

**CITY OF MILWAUKIE  
CITY COUNCIL WORK SESSION AGENDA  
APRIL 13, 2002**

**MILWAUKIE CITY HALL**

Second Floor Conference Room  
10722 SE Main Street

***WORK SESSION – 8:00 a.m. - 12 noon***

**Discussion Topic:**

- ◆ **Review and Prioritization of Community Goals**

**The Council may vote in work session on non-legislative issues.**

**The times listed are approximate. The actual length of the work session may vary depending on how much time is devoted to any topic.**

*At the end of the work session, the Council may hold an Executive Session under the authority of Oregon Revised Statutes 192.660 as needed.*

*For assistance/service per the Americans with Disabilities Act (ADA)  
dial TDD 786-7555.*

***The Council requests that all pagers and cell phones be either set on silent mode  
or turned off during the meeting.***



## **1999-2004 Strategic Direction**

**Goal:** Support community environmental sustainability (livability) through review of zoning and subdivision ordinances; establishing a design review process; implementing an urban forestry program; and acquiring open space and trails property while it is available.

### **Objectives**

- ◆ Modify Zoning and Subdivision Ordinance to enhance neighborhood livability.
- ◆ Develop and Adopt Neighborhood Design Review Ordinance, including a Design Review Board or Committee
- ◆ Adopt and Implement Urban Forestry Ordinance and Management Plan, becoming a Tree City USA within two years.

- ◆ Acquire Open Space, Park and Trail Properties NOW while it is available.
- ◆ Increase Code Enforcement Activity

# **Community Goals**

## **1999-2004 Strategic Direction**

**Goal:** Continue efforts toward development of the downtown and riverfront through a planning process, acquisition of key properties, and construction of key public projects to support a long-term public private partnership.

### **Objectives**

- ◆ Develop and adopt Downtown Plan
- ◆ Develop and adopt Riverfront Plan
- ◆ Develop and adopt Streetscape Plan
- ◆ Develop and adopt Downtown Design Standards
- ◆ Develop and adopt Downtown Development Plan
- ◆ Develop Milwaukie Junior High School Re-use and Site Plan
- ◆ Develop a Plan to relocate Kellogg WasteWater Treatment Plant within 10 years.
- ◆ Initiate Implementing Actions for All Plans

# **Community Goals**

## **1999-2004 Strategic Direction**

**Goal:** Encourage board, commission and neighborhood goals that are consistent with council goals which includes continued funding of neighborhood grants; creating a Citizen Involvement Board; encouraging more youth involvement; and supporting neighborhood visions.

### **Objectives**

- ◆ Continue Grant Funding for Neighborhoods, including increasing allocations by \$1,000 up to a total of \$10,000 per year per neighborhood.
- ◆ Develop Action Plans and Funding Proposals to support Neighborhood Visions.
- ◆ Develop and adopt a Citizen Involvement Board Ordinance.
- ◆ Develop and implement programs, which encourage more Citizen and Youth Involvement in City matters.

- ◆ Review and Update Board and Commission Responsibilities.



To: Mayor and City Council  
From: Mike Swanson, City Manager  
Subject: Goals Discussion Draft  
Date: September 10, 2001

Attached is a discussion draft of the goals we discussed a week ago. I have tried to tie them into some discussion of guiding principles. They are intended as a draft for your input and, eventually, for staff and public input.

The draft is intended to be of just those goals that are the long-term targets. Over time they will each need implementation plans. In fact, both the Middle School and Centennial goals need them sooner rather than later.

The more I work with this the more I see the potential for using the Centennial to make some of these things happen. That is, the Centennial could have a theme centered on the second hundred years and achieving results. By the time the Centennial rolls around we would have made significant progress on a number of the goals and could use those successes during the Centennial. A couple of ideas might be the Riverfront and/or the Middle School. If both or either is significantly on the way, we could use them as the sire for Centennial shenanigans—fireworks or the like.

I would like to have you review the attached and let me know if it is close. It doesn't have to be perfect at this point as we still have staff and citizen processes to go through. (We might even go to the Neighborhood Leaders September 19 meeting to present it as a draft.)

I am planning on meeting with Jeanne Lawson after your input. Jeanne and I will discuss the next steps with staff and citizens.

# DISCUSSION DRAFT

## CITY OF MILWAUKIE GUIDING PRINCIPLES AND COUNCIL/MANAGER GOALS

A healthy community defines and creates the future it desires. Having done so, its every action should be calculated to achieve that desired vision. It is toward that end that the following guiding principles and goals are established.

Externally, we value exceptional service to our customers and positive, open communications with our local and regional public sector partners. While this does not mean that every issue is reduced to a mutual agreement, it does mean that we strive to bridge differences, and, where impossible, we will clearly state the reason for not doing so. We value the principle of sustainability in preserving our environment and the character of our neighborhoods. We always seek to create and implement opportunities for the active involvement of our citizens.

Internally, we value both teamwork and the individual effort that contributes to the effectiveness of the team. We do everything we can to ensure that our decisions and actions are of the highest quality and are reliable and consistent. We effectively plan for the future and do all we can to ensure that our plans yield results. We always meet our commitments to our customers and fellow team members, and in all we do we act with the highest integrity.

Milwaukie will soon complete its one-hundredth year. Our responsibility is to ensure that we move into the next one hundred by creating the community we desire. Toward that end the following long term goals are established:

- **Develop and implement a financial plan that ensures the long-term financial viability and stability of the City.** Transportation, public safety, and library funding are all issues that are of immediate concern. In order to ensure that these and all other City services are adequately funded, all potential revenue sources shall be considered, including voter approval of additional funds, annexation, and expanded and creative development potentials.
- **Acquire the Milwaukie Middle School.** The decision to sell the Middle School to a private party does not eliminate its importance to the future of the City. Preservation of community history and available recreation and open space for public use, including transit, define what that community is about. In addition, the availability of the building for community uses, such as adult

education classes, recreation, and meeting space, serve as a focal point for activity in the downtown. The City's resolve to acquire the site for community purposes continues undiminished. All potentials for effecting that acquisition, including eminent domain, will be evaluated and a plan implemented.

- **Upgrade neighborhood livability.** The challenges of growth threaten the nature of the City's neighborhoods. Increased traffic is just one example of the impacts of growth. It is not enough to just hold on to what we have. Rather, we will improve the character of the City and its neighborhoods. Examples of our approach will be the aggressive representation of the City's interests at both the regional and local level and strong local control of our destiny through regulation.
- **Development of an economically vibrant Downtown and North Industrial Area and the Riverfront consistent with the character of the City and its neighborhoods.** The City possesses many hidden gems waiting to be uncovered. Among them are the Downtown, Industrial Area, and the Riverfront. We will seek to maximize those assets, consistent with the nature of the community. Chief among the hindrances to their effective development is the presence of the Kellogg Sewage Treatment Plant. Its removal and relocation will be aggressively pursued.
- **Celebration of the City's Centennial in 2003.** The first one hundred years should serve as a springboard to an active second hundred. The Centennial should see us moving aggressively toward the realization of the above goals.

# **Staff Responses to City of Milwaukie Council/Manager Goals**

*Results of the City of Milwaukie  
December 3, 2001 Staff Retreat*

*Draft*  
December 20, 2001  
Prepared by  
Jeanne Lawson Associates, Inc.

## *A Vision for Milwaukie*

The City of Milwaukie will soon mark its one-hundredth anniversary as a municipality. This momentous occasion is a time both to reflect on the City's past accomplishments and prepare for new opportunities in the future.

In order to define and create the future it desires, a healthy community must set out a vision. It is the responsibility of the City and its citizens to work together to make this vision a reality. To this end, the Milwaukie City Council and City Manager have established 5 long-term goals to guide the community into its second century.

### **Council/Manager Goals**

- 1. Develop and implement a financial plan that ensures the long-term financial viability and stability of Milwaukie.*
- 2. Acquire the Milwaukie Middle School*
- 3. Upgrade neighborhood livability*
- 4. Develop an economically vibrant Downtown, North Industrial Area and Riverfront consistent with the character of the City and its neighborhoods*
- 5. Celebrate the City's Centennial in 2003*

On Monday, December 3, 2001 the following City personnel participated with City Manager Mike (*last name?*) in a day-long retreat to articulate staff responses to each of the goals for Council. This report summarizes those responses.

### **City Staff Retreat Participants**

- Esther Gartner
- Pat Duval
- Mary Rowe
- Joanne Herrigel
- John Gessner
- Randy (*last name?*)
- Steve Smith
- Dennis Lively
- Paula Mishaga
- Jim Colt
- Michelle Gregory
  
- Jeanne Lawson – Jeanne Lawson Associates
- Alex Cousins – Jeanne Lawson Associates

## Overview

### Values

City staff reviewed the goals individually and discussed them as a group. There is support and enthusiasm for Council's directives. Staff agreed that each goal should reflect the following:

- Each goal should be viewed in context with the others and reflect the community's needs and concerns.
- Consideration should be given for how the goals will be integrated into existing plans and programs, with a system in place to prioritize needs.
- The public's attitudes and opinions should be weighed with every goal
- Implementing the goals should follow a public process.

### A Strategic Plan

Staff recognizes that the 5 goals are externally focused, and yet there is a need to develop internal controls or mechanisms to fulfill each vision. Therefore, Staff recommends that an internal Strategic Plan be developed to guide the implementation. In addition to the above values, Staff would like to see the following accompany each goal:

1. Comments – threats and responses (*Jeanne, what does this one refer to?*)
2. Each goal needs its own Action Plan that incorporates:
  - a) Steps and strategies for implementation
  - b) Consideration for regional collaboration, where appropriate
  - c) Timeline for completion
  - d) Breakdown of responsibilities and division of workload
3. A budget and list of resources needed to accomplish each goal
4. A review process for each goal that includes measures for completion or attainability

### Collaboration

There was an acknowledgement that more internal work needs to be done within and among City departments to foster the teamwork necessary to accomplish the goals, however confidence was expressed in the group leading this effort. Relationship-building was a key discussion item, as it was recognized that the 5 goals are major undertakings, requiring collaboration, teamwork and partnerships. Relationship-building is important in the following areas:

- The City's relationship with its citizens - the concept of service to the community is important
- Citizens' relationship with the City - regaining trust in government
- Partnership with the community – public, private, not-for-profit, institutional
- Regional relationship
- Building volunteer capacity

### **Making Goals Realistic**

Staff members expressed a desire to help people realize their dreams in balance with following through on existing commitments. The 5 goals require large investments of time and money to achieve success. Resources are limited. It will be important to achieve a balance between the ongoing demands of existing policies and programs while moving forward on these new projects. Having clearly articulated priorities by the City Council and Manager were seen as keys to success. Understanding the costs associated with each goal is very important. Staff also understands the need to make the goals realistic for Council. These projects will have a high profile and public expectations will be raised. Because of this, it is a good idea to re-visit the goals on an annual basis and to monitor them closely.

### ***Goal #1: Develop and Implement a Financial Plan***

Staff agreed that the development and implementation of a financial plan was an important goal. The creation of a financial plan can be driven by limits or desires. In a sense, there can really be two plans: one for today and one for what could be. It is necessary to make this distinction and to have realistic targets and timeframes. How much money? How long would the plan be?

Suggestions that grew out of the discussion included:

- Strategies for cooperation are needed
- Focus on revenue generation; perhaps have staff designated to do this
- Identify opportunities to increase the tax base through development and redevelopment
- Protect franchise fees and existing resources

### **Steps Needed to Develop & Implement a Financial Plan**

1. Assess existing situation
2. Identify risks of existing situation
3. Prioritize existing situation
4. Identify needs for a desired future
5. Prioritize those needs. Consider which priorities have the potential for revenue generation
6. Balance the two sets of priorities
7. Identify new revenue sources

## *Goal #2: Acquire the Milwaukie Middle School*

Finding a solution to the Milwaukie Middle School property is a matter of public debate that has a history and is ongoing. Because of this there is an element of risk involved in tackling this project, although attempting to create a win-win scenario is a gutsy and bold move. All agreed that the school has symbolic value to the community and that something should be done with the site; indeed some at the retreat even felt that the matter was important enough to take a risk with the approach. Protecting the site as open space was also seen as an important goal. Four major options emerged from the discussion:

- Walk away from it (do nothing) – no one suggested this was the best course of action
- Acquire through:
  - Negotiation – concern about financial limits of investment
  - Condemnation - consideration regarding how it uses condemnation could affect how the City is perceived by the public
- Work with Waldorf to purchase in the future – some skepticism about Waldorf’s goodwill and track record with similar properties
- Negotiate for public use of the property – fallback position to acquisition

The two most preferred options were either to acquire the property outright or to negotiate to maintain the property as a community asset. The City does have some leverage, including zoning and the threat of condemnation. There is a need for proponents of the school to plan and organize their approach.

At the same time, it is vital to have an accurate pulse on community preferences. Public support is crucial for whatever approach is taken. There are some who would criticize the City if nothing were done and there are others who feel that any public expenditure on the school is a waste of resources given other pressing needs. Acquiring the Middle School raises the issue of the balance between community service and how the community develops over time. Also, given the political nature of the topic, there is a need for Council success with this issue.

### **Steps to Acquire**

1. Articulate Why
2. Articulate How
  - Negotiation
  - Forcible acquisition

### **Steps to Maintain as a Community Asset**

1. Articulate Why
2. Articulate How (what are the assets re: buildings?)
3. Negotiate with Waldorf for open space
4. Public pulse
5. Condemnation

### *Goal #3: Upgrade Neighborhood Livability*

Neighborhood livability is an important issue for the City and everyone agreed that addressing livability through policy is a worthwhile goal. However, “livability” means different things to do different people. In order to better understand how people define the subject, an idea-generating exercise was held.

#### **What is “Livability”?**

##### Codes

- Enforcement of the code (compliance)
- Efficient response to livability issues
- Property maintenance

##### Crime/Public Safety

- Downtown police presence
- Crime prevention and repression
- Safe neighborhoods
- Noise abatement
- A safe and secure home environment

##### Traffic Control

- Traffic calming
- Reduction of speeding in neighborhoods

##### Growth

- Sustainable rate of growth
- Rate & quality of new development
- Housing affordability

##### Design – Streets & Sidewalks

- Condition of streets
- Traffic, cars, pedestrians, and sidewalks
- Adequate streets and sidewalks
- Enhancements like sidewalks and pole toppers

##### Other Development/Design

- Compatibility with existing development patterns
- Quality of design
- Environmentally sensitive development

##### Family

- Safe place for kids to thrive
- Quality, safe schools

## Parks

- Parks and open spaces
- Accessible neighborhood parks

## Neighborhood Definition

- Whatever the neighborhoods say it is
- “NIMBY” definition – ability to say “no” to unwanted development

## Other

- Access to services, stores
- Relationship between the Community, City and County

Staff members agreed that code enforcement is a good first step toward improving neighborhood livability. Many neighborhood issues that are of concern to residents can often be resolved through compliance with existing laws and regulations. Code enforcement also has the positive effect of lowering the crime rate. A note of caution: the slowing economy could result in a jump in crime.

There is a potential “Black Hole” in attempting to tackle neighborhood livability though. It will be very important to meet community expectations, which will certainly be raised if the City’s formally adopts the issue. Responsibility and ownership will be required at the neighborhood level to ensure progress. Community policing must combine with law enforcement; the City cannot tackle this issue alone. It will also be essential to elicit support for other goals.

Staff feels that neighborhoods should be involved in defining neighborhood livability. As the above exercise revealed, there are many ways to define it. The City can also articulate what “livability” means when communicating with new neighbors (annexation). Defining and enhancing neighborhood livability is a way to help manage community change in addition to growth.

## **Steps to Upgrade Neighborhood Livability**

1. Re-visit prior process – a previous effort was made to work with neighborhoods on livability. It makes sense to return to these prior conversations, everything can then flow from here.
2. How are we going to define livability? - work with neighborhoods to develop definitions.
3. Define livability
4. Lay out strategies to achieve it – empower neighborhoods

## *Goal #4: Develop Downtown, North Industrial Area & Riverfront*

Responses to this goal were mixed; nearly everyone present agreed that the areas mentioned required planning, oversight and investment to achieve their full potential, but there were various opinions as to the approach needed. Some felt that the City should aggressively pursue large-scale redevelopment plans while others felt that it was time for the private sector to step to the plate, with the City providing incentives and coordination.

Much of the discussion revolved around coordination and integration for planning, as well as the role of oversight. Would that be the City's responsibility? Boards and commissions? Should there be one body coordinating all efforts or should there be several, dealing with downtown, the riverfront and north industrial individually? There are 5 major planning efforts underway in the City and all require congruence. Good communication and creativity will be required to move forward with these projects.

Several questions emerged from the discussion:

- What is the public pulse on directing resources to developing these areas? Is there an obstacle? Some noted tension or competition between neighborhood parks and the riverfront. Removing the Kellogg Sewage Treatment Plant is not a high priority for many in the community. Interest and enthusiasm in developing these areas needs to be embraced by the public.
- Where will the funding come from to develop these areas? There is no more money available for planning except the North Industrial Area. What role should the private sector play?
- What is the role of transit and transportation? Light rail is seen as an important ingredient. The City needs to be vigilant when it comes to regional issues.
- Putting utilities underground is an obstacle because of funding. Should this be done as properties redevelop? Should this be done all at once?

Staff agreed on the following priorities:

1. Identify components for each plan
2. Establish contact with key individuals and interest groups
3. Monitor

### **Steps to Develop Downtown, North Industrial Area & Riverfront**

1. Re-educate the community
2. Set priorities:
  - Identify the elements (opportunities and constants) that are essential to moving forward
  - Adapt to variability of the structure
3. Identify staff responsibilities

4. Coordination among the elements. Identify the method for oversight – role of staff, boards, commissions
5. Map the benchmarks (e.g. treatment plant)

### ***Goal #5: Celebrate the City's Centennial in 2003***

Staff agreed that a coordinated plan needs to be developed and put into effect soon. There is not much time! It will be important to generate community enthusiasm for this project, as there is probably not a lot of awareness yet. The City needs to be open to ideas from the community and incorporate their needs and desires.

There was some concern about finding leadership within the community to take this project on. Many of the obvious candidates are already overtaxed with responsibilities on various boards and commissions. There is a need to spread the workload around among the various entities who will participate (historical society, riverfront committee, etc.). Staff suggests that each board and committee identify their contribution early. Identify responsibilities right at the start. These should be folded into the existing volunteer base.

#### **Steps to Celebrate the City's Centennial**

1. Staff recommendations for Legacy Projects
2. List of top priorities for Council
3. Assign to staff and boards and commissions
4. Solicit additional ideas owned and pursued by the community
5. Identify timeline/schedule
6. Initiate public information in February 2002 – 99<sup>th</sup> anniversary (hurry!)

#### **Potential Legacy Projects**

Staff participated in a brainstorming exercise to generate ideas for Legacy Projects that the City could incorporate in the Centennial Celebration planning. Ideas were submitted and then everyone voted on their favorites. The following responses are ranked in order of votes received during the exercise.

#### **Smaller/single focus projects:**

1. Historical Milestones – downtown or riverfront boardwalk telling history of community (6)
2. Gateway on McLoughlin to Milwaukie (4)
3. Signed agreement to decommission Kellogg Creek sewage plant (4)
4. New lampposts downtown with banners/flowers (3)
5. Immediately rename Safeway property – e.g. “Centennial project” (3)
6. New website with Centennial Celebration section (2)
7. Milwaukie ‘Centennial’ microbrew (2)

8. Permanent public art installation (1)
9. Neighborhood projects – unique and visible (1)

**Longer term projects:**

1. Move forward with Safeway redevelopment project – groundbreaking, demolition, dedication (9)
2. Complete Phase I of riverfront park (or underway) – Centennial Park (7)
3. Groundbreaking/expansion of new library (1)
4. Complete North Industrial Lands study and plan by 2003 (1)

**Other ideas (no votes):**

- Centennial coin
- Commemorative fundraiser (plate, brick, mug)
- Walking route maps for neighborhoods
- A government plaza
- Park dedication
- New small neighborhood parks
- Acquire Middle School and develop a publicly-supported plan for its use
- Completion of boat ramp
- Street tree planting
- Historic plaque installation
- Historical markers or pole toppers in each neighborhood
- Time capsule
- Public artwork as a gateway to downtown or the riverfront
- Lasting improvement downtown or riverfront such as clock tower, garden or water feature
- Youth Center – legacy for the next generation

## *Next Steps*

Staff agreed to assign a person who will have primary responsibility for each of the goals:

- Downtown Plan benchmarks – Mike
- Neighborhood livability – Michelle
- Centennial Celebration – Michelle
- Financial Plan – Steve
- Middle School – points on why – Mike



TO: Mayor, City Council, and Citizen Budget Committee Members  
FROM: Mike Swanson, City Manager/Budget Officer  
DATE: February 8, 2002  
RE: Budget Update

The purpose of this memo is to update you on budget issues.

As you are aware, we are projecting a less than healthy fund balance should we not make a midcourse correction. The potential problem is a General Fund problem with two parts. The first is a projected failure of revenues to keep up with expectations. There are two reasons for this. The first is the fact that Qwest is withholding its franchise payments to cities throughout the State pending a determination in their lawsuit. The City budget has recognized these revenues, and they will not be forthcoming. The second revenue problem arises because of the precipitous drop in the economy following September 11, 2001. Many economic experts believe that a downturn was underway; the events of September 11 made the drop more precipitous. For example, interest budgeted at \$150,000 may well be no more than \$50,000. In addition, it appears that uncollected property taxes may have risen by half a percentage point above that which we projected. The total of these shortfalls appears to be about \$400,000.

The second part of the budget problem is on the expenditure side. When we project spending we find that we will come out of FY 2002-03 with a fund balance approximating \$1,100,000, about \$800,000 short of the amount we began the year with. Declining fund balances have been a harbinger of rough budget times for most local governments in Oregon. When you deduct the amount we budgeted for Contingency (\$800,000) and the amount we budgeted for the Dispatch/CAD grant that we did not receive (\$111,000), the amount of carryover would be approximately \$200,000! Another way to look at this is that aside from those two expenditure—which we know we will not make—we are spending all but \$200,000 of a \$12+ million General Fund budget. That reflects the fact that the City has been cutting for the past few years and has reached a point where budgets are realistic. In any event, without further action we will end the year with a General Fund balance of \$1,100,000, far short of what is needed to maintain service at the present level. This does not include any cuts in Library funds that might be imposed by Clackamas County.

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The short-term solution is to make changes that will increase the balance to a reasonable level. We are presently meeting with departments to make adjustments that will get us as close as we can to a reasonable fund balance. In the next few weeks we will be presenting a plan that accomplishes this. However, it will only be a short-term approach that will lessen the negative impact during FY 2002-03. Thus, we are also looking at longer term solutions.

It appears that there are four options. One, of course, is to continue as is, making cuts in services through the ensuing years. In addition to the FY 2002-03 proposed budget that we will present this Spring, we will simultaneously present a FY 2003-04 budget projection. I am certain that it will show a drop in revenues of at least \$800,000 (more if the County reduces or eliminates the Library funding), necessitating cuts of that amount for FY 2003-04.

The second and third solutions would be either a general operations or dedicated local option levy. The difference between the two is that the former would be for general operations and would offer the Budget Committee and Council discretion as to where the money is spent. The latter would dedicate the funds to a specific service (usually Police or Library, since they are popular and are usually considered easier to pass). A levy certainly might provide funding to carry us through, but there are a number of issues with it. The local option levy is for a time certain (not to exceed five years). Once passed they tend to put the organization or department in a permanent campaign mode, thus consuming organizational energies. In addition, they absorb the first cuts should the City fall into compression (see compression discussion footnote 2 below). Levies are exhausted first, and only after they are eliminated are permanent rates cut. Finally, in the City a levy of \$.10/\$1,000 would raise approximately \$116,000. Thus, in order to just cover an \$800,000 deficit (assuming no inflation), the request would have to be approximately \$.70/\$1,000.

A fourth solution would be to annex the City to the Fire District.<sup>1</sup> We currently contract with the District for fire services. The contract amount during FY 2001-02

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<sup>1</sup> In a recent memo to me from Gary Firestone, the process for annexation to district is explained as follows: "To annex the City into Clackamas County Fire District #1, which is a rural fire protection district, the procedures set forth in ORS 198.866 through 198.869. The process is started by resolution or motion of the City, which must be certified to the district board. ORS 198.866(1). When the district board receives the certified resolution or motion of the City, the board must approve or disapprove the concept; if it approved, it adopts an order or resolution setting an election in the district as to whether the annexation should be approved. ORS 198.866(4). After the election, the City certifies the results to the county board and provides the certified results to the district. ORS 198.867(1). The district board then certifies its results and provides both results to the county board. ORS 198.867(2). The county board then orders the

is \$2,620,262. The Fire budget, which includes a facility charge, is \$2,809,489. Annexation to the District would add their permanent rate of \$2.4012 to the existing tax burden, but it would also free up \$2,809,489 in the General Fund. Of course, like a local option levy, this is an increase in taxes. In addition, there are compression issues that may have to be addressed, although at this time I do not believe that an annexation would put us in compression.<sup>2</sup> I have attached a memo from Gary Firestone that outlines the process for annexation.

The above is intended as a brief outline of the short-term budget picture and potential solutions. In the long-term we will have to look hard at the development of the Riverfront, Downtown, and North Industrial Area. Annexation may also provide some relief.

If you have any questions, please give me a call.

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annexation. ORS 198.867(3). The annexation must be filed with the County Assessor's office under ORS 308.225 for the change in property tax to be effective."

<sup>2</sup> In one representative City tax code the combined rate is \$9.8216/\$1,000 of **assessed value**. When considering the difference between **assessed** and **real market value**, it appears that we are in compression at a combined tax rate of about \$13.159/\$1,000 of **assessed value**. Thus, the addition of the Fire District tax rate would put us at \$12.22/\$1,000, or about \$.94/\$1,000 short of being compressed. This is only one scenario calculated against one value and will require more analysis, but it probably holds as a general rule.