

Molalla Planning Department

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E.D. HOVEE MEMO FROM JANUARY 1, 2006

The summary below is based on a memo from E.D. Hovee from January 1, 2006. E.D. Hovee was the company the city used to review Molalla's Population and economic needs.

- Summary of 2006 business survey
 - Distributed in September 2005 to 24 area firms both in and out of the Molalla Urban Growth Boundary
 - ✓ 16 firms are industrial, 8 from ag, transportation, wholesale, and manufacturing sectors.
 - Mostly focused on manufacturing firms
 - 753 jobs in 2005 represented by these firms
 - 20 surveys completed
 - Highly skilled workers are hard to find
 - ✓ Low turnover though
 - Retail desired population growth to prosper
 - ✓ ½ reported housing starts, construction and lumber industry as primary economic trend that impacts profitability.
 - ✓ Location between Portland and Salem make for ideal industrial cluster even with distance to I-5.
 - ✓ 75% stated Molalla was a good place to do business compared with 4.5% for Clackamas County. Clackamas County drew criticism for its administrative barriers and layers of bureaucracy.
 - ✓ Many businesses stated that they would be expanding in the next few years.
 - ✓ Low land cost definitely a factor for potential business.
 - ✓ OECD suggests Molalla focus on retention and expansion rather than recruitment.
 - ✓ As costs continue to increase for other communities for land Molalla will become even more inviting.
 - Charts from survey results express much of the new business that is located in Molalla come from nearby areas.
 - ✓ Service Areas
 - ❖ Local – 37%
 - ❖ Regional – 25%
 - ❖ National 30%
 - ❖ International – 8%
 - Most suppliers located close to Molalla (within 100 miles) at nearly 62%.
 - Types of customers are spread out fairly evenly between all types (manufacturing, building contractors, wholesalers, retailers, direct to customers, and government)
 - Gross revenues are mainly at the 1-10 million

- Comments with regard to replacing skilled labor was extremely high when talking about how hard they are to replace.
- Employee turnover seems to be in the mid range.
- Newspaper was the largest format for hiring employees (70%) as well as word of mouth (75%).
- A large percentage (65%) of employees reside in Clackamas County this is not uncommon.
- Average annual growth appears to be on the low side.
- Nearly ¼ of businesses are seasonal
- Majority of businesses reported impacts on economic trends
- Material, labor, transportation, and energy costs are the major factors for financial conditions on a company
- Domestic markets, changing markets, and transportation problems are the leading important factors to their current operations.
- Relocation Question
 - ✓ Within Molalla
 - ✓ Within Clackamas County
- Overall opinion of Molalla is good
- Strengths
 - ✓ Just far enough away from urban areas.
 - ✓ Recognized support for business; city supports them
 - ✓ Small town government is easy to work with and do business with.
 - ✓ Little or no interference from government
 - ✓ Shops and services available locally
- Weaknesses
 - ✓ Most residents shop outside of Molalla
 - ✓ City is just coming out of the 60's.
- Less favorable opinion of Clackamas County as a place to do business than it was for Molalla.
- Team is the most utilized service from the list.
- Adequacy of local services
 - ✓ Satisfied
 - ❖ Water Supply (40%)
 - ❖ Sewer (35%)
 - ❖ Police and Fire (35%)
 - ✓ Not Satisfied
 - ❖ Planning and Zoning (10%)
- Molalla's primary strengths are area growth potential and location.
- Primary weaknesses of Molalla are high utility costs and quality of labor force.
- There is an expectation to expand in the future.
- Most stated that they have room to expand on-site.

- Things Molalla can do to facilitate more industrial growth
 - ✓ Expedite continued development of industrial park planned for 4-corners area.
 - ✓ Finish Molalla Forest Road truck route
 - ✓ Provide utilities
 - ✓ Maintain reasonable taxation
 - ✓ Buffer industrial with commercial not residential
 - ✓ Change peoples attitudes
 - ✓ Lower costs to businesses
 - ✓ Improve transportation system like 4 lanes on Highway 213
 - ✓ Help find labor
 - ✓ Keep taxes from getting out of control
 - ✓ Stay pro business
 - ✓ Improve Freyer Park Bridge
 - ✓ Focus on downtown and encourage local shopping