

Damascus Fire House Study Group
Memorandum of Understanding
DRAFT – March 20, 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, 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.
- 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.
 - b. Piecemeal annexation to cities picks off industrial lands, leaving difficult fiscal questions facing the balance of the area.
 - c. Based on a fiscal analysis of the short and long term needs of the area, the parities to this process agree to pool the tax base coming from industrial lands and to divide the proceeds in a predictable manner, taking into account costs absorbed by individual communities leading to development. 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 and communities 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.
- 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 the development of an innovative approach to sharing the tax base to be created on industrial/employment lands, taking into account costs absorbed by individual communities which enable industrial/employment development to occur.
- D. Fiscal Analysis - In order to respond to requests for immediate annexation to existing cities with knowledge of the fiscal impacts of such annexations to cities on other existing and proposed cities, Clackamas County will develop an analytical tool for assessing fiscal impacts based on different boundary proposals. This tool will be in place by May 1, 2003.
- E. Cities for Governance - Urban development of any land within the area added to the UGB by the Metro Council will require either annexation to an existing city or the incorporation of a new city, and compliance with the County's concurrency policy. If no new city is formed by a vote of the people in November, 2004, 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.
- F. City Boundaries - The City of Happy Valley and the Committee for the Future of Damascus agree that the ultimate boundary between what could be a new city and the City of Happy Valley will lie somewhere between 172nd and 180th, between the Clackamas River and the County line on the north. Representatives of the City of Happy Valley and the Committee for the Future of Damascus also agree to work together and with the residents of the area to identify that boundary by the end of May, 2003. This boundary will be used by the City of Happy Valley as the eastern-most extent of its annexation activity prior to an incorporation vote in November, 2004, and by the Committee for the Future of Damascus for the development of its incorporation proposal. Similarly, the City of Portland and the City of Gresham will ultimately be the governing entity for all or parts of Area C, south of the County Line, depending largely on the resolution of service delivery issues. Portland and Gresham agree to resolve questions relating to the governance of Area C by the end of May, 2003.
- G. Water 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 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 August, 2003. 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.

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 September, 2003.

Signed:

Clackamas County

City of Portland

Clackamas County Fire District #1

Sunrise Water Authority

Boring CPO

City of Happy Valley

City of Gresham

Boring Fire District

Damascus CPO

Committee for the Future of Damascus

Respectfully prepared by Ethan Seltzer.