

# Meeting Summary

## North Clackamas Annexation Study Group

### May 12, 2005

#### Participants Present:

- Eugene Grant, City of Happy Valley
- Jim Bernard, City of Milwaukie
- Cam Gilmour, representing Commissioner Martha Schrader
- Paul Savas, Oak Lodge Water District
- Gerald Foy, Oak Lodge Sanitary District
- Jim Cameron, Clackamas CPO
- Martha Waldemar, Sunnyside United Neighbors
- Chuck Serface, North Clackamas Citizens Association
- Paul Wickersham, representing David Bradley, Southgate Planning Association
- Randy Shannon, representing Dee Wescott, City of Damascus
- Wade Byers, City of Gladstone
- Tiny Lidstrom, Clack. Fire District #1
- Duane Karstens, representing Art Landis, Clackamas River Water
- Jeff Bennett, Clackamas County Economic Development Commission
- Barbara Ledbury, Damascus CPO
- David Gilman, West Scott Neighborhood Association
- Jeff Caton, representing Dave Mowry, Committee for the Future of North Clackamas

#### Participants Absent:

- Michele Kargman, Rock Creek Community Association
- Bob Frentress, Sunrise Water Authority
- Paul DeMarco, Clackamas Business Alliance

#### Others Present:

- Jon Mantay
- Norm Whitely
- Cathy Daw
- Roy Ledbury
- Barbara Kemper
- Chuck Kisselburg
- Ernie Platt
- John Bliss
- Pam Hayden
- Ethan Seltzer
- Steve Rhodes
- Ron Partch
- Kent Squires
- Jonathan Block
- Rob Wheeler
- Barbara Cartmill
- Martin Beaudet
- Leonard Waldemar
- Judy Kolas
- Andrée Tremoulet

The meeting was called to order at 7:05 pm. After introductions by all those in attendance, the agenda was reviewed, and it was stated that the information needs identified at the last meeting form the basis for the agenda tonight:

- What we knew about urban services
- What we knew about the urban subsidy
- How relationships might unfold among the cities

## **Legislative Update**

BJ Smith, Government Relations Director for Clackamas County, provided an update on current legislation. She distributed a list of bills pertaining to annexation and noted that there were three active bills moving forward:

- HB 2484---Cleared House and gone to Senate with no amendments. Requires two majorities for annexation---territory and jurisdiction. Eleven amendments are being considered in the Senate, mostly pertaining to industrial land protections, island annexations and consent annexations when there are no residents.
- SB 887---Principal bill that came out of the Senate. 13 amendments to 887. Had started being a broad bill, now just applicable to Beaverton, but that may change again. Five key provisions:
  - Prohibits Beaverton from island annexation. Sunsets Jan 1, 2008.
  - Prohibition on Annexation Plan annexations (which don't require vote). Jan 2, 2008 sunset.
  - Creates a joint Interim work group to report back to Joint Committee on Land Use on annexations.
  - Nike and Columbia Sportswear protected from annexation. June 30, 2020 sunset.
  - Sets in place a non-binding mediation process.

There are lots of additional amendments being proposed in the House mostly by Washington County legislators. The major ideas include setting up an interim annexation work group, non-binding mediation, and some protection for industrial lands. There are likely to be 3 – 4 more amendments.

- HB 3084---Deals with annexations where there are not electors, just raw land. Could end up being a definitional for clarifying what is meant by "island".

BJ said that she has not heard much more about a 2-year moratorium, as it appears to some legislators that that might create unanticipated undue hardship. Instead, seemed to be focused on a short-term strategies dealing with islands through 2008. The legislature is determined to do something. Likely something smaller in the short-term and something more major in the long-term.

Ethan asked how the cities viewed these bills:

- Wade Byers stated that there was nothing solid to shoot at yet.
- Gene Grant noted that Happy Valley does not use island annexations or annex through a single elector method.

## **Urban Services**

Nancy Newton, Assistant to County Administrator of Clackamas County, presented a draft handout on urban services, provided as a framework for discussion.

- League of Women Voters reviewed legislation to see how the statutes define urban services.
- Handout provides info on roads maintained by County within city limits.
- Managers identified "priority" urban services
- Discusses potential baseline level of service for a service to be considered an urban service, and units of measurement.
- Provides a chart of the majority of services currently offered by cities in Clackamas County.

- Discusses current tax equity/service study being undertaken by Clackamas County

She noted that what service the city provides seems to be reflective of their priorities, and they are not all the same.

In discussion the group asked that service district boundaries be shown along with city boundaries on the map. Several members noted that there were inaccuracies in some of the information reported. Attention was drawn to the fact that this is, in fact, a DRAFT and comments and corrections should be sent by email to Nancy as soon as possible ([nancynew@co.clackamas.or.us](mailto:nancynew@co.clackamas.or.us) ).

The question was raised as to why this information was being compiled in the first place. The answer is that it is to help sort out where people currently get their services from, and how the costs are distributed. Not all parties to this discussion have an overall understanding of the service provision in the area, and this is critical information for informing any discussion going forward.

Attention was drawn to the final section of the document, which seemed to suggest that little could be done. If so, then why is this group meeting? In response it was noted that the critical policy issues had to do with the intent of the cities and the intent and actions of the county with respect to this area. A while ago the County and cities agreed that the cities would be the providers of urban services---is that still the case? Is this the assumption going forward? Unless there is an affirmative decision, it's hard to pinpoint where the impetus for change will come from. It was noted that the County Commissioners are talking about this issue.

### **Urban Subsidy**

Andree Tremoulet then reviewed the document circulated with the agenda materials that reviewed all available information on the nature of the urban subsidy in the area. Apparently the largest resource in question is the transfers foregone by the area due to its unincorporated status. If the area received those transfers, a large number of needs in the area going forward could potentially be met. However, in discussion, the point was also made that the lack of claim on those resources by unincorporated area residents freed up more resources for the cities, suggesting that it is not all without cost.

Jon Mantay noted that the County did a quick and dirty study a year ago looking only at property taxes. Cities were contributing \$2-3 million more in tax revenue than the services they received. That's 5% or less of the County budget---It was more like 3.3 to 3.5% of the County budget. The cities generated about \$39 M in tax revenue and received \$36M in services. We are now trying to tighten up that study.

In discussion it was noted that the urban subsidy was perhaps a bigger deal a while ago. But it's not a huge amount now---it has equilibrated a lot over a few years. It's hard to use the urban subsidy as a compelling argument now for annexation. However, there is a big number getting left behind every year in foregone gas and cigarette tax revenues. This is especially important considering that local streets in the unincorporated area are nearing the end of their useful life and will require substantial repair and improvement in the next decade. It was noted that the county road inventory would drop from about 1400 miles to about 1000 miles with annexation/incorporation.

In summary, the numbers by themselves are not compelling. The choice about service delivery and annexation is more of a matter of policy.

### **Three Cities Agreement**

This led to a presentation by Mayor Byers on behalf of an evolving discussion among the cities regarding a revised Three Cities Agreement. The original agreement came about when Gladstone became concerned about Milwaukie's annexation plans. Now, with the incorporation of Damascus and clarified interests of Happy Valley, that old agreement is no longer useful or valid.

The principles presented by Mayor Byers were intended to frame a discussion among the cities aimed at clarifying where the cities agreed and disagreed. There is concern that overlapping interests mean that there is not and cannot be an agreement. However, narrowing the areas of disagreement would be a useful and productive step. It was noted that there was substantial disagreement among Damascus and Happy Valley in the vicinity of 177<sup>th</sup>, leading some to suggest that the courts and/or Metro could be required to step in.

Most agreed that it would be useful for the cities to try to take this step in the next 30 days. The unincorporated residents were concerned about being divided up like a pie. The point was made that if the cities proceed with a discussion based on identifying urban service area boundaries associated with efficient service delivery, fiscal health for all concerned, and maintaining community identity, then this group could review and discuss that work at its next meeting.

When polled regarding their interest in proceeding as outlined by Mayor Byers and as modified by this discussion, the following responses were received:

Gladstone—yes

Milwaukie—yes

Damascus—yes but it was likely that there would be some irresolvable issues.

Happy Valley—Does not have any fear of talking about sound public policy. We'll meet any time they want. We would rather resolve this by agreement than by any other means.

Ron Partch, Gladstone City Manager, will convene the managers to work on this.

### **Next Meeting**

The next meeting will be on June 9, pending the ability of the managers to be prepared to present progress towards a new cities agreement. The agenda for that meeting will include the work of the cities, further work by the County on the urban services document, and further information from the County regarding their current and ongoing annexation policy and goals for the unincorporated area.

The meeting was adjourned at 9 pm.

Respectfully submitted by Ethan Seltzer and Andree Tremoulet.