



**CITY OF MOLALLA
CITY COUNCIL REGULAR MEETING
AGENDA**

Civic Center | 315 Kennel Avenue
Wednesday, March 12, 2025 | 7:00 PM

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

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1. CALL TO ORDER AND FLAG SALUTE

2. ROLL CALL

3. CONSENT AGENDA

A. City Council Meeting Minutes - February 26, 2025

4. PRESENTATIONS, PROCLAMATIONS, CEREMONIES

None.

5. PUBLIC COMMENT

6. PUBLIC HEARINGS

A. [Ordinance No. 2025-02: Economic Opportunity Analysis \(Corthell\)](#)

7. ORDINANCES AND RESOLUTIONS

A. [Ordinance No. 2025-02: EOA \(Corthell\)](#)

8. GENERAL BUSINESS

- A. [Parkland Dedication or Fee in Lieu](#)
- B. [Bohlander Field Access Improvements](#)
- C. [T-Mobile Hometown Grant and Project \(Corthell/Chauran\)](#)

9. STAFF COMMUNICATION

10. COUNCIL COMMUNICATION

11. RECESS INTO EXECUTIVE SESSION

Held pursuant to Oregon Public Record Law, ORS 192.660(2):

- a. To conduct deliberations with persons designated by the governing body to negotiate real property transactions.

12. RECONVENE REGULAR SESSION

13. ADJOURN



CITY OF MOLALLA

Staff Report

Agenda Category: PUBLIC HEARINGS

Agenda Date: Wednesday, March 12, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT:

A. Ordinance No. 2025-02: Economic Opportunity Analysis (Corthell)

BACKGROUND:

Oregon Statewide Planning Goal 9, administrated through ORS 660-009, Oregon cities and Counties requires that jurisdictions adopt an economic opportunities analysis (EOA) to determine the City's 20-year employment lands needs, determine site specific needs, and Identify target industries for the City. EOA plans and amendments are adopted as part of the comprehensive plan under the Goal 9 section. Molalla does not have an adopted economic opportunities analysis on file and included completion of an EOA as part of its sequential review plan for its urban growth boundary in the spring of 2023. Notably, as the City begins work towards its first expansion of its Urban Growth Boundary in nearly forty years, the EOA will serve as the core economic development component of the City's workplan informing the expansion of the Urban Growth Boundary and zoning changes.

Under a grant funded by DLCD, the City hired Johnson Economics to write its economic opportunities analysis. In addition to the EOA, the grant also funded the consultant to conduct a buildable lands inventory (BLI), update the City's Goal 9 Comprehensive Plan section, and recommend changes to the City's development code. The BLI identifies unbuilt and partially unbuilt lands within the existing UGB and constraints to developing those lands. In Molalla, the main constraint we have are wetlands. These available lands are then contrasted with projected industry growth to determine whether the 20-year land supply is adequate. In addition to these projections, at the recommendation of Planning Commission and City Council, our consultant team considered the need to include large sites for potential larger industrial users as the current Urban Growth Boundary does not contain contiguously owned vacant parcels over 20 acres, which substantially hinders the potential industries the City can attract.

With EOA adoption, the City will have completed both its residential and economic development studies for its Urban Growth Boundary Sequential Review Workplan. Additional forthcoming workplan components include completion of the Housing Production Strategies document, passing efficiency measures, and determining the Urban Growth Boundary study area and potential expansion areas. Efficiency measures may include efforts such as rezoning existing land and development code ordinances.

ATTACHMENTS:

[3b DLCD comment letter Molalla EOA.pdf](#)

[20250205 - Exhibit A - EOA.pdf](#)



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February 11, 2025



Dan Zinder
City of Molalla
117 N. Molalla Ave
Molalla, Oregon 97038

By email: dzinder@cityofmolalla.com

RE: City of Molalla Economic Opportunities Analysis File No. 21-16

Dear Mr. Zinder,

Please add the following comments to the record for Local File 21-16 Economic Opportunity Analysis (EOA).

DLCD has reviewed the revised EOA adoption package posted on the city's website on Friday, February 7, and we have the following comments for the city:

Page 96 of the agenda packet states "*There is a need for additional sites of 5+, 10+ and 20+ acres for commercial users, and 10+, 20+ and 30+ acres for industrial users (Figures 7.7 and 7.8).*" It is our understanding that the City's intent is to identify larger industrial sites to add to the Urban Growth Boundary (UGB) through a UGB amendment to ensure such sites are available for future industrial uses. If so, the EOA needs to describe exactly what the employment land need is. We think there is enough analysis and evidence in the document to support a conclusion of the need for larger sites, but it is important to state what specifically the conclusion is in terms of number of sites and their sizes; otherwise it will be a more difficult to make the case for a UGB expansion with those larger parcels.

In June 2024, we provided a comment on the Buildable Lands Inventory inquiring whether there are sites with multiple parcels under the same ownership that could be counted as single larger sites. The Avison Mill site, which contains multiple parcels but is under the same ownership according to the map on page 124 of your packet, appears to be identified as multiple smaller parcels based on the map on page 123 of your agenda packet. We have also shared documentation from DEQ showing that 17 of the 51 acres of that site are planned to be maintained and protected as wetland – for your convenience this map is attached to this letter. While these plans may not be fully approved yet, we think it may still be reasonable to use the plans for purposes of the buildable lands inventory. In summary, it appears the Avison Mill site

might provide an industrial site of 25+ acres, even after removing the 17-acres of protected wetland. The current EOA does not reflect that a 25+ acre industrial site exists in the UGB.

Please remember that DLCD reviews each work task in your sequential UGB work program “in the manner of periodic review.” This means that once adopted locally, the city is required to send a specific notice (Form 4B, which we will provide) and anyone who participated in the local process has the opportunity to submit objections to DLCD. Once the 21-day objection period is over, DLCD reviews the submittal (and any objections received) for compliance with the Statewide Planning Goals and associated rules. DLCD may then approve or remand the local decision.

We note that there are no findings in the staff report for the Division 9 rules that implement Goal 9. It is helpful to have clear findings so DLCD can follow the breadcrumbs and understand how the city reached the conclusions in the EOA, especially if we receive objections.

Please feel free to contact me at (971) 345-1987 kelly.reid@dlcd.oregon.gov if you have any questions.

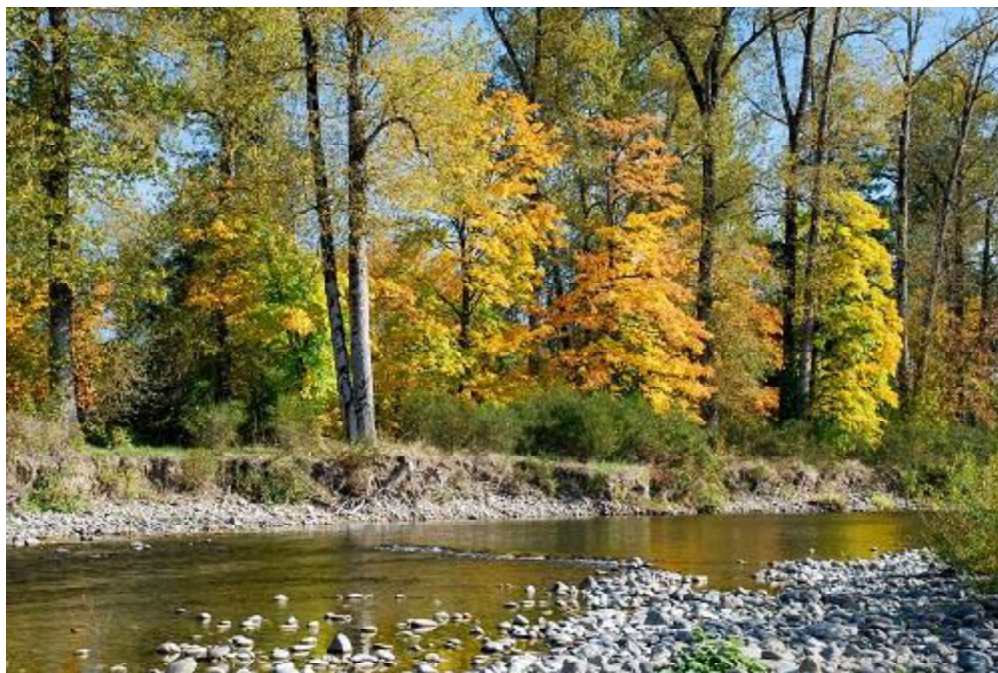
Sincerely,

Kelly Reid, AICP
Regional Representative
DLCD

Attachments:

A. Avison Mill site plan

cc: Leigh McIlvaine, DLCD Employment Land specialist
Kevin Young, DLCD Goal 14 specialist



CITY OF MOLALLA, OREGON ECONOMIC OPPORTUNITIES ANALYSIS

Prepared For:
City of Molalla, Oregon

February 2025



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.

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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.

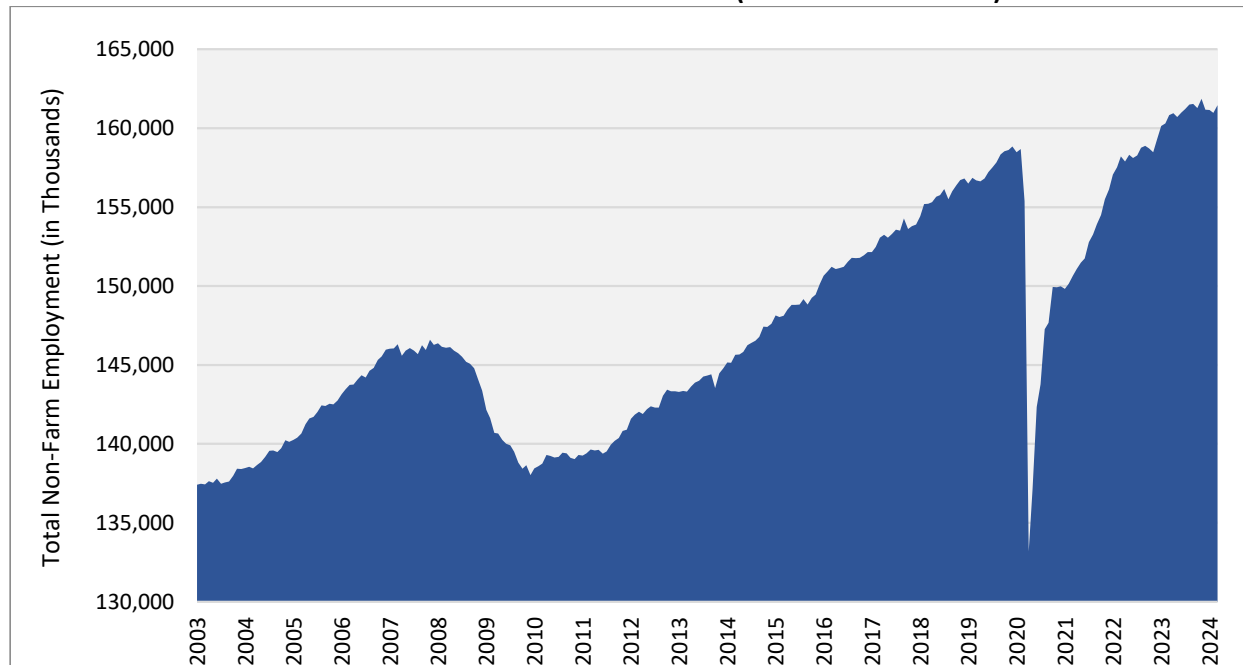
II. ECONOMIC TRENDS

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).

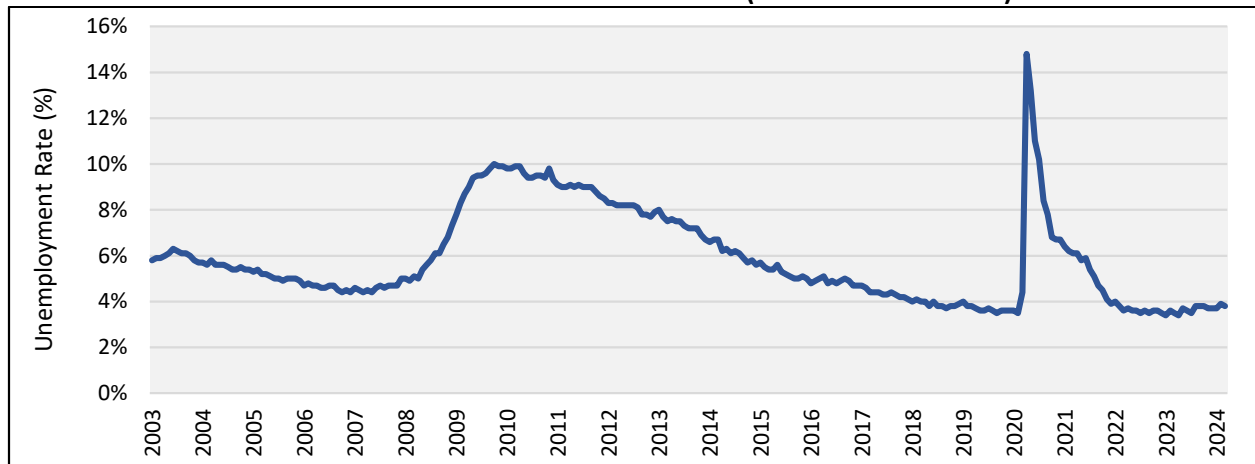
FIGURE 2.1: NATIONAL EMPLOYMENT LEVELS (JAN 2003 – MAR 2023)



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)

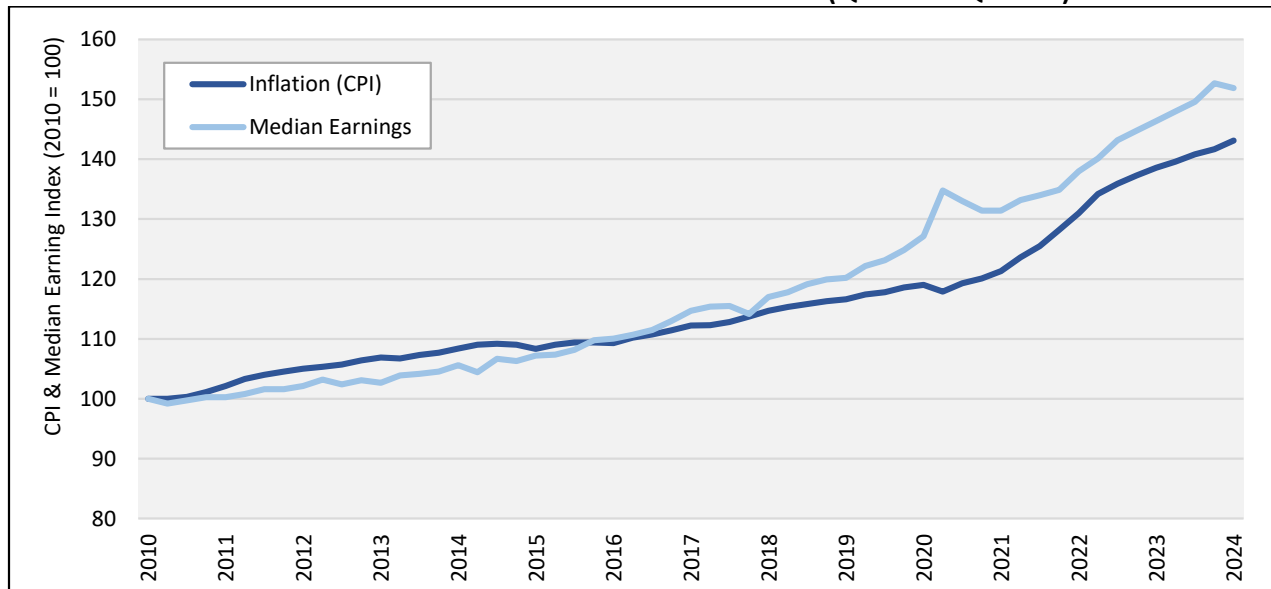


Source: U.S Federal Reserve Bank of St. Louis

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).

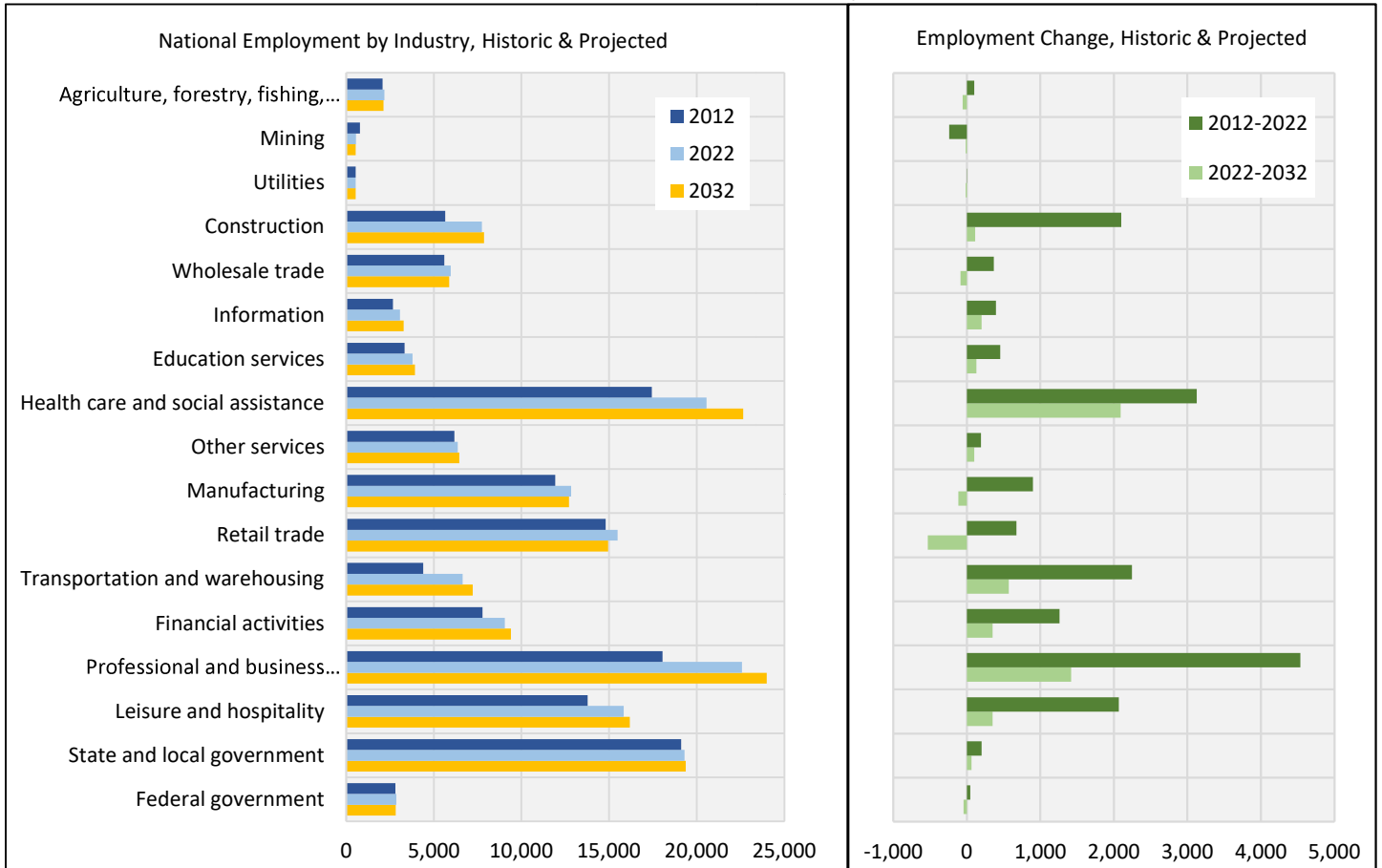
FIGURE 2.3: INFLATION INDEX VS. MEDIAN EARNINGS INDEX (Q1 2010 – Q1 2024)



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

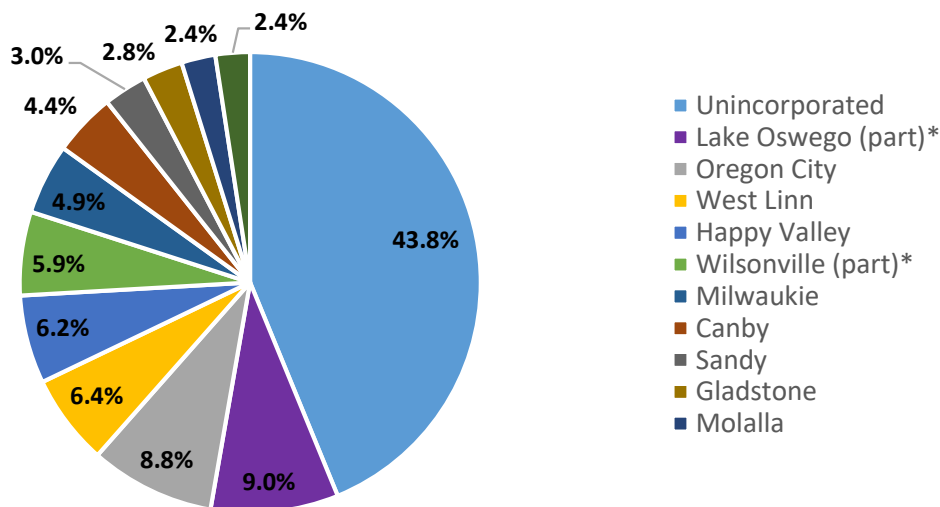


SOURCE: US Bureau of Labor Statistics

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.

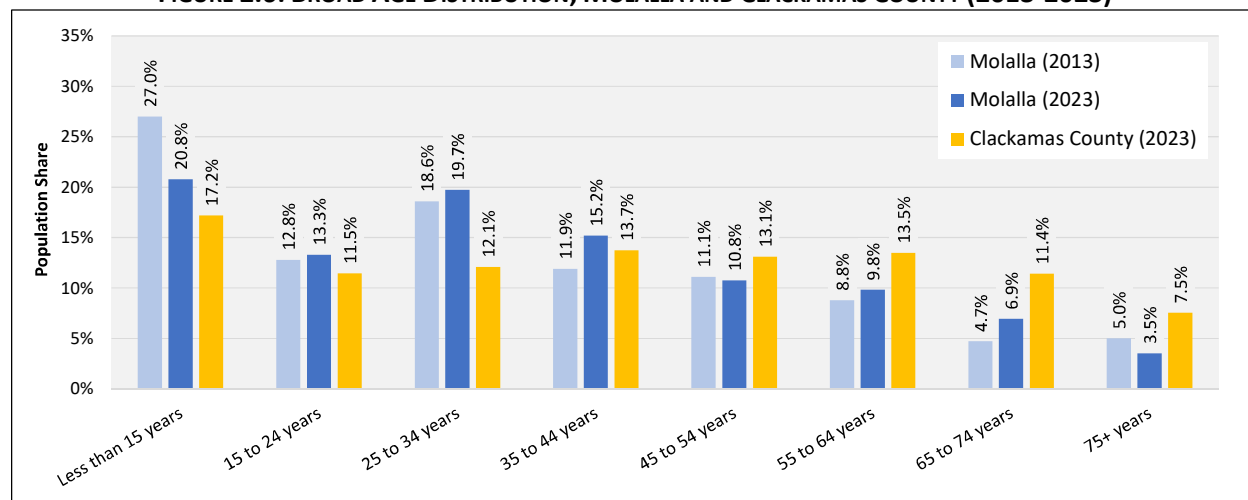
FIGURE 2.5: SHARE OF TOTAL POPULATION IN CLACKAMAS COUNTY (2023)



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.

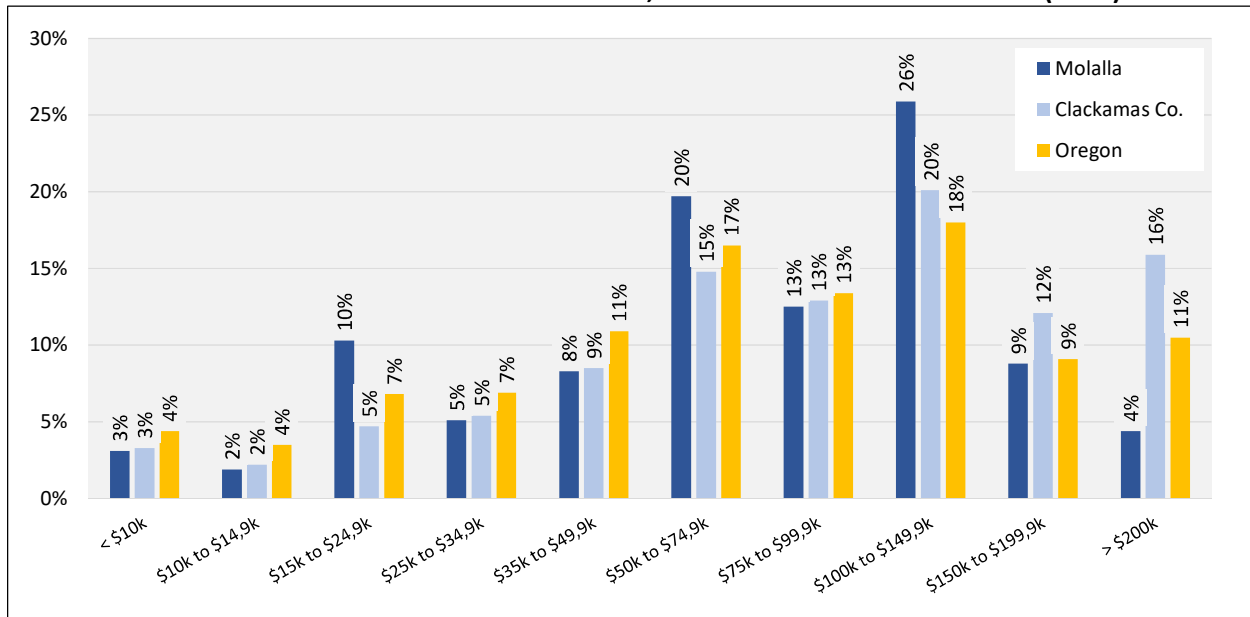
FIGURE 2.6: BROAD AGE DISTRIBUTION, MOLALLA AND CLACKAMAS COUNTY (2013-2023)



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)



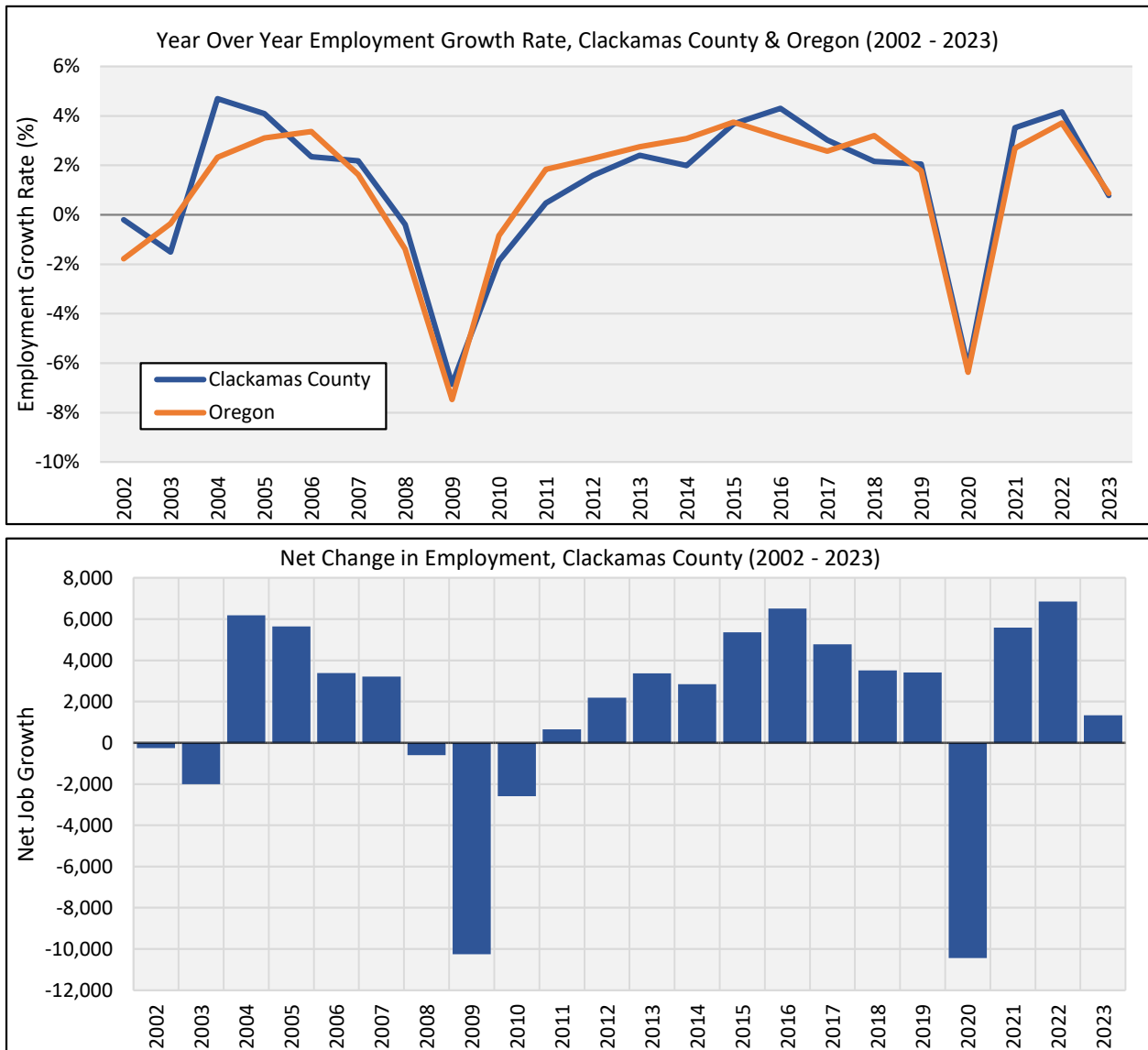
SOURCE: Census Bureau, ACS 5 Year Estimates

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)

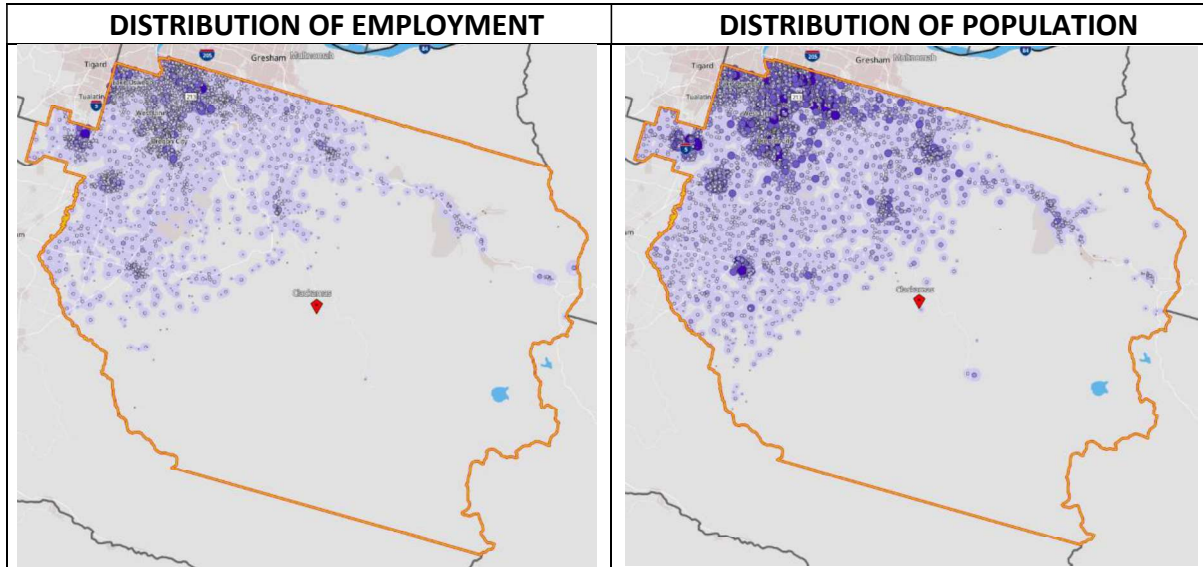
FIGURE 2.8: EMPLOYMENT GROWTH TRENDS, CLACKAMAS COUNTY & OREGON (2002 – 2023)



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

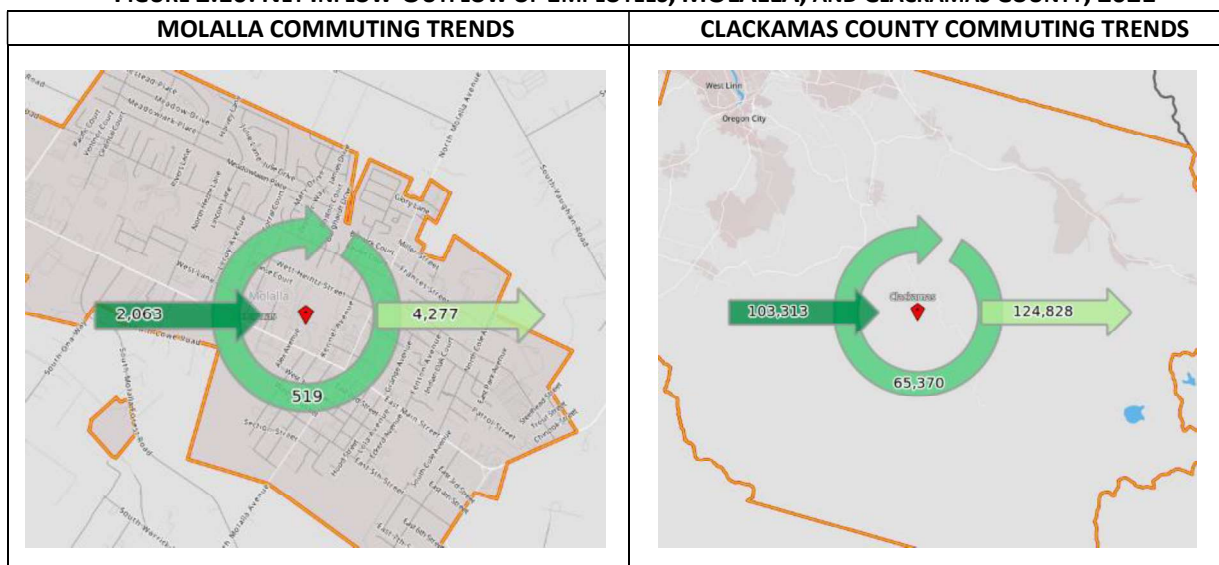


SOURCE: Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) Data

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.

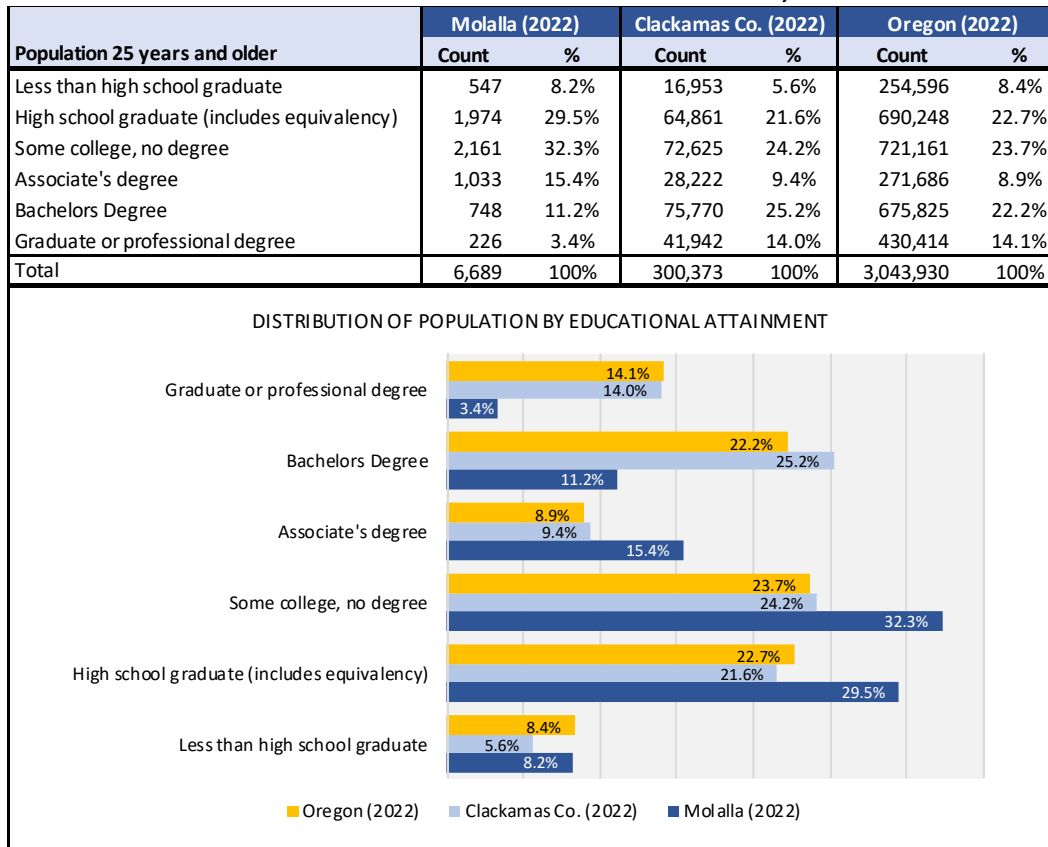
FIGURE 2.10: NET INFLOW-OUTFLOW OF EMPLOYEES, MOLALLA, AND CLACKAMAS COUNTY, 2021



SOURCE: Census Bureau, LEHD Data

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

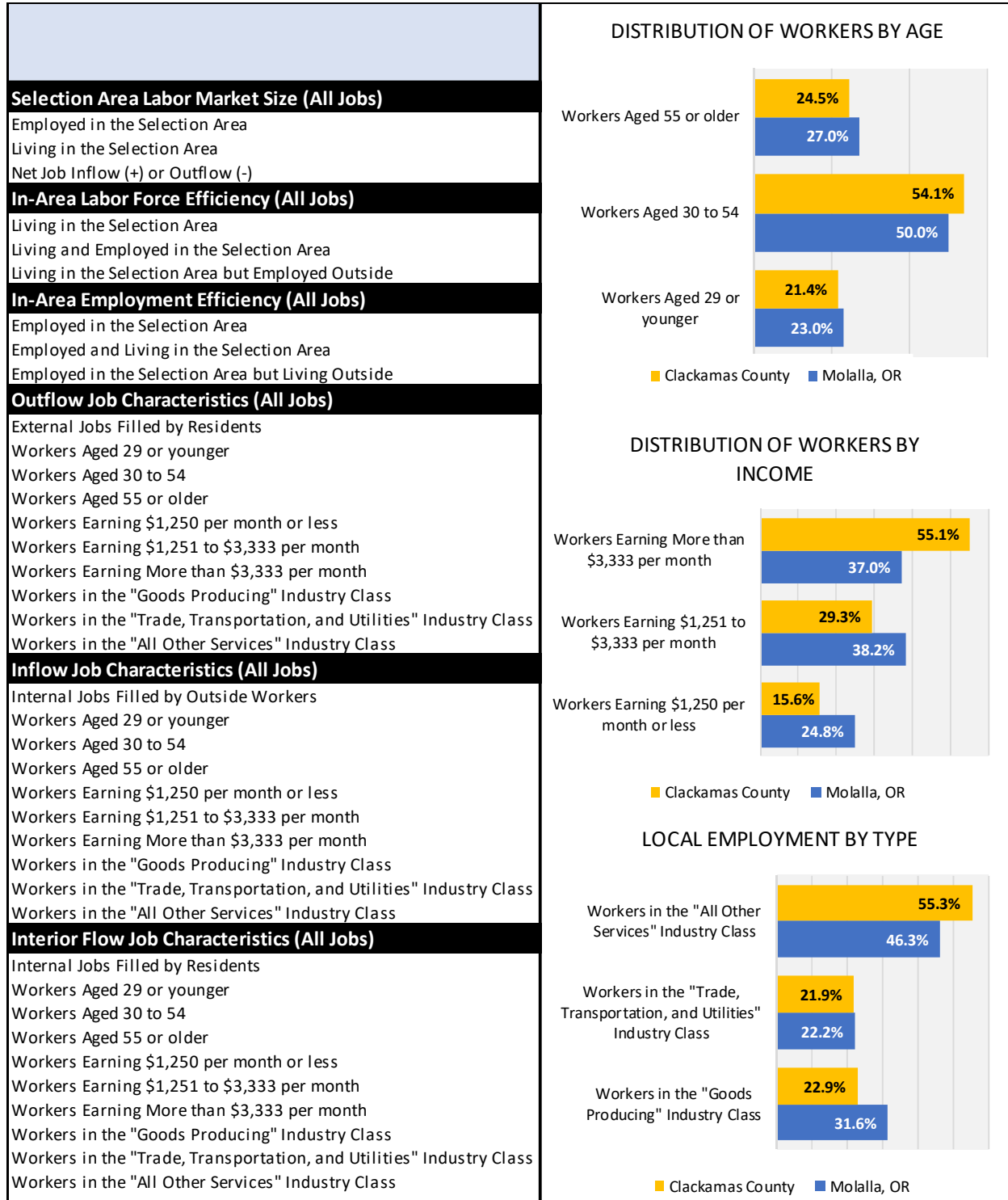
FIGURE 2.11: EDUCATIONAL ATTAINMENT PROFILE, 2022



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

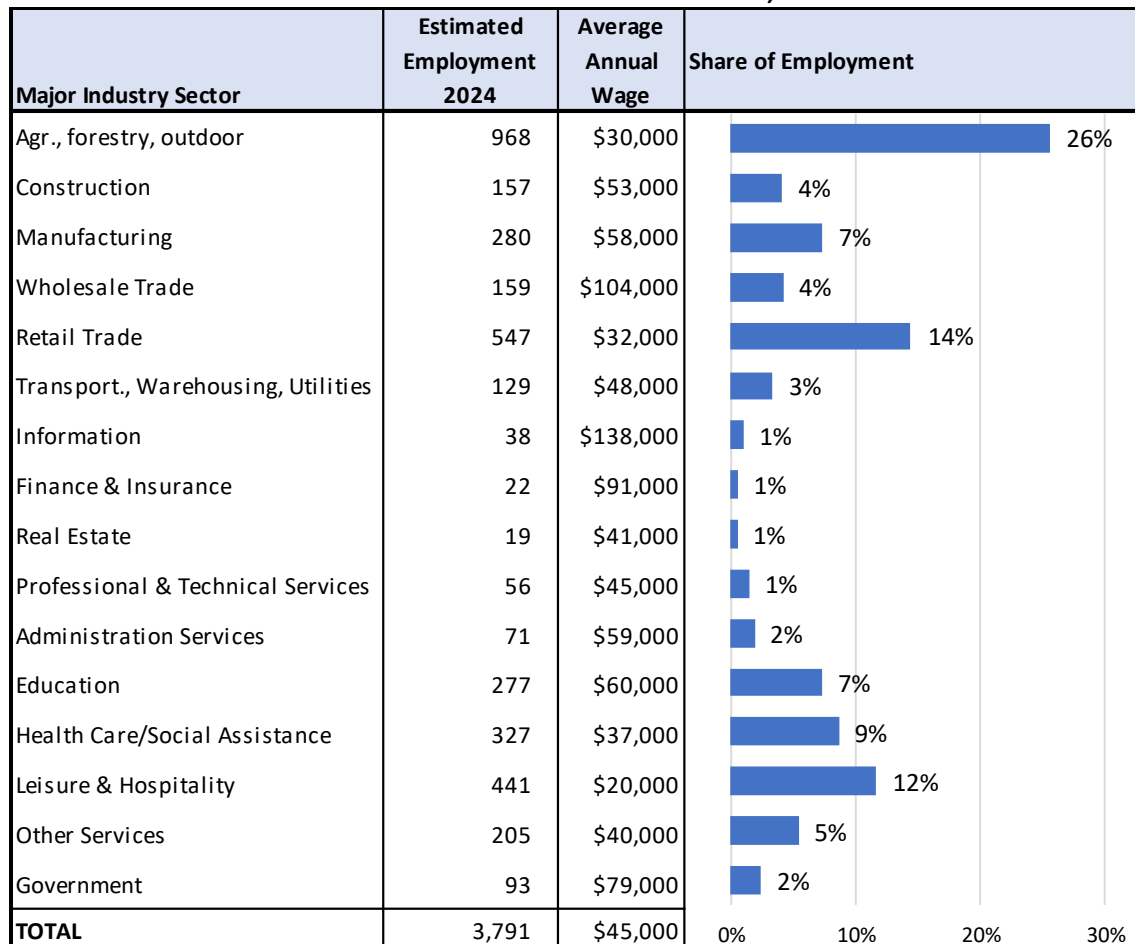
As of 2024, the City of Molalla is home to roughly 290 businesses with roughly 3,050 employees. There are an additional roughly 750 self-employed or sole-proprietor workers in the city, for a total of nearly 3,800 locally employed, or self-employed persons.

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.

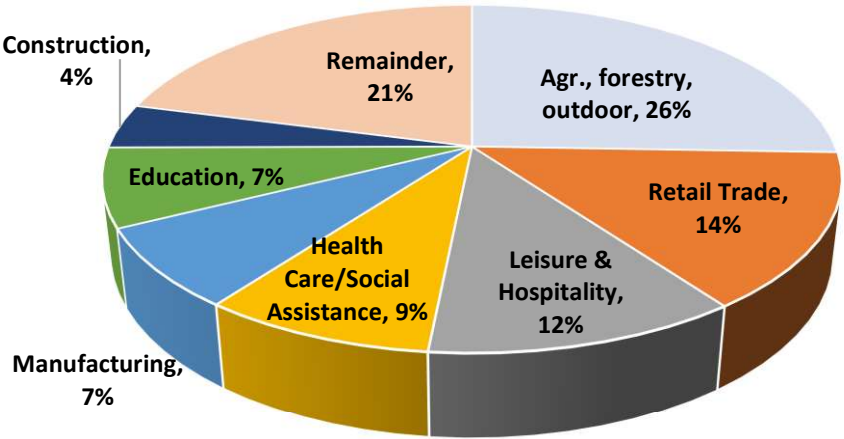
(Industry sectors are discussed in more detail in Section IV of this report.)

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



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

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

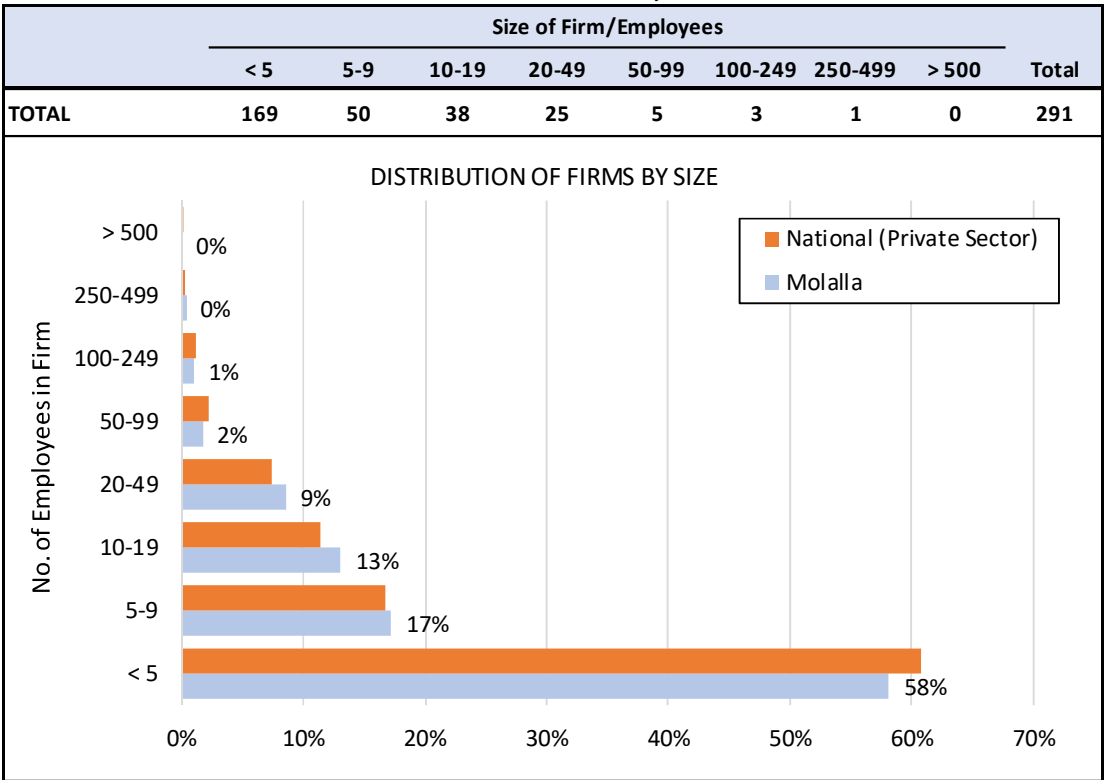


SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

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.)

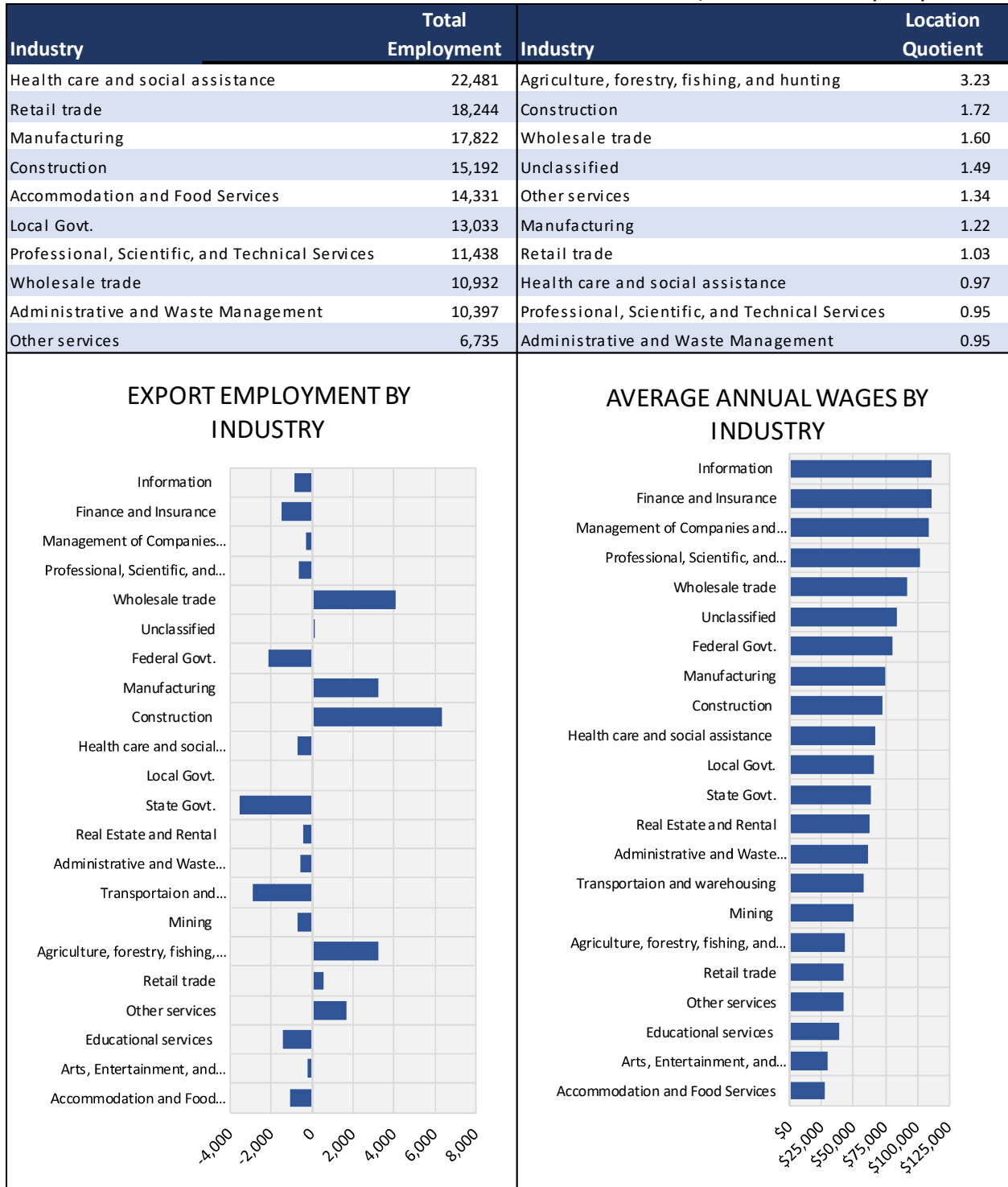
FIGURE 4.2: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CLACKAMAS COUNTY, 2022

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.]

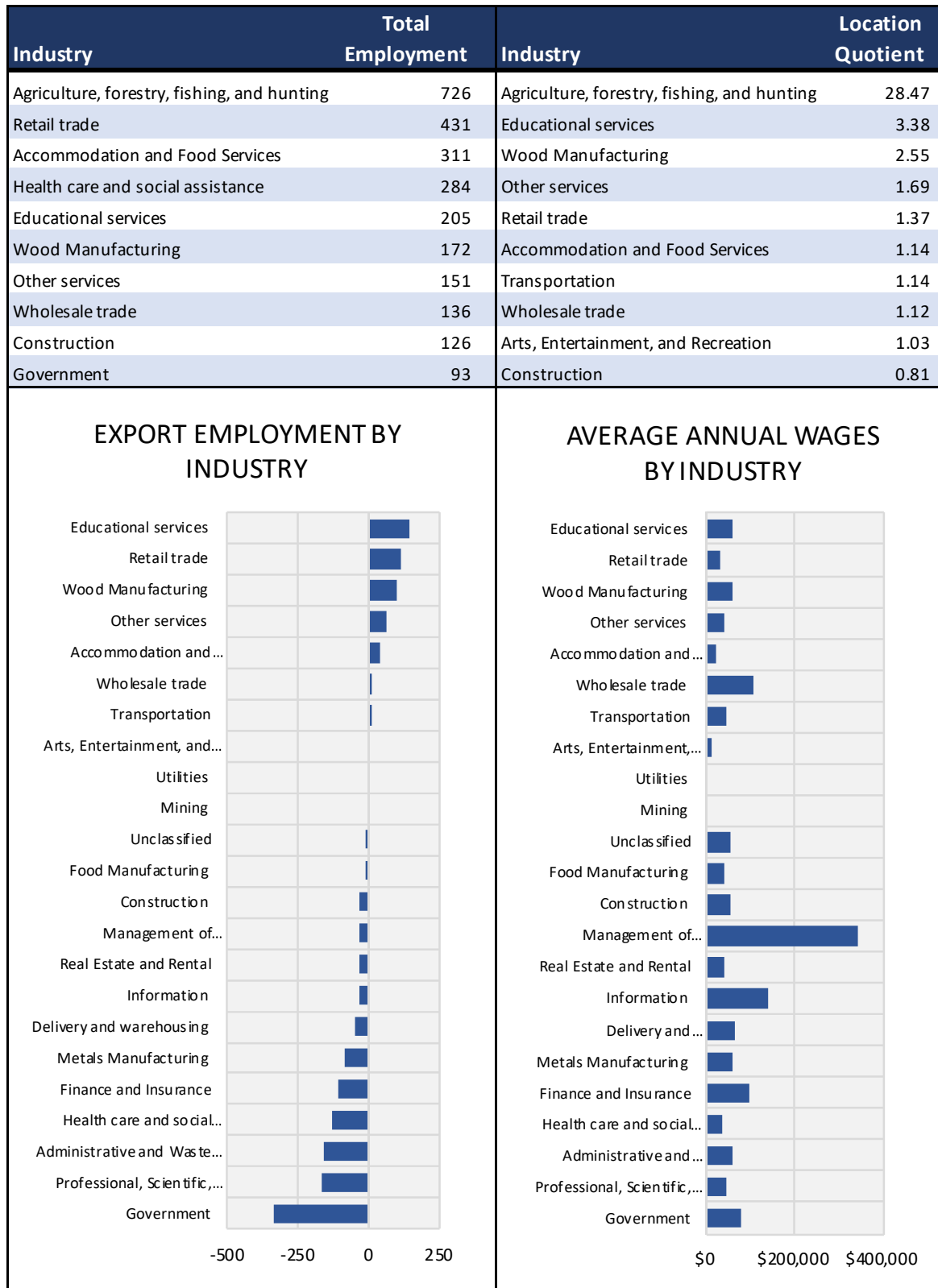
FIGURE 4.4: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CITY OF MOLALLA, 2022

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.

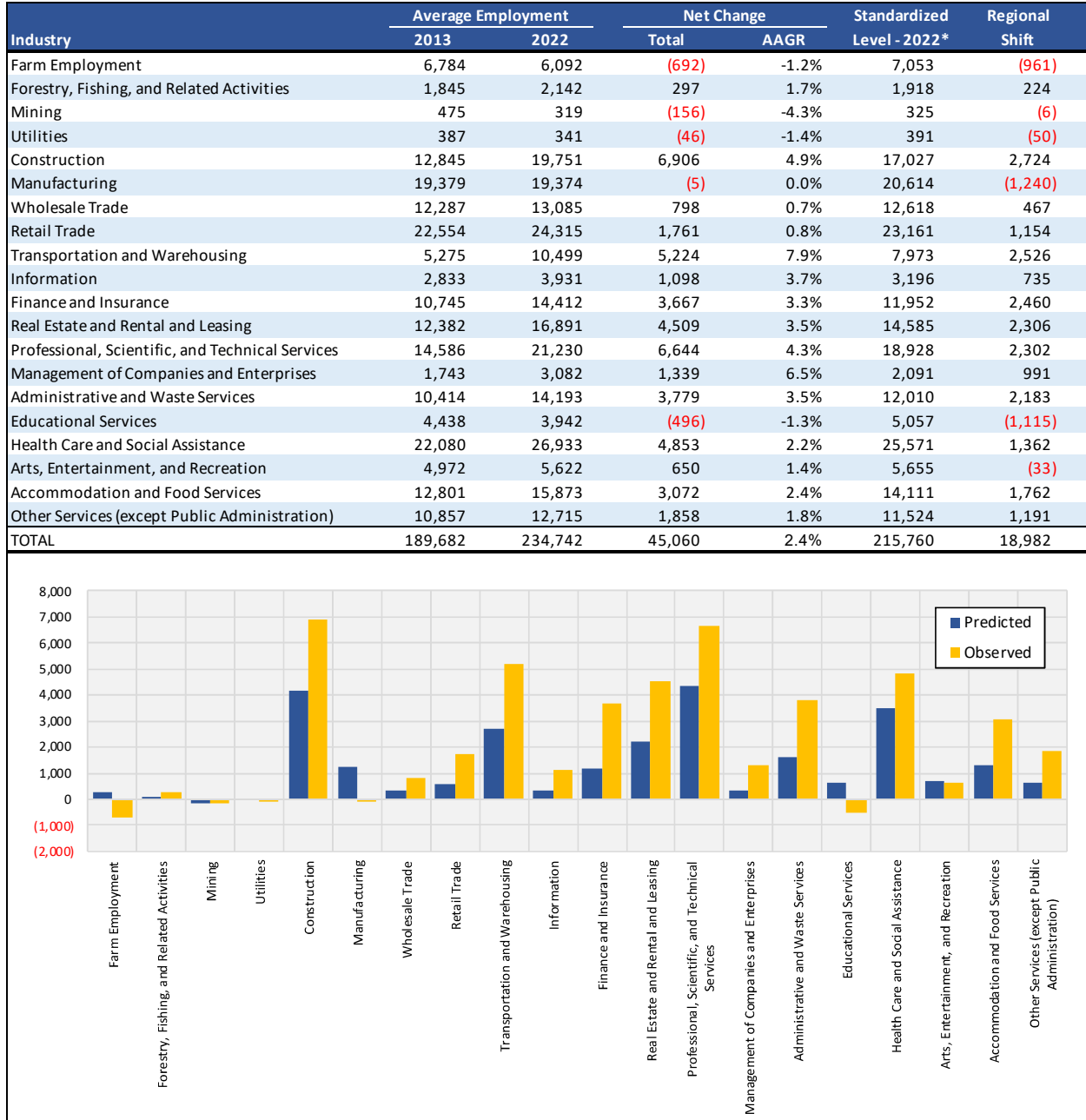
Contracting, Underperforming: Industries that are declining locally at a rate faster than the national average. These industries have structural issues that are impacting growth industry wide. However, some local or regional factors are making it increasingly tough on local firms.

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)

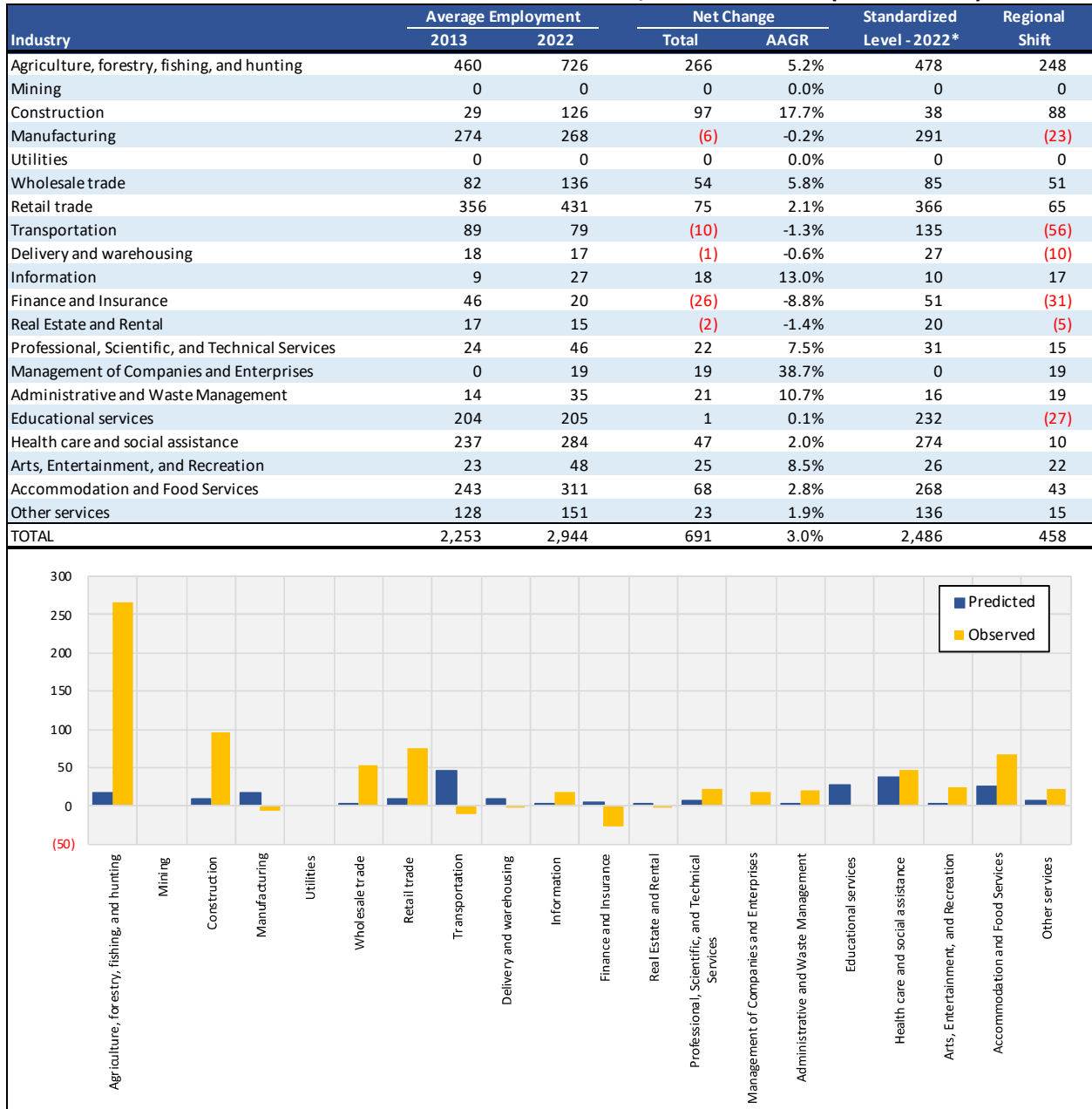


* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.

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)



* 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.

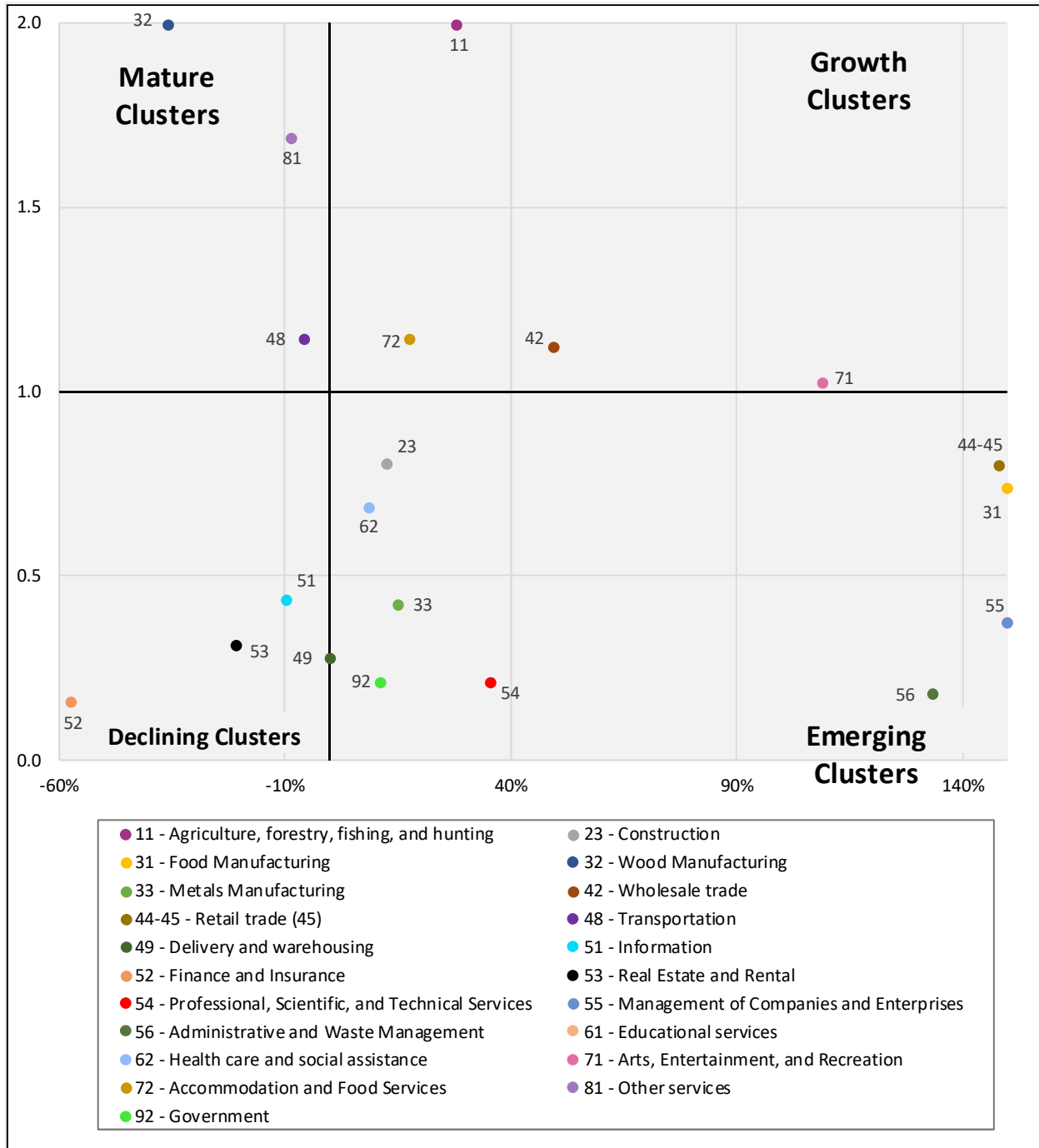
The figure 4.8 below depicts this relationship in the city of Molalla during the 2013 – 2022 period. A majority of industries showed positive employment growth in the last decade, placing them in the growth and emerging clusters. However, more industries have an LQ lower than 1, indicating that industries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

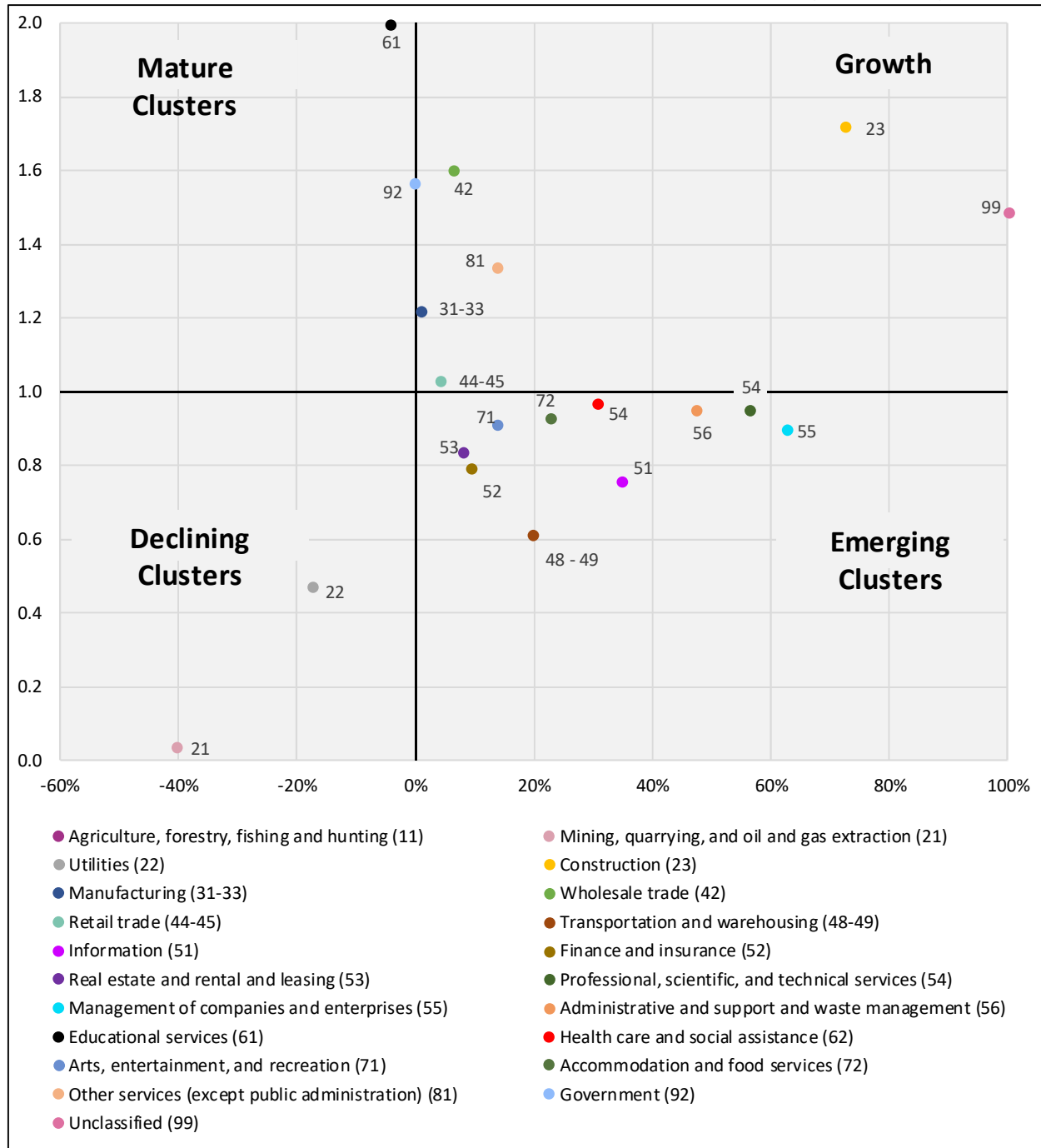
FIGURE 4.8: LQ AND EMPLOYMENT GROWTH RELATIONSHIP, CITY OF MOLALLA (2013 – 2022) *



*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

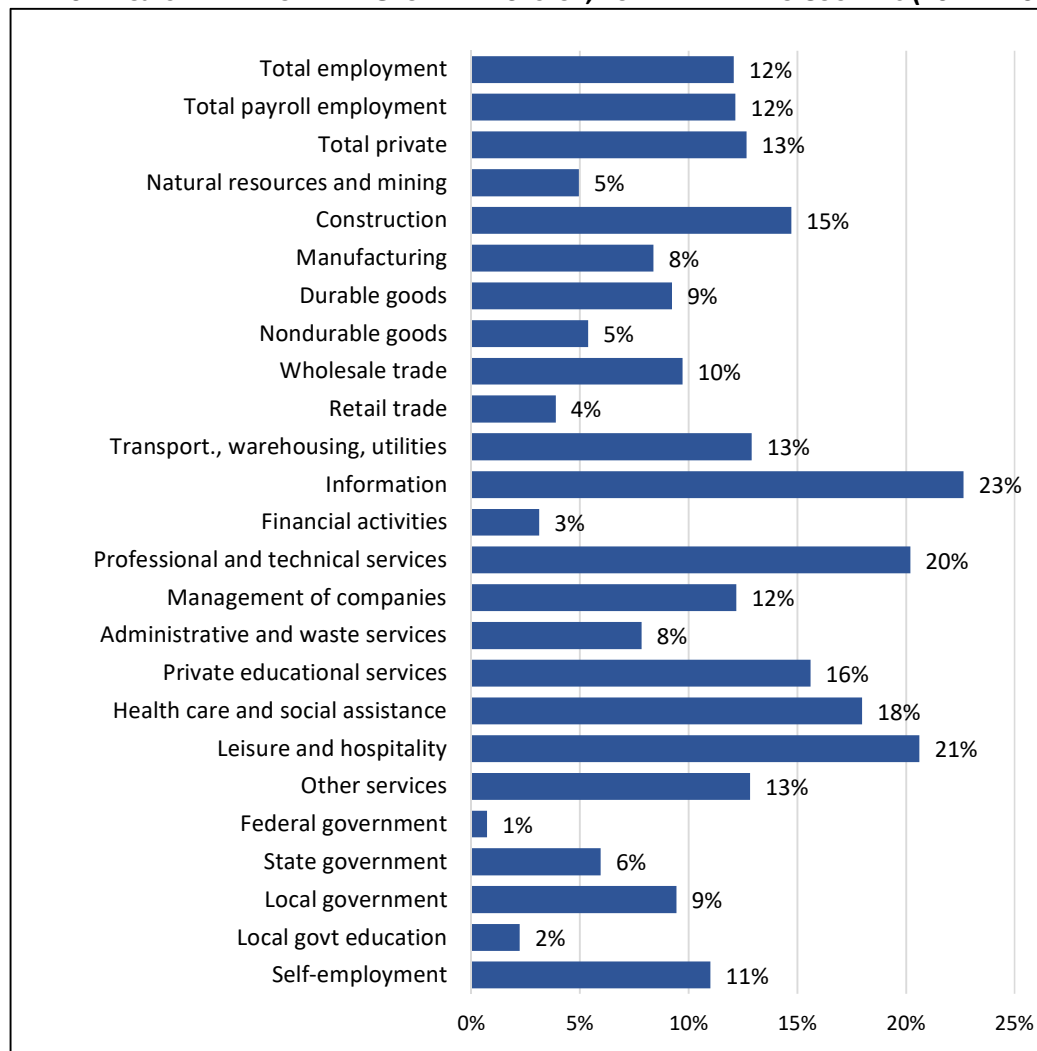
Source: 2013-2022 QCEW Data, Bureau of Labor Statistics, JOHNSON ECONOMICS

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)	CITY OF MOLALLA Current Largest Employers
Manufacturing	Agriculture/Forestry/Outdoors
Agriculture/Forestry/Outdoors	Retail Trade
Education	Tourism
Health Care	Health Care
Retail and Wholesale Trade	Manufacturing
Tourism-Related (Dining, Lodging, Recreation)	Education
Construction	Construction

STRONG LOCATION QUOTIENT	STRONG SHIFT SHARE INDICATOR
Agriculture/Forestry/Outdoors	Agriculture/Forestry/Outdoors
Education	Construction
Wood Manufacturing	Retail and Wholesale Trade
Retail Trade	Accommodation and Food Service
Accommodation and Food Services	
Transportation	

Regional and Statewide Targets

BUSINESS OREGON - Statewide Targets	County and Regional
Outdoor Gear and Apparel	Traded sector industries
Forestry & Wood Products	Suppliers to existing companies
Advanced Manufacturing	Self-sufficiency-wage jobs
Business Services	Food & Beverage
Food & Beverage	Manufacturing
High Technology	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

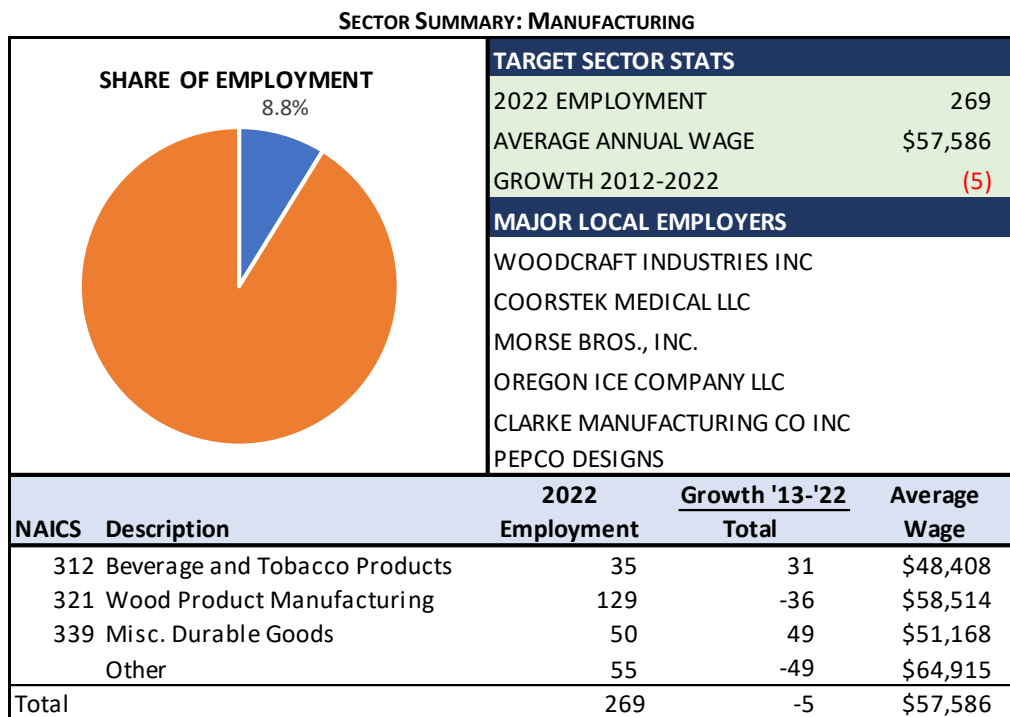
The selected priority industries reflect the community's historical strengths and advantages, regional trends, and local goals and objectives. These are discussed in more detail in the following pages:

- 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.

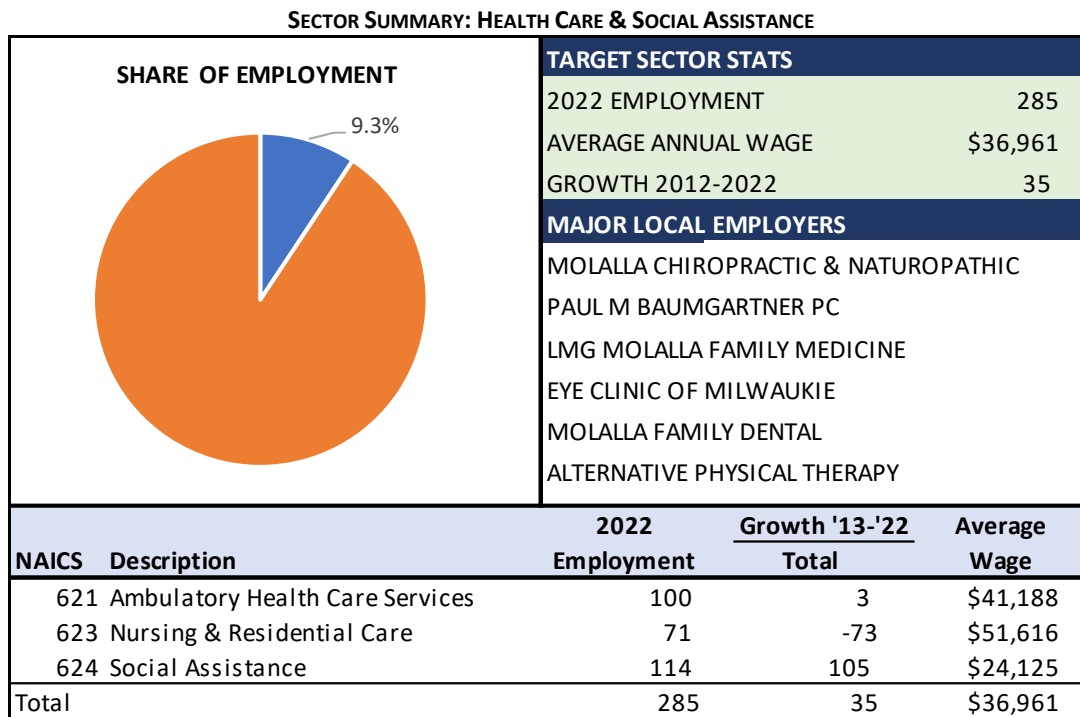
Cluster Challenges

- 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

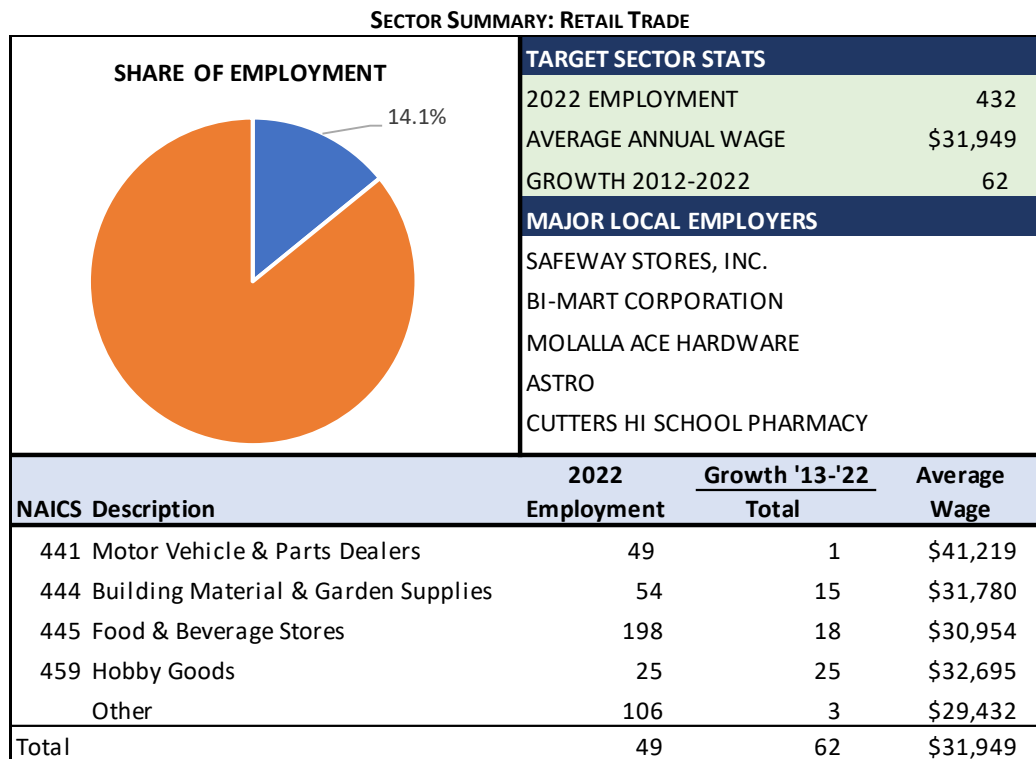
- Distance to full-service hospital.
- Recruitment of skilled workforce.



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.

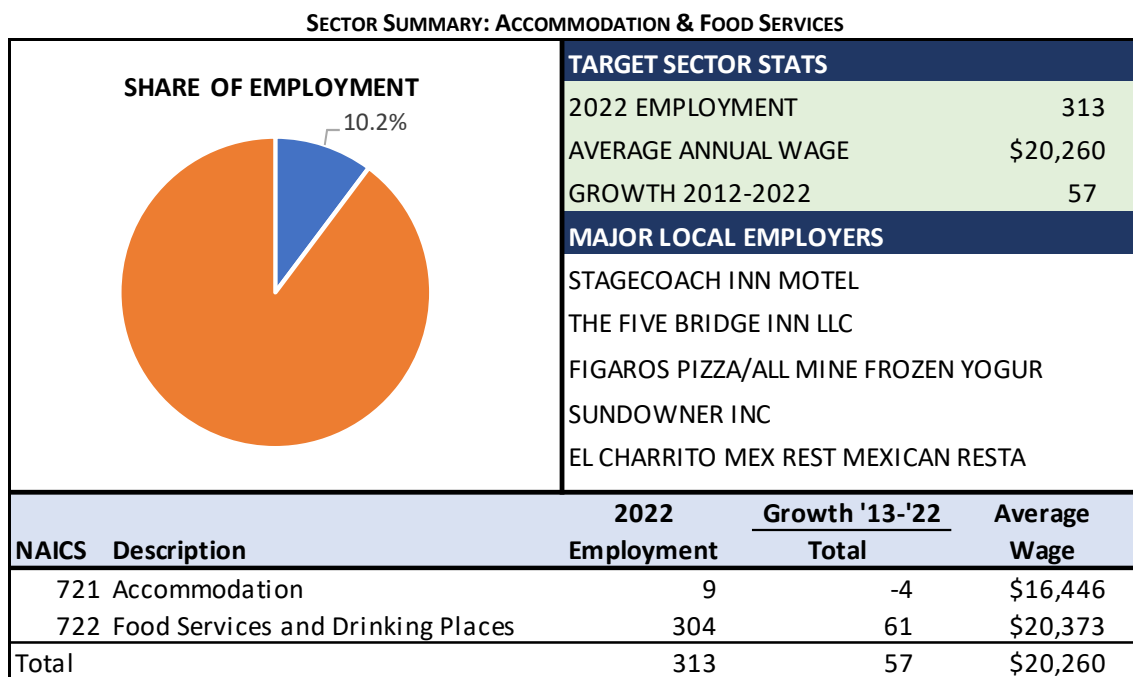


ACCOMMODATION & FOOD SERVICES

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.



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

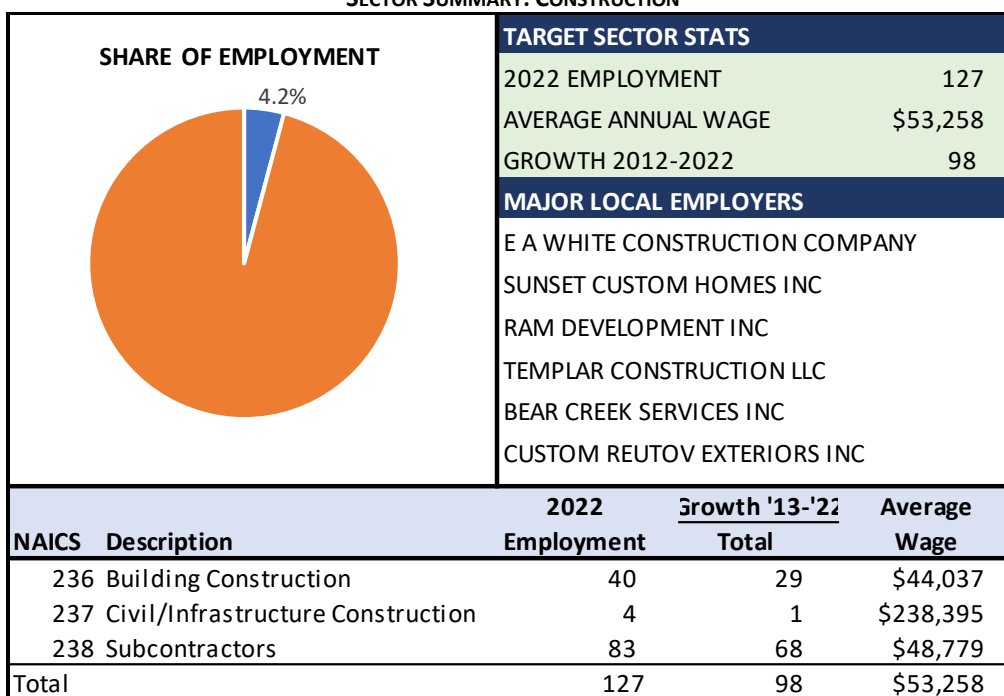
The strength of the construction sector typically trails growth in population and employment, as new households and businesses drive new real estate development. Construction is a desirable sector that provides both lower skilled and highly skilled positions and supports solid wages. Having construction 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.

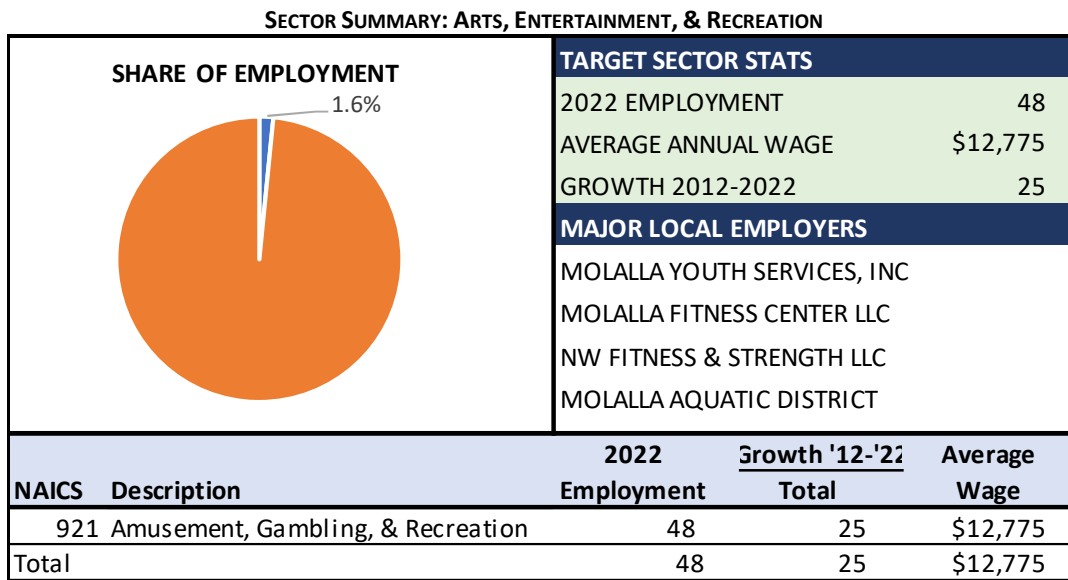
Cluster Challenges

- 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.

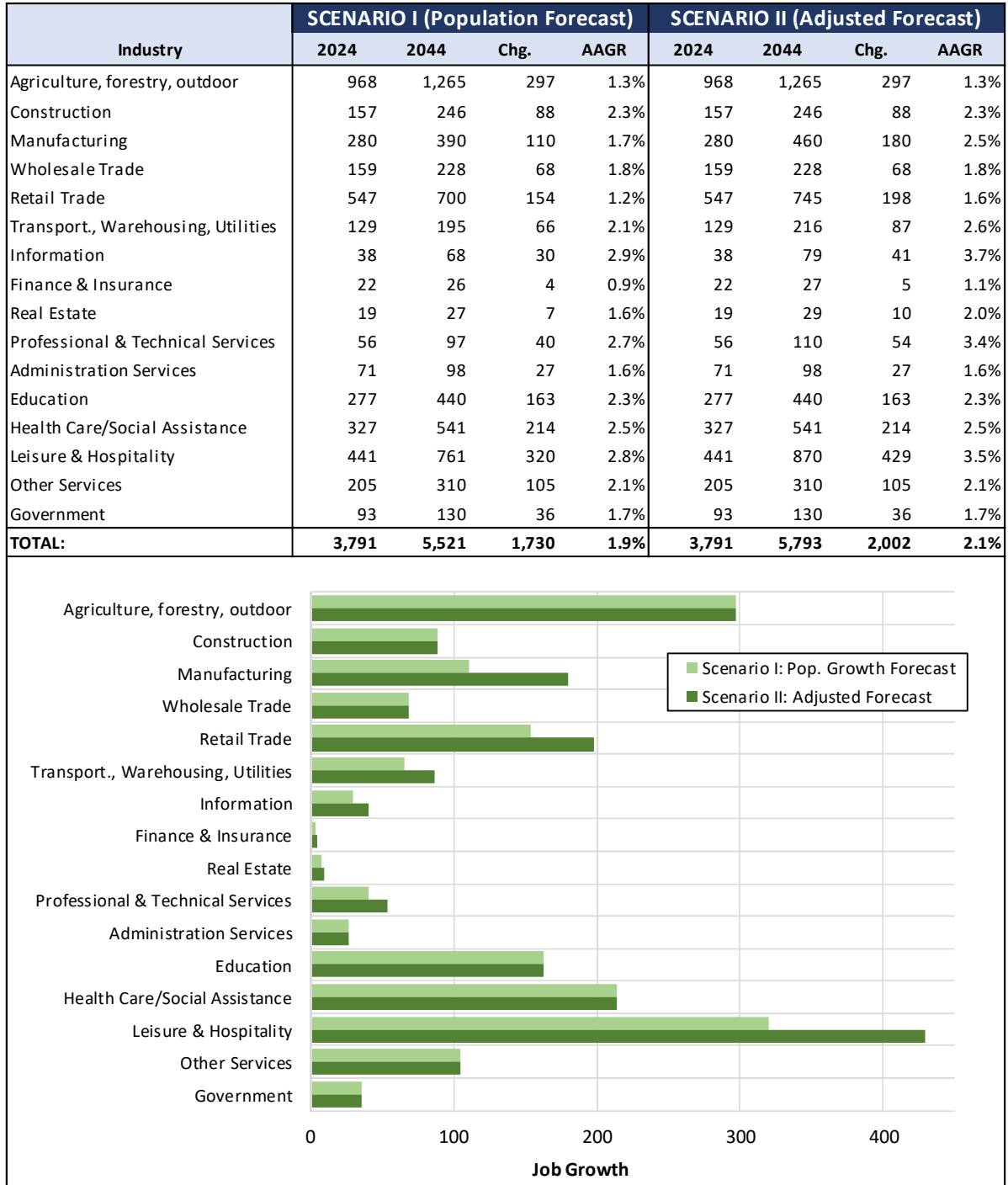
This method results in an average annual growth rate of 1.9%, with a total growth of 1,730 jobs over the forecast period. This approach is taken to form the base forecast of the adjusted forecast described below.

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)



Source: Oregon Employment Department, Johnson Economics

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
	2024	2029	2034	2039	2044	24-29	29-34	34-39	39-44	24-44
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

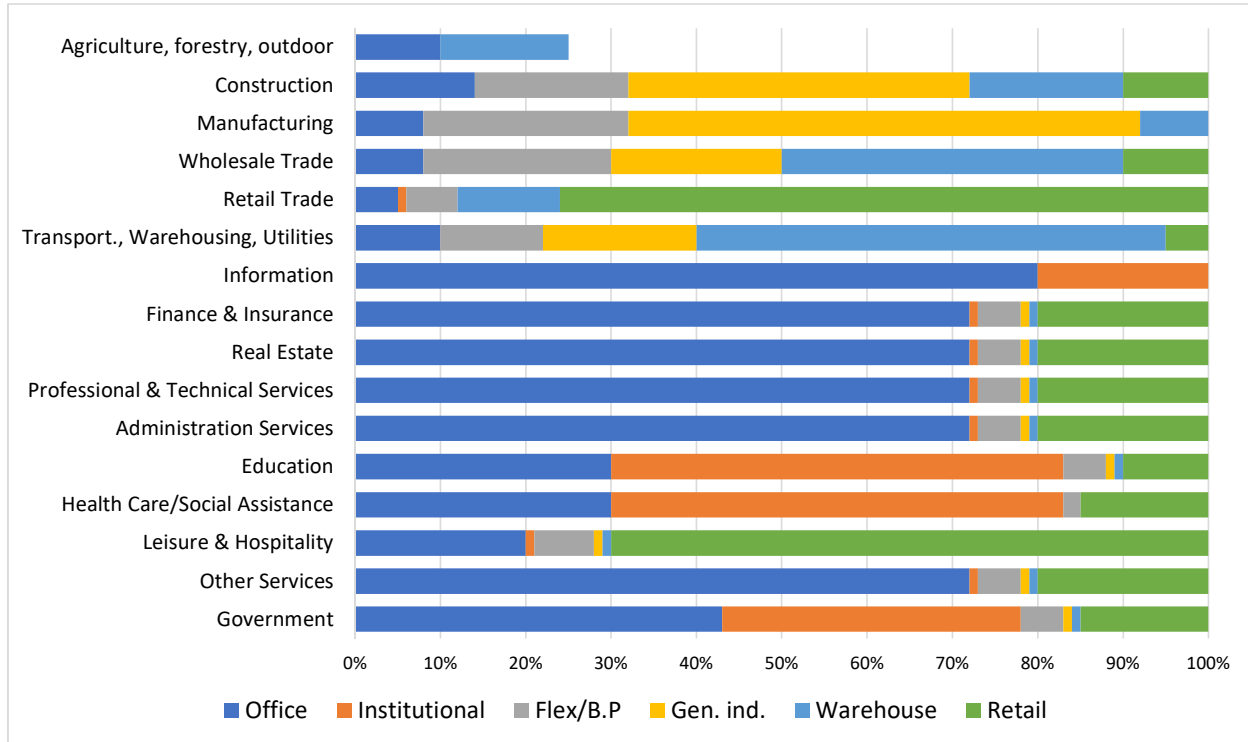
In this analytical step we allocate employment growth to the standard building typologies. The building typology matrix represents the share of sectoral employment that is located across various building types. (Note that only a fraction of employment in the agricultural sector is assumed to need urban 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 7.1: 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.

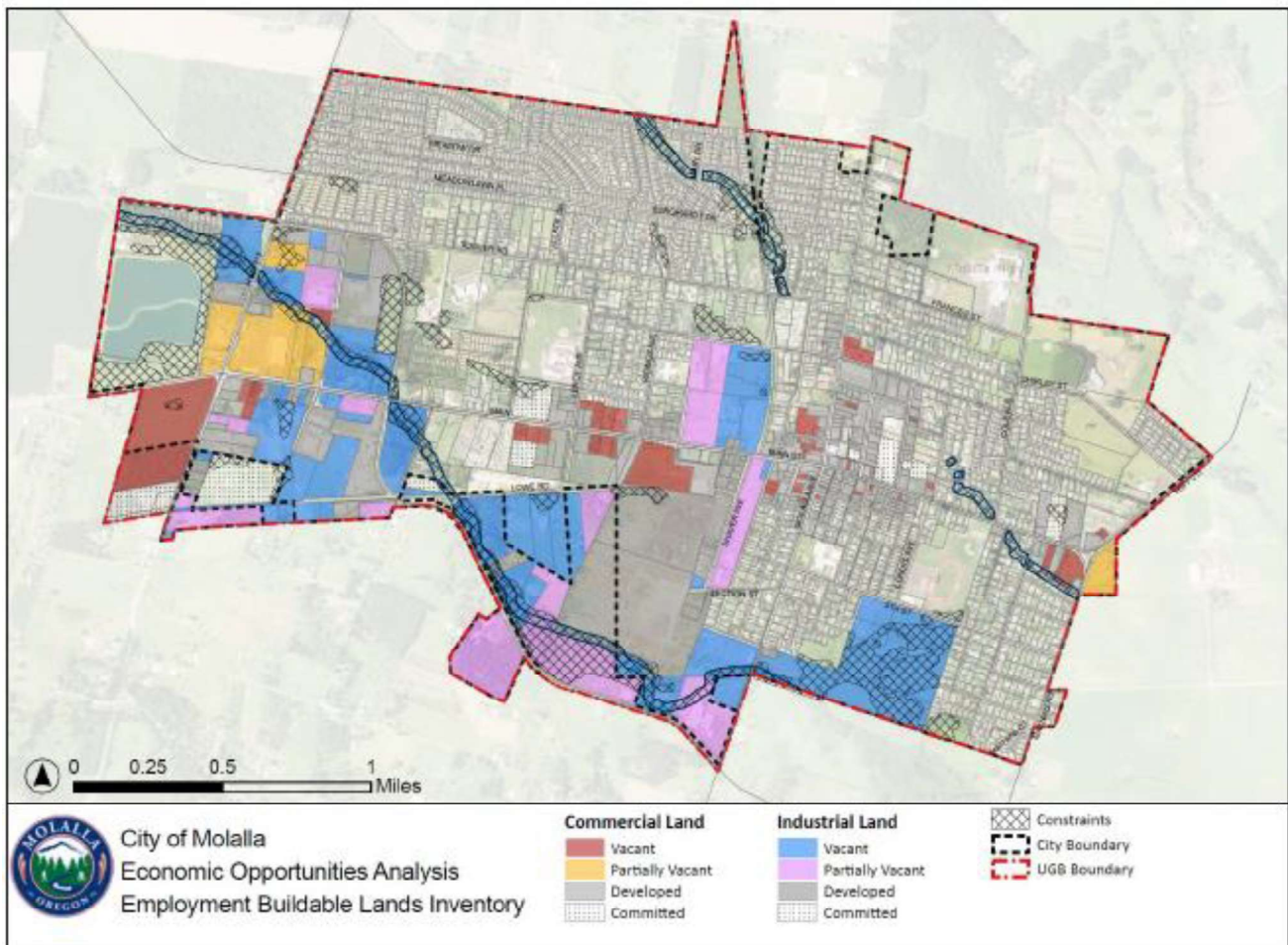
The following figure presents the estimated net developable acres of land by zone. There are an estimated 55 net acres of buildable Commercial land and an estimated 166 net acres of buildable Industrial land.

FIGURE 7.2: 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 7.3: 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 of Commercial land and a surplus of Industrial land. A summary of the comparison of land supply and demand is presented below.

FIGURE 7.4: 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**.
- 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. (See Appendix A for more details on site preferences for certain key industries.) In particular, there is forecasted demand for more suitable medium- and large-lot commercial and industrial sites while relatively few of these sites were found to remain in the inventory that are unconstrained. This is discussed in greater detail below.

SITE SUPPLY VS. SITE DEMAND (NUMBER AND SIZE OF SITES)

This section compares the more specific site requirements of projected future commercial and industrial users with the specific inventory of prospective employment sites identified within the UGB. Oregon Administrative Rules requires a determination of 20-year employment land need, as well as a determination of need for suitable, readily serviceable land to meet short-term demand.

The following definitions from OAR 660-009-005 are relevant to this discussion:

(2) "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....

(10) "Short-term Supply of Land" means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required. "Competitive Short-term Supply" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed

As noted in the prior section, the Buildable Land Inventory was screened for major constraints, including current development, floodways, wetlands, steep slopes, and federal ownership. The remaining parcels in the inventory may be buildable but may not meet the specific site requirements of certain users. Others may be part of the long-term supply, but not be well-suited for the short-term supply.

ESTIMATED 20-YEAR SITE NEEDS VS. CURRENT SUPPLY

The following figures represent the findings of estimated need (Section VI) and current supply (Section VII) of sites by size. Note that the estimate of future needs is approximate, as economic growth is dynamic and difficult to predict. Communities should maintain flexibility and ensure a supply of a variety of site types with short-term availability, as allowed through the Goal 9 EOA process.

Figure 7.5 presents the estimated supply of sites by zoning and site size as found in the BLI. As shown, there are few remaining sites over 10 acres in size in the inventory, and no remaining sites of greater than 13 acres. In total, there are 73 commercial sites remaining, and 81 industrial sites, most being small sites of under one acre.

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. This implies that Molalla needs a greater variety of medium and large sites.

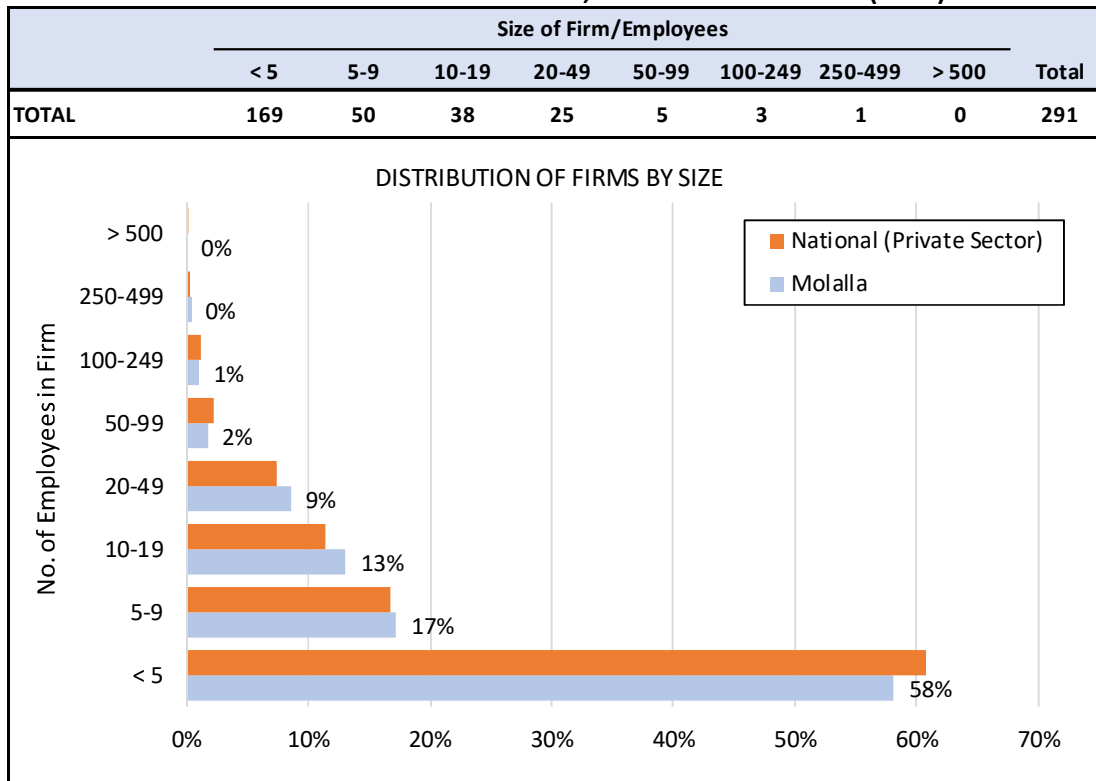
**FIGURE 7.5: SUMMARY OF SITE SUPPLY VS. FORECASTED 20-YEAR NEED
BY LAND USE AND SITE SIZE (ACRES), MOLALLA**

	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: City of Molalla, MIG

As is the trend nationwide, most firms in Molalla are small businesses. The number of firms under five employees is 61% nationally, and 58% in Molalla. Those with fewer than 10 employees are 77% of businesses nationwide and 75% locally. However, while large firms of at least 100 employees make up a small percentage of businesses, their high employment means they still represent a significant share of overall employment.

FIGURE 7.6: NUMBER OF FIRMS BY SIZE, MOLALLA AND NATIONAL (2024)



Source: Oregon Employment Department, Bureau of Economic Analysis

By applying assumptions of the amount of space and land firms require based on size, we come to an estimate of the number of sites needed for commercial and industrial users from the 20-year growth forecast. Note that many of the smallest firms of one to four people will likely include home businesses, those sharing space in multi-tenant commercial centers, and other arrangements than strictly needing their own sites. Most of the larger firms likely will need their own sites, particularly industrial businesses with externalities that make it difficult to operate in shared space.

While need is weighted towards smaller sites for most businesses that have five or fewer employees, there is also a need for some sites at larger sizes to provide opportunities for new businesses to locate and allow existing businesses to expand.

Need for medium and large sites: The comparison of forecasted land demand to the remaining inventory found that there is a deficit of commercial land, and a surplus of industrial land. Through the EOA process, and discussion of interim findings, the advisory committee and local officials expressed the community's desire to have additional medium (5+ acres) and larger sites (20+ acres) available for commercial and industrial users, so that the city could competitively recruit larger businesses.

So while there is surplus of industrial land measured in gross acres, this land is mostly found in fragmented smaller sites. This means that there is a finding of need for additional industrial land and sites to meet the identified community goals.

There is a need for additional sites of 5+, 10+ and 20+ acres for commercial users, and 10+, 20+ and 30+ acres for industrial users (Figures 7.7 and 7.8).

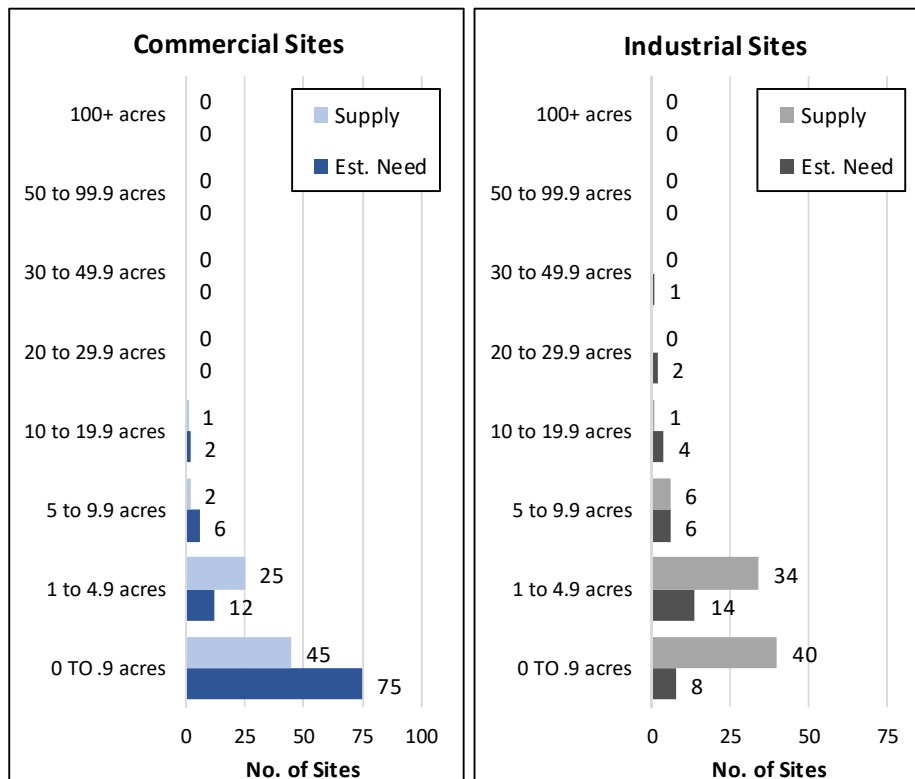
**FIGURE 7.7: ESTIMATE OF FORECASTED 20-YEAR SITE NEED
BY LAND USE AND SITE SIZE (ACRES)**

LAND USE	0 TO .9 acres	1 to 4.9 acres	5 to 9.9 acres	10 to 19.9 acres	20 to 29.9 acres	30 to 49.9 acres	50+ acres	TOTAL (sites)
Office	32	5	2	1	0	0	0	40
Institutional	4	3	2	0	0	0	0	9
Retail	39	4	2	1	0	0	0	46
Commercial Total:	75	12	6	2	0	0	0	95
Flex/B.P	1	5	2	1	0	0	0	9
Gen. Ind.	5	4	2	1	1	0	0	13
Warehouse	2	5	2	2	1	1	0	13
Industrial Total:	8	14	6	4	2	1	0	35
er	0	0	0	0	0	0	0	0
TOTAL:	83	26	12	6	2	1	0	130

Source: Oregon Employment Department, BEA, Johnson Economics LLC

Figure 7.8 presents a side-by-side comparison of forecasted need and current supply (inventory) by site size.

**FIGURE 7.8: SUMMARY OF FORECASTED 20-YEAR SITE NEED VS. SITE SUPPLY
BY LAND USE AND SITE SIZE (ACRES), MOLALLA**



Source: Oregon Employment Department, Molalla, Johnson Economics LLC

The forecasted need for sites of different sizes does not match exactly with the current supply. The demand for commercial sites (retail/office/institutional) and industrial (general industrial, warehousing, multi-tenant flex park) exceeds the current supply.

It is estimated that the supply of small commercial sites is adequate but need exceeds supply for most site sizes larger than 5 acres. There is one identified commercial site of 12.5 acres.

Similarly for industrial users, the number of smaller sites is estimated to be sufficient, while sites over 10 acres are undersupplied. There is one remaining site of under 12 acres, and there are no sites over 20 acres.

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.

APPENDIX A: INDUSTRIAL COMPETITIVE SITE NEEDS

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix



PROFILE		GENERAL REQUIREMENTS																	
		Production Manufacturing		Value-Added Manufacturing and Assembly				Light / Flex Industrial				Warehousing & Distribution				Specialized			
				A	B	C	D	E	F	G	H	I	J	K	L				
CRITERIA		Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial						
Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCDA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.																			
1	GENERAL REQUIREMENTS																		
	PHYSICAL SITE																		
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	20 - 100+	10 - 25+	5 - 25+				
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 5%	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%				
	WORKFORCE																		
4	AVAILABLE WORKFORCE POPULATION IN 50 MILE RADIUS:	People	30,000	150,000	20,000	60,000	30,000	750,000	25,000	75,000	20,000	60,000	10,000 - 25,000	1,000					
	TRANSPORTATION																		
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 30 (ADT / acre)	40 to 50 (ADT / acre)					
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	N/A	w/ in 30	N/A					
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A					
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A					
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A					
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	N/A					
10	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A					
		Distance (Miles)	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	w/ in 100	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	N/A					

Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCDA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix



CRITERIA	PROFILE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial				Warehousing & Distribution			Specialized		
		A	B	C	D	E	F	G		I	H	J	K	L	
		Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services		Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial	
11	UTILITIES	WATER:	Min. Line Size (Inches/Dmtr)	8" - 12"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
			Min. Fire Line Size (Inches/Dmtr)	10" - 12"	12" - 18"	10" - 12"	8" - 10"	8" - 12"	8" - 12"	6" - 10"	6" - 10"	6" - 10"	10" - 12"	10" - 12"	6" (or alternate source)
			High Pressure Water Dependency	Preferred	Required	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	Not Required	Required	Required	Not Required
			Flow Gallons per Day per Acre	1600 (GPD / Acre)	5200 (GPD / Acre)	3150 (GPD / Acre)	1850 (GPD / Acre)	2700 (GPD / Acre)	2450 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	1600 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)	1200 (GPD / Acre)
			Min. Service Line Size (Inches/Dmtr)	6" - 8"	12" - 18"	10" - 12"	6" - 8"	10" - 12"	10" - 12"	6" - 8"	4"	4"	8" - 10"	8" - 10"	4" - 6" (or on-site source)
12	SEWER:	Flow Gallons per Day per Acre	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2000 (GPD / Acre)	2000 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	1300 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)	1000 (GPD / Acre)
		Preferred Min. Service Line Size (Inches/Dmtr)	4" - 6"	6"	4"	6"	4"	6"	6"	2"	2"	2"	4"	4"	N/A
13	NATURAL GAS:	On Site	Competitive	Competitive	Competitive	Competitive	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
		Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	0.5 MW	5-25 MW	1 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Preferred	Competitive	Preferred	Not Required	Not Required	Required, could be on site	Not Required	Not Required
		Secondary System Dependency	Required	Preferred	Not Required	Required	Not Required	Required	Competitive	Not Required	Not Required	Not Required	Required	Not Required	Not Required
14	ELECTRICITY:	Major Communications Dependency	Preferred	Required	Required	Required	Required	Required	Required	Required	Preferred	Required	Required	Preferred	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Required	Preferred	Not Required	Not Required	Not Required	Required	Not Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Preferred	Preferred
			Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Preferred	Preferred
15	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Required	Required	Required	Required	Required	Required	Preferred	Required	Required	Preferred	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Required	Preferred	Not Required	Not Required	Not Required	Required	Not Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Preferred	Preferred
			Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Preferred	Preferred

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix



CRITERIA		PROFILE													
		Production Manufacturing		Value-Added Manufacturing and Assembly			Light / Flex Industrial			Warehousing & Distribution			Specialized		
		A	B	C	D	E	F	G	I	H	J	K	L		
16 SPECIAL CONSIDERATIONS:	Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial			
	Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power capacity, water supply, and security are critical. Surrounding environment (vibration, noise, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of interstate or City of more than 50,000 people.			

Mackenzie; Business Oregon

Terms:															
More Critical ↑ Less Critical		'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards 'Competitive' significantly increases marketability and is <i>highly recommended by Business Oregon</i>. May also be linked to financing in order to enhance the potential reuse of the asset in case of default. 'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical. * Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector. **Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space † Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE). ‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.													



CITY OF MOLALLA

Staff Report

Agenda Category: ORDINANCES AND RESOLUTIONS

Agenda Date: Wednesday, March 12, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT: Ordinance No. 2025-02: EOA (Corthell)

FISCAL IMPACT: 100,000

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. On December 4, 2024, Johnson Economics (hereafter “the consultant”) held a Public Hearing to review the EOA report, BLI, and proposed Comprehensive Plan Amendments Planning Commission. Regional Land Use attorney Wendie Kellington provided public comment on behalf of Soni Singh, owner of Molalla Center Market, requesting that the report advise to loosen or remove restrictions on siting fueling stations within the Central Commercial zone in the Molalla Development Code. Planning Commission had no additional comment and recommended the report and changes to the Development Code proposed on behalf of Mr. Singh to Council. At the December 4th Hearing the consultant advised that changes to the document regarding site specific land needs would be added after the Hearing. Specifically, these changes, were incorporated into the draft. These changes are found in the document that was posted in the packet for this Hearing as document pages 43-47. Additionally, in response to a recent serious inquiry from a data center developer, a specific callout to pursue land related to a data center was also included in the document.

ATTACHMENTS:

[20250205 - Exhibit A - EOA.pdf](#)

[20250212 - Exhibit D - Development Code Concepts.docx](#)

[20250212 - ORD2025-02 - Ordinance.final.docx](#)



CITY OF MOLALLA, OREGON ECONOMIC OPPORTUNITIES ANALYSIS

Prepared For:
City of Molalla, Oregon

February 2025



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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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.

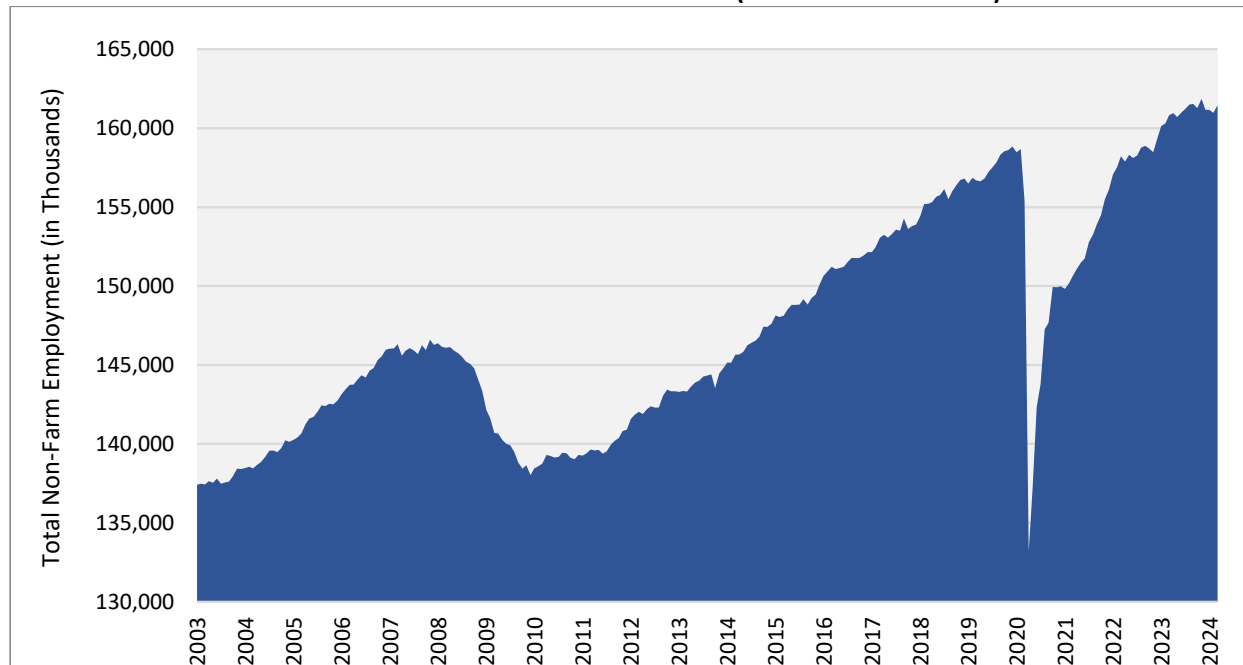
II. ECONOMIC TRENDS

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).

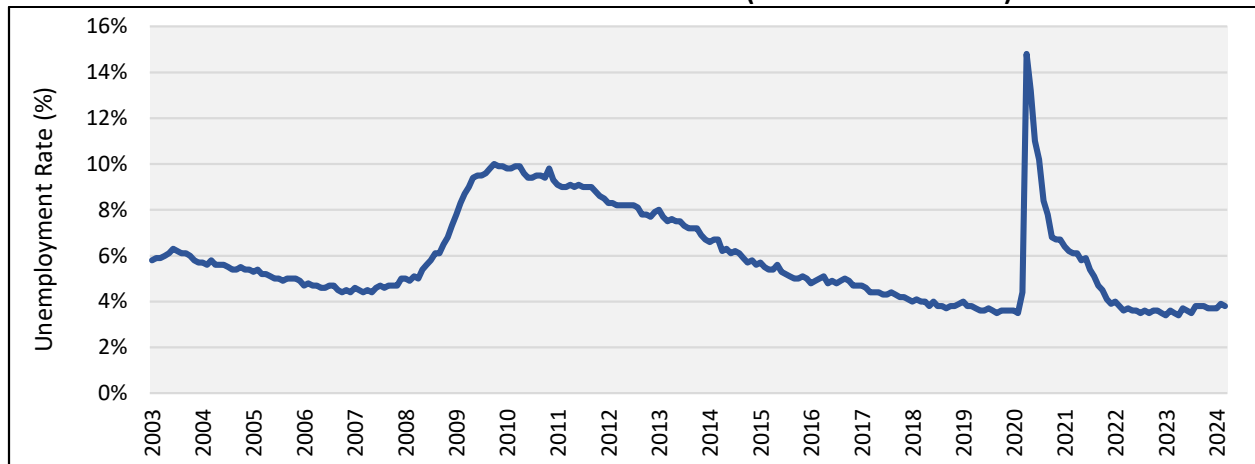
FIGURE 2.1: NATIONAL EMPLOYMENT LEVELS (JAN 2003 – MAR 2023)



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)

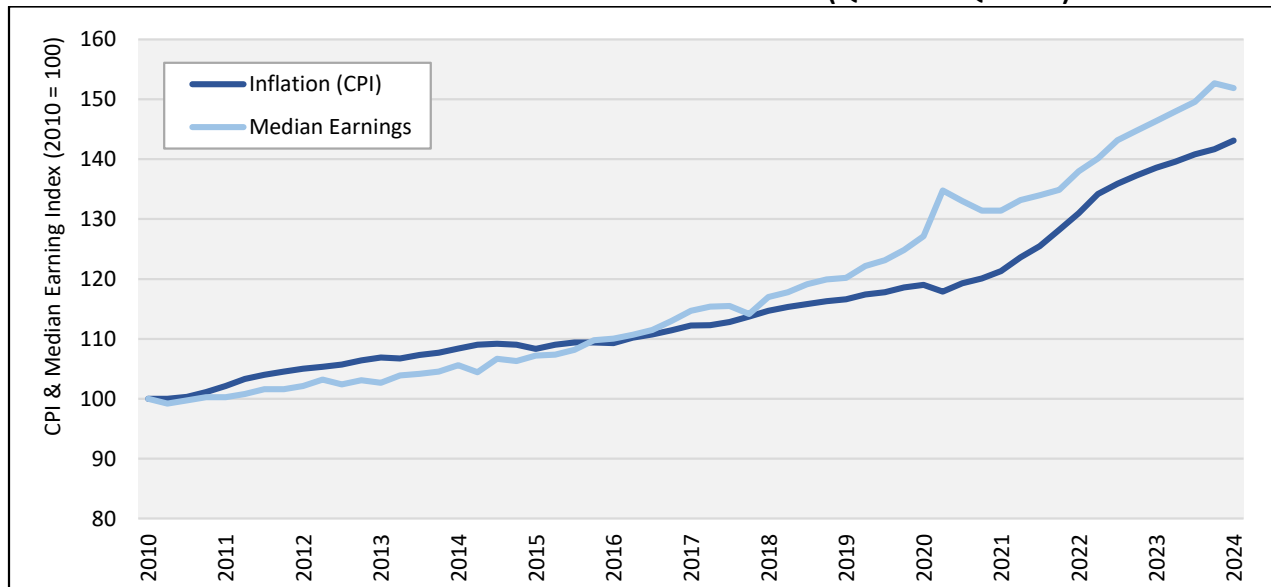


Source: U.S Federal Reserve Bank of St. Louis

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).

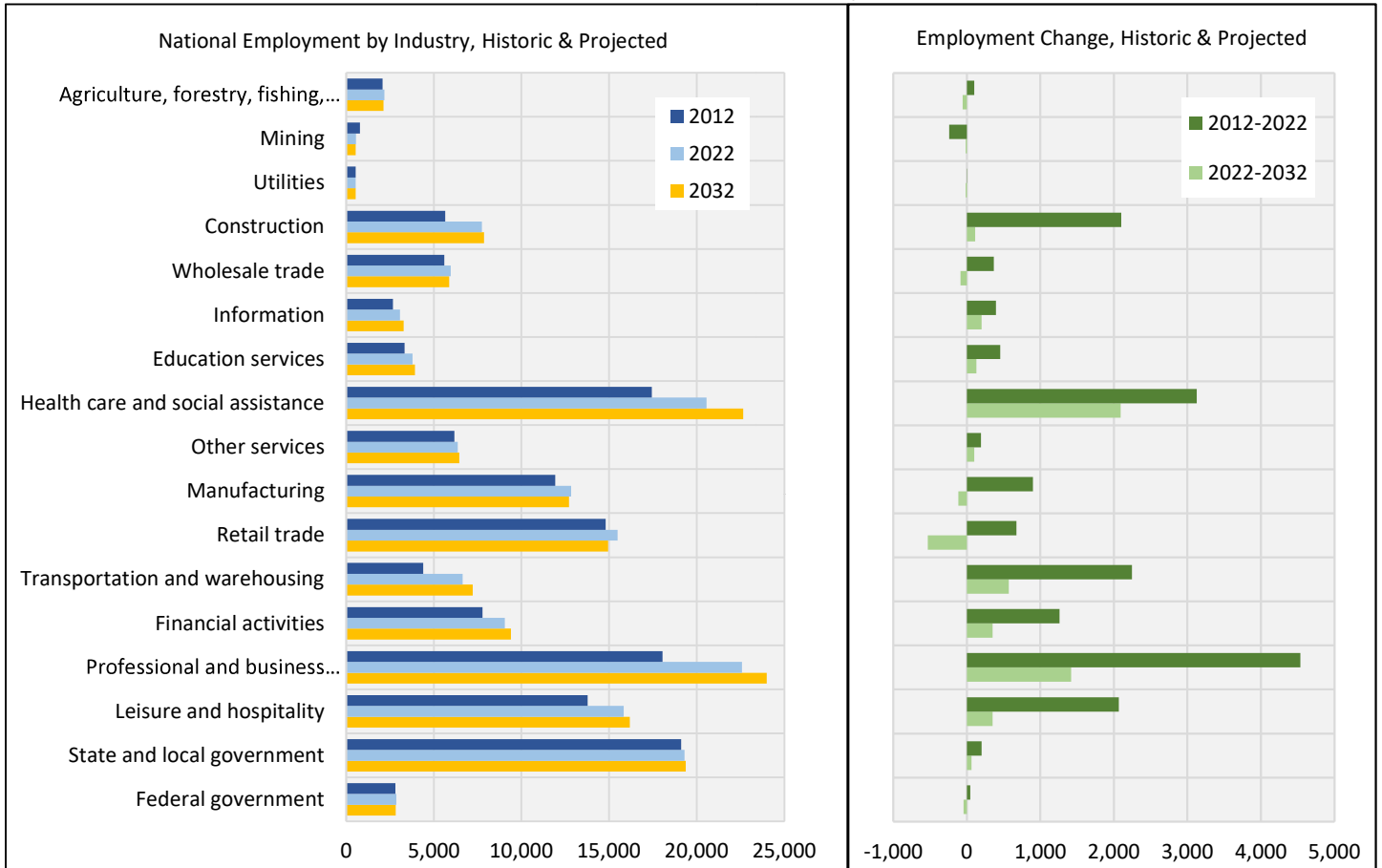
FIGURE 2.3: INFLATION INDEX VS. MEDIAN EARNINGS INDEX (Q1 2010 – Q1 2024)



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

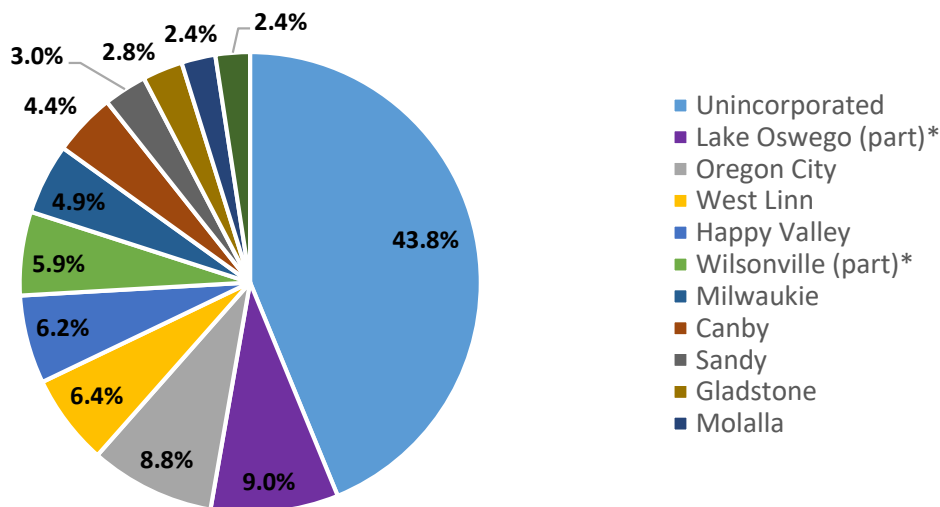


SOURCE: US Bureau of Labor Statistics

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.

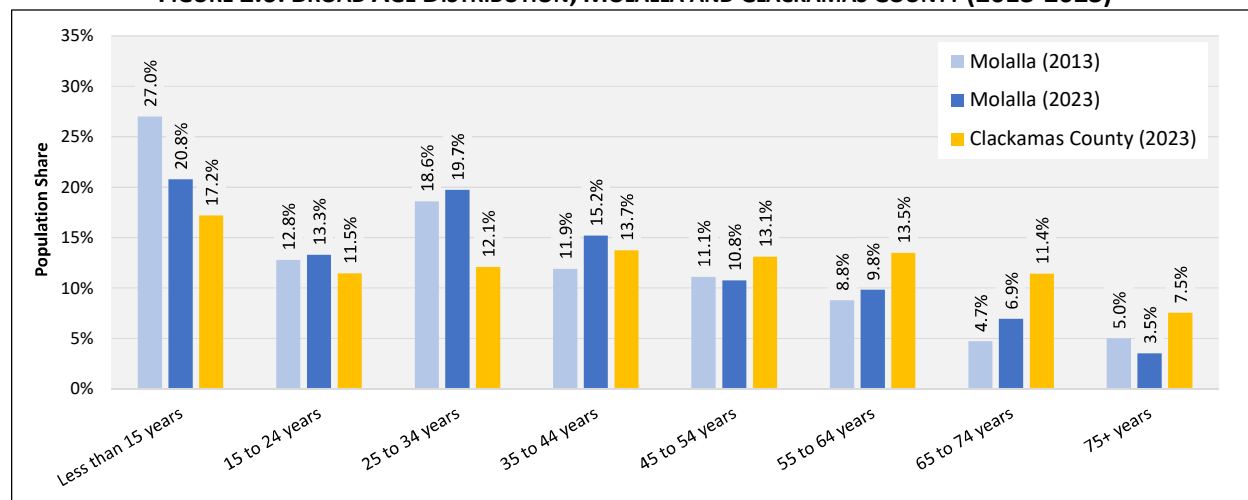
FIGURE 2.5: SHARE OF TOTAL POPULATION IN CLACKAMAS COUNTY (2023)



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.

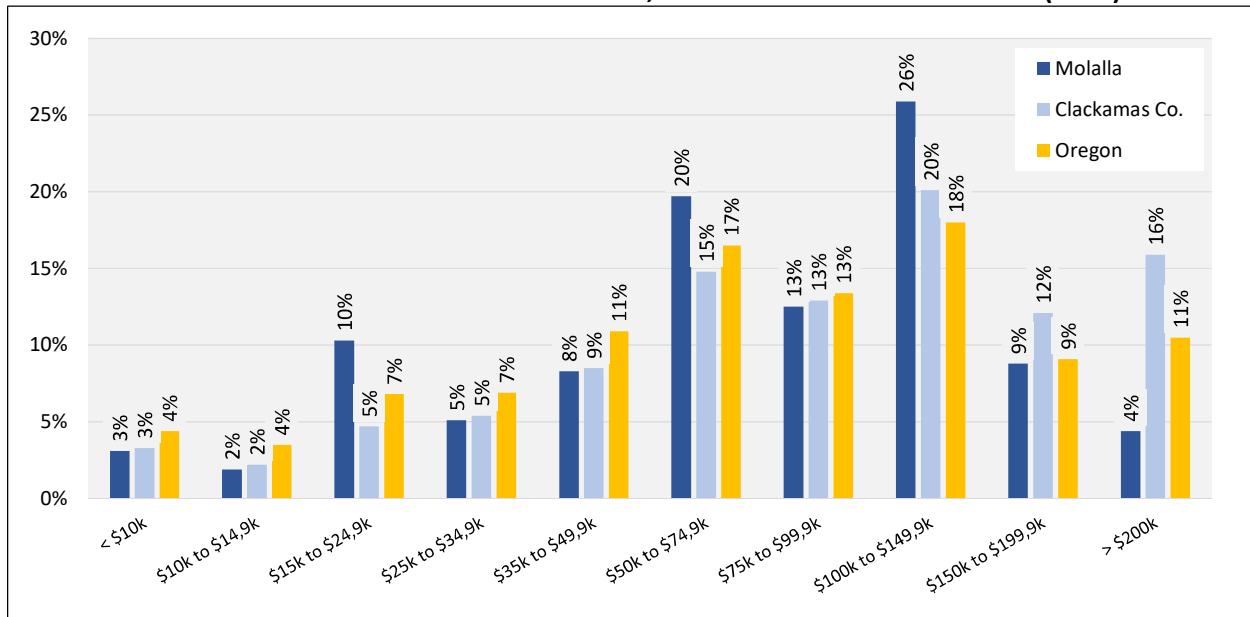
FIGURE 2.6: BROAD AGE DISTRIBUTION, MOLALLA AND CLACKAMAS COUNTY (2013-2023)



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)



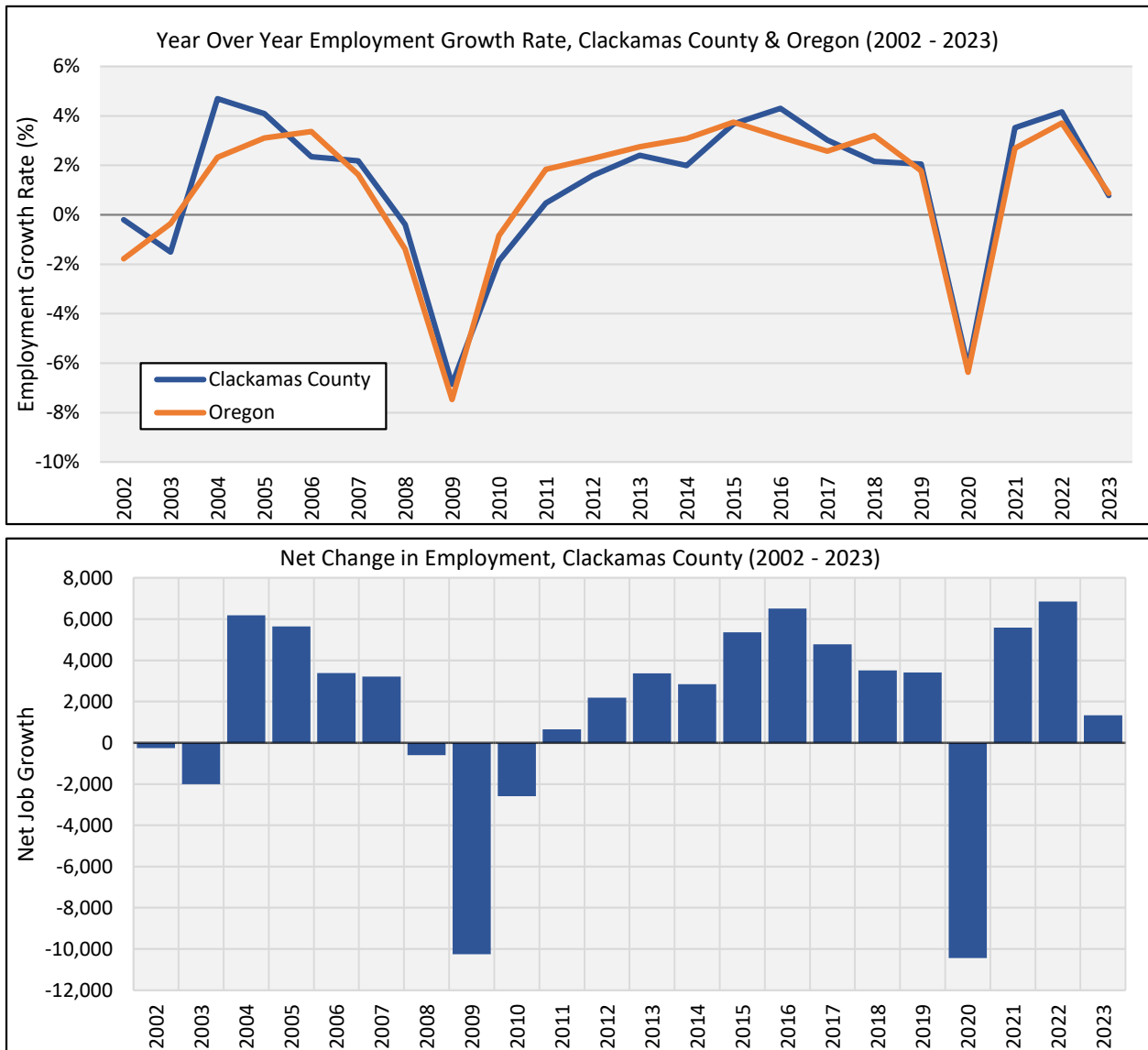
SOURCE: Census Bureau, ACS 5 Year Estimates

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)

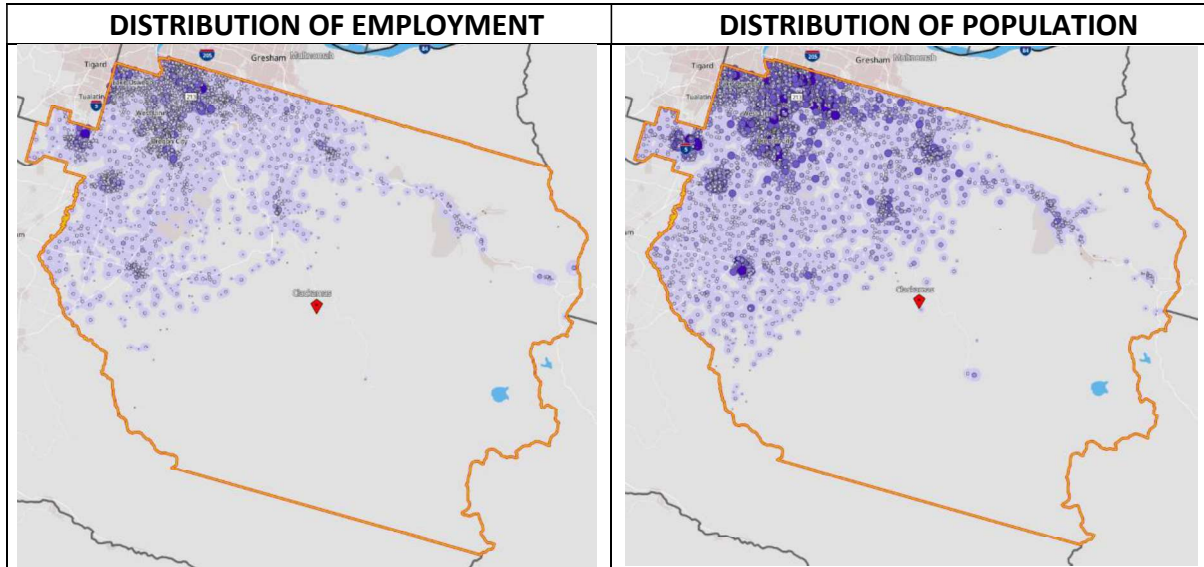
FIGURE 2.8: EMPLOYMENT GROWTH TRENDS, CLACKAMAS COUNTY & OREGON (2002 – 2023)



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

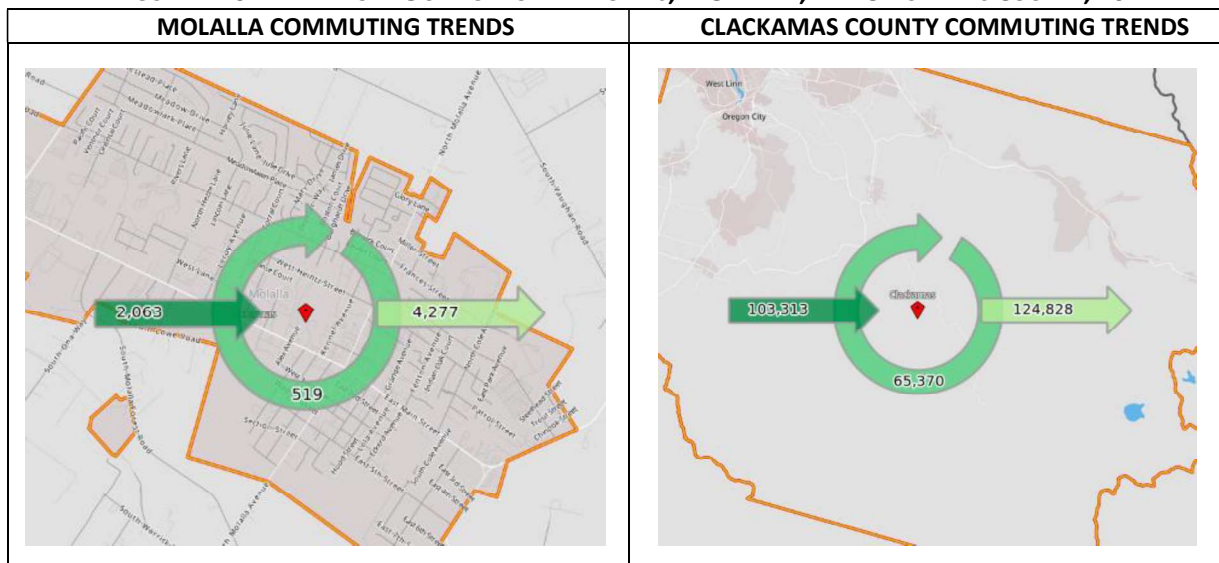


SOURCE: Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) Data

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.

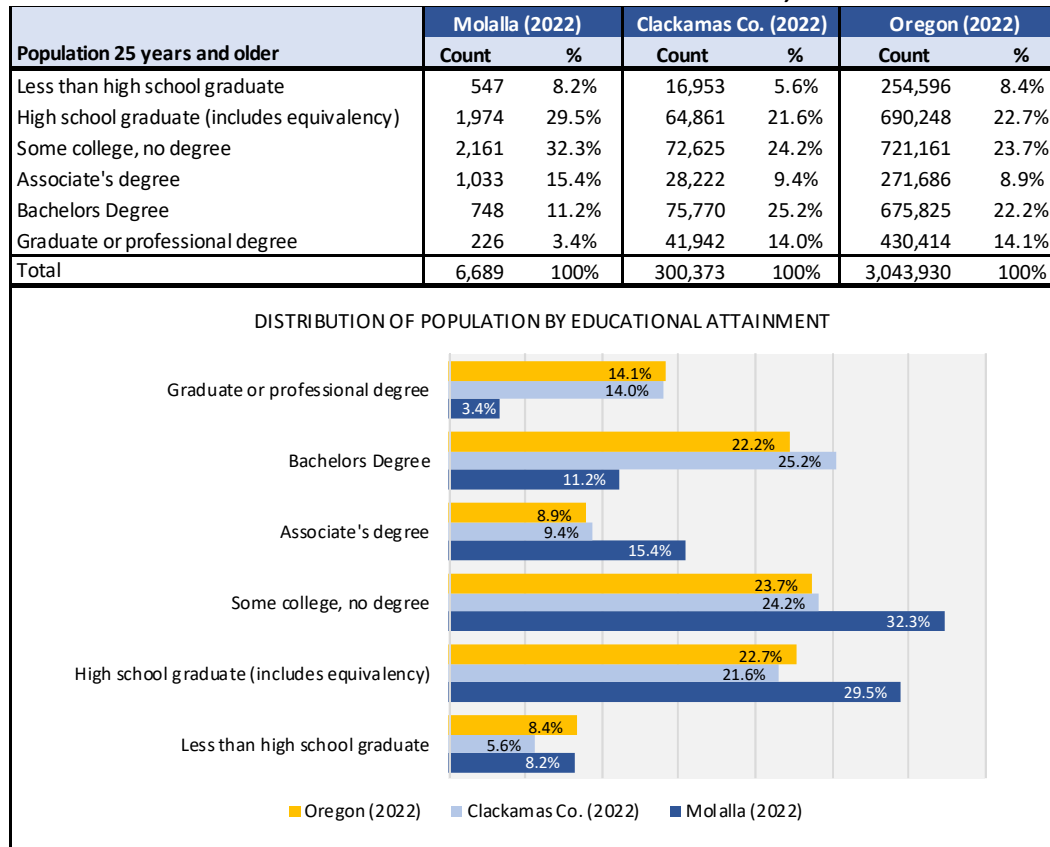
FIGURE 2.10: NET INFLOW-OUTFLOW OF EMPLOYEES, MOLALLA, AND CLACKAMAS COUNTY, 2021



SOURCE: Census Bureau, LEHD Data

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

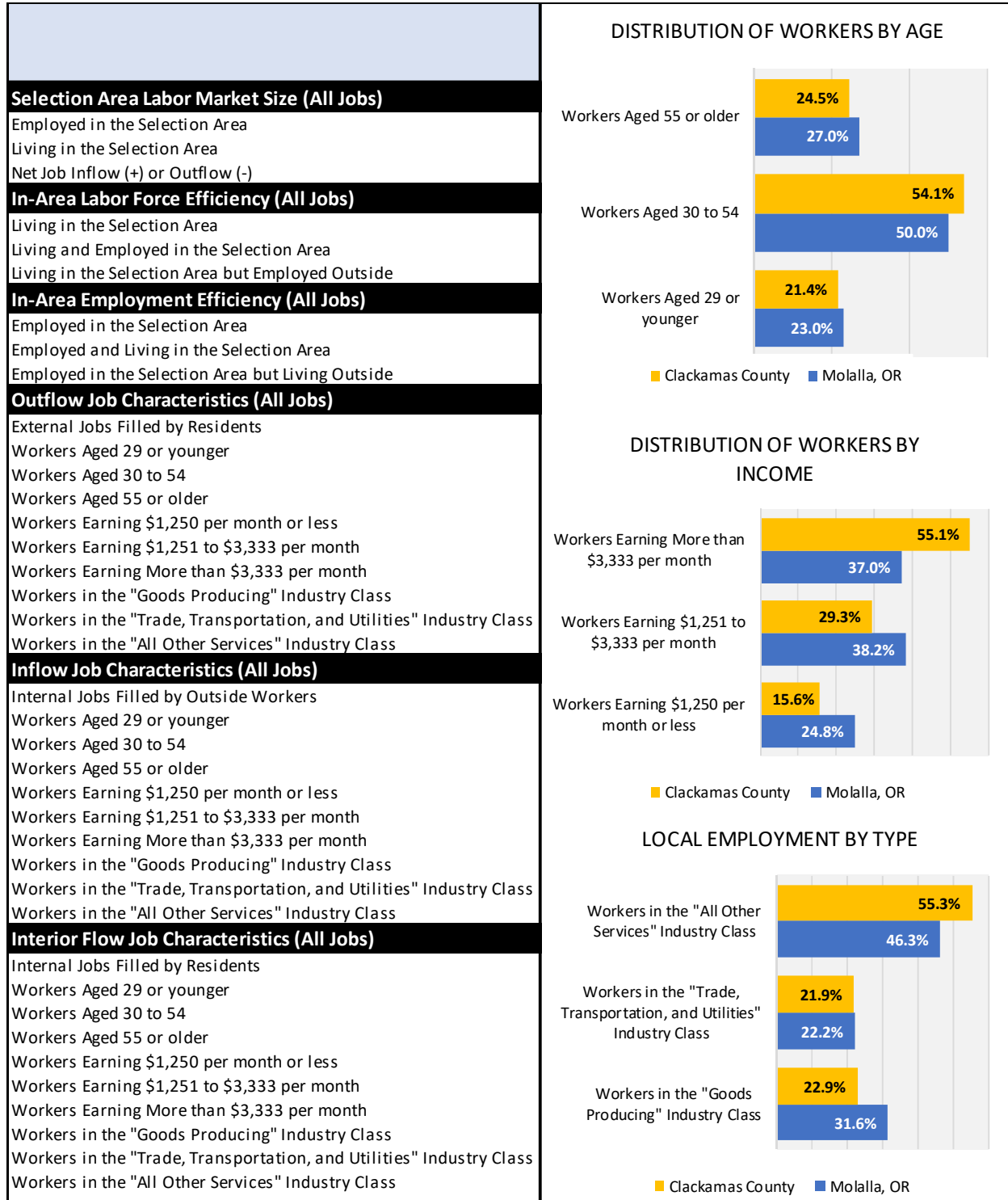
FIGURE 2.11: EDUCATIONAL ATTAINMENT PROFILE, 2022



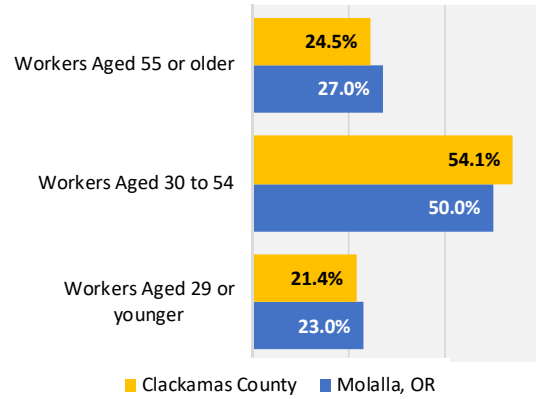
SOURCE: U.S. Census Bureau, 2017 - 2022 ACS 5-Year Estimates

- 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.

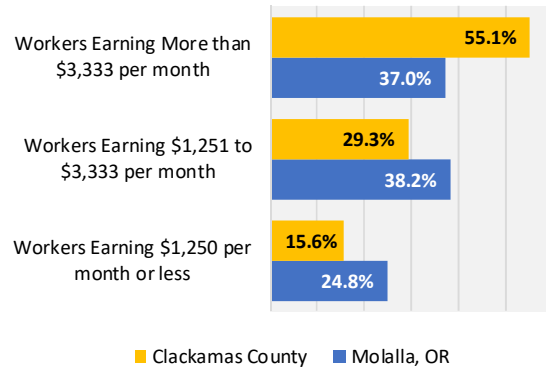
FIGURE 2.12: CHARACTERISTICS OF LOCAL WORKFORCE, CITY OF MOLALLA AND CLACKAMAS COUNTY, 2021



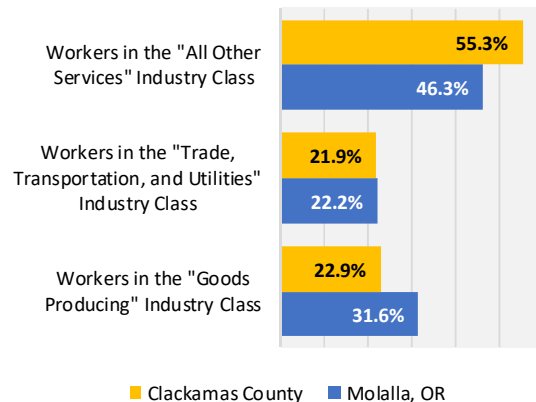
DISTRIBUTION OF WORKERS BY AGE



DISTRIBUTION OF WORKERS BY INCOME



LOCAL EMPLOYMENT BY TYPE



C. MOLALLA EMPLOYMENT & SECTOR SUMMARY

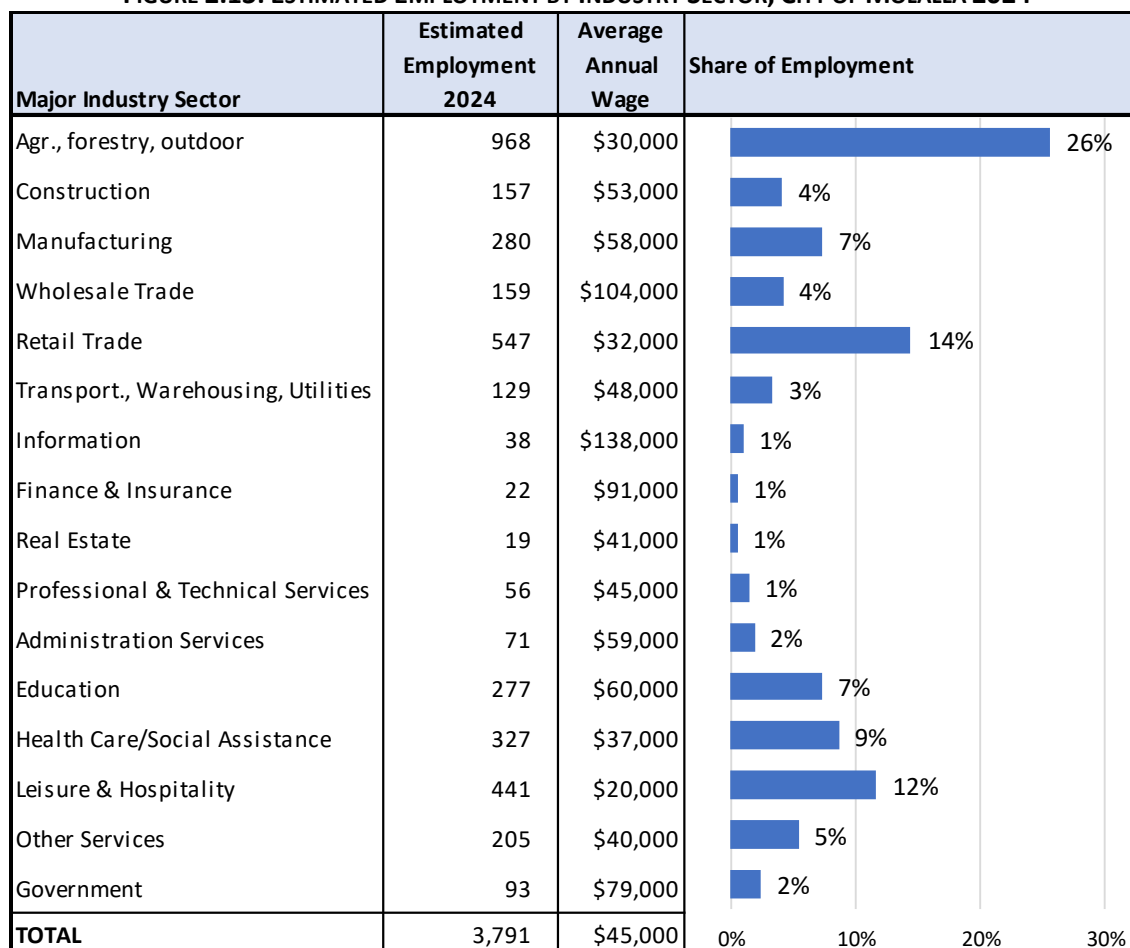
As of 2024, the City of Molalla is home to roughly 290 businesses with roughly 3,050 employees. There are an additional roughly 750 self-employed or sole-proprietor workers in the city, for a total of nearly 3,800 locally employed, or self-employed persons.

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.

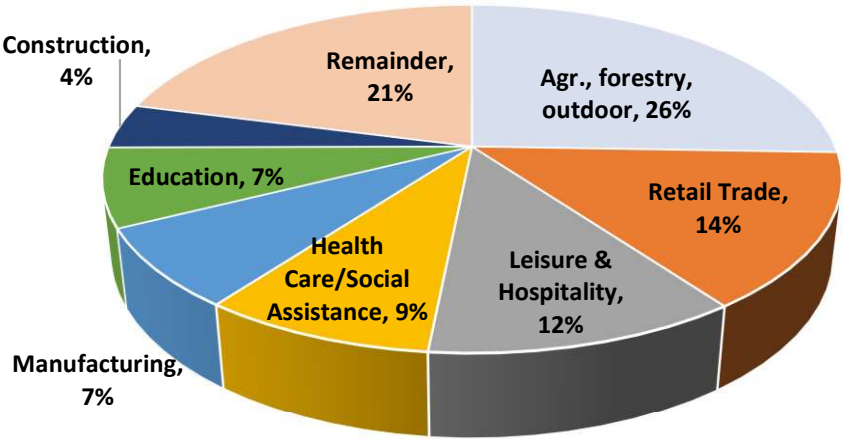
(Industry sectors are discussed in more detail in Section IV of this report.)

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



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

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

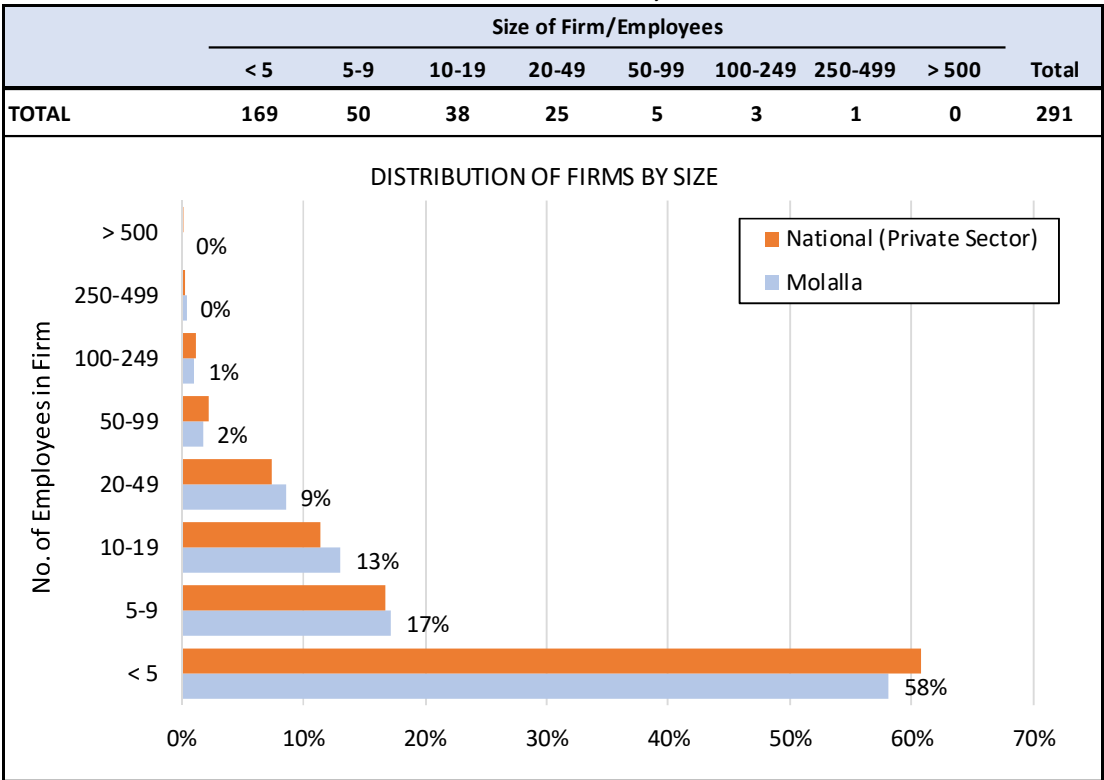


SOURCE: Oregon Employment Department, Bureau of Economic Analysis, Johnson Economics

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.)

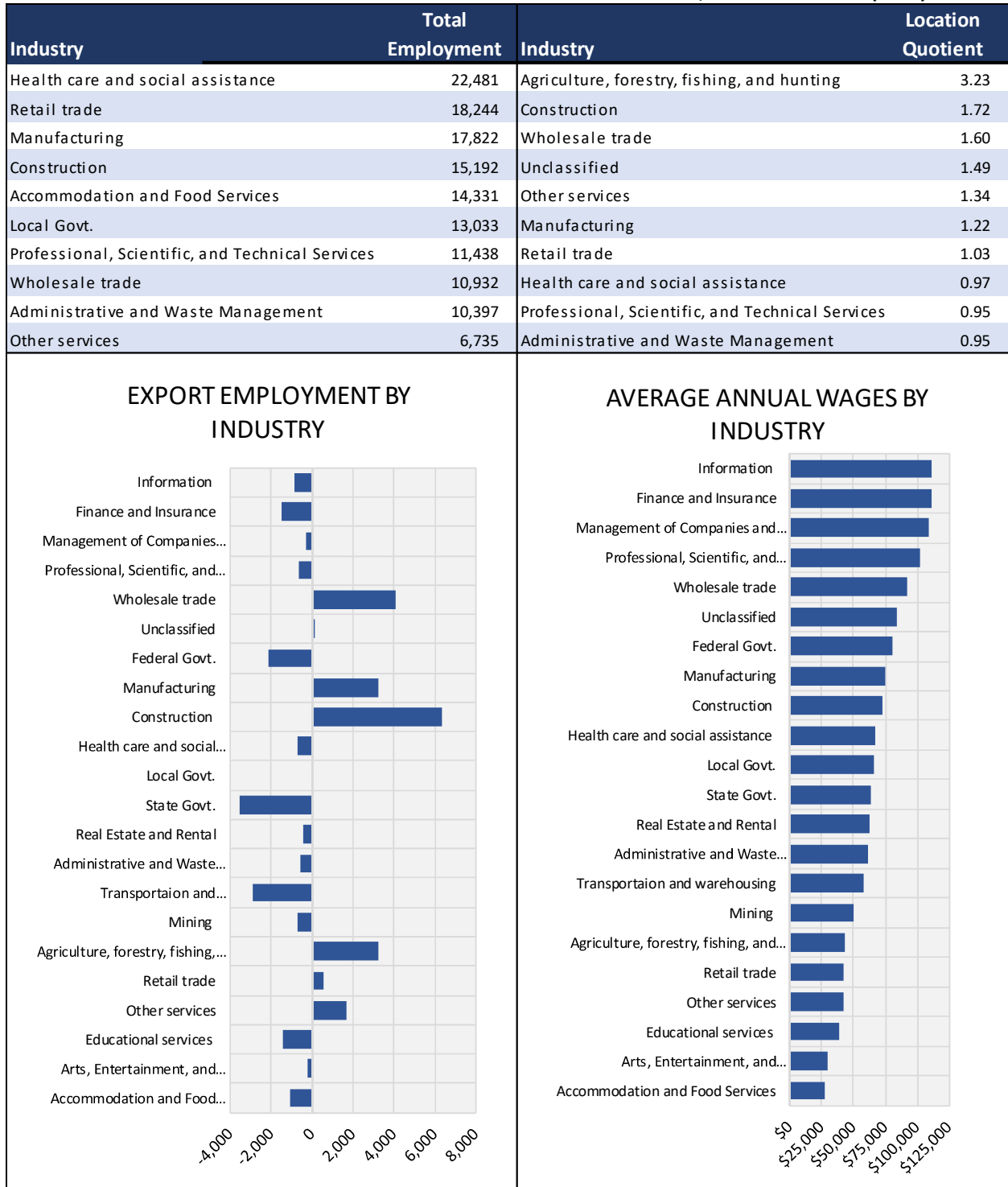
FIGURE 4.2: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CLACKAMAS COUNTY, 2022

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.]

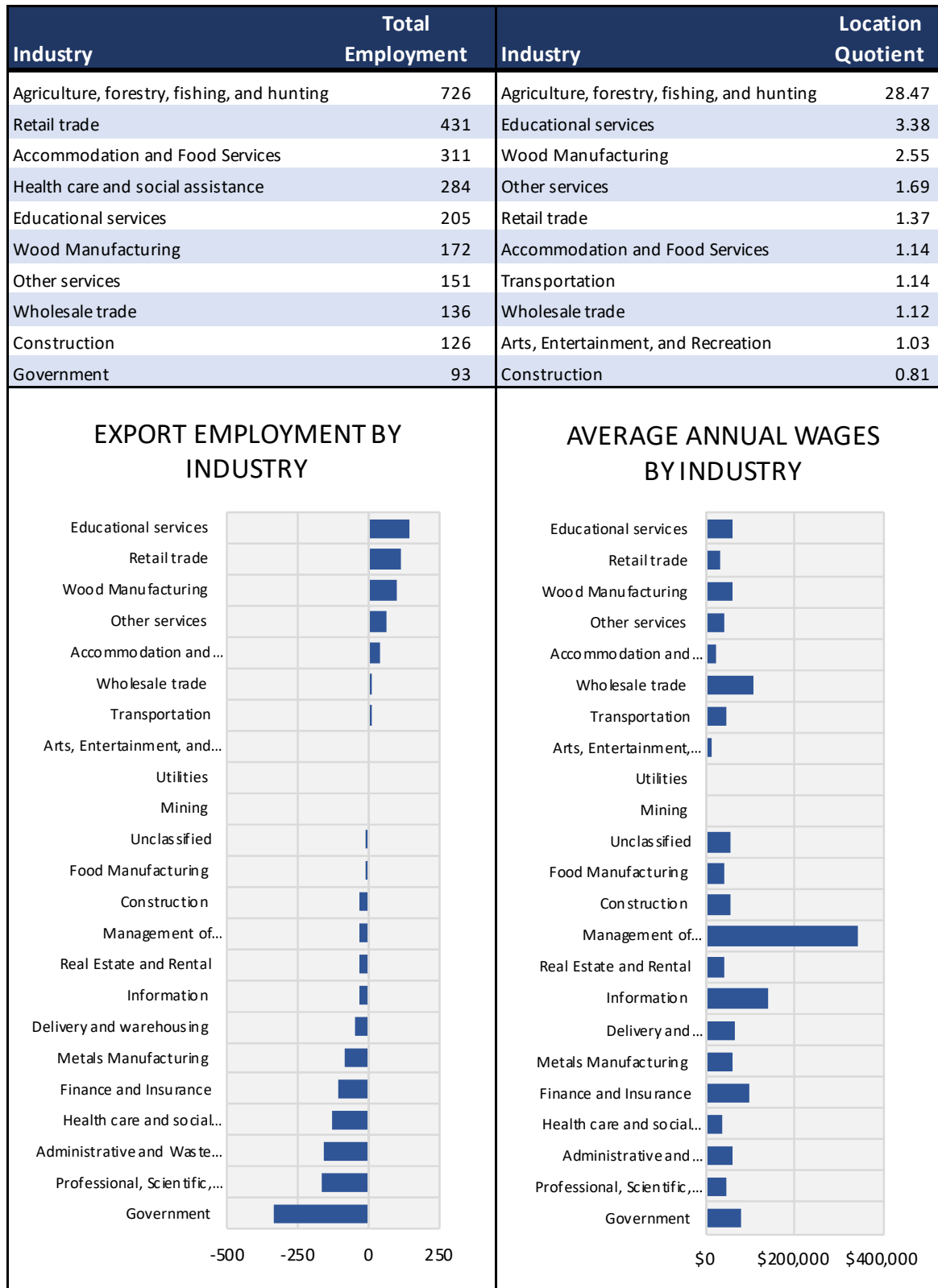
FIGURE 4.4: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CITY OF MOLALLA, 2022

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.

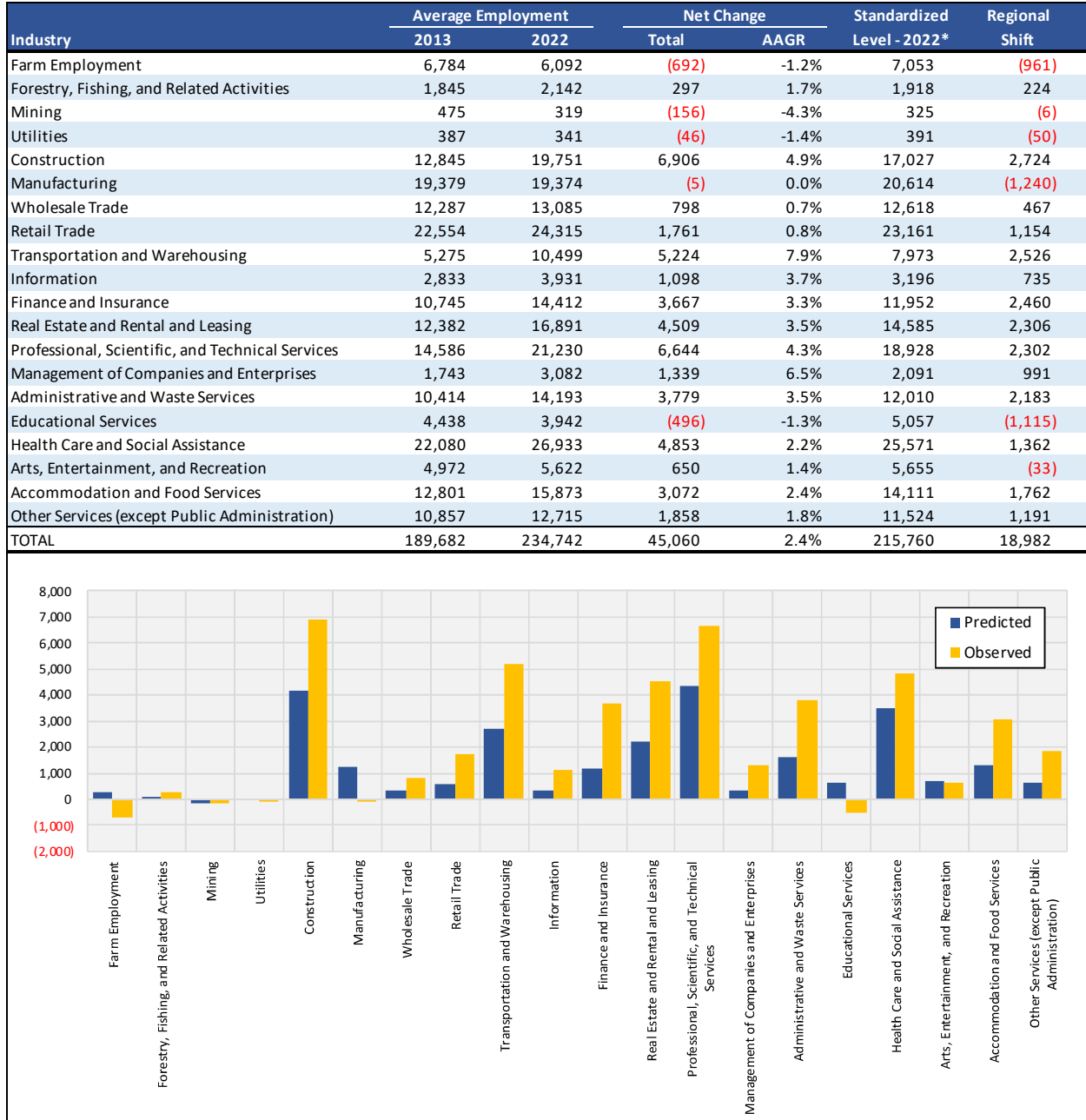
Contracting, Underperforming: Industries that are declining locally at a rate faster than the national average. These industries have structural issues that are impacting growth industry wide. However, some local or regional factors are making it increasingly tough on local firms.

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)

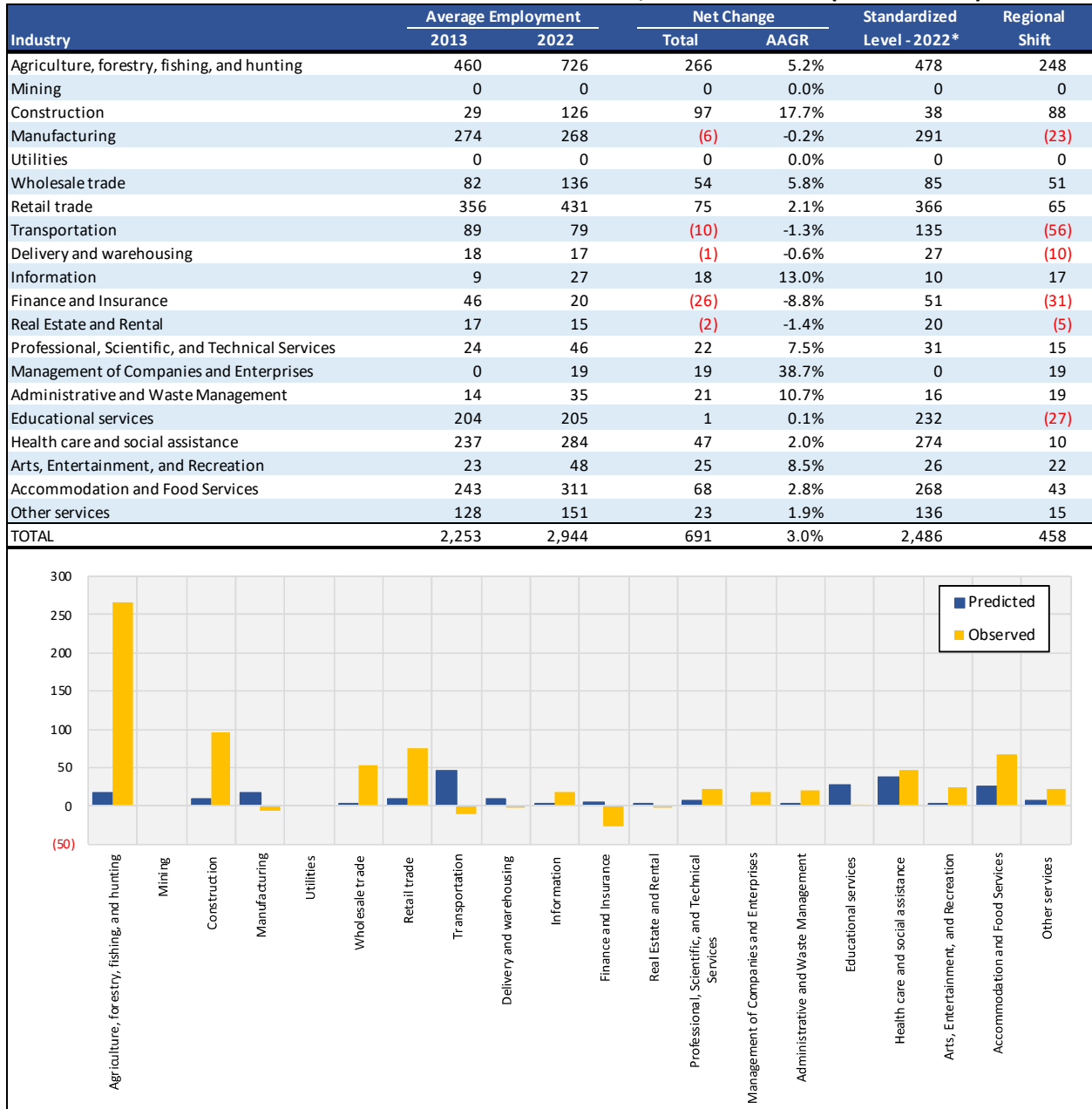


* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.

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)



* 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.

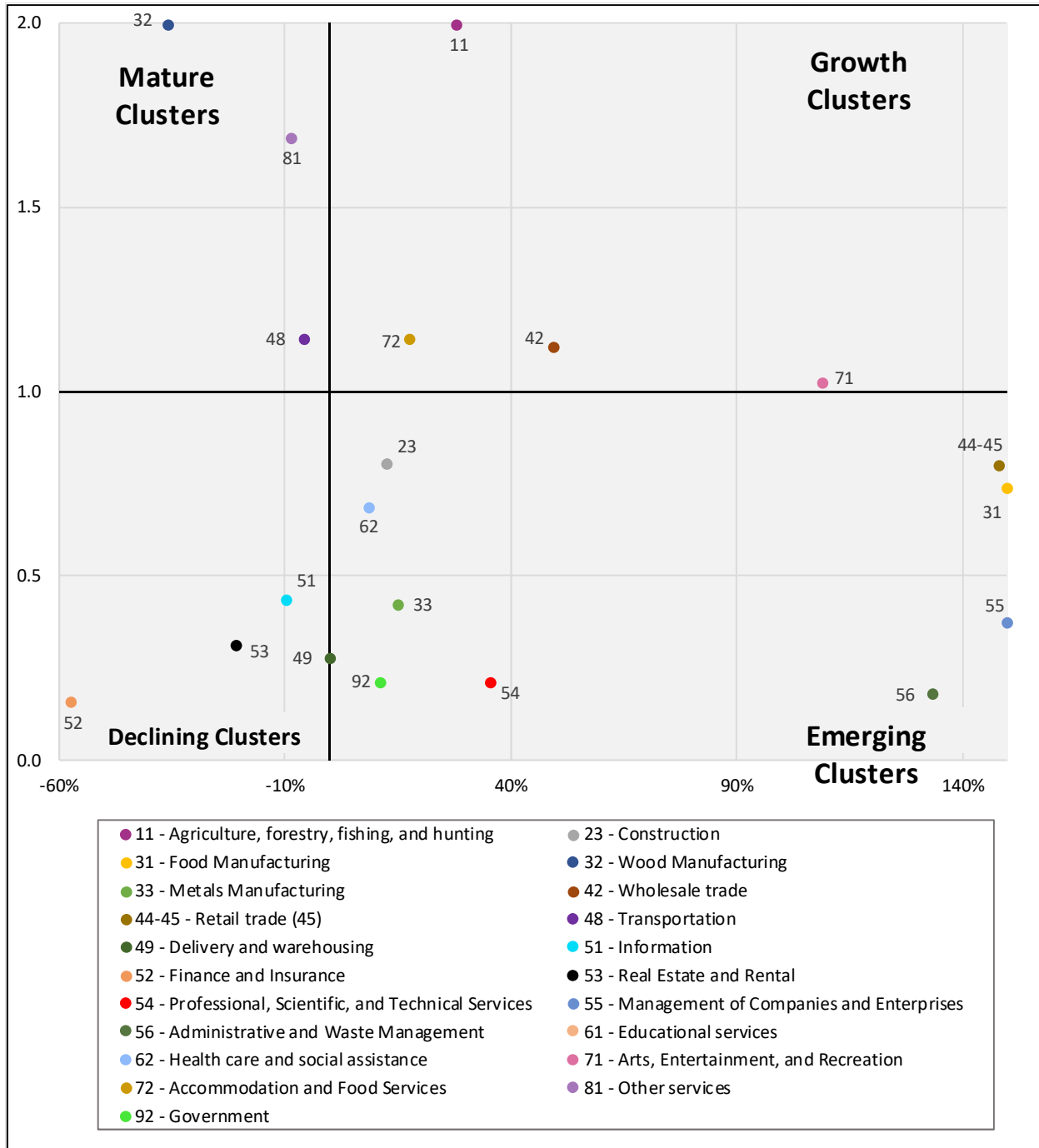
The figure 4.8 below depicts this relationship in the city of Molalla during the 2013 – 2022 period. A majority of industries showed positive employment growth in the last decade, placing them in the growth and emerging clusters. However, more industries have an LQ lower than 1, indicating that industries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

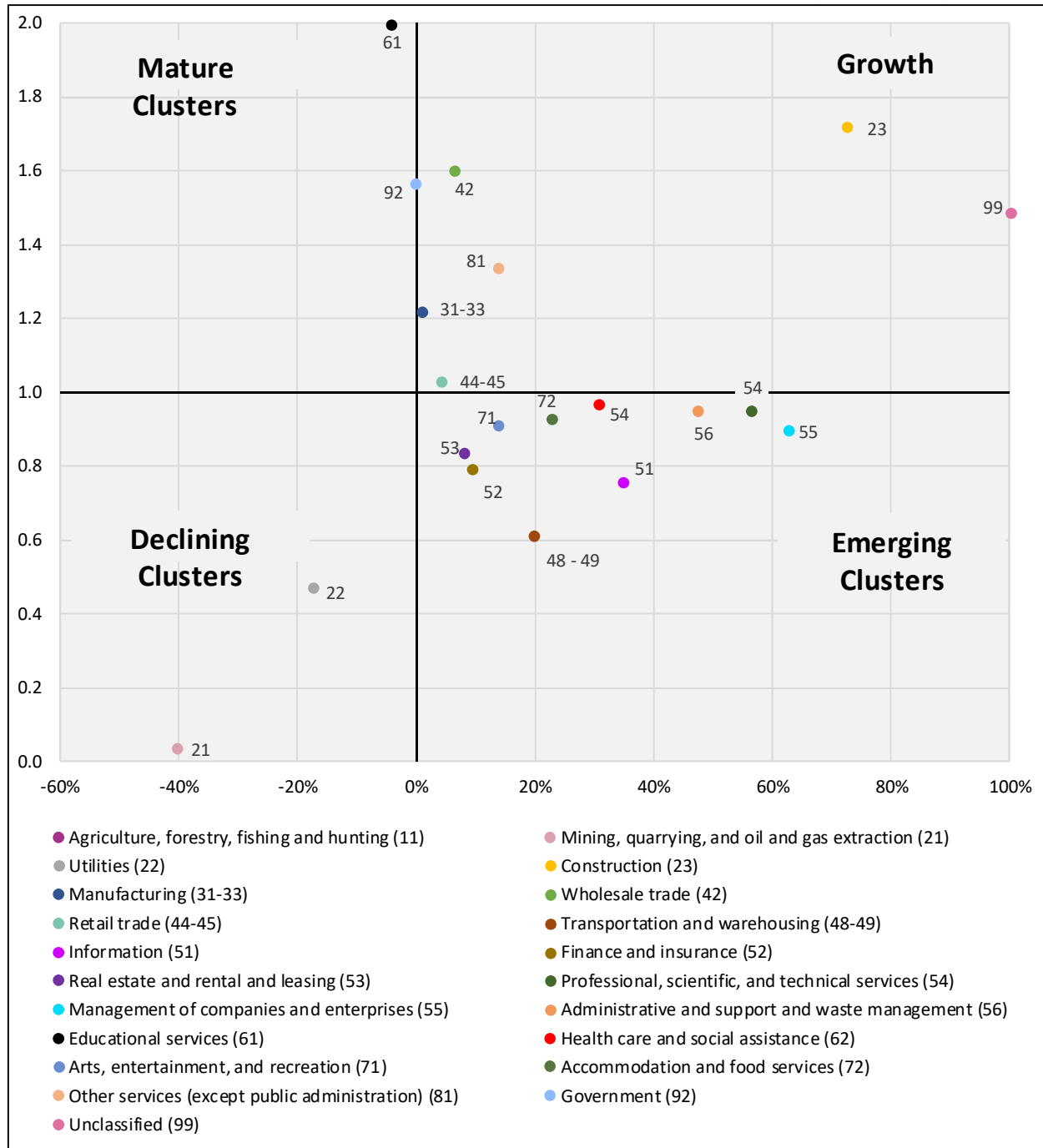
FIGURE 4.8: LQ AND EMPLOYMENT GROWTH RELATIONSHIP, CITY OF MOLALLA (2013 – 2022) *



*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

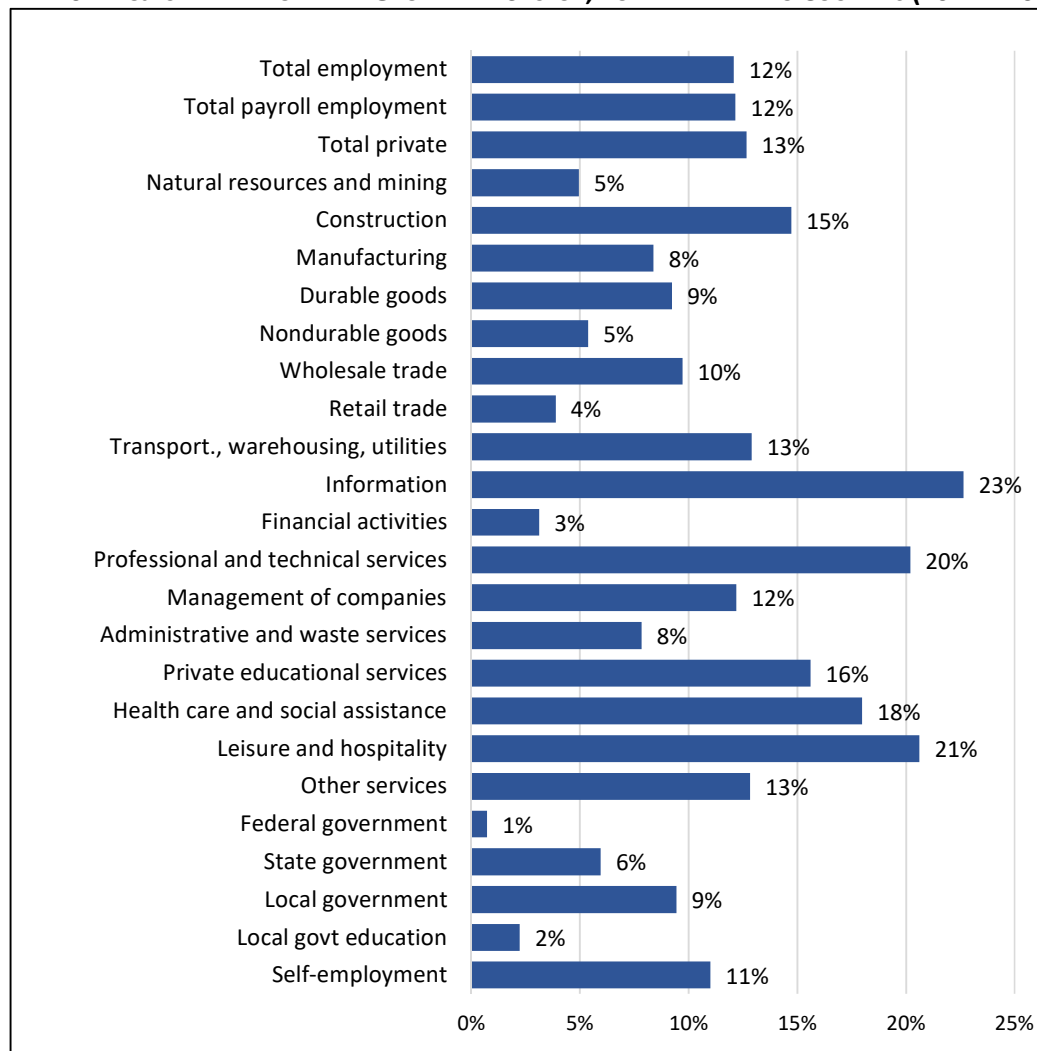
Source: 2013-2022 QCEW Data, Bureau of Labor Statistics, JOHNSON ECONOMICS

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)	CITY OF MOLALLA Current Largest Employers
Manufacturing	Agriculture/Forestry/Outdoors
Agriculture/Forestry/Outdoors	Retail Trade
Education	Tourism
Health Care	Health Care
Retail and Wholesale Trade	Manufacturing
Tourism-Related (Dining, Lodging, Recreation)	Education
Construction	Construction

STRONG LOCATION QUOTIENT	STRONG SHIFT SHARE INDICATOR
Agriculture/Forestry/Outdoors	Agriculture/Forestry/Outdoors
Education	Construction
Wood Manufacturing	Retail and Wholesale Trade
Retail Trade	Accommodation and Food Service
Accommodation and Food Services	
Transportation	

Regional and Statewide Targets

BUSINESS OREGON - Statewide Targets	County and Regional
Outdoor Gear and Apparel	Traded sector industries
Forestry & Wood Products	Suppliers to existing companies
Advanced Manufacturing	Self-sufficiency-wage jobs
Business Services	Food & Beverage
Food & Beverage	Manufacturing
High Technology	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

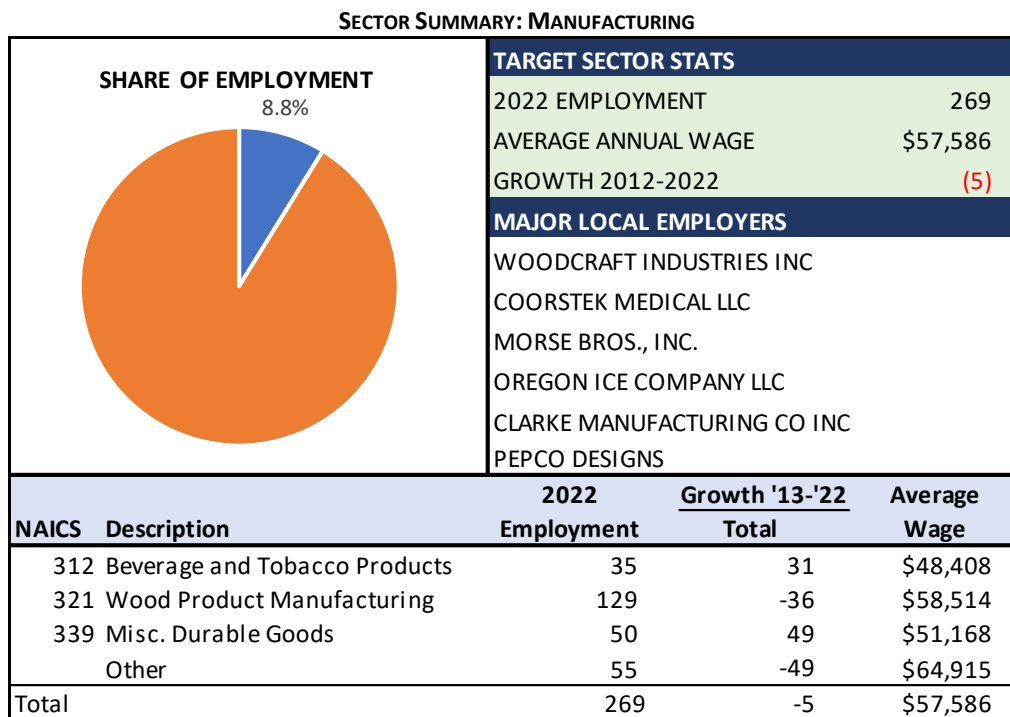
The selected priority industries reflect the community's historical strengths and advantages, regional trends, and local goals and objectives. These are discussed in more detail in the following pages:

- 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.

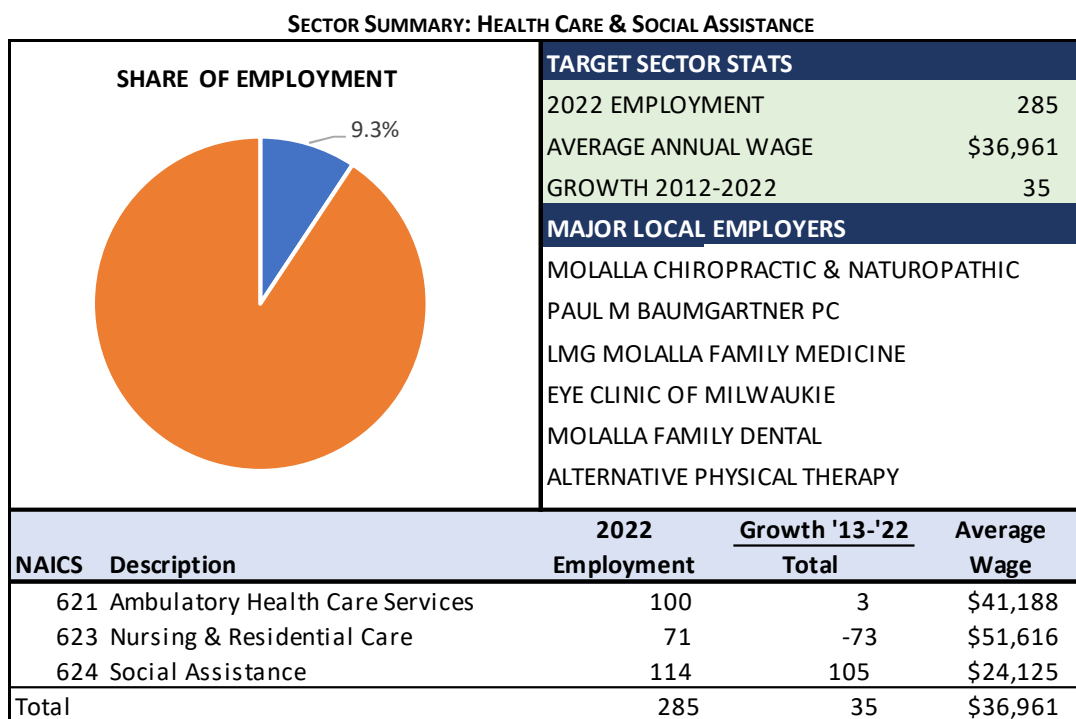
Cluster Challenges

- 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

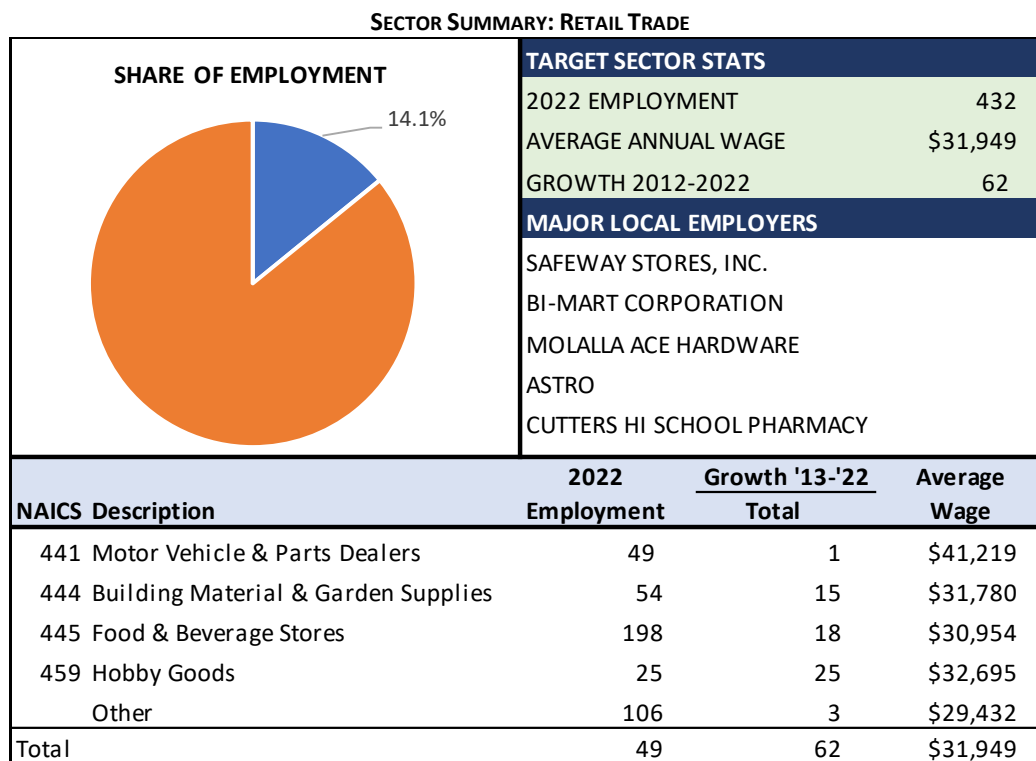
- Distance to full-service hospital.
- Recruitment of skilled workforce.



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.

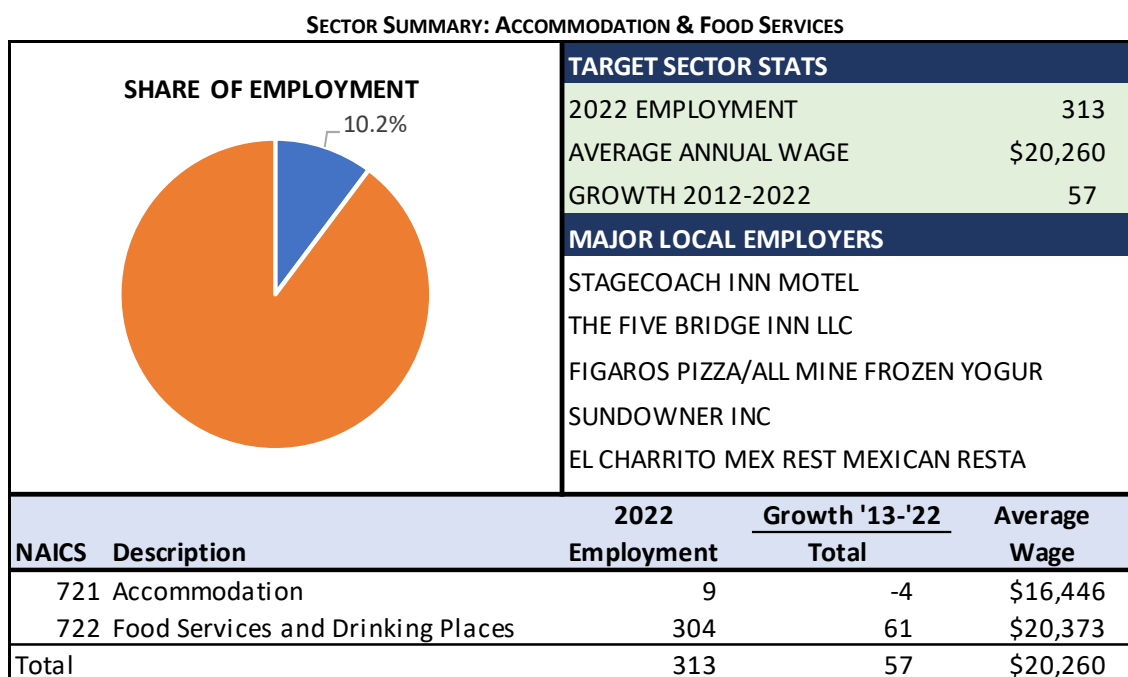


ACCOMMODATION & FOOD SERVICES

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.



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

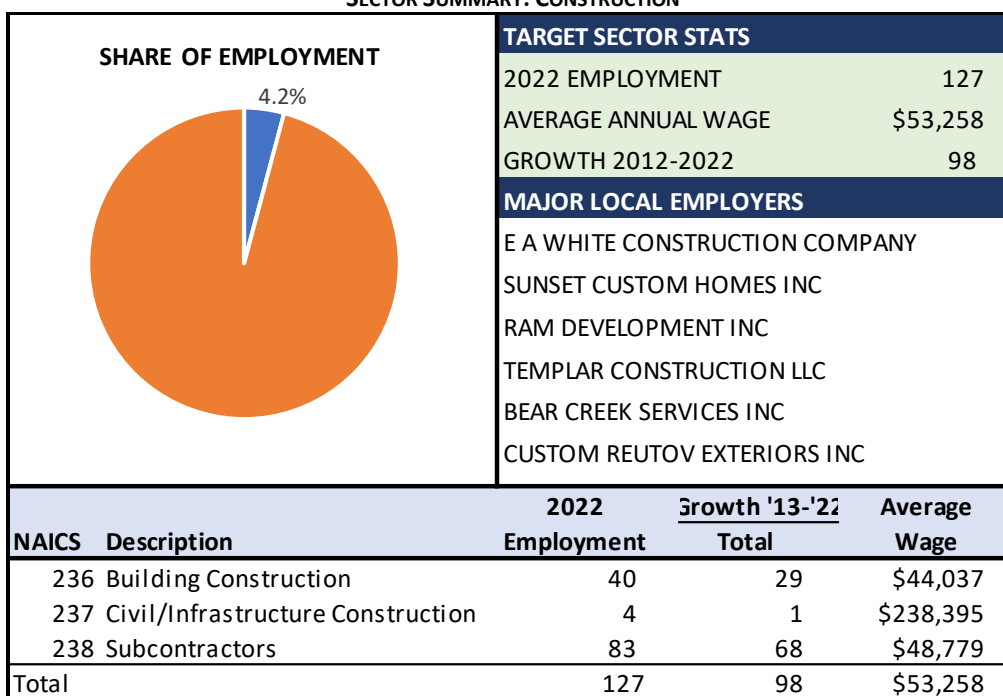
The strength of the construction sector typically trails growth in population and employment, as new households and businesses drive new real estate development. Construction is a desirable sector that provides both lower skilled and highly skilled positions and supports solid wages. Having construction 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.

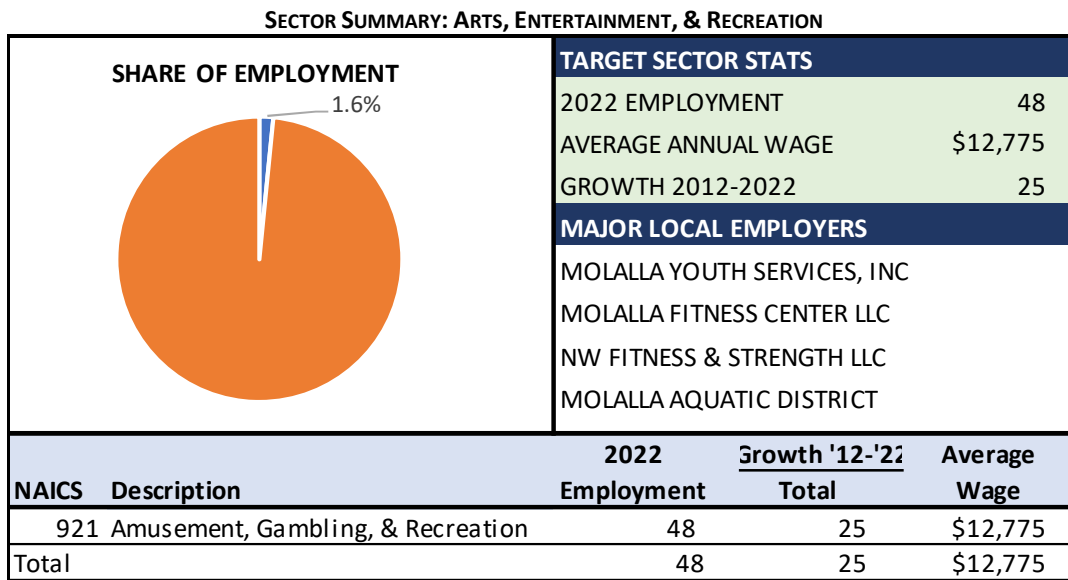
Cluster Challenges

- 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.

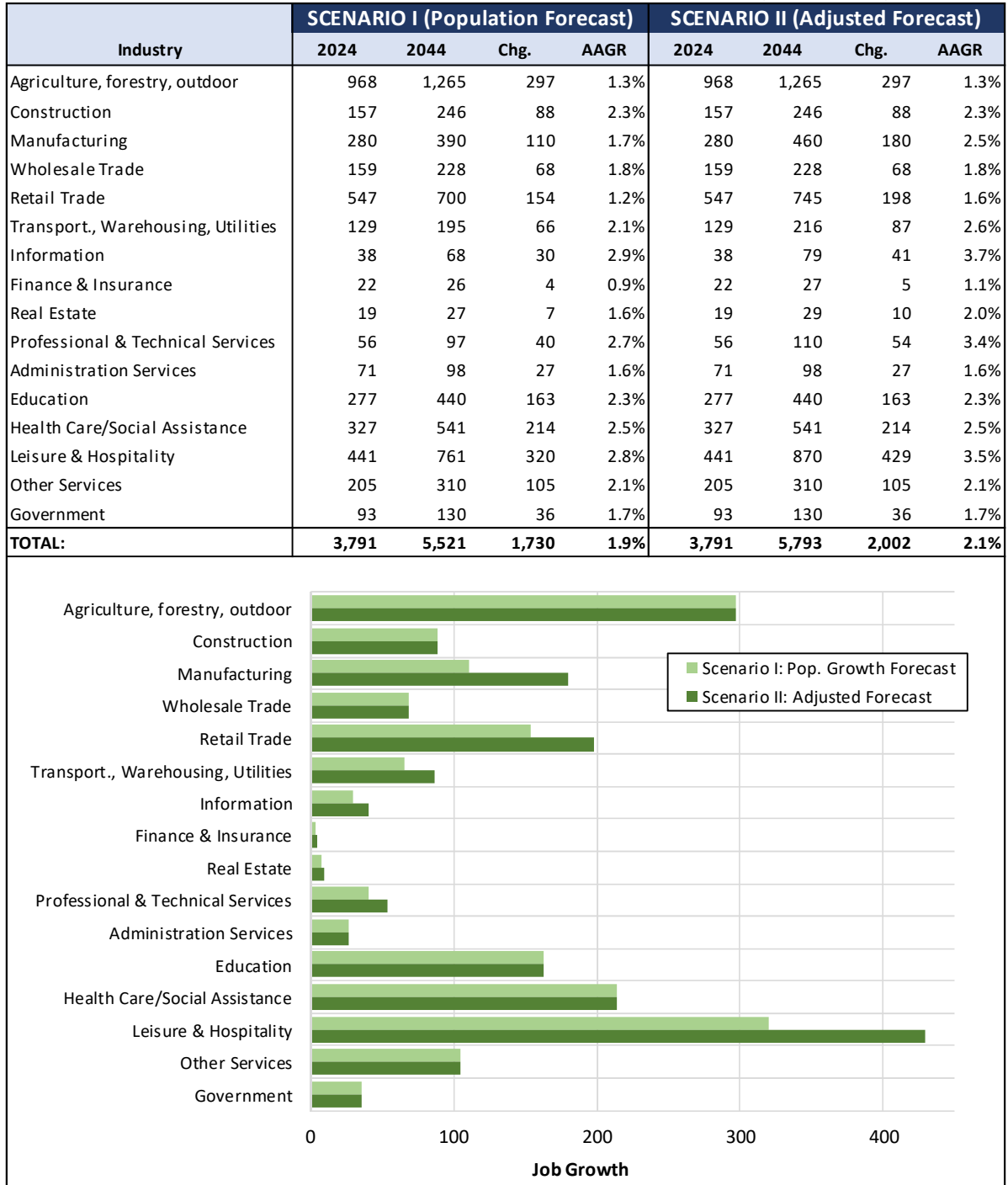
This method results in an average annual growth rate of 1.9%, with a total growth of 1,730 jobs over the forecast period. This approach is taken to form the base forecast of the adjusted forecast described below.

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)



Source: Oregon Employment Department, Johnson Economics

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

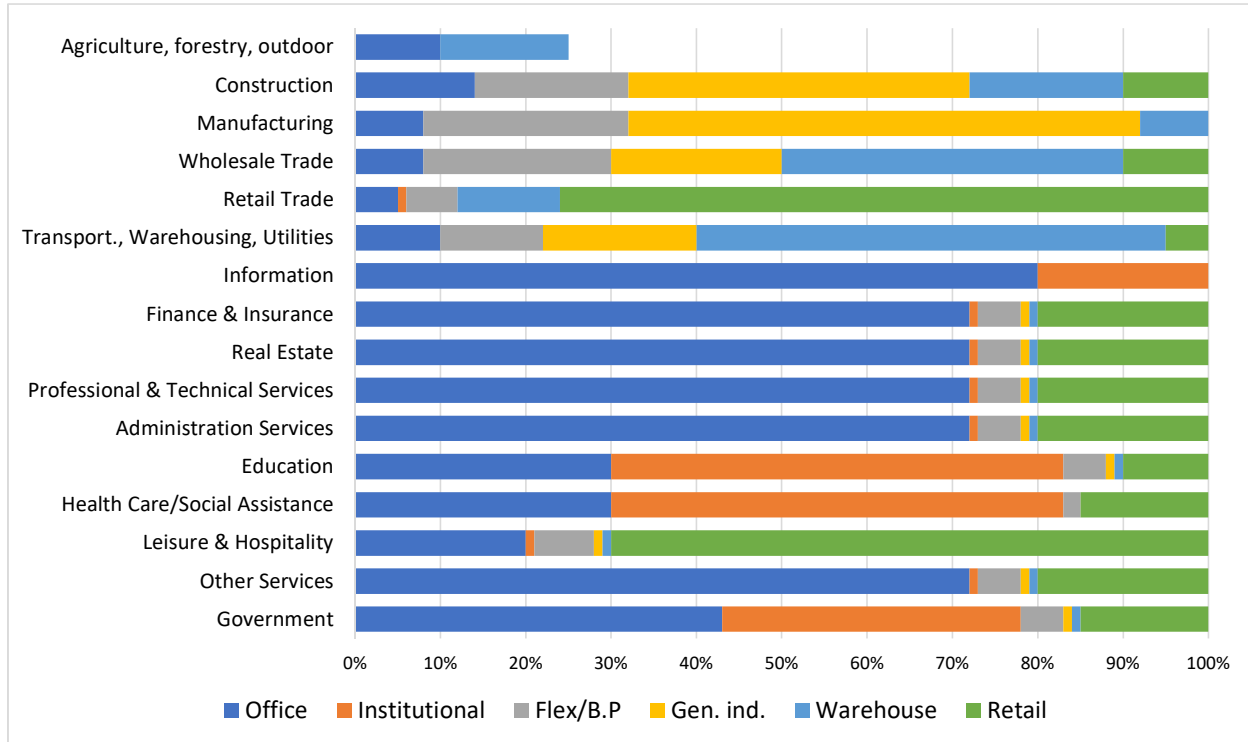
In this analytical step we allocate employment growth to the standard building typologies. The building typology matrix represents the share of sectoral employment that is located across various building types. (Note that only a fraction of employment in the agricultural sector is assumed to need urban 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 7.1: 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.

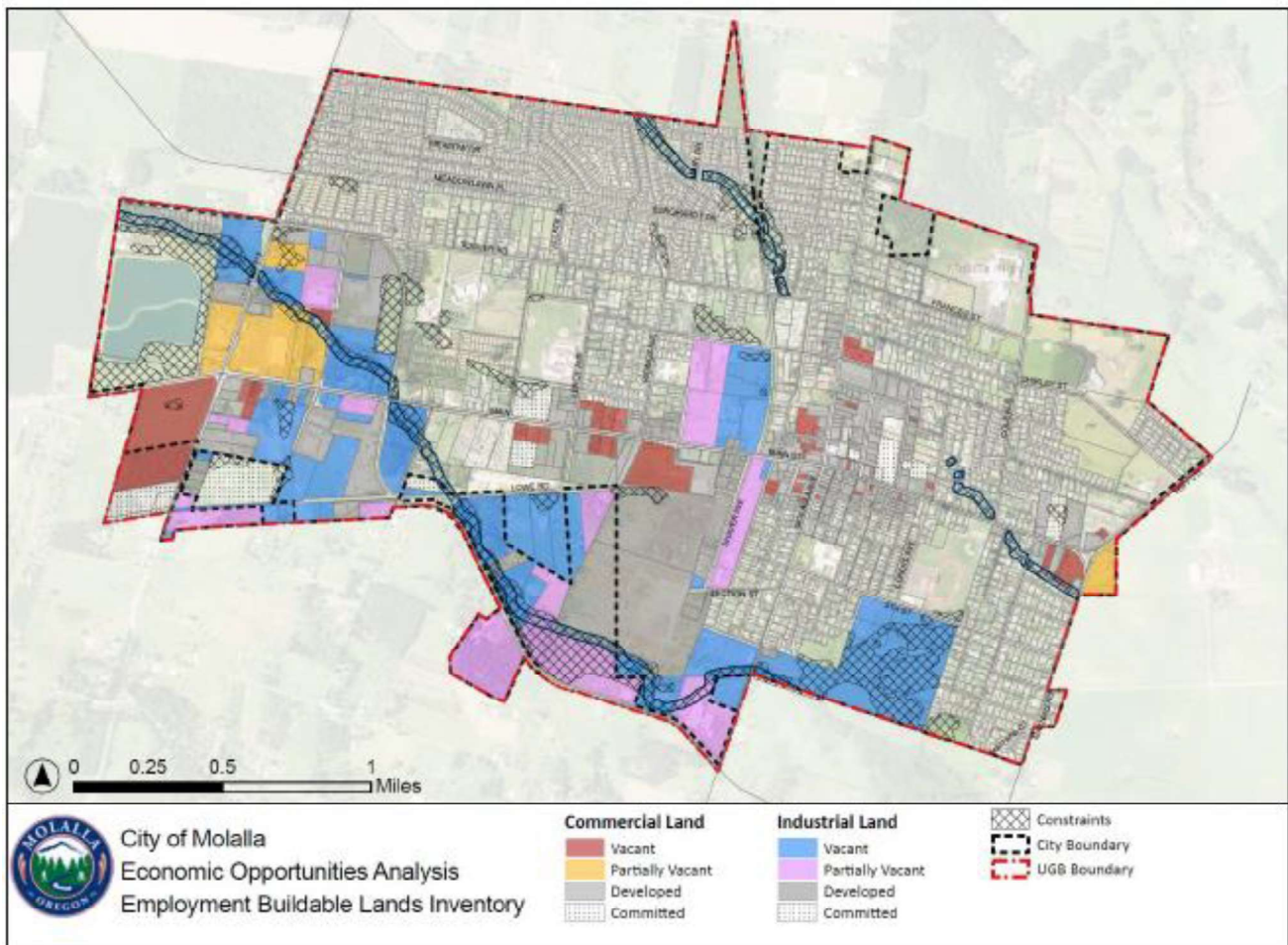
The following figure presents the estimated net developable acres of land by zone. There are an estimated 55 net acres of buildable Commercial land and an estimated 166 net acres of buildable Industrial land.

FIGURE 7.2: 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 7.3: 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 of Commercial land and a surplus of Industrial land. A summary of the comparison of land supply and demand is presented below.

FIGURE 7.4: 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**.
- 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. (See Appendix A for more details on site preferences for certain key industries.) In particular, there is forecasted demand for more suitable medium- and large-lot commercial and industrial sites while relatively few of these sites were found to remain in the inventory that are unconstrained. This is discussed in greater detail below.

SITE SUPPLY VS. SITE DEMAND (NUMBER AND SIZE OF SITES)

This section compares the more specific site requirements of projected future commercial and industrial users with the specific inventory of prospective employment sites identified within the UGB. Oregon Administrative Rules requires a determination of 20-year employment land need, as well as a determination of need for suitable, readily serviceable land to meet short-term demand.

The following definitions from OAR 660-009-005 are relevant to this discussion:

(2) "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....

(10) "Short-term Supply of Land" means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required. "Competitive Short-term Supply" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed

As noted in the prior section, the Buildable Land Inventory was screened for major constraints, including current development, floodways, wetlands, steep slopes, and federal ownership. The remaining parcels in the inventory may be buildable but may not meet the specific site requirements of certain users. Others may be part of the long-term supply, but not be well-suited for the short-term supply.

ESTIMATED 20-YEAR SITE NEEDS VS. CURRENT SUPPLY

The following figures represent the findings of estimated need (Section VI) and current supply (Section VII) of sites by size. Note that the estimate of future needs is approximate, as economic growth is dynamic and difficult to predict. Communities should maintain flexibility and ensure a supply of a variety of site types with short-term availability, as allowed through the Goal 9 EOA process.

Figure 7.5 presents the estimated supply of sites by zoning and site size as found in the BLI. As shown, there are few remaining sites over 10 acres in size in the inventory, and no remaining sites of greater than 13 acres. In total, there are 73 commercial sites remaining, and 81 industrial sites, most being small sites of under one acre.

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. This implies that Molalla needs a greater variety of medium and large sites.

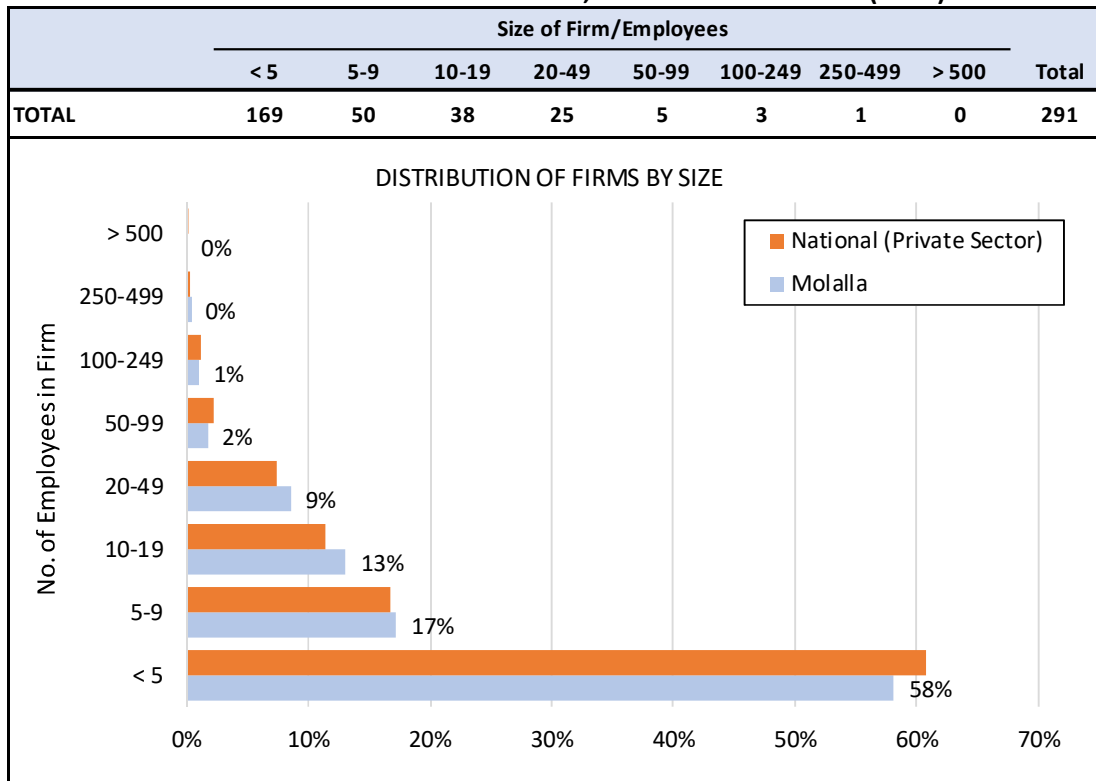
**FIGURE 7.5: SUMMARY OF SITE SUPPLY VS. FORECASTED 20-YEAR NEED
BY LAND USE AND SITE SIZE (ACRES), MOLALLA**

	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: City of Molalla, MIG

As is the trend nationwide, most firms in Molalla are small businesses. The number of firms under five employees is 61% nationally, and 58% in Molalla. Those with fewer than 10 employees are 77% of businesses nationwide and 75% locally. However, while large firms of at least 100 employees make up a small percentage of businesses, their high employment means they still represent a significant share of overall employment.

FIGURE 7.6: NUMBER OF FIRMS BY SIZE, MOLALLA AND NATIONAL (2024)



Source: Oregon Employment Department, Bureau of Economic Analysis

By applying assumptions of the amount of space and land firms require based on size, we come to an estimate of the number of sites needed for commercial and industrial users from the 20-year growth forecast. Note that many of the smallest firms of one to four people will likely include home businesses, those sharing space in multi-tenant commercial centers, and other arrangements than strictly needing their own sites. Most of the larger firms likely will need their own sites, particularly industrial businesses with externalities that make it difficult to operate in shared space.

While need is weighted towards smaller sites for most businesses that have five or fewer employees, there is also a need for some sites at larger sizes to provide opportunities for new businesses to locate and allow existing businesses to expand.

Need for medium and large sites: The comparison of forecasted land demand to the remaining inventory found that there is a deficit of commercial land, and a surplus of industrial land. Through the EOA process, and discussion of interim findings, the advisory committee and local officials expressed the community's desire to have additional medium (5+ acres) and larger sites (20+ acres) available for commercial and industrial users, so that the city could competitively recruit larger businesses.

So while there is surplus of industrial land measured in gross acres, this land is mostly found in fragmented smaller sites. This means that there is a finding of need for additional industrial land and sites to meet the identified community goals.

There is a need for additional sites of 5+, 10+ and 20+ acres for commercial users, and 10+, 20+ and 30+ acres for industrial users (Figures 7.7 and 7.8).

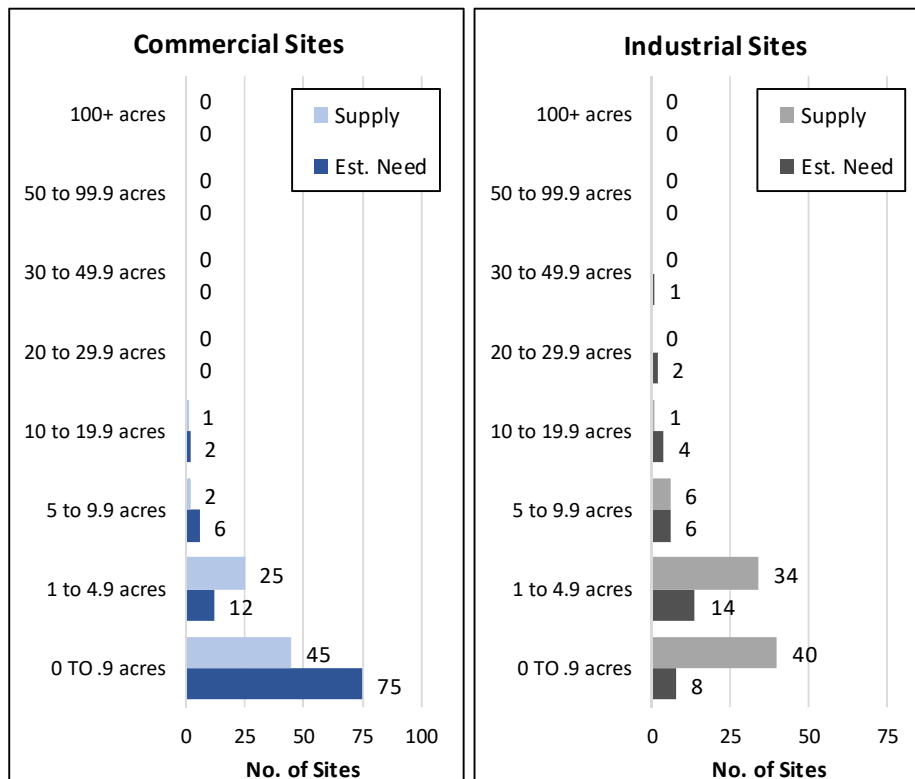
**FIGURE 7.7: ESTIMATE OF FORECASTED 20-YEAR SITE NEED
BY LAND USE AND SITE SIZE (ACRES)**

LAND USE	0 TO .9 acres	1 to 4.9 acres	5 to 9.9 acres	10 to 19.9 acres	20 to 29.9 acres	30 to 49.9 acres	50+ acres	TOTAL (sites)
Office	32	5	2	1	0	0	0	40
Institutional	4	3	2	0	0	0	0	9
Retail	39	4	2	1	0	0	0	46
Commercial Total:	75	12	6	2	0	0	0	95
Flex/B.P	1	5	2	1	0	0	0	9
Gen. Ind.	5	4	2	1	1	0	0	13
Warehouse	2	5	2	2	1	1	0	13
Industrial Total:	8	14	6	4	2	1	0	35
er	0	0	0	0	0	0	0	0
TOTAL:	83	26	12	6	2	1	0	130

Source: Oregon Employment Department, BEA, Johnson Economics LLC

Figure 7.8 presents a side-by-side comparison of forecasted need and current supply (inventory) by site size.

**FIGURE 7.8: SUMMARY OF FORECASTED 20-YEAR SITE NEED VS. SITE SUPPLY
BY LAND USE AND SITE SIZE (ACRES), MOLALLA**



Source: Oregon Employment Department, Molalla, Johnson Economics LLC

The forecasted need for sites of different sizes does not match exactly with the current supply. The demand for commercial sites (retail/office/institutional) and industrial (general industrial, warehousing, multi-tenant flex park) exceeds the current supply.

It is estimated that the supply of small commercial sites is adequate but need exceeds supply for most site sizes larger than 5 acres. There is one identified commercial site of 12.5 acres.

Similarly for industrial users, the number of smaller sites is estimated to be sufficient, while sites over 10 acres are undersupplied. There is one remaining site of under 12 acres, and there are no sites over 20 acres.

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.

APPENDIX A: INDUSTRIAL COMPETITIVE SITE NEEDS

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix



PROFILE		Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial				Warehousing & Distribution			Specialized		
CRITERIA		A	B	C	D	E	F	G	I	H	J	K	L		
Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCDA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.															
1															
	GENERAL REQUIREMENTS														
	PHYSICAL SITE														
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	20 - 100+	5 - 25+	
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 5%	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	
	WORKFORCE														
4	AVAILABLE WORKFORCE POPULATION IN 50 MILE RADIUS:	People	30,000	150,000	20,000	60,000	30,000	750,000	25,000	75,000	20,000	20,000	60,000	10,000 - 25,000	
	TRANSPORTATION														
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 30 (ADT / acre)	
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	N/A	w/ in 30	
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Preferred	Not Required	Avoid	
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Preferred	Not Required	Not Required	
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Preferred	Competitive	
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	
10	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Preferred	Competitive	Preferred	
		Distance (Miles)	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	w/ in 100	w/ in 300	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	

MACKENZIE.
DESIGN DRIVEN | CLIENT FOCUSED

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix



CRITERIA		PROFILE													
		Production Manufacturing		Value-Added Manufacturing and Assembly			Light / Flex Industrial			Warehousing & Distribution			Specialized		
		A	B	C	D	E	F	G	I	H	J	K	L		
16 SPECIAL CONSIDERATIONS:	Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial			
	Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power capacity, water supply, and security are critical. Surrounding environment (vibration, noise, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of interstate or City of more than 50,000 people.			

Mackenzie; Business Oregon

Terms:	
More Critical	'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards
Less Critical	'Competitive' significantly increases marketability and is <i>highly recommended by Business Oregon</i> . May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.
	* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.
	**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space
	† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).
	‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.

Review of Development Code

City of Molalla Economic Opportunities Analysis

DATE February 5, 2025

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.

B. Public and Institutional Uses

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.

C. Commercial Uses

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	
Automotive Repair and Service, includes fueling station, car wash, tire sales and repair or replacement, painting, and other repair for automobiles, motorcycles, aircraft, boats, RVs, trucks, etc. (No junking, salvage operations)	N	N	N	N	N	P	P	P	N	

Fueling Station – consider allowing fueling stations as a permitted or conditional use in the C-1 zone. Investigate options and present to Council for further consideration. Fueling stations may be considered as a use to be permitted outright or under certain conditions, in conjunction with another use or alone.



D. Industrial and Employment Uses

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.



ORDINANCE NO. 2025-02

AN ORDINANCE OF THE CITY OF MOLALLA, OREGON AMENDING AND UPDATING THE CITY OF MOLALLA COMPREHENSIVE PLAN TO ADOPT THE 2025 HOUSING NEEDS ANALYSIS AND BUILDABLE LANDS INVENTORY.

WHEREAS, Oregon Statewide Planning Goal 9, administrated through ORS 660-009, Oregon cities and Counties requires that jurisdictions adopt an economic opportunities analysis (EOA) to determine the City's 20-year employment land's needs, determine site specific needs, and identify target industries for the City; and

WHEREAS, The City does not have a current adopted economic opportunities analysis that is responsive to the City's current economic conditions; and

WHEREAS, The City adopted a workplan for sequential review of its Urban Growth Boundary, including an economic opportunities analysis and corresponding employment lands buildable land inventory; and

WHEREAS, The City secured grant funding through DLCD and hired consultant "Johnson Economics" to complete its economic opportunities analysis and employment lands buildable lands inventory.

Now, therefore, the City of Molalla does ordain as follows:

Section 1. The findings related to the Economic Opportunities Analysis and Buildable Lands Inventory attached as Exhibit A, are incorporated herein by reference, and adopted.

Section 2. To amend and replace. The sections of the Comprehensive Plan identified in Exhibit B are hereby amended as set forth in Exhibit B.

Section 3. Effective Date. This ordinance shall be effective 30 days after adoption by the City Council and signed by the Mayor.

The first reading of this ordinance was held on February 12, 2025 and was passed by vote of ___Aye and ___Nay votes.

The second reading of this ordinance was held on _____ and was adopted by vote of ___Aye and ___Nay votes; OR

This ordinance was made available to the public at least 7 days prior to the first reading and was adopted at the first reading by unanimous approval of the City Council; the second reading is waived.

Ordinance is hereby adopted this ____ day of _____ 2025.

Scott Keyser, Mayor

ATTEST:

Christie Teets, CMC
City Recorder



CITY OF MOLALLA

Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, March 12, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT:

- A. Parkland Dedication or Fee in Lieu

RECOMMENDATION/RECOMMENDED MOTION:

Motion to approve Parkland Dedication or Fee in Lieu for the City of Molalla

BACKGROUND:

Funding Strategies

- Park improvements have historically been funded by the General Fund (which relies on property tax revenue), and the Parks SDC fund
- In the Plan, the following strategies were identified as anticipated funding sources for parks system capital improvements and operation & maintenance
- System Development Charges (SDCs) Update
- Grants
- General Obligation Bonds
- Local Option Levy • User Fees
- Land Dedication (today's focus)
- Reiterates Park and Recreation Policy 2.2 in the 2014 Molalla Comprehensive Plan

Land Dedication or Fee in Lieu The Parks, Recreation, and Trails System Plan provides:

- The City should update its development policies to require developers to provide a specific amount of park land, or a fee in lieu of, to ensure parks and/or funds for park system improvements are available.
- This funding method was broadly supported by the community during the public engagement process

ATTACHMENTS:

[Fee in Lieu.pdf](#)

PARKLAND DEDICATION OR FEE IN LIEU DISCUSSION

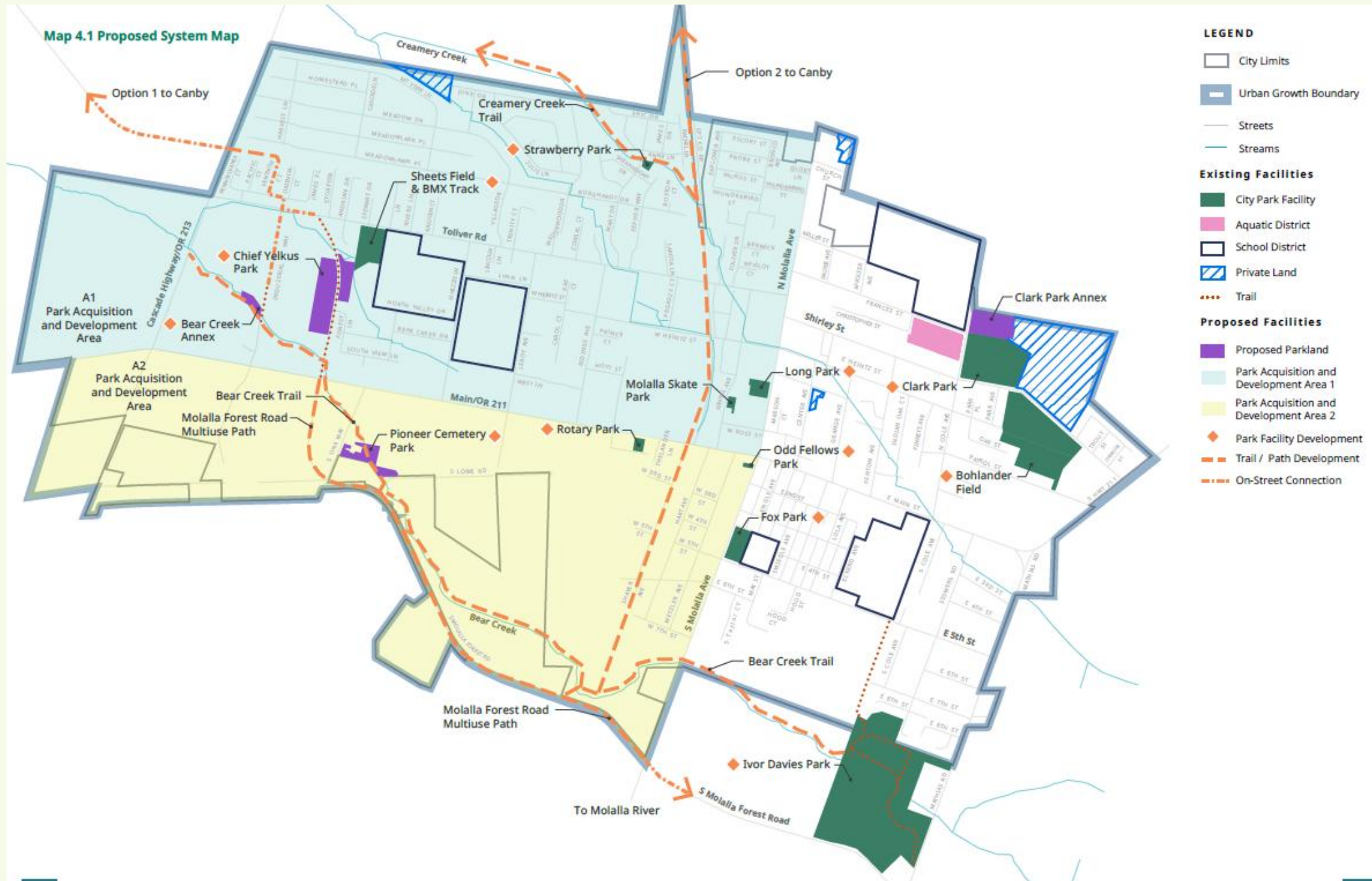
March 5, 2025 Planning Commission Meeting



Introduction

- The Parks, Recreation, and Trails System Plan was adopted by City Council on February 12, 2025
- Established a new standard in the City's Comprehensive Plan for providing 7 acres of park land per 1,000 residents
- Developers must meet this standard for new developments
- 2014 Molalla Comprehensive Plan Park and Recreation Policy 2.2
 - Developers shall be required to provide park space or a fee in lieu to ensure parks are available to citizens and/or funds for improvements of existing parks are available.

Map 4.1 Proposed System Map



Funding Strategies

- Park improvements have historically been funded by the General Fund (which relies on property tax revenue), and the Parks SDC fund
- In the Plan, the following strategies were identified as anticipated funding sources for parks system capital improvements and operation & maintenance
 - System Development Charges (SDCs) Update
 - Grants
 - General Obligation Bonds
 - Local Option Levy
 - User Fees
 - Land Dedication (today's focus)
- Reiterates Park and Recreation Policy 2.2 in the 2014 Molalla Comprehensive Plan





Land Dedication or Fee in Lieu

The Parks, Recreation, and Trails System Plan provides:

- The City should update its development policies to require developers to provide a specific amount of park land, or a fee in lieu of, to ensure parks and/or funds for park system improvements are available
- This funding method was broadly supported by the community during the public engagement process

MMC §17-3.6.030 Public Use Areas

- Dedication of Public Use Areas.
 - Where a proposed park, playground, or other public use shown in a plan adopted by the City is located in whole or in part in a subdivision, the City **may** require the dedication or reservation of this area on the final plat for the subdivision
- System Development Charge Credit.
 - Dedication of land to the City for public use areas, voluntary or otherwise, may be eligible as a credit toward any required system development charge for parks
- This section needs to be updated to reflect the new Plan policy to **require** developers to dedicate parkland or provide a fee in lieu





Parkland Dedication Requirements

- This will apply to the following types of new development:
 - Residential Land Divisions that could legally result in a future subdivision of 4 lots or more
 - Master Planned Developments
 - Multi-Family Developments
- Land will be required to be dedicated on the final plat. Where a development (such as multi-family) does not have a final plat, land shall be dedicated by recording a deed, easement or other appropriate document prior to building permit issuance

Calculation of Parkland Dedication

- The required parkland acreage to be dedicated shall be based on the following formula:

$$\text{Required parkland dedication (acres)} = (\text{Proposed \# of dwelling units}) \times (\text{Persons/dwelling unit}) \times 0.007 \text{ (Per person parkland dedication factor)}$$

- Persons/dwelling unit to be calculated at:
 - Single-family dwelling – 3.0 persons/dwelling unit
 - Duplex dwelling – 3.0 persons/dwelling unit
 - Multi-family – 2.0 persons/dwelling unit





Parkland Dedication Additional Requirements

- Developers will be required to clear, fill, and/or grade the dedicated parkland, install sidewalks on the parkland adjacent to any street, and seed the parkland prior to dedication
- For phased developments, the required parkland for the entire development shall be dedicated on the final plat for the first phase
- Dedicated parkland shall not be subject to any other easements or encumbrances

Fee in Lieu of Dedication

- There are instances where it may not be practical or suitable to dedicate parkland, so developers will be required to pay a fee in lieu of dedication
- Examples:
 - The development is in an area that is not designated as Proposed Parkland or within the Park Acquisition and Development Area on the Proposed System Map
 - When the amount of land to be dedicated is less than a suitable size for a park area
 - When substantial private common areas are req.
- Separate from park SDCs and is not eligible for a credit of park SDCs
- To be established by Resolution adopted by City Council
- Rates can be based on tax assessed value of land and be updated annually





Other Applicable Sections of Code to be Updated

MMC § 17-2.3.080 Multifamily Development.

- Requires a minimum of 15% of the site area to be designated as common area or open space

MMC § 17-4.8.060 Concept Plan Approval Criteria (Master Planned Developments).

- Requires a minimum of 20% open space, which may be public, private, or a combination of both
- We don't want to require developers to provide required open space and dedicate parkland, which may be a good instance for fee in lieu

QUESTIONS FOR DISCUSSION



1. Do you agree with the types of development to which this applies?
2. Are there any specific instances in which the City should allow a fee in lieu to be paid?
3. Is a fee in lieu based on the taxed assessment of land appropriate?
4. Who should determine if dedicated parkland is not suitable and a fee in lieu may be allowed instead (Staff, Planning Commission, City Council)?
5. Any other questions or comments?



CITY OF MOLALLA

Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, March 12, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT: Bohlander Field Access Improvements

FISCAL IMPACT: 1,000,000

RECOMMENDATION/RECOMMENDED MOTION:

Motion to allow City Manager, Dan Huff, to further discuss options for Bohlander Field Access Improvements.

BACKGROUND:

Bohlander Field Access Improvements is a heavy items to discuss as many will not all agree on improvements due to multiple organizations utilizing the property for various events. Those events lead to wear and tear of parking lot, that is already in disarray. Man oh Man the Bohlander Field discussion...fun ?!?

Why I would rather be fundraising or attending an OGEC Meeting.

ATTACHMENTS:

[March Parks CPC.png](#)

[OGEC.pdf](#)

OREGON GOVERNMENT ETHICS LAW

A GUIDE FOR PUBLIC OFFICIALS



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DISCLAIMER

This guide has been approved by the Oregon Government Ethics Commission pursuant to ORS 244.320. ORS 244.320 requires this publication to explain in understandable terms the requirements of Oregon Government Ethics law and the Oregon Government Ethics Commission's interpretation of those requirements. Toward that end, statutes and rules have been summarized and paraphrased in this guide. The discussion in this guide should not be used as a substitute for a review of the specific statutes and rules.

There may be other laws or regulations not within the jurisdiction of the Commission that apply to actions or transactions described in this guide.

A penalty may not be imposed under ORS Chapter 244 for any good faith action taken in reliance on the advice in this guide. "In reliance on" the advice in this guide means that the fact circumstances of the action taken are the same fact circumstances that serve as the basis for advice in this guide.

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INTRODUCTION

In 1974, voters approved a statewide ballot measure to create the Oregon Government Ethics Commission (Commission). The measure established laws that are contained in Chapter 244 of the Oregon Revised Statutes (ORS).

When the Commission was established, it was given jurisdiction to implement and enforce the provisions in ORS Chapter 244 related to the conduct of public officials. In addition, the Commission has jurisdiction for ORS 171.725 to 171.785 and 171.992, related to lobbying regulations, and ORS 192.660 and 192.685, the executive session provisions of Oregon Public Meetings law.

This Guide for Public Officials includes a discussion of some provisions that may also apply to lobbying activities. This is especially true when a lobbying activity involves paying the expenses for meals, lodging, travel, entertainment or other financial benefits of a legislative or executive official. Under specific circumstances, ORS Chapter 244 allows the payment of such expenses, but the public official may have a reporting requirement under ORS Chapter 244 and the source of the payment may be required to register as a lobbyist or report the expenditure. The Commission publishes a guide for lobbyists and clients or employers of lobbyists regulated under provisions in ORS Chapter 171. If you have questions regarding registering as a lobbyist, lobbying activity or reports for lobbying expenditures, please refer to our Guide to Lobbying in Oregon, which is available on our website.

ORS 192.660 lists the specific criteria a governing body must use when convening an executive session. Under this statutory authority, executive sessions are limited to discussion of specific matters. This guide does not discuss that portion of the Oregon Public Meetings law, but there is a detailed discussion of executive sessions, as set out in ORS 192.660, in the Attorney General's Public Records and Meetings Manual, available on-line at <https://www.doj.state.or.us/oregon-department-of-justice/public-records/attorney-generals-public-records-and-meetings-manual/>

This guide will discuss how the provisions in ORS Chapter 244 apply to public officials and will summarize Commission procedures. It should be used in conjunction with applicable statutes and rules, but should not be used as a substitute for a review of the statutes and rules. It is intended to be a useful discussion, in understandable terms, of topics and issues that are often the focus of inquiries the Commission receives from public officials and citizens.

You will find links to ORS Chapter 244, ORS Chapter 171.725 to 171.785 and 171.992, ORS 192.660 and ORS 192.685, relevant Oregon Administrative Rules (OAR), and other publications referenced in this guide on the Commission's website at <https://www.oregon.gov/ogec/Pages/default.aspx>. Questions or comments may be submitted to the Commission by email at ogec.mail@oregon.gov, by telephone to 503-378-5105, or by fax to 503-373-1456.

JURISDICTION

The jurisdiction of the Oregon Government Ethics Commission is limited to provisions in ORS Chapter 244, ORS 171.725 to 171.785 and 171.992, and ORS 192.660 and 192.685. Other Oregon statutes may also regulate the activities of elected officials and public employees. Some examples are:



- The Elections Division of the Secretary of State's Office regulates campaign finance and campaign activities.
- Federal, state, or local law enforcement has jurisdiction over alleged criminal activity.
- The Oregon Bureau of Labor and Industries investigates cases involving employment-related sexual harassment or discrimination on the basis of race, religion, disability or gender.
- The initial enforcement of the Public Records law lies with County District Attorneys and the Department of Justice.
- Enforcement of the Oregon Public Meetings law lies with the Oregon Circuit Courts, except that the Commission also has jurisdiction over the execution session provisions in ORS 192.660 and 192.685.

There are occasions when a public official engages in conduct that may be viewed as "unethical," but that conduct may not be governed by Oregon Government Ethics law. The following are some examples of conduct by public officials that may not be within the authority of the Commission to address:

An elected official making promises or claims that are not acted upon.

Public officials mismanaging or exercising poor judgment when administering public money.

Public officials being rude or unmannerly.

A person's private behavior unrelated to their actions as a public official.

While the conduct described above may not be addressed in Oregon Government Ethics law, other statutes and public agency policies may prohibit or redress the behavior. Please contact the Commission staff if you need further clarification regarding how the Oregon Government Ethics law may apply to circumstances you may encounter.

PUBLIC OFFICIAL: AN OVERVIEW

The provisions in Oregon Government Ethics law restrict some choices, decisions or actions of a public official. The restrictions placed on public officials are different than those placed on private citizens because service in a public office is a public trust and the provisions in ORS Chapter 244 were enacted to provide one safeguard for that trust.

Public officials must know that they are held personally responsible for complying with the provisions in Oregon Government Ethics law. This means that each public official must make a personal judgment in deciding such matters as the use of official position for financial gain, what gifts are appropriate to accept, when to disclose the nature of conflicts of interest, and the employment of relatives or household members. If a public official fails to comply with the operative statutes, a violation cannot be dismissed by placing the blame on the public official's government employer or the governing body represented by the public official.

One provision, which is the cornerstone of Oregon Government Ethics law, prohibits public officials from using or attempting to use their official positions or offices to obtain a financial benefit for themselves, relatives or businesses with which they are associated if that financial benefit or opportunity for financial gain would not otherwise be available but for the position or office held.

Oregon Government Ethics law limits and restricts public officials and their relatives as to gifts they may solicit or accept. Under specific circumstances, public officials may accept certain gifts. This guide will discuss those provisions. Public officials are allowed to receive salary and reimbursed expenses from their own government agencies.

Another provision that frequently applies to public officials when engaged in official actions is the requirement to disclose the nature of conflicts of interest. This guide will discuss the definition of a conflict of interest, the distinction between actual and potential conflicts of interest, and describe how a public official must disclose and dispose of a conflict of interest.

For some public officials who are elected to offices or hold other select positions, there is a requirement to file an Annual Verified Statement of Economic Interest. This guide will discuss that filing requirement.

It is important for both public officials and members of the general public served by public officials to know that the provisions in Oregon Government Ethics law apply to the actions and conduct of individual public officials and not to the actions of state and local governing bodies or government agencies. Each individual public official is personally responsible for complying with provisions in ORS Chapter 244. Before taking official action, making a decision, participating in an event, or accepting a gift that may raise potential ethics law violations, each public official must make a personal judgment. The Commission staff is available to discuss the issues and offer guidance in making such judgments.

The statutes and rules discussed or illustrated in this guide do not and cannot address every set of circumstances a public official may encounter. Since compliance is the personal responsibility of each public official, public officials need to familiarize themselves with the wide variety of resources that offer information or training on the provisions in Oregon Government Ethics law.

In addition to the statutes in ORS Chapter 244 and the Oregon Administrative Rules (OAR) in Chapter 199, see <https://www.oregon.gov/ogec/Pages/default.aspx>, the Commission's website, which offers information, training and links to this guide, ORS Chapter 244 and OAR Chapter 199. The Commission offers a variety of free training resources and many government agencies also offer internal training to their employees or the agencies may request training from the Commission's trainers. There are a number of membership organizations, such as The League of Oregon Cities, Association of Oregon Counties, Oregon School Boards Association and the Special Districts Association of Oregon, that provide training to public officials. It is imperative for government agencies or organizations that employ or represent public officials to ensure their public officials receive training in Oregon Government Ethics law. Those that fail to provide this training do a disservice to the public officials who they employ or who represent them.



A PUBLIC OFFICIAL

Are you a public official?

“Public official” is defined in ORS 244.020 as the First Partner and any person who, when an alleged violation of ORS Chapter 244 occurs, is serving the State of Oregon or any of its political subdivisions or any other public body as defined in ORS 174.109 as an elected official, appointed official, employee or agent, irrespective of whether the person is compensated for the services.

There are approximately 200,000 public officials in Oregon. You are a public official if you are:

- The First Partner, defined as the spouse, domestic partner or an individual who primarily has a personal relationship with the Governor.
- Elected or appointed to an office or position with a state, county, regional, or city government.
- Elected or appointed to an office or position with a special district.
- An employee of a state, county, city, intergovernmental agency or special district.
- An unpaid volunteer for a state, county, regional, city, intergovernmental agency, or special district.
- An agent of the State of Oregon or any of its political subdivisions.

The Commission has adopted, by rule, additional language used to clarify the use of “agent” in the definition of “public official.” The following clarification is in OAR 199-005-0035(7):

As defined in ORS 244.020(15), a public official includes the First Person and anyone serving the State of Oregon or any of its political subdivisions or any other public body in any of the listed capacities, including as an “agent.” An “agent” means any individual performing governmental functions. Governmental functions are services provided on behalf of the government as distinguished from services provided to the government. This may include private contractors and volunteers, depending on the circumstances. This term shall be interpreted to be consistent with Attorney General Opinion No. 8214 (1990).

If I am a volunteer, does that make me a public official?

The Commission recognizes that there are those who volunteer to work without compensation for many state and local government agencies, boards, commissions and special districts. Volunteers may be elected, appointed or selected by the government agency or public body to hold a position or office or to provide services. Among the public officials who volunteer, there are elected or appointed members of state boards or commissions, city councils, planning commissions, fire district boards, school district boards, and many others. There are also many who apply and are selected to perform duties for a government agency, board or commission without compensation, such as firefighters, reserve law enforcement officers, and parks or recreation staff members.

If the position for which you have volunteered serves the State of Oregon or any of its political subdivisions or any other public body, irrespective of whether you are compensated, you are a public official.

How are relatives and household members of public officials affected by Oregon Government Ethics law?

Public officials must always comply with state law when participating in official actions that could result in personal financial benefits and also when participating in official actions that could result in financial benefits for a relative or household member. Public officials should also know there may be limits and restrictions on gifts their relatives or household members may accept when offered.

There are provisions in ORS Chapter 244 that restrict or prohibit a public official from using or attempting to use official actions of the position held to benefit a relative or household member, limit the value of financial benefits accepted by a relative or household member of the public official, or require the public official to disclose the nature of a conflict of interest when a relative may receive a financial benefit. There are provisions that place restrictions on a public official regarding the employment or supervision of a relative or household member. These provisions are discussed more comprehensively in the use of position or office section starting on page 17, the gifts section starting on page 26, the conflicts of interest section starting on page 11, and the nepotism section starting on page 35.

Who is a relative?

Public officials need to know how Oregon Government Ethics law defines a “relative.” In everyday conversation the term “relative” is applied to a spectrum of individuals with “family ties” broader than those defined as relatives in ORS 244.020(16). When a provision in ORS Chapter 244 refers to “relative,” it means one of the following:

- The spouse, parent, stepparent, child, sibling, stepsibling, son-in-law or daughter-in-law of the public official or candidate;
- The parent, stepparent, child, sibling, stepsibling, son-in-law or daughter-in-law of

- the spouse of the public official or candidate;
- Any Individual for whom the public official or candidate has a legal support obligation
- Any Individual for whom the public official provides benefits arising from the public official's public employment
- Any Individual from whom the public official or candidate receives benefits arising from the individual's employment.

For purposes of the last two bulleted items, examples of benefits may include, but is not limited to, elements of an official compensation package such as insurance, tuition or retirement benefits.

Who is a “member of the household”?

Public officials need to know how Oregon Government Ethics law defines “member of the household” because there are provisions in ORS Chapter 244 that prohibit a public official from using or attempting to use their official position to financially benefit a member of their household.

A “member of the household” is any person who resides with the public official or candidate. [ORS 244.020] This definition includes any individual who resides in the same dwelling as the public official, regardless of whether that individual pays rent or not, and regardless of whether that individual is a relative or not.

What is a business with which a person is associated?

There are provisions in ORS Chapter 244 that restrict or prohibit a public official from using their position to benefit a business with which the public official or the public official's relative or household member is associated. Other provisions also require the public official to disclose the nature of a conflict of interest when their official actions would or could financially impact a business with which the official or their relative is associated.

As with the definition of relative, public officials need to know how Oregon Government Ethics law defines what a “business” is and how it defines a “business with which the person is associated.” The same sound judgment a public official exercises when participating in actions that could result in a financial benefit to the public official or a relative of the public official should be used when participating in actions that could result in a financial impact to a business with which the public official or the official's relative is associated.

ORS 244.020(2) provides the definition of a “**business**” for the purposes of the application of Oregon Government Ethics law. A “business” is a self-employed individual and any legal entity that has been formed for the purpose of producing economic gain.

- Excluded from this definition are income-producing corporations that are not-for-profit and tax exempt under section 501(c) of the Internal Revenue Code, if a public

official or a relative is associated only as a member, as a member of the board of directors, or in another unpaid position.

Example: An elected County Commissioner is a member of a credit union that operates without profit and is tax exempt under section 501(c) of the Internal Revenue Code. Because the public official is associated with the credit union only as a member, the credit union is not considered a “business” under the definition in Oregon Government Ethics law.

Example: The son of an elected city councilor is a teller employed by a credit union that operates without profit and is tax exempt under section 501(c) of the Internal Revenue Code. Because the public official’s relative is a paid employee of the credit union, the city councilor’s association with the credit union does not meet the exclusion above, and the credit union would be considered a “business” under the definition in Oregon Government Ethics law.

- Also excluded from the definition of business are entities, such as state and local governments or special districts, which are not formed for the purpose of producing income.

Example: An advisory board for the Department of Education awards grants to county, city or other local government entities. The advisory board’s members include public officials who are employed by a city police department and by a local fire district. These public officials would not have conflicts of interest when awarding grants to the city or to the fire district, because these government entities do not meet the statutory definition of a “business.”

Once a public official determines that an entity qualifies as a “business,” the public official must also determine if it is a “business with which the person is associated.” In accordance with ORS 244.020(3), a business is a **“business with which the person is associated”** for a public official or the relative or household member of the public official in any of the following circumstances:

- When a person, or their relative is a director, officer, owner, employee or agent of a private business or a closely held corporation.

Example: The Eugene City Recorder is a public official and her daughter is the president and owner of a private landscaping business. That business would be “a business with which the City Recorder’s relative is associated.”

- When a person or their relative currently holds, or held during the preceding calendar year, stock, stock options, an equity interest or debt instrument worth \$1,000 or more in a **private business or closely held corporation**.

Example: The Mayor of Seaside's brother currently holds an equity interest of more than \$1,000 in a private business owned by a college friend. This would be a "business with which the Mayor's relative is associated."

- When a person or their relative currently owns, or has owned during the preceding calendar year, stock, stock options, an equity interest, or debt instruments of \$100,000 or more in a **publicly held corporation**.

Example: The procurement officer for the City of Portland recently inherited stock worth \$110,000 in Nike, which is a publicly held corporation. Nike is a "business with which the procurement officer is associated."

- When a person or their relative is a director or officer of a **publicly held corporation**.

Example: A Planning Commissioner for Washington County is the son of a member of the Board of Directors for Intel, a publicly held corporation. Intel is a "business with which the Planning Commissioner's relative is associated."

- When a public official is required by ORS 244.050 to file an Annual Verified Statement of Economic Interest and the business is required to be listed as a source of household income, per ORS 244.060.

Example: A Bend city councilor is required to file an Annual Verified Statement of Economic Interest (SEI). A member of the city councilor's household, not a relative, is a paid employee of a private business. The private business which employs the household member would be a "business with which the city councilor is associated" if it provides 10% or more of the councilor's annual household income.



CONFLICTS OF INTEREST

How does a public official know when they are met with a conflict of interest and, if met with one, what must they do?

Oregon Government Ethics law identifies and defines two types of conflicts of interest. An **actual conflict of interest** is defined in ORS 244.020(1) and a **potential conflict of interest** is defined in ORS 244.020(13). In brief, a public official is met with a conflict of interest when participating in official action which would or could result in a financial benefit or detriment to the public official, a relative of the public official or a business with which either is associated.



The difference between an actual conflict of interest and a potential conflict of interest is determined by the words “**would**” and “**could**.” A public official is met with an **actual** conflict of interest when the public official participates in an official action, decision, or recommendation that **would** affect the financial interest of the official, their relative, or a business with which they or their relative is associated. A public official is met with a **potential** conflict of interest when the public official participates in an official action, decision, or recommendation that **could** affect the financial interest of the official, their relative, or a business with which they or their relative is associated. The following hypothetical circumstances are offered to illustrate the difference between actual and potential conflicts of interest and what is not a conflict of interest:

- **POTENTIAL CONFLICT OF INTEREST:** A school district has decided to construct a new elementary school and the school board is at the stage of developing criteria for the construction bid process. A recently elected school board member’s son owns a construction company in town. The school board member would be met with a potential conflict of interest when participating in official actions to develop the bid criteria, because the official actions she takes could financially impact her son’s construction company, a business with which her relative is associated.
- **ACTUAL CONFLICT OF INTEREST:** A school district is soliciting bids for the construction of a new elementary school. The bid deadline was last week and the district Superintendent has notified the school board that there are four qualified bids and the school board will be awarding the bid to one of the four bidders at their upcoming meeting. One of the qualified bids was submitted by the construction company owned by a school board member’s son. The school board member would be met with an actual conflict of interest when awarding this bid because the effect of her decision would have a financial impact (either positive or negative) on her son’s construction company, a business with which her relative is associated.

- **NO CONFLICT OF INTEREST:** A school district is soliciting bids for the construction of a new elementary school. One of the qualified bids was submitted by a construction company owned by a board member's best friend but neither the board member nor any relative are associated with the construction company. The school board member would **not** be met with a conflict of interest when awarding this bid because the effect of her official decision **would not or could not** have a financial impact on herself, a relative, or a business with which she or her relative is associated.

What if I am met with a conflict of interest?

A public official must announce or disclose the nature of a conflict of interest. The way the disclosure is made depends on the position held. The following public officials must use the methods described below:

Legislative Assembly:

Members must announce the nature of the conflict of interest in a manner pursuant to the rules of the house in which they serve. The Oregon Attorney General has determined that only the Legislative Assembly may investigate and sanction its members for violations of conflict of interest disclosure rules in ORS 244.120. [49 Op. Atty. Gen. 167 (1999) issued on February 24, 1999]

Judges:

Judges must remove themselves from cases giving rise to the conflict of interest or advise the parties of the nature of the conflict of interest. [ORS 244.120(1)(b)]

Public Employees:

Public officials who are hired as public employees, agents, or who volunteer with their public bodies must provide **written notice** to the person who appointed or employed them (their "appointing authority"). The notice must describe the nature of the conflict of interest with which they are met and request that their appointing authority dispose of the conflict. This written disclosure to the appointing authority satisfies the requirements of ORS 244.120 for the employee. The appointing authority must then designate an alternate person to handle the matter or direct the public official in how to dispose of the matter. [ORS 244.120(1)(c)]

Example of Disclosure and Disposal: A County employee's job includes issuing building permits. An application concerns property owned by the employee's stepfather. The employee would be met with a conflict of interest and would need to make a written disclosure of his conflict to his appointing authority, in this case his department supervisor, and ask that the supervisor dispose of the conflict. Once the employee makes the written disclosure, he has complied with the conflict of interest statute. Upon receipt of a written disclosure from an employee, the supervisor must respond by either delegating an alternative person to handle the matter or directing the public official in how to dispose of the matter. **Note:** If the supervisor directs the public official to dispose of the conflict by handling his

relative's permit the same as any other permit, the supervisor could be asking an employee to take official actions that may violate the prohibited use of position statute, ORS 244.040(1). See page 17.

Elected Officials or Appointed Members of Boards and Commissions:

Elected officials (other than legislators) and those appointed to Boards and Commissions must publicly announce the nature of the conflict of interest before participating in any allowable official action on the issue giving rise to the conflict of interest. [ORS 244.120(2)(a) and ORS 244.120(2)(b)] The announcement must be made in a public meeting, or if no public meeting is available, by other means reasonably determined to notify members of the public of the public official's disclosure. For elected officials who do not hold regular public meetings, such as a Sheriff, District Attorney, or the Secretary of State, other means of compliance could be through a press release or by posting the disclosure on the public body's website.

- **Potential Conflict of Interest:** Following the public announcement of the nature of a potential conflict of interest, elected officials (other than legislators) and those appointed to Boards and Commissions, may participate in official action on the issue that gave rise to the conflict of interest.

Example: A city has decided to solicit bids to develop a new computer system and the city councilors are developing criteria for the bid process. A city councilor's brother works for an IT firm in town. The councilor would be met with a **potential** conflict of interest when participating in official actions to develop the bid criteria, because the official actions she takes **could** financially impact her brother's employer, a business with which her relative is associated. The councilor should publicly disclose the nature of her conflict of interest at the council meeting when the development of bid criteria comes up for consideration. Following the public disclosure, she may continue to participate in discussions and votes on the issue.

- **Actual Conflict of Interest:** Following the public announcement of the nature of an actual conflict of interest, the public official must ordinarily refrain from further participation in official action on the issue that gives rise to the conflict of interest. [ORS 244.120(2)(b)(A)]

Example: The city council is meeting to award a bid for a new IT project. Qualified bidders include a company that employs a city councilor's brother. The city councilor has an **actual** conflict of interest because the effect of her decision **would** have a financial affect, whether positive or negative, on a business with which her brother is associated. The city councilor must publicly announce the nature of her conflict of interest at the meeting and then refrain from any discussion or vote on the matter.

Exception: If a public official is met with an actual conflict of interest and the public official's vote is necessary to meet the minimum number of votes required for official action, the public official may vote. The public official must make the required announcement of their conflict of interest and refrain from any discussion or debate, but may participate in the vote required for official action by the governing body. [ORS 244.120(2)(b)(B)]

Example: In the scenario above, the city councilor would be met with an actual conflict of interest. The city council has 5 members and it takes 3 votes for board action. At the time of this meeting, one seat is vacant, another member is absent, and the member with the actual conflict is present, but conflicted, leaving the city council without the requisite 3 votes to take action. In this instance, following her public disclosure, the conflicted city councilor must refrain from any discussion or debate on the issue, but she may vote in order for the council to take action. Alternatively, the council may choose to delay the vote until a later meeting when more city councilors are present.

The following circumstances may exempt a public official from the requirement to make a public announcement or give a written notice describing the nature of a conflict of interest:

- If the conflict of interest arises from a membership or interest held in a particular business, industry, occupation or other class **and** that membership is a prerequisite for holding the public official position. [ORS 244.020(13)(a)]

Example: The Oregon Medical Board requires that one Board member must be a practicing physician, any official action taken by the physician board member that affects all physicians to the same degree would be exempt from the conflict of interest requirements. The physician Board member need not disclose a conflict of interest and may participate in taking official action on the issue.

- If the financial impact of the official action would impact the public official, their relative, or a business with which they or their relative is associated, to the same degree as other members of an identifiable group or "class." The Commission has the authority to identify a group or class and determine the minimum size of that "class." [ORS 244.020(13)(b) and ORS 244.290(3)(a)] The number of persons affected **to the same degree** as the public official will help to determine whether this exception applies.

Only the Commission may determine whether a "class" exemption exists. A written request must be made to the Commission to make that determination in advance. If a public official determines that a "class" exception applies in their situation, without benefit of Commission advice, the Commission may later determine that a "class" exception does not apply to the situation, and could find a violation.

Example: A city council is considering a change to the local transient lodging tax collected and remitted to the city by hotels and motels. One of the city councilors owns a motel. The effect of official actions taken by the city councilor concerning this tax would impact all motel owners within the city. The Commission may determine that the city councilor is part of an identifiable group or “class” of 200 city motel/hotel owners, who would be affected to the same degree and thus exempt from the conflict of interest disclosure and participation restrictions.

Example: A city council is considering a change to the local transient lodging tax collected and remitted to the city by motels. One of the city councilors is a motel owner. The effect of official actions taken by the city councilor concerning this tax would impact all motel owners within the city. The Commission declined to find that the class exemption applies due to the size of the “class” because there are only 3 motels in the city, 2 of which are owned by the councilor. The class exemption would not apply in these circumstances and the councilor must comply with the conflict of interest disclosure and participation restrictions.

Example: A city council is considering a proposal to construct a by-pass route around the city’s business district. The city’s business district includes many businesses and restaurants, including a coffee shop owned by one of the city councilors and a drive-thru espresso stand owned by another resident. The effect of the by-pass would not affect all business owners in the city to the same degree. The class exemption would not apply in these circumstances and the councilor who owns the coffee shop must comply with the conflict of interest disclosure and participation restrictions.

- If the conflict of interest arises from a directorship on the board of, or membership in, a nonprofit corporation that is tax-exempt under 501(c) of the Internal Revenue Code. [ORS 244.020(13)(c)]

Example: A city councilor is also a board member of the local YMCA, a tax-exempt 501(c) organization. The decision, as a city councilor, to award a grant to that YMCA would be exempt from the conflict of interest disclosure and participation restrictions. [ORS 244.020(13)(c)]

How is the public announcement or written disclosure of the nature of a conflict of interest recorded?

- The public body served by the public official is required to record the disclosure of the nature of the conflict of interest in the public body’s official records (e.g. personnel file, meeting minutes, audio/video recording). It is to the public official’s benefit to ensure their conflict disclosure is recorded in their public body’s records. [ORS 244.130(1)]

Is a public official required to make an announcement of the nature of a conflict of interest each time the issue giving rise to the conflict of interest is discussed or acted upon?

Each time a public official is met with a conflict of interest, the nature of the conflict must be disclosed.

- For example, an elected member of the city council when met with a conflict of interest would have to make the public announcement one time, but only one time, ***in each meeting*** of the city council when the matter was raised. If the matter giving rise to the conflict of interest is raised at another meeting, the disclosure must be made again at that meeting.
- Public officials who are employees would need to submit separate written notices on each occasion when a conflict of interest arises. As an example, an employee in a city planning department would have to give a separate written notice before each occasion when they needed to take an official action involving property owned by a relative. [ORS 244.120(3)]

If a public official failed to announce the nature of a conflict of interest and participated in official action, is the official action voided?

- **No.** Any official action that is taken may not be voided by any court solely by reason of the failure of the public official to disclose an actual or potential conflict of interest. [ORS 244.130(2)] Even though the action may not be voided, the public official could face potential personal liability for the violation.



USE OF POSITION OR OFFICE

What are the provisions of law that prohibit a public official from using the position or office held for financial gain or avoidance of financial detriment?

ORS 244.040(1) prohibits every public official from using or attempting to use the position held as a public official to obtain a financial benefit, if the opportunity for the financial benefit would not otherwise be available but for the position held by the public official. The prohibited financial benefit can be either an opportunity for personal financial gain or an opportunity to avoid incurring a personal expense.



Not only is a public official prohibited from using the position as a public official to receive personal financial benefits, but the public official is prohibited from using or attempting to use their position as a public official to obtain financial benefits for a relative or a member of the public official's household. Also prohibited is using or attempting to use the public official's position to obtain financial benefits for a business with which the public official, a relative, or a member of the public official's household is associated.

There are a variety of actions that a public official may take or participate in that could constitute the prohibited use or attempted use of the public official's position. The use of a position could be voting in a public meeting, placing a signature on a government agency's document, making a recommendation, making a purchase with government agency funds, or using a government agency's time or resources (computers, vehicles, machinery) to obtain a personal financial benefit or avoid a personal cost.

The following examples are offered to illustrate what may constitute prohibited use or attempted use of office or position. Please note that this is not an exhaustive list:

- The mayor of a city signs a contract obligating the city to pay for janitorial services provided by a business owned by the mayor's relative.
- An executive director of an agency is ordering 10 new laptops for the agency, which qualifies for a bulk purchase discount of \$150 per laptop. He adds 2 laptops for his family to the agency's order to personally take advantage of the discount, and then reimburses the agency for the discounted cost of his personal laptops.
- A city billing clerk alters water use records so that the amount billed to the clerk's parents will be less than the actual amount due.
- A volunteer firefighter borrows the fire district's power washer to prepare the exterior of the volunteer's personal residence for painting.
- A county public works employee stores a motor home that is owned by the employee's parents in a county building used for storing heavy equipment.
- An employee of a state agency has a private business and uses the agency's computer to conduct the activities of the private business.

- A county commissioner uses the county's pickup truck to haul his own personal boat to and from his vacation home.
- A school district superintendent hires her sister's consulting business to provide an in-service training to teachers in her district.
- A teacher solicits her students' parents to hire her for paid tutoring services.

NOTE: While these examples are offered to illustrate the use of a public official's position prohibited by ORS 244.040(1), the examples illustrate occasions where a public official may also be met with a conflict of interest as defined in ORS 244.020(1) and (13). The provisions in ORS 244.040 apply regardless of whether a public official has properly disclosed a conflict of interest. [ORS 244.040(7)]. For further information, refer to the detailed discussion of conflicts of interest starting on page 11.

There are some additional prohibitions on how current and even former public officials use their offices or positions.

- ORS 244.040(3) prohibits a public official from, directly or indirectly, soliciting or accepting the promise of future employment based on the understanding that the offer is influenced by the public official's vote, official action or judgment.
- Public officials often have access to or manage information that is confidential and not available to members of the general public. ORS 244.040(4) specifically prohibits public officials from using or attempting to use confidential information gained because of the position held to further their own personal gain.
- ORS 244.040(5) prohibits a **former** public official from attempting to use confidential information for **any** person's financial gain if that confidential information was obtained while holding the position as a public official, from which access to the confidential information was obtained.
- ORS 244.040(6) also has a single provision to address circumstances created when public officials, who are members of the governing body of a public body, own or are associated with a specific type of business. The type of business is one that may occasionally send a representative of the business to appear before the governing body on behalf of a client for a fee. Public officials who are members of governing bodies and who own or are employed by businesses, such as a law, engineering, or architectural firm, may encounter circumstances in which this provision may apply.

Example: A member of a city council is an architect. A client developer of the architect's firm has a proposed subdivision to be approved by the city council. The architect/councilor may not appear before the city council on behalf of the client developer. Another person from the architect's firm may represent the client developer before the city council, but not the architect/councilor.

Aside from ORS 244.040, are there other prohibitions on public officials using their positions to avoid a personal financial detriment?

Yes. ORS 244.049 prohibits a holder of public office or candidates for public office from using public moneys or moneys received from a third party to make payments in connection with a non-disclosure agreement relating to workplace harassment if the alleged harassment occurred when the holder of public office or candidate was acting in that capacity. This prohibition applies to a person holding, or a candidate for, any elected state, county, district, city office or position.

Are there any circumstances in which a public official may use their position to accept financial benefits that would not otherwise be available but for holding the position as a public official?

Yes. ORS 244.040(2) provides a list of financial benefits that would not otherwise be available to public officials but for holding the position as a public official. The following financial benefits are not prohibited and may be accepted by a public official, and some may also be accepted by a public official's relative or member of the public official's household:

Not Prohibited:

- **Official Compensation:** Public officials may accept any financial benefit that is identified by the public body they serve as part of the “official compensation package” of the public official. If the public body identifies such benefits as salary, health insurance or various paid allowances in the employment agreement or contract of a public official, those financial benefits are part of the “official compensation package.” [ORS 244.040(2)(a)]



OAR 199-005-0035(3) provides a definition of “official compensation package”: An “official compensation package” means the wages and other benefits provided to the public official. To be part of the public official's “official compensation package”, the wages and benefits must have been specifically approved by the public body in a formal manner, such as through a union contract, an employment contract, or other adopted personnel policies that apply generally to employees or other public officials. “Official compensation package” also includes the direct payment of a public official's expenses by the public body, in accordance with the public body's policies.

- **Reimbursement of Expenses:** A public official may accept payments from the public official's public body as reimbursement for expenses the public official has personally paid while conducting the public body's business. [ORS 244.040(2)(c)]



The “reimbursement of expenses” means the payment by a public body to a public official serving that public body, of expenses incurred in the conduct of official duties on behalf of the public body. Any such repayment must comply with any applicable laws and policies governing the eligibility of such repayment. [OAR 199-005-0035(4)]

If the payment of a public official’s personal expenses does not meet this definition, it may be a financial benefit prohibited or restricted by other provisions in ORS Chapter 244. There are occasions when someone will refer to the payment of a public official’s expenses by a person or entity other than the public official’s public body as a reimbursement of expenses. That is not the reimbursement of expenses as used in ORS 244.040(2)(c) and defined in OAR 199-005-0035(4).

- **Honoraria:** Most public officials are allowed to accept honoraria by ORS 244.040(2)(b) as defined in ORS 244.020(8). A public official must know how an honorarium is defined because there are many occasions when someone will offer them a financial benefit and call it an honorarium, but it does not meet the definition of honorarium in ORS 244.020(8).



For a payment to be defined as an honorarium, it must be made for a service, like a speech or other service rendered in connection with an event, for which no price is set and for which the public official required no fixed amount to be paid in return for providing the service. A payment or something of economic value given to a public official in exchange for services provided by the public official is an honorarium when the setting of the price has been prevented by custom or propriety.

A public official may not receive an honorarium when performing a service in the course of their duties as a public official. A public official may not accept honoraria if the value exceeds \$50, unless the honoraria is received for services performed in relation to the private profession, occupation, avocation, or expertise of the public official or candidate. [ORS 244.042(3)(a) and (b)].

Public officials must be sure, when they are offered a payment or something of economic value and it is referred to as an honorarium, that it does meet the definition in ORS 244.020(8). If it does not meet this definition, it may be a financial benefit prohibited or restricted by other provisions in ORS Chapter 244.

NOTE: The Governor, First Partner, Secretary of State, State Treasurer, Attorney General, and Commissioner of the Bureau of Labor and Industries are explicitly prohibited by ORS 244.042(4) from soliciting or receiving an honorarium, money or any other consideration for **any** speaking engagement or presentation.

- Awards for Professional Achievement: Public officials may accept an award, if the public official has not solicited the award, and the award is offered to recognize a professional achievement of the public official. [ORS 244.040(2)(d)]



Awards for professional achievement should not be confused with awards of appreciation, allowed by ORS 244.020(7)(b)(C), an honorarium allowed by ORS 244.040(2)(b), or gifts that are allowed or restricted by other provisions in ORS Chapter 244.

Awards for professional achievement are best illustrated by awards that denote national or international recognition of a public official's achievement, such as receipt of the Nobel Prize. These awards may also be offered by public or private organizations in the state that are meant to recognize a public official for a distinguished career, such as Oregon's Teacher of the Year award made by the Oregon Department of Education which includes a monetary prize and travel funds. Professional achievements recognized may be identified as a single accomplishment or an accomplishment achieved during a period of time, such as a calendar year or a public official's career upon retirement.

- Contributions to Legal Expense Trust Fund: There are provisions in ORS 244.209 that allow public officials to establish legal expense trust funds that are approved by the Commission. ORS 244.040(2)(h) allows a public official who has established this trust fund to solicit, accept and be the trustee for contributions to the established fund. This is discussed in a separate section of the Guide p.41.



- Certain Gifts: Public officials may accept some gifts without limitation on the quantity or aggregate value of gifts. Acceptance of these gifts does not constitute a prohibited use of office. See allowable gifts, page 33. [ORS 244.040(2)(e) to (g)]



PRIVATE EMPLOYMENT OF PUBLIC OFFICIAL

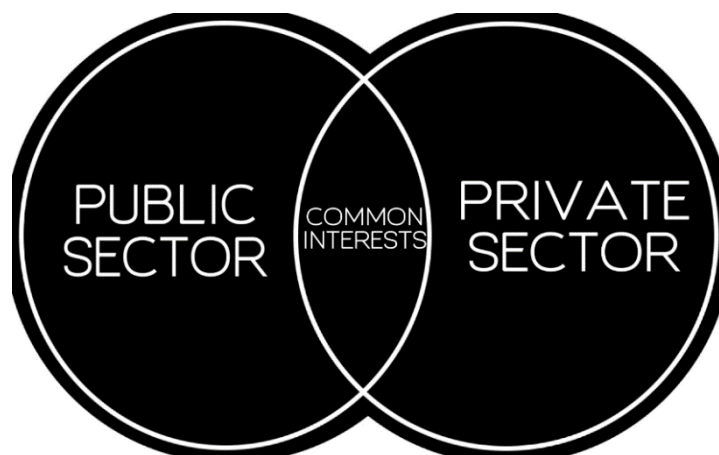
Does Oregon Government Ethics law prohibit a public official from owning a private business or working for a private employer while continuing employment with or holding a position with a public body?

No. As mentioned earlier, many public officials are volunteers, meaning there is little or no compensation for the public position. Other public officials may receive compensation from their public bodies, but still choose to seek additional sources of income. Some work for a private business and others establish a private business of their own. **NOTE: This guide does not address other statutes or agency policies that may limit private employment for public officials.**

In general, public officials may obtain employment with a private employer or engage in private income producing activity of their own, but they must keep a separation between their public positions and their outside employment or private business interests. The Commission has created the following guidelines for public officials to follow in order to avoid violating Oregon Government Ethics law when engaged in private employment or a personally owned business.

GUIDELINES FOR OUTSIDE EMPLOYMENT OF PUBLIC OFFICIALS

1. Public officials must not use their public position to create the opportunity for additional personal income.
2. Public officials may not use a government agency's supplies, facilities, equipment, employees, records or any other public resources to engage in their private employment or business interests.
3. Public officials are not to engage in private business interests or other employment activities on their government agency's time.
4. Confidential information gained as a public official is not to be used to obtain a financial benefit for the public official, a relative or member of the public official's household or a business with which any are associated.



EMPLOYMENT OF FORMER PUBLIC OFFICIALS

What are the restrictions on employment after I resign, retire or leave my public official position?

- ORS 244.040(1) prohibits public officials from using their official positions or offices to create a new employment opportunity; otherwise, most former public officials may enter the private work force with few restrictions.
- ORS 244.040(5) prohibits a former public official from using or attempting to use confidential information for the personal gain of any person if the confidential information was obtained while holding the position as a public official.
- Oregon Government Ethics law restricts the subsequent employment of certain public officials. The restrictions apply to positions listed below:

ORS 244.045(1) State Agencies:

Director of the Department of Consumer and Business Services
Administrator of the Division of Financial Regulation
Administrator of the Oregon Liquor Control Commission
Director of the Oregon State Lottery
Public Utility Commissioner

1. One year restriction on accepting employment from or gaining financial benefits from a private employer in the activity, occupation or industry that was regulated by the agency for which the public official was the Director, Administrator or Commissioner.
2. Two year restriction on lobbying, appearing as a representative before the agency, or otherwise attempting to influence the agency for which the public official was the Director, Administrator or Commissioner.
3. Two year restriction on disclosing confidential information gained as the Director, Administrator or Commissioner for the agency.

ORS 244.045(2) Department of Justice:

Deputy Attorney Generals
Assistant Attorney Generals

Two year restriction from lobbying or appearing before an agency that they represented while employed by the Department of Justice.

ORS 244.045(3) Office of the Treasurer:

State Treasurer
Deputy State Treasurer

1. One year restriction from accepting employment from or being retained by a private entity with which there was negotiation or contract awarding \$25,000 in a single year by the office of the State Treasurer or Oregon Investment Council.
2. One year restriction from accepting employment from or being retained by a private entity with which there was investment of \$50,000 in one year by the office of the State Treasurer or Oregon Investment Council.
3. One year restriction from being a lobbyist for an investment institution, manager or consultant, or from representing an investment institution, manager, or consultant, before the office of State Treasurer or Oregon Investment Council.

ORS 244.045(4) Public Officials who invested public funds:

1. Two year restriction from being a lobbyist or appearing before the agency, board or commission for which public funds were invested.
2. Two year restriction from influencing or trying to influence the agency, board or commission.
3. Two year restriction from disclosing confidential information gained through employment.

ORS 244.045(5) Department of State Police:

Member of State Police who has been designated by law and was responsible for supervising, directing or administering programs related to Native American tribal gaming or the Oregon State Lottery

1. One year restriction from accepting employment from or gaining financial benefit related to gaming from the Lottery or a Native American Tribe.
2. One year restriction from gaining financial benefit from a private employer who sells gaming equipment or services.
3. One year restriction from trying to influence the Department of State Police or from disclosing confidential information.

Exceptions include subsequent employment with the state police, appointment as an Oregon State Lottery Commissioner, Tribal Gaming Commissioner or lottery game retailer, or personal gaming activities.

ORS 244.045(6) Legislative Assembly
Representative
Senator

A person who has been a member of the Legislative Assembly, may not, within one year after ceasing to be a member of the Legislative Assembly, receive money or other consideration for lobbying as defined in ORS 171.725.

How would Oregon Government Ethics law apply when a former public official is employed by a business that has a contract with the public body previously represented by the former public official?



In addition to the restrictions on specific positions identified above, the restriction in ORS 244.047 applies to all former public officials. After a public official ceases serving a public body or being employed in a position as a public official, that public official may not have a direct beneficial financial interest in a public contract for two years after the date the contract was authorized by the person acting in their capacity as a public official.

Whether a public official authorizes a contract individually as an employee of a public body, or participated in the authorization of a contract in their official capacity as a member of a board, commission, council, bureau, committee or other governing body, the person is restricted from financially benefiting from that public contract for two years after the date of authorization. [ORS 244.047]

“Authorized by” is defined in OAR 199-005-0035(6) as follows:

As used in ORS 244.047, a public contract is “authorized by” a public official if the public official performed a significant role in the selection of a contractor or the execution of the contract. A significant role can include recommending approval or signing of the contract, including serving on a selection committee or team, or having the final authorizing authority for the contract.

GIFTS

Oregon Government Ethics law establishes restrictions on the value of gifts that can be accepted by a public official. If the source of a gift to a public official has a legislative or administrative interest in the decisions or votes of the public official, the public official can only accept gifts from that source when the aggregate value of gifts from that source does not exceed \$50 in a calendar year. [ORS 244.025].



The following framework of conditions applies when public officials, their relatives, or members of their households are offered gifts. To decide if a gift, or “something of value,” can be accepted with or without restrictions, the public official must analyze the offer and the source of the offer. As will be apparent in the following discussion, the burden of any decision on accepting a gift rests solely with the individual public official.

What counts as a “gift”?

When Oregon Government Ethics law uses the word “gift” it has the meaning in ORS 244.020(7)(a):

“Gift” means something of economic value given to a public official, a candidate or a relative or member of the household of the public official or candidate:

(A) Without valuable consideration of equivalent value, including the full or partial forgiveness of indebtedness, which is not extended to others who are not public officials or candidates or the relatives or members of the household of public officials or candidates on the same terms and conditions; or

(B) For valuable consideration less than that required from others who are not public officials or candidates.

In other words, a “gift” is something of economic value that is offered to:

- A public official or candidate or to relatives or members of the household of a public official or candidate,
- Without cost or at a discount or as a forgiven debt, and,
- The offer is not made or available to members of the general public who are not public officials, candidates, or their relatives or household members on the same terms and conditions.

Example: At a conference exclusively for city and county officials, a public official buys a raffle ticket and wins a big screen television. The television is a gift because the value of the television exceeds the cost of the raffle ticket and the opportunity to enter the raffle and win the television was not available to members of the general public on the same terms and conditions.

Example: Outside of a grocery store, a public official buys a raffle ticket from a local scout troop and wins a big screen television. The television is not a gift because, although the value of the television exceeds the cost of the raffle ticket, the opportunity to enter the raffle and win the television was available to members of the general public on the same terms and conditions.

Once a public official or candidate has determined that an offer is a gift, because it is something of economic value that is not offered to members of the general public who are not public officials or candidates on the same terms and conditions, the public official or candidate must then determine if the value of the gift, combined with any other gifts from the same source during the calendar year, exceeds \$50. If so, the public official must then determine if the source of the gift has a legislative or administrative interest.

Any discussion of gifts must begin with the reminder that if the source of a gift to a public official or candidate **does not** have a legislative or administrative interest in the decisions or votes of the public official or candidate if elected, the public official or candidate can accept unlimited gifts from that source. [ORS 244.040(2)(f)]

What is a “Legislative or Administrative Interest”?



Whether there is a legislative or administrative interest is pivotal to any decision a public official or a candidate, if elected, makes on accepting gifts. It will mean the difference between being allowed to accept gifts without limits, accepting gifts with an annual limit of \$50 on the aggregate value, or accepting gifts which are specified exceptions under ORS 244.020(7).

The definition of a legislative or administrative interest is set forth in ORS 244.020(10):

“‘Legislative or administrative interest’ means an economic interest, distinct from that of the general public, in:

- (a) Any matter subject to the decision or vote of the public official acting in the public official’s capacity as a public official; or
- (b) Any matter that would be subject to the decision or vote of the candidate who, if elected, would be acting in the capacity of a public official.”

When analyzing a set of circumstances and applying “legislative or administrative interest,” there are several factors to consider:

Source: The Commission adopted a rule that identifies the source of a gift as the person or entity that makes the ultimate and final payment of the gift's expense. OAR 199-005-0030 places two burdens on a public official who accepts gifts. The public official must know the identity of the source and, if applicable, avoid exceeding the limit on the aggregate value of gifts accepted from that source. [OAR 199-005-0030(2)]

Distinct from that of the general public:

With regard to gifts, this phrase refers to a distinct economic interest held by the source of a gift. That economic interest is in the financial gain or loss that could result from any votes cast or decisions made by a public official. If the source of a gift would realize a financial gain or detriment from matters subject to the vote or decision of a public official, that source has an economic interest in that public official. That economic interest is “distinct from that of the general public” if the potential financial gain or detriment is distinct from the financial impact that would be realized by members of the general public from the matters subject to votes or decisions of that same public official.



There are decisions or votes that have an economic impact on single individuals or individuals from specific businesses or groups that are distinct from the economic impact on members of the general public. On the other hand, there are many votes or decisions made by public officials that have the same general economic impact on individuals, businesses, organizations and members of the general public. Some examples of decisions or votes that would likely have an economic impact on members of the general public would be those that change water usage rates for residential users, fees for pet licenses, or fines for parking violations.

To illustrate, private contractors have an economic interest in any public official who has the authority to decide or vote to award them contracts. The economic interest of these contractors is distinct from the economic interest held by members of the general public in those decisions or votes.

To further illustrate, real estate developers have an economic interest in any public official who has the authority to decide or vote to approve their land use applications or building permits. The economic interest of these developers is distinct from the economic interest held by members of the general public in those decisions or votes.

Vote: This has the common meaning of to vote as an elected member of a

governing body of a public body or as an appointed member of a committee, commission or board appointed by a governing body, Oregon Legislative Assembly, or the Office of the Governor.

Decision: A public official makes a decision when the public official exercises the authority given to the public official to commit the public body to a particular course of action. [OAR 199-005-0003(2)].



Whether to accept or reject the offer of a gift must be made individually by each public official. There will be some public officials who may accept unlimited gifts from a source and other public officials within the same public body that would have restrictions on gifts have the same authority, responsibilities or duties. Some may vote and make decisions, others may do one but not the other, and many will not vote or make decisions. This means that when gifts are offered to two or more public officials, one public official may be allowed to accept the gift without limits, and another public official may not be able to accept the gift at all, or may only be able to accept it with limits as to value or with other restrictions.

Example: A cellular service provider offers a discounted cell-phone plan for first responders. The discounted plan is available only to first responders who work for state or local governments. Because the discounted cell-phone plan is not available to members of the general public on the same terms and conditions, it is a gift subject to the restrictions and limitations in ORS 244.025. First responders who are in positions to make official decisions for their agencies that could financially affect the cellular service provider, such as Fire Chiefs or board members, could not accept the discounted cell-phone plan since the discount totals more than \$50 in a calendar year; however, first responders who are not in positions to make official decisions for their agencies that could financially affect the cellular service provider could accept the discounted cell-phone plan.

What obligations are placed on the giver of a gift?

Sources who offer gifts or other financial benefits to public officials must also be aware of the provisions in ORS Chapter 244. While the specific gift of paid expenses may be allowed by ORS 244.020(7)(b)(F), ORS 244.100(1) requires the source of this gift, if over \$50, to notify the public official in writing of the aggregate value of the paid expenses. There is also a notice requirement in ORS 244.100(2) for the source of an honorarium when the value exceeds \$15. Lobbyists, clients or employers of lobbyists, and others who provide gifts or financial benefits to public officials should also familiarize themselves with the provisions in ORS 171.725 through ORS 171.992 and Divisions 5 and 10 of Chapter 199 in the Oregon Administrative Rules. The Commission has published a “Guide to Lobbying in Oregon” that provides a summary of these regulations and rules.

What gifts may a public official accept regardless of value?

While gifts from a source with a legislative or administrative interest in the decisions or

votes of a public official may only be accepted up to the \$50 limit, there are some gifts that are excluded from the definition of a “gift,” when offered under specific conditions or when prerequisites are met. If the offer of a gift is excluded from the definition of a “gift,” the offer may be accepted by a public official, regardless of value.

The value of gifts that are allowed as exclusions does not have to be included when calculating the aggregate value of gifts received from that source in one calendar year. [ORS 244.020(7)(b)] Although some gifts are allowed by these exclusions, it should be remembered that a source may have a notice requirement or there may be reporting requirements for the public official or the source. If you are a public official accepting gifts or a source offering gifts, it is important that you become familiar with the requirements that may apply to you.

ORS 244.020(7)(b) provides a description of the **GIFTS THAT ARE ALLOWED** as exclusions to the definition of a “gift.” **NOTE:** Not all of these exclusions apply to gifts offered to candidates. These exclusions include:

- Campaign contributions as defined in ORS 260.005. [ORS 244.020(7)(b)(A)]
- Contributions to a legal expense trust fund established under ORS 244.209. [ORS 244.020(7)(b)(G)]
- Gifts from relatives or members of the household of public officials or candidates. [ORS 244.020(7)(b)(B)]
- Anything of economic value received by a public official or candidate, their relatives or members of their household when:

The receiving is part of the usual and customary practice of the person’s business, employment, or volunteer position with any non-profit or for-profit entity; [ORS 244.020(7)(b)(O)(i)] **and**

The receiving bears no relationship to the person’s holding the official position or public office. [ORS 244.020(7)(b)(O)(ii)]

- Unsolicited gifts with a resale value of less than \$25 and in the form of items similar to a token, plaque, trophy and desk or wall mementos. [ORS 244.020(7)(b)(C); OAR199-005-0010]
- Publications, subscriptions or other informational material related to the public official’s duties. [ORS 244.020(7)(b)(D)]
- Waivers or discounts for registration fees or materials related to continuing education or to satisfy a professional licensing requirement for a public official or candidate. [ORS 244.020(7)(b)(J)]

- Entertainment for a public official or candidate and their relatives or members of their households when the entertainment is incidental to the main purpose of the event. [ORS 244.020(7)(b)(M); OAR 199-005-0001; OAR 199-005-0025]
- Entertainment for a public official, a relative of the public official or a member of the public official's household when the public official is acting in an official capacity and representing a government agency for a ceremonial purpose. [ORS 244.020(7)(b)(N); OAR 199-005-0025(2)]
- Cost of admission or food and beverage consumed by the public official, a relative of the public official, a member of the public official's household or staff when they are accompanying the public official, who is representing a government agency, at a reception, meal or meeting held by an organization. [ORS 244.020(7)(b)(E); OAR 199-005-0015; OAR 199-005-0001]
- Food or beverage consumed by a public official or candidate at a reception where the food and beverage is an incidental part of the reception and there was no admission charged. [ORS 244.020(7)(b)(L); OAR 199-005-0001(3)]
- When public officials travel together inside the state to an event bearing a relationship to the office held and the public official appears in an official capacity, a public official may accept the travel related expenses paid by the accompanying public official. [ORS 244.020(7)(b)(K)]
- Payment of reasonable expenses if a public official is scheduled to speak, make a presentation, participate on a panel or represent a government agency at a convention, conference, fact-finding trip or other meeting. The paid expenses for this exception can only be accepted from another government agency, Native American Tribe, an organization to which a public body pays membership dues, or not-for-profit organizations that are tax exempt under 501(c)(3). [ORS 244.020(7)(b)(F); OAR 199-005-0020; OAR 199-005-0001]
- Payment of reasonable food, lodging or travel expenses for a public official, an accompanying relative, member of household, or staff, may be accepted when the public official is representing their government agency at one of the following: [ORS 244.020(7)(b)(H); OAR 199-005-0020; OAR 199-005-0001]
 - Officially sanctioned trade promotion or fact-finding mission; [ORS 244.020(7)(b)(H)(i)] **or**
 - Officially designated negotiation or economic development activity when receipt has been approved in advance. [ORS 244.020(7)(b)(H)(ii)]

[NOTE: Who may officially sanction and officially designate these events, and how to do so, is addressed in OAR 199-005-0020(3)(b).]

- Payment to a public school employee of reasonable expenses for accompanying students on an educational trip. [ORS 244.020(7)(b)(P)]
- Food and beverage when acting in an official capacity in the following circumstances: [ORS 244.020(7)(b)(I)]
 - In association with a financial transaction or business agreement between a government agency and another public body or a private entity, including such actions as a review, approval or execution of documents or closing a borrowing or investment transaction; [ORS 244.020(7)(b)(I)(i)]
 - When the office of the Treasurer is engaged in business related to proposed investment or borrowing; [ORS 244.020(7)(b)(I)(ii)]
 - When the office of the Treasurer is meeting with a governance, advisory or policy making body of an entity in which the Treasurer's office has invested money. [ORS 244.020(7)(b)(I)(iii)]

GIFTS AS AN EXCEPTION TO THE USE OF OFFICE PROHIBITION IN ORS 244.040

As covered in more detail in the discussion beginning on page 17, public officials are prohibited from using or attempting to use the position they hold to obtain a prohibited financial benefit. [ORS 244.040(1)] As covered in more detail in the discussion beginning on page 26, Oregon Government Ethics law does not prohibit public officials from accepting gifts, but it does place on each individual public official the personal responsibility to understand there are circumstances when the aggregate value of gifts may be restricted. [ORS 244.025] These provisions of Oregon Government Ethics law often converge and require analysis by public officials to determine whether the opportunity to obtain financial benefits represents the use of an official position prohibited by ORS 244.040(1) or a gift addressed with other provisions in ORS Chapter 244 [ORS 244.020(7), ORS 244.025 or ORS 244.040(2)(e),(f) and (g)].



ORS 244.040 was amended in 2007 to make the acceptance of gifts that comply with ORS 244.020(7) and ORS 244.025 exceptions to the prohibition on public officials' use or attempted use of an official position to gain financial benefits. [ORS 244.040(2)(e), (f) and (g)] If a public official, relative, or household member accepts a permissible gift or a financial benefit that qualifies as an exception to the definition of a gift, ORS 244.040(1) does **not** prohibit its acceptance. If a public official, relative, or household member accepts a gift that exceeds the restrictions or limitations set forth in ORS 244.025, then that gift would not qualify under the exceptions set forth in ORS 244.040(e), (f) and (g). Acceptance of that gift could constitute a violation of both ORS 244.025 and ORS 244.040(1).

When the Commission applies Oregon Government Ethics law to "something of economic value" offered to a public official that meets the definition of "gift," it will first be analyzed to determine whether it is a violation of ORS 244.025. If the Commission determines that acceptance of the gift constitutes a violation of ORS 244.025 (unlawful acceptance of a gift), it will then determine if it also constitutes a violation of ORS 244.040(1) (prohibited use of office).

The following are examples to illustrate the Commission's approach:

- The mayor of a town on the Oregon coast was a college roommate with Bob Smith, who now manages a company that owns many golf courses in Oregon and other states. One of the company's golf courses is in the mayor's town. The mayor and

Bob have remained friends ever since college. Recently, Bob invited the mayor to join him at the Masters' Tournament in Augusta, offering to fly him there on Bob's private jet, stay in Bob's condo, and host him at a private booth at the Tournament. The value of this trip exceeds \$50, and Bob has a legislative or administrative interest in the mayor's decisions as a public official, as one of Bob's golf courses is in the mayor's town. Since the value of the trip exceeds \$50, is not extended to others who are not public officials on the same terms and conditions, and is from a source with a legislative or administrative interest, it is a gift that the mayor cannot accept without violating ORS 244.025(1). It also does not qualify as an exception to ORS 244.040(1). [ORS 244.040(2)(e)]. Bob has been inviting his old college friend on this trip for at least 10 years, long before the friend was elected mayor recently. This and other evidence indicates that the mayor received this offer because he and Bob are friends, not because he is the town's mayor; therefore, the offer of this trip does not represent a financial gain that would not be available to the mayor but for his holding his public office. Thus, if the mayor accepted the gift of this trip, the mayor would violate ORS 244.025(1) (acceptance of an unlawful gift), but would not violate ORS 244.040(1) (prohibited use of office).

- A public works director for B City holds weekly breakfast meetings at a local diner. The public works director invites five main contractors in B City, all of whom do business with the city, to attend these meetings. The contractors take turns picking up the tab for the public works director's breakfast. Because the public works director has the authority to recommend the contractors for projects with the city, the contractors have economic interests distinct from that of the general public in the public works directors' decisions or recommendations. Over the course of a calendar year, each contractor pays for at least ten meals for the public works director, at a total aggregate cost exceeding \$50. These meals constitute unlawful gifts to the public works director, as their value exceeds \$50, they are not extended to others who are not public officials on the same terms and conditions, and they are from sources with distinct economic interests in the public works director's decisions or recommendations. The contractors would not pay for these meals if he were not the public works director. Thus, in addition to violating ORS 244.025(1), by accepting these meals the public works director also violates ORS 244.040(1).

The responsibility for judgments and decisions made in order to comply with the various provisions in Oregon Government Ethics law rests with the individual public official who faces the circumstances that require a judgment or decision. That is true of questions regarding gifts, use of an official position, announcing the nature of conflicts of interest and the many situations addressed in ORS Chapter 244.

NEPOTISM



Does Oregon Government Ethics law prevent two or more relatives from being employees of the same public body?

No. Public officials who are relatives can be employed by the same public body employer at the same time, or serve at the same time on the same governing body of a public body.

ORS Chapter 244 does, however, does address the issue of “nepotism.” The definitions of “member of household” and “relative” found in ORS Chapters 244.020(11) and 244.020(16) apply here: See page 7.

What are the provisions that address nepotism?

Public officials are restricted from participating in personnel actions taken by the public agency that would impact the *paid employment* of a relative or member of the public official’s household. If a public official has a relative or household member who has applied to be or serves as an *unpaid volunteer*, the public official may participate in any personnel action that involves the relative or member of the household.

Personnel actions addressed by this statute include:

- Appointing, employing or promoting a relative or member of the public official’s household; or
- Discharging, firing or demoting a relative or member of the public official’s household.

ORS 244.177(1)(a) provides that a public official may not appoint, employ or promote (or discharge, fire or demote) a relative or member of their household from a position with the public body that the public official serves or over which the public official exercises jurisdiction or control, unless the public official complies with the conflict of interest requirements of ORS Chapter 244. Even if the public official discloses a conflict of interest, a public official who takes such a personnel action for a relative or member of their household could still be found in violation of the use of office provisions of ORS 244.040(1).

Separately, ORS 244.177(1)(b) directs that a public official may not participate in any interview, discussion or debate regarding such personnel actions involving a relative or member of the public official’s household.

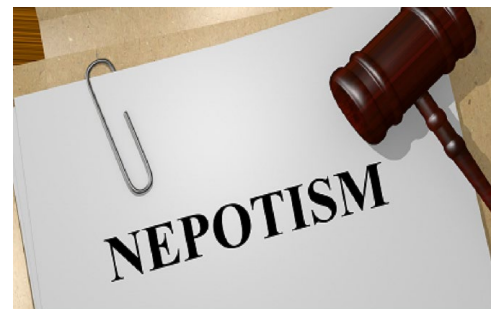
A public official who is assigned duties that include performing “ministerial acts” related

to any stage of a relative's employment is not prohibited from performing such acts. "Ministerial acts" would include mailing or filing forms or correspondence, taking and relaying messages, scheduling appointments or preparing documents and minutes for public meetings. A public official may serve as a reference or provide a recommendation for a relative who has applied for a position of employment, promotion, or is subject to any personnel action.

Exception: Public officials may not, however, participate in appointing a relative or member of the household to an unpaid position on the governing body of the public body that the public official serves or over which the public official exercises jurisdiction or control. [ORS 244.177(3)(a) and (b)]

Can public officials supervise their relatives or members of their households?

Nepotism also applies to supervision of relatives or members of the public official's household. ORS 244.179(1) prohibits public officials from directly supervising relatives or members of their household in paid positions. The public official may supervise an unpaid volunteer serving the public body, unless the volunteer position is as a member of a governing body of the public body. [ORS 244.179(3)]



Policy Exception: ORS 244.179(4) permits a public body to adopt policies that specify when a public official, acting in an official capacity for the public body, may directly supervise a relative or member of the public official's household in a paid position. OAR 199-005-0080 provides guidance to public bodies in developing such policies. Absent such a policy, a public official may not directly supervise a remunerated person who is a relative or member of the public official's household. [ORS 244.179(1)]

Direct supervision of a paid relative or household member includes official actions that would financially impact their relative or household member, such as:

- Conducting performance reviews
- Approving leave or vacation time
- Recommending or approving pay changes
- Assigning shifts
- Approving overtime
- Authorizing or approving reimbursements or travel expenses
- Authorizing worksite assignments or teleworking

Exception: Public officials who are elected members of the Oregon Legislative Assembly are not prohibited from participating in employment actions, including supervision of their relatives or household members on their personal staff [ORS 244.177(2)].

ANNUAL VERIFIED STATEMENT OF ECONOMIC INTEREST



There are approximately 5,500 Oregon public officials who must file an **Annual Verified Statement of Economic Interest (SEI)** with the Oregon Government Ethics Commission **by April 15** of each calendar year. The SEIs are now filed electronically through the Commission's Electronic Filing System (EFS).

ORS 244.050 identifies the public officials who are required to file SEIs. Please refer to that statute to see if your specific office or position requires you to file an SEI. In general, public officials who hold the following positions are required to file:

- State public officials who hold elected or appointed executive, legislative or judicial positions. This includes those who have been appointed to positions on certain boards or commissions.
- In counties, all elected officials, such as commissioners, assessors, surveyors, treasurers and sheriffs must file. Planning commission members and the county's principal administrator must also file.
- In cities, all elected officials, the city manager or principal administrator, municipal judges and planning commission members must file.
- Administrative and financial officers in school districts, education service districts and community college districts must file.
- Some members of the board of directors for certain special districts must file.
- Candidates for some elected public offices are also required to file.

The Commission staff has identified by jurisdiction the public officials whose position requires them to file the SEI. Each jurisdiction (city, county, executive department, board or commission, etc.) has a person (jurisdictional contact) who acts as the Commission's point of contact for that jurisdiction. [OAR 199-020-0005(1)]

The **jurisdictional contact (JC)** for each jurisdiction has an important role as a liaison between the Commission and the SEI filers in their jurisdiction. It is through the JC that the Commission obtains the current name, address and email address of each public official who is required to file. When there is a change in who holds a position through resignation, appointment or election, the JC periodically updates their jurisdictional records and beginning in January of each year the JC is asked to update and verify the required filers in the EFS system. Any necessary changes or updates in EFS are due by February 15. [OAR 199-020-0005(2)]

As with other provisions in Oregon Government Ethics law, it is each public official's personal responsibility to ensure they comply with the requirement to complete and submit the SEI by April 15. Those public officials who must file an SEI are well served if the JC for their jurisdiction ensures that the Commission has the correct name and email address of the public official. The JC should ensure that each SEI filer has been advised of the reporting requirements. Each filer should also receive information as to the procedures the jurisdiction follows to assist the filer in meeting the SEI filing requirement.

Again, the requirement to file the SEI is the personal responsibility of each public official. Each public official should comply and file timely, as the civil penalties for late filing are \$10 for each of the first 14 days after the filing deadline and \$50 for each day thereafter until the aggregate penalty reaches the maximum of \$5,000. [ORS 244.350(4)(c)]

SEI Filing

NOTE: Only public officials who hold a position that is required to file, and who hold that position on April 15 of the year the SEI is due, must file an SEI.

SEIs are filed online through the Commission's Electronic Filing System (EFS). Notifications and instructions for e-filing will be sent to SEI filers electronically via email addresses initially supplied in EFS by the JC and updated when necessary.

The following is a brief description of the information requested in the SEI electronic filing. The information needed to complete the filing pertains to the previous calendar year.

- Name, address and a brief description of each business in which a position as officer or director was held by the filer or household member. [ORS 244.060(1)]

Name, address and a brief description of each business through which the filer or household member did business. [ORS 244.060(2)]

Name, address, and brief **description** of the **sources** (*not amounts*) of income for the filer and household members that represent 10 percent or more of the annual household income. [ORS 244.060(3)]

Example: An SEI filer resides only with a spouse and their annual household income from the prior year is derived from the spouse's job at Walmart, the spouse's retirement, and the public official's salary as an employee at a public university. The respective "sources" would be: "Walmart", "Social Security" and "XX University"; respective "descriptions" would be "spouse's wages", "spouse's retirement" and "filer's salary".

- Ownership interests held by the filer or household members in real property, **except for their principal residence**, located within the geographic boundaries of the jurisdiction in which the filer holds the position or seeks to hold. [ORS 244.060(4)(a) and (b)] **NOTE: SEI filers who serve statewide and members of the Legislative**

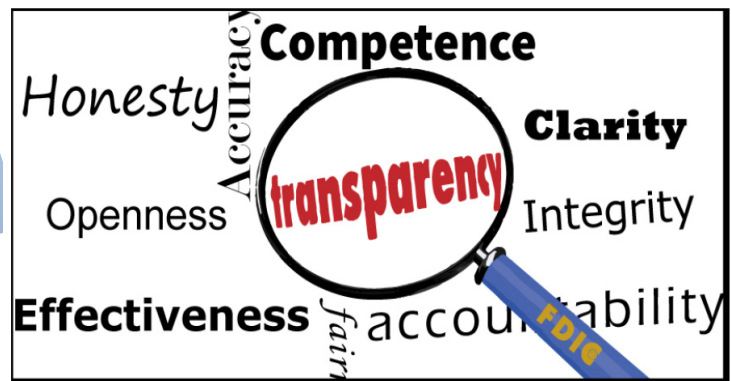
Assembly must report real property held within the entire state of Oregon. This applies to candidates for statewide office and the Legislative Assembly.

- Honoraria or other items allowed by ORS 244.042 that exceed \$15 in value given to the filer or household members. Include a description of the honoraria or item and the date and time of the event when the item was received. [ORS 244.060(7)] Remember that honorarium cannot exceed \$50. [ORS 244.042(3)(a)]
- Name of each lobbyist associated with any business with which the filer or household member is associated, unless the association is through stock held in publicly traded corporations. [ORS 244.090]
- If the public official received over \$50 from an entity when participating in a convention, fact-finding mission, trip, or other meeting as allowed by ORS 244.020(7)(b)(F), list the name and address of the entity that paid the expenses. Include the event date, aggregate expenses paid and the purpose for participation. [ORS 244.060(5) and ORS 244.100(1)] [Not required for candidates]
- If the public official received over \$50 from an entity when participating in a trade promotion, fact-finding mission, negotiations or economic development activities as allowed by ORS 244.020(7)(b)(H), list the name and address of the person that paid the expenses. Include the event date, aggregate expenses paid and nature of the event. [ORS 244.060(6)] [Not required for candidates]
 - **EXCEPTION:** Expenses paid by the public body to their own public officials need not be reported by the public official under ORS 244.060 [OAR 199-005-0035(4)].

The following is required if the information requested relates to an individual or business that has been doing, is doing or could reasonably be expected to do business with the filer's governmental jurisdiction, has a legislative or administrative interest in the filer's governmental jurisdiction, or over which the filer exercises any authority:

- Name, address and description of each source of income (taxable or not) that exceeds \$1,000 for the filer or a household member. [ORS 244.060(8)]
- Name of each person the filer or a household member owes or has owed \$1,000 or more in the previous calendar year. Include the date of the loan and the interest rate. Debts on retail contracts or with regulated financial institutions are excluded. [ORS 244.070(1)]
- Name, address and description of nature of each business in which filer or household member has beneficial interest over \$1,000 or investment held in stocks or securities over \$1,000. Exemptions include mutual funds, blind trusts, deposits in financial institutions, credit union shares and the cash value of life insurance policies. [ORS 244.070(2)]

- Name of each person from whom the filer received a fee of over \$1,000 for services, unless disclosure is prohibited by law or a professional code of ethics. [ORS 244.070(3)]



LEGAL EXPENSE TRUST FUND

The Oregon Government Ethics Commission can authorize a public official to establish a legal expense trust fund to be used to defray expenses incurred for a legal defense in any civil, criminal or other legal proceeding or investigation that relates to or arises from the course and scope of duties of the person as a public official. [ORS 244.205]

The provisions regarding the establishment of this fund are detailed in ORS 244.205 through ORS 244.221. If a public official is considering the need to establish a legal expense trust fund, these provisions should be reviewed. The Commission staff is available to provide guidance on the procedures. The following are some of the significant elements of a legal expense trust fund:

- A public official may only have one trust fund at any one time. [ORS 244.205(4)]
- The application to establish the fund must be submitted to the Commission for review and authorization. ORS 244.209 details what information and documents must accompany the application.
- The public official may act as the public official's fund trustee. [ORS 244.211(2)]
- Once authorized and established, any person may contribute to the fund. [ORS 244.213(1)]
- Contributions from a principal campaign committee are not allowed. [ORS 244.213(3)]
- Funds must be maintained in a single exclusive account [ORS 244.215].
- Quarterly reports of contributions and expenditures from the fund are required. [ORS 244.217]
- The fund may be terminated within six months after the legal proceeding for which the fund was established has been concluded. [ORS 244.219]
- When terminated, remaining funds must be returned to contributors on a pro rata basis. [ORS 244.221(1)]
- If the legal proceeding for which the fund was initiated resulted in any financial award or money judgment in favor of the public official, such moneys shall be distributed in the following order: outstanding legal expenses, to trust fund contributors on a pro rata basis, and to the public official or, if required by the trust agreement, to an organization exempt from taxation under section 501(c)(3) of the IRS Code. [ORS 244.221(2)]

Once established, can the public official solicit funds in order to pay for the cost of a legal defense?

Yes. An exception to the prohibited use of office provision explicitly allows a public official to solicit and accept funds for the official's legal expense trust fund. [ORS 244.040(2)(h)] Also, contributions to a legal expense trust fund are excluded from the definition of a "gift." [ORS 244.020(7)(b)(G)]

OREGON GOVERNMENT ETHICS COMMISSION

The Governor appoints all nine members of the Commission and each appointee is confirmed by the Senate. The commissioners are recommended as follows: [ORS 244.250]

- 2 Recommended by the Senate Democratic leadership
- 2 Recommended by the Senate Republican leadership
- 2 Recommended by the House Democratic leadership
- 2 Recommended by the House Republican leadership
- 1 Recommended by the Governor

The Commission members select a chairperson and vice chairperson annually. No more than three commissioners with the same political party affiliation may be appointed to the Commission to serve at the same time. The commissioners are limited to one four-year term, but if an appointee fills an unfinished term they can be reappointed to a subsequent four year term.

The Commission is administered by an executive director, who is selected by the Commission. Legal counsel is provided by the Oregon Department of Justice. Commission staff provide administration, training, guidance, issue written opinions and advice, and conduct investigations when complaints are filed with the Commission.

Training:

The Commission has designated training as one of its highest priorities. It has two staff positions to provide free training to public officials and lobbyists on the laws and regulations under its jurisdiction. Training is provided through presentations at training events, web-based training, informational links on the website, topical handouts and guidance offered when inquiries are received. Contact the Commission to obtain free training through our website at <https://www.oregon.gov/ogec/training/Pages/default.aspx>



Advice:



Questions regarding the Commission's laws, regulations and procedures are a welcome daily occurrence. Timely and accurate answers are a primary objective of the staff. All members of the Commission staff are cross-trained in the laws and regulations under the Commission's jurisdictions. Guidance and information is provided either informally, over the telephone at 503-378-5105, by e-mail at ogec.mail@oregon.gov, or in the following written formal advice and opinions:

- **Staff Advice:** ORS 244.284 provides for informal staff advice, which may be offered in several forms, such as in person, by telephone, e-mail or letter. In a letter of advice, the proposed, hypothetical or actual facts are restated as presented in

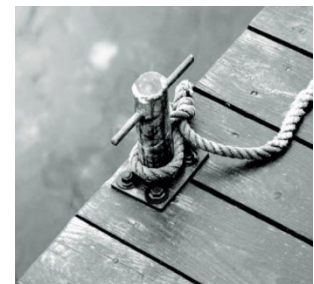
the request, along with the relevant statutes and administrative rules. The advice will discuss how the law applies to the questions asked or raised by the fact circumstances presented in the request.

- **Staff Advisory Opinion:** ORS 244.282 authorizes the executive director to issue a staff advisory opinion upon receipt of a written request. The Commission must respond to any request for a staff advisory opinion within 30 days, unless the executive director extends the deadline by an additional 30 days. The staff advisory opinion is issued in a letter that restates the proposed, hypothetical or actual facts presented in the written request and identifies the relevant statutes and administrative rules. The opinion will discuss how the law applies to the questions asked or raised by the fact circumstances presented in the request.
- **Commission Advisory Opinion:** ORS 244.280 authorizes the Commission to prepare and adopt by vote a Commission Advisory Opinion. Commission advisory opinions are reviewed by legal counsel before being adopted by the Commissioners. The opinion will identify the relevant statutes and administrative rules and will discuss how the law applies to the questions asked or raised by the fact circumstances provided in the request. The Commission must respond to any request for a Commission Advisory Opinion within 60 days, unless the Commission extends the deadline by an additional 60 days.

Public officials who request advice or formal opinions must describe the specific facts and circumstances that provide the basis for questions about how the Oregon Government Ethics law may apply. The facts and circumstances may be hypothetical or actual, but must be prospective, describing a proposed transaction or action, not one that has already occurred. If actual circumstances indicate that a violation may have already occurred, the staff cannot provide advice or an opinion because to do so could compromise the Commission's objectivity if a complaint were to be filed. As described below, whether a public official relied on Commission advice or opinions is relevant to sanctions, in the event a complaint is filed against the public official.

If a person requests, receives or relies on any of the advice or opinions authorized by ORS 244.280 through ORS 244.284, does that person have what is referred to as “safe harbor”?

There is no “safe harbor,” if the term is understood to mean that any person who relies on any advice or opinions offered by the Commission or the staff is protected from being a respondent to a complaint or from being found in violation of laws within the jurisdiction of the Commission.



There is, however, specific and conditional protection for any person who has requested and relied in good faith upon advice or an opinion from the Commission or its staff. The conditions and protection is as follows:

- The fact circumstances described in the request must not misrepresent, misstate or omit material facts.
- Reliance on the advice or opinion means that the action or transactions of the person were those described or suggested in the advice or opinion.
- The protection applies only during the penalty phase, after the Commission has determined that a violation has occurred. If there was reliance on staff advice or a Staff Advisory Opinion, the Commission may consider the reliance during the penalty phase. If reliance was on a Commission Advisory Opinion, the Commission may not impose a penalty.

The specific protections for the different forms of advice are as follows:

Staff Advice: If the Commission makes a finding that a public official violated provisions of law within its jurisdiction, and that public official acted in accordance with staff advice offered under the authority of ORS 244.284, the Commission may consider that information when sanctioning the violation. [ORS 244.284(2)] The Commission is not prevented from finding a violation, but the sanction imposed could be affected.

Staff Advisory Opinion: If the Commission determines that a public official violated provisions of law within its jurisdiction, and the public official acted in accordance with a staff advisory opinion under the authority of ORS 244.282, in sanctioning the violation, the Commission may consider whether the public official committed the violation when acting in reliance on the staff advisory opinion. [ORS 244.282(3)] The Commission is not prevented from finding a violation in these circumstances, but any sanction is limited to issuing a written letter of reprimand, explanation, or education, unless it finds that the person omitted or misstated material facts in the request for a staff advisory opinion.

Commission Advisory Opinion: The Commission may not impose a penalty on a person for any good faith action taken by the person while relying on a Commission Advisory Opinion, unless it is determined that the person who requested the opinion omitted or misstated material facts in the opinion request. [ORS 244.280(3)] For the Commission Advisory Opinion to be a factor in preventing the imposition of a penalty, it is important to understand that the circumstances described in the request must have been an accurate description of what occurred when the respondent committed the violation, and the actions of the respondent must have been those recommended or described in the Commission Advisory Opinion. The Commission is not prevented from finding a violation in these circumstances, but could be prevented from imposing a sanction.

Any person who has not requested advice or an opinion must be cautious when trying to apply advice or opinions offered to others. The advice and opinions given are based on and tailored to the specific fact circumstances presented in a request. Fact circumstances

vary from one situation to another and they vary from one public official to another. If a person reviews an opinion or advice issued to another for circumstances the person believes similar to those now met and relies on that advice, the person must ensure the similarity is sufficient for the application of law to be the same.

It is important to remember that the provisions of law apply to the individual actions of the person or public official. There are events or occasions when more than one public official may be present and participating in their official capacities. Depending on the circumstances and conditions for an event or transaction, the law may have a different application for one public official than for other public officials.

Published advice that the Commission has issued may be found at <https://www.oregon.gov/oec/public-records/Pages/Advice-and-Opinions.aspx>



Compliance:

The Commission has a program manager who oversees the management and administration of the various reports that are filed with the Commission. There are approximately 1,000 lobbyists who must file or renew their lobbying registrations every two years. These lobbyists, and their clients or employers, must also file lobbying activity expense reports every quarter. Additionally, there are approximately 5,500 public officials who must file the Annual Verified Statement of Economic Interest each April 15. The program manager and Commission staff are available by telephone or e-mail to provide assistance and answer questions about registration and filing requirements and procedures.

Complaint Review Procedures:

Investigations are initiated through a complaint procedure. [ORS 244.260 and ORS 171.778] Any person may file a signed, written complaint alleging that there may have been a violation of Oregon Government Ethics law, Lobbying Regulation or the executive session provisions of Oregon Public Meetings law. The complaint must identify the public official believed to have violated the law, and must state the person's reason for believing that a violation may have occurred and include any evidence that supports that belief. The complaint must identify and be signed by the person filing it. Anonymous complaints are not accepted. The executive director reviews the complaint for jurisdiction and sufficiency. If additional information is needed, the complainant is asked to provide that information.

Complaints are filed online via the “Complaint Form” found on the Commission’s website homepage at <https://www.oregon.gov/ogec/public-records/Pages/Complaints.aspx>. All complaints must be signed, either through an e-signature if submitted through the online complaint system, or an inked signature if filed by paper. NOTE: The name of the complainant is furnished to the subject of a complaint.

If there is reason to believe that a violation of laws within the jurisdiction of the Commission may have been committed, a case will be initiated upon receipt of a complaint. The Commission may also initiate a case on its own complaint by motion and vote. Before approving such a motion, the public official against whom the action may be taken is notified and given an opportunity to appear before the Commission at the meeting when the matter is discussed or acted upon.

When a case is initiated, the public official against whom the allegations are made is referred to as the respondent. The respondent is notified of the complaint and provided with the information received in the complaint and the identity of the complainant. Whether based on a complaint or a motion by the Commission, the initial stage of the case is called the preliminary review phase. The time allowed for this phase is limited to 30 days (135 days for lobby cases) and ends when the executive director finalizes the preliminary review report.

A court may enjoin the Commission from continuing its inquiry during the preliminary review phase. Also, if a complaint is made against a candidate within 61 days of an election, the candidate may make a written request for a delay. [ORS 244.260(4)(a)]

During the preliminary review phase, the Commissioners and staff can make no public comment on the matter other than to acknowledge receipt of the complaint. It is maintained as a confidential matter until the Commission meets in executive session to consider whether to dismiss the complaint or find cause to conduct an investigation. Following the Commission’s consideration of the preliminary review report in executive session, the case file is subject to public disclosure.

If the Commission votes to dismiss the complaint, the matter is concluded and both the respondent and complainant are notified. If cause is found to investigate, then an investigatory phase begins. The investigatory phase is limited to 180 days. The investigatory phase may be suspended during a pending criminal investigation if the Commission determines that its own investigation cannot be adequately completed until the criminal investigation is complete, or if a court enjoins the Commission from investigation.

During the investigatory phase, Commission investigators will solicit information and documents from the complainant, respondent, and other witnesses and sources that are identified. Before the end of the 180 day investigatory period, an investigation report will be prepared. The investigation report is reviewed by the Commission’s legal counsel before being finalized by the executive director. The investigation report is presented to the Commission in the public session portion of its meeting. The Commission will then

consider the results of the investigation and generally will vote to either dismiss the complaint or make a preliminary finding that a violation of law was committed by the respondent. The preliminary finding of a violation is based on what the Commission considers to be a preponderance of evidence sufficient to support such a finding.

If a preliminary finding of violation is made, the respondent will be offered the opportunity to request a contested case hearing. At any time, either during the investigative phase or after a preliminary finding of violation is made, the respondent is encouraged to negotiate a settlement with the executive director, who represents the Commission in such negotiations. Most cases before the Commission are resolved through a negotiated settlement, with the terms of the agreement set forth in a Stipulated Final Order.

The Commission has a variety of sanctions available after making a finding that a violation occurred. Sanctions range from letters of education, reprimand, or explanation, to civil penalties and forfeitures. The maximum civil penalty that can be imposed for each violation of Oregon Government Ethics law is \$5,000, except for violations of ORS 244.045 (regulation of subsequent employment) where the maximum penalty is \$25,000 and for “willful” violations of ORS 244.040 (the “prohibited use of position or office” provision) where the maximum penalty is \$10,000. An additional civil penalty may be assessed equal to twice the financial gain that a respondent realized from a violation. Each violation of the executive session provisions in ORS 192.660 is subject to a maximum fine of \$1,000. Any monetary sanctions paid are deposited into the State of Oregon General Fund.

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CITY OF MOLALLA

Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, March 12, 2025

Submitted by: Cindy Chauran, Finance Director

Approved by: Dan Huff, City Manager

SUBJECT: T-Mobile Hometown Grant and Project (Corthell/Chauran)

FISCAL IMPACT: \$50,000

RECOMMENDATION/RECOMMENDED MOTION:

Move the City of Molalla authorize Assistant City Manager, Mac Corthell, to submit an application for the T-Mobile Hometown Grant to support City Staff Cell Phones which aims to connect everyone at every minute of every day ensuring compliance with all necessary requirements of work/life requirements.

BACKGROUND:

The T-Mobile Hometown Grant program provides funding to support projects that enhance small towns and communities across the United States. The grant offers up to \$50,000 for community projects that focus on improving public spaces, revitalizing infrastructure, or fostering economic development.

City of Molalla Peeps is committed to advancing community initiatives that enhance the quality of life for residents. The proposed project, T-Mobile City Staff Cell Phones which aims to connect everyone at every minute of every day ensuring compliance with all necessary requirements of work/life requirements. The improvements will provide long-term personal friendship benefits? possibly or annoyance, encouraging personal growth and laughter from GIF's, Emojis, and a stronger sense of sarcasm.

ATTACHMENTS:

[Friends.Amigos MPL.png](#)

[ButterBraid March Fundraiser-CPC.pdf](#)

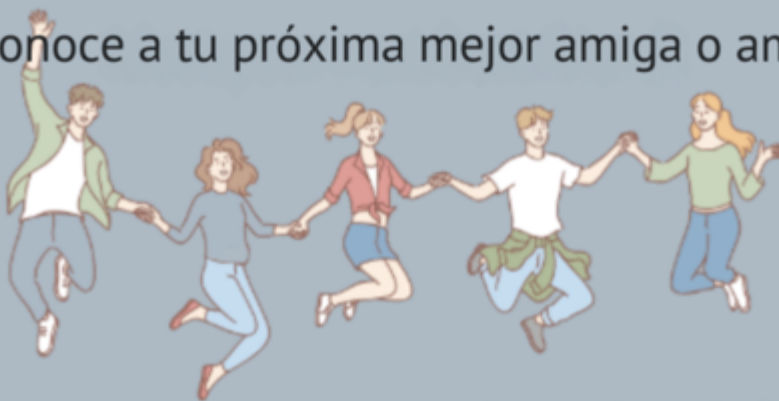


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