

Damascus Fire House Study Group
Memorandum of Understanding
May 10, 2004

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, Clackamas County Service District #1, North Clackamas Parks and Recreation 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 two years with comprehensive planning following. Outside of an accelerated schedule for the proposed 400 acre Rock Creek industrial area, which is intended to be annexed to Happy Valley and the planning of which shall be fully coordinated and integrated with the concept planning for the entire area, urban zoning will be unavailable until late 2005.
- 2) The Damascus incorporation effort has determined the fiscal implications of different incorporation and/or annexation scenarios and is anticipating an incorporation vote, if one occurs, 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 coordinated sub-areas of interest, 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.

- 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. For example the use of tax increment financing has significant implications for the fiscal stability of special service districts and/or other ultimate service providers. Therefore, this tool, and others, should be carefully considered in ongoing deliberations regarding governance, planning, and service delivery.
- 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 fiscally sound alternatives for governance and service delivery at a pace commensurate with community needs and processes.

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, Boring Water District, Clackamas County Service District #1, North Clackamas Parks and Recreation District) and communities (“communities” meaning the City of Happy Valley, City of Gresham, and affected residents of the Damascus / Boring unincorporated Clackamas County area as represented by the Committee for Public Involvement) interested in the areas for which that planning is taking place, and must seek a high level of consensus among communities engaged in the planning. The Concept Planning Process will be managed by Metro and Clackamas County.
- 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. This may include but is not limited to joint action to seek broader county or region-wide participation in helping to develop new portions of the regional transportation system.
- 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. Preliminary conclusions regarding the value of this approach and the requirements for its implementation should be based on research and analysis being carried out by Jeff Tashman for Clackamas County and further discussions of the Damascus Firehouse Study Group. If needed, the Damascus Firehouse Study Group will work with area legislators to develop concepts to be used by the Legislative Counsel for purposes of bill drafting by the end of September, 2004.
- D. Cities for Governance – It is the intention of the undersigned that governance, comprehensive planning, and zoning for areas subject to this agreement shall ultimately occur under the auspices of a city or cities. The undersigned agree that the Committee for the Future of Damascus shall have the opportunity to seek approval for an incorporation in the Damascus community twice prior to the end of November, 2006, before other cities seek to annex land in the area being studied for concept planning and east of 177th. In January 2005, the parties to this agreement will meet to assess the results of the first incorporation vote and, should that vote fail, discuss the timing of future votes and annexation efforts. The City of Happy Valley will seek approval from its voters sometime before the end of November 2006 for potential annexations east of 177th to allow annexation should a second incorporation vote fail in November of 2006. Should a second incorporation vote fail in November 2006, other cities will be expected to begin annexation efforts thereafter.

- E. City Boundaries - The City of Happy Valley and the Committee for the Future of Damascus have determined that the boundaries for the proposed City of Damascus and the City of Happy Valley will generally lie at 177th on the West, Highway 212 on the South, and the Clackamas County line on the north excluding Pleasant Valley Area C¹. 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.

The City of Gresham, the Boring CPO, and the Committee for the Future of Damascus have determined that the boundaries for the proposed City of Damascus will lie at the Clackamas County line on the north excluding Pleasant Valley Area C. This boundary will be used by the City of Gresham as the southern-most extent of its 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.

See Attachment A which depicts these boundaries.

The Parties to this Memorandum of Understanding agree to meet in January 2005 to assess the outcome of the Damascus incorporation vote held in November 2004. If the Committee for the Future of Damascus determines that a revised boundary will be utilized for its second incorporation attempt in November 2006, the parties shall determine appropriate revisions to this MOU. Those discussions and related revisions shall address at a minimum: Happy Valley's annexation authorization by its voters; Boring CPO incorporation plans; Gresham's annexation south of the Clackamas County line; Pleasant Valley Area 'C' annexation to either Happy Valley, Gresham, Portland, or the new City of Damascus.

The City of Portland, City of Gresham, City of Happy Valley, City of Damascus (if incorporated) and Clackamas County will jointly identify

¹ Area C is part of the Pleasant Valley urban growth boundary expansion that occurred in December 1998. Metro and the cities of Gresham and Portland in partnership with Multnomah County, Clackamas County and the city of Happy Valley completed a concept plan in May 2002. A resolution, accepting and resolving to use the concept plan as the basis for implementation, was adopted by the jurisdictions in the summer/fall of 2002. Gresham and Portland, in partnership with the jurisdictions, have created an implementation plan, and have scheduled the legislative adoption of comprehensive plan amendments by fall 2004. Gresham and Portland have signed a revised IGA that identifies a final boundary between Gresham and Portland in the Multnomah County portion of Pleasant Valley. The IGA also establishes a preferred boundary between Gresham and Portland in Clackamas County if, in the future, the decision was made that Gresham and Portland would govern Area C. Gresham and Portland have agreed to adopt the Pleasant Valley Plan District (PVPD) plan. The PVPD plan shows how urban services could be provided in Area C if Gresham and Portland were to govern the area as well as future land use districts.

the municipal governing entity for all or parts of the Pleasant Valley Area C, south of the Clackamas County Line. Portland, Gresham, Happy Valley, Damascus, and Clackamas County agree to resolve questions relating to the governance of Area C by drafting amendments to their current IGA regarding Pleasant Valley after the January 2005 meeting outlined above and have them compiled by June 20, 2006. The participating parties also agree to utilize the Pleasant Valley Plan District to guide urbanization of Area C.

Should a second incorporation vote take place in the Damascus community in November 2006, the Parties to this agreement agree to meet in January 2007 to assess the outcome of that vote, its impact on this MOU, if any, and the status of the conditions added to this MOU as a result of the January 2005 meeting described above.

- F. Water, Wastewater, and Stormwater Service in Springwater II – The City of Gresham, Boring Water District, and the Sunrise Water Authority have identified what could be a potential overlapping interest in the provision of water services to portions of the Sunshine Valley area. Gresham and the Sunrise Water Authority agree to identify the ultimate provider of water services in that area based on service delivery considerations, and to complete that agreement by the end of 2004.

Similarly Gresham and Clackamas County Service District #1 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. 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. Park and Recreation Services – The parties agree that the North Clackamas Park and Recreation District is the intended provider of park and recreation services for purposes of concept planning only for the areas east of I-205 to the eastern limits of the planning area. Prior to annexation by the district, the City

of Happy Valley and the City of Damascus, if incorporated, will enter into intergovernmental agreements with the District that define service levels and associated costs for park and recreation services. As cities incorporate or annex new lands, those areas currently within the District will not be withdrawn from the District.

- I. 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.
- J. Consolidated Service Provision – Whenever possible and desirable, efforts will be made to seek functional consolidation of service delivery while maintaining independent governing authority.
- K. Agreement to Continue to Meet – The Undersigned agree to continue to meet as the Damascus Fire House Study Group. 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. The Group will then meet periodically as needed and specifically in January 2005 and January 2007 as outlined above.
- L. Amendments - This Memorandum of Understanding may be amended by unanimous agreement of the undersigned parties and such amendments shall be in writing.
- M. Term of Agreement - This Memorandum of Understanding shall be effective as of May 1, 2004 or upon signing by all parties which ever is first. The agreement shall remain in effect until June 30, 2007 unless terminated by the mutual consent of all the parties and may be extended by the mutual consent of the parties.
- N. Execution in Counterparts - This Memorandum of Understanding may be executed in several counterparts, each of which shall be an original and all of which shall constitute the same agreement.

5/19/2004

Signed:

Clackamas County date

City of Happy Valley date

City of Portland date

City of Gresham date

Clackamas County Fire District #1

Boring Fire District date

Sunrise Water Authority date

Damascus CPO date

Committee for the Future of Damascus

Boring CPO date

Rock Creek CPO date

Boring Water District date

Respectfully prepared by Ethan Seltzer.

Attachments:

Attachment A: City Boundary Map