

Fostering Socially welcoming activities and embracing diversity as our strength.

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

Engage youth:

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

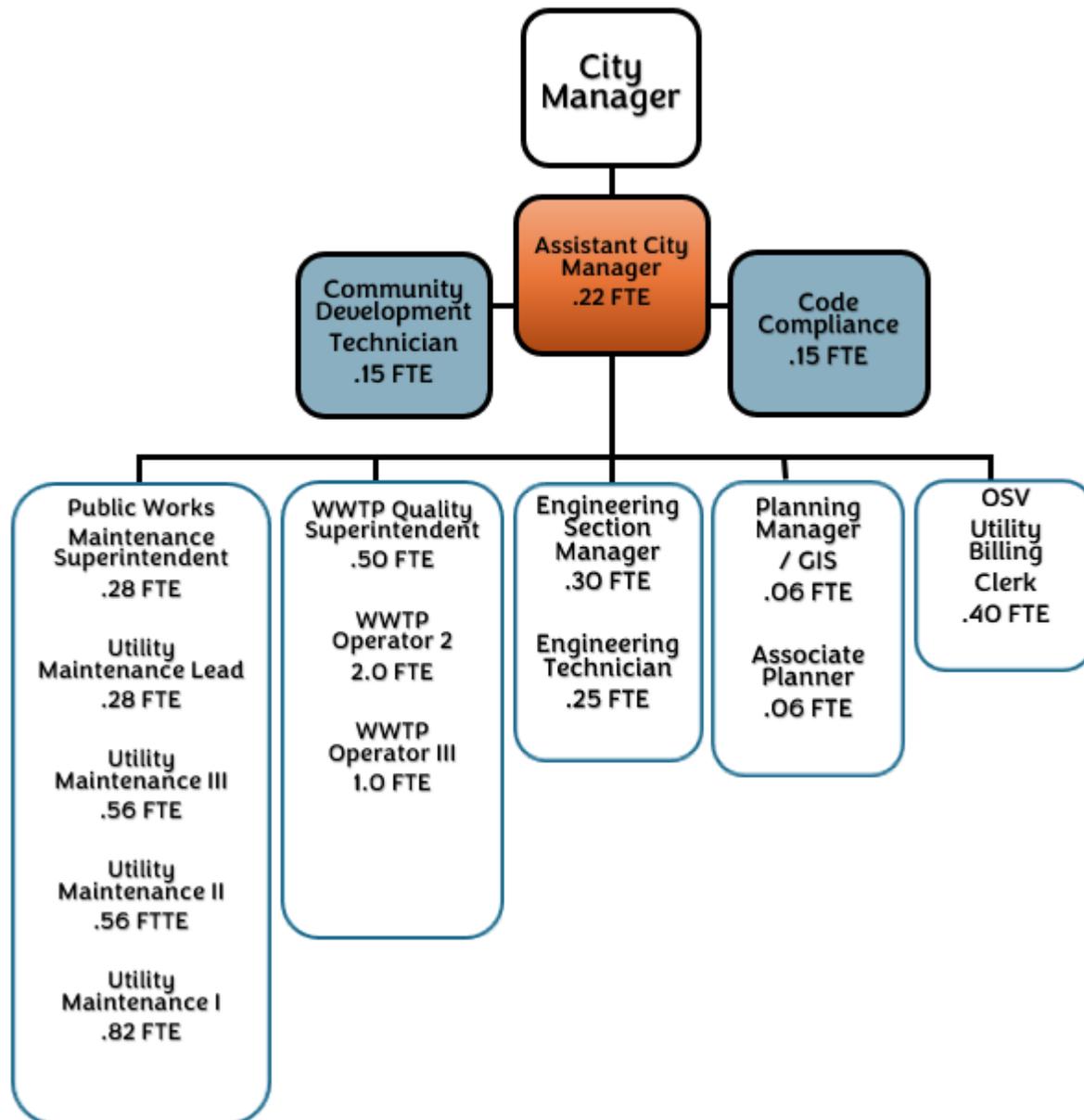
Staffing

Changes from Prior Year

- Increase of .56 FTE

	FY 22-23	FY 23/24	FY 24-25	FY 25-26
Water	5.58	6.03	7.03	7.59

Personnel Water FTE Chart



**WATER FUND
RESOURCES**

Historical Data

Budget for FY 2025-2026

	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	BY Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	2,791,310	2,847,491	3,140,539	2,855,016		
REVENUE						
MISCELLANEOUS	335	2,949	3,000	3,000		
PLAN REVIEW AND PERMITS	12,925	5,862	2,500	7,500		
MONTHLY USER FEE	2,075,579	2,177,835	2,300,000	2,475,000		
SERVICE CONNECTIONS	5,450	5,800	6,000	7,000		
INTEREST	-	115,891	75,000	125,000		
TRANSFER FROM WATER IMP-SDC	-	100,000	225,000	65,000		
TRANSFER FROM WATER REIMBU-SDC	-	-	50,000	100,000		
GRANTS - MISC	-	-	-	411,000		
TRANSFER FROM SEWER	5,000	5,000	5,000	-		
TOTAL FUND REVENUES	2,099,289	2,413,338	2,666,500	3,193,500		
TOTAL BEGINNING FUND BALANCE	2,791,310	2,847,491	3,140,539	2,855,016		
TOTAL WATER FUND RESOURCES	4,890,599	5,260,830	5,807,039	6,048,516		

REQUIREMENTS

PERSONNEL SERVICES

BENEFITS AND TAXES	254,780	262,946	297,976	386,678		
SALARIES AND WAGES	484,048	526,673	575,002	680,525		
TOTAL PERSONNEL SERVICES	738,828	789,619	872,978	1,067,203		
FTE	5.58	6.03	7.03	7.59		

MATERIALS & SERVICES

POWER	86,543	92,400	115,000	100,000		
PHONE	11,223	6,864	9,000	9,500		
NATURAL GAS	-	1,309	1,000	1,000		
LEGAL & RECORDING	2,340	748	5,000	5,000		
INSURANCE/LIABILITY/GEN	39,873	46,784	49,500	54,500		
POSTAGE	10,841	13,106	16,000	17,500		
COMPUTER NETWORK	13,059	26,593	23,000	31,000		
PW SOFTWARE SERVICES	-	-	23,500	17,000		
COST ALLOCATION AGREEMENT	74,307	119,241	169,647	217,731		
OFFICE SUPPLIES	-	1,738	2,000	2,000		
CONTRACT SERVICES	-	7,030	-	-		

MATERIALS & SERVICES

Continued

**WATER FUND
RESOURCES**

Historical Data

Budget for FY 2025-2026

	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	BY Budget Officer	Budget Committee	Council
MAINTENANCE SECTION <i>cont</i>						
MATERIALS & SERVICES						
OPERATIONS & MAINTENANCE	66,253	135,828	50,000	55,000		
BUILDING MAINTENANCE	3,489	20,735	15,000	10,000		
TRAINING & CONF. TRAVEL	4,371	5,242	8,000	7,500		
DUES & MEMBERSHIP	1,580	1,543	2,400	3,000		
PROFESSIONAL SERVICES	27,089	18,762	15,000	21,500		
VEHICLE FUEL	10,537	12,172	10,000	8,000		
VEHICLE REPAIR	7,790	14,627	17,500	20,000		
UNIFORMS & SAFETY GEAR	2,344	2,823	3,500	4,500		
WATER LINE REPAIR	96,946	52,127	80,000	100,000		
NEW WATER CONNECTIONS	18	4,275	6,000	5,000		
CHLORINE & CHEMICALS	-	32,072	-	-		
SMALL EQUIP/TOOLS	2,489	1,424	3,000	3,000		
NEW WATER METERS	47,677	44,149	75,000	95,000		
PERMITS	-	2,946	-	-		
TOTAL MAINTENANCE-MATERIALS & SERVICES	508,769	664,540	699,047	787,731		
TREATMENT PLANT						
MATERIALS & SERVICES						
OPERATIONS & MAINTENANCE	71,447	-	120,000	125,000		
BUILDING MAINTENANCE	31,933	-	20,000	10,000		
TRAINING & CONF. TRAVEL	834	-	8,000	7,500		
DUES & MEMBERSHIP	-	-	2,400	3,000		
VEHICLE FUEL	7,397	-	8,500	8,500		
VEHICLE REPAIR	2,875	-	5,000	5,500		
UNIFORMS & SAFETY GEAR	1,975	-	2,000	2,500		
LAB SUPPLIES/EQUIPMENT	9,481	6,987	10,000	10,500		
CHLORINE & CHEMICALS	30,976	-	50,000	70,000		
PERMITS	-	-	5,000	5,000		
SMALL TOOLS	-	-	3,000	3,000		
PROFESSIONAL SERVICES	-	-	26,000	27,000		
TOTAL OPERATIONS-MATERIALS & SERVICES	156,918	6,987	259,900	277,500		
CAPITAL OUTLAY						
WATER CAPITAL IMPROVEMENTS	-	374,016	1,615,000	1,908,000		
WATER IMP SDC CAPITAL PROJ	-	49,111	225,000	65,000		
WATER REIMBUR SDC CAPITAL PROJ	-	-	50,000	100,000		
WATER EQUIPMENT	13,497	4,164	35,100	31,500		
TOTAL CAPITAL OUTLAY	13,497	427,290	1,925,100	2,104,500		

WATER FUND
Continued

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
TRANSFERS OUT						
TRANSFER TO CAPITAL PROJECT	907,331	-	-	20,000		
TRANSFER TO FLEET REPLACE FUND	21,725	21,725	21,725	21,725		
TOTAL TRANSFERS OUT	929,056	21,725	21,725	41,725		
CONTINGENCY						
OPERATING CONTINGENCY	-	-	500,000	1,269,857		
TOTAL OPERATING CONTINGENCY	-	-	500,000	1,269,857		
RESERVE						
FB RESERVE	-	-	1,528,289	500,000		
TOTAL RESERVE	-	-	1,528,289	500,000		
TOTAL WATER REQUIREMENTS	2,347,068	1,910,162	5,807,039	6,048,516		
TOTAL RESOURCES AND FUND BALANCE	4,890,599	5,260,830	5,807,039	6,048,516		
TOTAL FUND REQUIREMENTS	2,347,068	1,910,162	5,807,039	6,048,516		
TOTAL NET WATER FUND	2,543,531	3,350,668	-	-		

Stormwater Fund

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



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

Helpful Links:

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

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

	FY 2021-22	FY 2022-23	FY 2023-24 Projected	Did Stormwater Meet Expectations For 2023	Performance Percentages	FY 2024-25 Projected
Sweeping Debris Removed	110,000	200,000	225,000	Yes	100%	500,000

Explanation of Significant Budget Variances

FY 25/26 Adopted Budget vs FY 24/25 Budget

- Decreased Computer Network by \$12,500
- Increased Transfer to General Fund Capital by \$20,000
- Increased Capital by \$100,000

Stormwater Fund, Continued

Summary of Explanations Above

Computer Network expenses were substantially reduced due to setup costs this year that are non-recurring. The increased transfer to the General Fund is to account for the Stormwater Fund's portion of ADA improvements at the Civic Center and architectural design fees for Stormwater Personnel offices at City Hall. Finally, capital was increased to complete the stormwater master plan update and complete a rate study based on the updated plan.

Goals for 2026

- ✓ Complete and adopt the stormwater master plan; update the comprehensive plan to reflect
- ✓ Complete a rate study on user fees and system development charges
- ✓ Begin cooperative construction project on S Molalla culvert replacement with Clackamas County
- ✓ Design and implement formal stormwater maintenance program.

2025 Accomplishments

- ✓ Completed survey updates of stormwater infrastructure for plan modeling
- ✓ Completed property acquisition and pre-Design for S Molalla culvert replacement

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

Develop the physical infrastructure needed to support a welcoming community.

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

Fostering Socially welcoming activities and embrace diversity as our strength.

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

Engage youth:

- Participated in the Career Fair at Molalla High School to encourage professional development.
- Provide quarterly stormwater informational posts on City Social Media and Newsletter

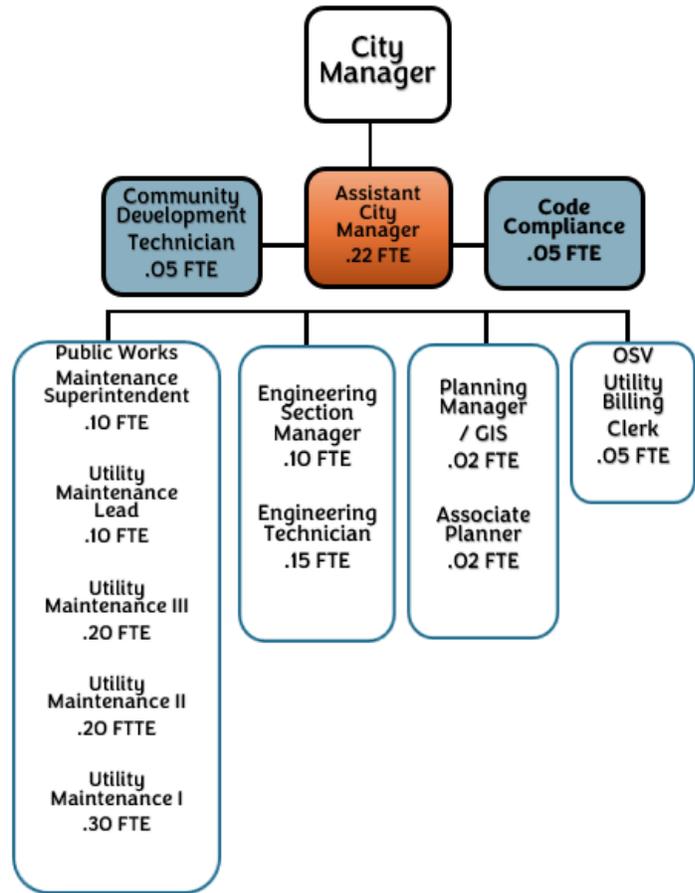


Staffing

	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Full Time FTE	1.47	1.47	1.37	1.54	1.56

Changes from Prior Year

- Increase to FTE by .02
- Updated allocations and titles for the upcoming budget year
- Addition of an Associate Planner



**STORM WATER FUND
RESOURCES**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL Actual	FISCAL Actual	APPROVED BUDGET	PROPOSED BY Budget Officer	APPROVED BY Budget Committee	ADOPTED BY Council

BEGINNING FUND BALANCE	322,063	370,164	432,190	280,806
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REVENUE

INTEREST	-	20,290	15,000	17,500
PLAN REVIEW AND PERMITS	8,618	13,332	10,000	15,000
TRANSFER FROM STORM IMP-SDC	-	60,763	-	150,000
MONTHLY USER FEE	337,790	349,859	355,000	380,000
TOTAL FUND REVENUES	346,408	444,244	380,000	562,500
TOTAL BEGINNING FUND BALANCE	322,063	370,164	432,190	280,806
TOTAL STORM WATER FUND RESOURCES	668,471	814,408	812,190	843,306

STORM WATER FUND REQUIREMENTS	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
PERSONNEL SERVICES						
BENEFITS AND TAXES	63,484	57,319	65,046	82,899		
SALARIES AND WAGES	115,754	117,859	131,411	152,221		
TOTAL PERSONNEL SERVICES	179,238	175,178	196,457	235,120		
FTE	1.37	1.54	1.54	1.56		
MATERIALS & SERVICES						
PHONE	-	1,316	7,500	2,500		
OPERATIONS & MAINTENANCE	25,852	15,295	20,000	20,000		
DECANTED WASTE DISPOSAL	-	-	25,000	20,000		
BUILDING MAINTENANCE	4,941	610	2,000	5,000		
TRAINING & CONF. TRAVEL	621	492	1,500	2,000		
DUES & MEMBERSHIP	397	26	500	1,500		
POSTAGE	2,484	2,913	3,200	3,500		
COMPUTER NETWORK	1,810	3,687	15,500	11,500		
PROFESSIONAL SERVICES	14,810	12,777	20,000	17,000		
LEGAL & RECORDING	1,582	292	-	-		
INSURANCE/LIABILITY/GEN	11,076	13,515	16,000	17,600		
VEHICLE FUEL	4,185	3,227	6,000	3,500		
VEHICLE REPAIR	4,605	6,195	6,000	10,000		
UNIFORMS & SAFETY GEAR	1,983	1,272	2,500	3,000		
COST ALLOCATION AGREEMENT	13,034	22,807	32,314	41,473		
SMALL EQUIP/TOOLS	951	428	1,500	1,500		
STORM DRAINS	340	-	-	-		
TOTAL MATERIALS AND SERVICES	88,669	84,851	159,514	160,073		
CAPITAL OUTLAY						
STORM CAPITAL IMPROVEMENTS	-	-	200,000	125,576		
STORM IMP SDC CAPITAL PROJ	-	104,238	-	150,000		
STORM EQUIPMENT	-	735	2,000	5,000		
TOTAL CAPITAL OUTLAY	-	104,973	202,000	280,576		
TRANSFERS OUT						
TRANSFER TO CAPITAL PROJECT F	4,000	-	-	-		
TRANSFER TO GF - CAPITAL	-	-	-	20,000		
TRANSFER TO FLEET REPLACE FUND	26,400	26,400	15,000	15,000		
TOTAL TRANSFERS OUT	30,400	26,400	15,000	35,000		
CONTINGENCY						
CONTINGENCY	-	-	150,000	82,537		
TOTAL OPERATING CONTINGENCY	-	-	150,000	82,537		
RESERVE						
FB RESERVE	-	-	89,219	50,000		
TOTAL RESERVE	-	-	89,219	50,000		
TOTAL RESOURCES AND FUND BALANCE	668,471	814,408	812,190	843,306		
TOTAL FUND REQUIREMENTS	298,308	391,402	812,190	843,306		
TOTAL NET STORM FUND	370,164	423,006	-	-		

System Development Charges



New 12" Water Main in S Molalla Ave - Paid by SDC's

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

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

SDC METHODOLOGY

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

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

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

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



Replacement Swing Set at Long Park - SDC's paid for ADA Access and Surfacing

System Development Charges, *Continued*

SDC ADMINISTRATION

Oregon Revised Statute 223.311 requires SDC revenues to be deposited in dedicated accounts for each utility, and an annual accounting prepared identifying: 1) amounts collected for each utility, 2) amounts spent on each qualified project, and 3) the annual cost of complying with these requirements. The statute further mandates that reimbursement fees may be expended on any capital improvements or associated debt service within the subject infrastructure, while improvement fees may only be spent on capacity-increasing projects included in the Capital Improvement Plan for each infrastructure system, and associated debt service. Accordingly, it is important to account for reimbursement and improvement fees separately.

PROJECTS USING SDC'S IN FY24-25

The city is required to create and post an annual SDC report on the City's website. That report is posted by July 30th of each year and can be reviewed on the "Engineering Section" page of the city website (www.cityofmolalla.com).

PROJECTS PROJECTED TO USE SDC'S IN FY25-26

Below is a list of projects for FY25-26 that have been projected to utilize SDC's:

Water:

- Aquifer Storage and Recovery System - Feasibility Studies
- New Water Intake Design

Sewer

- S Molalla Lift Station Upgrade
- Recycled Water Use Plan Update - Field Expansion

Stormwater

- Stormwater Master Plan Update
- Stormwater Rate Study

Transportation

- OR-211 Sidewalk Infill
- Molalla Forest Road Opening – Feasibility Study
- Sidewalk Improvement Grant Program

Parks

- Chief Yelkus Park Construction

**SEWER SDC FUND
RESOURCES**

Historical Data

Budget for FY 2025-2026

	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE-REIMB	385,399	403,523	412,196	324,168		
BEGINNING FUND BALANCE-IMP	476,047	892,909	1,087,730	1,158,055		
REVENUE						
INTEREST - SEWER IMP SDC	-	44,449	35,000	45,000		
INTEREST - SEWER REIMB SDC	-	22,898	15,000	20,000		
SEWER SDC - REIMBURSEMENT FEE	9,062	5,997	5,000	2,000		
SEWER SDC - IMPROVEMENT FEE	425,924	135,697	125,000	65,000		
TOTAL FUND REVENUES	434,986	209,041	180,000	132,000		
TOTAL BEGINNING FUND BALANCE	861,446	1,296,432	1,499,926	1,482,223		
TOTAL SEWER SDC FUND RESOURCES	1,296,432	1,505,473	1,679,926	1,614,223		
REQUIREMENTS						
PROFESSIONAL SERVICES	-	-	-	-		
TRANSFERS OUT						
TRANSFER TO CAP-REIMBURSE	-	-	210,000	250,000		
TRANSFER TO CAP-IMPROVE	-	-	-	250,000		
TOTAL TRANSFERS OUT	-	-	210,000	500,000		
RESERVES						
FB RESERVE-IMPROVEMENT	-	-	1,247,730	1,018,055		
FB RESERVE-REIMBURSEMENT	-	-	222,196	96,168		
TOTAL RESERVE	-	-	1,469,926	1,114,223		
TOTAL FUND REQUIREMENTS	-	-	1,679,926	1,614,223		
TOTAL NET SEWER SDC FUND	1,296,432	1,505,473	-	-		

**WATER SDC FUND
RESOURCES**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	BY Council
BEGINNING FUND BALANCE-REIMB	87,882	139,928	108,263	125,278		
BEGINNING FUND BALANCE-IMP	429,073	298,906	268,833	104,787		
REVENUE						
INTEREST - WATER IMP SDC	-	10,974	4,000	8,000		
INTEREST - WATER REIMB SDC	-	5,909	2,000	5,000		
WATER SDC - REIMBURSEMENT FEE	26,023	19,127	12,500	10,000		
WATER SDC - IMPROVEMENT FEE	144,315	96,264	70,000	45,000		
TOTAL FUND REVENUES	170,338	132,273	88,500	68,000		
TOTAL BEGINNING FUND BALANCE	516,955	438,834	377,096	230,065		
TOTAL WATER SDC FUND RESOURCES	687,293	571,108	465,596	298,065		
TRANSFERS OUT						
TRANSFER TO CAP-REIMBURSE	-	-	50,000	100,000		
TRANSFER TO CAP-IMPROVE	320,000	100,000	225,000	65,000		
TOTAL TRANSFERS OUT	320,000	100,000	275,000	165,000		
RESERVES						
FB RESERVE-IMPROVEMENT	-	-	117,833	92,787		
FB RESERVE-REIMBURSEMENT	-	-	72,763	40,278		
TOTAL RESERVE	-	-	190,596	133,065		
TOTAL FUND REQUIREMENTS	320,000	100,000	465,596	298,065		
TOTAL NET WATER SDC FUND	367,293	471,108	-	-		

**STREET SDC FUND
RESOURCES**

Historical Data

Budget for FY 2025-2026

	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED BY	ADOPTED
	Actual	Actual	BUDGET	Budget	Budget	BY
				Officer	Committee	Council
BEGINNING FUND BALANCE-REIMB	901,976	1,284,376	481,059	779,354		
BEGINNING FUND BALANCE-IMP	668,225	1,006,961	1,189,321	906,140		
REVENUE						
INTEREST - STREET REIMB SDC	-	-	-	-		
INTEREST - STREET IMP SDC	-	36,719	29,000	30,000		
INTEREST - REIMBURSEMENT	-	33,895	25,000	25,000		
TRANSPORTATION - REIMBURSEMENT	191,200	49,083	15,000	15,000		
TRANSPORTATION - IMPROVEMENT	529,936	232,460	75,000	150,000		
TOTAL FUND REVENUES	721,136	352,157	144,000	220,000		
TOTAL BEGINNING FUND BALANCE	1,570,202	2,291,338	1,670,380	1,685,494		
TOTAL STREET SDC FUND RESOURCES	2,291,338	2,643,494	1,814,380	1,905,494		
TRANSFERS OUT						
TRANSFER TO CAP-REIMBURSE	-	500,000	150,000	150,000		
TRANSFER TO CAP-IMPROVE	117,000	350,000	300,000	600,000		
TOTAL TRANSFERS OUT	117,000	850,000	450,000	750,000		
RESERVES						
FB RESERVE-IMPROVEMENT	-	-	993,321	486,140		
FB RESERVE-REIMBURSEMENT	-	-	371,059	669,354		
TOTAL RESERVE	-	-	1,364,380	1,155,494		
TOTAL FUND REQUIREMENTS	117,000	850,000	1,814,380	1,905,494		
TOTAL NET STREET SDC FUND	2,174,338	1,793,494	-	-		

**PARK SDC FUND
RESOURCES**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE-REIMB	-	-	-	-		
BEGINNING FUND BALANCE-IMP	1,582,078	1,778,840	1,900,857	1,812,854		
REVENUE						
INTEREST	-	86,678	70,000	85,000		
PARK SDC - IMPROVEMENT FEE	546,762	114,017	75,000	75,000		
TOTAL FUND REVENUES	546,762	200,695	145,000	160,000		
TOTAL BEGINNING FUND BALANCE	1,582,078	1,778,840	1,900,857	1,812,854		
TOTAL PARK SDC FUND RESOURCES	2,128,840	1,979,535	2,045,857	1,972,854		
TRANSFERS OUT						
TRANSFER TO CAP-IMPROVE	-	75,000	700,000	750,000		
TRANSFER TO CAP-REIMBURSE	-	-	-	-		
TOTAL TRANSFERS OUT	-	75,000	700,000	750,000		
RESERVES						
FB RESERVE-IMPROVEMENT	-	-	1,345,857	1,222,854		
TRANSFER TO CAPITAL PROJECTS	350,000	-	-	-		
TOTAL RESERVE	350,000	-	1,345,857	1,222,854		
TOTAL FUND REQUIREMENTS	350,000	75,000	2,045,857	1,972,854		
TOTAL NET PARK SDC FUND	1,778,840	1,904,535	-	-		

**STORM SDC FUND
RESOURCES**

	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY Budget Officer	BY Budget Committee	BY Council
BEGINNING FUND BALANCE-REIMB	246	19,722	(5,668)	21,690		
BEGINNING FUND BALANCE-IMP	230,520	340,535	208,618	419,194		
REVENUE						
INTEREST - STORM IMP SDC	-	9,245	7,000	14,500		
INTEREST - STORM REIMBURSEMENT	-	93	60	125		
STORM SDC - REMIBURSEMENT FEE	6,061	1,356	500	250		
STORM SDC - IMPROVEMENT FEE	136,585	30,561	10,000	7,000		
TOTAL FUND REVENUES	142,646	41,256	17,560	21,875		
TOTAL BEGINNING FUND BALANCE	230,766	360,257	202,950	440,884		
TOTAL STORM SDC FUND RESOURCES	373,412	401,513	220,510	462,759		
TRANSFERS OUT						
TRANSFER TO CAPITAL PROJECTS	150,000	-	-	-		
TRANSFER TO CAP-IMPROVE	-	60,763	-	150,000		
TOTAL TRANSFERS OUT	150,000	60,763	-	150,000		
RESERVES						
FB RESERVE-IMPROVEMENT	-	-	220,510	290,694		
FB RESERVE-REIMBURSEMENT	-	-	-	22,065		
TOTAL RESERVE	-	-	220,510	312,759		
TOTAL FUND REQUIREMENTS	150,000	60,763	220,510	462,759		
TOTAL NET STORM SDC FUND	223,412	340,750	-	-		

Sewer Debt Retirement Fund

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

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

Outstanding Debt and Debt Service Payments Fiscal Years June 30, 2025 – 2030

<i>City of Molalla</i>						
	Balance 6/30/25	25/26	26/27	27/28	28/29	29/30
Full Faith & Credit Financing Series 2020 <i>(Sewer Only – see MURA for that portion)</i>	431,900	148,335	148,321	148,175	0	0
Clean Water State Revolving Fund Loan R66101 <i>(Future Debt Payments are based on a total debt of \$11.25M not yet incurred)</i>	11,250,000	0	265,171	488,840	487,157	485,460
Total	11,681,900	148,335	413,492	637,015	487,157	485,460

Explanation of Significant Budget Variances

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

There are no reserve funds required by the 2020 agreement. The current CWSRF loan reserve requirement of \$217,109 is budgeted.



SEWER DEBT RETIREMENT	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	22,699	22,706	542,292	119,237		
REVENUE						
INTEREST	-	7,312	4,500	10,000		
TRANSFER FROM SEWER FUND	380,625	633,776	198,216	236,207		
TOTAL FUND REVENUES	380,625	641,088	202,716	246,207		
TOTAL GO DEBT FUND RESOURCES	403,324	663,794	745,008	365,444		
REQUIREMENTS						
2020 SEWER FF&C LOAN -INT	22,618	17,284	11,899	6,435		
2020 SEWER FF&C LOAN - PRIN	358,000	362,100	366,000	141,900		
2020 CWSRF/DEQ - INTEREST	-	-	-	-		
DEBT RESERVE-CWSRF	-	-	367,109	217,109		
TOTAL REQUIREMENTS	380,618	379,384	745,008	365,444		
TOTAL FUND REQUIREMENTS	380,618	379,384	745,008	365,444		
TOTAL NET STORM SDC FUND	22,706	284,410	-	-		

GO Debt Fund

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

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

BOND DEBT SERVICE

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

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

GO DEBT FUND	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	BUDGET	BY	BY	BY
			Budget	Budget	Council	
			Officer	Committee		
BEGINNING FUND BALANCE	-	-	-	7,000		
REVENUE						
INTEREST	-	-	-	7,000		
CURRENT PROPERTY TAXES	-	-	739,445	769,550		
PRIOR PROPERTY TAXES	-	-	-	-		
TOTAL FUND REVENUES	-	-	739,445	783,550		
TOTAL GO DEBT FUND RESOURCES	-	-	739,445	783,550		
REQUIREMENTS						
2024 BOND PRINCIPAL	-	-	-	170,000		
2024 BOND INTEREST	-	-	739,445	599,550		
2024 BOND RESERVE	-	-	-	14,000		
TOTAL REQUIREMENTS	-	-	739,445	783,550		
TOTAL FUND REQUIREMENTS	-	-	739,445	783,550		
TOTAL NET STORM SDC FUND	-	-	-	-		

Section 5 – URA
Urban Renewal Agency





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

May 5, 2025

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

RE: Molalla Urban Renewal Agency – 2025-2026 Budget Transmittal Memo

I am pleased to submit the proposed Budget for the City of Molalla Urban Renewal Agency for the Fiscal Year 2025-2026. This proposed Budget includes action items identified within the Urban Renewal Plan.

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

This proposed Budget only includes one public facility project identified within the Urban Renewal Plan and approved by the Urban Renewal Agency as follows:

New Molalla Police Facility \$4,030,000

TIF revenue for the 2024-2025 tax year continues to increase at a greater rate than anticipated. As of April 15, 2025, we have received \$1,041,743. This is a \$121,351 increase from one year ago.

Based on anticipated development and redevelopment within the District, we anticipate increased revenue. We have budgeted \$565,160 in debt service for the 2025-2026 fiscal year.

The proposed FY 2024-2025 Budget for the MURA is balanced as required by Oregon State Budget Law.

Sincerely,

Dan Huff
Agency Director

URBAN RENEWAL RESOURCES	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Actual	BUDGET	Budget Officer	Budget Committee	Council
BEGINNING FUND BALANCE	2,933,070	3,149,727	3,278,330	3,745,228		
REVENUE						
PROPERTY TAX-CURRENT	876,056	926,092	934,000	1,095,387		
PROPERTY TAX-PRIOR	12,098	21,821	22,000	15,000		
INTEREST	830	154,362	128,000	130,000		
DEVELOPMENT LOAN REPAYMENT	-	-	1,545	-		
TOTAL FUND REVENUES	888,983	1,102,276	1,085,545	1,240,387		
TOTAL BEGINNING FUND BALANCE	2,933,070	3,149,727	3,278,330	3,745,228		
TOTAL URA FUND RESOURCES	3,822,053	4,252,003	4,363,875	4,985,615		

URBAN RENEWAL REQUIREMENTS	Historical Data			Budget for FY 2025-2026		
	2022-2023	2023-2024	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	Budget	BUDGET	Budget Officer	Budget Committee	Council
MATERIAL & SERVICES						
OPERATION & MAINTENANCE	54,540	9,193	40,200	58,383		
PROFESSIONAL SERVICES	1,647	946	2,000	2,000		
COST ALLOCATION AGREEMENT	10,816	5,702	8,078	10,368		
TOTAL MATERIALS & SERVICES	67,002	15,841	50,278	70,751		
DEBT SERVICE						
2015 URA BOND- PRINCIPAL	200,000	200,000	225,000	250,000		
2015 URA BOND- INTEREST	68,600	60,600	52,600	43,600		
2020 URA FF&C- PRINCIPAL	241,300	244,900	248,500	252,200		
2020 URA FF&C- INTEREST	30,307	26,711	23,062	19,360		
TOTAL DEBT SERVICE	540,206	532,211	549,162	565,160		
CAPITAL OUTLAY						
CAPITAL IMPROVEMENTS	53,159	-	-	-		
DEVELOPMENT LOAN	-	177,297	-	-		
OPPORTUNITY PARTNERSHIPS	11,934	220,000	500,000	-		
POLICE FACILITY	-	228,663	2,500,000	4,030,000		
TOTAL CAPITAL OUTLAY	65,093	625,960	3,000,000	4,030,000		
CONTINGENCY						
CONTINGENCY	-	-	464,435	48,102		
TOTAL CONTINGENCY	-	-	464,435	48,102		
RESERVE						
URA BOND - RESERVE	-	-	300,000	271,602		
TOTAL RESERVES	-	-	300,000	271,602		
TOTAL URA FUND REQUIREMENTS	672,301	1,174,012	4,363,875	4,985,615		

Section 6 – Appendix & Legal

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





RESOLUTION NUMBER 2019-17

A RESOLUTION ADOPTING THE CITY OF MOLALLA FINANCIAL POLICIES.

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

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

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

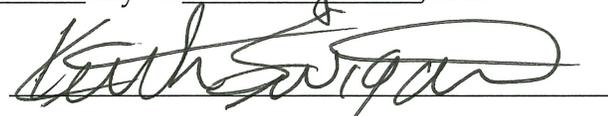
WHEREAS, staff has prepared the City of Molalla Financial Policies document that outlines procedures, safeguards, and internal controls for public fund management; and

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

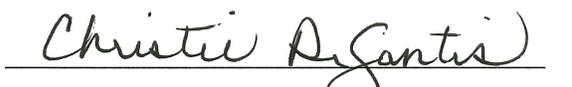
NOW, THEREFORE BE IT RESOLVED, That the City of Molalla Finance Policies document, attached hereto as Attachment A, is hereby adopted.

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

Duly Appointed this 24th day of July, 2019


Keith Swigart, Mayor

ATTEST:


Christie DeSantis, Interim City Recorder



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City of Molalla



Budget Policy

Adopted July 24, 2019
Resolution 2019-17

This document supersedes any and all previous budget policies.

I. Purpose

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

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

II. Scope

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

III. Objectives

The primary objectives of budget activities shall be:

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

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

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

IV. Policy Statement

A. Oregon Local Budget Law

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

B. Long-term Focus

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

C. Conservatism

Revenues will be projected conservatively, but realistically, considering:

1. past experience,

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

Expenditures will be projected conservatively considering:

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

D. Matching Concept

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

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

E. Contingencies and Unappropriated Ending Fund Balance

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

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

F. Budget Development

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

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

G. Budget Modification

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

City of Molalla



Fund Balance and Reserve Policy

Adopted July 24, 2019
Resolution 2019-17

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

I. Purpose

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

II. Definition

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

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

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

III. Policy Statement

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

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

Fund balance targets for respective funds are as follows:

General Fund

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

Library Fund

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

Street Fund

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

Urban Renewal Agency Fund

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

Enterprise Funds:

Water Fund

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

Sewer Fund

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

Storm Water Fund

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

City of Molalla



Grants Management Policy

Adopted July 24, 2019
Resolution 2019-17

This document supersedes any and all previous grants management policies.

I. Purpose

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

II. Authority

The City Council shall ensure federal funds received by the City are administered in accordance with federal requirements including, but not limited to, the federal Uniform Grant Guidance¹.

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

III. Policy Statement

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

The Finance Director shall establish and maintain a sound financial management system. The system shall ensure internal controls and federal grant management standards address the receipt of both direct and pass-through federal grants, track costs and expenditures of funds associated with grant awards, maintain a high level of transparency and accountability, and document all applicable procedures².

A. Guidelines

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

1. Identification

The City must identify in its accounts, all federal awards received and expended and the federal programs under which they were received.

2. Financial Reporting

Accurate, current, and complete disclosure of the financial results of each federal award or program must be made in accordance with the financial reporting requirements of the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles for government.

3. Accounting Records

The City must maintain records which adequately identify the source and application of funds provided for federally-assisted activities.

4. Internal Controls

¹ Ref. 2 CFR Part 200

² Ref. 2 CFR Part 200

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

5. Budget Control

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

6. Cash Management

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

7. Allowability of Costs

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

B. Training

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

C. Standards of Conduct

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

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

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

D. Grant Project Management

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

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

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

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

E. Annual Risk Assessment

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

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

F. Expenditure Review and Approval

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

G. Employee Time and Effort Reporting

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

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

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

H. Procurement

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

I. Record Keeping

The City shall develop, document, and maintain a written Records Management Plan and related policy and administrative rules for the retention, retrieval, and disposition of manual and electronic records including email³.

The City shall ensure the proper maintenance of federal fiscal records documenting⁴:

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

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

The City shall provide the federal awarding agency, Inspectors General, the Comptroller General of the United States, pass-through entities, or any of their authorized representatives, the right of access to any documents, papers, or other City records which are pertinent to federal funding awards. The City shall also permit timely and reasonable access to the City's personnel for the purpose of interview and discussion related to such documents⁵.

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

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

J. Subrecipient Monitoring

In the event the City awards subgrants of federal funds, the City shall establish written procedures⁶ to:

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

³ Ref 2 CFR Part 200.333-337

⁴ Ref. 34 CFR Sec. 75.730-732

⁵ Ref. 2 CFR Sec. 200.336

⁶ Ref. 2 CFR Sec. 200.330-331

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

K. Compliance Violations

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

City of Molalla



Revenue Policy

Adopted July 24, 2019
Resolution 2019-17

This document supersedes any and all previous revenue policies.

I. Purpose

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

II. Scope

This policy is designed to provide general principles and guidelines to promote effective control over, and proper accounting of revenues from external sources and the related accounts receivable.

III. Objectives

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

IV. Policy Statements

A. High level Roles and Responsibilities

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

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

B. Determination of Fees and Charges

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

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

C. Utility Billing

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

- Water services

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

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

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

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

D. Detailed Role of Finance Director

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

E. Receipt of Revenue to the City

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



RESOLUTION NO. 2022-01

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

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

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

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

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

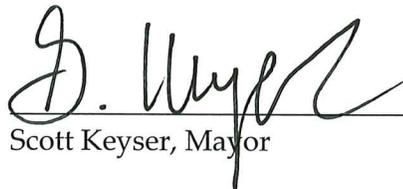
WHEREAS, the City of Molalla Financial Policies document, attached hereto as Exhibit A,

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

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

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

Signed this 9th day of March.



Scott Keyser, Mayor

ATTEST:



Christie Teets, City Recorder

City of Molalla



Debt Policy

Revised 03-09-2022
Resolution 2022-01

This document supersedes any and all previous debt policies.



I. Purpose

This Debt Policy for the City of Molalla (City) is established to help ensure that all debt is issued both prudently and cost effectively. This policy sets forth comprehensive guidelines for the financing of capital expenditures of the City. Adherence to the policy is essential to ensure that the City Council maintains a sound debt position and protects the credit quality of its obligations.

II. Governing Authority

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

III. Scope

This policy applies to all financing activities of the City.

IV. Objectives

The objectives of the policy shall be that:

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

V. Conditions of Debt

1. Debt Limits

i. Legal Restrictions

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

ii. Public Policies

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

iii. Financial Restrictions

A. Direct Debt

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



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

B. Revenue Debt

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

C. Conduit Debt

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

D. Short-term Debt

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

E. Variable Rate Debt

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

2. Debt Structuring Practices

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

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

3. Debt Issuance Practices

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

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



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

4. Debt Management Practices

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

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

City of Molalla



Expenditure Policy

Revised June 14, 2023
Resolution 2023-15

This document supersedes any and all previous expenditures policies.

EXHIBIT A



I. Purpose

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

II. Scope

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

III. Objectives

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

IV. Policy Statements

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

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

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

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LIBRARY

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – February 23, 2022

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

1

LIBRARY

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – February 23, 2022

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

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POLICE DEPARTMENT

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – February 23, 2022

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

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POLICE DEPARTMENT

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – February 23, 2022

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

2

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

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

COMMUNITY DEVELOPMENT DEPARTMENT

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – March 23, 2022

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

COMMUNITY DEVELOPMENT DEPARTMENT

MOLALLA AREA VISION AND ACTION PLAN 2030

Approved by City Council – March 23, 2022

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

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

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

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

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



June 9, 2021



VISION PLAN: 5 FOCUS AREAS

5 Focus Areas based on City aspirations for 2030:

1. A resilient community that passionately recognizes and builds on its history, culture, and location
2. A welcoming, friendly and vibrant community with an attractive hometown feel that is safe, hospitable, and inclusive of all residents, businesses, and visitors
3. An economically sound and growing community which is evident in the diversity of businesses, partnerships, education, innovation, and the strong work ethic of its people
4. A full-service hub of resources
5. A beautiful and tranquil area where people are deeply connected to its unique natural features



THE MOLALLA ECONOMIC DEVELOPMENT COMMITTEE

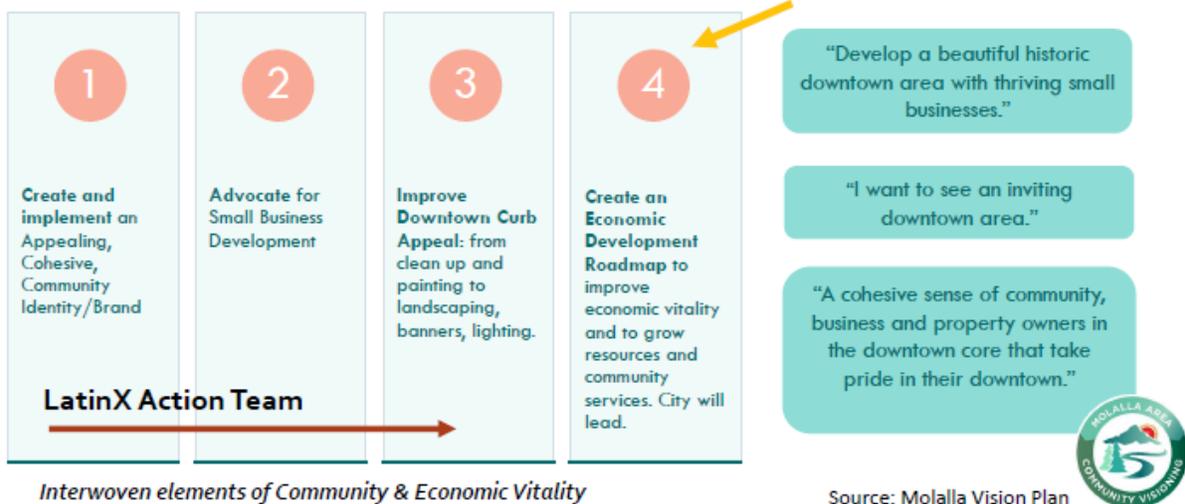
PURPOSE: To assist with the creation of a tangible economic development action plan and encourage community engagement in implementation

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



Guided by a Community-based Process

PRIORITIES FOR ACTION – 2021



Interwoven elements of Community & Economic Vitality

Sample of Results:

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

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



WHAT MAKES AN ECONOMIC BASE?



"It's not one thing!"



In this work, stay focused on:

BUSINESS INTERESTS & RESOURCES

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



Assessment and Next Steps Highlights.....



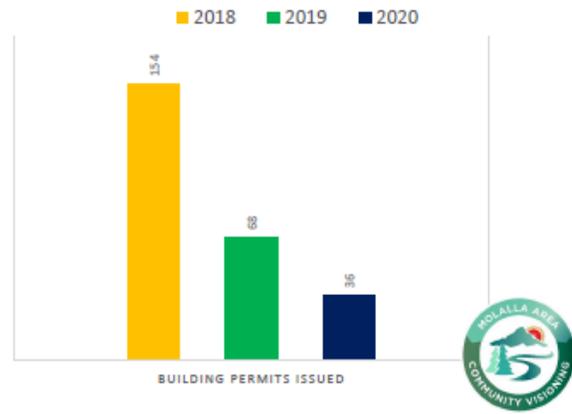
OUR COMMUNITY is
Growing and Changing



GROWTH TRENDS: *Building Permits Issued*

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

*includes Bear Creek



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

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



Nearly \$28 million in investment
233 jobs anticipated

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





ECONOMIC DIVERSITY IS A KEY ASSET

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



WHAT LOCAL BUSINESSES ARE SAYING...



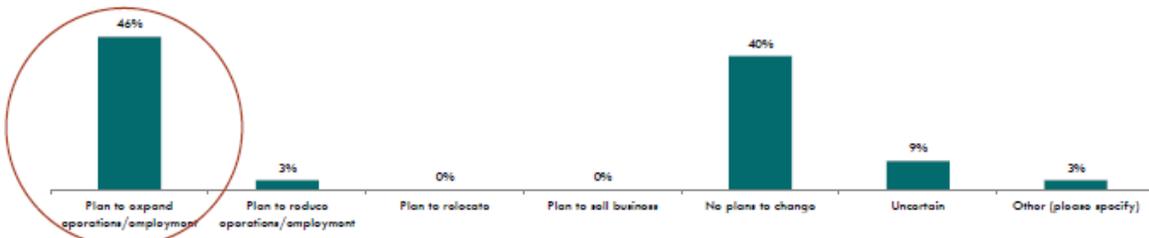
Molalla's Small Business Advocacy Action Team created a Small Business Survey, garnering 35 responses from local business owners and/or operators in March 2021. What follows are a few key highlights from results.

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

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

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

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



BUSINESS CLIMATE SUMMARY

ASSETS



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

CHALLENGES



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

Source: Molalla Small Business Survey



CHALLENGES



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



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



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

Only 1 Industrial space actively marketed (spring 2021)

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

Undeveloped; but What's Buildable?

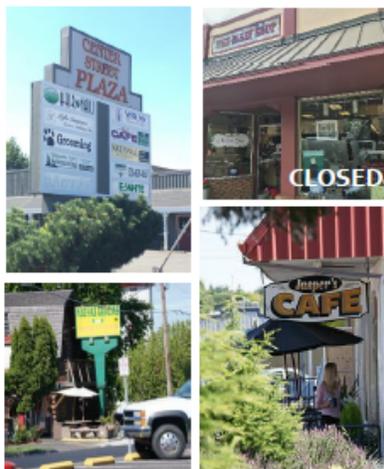
Vacant Heavy Industrial (M-2)
Within UGB: 128.99 ac

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



Sources: Loonet. City of Molalla

OPPORTUNITIES



Retail Business Development

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

Quality of Life Improvements

- | | |
|-------------|------------|
| Home prices | Recreation |
| Schools | Crime |

Tourism Development

"More shopping and food options."

"More grocery stores!"

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

Industry Cluster Expansion



How to: Grow the Economy?

Economic Development Core Services

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



1. Get active within the economic development profession.



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



3. Tell Your Story – Promote Your Successes!

Ex: VISITOR INDUSTRY

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

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

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

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



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

.....*Investment is a must*

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



2021 – 2022 FY Workplan



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

Statutory and Administrative Rule References

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

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

V. Debt Service Fund

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

VI. Budget Committee

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

VII. Financial Summary

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

VIII. Publication of Notice of Budget Hearing

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

IX. After Public Hearing of Budget

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

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

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

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

X. Certify Tax to Assessor by July 15

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

XI. Supplemental Budgets

150-294.480

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

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

XII. Other

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

Appendix - Acronyms

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

Appendix - Glossary

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

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

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

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

Agent. Generally, someone who is authorized to act for the local government, or who can make commitments or sign contracts in the name of the local government. Agency is the fiduciary relationship that arises when one person (a 'principal') manifests assent to another person (an 'agent') that the agent shall act on the principal's behalf and be subject to the principal's control, and the agent manifests assent or otherwise consents so to act.

Appropriation. Authorization for spending a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body [ORS 294.311(3)].

Approved budget. The budget which has been approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing [ORS 294.406].

Assessed value. The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property's maximum assessed value or real market value.

Assessment date. The date on which the value of property is set, January 1 [ORS 308.210, 308.250].

Audit. The annual review and appraisal of a municipal corporation's accounts and fiscal affairs conducted by an accountant under contract or the Secretary of State [ORS 297.425].

Audit report. A report in a form prescribed by the Secretary of State made by an auditor expressing an opinion about the propriety of a local government's financial statements, and compliance with requirements, orders, and regulations

Balanced budget. A budget in which the resources equal the requirements in every fund.

Bequest. A gift by will of personal property; a legacy.

Biennial budget. A budget for a 24-month period.

Billing rate. The tax rate used to compute ad valorem taxes for each property

Budget. Written report showing the local government’s comprehensive financial plan for one fiscal year. It must include a balanced statement of actual revenues and expenditures during each of the last two years and estimated revenues and expenditures for the current and upcoming year [ORS 294.311(5)].

Budget committee. Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the district [ORS 294.336].

Budget message. Written explanation of the budget and the local government’s financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body [ORS 294.391].

Budget officer. Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget [ORS 294.331].

Budget period. For local governments on a biennial budget, the 24-month period beginning July 1 and ending June 30 of the second following calendar year. See also “Fiscal year.”

Budget transfers. Amounts moved from one fund to finance activities in another fund. They are shown as expenditures in the originating fund and revenues in the receiving fund.

Capital outlay. Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings [ORS 294.352 (6)].

Capital projects fund. A fund used to account for resources, such as bond sale proceeds, to be used for major capital item purchase or construction [OAR 150-294.352 (1)].

Cash basis. System of accounting under which revenues are accounted for only when received in cash and expenditures are accounted for only when paid [ORS 294.311 (9)].

Category of limitation. The three categories in which taxes on property are placed before the constitutional limits can be tested—education, general government, excluded from limitation [ORS 310.150].

Consolidated billing tax rate. The combined total of the billing rates for all taxing Districts in a code area. Does not include the billing rate for any urban renewal special levies or non-ad valorem taxes, fees, or other charges.

Constitutional limits. The maximum amount of tax on property that can be collected from an individual property in each category of limitation (Art. XI, sect. 11b, OR Const.).

Debt service fund. A fund established to account for payment of general long-term debt principal and interest [OAR 150-294.352 (1)].

Devise. A gift by will of the donor of real property.

District. See “Local government.”

Division of tax. Division of tax refers to the process of, and revenue from, apportioning tax to urban renewal agencies based on the relationship of the excess to frozen value, a.k.a. tax increment revenue.

Double majority. A term that refers to an election where at least 50 percent of the registered voters eligible to vote in the election cast a ballot and more than 50 percent voting approve the question.

Education category. The category for taxes that will be used to support the public school system and are not used to pay exempt bonded indebtedness [ORS 310.150(2)].

Encumbrance. An obligation chargeable to an appropriation and for which part of the appropriation is reserved [ORS 294.311(10)].

Enterprise fund. A fund established to account for operations financed and operated in a manner similar to private business enterprises. They are usually self-supporting. Examples of enterprise funds are those for water, gas, and electric utilities, swimming pools, airports, parking garages, transit systems, and ports [OAR 150-294.352(1)].

Estimate. (v) To arrive at a rough calculation or an opinion formed from imperfect data. (n) The resulting amount.

Excluded from limitation category. The category for taxes used to pay principal and interest on exempt bonded indebtedness [ORS 310.150(2)].

Exempt bonded indebtedness. 1) Bonded indebtedness authorized by a specific provision of the Oregon Constitution, or 2) bonded indebtedness issued as a general obligation on or before November 6, 1990, incurred for capital construction or capital improvements, or 3) bonded indebtedness issued as a general obligation after November 6, 1990, incurred for capital construction or capital improvements with the approval of the electors of the local government. Bonded indebtedness issued to refund or refinance any bonded indebtedness described above is also included [ORS 310.140(7)].

Existing plan. An existing urban renewal plan is defined as a plan that existed in December 1996 and 1) chose an option and 2) established a maximum amount of indebtedness by July 1998 and has not been amended to increase the land area or maximum indebtedness [ORS 457.101(4) (a)].

Expenditures. Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis [ORS 294.311(16)].

Fiscal year. A 12-month period to which the annual operating budget applies. The fiscal year is July 1 through June 30 for local governments [ORS 294.311(17)].

Fund. A fiscal and accounting entity with self-balancing accounts to record cash and other financial

resources, related liabilities, balances, and changes, all segregated for specific, regulated activities and objectives.

Fund balance. The fund equity of government funds.

Fund type. One of nine fund types: General, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve [OAR 150-294.352 (1) and ORS 280.100].

Gap bonds. Any portion of a local government's property tax levy used to repay qualified taxing district obligations. This portion was exempted from the calculation of the permanent rate limit. When the debt is paid, the permanent rate is adjusted. Qualified obligations include principal and interest on certain bonds or formal, written borrowings of moneys issued before December 5, 1996, and pension and disability plan obligations that commit property taxes to fulfill those obligations.

General fund. A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund [OAR 150-294.352 (1)].

General government category. The category for taxes used to support general government operations other than schools that are not for the purposes of paying exempt bonded indebtedness [ORS 310.150(1)].

Good Faith. The standard for estimating budget resources and requirements. Good faith estimates are reasonable and are reasonably likely to prove accurate, based on the known facts at the time.

Governing body. County court, board of commissioners, city council, school board, board of trustees, board of directors, or other managing board of a local government unit [ORS 294.311(15)].

Grant. A donation or contribution in cash by one governmental unit to another unit which may be made to support a specified purpose or function, or general purpose [ORS 294.311(19)].

Inter-fund loans. Loans made by one fund to another and authorized by resolution or ordinance (ORS 294.460).

Internal service fund. A fund used to account for fiscal activities when goods or services are provided by one department or agency to other departments or agencies on a cost-reimbursement basis (ORS 294.470).

Legal opinion. The opinion as to legality rendered by an authorized official, such as the Oregon attorney general or city attorney.

Levy. (v) To impose a property tax. (n) Ad valorem tax certified by a local government.

Local government. Any city, county, port, school district, education service district, community college, special district, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipality or municipal corporation under ORS

294.311(25).

Local option tax. Voter-approved taxing authority in addition to the taxes generated by the permanent tax rate. Local option taxes can be for general operations, a specific purpose, or capital projects. It is limited to five years unless it is for a capital project, then it is limited to the useful life of the project or 10 years, whichever is less [Art. XI, section 11(4) OR Const.].

Maximum assessed value (MAV). A constitutional limitation on the taxable value of real or personal property. It can increase a maximum of 3% each year. The 3% limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction.

Maximum authority. The limitation on the amount of revenue an existing urban renewal plan may raise from the property tax system [ORS 457.435(3)]. The assessor calculated this amount for the 1997-98 tax year for each existing plan based on the taxes each urban renewal plan area would have been entitled to prior to Measure 50. This amount is adjusted each year based on the growth of excess value in the plan area.

Maximum indebtedness. The amount of the principal of the indebtedness necessary to complete an urban renewal plan. This does not include indebtedness incurred to refund or refinance existing indebtedness [ORS 457.010(10)]. It is specified in dollars and cents and based on good faith estimates of the scope and costs of the anticipated project or projects. All existing plans are required to have an ordinance which establishes a maximum indebtedness.

Measure 5. A constitutional amendment (Art. XI, section 11b OR Const.) passed in 1990 that limits the amount of operating tax which can be imposed on a property to \$5 per \$1,000 of real market value for education and \$10 per 1,000 for general government.

Measure 50. A constitutional amendment (Art. XI, section 11 OR Const.) passed in 1997 that limits the growth in a property's assessed value to 3% per year. It also limits a local government's taxing authority by creating permanent rate limits.

Municipal Corporation. See "Local government."

Municipality. See "Local government."

Net working capital. The sum of the cash balance, accounts receivable expected to be realized during the ensuing year, inventories, supplies, prepaid expenses less current liabilities and, if encumbrance method of accounting is used, reserve for encumbrances [ORS 294.311(26)].

Object classification. A grouping of expenditures, such as personal services, materials and services, capital outlay, debt services, and other types of requirements [ORS 294.311(28)].

Operating rate. The rate determined by dividing the local government's operating tax amount by the estimated assessed value of the local government. This rate is needed when a local government wants to impose less tax than its permanent rate will raise.

Option, urban renewal. Financing arrangement chosen by existing urban renewal plans. Cannot be changed. The options are as follows:

Option 1 [ORS 457.435(2) (a)], allows the plan to collect division of tax as computed under ORS 457.440. If the amount collected from the division of tax is insufficient, a special levy may be imposed against all taxable property of the municipality that activated the urban renewal agency. Option 1 plans are “reduced rate” (do not divide local option or bond levies approved by voters after October, 2001).

Option 2 [ORS 457.435(2) (b)]. The Cascade Locks Plan in Hood River County was the only Option 2 Urban Renewal Plan and that plan has been completed. May impose a special levy, but does not collect division of tax.

Option 3 [ORS 457.435(2) (c)], provides that Option 3 plans can obtain funds from both the division of tax and a special levy. Like Option 1, the agency may limit the amount to be received from the special levy, but unlike Option 1 the agency limited the amount of funds received from the division of tax when the Option was chosen. Option 3 plans are “standard rate” (divide all tax levies).

Other “standard rate” plan was adopted between December 1996 and October 2001. Receives division of tax, but no special levy.

Other “reduced rate” plan was adopted after October 2001, or was an Option 1 or 2 plan that was substantially amended. Receives division of tax only.

Ordinance. A formal legislative enactment by the governing board of a municipality.

Organizational unit. Any administrative subdivision of the local government, especially one charged with carrying on one or more specific functions (such as a department, office, or division) [ORS 294.311 (30)].

Personal services expenses. Expenses related to the compensation of salaried employees, such as health and accident insurance premiums, Social Security and retirement contributions, civil service assessments.

Permanent rate limit. The maximum rate of ad valorem property taxes a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government or its voters can change a permanent rate limit.

Principal act. The Oregon Revised Statutes which describe how a certain type of municipal corporation is formed and selects its governing body, the powers it may exercise, and the types of taxing authority its voters may authorize.

Prior years’ tax levies. Taxes levied for fiscal years preceding the current one.

Program. A group of related activities to accomplish a major service or function for which the local government is responsible [ORS 294.311 (32)].

Program budget. A budget based on the programs of the local government.

Property taxes. Ad valorem tax certified to the county assessor by a local government unit.

Proposed budget. Financial plan prepared by the budget officer. All funds must balance. It is submitted to the public and the budget committee for review.

Publication. Public notice given by publication in a newspaper of general circulation within the boundaries of the local government; mailing through the U.S. Postal Service by first class mail to each street address within the boundaries of the local government; and hand delivery to each street address within the boundaries of the local government [ORS 294.311 (34)].

Real Market Value (RMV). The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm's-length transaction as of the assessment date. For most properties, the value used to test the constitutional limits [ORS 308.205].

Reserve fund. Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment [ORS 294.525].

Resolution. A formal order of a governing body; lower legal status than an ordinance.

Resource. Estimated beginning funds on hand plus anticipated receipts [ORS 294.361].

SAL Report. Summary of Assessments and Levies [ORS 309.330].

Special levy. A special levy is an ad valorem tax, imposed for an urban renewal plan on the entire municipality that adopted the plan. It is not a result of a division of tax.

Special revenue fund. A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) legally restricted to expenditure for specific purposes [OAR 150-294.352 (1)].

Special payment. A budget expenditure category for pass-through payments, grants made to other organizations and other one-time or unusual expenditures which do not fall into the other categories of personal services, materials and services, capital outlay, etc.

Supplemental budget. A financial plan adopted during a budget period to meet unexpected needs or to appropriate revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax [ORS 294.480].

Tax increment financing. A financial mechanism for urban renewal plans which captures the tax from the growth in property value within a designated geographical area by dividing the taxes of local governments.

Tax on property. Any tax, fee, charge, or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property [ORS 310.140(1)].

Tax rate. The amount of tax stated in terms of a unit of tax for each \$1,000 of assessed value of taxable

property.

Tax roll. The official listing of the amount of taxes imposed against each taxable property.

Tax year. The fiscal year from July 1 through June 30.

Trust fund. A fund used to account for fiscal activities of assets held in trust by a local government.

Unappropriated ending fund balance. Amount set aside in the budget to be carried over to the next year's budget. It provides the local government with cash until tax money or other revenues are received later in the year. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency [ORS 294.371, ORS 294.455].

PROPERTY TAX WORKSHEET

1. Permanent Rate Limit		\$5.3058 / \$1000	
			Enter your Permanent Rate levy
2. Est. Assessed Value		\$797,144,248.00	Enter your estimated total Assessed Value.
		3.00% <i>est gr</i>	
		\$23,914,327.44 <i>est growth amt</i>	
		\$821,058,575.44	
3. Tax rate (per dollar) <i>(converts rate to a decimal)</i>	X	0.0053058	
4. Amount the Rate would raise		\$4,356,372.59	
5. Estimate Measure 5 loss (compression) <i>Assessor sends report in Oct each yr shows current yr information referred to as the Table 4a - Summary of Assessment & Levies (SAL) - This inform is entered on LB- 1 & 3 form, line 14a</i>	-	(\$3.81)	Gain/Loss from truncati
6. Tax to be billed	=	\$4,356,368.78	
7. Average Collection Factor <i>See your forms & instructions booklet - Page 17 for a 5 year report - by county</i>	X	0.955	Clack County
8. Taxes Estimated to be Received <i>Gets entered on LB- 1 & 3 form, line 11</i>	=	\$4,160,332.18	
9. Loss due to discount & uncollectables (line 6 minus line 8) <i>Gets entered on LB- 1 & 3 form, line 14b</i>	=	\$196,036.60	

Closed Funds



CWSRF DEBT RETIREMENT

Historical Data

Budget for FY 2024-2025

	2021-2022	2022-2023	2023-2024	2024-2025	2024-2025	2024-2025
	FISCAL	FISCAL	FISCAL	PROPOSED	APPROVED	ADOPTED
	Actual	Actual	Budget	BY Budget Officer	BY Budget Committee	BY Council
BEGINNING FUND BALANCE	40,000	42,000				
REVENUE						
TRANSFER FROM SEWER	2,000	-				
TRANSFER TO GENERAL FUND	-	(42,000)				
TOTAL FUND REVENUES	2,000	(42,000)				
TOTAL GO DEBT FUND RESOURCE	42,000	-				
REQUIREMENTS						
TOTAL REQUIREMENTS	-	-				
TOTAL FUND REQUIREMENTS	-	-				
TOTAL NET STORM SDC FUND	42,000	-				

**CAPITAL PROJECT
POLICE STATION**

	Historical Data		Budget for FY 2025-2026		
	2021-2022	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	BUDGET	Budget Officer	Budget Committee	Council

BEGINNING FUND BALANCE	507,106				
REVENUE					
FUND EXCHANGE	838,778				
ENERGY TRUST GRANT	2,500				
TRANSFER FROM GF ARPA	547,479				
TRANSFER FROM GENERAL FUND	611,397				
TRANSFER FROM STREETS	90,000				
TRANSFER FROM SEWER	1,000,000				
TRANSFER FROM SEWER/I&I	1,070,000				
TRANSFER FROM WATER	907,331				
TRANSFER FROM WATER IMP-SDC	320,000				
TRANSFER FROM STREET IMP-SDC	117,000				
TRANSFER FROM PARKS IMP-SDC	350,000				
TRANSFER FROM STORM IMP-SDC	150,000				
TRANSFER FROM STORMWATER	4,000				
TRANSFER FROM GF-POLICE DEPT	500,000				
TOTAL FUND REVENUES	6,636,763				
TOTAL BEGINNING FUND BALANCE	507,106				
TOTAL CAPITAL PROJECTS FUND RESOURCES	7,143,869				

CAPITAL PROJECT POLICE STATION

	Historical Data		Budget for FY 2025-2026		
	2021-2022	2024-2025	2025-2026	2025-2026	2025-2026
	FISCAL	APPROVED	PROPOSED BY	APPROVED BY	ADOPTED BY
	Actual	BUDGET	Budget	Budget	Council
		Officer	Committee		

ODOT FUND EXCHANGE	338,065				
ARPA FUNDS	523,017				
HB5006 GRANT	34,482				
PARK CAPITAL PROJECTS	66,989				
PARK IMP SDC CAPITAL PROJECTS	350,000				
MCC PARK ASSIST CAPITAL PROJ	88,906				
SEWER CAPITAL PROJECTS	1,101,430				
SEWER FUND I&I CAPITAL PROJ	1,046,756				
WATER CAPITAL PROJECTS	603,371				
WATER IMP SDC CAPITAL PROJ	248,459				
STORM WATER CAPITAL PROJECTS	4,000				
STORM IMP SDC CAPITAL PROJ	13,155				
POLICE FACILITY CAPITAL PROJ	708,911				
GENERAL FUND CAPITAL PROJ	6,006				
TOTAL CAPITAL OUTLAY	5,133,546				
RESERVED FOR FUTURE EXPENDITUR	-				
TOTAL CAPITAL PROJECT FUND REQUIR.	5,133,546				
TOTAL FUND RESOURCES AND FUND BAL	7,143,869				
TOTAL FUND REQUIREMENTS	5,133,546				
TOTAL NET CAPITAL PROJECTS FUND	2,010,322				

