

MINUTES**MILWAUKIE CITY COUNCIL WORK SESSION
JANUARY 20, 2004**

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

Councilors present: Barnes, Lancaster, Loomis, and Stone.

Staff present: City Manager Mike Swanson, Community Development/Public Works Director Alice Rouyer, and Engineering Director Paul Shirey.

Proposed Resolution Opposing People's Utility District (PUD) in Clackamas County

City Manager Mike Swanson believes the PUD measure will be on the May 2004 ballot although the Clackamas County Commissioners have not set the election date. The Milwaukie City Council received two proposed resolutions regarding this measure. Two groups, one supporting the formation of a PUD and one opposing it, requested the City Council to adopt a resolution reflecting their positions. He suggested that rather than the Council's taking testimony on an issue that will be submitted to Clackamas County voters that the League of Women Voters (LWV) hold a forum. LWV representatives indicated they would be willing to conduct the forum and asked the City of Milwaukie to be listed as a sponsor. The North Clackamas Parks and Recreation District (NCPRD) and Milwaukie Center are willing to provide the meeting space. The forum date will be determined once the election date is confirmed. LWV will invite representatives of both positions and hopefully attract attendees from a broad segment of the public.

A December 31, 2003 *Oregonian* article indicated some City Councils in Clackamas County would be considering resolutions in support or in opposition to the measure, while other Councils are not. If the purpose is to provide information, it is a hit-and-miss proposition since not all Councils will have it on their agendas. If the hope is to provide clarity through Council recommendations either in support or opposition, he would guess there will be a lot of split votes, which does not offer a great deal of clarity. The LWV does a great job of announcing its forums and has a lot of experience in conducting neutral forums about contentious issues.

The LWV stands ready to sponsor and conduct a forum and asks that Milwaukie be sponsor. The Milwaukie Center has agreed to provide the meeting facility. The other option is to schedule a Council hearing on one or both of the proposed resolutions.

Tom Civiletti, Coordinator for Clackamas Public Power, 14614 SE Fair Oaks Avenue, Oak Grove, supported the proposal for a LWV forum on the PUD measure. It is a complex issue, and voters will be best served by getting as much information as

possible. It would be a mistake for the Milwaukie City Council to support the PGE resolution for several reasons. One overriding issue important to understand is that the formation of a PUD and a PUD's taking over the PGE system to deliver power are two distinct steps.

Statistics indicate a PUD should be less expensive to the rate payers, although that is not something he would guarantee. He can guarantee, however, that forming a PUD would be in the best interest of the County if only from the standpoint of an insurance policy. He discussed the Columbia River PUD and its formation several decades before it ever started delivering electrical power. Until the early 1980's, PGE was one of lowest cost electrical providers in the country. In the late 1980's when PGE costs rose, people in Columbia County decided it would be in their best interest to activate a PUD although not all cities opted to participate. This "Swiss cheese effect" is what PGE warns customers about. In the 1990's when PGE was purchased by Enron, there were further elections in Columbia County, and the cities voted to go with publicly-owned utilities. The cost for power from Columbia PUD is less expensive across the board than what is charged by PGE. Rather than looking at the warnings from PGE, one may look at the indication that customers end up paying less for electricity. This is not simply a matter of having a few dollars left at the end of the month. This is the price of operating a business in Clackamas County which has a great deal to do with the strength of the economy and the buying power of all of the people. Governments consume quite a bit of electricity, and a 5% decrease would be a significant savings. Clatskanie PUD rates, for example, are over 50% less than PGE's. This is not a trivial matter.

A decision should not be made based on one side's scare tactics. Civiletti does not feel the City Council has enough information to go on record at this time and encouraged learning more about the issue.

Annette Mattson, PGE, 121 SW Salmon Street, Portland 97204, provided copies of testimony presented at the Oregon Department of Energy's Wilsonville hearing including comments by PGE officers and estimates of how much it would cost customers for severance and the value of the system in Clackamas County. There is no guarantee that prices would be lower with a PUD. The most expensive electric company in the state is Western Electric Co-op formed in the past few years.

The PUD movement was excellent for the electrification of rural Oregon and Washington. The laws put into effect in the 1930's were for the electrification of rural areas and have not been updated. These laws were not designed for condemnation and hostile takeover of existing infrastructure and businesses. This is not simply a question of a study. There will be three questions on the ballot: the first asks the voters if they want to form a PUD, the second authorizes the levy, and the third will be to elect the board members of the new government utility agency. If customers do not like the PUD, it would have to be voted away in five years at the expense of the taxpayers.

Mattson discussed the funding. The levy amount is not significant for the homeowner or property owner in Clackamas County, and neither is the \$75,000 it would raise. A traffic signal study in Clackamas County costs \$20,000 to \$50,000, yet the proponents say

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they can do a feasibility study on what it will cost to take over PGE in Clackamas County serving 157,000 customers for \$75,000. That is just the engineering study and does not include the cost for the start of business, which is significant. The value of this system is approximately \$500 million and equals a debt of approximately \$3,000 for every customer in Clackamas County. This does not include generation or other equipment other than poles and wire to operate the business. The cost of disconnecting infrastructure at the county line would be about \$40 million, and construction of such things as substations and feeder drops would be additional. It is not simply a matter of running the electricity through a meter.

The cities of Estacada and Boardman, the Canby Utility Board, and North Clackamas and Lake Oswego Chambers of Commerce have gone on record opposing the PUD. PGE will have its 115th anniversary in Clackamas County, and this is where the first long-distance transmission of electricity took place. To the 750 PGE employees living in this County, that is not insignificant. PGE pays about \$5 million a year in property taxes to Clackamas County as well as \$5 million to jurisdictions in franchise fees and privilege taxes. She believes this is a matter of significant public policy. The LWV forum is an excellent idea. People look to their elected officials to make policy decisions and provide guidance. She understands Milwaukie wants to redevelop its downtown, and reliable electric service is part of that. Electric service is not one of the issues that needs to be addressed in Clackamas County, and time, energy, and money could be better spent on real issues. She will send the Oregon Department of Energy electronically to Swanson as soon as it is available.

Barbara Kemper, Chief Petitioner to form the electric PUD, 17673 SE 130th Avenue, Clackamas. A small group of volunteers have been facing a large group of highly-paid PGE/Enron employees who have all manner of ways of getting information out to people. This is not a discussion of PGE anymore. At some point, PGE will be sold, and will not be the old homebody PGE any more. She believes there will be input from a number of people, not just one side, at a forum such as the one proposed with the LWV. She was one of a group of near victims of the PGE/Enron group that tried to scuttle the attempt to file this petition. PGE e-mailed the County Clerk telling her she could charge the group for filing the petition. She referred to ORS 260 that deals with responsibilities and obligations of elected officials and public employees to be impartial while on the job. Her goal in the pre-feasibility and feasibility study is for the best interest of citizens of the County to be served.

Mayor Bernard supported the LWV forum and asked the other Council members their opinions.

Councilor Stone felt the forum would be appropriate. This is a very controversial issue, and it is important to be objective and show both sides to make the best decision. People look to their city councils for guidance on policy decisions. She does not feel she can make an informed decision without delving into both sides of the issue.

Councilor Lancaster is a hardcore advocate for reduction of government in any form possible. He thinks it is appropriate for the City Council as a decision-making body to

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facilitate information going to as broad a forum as possible so people may make their own decisions. The City Council needs this information also if it wishes to endorse a position.

Councilor Loomis said those were his feelings exactly. He had consistently asked to hear both sides so the City Council could make an informed decision. He supported the forum.

Councilor Barnes agreed with these comments. She has done some research of the issue but did learn more information at this meeting. As a reporter, she has worked with Salem Electric and seen both sides in action. The best bet is to inform the public, and she supported the forum.

Gary Duell, 11301 SE Charview Court, Happy Valley. He is a volunteer and is not a paid lobbyist. Generally, his group is vastly outnumbered, out-spent, and out-gunned. At the Department of Energy hearing there were six people representing the public and at least 30 PGE employees. The idea of a forum is great, but he is not sure where it will take people. What is needed is expert testimony, and that is the engineering study. He believes a forum will only result in more of the same. Councilor Lancaster said he wants to reduce government. PGE is propagating the myth that a PUD is a government entity. It is not; it is a corporation with an elected board.

There is a third direction he supports which is to study the feasibility of a PUD. Duell read the three main parts. Independent experts not paid by PGE should study the feasibility of forming the PUD prior to the election. If favorable, a Clackamas PUD should be formed to fund and implement a more comprehensive engineering report. If the report demonstrates a PUD will improve the financial well-being of Clackamas County residents, then the board or council would support the full implementation and operation of a Clackamas PUD. This is conditional. It is a plea for more information. There needs to be some neutral expert information that may or may not happen at the forum. PUD supporters are volunteers, and there are no cash incentives unlike the \$100 million that PGE top executives walked away with when the company was sold to Enron. It actually costs Duell money to be at these meetings, but he cares about the people of this County and resents large companies that try to subvert the democratic process. He asked the City Council to adopt the feasibility resolution and consider helping fund it. The cost of the pre-election feasibility study would be \$15,000.

A member of the audience asked who would do the study.

Duell replied a couple of engineering firms have been contacted, and they are not big lobbyists. He offered to provide the Mayor with a sample study.

Introduce Clackamas County Fire District Chief Norm Whiteley and Consideration of Annexation of City to Clackamas Fire District 1

Swanson introduced Norm Whiteley who was recently selected by the Fire District Board to take Randy Bruegman's position as Chief. By virtue of the contract, Whiteley serves as Milwaukie's chief.

Chief Whiteley introduced Marilyn Wall, member of the Fire District Board of Directors. The District has a long history with Milwaukie, and he served as Fire Marshal for the City in 1994. The District responds to about 1,800 calls in the City of Milwaukie annually, and serves as first response from four stations. The contract between the City and District was signed in 1997 and expires in 2008. One section of the contract did address the subject of the City's annexing to the District. The District charges other patrons about \$2.40 per \$1,000 assessed value. If the City were to annex to the District, it would have the opportunity to vote on issues and be eligible to run for a Board of Directors position. The District would benefit by being able to plan further into the future if annexation occurred.

Swanson said although Milwaukie citizens do not under the current contractual arrangement have the opportunity to vote for Director positions, the City appreciates Marilyn Wall and the others. He discussed the November 2002 election and the City's thoughts about putting an annexation measure on the ballot. After analyzing its financial problems, the City determined if it were to annex to the District through a rather complicated set of circumstances, the City would be relieved of some of its general fund responsibilities to the District. The District would essentially take over the taxing authority. At that time, one idea was to use those funds to help Milwaukie solve its financial problems. It would have been a completely above board and workable arrangement. However, as the concept was discussed with the public some concerns arose. Swanson and Mayor Bernard talked with a number of individuals and were essentially told if it was a lack of resources, then the City should ask for them directly rather than going through a complicated annexation process. Based on these comments, the City decided to go out for a local option levy and forego the annexation proposal.

The Fire District Board was very gracious and understood the City's issues in 2002, and it was the understanding that Milwaukie would consider annexation again in 2004. The contract has worked, and the City is paying roughly what City residents would pay if the District were taxing them directly. If the District were to become the taxing entity, \$2.40/\$1,000 would be freed up for City use. Swanson feels, however, he has been clear that the City's purpose for seeking the annexation should be to support the District's need for long-term planning capabilities, give Milwaukie residents the opportunity to vote on District bond measures and Board of Director positions and participate on various committees. Additionally, he would make a commitment that at least this City Council and city manager would not go after that \$2.40/\$1,000 to supplement the City's revenue. It is tempting, but if the City expects voters to support

the annexation, it cannot expect them to support a tax increase. The action must be tax neutral.

Staff has taken some very preliminary looks at the fiscal impact. The election would likely be September if the City Council directs staff to pursue the issue. Additionally, the City of Oregon City is looking at the feasibility of annexation to the District, so it would make sense for the District to put both annexation questions on one ballot. Fire is an expensive service, and it is becoming more economical to provide it over a larger base.

Swanson wanted to ensure that the City Council was on a similar path and that staff would begin developing a specific proposal for future Council consideration.

Mayor Bernard said the City's permanent tax rate is \$6.5379.

Swanson said the \$6.5379 is the City's permanent tax rate. The City Council's choice and commitment would be not to levy \$2.4012 of that permanent rate. Annexation would give the District the taxing authority, and the City would be expected to make the political commitment not to levy that portion of the permanent rate the City is currently paying the District.

Mayor Bernard supported the proposal.

Councilor Lancaster felt the City should proceed all the way to putting it on the ballot as a revenue neutral action.

Mayor Bernard agreed and noted there are several steps including approval by the Fire District Board of Directors. He believes that is where the City's interest lies.

Mayor Bernard adjourned the work session at 6:15 p.m.

Pat DuVal

Pat DuVal, Recorder

AGENDA

MILWAUKIE CITY COUNCIL WORK SESSION JANUARY 20, 2004

MILWAUKIE CITY HALL

Second Floor Conference Room
10722 SE Main Street

WORK SESSION – 5:30 p.m.

Discussion Items:

	<u>Time</u>	<u>Topic</u>	<u>Presenter</u>
1.	5:30 p.m.	May 2004 Ballot Measure Regarding People's Utility District (PUD) in Clackamas County	Mike Swanson
2.	6:00 p.m.	Introduce Clackamas County Fire District Chief Norm Whiteley and Consideration of Annexation of City to Clackamas County Fire District 1	Mike Swanson
3.	6:20 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. If an Executive Session is called to order, the appropriate ORS citation will be announced identifying the applicable statute. 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.
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TO: Mayor and City Council
FROM: Mike Swanson, City Manager
DATE: January 9, 2004
RE: City Position on May PUD Ballot Measure

ACTION REQUESTED

I am recommending that Council not choose to express a City position on the May 2004 PUD ballot measure and recommend to the proponents and opponents that they express their positions in one large forum conducted by a neutral third party like the League of Women Voters.

BACKGROUND

Proponents of the formation of a People's Utility District filed sufficient signatures to place a measure on the May 2004 ballot in Clackamas County. Both proponents and opponents of the ballot measure submitted proposed resolutions to the City and have requested that the City Council adopt their position.

It is not unusual for such requests to be made. In fact, a December 31, 2003 article in the *Oregonian* suggests that this measure might be heard in a number of cities throughout Clackamas County. It also suggests that there may be cities who choose not to submit the question to a vote of the council. If this process is followed, the measure will receive an unequal airing throughout Clackamas County.

I recommend that this City encourage the proponents and opponents to argue their positions in a public forum conducted by a neutral third party with experience in providing a place where public issues can be debated. The League of Women Voters has agreed to offer such expertise to the parties.

I have attached three recent *Oregonian* articles, the two proposed resolutions for and against the measure, and a notice of a public meeting to be held by the Oregon Department of Energy on Thursday, January 15, 2004.

Portland Oregonian

Oregonian, The (Portland, OR)

December 10, 2003

PUD GAINS AMPLE SIGNATURES

Author: SARAH HUNSBERGER - The Oregonian

Edition: SUNRISE

Section: SOUTH ZONER

Page: C01

Dateline: GLADSTONE

Estimated printed pages: 2

Article Text:

Summary: Backers hope a measure to form a Clackamas County public utility district for electricity will appear on the May ballot

A petition to form a Clackamas County public utility district contained more than enough valid signatures to put the question on the ballot next year, county elections officials said.

Sherry Hall, county clerk, sent a memo to county commissioners this week certifying that the petitioners gathered 4,340 valid signatures. The law required 3,827 signatures. The measure is headed for the May ballot but first will be the subject of a couple of public hearings and a study by state energy officials.

"It came out great," said Barbara Kemper, one of the chief petitioners. She said she was thrilled that the measure qualified for the ballot with signatures to spare.

The initiative would ask county voters to approve formation of a new public utility to provide electricity service, not including the area now served by the Canby Utility Board, a municipal public utility. It also would ask voters to allow the PUD to impose a one-time levy to pay for an engineering study. Most households would pay less than \$1 total for the one-time levy, said Tom Civiletti of the Oregon Public Power Coalition.

The new public utility would have the power to condemn Portland General Electric's assets and begin providing electricity to customers.

The proposal is nearly identical to one Multnomah County voters rejected in November. Similar proposals also are in the works in Washington, Yamhill, Marion and Polk counties.

Jim Coleman, county counsel, told county commissioners during a work session Tuesday that there are several steps before an election can occur.

The Oregon Office of Energy has to hold a public hearing at least 30 days after receiving the petition and publish an informational report on the proposal within 60 days.

"We don't make a decision one way or another whether this is a good idea or not," said Diana Enright, an Office of Energy spokeswoman. Enright said the report must address how the proposed district might affect taxes and power rates, although she said that's often difficult to determine.

Once the Office of Energy completes its report, the Clackamas County commissioners will hold a hearing. The commissioners will be responsible for setting the boundaries of the proposed PUD and setting an election date.

Petitioners submitted their signatures so the measure could appear on the May ballot,

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and county commissioners said Tuesday that they're aiming for that election. Portland General Electric, which heavily financed a campaign against this year's failed Multnomah County proposal, will also oppose the Clackamas County proposal.

"We're basically preparing for putting together a campaign and would expect to file the necessary papers when the ballot measure is created," said Scott Simms, a PGE spokesman.

Simms said PGE was encouraged by the defeat of the Multnomah County measure. But Kemper also said she's encouraged by the Multnomah County measure.

"I've talked to some people from Multnomah County, and they began to get very aware of how PGE was really overloading the whole airwaves and everything with propaganda. . . . They started to get suspicious of that," Kemper said. "I think that we have a pretty good chance partly because of that, and partly because we have a little better idea of how to handle a campaign ourselves now."

Sarah Hunsberger: 503-294-5922; shunsberger@news.oregonian.com

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Record Number: 0312100318

Portland Oregonian

Oregonian, The (Portland, OR)

December 25, 2003

VOICES PGE IS TAKING CARE OF BUSINESS, NOT CLACKAMAS COUNTY VOTERS

Author: Andy Parker

Edition: SUNRISE

Section: EAST ZONER

Page: 02

Estimated printed pages: 3

Article Text:

Tom Civiletti took the call in the kitchen of his Oak Grove home. He laughed at what he was hearing.

It was Tuesday afternoon, two days before Thanksgiving. Before the call, it'd been a pretty quiet week for the man who is heading efforts to offer Clackamas County voters the option of running a publicly owned, nonprofit power company.

Volunteers already had collected the thousands of signatures needed for a May election on forming a county people's utility district. Within a week, the signatures would be certified. It was a small step. But Civiletti, a quiet family man who works as a carpenter and stays active in county politics, is a big believer in the power of small steps.

Back in the 1980s, he was among homeowners in North Portland who worked with state and industry leaders to reduce odors wafting up from the industrial waterfront. That small victory taught Civiletti that "little people can make a difference."

But the phone call was a reminder of what lies ahead. The call, from the Clackamas County commissioners' office, was to let Civiletti know that the commissioners had learned they could charge the public power petitioners for the May election.

The election fee is typically charged to existing special districts in Oregon, not to those trying to form. But the commissioners were considering charging petitioners a \$10,000

Related Oregonian Articles

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deposit when they turned in their signatures that Friday.

The commissioners had decided to allow the petitioners to weigh in on the matter at a Wednesday morning meeting before making a decision.

Civiletti immediately suspected that Portland General Electric officials were behind the sudden push for the county to collect the fee. "I laughed," he said, "simply because it's the sort of thing I expect from PGE."

Here's what happened. When Clackamas County Clerk Sherry Hall got to work the morning of Nov. 25, some unsolicited advice from PGE was waiting for her.

PGE's community liaison in Clackamas County, Annette Mattson, had been thoughtful enough to e-mail Hall that the county could charge for the May election, but only if it demanded a deposit when the signatures were submitted.

In her e-mail Mattson wrote, "I am hoping Clackamas County will exercise their right to collect these funds. . . . Especially since this same kind of measure was defeated soundly in Multnomah County, at a cost of \$300,000 to those taxpayers. Thank you for your consideration!"

At a contentious meeting the next day, commissioners decided against the fee after Larry Sowa and Martha Schrader agreed with concerns from Civiletti's group that it might limit the group's equal access to the election.

Still, Civiletti, a former head of Clackamas County Democrats who twice ran for the Legislature, losing by only 93 votes in 1998, knows what he's up against. Last month, 68 percent of voters rejected forming a public power district in Multnomah County after opponents spent \$3 million to defeat it. And Civiletti knows the PGE e-mail is only the beginning.

PGE's Mattson did not return my call. Instead, PGE spokesman Scott Simms called to say the e-mail is an example of how PGE works closely with local officials to meet local needs.

If I worked for PGE, I might believe that explanation. That's not to say the folks at PGE are doing anything wrong -- they're not. They're simply watching out for their business, their revenue stream, their jobs.

Just don't confuse that with them watching out for what's best for Clackamas County residents. They're not. That's up to local voters, if they're willing to wrestle with this extremely complicated issue.

If you're a voter, you may not end up agreeing with Civiletti. But at least he's trying to give you the option.

It sure beats letting PGE make the decision for you.

Andy Parker is a columnist for the MetroSouth edition of The Oregonian. Contact him at 503-294-5945 or at daparker@news.oregonian.com. His columns and other local columnists of The Oregonian can be found online at www.oregonlive.com/columnists

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Record Number: 0312240470

Portland Oregonian

Oregonian, The (Portland, OR)

December 31, 2003

PGE SOLICITS CITIES TO OPPOSE PUD

Author: SARAH HUNSBERGER and TONYA ALANEZ - The Oregonian

Edition: SUNRISE

Section: SOUTH ZONER EAST ZONER SOUTHWEST ZONER (PAGE B02)

Page: B02

Estimated printed pages: 3

Article Text:

Summary: Some city councils in Clackamas County are considering resolutions with language supplied by the electric utility

Portland General Electric is asking cities in Clackamas County and elsewhere to approve resolutions opposing a proposed Clackamas County people's utility district. Estacada city councilors approved a resolution Dec. 22, and city councils in Happy Valley, Milwaukie and Gladstone are scheduled to consider similar resolutions during meetings in January.

In most cities where a resolution is under discussion, Portland General Electric supplied the suggested draft language, PGE and city officials said.

PGE officials are getting an early start on the campaign. The PUD election date hasn't been set, and no formal campaigning has begun. The Clackamas County PUD would have the authority to condemn PGE's assets and begin supplying power to customers. Tom Civiletti, coordinator of Clackamas Public Power, a group working to form a people's utility district, said it's PGE's right to ask cities for support. But he said cities should notify PUD supporters of the discussions and give them an opportunity to present their side.

"We want there to be information from both sides presented so that city councils can make an informed decision," Civiletti said.

He said backers of the PUD proposal have not yet sought support from cities. He said he would consider providing a city with suggested language for a resolution supporting a PUD if asked.

But he said he would be concerned if cities approve the language offered by PGE without much discussion. He said he thinks it's better for city councils to write their own resolutions rather than adopt language written by opponents or proponents of an issue. "It suggests that they really don't understand the situation; they're not looking into it," Civiletti said.

Sample wording routine

Deane Funk, PGE's government affairs manager, said it's routine for groups to suggest resolutions, along with sample wording, to public boards and councils.

"It's not like spoon-feeding or force-feeding," Funk said. "It's more of a discussion that we basically help frame in language that they're used to."

If city councils line up to oppose the formation of a PUD, that would lend credibility to the effort to defeat a people's utility district, Funk said.

"That carries some weight, and frankly, it's something that the campaign, when it's formed, will use," Funk said.

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Petitioners this year turned in ample signatures to qualify a PUD measure for the Clackamas County ballot. County commissioners will hold a hearing on the proposal in February before they set an election date. The election is likely to be in May.

A measure that qualified for the ballot in Yamhill County will go before voters in the March 9 election. Petitioners continue to gather signatures for PUD measures in Washington, Marion and Polk counties.

The PUD proposals are similar to the one that Multnomah County voters defeated by a wide margin in November.

Earlier this year, PGE solicited and won resolutions by local governments in Clackamas County and elsewhere opposing the proposed takeover in Multnomah County.

Multnomah proposal countered

Resolutions were approved by cities including Gresham, Milwaukie, Tigard, Tualatin, Salem, Hillsboro, Hubbard, Silverton and Keizer. Clackamas County commissioners approved a resolution in opposition to the Multnomah County proposal with language drafted by PGE.

The new push for cities to oppose the Clackamas County PUD proposal includes Happy Valley, which will discuss a resolution Tuesday.

"PGE offered a draft resolution for our consideration," said Clint Holmes, Happy Valley city manager.

The Milwaukie City Council will hold a work session on a PUD resolution at 5:30 p.m. Tuesday.

The Gladstone City Council will consider a draft resolution suggested by PGE at its Jan. 13 meeting.

Information on whether the city of Sandy will consider a PUD resolution was not available Tuesday.

In Lake Oswego, PGE representatives and PUD supporters will make presentations to the City Council at its Feb. 17 meeting. City Recorder Robyn Christie said there is no proposed resolution on the agenda, nor has the city received a sample resolution from PGE.

West Linn has not scheduled a meeting to discuss taking a position on the PUD proposal, said Sandi Farley, West Linn city manager.

Wilsonville City Manager Arlene Loble said PGE asked the City Council to oppose the PUD proposal, but councilors decided not to take a position.

Sarah Hunsberger: 503-294-5922; shunsberger@news.oregonian.com

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Record Number: 0312310306

Resolution on People's Utility Districts (PUDs)

Whereas,

- Citizens of the City of Milwaukie OR hope to enhance financial well being in our community.*
- One important factor in financial well being is cost of living. Reduced cost of living enhances financial well-being. Electricity costs are a significant cost of living.*
- PUDs already exist and thrive in Oregon without any of the risks and costs PGE/Enron claims PUDs are subject to.*
- Every PUD in Oregon has lower rates per kilowatt hour than PGE/Enron, some as much as 56% lower (Clatskanie PUD, 2002).*
- PGE/Enron has demonstrated that it will go to great lengths to supersede the will of the people, having outspent supporters of the Multnomah PUD seventy-five to one.*

Therefore be it hereby resolved that:

- The City of Milwaukie OR agrees that the feasibility of a PUD in Clackamas County should be studied.*
- A Clackamas PUD should be formed to implement and fund this study.*
- If the study demonstrates that a PUD will in fact improve the financial well being of the citizens of Milwaukie OR then the City of Milwaukie OR supports the full formation and operation of a Clackamas PUD.*

Be it further resolved that:

The City of Milwaukie OR shall encourage public discussion on the value of existing PUDs to their owners & on the worthiness of exploring a Clackamas PUD.

In its formal proceedings, the City of Milwaukie OR shall not permit the domination of this discussion about PUDs, or the propagation of unsubstantiated claims, by any person or entity.

Approved on this ____ day of _____, 2004

RESOLUTION ___ D R A F T _____

A Resolution Opposing the formation of an Electric People’s Utility District in Clackamas County.

WHEREAS, Portland General Electric (PGE) has been serving Oregon for over 100 years; and,

WHEREAS, condemnation of this business through establishment of an entirely new government entity with independent taxing powers is a distraction the community does not need as it struggles to maintain existing businesses and government services; and,

WHEREAS, condemnation of private businesses sends the wrong messages to businesses looking to invest in Oregon; and,

WHEREAS, a PUD would add uncertainty to an economy that is strained and would further promote the view that Oregon and Clackamas County are “anti-business;” and,

WHEREAS, a start up government utility would need to go deeply into debt to acquire the facilities of the two companies and such debt would have to be repaid either through rates or through additional taxes; and,

WHEREAS, A PUD condemnation proceeding will result in protracted litigation taking years and millions of dollars to resolve; and,

WHEREAS, creating a new government utility could cost Oregon private sector jobs; and,

WHEREAS, a start-up government utility would own little, if any power generation and would be dependent on the volatile wholesale market for nearly all power supply; and,

WHEREAS, a newly formed people’s utility district would qualify under federal law for preference power from the Bonneville Power Administration, but inadequate power is available from BPA for current preference customers, which could result in further electricity price increases for customers, both inside and outside Clackamas County; and,

WHEREAS, under Oregon law, if a majority of residents of cities within Clackamas County oppose formation of the people’s utility district, they also will be excluded from its service territory; and

WHEREAS, the proposal to form a new People’s Utility District in Oregon will increase uncertainty and risk for customers of Portland General Electric; and,

NOW, THEREFORE BE IT RESOLVED, that the Mayor and the city council of the City of Milwaukie oppose the formation of the PUD and the subsequent condemnation and forced government takeover of the assets of the Portland General Electric distribution system in Clackamas County.

Approved and effective on this _____ day of _____, 2004.

Mayor

ATTEST:

City Recorder

PUBLIC MEETING

The Oregon Department of Energy will hold a public meeting to receive public comment on the proposed formation of the Clackamas County People's Utility District.

Thursday, January 15, 2004

7 p.m.

Clackamas Community College

Wilsonville Campus

Room 111 and Room 112

29353 SW Town Center Loop E

Wilsonville, OR 97070-9465

All interested individuals are welcome to attend. The Department of Energy also accepts written testimony. Written, fax or e-mail comments will be accepted through Friday, January 23, 2004 and should be directed to:

Mike Grainey

Department of Energy

625 Marion St. NE

Salem, OR 97301-3737

Fax: 1 (503) 373-7806

E-mail: energy.in.internet@state.or.us

Questions about the meeting should be directed to Kathy Stuttaford (Oregon Department of Energy) at 1 (800) 221-8035.

The Department of Energy with the advice and assistance of the Public Utility Commission of Oregon will prepare a report on the availability and cost of power resources, potential tax consequences and any other information relevant to the proposed formation of the district.

Petition Reads:

Whereas, with the intent that agreements allowing existing municipal electric utilities to enlarge their service territories into areas annexed by those municipalities should be respected, the Chief Petitioners desire to form the Clackamas County People's Utility District and address this petition to the Clackamas County Commissioners:

The Chief Petitioners, electors residing in Clackama County, desire to form a utility district and request that an election be held, pursuant to ORS 261.105, on the question of whether to form the CLACKAMAS COUNTY PEOPLES' UTILITY DISTRICT (PUD) in the following territory:

All of Clackamas County, except the City of Canby and the territory served by the nunicipal electric utility of that city, whether within or without the boundaries of the City of Canby, as follows: starting on SW Fir Street, south from the Canby city boundary along backlot lines of SW Fir Street to its end; westerly on Knights Bridge Road from the Canby city boundaries along the back lot lines of Knights Bridge Road to its juncture with Arndt Road; north on N. Holly Street along the back lot lines of N. Holly Street to 22nd Avenue; and along the backlot lines of the 600 block of S. Redwood Street; and excluding the following individual parcels along the back lot lines: 1478 S. Township Street, 1429 S. Township Street, and 164 N.E. Territorial Street.

In the event the people within any one or more municipalities or separate parcels of territory within the proposed district vote against its formation, then that portion of the district which voted in favor of organization of a people's utility district may be organized into the district.

As required by ORS 261.113, the Chief Petitioners also propose the question of whether the PUD shall be authorized to impose a one-time special levy of 3 mills per one thousand dollars of assessed valuation (equal to \$3 per million dollars of assessed valuation) to finance an engineer's report and the election under ORS 261.355(1).

Chief Petitioners:

**Walter F. Brown
16 SW Monticello Dr.
Lake Oswego, OR 97035
503-636- 4150**

**Barbara Kemper
17673 SE 130th Ave.
Clackamas, OR 97015**

**Brad Jackson
4845 Parkview Dr. #1
Lake Oswego, OR 97035
503-699-7553**



TO: Mayor and City Council
FROM: Mike Swanson, City Manager
DATE: June 5, 2002
RE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, PROPOSING ANNEXATION OF THE ENTIRE CITY TO CLACKAMAS COUNTY FIRE DISTRICT NO. 1, FOR THE PURPOSE OF RECEIVING SERVICES FROM THE DISTRICT.

ACTION REQUESTED

Adopt a resolution proposing annexation of the City to Clackamas County Fire District No. 1. for the purpose of receiving services from the District.

BACKGROUND

Financial Forecast

We have balanced the FY 2002-2003 City budget. Our projections for the following fiscal year show a General Fund shortfall of between \$1,100,000 and \$1,200,000.

Oregon State and local governments have been making similar claims since at least the passage of Ballot Measure 5 in 1990, only to subsequently balance budgets that were claimed to be short of funds. It appears to the public that there is a pattern of bad news followed by last minute good news that leads to a solution. The reality, however, is something different.

What looks like previously undiscovered funds or last minute financial out of the box thinking is all too often just a simple decision to dip into reserves. It is no different from a personal savings account. One establishes a personal spending pattern, but the costs of supporting it have risen. In order to maintain the same spending pattern you dip into savings until they run out. You are then faced with the decision either to eliminate a spending priority(ies) or increase revenues.

Current Service Levels

The City is in the same position. We provide a basic, supported level of services. We provide a level of police protection of 1.5 officers per 1,000 population, which is more intense than the unincorporated areas that surround us. We will be doubling our code enforcement efforts by an additional staff position, which is more intense than the unincorporated areas that surround us. Our library will be increasing its hours by seven per week and serves both City and unincorporated residents. (We are reimbursed for the latter by funds from the County's General Fund.) We have a public participation effort in our Neighborhood Services Department and Public Access Studio that is more intensely involved with our citizens than the unincorporated areas that surround us. In short, we are a City.

These are examples of the services that will have to bear much of the burden of a FY 2003-2004 General Fund shortfall. They provide a level of service that distinguishes us from unincorporated Clackamas County. In addition, they derive most or all of their funding from the General Fund; it is their revenue source that is most in jeopardy.¹

Proposal

Thus far I have discussed only one solution—namely, cuts in services. That focuses on the expenditure side of the budget. There is another solution available—namely, increasing revenues to meet the projected shortfall. This can be done in a number of ways that have been discussed before.² Annexation of the City to CCFD1 increases the City's available revenues by freeing the General Fund of the obligation to pay for the contract between CCFD1 and the City. It is a tax increase, inasmuch as the annexation imposes the District's permanent tax rate of \$2.4012/\$1,000 valuation on City residents.

But increasing the availability of revenues to support City services is not the only reason to support annexation. Clackamas County Fire District No. 1 is the only fire department in the State that has been fully accredited. It is a well-managed organization that is staffed by a dedicated cadre of professionals, many of whom once served within the City of Milwaukie. Our current contract with the District ensures that we receive fire suppression, prevention, and education from a department recognized as one of the best. At the same time, Milwaukie citizens are not eligible to occupy a seat on the District's Board of Directors, nor are

¹ We will also have to share any cuts with other possible sources. However, the choices are limited. We would make cuts within Administrative Services, however, any cut of one dollar only return half that amount to the General Fund as the costs are shared throughout the City. In addition, many departments within JCB do not derive their funding from General Fund dollars, and, therefore, cuts within those departments do not help.

² Briefly, there are four options open to us. The first, of course, is to do nothing. The second is to seek voter approval of a general operating local option levy. The third is to seek voter approval of a special purpose local option levy. The final option is for CCFD1 to annex the City to the District, thus freeing the General Fund dollars currently used to pay for the contract between CCFD1 and the City.

Milwaukie taxpayers eligible to vote in District affairs. Annexation ensures that Milwaukie's citizens are full partners in this department.

Annexation Process

The process for annexation is relatively simple. First, the Council forwards a request to the District Board (see attached draft). That action will be on the Council's June 18, 2002 agenda. The District Board will consider the request, and, if approved, it will notify the City and order an election within the District. Upon notification, the Council will also order an election within the City. The ballot question will be on the November ballot in both the District and City, and it will require an affirmative vote in both. If passed, City taxpayers will see the District's tax rate on tax statements they receive in the Fall, 2003. That rate will be effective July 1, 2003. In addition, the District's bonded debt rate of \$.17/\$1,000 valuation will also be imposed pursuant to State law.³

CONCLUSION

We are faced with a problem that will not eliminate itself with additional, as yet undiscovered revenues. It is a challenge that others have recently faced. Cities such as Canby have made deep cuts in services to meet their revenues.⁴ Milwaukie has made many of those cuts over the past years. Previous Budget Committees and Councils anticipated this scenario and adjusted expectations. This year I have recommended only 17% of the capital requests for building repairs and improvements. This is not because requests were frivolous, but, rather, the recommendation was made because of a lack of funds. Within the Materials and Services budget category, many downward adjustments were recommended. Again, this is a reflection of declining revenues.

I believe that we have a story to tell. This staff consists of the most dedicated people I have worked with in local government. This community consists of the most active, dedicated people I have worked with in local government. They do not show up for one meeting a month to hear a presentation or two—they actually do something (and know a lot). We provide a level of services that people seem to support. It is not a particularly rich level of services, but it seems

³ Chief Bruegman and I have discussed this issue in light of the fact that City residents are already paying for the Public Safety Building. There is no way to eliminate the District's assessment for their buildings. However, we have agreed that we would seek to neutralize the effect by adjusting lease payments by the District for use of the Public Safety Building. We would then credit that adjusted amount to the Public Safety Debt Service Fund and reduce the tax burden on City residents by an equivalent amount. If we cannot reach agreement on this issue, we can still choose not to pursue the annexation and redirect our efforts toward a local option levy. Our deadline for placing a question before the voters in November is August 27, 2002.

⁴ Call the City of Canby any time and you will get a message that they are open from Monday through Friday from 1:00 P.M. until 5:00 P.M. In the recent Primary Election Canby voters approved additional taxes to keep the public swimming pool open, but they rejected a local option levy to fund police.

to meet the needs of citizens.⁵ If we are to continue that level of services, we will need to expand our revenues. Annexation of the City to CCFD1 could accomplish that while ensuring services from a leader in the field.

RECOMMENDATION

Approval of the attached resolution.

⁵ In the next few months we will be exploring alternate ways of delivering some of our services in order to effect savings. For example, the purchase of dispatch services is projected to save \$300,000 annually. In addition, I am in discussions with a private vendor about the possibility of purchasing parking enforcement services that could expand our parking patrol into the neighborhoods while providing enough savings to support the addition of the Code Enforcement position.



TO: Mayor and City Council
FROM: Mike Swanson, City Manager
DATE: December 29, 2003
RE: Annexation of the City to Clackamas County Fire District 1
("District")

ACTION REQUESTED

The action that is requested of Council is direction to staff to prepare and present to the Council a resolution and supporting financial data proposing annexation of the City by the District.

BACKGROUND

In 1999 the City and District "consolidated" fire and emergency medical services. This was accomplished by contract between the parties that provides, among other things, for a transfer of the City's Fire Department employees to the District and appointment of the District Fire Chief as the City's Fire Chief.¹ The City pays the District an annual amount for the cost of the services provided. Facility maintenance costs are borne by the City.

In 2002 the City Council adopted a resolution proposing annexation of the City to the District, and the District Board approved the request and was prepared to forward it to the voters for their consideration.²

The attached June 5, 2002 Council Staff Memo argued that annexation to the District would serve two purposes. One was to free General Fund money for other uses, and the other was to strengthen the City's political influence within the District. If the annexation had been approved, it would have served as a tax increase. This was openly acknowledged as a major purpose of the annexation. However, in discussions with community members it was apparent that the proposal was far too complicated. If additional revenue was needed, the

¹ Attached to this memorandum is a May 24, 2002 memorandum regarding "Costs/Benefits of Fire District Contract" that was generated to address the question of the savings that had been generated by the consolidation.

² Attached to this memorandum is a June 5, 2002 Council Memo regarding "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, PROPOSING ANNEXATION OF THE ENTIRE CITY TO CLACKAMAS COUNTY FIRE DISTRICT NO. 1 FOR THE PURPOSE OF RECEIVING SERVICES FROM THE DISTRICT" together with a copy of the resolution that was adopted.

community's advice was to make a direct request for it. Thus, the annexation was abandoned, and a local option levy was placed on the ballot. When it chose this course the Council noted that annexation should still be pursued "as a housekeeping measure" in 2004—thus this proposal.

The process for annexation is relatively simple. The Council forwards a request to the District Board, who will consider it. If the District Board approves the request, it will notify the City, and the Council orders an election. This election is proposed for September 2004.³ Oregon City is considering similar action.

The reasons for annexation to the District remain the same as in the past. First, the cost savings that prompted the original consolidation remain and are made permanent through annexation. Much of the savings can be attributed to administrative savings and the ability to better plan the emergency response system. For example, elimination of two chiefs when one could serve an area is an administrative savings that is apparent. In addition, the ability to better plan station locations over a larger area permits elimination of facilities that "over serve" an area. Second, the present contractual arrangement has served both organizations since 1999, but it also deprives the City of real political influence, and it does not permit either to plan for the long-term. As a contract city Milwaukie has no vote in District matters nor are its citizens eligible for District Board membership. Third, City residents benefit from the size and professionalism of the District. The District was the first fully accredited fire department in the State. Without the resources of a large department, accreditation would not have been possible. Fourth, a successful annexation does free the General Fund of the obligation to fund the District contract. The amount is roughly equivalent to the District's permanent rate. Simply put, the City would gain the authority to levy roughly an additional amount, because the funds that are freed are within its permanent rate. However, I believe that it would be a mistake to exercise this authority. Annexation to the District should be pursued for its own sake because it serves a valid public purpose on its own. The revenue authority that a successful annexation provides should be reserved to the future.

Our 2002 local option levy and the County's 2003 transportation utility fee were defeated within the City by roughly the same margin—and that margin was wide. We need additional revenue to provide the essential public services we believe this community needs and wants, but for the time being we are being told time and again not to seek them from new taxes. Therefore, I believe that we will need to pledge not to use the authority gained from a successful annexation to increase the tax burden on Milwaukie's citizens. If that choice is to be made, it will have to await future action.

³ The Oregon Legislature recently adopted HB 2818. It eliminates the need for the District Board to call an election within the District if the population of the City to be annexed is less than twenty percent of the population of the District. However, an election may be required upon presentation of a petition signed by ten percent of the electors of the District or 100 electors of the District.

Subsequent to drafting the above for the January 6, 2004 Council meeting, I provided the following information in my Friday Memo of January 2, 2004.

Your January 6, 2004 agenda packet includes material about the potential annexation of the City to Clackamas County Fire District 1. Due to the press of (my own) deadline I did not provide any financial information. In fact, any information that is provided today is of a preliminary nature, but it at least provides some indication of where a recommendation might take us. So, to correct that omission, I wanted to provide an outline of the effect were the City to annex to the District, bearing in mind that these numbers are very preliminary. The City's 2003-2004 valuation for tax purposes is \$1,233,327,802. Its permanent rate is 6.5379, and the annual debt service (budgeted) is \$300,000. At present the total FY 2003-2004 cost for fire is \$3,177,077, or the annual contract amount (\$2,820,869) plus facilities maintenance charge (\$206,208), plus PSB debt service (\$150,000).⁴ Assuming that the City were annexed to the District, the total cost for fire would be \$3,166,446.⁵ The important thing to remember is that we have plenty of time to make a September election, and we have some work to do. At this time I am asking only for the authority to proceed. There are a number of points at which you will have to give the green light in order for us to commit to an election.

⁴ This calculation assumes an equal split of the annual debt service for the Public Safety Building between police and fire. In addition, it includes a facilities maintenance charge as a City expense. The reason for this is because the contract for services between the District and the City requires that the City maintain the facility.

⁵ This calculation makes a number of assumptions. First, the facilities maintenance charge is transferred to the District as tenant. Second, the District's bond rate for existing stations would be levied on City properties pursuant to the annexation. In order to ensure an equal result, it is assumed that the District pays that portion of the debt service on the Public Safety Building allocable to fire, which is here assumed to be \$150,000. Thus, the annual savings to City residents from annexation (assuming that the City reduces its levy of the General Fund) is \$160,631.



CLACKAMAS REVIEW
OREGON CITY NEWS

(503) 786-1996

editor@clackamasreview.com

Local People.

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Norm Whitely takes over Clackamas County Fire

David Stroup - 09/30/03

North Clackamas welcomes a new fire chief this week with the selection of longtime local firefighter Norm Whitely to replace Randy Bruegman, who left to take over the Fresno, Calif. Fire Department.

Whitely's been in the fire service for some 33 years — all either with Clackamas County Fire District #1 (CCFD) or working for one of the smaller local agencies that eventually became part of CCFD through mergers. He'll take over the regional fire district at a time when budgets are tight and the district is trying to reclaim tax revenue now going to special districts.

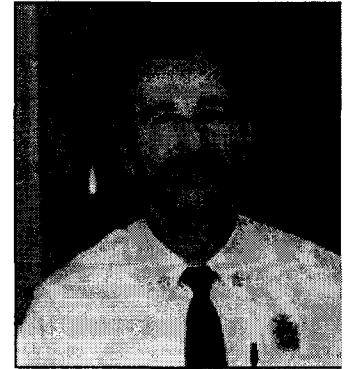


Photo by DAVID
STROUP
Chief Norm Whitely

"When a new leader comes on board," Whitely said, "the most important thing to me is to assemble ... to focus on what our strategic plans and goals and objectives are — to review, and draw a road-map of how we'll meet those goals."

The man he's replacing, Bruegman, also held the position of President of the International Association of Fire Chiefs. The departing chief said farewell Sept. 9, and the CCFD Board decided to find a new chief from within the organization's ranks.

"I believe the state of the department is excellent," Whitely said — though he added that "one of the priorities is stabilizing funding."

Fire-service experience

Whitely's family moved from California to the Beavercreek area when he was just 12. "For the most part, I've lived in the Oregon City, Beavercreek Clark area for the past 38 years," he said.

He said he got his start in the fire service when he was just 16: "That was back in the days — in 1970 — when Beavercreek had a little two-bay station, all volunteer. It was a lot of young adults there who volunteered for the community," he said. "I got to live a young man's dream, I guess. There weren't a lot of calls — grass fires, out-buildings and barns, a few structure fires. We had very limited equipment — 'turn-out' coats and helmets. We didn't even have boots and pants."

He graduated high school and joined a "volunteer sleeper program" with Oregon City. "You move into the fire station to live — and to take calls and get training," he explained. "I lived there for four years as a volunteer sleeper, and worked part-time when they were short." Back then, Oregon City's department was sharing facilities with a CCFD crew. "I got to go out with two fire departments," he said. "One was more rural, the other was city fire department ... and I knew quite early that was what I wanted to do."

Over the years, he said, he's seen a lot of changes in local fire service — "just enormous changes — safety, but in the services we provide to the public, as well." That includes emergency medical services, fire prevention and local and regional fire planning. "The fire service has taken leaps and bounds over the past 33 years ... to what it is today."

Budget battle brewing?

"Randy left the department in good shape," Whitely said. The new chief believes CCFD doesn't face a budget shortfall right now — but he said the agency *does* need to look at their future funding levels.

He said no new bonds or levies will likely be needed; their last bond paid for several new fire stations and station remodels, and there's even mon

left over for a Pleasant Valley expansion. "I think we're doing fine there," he said.

CCFD officials are also planning to cope with the expansion of the Urban Growth Boundary towards Damascus and Boring. "We're working closely with [Metro]," he said. Fire service is currently provided out there by the Boring Rural Fire Protection District: "I think they would possibly talk ab a possible merger ... or a sharing of services," Whitely said.

Potentially overshadowing other budget issues, however, is Clackamas County Fire's quest for the return of the Tax Increment Financing (TIF) money. Those funds are currently going to special Urban Renewal districts; Bruegman said that CCFD is losing some \$1.6 million a year it could be receiving.

"It's one of the [Fire] Board's major objectives to recapture that revenue for fire protection," Whitely said. "I do feel that the taxpayers in Fire District #1 shouldn't be subsidizing regional issues from fire tax dollars

Still, Whitely said he's looking forward to working with officials to sort o he district's issues; he believes they'll have to put some work into educating people about the district's positions and concerns.

"I've put my entire life and career into the Fire District," he said. "I would probably call myself a firefighter's chief.... That's where I come from. I want to keep in touch with the people out there on the street — the line personnel. I look forward to that."

Share your thoughts & opinions with our editor.

(If you don't include your address and phone number. We will not be ab to publish your comments. Your e-mail address will not be published.)

[Home]

Seat belt save lives! So buckle up.

Monday, December 29, 2003

FOR LIFE YOUR FRIEND.....



11:20:04 AM

**CLACKAMAS COUNTY FIRE DISTRICT #1
ORGANIZATIONAL CHART**

- Fire Prevention
- Training Division
- How to Reach Us
- Specialty Rescue
- Volunteer Services Program
- Employment
- Clackamas Fire & Emergency Medical Service Foundation
- Making a Donation
- Organizational Chart
- Mission Statement

CITIZENS				
BOARD OF DIRECTORS				
<p>FIRE CHIEF <i>Norm Whiteley</i> New Construction Projects Budget</p>				
<p>ADMINISTRATIVE SERVICES / HR <i>Chief Norm Whiteley</i></p>	<p>COMMUNITY SERVICES FIRE PREVENTION <i>DC Scott Weninger</i></p>	<p>EMS, PLANNING, GOV'T RELATIONS <i>Kyle Gorman</i></p>	<p>OPERATIONS <i>DC Ed Kirchhofer</i></p>	<p>TRAINING <i>BC Marc Crain</i></p>
Payroll Finance Information Systems Benefits Personnel Policies Career Development Hiring Civil Service Wellness	Public Education/Information Internal Security Community Events Inspections Fire Cause Determination Marketing Code Enforcement Data Collection	Emergency Medical Services Emergency Management Financial Analyses Logistics Gvmt Agencies Interaction Physician Services Performance Measurement Accreditation Grant Administration	Emergency Operations Safety Exposure Control Operational Training Technical Rescue Standards of Response Fleet Maintenance Research & Development New Vehicle Acquisitions	

TO: Mayor and City Council
FROM: Mike Swanson, City Manager
DATE: May 24, 2002
RE: Costs/Benefits of Fire District Contract

During the budget presentations there was a question asked about the true savings generated by the contract with CCFD1. Apparently, the Council was quoted a minimal savings of \$7,500 in the first year at some time in the past. I asked Steve to resurrect some numbers to test that figure, and the savings were considerably more.

What follows below is a comparison that carries the following assumptions:

- I have backed out administrative costs of doing business. That is the amount charged to a department for the various administrative functions, but it does not exclude the administrative personnel carried by the department—in this case, for example, the Chief. The reason this is being done is two fold:
 - First, our administrative charges do not seem to be consistent over time, and, therefore, they are not useful in making an analysis of the cost savings over a number of years. Frankly, I don't understand the methodology used prior to my assumption of this job.
 - We eliminated administration from the fire budget effective this fiscal year. You will recall that we adopted a simple methodology that allocated costs according to a department's City funded FTEs. Since CCFD1 personnel were not City employees, they do not give rise to the same level of administration. If we did not exclude administration from all years, the FY 2001-02 numbers would overstate the savings. (I did not eliminate facility charges, even though there was at least a one-time jump that I cannot explain. The contract provides that the City pay the facility charges, so it is a cost that we bear, and it is properly included in the analysis. It is, however, a cost that should have been more properly assessed against CCFD1. Perhaps it was not because the contract did not originally compensate them at an amount equivalent to the rate they charge within the District.)
- I used the year prior to the "consolidation" as the base year for comparison purposes. In addition, I did not use the budgeted figure, but, rather, I used the actual, audited expenditure (except in the final year, inasmuch as the audit is not completed). I also increased it by 3% per year.

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Personnel	\$1,044,471	0	0	0	0
Materials & Services	\$1,794,058	\$201	\$68	\$42	\$40
Admin	(\$279,947)	(\$361,717)	(\$273,107)	(\$255,799)	0
Facility	\$173,649	\$261,120	\$161,926	\$168,218	\$157,689
Vehicle	0	\$57,510	\$70,753	\$39,918	\$5,314
Dispatch	0	\$35,000	0	0	0
Capital	\$29,994	0	0	0	0
Contract	0	\$2,365,114	\$2,436,370	\$2,484,720	\$2,620,262
Total Cost (Less Admin)	\$2,762,225	\$2,357,114	\$2,396,010	\$2,433,099	\$2,783,305
FY 1998 Plus 3%	N/A	\$2,845,092	\$2,930,444	\$3,018,358	\$3,108,909
Difference Between City Owned Department and Contract	N/A	\$487,978	\$534,434	\$585,259	\$325,604

Although they decrease in the past year, similar savings should continue. The contract cost has been gradually increased over the life of the agreement to more closely approximate CCFD1's actual tax rate. The FY 2002 contract amount brings us very close, so the contract cost will now slow as the base year continues to climb by the assumed 3%.

VI. B. 5

TIMELINE
ANNEXATION OF CITY TO DISTRICT

1. City staff prepares report for City Council. Report covers: 1) Why this is being suggested, what's the problem being addressed; 2) Financial effect on City; 3) Financial and service effects on City residents/taxpayers; 4) Financial and service impact on District. The District may be in the best position to address # 4 and at least part of #3. **Responsible Party: Mike Swanson.** *Timeline: Now through June 11th.*
2. City staff prepares motion or resolution [I think a formal resolution with "whereas" clauses outlining the rationale is preferable] proposing annexation of the City to the Fire District. **Responsible Party: Gary Firestone.** *Timeline Now through June 11th.*
3. Report and Recommendation presented to City Council. **Responsible Party: Mike Swanson.** *Timeline: June 18th.*
4. Resolution adopted by City Council and certified to District Board. **Responsible Party: City Council.** *Timeline: June 18th.*
5. Copy of certified Resolution transmitted to District Board. **Responsible Party: City Recorder or other designee.** *Timeline: June 19th.*
6. District prepares Notice of August 6th District Board hearing. **Responsible Party: District Staff.** *Timeline: June 26th.*
7. District sends notice of August 6th District Board meeting to necessary parties [as defined in Metro Code] and posts at place of meeting and multiple places in the City and the District [minimum three places required by statute. I would suggest 20-30]. **Responsible Party: District Staff.** *Timeline: June 26th.* [District assumes its resolution or order is legislative rather than quasi-judicial thus obviating the need for ORS 197 notice to surrounding individual property owners.]
8. District advertises August 6th meeting in Clackamas Review on Thursday July 18th and Thursday July 25th. **Responsible Party: District Staff.** *Timeline: July 10th.*
9. District staff report addressing factors in Metro Code 3.09.050 (b) made available. **Responsible Party: District Staff.** *Timeline: July 19th.*
10. Prepare resolution or order calling election in the District for District Board to adopt on August Sixth. Resolution or order to include Findings and Reasons for Decision which satisfy seven criteria in Metro Code 3.09.050 (d). **Responsible Party: John Osburn.** *Timeline: August 2nd.*
11. Preparation of ballot title for District election. **Responsible Party: John Osburn.** *Timeline: Anytime before August 6th.*
12. District Board hearing and decision to approve or disapprove. If approval, District adoption of resolution or order calling election in District [including ballot title]. **Responsible Party: District Board.** *Timeline: August 6th.*

VI. B. 6

- a. District Elections Officer receives ballot title from District Elections Authority. **Responsible Party: District Elections Officer.** *Timeline: August 7th.*
 - b. District Elections Officer publishes Notice of Election. **Responsible Party: District Elections Officer.** *Timeline: Next Available Edition [after receiving ballot title] of Newspaper of General Circulation in District.*
 - c. Protests of ballot title must be filed. **Responsible Party: Elector Dissatisfied with Title of District Measure.** *Timeline: August 16th.*
13. District Board certifies resolution or order to City. **Responsible Party: District Board/Staff.** *Timeline: August 7th.*
14. City Attorney writes ballot title for City Council. **Responsible Party: Gary Firestone.** *Timeline: Anytime before August 20th.*
15. City Council calls election in City on the annexation of the City to the District. Council action includes "preparation of ballot title" as allowed by ORS 250.285. **Responsible Party: City Council.** *Timeline: August 20th.*
- a. City Elections Officer receives ballot title from City Council. **Responsible Party: City Elections Officer.** *Timeline: August 21st.*
 - b. City Elections Officer publishes ballot title. **Responsible Party: City Elections Officer.** *Timeline: Next Available Edition [after receiving ballot title] of Newspaper of General Circulation in City.*
 - c. Protests of ballot title must be filed. **Responsible Party: Elector Dissatisfied with Title of City Measure.** *Timeline: August 30th.*
16. City and District measures filed with County Elections. **Responsible Party: City & District Staff.** *Timeline: September 4th.*
17. Election held. **Responsible Party: County Elections.** *Timeline: November 5th.*

RESOLUTION NO. 17-2002

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, PROPOSING ANNEXATION OF THE ENTIRE CITY TO CLACKAMAS COUNTY FIRE DISTRICT NO. 1, FOR THE PURPOSE OF RECEIVING SERVICES FROM THE DISTRICT.

WHEREAS, Clackamas County Fire District No. 1 ("the District") provides fire suppression, prevention, and education services and emergency medical services within the City of Milwaukie under contract with the City; and

WHEREAS, the District maintains fire stations that most directly serve the residents and properties of the City and which are located at 11300 SE Fuller Road, 3200 SE Harrison Street, 2930 SE Oak Grove Boulevard, and 6600 SE Lake Road; and

WHEREAS, the current contract cost paid by the City is roughly the same as that which would be imposed by the District's permanent tax rate of \$2.4012 per \$1,000 of valuation; and

WHEREAS, with annexation to the District residents of the City may assume a direct role in District affairs; and

WHEREAS, with annexation the District can directly levy property taxes for its services without passing through the City's budget process and residents of the City can vote on tax measures proposed by the District; and

WHEREAS, the City is satisfied with the excellent services provided by the District and desires that the District continue to permanently provide such services; and

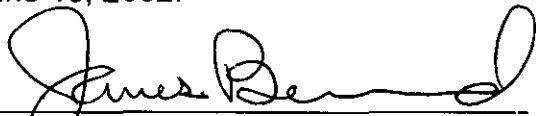
WHEREAS, the District is locally, regionally, and nationally recognized as a leader in the effective delivery of fire and emergency medical services and is one of only two nationally accredited fire departments in the State of Oregon.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby proposes annexation of the territory within the City by the District for the purpose of providing fire and emergency medical services.

BE IT FURTHER RESOLVED, that the City Council respectfully requests that the District Board approve this request and take the necessary steps to effect the annexation.

Introduced and adopted by the City Council of the City of Milwaukie, Oregon, on June 18, 2002.

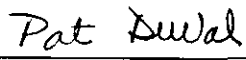
Effective date of this resolution is June 18, 2002.



James Bernard, Mayor

ATTEST:

APPROVED AS TO FORM



Pat DuVal, City Recorder



Ramis, Crew, Corrigan & Bachrach, LLP