

AGENDA

MILWAUKIE CITY COUNCIL WORK SESSION OCTOBER 18, 2005

MILWAUKIE CITY HALL

Second Floor Conference Room
10722 SE Main Street

WORK SESSION – 5:30 p.m.

A light dinner will be served.

Discussion Items:

<u>Time</u>	<u>Topic</u>	<u>Presenter</u>
1.	5:30 p.m. Designate Voting Delegate and Alternate for Annual League of Oregon Cities Business Meeting	
2.	5:45 p.m. Annexation Update	Mike Swanson
3.	6:45 p.m. Adjourn	

Public Notice

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the preceding items.
- Executive Session: The Milwaukie City Council may go into Executive Session pursuant to ORS 192.660. All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.
- For assistance/service per the Americans with Disabilities Act (ADA) please dial TDD (503) 786-7555.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.

MINUTES

MILWAUKIE CITY COUNCIL WORK SESSION
OCTOBER 18, 2005

Mayor Bernard called the work session to order at 5:30 p.m. in the City Hall Conference Room.

Council Present: Councilors Barnes, Loomis, and Stone.

Staff Present: City Manager Mike Swanson; Community Development/Public Works Director Kenny Asher; and Planning Director John Gessner.

Designate Voting Delegate and Alternate for Annual League of Oregon Cities Business Meeting

Mayor Bernard would be the voting delegate and Council President Barnes the alternate.

Annexation Update

Mr. Swanson discussed the draft annexation policy and talking points. Before discussing it with staff, he wanted a sense of direction from Council. Why would the City want to annex? One reason was that it fulfilled the City's mission as a service provider at a more intense level than Clackamas County could offer in urban areas. A second reason was to gain influence in the Legislature. Why would the City not want to annex? Mr. Swanson did not believe annexing others to rescue the existing organization was the proper use of powers. The real purpose was to provide urban services.

Annexation should be pursued in order to provide a continuous urban level of services to an under-served area. It should be pursued if the financial impact was break even or better. He would later stress break even because it was not about making money – it was about providing services. Annexation should not be balanced on the backs of current citizens because it would not be supported and would lead to problems in the current structure.

The City commissioned a report that was completed in September 2005. In part, it updated the 2002 Portland State University (PSU) study, and he commented on some of the more important points.

- "... the City will be able to generate sufficient revenue in the UGMA [Urban Growth Management Area] to pay for the City non-enterprise services, but only when sufficient assessed value of the Clackamas Town Center Urban Renewal District (URD) is unfrozen or returned to the tax rolls for the benefit of overlapping taxing jurisdictions."

As long as the Town Center TIF existed, it was suppressing value to such an extent that Milwaukie could not capture sufficient revenue to cover the costs of providing services. In order to annex and provide services at the appropriate level there would be a \$1.3 million shortage because of the frozen

value. If the entire Town Center urban renewal were unfrozen and Milwaukie could annex everything, then it would be a wash with a shortage of about \$4,431. Under existing conditions, annexation was not financially feasible.

- “In the near term, industrial areas and areas needing sewer services provide the best opportunity for annexations.” These are smaller areas.
- “... the City will need to have the support of its citizens and those in the UGMA to successfully annex and to do so will require engaging both Milwaukie citizens and residents of the UGMA or area to be annexed.” Having been in the area since 1986, Mr. Swanson could not stress the problem presented by this particular area. These were people who were very opposed to annexation, and he believed it would take 7 – 10 years to turn those attitudes around. Residents in the unincorporated voice opinions such as, “why become part of Milwaukie because it has never done anything.” He considered downtown development as part of the annexation strategy and being perceived as an organization that actually accomplished things. Businesses would ask what benefits there were in annexing to Milwaukie?
- “Though the City’s current annexation efforts are limited to lot-by-lot annexations, in the immediate future to move toward broader annexation strategies, the City will need to continue to build organizational capacity, realize successes within the existing city limits, and annex properties requiring sewer service or otherwise desiring to be in the City. Local successes will build confidence in the community and demonstrate the City’s commitment to delivering value to its citizens.”
- The current intergovernmental agreements (IGA) “were found to be insufficient ... and must be updated.” These included the 1990 agreement with Clackamas County that had to do with coordination. It required notification on land use decisions within the dual interest area, which did not always happen. The City needed to work on its Urban Growth Management Agreement with the County as well as its agreements with the special districts and Metro.

Mr. Swanson felt it was important to focus on what came next and made several suggestions:

1. Limit the area at which the City was looking. The current UGMA included land to the south of Hwy 224, and he suggested focusing on the area bounded by I-205, Hwy 224, and the Multnomah County line.
2. In the short term, Milwaukie would be presented with individual or small multiple properties that required sewer service and would best be served by the City. He felt Milwaukie should focus on those small annexations or follow up on requests from people who actually wanted to become part of the City. He recommended developing a set of written materials explaining what it meant to annex and what the process was. He further suggested updating the current agreements.

3. In the long term, he recommended continuing to pursue annexation and support initiatives that enhanced service delivery today. To him it seemed inconsistent to oppose or block efforts that led to delivery of services such as proposed in the Overland Park TIF. If the County were successful, the property value would only be enhanced. He suggested a message from Milwaukie that it was supportive of the effort while noting that every time a service was added, the incentive to annex was reduced. A lot of those incentives had been taken away over the past 20 – 30 years. Mr. Firestone had indicated an agreement could be written that would both have Milwaukie supporting what took place today in providing services, but also at some time in the future attempted to lessen the negative impact that would have on annexation. He could not get around the dilemma of opposing services if it took Milwaukie 7 – 10 years. There was a risk, but Milwaukie had not annexed a lot in the past 20 years. A goal of annexation in the long-term should be meeting the need of existing City residents and not subsidizing services to newly annexed areas. He outlined the tasks:

- Work with the affected jurisdictions to draft new agreements, specifically with Clackamas County
- Develop and implement a public information plan that is targeted toward those who would eventually be subject to annexation. At a minimum that would be the newsletter and informational sessions.

Mr. Swanson added this was a shift in his attitude because nothing would happen without taking some risks. If Milwaukie did everything it could to maintain relationships with the County, then he believed it could happen.

Mayor Bernard agreed with most of the comments, but a neighboring city seemed to want to take the cream and abandon areas that were not getting services. He suggested working through the agreement and then sitting down with Mayor Grant and Clackamas County. He discussed the impacts that each community had on the other. He wanted to make it clear that Milwaukie was still interested in annexation and balancing the needs. He discussed land use decisions made in unincorporated Clackamas County that had not involved the Milwaukie Planning Commission. For example, the large, recently-constructed building on Lake Road had potential for impacting the Lake Road/Harmony Road intersection. He discussed the current farmland adjacent to the City that could develop into residential. Levels of service such as police, jails, and public health were already being reduced due to the lack of state shared revenues. Residents in the unincorporated areas were not getting the benefit of their tax dollars. Mr. Swanson convinced him somewhat of the need for the TIF, but it was a small amount of money and would do little for a number of years. He had expressed his concerns to Commissioner Schrader, and he was constantly asked if Milwaukie was going to let Happy Valley take over the Town Center. Happy Valley was battling with Damascus in the courts over a similar issue. He was willing to battle in order to provide people with the quality services they deserved. You get what you pay for – Happy Valley is a discounted city.

Mr. Swanson thought Milwaukie had to change the discussion and focus on how it can serve that area and get to the point where it can annex. There was a risk that another city could come in and annex, but the reality was he did not think there were many people in the unincorporated areas who thought being part of a city would do them any good. They immediately started pounding on the County Commissioners who then backed off their positions about annexation by cities. He saw a real need for Milwaukie to prove there was value in the City's being part of their lives. In 1986, the cities' mantra was that the laws favored them in annexation issues because they provided urban services. Most people will simply look at the tax increase. They will either say 'no' to the increase or be presented with a reason for paying more.

Councilor Stone asked where the City stood with Happy Valley in terms of annexing the Town Center.

Mr. Swanson replied Mayor Grant suggested that parties talk and come up with areas of interest or future areas of service. He thought that could still be done if new UGMAs were created. That conversation would have to be part of this process, and the County would likely request it.

Councilor Stone asked if it was possible to annex an unincorporated area and make it lucrative in terms of people buying into the idea of annexation. Mr. Swanson spoke about breaking even, and that was good. She had concerns about just breaking even because it could go either way. As a citizen she would be more receptive to annexation if she knew it would benefit the City financially.

Mr. Swanson observed a community was no longer what it was the moment it annexed. In the process of annexing one almost needed to look at the new people as constituents.

Councilor Stone's intent would be to include people within the borders as well as those in annexation areas.

Mr. Swanson would not want to suggest the City pursue annexation for financial reasons and recommended taking the financial piece out of the equation. He thought the City would be much more successful by looking at provision of services as the goal and making sure the existing organization was not saddled with a bill it could not pay. The ideal situation was to bring them in with like rates.

Councilor Stone thought the financial piece was crucial. The City should not annex if it would put it in the hole. She hoped the City would do better than break even. She asked if the current citizens had to support it too.

Mr. Swanson replied politically, yes.

Mayor Bernard understood Mr. Swanson to say that when property was annexed, the City would basically break even. When the City annexed property, value was created because services were enhanced, and people would reinvest in their homes.

Councilor Barnes thought developing a public information plan for those living in a possible future annexation areas was one element. Another information plan

had to be developed for current residents to explain why this was being done. She had not found this a burning issue among Milwaukie citizens. She recommended a two-pronged public relations and marketing campaign that included information for all involved. This was well thought out, and she preferred taking the time to do it correctly.

Mayor Bernard thought 30 years was not acting too quickly. The UGMA was not a good agreement, and it was not enforced. He thought the question was whether or not Milwaukie could provide sustainable services by staying the size it was today? Further, would downtown and riverfront development make enough difference in the long term?

Mr. Swanson thought the issue was more one of influence and power. The larger an entity, the more its voice was heard.

Councilor Barnes asked if Happy Valley had a good reputation at this point and were people liking what they heard? She would rather Milwaukie be known as the City that did it right rather than the City that bothered others. Why would Milwaukie want to act like Happy Valley?

Mayor Bernard thought Happy Valley had thrown out the agreement and was skimming the cream off the top. He agreed with Mr. Swanson but was concerned about what Milwaukie would do if Happy Valley or Gladstone decided they wanted to annex the Town Center?

Mr. Swanson responded there was another agreement with the County that established an UGMA that did include the Town Center, so there were some legal arguments. The Three Cities Agreement was nice, but no one had made much headway over the past 20 years. He was concerned about Overland, but nothing had worked. He commented on the current relationship between the City of Beaverton and Nike. He proposed a consciously deliberate process he thought might be successful. He did not believe the residents in the unincorporated areas saw value in being annexed to any city at this time. He thought Milwaukie should consider itself an entity that would add value and get people to the point of thinking Milwaukie would be a positive force. If Overland had sewers, then that was another reason for not annexing.

Mayor Bernard thought the letter to the County Commissioners was a good one. He wanted it clear that Milwaukie still wanted to annex those areas and to provide good services. He had already heard that Milwaukie did not want Overland. He wanted what was best for that community, but he also wanted the community to know that Milwaukie would do a good job of providing services. Milwaukie had made significant strides over the past 6 years with its police and planning departments. He wanted others to know that Milwaukie cared and was not just giving areas away.

Mr. Swanson replied the City needed to come up with a methodology to avoid the *Sturm und Drang*. Milwaukie has the characteristics of a small town that people liked and wanted retained. That was key to people wanting to be part of the community.

Mayor Bernard commented, as Milwaukie grew people had no place to visit with their neighbors because the downtown had decayed. That bred discontent because people could no longer talk to each other. A town of 30,000 could still be small if people still had opportunity to gather.

Councilor Loomis believed it was a well thought out proposal. He urged the City to continue taking care of business so people would want to become part of it.

Councilor Stone liked the methodical approach. Getting your ducks in a row and making sure there was a plan and strategy was her preferred method.

Financials

Mr. Swanson reviewed the summary financials for the first quarter. A useful way to look at the budget was in terms of 12 months of equal expenditures. The general fund was at 22.4% at this time, so the expenditures were at the right level. The general fund revenues were only at 4.56% because property tax collections would not come in until November and franchise fees from PGE would not come in until spring. He would include the quarterly financial summaries in the "Friday Memo" and encouraged Council to contact staff with questions. The group discussed fleet fuel costs.

Mayor Bernard suggested that the Planning Commission look at a big box square footage limit as other communities were doing. He commented on noticeable air traffic increases this summer.

Mayor Bernard announced the City Council would meet in executive session pursuant to ORS 192.660(2)(e) to deliberate with persons designated by the governing body to negotiate real property transactions.

Mayor Bernard adjourned the work session at 6:30 p.m.

Pat DuVal

Pat DuVal, Recorder

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League of Oregon Cities

80th ANNUAL CONFERENCE and BUSINESS MEETING

November 10-12 2005 — Hilton Eugene & Conference Center

Designation of Voting Delegate at Annual Business Meeting

The annual business meeting will be held Saturday, November 12, at 3:30 p.m. Each city is entitled to cast one vote at the business meeting; however, all city officials are encouraged to attend the meeting.

Use this form to indicate those persons who will represent your city as a voting delegate and alternate delegate. The voting delegate or alternate should pick up a voting card at the Conference Registration Desk on Saturday afternoon prior to entering the business meeting.

NOTE: Delegates may not vote without a voting card, and voting cards will be issued only to a person indicated on this form. Voting by proxy will not be permitted.

FOR THE CITY OF _____

VOTING DELEGATE

Name _____

Title _____

ALTERNATE

Name _____

Title _____

Submitted by _____
(Signature)

Name _____

Title _____

Telephone Number _____

Return by **October 21** to:

**League of Oregon Cities
P.O. Box 928
Salem, OR 97308**

City of Milwaukie, Oregon
Annexation Evaluation
Final Report
September 8, 2005

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Introduction

In 2002, the City of Milwaukie initiated the process of evaluating the financial implications of annexing land within its urban growth management area (UGMA) outside the City limits. This report provides an analysis of the projected financial impacts of annexation for the City's governmental funds and the estimated costs to newly annexed residents. The report also provides additional discussion and analysis of the impacts of annexation and recommends next steps and strategies to realize success with annexation efforts.

Senate Bill 122 has historically provided the framework for authorized annexation plans which:

1. Allow cities to adopt an annexation plan and put it to a combined vote of residents of the annexation area(s) and the city; and
2. requires all cities, counties, and special districts to enter into intergovernmental agreements that specify how services will be provided and coordinated.

However, Oregon Revised Statutes (ORS) 268.354 3(a) requires cities within a metropolitan service district to follow ORS 222. ORS 222 does not allow a combined vote. This contradiction in statute effectively makes SB 122 mute for cities such as Milwaukie. In June 2005, the Oregon legislature passed and the Governor signed HB 2484, which removed the ability for the combined vote for all Oregon cities.

Although a combined vote, i.e., single majority vote of all voters in the City and area to be annexed, is not possible at this time the analysis, annexation plan and intergovernmental agreements contemplated by SB 122 establish a sound basis for decision making for local government.

Executive Summary

Executive Leadership Institute (ELI) of the College of Urban and Public Affairs, Portland State University performed the initial financial study in 2002. The study was limited to financial analysis for the entire UGMA.

In 2004, Milwaukie desired to expand on the work performed by ELI. The City engaged GEL Oregon, Inc. (GEL), to update the financial analysis. Additionally, the effort was to ensure that the City of Milwaukie and the City Council understood and complied with all legislative requirements relating to the process of annexation. The project had two phases;

1. Analyze annexing the Clackamas Town Center (CTC) area.
2. Analyze the UGMA in desired smaller sub-areas with similar characteristics, concerns and issues.

The purpose for both phases was to establish the financial feasibility and implications to the City, its residents, and those being annexed into the City.

GEL, through considerable staff assistance with geographical information system (GIS) data, generated financial models and information to support the findings, conclusions, and recommendations included in this report.

Specifically, the findings indicate the City will be able to generate sufficient revenue in the UGMA to pay for City non-enterprise services, but only when sufficient assessed value of the Clackamas Town Center Urban Renewal District (URD) is “unfrozen” or returned to the tax rolls for the benefit of overlapping taxing jurisdictions. Currently, the URD plan shows assessed value beginning to return to tax rolls in fiscal year 2014. The City will need to update its intergovernmental agreements (IGA’s) with all the relevant urban service providers in the area. In the near term, industrial areas and areas needing sewer services provide the best opportunity for annexations.

Lastly, the City will need to have the support of its citizens and those in the UGMA to successfully annex this area and to do so will require engaging Milwaukie citizens and residents of the UGMA with the annexation issue.

Reasons to consider annexation

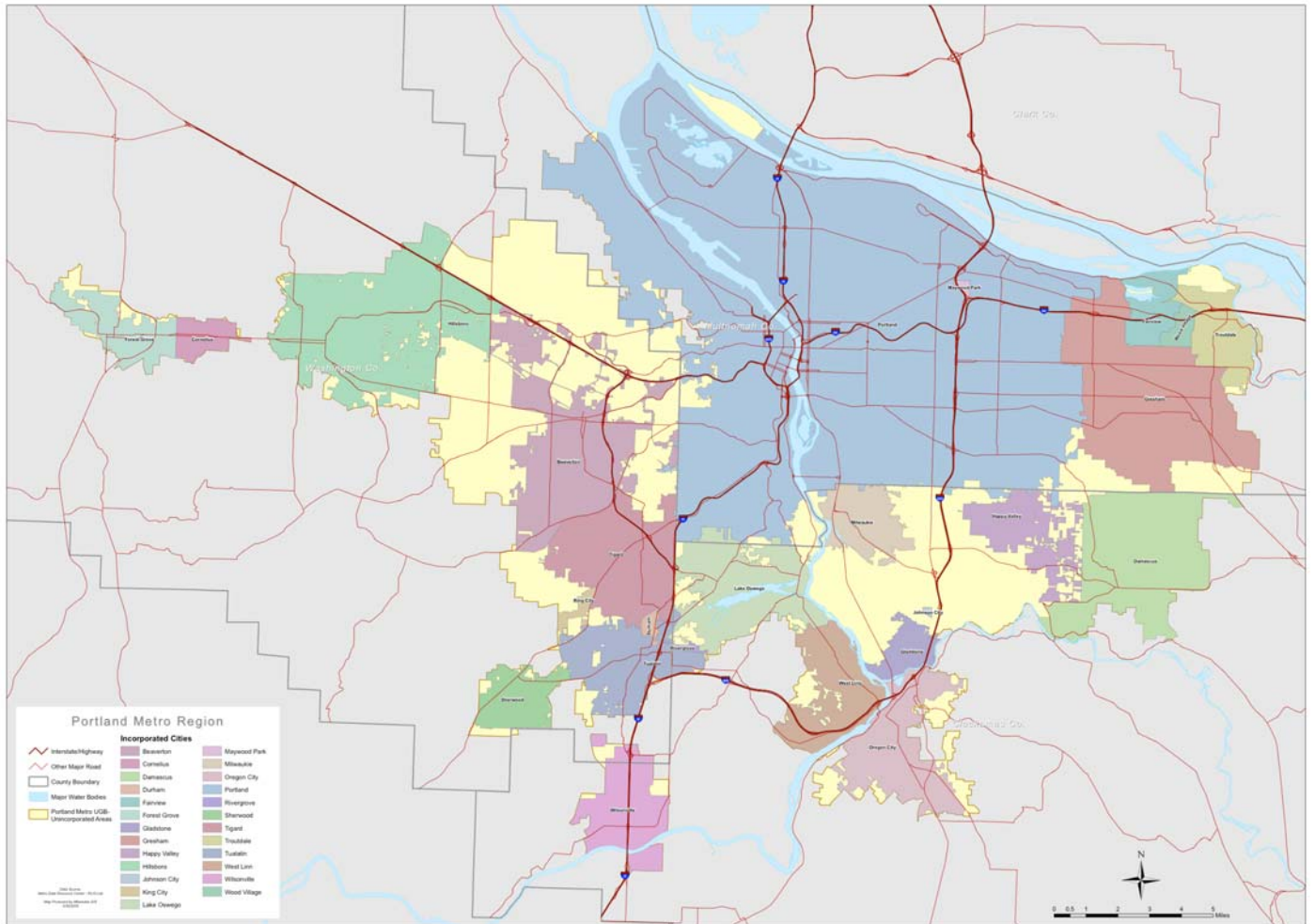
There a variety of compelling reasons for the City of Milwaukie to explore annexation. First and foremost, annexation is considered to be part of the planned, efficient expansion of a municipality and an effective means to deliver urban services as necessary to the community. This is not a recently developed concept for Milwaukie, the process was begun by the City in 1980.

Annexation in the UGMA may provide an opportunity for enhanced and stabilized police, community services, e.g., code enforcement and neighborhood groups, library and planning services. Currently, Milwaukie’s police force is serving areas outside the City limits without equitable compensation, which adds additional stress to an already burdened department and effectively reduces services to City residents. For existing residents, annexation gives equity to taxpayers by taxing non-city residents who are utilizing City services. By annexing, the community may slightly lower its tax rate on debt service.

For the City of Milwaukie, annexation would result in increased state shared revenues to pay for desired services without additional cost to residents.

Consideration should be given to the state of Oregon’s land use policy that anticipates all areas within an Urban Growth Boundary will be incorporated when urban development occurs. However, approximately ninety-five percent (95%) of the area within the UGMA was developed to an urban standard without annexing into the City. The current developed status of the UGMA and the considerable burden placed on the City to effectuate annexation has resulted in the lack of measurable progress to annex the UGMA.

Exhibit A
Portland Metro Urban Growth Boundary Map



In 1995 Metro adopted the Region 2040 growth concept. The concept includes a Town Center designation for the City of Milwaukie and a Regional Center designation for the Clackamas Town Center area. There are only seven Regional Centers identified in the Portland Metro area. If Milwaukie desires to increase its influence in future land use decisions in the Regional Center area, annexing this area will be necessary. If Milwaukie chooses not to annex the UGMA, another City, such as Happy Valley, may choose to do so.

During the past couple of years the City committed to building organizational capacity to effectively expand its boundaries and maintain service levels. The police department has reorganized and implemented several programs to enhance current service delivery and prepare for an expanded service delivery area. The City successfully annexed to the Clackamas County Fire District #1 in May 2005. Although this action will result in no net change in the financial situation of the City it does protect the City from potential increased costs to deliver future fire services. The City has also realized success with redevelopment opportunities along the riverfront and downtown areas. City staff has initiated discussions with Clackamas County Service District #1 regarding sewer service delivery in the UGMA.

The 2002 ELI study found that the City may experience short-term cash flow challenges associated with extending City services to new residents, but in the long-term annexation of the study area would result in cash flow surpluses. The study also stated that Clackamas County should experience significant cash flow surpluses. The study established an academic foundation for further analysis and consideration.

The analysis included in this report provides further evidence that annexation on an UGMA-wide basis generates sufficient revenue for the City to provide services at current levels without diminishing services to existing residents. Please note that this is the case once the Clackamas Town Center URD returns a majority of its assessed value to the tax rolls. The analysis provides information on the cost of annexation to newly annexed residents and commercial property. Additionally, the report suggests approaches and strategies to realize success with annexation efforts.

Though the City's current annexation efforts are limited to lot-by-lot annexations, in the immediate future to move toward broader annexation strategies, the City will need to continue to build organizational capacity, realize successes within the existing City limits, and annex properties requiring sewer service or otherwise desiring to be in the City. Local successes will build confidence in the community and demonstrate the City's commitment to delivering value to its citizens.

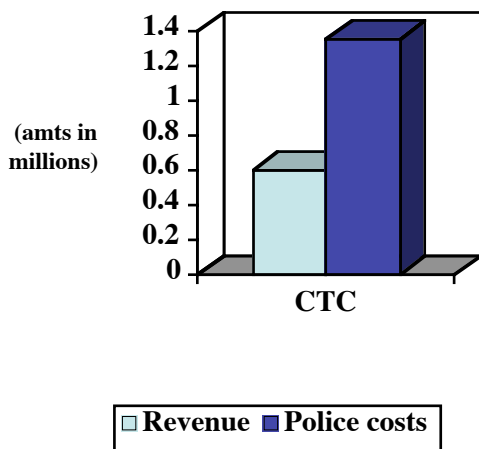
Phase One - GEL Findings

In November of 2004, GEL Oregon, Inc. was contracted to evaluate the impacts of annexation of the Clackamas Town Center, consider alternative strategies to annex the CTC, and review Intergovernmental agreements (IGA's).

Currently, the Clackamas Town Center area generates limited property tax revenue for taxing entities other than the URD due to the low frozen assessed value of the URD, i.e., the URD consumes the vast majority of the property taxes generated from the area. If the City were to annex the CTC, the property tax dollars generated from the CTC will be redirected from the City to the URD,

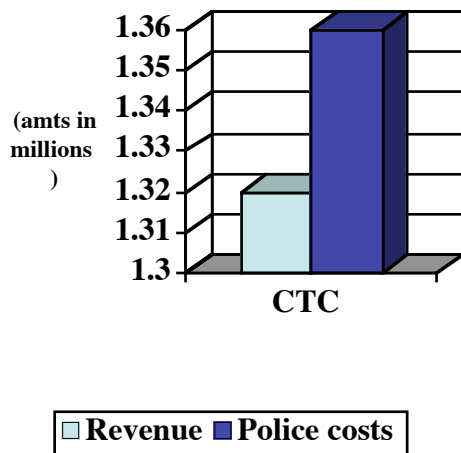
resulting in a significant cost to the City during the next seven years (through approximately fiscal year 2013). Please see Chart A below. At that time, the URD is anticipated to return assessed value and resulting property taxes to the overlapping taxing jurisdictions. When this occurs property taxes and other revenue resulting from annexation are projected to be sufficient to cover anticipated policing costs. Please see Chart B below.

Chart A
Projected Revenue and Police costs – Clackamas Town Center Area



Note: Police costs include additional facility with annual cost of approximately \$320k. These costs will be allocated among other sub-areas in the UGMA when annexed.

Chart B
Current year dollars - Fiscal Year 2014 CTC Area



Annexing the CTC area to Milwaukie is estimated to generate additional tax increment of \$1.245 million per year (total additional property taxes will be distributed to overlapping taxing jurisdictions once assessed value goes back on tax rolls). After planned improvements at the CTC are completed, the tax increment is projected to increase to \$1.8 million per year. With the additional revenue, the URD will be able to pay debt earlier, and/or return assessed value to tax rolls for distribution to overlapping taxing districts.

After updating the ELI Study for the CTC area and exploring alternative strategies to annex CTC, including careful review of existing intergovernmental agreements, GEL found that it is not financially feasible to annex the CTC area alone until approximately fiscal year 2013.

Additionally, the IGA's were found to be insufficient to meet the requirements of ORS 195 and must be updated. The IGA's to be updated include Clackamas County, Clackamas County Sheriff, Clackamas County Fire District #1, Clackamas River Water, Clackamas Co. Service Dist. #1, City of Portland, Clackamas Co. Service Dist. #5, North Clackamas County Parks and Recreation District, and Metro.

The IGA's need to address the following:

- (a) Specify whether the urban service will be provided in the future by a city, county, district, authority or a combination of one or more cities, counties, districts or authorities.
- (b) Set forth the functional role of each service provider in the future provision of the urban service.
- (c) Determine the future service area for each provider of the urban service.
- (d) Assign responsibilities for:
 - a. Planning and coordinating provision of the urban service with other urban services;
 - b. Planning, constructing and maintaining service facilities; and
 - c. Managing and administering provision of services to urban users.
- (e) Define the terms of necessary transitions in provision of urban services, ownership of facilities, annexation of service territory, transfer of moneys or project responsibility for projects proposed on a plan of the city or district prepared pursuant to ORS 223.309 and merger of service providers or other measures for enhancing the cost efficiency of providing urban services.
- (f) Establish a process for review and modification of the urban service agreement.

ORS 195.065 defines “urban services” as:

- (a) Sanitary sewers;
- (b) Water;
- (c) Fire protection;
- (d) Parks;
- (e) Open space;
- (f) Recreation; and
- (g) Streets, roads and mass transit.

Additionally, the City recognizes and values library services and desires library services to be addressed and included as an “urban service” in appropriate intergovernmental agreements with Clackamas County.

GEL discussed various alternatives for annexing the CTC. Among the alternatives considered were securing consents to annex, developing one or more island annexation opportunities, and petition for annexation from the CTC. Discussions were held with CTC management, and it was determined that annexation at this time presented too many financial challenges to the City and the second phase of the project should be completed before proceeding with further discussions regarding annexation of the CTC.

Phase 2 - GEL Findings

After completing Phase 1, GEL was directed to explore additional annexation options. With the assistance of City staff including the City Manager, Planning Director, Police Chief, Engineering Director and GIS coordinator, GEL created eight sub-areas of the existing UGMA, some of the heavily residential sub-areas were further divided. Initially the sub-areas were grouped by zoning; residential, commercial and industrial. After further review the final sub-areas were redrawn and examined based on current use.

Revenue forecasts were generated for each sub-area. Forecasts included estimated property taxes, per capita shared revenue taxes, franchise fees and other non-utility revenue.

The per capita forecasts were based on the population estimates for each area. Population was established through the 2000 Census Bureau information and through GIS block analysis. Chart C below provides the financial comparison of the taxable assessed value per capita inside the city, within the UGMA if the URD is excluded, and the net UGMA including the impacts of the URD. The information in the chart demonstrates the significant financial impact the URD has on the City. Unless other sources of revenue are made available, e.g., sales tax, until the taxable assessed value (TAV) per capita is at a level comparable to the existing City TAV, comparable service delivery at current standards will be challenging.

By utilizing the population numbers and other information provided by the City, GEL generated the estimated service costs for police, library, transportation, planning, administrative/finance, and community services including code enforcement, public access studio, and neighborhood grants to each sub-area. Enterprise, i.e., business-like activities such as water and sewer, were not included. Should the City proceed with annexation, the enterprise activities will require analysis in order to complete necessary intergovernmental agreements.

Chart C
 Financial Comparison
 Taxable Assessed Value per Capita

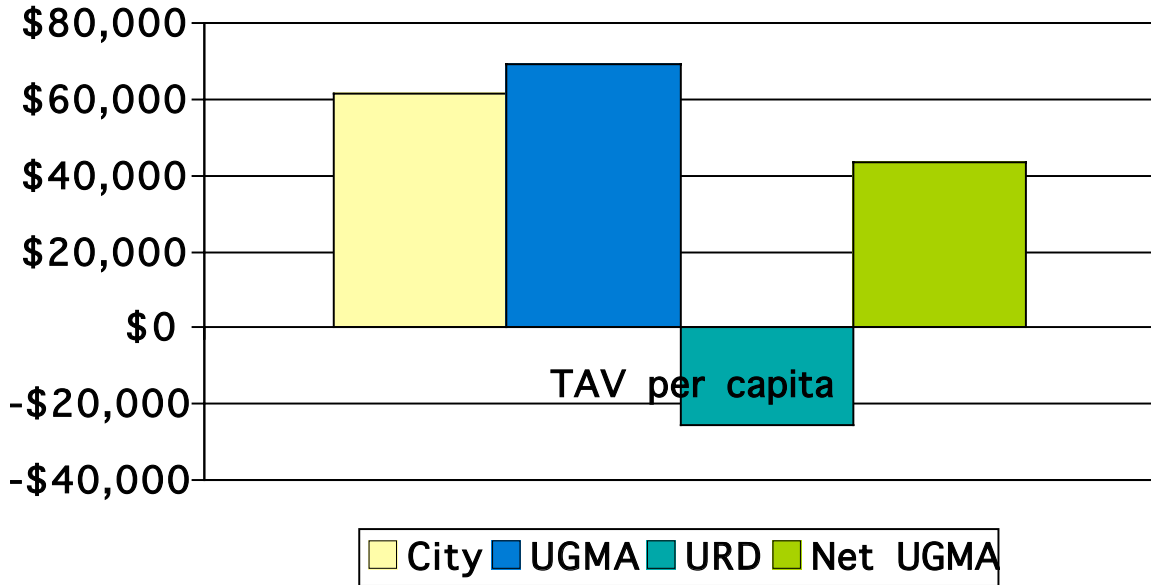


Chart D and chart E below demonstrate the financial resources and estimated costs for services for each of the main sub-areas, with and without the property tax loss associated with the URD.

Chart D
 Estimated Financial Impacts with Urban Renewal District
 By Sub-areas

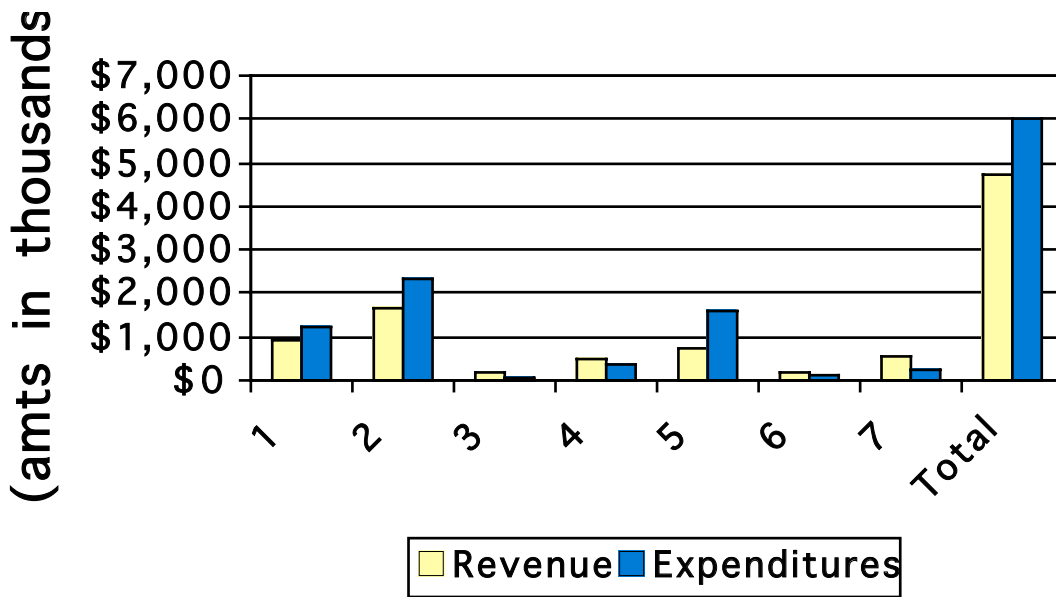
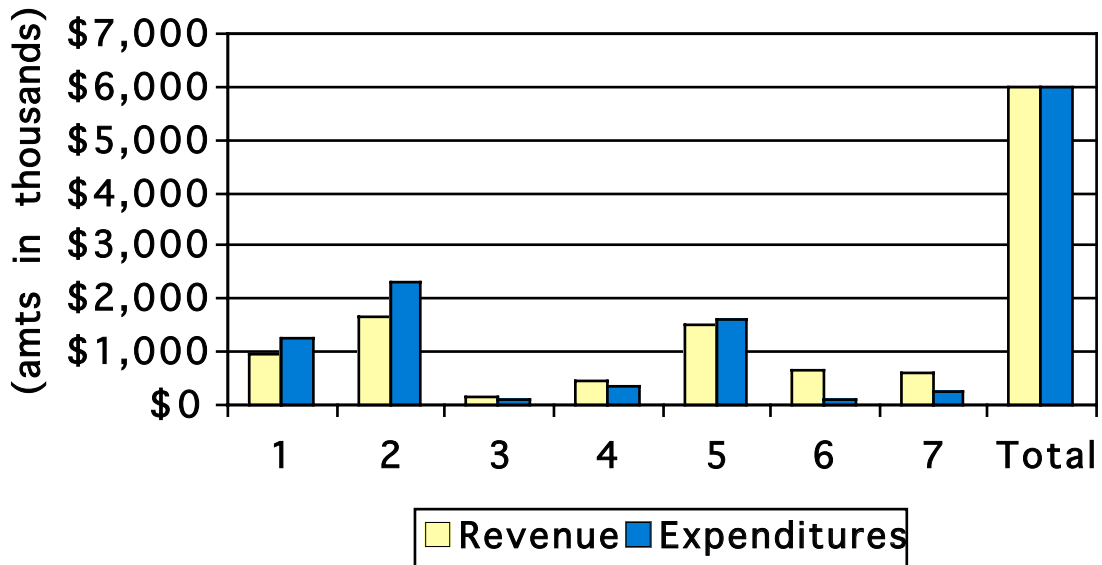


Chart E
 Estimated Financial Impacts without Urban Renewal District
 By Sub-areas



The industrial sub-areas (areas 3, 6, and 7) and commercial area outside of the URD (area 4) are projected to generate excess revenues relative to estimated expenditures to provide services to these areas. The residential areas (areas 1 and 2) are anticipated to generate costs in excess of revenues. The estimated financial revenues and expenditures in these areas are not impacted by the URD. The commercial area in the URD (area 5) is estimated to generate less revenue than costs while the URD is in existence and subsequently, after approximately fiscal year 2013, generate excess revenue to costs.

Conclusions

Legal

Per discussions with City legal counsel and staff, review of ELI findings, and existing IGA's, the Intergovernmental Agreements are insufficient for ORS 195 purposes. *The City's existing IGA's need to be updated to meet state requirements.*

ORS 195.065 provides that local governments shall enter into urban service agreements that:

- (a) Specify whether the urban service will be provided in the future by a city, county, district, authority or a combination of one or more cities, counties, districts or authorities.
- (b) Set forth the functional role of each service provider in the future provision of the urban service.
- (c) Determine the future service area for each provider of the urban service.
- (d) Assign responsibilities for:
 - (A) Planning and coordinating provision of the urban service with other urban services;
 - (B) Planning, constructing and maintaining service facilities; and
 - (C) Managing and administering provision of services to urban users.
- (e) Define the terms of necessary transitions in provision of urban services, ownership of facilities, annexation of service territory, transfer of moneys or project responsibility for projects proposed on a plan of the city or district prepared pursuant to ORS 223.309 and merger of service providers or other measures for enhancing the cost efficiency of providing urban services.
- (f) Establish a process for review and modification of the urban service agreement.

Further ORS 195.065(2) provides:

- (a) Each county shall have responsibility for convening representatives of all cities and special districts that provide or declare an interest in providing an urban service inside an urban growth boundary within the county, for the purpose of negotiating an urban service agreement. A county may establish two or more sub areas inside an urban growth

boundary for the purpose of such agreements. If an urban service is to be provided within the boundaries of a Metropolitan Service District, a county shall notify the Metropolitan Service District in advance of the time for cities and special districts to meet for the purpose of negotiating an urban service agreement, and the Metropolitan Service District shall exercise its review, advisory and coordination functions under ORS 195.025.

(b) When negotiating for an urban service agreement, a county shall consult with recognized community planning organizations within the area affected by the urban service agreement.

Opportunities

Industrial areas and areas needing sewer services provide the best opportunity for near term annexation success. The City and or County can as a condition of providing sewer service require property owners to execute consent to annexation agreements. Industrial property has a limited number of owners, generally generates surplus net revenue and businesses can be approached from a corporate responsibility perspective. Additionally, the industrial areas may be able to receive additional assistance from state and federal sources if in the City limits.

The current service level delivery standards throughout the UGMA are financially feasible after the URD area returns to the tax rolls. As shown above in Chart C, the current tax assessed value per capita in the UGMA with the financial impacts realized is approximately \$25,638, resulting in a net TAV per capita of \$43,521. If the URD were to return to the tax rolls the per capita TAV in the UGMA would be \$69,159. The current per capita TAV in the City is \$61,531. In order to deliver services throughout the UGMA at the same standard that is delivered today, the per capita TAV in the UGMA will need to be comparable to that of the City. The City could pursue annexation of non-URD areas prior to release of URD taxable assessed value on a case-by-case basis.

Benefits to Residents of the UGMA

There are several benefits to annexation for residents of the UGMA. Most importantly is the delivery and reliability of urban services, including police, water, wastewater, transportation, urban planning, and code enforcement. Newly annexed residents will also be able to fully participate in community civic affairs.

Costs to Property Owners in UGMA

The following schedule identifies the costs of annexation to property owners within the UGMA. The net additional property taxes are projected to be \$2.90 per thousand taxable assessed value (TAV). Property owners may also realize additional franchise fees resulting from annexation. Franchise fees generally apply to utilities providing services within the City and using City right-of-way. Such utilities include phone, natural gas and electrical.

Chart F

Schedule of Additional Costs Resulting from Annexation

<u>Description</u>	<u>Increase (decrease)</u> <u>(tax rates per \$1,000 TAV)</u>
City operating taxes	\$ 4.14
Other city taxes (estimated)	.22
- Bonds	
Sheriff's taxes	(.72)
Clackamas Co. (city vs. rural)	(.57)
Bonds (estimated)	<u>(.17)</u>
Net taxes per \$1,000 TAV	\$2.90

Other	
Franchise Fees	5% to 7%
Phone, natural gas, electricity	

Estimated Costs to Property Owners in UGMA

Assumptions:

\$100,000 TAV home (approximately \$130,000 RMV)

Estimated increases in costs (annual):

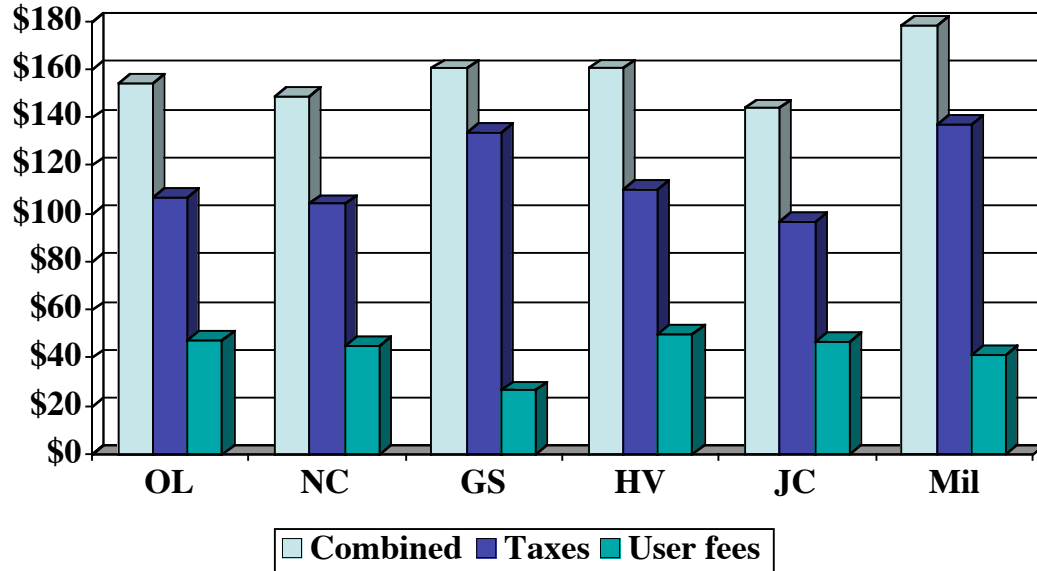
Net increase in property taxes	\$ 290
Franchise Fees (5-7%)	<u>60</u>
	\$ 356

Annual utility costs used to estimate franchise fee costs:

Phone	\$ 360/yr
Natural gas, electricity	\$ 720/yr

GEL also noted that Clackamas County recently completed a "Complete Communities" public involvement project led by Cogan, Owens, and Cogan. This effort included identification of comparable public sector costs within the Milwaukie area. The areas in the chart include Oak Lodge and North Clackamas neighborhoods and the cities of Gladstone, Happy Valley, Johnson City and Milwaukie. The combined costs of taxes and user fees range from \$144 (Johnson City) to \$178 (Milwaukie). Although Milwaukie's costs are slightly more than the other community areas, the City may be able to demonstrate to community members the additional value they receive. Specifically, the City may desire to evaluate and compare its service delivery standards, e.g., police services, to other communities and communicate the value this represents to constituents receiving these services. Often overlooked in the process of comparing costs is the value received. Please see Chart G below.

Chart G
 Comparable Costs within Local Area
 Monthly property tax, user fee and combined costs

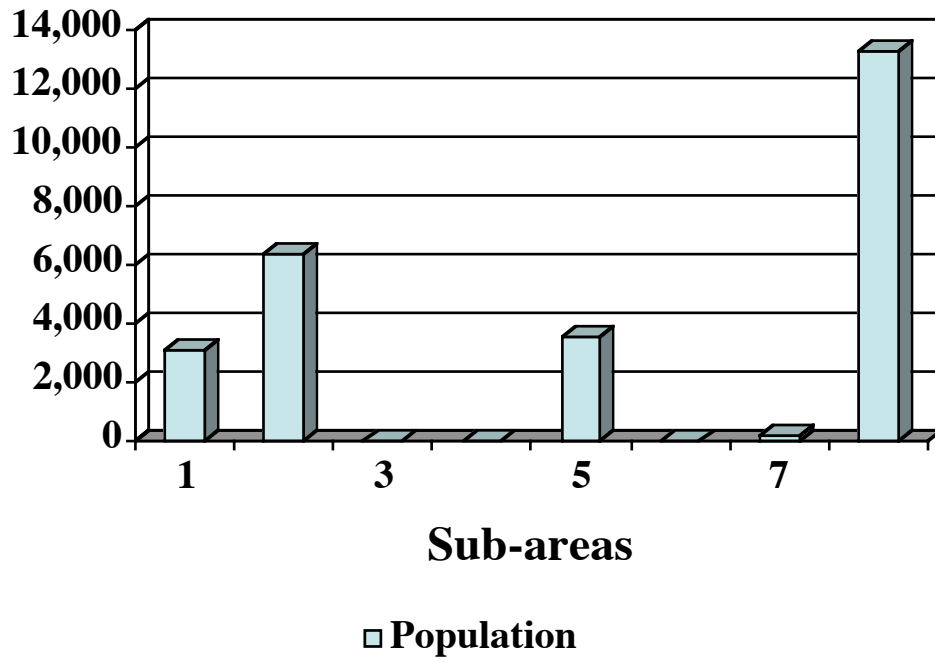


OL – Oak Lodge
 NC – North Clackamas
 GS – Gladstone
 HV – Happy Valley
 JC – Johnson City
 Mil - Milwaukie

Population

Chart H below provides the estimated population within each sub-area of the UGMA studied. Nearly ninety-eight percent of the population is located in sub-areas 1, 2, and 5. A total of 13,242 persons reside in the UGMA studied.

Chart H
Estimated Population by Sub-area of UGMA

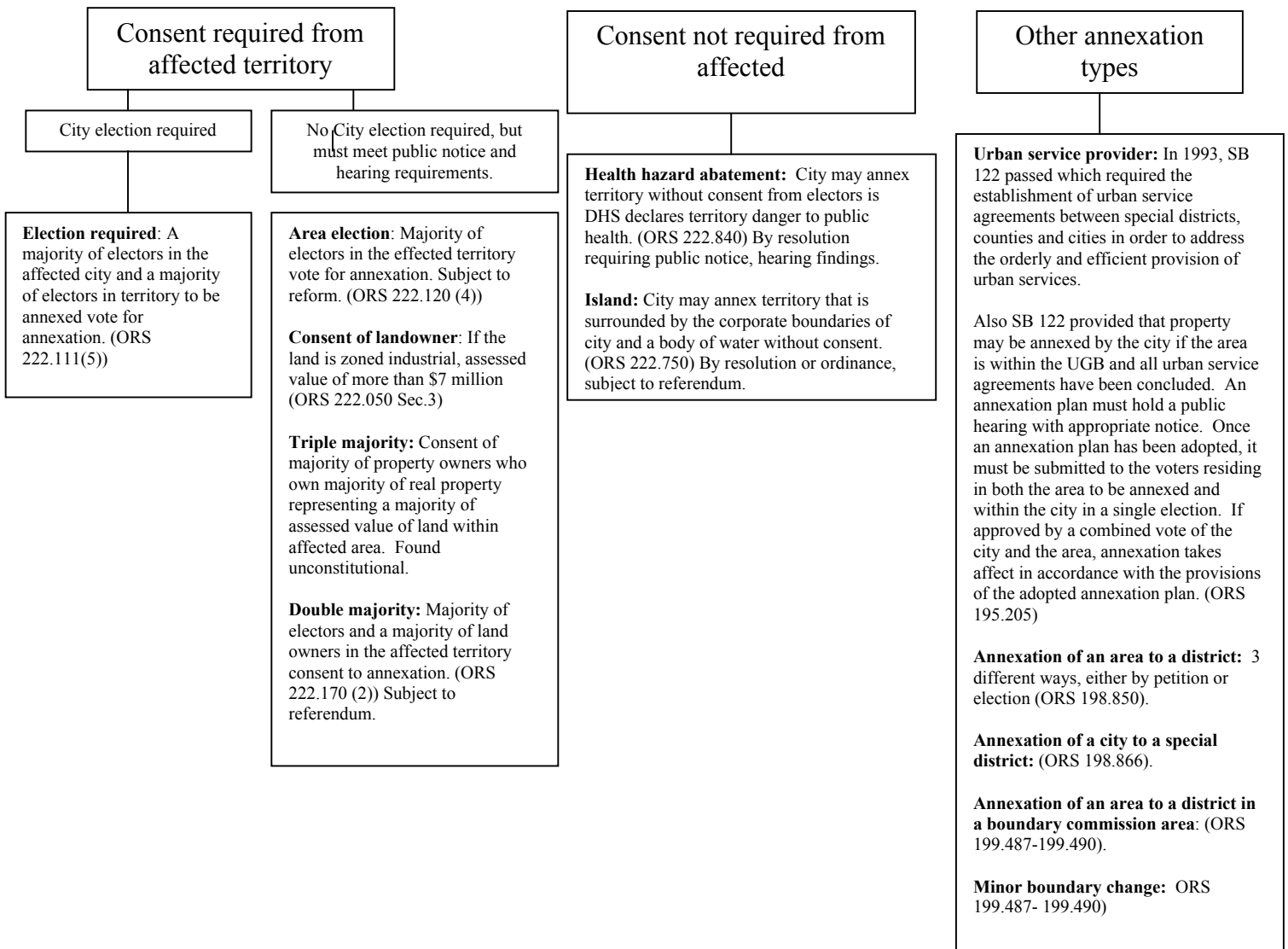


Next Steps and Strategies

If City Council desires to continue moving forward with annexation, they should make a decision on a public process to engage the citizenry. The time and opportunity exists to favorably educate residents of the UGMA and the City.

As mentioned above the City must complete Intergovernmental agreements and involve constituents served by current service providers. A decision on annexation method(s) should be made. A schedule of the annexation methods available is included in Exhibit D:

Oregon Annexation Methods



In the near term, the methods the City will find the most success with include consent of landowners, double majority, i.e., majority of electors and majority of land owners, in the affected territory consent to annexation and island annexations. Currently, there are no island annexation opportunities although with future annexations, islands may be created. Additionally, given current and potential septic system failures the City may desire to consider health hazard abatement annexation. When considering health hazard abatement annexation, the City will want to carefully consider the action and include residents and appropriate Clackamas County and Metro officials in the discussion.

Longer term the City may desire to pursue a double-majority election. To be successful, a majority of residents in the City and those in the area to be annexed will have to vote in favor of the annexation. This will require a significant amount of effort and due diligence on the part of the City, with support from the other service providers and community planning organizations (CPO's).

The Mayor's March 23, 2005 letter to the Clackamas County Board of Commissioners suggests a framework to move annexation forward. The City must follow up with the Mayor's suggestion.

Suggested next steps are to meet with the other urban service providers to express the City's desire to enter into discussions to draft intergovernmental agreements that meet ORS 195 requirements. We suggest the public be invited into the City's discussions from the beginning. We encourage the City to establish a time schedule to complete the IGA's within twelve months.

There are property owners in the area adjacent to the City's northeast boundary that desire sewer services. This presents an opportunity to provide services to an area desperately needing and wanting them and accomplishes annexation of the area as well. Annexing this area likely will have a slightly negative financial impact on the City but is an appropriate action to accomplish the City's goal of providing urban services in the area the City intends to serve. A plan of action needs to be developed right away to address this opportunity.

Another opportunity that can lead to a successful annexation in the near term is to develop and implement a plan to annex the publicly owned property along Harmony Way in sub-area seven and non-profit properties in the southwest portion of sub-area one. These annexations will not generate any revenue, however they have limited cost implications and provide an opportunity to demonstrate to residents, businesses, other urban services providers, and other local government agencies that the City is indeed serious about annexing area within the Urban Growth Management Area. The annexation of the public properties along Harmony Way will also put the City closer to the Clackamas

Town Center for a future annexation. This can be initiated in the near term with a goal of completion by March 2006.

Consistent with Council suggestions staff should develop a plan to distribute the Milwaukie Pilot Newsletter throughout the UGMA, provide regular updates on the City's website, and engage the neighborhood associations in the UGMA.

The above actions are anticipated to be consistent with an annexation plan and related strategies to be developed through discussions with the County, other urban service providers, and citizens both inside and outside the city. These efforts can be carried on simultaneously with the development of the IGA's and the writing of the plan and strategies.

City of Milwaukie
 Financial Analysis
 Annexation Evaluation

Summary - Fiscal Year 2006

Includes impacts of Urban Renewal Areas

Sub Area	Projected Revenue	Projected Expenditure	Surplus/ Deficiency
1	\$ 919,731	\$ 1,256,290	\$ (336,559)
2a	216,656	304,182	(87,526)
2b	617,736	855,288	(237,552)
2c	27,654	48,991	(21,337)
2d	123,484	176,291	(52,807)
2e	169,137	239,540	(70,404)
2f	495,585	708,117	(212,532)
2 sub-total	1,650,251	2,332,410	(682,158)
3	173,373	76,603	96,771
4	469,700	373,553	96,147
5a	719,423	1,546,968	(827,545)
5b	33,843	65,557	(31,714)
6	188,653	120,973	67,680
7	543,733	232,748	310,985
	\$ 4,698,708	\$ 6,005,101	\$ (1,306,393)

Excludes impacts of Urban Renewal Areas

Sub Area	Projected Revenue	Projected Expenditure	Surplus/ Deficiency
1	\$ 969,545	\$ 1,256,290	\$ (286,745)
2a	216,656	304,182	(87,526)
2b	617,736	855,288	(237,552)
2c	27,654	48,991	(21,337)
2d	123,484	176,291	(52,807)
2e	169,963	239,540	(69,577)
2f	495,585	708,117	(212,532)
2 sub-total	1,651,078	2,332,410	(681,332)
3	173,373	76,603	96,771
4	469,700	373,553	96,147
5a	1,438,332	1,546,968	(108,636)
5b	54,456	65,557	(11,101)
6	644,105	120,973	523,132
7	600,080	232,748	367,333
	\$ 6,000,670	\$ 6,005,101	\$ (4,431)

Sub Area	Estimated Property Taxes	Estimated Reduction of Property Taxes to CCFD #1	Estimated Reduction of Property Taxes to CTC URD	Net Estimated Property Taxes	Estimated Population Related Revenue	Estimated Franchise Fee Revenue	Total Net Projected Revenue
1	\$ 737,755	\$ (270,958)	\$ (49,814)	\$ 416,983	\$ 306,021	\$ 196,727	\$ 919,731
2a	178,118	(65,418)	-	112,700	59,859	44,098	216,656
2b	473,114	(173,762)	-	299,351	207,774	110,611	617,736
2c	22,147	(8,134)	-	14,013	4,947	8,694	27,654
2d	84,813	(31,150)	-	53,664	49,173	20,647	123,484
2e	130,703	(48,004)	(826)	81,873	55,307	31,957	169,137
2f	285,993	(105,038)	-	180,955	249,230	65,400	495,585
2 sub-total	1,174,888	(431,506)	(826)	742,556	626,290	281,406	1,650,251
3	198,240	(72,808)	-	125,432	4,057	43,885	173,373
4	646,205	(237,334)	-	408,871	-	60,830	469,700
5a	1,493,519	(548,531)	(718,909)	226,079	343,717	149,627	719,423
5b	55,450	(20,365)	(20,613)	14,472	8,311	11,060	33,843
6	896,780	(329,364)	(455,452)	111,964	792	75,898	188,653
7	784,595	(288,161)	(56,347)	440,087	20,975	82,671	543,733
	\$ 5,987,432	\$ (2,199,027)	\$ (1,301,962)	\$ 2,486,443	\$ 1,310,162	\$ 902,103	\$ 4,698,708

Assumptions:

City of Milwaukie permanent tax rate	6.5379	per \$1,000 TAV
Clackamas County Fire District #1 permanent tax rate	2.4012	per \$1,000 TAV
State shared revenues (per capita)	FY 2006	FY 2007
Liquor taxes	8.99	9.40
Cigarette taxes	1.78	1.76
911 taxes	4.93	4.99
Hwy taxes	49.00	48.18
Traffic and other court revenue	21.86	
User fees	12.38	
Total	98.94	64.33
Franchise fees (per capita)	7.77	
Franchise fees (per acre)	396.62	
Estimated household size (per 2003 Census, Clackamas Co)	2.62	
Estimated avg value per unit - multiple family units	46,000	(Preliminary, requires further a
Control amounts	915,803	1,389,503 99,046
Difference	\$ -	\$ - \$ -

Prepared by: A. Parks
 Date: 3/18/05

Sub Area	Estimated Population	TAV (000's)	Total Value (000's)	Exempt Value (000's)	% Exempt Value to Assessed Value	TAV/TV Ratio	Average TAV per SFR	# of Single Family Homes	% of SFR Owner Occupied	% of SFR to Total lots	Estimated Number of Multi Family Units
1	3,093	\$ 112,843	\$ 195,286	\$ 28,842	20.4%	57.8%	\$ 133,189	629	77.6%	90.4%	578
2a	605	27,244	46,849	3,455	11.3%	58.2%	100,889	250	72.4%	92.3%	30
2b	2,100	72,365	113,475	1,836	2.5%	63.8%	82,874	802	61.3%	90.6%	65
2c	50	3,388	5,484	24	0.7%	61.8%	97,143	33	57.6%	82.5%	-
2d	497	12,973	20,879	312	2.4%	62.1%	90,461	140	62.1%	93.3%	3
2e	559	19,992	28,587	735	3.5%	69.9%	133,631	149	80.5%	93.7%	-
2f	2,519	43,744	56,380	10	0.0%	77.6%	367,049	33	42.4%	64.7%	671
2 sub-total	6,330	179,704	271,654	6,373	3.4%	66.2%	99,204	1,407			770
3	41	30,322	46,462	2,161	6.7%	65.3%	69,250	20	30.0%	14.1%	-
4	-	98,840	142,574	2,528	2.5%	69.3%	286,990	1	0.0%	0.6%	-
5a	3,474	228,440	321,426	15,702	6.4%	71.1%	107,824	4	50.0%	2.2%	1,532
5b	84	8,481	13,151	457	5.1%	64.5%	#DIV/0!	-		0.0%	-
6	8	137,166	210,854	20,861	13.2%	65.1%	#DIV/0!	-		0.0%	-
7	212	120,007	188,096	22,122	15.6%	63.8%	98,502	14	42.9%	12.7%	91
	13,242	\$ 915,803	\$ 1,389,503	\$ 99,046	9.8%	65.9%		2,075			2,971

Sub Area	Estimated Population	# of Vacant Lots	% Vacant Lots to Total Lots	Estimated Area (acres) (Adjusted)	Estimated Multi-family Population	TAV Within CTC URA & Industr URA (000's)	Frozen TAV within CTC and IA URA's (000's)
1	3,161	37	5.3%	435.41	1,513	\$ 12,989	\$ 948
2a	733	15	5.5%	99.33	78	0	-
2b	2,272	56	6.3%	237.74	171	0	-
2c	86	7	17.5%	20.94	-	0	-
2d	376	9	6.0%	42.32	9	0	-
2e	390	10	6.3%	69.62	-	215	16
2f	1,845	2	3.9%	115.54	1,758	0	-
2 sub-total	5,703	99		585.49	2,016	215	16
3	52	25	17.6%	109.85	-	0	-
4	3	17	11.0%	153.37	-	0	-
5a	4,025	19	10.5%	309.19	4,015	187,463	13,675
5b	-	8	15.7%	26.24	-	5,375	392
6	-	18	20.9%	191.21	-	118,764	8,664
7	276	34	30.9%	204.29	239	14,693	1,072
	13,220	257		2,015.04	\$ 7,783	\$ 339,500	\$ 24,766

City of Milwaukie
 Financial Analysis
 Annexation Evaluation
 Expenditure Summary - Fiscal Year 2006
 18-Mar-05

Unincorporated Area Service Cost

Sub Area	Total Cost	Per Acre Costs	Per Capita Costs	Estimated Population	Acreage (Adjusted)	% Reduction	Total Acreage
1	1,256,290	652,615	603,676	3,093	348.33	20%	435.41
2a	304,182	186,101	118,081	605	99.33	0%	99.33
2b	855,288	445,421	409,867	2,100	237.74	0%	237.74
2c	48,991	39,232	9,759	50	20.94	0%	20.94
2d	176,291	79,289	97,002	497	42.32	0%	42.32
2e	239,540	130,437	109,103	559	69.62	0%	69.62
2f	708,117	216,471	491,646	2,519	115.54	0%	115.54
2 sub-total	2,332,410	1,096,953	1,235,457	6,330	585.49		585.49
3	76,603	68,601	8,002	41	36.62	75%	146.46
4	373,553	373,553	-	-	199.38	-30%	153.37
5a	1,546,968	868,931	678,038	3,474	463.79	-50%	309.19
5b	65,557	49,162	16,395	84	26.24	50%	52.48
6	120,973	119,412	1,561	8	63.74	75%	254.94
7	232,748	191,370	41,377	212	102.14	75%	408.57
	6,005,101	3,420,595	2,584,506	13,242	1,825.72		2,345.91

City of Milwaukie
 Financial Analysis
 Annexation Evaluation

Summary - Fiscal Year 2006

Includes impacts of Urban Renewal Areas

Sub Area	Projected Revenue	Projected Expenditure	Surplus/ Deficiency
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2e	169,137	239,540	(70,404)
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5b	33,843	65,557	(31,714)
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7	543,733	232,748	310,985
	\$ 4,698,708	\$ 6,005,101	\$ (1,306,393)

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	\$ 6,000,670	\$ 6,005,101	\$ (4,431)

Sub Area	Estimated Property Taxes	Estimated Reduction of Property Taxes to CCFD #1	Estimated Reduction of Property Taxes to CTC URD	Net Estimated Property Taxes	Estimated Population Related Revenue	Estimated Franchise Fee Revenue	Total Net Projected Revenue
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2a	178,118	(65,418)	-	112,700	59,859	44,098	216,656
2b	473,114	(173,762)	-	299,351	207,774	110,611	617,736
2c	22,147	(8,134)	-	14,013	4,947	8,694	27,654
2d	84,813	(31,150)	-	53,664	49,173	20,647	123,484
2e	130,703	(48,004)	(826)	81,873	55,307	31,957	169,137
2f	285,993	(105,038)	-	180,955	249,230	65,400	495,585
2 sub-total	1,174,888	(431,506)	(826)	742,556	626,290	281,406	1,650,251
3	198,240	(72,808)	-	125,432	4,057	43,885	173,373
4	646,205	(237,334)	-	408,871	-	60,830	469,700
5a	1,493,519	(548,531)	(718,909)	226,079	343,717	149,627	719,423
5b	55,450	(20,365)	(20,613)	14,472	8,311	11,060	33,843
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7	784,595	(288,161)	(56,347)	440,087	20,975	82,671	543,733
	\$ 5,987,432	\$ (2,199,027)	\$ (1,301,962)	\$ 2,486,443	\$ 1,310,162	\$ 902,103	\$ 4,698,708

Assumptions:

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Clackamas County Fire District #1 permanent tax rate	2.4012	per \$1,000 TAV
State shared revenues (per capita)	FY 2006	FY 2007
Liquor taxes	8.99	9.40
Cigarette taxes	1.78	1.76
911 taxes	4.93	4.99
Hwy taxes	49.00	48.18
Traffic and other court revenue	21.86	
User fees	12.38	
Total	98.94	64.33
Franchise fees (per capita)	7.77	
Franchise fees (per acre)	396.62	
Estimated household size (per 2003 Census, Clackamas Co)	2.62	
Estimated avg value per unit - multiple family units	46,000	(Preliminary, requires further a
Control amounts	915,803	1,389,503 99,046
Difference	\$ -	\$ - \$ -

Prepared by: A. Parks
 Date: 3/18/05

Sub Area	Estimated Population	TAV (000's)	Total Value (000's)	Exempt Value (000's)	% Exempt Value to Assessed Value	TAV/TV Ratio	Average TAV per SFR	# of Single Family Homes	% of SFR Owner Occupied	% of SFR to Total lots	Estimated Number of Multi Family Units
1	3,093	\$ 112,843	\$ 195,286	\$ 28,842	20.4%	57.8%	\$ 133,189	629	77.6%	90.4%	578
2a	605	27,244	46,849	3,455	11.3%	58.2%	100,889	250	72.4%	92.3%	30
2b	2,100	72,365	113,475	1,836	2.5%	63.8%	82,874	802	61.3%	90.6%	65
2c	50	3,388	5,484	24	0.7%	61.8%	97,143	33	57.6%	82.5%	-
2d	497	12,973	20,879	312	2.4%	62.1%	90,461	140	62.1%	93.3%	3
2e	559	19,992	28,587	735	3.5%	69.9%	133,631	149	80.5%	93.7%	-
2f	2,519	43,744	56,380	10	0.0%	77.6%	367,049	33	42.4%	64.7%	671
2 sub-total	6,330	179,704	271,654	6,373	3.4%	66.2%	99,204	1,407			770
3	41	30,322	46,462	2,161	6.7%	65.3%	69,250	20	30.0%	14.1%	-
4	-	98,840	142,574	2,528	2.5%	69.3%	286,990	1	0.0%	0.6%	-
5a	3,474	228,440	321,426	15,702	6.4%	71.1%	107,824	4	50.0%	2.2%	1,532
5b	84	8,481	13,151	457	5.1%	64.5%	#DIV/0!	-		0.0%	-
6	8	137,166	210,854	20,861	13.2%	65.1%	#DIV/0!	-		0.0%	-
7	212	120,007	188,096	22,122	15.6%	63.8%	98,502	14	42.9%	12.7%	91
	13,242	\$ 915,803	\$ 1,389,503	\$ 99,046	9.8%	65.9%		2,075			2,971

Sub Area	Estimated Population	# of Vacant Lots	% Vacant Lots to Total Lots	Estimated Area (acres) (Adjusted)	Estimated Multi-family Population	TAV Within CTC URA & Industr URA (000's)	Frozen TAV within CTC and IA URA's (000's)
1	3,161	37	5.3%	435.41	1,513	\$ 12,989	\$ 948
2a	733	15	5.5%	99.33	78	0	-
2b	2,272	56	6.3%	237.74	171	0	-
2c	86	7	17.5%	20.94	-	0	-
2d	376	9	6.0%	42.32	9	0	-
2e	390	10	6.3%	69.62	-	215	16
2f	1,845	2	3.9%	115.54	1,758	0	-
2 sub-total	5,703	99		585.49	2,016	215	16
3	52	25	17.6%	109.85	-	0	-
4	3	17	11.0%	153.37	-	0	-
5a	4,025	19	10.5%	309.19	4,015	187,463	13,675
5b	-	8	15.7%	26.24	-	5,375	392
6	-	18	20.9%	191.21	-	118,764	8,664
7	276	34	30.9%	204.29	239	14,693	1,072
	13,220	257		2,015.04	\$ 7,783	\$ 339,500	\$ 24,766

City of Milwaukie
 Financial Analysis
 Annexation Evaluation
 Expenditure Summary - Fiscal Year 2006
 18-Mar-05

Unincorporated Area Service Cost

Sub Area	Total Cost	Per Acre Costs	Per Capita Costs	Estimated Population	Acreage (Adjusted)	% Reduction	Total Acreage
1	1,256,290	652,615	603,676	3,093	348.33	20%	435.41
2a	304,182	186,101	118,081	605	99.33	0%	99.33
2b	855,288	445,421	409,867	2,100	237.74	0%	237.74
2c	48,991	39,232	9,759	50	20.94	0%	20.94
2d	176,291	79,289	97,002	497	42.32	0%	42.32
2e	239,540	130,437	109,103	559	69.62	0%	69.62
2f	708,117	216,471	491,646	2,519	115.54	0%	115.54
2 sub-total	2,332,410	1,096,953	1,235,457	6,330	585.49		585.49
3	76,603	68,601	8,002	41	36.62	75%	146.46
4	373,553	373,553	-	-	199.38	-30%	153.37
5a	1,546,968	868,931	678,038	3,474	463.79	-50%	309.19
5b	65,557	49,162	16,395	84	26.24	50%	52.48
6	120,973	119,412	1,561	8	63.74	75%	254.94
7	232,748	191,370	41,377	212	102.14	75%	408.57
	6,005,101	3,420,595	2,584,506	13,242	1,825.72		2,345.91