

**North Clackamas Annexation Study Group
March 24, 2005
Sunnyside Service Center Meeting Room**

Meeting Notes

Participants Present:

- Martha Schrader, Clackamas County & Clackamas County Water Environment Services
- Dee Wescott, City of Damascus
- Jim Bernard, City of Milwaukie
- Art Landis, Clackamas River Water District
- Gerald Foy, Oak Lodge Sanitary District
- Martha Waldemar, Sunnyside United Neighbors
- Chuck Serface, North Clackamas Citizens Association
- Dave Mowry, Committee for the Future of North Clackamas
- Rob Wheeler and Lori DeRemer, City Councilors, representing Eugene Grant, City of Happy Valley
- Wade Byers, City of Gladstone
- Tiny Lidstrom, Clack. Fire District #1
- Paul Savas, Oak Lodge Water District
- Barbara Ledbury, Damascus CPO
- David Gilman, West Scott Neighborhood Association
- Paul Demarco, Clackamas County Business Alliance

Participants Absent:

- Bob Frentress, Sunrise Water Authority
- David Bradley, Southgate Planning Association
- Jeff Bennett, Clackamas County Economic Development Commission
- Jim Cameron, Clackamas CPO (called after meeting)
- Michele Kargman, Rock Creek Community Association (called in advance)

Others Present:

- Jon Mantay
- Steve Rhodes
- Norm Whitely
- Kent Squires
- Jeff Cator
- Barbara Cartmill
- Chuck Kissleburg
- Carlotta Collette
- Leonard Waldemar
- Joe Loomis
- Roy Ledbury
- Ethan Seltzer
- Ron Partch
- Wanda Kupler
- Roger Hurlbert
- Daniel Bradley
- Gary Dicenzo
- Deborah Barnes
- Martin Beaudet
- Ernie Platt
- John Bliss
- Steve LoGuidice
- Cam Gilmour
- Andree Tremoulet

Meeting Summary:

The meeting was called to order at 7:00 pm by Ethan Seltzer. He welcomed all present and asked each person to introduce themselves. He explained that Clackamas County has hired him and the Institute of Portland Metropolitan Studies at Portland State University to convene this group to engage in fact-finding regarding urban service delivery, annexation, and, possibly, incorporation in the North Clackamas County area, excluding the “lodges” which went through their own process over the past year. He called on Clackamas County Commissioner Martha Shrader to say a few things about the project and the issues.

Commissioner Schrader explained that the County’s goal is to bring colleagues together to discuss annexation. The County welcomes all interested parties. The County is concerned that piecemeal annexations will not serve the needs of citizens. She expects sticky, thorny issues to arise. Annexations should be for the benefit of citizens, businesses and communities. She also stated that the County and its cities and communities are becoming players in the tri-county region; regional partners are looking for capable partners. We need to show a sophisticated face to the region. We need to show that we can come together to meet the needs of the unincorporated area in a manner that leaves all jurisdictions and communities better off. She hopes that this process will yield a workplan on how to work together.

Ethan Seltzer then explained that the study group is not deciding how to divide up the pie. What we can do is define the issues, what we know, what we don’t, and what we want to know. He then reviewed the report that was provided regarding the interviews that he and Andree Tremoulet conducted prior to the meeting. He began by noting that the area as described in the report was in error: it does not include the “lodges”.

He reported that residents of the unincorporated area were unsure what annexation would provide that they don’t already have. Jurisdictions in the area were concerned that pre-existing agreements on urban service areas were no longer in effect, leaving open the question of where those boundaries are. Information needs fell into several groups:

1. How does annexation work? What are the roles of individual cities?
2. What is the nature of the so-called urban subsidy? Are people in cities subsidizing urban services for those in unincorporated areas?
3. How do unincorporated area residents use cities, and vice versa?
4. What revenues are being foregone because all of Clackamas County is not fully incorporated (gas tax, cigarette tax, etc.)?
5. What is the impact of the Town Center Urban Renewal District on future revenues?
6. What would it take to cause an attitude change in citizens?

In short, cities are seeking to establish Urban Service Study Areas, the County is seeking to understand needs and to identify strategies for meeting them, and unincorporated area residents and CPOs want to be directly involved in any decisions that may affect them and need reasons why the status quo must change. Through this work, the following topics might serve as a focus for the work of the Study Group:

1. Annexation laws, procedures, and possible statutory changes.

2. What responsibilities to the whole area go with the annexation of a high value area.
3. How to demonstrate the need for change.

In discussion the following points were made:

- Participants don't want to go through 12 months of meetings to conclude that nothing should be done. The County needs to declare early that it will no longer provide urban services in the area and that change is needed.
- There are other alternatives besides annexation. They include incorporation, or even the consolidation of all existing cities and the unincorporated area into one, large, politically important city.
- Exploring urban services issues and institutional arrangements in this area is not a new undertaking. However, changes in fiscal conditions may make it literally impossible to continue on in the same way in the future.
- Sources of revenue for all jurisdictions and agencies that depend on a property tax are under severe stress. Any new or even continuing TIF districts in the area raise real challenges that can't be ignored. The public wants stable, continuing, often expanding service, but doesn't trust government and agencies with tax dollars and tax bases.
- Proposed changes to the annexation procedures now pending in Salem could make it extremely difficult for cities to do things to meet their needs. This could result in a substantial blow to local economic development efforts.
- The notion of "piecemeal annexation" needs to be carefully defined and considered. Most annexation is piecemeal. However, pursuing annexation without a broader understanding of what can be done to ensure that the needs of a broad area are met is the kind of annexation that the County is trying to avoid. Only taking high value property is not a viable strategy for meeting long-term urban service and governance needs in the unincorporated area.
- The true costs of urban services need to be identified, along with any clear sense of what the "urban subsidy might amount to. Are cities really subsidizing unincorporated areas?
- What services are currently most vulnerable to insufficient funding? What do different agencies or jurisdictions have to pay for similar services or levels of service delivery? What do citizens get? Can we think of services in terms of "hard services", those that folks must have, and "soft services", those that folks would like to have?
- To what extent do cities depend on annexation for supporting their tax base? Milwaukie says not at all. They are most interested in how annexation contributes to community building. Gladstone says not needed now, but maybe in the future. Still, they are not interested in "hostile" annexations. They want people to seek to become part of their community, and that annexations should be revenue neutral with respect to current residents. Damascus says they are in the same position as Gladstone. Happy Valley says it needs commercial and industrial land to diversify its tax base. The business community wants to know what annexation will mean in terms of cost, and whether processes they depend on for expansion, renovation, or other actions will become more complicated and more expensive. The county reported that it wants to know how it can partner with others for service provision and capital investment.
- Boundaries are important to cities for service and capital planning purposes, and to communities for establishing a sense of place.

- Unincorporated area residents feel that they are too often left out, and receive notice of proposed actions late if at all. To really engage those residents, they need to know more sooner, even if the actions are occurring within adjacent cities that technically don't have to notify beyond their borders.
- If this process isn't going to make decisions, hard decisions that may leave some unhappy, then what, if anything can it accomplish? The mayors need to talk about urban service study areas, and that can come out of this. There are some real information needs that people would like addressed. It would be useful to have this discussion in terms of communities: What is it that each of the cities need to be what they want to be? To be more complete cities? Where are the areas of conflict? What do the unincorporated area residents think about how the cities view them and their interdependent futures? We have a chicken and egg conundrum. We have lots of conversations going on. What does it take to bring them together?

After further discussion, the group concluded that it may be useful to continue to meet if the cities can bring information to the table regarding study areas, and the county can clarify the limits of its urban service provision plans. While some wanted to establish new boundaries along the lines of those in the "Three Cities Agreement", others wanted more information first about a range of service and procedural issues.

The next steps will include:

- Pulling together a meeting summary
- City managers convened by the County Administrator will define urban services and costs
- Ethan, Andree, and the County will pull together information concerning the nature of the "urban subsidy"
- The County will provide information about the Town Center TIF district and its timing
- Martha Schrader will convene her colleagues on the Commission to discuss County urban service delivery policies and expectations.

Next meeting:

The next meeting will take place on Thursday, May 12, 2005. The fourth Thursday evening of the month will not work due to a conflict with the Clackamas County Cities monthly meeting. Materials generated from the above activities will be distributed prior to the next meeting.

The meeting was adjourned at 8:50 pm.