

DAMASCUS FIRE HOUSE STUDY GROUP
MEETING NOTES
MARCH 5, 2003
DAMASCUS FIRE HOUSE

Members Present: Bob Clay, Bob Frentress, Gene Grant, Milo Haas, John Hartsock, Barb Ledbury, Mike Jordan, Les Otto, Sandy Van Bommel, Dee Wescott

Others Present: Richard Ross (Gresham), John Thomas (Sunrise Water Authority), Jeff Tashman, Ray Valone (Metro), Terry Vanderkooy (Gresham), Ethan Seltzer

.....

Opening

The evening's agenda included:

- progress report of Jeff Tashman's work with Clackamas County;
- reports of meetings between John Hartsock (Committee for the Future of Damascus) and Gene Grant (Happy Valley) and between Richard Ross (Gresham) and John Thomas (Sunrise Water Authority); and
- review of comments on the current draft of the MOU.

No additional agenda items were suggested. The group went around the table for introductions, ending with Richard Ross who is attending for his last time and who is standing in for Mayor Becker. Mayor Becker is attending to important family matters this week.

Preliminary Financial Analysis: Damascus/Boring

Presentation by Jeff Tashman, Consultant to Clackamas County

Jeff Tashman announced that he was still working on bottom-line costs and revenues, but that he would proceed to present the structure and methodology of the analysis, costs figured thus far, take questions, and then discuss next steps.

Assumptions were made about future land use, future extensions of land use and roads in order to come up with costs. Assumptions *do not* necessarily indicate any existing policies or decisions about land use, infrastructure, finance, or governance; they were adopted strictly for the purposes of conducting a scenario study.

The analysis is intended to preliminarily scope out *where* infrastructure costs may be of concern in order to inform next steps.

Methodology

1 Define study area within the Damascus-Boring sub-region

The study has included all potentially urbanizable land up to Highway 26 and made no attempt to predict Metro's UGB decision.

The study area was divided into major drainage basins, which were later sub-divided into smaller units necessary for development-phasing steps of the study.

The work group involved in the analysis has included Clackamas County staff (including Clackamas County services reps), John Hartsock, John Thomas, and interested citizens identified through extensive outreach.

2 Identify buildable land within that area and assign land uses

Land use allocation is important for establishing infrastructure needed and revenue expected. The combination of vacant and redevelopable land less constrained and committed land constituted "buildable land" for this analysis. Vacant land was identified by 2001 aerial photography showing vacant plots for parcels or parts of parcels greater than ½ acre. Redevelopable land was designated where existing building value was less than \$50,000 and land plus improvements would come to less than \$3 per square foot.

Constrained lands included wetlands from a national inventory and a 200-foot buffer from stream centers. This buffer was selected in anticipation of Goal 5 decision-making and as a more conservative estimate than the current 50-foot requirement. Committed land included publicly-owned land, park lands, and road rights-of-way using wider right-of-way as proposed by Metro Green Streets.

Land uses were allocated according to categories used in the Damascus Concept Planning Study (project manager: Maggie Dickerson). Categories included: low-density residential and neighborhood residential; neighborhood mixed use; town center mixed use comprised primarily of housing (such as town homes and multi-unit housing) and mixed use comprised primarily of retail; and general industrial and office/business park/flex more mixed-use industrial.

3 Determine phasing of development within the study area

Phasing was estimated based on which areas would likely be first to develop and over what period of time. This was not necessarily a linear process. There were many important and debatable issues faced by the work group in this process, and the group ended up having to decide on certain assumptions and move on.

Development was set to generally occur west to east, not necessarily following Metro conditions of approval stating that development occur from town center out. This assumption was made before that condition of approval was clearly determined and declared.

The work group was also not accounting for possibilities that Gresham might move south with Springwater Phase II annexation and development or that Sunrise Corridor might be constructed simultaneously from both the west and east ends. The timing of development shown in the financial analysis (p. 9) was spread out over next 20 years with percentages of build-out estimated as well.

John Thomas (Sunrise Water Authority), Ella Whelan (Water), Ted Kyle (Waste Water), and other Clackamas County service managers offered their estimates of infrastructure phasing *given* the timing outlined in this table.

4 Estimate demand for “essential public facilities and services”

As set out by Clackamas County, essential public facilities and services include:

- Transportation
- Water
- Sewer and waste water
- Surface water

The study considered these in addition to other facilities such as parks, schools, police stations, and fire stations.

Tashman worked with responsible agencies to determine estimates of demand, assuming no particular form of governance. He worked with Clackamas County Department of Transportation and joined the study area’s capital improvement plan with theirs for the purposes of this study. Sunrise Water Authority was called upon for estimates even though some of the study area may presently lie outside its service boundary. North Clackamas Surface Water and county waste water contributed estimates although their service area barely covers this study area. Demand estimates for additional facilities and services were generated by Clackamas County staff and Tashman.

Infrastructure planning was based on existing technologies. Water supply provides an example, though, of how technologies and methods may be quite different in future. The peak demand for water occurs during summer, much of this demand going toward irrigation. It is likely that there will be a grey water system to meet much of this irrigation demand eventually, but such considerations were factored into this study.

5 Schedule costs and development for the essential public services, spreading total cost over time of development

Tashman requested that service managers provide him with estimates of the timing and costs given the demand and development schedule. Costs were reported as 2003 dollars inflated at 3% a year. Costs of Sunrise Corridor Phase 1 were not included but some of the costs of Phase 2 were.

Sewer and drinking water were front-loaded at each phase of their development because they cannot operate at less than 100% like transportation and storm water/surface water can. The report (table on p. 13) shows how wastewater expenditures by year happen in big chunks.

Costs figured have been basically public, not private. The total costs shown on p. 14 give an idea of the degree of difference between transportation and all other costs. Transportation costs are

not just larger in 2003 dollars but are substantially larger in year of expenditure dollars due to the greater incrementalism of transportation system development, which makes it more susceptible to inflation.

Ten percent of the cost for Sunrise Corridor Phase 1 local share has been secured through Clackamas Department of Development and Transportation. The department is still pursuing the remaining 90%.

6 Identify existing revenue and compare to estimated costs

SDCs exist for all essential services plus parks. Surface water SDCs are very low compared to cost due to in-lieu-of charges. Federal funds available for transportation infrastructure include TEA-21, STP, and earmarked dollars. State funds were not added in because Clackamas County has designated these funds for maintenance only.

Transportation, waste water, and drinking water may be able to benefit from local contributions comprised of permit fees, local improvement districts, and recovery agreements. A large assumption of this study entailed using water and sewer revenue bonds for cash flow management only, not as a capital revenue source. This policy may be revisited as the study progresses and as development actually occurs.

Calculating existing revenues included inflating SDCs at 3% despite what their individual rates may have been. The work group did their best to estimate some of the increase that federal transportation funds will undergo given growth of the urban area.

In no case does the pay-as-you-go system of SDCs – even indexed at 3%– cover the yearly or ultimate costs of infrastructure. Revenue bonds may have to provide a large source of supplementary revenue.

Although analysis is not complete and figures are not final, all infrastructure spending is running at a deficit, with transportation running the largest deficit.

7 Expecting a shortfall, identify new sources of revenue

In attempts to model new revenue possibilities, SDCs were increased beyond the 3% index assumed by study. SDCs were recalculated based on a new capital improvement plan. Revenue from potential new urban renewal areas took into account revenue effects on existing agencies and service providers. The model is being set up to accommodate different urban renewal scenarios.

Another potential source of revenue could be assessment and special districts doing local option levies or local improvement districts done on a large scale (such as done in Nevada and California).

The study was looking at value added to rural areas being urbanized and searching for ways to capture some of that to pay for infrastructure. Regional revenue sharing ideas are being considered as proposed by Metro.

Additionally, a county taskforce has been convened to study a transportation utility fee – an impact fee to pay for maintenance which could free up state funds for capital.

8 Ultimately compare all new revenue against costs

The final comparison of all revenue (new and existing) to costs has yet to be done. Over the next few weeks Tashman and the work group will be finishing projections of existing and possible revenues. Tashman speculated that the final comparison may present reasonable solutions for water services but more elusive solutions for transportation.

The financial analysis is due to be reviewed in April by the Clackamas County Board of Commissioners with an uncertain timeline after that. It is hoped that outcomes of the study will provide possibilities of specific locations for further study, especially during concept planning.

Phase 2 of this study would: 1) expand geographic scope to west back to I-205 (instead of mid-Happy Valley) and 2) examine operating costs. Phase 1 only considers operating costs in the ways that urban renewal would affect current taxing districts- county agencies, fire districts and all bodies dependent on permanent tax rate. Phase 2 has not yet been scheduled; Mike Jordan is in earnest pursuit of funding. This phase of the study would be especially helpful to the Damascus Fire House Study Group.

Revenue and costs of other facilities and services (parks, schools, etc.) will be estimated based on per capita and square foot rules-of-thumb. Not only was cost of public facilities and services accounted for in the process thus far, but the portion of land these provisions would require were also removed from the supply of buildable land identified in Step 2.

Hartsock asked whether the study has attempted to estimate the costs associated with Goal 5 streamside buffers. Tashman responded that, given the study's 200-foot buffer assumption, the model could add up the total number of acreage affected and apply to that some value per acre. It is uncertain whether or to what extent Goal 5 land will be available for surface water detention and filtration. A large part of the current study's surface water costs stem from land acquisition costs, and any use of Goal 5 land for these services and facilities will help the county save on these costs.

The ability to purchase land *now* for surface water facilities, right-of-way, and other infrastructure carries with it the huge savings (potentially on the order of tens or hundreds of million dollars per Tashman) because the land is still zoned rural and not yet urban.

Jordan wondered whether estimates like those generated between Tashman and Ella Whelan of Clackamas County Water and Environment Services for costs of surface water facilities could somehow be capitalized into the land values now so as to 1) collect the money needed for these

facilities up-front, and 2) signal to the real estate market and developers something closer to the real cost (like including in SDCs) of developing that land. Jordan suggested the such a set if recommendations be presented to the Board of Commissioners at the end of the study.

Updates from Interim Meetings

John Thomas, Sunrise Water Authority, and Richard Ross, City of Gresham

The meeting between Thomas and Ross featured a general discussion of areas around county lines such as Pleasant Valley Area C and Springwater Phase II. Ross reported that Sunrise Water Authority and Gresham agreed that they both have much to gain for being more coordinated in their water planning and understanding of their water plans. In particular, it was agreed that Sunrise Water Authority, who is already providing some service in the Sunshine Valley area south of Tillstrom Road (part of Springwater Phase II), should proceed to fill that area in with service.

Otherwise, there are some “grey” areas of service provision including Area C of Pleasant Valley just south of the Multnomah/Clackamas County line and the Springwater Phase II area north of Tillstrom Road to the county line. In these areas, Thomas and Ross determined that the two organizations really need to more closely compare existing plans for service so as to prevent unnecessary overlap and duplication of provision. Also they felt that the study group forum will be key in clarifying some answers to governance and provision questions in these grey areas.

Thomas added that key corridors at 172nd and 272nd need to be tied together between Sunrise and Gresham. There is also still the potential – albeit slim – that regionalization of water supply could happen, which would change these discussions yet again. Overall, though, there is a agreement between Sunrise and Gresham to better share their planning and service information, and to continue to work out more ambiguous provision issues along the county border and west of Springwater Phase II.

Policy issues such as fiscal health or having a water service district extend into city boundaries or having city water provision extend extra-territorially need to all be discussed. Although struggling to update its standards and infrastructure, Boring Water District should also be included at some point in this process. The group will check in with this discussion in May. Then a full update of the discussion can be brought back to the group in about six months.

Similarly, Ted Kyle of Clackamas County Water and Environment Services (WES) and Gresham should probably be starting some conversations about sewer provision and planning. Ethan Seltzer and Shayna Rehberg will be responsible for checking in with Clackamas County and Gresham in another month or so.

John Hartsock, Committee for the Future of Damascus, and Gene Grant, City of Happy Valley

In their meeting, Hartsock and Grant discussed the areas depicted as Phases D and C in Jeff Tashman's analysis (p. 4). Hartsock suggested that Happy Valley focus its attention from 172nd west to current Happy Valley, so that the rich employment and industrial potential of lands east of 172nd could be used as a revenue jumpstart for whatever new or annexing jurisdiction will be there in the future. Grant was amendable to that, although, he pointed out, this splitting would be less relevant if ideas of revenue sharing are pursued and instituted.

Hartsock and Grant discussed the need to bring residents and property owners together in a meeting about the undeveloped areas just east of current Happy Valley, with a facilitator like Cogan Owens Cogan, Ethan Seltzer and IMS, or Tashman Johnson LLC. A survey or focus group will likely precede a community meeting. The focus of these efforts could initially be the 3000 to 4000 property owners between the existing UGB and roughly 180th (Phases C and D, per page 4 of Tashman's report). Surveys and meetings could help start to define "the line" west of which Happy Valley could begin planning and soliciting annexation petitions, east of which waits on planning and which Committee for the Future of Damascus would be evaluating and proposing as potential incorporation boundaries.

Similarly, Gresham and Happy Valley should start meeting to negotiate governance for Pleasant Valley Area C. Gresham seems to be the sensible candidate given basin and easier service connections between their existing city and Area C. In terms of service provision, Portland and Gresham will need to work out planning for Area C.

Seltzer then recapped and confirmed that the MOU should be modified to reflect the understanding between Happy Valley and Committee for the Future of Damascus regarding the area west of 180th and the conversation that needs to take place between Gresham and Portland regarding service provision in Area C.

Memorandum of Understanding (MOU)

Jordan opened discussion of the MOU by reminding the group that county boundaries are statutorily set, and every annexation bending these boundaries needs to statutorily move the county line.

Moving on to comments submitted regarding the MOU, Hartsock requested that the "area of understanding" be explicitly described as the area east of Happy Valley and south of Gresham. He also asked that communities be defined not just as cities but as residents of unincorporated Damascus and Boring.

Hartsock had proposed designating some set number of times that Damascus would attempt to incorporate before existing cities would be invited to annex. The possibility of annexing all or nothing would not be ideal for Gresham because Gresham City Council has directed staff to only

consider annexations within their watershed and fiscal capacities. These incorporation and annexation possibilities are the type of scenarios that the group needs to visit.

Jordan recommended – in order to inform voters of what they can expect of the process – modifying urban growth management agreements (UGMAs) which are binding instead of trying to incorporate into the MOU which is non-binding.

The group agreed to strike the section referring to 2006.

Seltzer offered to modify the paragraph regarding Area C and the area west of 180th.

Closing

Seltzer congratulated the group for terrific progress: the group is on its way to defining some line that will help both Happy Valley and Committee for the Future of Damascus carry out their business; we are closer to resolution on Area C; water planning and provision will be working in greater collaboration; and sewer will be starting in on a similar process as well.

John Hartsock announced that Boring RFPD's current chief will be retiring soon, leading to a large change in that organization. At the same time, another fire district is courting them to consolidate by June because it will be losing its chief as well

Looking ahead, there will be some sort of Damascus Concept Planning update at the group's April meeting, and Tashman will plan to come back with further results in May.

Next Meeting:
Damascus Fire House Study Group
Wednesday, April 2, 2003
7:00 p.m.
Damascus Fire House, 20100 SE Hwy 212

Enclosures:

- Tashman Johnson LLC Financial Analysis
- Modified MOU
- Map of Area C, Water Provision Areas of Discussion, Happy Valley/Committee for the Future of Damascus Area of Discussion