



**CITY OF MOLALLA
PLANNING COMMISSION MEETING REGULAR MEETING
AGENDA**

Civic Center | 315 Kennel Ave
Wednesday, December 4, 2024 | 6:30 PM

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

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- 1. CALL TO ORDER AND FLAG SALUTE**
- 2. ROLL CALL**
- 3. CONSENT AGENDA**
 - A. Planning Commission Meeting minutes – October 2, 2024
 - B. Planning Commission Meeting minutes – November 4, 2024
- 4. PUBLIC COMMENT**
- 5. PUBLIC HEARINGS**
- 6. GENERAL BUSINESS**
 - A. Economic Opportunity Analysis (Zinder/Johnson Economics/MIG)
- 7. STAFF COMMUNICATION**
- 8. COMMISSION COMMUNICATION**
- 9. ADJOURN**



City of Molalla
Planning Commission - Regular Meeting
Minutes – October 02, 2024
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

The October 2, 2024, meeting of the Molalla Planning Commission was called to order by Commission Chair Eaglebear at 6:30 pm, followed by the Flag Salute.

COMMISSIONER ATTENDANCE:

Commission Chair	Doug Eaglebear	Present
Commissioner	Connie Sharp	Present
Commissioner	Clint Ancell	Present
Commissioner	Martin Ornelas	Present
Commissioner	David Potts	Present
Commissioner	Brady Rickey	Present

STAFF IN ATTENDANCE:

Assistant City Manager, Mac Corthell	Present
Community Development Tech, Jessica Wirth	Present
Senior Planner, Dan Zinder	Present
Engineering Sec Manager, Sam Miller	Absent

CONSENT AGENDA

A. Planning Commission Meeting Minutes – September 4, 2024

ACTION:

Commissioner Ancell moved to approve the Consent Agenda; Commissioner Rickey seconded. Motion passed 6-0.

AYES: Sharp, Ancell, Ornelas, Potts, Rickey, Eaglebear

NAYS: None

ABSTENTIONS : None

PRESENTATIONS, PROCLAMATIONS, CEREMONIES

None.

PUBLIC COMMENT & WRITTEN COMMUNICATIONS

None.

PUBLIC HEARINGS

A. VAR01-2024 and NUX01-2024, Extension of Nonconforming Status for the Gas Station at 204 E. Main (included in agenda packet)

Commission Chair opened Public Hearing at 6:39pm and asked Senior Planner Dan Zinder for Staff Report.

Mr. Zinder discussed the nonconforming status for the Gas Station at 204 East Main St., which has been closed for over a decade due to a 2017 Development Code Prohibiting Fueling Stations in C-1 Zone; noting the application for extending the nonconforming status was submitted on August 29th and deemed complete on September 4th, with no public comments received and all Public Notice Requirement completed. The site is located between E. Main St. and Engle Avenue, surrounded by C-1 Zoning. Previous inquiries indicated high costs decommissioning existing infrastructure. Staff found no conflicts with the Comprehensive Plan. Re-establishing the gas station may help revitalize the downtown area by increasing foot traffic while patrons visit Downtown on their way to the Corridor. If approved, the applicant may file for a Change of Use or Tenant Improvement within one year to maintain the extension. Staff recommend the Commission approve applicants proposed extension of Non-Conforming Use Application based on the Findings and Conclusions in Exhibit A of submitted staff report.

Kim Johnson with 7 Oaks Engineering, Representative of the applicant; address Silverton, Oregon: Kim did not have too much more to add to Mr. Zinder's presentation other than she did not have any further comment on the Conditions of Approval. She thanked Commissioner's for their time and was open to answering any questions.

Commissioner Potts asked if the development would happen soon, noting it would be beneficial. Potts mentioned that the current blackberry patch is an eye-sore, and it would be better to have a viable business. Mr. Zinder confirmed he believes it will continue to progress steadily.

No Public Comment for Record. Commissioner Chair Eaglebear closed the Public Hearing at 6:54pm.

GENERAL BUSINESS

- A. VAR01-2024 and NUX01-2024 - Extension of Nonconforming Status for a Discontinued, Nonconforming Gas Station

ACTION:

- A. VAR01-2024 and NUX01-2024 Subject to Conditions of Approval as set forth in the Staff Report and to authorize the Chair to sign a final decision approving Application VAR01-2024 and NUX01-2024, incorporating the findings from the Staff Report.

Commissioner Sharp moved to approve VAR01-2024 and NUX01-2024, Commissioner Rickey seconded. Motion passed 6-0.

AYES: Sharp, Ancell, Ornelas, Potts, Rickey, Eaglebear

NAYS: None

ABSTENTIONS: None

STAFF COMMUNICATION

- **Assistant City Manager, Mac Corthell:** noted at the next council meeting, the Quarterly Development Report will be presented and posted on the Molalla Current. He mentioned the Wastewater Treatment Plant Project is currently at a peak organizational phase, with Mr. Corthell spending much of his time addressing inquiries from DEQ, USDA, and engineers. Construction for the project is expected to begin between late October and early November. A Pre-Construction Conference is scheduled for October 17th, and erosion control measures will start around mid-October. Groundbreaking is anticipated before the beginning of November.
- **Senior Planner Dan Zinder:** provided planning update included the initiation of the Urban Growth Boundary (UGB) Study, with the first technical meeting held. The meeting focused on outlining the criteria for the study area, though not much feedback was received. He also mentioned the draft Economic Opportunities Analysis (EOA) revealed a surplus of employment land, a deficit of commercial land, and a shortage of larger industrial sites. This surplus in industrial land provides flexibility for potential rezoning, especially for smaller industrial parcels that may be better suited for commercial or high-density residential development. These findings will possibly help support the upcoming Urban Growth Boundary (UGB) expansion process. A Town Hall meeting will be held on October 15th at the Civic Center to discuss Housing Production Strategies, attendees are encouraged to spread the word.
- **Community Development Tech, Jess Wirth:** No Report

COMMISSION COMMUNICATION

- **Commissioner Sharp** mentioned Halloween and trick or treating is coming up, Chamber usually handles that and there's about 800-1000 Trick or Treaters. The Commissioner wondered if the Fire Stations Haunted House would be open.
- **Commissioner Rickey** said his house hands out full-sized candy bars, on Toliver drive. City Manager Corthell joked about not egging Commissioner Ricky's Home. Commissioner Rickey also mentioned Election Ballots will be out in the next couple weeks.
- Commissioner Ancell, No Report
- Commissioner Ornelas, No Report
- Commissioner Chair Eaglebear, No Report

ADJOURN

Commissioner Ornelas made a motion to adjourn the meeting at 6:54pm, seconded by Commissioner Sharp. Motion passed unanimously.

[PLANNING COMMISSION MEETINGS CAN BE VIEWED IN ITS ENTIRETY ON YOUTUBE](#)
["MOLALLA PLANNING COMMISSION – OCTOBER 2, 2024"](#)

Doug Eaglebear, Planning Commission Chair

Date

Submitted by: _____
Jessica Wirth, Community Development Technician

Date

Attest: _____
Mac Corthell, Assistant City Manager

Date

Meeting Minute Attachments:
None.



City of Molalla
Planning Commission - Regular Meeting
Minutes – November 06, 2024
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla Planning Commission Meeting of November 06, 2024 was called to order by Commission Chair Doug Eaglebear at 6:32 pm.

COMMISSIONER ATTENDANCE

Present: Commission Chair Doug Eaglebear, Commissioner Connie Sharp, Commissioner Clint Ancell, Commissioner Martin Ornelas, Commissioner David Potts, and Commissioner Brady Rickey.

STAFF IN ATTENDANCE

Present: Assistant City Manager, Mac Corthell, Community Development Technician, Jessica Wirth, Senior Planner, Dan Zinder, Engineering Section Manager, Sam Miller, and City Recorder, Christie Teets.

City Recorder, Christie Teets updated City Staff and Commissioners on the updates in Oregon Public Meeting Law. She informed everyone that the Chair now has a script he will be reading from and the three major changes are; recording each vote individually by Miss Wirth calling role, in a vote if you abstain you must state a reason why, and when entering into a Public Hearing the Chair must state the time the Hearing opened out loud. She added that at the end of the meeting there no longer needs to be a motion to adjourn but that the Chair can state it's ended, and the time ended.

Ms. Teets also mentioned that the Consent Agenda for this evening had an error that needs corrected. Darcy Lightner is no longer a Planning Commissioner, and she was reflected as having approved a motion. There was an incorrect date listed, so staff has corrected the mistakes and requesting approval of the updated minutes. Teets also added that there was a duplication of meeting minutes which were not reflected on the agenda due to some technical difficulties, and there will need to be an amendment. Corrected minutes will be brought to the December meeting.

CONSENT AGENDA

- A. Planning Commission Meeting Minutes – September 4, 2024

ACTION:

Commissioner Ancell moved to approve the Consent Agenda, with amendments as stated; Commissioner Rickey seconded. Motion passed 6-0.

AYES: Commissioner Sharp, Commissioner Ancell, Commissioner Ornelas, Commissioner Potts, Commissioner Rickey, Chair Eaglebear.

NAYS: None.

ABSENTIONS: None.

PRESENTATIONS, PROCLAMATIONS, CEREMONIES

None.

PUBLIC COMMENT

None.

PUBLIC HEARINGS

- A. SUB01-2024 a proposed industrial subdivision at W Main ST addresses between 525-565 W Main ST (included in agenda packet)

The Commission Chair opened Public Hearing at 6:46pm and asked Senior Planner Dan Zinder for Staff Report.

Mr. Zinder presented the quasi-judicial public hearing, which ultimately led to the approval of application SUB01-2024. This application pertains to the proposed industrial subdivision planned to be developed on West Main Street between numbers 525

and 565. The approval process included specific modifications to the initial conditions that had been proposed earlier, ensuring that all parties are in agreement on the requirements prior to final plat.

Wendy Kellington, of Kellington Law, stated that staff had done an excellent job, and was appreciative of the removal of the condition pertaining to Lot 3, which was the dedication for the cities Pressure Release Valve. Kellington also confirmed that the improvements on Dixon were specifically to the frontage for that new access road.

PUBLIC COMMENT

No Public Comment for Record. Commissioner Chair Eaglebear closed the Public Hearing at 7:06pm.

ACTION:

Commissioner Rickey moved to approve SUB01-2024; Commissioner Sharp seconded. Motion passed 4-2.

AYES: Commissioner Sharp, Commissioner Ornelas, Commissioner Rickey, Chair Eaglebear.

NAYS: Commissioner Ancell, Commissioner Potts.

ABSENTIONS: None.

GENERAL BUSINESS

Mr. Corthell presented the Commission with a draft Pavement Conditioning Index that was presented as part of the road improvement initiatives. Corthell also discussed a Parks Master Plan that had been developed based on the feedback received from the local community, which reflects the needs and desires of the residents in the area. Critical updates regarding other city infrastructure projects were shared as well, including important information on the water intake system and the wastewater treatment plant, both of which are essential for providing necessary services to the community.

Miss Wirth brought the new city logo for the winter, as well as reminding the Commissioners of the joint meeting for the Planning Commission and the City Council on November 20th at 6:30pm.

STAFF COMMUNICATION

- **Engineering Section Manager Sam Miller** stated Chief Yelkus park design process is 100% and going out to bid. Miller updated Commissioners of the Lola St. project being at 90% design and will be out to bid next year. He also stated that Clackamas County will be replacing the S Molalla Ave. culvert. Mr. Miller also mentioned the desire to “piggyback” the project of the lift station on S Molalla Ave with the replacement of the culvert by the County.
- **Assistant City Manager Mac Corthell** emphasized the importance of an upcoming joint meeting that will involve both the Council and the Planning Commission on November 20th, which is expected to foster collaboration on local issues. Corthell updated the Commission with Chief Yelkus Park, Parks Master Plan that will be brought back to the Joint Meeting on November 20th. Corthell also mentioned Engineering Section Manager, Sam Miller has started the conversation with Clackamas County about them taking over the lift station on S Molalla Rd to Molalla Forest Road.
- **Community Development Technician Jessica Wirth**, nothing to report.
- **City Recorder Teets** nothing to report.
- **Senior Planner Dan Zinder** nothing to report.

COMMISSION COMMUNICATION

- Commissioner Ancell nothing to report.
- Commissioner Rickey nothing to report.
- Commissioner Sharp reminded all that she won’t be at the Joint Meeting for Planning Commission and City Council on November 20th, and expressed excitement about the City’s first-ever Christmas parade, which is anticipated to be a joyful celebration for all residents to enjoy, bringing the community together in a festive spirit during the holiday season. Sharp also mentioned the next Beautification & Culture Meeting will be focused on art for the Police Department.
- Commissioner Ornelas nothing to report.
- Commissioner Potts asked if all the tree lights are now working on Molalla Ave.
- Chair Eaglebear mentioned his wife was asking about the tree lights on Molalla Ave. and if there was an electrical plug in at each tree.

ADJOURNMENT

Chair Eaglebear adjourned the meeting at 7:33pm.

PLANNING COMMISSION MEETINGS CAN BE VIEWED IN ITS ENTIRETY ON YOUTUBE
“MOLALLA PLANNING COMMISSION – NOVEMBER 6, 2024”

Doug Eaglebear, Planning Commission Chair

Date

Submitted by: _____
Jessica Wirth, Community Development Technician

Date

Attest: _____
Mac Corthell, Assistant City Manager

Date

Meeting Minute Attachments:
Mr. Zinder’s presentation: SUB01-2024.



CITY OF MOLALLA

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

Staff Report

Agenda Category: Public Hearings

Agenda Date 12/4/2024

From: Dan Zinder

Approved by: Mac Corthell

SUBJECT: Draft Economic Opportunities Analysis, Employment Buildable Lands Inventory, and Comprehensive Plan Amendments

FISCAL IMPACT: None

RECOMMENDATION/RECOMMEND MOTION: Planning Commission and public comment to provide plan recommendations to Council

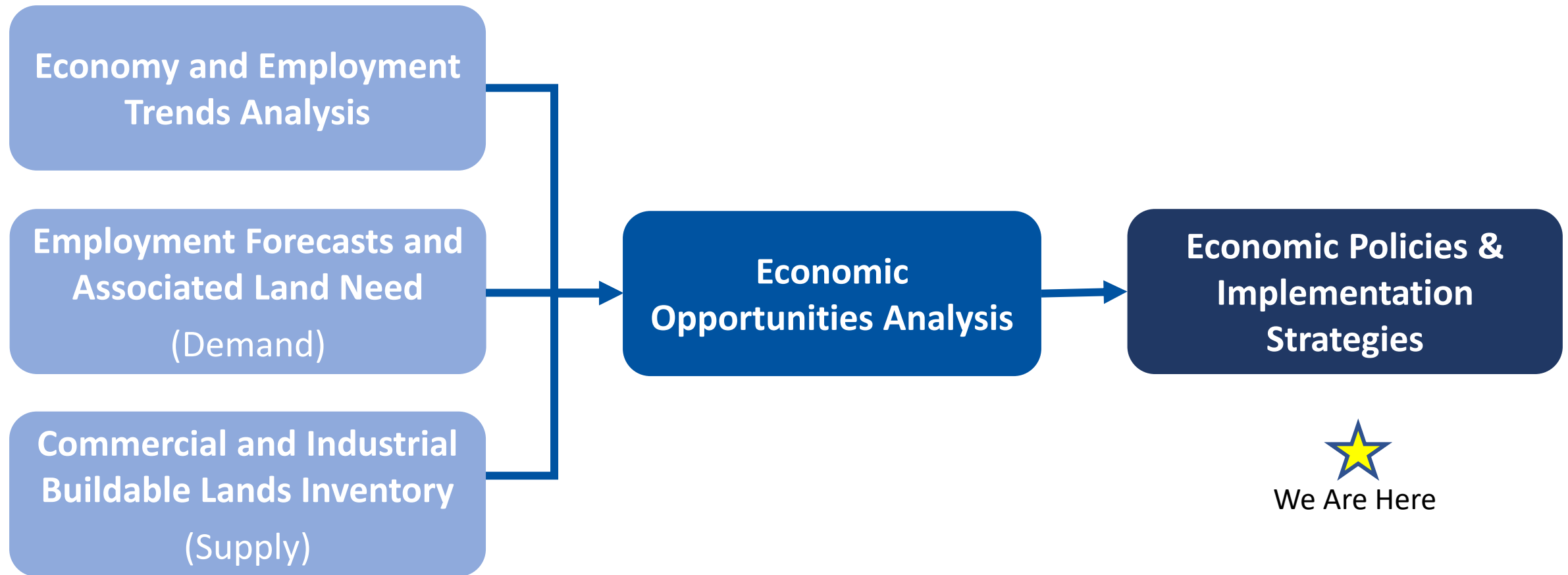
BACKGROUND: The City has hired Johnson Economics to update its economic opportunities analysis and Goal 9 comprehensive plan section as part of its urban growth boundary study workplan. Johnson Economics presents drafts of the analysis, buildable lands inventory, and proposed comprehensive plan amendments for the Planning Commission's comment and recommendation.



Molalla Economic Opportunities Analysis

Planning Commission Public Hearing
December 4, 2024, 6:30 PM

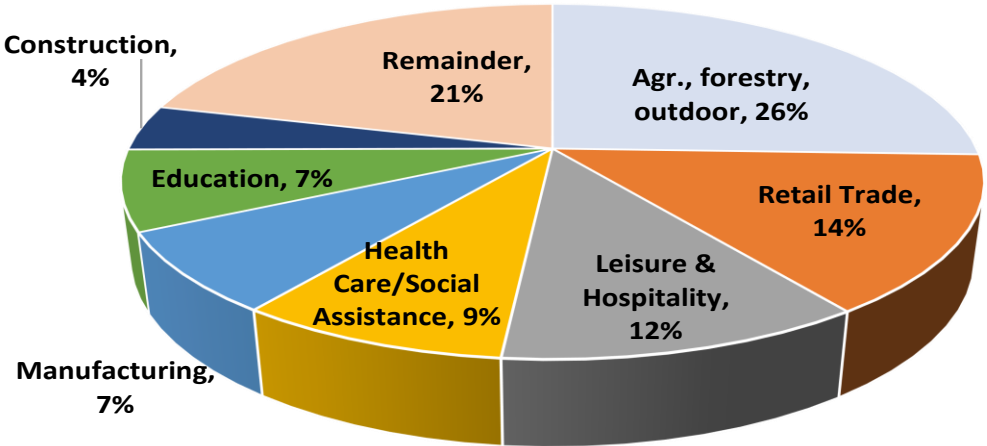
Overview of EOA Process




We Are Here

Employment Profile

Major Industry Sector	Estimated Employment 2024	Average Annual Wage	Share of Employment
Agr., forestry, outdoor	968	\$30,000	26%
Construction	157	\$53,000	4%
Manufacturing	280	\$58,000	7%
Wholesale Trade	159	\$104,000	4%
Retail Trade	547	\$32,000	14%
Transport., Warehousing, Utilities	129	\$48,000	3%
Information	38	\$138,000	1%
Finance & Insurance	22	\$91,000	1%
Real Estate	19	\$41,000	1%
Professional & Technical Services	56	\$45,000	1%
Administration Services	71	\$59,000	2%
Education	277	\$60,000	7%
Health Care/Social Assistance	327	\$37,000	9%
Leisure & Hospitality	441	\$20,000	12%
Other Services	205	\$40,000	5%
Government	93	\$79,000	2%
TOTAL	3,791	\$45,000	0% 10% 20% 30%



- Covered Employment: 3,100 jobs
- Total Employment: 3,800

Target Industries

Factors in Choosing Target Industries

- Offer more living wage jobs locally
- Allow residents to both live and work in Molalla
- More local healthcare, services, shopping, dining
- Increased tourism and local events
 - Sports, music, farm tourism, festivals, etc.



Target Industries

Molalla Target Industries

- Manufacturing
- Health Care & Social Assistance
- Retail Trade
- Accommodation and Food Services (Tourism)
- Construction
- Arts, Entertainment, and Recreation (Tourism)



Employment Forecast Methodology

Employment Forecasts

- Start with Current Employment Profile
- Baseline Jobs Growth Forecast:
 - Population Growth Forecast (1.9% AAGR)
- Adjusted Growth Forecast
 - Reflects target industries and goals
 - 2.1% AAGR



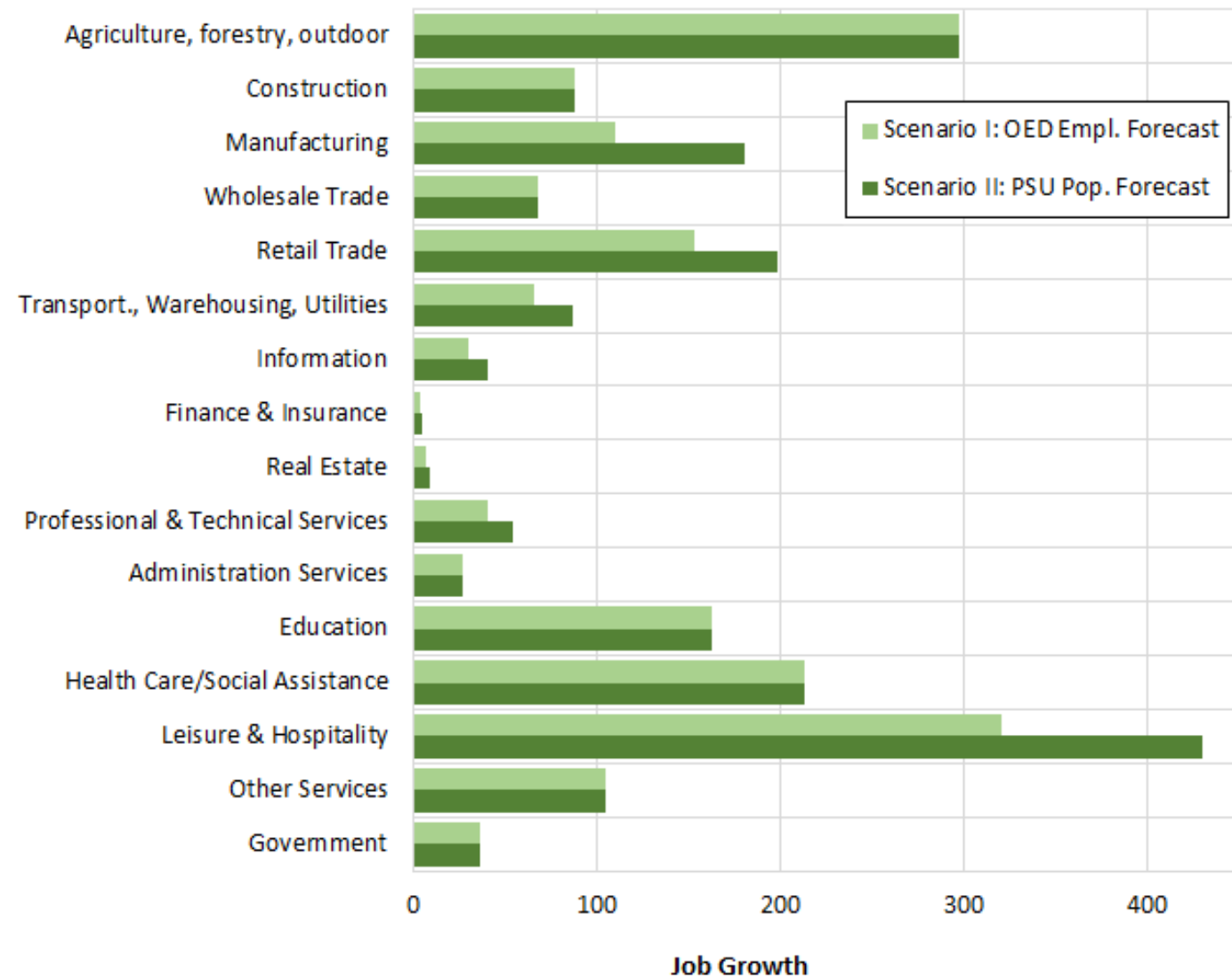
Employment Forecasts

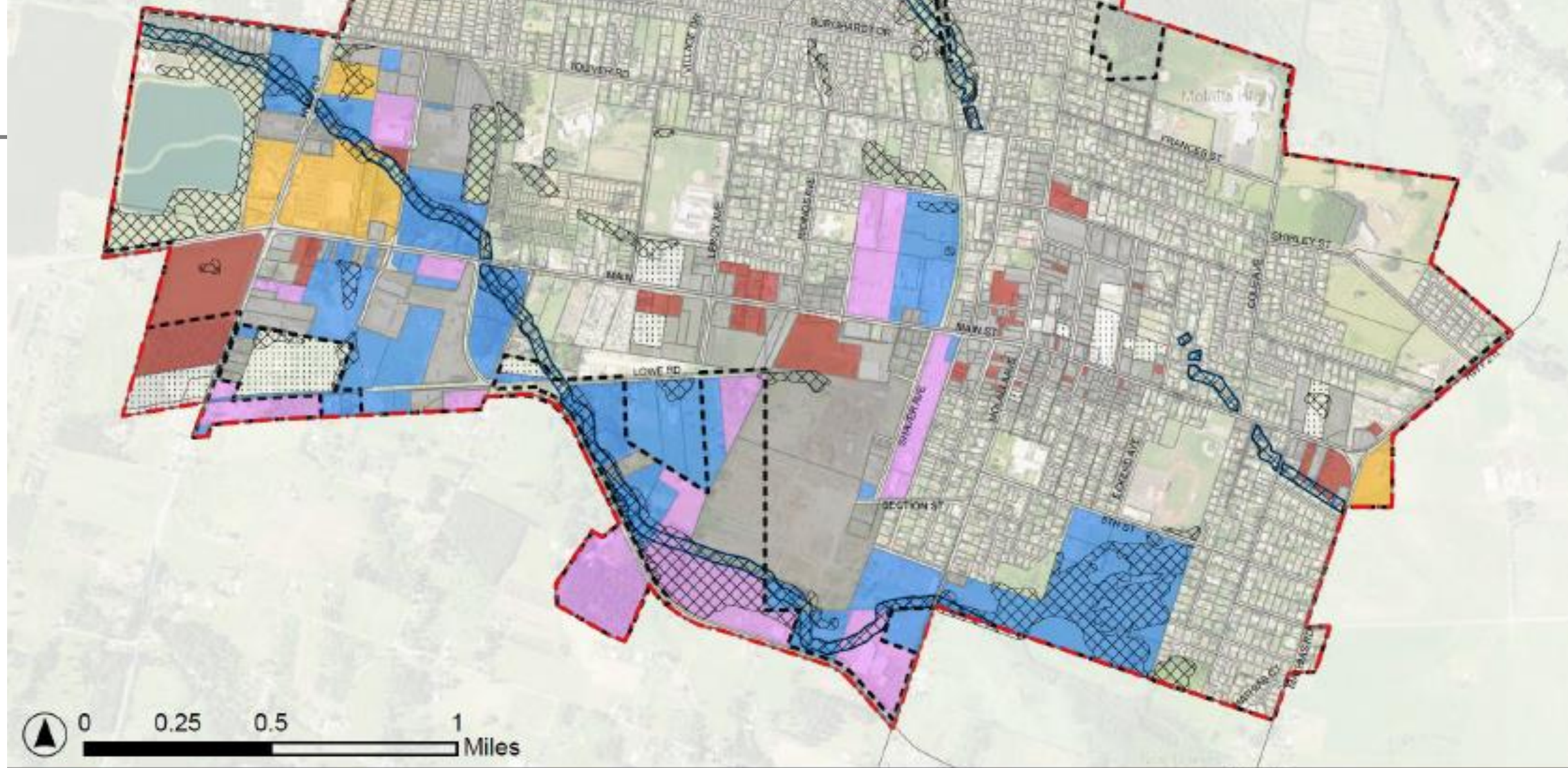
Baseline Forecast (Pop. Growth)

- 1,730 new jobs
- 1.9% annually
- Similar to rate since 2010

Adjusted Forecast

- 2,002 new jobs
- 2.1% annually
- Reflects target Industries





City of Molalla
Economic Opportunities Analysis
Employment Buildable Lands Inventory

Commercial Land

- Vacant
- Partially Vacant
- Developed
- Committed

Industrial Land

- Vacant
- Partially Vacant
- Developed
- Committed

- Constraints
- City Boundary
- UGB Boundary

Buildable Land Inventory

Few Large Sites:

- 93% of sites < 5 acres
- 99% of sites < 10 acres

Table 6. Net Developable Acres of Employment Land by Zone Category and Lot Size

	Number of lots	Net Acres
Commercial		
0 – 5 acres	70	28.3
5 – 10 acres	2	14.3
>10 acres	1	12.6
Commercial Subtotal	73	54.7
Industrial		
0 – 5 acres	74	117.1
5 – 10 acres	6	40.9
>10 acres	1	11.8
Industrial Subtotal	81	166.3
Total	154	221.0

Land Supply and Demand: Findings

EMPLOYMENT ZONING DESIGNATION	20 YR. DEMAND (Gross Acres)	BUILDABLE LAND (Acres)	SURPLUS OR (DEFICIT) (Gross Acres)
Commercial (Office, Institutional, Retail)	70.2	54.7	(15.5)
Industrial (Gen. Ind., Warehouse, Flex)	78.1	166.3	88.2
TOTAL:	148.3	221.0	72.7

Land Supply and Demand: Findings

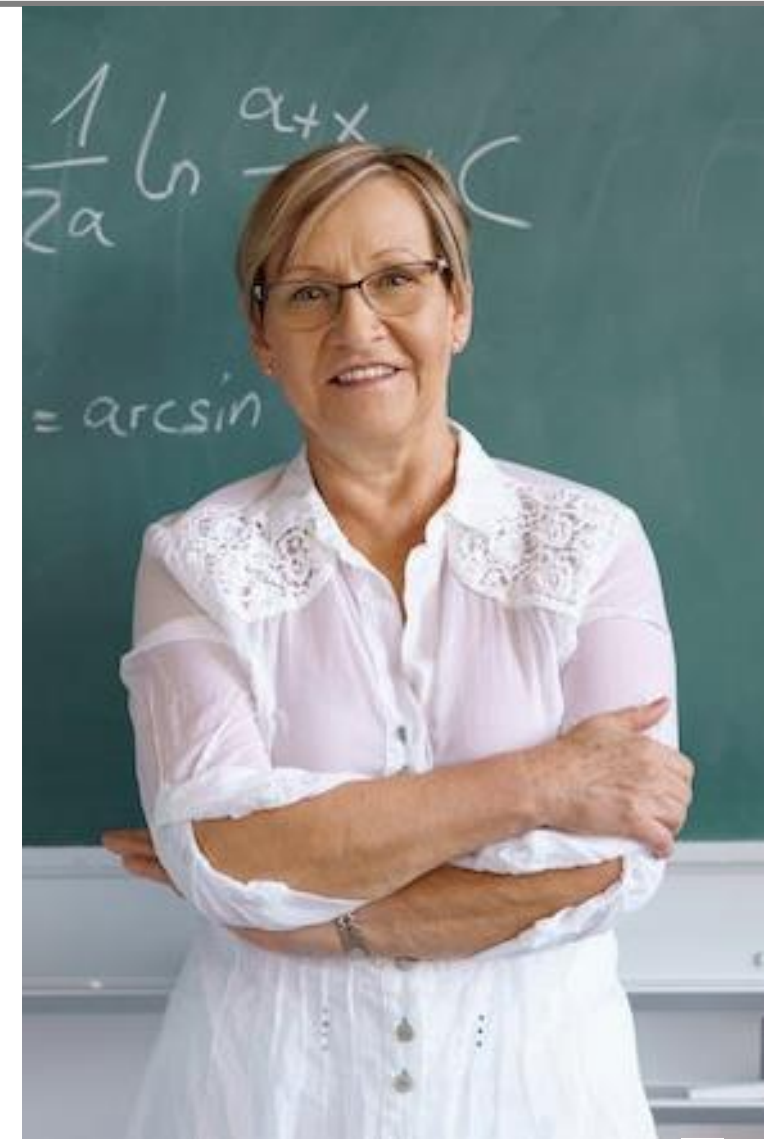
- Forecasted growth of roughly 2,000 new jobs, needing 150 acres.
- Shortage of Commercial land, no large sites
- Surplus of Industrial land, but small sites, some of poor developability
- (Shortage of Residential land. Separate study in 2019.)



Potential Strategies

Meet employment land needs

- UGB swap or expansion
- Locations of industrial, commercial zones
- Rezone non-commercial lands
- Encourage infill/ redevelopment

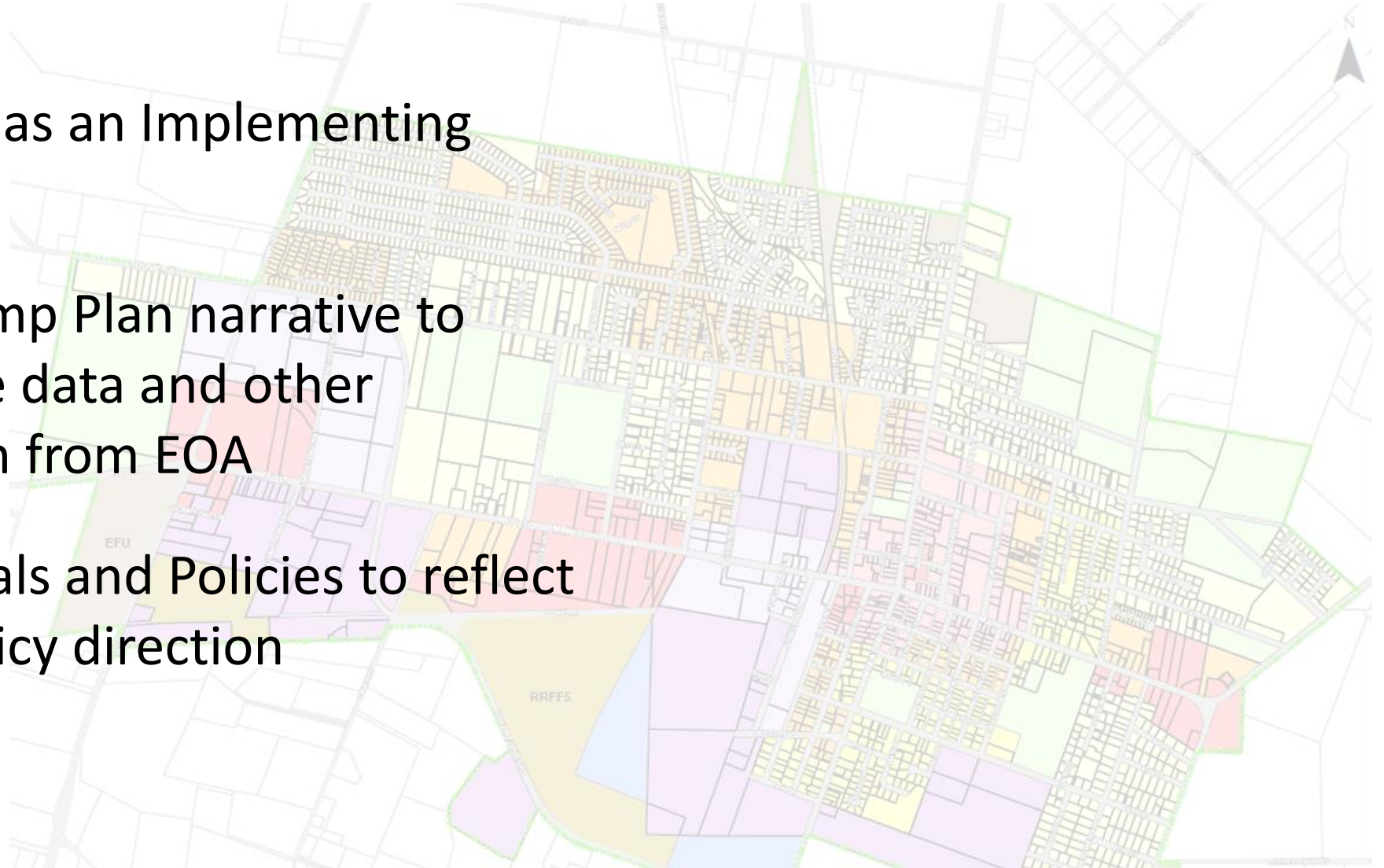




Comprehensive Plan and Development Code Recommendations

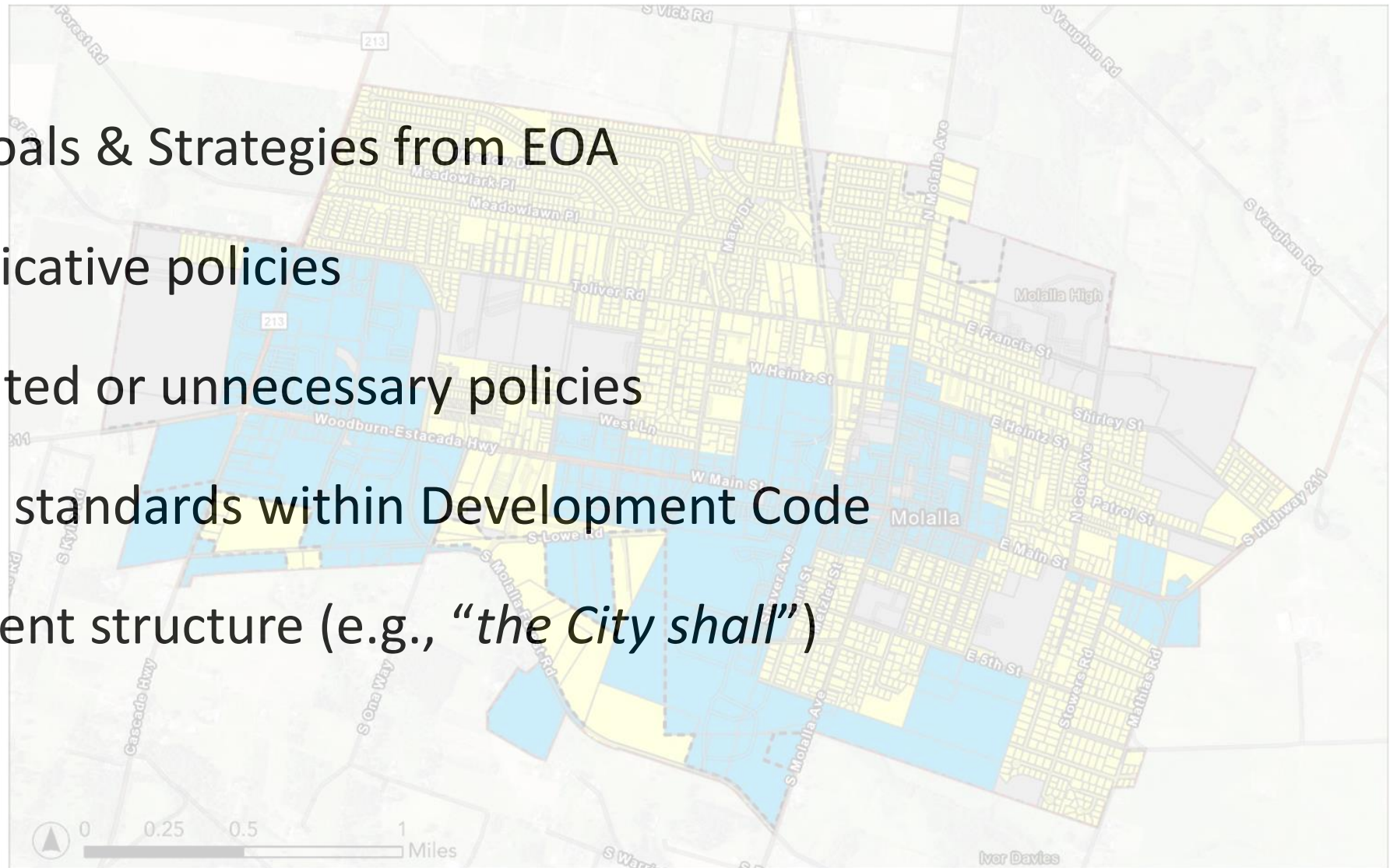
Comprehensive Plan Updates

- Adopt EOA as an Implementing Document
- Update Comp Plan narrative to incorporate data and other information from EOA
- Update Goals and Policies to reflect current policy direction



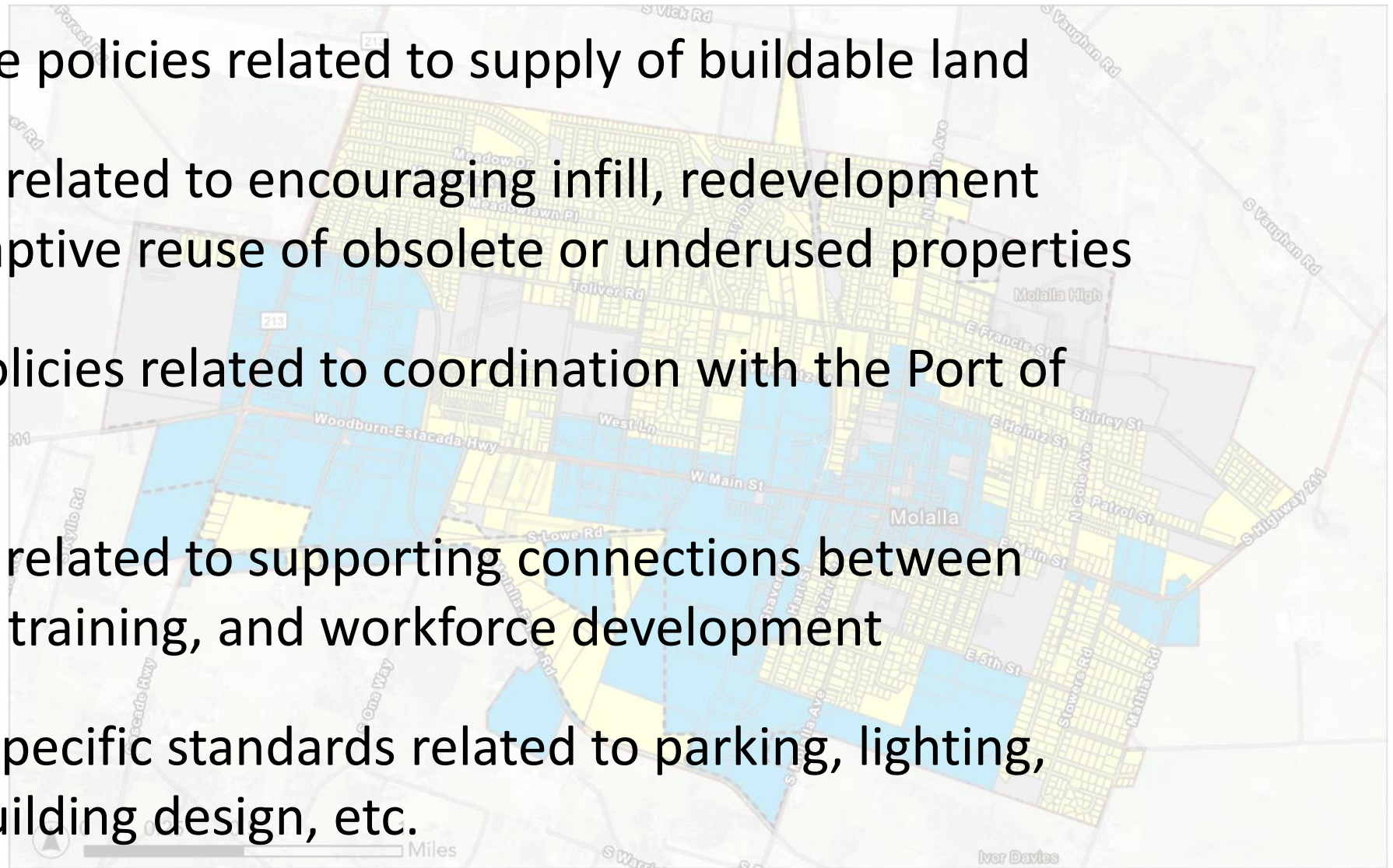
Comprehensive Plan Goals & Policies

- Incorporate Goals & Strategies from EOA
- Eliminate duplicative policies
- Remove outdated or unnecessary policies
- Retain specific standards within Development Code
- Ensure consistent structure (e.g., “*the City shall*”)



Comp Plan Goals & Policies – Examples

- Consolidate policies related to supply of buildable land
- Add policy related to encouraging infill, redevelopment and/or adaptive reuse of obsolete or underused properties
- Remove policies related to coordination with the Port of Portland
- Add policy related to supporting connections between education, training, and workforce development
- Eliminate specific standards related to parking, lighting, signage, building design, etc.

- 
- the policies related to supply of buildable land
- related to encouraging infill, redevelopment
- ptive reuse of obsolete or underused properties
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- ilding design, etc.

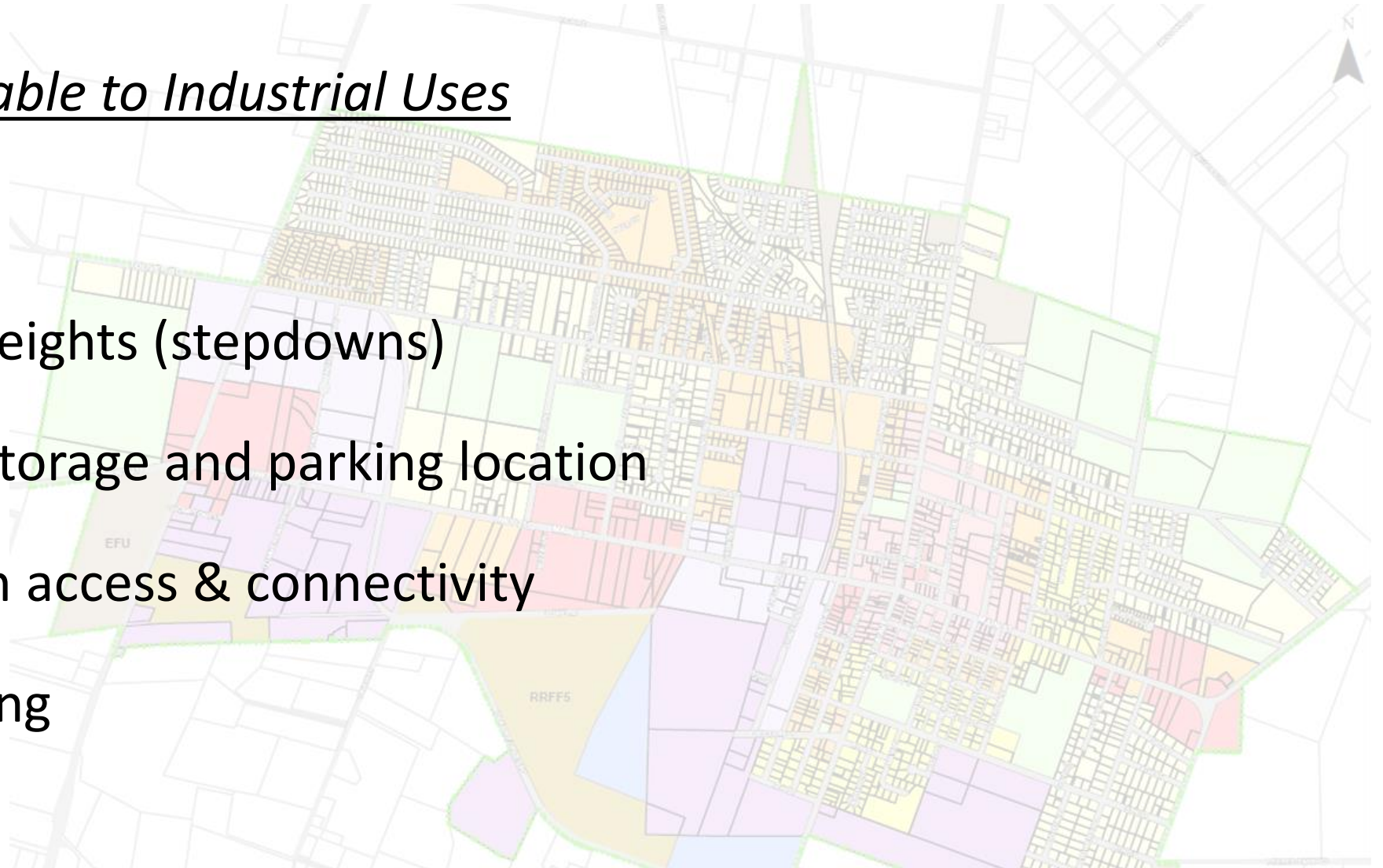
JOHNSON
ECONOMICS



Development Code Recommendations

Standards Applicable to Industrial Uses

- Purpose
- Building heights (stepdowns)
- Outdoor storage and parking location
- Pedestrian access & connectivity
- Landscaping





Molalla Economic Opportunities Analysis

Planning Commission Public Hearing
December 4, 2024



CITY OF MOLALLA, OREGON ECONOMIC OPPORTUNITIES ANALYSIS

Prepared For:
City of Molalla, Oregon

September 2024



Acknowledgments

Johnson Economics prepared this report for the City of Molalla. Johnson Economics and the City of Molalla thank the many people who helped to develop this document.

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This report was prepared in accordance with the requirements of OAR 660 Division 9: Economic Development. This project is funded by State of Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

City of Molalla

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I. INTRODUCTION

This report presents an Economic Opportunities Analysis (EOA) for the City of Molalla, Oregon.

Cities are required to reconcile estimates of future employment land demand with existing inventories of vacant and redevelopable employment land within their Urban Growth Boundary (UGB). The principal purpose of the analysis is to provide an adequate land supply for economic development and employment growth. This is intended to be conducted through a linkage of planning for an adequate land supply to infrastructure planning, community involvement and coordination among local governments and the state.

To this end, this report is organized into seven primary sections:

- **Economic Trends:** Provides an overview of national, state, and local economic trends affecting Clackamas County and the City of Molalla, including population projections, employment growth and a demographic profile.
- **Economic Development Potential:** A discussion of the comparative advantages of the local community and work force.
- **Target Industries:** Analysis of key industry typologies the City should consider targeting as economic opportunities over the planning period.
- **Employment Land Needs:** Examines projected demand for industrial and commercial land based on anticipated employment growth rates by sector.
- **Capacity:** Summarizes the City's inventory of vacant and redevelopable industrial and commercial land (employment land) within City of Molalla's UGB.
- **Reconciliation:** Compares short- and long-term demand for employment land to the existing land inventory to determine the adequacy and appropriateness of capacity over a five and twenty-year horizon.
- **Conclusions and Recommendations:** Summary of findings and policy implications.

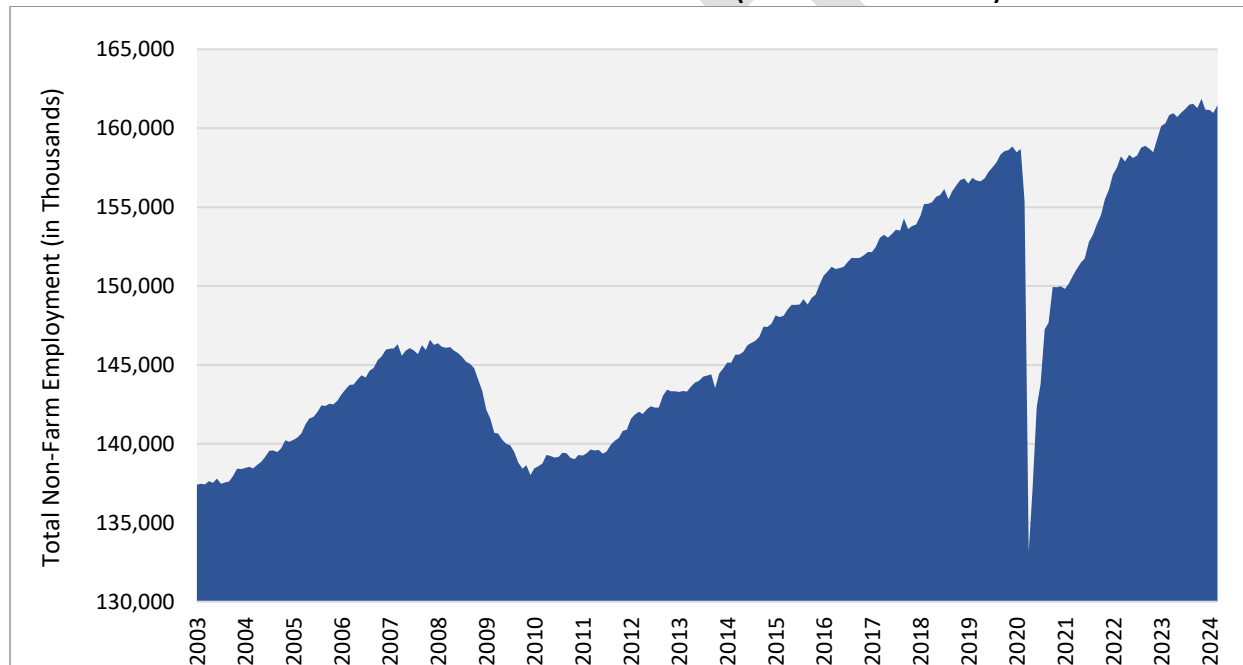
II. ECONOMIC TRENDS

This section summarizes employment and workforce trends at the national, state, and local level that will influence economic conditions in the City of Molalla over the 20-year planning period. This section is intended to provide the economic context for growth projections and establish a socioeconomic profile of the community.

A. NATIONAL TRENDS

Employment: In the first months of the pandemic, the nation lost nearly 22 million jobs, or 14% of total employment. However, the economy recovered quickly, displaying exponential growth as early as February 2021. As of late 2022, national employment had largely returned to pre-pandemic levels, eventually going on to reach a new peak in 2023 with roughly 162 million non-farm jobs in the economy (Figure 2.1).

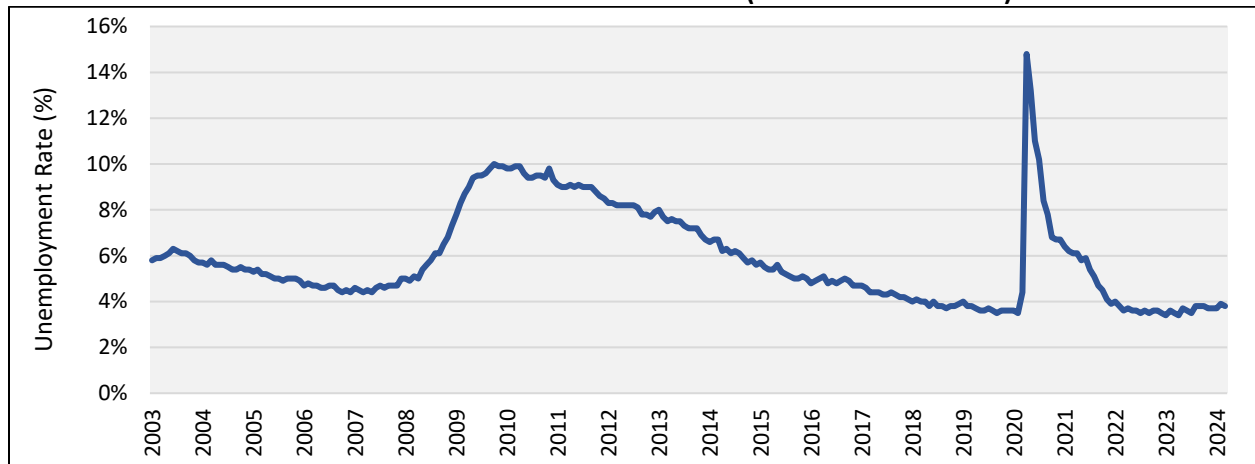
FIGURE 2.1: NATIONAL EMPLOYMENT LEVELS (JAN 2003 – MAR 2023)



Source: U.S Federal Reserve Bank of St. Louis

Unemployment Rate: The national unemployment rate spiked to nearly 15% in 2020 as many businesses paused operations or closed permanently in the first months of the pandemic. However, the unemployment rate began to decline almost immediately, and by mid-2022 had fallen back to a low 3.5%. There has been a slight uptick in the unemployment rate following the summer 2023, but it has remained low by historical standards, hovering around 3.9% as of March 2024 (Figure 2.2).

FIGURE 2.2: NATIONAL UNEMPLOYMENT RATE (JAN 2003 – MAR 2024)

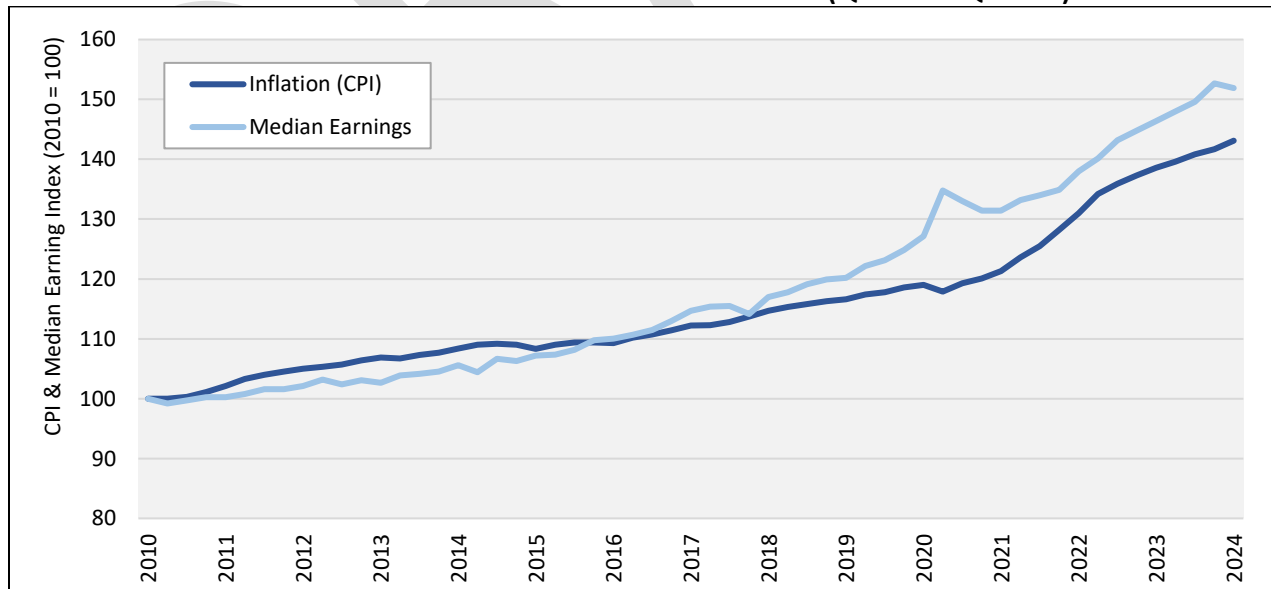


Source: U.S Federal Reserve Bank of St. Louis

Inflation: The counter story to this strong positive rebound in employment has been a rising rate of inflation coming out of the pandemic. Various stimulus measures, combined with supply shortages, led to rising prices for many consumer products, energy, and food. The rate of inflation accelerated in 2021 and began moderating towards the end of 2022, though the rate remains elevated (Figure 2.3). The Federal Reserve has maintained higher interest rates to curb price increases, however recent inflation has been at least partially driven by global macroeconomic forces beyond the Fed’s control.

Wages: On a positive note, average household earning levels have also enjoyed growth coming out of the recession and have largely kept pace with, or exceeded, inflation in recent years. Earnings also spiked in 2020 when government stimulus payments were added to earned wages. However, this growth has started to decelerate as of Q1 2024, decreasing from the quarter before (Figure 2.3).

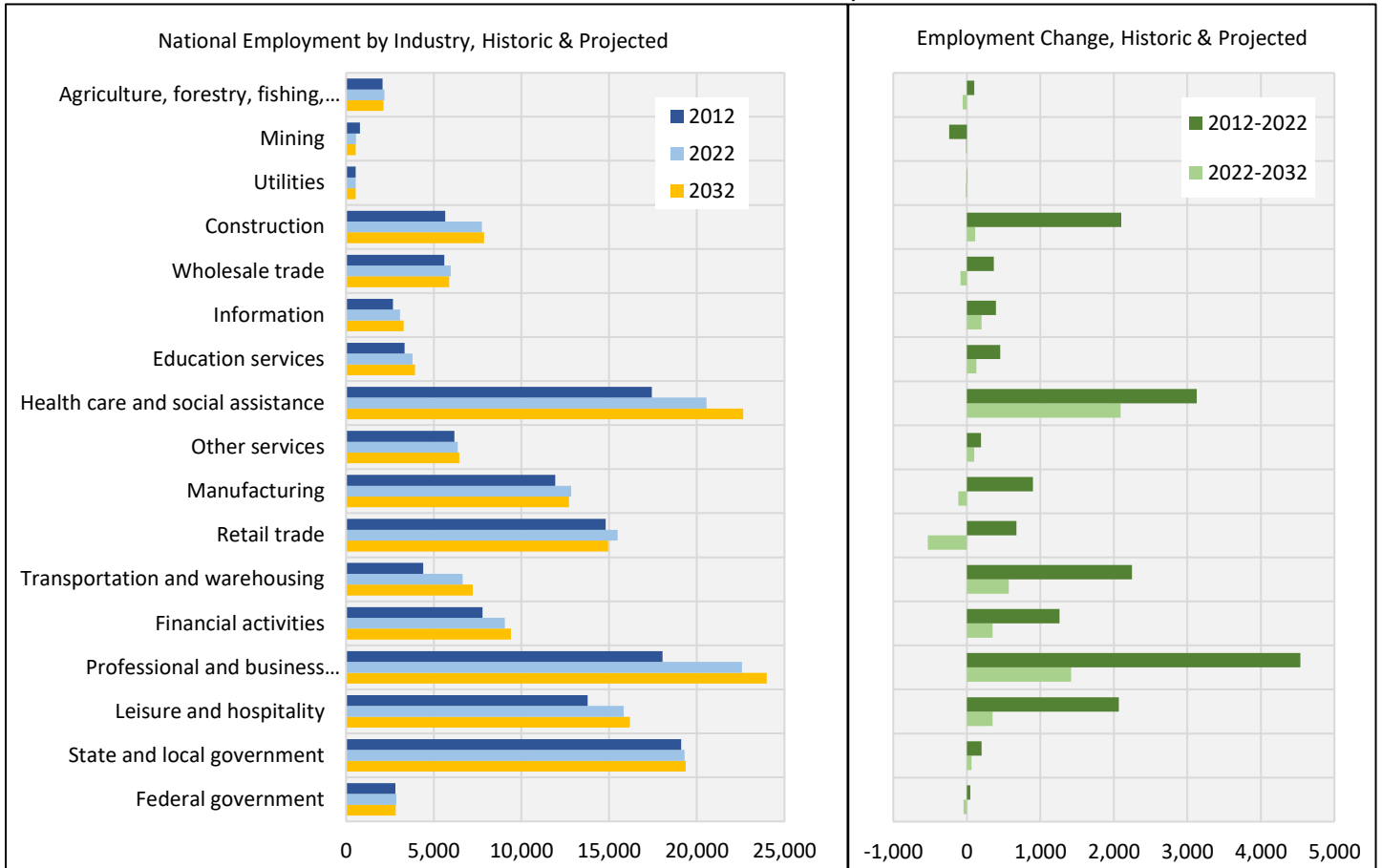
FIGURE 2.3: INFLATION INDEX VS. MEDIAN EARNINGS INDEX (Q1 2010 – Q1 2024)



Source: U.S. Federal Reserve Bank of St. Louis; Consumer Price Index for Urban Consumers (US); Median Earnings for Full-Time Employees, Seasonally Adjusted

Industry Sector Employment: At a national level healthcare & social assistance is projected to account for the largest share of new employment growth, followed by professional & business services, and leisure & hospitality. The aging of the population is expected to drive the healthcare sector over the next few decades.

FIGURE 2.4: NATIONAL EMPLOYMENT GROWTH BY SECTOR, HISTORIC AND PROJECTED

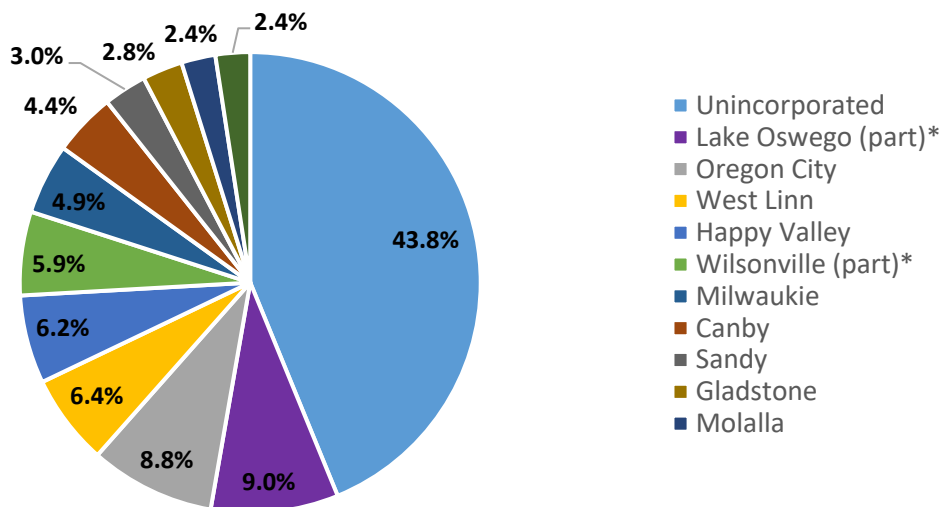


SOURCE: US Bureau of Labor Statistics

B. COUNTY AND LOCAL POPULATION AND WORKFORCE TRENDS

Population: Molalla makes up roughly 2.4% of Clackamas county’s population, with an estimated population of 10,335 people as of 2023 (the latest estimate available). The city has grown by an estimated 2,225 residents since 2010, at an estimated rate of 1.9% per year. This growth rate has outpaced the growth rates of the county (0.9%) and state (0.9%) in the same period.

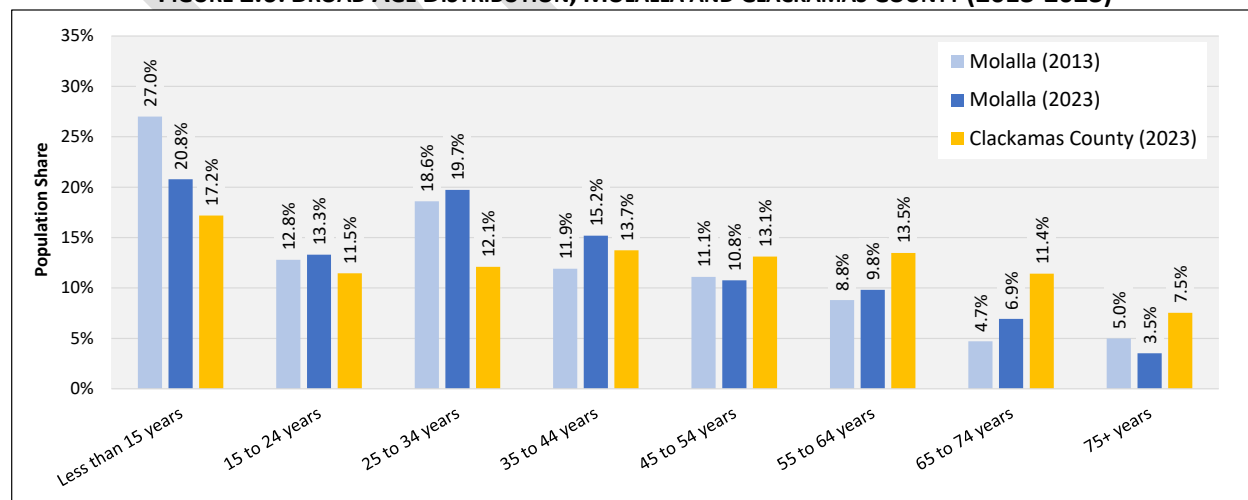
FIGURE 2.5: SHARE OF TOTAL POPULATION IN CLACKAMAS COUNTY (2023)



SOURCE: Population Research Center, Portland State University

Clackamas County’s population age distribution is fairly evenly distributed with no one age group far outnumbering the rest. Comparatively, Molalla’s age distribution is considerably more skewed towards the younger groups, with roughly 21% of the city’s population being under 15 years of age. While this remains the largest age segment, its share has fallen over the last ten years from an estimated 27%. An additional third (roughly 33%) of the city are between 15 and 34 years old.

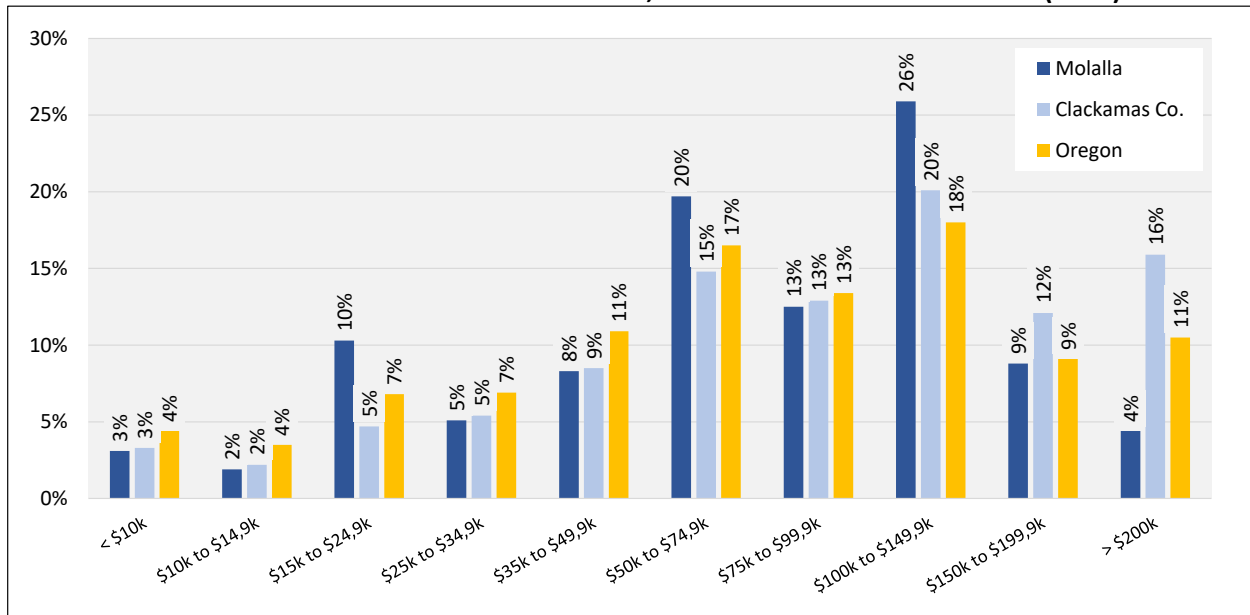
FIGURE 2.6: BROAD AGE DISTRIBUTION, MOLALLA AND CLACKAMAS COUNTY (2013-2023)



SOURCE: Population Research Center, Portland State University

Since 2013, the 35- to 44-year-old age cohort grew the most in share of total population in Molalla, while the 15 and younger group faced the biggest decrease. These trends reflect the aging of the Millennial and Baby Boom generations, increasing the share of population approaching middle age, and those aged 60 and older. A secular trend of falling fertility rates leads to fewer average children per family.

FIGURE 2.7: HOUSEHOLD INCOME DISTRIBUTION, MOLALLA AND CLACKAMAS COUNTY (2023)



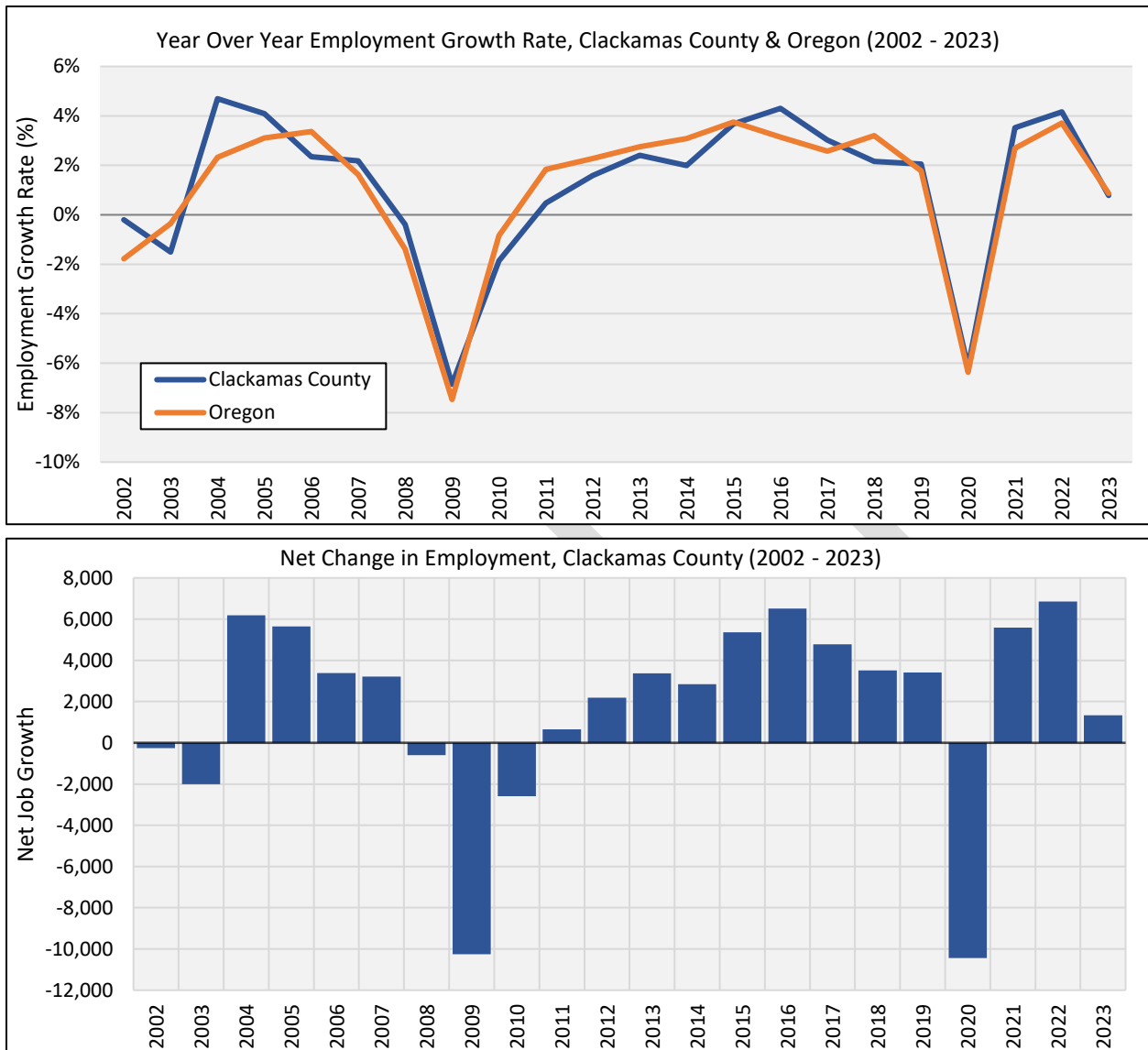
SOURCE: Census Bureau, ACS 5 Year Estimates

Figure 2.7 presents the estimated income distribution. Roughly 26% of Molalla's and 20% of Clackamas County's households earn between \$100k to \$149k, the largest share in both geographies, and greater than the statewide share. However, the city has a lower share of households earning more than \$150k.

Employment Growth: Clackamas County experienced slower employment growth relative to the state for most of the 2010's. Following the '08 – '09 recession, the county did not return to positive growth until 2011 while the state saw positive employment growth in 2010. During this decade, Clackamas' annual employment growth peaked at 4.3% in 2016 before decelerating up until the COVID-19 downturn. During the COVID-19 downturn, Clackamas County experienced a negative shock nearly identical with the state, losing about 6% of its employment base between 2019 and 2020. (Figure 2.8)

Since 2010, Clackamas County has added a net of roughly 30,000 jobs. The job growth peaked in 2015 with over 6,500 jobs added. In 2020, the county lost roughly 10,400 jobs, but recovered that employment over the next two years. (Figure 2.8)

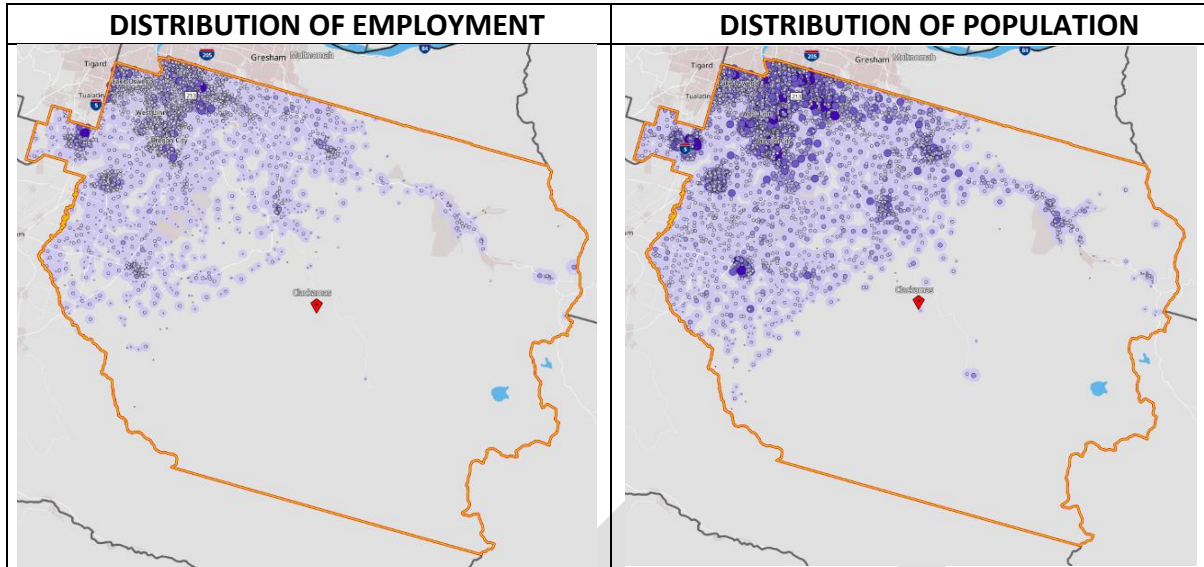
FIGURE 2.8: EMPLOYMENT GROWTH TRENDS, CLACKAMAS COUNTY & OREGON (2002 – 2023)



SOURCE: Oregon Employment Department, JOHNSON ECONOMICS

Employment and Population Concentrations: The distribution of employment in Clackamas County is concentrated in and around the Portland Metro area, as the largest regional hub of employment and economic activity (Figure 2.9). While population follows a similar pattern, there is a greater dispersion of residents outside of the Metro boundary than employment, indicating that many households live in more dispersed areas, and commute to employment centers.

FIGURE 2.9: DISTRIBUTION OF EMPLOYMENT AND WORKFORCE, CLACKAMAS COUNTY, 2021

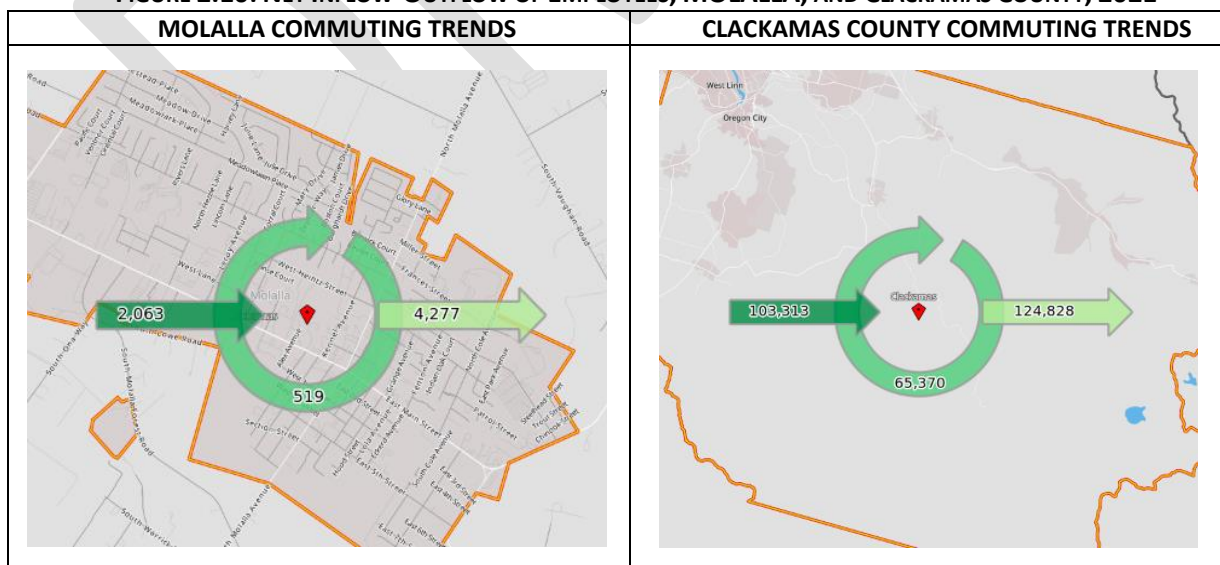


SOURCE: Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) Data

Commuting Trends: In 2021 (the most recent data available), the city of Molalla was estimated to have roughly 2,060 people commuting in for work, 4,275 people commuting out and 520 residents both living and working in the city. This indicates that nearly 90% of working Molalla residents commute elsewhere for employment. These figures reflect “covered employment” as of 2021, the most recent year available. Covered employment refers to those jobs where the employee is covered by federal unemployment insurance. This category does not include many contract employees and the self-employed and therefore is not a complete picture of local employment. *The figure discussed here is best understood as indicators of the general pattern of commuting and not exact figures.*

Of those residents who work outside of the city, the most common commute destinations are Portland, Oregon City, Canby, and Salem. For local employees who commute in from outside of Molalla, most live in Salem, Portland, and Oregon City.

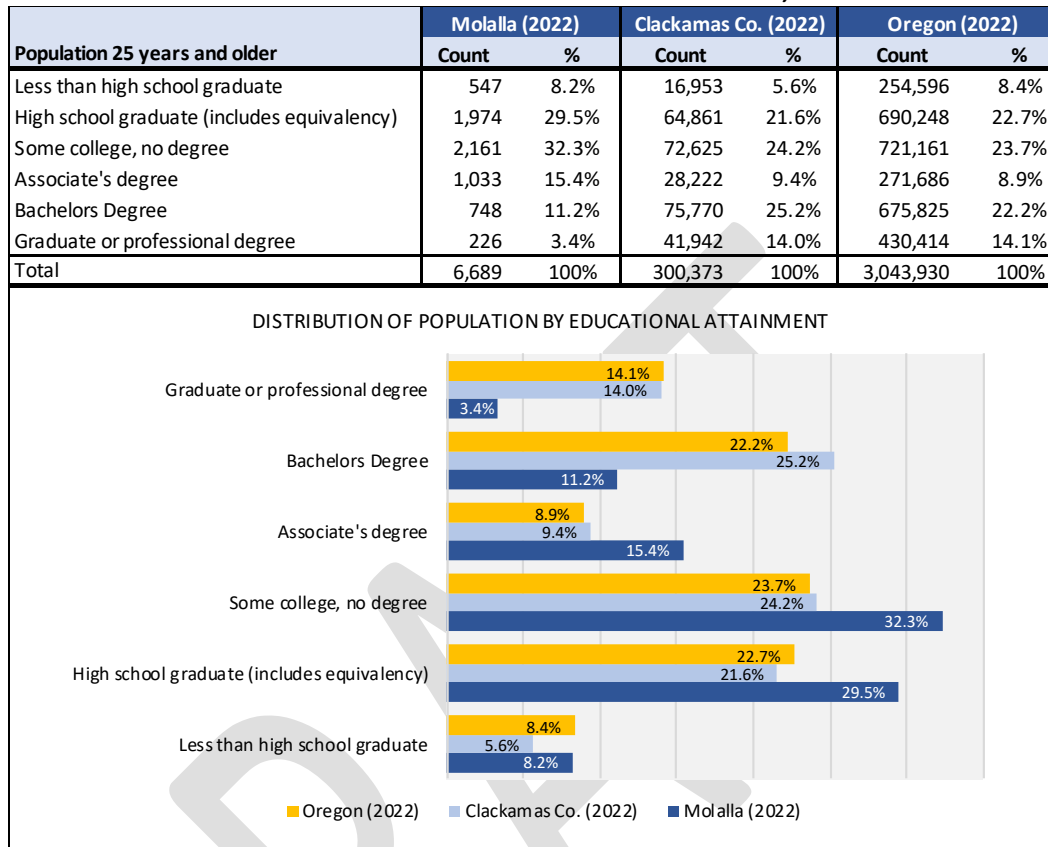
FIGURE 2.10: NET INFLOW-OUTFLOW OF EMPLOYEES, MOLALLA, AND CLACKAMAS COUNTY, 2021



SOURCE: Census Bureau, LEHD Data

Workforce Characteristics: Molalla has a greater share of less educated adults than the county or state (Figure 2.11).

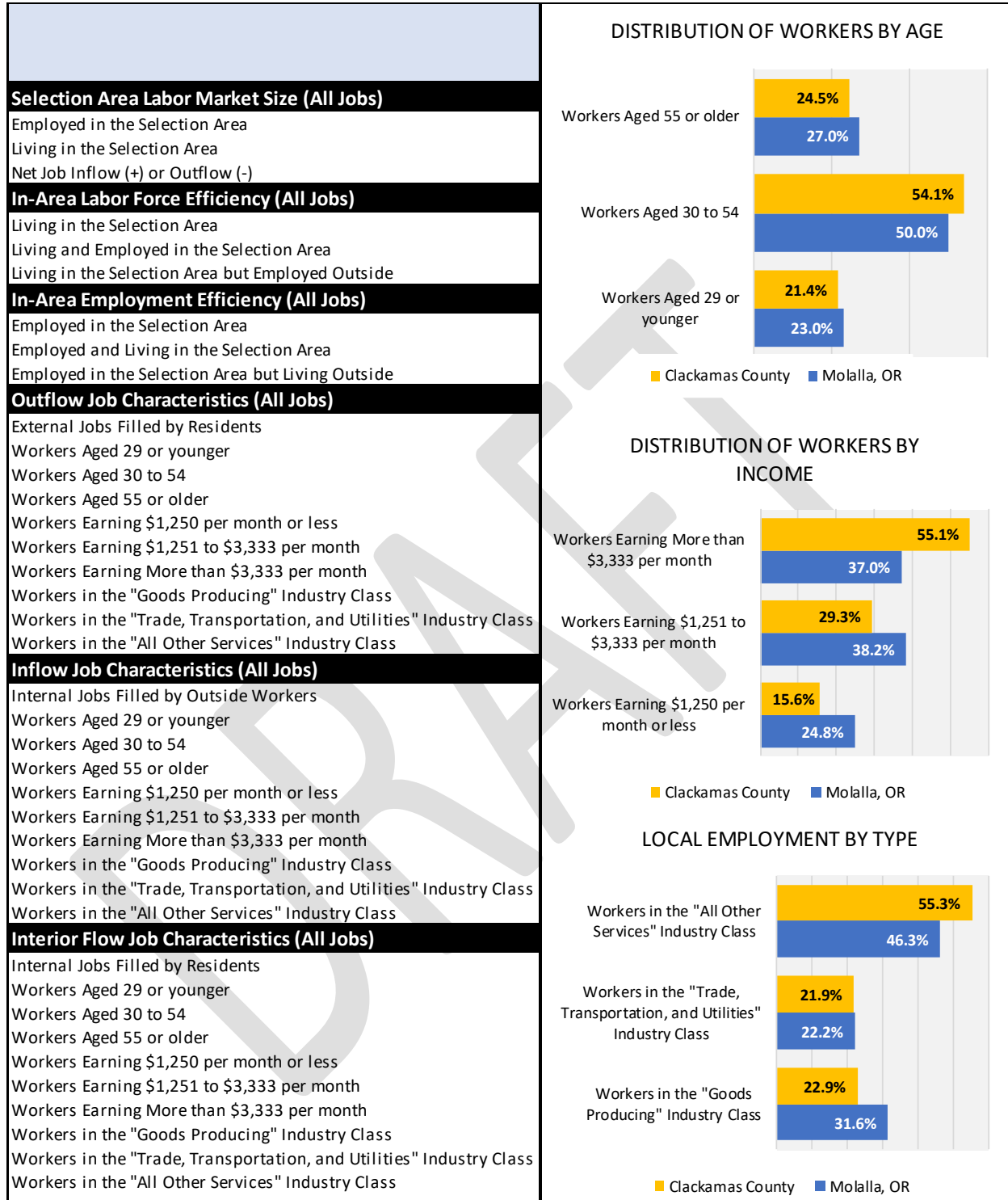
FIGURE 2.11: EDUCATIONAL ATTAINMENT PROFILE, 2022



SOURCE: U.S. Census Bureau, 2017 - 2022 ACS 5-Year Estimates

- Molalla's adult population (aged 25 years and older) has relatively lower average education levels than the county or state. 62% of the population have a high school diploma, or some college with no degree, compared to 46% of the county and state.
- 30% of Molalla's adult population have a degree, compared to 49% of the county and 45% of the state.
- Molalla has a higher share working in trade, transportation, and utilities (22.2%) and goods producing industries (31.6%) than the county (Figure 2.9). This includes retail, wholesale, warehousing, and shipping industries. (Figure 2.12)
- Molalla has a larger proportion of younger and near-retirement workers than the county, with 23% of its workers less than 30 years of age and 27% of its workers aged 55 or older.
- Working residents of Molalla are more likely to be in middle- and lower-income groups than the county. Roughly 24.8% of working Molalla residents earn over \$1,250 or less per month, and 38.2% earn between \$1,251 to \$3,333 per month.

FIGURE 2.12: CHARACTERISTICS OF LOCAL WORKFORCE, CITY OF MOLALLA AND CLACKAMAS COUNTY, 2021



C. MOLALLA EMPLOYMENT & SECTOR SUMMARY

As of 2024, the City of Molalla is home to roughly 290 businesses with roughly 3,050 employees. There are an additional roughly 750 self-employed or sole-proprietor workers in the city, for a total of nearly 3,800 locally employed, or self-employed persons.

The largest industries by employment are “agriculture, forestry, fishing, and hunting”, retail trade, and leisure and hospitality (including dining). The manufacturing, health care & social assistance, and educational services sectors also have a notable employment base in the city. Molalla has the lowest employment representation in finance & insurance and real estate sectors, and no reported employment in the mining or utilities subsectors.

As for average annual wages, the highest paying sectors in 2024 are information, wholesale trade, and finance & insurance. The lowest paying sectors are “arts, entertainment, & recreation”, accommodation & food services, “agriculture, forestry, fishing, & hunting”, and retail trade.

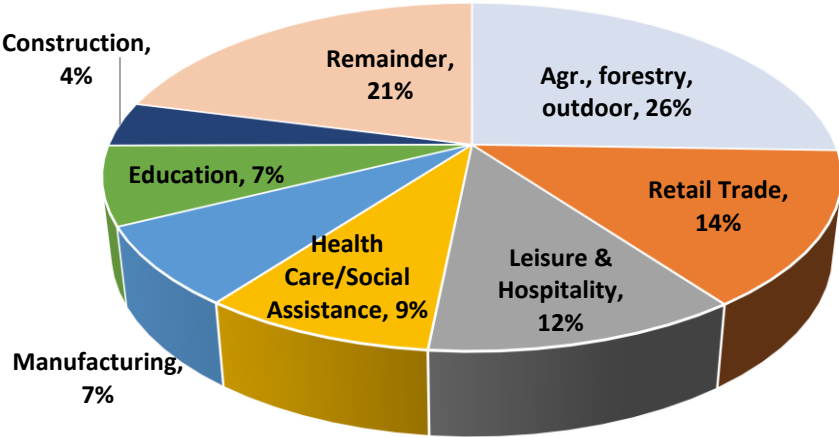
(Industry sectors are discussed in more detail in Section IV of this report.)

FIGURE 2.13: ESTIMATED EMPLOYMENT BY INDUSTRY SECTOR, CITY OF MOLALLA 2024

Major Industry Sector	Estimated Employment 2024	Average Annual Wage	Share of Employment
Agr., forestry, outdoor	968	\$30,000	26%
Construction	157	\$53,000	4%
Manufacturing	280	\$58,000	7%
Wholesale Trade	159	\$104,000	4%
Retail Trade	547	\$32,000	14%
Transport., Warehousing, Utilities	129	\$48,000	3%
Information	38	\$138,000	1%
Finance & Insurance	22	\$91,000	1%
Real Estate	19	\$41,000	1%
Professional & Technical Services	56	\$45,000	1%
Administration Services	71	\$59,000	2%
Education	277	\$60,000	7%
Health Care/Social Assistance	327	\$37,000	9%
Leisure & Hospitality	441	\$20,000	12%
Other Services	205	\$40,000	5%
Government	93	\$79,000	2%
TOTAL	3,791	\$45,000	0% 10% 20% 30%

SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

FIGURE 2.14: ESTIMATED SHARE OF EMPLOYMENT BY INDUSTRY SECTOR, CITY OF MOLALLA 2024

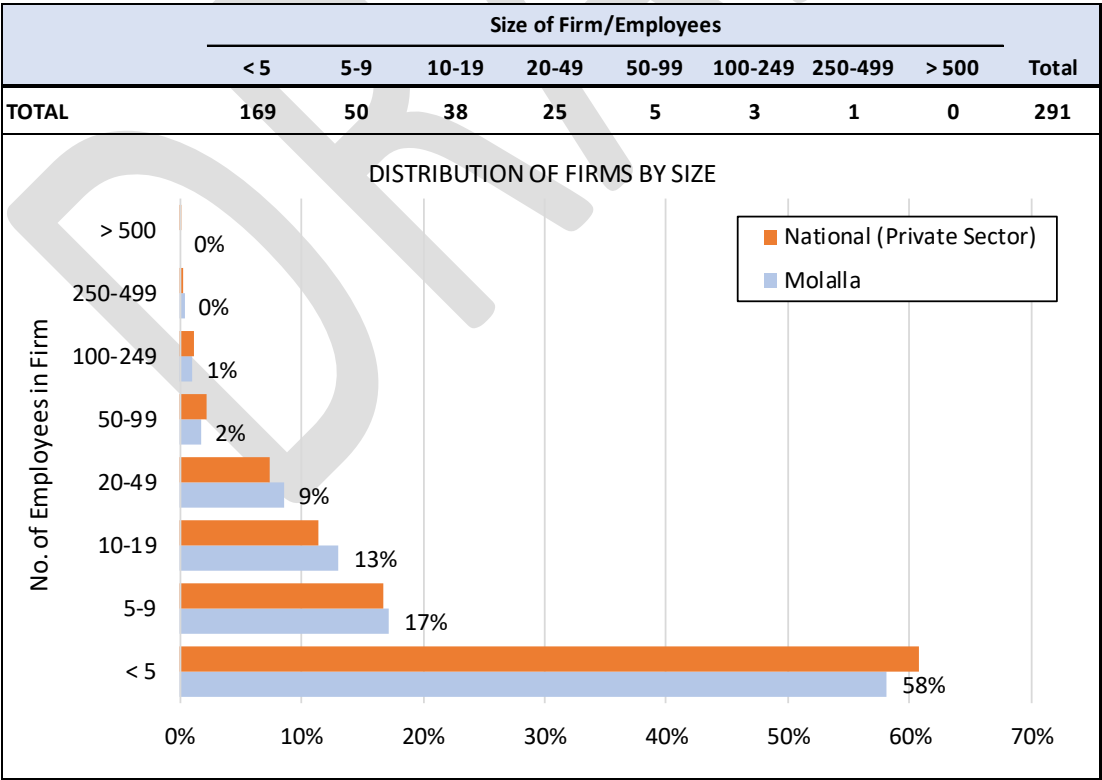


SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

The local employment base is dominated by relatively small firms, with nearly 90% of businesses having fewer than 20 employees (Figure 2.15). However, this trend is in keeping with the national average. Most businesses are small businesses. (This is based on the most recent 2022 QCEW data for unemployment-insurance covered employment, and therefore doesn't include all self-employment or owner/operator businesses.) Just 1% of firms have more than 100 employees. This is again, in keeping with national trends.

As of 2022, there were an estimated 291 firms in Molalla with covered employees (not including sole-proprietorships/self-employed).

FIGURE 2.15: DISTRIBUTION OF FIRMS BY SIZE, CITY OF MOLALLA - 2024



SOURCE: Oregon Employment Department, Johnson Economics

III. COMMUNITY ECONOMIC DEVELOPMENT POTENTIAL

The economic climate of a community helps foster growth of existing firms and industry clusters and make the area attractive for new businesses. The City of Molalla has several advantages that boost its potential as a location for current and future business.

Location: Molalla enjoys a location between agricultural and forest lands, and near the Portland Metro area. The community has grown as a center for housing, employment, commerce, and services for the central Clackamas County subregion. The community is served by state highway access in the north/south and east/west directions. It is roughly 15 miles from I-5 freeway access via Woodburn to the west, and 15 miles from the Portland Metro region, via Oregon City to the north. Molalla is within commuting distance to Salem, the Metro region, and other Willamette Valley communities.

The location puts the city's businesses in the middle of a subregional market area and available labor force. While the city provides many shopping, dining, and service options, there are others that are lacking in the community, and necessitate a trip to neighboring communities. At the same time, the location separate from the major metro areas has allowed the city to maintain a small town identity and establish a strong base of agricultural and wood products industries based in the surrounding natural resources.

Transportation Connectivity: Molalla has good highway access, at the crossroads of state highways 213 and 211. These provide access to the surrounding agricultural and forestry lands in central Clackamas County, as well as broader access to the I-5 corridor, and the eastern Metro area. Highway 211 also provides a route to Estacada, Sandy, and US Highway 26 to the northeast. These routes can suffer from congestion that extends driving times, especially during commuting hours.

Portland International Airport is located approximately forty-five minutes to the north providing global air connections. The Salem Municipal Airport has recently been in discussions to provide some commercial service to a limited number of southwest states, which would provide nearer access to residents and businesses in Molalla.

Labor Market: The availability of ample and skilled labor is a key factor in economic development potential. It is estimated that nearly 90% of working Molalla residents commute elsewhere for their primary employment. This means that the community is likely home to a broader range of skills and specialties than just those found among local employers. This represents a diverse talent pool and skillset from which new businesses locating and growing in the city could draw.

Beyond the talent pool of Molalla residents, the city's highway access gives local businesses the ability to draw on a larger labor pool from the region. An estimated 80% of the local workforce commutes into Molalla, with the greatest numbers coming from Salem, Portland, Woodburn, Oregon City, and Canby. While ideally these workers may eventually choose to relocate to the community, in the meantime businesses know they can attract workers with a full range of skills and experience from a broader area if necessary.

The "Mid-Willamette Valley Supply and Target Industry Growth Recommendations for Clackamas, Polk and Yamhill Counties" (2014) report identified workforce issues in Clackamas, Polk, and Yamhill counties. These issues included finding qualified workers with the proper basic and technical skills, training entry-level workers effectively, and successfully employing contractors from staffing agencies. These issues remain a challenge in many regions across Oregon and call for broader solutions with the city's economic development partners.

Quality of Life: Molalla offers a high quality of life and suburban amenities to attract new workers and businesses to the city. The city offers a mixture of small-town lifestyle, diverse cultural activities, with access to nature and rural amenities, while also being a quick trip away from larger metro areas with additional urban amenities. The community features relatively affordable housing in comparison to other parts of the region, good schools, parks, and shopping and local services for most daily needs.

Molalla's location in the Willamette Valley offers ready access to a full range of mountain recreation to the east, and Oregon's wine country to the west.

Economic Development Partnerships: Molalla has several partners in economic development, including the local Chamber of Commerce, SEDCOR, Clackamas County, and Business Oregon. Molalla is within roughly 15 miles of outposts of both Clackamas and Chemeketa Community College to offer ongoing education and training to the local workforce.

Local and regional employers are also key partners in promoting and growing their industries. Molalla works with these and other regional partners to provide the infrastructure and services needed to retain and attract businesses to the city.

Economic Development Tools: Molalla features an Enterprise Zone which allows for tax abatements to incentivize new business development across major commercial and industrial sections of the city, including the downtown. Molalla also maintains an Urban Renewal area that covers the downtown area, and much of the Highway 211 corridor, extending to highway 213, among other corridors. The urban renewal agency can offer incentives for development, secure key economic development sites, among other projects.

IV. INDUSTRY DIFFERENTIATION ANALYSIS

This element of the Economic Opportunities Analysis utilizes analytical tools to assess the economic landscape in Clackamas County and the City of Molalla. The objective of this process is to identify a range of industry types that can be considered targeted economic opportunities over the planning period.

A range of analytical tools to assess the local and regional economic landscape are used to determine the industry typologies the city should consider targeting over the planning period. Where possible, we look to identify the sectors that are likely to drive growth in current and subsequent cycles.

ECONOMIC SPECIALIZATION (CLACKAMAS COUNTY)

A common analytical tool to evaluate economic specialization is location quotient analysis. This metric compares the concentration of employment in an industry at the local level to a larger geography. All industry categories are assumed to have a quotient of 1.0 on the national level, and a locality's quotient indicates if the local share of employment in each industry is greater or less than the share seen nationwide. For instance, a quotient of 2.0 indicates that locally, that industry represents twice the share of total employment as seen nationwide. A quotient of 0.5 indicates that the local industry has half the expected employment.

A location quotient analysis was completed for Clackamas County, which evaluated the distribution of local employment relative to national averages, as well as average annual wage levels by industry (Figure 4.1). The industries that are well-represented countywide are good candidates for growth in localities such as Molalla as the city has the ability to tap into regional advantages to grow locally.



FIGURE 4.1: INDUSTRY SECTOR SPECIALIZATION BY MAJOR INDUSTRY, CLACKAMAS COUNTY, 2022

Industry	Annual Establishments	Average Employment	Total Annual Wages	Average Annual Wages	Employment LQ
102 Service-providing	14407	117,463	\$7,620,027,186	\$64,872	0.96
101 Goods-producing	3,179	37,686	\$2,640,181,944	\$70,057	1.48
1011 Natural resources and mining	389	4,673	\$202,637,060	\$43,365	2.25
1012 Construction	2,057	15,192	\$1,106,928,565	\$72,865	1.72
1013 Manufacturing	733	17,822	\$1,330,616,319	\$74,661	1.22
1021 Trade, transportation, and utilities	2,590	33,948	\$2,083,407,387	\$61,370	1.04
1022 Information	480	2,643	\$294,869,919	\$111,587	0.76
1023 Financial activities	1,611	7,918	\$771,058,869	\$97,383	0.8
1024 Professional and business services	3158	24,425	\$2,084,308,856	\$85,334	0.95
1025 Education and health services	2,642	24,553	\$1,592,778,916	\$64,872	0.92
1026 Leisure and hospitality	1208	16,740	\$471,365,906	\$28,159	0.93
1027 Other services	1,622	6,735	\$280,288,847	\$41,619	1.34
1029 Unclassified	1097	502	\$41,948,486	\$83,535	1.49
Total	17,587	155,151	\$10,260,209,130	\$66,130	

SOURCE: U.S. Bureau of Labor Statistics

In general, the County has stronger representation among goods-producing sectors than service-producing sectors, relative to nationally. Among major industries, the natural resources & mining industry was the most strongly represented, with the construction industry being the next. Construction, Manufacturing and other types of services each have representation somewhat higher than the national average. The information and financial activities industries were the most under-represented major industries. The information sector provided the highest average wages among these industries (\$112k/year), while the other services industry has the lowest average wages (\$42k/year).

A more detailed industry analysis shows that the industries with the highest LQ in the county are “agriculture, forestry, fishing, and hunting”, construction, wholesale trade, and unclassified workers. Health care & social assistance, retail trade, and manufacturing employ the most people out of all the industries, employing a little over a third of the county’s entire employment base. The most under-represented industries are utilities, federal and state government, and mining. (Figure 4.2 includes government employment as well.)

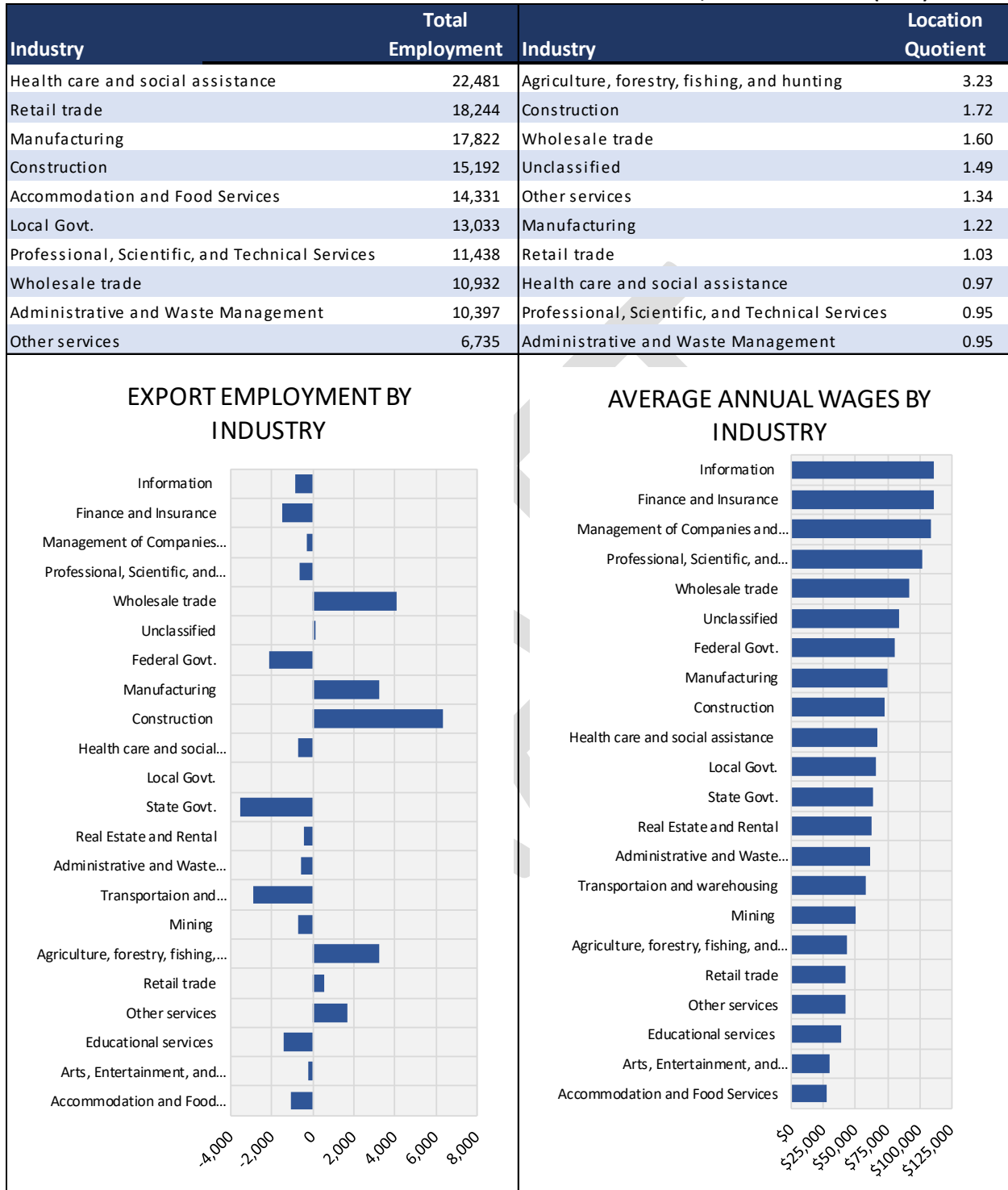
FIGURE 4.2: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CLACKAMAS COUNTY, 2022

Industry	Annual Establishments	Average Employment	Total Annual Wages	Average Annual Wages	Employment LQ
Agriculture, forestry, fishing, and hunting	384	4,645	\$201,222,408	\$43,320	3.23
Mining	5	28	\$1,414,652	\$50,523	0.04
Utilities	16	298	\$36,920,679	\$123,895	0.47
Construction	2,057	15,192	\$1,106,928,565	\$72,863	1.72
Manufacturing	733	17,822	\$1,330,616,319	\$74,661	1.22
Wholesale trade	1,102	10,932	\$1,011,208,904	\$92,500	1.6
Retail trade	1,125	18,244	\$777,672,778	\$42,626	1.03
Transportation and warehousing	347	4,475	\$257,605,026	\$57,565	0.61
Information	480	2,643	\$294,869,919	\$111,566	0.76
Finance and Insurance	905	5,666	\$630,017,931	\$111,193	0.79
Real Estate and Rental	706	2,252	\$141,040,938	\$62,629	0.84
Professional, Scientific, and Technical Services	2,127	11,438	\$1,169,298,119	\$102,229	0.95
Management of Companies and Enterprises	141	2,590	\$281,333,541	\$108,623	0.9
Administrative and Waste Management	890	10,397	\$633,677,196	\$60,948	0.95
Educational services	238	2,072	\$80,957,209	\$39,072	0.6
Health care and social assistance	2,405	22,481	\$1,511,821,707	\$67,249	0.97
Arts, Entertainment, and Recreation	215	2,409	\$71,302,136	\$29,598	0.91
Accommodation and Food Services	994	14,331	\$400,063,770	\$27,916	0.93
Other services	1,622	6,735	\$280,288,847	\$41,617	1.34
Unclassified	1,097	502	\$41,948,486	\$83,563	1.49
Federal Govt.	50	1,141	\$91,420,549	\$80,123	0.35
State Govt.	31	1,641	\$104,538,207	\$63,704	0.32
Local Govt.	198	13,033	\$866,580,255	\$66,491	0.82
Total	17,868	170,967	\$11,322,748,141	\$66,228	

SOURCE: U.S. Bureau of Labor Statistics

The level of indicated export employment is estimated by sector by combining the location quotients and overall employment levels. Export industries are important in that they grow the overall size of the local economy by bringing in dollars from outside the community, rather than recirculating internal spending. Clackamas County only has seven industries that had positive export employment in 2022: construction, wholesale trade, agriculture, other services, retail trade, and unclassified workers (in order from highest to lowest positive export employment).

FIGURE 4.3: TOP TEN INDUSTRIES IN TERMS OF TOTAL AND EXPORT EMPLOYMENT, CLACKAMAS COUNTY (2022)



SOURCE: U.S. Bureau of Labor Statistics

ECONOMIC SPECIALIZATION (CITY OF MOLALLA)

The same analysis applied to the City of Molalla reveals high levels of employment concentration in industries such as agriculture, educational services, wood manufacturing, other services, and retail trade. In terms of employment concentration, agriculture far outperforms any other industries in the city with a location quotient (LQ) of 28.5, with the next highest employment concentration in the city being education services with a LQ of 3.4, and wood manufacturing with a LQ of 2.6. [Figure 4.2 presents data based on *covered employment* from 2022 (the most recent year available), not including self-employment.]

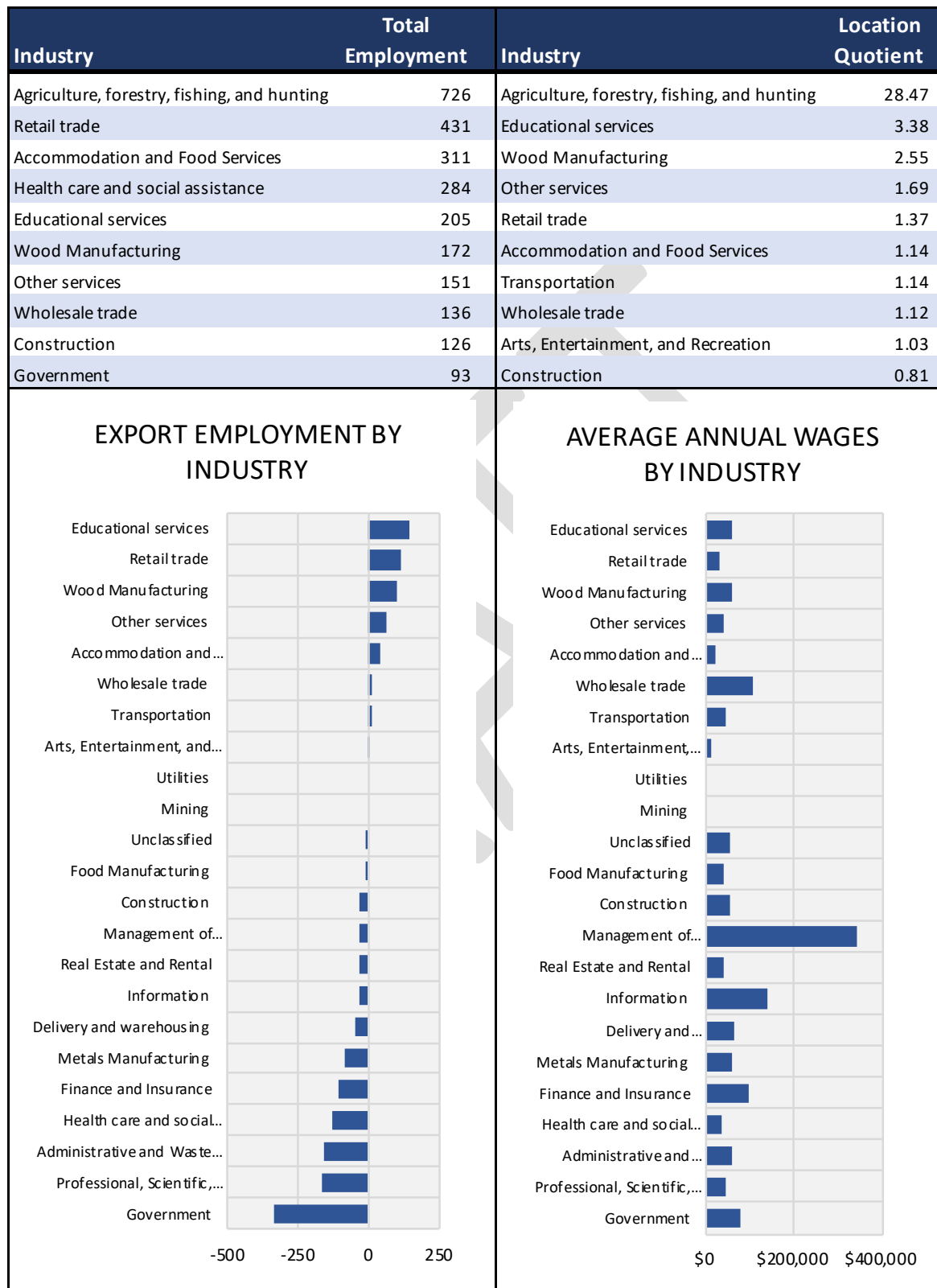
FIGURE 4.4: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CITY OF MOLALLA, 2022

Industry	Annual Establishments	Average Employment	Total Annual Wages	Average Annual Wages	Employment LQ
Agriculture, forestry, fishing, and hunting	14	726	\$21,470,928	\$29,574	28.47
Mining	0	0	\$0	\$0	0.00
Construction	37	126	\$6,763,733	\$53,680	0.81
Food Manufacturing	3	35	\$1,411,010	\$40,315	0.74
Wood Manufacturing	3	172	\$10,524,733	\$61,190	2.55
Metals Manufacturing	6	61	\$3,554,808	\$58,276	0.42
Utilities	0	0	\$0	\$0	0.00
Wholesale trade	11	136	\$14,192,868	\$104,359	1.12
Retail trade	27	431	\$13,801,890	\$32,023	1.37
Transportation	13	79	\$3,554,413	\$44,993	1.14
Delivery and warehousing	1	17	\$1,085,718	\$63,866	0.28
Information	3	27	\$3,731,841	\$138,216	0.44
Finance and Insurance	8	20	\$1,914,161	\$95,708	0.16
Real Estate and Rental	9	15	\$607,949	\$40,530	0.32
Professional, Scientific, and Technical Service	15	46	\$2,116,179	\$46,004	0.22
Management of Companies and Enterprises	2	19	\$6,504,641	\$342,350	0.37
Administrative and Waste Management	10	35	\$2,080,197	\$59,434	0.18
Educational services	5	205	\$12,264,813	\$59,828	3.38
Health care and social assistance	41	284	\$10,533,807	\$37,091	0.69
Arts, Entertainment, and Recreation	4	48	\$613,208	\$12,775	1.03
Accommodation and Food Services	30	311	\$6,341,262	\$20,390	1.14
Other services	39	151	\$6,057,328	\$40,115	1.69
Government	3	93	\$7,371,629	\$79,265	0.22
Unclassified	0	2	\$109,064	\$54,532	0.33
Total	284	3,039	\$136,606,180	\$44,951	

SOURCE: Oregon Employment Department

The top industries in terms of overall employment in 2022 were agriculture, retail trade, accommodation & food services, health care & social services, and educational services. The city were eight industries with positive export employment, the largest being educational services, retail trade, and wood manufacturing. As for the industries with the highest average annual wages, three industries stood out in particular. These were the management of company & enterprises, information, and wholesale trade industries. All three of these industries paid an annual average wage of above \$100k a year. (The management of company & enterprises sector was estimated to pay a very high average salary, but this is likely distorted due to small sample size.)

FIGURE 4.5: TOP TEN INDUSTRIES IN TERMS OF TOTAL AND EXPORT EMPLOYMENT, CITY OF MOLALLA (2022)



SOURCE: Oregon Employment Department and Bureau of Labor Statistic

ECONOMIC DRIVERS

Shift Share Analysis

The identification of the economic drivers of a local or regional economy is critical in informing the character and nature of future employment, and by extension land demand over a planning cycle. To this end, we employ a shift-share analysis of the local economy emerging out of the latter half of the recent expansion cycle¹.

A shift-share analysis measures the local effect of economic performance within a particular industry or occupation. The process considers local economic performance in the context of national economic trends—indicating the extent to which local growth can be attributed to unique regional competitiveness or simply growth in line with broader trends. For example, consider that Widget Manufacturing is growing at a 1.5% rate locally, about the same rate as the local economy. On the surface we would consider the Widget Manufacturing industry to be healthy and contributing soundly to local economic expansion. However, consider also that Widget Manufacturing is booming across the country, growing at a robust 4% annually. In this context, local widget manufacturers are struggling, and some local or regional conditions are stifling economic opportunities.

We can generally classify industries, groups of industries, or clusters into four groups:

Growing, Outperforming: Industries that are growing locally at a rate faster than the national average. These industries have characteristics locally leading them to be particularly competitive.

Growing, Underperforming: Industries that are growing locally but slower than the national average. These industries generally have a sound foundation, but some local factors are limiting growth.

Contracting, Outperforming: Industries that are declining locally but slower than the national average. These industries have structural issues that are impacting growth industry wide. However, local firms are leveraging some local or regional factor that is making them more competitive than other firms on average.

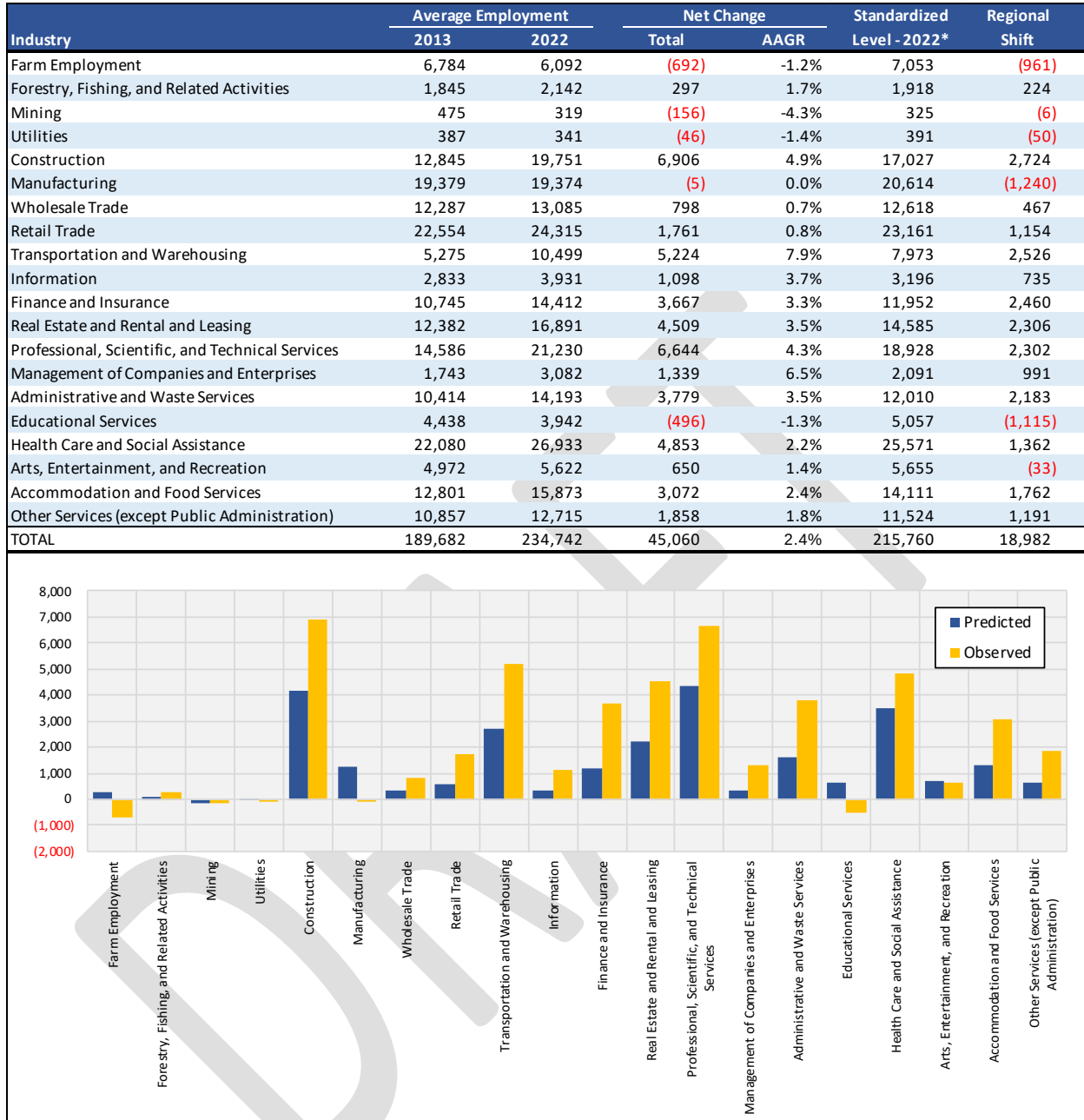
Contracting, Underperforming: Industries that are declining locally at a rate faster than the national average. These industries have structural issues that are impacting growth industry wide. However, some local or regional factors are making it increasingly tough on local firms.

The average annual growth rate by industry from 2013 to 2022 (the latest available data) in Clackamas County was compared to the national rate. The observed local change was compared to a standardized level reflecting what would be expected if the local industry grew at a rate consistent with national rates for that industry.

As shown in Figure 4.6, more county industries grew at a faster rate than the rest of the country than those that grew at a slower rate. Sectors that experienced the most notable positive regional shift in employment during this period were construction, transportation & warehousing, finance & insurance, real estate & rental leasing, and professional services, and accommodation & food services. Only five county sectors experienced a negative regional shift in employment, these being manufacturing, educational services, farm employment, utilities, “arts, entertainment, & recreation” and mining.

¹ Measured from 2013 through 2022

FIGURE 4.6: INDUSTRY SECTOR SHIFT SHARE ANALYSIS, CLACKAMAS COUNTY (2013 – 2022)



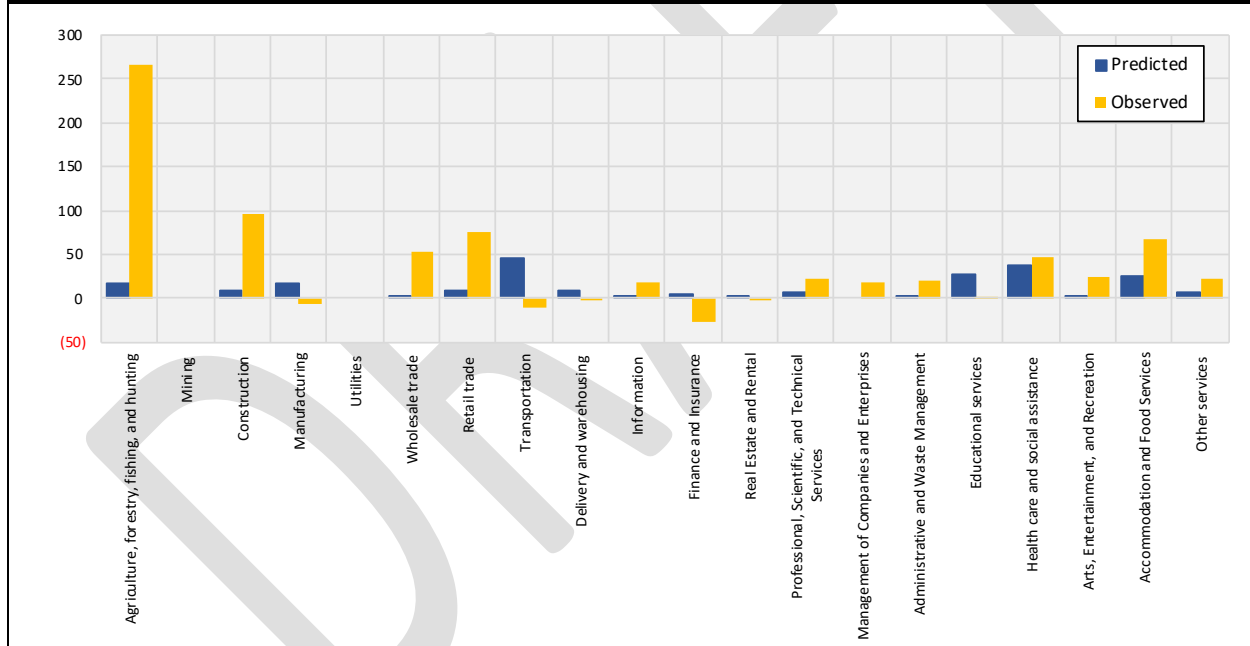
* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Bureau of Labor Statics, Oregon Employment Department

When the same analysis is applied to the city of Molalla (Figure 4.7), most of the city's industries also displayed faster growth than the rest of the country. The most notable sector on this measure in the local economy was the agriculture and forestry sectors followed by construction, retail trade, and wholesale trade. These sectors grew faster than expected based on the national pace.

FIGURE 4.7: INDUSTRY SECTOR SHIFT SHARE ANALYSIS, CITY OF MOLALLA (2013 – 2022)

Industry	Average Employment		Net Change		Standardized Level - 2022*	Regional Shift
	2013	2022	Total	AAGR		
Agriculture, forestry, fishing, and hunting	460	726	266	5.2%	478	248
Mining	0	0	0	0.0%	0	0
Construction	29	126	97	17.7%	38	88
Manufacturing	274	268	(6)	-0.2%	291	(23)
Utilities	0	0	0	0.0%	0	0
Wholesale trade	82	136	54	5.8%	85	51
Retail trade	356	431	75	2.1%	366	65
Transportation	89	79	(10)	-1.3%	135	(56)
Delivery and warehousing	18	17	(1)	-0.6%	27	(10)
Information	9	27	18	13.0%	10	17
Finance and Insurance	46	20	(26)	-8.8%	51	(31)
Real Estate and Rental	17	15	(2)	-1.4%	20	(5)
Professional, Scientific, and Technical Services	24	46	22	7.5%	31	15
Management of Companies and Enterprises	0	19	19	38.7%	0	19
Administrative and Waste Management	14	35	21	10.7%	16	19
Educational services	204	205	1	0.1%	232	(27)
Health care and social assistance	237	284	47	2.0%	274	10
Arts, Entertainment, and Recreation	23	48	25	8.5%	26	22
Accommodation and Food Services	243	311	68	2.8%	268	43
Other services	128	151	23	1.9%	136	15
TOTAL	2,253	2,944	691	3.0%	2,486	458



* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Bureau of Labor Statistics

Growth and Current Strength Analysis

This analysis takes a look at the relationship between the location quotient of an industry and its employment growth (shift share) over the years to give useful insight into an industry's competitive performance. As mentioned above, location quotients are a metric that compares a local industry's employment concentration to the nation's employment concentration of the same industry. A quotient above 1 indicates that an industry has more local representation compared to what is expected nationally while a quotient less than 1 indicates that the local industry has less than the expected employment. When an industry's LQ is compared alongside its employment growth one can identify which industries in the region have been highly competitive, showing signs of growth, decreasing in competitiveness, or underperforming.

Much like the shift share analysis, this analysis separates industries/clusters into 4 categories² :

Growth Clusters: Industries that show strong concentration locally ($LQ > 1.0$) and have had positive employment growth in recent history. These industries are a focal point of the regional economy, displaying strong competitive advantage and potential growth.

Mature Clusters: Industries that have a strong local concentration ($LQ > 1.0$), but negative employment growth during the period of analysis. These industries have been an important factor in the local economy but may need resources to ensure growth into the future and continued competitiveness.

Emerging Clusters: Industries that have a smaller local concentration ($LQ < 1.0$), but have seen positive employment growth recently. Although these industries may not have been as important in the regional economy, there is strong potential for growth and could be main drivers of the regional economy in the foreseeable future.

Declining Clusters: Industries that have a smaller local concentration ($LQ < 1.0$) as well as negative employment growth. These industries are shrinking and have little competitive advantage in the region.

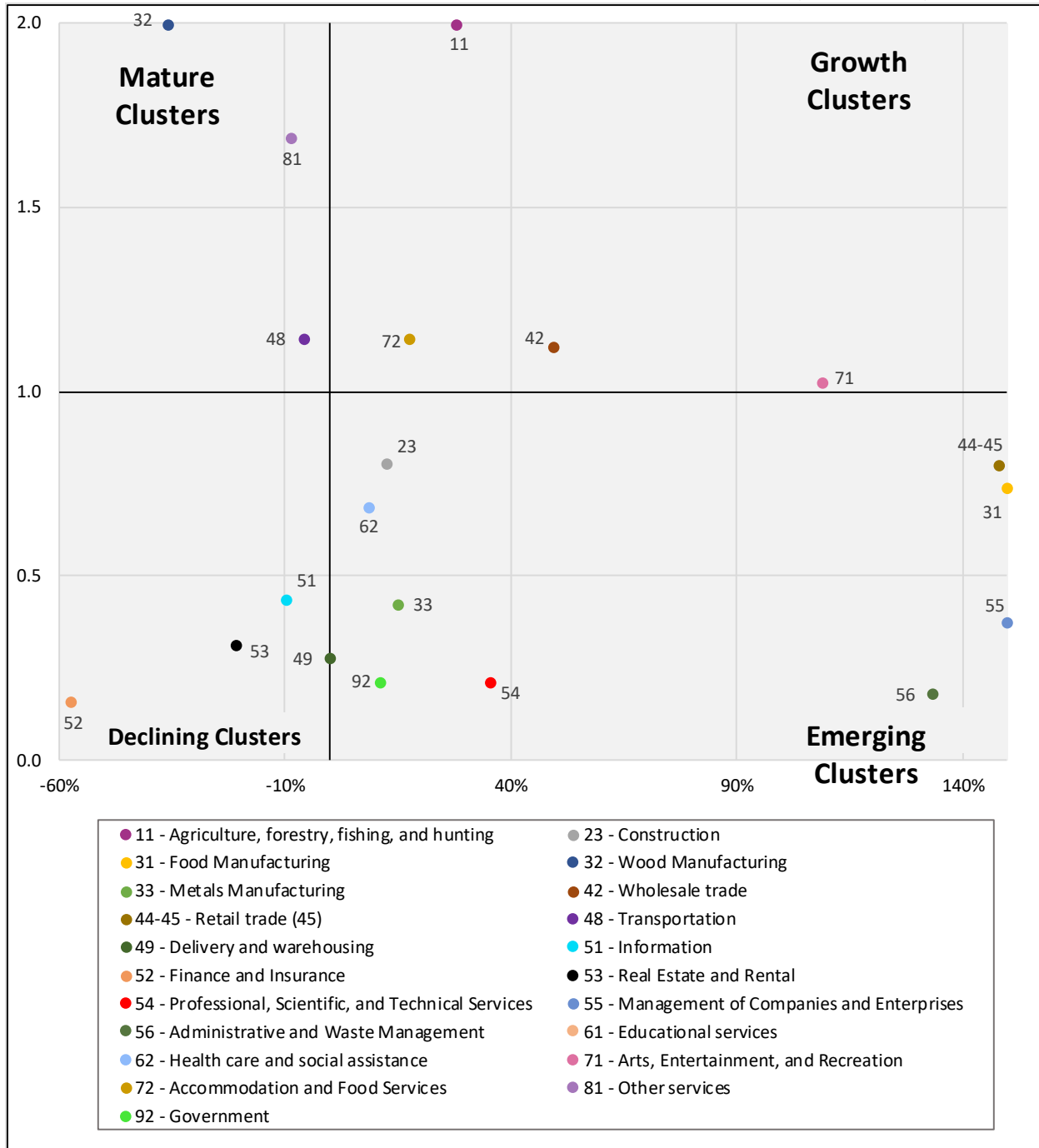
The figure 4.8 below depicts this relationship in the city of Molalla during the 2013 – 2022 period. A majority of industries showed positive employment growth in the last decade, placing them in the growth and emerging clusters. However, more industries have an LQ lower than 1, indicating that industries within Molalla are less concentrated than what is expected on the national level.

The construction, retail trade (NAICS 45), and food manufacturing industries are notably the closest to crossing the threshold from being an “emerging” industry into becoming a “growth” industry as they have displayed healthy employment growth with LQ's close to 1 as of 2022. The industries with the highest local concentrations are wood manufacturing and retail trade (NAICS 44) in the mature cluster, and agriculture in the growth sector.

The industries found to be in decline are information, real estate, warehousing, and finance and insurance.

² Kaliba, Aloyce. (2014). Industry Cluster Analyses for Capital Region Planning and Development District and the North Delta Regional Planning & Development District, Louisiana, USA. 10.13140/RG.2.1.2639.5282.

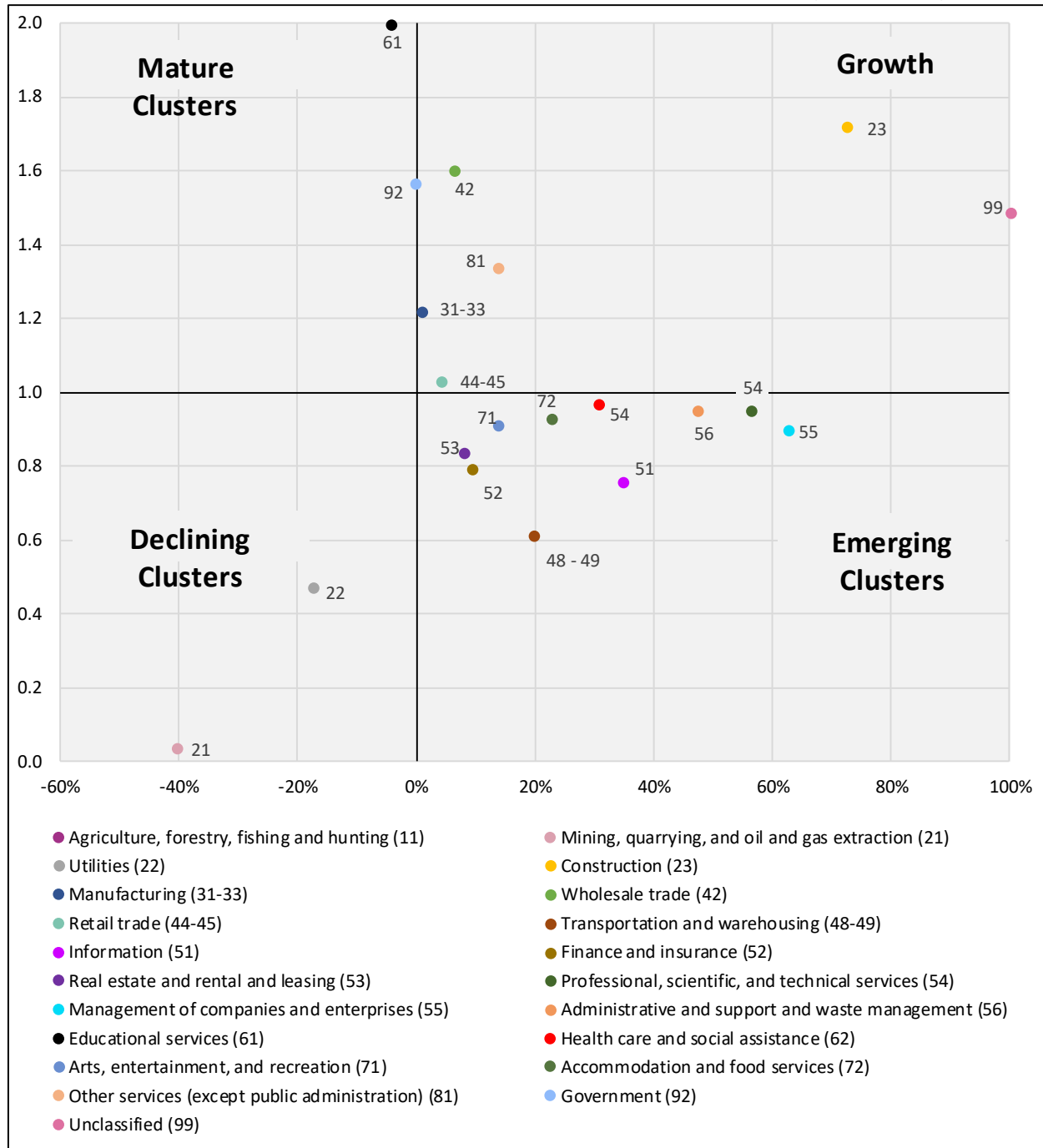
FIGURE 4.8: LQ AND EMPLOYMENT GROWTH RELATIONSHIP, CITY OF MOLALLA (2013 – 2022) *



*Note: NAICS 11 and 32 had an LQ of 28.47 and 2.55 respectively, while NAICS 31 and 55 had a growth rate of 290%, and 1800% from '17 – '22
Source: Oregon Employment Department, Bureau of Labor Statistics, JOHNSON ECONOMICS

Figure 4.9 below depicts the location quotient analysis done for Clackamas County during the 2013 – 2022 period. Similar to Molalla, a majority of Clackamas County's industries fall under the emerging cluster. The industries that are closest to crossing into the "growth" quadrant are the "healthcare & social assistance", "professional, scientific, & technical services", and "administrative & waste services" industries. The county's strongest industries in the last decade include construction, wholesale trade, and educational services. Only two of Clackamas County's industries fall under the declining clusters, these being the mining and utilities industries.

FIGURE 4.9: LQ AND EMPLOYMENT GROWTH RELATIONSHIP, CLACKAMAS COUNTY (2013 – 2022) *



* NAICS 61 had an LQ of 3.23, while NAICS 99 had a growth rate of 1421% in 2022

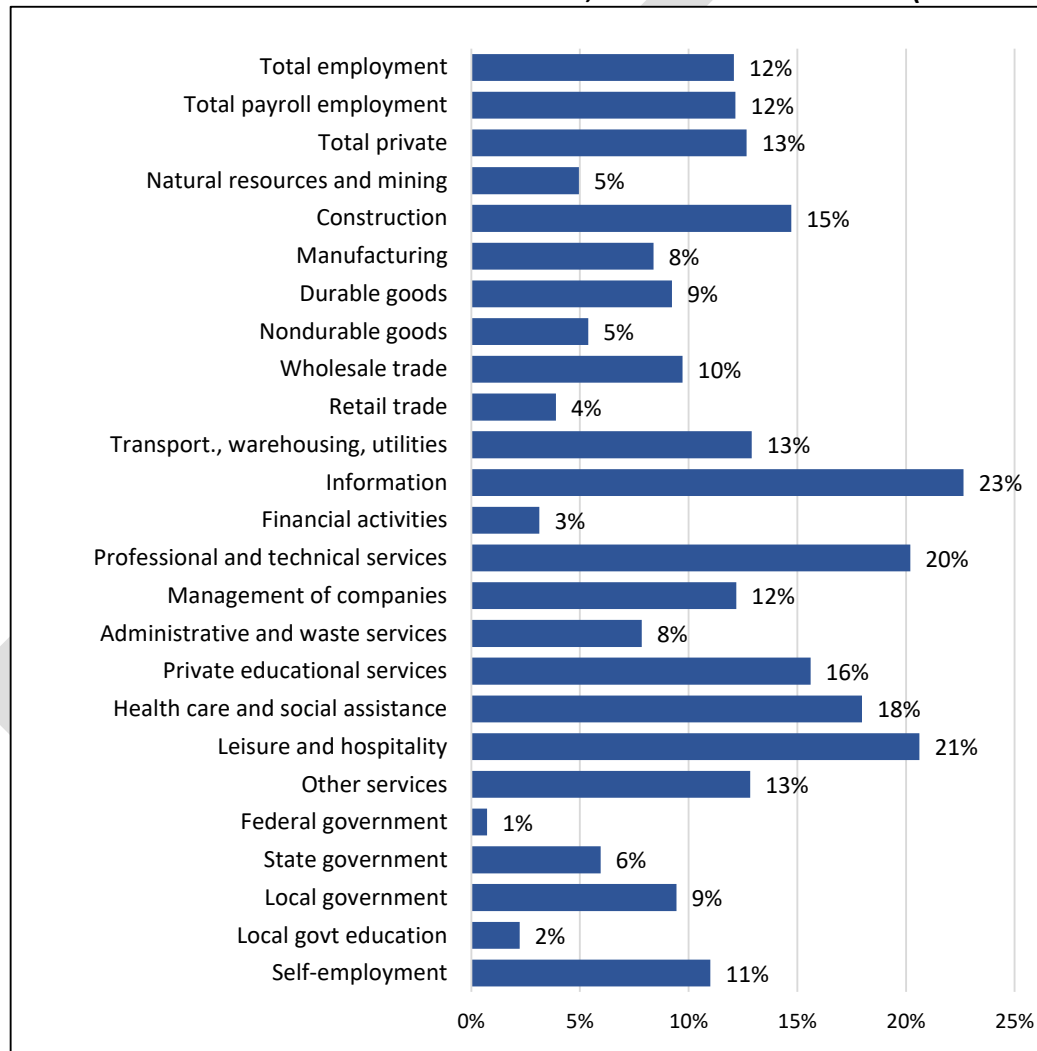
Source: 2013-2022 QCEW Data, Bureau of Labor Statistics, JOHNSON ECONOMICS

PROJECTED EMPLOYMENT GROWTH (OED)

The State of Oregon produces employment forecasts by sector at the broader regional level, which groups Clackamas, Multnomah, and Washington Counties together into one Portland Tri-County region. The most recent forecast anticipates a gain of 127,500 jobs from 2022 through 2032, reflecting growth of 12%, or an average annual rate of about 1.1% during the period. This region has historically seen strong growth, and recovery from the COVID pandemic has been promising.

In this region, the industries with the fastest growth rates are projected to be information, leisure and hospitality (tourism related), professional services, and health care. Furthermore, none of the industries are projected to experience decline in the coming years.

FIGURE 4.10: PROJECTED EMPLOYMENT GROWTH BY SECTOR, PORTLAND METRO COUNTIES (2022 – 2032)



SOURCE: Oregon Employment Department, Workforce and Economic Research Division

V. MOLALLA TARGET INDUSTRIES ANALYSIS

The preceding analysis provides a basis for narrowing of target industries for the City of Molalla. These indicators point to sectors of past and potential growth, as well as locally expressed economic development vision for the community. The following is a summary of targeted sectors and indicators for Molalla, and the broader region.

Molalla Targets and Indicators

CITY OF MOLALLA Industry Clusters Analysis (2020) Manufacturing Agriculture/Forestry/Outdoors Education Health Care Retail and Wholesale Trade Tourism-Related (Dining, Lodging, Recreation) Construction	CITY OF MOLALLA Current Largest Employers Agriculture/Forestry/Outdoors Retail Trade Tourism Health Care Manufacturing Education Construction
STRONG LOCATION QUOTIENT Agriculture/Forestry/Outdoors Education Wood Manufacturing Retail Trade Accommodation and Food Services Transportation	STRONG SHIFT SHARE INDICATOR Agriculture/Forestry/Outdoors Construction Retail and Wholesale Trade Accommodation and Food Service
Regional and Statewide Targets BUSINESS OREGON - Statewide Targets Outdoor Gear and Apparel Forestry & Wood Products Advanced Manufacturing Business Services Food & Beverage High Technology	County and Regional Traded sector industries Suppliers to existing companies Self-sufficiency-wage jobs Food & Beverage Manufacturing High Technology

These broader analyses arrived at similar conclusions of the advantageous industries for Molalla and the central Clackamas County region in general, including wood product, food product and other manufacturing, and support industries including health care, education, and construction. Through the EOA planning process, the advisory group and community stakeholders focused on the desire for a greater diversity of shopping and dining options, and a greater tourism-related industry including lodging and recreation amenities, and agritourism.

TARGET INDUSTRY CLUSTERS

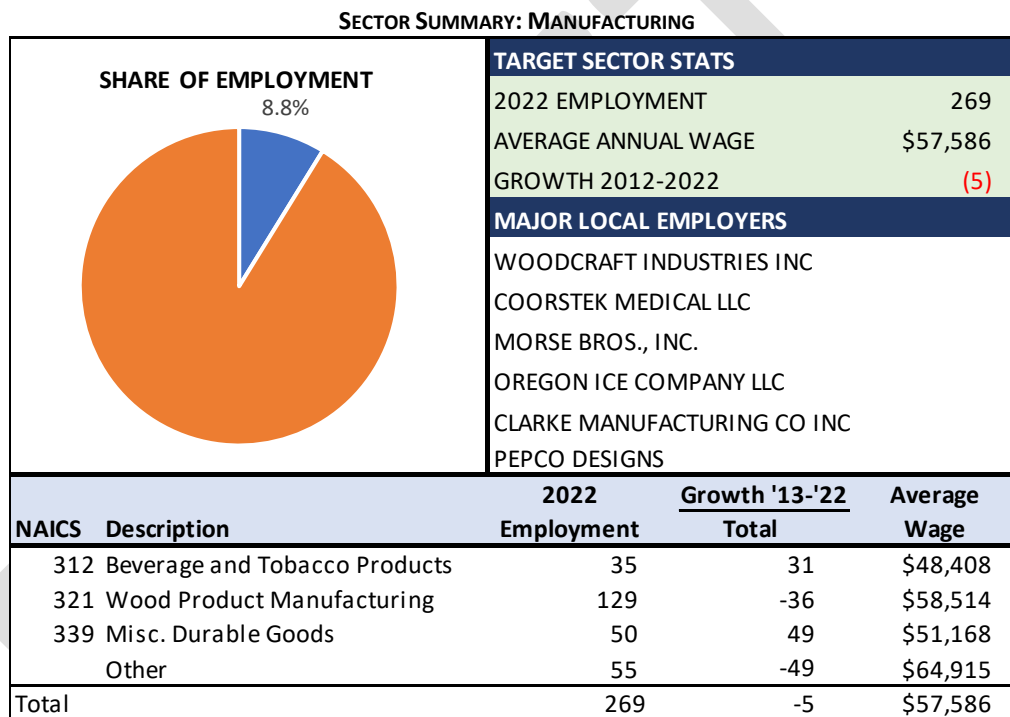
The selected priority industries reflect the community's historical strengths and advantages, regional trends, and local goals and objectives. These are discussed in more detail in the following pages:

- Manufacturing
- Health Care & Social Assistance
- Retail Trade
- Accommodation & Food Services
- Construction
- Arts, Entertainment & Recreation

Note: The following discussion of target sectors relies on the most recent QCEW (covered) employment data from the Oregon Employment Department, dating to 2022. Total employment figures are updated to an estimate for 2024 in the following section of this report.

MANUFACTURING

Manufacturing is identified as a target industry due to the high wages it offers, ability to build technical skills, and grow the community's economy as a traded sector with external customers. Manufacturing includes a wide range of potential product types including wood products, food processing and value-add products, metals, machinery, and high-tech manufacturing. While manufacturing has experienced secular decline nationwide over many decades, there are still many opportunities for producers that benefit from proximity to inputs and the intended market



Source: Oregon Employment Department

As of 2022, the manufacturing sector employed around 270 people which translates to 9% of the local employment base. The average annual wage was approximately \$57,500 per year in 2022. Employment base in the sector decreased slightly (2%) from 2012 through 2022.

Cluster Strengths

- Foundation of existing manufacturing businesses.
- Location near agricultural and forestry inputs.
- Solid wages, blue collar opportunities.

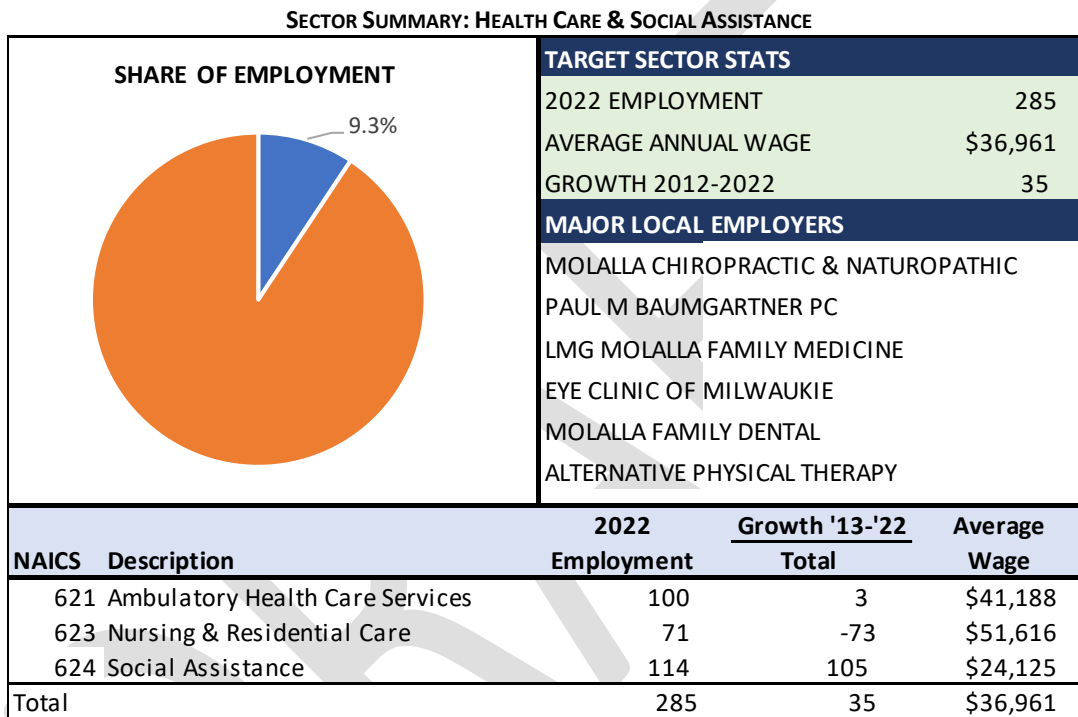
Cluster Challenges

- Limited available labor workforce, particularly for skilled manufacturing.
- Increasing shortage of appropriate industrial sites.

HEALTH CARE & SOCIAL ASSISTANCE

The Health Care and Social Services sector is one of the largest employers in Molalla, representing nearly 10% of employment. Like most communities, Molalla will increasingly face growing health care needs from a growing and aging population. The health care needs of the Baby Boom generation, the oldest of which are approaching 80 years old and the youngest approaching 60, are expected to increase the need for health care facilities and workforce over the next 20 years. The need for more local services such as medical specialists and expanded urgent care were identified as on-going needs in the community.

The health care & social assistance sector employed 285 people in 2022, which is over 9% of the city's employment base. The average annual wage in the industry was \$37,000 in 2022. The sector's employment base grew by 14% from 2012 to 2022, with the social assistance subsector seeing the strongest growth.



Source: Oregon Employment Department

Cluster Strengths

- Strong forecasted growth for health care.
- Growing population and number of households generating new demand.
- Attractive location for retirees and assisted living.

Cluster Challenges

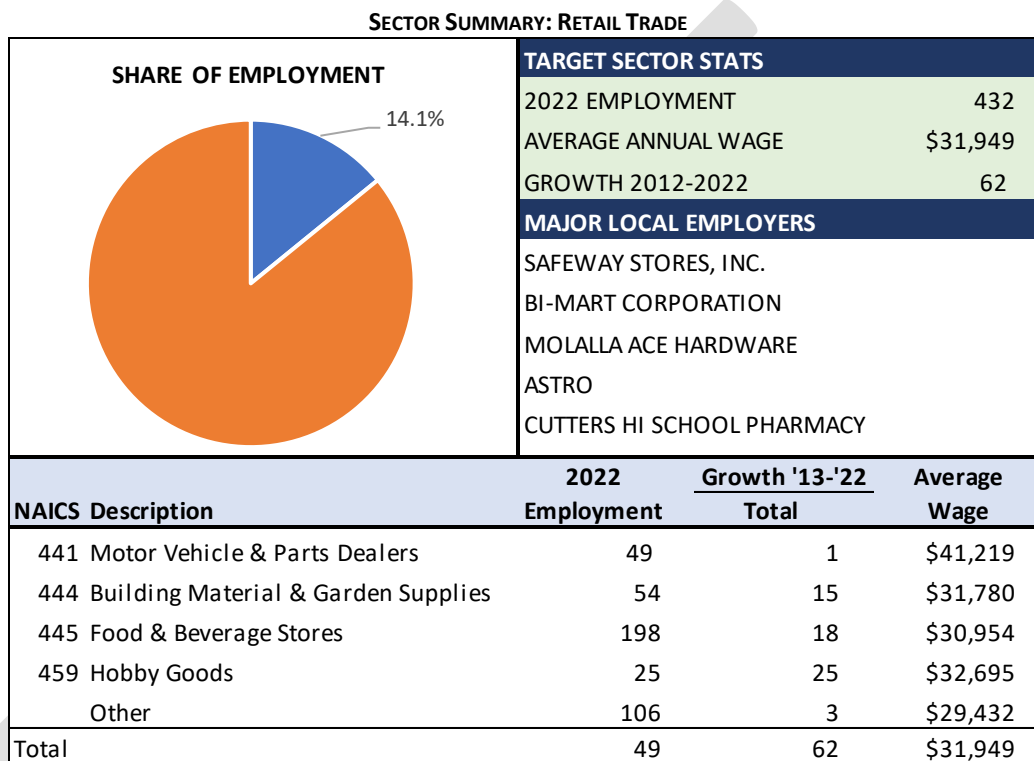
- Distance to full-service hospital.
- Recruitment of skilled workforce.



RETAIL TRADE

Despite its somewhat distant location from the I-5 corridor and Portland Metro area, Molalla serves as a commercial hub for the surrounding parts of Clackamas County, offering necessities such as groceries, gas, hardware, as well as general merchandise. The community requires more retail options and categories to serve the daily needs of residents, so that fewer trips outside of the area are necessitated to meet these needs.

Retail trade in Molalla employed roughly 14.1% of the county's employment base, with 432 covered employment jobs in 2022. The average annual wage in this sector was \$32,000 in 2022. Employment levels grew by 2% from 2012 to 2022, or a gain of about 62 workers during this time.



Source: Oregon Employment Department

Molalla is likely to keep its advantages as a sub-regional hub of shopping, dining and services in this part of the central valley. Continued growth in the community and surrounding area will support continued addition of retail options.

Cluster Strengths

- Established sub-regional market area and customer base.
- Continuing growth in population and households.

Cluster Challenges

- National challenges to brick-and-mortar retail from on-line shopping.
- Affordable housing for lower-wage workforce.



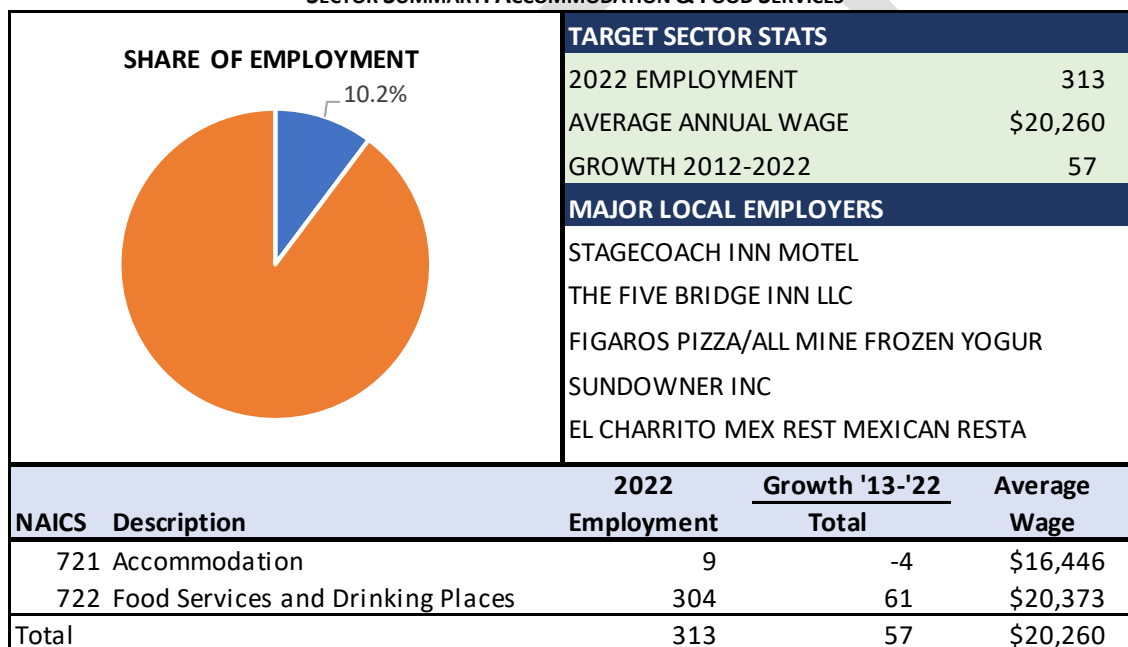
ACCOMMODATION & FOOD SERVICES

Molalla and the surrounding area has physical and locational attributes that make recreation and hospitality an attractive target sector. The city is a gateway to the Cascades, including Jefferson Park Wilderness, Detroit Lake area, and national forest lands. Regional outdoor recreation includes camping, hiking, hunting, fishing, skiing and biking. The accommodation and food services sector is key to supporting tourism through offering lodging and dining to visitors and local residents. The community identified a desire to increase recreational offerings to attract visitors (see more below) and offer lodging for them to stay.

The dining and bar sector is a significant part of the employment base and an amenity for local residents. While the sector provides generally low-wage employment, these businesses offer options for outside dining and entertainment that allow local spending to remain in the community and prevent long drives to other communities. The community expressed interest in more options in this sector and greater variety.

This sector employed about 313 in 2022, representing roughly 10% of the local employment base. The average annual wage is on the lower side compared to the other target industries with workers making an average of \$20,260 per year in 2022. The sector grew by roughly 22.3% in the last decade, adding around 57 jobs.

SECTOR SUMMARY: ACCOMMODATION & FOOD SERVICES



Source: Oregon Employment Department

Cluster Strengths

- Great location and access to farm, mountain, and forest amenities.
- Opportunity to raise profile as “basecamp”, with related dining/hospitality.

Cluster Challenges

- Marketing, awareness as destination.
- Need for more recreation activities and events (i.e. sports or festivals).
- Relatively low wages in tourism-related industries.

CONSTRUCTION

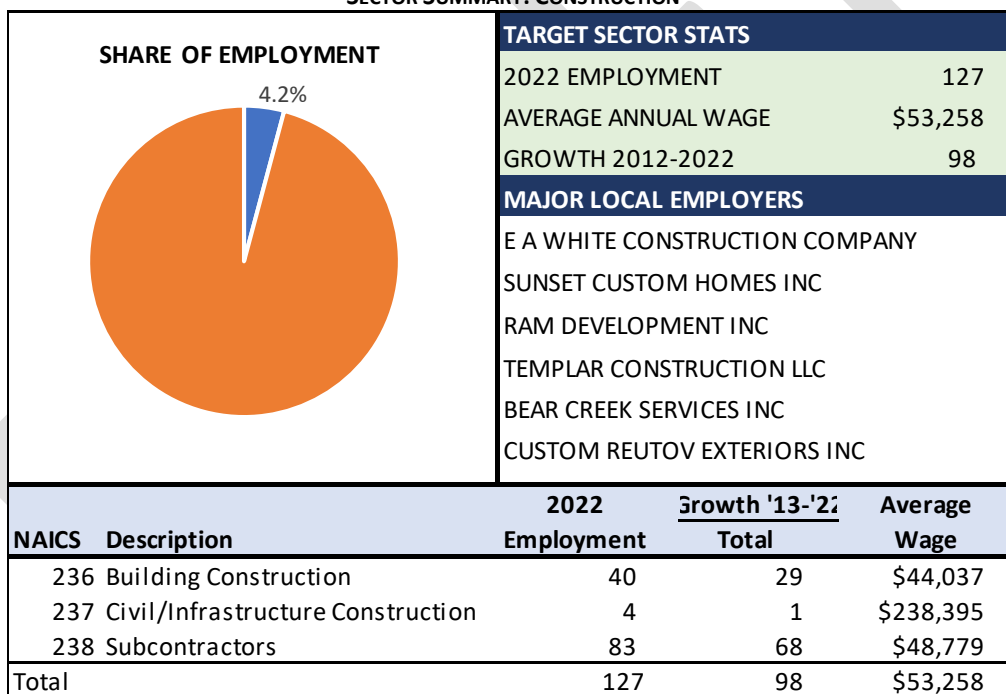
The strength of the construction sector typically trails growth in population and employment, as new households and businesses drive new real estate development. Construction is a desirable sector that provides both lower skilled and highly skilled positions and supports solid wages. Having construction capacity also allows the local economy to respond quickly and competently to new demand, while keeping costs down relative to importing construction workers and expertise from outside the area.



Construction is generally a resilient sector in areas that continue to experience organic growth in population and jobs such as Oregon. Even as broader economic trends may depress some aspects of real estate development, other sectors are often healthy or growing, and specialties such as public infrastructure development are resistant to economic cycles. This sector is a good industry for a relatively young, diverse, and less educated workforce.

The construction sector accounted for roughly 130 jobs in 2022, representing roughly 4.2% of the county's employment base. The average annual wage was approximately \$53,000 per year in 2022. The sector showed strong growth from 2012 to 2022, growing by 338%.

SECTOR SUMMARY: CONSTRUCTION



Source: Oregon Employment Department

Cluster Strengths

- On-going demand for construction in a growing community.
- Responds to both residential and employment growth.

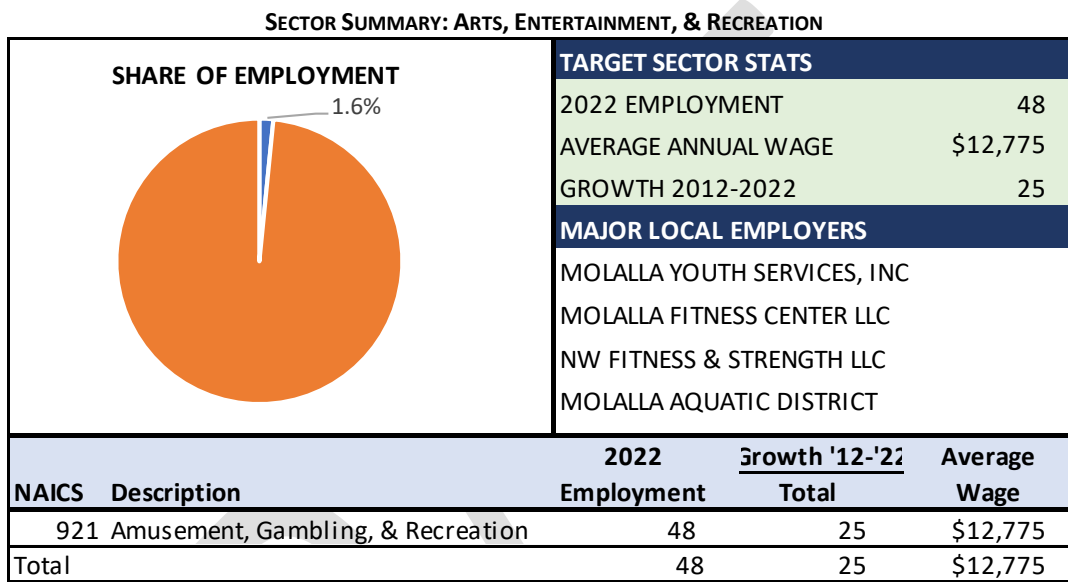
Cluster Challenges

- This sector tends to be dependent on other growth factors.
- Skilled construction workforce is in short supply.
- Current headwinds in development industry including interest rates, land, labor and material costs.

ARTS, ENTERTAINMENT, & RECREATION

In relation to the need for accommodations and dining to serve desired tourism, the community seeks to grow the arts, entertainment, and recreation sector to help attract and keep visitors in Molalla. Potential amenities might include regional sports tournaments or venues, indoor or outdoor music venues, farm/wine/beer related agritourism events, wedding venues, community festivals and other public events.

Overall, the arts, entertainment, & recreation sector is currently small, representing roughly 2% of all employment in the city of Molalla. This translates to 48 jobs in 2022 with an average annual wage of \$12,257. Employment in the cluster grew by 109% from 2012 through 2022, adding around 25 jobs in total.



Source: Oregon Employment Department

Cluster Strengths

- Great location and access to farm, mountain, and forest amenities.
- Opportunity to raise profile as “basecamp”, with related dining/hospitality.

Cluster Challenges

- Marketing, awareness as destination.
- Need for more recreation activities and events (i.e. sports or festivals).
- Relatively low wages in tourism-related industries.



VI. FORECAST OF EMPLOYMENT AND LAND NEED

CITY OF MOLALLA EMPLOYMENT FORECAST

Goal 9 requires that jurisdictions plan for a 20-year supply of commercial and industrial capacity. Because employment capacity is the physical space necessary to accommodate new workers in the production of goods and services, employment need forecasts typically begin with a forecast of employment growth in the community. The previous analysis of economic trends and targeted industries set the context for these estimates. This analysis translates those trends into estimates of employment growth by broad industry. Forecasts are produced at the sector or subsector level (depending on available information), and subsequently aggregated into two-digit North American Industry Classification System (NAICS) sectors. Estimates in this analysis are intended for long-range land planning purposes and are not designed to predict or respond to business cycle fluctuation.

The projections in this analysis are built on an estimate of employment in 2024, the commencement year for the planning period. Employment growth will come as the result of net-expansion of existing businesses in the community, new business formation, or the relocation/recruitment of new firms. Forecast scenarios consider a range of factors influencing growth. Long-range forecasts typically rely on a macroeconomic context for growth. The forecast does not consider the impact of a significant exogenous shift in employment such as recruitment of an unforeseen major employer.

OVERVIEW OF EMPLOYMENT FORECAST METHODOLOGY

Our methodology starts with employment forecasts for major commercial and industrial sectors. Forecasted employment is allocated to building type, and a space demand is a function of the assumed square footage per employee ratio multiplied by projected change. The need for space is then converted into land and site needs based on assumed development densities using floor area ratios (FARs).

FIGURE 6.1: UPDATE TO BASELINE YEAR AND CONVERSION OF COVERED TO TOTAL EMPLOYMENT



The first analytical step of the analysis is to update covered employment to the 2024 base year. The Quarterly Census of Employment and Wages (QCEW) data was used to determine the City of Molalla’s covered employment by industry through 2022, the latest year available. To update these estimates, we use observed industry specific growth rates for Clackamas County between 2022 and 2023.

The second step in the analysis is to convert “covered”³ employment to “total” employment. Covered employment only accounts for a share of overall employment in the economy. Specifically, it does not consider sole proprietors or commissioned workers. Covered employment was converted to total employment based on observed ratios at

³ The Department of Labor’s Quarterly Census of Employment and Wages (QCEW) tracks employment data through state employment departments. Employment in the QCEW survey is limited to firms with employees that are “covered” by unemployment insurance.

the national level derived from the Bureau of Economic Analysis from 2014 through 2022. The adjusted 2024 total employment base for the city of Molalla is nearly 3,800 jobs.

FIGURE 6.2: UPDATE TO 2024 BASELINE AND CONVERSION OF COVERED TO TOTAL EMPLOYMENT, CITY OF MOLALLA

Major Industry Sector	QCEW Employment			Total Emp. Conversion ²	2024 Estimate
	2022 Employment	'22-'24 County Δ ¹	2024 Estimate		
Agriculture, forestry, outdoor	726	0.0%	726	75%	968
Construction	127	0.7%	128	81%	157
Manufacturing	269	-0.6%	267	96%	280
Wholesale Trade	137	1.9%	140	88%	159
Retail Trade	432	3.3%	446	82%	547
Transport, Warehousing, Utilities	98	-2.1%	96	75%	129
Information	27	3.8%	28	73%	38
Finance & Insurance	21	-7.0%	20	89%	22
Real Estate	15	-5.0%	14	74%	19
Professional & Technical Services	47	0.8%	47	84%	56
Administration Services	54	0.8%	54	76%	71
Education	205	6.5%	218	79%	277
Health Care/Social Assistance	285	6.5%	304	93%	327
Leisure & Hospitality	361	1.8%	367	83%	441
Other Services	153	0.0%	153	75%	205
Government	93	0.0%	93	100%	93
TOTAL	3,050	1.7%	3,102	82%	3,791

1/Growth rate calculated using CES data for Clackamas County

2/ Bureau of Economic Analysis (2022 County Averages)

SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

SCENARIO 1: "SAFE HARBOR" FORECAST (EMPLOYMENT GROWTH)

The Goal 9 statute does not have a required method for employment forecasting. However, OAR 660-024-0040(9)(a) outlines several safe harbor methods, which are intended to provide jurisdictions a methodological approach that will not be challenged. The recommended approach for the City of Molalla is based on 660-024-0040(9)(a)(B), which allows using the most recently forecasted population growth rate for the City from the PSU Population Research Center (adopted 2020). The employment growth rate may be assumed to match the population growth rate.

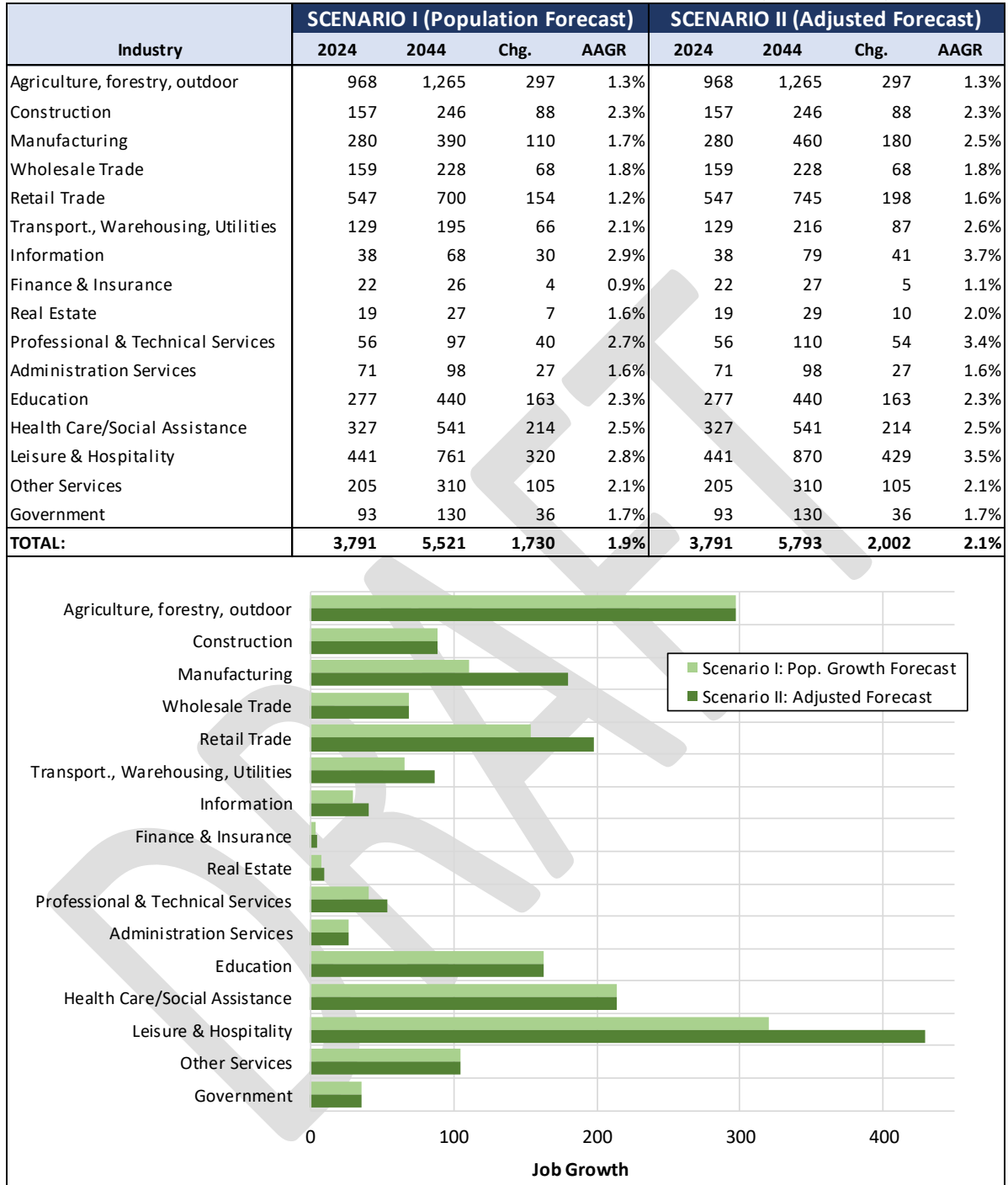
This method results in an average annual growth rate of 1.9%, with a total growth of 1,730 jobs over the forecast period. This approach is taken to form the base forecast of the adjusted forecast described below.

SCENARIO 2: ADJUSTED EMPLOYMENT FORECAST

A second adjusted forecast scenario was influenced by the research and analysis conducted in the EOA. This scenario formulates an employment growth trajectory based on identified trends, an increased growth outlook for targeted industries, and input from the project advisory group. Further, the alternative scenario recognizes that economic development efforts and public policy can influence realized growth in targeted sectors.

The adjusted forecast results in an average annual growth rate of 2.1%, with a total growth of over 2,000 jobs over the forecast period.

FIGURE 6.3: COMPARISON OF ALTERNATE FORECASTS, CITY OF MOLALLA (2024 - 2044)



SUMMARY OF EMPLOYMENT FORECAST SCENARIOS

The two forecast scenarios in this analysis range from 1.9% to 2.1% average annual growth. Job growth estimates range from 1,730 to 2,000 jobs over the 20-year period. Forecasts grounded in broad based economic variables cannot account for all the realities of local businesses and trends among evolving industries. Any long-term forecast is inherently uncertain and should be updated on a regular basis to reflect more current information. This is particularly true in a smaller jurisdiction such as Molalla, in which a single large firm's location and/or operational decision may substantively impact the rate of growth.

FIGURE 6.4: SUMMARY OF PROJECTION SCENARIOS, CITY OF MOLALLA

Industry	Overall Employment					Net Change by Period				Total 24-44
	2024	2029	2034	2039	2044	24-29	29-34	34-39	39-44	
SCENARIO 1 (Population Growth)										
Agriculture, forestry, outdoor	968	1,035	1,107	1,183	1,265	67	72	77	82	297
Construction	157	176	197	220	246	19	21	23	26	88
Manufacturing	280	304	330	359	390	24	26	29	31	110
Wholesale Trade	159	174	190	208	228	15	16	18	19	68
Retail Trade	547	582	619	658	700	35	37	40	42	154
Transport., Warehousing, Utilities	129	143	158	176	195	14	16	17	19	66
Information	38	44	51	59	68	6	7	8	9	30
Finance & Insurance	22	23	24	25	26	1	1	1	1	4
Real Estate	19	21	23	25	27	2	2	2	2	7
Professional & Technical Services	56	65	74	85	97	8	9	11	12	40
Administration Services	71	77	84	91	98	6	6	7	8	27
Education	277	311	349	392	440	34	38	43	48	163
Health Care/Social Assistance	327	371	421	477	541	44	50	56	64	214
Leisure & Hospitality	441	505	579	664	761	64	74	85	97	320
Other Services	205	228	252	280	310	22	25	27	30	105
Government	93	101	110	119	130	8	9	9	10	36
TOTAL:	3,791	4,159	4,568	5,020	5,521	369	408	452	501	1,730
SCENARIO 2 (Adjusted)										
Agriculture, forestry, outdoor	968	1,035	1,107	1,183	1,265	67	72	77	82	297
Construction	157	176	197	220	246	19	21	23	26	88
Manufacturing	280	317	359	406	460	37	42	47	54	180
Wholesale Trade	159	174	190	208	228	15	16	18	19	68
Retail Trade	547	591	638	689	745	44	47	51	55	198
Transport., Warehousing, Utilities	129	146	167	189	216	18	20	23	26	87
Information	38	46	55	66	79	8	9	11	13	41
Finance & Insurance	22	23	24	26	27	1	1	1	1	5
Real Estate	19	21	24	26	29	2	2	3	3	10
Professional & Technical Services	56	67	79	93	110	10	12	14	17	54
Administration Services	71	77	84	91	98	6	6	7	8	27
Education	277	311	349	392	440	34	38	43	48	163
Health Care/Social Assistance	327	371	421	477	541	44	50	56	64	214
Leisure & Hospitality	441	522	619	734	870	82	97	115	136	429
Other Services	205	228	252	280	310	22	25	27	30	105
Government	93	101	110	119	130	8	9	9	10	36
TOTAL:	3,791	4,207	4,674	5,200	5,793	416	467	526	593	2,002

Source: Oregon Employment Department, Johnson Economics

The forecasts were further broken down into four five-year increments, assuming a consistent rate of growth over the period. We would expect that a twenty-year forecast will include multiple business cycles, and that growth will be variable.

EMPLOYMENT LAND FORECAST

The next analytical step in our analysis is to convert projections of employment into forecasts of land demand over the planning period. The generally accepted methodology for this conversion begins by allocating employment by sector into a distribution of building typologies those economic activities typically use. As an example, insurance agents typically locate in traditional office space, often along commercial corridors. However, a percentage of these firms are also located in commercial retail space adjacent to retail anchors. Cross tabulating this distribution provides an estimate of employment in each typology.

The next step converts employment into space using estimates of the typical square footage exhibited within each typology. Adjusting for market average vacancy we arrive at an estimate of total space demand for each building type.

Finally, we can consider the physical characteristics of individual building types and the amount of land they typically require for development. The site utilization metric commonly used is referred to as a “floor area ratio” or FAR. For example, assume a 25,000-square foot general industrial building requires roughly a site of roughly 100k square feet to accommodate its structure, setbacks, parking, and necessary yard/storage space. This building would have an FAR of roughly 0.25. Demand for space is then converted to net acres using a standard floor area ratio FAR for each development form.

LAND DEMAND ANALYSIS – ADJUSTED FORECAST SCENARIO

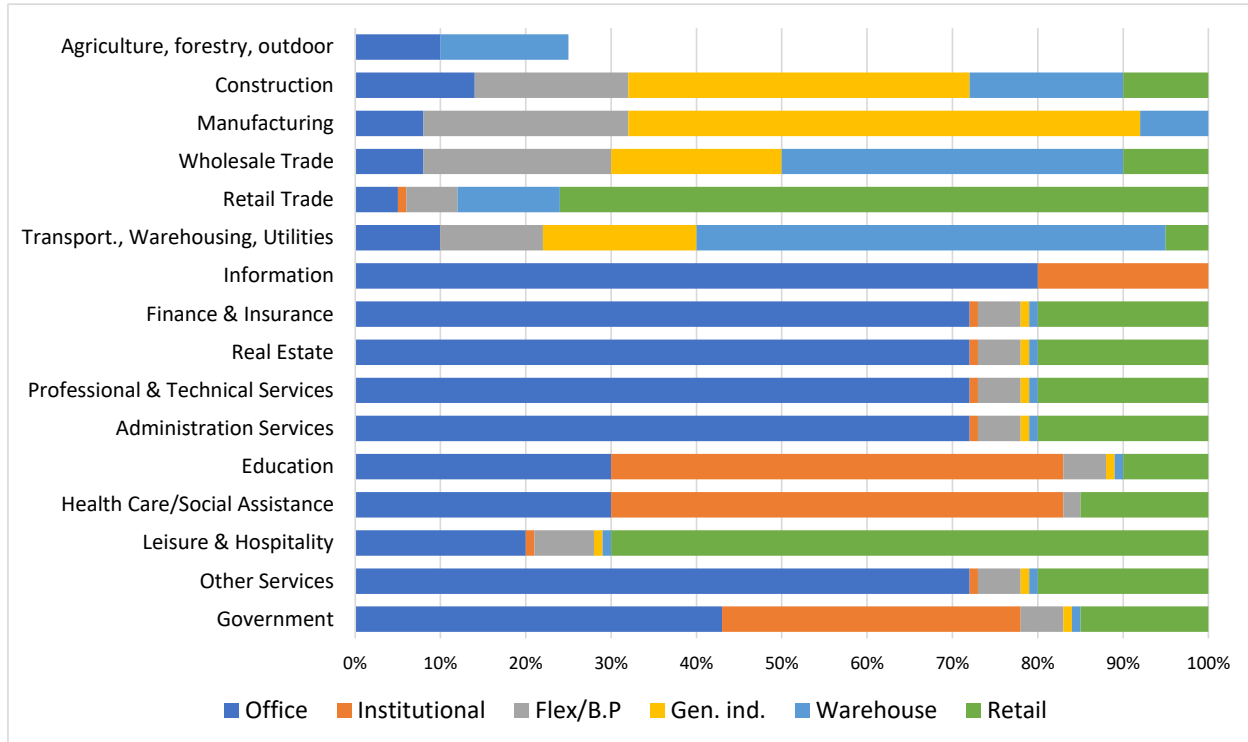
In this analytical step we allocate employment growth to the standard building typologies. The building typology matrix represents the share of sectoral employment that is located across various building types. (Note that only a fraction of employment in the agricultural sector is assumed to need urban real estate, as many of these companies operate in unincorporated areas in the region around the city. Food processing operations are captured under “manufacturing.”)

FIGURE 6.5: DISTRIBUTION OF EMPLOYMENT BY SPACE TYPE, CITY OF MOLALLA

Industry Sector	20-year Job Forecast		BUILDING TYPE MATRIX					
	Number	AAGR	Office	Institutional	Flex/B.P	Gen. ind.	Warehouse	Retail
Agriculture, forestry, outdoor	297	1.3%	10%	0%	0%	0%	15%	0%
Construction	88	2.3%	14%	0%	18%	40%	18%	10%
Manufacturing	180	2.5%	8%	0%	24%	60%	8%	0%
Wholesale Trade	68	1.8%	8%	0%	22%	20%	40%	10%
Retail Trade	198	1.6%	5%	1%	6%	0%	12%	76%
Transport., Warehousing, Utilities	87	2.6%	10%	0%	12%	18%	55%	5%
Information	41	3.7%	80%	20%	0%	0%	0%	0%
Finance & Insurance	5	1.1%	72%	1%	5%	1%	1%	20%
Real Estate	10	2.0%	72%	1%	5%	1%	1%	20%
Professional & Technical Services	54	3.4%	72%	1%	5%	1%	1%	20%
Administration Services	27	1.6%	72%	1%	5%	1%	1%	20%
Education	163	2.3%	30%	53%	5%	1%	1%	10%
Health Care/Social Assistance	214	2.5%	30%	53%	2%	0%	0%	15%
Leisure & Hospitality	429	3.5%	20%	1%	7%	1%	1%	70%
Other Services	105	2.1%	72%	1%	5%	1%	1%	20%
Government	36	1.7%	43%	35%	5%	1%	1%	15%
TOTAL	2,002	2.1%	24%	11%	8%	9%	9%	28%

Source: Johnson Economics

FIGURE 6.6: ASSUMED DISTRIBUTION OF SPACE BY TYPE AND INDUSTRY SECTOR, CITY OF MOLALLA



Source: Johnson Economics

FIGURE 6.7: NET GROWTH IN EMPLOYMENT BY BUILDING TYPE, CITY OF MOLALLA (SCENARIO 2) 2024-2044

Industry Sector	NET CHANGE IN EMPLOYMENT BY BUILDING TYPE - 2022-2042						Total
	Office	Institutional	Flex/B.P.	Gen. Ind.	Warehouse	Retail	
Agriculture, forestry, outdoor	30	0	0	0	45	0	74
Construction	12	0	16	35	16	9	88
Manufacturing	14	0	43	108	14	0	180
Wholesale Trade	5	0	15	14	27	7	68
Retail Trade	10	2	12	0	24	150	198
Transport., Warehousing, Utilities	9	0	10	16	48	4	87
Information	32	8	0	0	0	0	41
Finance & Insurance	4	0	0	0	0	1	5
Real Estate	7	0	0	0	0	2	10
Professional & Technical Services	39	1	3	1	1	11	54
Administration Services	20	0	1	0	0	5	27
Education	49	86	8	2	2	16	163
Health Care/Social Assistance	64	113	4	0	0	32	214
Leisure & Hospitality	86	4	30	4	4	301	429
Other Services	75	1	5	1	1	21	105
Government	16	13	2	0	0	5	36
TOTAL	472	228	151	181	182	565	1,779

Source: Johnson Economics

Under the employment forecast scenario, employment housed in retail space accounts for the greatest share of growth, followed by employment housed in office space. The combined employment forecast in commercially zoned space (~1,250 jobs) is somewhat greater than that forecast for industrially zoned space (~515 jobs). Note that the

1,779 total jobs shown here is less than the total employment in the adjusted forecast (2,002 jobs) because not all agricultural jobs require commercial real estate space.

Employment growth estimates by building type are then converted to demand for physical space. This conversion assumes the typical space needed per employee on average. This step also assumes a market average vacancy rate, acknowledging that equilibrium in real estate markets is not 0% vacancy. The analysis assumes a 10% vacancy rate for office, retail, and flex uses, as these forms have high rates of speculative multi-tenant usage. A 5% rate is used for general industrial and warehouse—these uses have higher rates of owner occupancy that lead to lower overall vacancy. Institutional uses are assumed to have no vacancy, as they are typically purpose-built for healthcare, nonprofit, government, or related users.

The demand for space is converted into an associated demand for acreage using an assumed Floor Area Ratio (FAR), based upon the observed FAR in existing Molalla commercial and industrial properties. The combined space and FAR assumptions further provide estimates indicated of job densities, determined on a per net-developable acre basis.

**FIGURE 6.8: NET ACRES REQUIRED BY BUILDING TYPOLOGY, CITY OF MOLALLA
(ADJUSTED GROWTH FORECAST) – 20-YEAR**

	DEMAND BY GENERAL USE TYPOLOGY, 2020-2040						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	472	228	151	181	182	565	1,779
Avg. SF Per Employee	350	600	990	600	1,850	500	663
Demand for Space (SF)	165,100	137,000	149,200	108,600	336,900	282,400	1,179,200
Floor Area Ratio (FAR)	0.25	0.30	0.25	0.25	0.20	0.25	0.24
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	6.9%
Implied Density (Jobs/Acre)	28.0	21.8	9.9	17.2	4.5	19.6	14.5
Net Acres Required	16.8	10.5	15.2	10.5	40.7	28.8	122.6
Share for infrastructure (Net-to-Gross)	20%	20%	15%	15%	15%	20%	17%
Gross Acres Required	21.1	13.1	17.9	12.3	47.9	36.0	148.3

Source: Johnson Economics

Commercial office and retail densities are 28 and 20 jobs per acre, respectively. Industrial uses range from 17 for general industrial to less than 5 jobs per acre for warehouse/distribution. The overall weighted employment density is 15 jobs per acre, with the projected 2,000-job expansion in the local employment base through 2044 requiring an estimated 123 net acres, and 148 gross acres of employment land. An estimated 53% of this forecasted need is industrial land, and 47% commercial land. A major reason for this is the lower average employment density typically seen in industrial land use.

VII. RECONCILIATION OF EMPLOYMENT LAND NEED AND INVENTORY

The inventory of buildable employment land provides a snapshot of the current local capacity to accommodate more businesses and jobs over the planning period. This current available land is compared to the forecasted need for new land over the 20-year planning period, presented in Section VI.

SUMMARY OF LAND DEMAND (ACRES)

The estimate of future land need is re-presented below. A total need for 148 gross acres was identified across a range of land use and building types, based on the adjusted growth forecast.

FIGURE 7.01: SUMMARY OF FORECASTED 20-YEAR LAND NEED BY BUILDING TYPOLOGY (MOLALLA)

	DEMAND BY GENERAL USE TYPOLOGY, 2020-2040						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	472	228	151	181	182	565	1,779
Avg. SF Per Employee	350	600	990	600	1,850	500	663
Demand for Space (SF)	165,100	137,000	149,200	108,600	336,900	282,400	1,179,200
Floor Area Ratio (FAR)	0.25	0.30	0.25	0.25	0.20	0.25	0.24
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	6.9%
Implied Density (Jobs/Acre)	28.0	21.8	9.9	17.2	4.5	19.6	14.5
Net Acres Required	16.8	10.5	15.2	10.5	40.7	28.8	122.6
Share for infrastructure (Net-to-Gross)	20%	20%	15%	15%	15%	20%	17%
Gross Acres Required	21.1	13.1	17.9	12.3	47.9	36.0	148.3

Source: Oregon Employment Department, City of Molalla, Johnson Economics LLC

An estimated 53% of this forecasted need is industrial land (business park, general industrial, warehouse), and 43% commercial land (office, retail, institutional). There is a forecasted need for a total of 66 net (78 gross) acres of industrial land, and 56 net (70 gross) acres of commercial land.

SUMMARY OF LAND SUPPLY (ACRES)

To assess the remaining supply of buildable employment land suitable to accommodate the 20-year land need, an inventory of land with the proper zoning was conducted. The following is a summary of the results on that inventory. A more detailed explanation of the methodology and findings of the Buildable Land Inventory (BLI) is presented as Appendix A of this report.

The BLI filtered all of the zoned employment land in Molalla by Commercial or Industrial zoning category, environmental constraints that will limit development, and whether the parcel is already developed, vacant, or partially vacant (see Appendix A for more detail). The inventory was vetted to address development projects in the pipeline and known limitations on specific sites that will prevent development on all or a portion of the site.

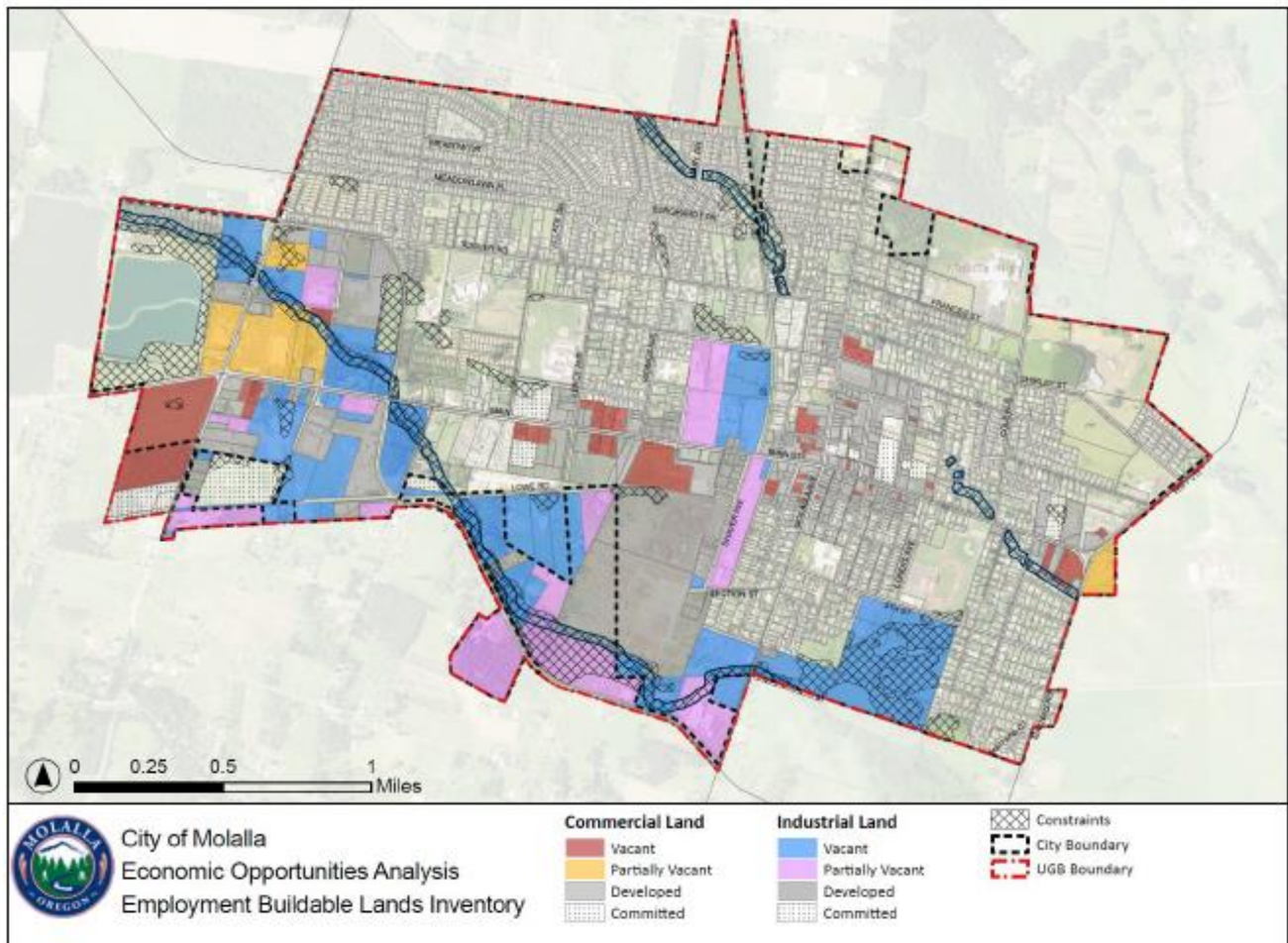
The following figure presents the estimated net developable acres of land by zone. There are an estimated 55 net acres of buildable Commercial land and an estimated 166 net acres of buildable Industrial land.

FIGURE 7.02: BUILDABLE LAND INVENTORY, NET DEVELOPABLE ACRES BY ZONE (MOLALLA)

	Net Developable Acres on Vacant Parcels	Net Developable Acres on Partially Vacant Parcels	Total Net Developable Acres
General Commercial (C-1)	5.3	0	5.3
Central Commercial (C-2)	38.7	10.7	49.4
Commercial Subtotal	44.0	10.7	54.7
Light Industrial (M-1)	19.5	12.7	32.3
Heavy Industrial (M-2)	101.4	29.8	131.3
Rural Industrial (RI)	2.8	-	2.8
Industrial Subtotal	123.7	42.6	166.3
Total	167.8	53.3	221.0

Source: City of Molalla, MIG

FIGURE 7.03: BUILDABLE LAND INVENTORY, EMPLOYMENT LAND BY DEVELOPMENT STATUS (MOLALLA)



Source: City of Molalla, MIG

COMPARING RECONCILIATION OF 20-YEAR LAND SUPPLY AND DEMAND

Comparing the Buildable Land Inventory to the 20-year forecast of employment land need indicates that the City of Molalla faces a deficit of employment land over the planning period in both the Commercial and Industrial categories. A summary of the comparison of land supply and demand is presented below.

FIGURE 7.04: RECONCILIATION OF LAND SUPPLY AND 20-YEAR DEMAND (MOLALLA)

EMPLOYMENT ZONING DESIGNATION	20 YR. DEMAND (Gross Acres)	BUILDABLE LAND (Acres)	SURPLUS OR (DEFICIT) (Gross Acres)
Commercial (Office, Institutional, Retail)	70.2	54.7	(15.5)
Industrial (Gen. Ind., Warehouse, Flex)	78.1	166.3	88.2
TOTAL:	148.3	221.0	72.7

Source: Johnson Economics, MIG

- This analysis indicates that Molalla faces a deficit of 16 gross Commercial acres, and a surplus of 88 gross Industrial acres, for a **total employment land surplus of 73 gross acres**.

SITE SIZE

It is important to note that some of the forecasted growth will include employers who may have specific site needs and preferences that are not reflected in the available buildable inventory.

In particular, there are a limited number of unconstrained buildable sites larger than 10 acres in size. The BLI finds only one commercial site and one industrial site of this size. This implies that Molalla needs a greater variety of medium and large sites.

FIGURE 7.03: BUILDABLE LAND INVENTORY, NET DEVELOPABLE ACRES BY PARCEL SIZE & ZONE (MOLALLA)

	Number of lots	Net Acres
Commercial		
0 – 5 acres	70	28.3
5 – 10 acres	2	14.3
>10 acres	1	12.6
Commercial Subtotal	73	54.7
Industrial		
0 – 5 acres	74	117.1
5 – 10 acres	6	40.9
>10 acres	1	11.8
Industrial Subtotal	81	166.3
Total	154	221.0

Source: MIG

Over 93% of sites are under five acres in size, while 5% are between five and ten acres. Only 1% of sites are greater than ten acres in size.

DRAFT

VIII. FINDINGS AND RECOMMENDATIONS

SUMMARY OF FINDINGS

The EOA report points to several key conclusions regarding economic development goals and target industries in Molalla over the next 20 years. It also quantifies projected employment growth and land need within the UGB, and the adequacy of the current supply of employment land to meet that need.

Employment Growth

Molalla is home to an estimated 3,800 jobs as of 2024. The largest sectors by number of jobs are agriculture, forestry supportive firms, retail trade, food service and health care.

Based on a forecasted annual growth rate of 2.1%, the city is expected to add roughly 2,000 jobs by 2044. The greatest growth in number of jobs is projected to be in many of the same strong sectors, along with education and manufacturing. The forecasted 20-year employment growth would improve the balance of locally available jobs to the number of workers in Molalla. It would also emphasize higher wage industries to support these local households.

Broken down into broad categories of employment that tends to use commercial office/retail space, or that tends to use industrial space, the analysis forecasts that the 20-year demand for new employment land will be somewhat more weighted towards industrial land (53%) than commercial land (47%).

Expanding & Target Industries

The city has current advantages in several key industries including retail, forestry and wood manufacturing. However, in keeping with the identified economic objectives, a range of potential target industries for growth were identified through this process.

The target industries reflect industries where the area has shown historic strength, as well as sectors with robust growth potential and consistency with the locally expressed vision for the community:

- 1) Manufacturing
- 2) Health Care and Social Assistance
- 3) Retail Trade
- 4) Accommodation & Food Services
- 5) Construction
- 6) Arts, Entertainment & Recreation

Supporting growth in a range of industries will help the community build a more diverse and sustainable employment and tax base for the future and be more resilient to economic impacts on the traditional local industries.

Employment Land Need

The EOA analysis finds that the forecasted 20-year job growth by industry will translate to a need for 123 total net acres (148 gross acres) of land zoned for employment uses. The distribution of land demand between commercial uses (Office, Institutional, Retail) and industrial uses (Industrial, Warehouse, Business Park) leans towards industrial (53% vs. 47%).

A range of site sizes will be needed ranging from small to large to accommodate the projected business expansion. Different commercial and industrial users have different site requirements driven by the specific nature of their business operations, firm size, location and infrastructure requirements, and other factors.

Adequacy of Employment Land Supply

The Buildable Land Inventory (BLI) of employment lands completed in conjunction with the EOA found a total of 221 net buildable acres in Commercial and Industrial zones.

- The projected 20-year need for Commercial land trails the supply, with an estimated 55 acres of commercial land remaining to meet a projected need for 70 acres. This indicates a deficit of 16 acres of Commercial land.
- There is a projected supply of 166 acres of Industrial land to meet the forecasted need of 78 acres. This indicates a surplus of 88 acres of Industrial land.
- The total estimated surplus of employment land is 73 gross acres.
- 93% of the remaining contiguous development sites in Molalla are under five acres in size, with most being one acre or less. Only two contiguous sites of slightly more than 10 acres remains. Molalla is without land to meet the needs of many medium to large employers.

EOA IMPLEMENTATION RECOMMENDATIONS

This section discusses a range of strategies and/or action items that the city may consider that are consistent with the findings of this report. (Adoption of this report does not imply official commitment to any of these steps although some of these strategies may be incorporated in Comprehensive Plan policies in some form.)

PROVIDE AN ADEQUATE SUPPLY OF EMPLOYMENT LAND & SITES		
CORE INITIATIVE		
Actions		Notes
MEET INDUSTRIAL AND COMMERCIAL LAND NEEDS		
1	Establish and maintain a competitive short-term and long-term supply of employment land, in readily developable sites.	The City should maintain an inventory of available employment land to meet the 20-year economic development needs of the community, including identifying sites of varying sizes that can be readily served with new infrastructure in the short-term. <u>Options:</u> UGB swap or expansion to increase the land supply; rezoning of other land categories to employment categories; public effort to prioritize and serve key employment areas.
2	Prioritize serving key industrial subareas and sites in the TSP and Capital Improvement Plan	Given limited public resources, ensure that all planning efforts reflect the prioritization and sequencing of infrastructure projects to serve key sites and areas.
3	Encourage infill, redevelopment and/or adaptive reuse of obsolete or underused properties in current employment zones.	Some existing commercial and retail space in the Downtown area and along commercial corridors might be more intensively used, accommodating more job growth in existing employment areas. More intensive development and mixed-use construction often encounter a feasibility gap between costs and end value. Common approaches to bridging this gap include TIF funding, tax credit programs, tax incentives, and public/private partnerships.

4	Inventory properties that might be good opportunity sites for potential public/private catalyst projects.	Public control of a property by the City, TIF agency, or other public agency provides the public with a valuable incentive with which to forge a public/private deal that provides public benefits that a private development might not. Examples include incentivizing the developer to build at greater density, mixed uses, design elements, transit-oriented or other design elements, and other public goods.
5	Evaluate assisting in wetland mitigation to increase developable land inventory, including creating or partnering in a wetland mitigation bank	Costs of mitigating can be prohibitive for industrial users while on-site mitigation reduces usable site area and can be difficult for a business operator to maintain over time. Mitigation banks allow for off-site mitigation. Credits at existing banks can be difficult or expensive to obtain. A local bank would provide more certainty for mitigation; however, an extensive interagency process is involved.
6	Facilitate clean up and utilization of identified brownfield sites	Work with the appropriate agencies to identify requirements, as well as potential funding sources, to bring environmentally contaminated sites to productive use. Possible incentives include local and state tax abatement programs, and surcharge-based clean up funds.
POLICY AND CODE STRATEGIES		
7	Continue to improve and streamline development regulations and review processes where possible, to reduce cost and time, and provide predictability.	The community and city work to be development and employer friendly.
8	Ensure that applicable Comp Plan designations and zoning allow the mix of uses sought in employment areas, and if necessary, limit those uses that don't contribute to goals.	Ensure that the desired zones are in place and permit the uses that are foreseen in the City's existing and future employment areas. Where current zoning does not match the vision, consider rezoning, or amending zone standards.
9	Review and update Development Code language to support the desired development types and streetscape initiatives.	A review of code standards can reveal where the adopted standards for elements like building height, setbacks, floor-area-ratio, parking, etc. may be posing difficulties in achieving feasible development in the target industries. Some large-lot commercial businesses and industrial users may benefit from more flexibility in site and building design to allow for creative design solutions and make projects more feasible.

TARGET INDUSTRIES AND BUSINESS DEVELOPMENT		
CORE INITIATIVE		
	Actions	Notes
SUPPORT AND EXPAND EMPLOYMENT IN TARGETED INDUSTRIES		
10	Adopt and regularly update target industry profiles.	Industry patterns can change significantly over time, and target industries should be assessed regularly for progress on metrics like job creation and new firms.
11	Maintain and enhance business outreach and communication.	Coordinate business cluster and employment district networking opportunities. Participate in efforts of major regional economic development partners. Potential actions in support of this strategy include developing and updating marketing materials, attending industry tradeshows, following up on referrals by partner organizations, publicizing the success of local businesses, and highlighting competitive advantages of the area for proposals.
12	Develop a marketing plan to attract businesses within the identified target industry business sectors.	Assemble and distribute materials of specific interest to targeted industries and identify key industry groups.
13	Support and engage regional and statewide partners.	Regularly meet and coordinate with groups such as the Chamber of Commerce, SEDCOR, Clackamas County, and Business Oregon. Promote available employment space and land.
14	Regularly update Oregon Prospector to promote available employment space and land to site selectors.	Business Oregon provides the Oregon Prospector tool which provides open, free data on available employment lands across the state, including both industrial and commercial properties. Ensure that all key sites are listed, and information is accurate and up to date.
15	Promote locally available tools: Enterprise Zone and Urban Renewal Grant Programs.	In all site listings and marketing materials, ensure that the benefits of the existing zones are mentioned where applicable.
SUPPORT SMALL BUSINESS DEVELOPMENT		
16	Develop and/or market programs to assist emerging and under-capitalized firms	Technical assistance, micro loans, storefront improvement programs, master leases, and credit enhancement. Refer businesses to partner agencies providing grants, training, and other programs.
17	Evaluate development of incubator space, or shared or collective space.	A shared work or incubator space, often affiliated with a college, economic development agency, or other agency, to provide space for small but promising companies to work and collaborate in a subsidized environment while they grow. Or repurpose existing space to support multi-tenant maker space. These provide small spaces for craftsmen and artisans to work and share tools and knowledge, to incubate new businesses.

18	Connect small business opportunities with property owners.	The City can serve as a clearinghouse or matchmaker, matching business needs with local property owners. This could include food carts, which can serve as an incubator for future food service tenants. Consider using public land for food carts, artisan fair, or similar small businesses.
WORKFORCE INITIATIVES		
19	Support connections between local industry, K-12, CCC, and state education and training courses.	Help match training programs to employers, potentially coordinating internships, or regular interaction with local businesses. Ensure that these programs address target industries in particular and stay up to speed on rapidly evolving industry norms and technology.
20	Promote workforce training resources.	Increase knowledge of existing resources for job seekers.
21	Ensure the housing policies allow for an appropriate mix of housing for the local workforce.	The community should strive to provide the full range of housing types and price points to meet the needs to the full workforce and encourage residents to both live and work in Molalla.
22	Support local affordable housing developers	Some low-wage positions are a foundational component of any local economy, and most industries rely on this workforce either primarily, or through their supporting firms. Subsidized affordable housing is one key segment of the workforce housing puzzle.
23	Prioritize childcare as a workforce readiness issue.	Childcare is a commonly identified need for working households if all adults are working, or working unusual hours, etc. This topic is increasingly raised as an important part of attracting and maintaining an available workforce. Home-based childcare businesses are also usually a category of self-employment.

Employment Buildable Lands Inventory (DRAFT)

City of Molalla Economic Opportunities Analysis

Date August 20, 2024

To City of Molalla

From Andrew Parish and Sun-Gyo Lee, MIG

CC Brendan Buckley, Johnson Economics

INTRODUCTION

This memorandum describes the methodology and DRAFT results of the Buildable Lands Inventory (BLI) for the City of Molalla's Economic Opportunities Analysis (EOA). This analysis supports the broader EOA by identifying the amount and types of land available for employment uses in the City's Urban Growth Boundary (UGB). The findings of the BLI will be compared to the forecast of needed employment land in order to quantify the surplus or deficiency of land in any or all of the City's commercial and industrial land categories.

REGULATORY BASIS

This BLI is consistent with the following requirements of statewide planning Goal 9 and the Goal 9 administrative rule (OAR 660-009) as they pertain to BLIs. The BLI supports an Economic Opportunities Analysis that is currently underway.

1. **Economic Opportunities Analysis (OAR 660-009-0015).** The Economic Opportunities Analysis (EOA) requires communities to:
 - Identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends;
 - Identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on site characteristics typical of expected uses;
 - Include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and

- Estimate the types and amounts of industrial and other employment uses likely to occur in the planning area.
2. **Industrial and commercial development policies (OAR 660-009-0020).** Cities with a population over 2,500 are required to enact commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

METHODOLOGY

Consistent with OAR 660-009-0015, the BLI is conducted in several steps as follows.

- **Step 1: Identify Land Type** – This step identifies all land within the UGB as either “Residential,” “Employment,” or “Other,” based on zoning and additional characteristics. Employment lands are the focus of this BLI.
- **Step 2: Identify and Calculate Constraints** – This step identifies development constraints and removes constrained land from the inventory to measure the amount of developable land more accurately within the UGB.
- **Step 3: Classify Land by Development Status** – This step classifies land into categories of “Vacant,” “Partially Vacant,” “Developed,” and “Committed,” based on a series of filters using available data.
- **Step 4: Inventory Results** – This step reports the results of the analysis in various ways, and accounts for land needed for right-of-way and other public uses to arrive at total developable net acreage within the UGB.

The remainder of this memorandum addresses each of the above steps in turn.

Input Data

The following data sources were utilized in this analysis.

- City limits and Urban Growth Boundary, provided by City of Molalla
- Zoning districts, provided by City of Molalla
- Tax lot data, provided by City of Molalla
- Riparian Corridor, provided by City of Molalla
- Local Wetland Inventory, provided by City of Molalla

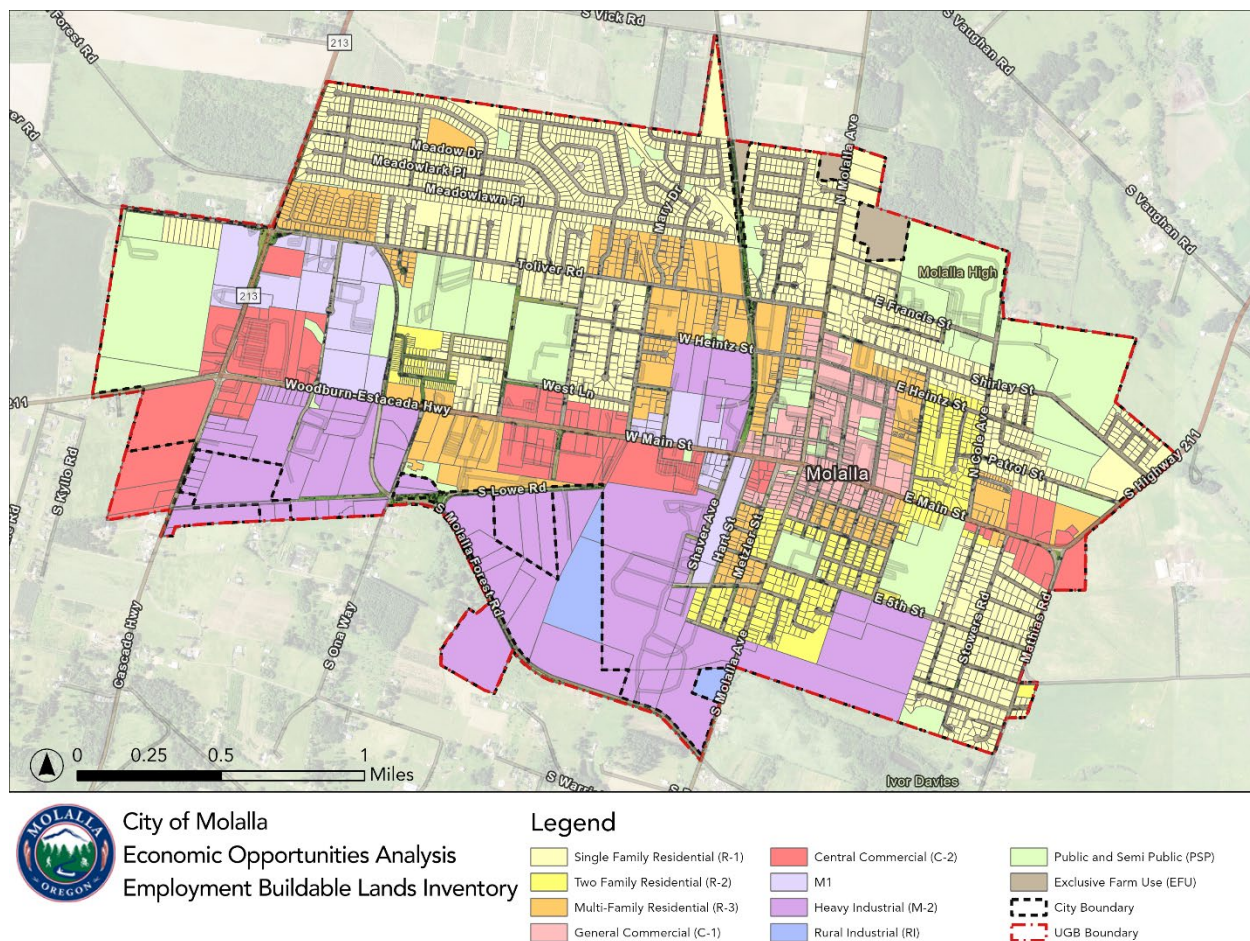
- Aerial Imagery, provided by Oregon Spatial Data Library

Step 1: Identify Land Type

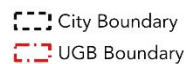
Land in the City of Molalla is categorized as Residential, Employment, or Other based on zoning designation and other factors. Zoning designations in the City of Molalla are shown in Figure 1. Table 1 describes the zoning designations that make up each land category. Additional reclassifications may be made based on site ownership and other characteristics.

Figure 2 shows the classification of land within the City of Molalla.

Figure 1: Molalla Zoning Designations



Category	Zones
Residential	Single Family Residential, Two Family Residential, Multi-Family Residential
Employment	General Commercial, Central Commercial, Light Industrial, Heavy Industrial, Rural Industrial (Clackamas County)
Other	Public and Semi Public, Exclusive Farm Use (Clackamas County)

[illegible]

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Table 2: Land Type

Category	Number of Tax lots	Gross Acres ¹	Percent of Area
Employment	413	629.2	41.1%
Residential	2,734	633.1	41.4%
Other	61	268.3	17.5%
Total	3,208	1,530.6	100.0%

¹ Gross acreage includes a limited number of tax lots that are partially located inside the Molalla UGB.

Step 2: Calculate Constraints

OAR 660-009-005 states:

“Development Constraints” means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

The constraints used for this analysis include:

- Local Wetland Inventory
- Riparian Corridor

Based on feedback from the City of Molalla, wetlands have been grouped into two categories: (1) wetlands associated with riparian features, which are assumed to be undevelopable; and (2) isolated wetlands, a portion of which are assumed to be developable through the wetland modification process described in the City’s development code.² Figure 3 shows the location of these constraints.

² Molalla Development Code 17-2.4.030

Figure 3. Molalla Development Constraints

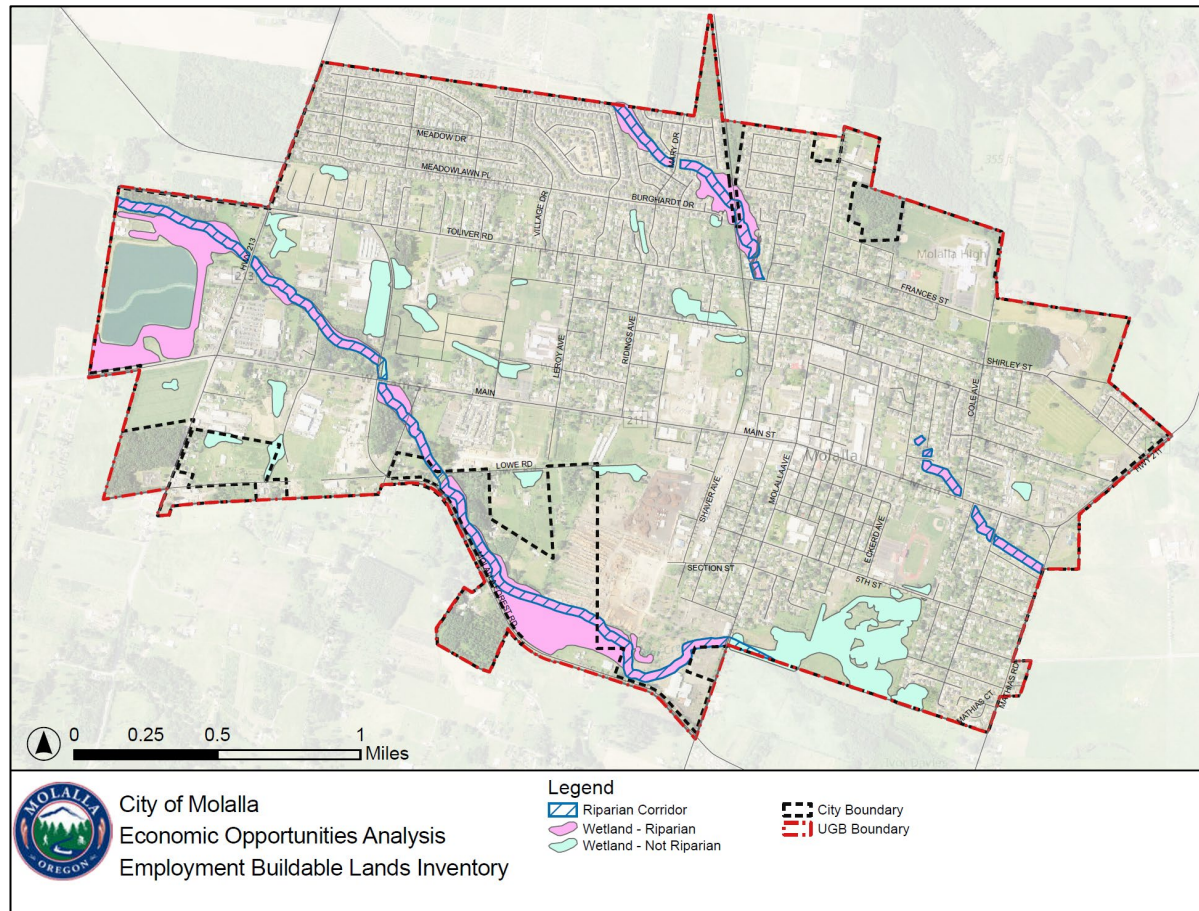


Table 3 provides a summary of the overall amount of constrained areas present within the UGB. Approximately 77 acres of employment land is constrained by wetlands or Riparian corridor.

Table 3: Development Constraints

Category	Constrained Acres	Unconstrained Acres	Total
Employment Land	76.5	552.6	629.2
Residential Land	24.0	609.1	633.1
Other Land	35.2	233.1	268.3
Total	155.5	1,375.1	1,530.6

Step 3: Classify Employment Land by Development Status

Employment land within the study area was classified by development status, as follows. These classifications are based on safe harbors provided in OAR 660-024 or professional judgement and standard planning practice. Additional input from property owners and City of Molalla planning was utilized to determine development status, notably for businesses that operate with few permanent structures on site.

- **“Vacant”** land meets one or more of the following criteria:
 - Equal to or larger than ½ acre and not currently containing permanent improvements.³
 - Equal to or larger than 5 acres where less than ½ acre is occupied by permanent buildings or improvements.⁴
 - Improvement value is less than \$5,000 or less than 5% of the property’s land value.
- **“Partially Vacant”** land has an improvement value of between 5% and 40% of the land value, or is greater than one acre in size with at least ½ acre not improved (based on aerial photos). Each Partially Vacant parcel is assigned a vacant area based on review of aerial photos with the assumption that existing uses will remain on site.
- **“Developed”** land does not meet the definition of vacant or partially vacant.
- **“Committed”** land with special uses such as religious facility, charitable property, veteran service facility, public property, etc. is considered not developable.

Table 4 presents a summary of the land development status organized by zoning inside City limits and by general commercial/industrial designation outside of City limits. Development status was assigned based on available information and City of Molalla input.

³ Safe harbor pursuant to OAR 660-024-0050(3)(a)

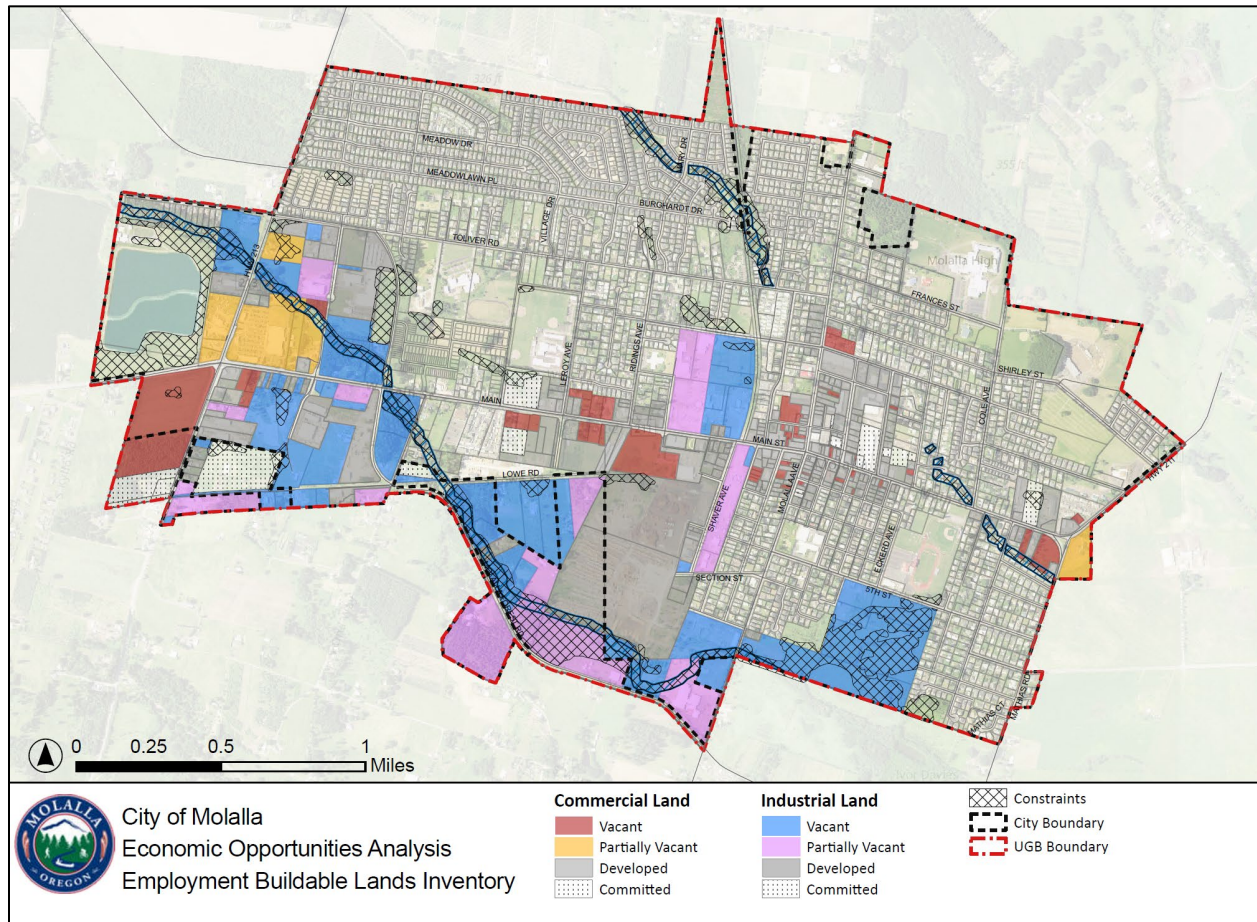
⁴ Safe harbor pursuant to OAR 660-024-0050(3)(b)

Table 4: Unconstrained Employment Land Acreage by Development Status

Zone	Vacant		Partially Vacant		Developed		Committed		Total	
	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres
General Commercial (C-1)	28	6.6	-	-	153	39.4	10	5.9	191	51.9
Central Commercial (C-2)	25	48.4	8	32.7	52	40.4	7	14.8	92	136.3
Commercial Subtotal	53	55.0	8	32.7	205	79.8	17	20.8	283	188.3
Light Industrial (M-1)	10	23.0	4	20.4	26	28.3	-	-	40	71.7
Heavy Industrial (M-2)	45	119.3	13	55.6	27	84.8	2	12.8	87	272.5
Rural Industrial (RI)	1	3.3	-	-	2	16.9	-	-	3	20.2
Industrial Subtotal	45	119.3	13	55.6	27	84.8	2	12.8	87	272.5
Total	109	200.6	25	108.7	260	209.8	19	33.5	413	552.6

Figure 4 illustrates the development status of employment land types within the City's UGB.

Figure 4: Employment Land by Development Status



Step 4: Inventory Results

A portion of unconstrained land is assumed to be used for infrastructure improvements, such as rights-of-way and stormwater treatment facilities, or otherwise unavailable for future employment uses. This analysis uses the following takeouts:

- 15% of vacant industrial employment land (Light Industrial, Heavy Industrial, Rural Industrial zones).
- 20% of vacant commercial employment land (General Commercial, Central Commercial).

The 15% and 20% deductions for vacant industrial and commercial employment lands are to account for potential infrastructure improvements on vacant land. Typically, infrastructure improvements include right-of-way dedications for street improvements.⁵

Table 5 summarizes net developable acreage by development type and zoning designation. Table 6 classifies the developable lands by size.

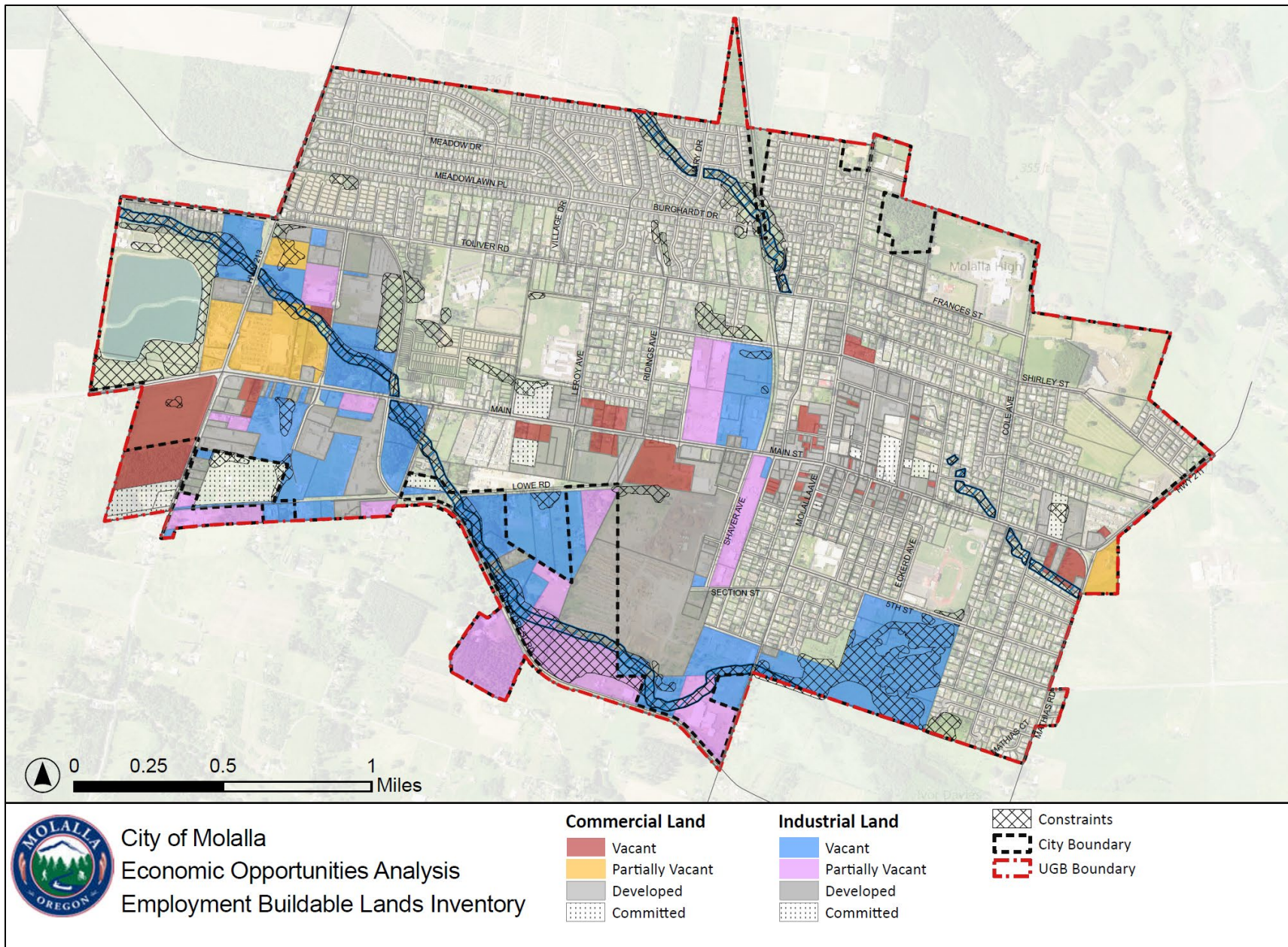
Table 5: Net Developable Acres of Employment Land by Zone

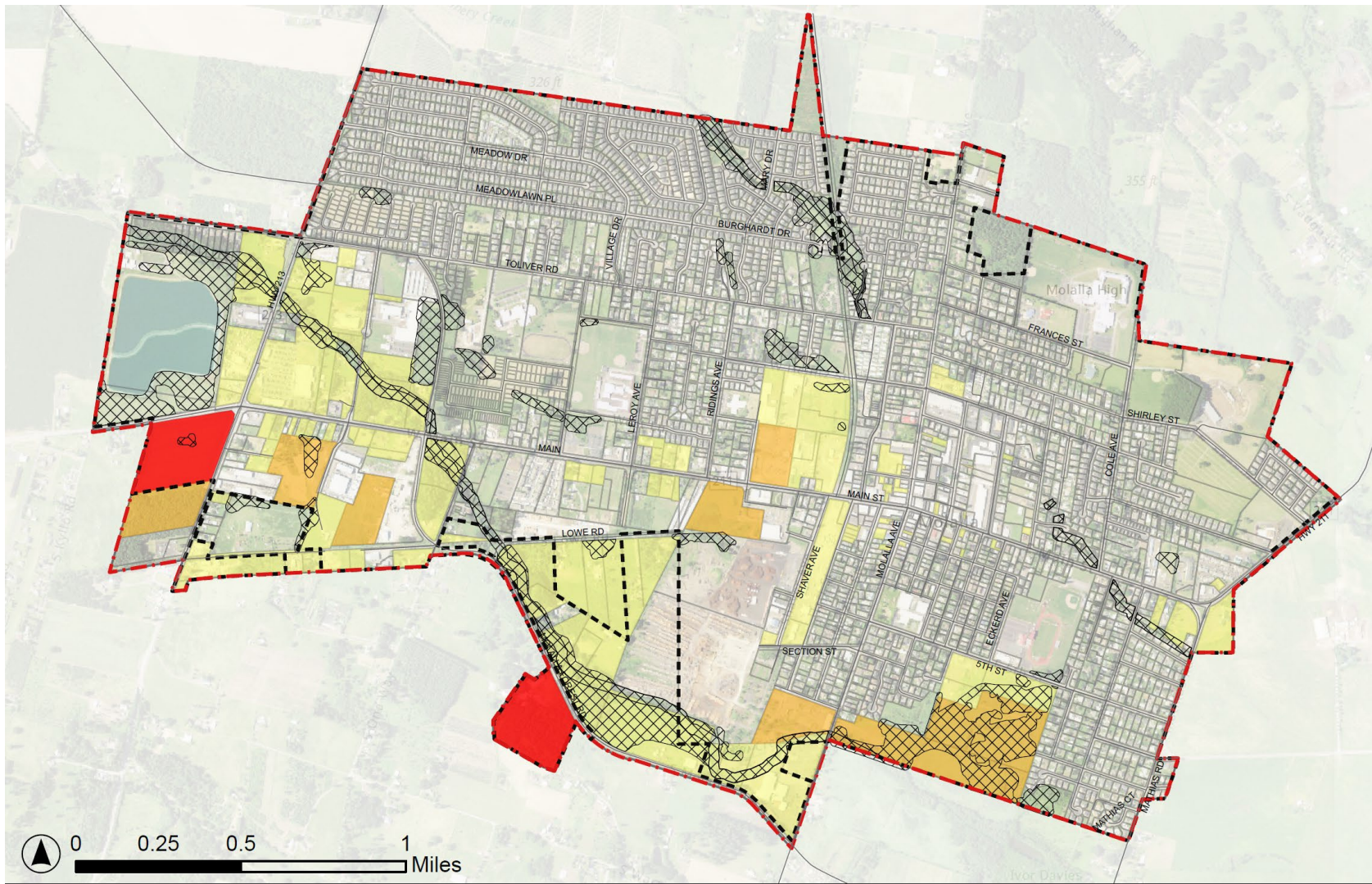
	Net Developable Acres on Vacant Parcels	Net Developable Acres on Partially Vacant Parcels	Total Net Developable Acres
General Commercial (C-1)	5.3	0	5.3
Central Commercial (C-2)	38.7	10.7	49.4
Commercial Subtotal	44.0	10.7	54.7
Light Industrial (M-1)	19.5	12.7	32.3
Heavy Industrial (M-2)	101.4	29.8	131.3
Rural Industrial (RI)	2.8	-	2.8
Industrial Subtotal	123.7	42.6	166.3
Total	167.8	53.3	221.0

⁵ Note, OAR 660-024-0040(10) allows a safe harbor deduction of 25% for a residential buildable land inventory to account for streets and roads, parks, and school facilities. There is no equivalent rule in the OAR for an employment buildable land inventory. A lesser set-aside is used for this employment BLI due to the lower intersection density typical of employment land, as seen in many communities throughout the state.

Table 6. Net Developable Acres of Employment Land by Zone Category and Lot Size

	Number of lots	Net Acres
Commercial		
0 – 5 acres	70	28.3
5 – 10 acres	2	14.3
>10 acres	1	12.6
Commercial Subtotal	73	54.7
Industrial		
0 – 5 acres	74	117.1
5 – 10 acres	6	40.9
>10 acres	1	11.8
Industrial Subtotal	81	166.3
Total	154	221.0

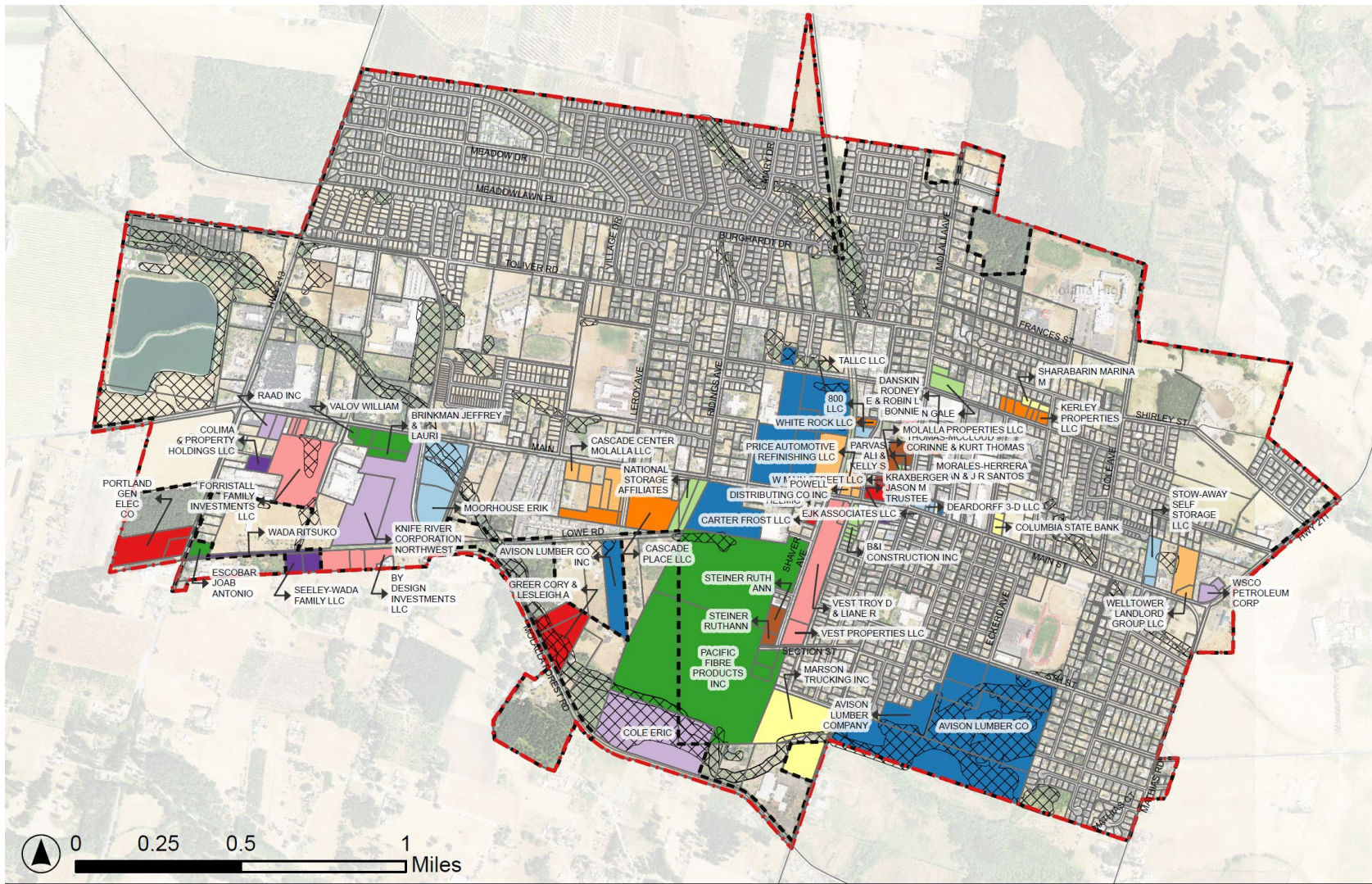




City of Molalla
Economic Opportunities Analysis
Employment Buildable Lands Inventory

- Constraints
- City Boundary
- UGB Boundary

- Lot Size**
- <5 Acres
 - 5-10 Acres
 - 10+ Acres



City of Molalla
Economic Opportunities Analysis
Employment Buildable Lands Inventory

Legend
 Constraints
 City Boundary
 UGB Boundary

Parcels under the same ownership

PROPERTY OWNER	Number of Lots	Gross Acres	Unconstrained Acres
800 LLC	2	0.8	0.8
AVISION LUMBER CO	13	114.2	54.6
B&I CONSTRUCTION INC	9	1.5	1.5
BRINKMAN JEFFREY & LAURI	2	3.1	3.1
BY DESIGN INVESTMENTS LLC	3	4.3	4.3
CARTER FROST LLC	3	0.7	0.7
CASCADE CENTER MOLALLA LLC	10	8.2	8.2
CASCADE PLACE LLC	3	6.9	6.9
COLE ERIC	2	16.9	3.8
COLIMA PROPERTY HOLDINGS LLC	2	1.1	1.1
COLUMBIA STATE BANK	2	0.6	0.6
DANSKIN RODNEY E & ROBIN L BONNIE	3	0.9	0.9
DEARDORFF 3-D LLC	4	0.7	0.7
EJK ASSOCIATES LLC	4	0.7	0.7
ERICKSON GALE	2	1.9	1.9
ESCOBAR JOAB ANTONIO	2	0.9	0.9
FORRISTALL FAMILY INVESTMENTS LLC	4	10.7	9.2
GREER CORY & LESLEIGH A	2	6.1	3.4
HELMIG	2	4.2	4.2
KERLEY PROPERTIES LLC	6	2.0	2.0
KNIFE RIVER CORPORATION NORTHWEST	2	16.8	16.8
KRAXBERGER JASON M TRUSTEE	2	0.2	0.2
MARSON TRUCKING INC	2	11.7	11.2
MOLALLA PROPERTIES LLC	3	2.7	2.7
MOORHOUSE ERIK	3	9.4	6.5
MORALES-HERRERA JUAN & J R SANTOS	2	0.1	0.1

<i>PROPERTY OWNER</i>	<i>Number of Lots</i>	<i>Gross Acres</i>	<i>Unconstrained Acres</i>
NATIONAL STORAGE AFFILIATES	3	2.7	2.7
PACIFIC FIBRE PRODUCTS INC	6	75.9	72.0
PARVAS ALI & KELLY S	2	0.2	0.2
PORTLAND GEN ELEC CO	2	5.8	5.8
POWELL DISTRIBUTING CO INC	2	0.6	0.6
PRICE AUTOMOTIVE REFINISHING LLC	4	0.7	0.7
RAAD INC	2	1.7	1.7
SEELEY-WADA FAMILY LLC	1	1.0	1.0
SHARABARIN MARINA M	3	0.7	0.7
STEINER RUTH ANN	1	1.2	1.2
STEINER RUTHANN	1	0.5	0.5
STOW-AWAY SELF STORAGE LLC	2	1.9	1.8
TALLC LLC	6	21.6	20.7
THOMAS-MCCLOUD CORINNE & KURT THOMAS	2	0.2	0.2
VALOV WILLIAM	2	1.2	1.2
VEST PROPERTIES & VEST, TROY	3	9.4	9.4
W MAIN STREET LLC	3	1.3	1.3
WADA RITSUKO	2	2.4	2.3
WELLTOWER LANDLORD GROUP LLC	2	3.1	3.0
WHITE ROCK LLC	2	0.5	0.5
WSCO PETROLEUM CORP	2	1.2	1.2
Total	147	361.1	275.7

Review of Development Code

City of Molalla Economic Opportunities Analysis

DATE November 18, 2024

TO City of Molalla

FROM Andrew Parish, AICP

CC Brendan Buckley, Johnson Economics

INTRODUCTION

This document is intended to provide recommendations related to the City of Molalla's development code to implement the findings and recommendations of the 2024 Economic Opportunities Analysis (EOA). This draft contains high-level comments and code recommendations, in some cases including specific code examples. Adoption of development code changes is expected to occur at a later date.

Comments are provided in-line below in blue boxes.

Title 17: Development Code

17-2.1 Establishment of Zoning Districts

A. Residential Districts...

No changes to this section are recommended as part of the EOA, however recommended policies in the EOA include supporting availability and affordability of housing, as well as siting of daycare facilities in residential districts, as workforce development priorities.

- B. Commercial Districts (C-1 and C-2). Commercial zoning districts accommodate a mix of commercial services, retail, and civic uses, with existing residences permitted to continue, and some new residential uses permitted. Two commercial zoning districts, one for the central commercial/traditional downtown area (C-1, Central Commercial) and one for the general commercial (C-2, General Commercial) area, provide for the full range of commercial land uses within the City. The zoning district regulations are intended to promote the orderly development and improvement of walkable commercial areas; facilitate compatibility between dissimilar land uses; provide employment opportunities in proximity, and with direct connections, to housing; and to ensure efficient use of land and public facilities.

No changes recommended.

- C. Industrial Districts (M-1 and M-2). Industrial zoning districts accommodate a mix of intensive and less intensive uses engaged in manufacturing, processing, warehousing, distribution, and similar activities. Two industrial zoning districts, one for Light Industry (M-1, Light Industrial) and one for Heavy Industry (M-2, Heavy Industrial) provide for the full range of planned

industrial land uses within the City. Both districts are intended to provide for efficient use of land and public services, provide a high quality environment for business, offer a range of parcel sizes and locations for industrial site selection, avoid encroachment by incompatible uses, provide transportation options for employees and customers, and facilitate compatibility between dissimilar uses. The Heavy Industrial district additionally provides suitable locations for intensive industrial uses, such as those with processing, manufacturing, assembly, packaging, distribution, or other activities.

No changes recommended.

- D. Public Facilities, Semi-Public District (PSP). See also Chapter [17-2.2](#) Zoning District Regulations and Chapter [17-2.3](#) Special Use Standards. The Public Facilities, Semi-Public (PSP) district provides for public and semi-public uses, including, but not limited to, schools, government offices, fire stations, police stations, libraries, public works yards, reservoirs, and other public facilities, consistent with adopted public facility master plans.

No changes recommended.

Table 17.2.2.030 Uses Allowed by Zoning District

Overall minor edits suggested. Target industries from EOA appear to be appropriately reflected in use table.

Uses	Residential Zones				Commercial Zones and Industrial Zones				Public Use	Special Use Standards
	R-1	R-2	R-3	R-5	C-1	C-2	M-1	M-2	PSP	
Child Daycare Center	CU	CU	CU	CU	P	P	CU	CU	N	

Child Daycare Center – consider allowing as a permitted use in more than just the C-1 and C-2 zones. Home childcare centers (which are typically smaller and are regulated differently by the State of Oregon) are currently allowed as home occupations in residential zones. Childcare is increasingly being seen as a workforce and economic development issue, and limitations on siting is an often-cited barrier.

Uses	Residential Zones				Commercial Zones and Industrial Zones				Public Use	Special Use Standards
	R-1	R-2	R-3	R-5	C-1	C-2	M-1	M-2	PSP	
Machine Shop, and Sales, Service and Repair of Machinery; except as allowed for Artisanal and Light Manufacture Uses. Must be wholly enclosed in buildings.	N	N	N	N	C-1	CU	CU	P	N	

Likely typo – change “C-1” to “CU”

Table 17-2.2.040.E Lot and Development Standards for Non-Residential Zones

Lists industrial zones as "I" rather than "M". Consider updating.

No substantive edits to table.

17.2-3 Special Use Standards

17.2.3.040 Artisanal and Light Manufacture Uses

No changes recommended.

17.2.3.120 Home Occupations

No changes recommended.

17.2.4.010 Support Commercial (SC) Overlay.

A. Purpose. The purpose of the Support Commercial (SC) Overlay District allows support commercial uses in designated transitional industrial areas. This zone is applied over the base M-2 Industrial District in those areas where small parcels are unlikely to be used for heavy industrial purposes.

B. Use and Dimensional Standards. The list of permitted and conditional uses, as well as the lot size and dimensional standards of the M-2 District shall apply to land within the SC Overlay District. This zone should allow for support type commercial uses which serve the industrial zone.

C. Minimum Lot Sizes. No lot shall be reduced to less than one-half acre in size.

This overlay is not applied currently, but the City wishes to keep it available in case rezoning of certain small industrial properties is infeasible.

17.3.1 Community Design Standards

17.3.1.020 Applicability

Division III's applicability is based on permit type, rather than use type. So provisions within Division III should be updated to reflect the desired standards for different types of employment land.

17.3.2 Building Orientation and Design

Staff has noted that as written, this section does not exempt Industrial developments, though most of the standards appear to be geared toward commercial and mixed use (commercial/residential) development. A separate section on industrial design standards is recommended.

17.3.2.040 ~~Non-Residential Buildings~~ Commercial, Mixed-Use, and Institutional Developments

Change title from "Non-Residential" to "Commercial, Mixed Use, and Institutional" to match contents. A separate Industrial section is recommended.

A. Purpose and Applicability. The following requirements apply to non-residential development, including individual buildings and developments with multiple buildings such as shopping centers, office complexes, mixed-use developments, and institutional campuses. The standards are intended to create and maintain a built environment that is conducive to pedestrian accessibility, reducing dependency on the automobile for short trips, while providing civic space for employees and customers, supporting natural surveillance of public spaces, and creating human-scale design. The standards require buildings placed close to streets, with storefront windows (where applicable), with large building walls divided into smaller planes, and with architectural detailing.

The following design standards should be considered for industrial uses:

- **Purpose:** The purpose of industrial design standards is to provide for flexibility in site planning for industrial uses while maintaining standards that improve the appearance of the City and protects neighboring properties from potential impacts.
- **Height Step Downs:** Transition height allowances from industrial areas to neighboring residential areas by requiring additional setbacks or “step-downs” in height for industrial uses in cases where the height of adjacent allowed industrial uses exceeds allowed residential district heights by more than one story.
- **Outdoor Storage and Parking Location:** Limit the amount of outdoor storage and parking between the right-of-way and buildings where industrial uses are adjacent to residential zones. Consider allowing more storage if appropriate screening is provided.
- **Connectivity and Pedestrian Orientation:** Require breaks in building façade, orientation toward sidewalks, pedestrian circulation through parking areas, lighting for walkways, and direct pedestrian access to abutting transit facilities, parks, or other activity centers. Some of these requirements may overlap with or encompass similar standards applied to commercial and institutional uses.
- **Incorporate basic landscaping requirements,** including percent of site to be landscaped, location of landscaping, specified species, irrigation, etc. Use basic requirements applied in other land use districts.
- **If non-industrial uses are allowed in residential zones,** corresponding design standards for those uses applied in other zones also should be applied those uses if located in industrial zones.

Examples of Similar Standards:

City of Gresham 7.0320 Industrial Developments

City of Stayton: 17.2.230 Industrial Design Standards

17-3.5 Parking and Loading

Table 17-3.5.030.A Automobile Parking Spaces by Use

No changes recommended.

Table 17-3.5.040.A Minimum Required Bicycle Parking Spaces

No changes recommended.

17-5.1 Definitions

Industrial. Land use predominantly involving the manufacturing, storing, processing, and distribution of goods.

Consider adding “Industrial” as a definition. The above is worded similarly to the existing “Commercial” definition.

Review of Comprehensive Plan Goals and Policies

City of Molalla Economic Opportunities Analysis

DATE November 15, 2024

TO City of Molalla

FROM Andrew Parish, AICP

CC Brendan Buckley, Johnson Economics

INTRODUCTION

This document provides recommended updates to City of Molalla's Comprehensive Plan in order to implement the findings and recommendations of the 2024 Economic Opportunities Analysis (EOA). Updates are provided on underline for new text and ~~strikeout~~ for deletions. Additional commentary is provided in blue boxes.

PART III: COMMUNITY DEVELOPMENT & LIVABILITY

Part III addresses community employment, housing and livability needs – consistent with Molalla's vision of a recreation-focused community with a diversity of shopping and dining options, lodging and recreation amenities, and agritourism.

Updated to include the items detailed in the EOA.

- ~~Industrial development is a primary concern in Molalla's growth. Industrial development provides the City its economic base. Economic trends have fluctuated significantly, perhaps cyclically, since Molalla was incorporated in 1913. As with much of Oregon, the local economy hit a low point in the early 1980s but boomed throughout the 1990s.~~
- Molalla's economic base has historically been industrial, while commercial development provides secondary employment and provides retail outlets for manufactured goods. The commercial sector also provides support services for industry as well as goods and services for local residents and workers.

Narrative about the City's current and former economy updated with text from the EOA, as well as the main themes for this section.

- ~~Commercial development is also important in that it creates secondary employment and provides retail outlets for manufactured goods. The commercial sector also provides support services for industry and personal goods and services (doctors, lawyers, food, clothing) for local residents and workers. Providing commercial services in proximity to homes and other businesses reduces the need for travel and helps to meet state and regional goals for energy, air quality and traffic congestion.~~
- ~~While commercial and industrial developments are generally associated with economic~~

growth, housing is an important element of the local economy. Housing development provides employment in engineering, architecture, construction and real estate. More important, however, is the relationship of the availability of affordable housing to the local labor market and business operators. Availability of also housing plays an important role in the local labor market and the City's economy.

- Land use compatibility, protection of natural and historic resources, and good urban design are critical to the community's livability ~~and Molalla's recreational concept.~~

Molalla is home to an estimated 3,800 jobs as of 2024. Its largest sectors by number of jobs are agriculture, forestry supportive firms, retail trade, food service, and health care.

The city is expected to add roughly 2,000 jobs by 2044. The greatest growth in number of jobs is projected to be in many of the same strong sectors, along with education and manufacturing. The forecasted 20-year employment growth would improve the balance of locally available jobs to the number of workers in Molalla. It would also emphasize higher wage industries to support these local households.

Broken down into broad categories of employment that tends to use commercial office/retail space, or that tends to use industrial space, the analysis forecasts that the 20-year demand for new employment land will be somewhat more weighted towards industrial land (53%) than commercial land (47%).

Expanding & Target Industries

The City has current advantages in several key industries including retail, forestry and wood manufacturing. However, in keeping with the identified economic objectives, a range of potential target industries for growth were identified through this process.

The target industries reflect industries where the area has shown historic strength, as well as sectors with robust growth potential and consistency with the locally expressed vision for the community:

- 1) Manufacturing
- 2) Health Care and Social Assistance
- 3) Retail Trade
- 4) Accommodation & Food Services
- 5) Construction
- 6) Arts, Entertainment & Recreation

Supporting growth in a range of industries will help the community build a more diverse and sustainable employment and tax base for the future and be more resilient to economic impacts on the traditional local industries.

GOAL 9: ECONOMIC DEVELOPMENT

The purpose of Statewide Planning Goal 9 is:

To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens.

Background

The present industrial pattern in Molalla was established when the City was heavily involved in the timber industry. Molalla has changed from a town relying solely on the timber industry. Nearly all of the industrial development outside of the City limits but within the Urban Growth Boundary lies to the west along Highway 211 and 213.

Economic Opportunities Analysis and Employment Land Needs

Update this section with narrative, tables, and charts from the EOA.

The following section describes the key takeaways of the City of Molalla's most recent Economic Opportunities Analysis, adopted **[ADOPTION DATE]**.

Employment Growth

Molalla is home to an estimated 3,800 jobs as of 2024. The largest sectors by number of jobs are agriculture, forestry supportive firms, retail trade, food service, and health care.

Based on a forecasted annual growth rate of 2.1%, the city is expected to add roughly 2,000 jobs by 2044. The greatest growth in number of jobs is projected to be in many of the sectors noted above, along with education and manufacturing. The forecasted 20-year employment growth is expected to improve the balance of locally available jobs to the number of workers in Molalla. It is expected to also emphasize higher wage industries to support these local households.

Expanding & Target Industries

The city has current advantages in several key industries including retail, forestry, and wood manufacturing. However, other target industries for growth were identified through in the EOA. These target industries include sectors where that have shown historic strength, as well as sectors with robust growth potential and consistency with the locally expressed vision for the community:

- 1) Manufacturing
- 2) Health Care and Social Assistance
- 3) Retail Trade
- 4) Accommodation & Food Services
- 5) Construction
- 6) Arts, Entertainment & Recreation

Supporting growth in a range of industries will help the community build a more diverse and sustainable employment and tax base for the future and be more resilient to economic impacts on the traditional local industries.

Employment Land Need

The EOA analysis finds that the forecasted 20-year job growth by industry will translate to a need for

123 total net acres (148 gross acres) of land zoned for employment uses. The distribution of land demand between commercial uses (Office, Institutional, Retail) and industrial uses (Industrial, Warehouse, Business Park) leans towards industrial (53% vs. 47%).

A range of site sizes will be needed, ranging from small to large to accommodate the projected business expansion. Different commercial and industrial users have different site requirements driven by the specific nature of their business operations, firm size, location and infrastructure requirements, and other factors.

Adequacy of Employment Land Supply

The Buildable Land Inventory (BLI) of employment lands completed in conjunction with the EOA found a total of 221 net buildable acres in Commercial and Industrial zones.

- The projected 20-year need for Commercial land trails the supply, with an estimated 55 acres of commercial land remaining to meet a projected need for 70 acres. This indicates a deficit of 16 acres of Commercial land.
- There is a projected supply of 166 acres of Industrial land to meet the forecasted need of 78 acres. This indicates a surplus of 88 acres of Industrial land.
- The total estimated surplus of employment land is 73 gross acres.
- 93% of the remaining contiguous development sites in Molalla are under five acres in size, with most being one acre or less. Only two contiguous sites of slightly more than 10 acres remain. As a result, Molalla does not have sufficient land in the sizes or configurations needed to meet the needs of many medium to large employers.

In 2004, the City of Molalla contracted E.D. Hovee and Company (Hovee) to prepare an economic analysis and strategic plan in order to meet Statewide Planning Goal 9 (Employment) requirements, and for use in determining 20-year employment (industrial and commercial) land needs. The *Molalla Economic Profile* (Hovee, 2004) provides 20-year population and employment projections, an assessment of employment trends, and a commercial and industrial land demand analysis. The Economic Profile notes:

“The approach taken in this analysis to Molalla’s future employment is based upon the city’s policy objective to improve its jobs-housing balance and regain its status as a somewhat independent economic region rather than a bedroom community serving employers elsewhere in the region. This employment projection is therefore appropriately termed as a policy projection rather than a market-based forecast. It is recognized that this policy projection is more aggressive than Metro’s preliminary jobs forecast for the Molalla area. Molalla’s employment policy projection is based upon a 2025 jobs-housing target of 1.6 jobs per housing unit, equivalent to the jobs-housing balance of the entire metropolitan region as of 2002. This recommended jobs-housing target represents a significant increase from Molalla’s current jobs housing balance, but would be roughly half of the community’s peak jobs to housing ratio

experienced in the mid 90s.” (Pages 11-12)

The Goal 9 (Economy) administrative rule provides guidance to local governments regarding the preparation of economic plans (OAR Chapter 660, Division 009). OAR 660-009-0025(1) states that:

“...the plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies.”

Molalla’s long-term objectives, as expressed in its Comprehensive Plan, are to continue to increase its employment/population ratio while fostering a strong traded-sector “industrial” job base. The *2009 Employment Land Needs Analysis*:

- builds on the analysis provided in the *Molalla Economic Profile* (2004);
- extends the 20-year planning period from 2025 to 2030;
- adjusts projected population to reflect “safe harbor” population growth through 2030; and
- identifies and projects site requirements of firms that are likely to locate in Molalla over the next 20 years.

However, because the *2009 Employment Land Needs Analysis* relies on the simple “policy objective” employment forecast and to facilitate this planning process by providing Molalla with as much security as possible, this analysis uses the 660-024-0040(9) “safe harbors” for determining employment needs until such a time as the Economic Opportunities Analysis can be updated to reflect current conditions

The “safe harbor” provided by OAR 660-024-0040(9)(a) allows that:

“A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

- (A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or
- (B) The population growth rate for the urban area in the adopted 20-year coordinated population forecast specified in OAR 660-024-0030.”

Utilizing option (B), projecting employment growth at the same rate as the rate found in the 20-year population forecast (2.0%), yields the results shown in Table 9-1. Given the findings of the earlier economic reports that Molalla currently lacks employment and the city desires to and is making efforts to improve the job/housing ratio above its current low levels, the city will likely need to complete a new Economic Opportunities Analysis prior to any assessment of the UGB to understand if there is a way to create more employment for city residents or if the “site needs” methodology is more appropriate.

Table 9-1: 2014-2034 Safe Harbor Employment Forecast

2014 Employment (Est)	2,876
2034 Employment	4,299

Projected 2014-2035 Employment Growth	1,423
---------------------------------------	-------

Source: Clackamas County and City of Molalla

As shown in Table 9-1, applying the employee/acre ratios used in the *2009 Employment Land Needs Analysis* to the safe harbor 2034 employment forecast results in a year 2034 employment land need of 123 *net* developable acres for the projected 1,423 new employees.

Table 9-2: 2014-2034 Net Employment Land Needs

Factors	
Projected “safe harbor” 2014-2034 Employment Growth	1,423
2034 Commercial %	68%
2034 Industrial %	32%
2034 Commercial Employment/Acre	15
2034 Industrial Employment/Acre	8
2014-2034 Commercial Employees	968
2014-2034 Industrial Employees	455
2014-2034 Commercial Land Need	65
2014-2034 Industrial Land Need	57

Source: Hovee, Clackamas County and City of Molalla

Economic Development Goals and Policies

This section states Molalla’s overall economic development objectives, and is followed by more specific goals and policies related to Commercial Development, the Central Business District, and Industrial Development. ~~The Central Business District and Community Planning Areas;~~

- ~~Commercial Development; and~~
- ~~Industrial Development.~~

Rephrased and reordered.

Economic Development Goal:

To expand the economic base to increase the economic independence of the area – through expansion and retention of existing businesses and recruitment of new businesses.

It appears that all goals in the Comprehensive Plan are structured like this “To...” which is typical of many cities’ Comprehensive Plans.

Economic Development Policies:

The following general policies are related to all types of existing and planned employment in Molalla:

Introductory sentence not necessary.

Overall note on policies – some are phrased “The City Shall...” while others have different formulations. Some policies use “should.” Binding policy language is clear, directs City actions, and uses words like “will,” and “shall.” In general, we recommend using a consistent structure for all policy statements and we have taken that approach in these amendments.

1. ~~The City shall encourage infill, redevelopment and/or adaptive reuse of obsolete or underused properties in current employment zones.~~

New policy from EOA

2. ~~The City shall encourage Encourage the siting and growth of employers which pay high wages and allow for Molalla residents to work locally, rather than having to travel elsewhere for work. family wages as identified in Molalla Economic Opportunities Analysis (EOA).~~

Specific references in each policy to the EOA are not necessary.
Reworded and combined with other policies about attracting well-paying businesses.

3. ~~The City shall designate Designate adequate suitable land with site size and locational characteristics required by targeted industries employment as set forth in the Economic Opportunities Analysis (EOA).~~

Reference to EOA not necessary. Suggest combining with several other policies below related to allocating sufficient land with the right site characteristics.

4. ~~The City shall regularly identify “shovel ready” sites and request Oregon Economic and Community Development Department (OECDD) certification for those sites. Identify industrial sites that are immediately available and serviceable for industrial development consistent with the Goal 9 rule. Request Oregon Economic and Community Development Department (OECDD) certification for “shovel ready” industrial sites pursuant to Executive Order 03-02.~~

Rephrased to simplify and make an ongoing action.

5. ~~Ensure Molalla’s planning area contains adequate amounts of industrial and commercial lands for projected growth.~~

Removed to combine with several other policies related to allocating sufficient land with the right site characteristics.

6. ~~Land use designations within the Molalla Planning Area shall be designed to accommodate projected commercial and industrial growth and population densities through the year 2034.~~

Removed to combine with several other policies related to allocating sufficient land with the right site characteristics.

7. ~~The UGB may need to be expanded to ensure adequate lands for commercial and industrial development through 2034.~~

Suggest removing.

8. ~~Coordinate with property owners to retain large commercial and industrial sites identified in the EOA for their intended commercial and industrial uses through zoning and master planning.~~

Suggest removing.

9. The City shall ~~Actively~~ actively support redevelopment efforts for under-utilized commercial and industrial sites within Molalla UGB.

Use "Molalla UGB" or "Planning Area" consistently.

10. ~~Protect large redevelopment sites for their intended uses as identified in the EOA.~~

Combine with other similar policies. Remove reference to EOA.

11. ~~Commercial and service uses in the City's industrial zones should be limited to small-scale uses that cater primarily to local area employees and customers.~~

Combine with other similar policies.

12. ~~The City of Molalla shall encourage commercial and industrial development. More jobs can be created causing less reliance on the automobile for travel away from the City.~~

Replace this and others with a policy about supporting local job growth, particularly for higher paying positions and industries, and enabling residents to work locally.

13. ~~The City shall strive to reduce the home to work distance by encouraging industrial and commercial development thus reducing the dependency on the auto and saving energy.~~

Replace this and others with a policy about supporting local job growth, particularly for higher paying positions and industries, and enabling residents to work locally.

14. ~~The city shall establish and maintain an inventory of industrial and commercial land of a quantity and quality to attract industry to the City of Molalla. The City of Molalla shall maintain a five-year supply of vacant and serviced industrial land to comply with the Goal 9 Administrative Rule.~~

The City does not have/maintain such an inventory. Policy is generally duplicative of others.

15. ~~The City shall~~ Continue continue to work with the Oregon Department of Economic Development in seeking new commercial and industrial development.

16. ~~The City shall work with the Port of Portland to assist in industrial development strategies. The City shall work with Business Oregon and others to support industrial development.~~

Port of Portland reference no longer relevant; updated accordingly.

17. The City shall ensure adequate amounts of suitable lands for the business community to thrive:

Duplicative of other policies; deleted.

18. The City shall make every effort possible to work with interested businesses to draw them to the community:

Combine with other goals about attracting business.

19. The City shall monitor and update land use process to reduce or eliminate unnecessary obstacles to economic development for developers, employers, and businesses. In the process of administering the City's Comprehensive Plan, careful consideration will be given to the economic impacts of proposed policies, programs and regulations. Efforts will be made to simplify and streamline the planning and zoning review process while maintaining the quality of development to improve the economic base of the community:

Reworded to be more straightforward.

20. The City shall encourage businesses that support the recreation concept and encourage all businesses to provide a choice of goods and services to the community:

Suggest removing unless still relevant to target industries.

21. The City shall encourage business to locate or relocate to Molalla to provide for the needs of the community:

Duplicate of other policies; deleted.

22. The City shall provide a safe convenient and attractive place to live to draw small business to the community:

Duplicate of other policies; deleted.

23. The City shall encourage and support diversification of employment in the City. Diversify and improve industry in the City of Molalla in order to ensure insure the lack of dependence upon any single industry.

Combine with other policies related to diversification of job base.

24. Expand, improve and diversify the economy of the Molalla Urban Growth Boundary area by encouraging supporting home occupations while maintaining Molalla's quality of life:

24.1.—The City shall work with existing businesses and encourage businesses to come to Molalla to provide family wage jobs thus creating a diverse economy and reduce energy consequences:

24.2.—The City shall work with these businesses to draw them to the community thus reducing the number of people leaving the community for such jobs by travel:

24.3.—The City shall work to retain and pursue opportunities to draw businesses to the City and ensure businesses remain in the City and shall work with interested businesses to encourage moving to Molalla:

Remove and combine with other similar policies. Energy consequences language can be removed, can tighten up language about keeping jobs in town.

25. ~~Move~~ ~~The City shall focus~~ industrial lands away from Molalla's Central Business District and focus them in areas where Highway access is appropriate.

"Focus" broadens the policy somewhat.

26. ~~The City should give a high priority to extending and improving the infrastructure needed for economic development~~ The City shall prioritize serving key industrial areas in the Transportation System Plan and Capital Improvement Plan

Replace with Action 2 in the EOA. "Prioritize serving key industrial areas in the Transportation System Plan and Capital Improvement Plan."

27. The City ~~and County~~ shall continue to work cooperatively with County, ~~as well as~~ the State and Federal government and economic development agencies to implement economic development within the Molalla Urban Growth Boundary.

This policy directs the County to act – limit to just the City and include cooperation with the County.

- 27.1. The City of Molalla shall regularly review and revise, as necessary, the ~~existing~~ Urban Growth Management Agreement (UGMA) with Clackamas County clearly stating the respective roles of the City and Clackamas County within the Molalla UGB Planning Area.

Updated language to indicate a continuing process.

- 27.2. ~~The UGMA should address the concept of a recreation community in that the City should have input on decisions that may affect this concept, such as: camping facilities, river rafting facilities, fishing and hunting lodges, resorts or any facility that will have an impact on the safety and livability of the City.~~

Was this review done/is this still needed? Recommend deleting since it is not stated as a policy but more as an objective.

28. The City shall work with partners to evaluate and enact workforce initiatives, including: supporting connections between local industry, K-12, CCC, and state education and training courses; promoting workforce training resources; ensuring housing policies allow for an appropriate mix of housing for the local workforce; supporting local affordable housing developers; and prioritize childcare as a workforce readiness issue.

New policy from EOA.

Commercial Development

Move this section to come before the CBD section – CBD goals and policies will be a subset of Commercial Development.

The Comprehensive Plan Map indicates where commercial development will be encouraged. Commercial areas are planned to allow for the optimum utilization of the land to provide retail and service business to the community. A variety of commercial establishments serving residents, visitors, and the traveling public are an important component of the City's economy.

Population projections for the study area indicate an increase of approximately 4,340 residents by the year 2034. In order to meet the demands created by this increase in population, the City may need to designate additional land for commercial use. A number of businesses have recently developed in the City, adding to the economic base. This commercial base has enough capacity to serve some of the increase in population.

The variety of commercial establishments and services which serve the community should be expanded to provide a wider range of facilities for the convenience of the residents and the benefit of the community at large. The Molalla business district at the junction of Molalla Avenue and Main Street is becoming a traffic-congested area. With additional truck traffic this intersection will only get worse in the future, negatively impacting commercial businesses in the downtown area. The Transportation System Plan identifies the Molalla Forest Road as a by-pass road for truck traffic travelling to the industrial areas of the City. Additional suitable commercial land may also need to be provided to allow for commercial expansion.

Update based on EOA narrative if this section is to be retained.

Potential Commercial Districts

The Downtown Plan looked at the different sections of town outside the CBD and potential Community Planning Areas (CPAs) to create ways to provide auto-oriented commercial services to the community including:

- ~~**Highway Commercial Overlay:** Commercial development in this section should be anchored by a few major department and grocery stores.~~
- ~~**General Commercial District:** This commercial section should offer a variety of uses filling the gap between Highway Commercial and the Central Business District (CBD).~~

Duplicative of later section

Commercial Comprehensive Plan and Zoning Designations

The Comprehensive Plan Map indicates where commercial development will be encouraged. Commercial designations are implemented with the Central Commercial (C-1) and General Commercial (C-2) zones:

- **Central Commercial (C-1):** Central Commercial (C-1) areas are designated to provide principle shopping, business and transportation to the community and its trade area. This district allows for a broad range of uses in keeping with Molalla's historic commercial area.
- **General Commercial (C-2):** General Commercial (C-2) areas are designated to provide those types of retail, wholesale, transportation and service uses which, because of traffic, size and other requirements, depend upon particular locations to serve the needs of the community and its trade area.

Commercial Development Goals and Policies

Commercial Development Goal:

Develop an attractive and economically sound community. To support and grow commercial development in the City which supports the local economy and contributes to the community's desired character.

Revise goal to address commercial development. Revise to match phrasing of other goals.

Commercial Development Policies:

~~Molalla must provide commercial land to serve its growing population, without taking business away from the CBD or planned CPAs. Thus, the location and design of commercial areas should be given very careful consideration. Commercial developments occur at points of maximum traffic movement and directly affect the visual quality of the community. If Molalla is to retain its image of a thriving recreational community and desirable place to live, its commercial areas must be well-designed and inviting.~~

Remove introductory text.

1. ~~The City shall designate and adequate supply of suitable sites for commercial use within the Molalla UGB. The Molalla planning area shall contain adequate suitable sites for commercial use. This shall include~~ Sufficient sufficient vacant commercial lands with a diversity of sizes, types, and service levels for future commercial uses shall be designated on the comprehensive plan/zoning map.
2. The City shall develop and apply design standards relating to appearance and neighborhood compatibility of commercial development.

Specify that this is for commercial development.

3. ~~Large retail development shall comply with design standards relating to appearance, functionality, and neighborhood compatibility.~~

Remove – not needed if standards are in place.

4. The City ~~shall~~ will continue to support a cooperative and active working relationship with the business community through the Chamber of Commerce as well as those businesses that are not members of the Chamber of Commerce and will seek their input when making decisions having economic impacts on the business community.
5. As existing businesses are renovated and new ones are constructed, the City ~~shall~~ will require high standards of compatibility with surrounding development, landscaping, architecture and signage. The ability of a site to function properly in relation to the surrounding area will be emphasized.
6. ~~The City shall assure efficient development of land consistent and compatible with the community's needs and resources.~~

Remove – vague and likely challenging to implement.

7. ~~The City is designating itself a recreational community and shall ensure adequate parks and opportunity for a host of recreational activities to encourage business supporting the recreational activities. This shall be in addition to the City supporting a wide range of other business opportunities which will provide for the needs of the citizenry.~~

Unclear language, not necessary in the Commercial section of the Comprehensive plan.

8. ~~The City shall work cooperatively with commercial development to ensure that City park needs are met, either through land dedication or payment of system development charges (SDCs).~~

This is more appropriate for inclusion under the City's Park and Recreation Goals; suggest removing here.

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

10. ~~Inefficient strip development patterns that increase congestion and therefore waste energy resources shall be avoided.~~

Remove – duplicative of policy 9.

11. ~~Provide for additional land needed for commercial expansion to serve the projected population growth and to ensure choice in the market place while also encouraging private revitalization of existing commercial structures.~~

Remove – duplicative of Policy 1

12. ~~Encourage a rate of commercial development consistent with serving the needs of residents of the City and adjacent rural and agricultural lands.~~

Consider removing – duplicative of other policies.

13. ~~The City shall Provide~~ provide an atmosphere that is inviting to potential businesses while maintaining the City's feel and desire to maintain a rural community feeling.

- 13.1. ~~Through the code incorporate language that invites development yet protects the City's character.~~

Vague, consider removing. Can incorporate in combined policy about commercial design.

14. ~~Provide buffers between industrial uses and residential uses for the benefit of all concerned.~~

Remove – address industrial buffers in industrial section.

15. ~~Commercial development adjacent to arterial streets and highways may be subject to access restrictions.~~

Remove – not needed as policy statement.

16. Commercial development shall be encouraged to provide service access roads, which feed into arterial and collector streets at designated points, consistent with the adopted Transportation System Plan.

Ensure consistency with TSP.

17. ~~Sign standards shall be designed to enhance the appearance of the City and provide for the advertising needs of the business community.~~

~~17.1. Signs shall serve as a marker for businesses.~~

~~17.2. Signs shall not become the focal point of the City.~~

~~17.3. Signs shall not occupy any portion of the right-of-way.~~

Signage requirements are more appropriate for the Development Code itself.

18. ~~Shopping centers~~ Commercial Development shall be attractive and pedestrian oriented, as required in the development code.

~~18.1. Retail shopping centers should be safe, comfortable and attractive environments, with convenient access, and designed for the safe and convenient movement of pedestrians and other non-auto transportation.~~

~~18.2. The Molalla Municipal Code shall provide standards for planting trees and other landscaping for all commercial development.~~

~~18.3. The City shall adopt a bicycle, pedestrian, and equestrian plan, which provides safe, convenient, and recreational activities throughout the City.~~

~~18.4. Shopping centers shall have pedestrian ways with attractive landscaping.~~

~~18.5. Lighting in the shopping area shall be attractive and allow for safe ingress and egress from the shopping area into the parking lot.~~

Replace with reference to the development code, which has detailed requirements.

19. ~~A sufficient number of locations should be made available for shopping centers and other commercial activities as the urban area population increases.~~

~~19.1. Provide adequate lands along major arterials.~~

Remove; land availability addressed elsewhere.

20. ~~Commercial establishments shall be landscaped and maintained and provide off-street parking for employees, customers and access of delivery of goods.~~

Remove; design addressed elsewhere.

21. Shopping areas should be pleasant environments to live near and to do business within:

- a. ~~They should not be designed in a manner only to attract attention. Buildings need not be painted in an offensive manner or have obtrusive signs to secure their share of the shopping public. In fact, the reverse trend tends to be the case, with centers providing a pleasant shopping environment often being more prosperous.~~
- b. ~~Commercial development demands special consideration in terms of traffic. The City must balance the needs of both the commercial and non-commercial sectors of the community in reviewing proposed development and considering the traffic impacts that will result.~~

Duplicative of earlier policy about commercial areas.

- c. ~~All commercial districts are planned in the form of centers or complexes rather than as a strip development along major streets.~~

Remove, design addressed elsewhere. Vague language.

Central Business District Goals and Policies & Community Planning Areas

Remove references to “Community Planning Areas” but keep section related to the CBD. Introductory information is updated below. This section has been moved to be a subset of Commercial Development

The Central Business District (CBD) ~~and potential Community Planning Areas (CPA)~~ provides for mixed retail, service and residential uses with a strong pedestrian orientation and respect for Molalla’s history.

The Central Business District (downtown area) is located in an approximately twelve-square-block area divided by state Highway 211 running east and west, and by Molalla Avenue running north and south. The area is bound on the east, north and south by residences, and to the west by a large industrial complex. For this reason the City has developed with this Comprehensive Plan the tools to provide the necessary elements to help the CBD to thrive. The CBD consists of small shops offering a variety of merchandise and unique shopping experiences. ~~The CBD can accommodate uses such as office, theatres, restaurants, bicycle sales and repair, sports related activities and stores, fly tying shops, gun shops, boat sales, and repair activities. These shops should enhance the City’s concept as a “Recreational Community”.~~

~~Many of the older buildings have undergone an exterior and interior upgrading which has done much in improving the overall appearance of the core area. Much of the “facelift” of the older commercial structures as well as the new construction has been voluntarily done in theme lending itself to the recreational concept. There is broad community support for the continuation of remodeling and new construction as indicated by letters from various community organizations and the City’s desire to become a recreational center.~~

~~Many new stores and buildings have been placed in the CBD and a great deal of redevelopment and remodeling has occurred, while maintaining the historic feel of older buildings.~~

~~Parking is a big concern for the CBD. As the vacancy rate goes down a need for additional parking becomes evident. The City is working on new ways to increase the amount of signage showing additional downtown parking as well as searching for ways to provide additional parking areas. The City is currently seeking funding for a downtown revitalization plan. This plan will give the City the ability to identify potential downtown parking areas. The goal and policy framework for the CBD and potential future CPAs are outlined below.~~

Outdated text, not necessary in Comprehensive Plan

~~Downtown Development~~ Central Business District Goal:

To protect and ~~insure~~ ensure the permanency of the Central Business District (CBD) as a vital economic base and to maximize customer access and exposure, and convenience.

Rephrase, use "ensure."

~~Downtown Development~~ Central Business District Policies:

Selective updates recommended to this section.

The *Molalla Downtown Plan* (Cogan Owens Cogan, 2007) includes detailed policies and implementation measures to revitalize the Central Business District (CBD). The following policies apply in conjunction with Downtown Plan policies when making land use decisions in the CBD.

1. Within the CBD alleyways ~~should~~ shall be maintained and used as pedestrian walkways, for rear entrance delivery and/or customer access.
2. Downtown commercial development shall be encouraged through the reduction of truck traffic through the downtown core area.
3. Bicycle and pedestrian access to the CBD from the surrounding areas should be improved.
 - 3.1. Secure and safe bike storage areas should be considered.
 - 3.2. Sidewalk and street activity that will stimulate pedestrian traffic should be encouraged.
4. The City shall consider incentives to preserve historically significant buildings in the Downtown Core.
5. Commercial development should be based on the following goals, guidelines and principles:
 - 5.1. Separation of pedestrian and through motor vehicle traffic.
 - 5.2. Grouping of retail opportunities conducive to pedestrian shopping movement.
 - 5.3. Convenient, identifiable and accessible parking.
 - 5.4. By-pass industrial traffic around commercial areas, particularly the CBD.
 - 5.5. Improve CBD shopping environment and amenities.
 - 5.6. Provide for CBD growth needs.
- ~~6. The look and feel of the CBD commercial area shall be protected and maintained by encouraging CBD compatible businesses as defined below to locate or expand within or adjacent to that area~~

identified as the CBD:

Duplicative

7. ~~A concerted effort should be made to revitalize the central business district through rehabilitation or redevelopment of existing areas. The City shall encourage and identify new businesses to occupy the CBD in order to create an active and vibrant district. Encourage and identify new businesses that enhance the Central Business District.~~

Reworded for clarity and emphasis on the end-state.

8. The central business district shall provide a variety of services; cultural, recreational, social, professional and governmental activities.

Separated unrelated policies, renumbered.

9. The history of Molalla ~~should~~ shall be a consideration in a redevelopment opportunities as well as event promotion.

Correction of typo

10. ~~The City shall encourage new businesses to promote the City's recreational theme, services of all types, medical and dental offices, federal, state, and city offices to enhance the CBD of Molalla.~~

Unnecessary.

11. Through the Molalla Municipal Code the City shall place specific criteria upon new development and redevelopment in the CBD, which matches the style found in the early 1900s.

12. The CBD shall have adequate parking that is well lit and visually attractive. ~~The City shall encourage unique shops and restaurants in the CBD.~~

13. The City shall encourage unique shops and restaurants in the CBD.

Broke previous Policy 11 into two policies. Renumbered.

14. Kiosks should be encouraged in the downtown area to increase shopping convenience and public awareness of downtown facilities and services.

~~Community Planning Area Goal:~~

~~Provide for higher density mixed-use development within designated community planning areas.~~

Staff notes that "Community Planning Areas" are not specifically designated; likely a recommendation from a prior planning effort that were not fully adopted. Recommend removing.

~~Community Planning Area Policies:~~

1. ~~The Community Planning Area (CPA) designation may be applied to create pedestrian-oriented, mixed use centers near the Central Business District.~~

2. ~~CPA plan designations shall be implemented through the establishment of a zoning district that includes the following:~~
 - 2.1. ~~Provisions that reduce off-street parking requirements;~~
 - 2.2. ~~Development and design standards for buildings, streets and public spaces that are oriented toward the pedestrian not excluding the automobile;~~
 - 2.3. ~~Concentration of housing near the downtown where all sorts of services are available;~~
 - 2.4. ~~Provisions for public and private amenities (including parks, plazas, and other facilities to support the higher densities and mixed use development);~~
 - 2.5. ~~A multi-modal circulation system that links uses of bus, bicycle, carpool/vanpool, and shuttle services with pedestrians; design review standards.~~
3. ~~A wide range of housing types shall be authorized within CPA, including but not limited to small lot single-family residential detached, attached single-family residential, townhouses or row houses, ancillary dwelling units, garden apartments, mid-rise apartments, high density apartments, student housing, senior housing, and housing above retail and office space~~
4. ~~Those areas included in a CPA shall transition the type and density of new housing to be compatible with the established area at such time one is developed.~~
5. ~~Future population expansions shall include additional community planning area zones to maximize densities while providing the public with unique concepts.~~
6. ~~CPAs are intended to preserve and enhance the historic, open space, and architecture qualities of the historic nature of the area. In addition to general standards in the zoning ordinance, all development within CPA shall comply with specific design standards aimed at preserving the historic and architectural character and qualities of the area.~~
7. ~~The development of housing shall allow for the retention of lands for open space and recreation within the planning area, encourage the preservation of trees within developments where possible, and be consistent with goals and policies of this Plan.~~
8. ~~Industrial uses shall be moved, when feasible, from this area to the southwest section of the City.~~

Small Scale Commercial and Mixed Use Development

1. ~~In addition to larger-scale CPAs, The City shall incorporate minor commercial activities to reduce energy and enhance Molalla's quality of life.~~
2. ~~Minor commercial activities, which are compatible with residential uses, shall be dispersed allowed throughout the planning area City to serve residents the public and conserve energy resources.~~
3. ~~Minor commercial activities shall be reviewed by the Planning Department to ensure the integrity of the residential zone is not impaired Development Code requirements are met.~~

Removed references to "Community Planning Areas" and updated language.

Industrial Development

Industrial employment is an important component of the City's economy and accounts for roughly half of Molalla's projected economic growth over the next 20 years. Sites for future industrial growth have specific needs which may include:

- Site sizes ranging from small (less than 1 acre) to large (greater than 10 acres)
- Flat sites with little topography
- Access to highways and rail facilities
- Availability of City and private utilities

~~When discussing the attraction of new industry, it should be pointed out that industry has several criteria on which it bases selection of location. Among these are:~~

- ~~• adequate site size;~~
- ~~• relatively flat topography;~~
- ~~• good access to highways or railroads to facilitate the transporting of raw materials and finished products;~~
- ~~• compatibility with adjacent or nearby residential and commercial development;~~
- ~~• the availability of housing for managers and workers;~~
- ~~• the availability of water and sewer service;~~
- ~~• the availability of utilities such as storm drainage and gas, electricity and telephone; and~~
- ~~• the availability of advanced technology communications infrastructure.~~

Replace narrative with text from EOA.

Industrial Comprehensive Plan Designations and Zoning

The Comprehensive Plan Map indicates where industrial development will be ~~encouraged~~ permitted. Industrial areas are planned for the economic benefit of the City and located ~~so as~~ to minimize impacts to residential development. The City shall continue to provide sufficient ~~enough~~ industrial land ~~to support future growth to optimize its chances for industrial development~~. Providing land for light industrial development, as a buffer between heavy industrial and commercial or multi-family development is priority. ~~The City, by providing a healthy amount of industrial lands, is proving its support to bring industrial development to the City of Molalla.~~

To meet the needs of the present and future residents of Molalla and the surrounding area for industry and to comply with state and local goals and the policies established to implement those goals, the following are established to provide a suitable quantity and quality of land in the most beneficial locations for each industrial development in the City of Molalla.

Updated narrative for clarity

- **Light Industrial District (M-1):** Light industrial (M-1) areas are designated for non-polluting

industries, which are generally compatible with residential and commercial activities. ~~The light industrial concept for future development is envisioned in areas primarily west of the current City limits. Larger parcels have been designated in this location to attract industries that require greater land areas for the operation, or for several industries to cooperatively design an industrial park. The location of the land designated for light industrial use is based on existing industrial uses, proximity to public services, highway access and the goals and policies of the plan to utilize land for industrial use which meets the needs of those industries most likely to locate in Molalla.~~

Unnecessary detail, specifics may change over time.

- **Heavy Industrial District (M-2):** Heavy Industrial (M-2) uses include manufacturing, fabrication and processing, bulk handling, storage, warehousing and heavy trucking. Most heavy industrial uses are incompatible with residential and commercial uses.

Industrial Development Goals and Policies

Industrial Development Goal:

To develop a diverse industrial base offering ~~an increasing number a range of~~ employment opportunities.

Consider replacing “increasing.”

Industrial Development Policies:

1. ~~The City shall establish and maintain a competitive short-term and long-term supply of employment land, in readily developable sites. The City shall provide suitable industrial sites to maintain and attract a diversified industrial base.~~

Replaced with wording from EOA recommendation.

2. ~~The City shall prioritize serving key industrial areas and sites in the Transportation System Plan and Capital Improvement Plan.~~
3. ~~The City shall inventory properties that might be good opportunity sites for potential public/private catalyst projects.~~
4. ~~The City shall evaluate assisting in wetland mitigation to increase developable land inventory, including creating or partnering in a wetland mitigation bank~~
5. ~~The City shall support clean up and utilization of identified brownfield sites~~

New policies from EOA.

6. ~~The City shall provide~~ Provide for developments that, ~~whenever possible,~~ will allow residents of the City of Molalla to work in Molalla and not have to seek employment in other areas.

Remove “whenever possible.” Consider combining with overall goal about local employment opportunities for residents.

7. ~~The City shall locate industrial~~ Industrial land ~~should be located~~ to take advantage of Highway

access or rail transportation that is available where such sites exist.

8. ~~To minimize impacts on Clackamas County's agricultural land base, Class I agricultural soils shall be preserved outside the UGB. At the same time, it is important that industrial lands be located in relatively flat areas, which have suitable soils and that are free from flooding dangers.~~

UGB policies are a better fit for another part of the comprehensive plan.

9. The City shall protect industrial lands from being converted to commercial uses by prohibiting or significantly limiting commercial uses in industrial land in the M-1 (Light Industrial) and M-2 (Heavy Industrial) zones.
10. The City shall designate industrial land on the Comprehensive Plan map limiting the impacts to citizens in the community and the Molalla Municipal Code shall establish standards to reduce impacts on other areas.
11. ~~All industries shall meet federal, state and local environmental quality standards.~~

Not needed as a policy in this chapter. If retained, it would be more appropriately included under the Air, Land and Water Quality goal.

12. ~~The City shall attract and accommodate both labor intensive and land intensive industrial activities.~~

- 12.1. ~~The City shall establish an industrial area that has limited impact on citizens of the community.~~

Purpose is unclear. 8.1 is duplicative of earlier policy. Recommend removing 8 altogether.

13. ~~Ensure Molalla's planning area contains adequate amounts of industrial lands for projected growth.~~

Remove, duplicated elsewhere.

14. ~~Land use designations within the Molalla Planning Area shall be designed to accommodate projected industrial growth and population densities through at least the year 2030.~~

Remove, duplicated elsewhere.

15. ~~The UGB may be expanded to ensure adequate lands for industrial development through 2034.~~

Remove, duplicated elsewhere. UGB expansion a better fit for other comprehensive plan sections.

16. ~~Encourage "non-polluting industry" development.~~

Define or remove?

17. ~~Designate large areas of land together for several industries to cooperatively design an industrial park.~~

Was this done or is this still needed?

18. ~~Maintain a light industrial zone, which eliminates excessive noise, smoke, odor, dust, and gas.~~

Not needed.

19. The City shall work with existing employers to move industrial development to the southwest section of Molalla. By placing all industrial development in the southwest corner of the City the citizens will have a reduced possibility of odor since the southwest wind blows away from the City.

Still needed or was this done?

20. ~~The City's development code shall require buffers and mitigation of impacts where industrial land abuts residential land. Both residential and industrial development shall be responsible for minimizing impacts in areas where residential uses border industrial.~~

Reword/combine with a design and buffer policy.

21. ~~Sufficient vacant industrial lands with a diversity of sizes, types, and service levels for future industrial development shall be designated on the comprehensive plan/zoning map.~~

Remove; duplicated elsewhere.

22. ~~Publicly owned lands shall not be given a competitive advantage over private ownership through governmental land use regulations.~~

Unclear – is this still relevant? Suggest deleting.

23. ~~Industrial areas should be set aside primarily for industrial activities. Other supporting uses, including some retail uses, may be allowed if limited to sizes and locations intended to serve the primary uses and the needs of people working or living in the immediate industrial areas~~

Remove; duplicated elsewhere.

24. Industrial developments are subject to development standards relating to setbacks, landscaping, signs, exterior lighting, parking, building height, massing and visual impacts, and architectural styles and outside storage.

25. Molalla shall provide a suitable site within its UGB to allow large scale agricultural or nursery processing industries to locate within the City.

Still a priority?

26. ~~Industrial areas that are located adjacent to arterial streets or to residential areas should be controlled through site plan review and buffer zones so as to minimize the impact of industrial uses.~~

Combine with other residential buffer policies.