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Damascus Fire House Study Group Memorandum of Understanding DRAFT –June 19, 2003

The Damascus Fire House Study Group, whose members include Clackamas County, City of Happy Valley, City of Portland, City of Gresham, Clackamas County Fire District #1, Boring Fire District, Sunrise Water Authority, Damascus CPO, Boring CPO, Rock Creek CPO, Boring Water District, and The Committee for the Future of Damascus, was formed in the fall of 2002 to discuss issues associated with the governance of Damascus-Boring should it be added to the urban growth boundary. Due to the decision of the Metro Council on December 5, 2002, to add a large part of this area to the urban growth boundary, a number of crucial timing and analytical issues are now before the group and affected communities.

This Memorandum is presented not as a final statement on governance, but as a working record of discussions of the Study Group. Any decisions about governance must be preceded by a serious and committed process of public outreach and dialogue, and this is not meant to substitute for that larger process in any way. It can, however, provide a starting point for understanding and framing the issues, and that is the spirit with which this work has been undertaken.

Through our discussions we have determined:

- 1) Concept planning for the area will take place over the next 2 years or so with comprehensive planning following, meaning that barring an accelerated schedule for parts of the area, urban zoning will be unavailable until late 2005.
- 2) The Damascus incorporation effort should know the fiscal implications of different incorporation and/or annexation scenarios in November, 2003, with an incorporation vote, if one occurs, anticipated in November, 2004.
- 3) With movement of the urban growth boundary, landowners will likely initiate efforts to have certain lands added to existing cities sooner in an effort to speed up the concept and comprehensive planning processes. Annexation of those lands could result in leaving large areas without the fiscal capacity to perform as cities in the future.
- 4) It is in the best interests of all involved to develop governance options such that portions of the community are not isolated, “islanded”, or otherwise left urbanized without being incorporated in, or annexed to, a city with no feasible options for self-governance.
- 5) It is in the best interests of all involved to ensure that the total area gets divided into mutually agreed upon and coordinate sub-areas of interest to each existing and prospective jurisdiction and then cooperatively planned so that regional objectives for future growth can be met in a manner that makes the best environmental, economic, political, and social sense.

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- 6) All service providers in the area are in need of some degree of fiscal certainty in order to plan for the orderly and effective urbanization of the area. The use of tax increment financing has significant implications for the fiscal stability of special service districts and/or other ultimate service providers.
- 7) Now that the urban growth boundary has been moved, there are essentially three scenarios facing the area:
 - a. Concept planning happens before any incorporation or annexation to a city occurs in order to coordinate fiscal capacity with annexation and incorporation boundaries.
 - b. Piecemeal annexation to cities picks off industrial lands, leaving a difficult fiscal question facing the balance of the area that will be predominantly residential.
 - c. Based on additional fiscal analysis of the short and long term needs of the area, the parties to this process agree to further explore the concept of revenue sharing, including tax base sharing, taking into account service levels and service delivery expenditures with a goal of matching service levels to expenditures. This would not prevent or forestall the logical annexation of lands to existing and prospective cities, as determined by the coordinated concept planning process described above, but would simply operate to ensure that fiscal viability for self-governance remains a feature of the evolution of this area.

Note that this last scenario is innovative and will need to be carefully developed. However, it offers all parties a degree of certainty and stability that can best support careful planning and urban development consistent with community aspirations. With revenue sharing, all communities would benefit jointly from industrial/employment development on all of the industrial/employment lands in the urban growth boundary addition east of Happy Valley and South of Gresham of which there is a limited and very finite amount.

It is the conclusion of the Damascus Fire House Study Group that this third option offers the best prospects for allowing individual communities to be responsive to community and landowner needs, meeting regional objectives, and maintaining the ability to develop alternatives for governance and service delivery at a pace commensurate with community needs and processes, and that have the fiscal capacity to perform.

In light of these findings, we, the undersigned, agree that the following principles should guide the evolution of this area for the next 5 years:

- A. Concept Planning - Concept planning must involve all relevant service providers (Clackamas County Fire District #1, Boring Fire District, Sunrise Water Authority, Water and Environment Services) and communities (“communities” meaning the City of Happy Valley / City of Gresham / and affected residents of the Damascus / Boring unincorporated Clackamas County) interested in the areas for which that planning is taking place, and

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must seek a high level of consensus among communities engaged in the planning.

- B. Transportation Funding - All communities and service providers must actively work together to develop the resources needed to fund transportation improvements (collectors and arterials – not local streets) required to support desired urbanization, including transportation needs within the existing urban areas adjacent to the planning area likely to be effected by future urbanization.
- C. Revenue Sharing - In order to decrease the incentives for seeking new tax base in a manner that could harm the prospects for either existing or prospective cities, and to promote a collaborative approach to the urbanization of this area, all communities and service providers should jointly pursue an innovative approach to revenue sharing, taking into account costs absorbed by individual communities which enables land development to occur.
- D. Cities for Governance - Urban development of any land within the area added to the UGB by the Metro Council will require either annexation to existing city(s) or the incorporation of new city(s), and compliance with the County's concurrency policy. If no new city(s) is/are formed by a vote of the people prior to November 30, 2006, and the City of Happy Valley has been given an additional year to formalize an agreement, and no amendments are made to this agreement, then existing cities will be encouraged to annex unincorporated areas within the Metro Urban Growth Boundary as soon as possible.
- E. City Boundaries - The City of Happy Valley and the Committee for the Future of Damascus anticipate that the boundary between what could be a new city and the City of Happy Valley will tentatively lie in the vicinity of 172nd but in no event further east than the area already approved by the voters of Happy Valley for potential annexation, which coincides with the eastern boundary of Clackamas County Fire District #1, Highway 212 on the south and the Pleasant Valley Concept Plan boundary (near the Clackamas County line) on the north.

Representatives of the City of Happy Valley and the Committee for the Future of Damascus agree to work together and with the land owners of the area to identify the location of an appropriate boundary, such work to be completed by the end of October, 2003, or as soon thereafter as reasonably possible.

This boundary will be used by the City of Happy Valley as the eastern-most extent of its UGMA area of interest for concept planning and annexation activity prior to November 30, 2006, in order to give the Committee for the Future of Damascus an adequate opportunity for the development and approval of its incorporation proposal.

Representatives of the City of Gresham and Clackamas County agree to meet to discuss the potential role for the City of Gresham as a municipal entity within and across the Clackamas County boundary, particularly in conjunction with the Springwater phased development proposal and/or in the event that incorporation efforts in Damascus or Boring should fail.

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Similarly the City of Gresham, Committee for the Future of Damascus, and Boring CPO agree that the boundary between what could be new cities and the City of Gresham in the Sunshine Valley / Spring Water II area will lie close to the Clackamas County line through November 30, 2006 in anticipation of incorporation votes in Damascus, until a period after that date should the Boring community need time to and evidence a desire to pursue a separate incorporation effort, and pending the outcome of discussions with Clackamas County pertaining to the role for the City of Gresham as a municipal entity within Clackamas County. This boundary will be used by the City of Gresham as the southern-most extent of its area of interest for planning, development, and annexation activity.

Similarly, the City of Portland, City of Gresham, and Clackamas County will jointly identify the municipal governing entity for all or parts of the Pleasant Valley Area C, south of the Clackamas County Line, depending largely on the resolution of service delivery issues. Portland, Gresham, and Clackamas County agree as part of the current Pleasant Valley Implementation Plan TGM project to resolve questions relating to the governance of Area C by drafting amendments to their current IGA regarding Pleasant Valley by the end of 2003.

- F. Water, Wastewater, and Stormwater Service in Springwater II – The City of Gresham and the Sunrise Water Authority have identified what could be a potential overlapping interest in the provision of water services to portions of the Sun Shine Valley / Springwater II area. Gresham and the Sunrise Water Authority agree to identify the ultimate provide of water services in that area based on service delivery considerations, and to complete that agreement by the end of 2004. Further, both Gresham and the Sunrise Water Authority agree to involve the Boring Water District in their discussions and to seek agreement among all three service providers regarding the provision of water services in the larger Boring/Damascus community in the future.

Similarly Gresham and Clackamas County Water and Environmental Services agree to identify the ultimate provider of wastewater and stormwater services in the area based on service delivery considerations, and to complete the agreement by the end of 2004.

- G. Fire and Emergency Services - Clackamas County Fire District #1, Boring Rural Fire Protection District #59, City of Gresham, and City of Portland agree to form an East Multnomah/North Clackamas Emergency Services Council whose primary objective is the integration of service plans for the rapidly urbanizing Damascus/Boring, Pleasant Valley, Springwater I and II, and adjacent and effected communities. The Council will be composed of the Chiefs of the principal emergency service provision districts and agencies in and adjacent to the territory east of I-205, west of highway 26, south of the Multnomah/Clackamas County boundary, and north of the Clackamas River.

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Agreement to participate in the Council does not imply any commitment to any specific action or to providing funding for any activities. The purpose of the Council is the integration of plans, and it is being created solely as a means for improving communication and achieving excellent coordination.

- H. Amended Urban Growth Management Agreements - Clackamas County agrees to develop amended urban growth management agreements to reflect the agreements reached here. Those amended agreements will be proposed to the respective parties by the end of 2004.

- I. Agreement to Continue to Meet – The Undersigned agree to continue to meet as the Damascus Fire House Study Group through the end of June, 2004. Monthly meetings will provide an opportunity for all parties to share information about concept planning, actions taken to address the issues noted in this agreement, and other issues as may relate to governance and service delivery in the Damascus/Boring communities, broadly defined. This agreement may be extended through the consent of the undersigned.

Signed:

Clackamas County

City of Portland

Clackamas County Fire District #1

Sunrise Water Authority

Boring CPO

Rock Creek CPO

City of Happy Valley

City of Gresham

Boring Fire District

Damascus CPO

Committee for the Future of Damascus

Boring Water District

Respectfully prepared by Ethan Seltzer.