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# Oak Lodge Governance: Analysis of Governance Options for the Oak Grove- Jennings Lodge Area Phase 1 of Discussions About Governance in Oak Lodge

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Prepared for: Metro

Final Report



**TIBERIUS**  
SOLUTIONS



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# Acknowledgements

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## Oak Lodge Governance Project Steering Committee

The Oak Lodge Governance Project Steering Committee is comprised of the following people:

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## Service Providers and Cities

Developing the assumptions about service provision in each governance option has required a substantial amount of discussion with the service providers and others to ensure that the assumptions made in the report are accurate and reasonable, within the unique context of each service provider. We would like to thank staff from the following service providers in the Oak Lodge area:

- City of Milwaukie
- Clackamas County
- Clackamas Fire District #1
- North Clackamas Parks and Recreation District
- Oak Lodge Water Services District

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# Executive Summary

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A community group within the unincorporated communities of Oak Grove and Jennings Lodge initiated a project to evaluate local governance options for the unincorporated area of Clackamas County between the cities of Milwaukie and Gladstone, the Willamette River, and Oatfield Ridge. The communities are represented by the Oak Grove Community Council and the Jennings Lodge Community Planning Organization, which provides limited opportunity for feedback about land use applications to Clackamas County. Throughout this report, we (the ECONorthwest team) refer to this area as the Oak Lodge study area.

The report is written for the purpose of informing future conversations in the Oak Lodge community and is the **first of many steps** in a broader public conversation about whether and how the Oak Lodge area's governance may change in the future. It provides information to further conversations within the Oak Lodge community about potential governance options. While it provides some answers about potential governance options, it raises other questions that will need to be answered through continued community discussions.

## What governance options are evaluated in this study?

Oregon has three types of local governments – cities, counties, and special districts, any of which can provide public services. Oak Lodge is an unincorporated area of Clackamas County that is within the Metro Service District. We evaluated three governance options for Oak Lodge:

- **Option 1: Oak Lodge remains an unincorporated urban community of Clackamas County.** Option 1 is the no action alternative—the study area would remain an unincorporated urban community of Clackamas County. Public services would continue to be provided by the current service providers.
- **Option 2: Oak Lodge annexes into Milwaukie.** Option 2 would result in the study area annexing into the City of Milwaukie. Upon annexation, residents would be eligible to receive the full range of services provided by the City of Milwaukie. Resident property owners would be subject to Milwaukie's property tax rate of \$4.1367 per \$1,000 of assessed value, as well as fees and charges associated with various city services.
- **Option 3: Oak Lodge incorporates as a new city.** The new city would have a municipal government to manage city administrative functions and public services including police, transportation, community development, and some aspects of stormwater management. The city would need to prepare and adopt a comprehensive land use plan and implementing ordinances. The city government would likely self-fund through property taxes and fees associated with services, though it would likely have to borrow funds to run a city government until initial property tax revenue is received.



## Key considerations for evaluating governance options

Determining which governance option is best for Oak Lodge depends largely on what the people in Oak Lodge value. The costs of services and the levels of services provided are only one area for consideration. Each governance option has different implications related to considerations such as local control and input into public service and policy decisions, level of service, land use, and more. While this study raises the issues, local input and dialog will shed light on community values that will guide local decisions related to governance. All of these considerations are important; some may be as important or more important to residents than the fiscal implications. The summary below provides some information about key considerations.

Consideration	Option 1. Unincorporated	Option 2. Annexed	Option 3. Incorporated
<b>Local control and political clout</b>	<i>Lowest</i> – This option has more residents per elected official	<i>Medium</i> – This option has fewer residents per elected official. Residents would be subject to existing city policies	<i>Highest</i> – This option has the fewest residents per elected official and residents would have more input on local policies
<b>Community development, economic development policies, land use, and potential change in land use patterns</b>	<i>Little change</i> – land use would continue to be under county authority	<i>Significant change</i> – land use would be subject to city policies; Milwaukie would update planning documents to include newly annexed areas	<i>Significant change</i> – the new city would develop a land use plan and implementing ordinances
<b>Potential impacts on property values and housing costs</b>	<i>Minimal impact</i> – taxation and services would largely remain the same as they are currently	<i>Difficult to assess</i> – property values and housing costs could be affected by changes in property taxes of the annexed areas and could reduce the relative affordability of ownership compared to rental for individuals	<i>Difficult to assess</i> – property values and housing costs could be affected by changes in property taxes of the newly incorporating areas and could reduce the relative affordability of ownership compared to rental for individuals
<b>Potential impacts on development of housing that is relatively affordable</b>	<i>Low</i> – likely that few affordable units would be built without partnerships with housing organizations and the County	<i>Moderate to high</i> – Milwaukie adopted an affordable housing strategy and has a 1% construction excise tax to support affordable housing	<i>Unknown</i> – the extent to which the city invests in affordable housing would be determined by the new city government and residents
<b>Equity considerations and impacts on populations of color</b>	<i>Moderate</i> – the County adopted an equity resolution in 2015 and has an equity and inclusion office	<i>Moderate to high</i> – Milwaukie vision has an action addressing equity and a staffed equity program that has been hosting a series of listening sessions	<i>Unknown</i> – the level of attention to equity would be determined by the new city government and city residents

## Financial analysis of governance options

The summary table below compares the relative differences between the three governance options for revenues that would be generated in the Study Area for key service providers and the expenditures that would be made in the Study Area by key municipal services. Note, “revenues” for service providers are typically experienced as expenditures for households and businesses in the Study Area that pay taxes and fees.

Service	Option 1. Unincorporated	Option 2. Annexed	Option 3. Incorporated
<b>Law Enforcement</b>	Lower revenues Higher expenditures Area receives higher share of countywide funding than it contributes	Higher revenues Lower expenditures City would need to cover the full cost of service.	Revenues and costs based on community’s desired level of service. Could be higher or lower than unincorporated or annexed options, depending on the level of service that the community determines it wants for these services.
<b>Community Development</b>	Similar levels of revenues and expenditures Expenditures with <u>countywide</u> focus	Similar levels of revenues and expenditures Expenditures with <u>citywide</u> focus	
<b>Stormwater</b>	Lower revenues Lower expenditures No dedicated funding sources to fund improvements	Higher revenues Higher expenditures City would impose significant fees to fund significant improvements	
<b>Transportation</b>	Lowest (tied) revenues Lowest expenditures Area receives smaller share of countywide funding than it contributes	Highest revenues Medium expenditures City would impose additional fees to fund transportation, but the area would pay more in fees than are expected to be spent in the Study Area	Lowest (tied) revenues Highest expenditures New city would retain all funds generated in the study area, allowing higher expenditures without imposing local fees/charges
<b>Governmental Administration</b>	Lowest revenues Lowest expenditures	Highest revenues Highest expenditures Economies of scale could reduce costs and revenues needed	Medium revenues Medium expenditures Limited portfolio of services likely to result in relatively low admin cost
<b>Water</b>	No change in service providers expected. No difference in revenues and expenditures for all governance options.		
<b>Wastewater</b>			
<b>Parks</b>			
<b>Fire and EMS</b>			
<b>Transition Costs</b>	Lowest: Zero cost for transition	Medium: Significant costs required to plan for large-scale annexation	Highest: High costs required to plan for new city and obtain buildings, equipment, infrastructure, and staff; funding in the first year will be challenging
<b>Summary</b>	Lower taxes and fees Lower level of service	Higher taxes and fees Higher level of service	Community determines desired level of service and sets taxes and fees accordingly

## Conclusions

Following are key conclusions from the report:

- **Different subareas within the study area may choose to pursue different governance options.** The entirety of the study area does not need to agree on the best path forward.
- **New governance options appear financially feasible.** The evaluation of fiscal impacts shows the study area would generate substantial revenues in either the annexation or incorporation option.
- **Level of service depends on policy choices.** Each governance option uniquely effects the ability to match service levels to community preferences for service (and associated costs).
- **Estimated property taxes for an average single-family home would be highest under the Annexation option.** We estimate the annual property tax bill would be \$7,314 under the Annexation option, \$6,558 under the modeled incorporation option, and \$6,319 under the unincorporated option. However, incorporation could result in higher taxes depending on levels of service determined by the community.
- **Fiscal considerations are one of dozens of criteria to inform a discussion about the preferred governance options.** Many other considerations may be as, or more, important to Oak Lodge than the fiscal implications.

## Next steps

This report was created to inform broader community discussion about governance options for the Oak Lodge area. This section presents next steps to help move the community discussion forward.

- **Continue community discussions.** With information provided in the report to guide this first set of discussions, these conversations should result in a common understanding of community values and desired outcomes for changes in governance. Special care should be made to be inclusive of all area residents, especially those historically marginalized by economic standing, race, or ethnicity. For change in governance to occur, there needs to be a common vision for the future of Oak Lodge or parts of Oak Lodge. It may take a considerable amount of time to come to this common vision, but successful action will depend on these conversations.
- **Continue investigations into steps necessary for annexation and for incorporation.** Making decisions about whether to stay unincorporated, whether to annex into another city, or whether to incorporate into a new city will require more information.
- **Conduct additional research.** This report provides a start on the research needed to understand the fiscal implications for annexation or incorporation and to discuss other implications of either option. Additional research may include: understanding the fiscal impacts of annexation into Gladstone, conducting an analysis of the socioeconomic and demographic composition of Oak Lodge, and identifying a way to incorporate equity considerations into future discussions.

# 1. Introduction

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## What is this project about?

A community group within the unincorporated communities of Oak Grove and Jennings Lodge initiated a project to evaluate local governance options for the unincorporated area of Clackamas County between the cities of Milwaukie and Gladstone, the Willamette River, and the Oatfield Ridge. The communities are represented by the Oak Grove Community Council and the Jennings Lodge Community Planning Organization, which provide limited opportunity for feedback about land use applications to Clackamas County. Throughout this report, we (the ECONorthwest team) refer to this area as the Oak Lodge study area.

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This project is the first of many steps in a broader public conversation about whether and how the Oak Lodge area's governance may change in the future.

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This research study was initiated by a group of residents of Oak Lodge, who formed the Oak Lodge Governance Project with an objective of providing research and an opportunity for discussion about governance options for the study area. The Oak Lodge Governance Project Steering Committee wrote a grant request to Metro (the regional government) and were awarded funds to complete this study. Funding for this study is provided by Metro.

This study is the **first of many steps** in a broader public conversation about whether and how the Oak Lodge area's governance may change in the future. It provides information to further conversations within the Oak Lodge community about potential governance options. While it provides some answers about potential governance options, it raises other questions that will need to be answered through continued community discussions.

The Oak Lodge community includes area residents, businesses, and property owners. Some people may belong to more than one of these groups and some business and property owners may not live in the study area. The voices of all of these community members should be part of the discussion of the future of Oak Lodge.

This report focuses primarily on the fiscal implications of governance options on current and future residents of the study area. The intent is to provide credible data and analysis that Oak Lodge residents will need to evaluate the benefits and drawbacks of different governance options. It provides information to the local conversation but does not make recommendations about which governance option is the best for Oak Lodge. That is a decision that will need to be made by community members of Oak Lodge.

We evaluated three governance options for Oak Lodge, including:

1. Oak Lodge remains an unincorporated urban community of Clackamas County (no action)

2. Oak Lodge annexes into the City of Milwaukie<sup>1</sup>
3. Oak Lodge incorporates as a new city

See section 2 for more detail on the three governance options.

A key function of local government is providing services to residents. Local governments (e.g., cities, counties, and service districts) build and maintain public services such as roads, emergency services (police and fire), water treatment (drinking water, wastewater, and stormwater), parks and cultural resources, land use planning, economic development, and government administrative functions.

The report is written for the purpose of informing future conversations in the Oak Lodge community. As a result, we focused on the conclusions of the analysis in the body of the report and included the technical details of the analysis in the report's appendices.

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<sup>1</sup> This study only considered annexation into Milwaukie because discussions with stakeholders with the Oak Lodge Governance Project Steering Committee focused primarily on annexation to Milwaukie. This study focuses on Milwaukie rather than Gladstone in part because Milwaukie has some services that are shared with Oak Lodge, such as parks services and fire services. In contrast, Gladstone has its own parks and fire departments. In addition, budget constraints meant we could only focus on one annexation scenario. As a result, this study considers annexation into Milwaukie, not into Gladstone. We confirmed this approach as appropriate for consideration with staff with Milwaukie and Gladstone.

## Where is Oak Lodge?

Oak Lodge is located along the Willamette River, between the cities of Milwaukie and Gladstone. Exhibit 1 shows the study area in the red border. The main highway within the study area is McLoughlin Boulevard, which cuts through the center of the study area.

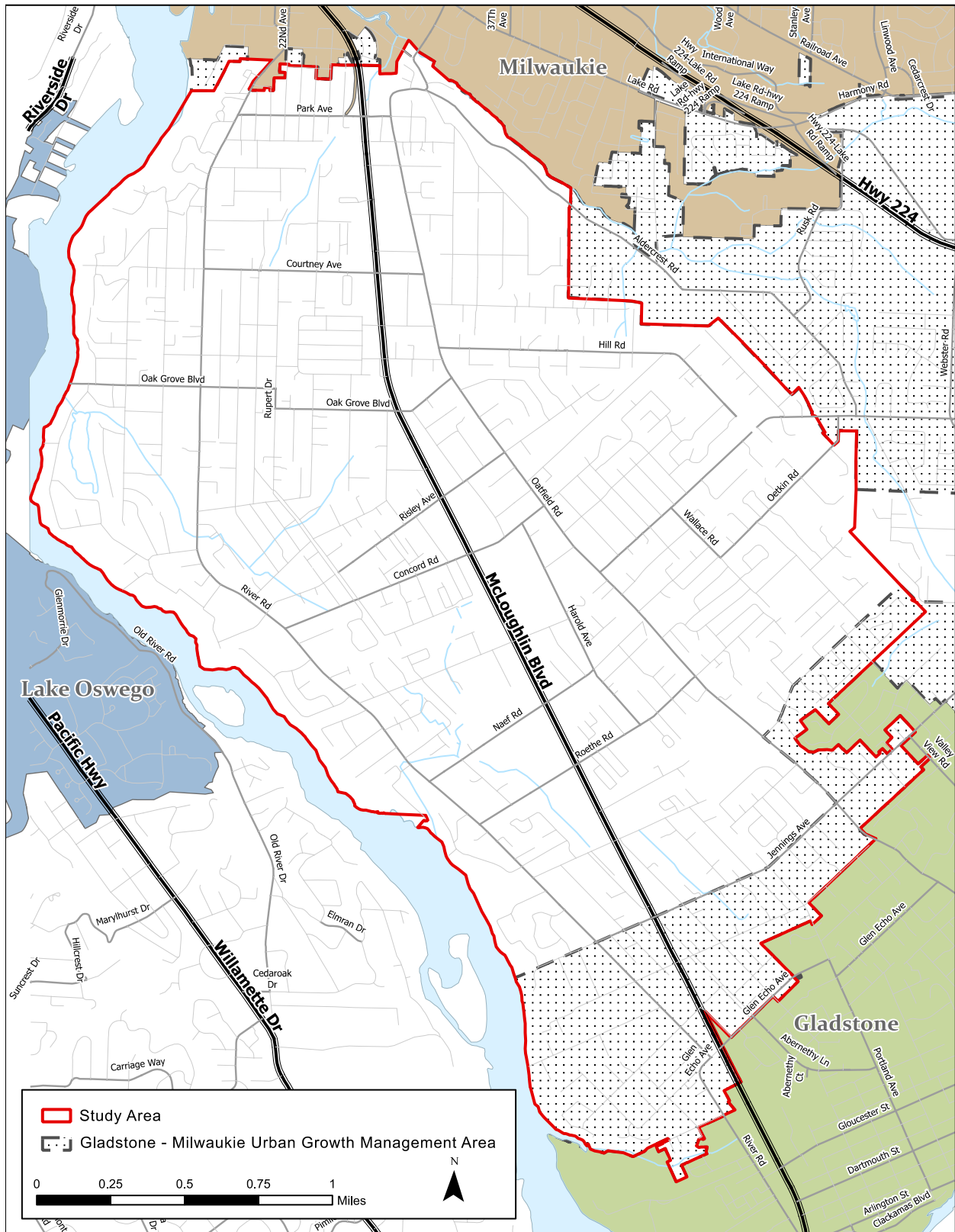
We worked with members of the Oak Lodge Governance Project Steering Committee to develop the study area boundary, which is reflective of the historical communities of Oak Grove and Jennings Lodge. The study area consists of the portions of the Jennings Lodge Community Planning Organization and the Oak Grove Community Council boundaries outside the Milwaukie Urban Growth Management Area (UGMA). Considerations included:

- The study area is bound by the Willamette River to the west.
- The study area is bordered on the north by Milwaukie and excludes any area within the Milwaukie Urban Growth Management Area (UGMA), which are areas expected to be annexed into Milwaukie at some point in the future. Except where constrained by the Milwaukie UGMA, the study area's eastern boundary is concurrent with the Oak Grove Community Council boundary.
- The study area is bounded on the south by the City of Gladstone. The southern (and southeastern) study area boundary includes a portion of the Gladstone UGMA because this southern portion of the study area has long been considered part of Jennings Lodge. The area within the Gladstone UGMA is expected to be annexed into Gladstone in the future, unless there is some change in the urban growth management agreement between the City of Gladstone and Clackamas County.

The study area boundary is for the purposes of this analysis. If the Oak Lodge community were to annex or incorporate or otherwise change their governance structure, the actual boundary would likely be different from this study area boundary.

# Exhibit 1. Oak Lodge Study Area

Source: ECONorthwest



The study area has approximately 12,346 dwelling units, about 65% of which are single-family detached and the remainder multifamily.<sup>2</sup> Based on an average household size of 2.25 people per household,<sup>3</sup> the study area has about 27,800 people living within the study area boundary.

Exhibit 2 and Exhibit 3 show existing Clackamas County Comprehensive Plan designations in the study area. About 79% of land in the study area is designated Low Density Residential. About 7% of land in the study area is designated Medium Density Residential and another 7% is designated General Commercial, clustered along McLoughlin Boulevard.

**Exhibit 2. Land by Comprehensive Plan Designation, Oak Lodge Study Area, 2019**

Source: ECONorthwest from the Clackamas County Housing Needs Analysis

<b>Comprehensive Plan Designation</b>	<b>Acres</b>	<b>Percent of Total</b>
Low Density Residential	2,646	79%
Medium Density Residential	250	7%
High Density Residential	73	2%
Special High Density Residential	5	0%
Community Commercial	6	0%
General Commercial	245	7%
Office Commercial	1	0%
Light Industrial	59	2%
Public and Community Open Space	84	2%
<b>Total</b>	<b>3,369</b>	<b>100%</b>

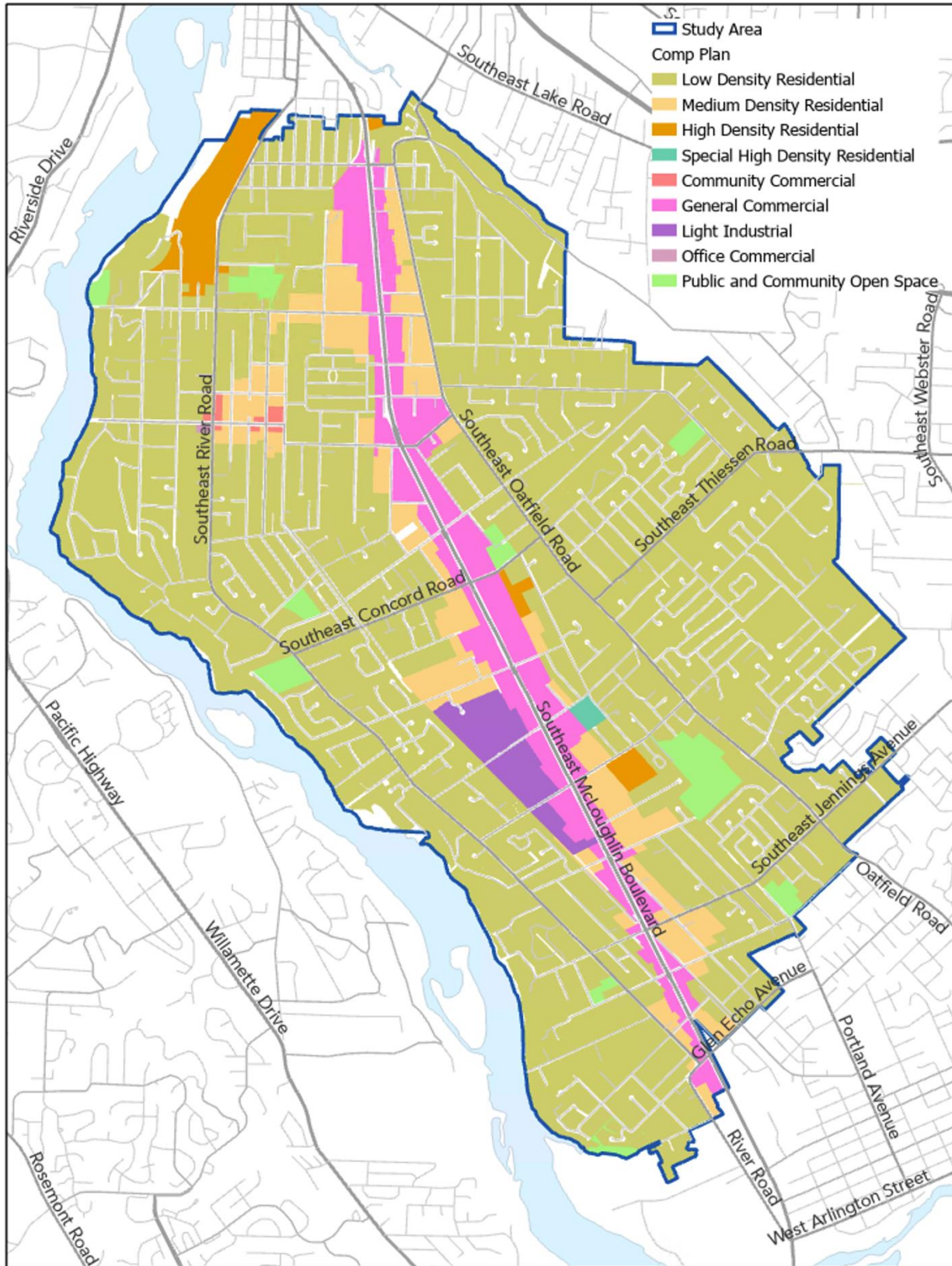
<sup>2</sup> Based on information from the 2021 Q1 Regional Land Information System (RLIS) database, which reports number of dwelling units.

<sup>3</sup> The average number of people per household for the Oak Lodge study area is not available from the U.S. Census, as the study area is not a census geography. We considered average household sizes for Clackamas County (2.59 persons per household) and the Northwest Clackamas County Subdivision (2.56 persons per household). These geographies both include large rural areas. The estimate of 2.25 persons per household is based on the current household size for Milwaukie.



### Exhibit 3. Comprehensive Plan Designation, Oak Lodge Study Area, 2019

Source: ECONorthwest from the Clackamas County Housing Needs Analysis

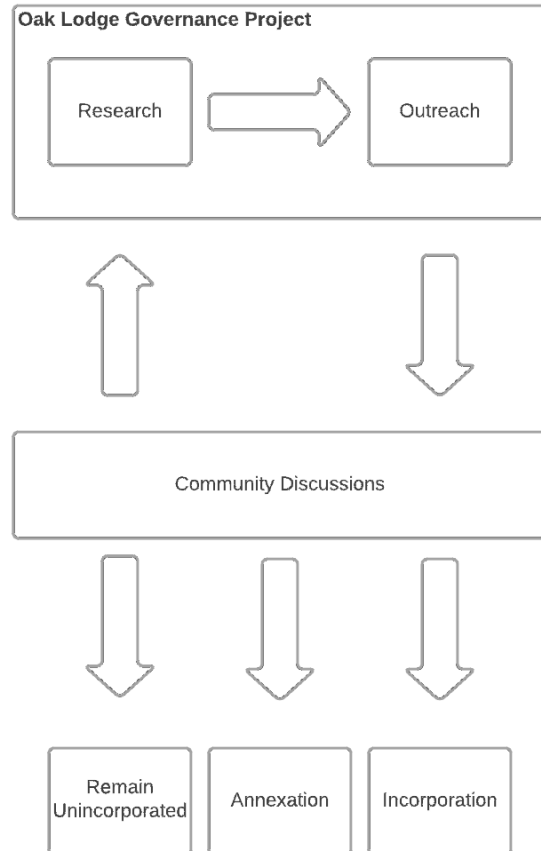


## How does this project fit into the broader community conversation?

While the Oak Lodge Governance Project Steering Committee initiated this project, it is the first phase of a larger process of community discussion about governance options for the Oak Lodge area. The graphic to the right illustrates the relationship between the Oak Lodge Governance Project and the broader community discussions that are expected to occur over the coming months and years. This graphic does not describe the number of future research studies that may be undertaken, nor the fluidity and complexity that changes to governance structures involve.

The Oak Lodge Governance Project Steering Committee was created to engage in:

- **Research** about economic realities and governance options, with a focus on the Oak Lodge area. This project gathers and analyzes economic data to answer fundamental questions on taxation and service provision. This essential data will inform future community-wide discussions.
- **Outreach** to others living and owning property in Oak Lodge, as well as others who might be impacted by changes in local governance. This outreach effort will include: information sessions; presentations to community groups, service providers, and governmental agencies; social media outlets; website, print articles, and op-ed pieces; and other activities.
- **Community Discussions** with neighborhood groups, business associations, community planning organizations, and other stakeholders, to serve as resources in the discussions. These discussions will be as inclusive as possible and will take whatever time is needed. They will be led by community members for community members. In these discussions, Oak Lodge Governance Project members will provide research results and answer questions to foster informed, engaged, respectful conversations and to gather information on community values, desires for services, and opportunities for future research.



Based on comprehensive, inclusive community discussions and research, the residents of the study area will determine if there is to be any change in their preferred form of governance. Residents of some areas of Oak Lodge may prefer annexation, which would involve meeting with city leaders and developing plans for annexation. Residents of other areas of Oak Lodge may prefer incorporation, which will require efforts such as identifying potential city boundaries, target service levels, potential tax rates, and other parts of an incorporation feasibility study. Finally, residents of some areas of Oak Lodge may prefer to stay unincorporated.

Any steps to forward a specific change in area governance is beyond the scope of the Oak Lodge Governance Project. The Project exists to provide current, accurate research information; to disseminate that research information to community members and other stakeholders; and to foster inclusive community discussions based on that research information to explore residents' values, realities, and preferences for area governance.

## Have similar efforts been attempted in the past?

With their roots in the 19<sup>th</sup> Century, Oak Grove and Jennings Lodge have long been unincorporated individual communities. Oak Grove dates back to 1890, when the town site was platted. The Oak Grove post office was opened in 1904. Jennings Lodge was founded in 1903, with platting of a portion of the area at that point and expansion of the community over the next 30 years.<sup>4</sup>

The study area has been the subject of at least one prior attempt to incorporate. A 1981 initiative attempted to consolidate unincorporated areas in Clackamas County (including the Oak Lodge study area) and the City of Milwaukie into a new city called McLoughlin. Citizens of the area voted against incorporating into a new city.

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This project was initiated by residents of Oak Lodge, through the Oak Lodge Governance Project, to inform discussions about governance options.

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## What services are considered in the evaluation?

Public services are services local governments (e.g., cities, counties, and special districts) provide to residents. Local governments, with input from residents, determine which services and what levels of service to provide. Key public services included in this study are: water; sanitary sewer; stormwater; transportation; police, fire and emergency medical services; parks; community development; and governmental administration.<sup>5</sup>

Residents and businesses need many other services that are frequently provided by private companies or other agencies. Services such as electricity, natural gas, broadband, and garbage

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<sup>4</sup> Based on information from the website "Oak Lodge History Detectives".  
<https://www.oaklodgehistory.org/>

<sup>5</sup> Governmental administration typically includes: human resources, city recorder, city manager, finance, fleet and facilities, information technology, legal, and communications or public affairs.

collection are typically provided by private companies or quasi-public agencies. Schools are provided by school districts, the boundaries of which often do not conform to municipal boundaries. Transit is generally provided by a regional transit agency, which often serves multiple cities and unincorporated areas. These other services are not included in this analysis because they are not provided by cities or by Clackamas County.

The municipal service providers for the Oak Lodge study area are presented in Exhibit 4. Appendix B provides an overview of each of these services and includes service area maps.

**Exhibit 4. Municipal Services in the Oak Lodge Study Area**

Notes: \*While OLWSD provides stormwater services to the Study Area, Clackamas County has responsibility for stormwater capital facilities, which are part of transportation infrastructure.

\*\*A portion of the Oak Lodge Study Area is served by Clackamas River Water for water, sanitary sewer, and stormwater.<sup>6</sup>

<b>Service</b>	<b>Current Service Provider</b>	<b>Area Served</b>
Water Stormwater* Sanitary Sewer	Oak Lodge Water Service District (OLWSD)**	Oak Lodge Study Area Portions of Milwaukie and Gladstone
Police	Clackamas County Sheriff’s Office	Oak Lodge Study Area and Unincorporated Clackamas County
Fire & EMS	Clackamas Fire District #1	Oak Lodge Study Area and much of western Clackamas County
Parks	North Clackamas Parks & Recreation District	Oak Lodge Study Area, City of Milwaukie, and adjacent portions of unincorporated Clackamas County
Transportation	Clackamas County	Across Clackamas County
Community Development	Clackamas County	Unincorporated Clackamas County
Governmental Administration	Clackamas County	Across Clackamas County

**What other issues should the community consider?**

Governance has implications beyond fiscal concerns – the cost of key public services and associated taxes and fees that residents pay for those services. Other considerations may be as important or more important to residents and need to be part of the community dialogue around governance options. This study touches on many of these issues but does not definitively address them. Additional work will likely be necessary to fully explore these issues. We partially address the following issues in this report and raise many important questions for the community to consider:

- **Equity.** Each governance option has different equity implications. These include but are not limited to: (1) ensuring there are opportunities for all people in Oak Lodge to engage with government and the community; (2) having input into local policy and taxation,

<sup>6</sup> A portion of the Study Area is served by Clackamas River Water for water, sanitary sewer, and stormwater. We did not evaluate the services and costs of services provided by Clackamas River Water because they serve such a small part of the Study Area.

including potential impacts on lower-income and underrepresented populations; and (3) understanding how different governance options provide more or less control of large infrastructure changes that may occur in Oak Lodge.

This report touches on some of these issues but does not provide a detailed analysis of equity implications, such as whether there are meaningful differences in access to power and decision making, taxation, or the distribution of services among the governance options, all of which will be important considerations for the community. Analysis of equity implications of governance options is a complex project in and of itself.

- **Land Use.** The governance options have implications for land use planning and the associated policies, uses and densities defined in land use plans. Each governance option could result in different land use policies and development patterns. Land use is one area where different governance models will offer different levels of local control. This report provides observations about potential impacts of governance options on land use patterns, but it does not model scenarios with changes in land use patterns because doing so is beyond what we can accomplish within the budget of this project.
- **Public Services.** The fundamental role of local government is to provide services to residents. Many of these services relate to infrastructure, although local governments also provide housing, cultural, social, and other services. The different governance options may result in different levels and types of public services. Level of service is, in part, a function of what residents want and are willing to pay for. Communities incorporate in part to provide desired services to residents.
- **Property Values.** Many factors affect property values, with location being a key factor. Local governments have little influence on factors such macroeconomic conditions and interest rates. Local policies such as zoning and building codes can also affect housing value. A key question residents might be interested in is how each governance option may affect property values within the study area. Many variables influence property values and are difficult to assess accurately.
- **Housing Cost.** High housing costs are affecting many Oregonians and housing affordability has reached crisis level. How might each governance option affect costs of housing and development of housing that is affordable to people living in the study area?

Answering these, and other questions that arise from the community discussions, will require additional analysis and should be part of future community discussions.

## 2. Governance Options

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### What governance options are evaluated in this study?

Oregon has three types of local governments – cities, counties, and special districts, any of which can provide public services. Oak Lodge is an unincorporated area of Clackamas County that is within the Metro Service District. Metro provides land use and transportation planning services and other services such as waste management and the Oregon Zoo.

We evaluated three governance options for Oak Lodge, discussed below.

#### Option 1: Oak Lodge remains an unincorporated urban community of Clackamas County (no action)

Option 1 is the no action alternative—the study area would remain an unincorporated urban community of Clackamas County. It is important to note that while Option 1 requires no action, it does not mean the community will not change in the future. Public services will continue to be provided by the current service providers and Clackamas County will continue government administration and land use planning. Service providers will continue to be governed by procedures outlined in their bylaws. The scope or level of public services provided might change. Oak Lodge residents will have the same avenues of engaging with those service providers as exist today.

Option 1 would require no implementation steps.

#### Option 2: Oak Lodge annexes into Milwaukie

Option 2 would result in the study area annexing into the City of Milwaukie. Considering annexation is consistent with advice by the League of Oregon Cities (LOC) *Incorporation Guide* which states: “annexation should also be considered when the unincorporated community is close to an existing city.” Upon annexation, residents would receive the full range of services provided by the City of Milwaukie. Those services would not come free—resident property owners would be subject to Milwaukie’s property tax rate of \$4.1367 per \$1,000 of assessed value, as well as fees and charges associated with various city services.

Milwaukie Municipal Code 19.1102 outlines the procedures for annexation.<sup>7</sup> Annexations are conducted by petition and the City only accepts petitions for sites located within the city urban growth boundary. It seems unlikely that the entire Oak Lodge area would annex all at once. Even so, annexing a portion of the study area could be larger than other annexations the City has experience with.

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<sup>7</sup> [http://www.qcode.us/codes/milwaukie/view.php?topic=19-19\\_1100&frames=on](http://www.qcode.us/codes/milwaukie/view.php?topic=19-19_1100&frames=on)

We had discussions with staff at the City of Milwaukie about annexation and what might be necessary for annexation to occur. Milwaukie staff were clear that any annexation process must be led by community members of Oak Lodge because self-determination is an essential part of consideration of annexation. Petitioners seeking annexation into Milwaukie would need to agree with the tenets of Milwaukie's community vision<sup>8</sup> and the City's Comprehensive Plan goals.<sup>9</sup>

Annexation of all or parts of the study area would require extensive discussions with city staff and Milwaukie City Councilors, led by community members of the Oak Lodge area, possibly with assistance from a consultant familiar with annexation processes. The end product of this discussion would be development of an annexation plan that answers questions such as:

- Who would initiate an annexation process and what type of annexation would occur?<sup>10</sup>
- How would residents of Oak Lodge collaborate with the City to initiate a process?
- What information the City would want before initiating a process?
- What are the likely timelines and costs for annexation?
- What are the legal steps necessary to annex, such as amending Milwaukie's Urban Growth Management Agreement?
- What is the likely timetable for extension of facilities, level of service expected, and impact on property taxes?
- What will the process be for making decisions about whether and when to make investments in a newly annexed area, for things like stormwater or transportation improvements?

Development of an annexation plan could take several years or longer.

### Option 3: Oak Lodge incorporates as a new city

Option 3 is for Oak Lodge to incorporate as a new city. The hypothetical new city would have a municipal government to administer city administrative functions and public services including police, transportation, community development, and some aspects of stormwater management. The hypothetical new city would have the option of providing other municipal services such as

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<sup>8</sup> Milwaukie's 2017 Community Vision is available from:

[https://www.milwaukieoregon.gov/sites/default/files/fileattachments/planning/page/46881/2017\\_community\\_vision\\_september\\_2017.pdf](https://www.milwaukieoregon.gov/sites/default/files/fileattachments/planning/page/46881/2017_community_vision_september_2017.pdf)

<sup>9</sup> Milwaukie's Comprehensive Plan is available from:

[https://www.milwaukieoregon.gov/sites/default/files/fileattachments/planning/page/75331/adopted\\_comprehensive\\_plan\\_document\\_aug\\_2020.pdf](https://www.milwaukieoregon.gov/sites/default/files/fileattachments/planning/page/75331/adopted_comprehensive_plan_document_aug_2020.pdf)

<sup>10</sup> Milwaukie Municipal Code 19.1102 outlines the procedures for annexation. Petitions for annexation can be initiated in the following four manners: (1) By Consent of All Owners of Land, (2) By Triple Majority Consent Petition, (3) By Double Majority Consent Petition, (4) By the City Council on its own motion, or (5) Pursuant to the health hazard annexation process.

library services and other programs. To manage community development, the city would need to prepare and adopt a comprehensive land use plan and implementing ordinances (e.g., a zoning ordinance or development code). The city government would likely self-fund through property taxes and fees associated with services, though it would likely have to borrow funds to run the city government until initial property tax revenue is received.

Incorporating a new municipality is a complicated and costly process. The League of Oregon Cities *Incorporation Guide* (updated June 2020) recommends residents thoroughly consider all alternatives before pursuing incorporation (this analysis is a tangible first step). The League of Oregon Cities suggests that incorporation is most appropriate where there is either: (1) need for a full range of governmental services; or (2) strong desire for local control which can only be met by forming a city.

### Municipal service providers for each governance option

Exhibit 5 shows the assumptions about service providers for each governance option. The assumptions for service providers are based on (1) review of plans and other information on the providers' websites, (2) discussions with key personnel from the providers, and (3) discussion with the Oak Lodge Governance Project Steering Committee. Services currently provided by the County are assumed to become city responsibilities in the annexed and incorporated options. Services currently provided by special districts are assumed to remain the responsibility of those special districts in all governance options.

The analysis holds the following service providers constant across governance options: Oak Lodge Water Services District (OLWSD) for water, stormwater and sanitary sewer; Clackamas County Fire District #1 for fire and emergency medical services; and North Clackamas Parks and Recreation District (NCPRD) for parks. These are existing special districts that provide service to all (or most) of the study area. In short, we assume that existing service districts would continue to provide services to the study area.

For police, transportation, community development, and governmental administration, the report assumes the service providers will be different in each of these. For Option 1 (remaining unincorporated), the analysis assumes the service provider will remain Clackamas County. For Option 2 (annexing into Milwaukie), the service provider will be the City of Milwaukie. And for Option 3 (incorporation), the new city will provide these services.



**Exhibit 5. Service Providers by Governance Option**

<b>Service</b>	<b>Option 1. Unincorporated</b>	<b>Option 2. Annexed</b>	<b>Option 3. Incorporated</b>
Water	OLWSD	OLWSD	OLWSD
Stormwater	OLWSD/Clackamas County	OLWSD/City of Milwaukie	OLWSD/New City
Sanitary Sewer	OLWSD	OLWSD	OLWSD
Law Enforcement	Clackamas County	City of Milwaukie	New City
Fire & EMS	Clackamas FD #1	Clackamas FD #1	Clackamas FD #1
Parks	NCPRD	NCPRD	NCPRD
Transportation	Clackamas County	City of Milwaukie	New City
Community Development	Clackamas County	City of Milwaukie	New City
Governmental Administration	Clackamas County	City of Milwaukie	New City

Notes: Administration includes: (1) Human Resources, (2) Fleet & Facilities, (3) City/County Recorder, (4) Finance, (5) Information Technology, (6) City/County Management, (7) Legal, (8) Communications and Public/Government Affairs.

Services that are unclear if/where to include in the analysis: Engineering, Library, Municipal Court, Emergency Communications.

### 3. Considerations for Governance Options

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Determining which governance option is best for Oak Lodge is a function of what the community cares about. Fiscal issues are only one area to consider. Each option has different implications related to considerations such as local control and input into public service and policy decisions, level of service, land use, and more. While this study raises the issues, local input and dialog will shed light on community values that will guide local decisions related to governance. All of these considerations are important; some may be as important or more important to residents as the fiscal implications. These issues also provide context for the fiscal analysis. This section digs more deeply into implications related to the governance options and provides analysis of the following questions:

- How does each governance option differ for representation and taxation, including potential impacts on lower-income and minority populations? This is discussed under the heading of *Local control and political clout*.
- What land use patterns would be possible or expected under each governance option? This is discussed under the heading *Community development, land use, and potential change in land use patterns*.
- How might each governance option affect property values within the study area? This question is addressed under the heading *Potential impacts on property values and housing costs*.
- How might each governance option affect costs of housing and development of housing that is affordable to people living in the study area? This question is addressed under the heading *Potential impacts of development of housing that is relatively affordable*.
- How might the governance options impact equity and populations of color? This question is addressed under the heading *Equity considerations and impacts on populations of color*.
- What level and types of public services would be possible or expected under each option? This question is addressed under the heading *Potential for diminishing level of services and/or increased fees*.

The remainder of this section addresses the questions above for each of the governance options.

## What are the Key Considerations of Oak Lodge Remaining an Unincorporated Urban Community of Clackamas County (Option 1: No Action)?

This is the simplest option procedurally. No action is required by residents, businesses, property owners, service providers, or local governments. Residents would continue to receive services as they do currently. Taxation and fees for service providers would continue as they do today—residents would not pay city taxes, though they do pay a higher property tax rate for county services than other county residents within incorporated cities. Other key considerations include:

- **Local control and political clout.** Residents would have the same ability to engage in governance as they have now. That includes the ability to serve on boards or committees for service providers and the County, the ability to run for county commissioner, and the ability to provide written and oral testimony to service providers and the County.

The residents of Clackamas County, 426,500 in 2020, are governed by five County Commissioners, who are the primary decision makers for people living in unincorporated Clackamas County (like Oak Lodge). This is the highest ratio of population to decision-makers (85,300 residents for each Commissioner) of the three options. Based on this ratio, and the assumption that fewer people per elected official provides better access and representation, this option may provide less local control and political clout than incorporation or annexation for local government administration, land use and community development, local transportation, and law enforcement.

We assume that local control may be greater if Oak Lodge is part of a smaller municipality. In other words, Oak Lodge residents would have more political clout and greater local control as their own city or as part of Milwaukie than as part of unincorporated Clackamas County. The annexation or incorporation options would have a much higher elected official to resident ratio. This assumption may not be true in all instances.

Finally, Clackamas County is a large and diverse county. Geographic proximity to those who are governed can also be a factor in local control and political clout. Because of the County's size and diversity, county staff face demands on a broad range of services and issues.

- **Community development, land use, and potential change in land use patterns.** The study area would still be in the Metro boundary and Clackamas County would continue to provide community development and land use support. Permitting and land use entitlements would continue as before. Future land use designations and zoning could change affecting uses and densities in key areas such as along McLoughlin Boulevard. While difficult to predict, changes in land use patterns are likely to be small. The

exceptions that may result in larger land use pattern changes may be for HB 2001 compliance (which requires local governments to allow cottage cluster, townhouses, duplexes, triplexes, and quadplexes in all low-density residential zones) and the McLoughlin Boulevard corridor.

- **Potential impacts on property values and housing costs.** A cursory review of the literature on factors that affect real estate values shows that location is considered the most important factor followed by the size, type, and age of improvements. In short, it is difficult, if not impossible, to accurately disaggregate the influence of governance on property values with any accuracy. Option 1 would have minimal impacts to property values and housing costs as taxation and services would largely remain the same as they are currently.
- **Potential impacts on development of housing that is relatively affordable.** The County Housing Authority Board and Metro approved three proposed projects in 2020 for 413 new units (51% of the County’s target). None of the projects are located in the Oak Lodge study area.<sup>11</sup>

Oak Lodge experiences the same constraints that affect housing affordability as the rest of Metro region, such as need for funding to build new regulated affordable housing and increasing development costs making housing less affordable. Little affordable housing is built without public support. Our assessment is that there is likely to be little regulated affordable housing built in the study area without specific attention from groups like the Housing Authority of Clackamas County or nonprofits, or unless the County makes this a focus. Moreover, we do not expect substantial development of new housing affordable to middle income households without special attention.

- **Equity considerations and impacts on populations of color.** The level of attention paid to equity and populations of color will depend on policies adopted by the County. Clackamas County adopted a resolution in 2015 valuing diversity, equity, and inclusion (Resolution No 2015-96) that resolves:

To affirm as matters of principle the values of diversity, equity and inclusion in every aspect of County governance, operations and services rendered to County residents and the public at large; and

To establish by example and leadership the County's commitment to these principles.

Clackamas County has an equity and inclusion office with the stated mission of serving “*all* at the county – represented employees, managers and supervisors, elected officials and county residents.”<sup>12</sup> The office staffs a racial equity support line led by people who have lived and experienced racism. According to the County, the line offers “support to

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<sup>11</sup> <https://www.clackamas.us/news/2020-08-10/housing-authority-of-clackamas-county-and-metro-approve-concepts-for-44-million-for-affordable-housing>

<sup>12</sup> <https://www.clackamas.us/diversity>

those who are feeling the emotional impacts of racist violence and microaggressions, as well as the emotional impacts of immigration struggles and other cross-cultural issues.” The County also has an Equity Pilot Areas<sup>13</sup> program that identifies equity pilot areas where the County will focus efforts to reduce poverty and food insecurity. The program provides small grants to serve vulnerable populations. Our research did not identify Oak Lodge as an equity pilot area and it was unclear if the study area has received any grant funds.

- **Potential for diminishing level of services and/or increased fees.** Nationally, state and local governments and service providers are struggling to keep up with capital, operating, and maintenance cost. A recent report put the cost at over \$1 trillion nationally.<sup>14</sup> It is not unreasonable to assume local service providers face similar challenges. Service providers have three ways to approach these issues: become more efficient, raise rates, or lower level of services. In the unincorporated option, the analysis assumes residents would accept the level of services provided by existing public service providers. This analysis, however, does not speculate on how that level of service might change in future years (including potential decreases in level of service or increases in fees and charges).

## What are the Key Considerations of Oak Lodge Annexing into Milwaukie (Option 2)?

This option is more procedurally complex. The key takeaway for residents is that a vote is required for the study area (or a portion of the study area) to annex into any city. A detailed explanation of the annexation process is presented in Appendix B. Annexation would affect residents in several ways. Residents would pay city taxes and in return would get city services. If the entire study area were annexed into Milwaukie, the combined existing and new population would make Milwaukie the 13<sup>th</sup> largest of Oregon’s 242 incorporated cities (including the new city). Key issues for consideration include:

- **Local control and political clout.** Milwaukie currently has 20,600 people (and, if the entire Oak Lodge study area were to annex, 48,000 people) who are governed by five City Councilors. This equates to 9,600 persons per elected official compared to 83,500 persons per elected official in the County. We assume that local control may be greater as the ratio of residents to elected officials decrease. In other words, Oak Lodge residents would have more political clout and greater local control as part of Milwaukie than as part of unincorporated Clackamas County. Given the complexities of local governance and political influence, this assumption may not be true in all instances.

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<sup>13</sup> <https://dochub.clackamas.us/documents/drupal/2df93e35-ee92-4cb6-a1a9-287b20128c0f>

<sup>14</sup> <https://transportationtodaynews.com/news/16110-cost-of-deferred-maintenance-for-u-s-infrastructure-tops-1-trillion-new-report-finds/>

Residents would transfer local control for transportation, public safety, community development, government administration, and some elements of stormwater management from Clackamas County to the City of Milwaukie. Residents would have the same voice in government and political clout as all other Milwaukie residents. The ability to directly influence local decisions about these topics (such as land use or transportation) may be greater for residents of Oak Lodge as a part of Milwaukie than as one of the many unincorporated areas of Clackamas County.

- **Community development, land use, and potential change in land use patterns.** As part of the City of Milwaukie, Oak Lodge would be included as part of the City’s community development vision:<sup>15</sup>

“In 2040, Milwaukie is a flourishing city that is entirely equitable, delightfully livable, and completely sustainable. It is a safe and welcoming community whose residents enjoy secure and meaningful work, a comprehensive educational system, and affordable housing.”

The Vision is organized around four core goals that relate to: (1) people, (2) place, (3) planet, and (4) prosperity. The Vision outlines five “superactions” related to community development and land use that would apply to Oak Lodge. These include:

1. Make Milwaukie a model of resiliency, environmental stewardship, and disaster-preparedness
2. Continually improve our transportation system so that it provides safety and connectivity for all users
3. Create complete neighborhoods that offer a range of housing types and amenities and enhance local identity and character
4. Support local businesses and entrepreneurship through training, programs, and partnerships
5. Cultivate a sense of community, culture, and belonging by encouraging public involvement, diversity, equity, and inclusion

The City of Milwaukie would need to amend its comprehensive plan and zoning ordinance to include areas of Oak Lodge annexed into the City. The amendments would need to comply with Statewide planning policies, the Metro code,<sup>16</sup> and City of Milwaukie policies. State and Metro regulations are currently implemented through county code. That implementation responsibility would shift to the City of Milwaukie if the study area were annexed.

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<sup>15</sup>[https://www.milwaukieoregon.gov/sites/default/files/fileattachments/planning/page/46881/2017\\_community\\_vision\\_september\\_2017.pdf](https://www.milwaukieoregon.gov/sites/default/files/fileattachments/planning/page/46881/2017_community_vision_september_2017.pdf)

<sup>16</sup> <https://www.oregonmetro.gov/sites/default/files/2019/03/14/Metro-Code-chapter-3-07-updated-03132019.pdf>

Milwaukie is in the process of drafting ordinances to comply with HB 2001. The draft code and detailed information about the City's efforts are available on the City's website.<sup>17</sup>

The Metro Regional Transportation Plan (2018) proposes extension of high-capacity transit service from Milwaukie to Oregon City along McLoughlin Boulevard, which could result in substantial changes to land uses along McLoughlin Boulevard. If areas along McLoughlin Blvd annex, future land use changes would be consistent with Milwaukie's vision for growth and would include community input.

- **Potential impacts on property values and housing costs.** It is difficult to definitively analyze the impact of annexation on property values and housing costs. Such an analysis is complex and separating out the impact of governance on all the other factors that affect property values is difficult. Annexation would likely change the property tax profile of annexed areas. The changes could impact property values and housing costs and could reduce the relative affordability of ownership compared to rental for individuals. It may also make apartments less valuable for property owners (because they are paying more property tax) and could potentially impact feasibility of new construction. It is not possible to estimate the magnitude of these impacts. Annexation in itself is unlikely to make housing costs substantially more or less affordable than other governance options. Other factors, such as Milwaukie's housing policies, may have an effect that is at least as great as changes in property values or property taxes.
- **Potential impacts on development of housing that is relatively affordable.** Milwaukie adopted an affordable housing strategy in 2018. The City prepared a Housing Needs Analysis in 2016 and has adopted a 1% construction excise tax to support affordable housing. Oak Lodge would be included under the City's affordable housing strategy and would benefit from the City's ongoing efforts to address housing affordability.
- **Equity considerations and impacts on populations of color.** Superaction 5 of the Milwaukie community vision addresses equity: "Cultivate a sense of community, culture, and belonging by encouraging public involvement, diversity, equity, and inclusion." The City has staffed an equity program and the City Council adopted equity, inclusion, and justice as goals in August 2020.<sup>18</sup> In the past year, the City has engaged the community in a series of listening sessions "to hear directly from BIPOC community about how to make Milwaukie a place that truly lives up to its vision of being safe and welcoming to all, and begin charting a course forward."
- **City property taxes.** Milwaukie property taxes are \$4.1367 per \$1,000 of assessed valuation. A typical homeowner in the study area, with a home assessed at \$350,000, could expect to pay an additional \$1,448 annually in city taxes (which would be partially offset by a smaller reduction in county taxes).

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<sup>17</sup> <https://engage.milwaukieoregon.gov/comprehensive-plan-implementation>

<sup>18</sup> <https://www.milwaukieoregon.gov/equity>

- **City services.** Annexation would provide residents with city services in government administration, community development and land use, and public safety. Residents would pay city taxes for those services. The results of our analysis suggest that it is likely the study area will experience higher levels of service for transportation and stormwater, with less certainty about differences in the level of service for police and community development. Even for transportation and stormwater, the higher level of service is not guaranteed and depends upon how the City of Milwaukie chooses to allocate resources between Oak Lodge and the existing Milwaukie city limits. A key consideration for residents is whether changes in services are worth the additional taxes.

## What are the Key Considerations of Oak Lodge Incorporating into a New City (Option 3)?

Incorporating into a new city is the most complex process. Appendix B provides information about the process and consideration about incorporation from the League of Oregon Cities *Incorporation Guide* (updated June 2020). We estimate that Oak Lodge has about 27,800 people; incorporation of the entire study area would make the city the 20<sup>th</sup> largest of Oregon’s 242 incorporated cities (including the new city).

### Considerations for Incorporation

Incorporating a community into a city is complex, as described in Appendix B, and requires community support and discussions. Key considerations in incorporation for Oak Lodge, in comparison to other governance options, include:

- **Local control and political clout.** Incorporation will provide greater levels of local control than either remaining unincorporated or annexing into another city because the government will focus only on Oak Lodge, rather than a larger area like an expanded Milwaukie or the entirety of Clackamas County. Many of the items below are related to local control and examples of why a community may choose to incorporate. As a city of about 27,800 people, residents of Oak Lodge would have at least five city councilors (as required in ORS 221.050), giving these residents more political clout with these councilors than they currently have in unincorporated Clackamas County or than residents would have if the study area annexed into Milwaukie. The ability to directly influence local decisions about local topics (such as land use or transportation) may be greater for residents of Oak Lodge if it were a city than as one of the many unincorporated areas of Clackamas County. A key role of the new city would be to seek public input into local decisions, which should be reflected in those decisions to the extent possible (i.e., within the limits of state or federal law).
- **Community development, land use, and potential change in land use patterns.** Within four years of incorporation, a new city must adopt a comprehensive plan and implementing ordinances, including a zoning and a subdivision ordinance. Within the same time frame, the city must adopt new Comprehensive Plan and zoning maps. The



new city would presumably hire professional planning staff to implement planning and community development activities consistent with direction from the city council.

Within the bounds of applicable state laws and Metro code, this option would provide local control of land use and community development efforts. Built from the ground up, the comprehensive plan, plan map, and implementing ordinances have a higher probability of reflecting community desires due in part to community input required under Statewide Planning Goal 1 (citizen involvement).

The new city would be required to comply with the Metro code. Moreover, the city's development code would need to comply with Oregon HB 2001 (2019 session), the "middle housing" bill. The city's comprehensive plan would provide for more control over land use in the McLoughlin Blvd corridor.

- **Potential impacts on property values and housing costs.** It is difficult to definitively analyze the impact of incorporation on property values and housing costs. Such an analysis is complex and separating out the impact of governance on all the other factors that affect property values is difficult. Incorporation would likely change the property tax profile of incorporated areas. The changes could impact property values and housing costs and could reduce the relative affordability of ownership compared to rental for individuals. It may also make apartments less valuable for property owners (because they are paying more property tax) and could potentially impact feasibility of new construction. It is not possible to estimate the magnitude of these impacts. Incorporation in itself is unlikely to make housing costs substantially more or less affordable than other governance options. Other factors, such as the hypothetical new city's housing policies, may have an effect that is at least as great as changes in property values or property taxes.
- **Potential costs of development of housing that is relatively affordable.** The new city would still be likely to need help getting regulated affordable housing built and would likely need assistance from groups like the Housing Authority of Clackamas County or nonprofits, as well as other organizations involved in development of regulated housing. Development of housing affordable to middle income households is unlikely in the new city without public subsidy, consistent with the conditions in other cities within the region.
- **Equity considerations and impacts on populations of color.** Incorporation would provide the community with flexibility on how to address equity, inclusion, and justice. Key decisions would relate to policies and programs around equity, whether the city would have policies to incorporate equity into its decision-making framework, whether to staff an equity office, and other equity considerations.
- **Property taxes.** Incorporation would allow the community to set its property tax rate based on community agreements of needed services. The property tax rate would be set through a statutorily mandated feasibility study. We estimate providing city services would require a rate of about \$2.00 per \$1,000 to provide the level of service assumed in

this study. Other cities in Clackamas County have rates as low as \$0.58 and as high as \$5.30 per \$1,000.

- **City services.** The community would be able to decide what services are necessary for the new city. This analysis assumes that a hypothetical new city would provide police, transportation, community development, and city administration. The city could choose to provide other services. Incorporation would allow the city more flexibility in matching community desires and willingness to pay to level of services provided.
- **Eligibility for state shared revenues.** One important consideration for local services is that, within four years of incorporation, a new city must provide at least four identified services to be eligible for state shared revenue. State shared revenue is an important revenue source for any city, and includes the city's share of gas, liquor, tobacco, and other taxes. The identified services are police protection; fire protection; street construction, maintenance, and lighting; sanitary sewers; storm sewers; planning, zoning, and subdivision control; and one or more utility services. This analysis assumes that a hypothetical new city would qualify for state shared revenues based on providing police, transportation, community development, and stormwater management services.
- **City charter.** A city charter is a formal adopted document approved by the voters. It defines how a city operates. Without a local charter, a city operates under standards laid out in state law. The vast majority of cities in Oregon have their own charters.
- **Administration.** Cities are required to have a city council, a municipal judge (often a contract judge), and other officers the city council identifies as necessary in their city charter. Cities generally have a city recorder as the first regular employee who maintains the city's records. If the city did not hire a city manager in the initial process, it would need to relatively early on in the incorporation process. Cities are required to have two committees: a budget committee and a planning commission. Most cities have additional committees; Milwaukie has 12 that range from the tree board, to the arts committee, to the public safety committee.<sup>19</sup>

### What are the startup costs for a new city?

One of the important differences between incorporation into a new city and the other two options is funding the cost of starting up a new city, especially in the absence of revenues to pay for the city start up. The following provides some ideas of the types of expenditures of a new city. Most of these expenses will be on-going expenses through the first few years of the city's operations. As a rough estimate, total first-year startup costs would be between \$500,000 to \$1,000,000 for a new city. This does not include the preparation of a comprehensive plan and city ordinances (including a zoning ordinance) which could easily exceed \$1 million.

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<sup>19</sup> <https://www.milwaukieoregon.gov/bc>

- City recorder includes the salary and benefits of the city recorder who is city staff that coordinates and assists with council meetings, administers municipal elections, protects and preserves city records, and provides administrative support.
- Insurance and risk management rates vary by size of city and need. This estimate is based on other city budgets and considers the minimal activity of a city in its first years of operation.
- Preparation and administration of the city budget assumes the city hires the services of a certified public accounting firm with the experience in municipal finance necessary to prepare the budget in accordance with Oregon law, as well as helping set up and monitor the accounting systems for the new city.
- Planning assumes the preparation of a comprehensive plan, development code, and city strategic plan start the first year. This estimate includes costs of hiring consultants and is likely to be a cost born for the first several years. Over the course of three or four years, preparing these documents may cost \$1 million to \$2 million, possibly more depending on the issues that arise in development of the comprehensive plan.
- City attorney will be needed to help prepare needed ordinances, such as for franchise fees and the initial municipal code, negotiations with the County and special districts for operational agreements, as well as to advise the city officials as needed.
- Office costs include expenditures such as rent, office and operating expenses, and dues and training.

The city cannot expect property tax revenue until the November after the general election at which the city is incorporated, which is likely a year after incorporation. As a result, paying the bills the first year of incorporation becomes a challenge. There are several financial strategies to consider, many of which work together:

- Short-term loan from a commercial lender, which is a common practice. The loan would be secured by future property tax revenue.
- Cost savings approaches like having a part-time city recorder and cost sharing with another agency, such as borrowing office equipment and furnishings or even office space. These approaches can be helpful in the short-term.
- Work with agencies such as Clackamas County and Metro for assistance. The same Metro grant program that has funded this analysis may be used to assist local jurisdictions in the development of plans and code. The League of Oregon Cities may be able to provide some help identifying other resources to cover the gap, as well as providing advice.
- “Borrow” or share staff resources with other cities. For example, sharing a finance director, planner, city manager, or attorney with another city. In addition, other cities may be willing to provide advice, guidance, and actual help.

- Aggressively seek grants and other assistance for planning, strategy, and community-building activities. Potential sources may include Governor's Office, Department of Land Conservation and Development, Clackamas County, the League of Oregon Cities, and a number of foundations.

## 4. Financial Analysis of Governance Options

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### How do we evaluate financial impacts of governance options?

This financial analysis looks at two key questions:

- What amount of revenue would the Oak Lodge study area generate for each local service provider?
- What amount of expenditures would be made in the Oak Lodge study area by each local service provider?

The answers to these two questions are not always the same. For example, if the service provider is larger than the study area, then some revenue raised within the study area might be spent on services outside of the study area, or conversely, funds from outside the study area might be spent on services within the study area.

Because the study area boundary does not align with existing service provider boundaries, actual data on local government expenditures and revenues within the study area are not reported. For each of the nine core municipal services, we analyzed adopted budgets for existing service providers to estimate the share of local government revenues generated and expenditures made within the study area. This analysis provides an estimate of the current fiscal conditions of the study area under the unincorporated governance option. Additionally, we evaluated how those annual revenues and expenditures within the study area might change if they are annexed into the City of Milwaukie or incorporated as a new city.

This section of the report provides an estimate of the annual public costs incurred and revenues generated within the study area for core municipal services under each of the three governance options. Details on the methods used for this financial analysis are described in Appendix B.

By necessity, the analysis used different methods for each type of municipal service. Some elements of the analysis, however, are consistent across all types of service:

- **Snapshot in time:** The analysis relies on FY 2020-21 adopted budgets for relevant service providers, and where necessary, actual financial statements from recently completed fiscal years. The analysis does not attempt to forecast future conditions that may have fiscal impacts for municipal service providers (for example, population growth, technological innovation, inflation, etc.).
- **Geographic boundary.** A meaningful comparison of governance options requires a fixed boundary. We used the study area boundary in Exhibit 1 for all three scenarios.
- **Constant level of service:** Consistent with the “snapshot in time” approach, the analysis does not assume changes to the levels of service provided by existing service providers.

- **Land use.** Land use planning will affect development capacity, which in turn will affect housing production and affordability, population and employment density, revenue from a range of sources, and general livability. The challenge with land use is that no method exists to forecast future land use decisions. Moreover, different local governments will have land use authority for each governance option (Clackamas County, the City of Milwaukie, or a newly incorporated municipality). This analysis assumes no changes in land use within the study area.

## What level of service is expected in each governance option?

Estimating the costs of municipal service (and the required revenues to pay for those costs) requires making assumptions about the level of service provided (i.e., the quantity and quality of service). Paving more roads, providing better parks, and responding faster to calls for police and fire are examples of increases in level of service that – all else being equal – would be expected to come at a higher cost. Thus, when comparing the costs and revenues of different governance options, it is important to be clear about what level of service is assumed to be provided.

This analysis assumes a constant level of service and does not attempt to forecast how those services might change in the future. More specifically:

- For all services provided by special districts, the level of service is assumed to be equal to what the study area receives today in all three governance options.
- For services that are currently provided by Clackamas County, we assume:
  - Unincorporated: The level of service is assumed to be equal to what the County provides in the study area today.
  - Annexed: The level of service is assumed to be equal to what the City of Milwaukie provides within its city limits today.
  - Incorporated: The level of service is assumed to be equal to what the City of Milwaukie provides within its city limits today, except in situations where anticipated differences in revenues suggest that a different level of service is largely unavoidable.

By holding the level of service equal between the Annexed and Incorporated options, it is easier to see if the governance structure itself results in any different fiscal impacts. In reality, one of the defining characteristics of the Incorporated Option is that the newly created city could tailor its level of service to match the needs of the community it serves. A newly incorporated city may choose to provide service at substantially higher or lower levels than the City of Milwaukie, which would result in substantially different financial results from what is shown in this analysis. For the purposes of this analysis, there is insufficient input from the community to make meaningful assumptions about the community's desired levels of service.

## What services could be financially impacted by different governance options?

The technical analysis includes all eight core municipal services identified in ORS 221.760, plus governmental administration. Some of those services (water, sanitary sewer, fire & EMS, and parks), however, are assumed to have the same service provider under all three governance options. For those services, the costs and revenues are the same for all three governance options. This report focuses more on the services that are assumed to have different service providers (and thus different costs and revenues) under the different governance options. These services include:<sup>20</sup>

- Law enforcement
- Transportation
- Community development
- Stormwater management
- Governmental administration

## How would the different governance options affect the fiscal impacts of each service?

This section presents information about the potential fiscal impacts under each governance option. Developing the assumptions about service provision in each governance option has required a substantial amount of discussion with the service providers and others to ensure that the assumptions made in the report are accurate and reasonable, within the unique context of each service provider. These discussions are reflected in this analysis.

### Law Enforcement

**Exhibit 6. Estimated annual revenues and expenditures for local law enforcement, Oak Lodge study area (2021 \$)**

	<b>Option 1. Unincorporated</b>	<b>Option 2. Annexed</b>	<b>Option 3. Incorporated</b>
Revenues	\$3,700,000	\$9,000,000	\$9,000,000
Expenditures	\$14,100,000	\$8,500,000	\$8,500,000

Law enforcement in the study area is currently provided by the Clackamas County Sheriff's Office (CCSO), which is assumed to continue in the unincorporated option. Services provided by the CCSO include activities related to municipal law enforcement (e.g., patrol and investigations divisions), and activities related to the countywide justice system (e.g., jail and civil divisions). The countywide functions of the CCSO would exist in any of the governance

<sup>20</sup> More details on the estimated costs and revenues for all core municipal services are provided in Appendix B.

options. Thus, for the unincorporated option, this analysis shows only the share of revenues and expenditures in the study area that are related to the municipal law enforcement activities provided by CCSO.

The analysis shows that it would be more expensive for CCSO to respond to calls in the study area than a city police department (based on the average cost per call for the City of Milwaukie versus CCSO). However, this discrepancy in expenditures is not necessarily indicative of discrepancy in level of service. This analysis assumes that the study area would receive the same level of service for law enforcement in each governance option, as measured by the number of police contacts per year.<sup>21</sup> However, the details of how that law enforcement service is provided, and the response times for officers to arrive at calls, may vary across options, but is beyond the scope of this analysis to evaluate.

The reason(s) for this discrepancy in expenditures is unclear. Representatives of CCSO declined invitations to discuss these results. Staff from the City of Milwaukie were confident that the level of service provided by their police department equals or exceeds the service that is provided by CCSO. Potential factors for the apparent cost discrepancy include:

- The average cost approach used for this analysis assumes that it costs CCSO the same amount to respond to any police contact anywhere in their service area. However, in reality, providing law enforcement in the relatively urban and dense study area may be less expensive per police contact than in other rural, low-density areas served by CCSO. However, data provided by CCSO confirmed that the share of patrol officers assigned to the study area is equal to the share of police contacts that occur within the study area, suggesting that the number of contacts handled per officer is not significantly different in this study area compared to the County as a whole.
- CCSO may have higher administrative and support costs than the Milwaukie Police Department. CCSO expenditures on administration, public safety training center, operational support, training and wellness divisions total 14 percent of annual CCSO expenditures. We allocate a share of these costs to local law enforcement. Similar activities for the City of Milwaukie Police Department may equate to a smaller share of total costs, though it was beyond the scope of this analysis to conduct a detailed comparison of law enforcement activities.
- Differing compensation structures and fringe benefits. Fringe benefits for CCSO (insurance, pension, FICA and other compensation costs) were 41% of all personal services costs in FYE 2020.<sup>22</sup> The Milwaukie Police Department may have a different compensation structure; however, it was beyond the scope of this analysis to conduct a detailed comparison of law enforcement compensation structures.

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<sup>21</sup> Police contacts includes both dispatched calls for service as well as self-initiated contacts from law enforcement officers.

<sup>22</sup> Clackamas County Sheriff's Office: Financial Condition Analysis, June 2021



Whatever the reasons, this analysis suggests that local law enforcement is more expensive to provide in the study area by CCSO than a city police department. Conversely, the analysis finds that the study area would need to generate more funding to pay for law enforcement in the annexed and incorporated options than the unincorporated option. The primary source of funding for local law enforcement is property tax revenue. The discrepancy between revenues and expenditures in the study area for the unincorporated option is because the study area has a relatively high share of the County’s total police contacts, despite a relatively low share of the CCSO tax base. In other words, taxes generated elsewhere in the County appear to be contributing to the cost for CCSO to pay for law enforcement in the study area.

In the annexed and incorporated options, the study area would need to generate all of the tax revenue necessary to pay for the cost of law enforcement in the study area. This would result in higher property taxes paid by property owners in the study area, and thus more revenue generated within the study area.

The key implication of the analysis is that the **Oak Lodge study area would need to generate more funding in the annexed or incorporated options than in the unincorporated option to fund a similar level of service for law enforcement.** The increased revenue would primarily be generated by higher property tax rates.

## Transportation

**Exhibit 7. Estimated annual revenues and expenditures for transportation, Oak Lodge study area (2021 \$)**

	Option 1. Unincorporated	Option 2. Annexed	Option 3. Incorporated
Revenues	\$5,700,000	\$9,100,000	\$5,700,000
Expenditures	\$4,800,000	\$4,700,000	\$5,700,000

The level of revenues and expenditures for transportation varies significantly across governance options. The study area has a relatively high population and a relatively low number of streets for a local government to maintain. That means that if the study area is part of a larger jurisdiction (as shown in the unincorporated and annexed options), the study area is expected to generate more revenue than would be expected to be spent in the study area. Dollars generated in the study area would be expected to be allocated elsewhere in the city or county, where there are greater transportation needs.

This analysis assumes that all roads currently maintained by the County in the study area would become the responsibility of a city to maintain in the annexed or incorporated options. Transfer of street ownership and maintenance responsibilities, however, is not automatic upon annexation or incorporation. If the study area were to annex or incorporate, the applicable city would need to negotiate transfer of ownership and maintenance responsibility with the County, and it is possible that some streets would remain the responsibility of the County to maintain, regardless of which governance option is ultimately selected.

The level of annual transportation expenditures made by the County in the study area may not reflect the level of service that local residents feel they receive. These estimated expenditures are based on the share of County roads located in the study area, and are reinforced by County records for the amount of transportation department staff time logged in the study area. The types of transportation activities that occur in the study area, however, may differ from the types of activities that occur elsewhere, in more rural areas of the County. Building, paving, and maintaining roads can be more efficient in rural areas of the County, where street standards may differ, stormwater management is handled differently, and there are fewer affected property owners. Transportation improvements within the study area require addressing sidewalk and stormwater management issues, and maintenance efforts focus on addressing property owner complaints from clogged drains and other stormwater issues.

In the incorporated option, however, we assume all revenues generated in the study area would need to be spent within the study area. The analysis shows that the hypothetical new city would not need to impose the same transportation fees and charges as the City of Milwaukie in order to provide an equal or better level of service. Thus, the incorporated option excludes the local street maintenance fee, safe access for everyone fee, and local gas tax that are imposed in the City of Milwaukie. Even without these local sources of revenue, the incorporated option still generates enough funding (primarily through state funding, county vehicle registration fees, and local franchise fees) to result in a higher level of local expenditures than in either the annexed or unincorporated options.

**Community Development**

**Exhibit 8. Estimated annual revenues and expenditures for community development, Oak Lodge study area (2021 \$)**

	<b>Option 1. Unincorporated</b>	<b>Option 2. Annexed</b>	<b>Option 3. Incorporated</b>
Revenues	\$3,000,000	\$3,800,000	\$3,800,000
Expenditures	\$3,300,000	\$2,700,000	\$2,700,000

In this report, we refer to “community development” as an overarching term that includes the services of land use planning, permitting, economic development, and code enforcement. The specific portfolio of community development services offered by local governments may vary from jurisdiction to jurisdiction, which can complicate making a direct comparison between governance options.

All three governance options predict a relatively similar level of expenditures in the Oak Lodge study area for community development, and those expenditures are relatively proportional to the annual revenues generated from the study area. Note that the figures for FY 2020-21 suggest that the unincorporated option would see a higher level of expenditures than the annexed and incorporated option. However, this is likely the result of annual fluctuations in expenditures.

The unincorporated option shows annual expenditures for community development exceeding annual revenues, resulting in a decrease in ending fund balance this year. The opposite is true for the annexed and incorporated options, where annual expenditures on community development are shown to be less than annual revenues, resulting in an increase in ending fund balance. The revenue analysis shows that more resources would be available to the study area for community development in either the annexed or incorporated options. Long-term, the higher level of annual revenues expected to be generated in the annexed and incorporated options should also translate to a higher level of expenditures in the study area, when compared to the unincorporated option.

Furthermore, the types of community development projects funded in the unincorporated option may not be the same as those funded in the annexed and incorporated options. Community Development efforts funded by the County are likely to have a countywide scope, or focus on different subareas throughout the County, not directly related to the study area. This analysis estimates the proportional share of those community development expenditures that should occur within the study area, but it is possible that residents of the study area may not feel they are directly benefiting from these community development efforts. By comparison, community development expenditures in the annexed and incorporated options would be guaranteed to be at the city level, and may feel more impactful to residents of the study area.

### Stormwater Management & Watershed Protection

**Exhibit 9. Estimated annual revenues and expenditures for stormwater management and watershed protection, Oak Lodge study area (2021 \$)**

	<b>Option 1. Unincorporated</b>	<b>Option 2. Annexed</b>	<b>Option 3. Incorporated</b>
Revenues	\$1,500,000	\$8,300,000	\$8,300,000
Expenditures	\$1,000,000	\$8,300,000	\$8,300,000

Stormwater management and watershed protection is the only municipal service where the responsibility for service provision is split between two local governments. All governance options assume that the OLWSD will continue to provide watershed protection services, but the responsibility for stormwater management differs across the three options.

The unincorporated option assumes that the County is responsible for stormwater management. The adopted budget for the County does not identify specific revenues or expenditures allocated for the purpose of stormwater management. Additionally, there is no adopted capital facilities plan for stormwater infrastructure projects in this area. Thus, the analysis assumes the County has no revenues or expenditures for stormwater management in this area. Note that this relatively low level of service may not be possible to maintain in the future. Evolving regulations related to stormwater management may require the County to be more proactive with stormwater management in the future. Speculative future changes in level of service, however, are beyond the scope of this analysis.

In the annexed option, revenues generated in the study area for stormwater management would increase dramatically, as the City of Milwaukie has a substantial stormwater management program that includes charging user fees to fund the service. The City of Milwaukie uses those higher fees to retrofit existing streets that lack curbs and sidewalks to have proper stormwater management infrastructure, and to ensure that new development adequately addresses stormwater impacts. Although this analysis assumes the study area would experience a proportionally large increase in expenditures for stormwater management, actual expenditures would depend on the completion of a capital facilities plan for stormwater in the study area. Thus, actual expenditures in the study area in the annexed option could be higher or lower than we estimated.

As described earlier, this analysis assumes the hypothetical new city in the Incorporated Option would provide the same level of service as the City of Milwaukie in the Annexed option, and thus the same costs and revenues for stormwater management. In reality, the community may decide that a different level of service is preferable for stormwater management in the study area, and thus the actual costs and revenues for stormwater in the incorporated option may differ substantially from those assumed in this analysis. Lower expenditures on stormwater infrastructure would mean that the hypothetical new city could fund improvements while imposing a lower stormwater charge in the study area. Conversely, if higher expenditures on stormwater infrastructure are needed, then the hypothetical new city would need to impose higher stormwater charges to fund improvements in the study area.

### Governmental Administration

**Exhibit 10. Estimated annual revenues and expenditures for governmental administration, Oak Lodge study area (2021 \$)**

	<b>Option 1. Unincorporated</b>	<b>Option 2. Annexed</b>	<b>Option 3. Incorporated</b>
Revenues	\$2,500,000	\$6,600,000	\$3,300,000
Expenditures	\$3,000,000	\$7,200,000	\$4,400,000

Annual revenues and expenditures for governmental administration in the Oak Lodge study area are estimated to be lowest in the unincorporated option, somewhat higher in the incorporated option, and highest in the annexed option.<sup>23</sup> Administrative expenses tend to scale upwards based on the number of services a local government provides, as well as the level of service provided. In this case, the City of Milwaukie provides a wider range of urban services than the County and what the hypothetical new city would provide. Milwaukie also provides a higher level of service than the County for some services.

These cost estimates are based on an average cost approach (in other words, assuming that the per capita cost of administration is constant). However, a more detailed, marginal cost analysis

<sup>23</sup> Appendix C provides additional detail on the specific services assumed to be included under governmental administration for all three governance options.

could yield somewhat different results. For example, it is possible that the City of Milwaukie has additional administrative capacity and economies of scale could result in actual costs of administration in the annexed option being less than what we have forecast in this analysis.

The fact that service provider expenditures appear greater than revenues under each governance option is due to the level of revenues and expenditures reflected in adopted budgets for FYE 2021. If the analysis were to include longer time series data on actual revenues and expenditures, it is likely that we would see revenues and expenditures balance out in the long-term.

### Services with no change of provider

Four of the core municipal services in the study area are currently provided by special districts, and this analysis assumes that those districts would continue to provide service to the study area, in each of the three governance options evaluated. Those services and their providers are:

- Water: Oak Lodge Water Service District
- Sewer: Oak Lodge Water Service District
- Fire and Emergency Medical Service: Clackamas County Fire District #1
- Parks: North Clackamas Parks and Recreation District

Appendix B includes the estimated annual revenues and expenditures related to each of these services within the Oak Lodge study area boundary. Because these revenues and expenditures are assumed to be identical in all three governance options, they do not affect the key conclusions of this analysis and are not discussed further in this report.

## How would different governance options affect taxes and fees imposed?

One significant difference between the governance options is the property tax rate imposed on property owners in the Oak Lodge study area. Exhibit 11 shows the estimated annual property tax bill for a typical single-family home in the Oak Lodge study area in each governance option.<sup>24</sup> **Property taxes paid would be lowest in the unincorporated option, and highest in the annexed option.**

**Exhibit 11. Estimated property tax bill for single-family home in Oak Lodge study area (2021 \$)**

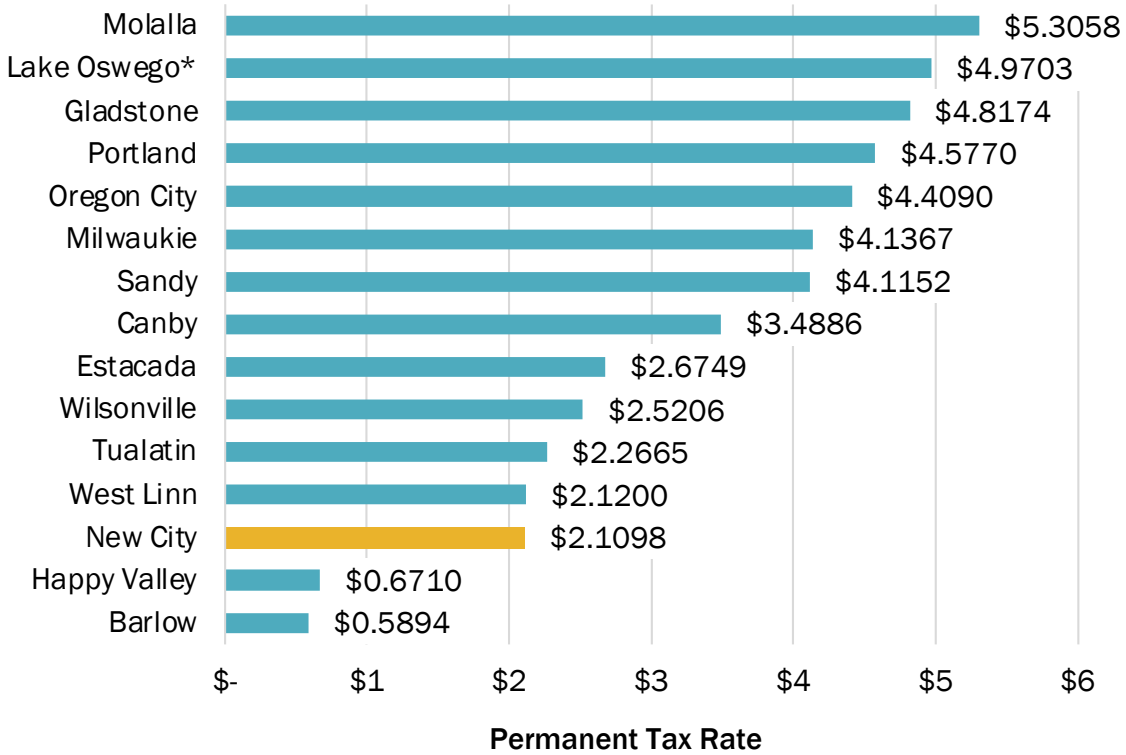
Taxing District	Type	Rate	Option 1:			Option 2:		Option 3:	
			Unincorporated	Annexed	Incorporated	Unincorporated	Annexed	Incorporated	
Clackamas County - Rural	Permanent	\$ 2.9766	\$ 1,042	\$ -	\$ -	\$ -	\$ -	\$ -	
Clackamas County - City	Permanent	\$ 2.4042	\$ -	\$ 841	\$ 841	\$ -	\$ 841	\$ 841	
Clackamas County Extension & 4H	Permanent	\$ 0.0500	\$ 18	\$ 18	\$ 18	\$ -	\$ 18	\$ 18	
Clackamas County Law Enhanced	Permanent	\$ 0.7198	\$ 252	\$ -	\$ -	\$ -	\$ -	\$ -	
Clackamas County Library	Permanent	\$ 0.3974	\$ 139	\$ 139	\$ 139	\$ -	\$ 139	\$ 139	
Clackamas County Public Safety	Local Option	\$ 0.2480	\$ 87	\$ 87	\$ 87	\$ -	\$ 87	\$ 87	
Clackamas County Emergency Radio	Bond	\$ 0.0965	\$ 34	\$ 34	\$ 34	\$ -	\$ 34	\$ 34	
Clackamas Fire District #1	Permanent	\$ 2.4012	\$ 840	\$ 840	\$ 840	\$ -	\$ 840	\$ 840	
Clackamas Fire District #1	Bond	\$ 0.0888	\$ 31	\$ 31	\$ 31	\$ -	\$ 31	\$ 31	
North Clackamas Parks & Recreation	Permanent	\$ 0.5382	\$ 188	\$ 188	\$ 188	\$ -	\$ 188	\$ 188	
City of Milwaukie	Permanent	\$ 4.1367	\$ -	\$ 1,448	\$ -	\$ 1,448	\$ -	\$ -	
New City	Permanent	\$ 2.1098	\$ -	\$ -	\$ -	\$ -	\$ 738	\$ 738	
Other Districts	Multiple	\$ 10.5373	\$ 3,688	\$ 3,688	\$ 3,688	\$ -	\$ 3,688	\$ 3,688	
<b>Total</b>			<b>\$ 6,319</b>	<b>\$ 7,314</b>	<b>\$ 6,605</b>				

If the study area were to incorporate into a new city, the permanent tax rate for the city would need to be approved by voters, based on more detailed analysis of the annual costs and revenues for the city. Based on the analysis in this report, we estimate the hypothetical new city would impose a tax rate of \$2.1098 per \$1,000 of assessed value. This is the tax rate that would be necessary to generate \$5.6 million of annual revenue, which is the amount of tax revenue that the city is estimated to need to provide the services identified in this analysis: transportation, law enforcement, community development, stormwater management, and governmental administration.

Exhibit 12 shows the estimated permanent tax rate for the hypothetical new city, compared to the permanent rate levies for other cities in Clackamas County. The tax rate assumed for this study for the hypothetical new city may be relatively low compared to the City of Milwaukie and other cities across Clackamas County. The relatively low tax rate for the hypothetical new city is expected, given assumptions on level of service and the relatively limited portfolio of services it is assumed to provide in our model.

<sup>24</sup> Assumed assessed value of \$350,000. "Other districts" includes the North Clackamas School District. A smaller portion of the study area is in the Oregon City School District, which has a lower permanent tax rate.

**Exhibit 12. Estimated permanent property tax rate for the hypothetical new city, compared to other cities in Clackamas County**



\*The City of Lake Oswego imposes different tax rates in different areas within city limits: \$4.9703 and \$4.5884.

Much of the differences in tax rates between cities can be explained by the different services those cities provide directly (as opposed to being provided by the County or by special districts). Exhibit 13 shows which core municipal services are provided by each city in Clackamas County. Lake Oswego, Gladstone, and Portland provide all eight core municipal services and have three of the four highest permanent tax rate levies in the County. Barlow and Happy Valley have the lowest permanent tax rates in the County, and provide the fewest number of municipal services. Note that some cities may provide other services (libraries, for example) that are not captured in this summary table.

**Exhibit 13. Comparison of core municipal services provided by cities in Clackamas County**

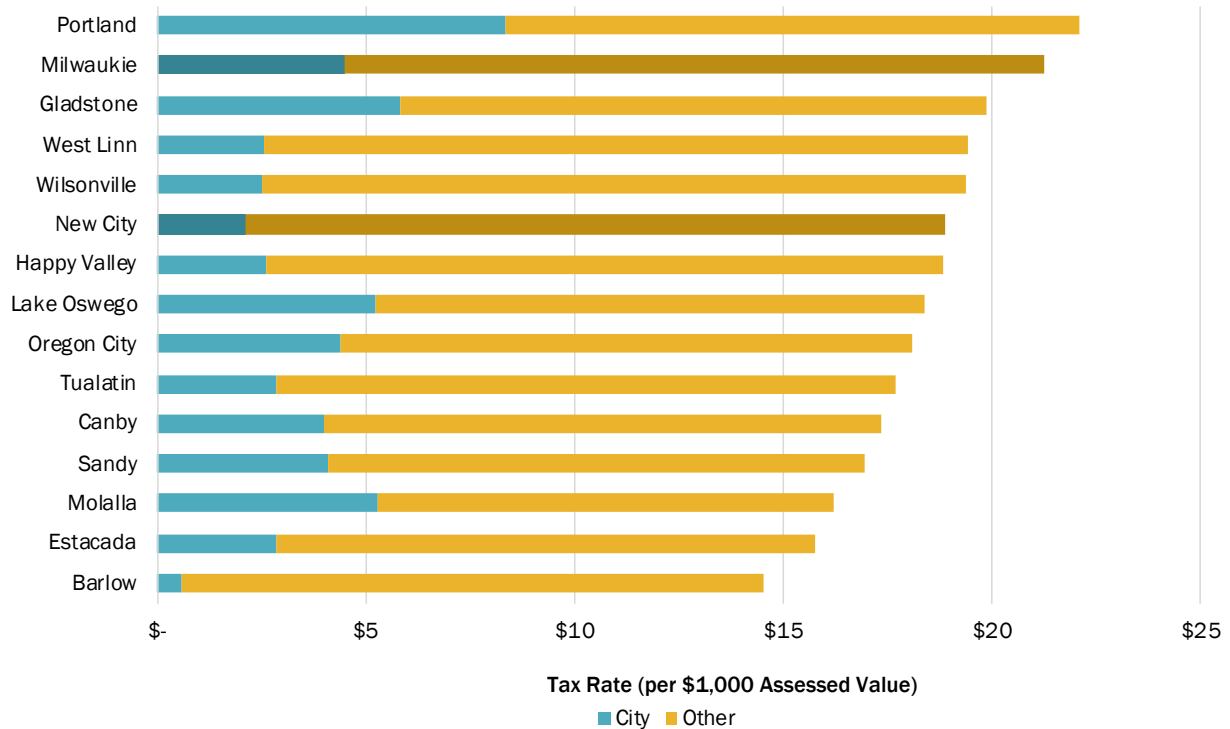
Note: A small portion of the City of Portland is in Clackamas County.

City	Permanent Tax Rate	Services Provided							
		Police	Fire	Parks	Transportation	Com. Dev.	Water	Sewer	Storm-water
Molalla	5.3058	X		X	X	X	X	X	X
Lake Oswego	4.9703	X	X	X	X	X	X	X	X
Gladstone	4.8174	X	X	X	X	X	X	X	X
Portland	4.5770	X	X	X	X	X	X	X	X
Oregon City	4.4090	X		X	X	X	X	X	X
Milwaukie	4.1367	X			X	X	X	X	X
Sandy	4.1152	X		X	X	X	X	X	X
Canby	3.4886	X		X	X	X		X	X
Estacada	2.6749			X	X	X	X	X	X
Wilsonville	2.5206			X	X	X	X	X	X
Tualatin	2.2665	X		X	X	X	X	X	X
West Linn	2.1200	X		X	X	X	X	X	X
Happy Valley	0.6710	X		X	X	X			
Barlow	0.5894					X	X		



Exhibit 14 shows the total consolidated property tax rates for all cities in Clackamas County.<sup>25</sup> This shows that although the hypothetical new city would have a lower permanent rate than most other cities in the County, its total consolidated tax rate would be slightly above average. This is because the tax rates for overlapping taxing districts would be relatively high in this area.

**Exhibit 14. Estimated total property tax rate for the hypothetical new city, compared to other cities in Clackamas County**



In addition to property taxes, different governance options would impact other fees, fines, and charges that are imposed within the Oak Lodge study area. In general, those fees and charges would be lowest in the unincorporated option and highest in the annexed option. Some of the notable fees imposed by the City of Milwaukie that are not imposed by Clackamas County include:

- Local gas tax: \$0.02 per gallon
- Street maintenance fee: \$5.07 per month for single-family home
- Safe Access for Everyone (SAFE) fee: \$5.64 per month for single-family home

<sup>25</sup> Most cities in Clackamas County consist of multiple tax code areas with a unique combination of overlapping taxing districts and therefore different tax rates. This chart shows the tax rate for the predominant tax code area within each city in Clackamas County. However, some portions of these cities may have higher or lower tax rates than what is shown here.

- Stormwater charge: \$29.47 per month for single-family home

A hypothetical new city in the incorporated option would have authority to impose similar fees at any desired level. This analysis suggests the hypothetical new city would not need to impose local fees for transportation maintenance to provide a level of service equal to or greater than the unincorporated or annexed options. Stormwater charges in the incorporated option would depend on the desired level of service and capital projects to be identified in a stormwater master plan.

## 5. Conclusions and Next Steps

The purpose of this study was to provide information that gives a foundation for an informed dialogue about the fiscal implications of governance options for Oak Lodge. The ideal outcome would be one where the analysis identified one option that is clearly preferable to the community. Before outlining the conclusions, however, it is worth considering how policy analysts evaluate policies. A typical process begins with a problem definition or research question (e.g., what governance option will best serve Oak Lodge now and in the future?). The second step is to identify “evaluation criteria,” which are metrics or indicators that allow valid comparisons of the options. These can be thought of as the fact base that supports a democratic decision-making process.

The literature on policy analysis identifies several categories of evaluation criteria and many potential measures. Exhibit 15 lists key categories of criteria and measures that the Oak Lodge community should consider.

**Exhibit 15. Potential Evaluation Criteria**

Category	Description	Potential Measures
Costs/Revenues	This category addresses all fiscal measures.	-Taxes -Fees -Revenue generated -Start-up cost
Level of service	This category refers to the type or level of services provided to residents. Level of service is directly related to costs and revenues. This category could include dozens of indicators and it is difficult to predict how level of service would change under different governance options.	-Emergency response time -Water quality (pollutants in parts per million or other measures) for drinking water, wastewater, and stormwater -Access to transit -Road capacity -Parkland and open space (acres per 1000 residents) -Many others
Equity	This category addresses how the different options would affect different segments of the population (in aggregate and individually) now and in the future. Many of these are normative and difficult to measure. Many relate to level of service and whether different populations have access to services or get similar levels of service.	-Topline markers of equity: -education -homeownership -environmental quality -access to parks -entrepreneurship, taxation, -Access to government services -Voice in government
Local control	What influence do residents, businesses, property owners, workers, etc. have in government decisions? What decisions can they influence?	-Population per elected or appointed official -Decision-making and governance procedures
Political viability	Is the option politically acceptable to different elements of the community?	-Support for the option -Support for elements of the option

Exhibit 15 presents a simplified list of criteria. Several elements of policy problems and public policy complicate the determination of meaningful evaluation criteria. First, the governance options have multiple goals, objectives, and criteria—each of which relates to specific services local government provides. Moreover, the following elements are embedded in the governance options, but are difficult to analyze:

- *Impacts*: on land use, transportation, environmental quality, quality of life, economic development, and everything else that residents and their representatives care about.
- *People*: consideration of subgroups, rather than society as a whole, addresses questions about the distribution of impacts and the equity (fairness) of that distribution.
- *Time*: both impacts (type and magnitude) and people (and, therefore, the incidence of those impacts) change over time, and distant benefits and costs are less important than current ones.

In the context of this project, we are looking at governance options broadly, but each of those options has dozens or hundreds of elements, many of which could be considered policy problems unto themselves. The implication is that public policy is trying to *optimize* benefits to the public because it is not possible to *maximize* benefits simultaneously across all the dimensions.

A final complication relates to weighting criteria—how important are different criteria to the community? Different people value different things, which makes weighting challenging. The Oak Lodge community is made up of residents, workers, businesses, property owners, and other stakeholders. Each of these groups have different interests and values. The best approaches get broad input from the community and develop averages of importance. These still have significant limitations and have potential to contribute to existing inequities.

In summary, at its best, public policy builds upward from the community to clearly articulate what the community values and how those values are manifested in how local government operates, what services it provides, and at what levels those services are provided. Those values have yet to be articulated but should be part of the upcoming dialogue the community has on governance.

## Conclusions

The fiscal analysis included all eight core municipal services identified in ORS 221.760, plus governmental administration. Following are key conclusions from the fiscal analysis:

- **Different subareas within the study area may choose to pursue different governance options.** The entirety of the study area does not need to agree on the best path forward. Residents of some portions of the study may prefer to remain unincorporated, while residents of other areas may be interested in annexing or pursuing incorporation of a new city. Areas that do choose to annex may choose to do so at different points in time, and may annex into different cities (Milwaukie or Gladstone).

- **All three governance options appear financially feasible.** The evaluation of fiscal impacts shows the study area would generate substantial revenues in either the annexation or incorporation option. These projections are only estimates, based on broad assumptions for the level of service. However, the analysis suggests revenues generated in the study area would be sufficient to cover the costs of urban services. Details of the financial feasibility of annexation or incorporation would need to be fleshed out in subsequent, more detailed analysis.
- **Level of service depends on policy choices.** The level of service provided for municipal services impacts a community's quality of life, as well as the cost of governance. Although this analysis makes assumptions about the level of service that would be provided in the study area, the actual level of service depends on policy choices made by service providers. Different governance options might be better poised to change the level of service (and associated cost) to match the level of service desired by the community.
- **Several core municipal services are not expected to be impacted by a change in governance.** Water, sanitary sewer, fire & EMS, and parks would have the same service provider under all three governance options. For those services, the costs and revenues are the same for all three governance options.
- **Oak Lodge study area would need to generate more funding for law enforcement in the annexed or incorporated options to fund a similar level of service as is currently provided.** Local law enforcement is primarily funded by property taxes, and those taxes paid by property owners in the Oak Lodge study area would be higher in the annexed and incorporated options than in the unincorporated option.
- **Revenues and expenditures for transportation vary significantly across governance options.** The study area has a relatively high population and a relatively low number of streets, which results in the study area generating revenues that are spent outside of the study area in the unincorporated and annexed options. In the incorporated option, all revenues generated in the study area would need to be spent within the study area, resulting in a higher level of funding for the study area.
- **All three governance options predict a relatively similar level of revenues and expenditures in the Oak Lodge study area for community development.** However, long-term, the higher level of annual revenues expected to be generated in the annexed and incorporated options should also translate to a higher level of expenditures in the study area, when compared to the unincorporated option.
- **Residents would be required to pay City of Milwaukie stormwater fees under the annexation option, but expenditures in the study area are uncertain.** The City of Milwaukie has a substantial stormwater management program that includes charging user fees to fund the service. However, without a stormwater capital improvement plan for the study area it is impossible to say how much funding would be spent in the study area in the annexation or incorporation options.

- **Revenues and expenditures for governmental administration in the Oak Lodge study area are estimated to be substantially higher in the annexed option.** They are lowest in the unincorporated option and modestly higher in the incorporated option, due the range of municipal services provided by each municipality and the level of service provided.
- **Estimated property taxes for an average single-family home would be highest under the annexation option.** We estimate the annual property tax bill would be \$7,314 under the Annexation option, \$6,558 under the incorporation option, and \$6,319 under the unincorporated option. This is based on an estimate that the hypothetical new city would impose a tax rate of \$2.1098 per \$1,000 of assessed value. This relatively low estimated rate is a function of the limited services a hypothetical new city would provide, based on the assumptions in this study.
- **Milwaukie has several fees that would be assessed under the annexation option.** Some of the notable fees imposed by the City of Milwaukie that are not imposed by Clackamas County include:
  - Local gas tax: \$0.02 per gallon
  - Street maintenance fee: \$5.07 per month for single-family home
  - Safe Access for Everyone (SAFE) fee: \$5.64 per month for single-family home
  - Stormwater charge: \$29.47 per month for single-family home

**In summary, fiscal analysis alone is not sufficient to determine the best governance option for Oak Lodge.** Different governance options will result in different costs and revenues, as well as different levels of service and local control. Ultimately, the choice of governance option is a question of community values. The fiscal analysis is intended to provide information on the possible costs and revenues of each option to inform community discussions on the topic.

This study examined issues beyond the fiscal implications of governance options. Other considerations that may be important to the Oak Lodge community include:

- **A new city is required to provide four or more municipal services to receive state shared revenue.** ORS 221.760 defines the following municipal services: police protection; fire protection; street construction, maintenance, and lighting; sanitary sewers; storm sewers; planning, zoning and subdivision control; one or more utility services.
- **Fiscal considerations are one of dozens of criteria to inform a discussion about the preferred governance options.** Evaluation criteria and their relative weighting should be part of ongoing discussions about governance. Many other considerations may be as, or more, important to Oak Lodge than the fiscal implications.
- **Different stakeholders have different values.** Understanding what different groups want – residents, businesses, workers, and property owners – will be important in developing a community vision. Developing ways to meaningfully engage these

different groups, particularly groups that have been traditionally under-represented in government, is a familiar challenge to local government.

- **Risk and uncertainty are difficult to assess.** Each of the governance options and actions has associated risks and uncertainty. For example, land use and transportation changes could affect the community under the no action alternative; Milwaukie might provide a different level of service than what the community wants; a hypothetical new city could prove more expensive than anticipated. Some of these questions will remain unanswerable; others can be better understood through community dialogue. A key challenge will be identifying how much and what type of information is needed to move the discussion forward.

In short, many aspects of governance do not lend themselves to quantitative analysis or even qualitative analysis. There will be uncertainty about the “right” governance options or about the right approach. Community conversations should drive the decisions. The dialogue should start with a discussion of what Oak Lodge is trying to accomplish. What motivations drive the community and would support a change in governance? What do people want from government? What do they want that they don’t have? How much are they willing to pay for what they want? A final overarching question is about local control. How much and what types of local control are important to residents of Oak Lodge?

## Next Steps

This report can inform the broader community discussion about governance options for the Oak Lodge area. As we have mentioned before, this report is the first of many steps necessary to decide the future of Oak Lodge. It is possible, perhaps even likely, that different areas within Oak Lodge may make different decisions going forward, with some portions remaining unincorporated and other portions of the study area interested in annexing into an existing city or pursuing incorporation of a new city. This section presents next steps to help move the community discussion forward.

- **Continued public engagement.** There are at least two levels of public engagement that should be on-going: (1) outreach discussions led by the Oak Lodge Governance Project and (2) broader community discussions. The two levels of discussion are likely to be related and intertwined but they may proceed independently.
  - *Outreach led by the Oak Lodge Governance Project.* We suggest that this outreach involve discussion of the results of this study and the options for governance with community groups, service providers, and other community members interested in the conversation. Through these discussions, the Oak Lodge Governance Project should establish partnerships with existing community groups. We recommend that the Oak Lodge Governance Project develop an outreach and engagement plan that describes the process and timeline for outreach activities. The outcomes of these discussions should build towards a common understanding of the community values and desired outcomes for potential changes in governance.
  - *Community Discussions.* These discussions may occur more informally and will not be driven by the Oak Lodge Governance Project. These discussions will be led by existing groups and community members, possibly with participation of members of the Oak Lodge Governance Project. The outcomes and questions from these discussions may feed back into the discussions of the Oak Lodge Governance Project to drive future research and conversation.
- **Develop a vision for the future of Oak Lodge and its subareas.** The outreach led by the Oak Lodge Governance Project and the broader community discussions should result in common understanding of community values and desired outcomes for changes in governance. But for change in governance to occur, there needs to be a common vision for the future of Oak Lodge or parts of Oak Lodge. It may take a considerable amount of time to come to this common vision, but successful annexation to an existing city or incorporation into a new city will require that the majority of people living in Oak Lodge (or subareas within Oak Lodge) agree on the desired future. The items discussed above should all feed into developing this vision, which will require many discussions that could take several years. It may be that residents in parts of Oak Lodge prefer different governance options than residents in different parts of Oak Lodge. These discussions about the desired future may lead to decision making that



results in different “right” decisions being made about governance within different parts of Oak Lodge.

- **Conduct additional research.** This report provides a start on the research needed to understand the fiscal implications for annexation or incorporation and discuss other implications of either option. This report raises at least as many questions as it answers. Areas for further research include:
  - *Understand the fiscal impacts of annexation into Gladstone.* This report focused on potential annexation into Milwaukie. Given that Gladstone has different policies, provides different services, and has different tax rates, annexation into Gladstone would have different benefits, costs, opportunities, and obstacles than annexation into Milwaukie.
  - *Consider the marginal cost of annexation.* This analysis looked at the average cost of service, but when creating a new city, or annexing into an existing city, the marginal costs to provide service may look significantly different from the average costs. A marginal cost analysis will show how much existing capacity a city has to provide services to the study area at little to no additional cost, and where new infrastructure or staff might be needed to serve the study area at costs that are potentially significantly more than average. Such analysis should be tailored to a specific geographic area, and to the specific jurisdiction providing service, but could be conducted for subareas within the study area, and for a potential new city, the City of Milwaukie, or the City of Gladstone.
  - *Conduct an analysis of socioeconomic and demographic composition of Oak Lodge.* This report provides a rough estimate of the number of people living in the Oak Lodge area based on the number of dwelling units in the study area. But it does not attempt to provide more information about who lives in Oak Lodge or about the businesses in Oak Lodge. An additional study could provide information about the people living and working in Oak Lodge, either using existing sources of data like the Census or by conducting one or more surveys of residents and businesses in Oak Lodge. Collection of this information via a survey could be combined with other questions related to annexation or incorporation.
  - *Develop an asset inventory to better understand the opportunities for community-building in Oak Lodge.* Inventorying assets is an approach to documenting a community’s existing resources, including identifying resources from institutions (such as churches, schools, businesses, and existing service providers), community groups (such as volunteer organizations, neighborhood groups, and sports clubs), businesses, and people within Oak Lodge. The asset inventory will provide information about existing resources and strengths within the Oak Lodge community. Asset inventorying can help identify the existing resources and opportunities to support changes in governance in Oak Lodge. The asset inventory can help identify organizations, businesses, and individuals to engage in the community discussions.

- *Seek out advice and assistance from existing organizations.* The members of the Oak Lodge Governance Project Steering Committee should seek out assistance and resources from existing organizations, such as the League of Oregon Cities, the Center of Public Service at Portland State University, the Institute for Policy Research and Engagement at the University of Oregon, Oregon Solutions at Portland State University, Oregon Consensus at Portland State University, staff from the State’s Regional Solutions team, and the regional representative from the Department of Land Conservation and Development. These institutions help communities with the kind of analysis described above, as well as with facilitating community discussions. In addition, local government partners, such as Clackamas County or the cities of Milwaukie or Gladstone, may have advice that would be helpful for the community to consider.
- *Identify a methodology through which decisions about future governance options will incorporate equity considerations.* Ensuring that decisions about future governance are made within an equity framework is essential to not further disadvantage communities of color, seniors, people with disabilities, people experiencing homelessness, small businesses, or other at-risk populations. A key step to incorporating equity into the decision-making process is to identify and select one of the many frameworks for assessing racial equity. One such framework identifies the topline indicators of inequity as education, homeownership, environmental quality, access to parks, entrepreneurship, and taxation. The Government Alliance on Race & Equity (GARE) published a racial equity toolkit in 2020.<sup>26</sup> GARE is being employed at jurisdictions and agencies across Oregon, including: Oregon Housing and Community Services, Oregon’s Governor’s office of Diversity Equity and Inclusion, Multnomah County, City of Portland, Metro, City of Beaverton, City of Hillsboro, and other governmental organizations across Oregon.
- **Continue investigations into steps necessary for annexation and for incorporation.** Making decisions about whether to stay unincorporated, whether to annex into another city, or whether to incorporate into a new city will require more information. We suggest the following:
  - *Annexation into Milwaukie.* Many unknowns exist regarding the procedural steps to annex all or portions of Oak Lodge into Milwaukie. The community should initiate discussions with the City of Milwaukie to better understand the annexation process. An important step will be to identify which portions of Oak Lodge may be immediately interested in annexation into Milwaukie. For these areas, it is likely that Milwaukie will need potential annexation to be initiated by people living in Oak Lodge who prefer Milwaukie’s vision for growth and existing comprehensive plan policies. The properties being annexed would need to be property owners who would prefer to be part of Milwaukie than unincorporated Clackamas County. An annexation plan that is acceptable to Oak Lodge residents and the City of Milwaukie

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<sup>26</sup> More information about GARE can be found at: <https://www.racialequityalliance.org/>

would likely be necessary to guide annexation, covering the issues discussed in Chapter 2 under Option 2: Oak Lodge annexes into Milwaukie, as well as a public education and discussion process. Annexation is likely to be a process that occurs incrementally over the course of five or more years.

- *Incorporation into a new city.* Continue discussion about potential incorporation into a new city. This will require that people living in Oak Lodge learn more about the benefits and costs of incorporation. We recommend that participants review the discussion about incorporation in Appendix B of this report, as well as review the League of Oregon Cities *Oregon Municipal Handbook*.<sup>27</sup> If incorporation is identified as a preferred option, the discussion will require an incorporation feasibility study to better understand the population and economic characteristics, geography of the study area for incorporation, existing community plans and public services, potential tax consequences, and potential costs of annexation. From a process standpoint, ORS 221.031 requires a standard form prescribed by the Oregon Secretary of State be filed with the county clerk. The form must “designate the name and residence address of not more than three persons as chief petitioners, who shall be electors registered within the boundaries of the proposed city.”

In summary, this report analyzed fiscal and other implications of governance options and provides information to inform public discussions about governance options for Oak Lodge. Each of the three options considered in this report is potentially fiscally viable; however, the implication of the three options for future governance, on issues ranging from local control to housing costs to equity, vary substantially, with annexation and incorporation offering more opportunities for influence of residents of Oak Lodge than remaining an unincorporated urban community. While this report is an important first step in aiding residents in understanding the implications of governance options, there is a considerable amount of work still to be done. Many community conversations are necessary to decide which option(s) are right for Oak Lodge.

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<sup>27</sup> See: <https://www.orcities.org/resources/reference/city-handbook>

# Appendix A: Glossary

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This appendix provides definitions for key terms used in this report.

- **Annexation:** The process of bringing property into the city limits of an existing city from an area that is currently unincorporated. Annexation results in application of the city's policies (such as zoning and comprehensive plan policies), property taxes, and services (such as police, water, and wastewater services).
- **Annex:** To incorporate new territory into the existing city limits through the process of annexation.
- **Community Development:** An overarching term for a range of services provided by local governments related to growth and development. Examples of community development activities include: land use review and permitting, long-range planning, economic development, and housing.
- **Comprehensive Plan:** A land use map and policy statements for a local government that provide a vision for development of the city (or county) for the next 20-years. The comprehensive plan considers natural systems (such as rivers or hillsides), infrastructure (such as transportation, water, or wastewater), and services (such as recreational services) as they relate to future use of land.
- **Equity:** At the highest levels, equity is freedom from bias or favoritism; fairness; impartiality. In the context of urban planning, accounting for equity considerations entails having policies and procedures for considering the potential impacts (both positive and negative) of new policies or programs on all residents of the community, with a focus on community members who are underserved and underrepresented in decision making processes.
- **Expenditures:** Dollars spent by a jurisdiction.
- **Fiscal:** Of or relating to issues of public finance.
- **Fiscal Year:** A twelve-month schedule used by an entity for accounting purposes. For municipalities in Oregon like Clackamas County and the City of Milwaukie, the fiscal year begins July 1 and ends June 30 of the subsequent calendar year.
- **Franchise fee:** A fee imposed by a local government on utility companies for the privilege of placing infrastructure within the public right of way.
- **Governance:** The process for governing an area, such as a city or county. Considerations of governance include the type of government, whether local government (such as city government) or regional government (such as county government). Options for governance can include the form of government (such as mayor-council government or commission and city manager).
- **Incorporated:** An area of land that lies inside of the city limits of any city.

- **Jurisdiction:** The geographical area to which authority of a governing legal body (such as city or county) is granted. For example, the City of Milwaukie has jurisdiction over land within its city limits
- **Metro:** Metro is the regional government that manages the regional urban growth boundary in the Portland region, which includes 24 cities and portions of three counties. Metro is the grantor for this project. They make grants available to jurisdictions and other groups within the regional urban growth boundary. This can include assistance such as community enhancement grants, civic engagement grants, and planning and development grants.
- **Revenue:** Dollars received by a jurisdiction.
- **Special Districts:** Special purpose agency formed for a particular need or service, usually funded more by local taxes than state revenue. Special districts can include water districts, library districts, fire districts, or other types of districts formed to provide a specific function. Special districts are generally public corporations that may enter contracts, purchase or sell property, and transact with other businesses so long as every action they take is related to its limited municipal function.
- **Statutorily mandated:** A requirement made by the state or higher level of government that has enacted a law. For example, Oregon cities are statutorily mandated to develop and maintain a comprehensive plan to provide a map and policies that guide future land uses within the city (or county).
- **Stormwater:** Water from rain, snow, and ice melt. Stormwater runoff often feeds into bodies of water like rivers and streams with no treatment. In urban environments, stormwater is typically captured through storm drains, a process referred to as stormwater services. This water typically carries contaminants, making it unusable unless treated.
- **UGMA:** An Urban Growth Management Area is a geographical boundary that designates where a city is expected to grow over time. The UGMA is maintained through an intergovernmental agreement between a city and county that specifies the entities who will provide urban services to the areas outside the city boundaries prior to annexation.
- **Unincorporated:** An area of land that lies outside of the city limits of any city.
- **Zoning Ordinance:** A zoning ordinance provides standards, criteria, and conditions for development of land. It also includes review procedures, permit requirements, and other requirements adopted by a city or county that applies to the approval of development, such as new housing (such as site and building design). A city's zoning ordinance implements its comprehensive plan map and policies by setting standards and processes for development of land within the city.

# Appendix B: Description of Governance Options

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This appendix describes the three governance options (scenarios) for the study area boundary:

1. Oak Lodge remains an unincorporated urban community of Clackamas County (no action)
2. Oak Lodge annexes into Milwaukie<sup>28</sup>
3. Oak Lodge incorporates as a new city

Each of the options is discussed in the context of (1) actions and potential costs required to implement the option, (2) description of providers for various services analyzed in this report; and (3) key questions each option raises that are beyond the scope of this study.

Other governance options exist, including combinations of all three of the options. ECO discussed other options in the scoping process for the project. The general consensus was that the three options included in the study are the most viable options and that analyzing variations of the options would not substantially increase the body of information local stakeholders need to understand the financial implications of the options.

We also note that this project did not include community input outside that collected by the core community stakeholder group. This project seeks to provide technical information on a narrow set of financial questions. The intent is to provide a fact base for a robust community input process that will occur in a future phase of the project if Options II or III are pursued.

## Service providers in the study area

A range of entities provide services to the study area. These include Clackamas County, the City of Milwaukie, and a number of special service districts. Each governance option has implications for who provides service, what level of service residents receive, and how much it costs. Analyzing questions about levels of service and cost requires making assumptions about who will provide services. Exhibit 16 shows the assumed service providers by governance option. These assumptions are not arbitrary—the consulting team researched each provider and discussed the assumptions both with the providers as well as the members with the Oak Lodge Governance Project.

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<sup>28</sup> This study only considered annexation into Milwaukie because discussions with stakeholders with the Oak Lodge Governance project focused primarily on annexation to Milwaukie. This study focuses on Milwaukie rather than Gladstone in part because Milwaukie has some services that are shared with Oak Lodge, such as parks services and fire services. In contrast, Gladstone has its own parks and fire departments. In addition, budget constraints meant we could only focus on one annexation scenario. As a result, this study considers annexation into Milwaukie, not into Gladstone. We confirmed this approach as appropriate for consideration with staff with Milwaukie and Gladstone.

## Exhibit 16. Service Providers by Governance Option

Service	Option 1. Unincorporated	Option 2. Annexed	Option 3. Incorporated
Water	OLWSD	OLWSD	OLWSD
Stormwater	OLWSD/Clackamas County	OLWSD/City of Milwaukie	OLWSD/New City
Sanitary Sewer	OLWSD	OLWSD	OLWSD
Law Enforcement	Clackamas County	City of Milwaukie	New City
Fire & EMS	Clackamas FD #1	Clackamas FD #1	Clackamas FD #1
Parks	NCPRD	NCPRD	NCPRD
Transportation	Clackamas County	City of Milwaukie	New City
Community Development	Clackamas County	City of Milwaukie	New City
Governmental Administration	Clackamas County	City of Milwaukie	New City

Notes: Administration includes: (1) Human Resources, (2) Fleet & Facilities, (3) City/County Recorder, (4) Finance, (5) Information Technology, (6) City/County Management, (7) Legal, (8) Communications and Public/Government Affairs.

Services that are unclear if/where to include in the analysis: Engineering, Library, Municipal Court, Emergency Communications.

### Water, Sanitary Sewer, and Stormwater

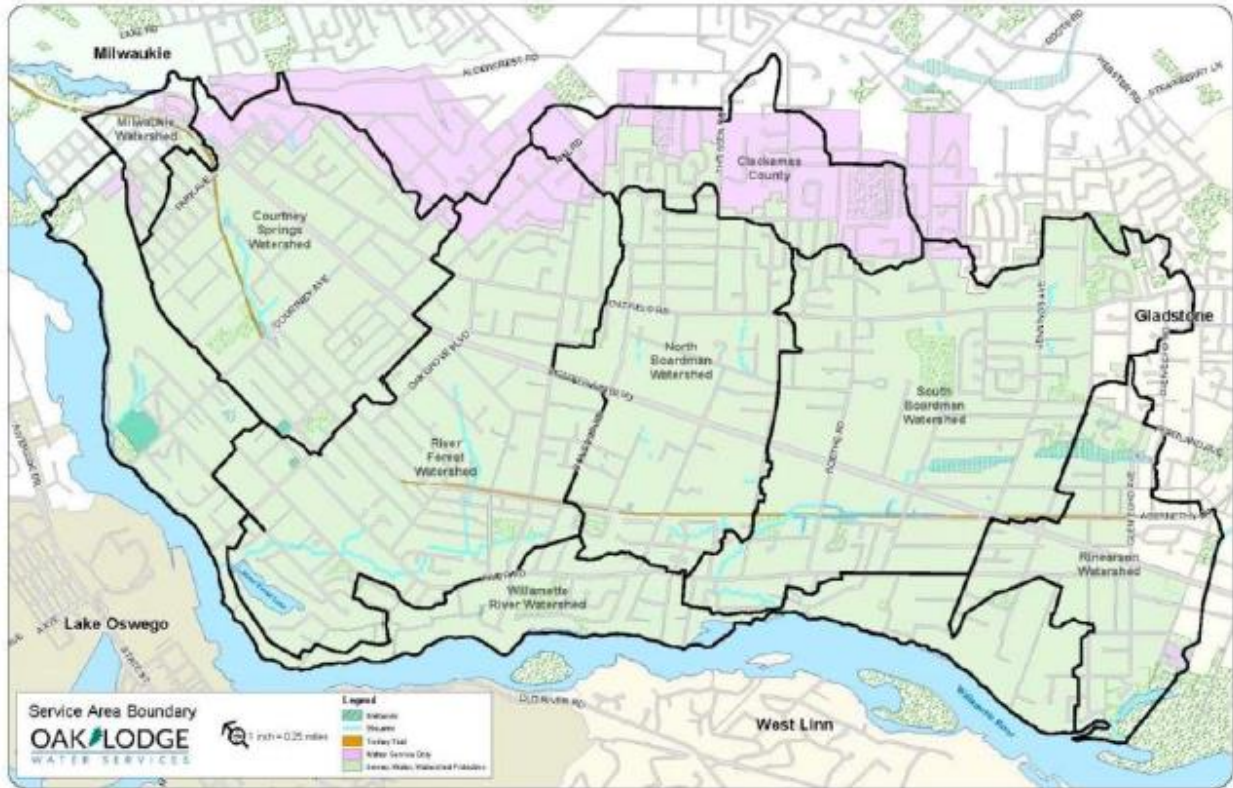
The Oak Lodge Water Service District (OLWSD) is the primary water provider in the study area and is assumed to continue that function under all three governance options. OLWSD provides drinking water, wastewater, and watershed protection (stormwater) services in Oak Grove, Jennings Lodge, and portions of Milwaukie and Gladstone. The District was officially formed in January 2017.

Prior to January 2017, water and wastewater services were provided by two separate entities: Oak Lodge Water provided drinking water service and Oak Lodge Sanitary provided sanitary sewer and watershed protection services. In May 2016, voters passed a measure to consolidate the two districts into a single district.

OLWSD is governed by a Board of Directors composed of five elected residents of the District. Directors are elected biennially on a staggered term basis. Residents receive a single bill for all three services - water, sewer, and watershed protection.

Most of the District's funding is fueled by service fees charged to customers. According to the District's latest six-year Capital Improvement Plan, approximately \$1.5 million in revenue is raised via monthly surface water fees, and another \$8.5 million is raised via sanitary sewer service fees.<sup>29</sup>

<sup>29</sup> Oak Lodge Water Services District Capital Improvement Plan, Fiscal Years 2020 – 2025. Information retrieved from: [https://www.oaklodgewaterservices.org/sites/default/files/fileattachments/planning\\_amp\\_engineering/page/5071/cip\\_olws\\_2020-2025.pdf](https://www.oaklodgewaterservices.org/sites/default/files/fileattachments/planning_amp_engineering/page/5071/cip_olws_2020-2025.pdf).



## Clackamas County Sheriff’s Office

Oak Lodge and its residents receive police services from the Clackamas County Sheriff’s Office. Oak Lodge is a part of the Clackamas County Enhanced Law Enforcement District (ELED), which provides patrol services to the unincorporated areas of Clackamas County that are contained within the County’s Urban Growth Boundary.<sup>30</sup> To cover the cost of this service, a permanent tax rate of \$0.7198 per thousand assessed value is levied on properties within the District’s boundaries.

The legal governing body of this Enhanced District is the Clackamas County Board of County Commissioners. The Clackamas County Sheriff is charged with decision making and accountability for operations. A formal Citizens Advisory Committee was established by the Board of County Commissioners and the goal of this Committee is to assist the public and the Sheriff in identifying public expectations of the District, to recommend service priorities for the District, and to support the Sheriff’s Office community outreach functions.<sup>31</sup>

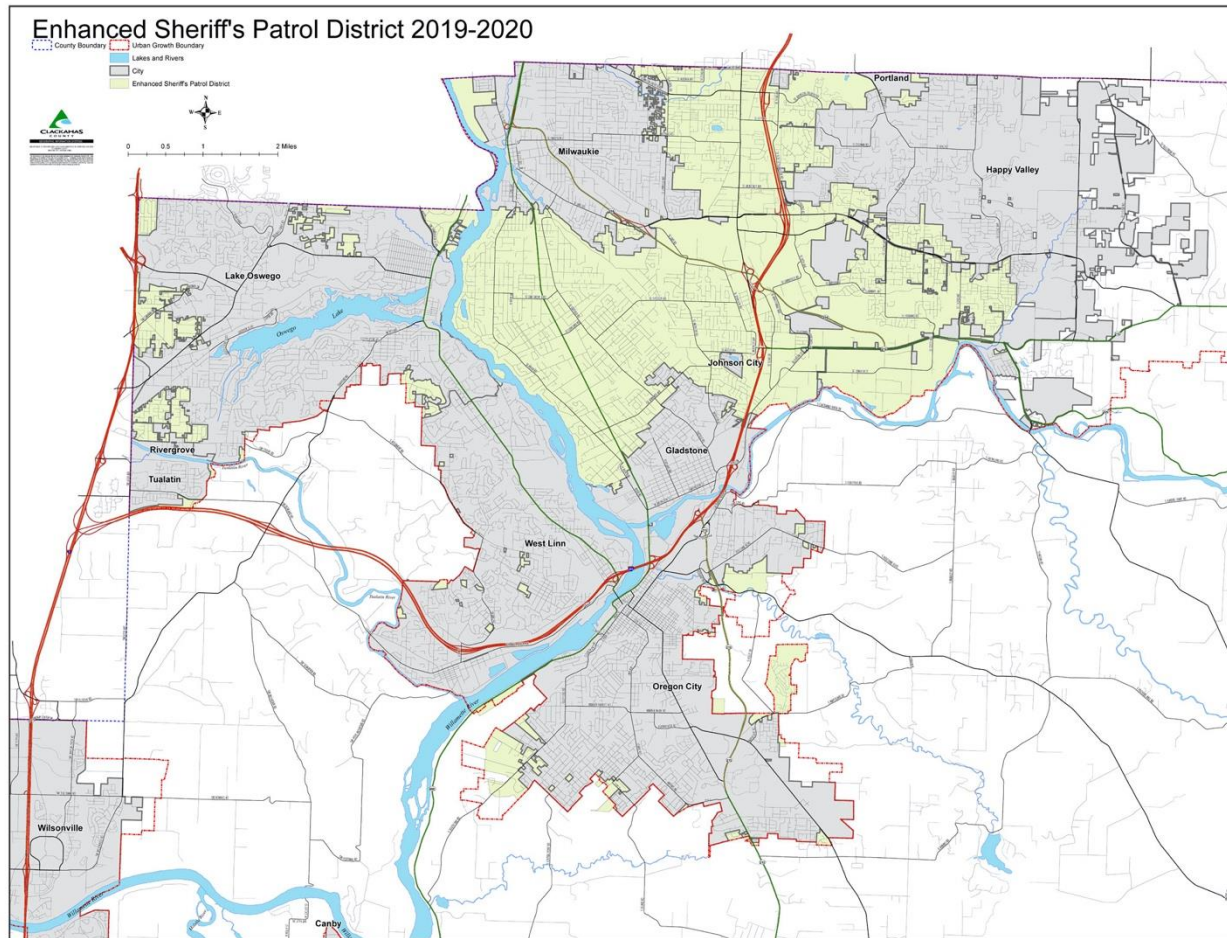
<sup>30</sup> Clackamas County Sheriff’s Department, Enhanced Law Enforcement District (ELED). Information retrieved from: <https://www.clackamas.us/sheriff/eled.html>.

<sup>31</sup> Clackamas county Enhanced Law Enforcement Service District Citizens Advisory Committee Bylaws, March 2016. Information retrieved from: <https://dochub.clackamas.us/documents/drupal/cc3765d6-0ddb-4f76-a5e2-b509f7b22d36>



## Exhibit 17. Map of Clackamas County Sheriff's Enhanced Patrol District, 2019-2020

Source: Clackamas County Sheriff's Department.



### Clackamas Fire Department #1

Clackamas Fire District #1 is one of Oregon's largest fire protection districts, serving over 220,000 residents and encompassing more than 235 square miles of land in Clackamas County. It provides services to several cities (Milwaukie, Oregon City, Johnson City), as well as many unincorporated areas such as Oak Lodge, Beavercreek, and Sunnyside.<sup>32</sup> The Fire District is governed by a five-member publicly elected board of directors and they have the statutory responsibility to select a Fire Chief to administer the District and to site fire stations. In Oak Lodge, there is one Fire District station located at 2930 SE Oak Grove Blvd.

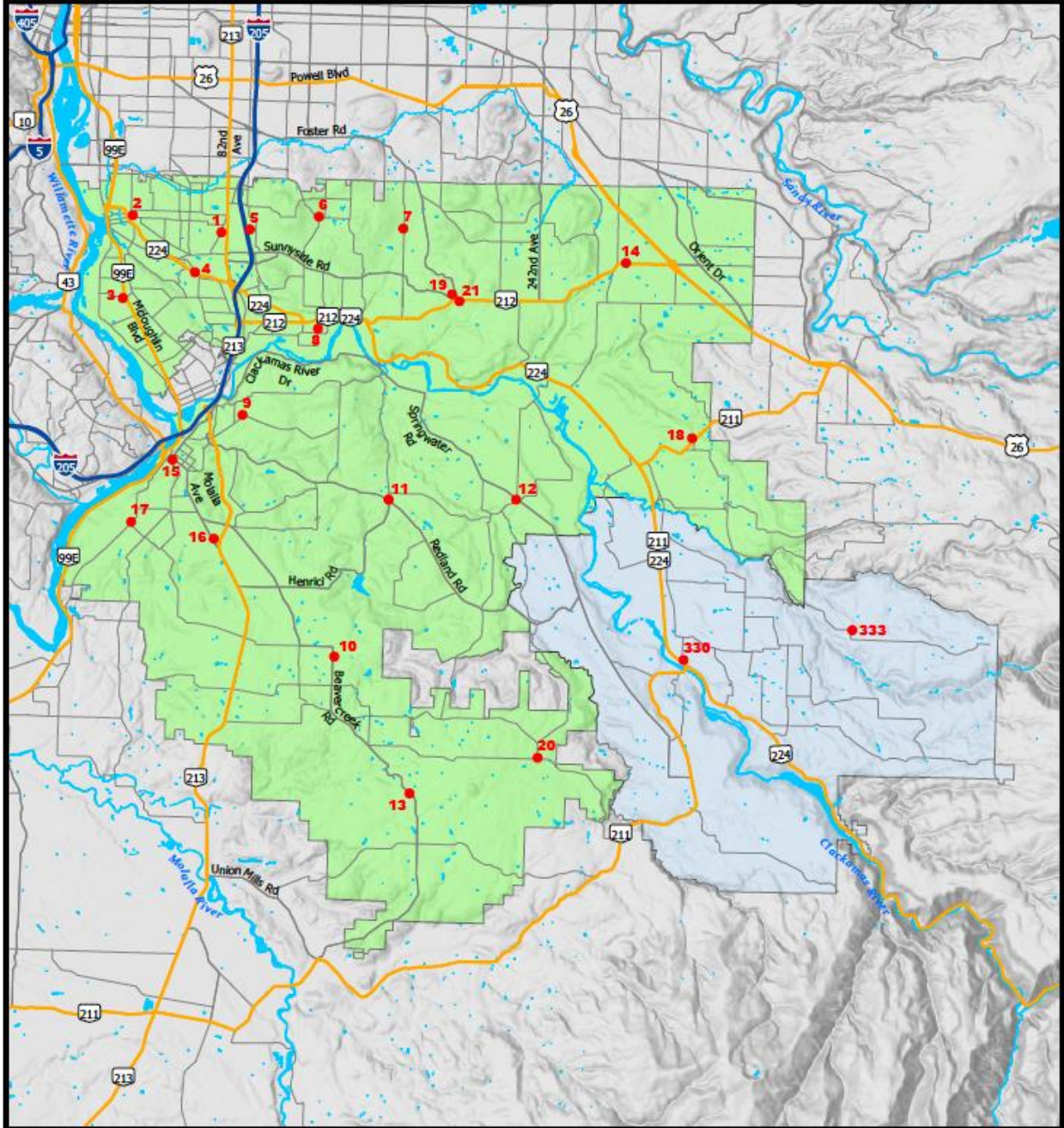
The Fire District provides Emergency Medical Services, 24-hour fire suppression services, hazardous materials services, technical rescue services, swift water rescue services, an incident

<sup>32</sup> Clackamas Fire District #1, Standards of Cover, 2015. Information retrieved from: <https://clackamasfire.com/wp-content/uploads/2016/05/standardsofcover.pdf>.

command unit, and incident rehabilitation services. The Fire District employs roughly 243 personnel, and another 90 volunteers supplement the career fighting forces.<sup>33</sup>

**Exhibit 18. Map of Clackamas County Fire District #1's Service Area Boundary**

Source: Clackamas County Fire District #1.



<sup>33</sup> *Ibid.*

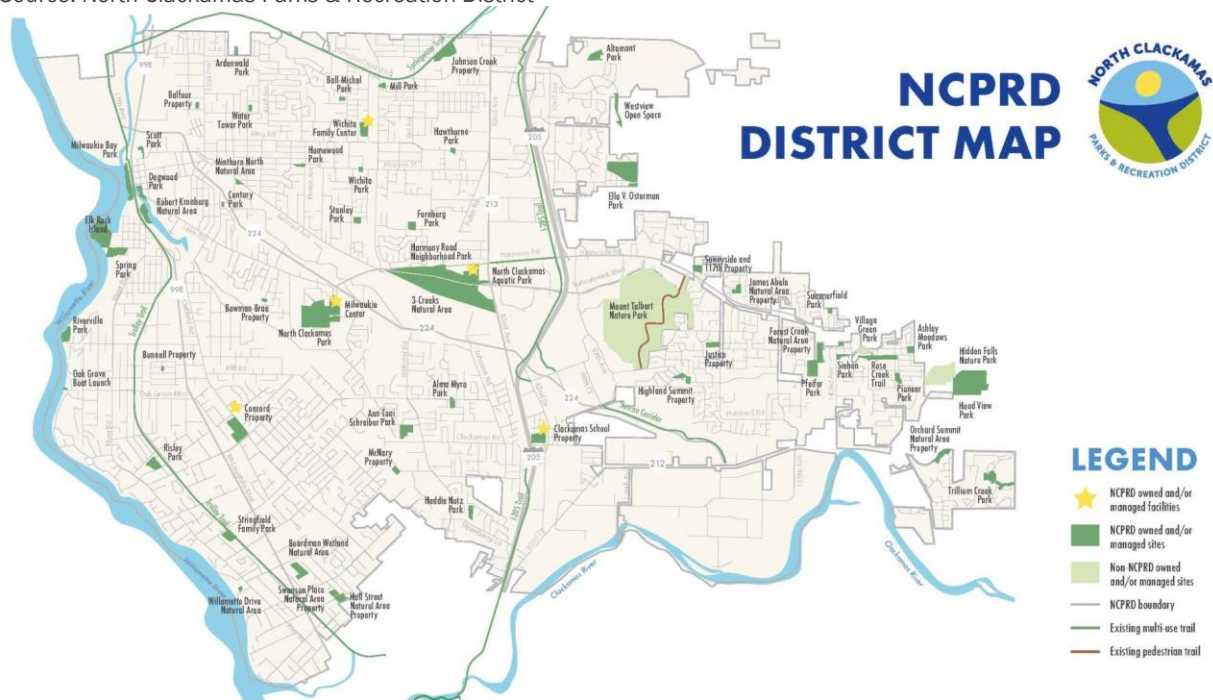
## Parks

The North Clackamas Parks & Recreation District (NCPRD) provides park and other outdoor area services to Oak Lodge, Milwaukie, and a wide swathe of unincorporated Clackamas County. They serve over 105,000 residents across a 27-square mile area.<sup>34</sup>

The NCPRD is headquartered in the Clackamas County Development Services Building in Oregon City and they are managed by over 30 staff, in addition to a nine-member volunteer District Advisory Board. Their Board of Directors is the five-member Board of County Commissioners. They have their own taxing authority.<sup>35</sup>

### Exhibit 19. Map of North Clackamas Parks & Recreation District

Source: North Clackamas Parks & Recreation District



## Transportation

Transportation services in Oak Lodge are provided by Clackamas County. The County is responsible for an extensive transportation network throughout the County, which covers approximately 1,413 miles of road.<sup>36</sup> The County's Department of Transportation is charged with maintaining, improving, and enhancing the safety of the County road system.

<sup>34</sup> North Clackamas Parks & Recreation District. Information retrieved from: <https://ncprd.com/about-us/district-map>.

<sup>35</sup> *Ibid.*

<sup>36</sup> Clackamas County Five-Year Transportation Capital Improvement Program, Fiscal Years 2019 – 2023. Information retrieved from: <https://dochub.clackamas.us/documents/drupal/daebbe21-a78d-4e08-955a-d4b767230033>.

Additionally, they assist residents and businesses with their plans to grow and change, as well as supporting safe, enjoyable, and livable communities.<sup>37</sup>

According to the latest Five-Year Transportation Capital Improvement Program report from the County's Department of Transportation and Development, three capital improvement projects are planned within Oak Lodge. One was completed in fiscal year 2020, another is anticipated to be finished by the end of fiscal year 2021, and third is planned to be completed sometime in fiscal year 2022.

## Community Development

Community development in Oak Lodge is administered and overseen by the Clackamas County Housing and Community Development Division, a branch of the County's Health, Housing, and Human Services Department.<sup>38</sup> The Division is responsible for coordinating activities between public housing and assisted housing agencies through funding and reporting outcomes to state and federal agencies. This includes direct consultation with local governments regarding public facilities and infrastructure projects, in addition to administering the Continuum of Care (CoC) annual renewal application process, as well as the Homeless Management Information System (HMIS).

The Division uses Community Development Block Grant (CDBG), Emergency Shelter Grants (ESG), and CoC funds to support homeless services and for the Homeless Point in Time (PIT) count of homeless persons. The annual CoC application funds over \$2,000,000 of services and rent assistance to homeless persons in the County. Based on the CoC 2016 housing inventory, this funding secured services and support for over 478 persons, including 32 chronically homeless persons.<sup>39</sup>

## Governmental Administration

Governmental administration for Oak Lodge is overseen by the Clackamas County Administration. This department works with the Board of County Commissioners to provide effective and quality county programs.<sup>40</sup> Gary Schmidt currently serves as the Chief Executive Officer of Clackamas County and is responsible for providing direction to county departments, as well as programs consistent with policies established by the Board of County Commissioners. Every county commissioner is assigned a dedicated policy advisor. These staff respond to resident inquiries, resolve problems and complaints, maintain commissioner

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<sup>37</sup> Clackamas County Department of Transportation. Information retrieved from: <https://www.clackamas.us/transportation>.

<sup>38</sup> Clackamas County Health, Housing, and Human Services Department, Housing and Community Development Division Consolidated Plan. November 2017. Information retrieved from: <https://dochub.clackamas.us/documents/drupal/0b928756-9c92-44f1-9517-13b6ce5401a7>.

<sup>39</sup> *Ibid.*

<sup>40</sup> Clackamas County, County Administration Department. Information retrieved from: <https://www.clackamas.us/countyadmin>.

schedules, represent commissioners at public and county meetings, collaborate with departments on policy development related to initiatives, and provide research, reports, and recommendations to commissioners.<sup>41</sup>

## Oak Lodge study area governance options

### Option 1: Oak Lodge remains an unincorporated urban community of Clackamas County (no action)

Option 1 is the no action alternative—the study area would remain an unincorporated urban community of Clackamas County. It is important to note that while Option 1 requires no action it does not mean the community will not change in the future. Public services will continue to be provided by the current service providers. Those service providers will continue to be governed by procedures outlined in their bylaws. Those procedures, as well as the scope or level of services provided can change. Oak Lodge residents will have the same avenues of engaging with those service providers as exist today.

#### Implementation

Option 1 would require no implementation steps. This option has several implications. First, property owners would not be subject to municipal property taxes. Next, residents would be accepting the level of influence and self-control they currently have over existing local governments and service providers. In short, this option provides the least degree of local autonomy and control. Residents may want to convene to discuss how to best interact with the various service providers.

### Option 2: Oak Lodge annexes into Milwaukie

Option 2 would result in the study area annexing into the City of Milwaukie. Upon annexation, residents would receive the full range of services provided by the City of Milwaukie. Those services would not come free—resident property owners would be subject to property taxes at the prevailing city rate (\$4.1367 per \$1,000 of assessed valuation), as well as fees associated with various city services. Considering annexation is consistent with advice by the League of Oregon Cities (LOC) *Incorporation Guide* which states: “annexation should also be considered when the unincorporated community is close to an existing city.”

LOC further advises that residents inquire with the city about when annexation could be expected and for a timetable for extension of facilities, the level of service expected, and the projected costs to the new area as well as the entire city.

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<sup>41</sup> *Ibid.*

## Implementation

Milwaukie Municipal Code 19.1102 outlines the procedures for annexation.<sup>42</sup> Annexations are conducted by petition and the city only accepts petitions for sites located within the city urban growth boundary. Petitions can be initiated in the following manners (19.1102.2):

1. By Consent of All Owners of Land, ORS 222.125. When all the owners of land in the territory to be annexed and not less than 50% of the electors, if any, residing in the territory to be annexed consent in writing to the annexation of their land in the territory and file a statement of their consent with the City.
2. By Triple Majority Consent Petition, ORS 222.170(1). ORS 222.170(1) allows annexation when a majority of the landowners in the territory to be annexed consent in writing with the City. The land owned by the consenting landowners must total over half the area of the land in the territory to be annexed and must have an assessed value totaling more than half of the assessed value of the land in the territory to be annexed.
3. By Double Majority Consent Petition, ORS 222.170(2). When a majority of the electors registered in the territory proposed to be annexed consent in writing to the annexation, and the owners of more than half of the land in that territory consent in writing to the annexation of their land in the territory and file a statement of their consent with the City.
4. By the City Council on its own motion, pursuant to ORS 222.111(2) or the “island” annexation statute, ORS 222.750.
5. Pursuant to the health hazard annexation process, ORS 222.840 to 222.915.

The code requires a preapplication conference with the planning director to explain the requirements and provide the required forms. Subsection C outlines information that must be included in the petition. Section 19.1102.3 sets forth the following approval criteria:

- A. The subject site must be located within the City urban growth boundary;
- B. The subject site must be contiguous to the existing City limits;
- C. The requirements of the ORS for initiation of the annexation process must be met;
- D. The proposal must be consistent with Milwaukie Comprehensive Plan policies;
- E. The proposal must comply with the criteria of Metro Code Subsections 3.09.050(d) and, if applicable, (e);
- F. The proposal must comply with the criteria of Section 19.902 for Zoning Map Amendments and Comprehensive Plan Map Amendments, if applicable. (Ord. 2051 § 2, 2012; Ord. 2025 § 2, 2011)

### Option 3: Oak Lodge incorporates as a new city

Option 3 is for Oak Lodge to incorporate as a new city. The hypothetical new city would have a municipal government to administer city functions. Other city functions would include police,

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<sup>42</sup> [http://www.qcode.us/codes/milwaukie/view.php?topic=19-19\\_1100&frames=on](http://www.qcode.us/codes/milwaukie/view.php?topic=19-19_1100&frames=on)

transportation, and community development. To manage community development, the city would need to prepare and adopt a comprehensive land use plan and implementing ordinances (e.g., a zoning ordinance or development code). The city government would likely self-fund through property taxes and fees associated with services.

## Implementation

Incorporating a new municipality is a complicated and costly process. The League of Oregon Cities *Incorporation Guide* (updated June 2020) describes the legal requirements and procedures in detail.<sup>43</sup> The Guidebooks stated intent follows:

“This guide is designed for use by citizens in unincorporated areas who believe the needs or circumstances of their area have changed in such a way that county government alone is no longer able to respond adequately to local needs or conditions. The guide is designed to help those residents define the unique circumstances or needs of their area and match those needs or conditions with a wide range of possible governmental forms, ranging from creation of a new city to just becoming a stronger advocate for the area’s needs with county government. (pg 2)”

The Guidebook recommends residents thoroughly consider other alternatives and characterizes incorporation as the “most extreme response...to be considered only if the other alternatives available...prove insufficient to meeting local needs or desires. LOC suggests that incorporation is most appropriate where there is either: (1) need for a full range of governmental services; or (2) strong desire for local control which can only be met by forming a city.

Only two cities have incorporated in Oregon in the past 20 years: Damascus (which subsequently tried to disincorporate) and La Pine.

We provide an overview of the requirements and procedures here.

## Overview

Oregon cities are general purpose governments with broad powers. there are no requirements that cities provide specific services (all cities must provide land use planning services). A city allows residents to determine the level and type of public services and regulation. Services such as water, sewer, police and building inspection will be required to conform to applicable state and federal standards.

## Procedures for Incorporation

The LOC *Guidebook* strongly advocates conducting a feasibility study that addresses a long list of items for consideration. The intent of the feasibility study is to educate residents about the implications of incorporation. LOC also advocates that residents be the primary source of information – and that the process be accompanied by open and thorough community

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<sup>43</sup> <https://www.orcities.org/application/files/5115/9191/3057/IncorporationGuideUpdate6-2-2020.pdf>

conversations. Foundational to the study are setting a study area boundary and developing a fact sharing process. Maps are an important tool to aid discussion. Key elements of the study include:

- Population characteristics
- Economic characteristics
- Geographic features
- Community plans
- Existing public services
- Tax effort
- Governing bodies

LOC also recommends a survey of areas residents to understand perspectives on incorporation. All data should be subject to community review and discussion.

Central to the feasibility is the question of “what will it cost?” This study aims to help answer that question. This includes evaluation of operating startup costs such as office personnel, space and equipment, meeting space, the official census. Revenues are also central to a sustainable municipal government. The study should look at revenues from all sources and provide estimates. This study also analyzes revenues that could be expected if incorporation were pursued.

It is important to understand that Clackamas County would make the final boundary determination based on an assessment of benefit. The feasibility study should provide findings that support that determination.

Incorporating a city is a legal process. ORS 221.010 to 221.110 outline the procedural requirements for creating a new city. While three potential avenues for incorporation exist, LOC argues that incorporating through the statutory processes of ORS 221.010-110 is the only method currently permissible.

The process is as follows:

1. *Petition*. The petition for incorporation must be approved by the secretary of state and filed with the county clerk before it is circulated in the unincorporated area for signatures (ORS 221.031). The petition must include the names of one to three chief petitioners, the name of the proposed city, the proposed permanent tax rate, and a map of the city boundaries. Secretary of State form SEL 701 is the approved petition.<sup>44</sup>
2. *City Resolution*. Comment or approval by nearby or overlapping special or county service districts is not required. ORS 195 requires the new city to develop urban service agreements with special districts. These agreements would be facilitated by Metro and

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<sup>44</sup> <https://sos.oregon.gov/elections/Documents/SEL701.pdf>



must be in place before the first periodic review of the city's comprehensive plan. The Metro Code contains additional requirements (Metro Code 3.09.080).<sup>45</sup>

3. *Economic Feasibility Statement.* ORS 221.035 requires filing an economic feasibility statement with the county clerk along with the incorporation petition. The statement must form the basis for the proposed permanent tax rate as required by ORS 221.031(3)(c). ORS 221.035(2) requires that the statement contain:
  - a. A description of the services and functions to be performed or provided by the proposed city;
  - b. An analysis of the relationship between those services and functions and other existing or needed government services; and
  - c. Proposed first and third year budgets for the new city demonstrating its economic feasibility.
4. *County Commission.* Incorporation petitions are filed with the County commission once they have been signed by 10 percent of the electors in the proposed area (ORS 221.040). The commission must have a public hearing on the petition and has the ability to modify the boundary. The Oregon Supreme Court has deemed the process quasi-judicial rather than legislative. As such, the County's governing body is serving as an impartial decision-maker rather than as a political body; the County must make its decision based on evidence, and the petitioners are entitled to certain due process rights in the proceeding.
5. *Election.* If the County commission approves the petition, it must set an election date at the next primary or general election. The order of election data must contain:
  - a. The boundaries of the proposed city;
  - b. The requirement that the ballot contain a street description of the boundaries and the proposed permanent tax rate; and
  - c. The date of the election in the proposed city.

ORS 221.050(1) requires the election of five city council members for the proposed city at the same election as the incorporation proposal. The results favor incorporation if a majority of the votes cast favor incorporation and: at least 50 percent of the electors eligible to vote cast a ballot; or the election was part of held in May or November of any year (ORS 221.050(4)). If the election results favor incorporation:

- a. The area proposed in the election notice is incorporated as a city from the election date;
- b. The proposed rate limit is the permanent tax rate for the new city; and

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<sup>45</sup> [https://www.oregonmetro.gov/sites/default/files/2014/06/05/309\\_eff\\_071112\\_\\_final.pdf](https://www.oregonmetro.gov/sites/default/files/2014/06/05/309_eff_071112__final.pdf)

- c. The five council members elected must take office not later than the 10th day after the County commission proclamation (ORS 221.050(5)).

ORS 221.061 requires that the new city pay from its general fund for all expenses of the election, and for the expenses for the legal description of the incorporation petition. If the incorporation is not approved by the voters, all expenses of the election and the legal description must be paid from the general fund of the County.

## Lessons Learned from Incorporation of Other Cities

This section was written by John Morgan, one of the project consultants who had personal experience or knowledge of the incorporation of Keizer, La Pine, and Damascus.

Four new cities have been incorporated in Oregon in the last 40 years with a 50% “success rate.” Keizer in 1982 and La Pine in 2006 successfully incorporated and created sustaining city governments. Rajneeshpuram in 1982 and Damascus in 2004 successfully incorporated but did not develop sustaining city governments and ultimately disincorporated. This section takes into account the experiences of Keizer, Damascus, and La Pine in informing what the path for incorporation might be for Oak Lodge.<sup>46</sup>

There are many reasons for incorporation throughout Oregon history. The primary reason cited is to provide local control when county government no longer meets the needs or desires of local residents. Keizer, La Pine, and Damascus all incorporated to maintain or obtain local control, rather than become part of another city or be controlled by other governmental agencies. In each of the three cities there was some sort of “trigger” moment creating clarity and urgency among civic leaders about the best path forward and galvanizing those leaders and the residents to incorporate their cities.

- **Keizer’s Incorporation.** In the early 1980’s, Keizer had a population of about 19,000. Keizer is located immediately north and adjacent to the City of Salem. Keizer developed as an unincorporated community, with Salem providing sewer services and other services provided by special service districts. Leaders in Salem were considering annexation of Keizer but leaders in Keizer wanted to avoid being annexed into Salem, as a way to maintain limited government and lower property taxes. As a result, Keizer’s incorporation was approved by voters in 1982.
- **La Pine’s Incorporation** La Pine incorporated in response to frustration with Deschutes County’s governance. In the early 2000’s, La Pine residents wanted to develop a general aviation airport, which the Deschutes County Board of Commissioners did not support. Residents of La Pine concluded that they would be better served with their own government.

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<sup>46</sup> This report does not consider the experience of Rajneeshpuram because the situation was unique and completely different from the situation in Oak Lodge.

- **Damascus' Incorporation.** Damascus was a rural area brought into the Metro Urban Growth Boundary by the Metro Council in 2002, with the expectation that development would have an urban form and urban density. Damascus about 11,000 acres, with a population of 10,000, most of whom were concentrated into a few rural residential subdivisions. Given that Damascus was an unincorporated community, Clackamas County lead on the first attempt to develop a comprehensive plan for Damascus, which was funded primarily by Metro. Metro's plans for growth in Damascus was growth at urban densities, which conflicted with local residents' vision for the future vision for Damascus. As a result, voters approved incorporation in 2004 to gain control of future planning for Damascus.

Successful incorporation requires the following elements:

- **Local leadership and community input.** Nothing is more essential in a successful incorporation effort than a committed group of community leaders. These leaders must galvanize around a vision and set of aspirations, agree on common desired outcomes, and create and commit to implementing an action plan focused on achieving the desired outcomes and setting the stage for a new city to be successful. This group needs to have a strong commitment to regular participation, financial support, growing the group, and doing the needed work. It likely needs to be chartered in some way with a written statement of purpose, a structure for decision-making, and a requirement for time and commitment.
- **Local civic structures and relationships.** The civic structures and existing relationships in Keizer and La Pine give insight into the success of the incorporation and creation of successful city governments of each of these cities. These civic structures included a chamber of commerce, service clubs, churches, public service districts, and the school district. These structures were in place before incorporation giving a framework of important leadership and relationships already tying the communities internally together, creating cultural and social cohesion. Most of these organizations, or successor organizations, existed through the formative years of the new cities providing leadership and stability. They all still exist today continuing to play important roles in each city. In contrast, there were fewer civic structures in Damascus, most notably no chamber of commerce or sewer or water utilities. In addition, Damascus is served by five different school districts.

Oak Lodge has many of the local civic structures that were present in Keizer and La Pine, such as service clubs, churches, local service districts, and is part of the North Clackamas School District. Oak Lodge does not have a local chamber of commerce but, if the community incorporates, this may be a civic organization that develops. Leaders in Oak Lodge may choose to spend time building civic structures, as part of the discussions of governance options.

Other advice for strategies to support incorporation include:

- The incorporation committee and then the newly elected city council should work within a deliberate and formal strategic framework for the incorporation process and first few years of the city's existence. The city leaders should develop a strategic plan identifying in priority order that which needs to be done to establish a healthy city .
- Work closely with the residents of the new city to clearly articulate the objectives of the incorporation efforts to answer questions such as: Why did we want to be a city? What did we envision that was different than what was? What do we need to remember as we go forward? To what do we need to remain true to be that which we wanted to be? Establishing mission as the foundation upon which all strategy is developed and actions taken are critical to success. The two successful recently incorporated cities adopted mission statements as one of their first actions. These were all prepared thoughtfully and deliberately with community engagement.

# Appendix C: Fiscal Analysis

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As part of the ECONorthwest team, Tiberius Solutions LLC conducted a fiscal analysis of the potential revenues that would be generated and the expected expenditures that would be incurred in the study area under three governance options:

- Unincorporated (Option 1)
- Annexed (Option 2)
- Incorporated (Option 3)

This appendix documents the details of the fiscal analysis, including identification of data sources, key assumptions, methods, and calculations. The analysis includes the following core municipal government services:

- Law enforcement
- Transportation
- Community development
- Water
- Wastewater
- Stormwater management and watershed protection
- Fire and emergency medical services
- Parks and recreation
- Governmental administration

## Law Enforcement

### Revenues

#### Unincorporated (Option 1)

Revenues generated within the study area for law enforcement if Unincorporated (Option 1) were calculated using one of two methods:

- Share of total Clackamas County population
- Property tax revenue generated in the area

The County imposes two tax rates that are dedicated exclusively to law enforcement, as well as a general county tax rate that is allocated in part to the Sheriff Fund. Exhibit 20 summarizes the calculations of property tax revenue for local law enforcement generated within the study area if Unincorporated (Option 1).

**Exhibit 20. Estimated property tax revenues for local law enforcement, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)**

Key Figures and Assumptions	Value	Source/Methods
A Assessed Value in Study Area	\$ 2,648,148,099	Clackamas County Assessor, FYE 2021
B Tax Rate: Public Safety, Local Option Levy	\$ 0.2480	Clackamas County Assessor, FYE 2021
C Tax Rate: Enhanced Law Enforcement District, Permanent	\$ 0.7019	Clackamas County Assessor, FYE 2021
D Tax Rate: Clackamas County Rural, Permanent	\$ 2.9439	Clackamas County Assessor, FYE 2021
E Total Clackamas County Permanent Rate Revenue	\$ 147,837,606	Clackamas County Adopted Budget, FYE 2021
F General Fund Transfers to Sheriff Fund	\$ 65,093,998	Clackamas County Adopted Budget, FYE 2021
G Percent of Permanent Rate Tax for Sheriff Fund	44.0%	Calculated: $G = F / E$
H Tax Revenue from Study Area, Public Safety LOL	\$ 656,741	Calculated: $H = A / 1000 \times B$
I Tax Revenue from Study Area, ELED	\$ 1,858,735	Calculated: $I = A / 1000 \times C$
J Tax Revenue from Study Area, County Rural	\$ 7,795,883	Calculated: $J = A / 1000 \times D$
K Study Area County Rural Tax for Sheriff	\$ 3,432,585	Calculated: $K = J \times G$
L Total Tax Revenue from Study Area for Sheriff	\$ 5,948,061	Calculated: $L = H + I + K$

Exhibit 21 summarizes key assumptions used in the calculation of estimated revenues generated within the study area for local law enforcement if Unincorporated (Option 1). One key assumption is distinguishing the share of CCSO activities for local/municipal law enforcement (i.e., patrol and investigations) from the share for countywide justice activities (i.e., jail and civil). This analysis used figures from the CCSO Financial Condition Analysis (June 2021) to determine that 58.6% of CCSO expenditures are for local law enforcement activities. Thus, a proportional share of CCSO revenues were included in this analysis.

**Exhibit 21. Key assumptions for analysis of law enforcement revenues, Oak Lodge study area, Unincorporated (Option 1)**

Key Figures and Assumptions	Value	Source/Methods
A Population of Clackamas County	426,515	Portland State University, 2020
B Population of Study Area	27,778	ECONorthwest, 2021
C Study Area Share of County Population	6.5%	Calculated: $C = B / A$
D Total Annual Police Contacts for Clackamas County Sheriff	119,109	CCSO, Average 2018, 2019, and 2020
E Total Annual Police Contacts in Study Area	27,984	CCSO, Average 2018, 2019, and 2020
F Study Area Share of County Sheriff Police Contacts	23.5%	Calculated: $F = E / D$
G Share of Sheriff Expenditures on Patrol & Investigations	51%	CCSO: Financial Condition Analysis (June 2021)
H Share of Sheriff Expenditures on Jail & Civil	36%	CCSO: Financial Condition Analysis (June 2021)
I Ratio of Expenditures on Patrol & Investigations to Jail & Civil	58.6%	Calculated: $I = G / (G + H)$
J Study Area Share of Budget for Local Law Enforcement	13.8%	Calculated: $J = F \times I$

Exhibit 22 summarizes the calculations of estimated revenues generated within the study area for local law enforcement if Unincorporated (Option 1).

**Exhibit 22. Estimated annual revenues for law enforcement, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)**

Revenue	County Total	Study Area Share		Local Law Enforcement Share		Method
		Percent	Amount	Percent	Amount	
Taxes	\$ 84,806,623	7.0%	\$ 5,948,061	58.6%	\$ 3,486,795	Property tax calculations
Federal Revenue	\$ 951,700	6.5%	\$ 61,982	58.6%	\$ 36,334	Share of County population
State Revenue	\$ 391,000	6.5%	\$ 25,465	58.6%	\$ 14,928	Share of County population
Other Intergovernmental	\$ 10,986,082	0.0%	\$ -	58.6%	\$ -	N/A
Licenses	\$ 575,000	6.5%	\$ 37,449	58.6%	\$ 21,953	Share of County population
Fees, Fines, and Forfeitures	\$ 2,507,660	6.5%	\$ 163,318	58.6%	\$ 95,738	Share of County population
<b>Total</b>	<b>\$ 100,218,065</b>	<b>6.2%</b>	<b>\$ 6,236,275</b>	<b>58.6%</b>	<b>\$ 3,655,748</b>	

**Annexed (Option 2)**

Revenues from the study area for law enforcement if Annexed (Option 2) were calculated based on the proportional share of the City of Milwaukie general fund expenditures allocated to police (excluding reserves), and the relative population of the study area to the City of Milwaukie. Exhibit 23 summarizes key assumptions used in this analysis.

**Exhibit 23. Key assumptions for analysis of law enforcement revenues, Oak Lodge study area, Annexed (Option 2)**

Key Figures and Assumptions	Value	Source/Methods
A Population of City of Milwaukie	20,600	Portland State University, 2020
B Population of Study Area	27,778	ECONorthwest, 2021
C Ratio of Study Area Population to City of Milwaukie	134.8%	Calculated: C = B / A
D City of Milwaukie Total General Fund Expenditures	\$ 21,518,000	City of Milwaukie Adopted Budget, FYE 2021
E City of Milwaukie Police Expenditures	\$ 7,316,000	City of Milwaukie Adopted Budget, FYE 2021
F Share of Milwaukie General Fund Expenditures for Police	34.0%	Calculated: F = E / D

Exhibit 24 summarizes the calculations of estimated revenues generated within the study area for local law enforcement if Annexed (Option 2).

**Exhibit 24. Estimated annual revenues for law enforcement, Oak Lodge study area, Annexed (Option 2), (2021 \$)**

Revenue	Milwaukie Total	Study Area Share		Method
		Percent	Amount	
Taxes	\$ 7,836,000	45.8%	\$ 3,592,526	Share of Milwaukie general fund allocated to police, adjusted for relative population
Franchise Taxes	\$ 2,299,000	45.8%	\$ 1,054,009	
State Revenue	\$ 502,000	45.8%	\$ 230,149	
Other Intergovernmental	\$ 334,000	45.8%	\$ 153,127	
Licenses	\$ 700,000	45.8%	\$ 320,925	
Fees & Fines / Fines & Forfeitures	\$ 795,000	45.8%	\$ 364,479	
Other Revenues	\$ 180,000	45.8%	\$ 82,524	
Interfund Transfers	\$ 7,000,000	45.8%	\$ 3,209,250	
<b>Total</b>	<b>\$ 19,646,000</b>	<b>45.8%</b>	<b>\$ 9,006,990</b>	

**Incorporated (Option 3)**

Revenues for law enforcement if Incorporated (Option 3) are assumed to be the same as if Annexed (Option 2), based on an assumed equal level of service.

**Comparison**

Exhibit 25 compares the estimated annual revenues generated in the study area for local law enforcement in each of the three governance options.

**Exhibit 25. Comparison of estimated annual revenues for law enforcement, Oak Lodge study area (2021 \$)**

Revenue	Option 1.	Option 2.	Option 3.
	Unincorporated	Annexed	Incorporated
Taxes	\$ 3,486,795	\$ 3,592,526	\$ 3,592,526
Franchise Taxes	\$ -	\$ 1,054,009	\$ 1,054,009
Federal Revenue	\$ 36,334	\$ -	\$ -
State Revenue	\$ 14,928	\$ 230,149	\$ 230,149
Other Intergovernmental	\$ -	\$ 153,127	\$ 153,127
Licenses	\$ 21,953	\$ 320,925	\$ 320,925
Fees & Fines / Fines & Forfeitures	\$ 95,738	\$ 364,479	\$ 364,479
Other Revenues	\$ -	\$ 82,524	\$ 82,524
Interfund Transfers	\$ -	\$ 3,209,250	\$ 3,209,250
<b>Total</b>	<b>\$ 3,655,748</b>	<b>\$ 9,006,990</b>	<b>\$ 9,006,990</b>



## Expenditures

Expenditures in the study area for law enforcement used the same method for all three governance options: the relative number of calls for service in the study area, compared to the total calls for service in Clackamas County or the City of Milwaukie. Exhibit 26 summarizes the key assumptions used in this analysis.

**Exhibit 26. Key assumptions for analysis of law enforcement expenditures, Oak Lodge study area**

	<b>Key Figures and Assumptions</b>	<b>Value</b>	<b>Source/Methods</b>
A	Total Annual Police Contacts in Study Area	27,984	CCSO, Average 2018, 2019, and 2020
B	Total Annual Police Contacts for Clackamas County Sheriff	119,109	CCSO, Average 2018, 2019, and 2020
C	Total Annual Police Contacts for City of Milwaukie	24,102	City of Milwaukie Adopted Budget 2021, Average 2018, 2019, 2020
D	Ratio of Police Contacts in Study Area to County Total	23.5%	Calculated: $D = A / B$
E	Ratio of Police Contacts in Study Area to Milwaukie Total	116%	Calculated: $E = A / C$
F	Share of Sheriff Expenditures on Patrol & Investigations	51%	CCSO: Financial Condition Analysis (June 2021)
G	Share of Sheriff Expenditures on Jail & Civil	36%	CCSO: Financial Condition Analysis
H	Ratio of Expenditures on Patrol & Investigations to Jail & Civil	58.6%	Calculated: $H = F / (F + G)$
I	Study Area Share of Budget for Local Law Enforcement	13.8%	Calculated: $I = D \times H$

### Unincorporated (Option 1)

Exhibit 27 summarizes the calculations of estimated expenditures within the study area for local law enforcement if Unincorporated (Option 1).

**Exhibit 27. Estimated annual expenditures for law enforcement, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)**

Expenditure	County Total	Study Area Share		Method
		Percent	Amount	
Personnel Services	\$ 78,421,713	13.8%	\$ 10,800,843	Share of CCSO total police contacts in study area and share of CCSO budget for local law enforcement
Materials & Services	\$ 16,323,915	13.8%	\$ 2,248,255	
Allocated Costs	\$ 4,674,002	13.8%	\$ 643,740	
Capital Outlay	\$ 1,836,870	13.8%	\$ 252,988	
Special Payments	\$ 405,922	13.8%	\$ 55,907	
Interfund Transfers	\$ 360,922	13.8%	\$ 49,709	
<b>Total</b>	<b>\$ 102,023,344</b>	<b>13.8%</b>	<b>\$ 14,051,441</b>	

Annexed (Option 2)

Exhibit 28 summarizes the calculations of estimated expenditures within the study area for local law enforcement if Annexed (Option 2).

**Exhibit 28. Estimated annual expenditures for law enforcement, Oak Lodge study area, Annexed (Option 2), (2021 \$)**

Expenditure	Milwaukie Total	Study Area Share		Method
		Percent	Amount	
Personnel Services	\$ 6,271,000	116.1%	\$ 7,281,128	Total CCSO police contacts in study area relative to total City of Milwaukie police contacts
Allocated Costs	\$ -	116.1%	\$ -	
Capital Outlay	\$ 141,000	116.1%	\$ 163,712	
Special Payments	\$ -	116.1%	\$ -	
Interfund Transfers	\$ -	116.1%	\$ -	
<b>Total</b>	<b>\$ 7,316,000</b>	<b>116.1%</b>	<b>\$ 8,494,456</b>	

Incorporated (Option 3)

Expenditures for law enforcement if Incorporated (Option 3) are assumed to be the same as if Annexed (Option 2), based on an assumed equal level of service in the study area.

Comparison

Exhibit 29 compares the estimated annual expenditures within the study area for local law enforcement in each of the three governance options.

**Exhibit 29. Comparison of estimated annual expenditures for law enforcement, Oak Lodge study area (2021 \$)**

<b>Expenditures</b>	<b>Option 1. Unincorporated</b>	<b>Option 2. Annexed</b>	<b>Option 3. Incorporated</b>
Personnel Services	\$ 10,800,843	\$7,281,128	\$ 7,281,128
Materials & Services	\$ 2,248,255	\$1,049,616	\$ 1,049,616
Allocated Costs	\$ 643,740	\$ -	\$ -
Capital Outlay	\$ 252,988	\$ 163,712	\$ 163,712
Special Payments	\$ 55,907	\$ -	\$ -
Interfund Transfers	\$ 49,709	\$ -	\$ -
<b>Total</b>	<b>\$ 14,051,441</b>	<b>\$8,494,456</b>	<b>\$ 8,494,456</b>

# Transportation

## Revenues

To calculate annual revenues in the study area for transportation, we relied primarily on the study area population relative to the populations of Clackamas County and the City of Milwaukie. For licenses and permits (primarily systems development charges), we used an alternate method based on the share of assessed value in unincorporated areas of the County located inside the study area, reflecting that the County only imposes systems development charges for transportation in unincorporated areas. Exhibit 30 summarizes key assumptions used in this analysis.

**Exhibit 30. Key assumptions for analysis of transportation revenues, Oak Lodge study area**

Key Figures and Assumptions	Value	Source/Methods
A Population of Study Area	27,778	ECONorthwest, 2021
B Population of Clackamas County	426,515	Portland State University, 2020
C Population of City of Milwaukie	20,600	Portland State University, 2020
D Ratio of Study Area Population to Clackamas County	6.5%	Calculated: $D = A / B$
E Ratio of Study Area Population to City of Milwaukie	134.8%	Calculated: $E = A / C$
F Assessed Value of Study Area	\$ 2,648,148,099	Clackamas County Assessor, FYE 2021
G Assessed Value of Unincorporated Clackamas County	\$ 25,335,570,126	Clackamas County Assessor, FYE 2021
H Ratio of Assessed Value of Study Area to Unincorporated Clackamas County	10.5%	Calculated: $H = F / G$

## Unincorporated (Option 1)

Exhibit 31 summarizes the calculations of estimated revenues generated within the study area for transportation if Unincorporated (Option 1). Total County revenue excludes two programs associated with specific cities outside of the study area boundary (Damascus Road Program and Happy Valley Joint Subarea TSDC).

### Exhibit 31. Estimated annual revenues for transportation, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)

Revenue	County Total	Study Area Share		Method
		Percent	Amount	
State Revenue	\$ 34,849,282	6.5%	\$ 2,269,658	Ratio of study area population to Clackamas County population
Charges for Services	\$ 18,935,350	6.5%	\$ 1,233,218	Ratio of study area population to Clackamas County population
Licenses & Permits	\$ 2,015,000	10.5%	\$ 210,614	Ratio of study area assessed value to unincorporated County total
Federal Revenue	\$ 3,502,453	6.5%	\$ 228,107	Ratio of study area population to Clackamas County population
Local Government & Other Agencies	\$ 596,635	0.0%	\$ -	Exclude revenues paid by other cities for services
Other Financing Sources & Miscellaneous	\$ 20,261,480	6.5%	\$ 1,319,586	Ratio of study area population to Clackamas County population
Interfund Transfers	\$ 6,102,243	6.5%	\$ 397,426	Ratio of study area population to Clackamas County population
<b>Total</b>	<b>\$ 86,262,443</b>	<b>6.6%</b>	<b>\$ 5,658,610</b>	

## Annexed (Option 2)

Exhibit 32 summarizes the calculations of estimated revenues generated within the study area for transportation if Annexed (Option 2). All revenues are calculated as the City of Milwaukie total revenues multiplied by the ratio of study area population to the City of Milwaukie population.

### Exhibit 32. Estimated annual revenues for transportation, Oak Lodge study area, Annexed (Option 2), (2021 \$)

Revenue	Milwaukie Total	Study Area Share	
		Percent	Amount
State Gas Tax	\$ 1,376,000	134.8%	\$ 1,855,463
Fees & Charges	\$ 2,415,000	134.8%	\$ 3,256,499
Franchise Fees	\$ 1,172,000	134.8%	\$ 1,580,379
Miscellaneous	\$ 75,000	134.8%	\$ 101,133
Intergovernmental	\$ 1,616,000	134.8%	\$ 2,179,090
Interest Income	\$ 105,000	134.8%	\$ 141,587
Reimbursement Fee	\$ 25,000	134.8%	\$ 33,711
<b>Total</b>	<b>\$ 6,784,000</b>	<b>134.8%</b>	<b>\$ 9,147,862</b>

### Incorporated (Option 3)

Exhibit 33 summarizes the calculations of estimated revenues generated within the study area for transportation if Incorporated (Option 3). For most services included in the analysis, revenues in the incorporated option were assumed to be equal to the annexed option, to provide an equal level of service. However, for transportation, Annexed (Option 2) anticipates significantly more revenue would be generated in the study area than would be spent in the study area. Thus, to attempt to maintain a constant level of service as measured by expenditures in the study area, all local charges for transportation were reduced to zero if Incorporated (Option 3). This includes transportation systems development charges, street maintenance fees, the SAFE fee, and local gas tax. Even with these reductions in revenues, the total estimated expenditures if Incorporated (Option 3) still exceed the estimated expenditures if Annexed (Option 2).

**Exhibit 33. Estimated annual revenues for transportation, Oak Lodge study area, Incorporated (Option 3), (2021 \$)**

Revenue	Option 2. Annexed	Study Area Share		Method
		Percent	Amount	
State Gas Tax	\$ 1,855,463	100.0%	\$ 1,855,463	Equal to Option 2
Fees & Charges	\$ 3,256,499	0.0%	\$ -	Excluded local charges
Franchise Fees	\$ 1,580,379	100.0%	\$ 1,580,379	Equal to Option 2
Miscellaneous	\$ 101,133	100.0%	\$ 101,133	Equal to Option 2
Intergovernmental	\$ 2,179,090	89.9%	\$ 1,957,944	Excluded local charges
Interest Income	\$ 141,587	100.0%	\$ 141,587	Equal to Option 2
Reimbursement Fee	\$ 33,711	100.0%	\$ 33,711	Equal to Option 2
<b>Total</b>	<b>\$ 9,147,862</b>	<b>62.0%</b>	<b>\$ 5,670,218</b>	

## Comparison

Exhibit 34 compares the estimated annual revenues generated in the study area for transportation in each of the three governance options.

**Exhibit 34. Comparison of estimated annual revenues for transportation, Oak Lodge study area (2021 \$)**

Revenue	Option 1. Unincorporated	Option 2. Annexed	Option 3. Incorporated
State Revenue / State Gas Tax	\$ 2,269,658	\$ 1,855,463	\$ 1,855,463
Charges for Service / Fees & Charges	\$ 1,233,218	\$ 3,256,499	\$ -
Franchise Fees	\$ -	\$ 1,580,379	\$ 1,580,379
Licenses & Permits	\$ 210,614	\$ -	\$ -
Federal Revenue	\$ 228,107	\$ -	\$ -
Local Government & Other Agencies	\$ -	\$ -	\$ -
Other Financing Sources / Miscellaneous	\$ 1,319,586	\$ 101,133	\$ 101,133
Interfund Transfers	\$ 397,426	\$ -	\$ -
Intergovernmental (local gas tax, county vehicle reg. fee)	\$ -	\$ 2,179,090	\$ 1,957,944
Interest Income	\$ -	\$ 141,587	\$ 141,587
Reimbursement Fee	\$ -	\$ 33,711	\$ 33,711
<b>Total</b>	<b>\$ 5,658,610</b>	<b>\$ 9,147,862</b>	<b>\$ 5,670,218</b>

## Expenditures

To calculate annual expenditures in the study area for transportation, we relied primarily on the ratio of miles of roads maintained by the County in the study area to the total miles of roads maintained by the Clackamas County and the City of Milwaukie. For capital projects, we referred to projects identified in the County capital improvement plan (CIP). Exhibit 35 summarizes the key assumptions used in this analysis.

**Exhibit 35. Key assumptions for analysis of transportation expenditures, Oak Lodge study area**

Key Figures and Assumptions	Value	Source/Methods
A Miles of Roads in Study Area	77.8	ECONorthwest 2021, with data from Clackamas County
B Miles of Roads Maintained by Clackamas County	1,418.4	ECONorthwest 2021, with data from Clackamas County
C Miles of Roads Maintained by City of Milwaukie	81.6	City of Milwaukie, 2021
D Ratio of Roads in Study Area to Clackamas County	5.5%	Calculated: D = A / B
E Ratio of Roads in Study Area to City of Milwaukie	95.3%	Calculated: E = A / C



Exhibit 36 identifies transportation capital projects listed in the County CIP located in the study area. These capital projects are assumed to be funded in all three governance options.

**Exhibit 36. Transportation capital projects, Oak Lodge study area**

Project Name	Total Cost	Number of	
		Years	Cost / Year
Oatfield Rd ARTS Systemic & Hot Spot Signals and Illumination Project (#39)	\$ 293,000	2	\$ 146,500
Jennings Ave - Sidewalk and Bike lanes	\$ 4,040,213	3	\$ 1,346,738
Fiber Communication Project on Oatfield Rd	\$ 130,000	1	\$ 130,000
<b>Total</b>	<b>\$ 4,463,213</b>		<b>\$ 1,623,238</b>

**Unincorporated (Option 1)**

Exhibit 37 summarizes the calculations of estimated expenditures within the study area for transportation if Unincorporated (Option 1). Total County expenditures excludes two programs associated with specific cities outside of the study area boundary (Damascus Road Program and Happy Valley Joint Subarea TSDC).

**Exhibit 37. Estimated annual expenditures for transportation, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)**

Expenditure	County Total	Study Area Share		Method
		Percent	Amount	
Personnel Services	\$ 22,725,293	5.5%	\$ 1,246,437	Ratio of road miles in study area to County
Materials & Services	\$ 19,672,417	5.5%	\$ 1,078,993	Ratio of road miles in study area to County
Capital Outlay	\$ 25,138,493	6.5%	\$ 1,623,238	Cost of specific projects on CIP within study area
Cost Allocation Charges	\$ 2,182,040	5.5%	\$ 119,681	Ratio of road miles in study area to County
Indirect Costs	\$ 695,464	5.5%	\$ 38,145	Ratio of road miles in study area to County
Special Payments	\$ 5,637,101	5.5%	\$ 309,184	Ratio of road miles in study area to County
Interfund Transfers	\$ 7,418,508	5.5%	\$ 406,890	Ratio of road miles in study area to County
<b>Total</b>	<b>\$ 83,469,316</b>	<b>5.8%</b>	<b>\$ 4,822,568</b>	

## Annexed (Option 2)

Exhibit 38 summarizes the calculations of estimated expenditures within the study area for transportation if Annexed (Option 2).

### Exhibit 38. Estimated annual expenditures for transportation, Oak Lodge study area, Annexed (Option 2), (2021 \$)

Expenditure	Milwaukie Total	Study Area Share		Method
		Percent	Amount	
Personnel Services	\$ 613,000	95.3%	\$ 584,432	Ratio of road miles in study area to Milwaukie
Materials & Services	\$ 589,000	95.3%	\$ 561,551	Ratio of road miles in study area to Milwaukie
Capital Outlay	\$ 7,660,000	21.2%	\$ 1,623,238	Cost of specific projects on CIP within study area
Interfund Transfers	\$ 2,030,000	95.3%	\$ 1,935,396	Ratio of road miles in study area to Milwaukie
<b>Total</b>	<b>\$ 10,892,000</b>	<b>43.2%</b>	<b>\$ 4,704,617</b>	

## Incorporated (Option 3)

Exhibit 39 summarizes the calculations of estimated expenditures within the study area for transportation if Incorporated (Option 3). The analysis assumes total expenditures are equal to total revenues collected in this option. Allocations of expenditures to individual line items if Incorporated (Option 3) are proportional to the allocations if Annexed (Option 2).

### Exhibit 39. Estimated annual expenditures for transportation, Oak Lodge study area, Incorporated (Option 3), (2021 \$)

Expenditure	Option 2. Annexed	Study Area Share		Method
		Percent	Amount	
Personnel Services	\$ 584,432	120.5%	\$ 704,384	Proportional allocation of total available funding
Materials & Services	\$ 561,551	120.5%	\$ 676,807	Proportional allocation of total available funding
Capital Outlay	\$ 1,623,238	120.5%	\$ 1,956,400	Proportional allocation of total available funding
Interfund Transfers	\$ 1,935,396	120.5%	\$ 2,332,627	Proportional allocation of total available funding
<b>Total</b>	<b>\$ 4,704,617</b>	<b>120.5%</b>	<b>\$ 5,670,218</b>	

## Comparison

Exhibit 40 compares the estimated annual revenues generated in the study area for transportation in each of the three governance options.

### Exhibit 40. Comparison of estimated annual expenditures for transportation, Oak Lodge study area (2021 \$)

<b>Expenditure</b>	<b>Option 1. Unincorporated</b>	<b>Option 2. Annexed</b>	<b>Option 3. Incorporated</b>
Personnel Services	\$ 1,246,437	\$ 584,432	\$ 704,384
Materials & Services	\$ 1,078,993	\$ 561,551	\$ 676,807
Capital Outlay	\$ 1,623,238	\$ 1,623,238	\$ 1,956,400
Cost Allocation Charge	\$ 119,681	\$ -	\$ -
Indirect Costs	\$ 38,145	\$ -	\$ -
Special Payments	\$ 309,184	\$ -	\$ -
Interfund Transfers	\$ 406,890	\$ 1,935,396	\$ 2,332,627
<b>Total</b>	<b>\$ 4,822,567</b>	<b>\$ 4,704,617</b>	<b>\$ 5,670,218</b>

# Community Development

## Revenues

To calculate annual revenues in the study area for community development, we relied on one of three methods:

- Share of total Clackamas County rural assessed value
- Study area population as a share of the City of Milwaukie population
- City of Milwaukie community development expenditures (includes Community Development, Planning Services, and Code Enforcement) as a share of total general fund expenditures

### Exhibit 41. Key assumptions for analysis of community development revenues, Oak Lodge study area

Key Figures and Assumptions	Amount	Source/Methods
A Assessed Value (AV) in Study Area	\$ 2,648,148,099	ECONorthwest, 2021, with data from Clackamas County Assessor, FY 2020-21
B Clackamas County Rural AV	\$ 25,335,570,126	Clackamas County Assessor, FY 2020-21
C Share of AV in Clackamas County Rural	10.5%	Calculated: C = A / B
D Study Area Population	27,778	ECONorthwest, 2021
E City of Milwaukie Population	20,600	Portland State University, 2020
F Ratio of Study Area Population to City of Milwaukie	134.8%	Calculated: F = D / E
G City of Milwaukie General Fund Expenditures (Before Reserves), FY 2020-21	\$ 21,518,000	City of Milwaukie Adopted Budget, 2020-2022 Biennium
H City of Milwaukie Community Development Expenditures (Before Reserves, FY 2020-21)	\$ 2,466,000	City of Milwaukie Adopted Budget, 2020-2022 Biennium
I City of Milwaukie Community Development Share of General Fund Revenues	11.5%	Calculated: I = H / G
J Ratio of General Fund Community Development Revenues in Study Area	15.5%	Calculated: J = I * F

## Unincorporated (Option 1)

Exhibit 42 summarizes the calculations of estimated revenues generated within the study area for community development if Unincorporated (Option 1). All revenues are calculated as the Clackamas County total revenues multiplied by the share of Clackamas County rural assessed value in the study area.

### Exhibit 42. Estimated annual revenues for community development, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)

Revenue	Clackamas County Total	Study Area Share	
		Percent	Amount
Local Government & Other Agencies Revenue / Other Governmental / Intergovernmental	\$ 2,037,800	10.5%	\$ 212,997
Licenses & Permits	\$ 8,486,740	10.5%	\$ 887,059
Fees & Fines & Penalties & Charges for Service	\$ 4,780,763	10.5%	\$ 499,699
Federal Revenue	\$ 4,918,831	10.5%	\$ 514,131
State Revenue	\$ 2,407,334	10.5%	\$ 251,622
Other and Miscellaneous Revenues	\$ 1,671,045	10.5%	\$ 174,663
Other Financing Sources	\$ 20,000	10.5%	\$ 2,090
Property Tax	\$ 4,474,645	10.5%	\$ 467,703
Francise Taxes	\$ -	10.5%	\$ -
Interfund Transfers	\$ -	10.5%	\$ -
<b>Total</b>	<b>\$ 28,797,158</b>	<b>10.5%</b>	<b>\$ 3,009,963</b>

## Annexed (Option 2)

Exhibit 43 summarizes the calculations of estimated revenues generated within the study area for community development if Annexed (Option 2). Revenues for the City of Milwaukie include both the Building Fund, and a portion of the General Fund.

### Exhibit 43. Estimated annual revenues for community development, Oak Lodge study area, Annexed (Option 2), (2021 \$)

Revenue	City of Milwaukie General fund			City of Milwaukie Building Fund			Total
	Total	Percent	Study Area Share	Total	Percent	Study Area Share	
Local Government & Other Agencies Revenue / Other Governmental / Intergovernmental	\$ 334,000	15.5%	\$ 51,614	\$ 1,000	134.8%	\$ 1,348	\$ 52,963
Licenses & Permits	\$ 700,000	15.5%	\$ 108,174	\$ -	134.8%	\$ -	\$ 108,174
Fees & Fines & Penalties & Charges for Service	\$ 795,000	15.5%	\$ 122,855	\$ 547,000	134.8%	\$ 737,600	\$ 860,455
Federal Revenue	\$ -	15.5%	\$ -	\$ -	134.8%	\$ -	\$ -
State Revenue	\$ 502,000	15.5%	\$ 77,576	\$ 26,000	134.8%	\$ 35,060	\$ 112,636
Other and Miscellaneous Revenues	\$ 180,000	15.5%	\$ 27,816	\$ -	134.8%	\$ -	\$ 27,816
Other Financing Sources	\$ -	15.5%	\$ -	\$ -	134.8%	\$ -	\$ -
Property Tax	\$ 7,836,000	15.5%	\$ 1,210,931	\$ -	134.8%	\$ -	\$1,210,931
Francise Taxes	\$ 2,299,000	15.5%	\$ 355,274	\$ -	134.8%	\$ -	\$ 355,274
Interfund Transfers	\$ 7,000,000	15.5%	\$ 1,081,740	\$ -	134.8%	\$ -	\$1,081,740
<b>Total</b>	<b>\$ 19,646,000</b>	<b>15.5%</b>	<b>\$ 3,035,981</b>	<b>\$ 574,000</b>	<b>134.8%</b>	<b>\$ 774,008</b>	<b>\$3,809,989</b>

### Incorporated (Option 3)

The analysis assumes that if Oak Lodge is Incorporated (Option 3), it would have the same level of service, and therefore the same revenues, as if it were Annexed (Option 2).

### Comparison

Exhibit 44 compares the estimated annual revenues generated in the study area for community development in each of the three governance options.

#### Exhibit 44. Comparison of estimated annual revenues for community development, Oak Lodge study area (2021 \$)

Revenue	Option 1. Unincorporated	Option 2. Annexed	Option 3. Incorporated
Local Government & Other Agencies Revenue / Other Governmental / Intergovernmental	\$ 212,997	\$ 52,963	\$ 52,963
Licenses & Permits	\$ 887,059	\$ 108,174	\$ 108,174
Fees & Fines & Penalties & Charges for Service	\$ 499,699	\$ 860,455	\$ 860,455
Federal Revenue	\$ 514,131	\$ -	\$ -
State Revenue	\$ 251,622	\$ 112,636	\$ 112,636
Other and Miscellaneous Revenues	\$ 174,663	\$ 27,816	\$ 27,816
Other Financing Sources	\$ 2,090	\$ -	\$ -
Property Tax	\$ 467,703	\$ 1,210,931	\$ 1,210,931
Francise Taxes	\$ -	\$ 355,274	\$ 355,274
Interfund Transfers	\$ -	\$ 1,081,740	\$ 1,081,740
<b>Total</b>	<b>\$ 3,009,963</b>	<b>\$ 3,809,989</b>	<b>\$ 3,809,989</b>

## Expenditures

### Unincorporated (Option 1)

Exhibit 45 summarizes the calculations of estimated expenditures generated within the study area for community development if Unincorporated (Option 1). All expenditures are calculated as the Clackamas County total revenues multiplied by the share of Clackamas County rural assessed value in the study area. Costs for capital outlay are excluded, as no projects related to community development were identified in the study area in the County capital improvement plan.

**Exhibit 45. Estimated annual expenditures for community development, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)**

Expenditure	Clackamas County Total	Study Area Share	
		Percent	Amount
Personnel Services	\$ 17,638,484	10.5%	\$ 1,843,626
Materials & Services	\$ 10,514,903	10.5%	\$ 1,099,049
Indirect Costs	\$ 711,157	10.5%	\$ 74,332
Cost Allocation Charges	\$ 1,561,654	10.5%	\$ 163,229
Capital Outlay	\$ 491,882	0.0%	\$ -
Allocated Costs	\$ 755,935	10.5%	\$ 79,013
Special Payments	\$ 320,000	10.5%	\$ 33,447
<b>Total</b>	<b>\$ 31,994,015</b>	<b>10.3%</b>	<b>\$ 3,292,695</b>

### Annexed (Option 2)

Exhibit 46 summarizes the calculations of estimated expenditures within the study area for community development if Annexed (Option 2). All expenditures are calculated based on the total City of Milwaukie expenditures for community development adjusted for the ratio of population in the study area to the City of Milwaukie.

**Exhibit 46. Estimated annual expenditures for community development, Oak Lodge study area, Annexed (Option 2) and Incorporated (Option 3), (2021 \$)**

Expenditure	City of Milwaukie Total	Study Area Share	
		Percent	Amount
Materials & Services	\$ 1,551,000	134.8%	\$ 2,091,441
Indirect Costs	\$ 485,000	134.8%	\$ 653,997
<b>Total</b>	<b>\$ 2,036,000</b>	<b>134.8%</b>	<b>\$ 2,745,437</b>



## Incorporated (Option 3)

The analysis assumes that if Oak Lodge is Incorporated (Option 3), it would have the same level of service, and therefore the same revenues, as if it were Annexed (Option 2).

## Comparison

Exhibit 47 compares the estimated annual expenditures generated in the study area for community development in each of the three governance options.

### Exhibit 47. Comparison of estimated annual expenditures for community development, Oak Lodge study area (2021 \$)

Expenditure	Option 1.	Option 2.	Option 3.
	Unincorporated	Annexed	Incorporated
Personnel Services	\$ 1,843,626	\$ 2,091,441	\$ 2,091,441
Materials & Services	\$ 1,099,049	\$ 653,997	\$ 653,997
Indirect Costs	\$ 74,332	\$ -	\$ -
Cost Allocation Charges	\$ 163,229	\$ -	\$ -
Capital Outlay	\$ -	\$ -	\$ -
Allocated Costs	\$ 79,013	\$ -	\$ -
Special Payments	\$ 33,447	\$ -	\$ -
<b>Total</b>	<b>\$ 3,292,695</b>	<b>\$ 2,745,437</b>	<b>\$ 2,745,437</b>

## Stormwater Management & Watershed Protection

Stormwater management and watershed protection is the only municipal service where the responsibility for service provision is split between two local governments. All governance options assume that the OLWSD will provide watershed protection services, but the responsibility for stormwater management differs across the three options.

### Revenues

#### Unincorporated (Option 1)

Although responsibility for stormwater management and watershed protection is shared between the OLWSD and Clackamas County, the County budget does not identify any specific revenue sources for stormwater management. Thus, our analysis for the study area if Incorporated (Option 1) presents only revenues for the OLWSD.

Revenues generated within the study area for stormwater if Unincorporated (Option 1) were calculated based on the portion of the total land area within the OLWSD boundary that is located inside the study area boundary. Exhibit 48 summarizes key assumptions used in the calculation of estimated revenues generated within the study area for stormwater management if Unincorporated (Option 1).

**Exhibit 48. Key assumptions for analysis of stormwater revenues, Oak Lodge study area, Unincorporated (Option 1)**

Key Figures and Assumptions		Value	Source/Methods
A	OLWSD Acreage Within Study Area	3,337	ECONorthwest 2021
B	OLWSD Total Acreage	3,593	ECONorthwest 2021
C	Share of OLWSD Acreage Within Study Area	92.9%	Calculated: C = A / B

Exhibit 49 summarizes the calculations of estimated revenues generated within the study area for stormwater management and watershed protection if Unincorporated (Option 1).

**Exhibit 49. Estimated annual revenues for stormwater, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)**

Revenue	OLWSD Total	Study Area Share	
		Percent	Total
Watershed Charges	\$ 1,548,000	92.9%	\$ 1,437,456
Other Revenue	\$ 28,000	92.9%	\$ 26,000
<b>Total</b>	<b>\$ 1,576,000</b>	<b>92.9%</b>	<b>\$ 1,463,456</b>

**Annexed (Option 2)**

If Annexed (Option 2) the study area would continue to generate the same revenues for watershed protection for the OLWSD as calculated if Unincorporated (Option 1). Additionally, the study area would generate revenues for stormwater management for the City of Milwaukie. These estimated revenues were calculated based on the ratio of the study area population to the City of Milwaukie population. Exhibit 50 summarizes key assumptions used in the calculation of estimated revenues generated within the study area for stormwater management if Annexed (Option 2).

**Exhibit 50. Key assumptions for analysis of stormwater revenues, Oak Lodge study area, Annexed (Option 2)**

Key Figures and Assumptions		Value	Source/Methods
A	Population of Study Area	27,778	ECONorthwest 2021
B	Population of City of Milwaukie	20,600	Portland State University, 2020
C	Ratio of Study Area Population to City of Milwaukie	134.8%	Calculated: C = A / B

Exhibit 51 summarizes the calculations of estimated revenues generated within the study area for stormwater management and watershed protection if Annexed (Option 2).

**Exhibit 51. Estimated annual revenues for stormwater, Oak Lodge study area, Annexed (Option 2), (2021 \$)**

Revenue	Jurisdiction		Study Area Share	
	Total	Percent	Total	
<b>OLWSD</b>				
Watershed Charges	\$ 1,548,000	92.9%	\$ 1,437,456	
Other Revenue	\$ 28,000	92.9%	\$ 26,000	
<i>Subtotal</i>	<i>\$ 1,576,000</i>	<i>92.9%</i>	<i>\$ 1,463,456</i>	
<b>City of Milwaukie</b>				
Charges and Fees	\$ 4,976,000	134.8%	\$ 6,709,870	
Other Revenue	\$ 77,000	134.8%	\$ 103,830	
<i>Subtotal</i>	<i>\$ 5,053,000</i>	<i>134.8%</i>	<i>\$ 6,813,700</i>	
<b>Combined</b>				
Charges and Fees	\$ 6,524,000		\$ 8,147,326	
Other Revenue	\$ 105,000		\$ 129,830	
<b>Total</b>	<b>\$ 6,629,000</b>		<b>\$ 8,277,156</b>	

### Incorporated (Option 3)

Revenues for stormwater management and watershed protection within the study area are assumed to be the same if Incorporated (Option 3) as if Annexed (Option 2), based on an assumed equal level of service in the study area. Note that there is substantial uncertainty over the capital needs for stormwater management in the study area, and if future analysis determines the study area would require a higher or lower level of service than is currently provided in the City of Milwaukie, then the revenue analysis should be adjusted accordingly.

## Comparison

Exhibit 52 compares the estimated annual revenues generated in the study area for stormwater management and watershed protection in each of the three governance options.

### Exhibit 52. Comparison of estimated annual revenues for stormwater management and watershed protection, Oak Lodge study area (2021 \$)

Revenue	Option 1. Unincorporated	Option 2. Annexed	Option 3. Incorporated
Charges and Fees	\$ 1,437,456	\$ 8,147,326	\$ 8,147,326
Other Revenue	\$ 26,000	\$ 129,831	\$ 129,831
<b>Total</b>	<b>\$ 1,463,456</b>	<b>\$ 8,277,157</b>	<b>\$ 8,277,157</b>

## Expenditures

### Option 1. Unincorporated

Although responsibility for stormwater management and watershed protection is shared between the OLWSD and Clackamas County, the County budget does not identify any specific expenditures for stormwater management. Thus, our analysis for the study area if Unincorporated (Option 1) presents only expenditures for the OLWSD.

Expenditures in the study area for stormwater management and watershed protection were estimated by calculating the percent of total acreage in OLWSD within the study area multiplied by the expenditures in OLWSD's watershed protection fund. Expenditures included an estimated allocation of OLWSD administration expenditures based on the proportional split of non-administrative costs.<sup>47</sup> Expenditures on capital improvements were estimated by multiplying the percent of total acreage in OLWSD within the study area by the expenditures in OLWSD's watershed protection capital improvement projects, including a proportional share of vehicle purchase capital improvements. Exhibit 53 summarizes key assumptions used for this analysis.

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<sup>47</sup> Actual methods used by OLWSD for allocating administrative costs may differ from the estimate used in this analysis.

**Exhibit 53. Key assumptions for analysis of stormwater expenditures, Oak Lodge study area, Unincorporated (Option 1)**

	<b>Key Figures and Assumptions</b>	<b>Value</b>	<b>Source/Methods</b>
A	OLWSD Acreage Within Study Area	3,337	ECONorthwest 2021
B	OLWSD Total Acreage	3,593	ECONorthwest 2021
C	Share of OLWSD Acreage Within Study Area	92.9%	Calculated: $C = A / B$
D	Total Non-Administrative Expenditures, OLWSD	\$ 13,748,044	Oak Lodge Water Service District Budget, FY 2020-21
E	Total Watershed Protection Fund and Waterfund Protection Capital Fund Expenditures, OLWSD	\$ 766,558	Oak Lodge Water Service District Budget, FY 2020-21
F	Stormwater Share of Total Non-Administrative Expenditures	5.6%	Calculated: $F = E / D$
G	Share of Administrative Expenditures Allocated to Stormwater in Study Area	5.2%	Calculated: $H = C \times F$

Exhibit 54 summarizes the calculations of estimated expenditures within the study area for stormwater management and watershed protection if Unincorporated (Option 1).

**Exhibit 54. Estimated annual expenditures for stormwater, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)**

Expenditures	OLWSD Total	Study Area Share		Method
		Percent	Amount	
<b>Watershed Protection</b>				
Personnel Services	\$ 134,000	92.9%	\$ 124,431	Share of OLWSD acreage in study area
Materials & Services	\$ 105,000	92.9%	\$ 97,502	Share of OLWSD acreage in study area
Capital Outlay	\$ 465,000	92.9%	\$ 431,794	Share of OLWSD acreage in study area
Debt Service	\$ 62,558	92.9%	\$ 58,091	Share of OLWSD acreage in study area
Special Payments	\$ -	0.0%	\$ -	N/A
<i>Subtotal</i>	\$ 766,558	92.9%	\$ 711,818	
<b>Administrative Services</b>				
Personnel Services	\$ 1,977,000	5.2%	\$ 102,361	Share of administrative expense allocated to area
Materials & Services	\$ 2,237,000	5.2%	\$ 115,823	Share of administrative expense allocated to area
Capital Outlay	\$ -	5.2%	\$ -	N/A
Debt Service	\$ -	0.0%	\$ -	N/A
Special Payments	\$ 552,000	5.2%	\$ 28,580	Share of administrative expense allocated to area
<i>Subtotal</i>	\$ 4,766,000	5.2%	\$ 246,764	
<b>Total</b>	<b>\$ 5,532,558</b>	<b>17.3%</b>	<b>\$ 958,582</b>	

**Option 2. Annexed**

If Annexed (Option 2) the study area would continue to incur the same expenditures for watershed protection for the OLWSD as calculated if Unincorporated (Option 1). Additionally, the study area would incur expenditures for stormwater management for the City of Milwaukie. These estimated expenditures were calculated based on the ratio of the study area population to the City of Milwaukie population.

Note that there is substantial uncertainty over the capital needs for stormwater management in the study area, and if future analysis determines the study area would require a higher or lower level of service than is currently provided in the City of Milwaukie, then the expenditure analysis should be adjusted accordingly.

Exhibit 55 summarizes key assumptions used in the calculation of estimated expenditures within the study area for stormwater management if Annexed (Option 2).

**Exhibit 55. Key assumptions for analysis of stormwater expenditures, Oak Lodge study area, Annexed (Option 2)**

Key Figures and Assumptions	Value	Source/Methods
A Population of Study Area	27,778	ECONorthwest 2021
B Population of City of Milwaukie	20,600	Portland State University, 2020
C Ratio of Study Area Population to City of Milwaukie	134.8%	Calculated: C = A / B

Exhibit 56 summarizes the calculations of estimated expenditures within the study area for stormwater management and watershed protection if Annexed (Option 2).

**Exhibit 56. Estimated annual expenditures for stormwater, Oak Lodge study area, Annexed (Option 2), (2021 \$)**

	City of Milwaukee			OLWSD	Total
	Total	Percent	Study Area Share	Study Area Share	Study Area Share
Personnel Services	\$ 839,000	134.8%	\$ 1,131,347	\$ 226,792	\$ 1,358,139
Materials & Services	\$ 718,000	134.8%	\$ 968,185	\$ 213,325	\$ 1,181,510
Capital Outlay	\$ 3,853,000	134.8%	\$ 5,195,565	\$ 431,794	\$ 5,627,359
Debt Service	\$ -	0.0%	\$ -	\$ 58,091	\$ 58,091
Special Payments	\$ -	0.0%	\$ -	\$ 28,580	\$ 28,580
<b>Total</b>	<b>\$ 5,410,000</b>		<b>\$ 7,295,097</b>	<b>\$ 958,582</b>	<b>\$ 8,253,679</b>

### Option 3. Incorporated

Expenditures for stormwater management and watershed protection within the study area are assumed to be the same if Incorporated (Option 3) as if Annexed (Option 2), based on an assumed equal level of service in the study area. As mentioned above, uncertainty regarding the capital needs in the study area result in an uncertain forecast for expenditures on stormwater management in the study area.

## Comparison

Exhibit 57 compares the estimated annual expenditures within the study area for stormwater management and watershed protection in each of the three governance options.

**Exhibit 57. Comparison of estimated annual expenditures for stormwater management and watershed protection, Oak Lodge study area (2021 \$)**

	<b>Option 1.</b>	<b>Option 2.</b>	<b>Option 3.</b>
	<b>Unincorporated</b>	<b>Annexed</b>	<b>Incorporated</b>
Personnel Services	\$ 226,792	\$ 1,358,139	\$ 1,358,139
Materials & Services	\$ 213,325	\$ 1,181,510	\$ 1,181,510
Capital Outlay	\$ 431,794	\$ 5,627,359	\$ 5,627,359
Debt Service	\$ 58,091	\$ 58,091	\$ 58,091
Special Payments	\$ 28,580	\$ 28,580	\$ 28,580
<b>Total</b>	<b>\$ 958,582</b>	<b>\$ 8,253,679</b>	<b>\$ 8,253,679</b>



# Governmental Administration

For the purpose of this analysis, we compared revenues and expenditures for governmental administration from Clackamas County, the City of Milwaukie, and the City of Happy Valley (as a proxy for a newly incorporated City of Oak Lodge). However, different governments provide different services that fall under the general category of governmental administration. Exhibit 58 lists the specific services that are included in our analysis under the category of governmental administration for each of the governance options.<sup>48</sup>

**Exhibit 58. Summary of services included in evaluation of “governmental administration,” Oak Lodge study area**

	Option 1. Unincorporated	Option 2. Annexed	Option 3. Incorporated
Administration	X	X	X
Clerk/Recorder	X	X	X
Council/Commission	X		
Finance	X	X	X
Human Resources	X	X	X
Information Tech.	X	X	X
Legal	X	X	X
Public Affairs	X	X	
Records Mgmt	X		
Treasurer	X		

## Revenues

### Unincorporated (Option 1)

Revenues generated within the study area for governmental administration if Unincorporated (Option 1) were calculated based on the portion of the ratio of population in the study area to Clackamas County and the portion of the County budget allocated to “municipal” services (e.g., Sheriff, transportation, and community development) rather than “county services” (e.g., county fair, district attorney, emergency communications, etc.). Exhibit 59 summarizes key assumptions used in this analysis.

<sup>48</sup> To provide a more comparable, apples-to-apples comparison, we attempted to include a similar list of activities under governmental administration for each governance option. This required adjustments to the budget data, such as excluding fleet services and facilities management from the City of Milwaukie budget for if Annexed (Option 2), and adding Legal if Incorporated (Option 3), despite the City of Happy Valley not identifying distinct legal services within its budget.

**Exhibit 59. Key assumptions for analysis of governmental administration revenues, Oak Lodge study area, Unincorporated (Option 1)**

Key Figures and Assumptions		Value	Source/Methods
A	Population of Study Area	27,778	ECONorthwest, 2021
B	Population of Clackamas County	426,515	Portland State University, 2020
C	Ratio of Study Area Population to Clackamas County	6.5%	Calculated: C = A / B
D	Total Non-Administrative Expenditures, Clackamas County	\$ 494,259,571	Clackamas County Adopted Budget, FYE 2021
E	Non-Administrative Expenditures for Municipal Services, Clackamas County	\$ 210,555,458	Clackamas County Adopted Budget, FYE 2021
F	Municipal Share of Non-Administrative Expenditures, Clackamas County	42.6%	Calculated: F = E / D
G	Share of Administrative Expenditures Allocated to Study Area	2.8%	Calculated: G = F x C

Exhibit 60 summarizes the calculations of estimated revenues within the study area for governmental administration if Unincorporated (Option 1).

**Exhibit 60. Estimated annual revenues for governmental administration, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)**

Revenue	County Total	Study Area Share	
		Percent	Amount
Prior Year Revenue	\$ 30,246,320	2.8%	\$ 839,171
Charges for Service	\$ 52,204,148	2.8%	\$ 1,448,382
Licenses & Permits	\$ 1,819,827	2.8%	\$ 50,490
Miscellaneous Revenue	\$ 4,766,612	2.8%	\$ 132,248
<b>Total</b>	<b>\$ 89,036,907</b>	<b>2.8%</b>	<b>\$ 2,470,291</b>

## Annexed (Option 2)

Revenues generated within the study area for governmental administration if Annexed (Option 2) were calculated based on the proportional share of the City of Milwaukie general fund expenditures allocated to administration (excluding reserves), and the relative population of the study area to the City of Milwaukie. Exhibit 61 summarizes key assumptions used in this analysis.

### Exhibit 61. Key assumptions for analysis of governmental administration revenues, Oak Lodge study area, Annexed (Option 2)

Key Figures and Assumptions	Value	Source/Methods
A Population of City of Milwaukie	20,600	Portland State University, 2020
B Population of Study Area	27,778	ECONorthwest, 2021
C Ratio of Study Area Population to City of Milwaukie	134.8%	Calculated: C = B / A
D City of Milwaukie Total General Fund Expenditures	\$ 21,518,000	City of Milwaukie Adopted Budget, FYE 2021
E City of Milwaukie Administrative Expenditures	\$ 5,354,000	City of Milwaukie Adopted Budget, FYE 2021
F Share of Milwaukie General Fund	24.9%	Calculated: F = E / D
G Share of Milwaukie Administrative	33.6%	Calculated: G = F x C

Exhibit 62 summarizes the calculations of estimated revenues within the study area for governmental administration if Annexed (Option 2).

### Exhibit 62. Estimated annual revenues for governmental administration, Oak Lodge study area, Annexed (Option 2), (2021 \$)

Revenues	Milwaukie Total	Study Area Share	
		Percent	Amount
Licenses & Permits	\$ 700,000	33.6%	\$ 234,860
Miscellaneous Revenue	\$ 180,000	33.6%	\$ 60,392
Property Taxes	\$ 7,836,000	33.6%	\$ 2,629,085
Franchise Taxes	\$ 2,299,000	33.6%	\$ 771,346
State Revenue	\$ 502,000	33.6%	\$ 168,428
Other Governmental	\$ 334,000	33.6%	\$ 112,062
Fees & Fines	\$ 795,000	33.6%	\$ 266,733
Interfund Transfers	\$ 7,000,000	33.6%	\$ 2,348,596
<b>Total</b>	<b>\$ 19,646,000</b>	<b>33.6%</b>	<b>\$ 6,591,502</b>

### Incorporated (Option 3)

Revenues generated within the study area for governmental administration if Incorporated (Option 3) were calculated based on the proportional share of the City of Happy Valley general fund expenditures allocated to administration (excluding reserves), and the relative population of the study area to the City of Happy Valley. The City of Happy Valley was selected as a comparable jurisdiction for the purposes of administrative revenues and expenses given its similarities to the study area in terms of geographic location, population size, and portfolio of municipal services provided. Exhibit 63 summarizes key assumptions used in this analysis. Exhibit 63 summarizes key assumptions used in this analysis.

#### Exhibit 63. Key assumptions for analysis of governmental administration revenues, Oak Lodge study area, Incorporated (Option 3)

Key Figures and Assumptions	Value	Source/Methods
A Population of City of Happy Valley	22,400	Portland State University, 2020
B Population of Study Area	27,778	ECONorthwest, 2021
C Ratio of Study Area Population to City of Happy Valley	124.0%	Calculated: C = B / A
D City of Happy Valley Total General Fund Expenditures	\$ 12,430,000	City of Happy Valley Adopted Budget, FYE 2021
E City of Happy Valley Administrative Expenditures	\$ 3,538,182	City of Happy Valley Adopted Budget, FYE 2021
F Share of Happy Valley General Fund Expenditures for Admin	28.5%	Calculated: F = E / D
G Administrative Revenues in Study Area	35.3%	Calculated: G = F x C

Exhibit 64 summarizes the calculations of estimated revenues within the study area for governmental administration if Incorporated (Option 3).

#### Exhibit 64. Estimated annual revenues for governmental administration, Oak Lodge study area, Incorporated (Option 3), (2021 \$)

Revenue	Happy Valley Total	Study Area Share	
		Percent	Amount
Miscellaneous Revenue	\$ 300,000	35.3%	\$ 105,897
Property Taxes	\$ 2,220,000	35.3%	\$ 783,637
Other Governmental	\$ 950,000	35.3%	\$ 335,340
Fees & Fines	\$ 4,475,000	35.3%	\$ 1,579,629
Interfund Transfers	\$ 1,397,000	35.3%	\$ 493,127
<b>Total</b>	<b>\$ 9,342,000</b>		<b>\$ 3,297,629</b>

## Comparison

Exhibit 65 compares the estimated annual revenues generated within the study area for governmental administration in each of the three governance options.

### Exhibit 65. Comparison of estimated annual revenues for governmental administration and, Oak Lodge study area (2021 \$)

Revenue	Option 1. Unincorporated	Option 2. Annexed	Option 3. Incorporated
Prior Year Revenue	\$ 839,171	\$ -	\$ -
Charges for Service	\$ 1,448,382	\$ -	\$ -
Licenses & Permits	\$ 50,490	\$ 234,860	\$ -
Other / Miscellaneous Revenue	\$ 132,248	\$ 60,392	\$ 105,897
Property Taxes	\$ -	\$ 2,629,085	\$ 783,637
Franchise Taxes	\$ -	\$ 771,346	\$ -
State Revenue	\$ -	\$ 168,428	\$ -
Other Governmental	\$ -	\$ 112,062	\$ 335,340
Fees & Fines	\$ -	\$ 266,733	\$ 1,579,629
Interfund Transfers	\$ -	\$ 2,348,596	\$ 493,127
<b>Total</b>	<b>\$ 2,470,291</b>	<b>\$ 6,591,502</b>	<b>\$ 3,297,629</b>

## Expenditures

To calculate annual expenditures in the study area for governmental administration, we relied primarily on the ratio of population in the study area to the total population of comparable jurisdictions (i.e., Clackamas County, City of Milwaukie, and City of Happy Valley).

Additionally, if Unincorporated (Option 1) the analysis took into consideration the portion of the County budget allocated to “municipal” services rather than “county services.” Exhibit 66 summarizes key assumptions used in this analysis.

**Exhibit 66. Key assumptions for analysis of governmental administration expenditures, Oak Lodge study area, all governance options**

Key Figures and Assumptions		Value	Source/Methods
A	Population of Study Area	27,778	ECONorthwest, 2021
B	Population of Clackamas County	426,515	Portland State University, 2020
C	Population of City of Milwaukie	20,600	Portland State University, 2020
D	Population of City of Happy Valley	22,400	Portland State University, 2020
E	Ratio of Study Area Population to Clackamas County	6.5%	Calculated: E = A / B
F	Ratio of Study Area Population to City of Milwaukie	134.8%	Calculated: F = A / C
G	Ratio of Study Area Population to City of Happy Valley	124.0%	Calculated: G = A / D
H	Total Non-Administrative Expenditures, Clackamas County	\$ 494,259,571	Clackamas County Adopted Budget, FYE 2021
I	Non-Administrative Expenditures for Municipal Services, Clackamas County	\$ 210,555,458	Clackamas County Adopted Budget, FYE 2021
J	Municipal Share of Non-Administrative Expenditures, Clackamas County	42.6%	Calculated: J = I / H
K	Share of Clackamas County Administrative Expenditure	2.8%	Calculated: K = E x J

### Unincorporated (Option 1)

Exhibit 67 summarizes the calculations of estimated expenditures within the study area for governmental administration if Unincorporated (Option 1).

**Exhibit 67. Estimated annual expenditures for governmental administration, Oak Lodge study area, Unincorporated (Option 1), (2021 \$)**

Expenditure	County Total	Study Area Share	
		Percent	Amount
Personnel Services	\$ 40,609,129	2.8%	\$ 1,126,683
Materials & Services	\$ 57,328,011	2.8%	\$ 1,590,541
Capital Outlay	\$ 4,267,544	2.8%	\$ 118,401
Indirect Costs	\$ 1,490,668	2.8%	\$ 41,358
Cost Allocation Charges	\$ 4,198,999	2.8%	\$ 116,499
<b>Total</b>	<b>\$ 107,894,351</b>	<b>2.8%</b>	<b>\$ 2,993,483</b>

## Annexed (Option 2)

Exhibit 68 summarizes the calculations of estimated expenditures within the study area for governmental administration if Annexed (Option 2).

### Exhibit 68. Estimated annual expenditures for governmental administration, Oak Lodge study area, Annexed (Option 2), (2021 \$)

Expenditure	Milwaukie Total	Study Area Share	
		Percent	Amount
Personnel Services	\$ 3,417,000	134.8%	\$ 4,607,642
Materials & Services	\$ 1,837,000	134.8%	\$ 2,477,096
Capital Outlay	\$ 100,000	134.8%	\$ 134,845
<b>Total</b>	<b>\$ 5,354,000</b>	<b>134.8%</b>	<b>\$ 7,219,583</b>

## Incorporated (Option 3)

Exhibit 69 summarizes the calculations of estimated expenditures within the study area for governmental administration if Incorporated (Option 3).

### Exhibit 69. Estimated annual expenditures for governmental administration, Oak Lodge study area, Incorporated (Option 3), (2021 \$)

Expenditure	Happy Valley Total	Study Area Share	
		Percent	Amount
Personnel Services	\$ 2,077,725	124.0%	\$ 2,576,565
Materials & Services	\$ 1,460,456	124.0%	\$ 1,811,096
<b>Total</b>	<b>\$ 3,538,182</b>	<b>124.0%</b>	<b>\$ 4,387,661</b>

## Comparison

Exhibit 70 compares the estimated annual expenditures generated within the study area for governmental administration in each of the three governance options.

### Exhibit 70. Comparison of estimated annual expenditures for governmental administration, Oak Lodge study area (2021 \$)

Expenditure	Option 1.	Option 2.	Option 3.
	Unincorporated	Annexed	Incorporated
Personnel Services	\$ 1,126,683	\$ 4,607,642	\$ 2,576,565
Materials & Services	\$ 1,590,541	\$ 2,477,096	\$ 1,811,096
Allocated Costs	\$ -	\$ -	\$ -
Capital Outlay	\$ 118,401	\$ 134,845	\$ -
Indirect Costs	\$ 41,358	\$ -	\$ -
Cost Allocation Charges	\$ 116,499	\$ -	\$ -
<b>Total</b>	<b>\$ 2,993,483</b>	<b>\$ 7,219,583</b>	<b>\$ 4,387,661</b>



## Water

This analysis assumes Oak Lodge Water Services District (OLWSD), which currently provides water service to the study area, would continue to provide service to the study area in each of the three governance options evaluated. Revenues and expenditures, shown below, are assumed to be identical in all three governance options.

### Revenues

Revenues generated within the Oak Lodge study area for water were estimated by calculating the percent of total water consumption in OLWSD from meters located inside the study area multiplied by the revenues in OLWSD's drinking water fund. Exhibit 71 summarizes key assumptions used in this analysis.

**Exhibit 71. Key assumptions for analysis of water revenues, Oak Lodge study area**

Key Figures and Assumptions	Value	Source/Methods
A Gallons of Water Consumption, OLWSD Total	1,196,433	ECONorthwest 2021, with data from OLWSD, May 2020 through April 2021
B Gallons of Water Consumption, OLWSD inside Study Area	1,155,363	ECONorthwest 2021, with data from OLWSD, May 2020 through April 2021
C % Water Usage in Study Area	96.6%	Calculation: C = B / A

Exhibit 72 summarizes the calculations of estimated revenues generated within the study area for water.

**Exhibit 72. Estimated annual revenues for water, Oak Lodge study area, all options (2021\$)**

Revenue	OLWSD Total	Study Area Share	
		Percent	Total
Water Sales	\$ 4,038,000	96.6%	\$ 3,899,385
SDCs	\$ 100,000	96.6%	\$ 96,567
Leases & Other	\$ 348,000	96.6%	\$ 336,054
<b>Total</b>	<b>\$ 4,486,000</b>		<b>\$ 4,332,006</b>

## Expenditures

Expenditures in the study area for water were estimated by calculating the percent of total water consumption in OLWSD from meters located inside the study area multiplied by the expenditures in OLWSD’s drinking water fund. Expenditures included a proportional allocation of OLWSD administration expenditures. Expenditures on capital improvements were estimated by multiplying the percent of total water consumption in OLWSD from meters located inside the study area by the expenditures in OLWSD’s water capital improvement projects, including a proportional share of vehicle purchase capital improvements.

Exhibit 73 summarizes key assumptions used in the calculation of estimated expenditures in the study area for water.

### Exhibit 73. Key assumptions for analysis of water expenditures, Oak Lodge study area

Key Figures and Assumptions	Value	Source/Methods
A Gallons of Water Consumption, OLWSD Total	1,196,433	ECONorthwest 2021, with data from OLWSD, May 2020 through April 2021
B Gallons of Water Consumption, OLWSD Inside Study Area	1,155,363	ECONorthwest 2021, with data from OLWSD, May 2020 through April 2021
C Share of OLWSD Water Consumption Inside Study Area	96.6%	Calculated: $C = B / A$
D Total Non-Administrative Expenditures, OLWSD	\$ 13,748,044	Oak Lodge Water Service District Budget, FY 2020-21
E Total Drinking Water Fund and Water Capital Expenditures, OLWSD	\$ 4,157,301	Oak Lodge Water Service District Budget, FY 2020-21
F Water Share of Total Non-Administrative Expenditures	30.2%	Calculated: $F = E / D$
G Share of Administrative Expenditures Allocated to Water in Study Area	29.2%	Calculated: $H = C \times F$

Exhibit 74 summarizes the calculations of estimated expenditures within the Oak Lodge study area for water.

**Exhibit 74. Estimated annual expenditures for water, Oak Lodge study area, all options (2021\$)**

Expenditure	OLWSD Total	Study Area Share		Method
		Percent	Amount	
<b>Water</b>				
Personnel Services	\$ 989,000	96.6%	\$ 955,050	Share of water consumption in study area
Materials & Services	\$ 1,443,500	96.6%	\$ 1,393,948	Share of water consumption in study area
Capital Outlay	\$ 1,515,000	96.6%	\$ 1,462,993	Share of water consumption in study area
Debt Service	\$ 209,801	96.6%	\$ 202,599	Share of water consumption in study area
Special Payments	\$ -	96.6%	\$ -	N/A
<i>Subtotal</i>	\$ 4,157,301	96.6%	\$ 4,014,590	
<b>Administrative Services</b>				
Personnel Services	\$ 1,977,000	29.2%	\$ 577,307	Share of administrative expense allocated to area
Materials & Services	\$ 2,237,000	29.2%	\$ 653,230	Share of administrative expense allocated to area
Capital Outlay	\$ -	29.2%	\$ -	N/A
Debt Service	\$ -	29.2%	\$ -	N/A
Special Payments	\$ 552,000	29.2%	\$ 161,190	Share of administrative expense allocated to area
<i>Subtotal</i>	\$ 4,766,000	29.2%	\$ 1,391,728	
<b>Total</b>	<b>\$ 8,923,301</b>		<b>\$ 5,406,318</b>	

## Wastewater

This analysis assumes Oak Lodge Water Services District (OLWSD), which currently provides wastewater service to the study area, would continue to provide service to the study area in each of the three governance options evaluated. Revenues and expenditures, shown below, are assumed to be identical in all three governance options.

### Revenues

Revenues generated within the Oak Lodge study area for wastewater were estimated by calculating the percent of total winter water consumption in OLWSD from meters located inside the study area multiplied by the revenues in OLWSD's wastewater reclamation fund. Exhibit 75 summarizes key assumptions used in this analysis.

**Exhibit 75. Key assumptions for analysis of wastewater revenues, Oak Lodge study area**

Key Figures and Assumptions	Value	Source/Methods
A Average Monthly Water Consumption (gallons), Winter, OLWSD Total	153,859	ECONorthwest 2021, with data from OLWSD
B Average Monthly Water Consumption (gallons), Winter, inside Study Area	149,247	ECONorthwest 2021, with data from OLWSD
C % Water Usage in Study Area	97.0%	Calculation: C = B / A

Exhibit 76 summarizes the calculations of estimated revenues generated within the study area for wastewater.

**Exhibit 76. Estimated annual revenues for wastewater, Oak Lodge study area, all options (2021 \$)**

Revenue	OLWSD Total	Study Area Share	
		Percent	Total
Water Sales	\$ 8,270,000	97.0%	\$ 8,022,103
SDCs	\$ 125,000	97.0%	\$ 121,253
Leases & Other	\$ 40,000	97.0%	\$ 38,801
<b>Total</b>	<b>\$ 8,435,000</b>		<b>\$ 8,182,157</b>

## Expenditures

Expenditures in the study area for wastewater were estimated by calculating the percent of average winter water consumption in OLWSD from meters located inside the study area multiplied by the expenditures in OLWSD’s wastewater reclamation water fund. Expenditures included a proportional allocation of OLWSD administration expenditures. Expenditures on capital improvements were estimated by multiplying the percent of average winter water consumption in OLWSD from meters located inside the study area by the expenditures in OLWSD’s wastewater capital improvement projects, including a proportional share of vehicle purchase capital improvements.

Exhibit 77 summarizes key assumptions used in the calculation of estimated expenditures in the study area for wastewater.

### Exhibit 77. Key assumptions for analysis of wastewater expenditures, Oak Lodge study area

Key Figures and Assumptions	Value	Source/Methods
A Average Monthly Water Consumption (gallons), Winter, OLWSD Total	153,859	ECONorthwest 2021, with data from OLWSD
B Average Monthly Water Consumption (gallons), Winter, inside Study Area	149,247	ECONorthwest 2021, with data from OLWSD
C Share of OLWSD Water Consumption Inside Study Area	97.0%	Calculated: $C = B / A$
E Total Non-Administrative Expenditures, OLWSD	\$ 13,748,044	Oak Lodge Water Service District Budget, FY 2020-21
F Total Wastewater Reclamation Fund and	\$ 8,824,185	Oak Lodge Water Service District Budget, FY
G Water Share of Total Non-Administrative Expenditures	64.2%	Calculated: $G = F / E$
H Share of Administrative Expenditures Allocated to Water in Study Area	62.3%	Calculated: $H = C \times G$

Estimated expenditures in the study area for wastewater are summarized in Exhibit 78.

**Exhibit 78 Estimated annual expenditures for wastewater, Oak Lodge study area, all options (2021\$)**

Expenditure	OLWSD Total	Study Area Share		Method
		Percent	Amount	
<b>Wastewater</b>				
Personnel Services	\$ 1,721,000	97.0%	\$ 1,669,412	Share of winter water consumption in study area
Materials & Services	\$ 1,046,000	97.0%	\$ 1,014,646	Share of winter water consumption in study area
Capital Outlay	\$ 2,450,000	97.0%	\$ 2,376,560	Share of winter water consumption in study area
Debt Service	\$ 3,607,185	97.0%	\$ 3,499,058	Share of winter water consumption in study area
Special Payments	\$ -	97.0%	\$ -	N/A
<i>Subtotal</i>	\$ 8,824,185	97.0%	\$ 8,559,676	
<b>Administrative Services</b>				
Personnel Services	\$ 1,977,000	62.3%	\$ 1,230,901	Share of administrative expense allocated to area
Materials & Services	\$ 2,237,000	62.3%	\$ 1,392,780	Share of administrative expense allocated to area
Capital Outlay	\$ -	62.3%	\$ -	N/A
Debt Service	\$ -	62.3%	\$ -	N/A
Special Payments	\$ 552,000	62.3%	\$ 343,681	Share of administrative expense allocated to area
<i>Subtotal</i>	\$ 4,766,000	62.3%	\$ 2,967,361	
<b>Total</b>	<b>\$ 13,590,185</b>		<b>\$ 11,527,037</b>	

## Parks

This analysis assumes the North Clackamas Parks and Recreation District (NCPRD), which currently provides parks service in the study area, would continue to provide service to the study area in each of the three governance options evaluated. Revenues and expenditures, shown below, are assumed to be identical in all three governance options.

### Revenues

Revenues generated within the study area for parks were calculated based on either the calculated property tax revenues paid in the study area, or the share of assessed value in the study area out of the total assessed value within NCPRD. No revenues from “charges for service” were assumed to be generated within the study area, based on the lack of regional recreation facilities located in the study area. Exhibit 79 summarizes key assumptions used in this analysis.

#### Exhibit 79. Key assumptions for analysis of revenues for parks service, Oak Lodge study area

Key Figures and Assumptions	Value	Source/Methods
A Assessed Value in Study Area	\$ 2,642,739,416	Clackamas County Assessor, FYE 2021
B NCPRD Permanent Tax Rate	\$ 0.5258	Clackamas County Assessor, FYE 2021
C NCPRD Property Tax Revenue from Study Area	\$ 1,389,552	Calculated: C = A / 1000 x B
D NCPRD Total Assessed Value	\$ 12,657,024,533	Clackamas County Assessor, FYE 2021
E Share of NCPRD Assessed Value in Study Area	20.9%	Calculated: E = A / D

Exhibit 80 summarizes the calculations of estimated revenues for parks service generated within the study area.

#### Exhibit 80. Estimated annual revenues for parks service, Oak Lodge study area (2021 \$)

Revenue	NCPRD Total	Study Area Share		Method
		Percent	Amount	
Taxes	\$ 6,248,995	22.2%	\$ 1,389,552	Calculated property tax revenue
Licenses & Permits	\$ 644,359	20.9%	\$ 134,540	Share of NCPRD assessed value
Federal Grants & Revenues	\$ 16,300	20.9%	\$ 3,403	Share of NCPRD assessed value
Local Grants & Revenues	\$ 221,250	20.9%	\$ 46,196	Share of NCPRD assessed value
Charges for Service	\$ 2,878,627	0.0%	\$ -	Excluded. No regional facilities located within study area
Other Revenues	\$ 537,932	20.9%	\$ 112,318	Share of NCPRD assessed value
<b>Total</b>	<b>\$ 10,547,463</b>		<b>\$ 1,686,009</b>	

## Expenditures

Exhibit 81 shows a list of all park and recreation facilities operated by NCPRD located within the study area and the estimated annual costs for operations and maintenance of those facilities.

**Exhibit 81. Estimated annual expenditures for operations and maintenance of NCPRD facilities located within the Oak Lodge study area (2021 \$)**

Site Name	Total Acres	Annual Maintenance Cost	% In Study Area	Annual Maintenance Cost in Study Area
Boardman	5.8	\$ 15,000	100%	\$ 15,000
Stringfield Family Park	4.4	\$ 25,000	100%	\$ 25,000
Risley Park	4.9	\$ 15,000	100%	\$ 15,000
Bunnell Park	0.5	\$ 10,000	100%	\$ 10,000
Riverville Park	4.6	\$ 15,000	100%	\$ 15,000
Willamette Drive Open Space	0.6	\$ 5,000	100%	\$ 5,000
Hull Swanson Natural Area	4.8	\$ 15,000	50%	\$ 7,500
Trolley Trail - Oak	13.6	\$ 40,000	75%	\$ 30,000
Concord	4.0	\$ 50,000	100%	\$ 50,000
Oat Grove Boat Ramp	0.2	\$ 10,000	100%	\$ 10,000
<b>Total</b>	<b>43.3</b>	<b>\$ 200,000</b>	<b>91%</b>	<b>\$ 182,500</b>

In addition to the costs of operations and maintenance of the specific park facilities located within the study area, NCPRD provides programming at park facilities within the study area, including movies in the park, concerts, RecMobile, camps, pollinator, and other volunteer events. The cost of these programs within the study area in FYE 2021 is difficult to estimate and quantify, given the organization of NCPRD budget documents and the impact of the pandemic on parks programs. These program costs are not reflected in this analysis. Administrative and other expenditures within the study area were estimated based on the share of NCPRD total maintenance costs for parks, trails, and natural areas that are spent on facilities within the study area.

Exhibit 82 summarizes key assumptions used in this analysis.

**Exhibit 82. Key assumptions for analysis of expenditures for parks service, Oak Lodge study area**

Key Figures and Assumptions	Value	Source/Methods
A Park Maintenance Costs in Study Area	\$ 182,500	NCPRD Staff, 2021
B Total NCPRD Costs for Materials & Services for Parks, Trails, and Natural Areas	\$ 2,408,679	NCPRD Adopted Budget, FYE 2021
C Share of Parks, Trails, and Natural Areas Maintenance Costs in Study Area	7.6%	Calculated: C = A / B



Expenditures for capital outlay are based on an itemized list of actual capital expenditures for NCPRD for FYE 2021. The Concord Property Master Plan (\$656,281) was the single largest capital expenditure for NCPRD in FYE 2021 and is located within the study area. Expenditures for the parks, trails and natural areas program as well as administration program are based on the proportional share of parks maintenance costs in the study area. Expenditures for other programs (recreation and older adult services) are assumed to be zero, based on the lack of regional recreation facilities located in the study area. Exhibit 83 summarizes the calculations of estimated expenditures for parks service within the study area.

**Exhibit 83. Estimated annual expenditures for parks service, Oak Lodge study area (2021 \$)**

Expenditure	NCPRD Total	Study Area Share		Method
		Percent	Amount	
<b>Materials &amp; Services</b>				
Parks, Trails, and Natural Areas	\$ 2,408,679	7.6%	\$ 182,500	Maintenance costs for specific facilities located inside study area
Administration	\$ 1,176,500	7.6%	\$ 89,141	Share of parks, trails, and natural areas maintenance costs in study area
Other	\$ 6,777,285	0.0%	\$ -	Excluded, as no regional facilities are located within study area
<i>Subtotal</i>	\$ 10,362,464	2.6%	\$ 271,641	
<b>Cost Allocation Charges</b>				
Parks, Trails, and Natural Areas	\$ 71,915	7.6%	\$ 5,449	Share of parks, trails, and natural areas maintenance costs in study area
Administration	\$ 93,321	7.6%	\$ 7,071	Share of parks, trails, and natural areas maintenance costs in study area
Other	\$ 265,902	0.0%	\$ -	Excluded, as no regional facilities are located within study area
<i>Subtotal</i>	\$ 431,138	2.9%	\$ 12,520	
Capital Outlay	\$ 746,069	88.0%	\$ 656,281	Cost of specific projects on CIP within study area
<b>Total</b>	<b>\$ 11,539,671</b>	<b>8.1%</b>	<b>\$ 940,441</b>	

## Fire and Emergency Medical Service

This analysis assumes Clackamas County Fire District #1 (Fire District), which currently provides fire and emergency medical service to the study area, would continue to provide service to the study area in each of the three governance options evaluated. Revenues and expenditures, shown below, are assumed to be identical in all three governance options.

### Revenues

Revenues generated within the study area for fire and emergency medical service were calculated based on either the share of total calls for service in the study area, or the share of Clackamas County Fire District assessed value in the study area. Additionally, some revenues were excluded from the analysis if they were generated entirely outside of the study area.

The Fire District imposes two tax rates: a permanent tax rate and a bond tax rate. Exhibit 84 summarizes the calculations of property tax revenue for fire and emergency medical services generated within the study area.

#### Exhibit 84. Estimated property tax revenues for fire and emergency medical services, Oak Lodge study area (2021 \$)

Key Figures and Assumptions	Amount	Source/Methods
A Assessed Value (AV) in Study Area	\$ 2,648,148,099	ECONorthwest 2021, with data from Clackamas County Assessor, FY 2020-21
B Fire District Permanent Tax Rate (per \$1,000 AV)	\$ 2.3731	Clackamas County Assessor, FY 2020-21
C Fire District Bond Tax Rate (per \$1,000 AV)	\$ 0.0888	Clackamas County Assessor, FY 2020-21
D Total Tax Revenue to Fire District from Study Area	\$ 6,519,476	Calculation: D = A / 1000 * (B + C)

Exhibit 85 summarizes key assumptions used in the calculation of estimated revenues generated within the study area for fire and emergency medical services.

#### Exhibit 85. Key assumptions for analysis of fire and emergency medical services revenues, Oak Lodge study area

Key Figures and Assumptions	Amount	Source/Methods
A Average Annual Calls for Service in Fire District, 2018-2020	23,342	ECONorthwest 2021, with data Clackamas County Fire District #1
B Average Annual Calls for Service in Study Area, 2018-2020	3,538	Clackamas County Assessor, FY 2020-21
C Average % Calls for Service in Study Area	15.2%	Clackamas County Assessor, FY 2020-21

Exhibit 86 summarizes the calculations of estimated revenues generated within the study area for fire and emergency medical services.

**Exhibit 86. Estimated annual revenues for fire and emergency medical services, Oak Lodge study area (2021 \$)**

Revenue	Fire District Total	Study Area Share		Method
		Percent	Amount	
Tax Revenues	\$ 58,831,601	11.1%	\$ 6,519,476	Property tax calculations
Contract Income	\$ 3,052,033	0.0%	\$ -	Excluded revenue generated outside of study area
Interest Income	\$ 390,700	15.2%	\$ 59,214	Share of calls for service
Other Income	\$ 2,608,000	15.2%	\$ 395,263	Share of calls for service
Sale of Surplus Property	\$ 15,000	0.0%	\$ -	Excluded revenue generated outside of study area
Grants	\$ 145,450	15.2%	\$ 22,044	Share of calls for service
<b>Total</b>	<b>\$ 65,042,784</b>	<b>10.8%</b>	<b>\$ 6,995,997</b>	

## Expenditures

The calculation of expenditures in the study area for fire and emergency medical services used the same method for all three governance options: the relative number of calls for service in the study area compared to the total calls for service in in the entire Fire District.

Exhibit 87 summarizes the key assumptions used in this analysis.

**Exhibit 87. Key assumptions for analysis of fire and emergency medical services expenditures, Oak Lodge study area**

Key Figures and Assumptions	Amount	Source/Methods
A Average Annual Calls for Service in Fire District, 2018-2020	23,342	ECONorthwest 2021, with data Clackamas County Fire District #1
B Average Annual Calls for Service in Study Area, 2018-2020	3,538	Clackamas County Assessor, FY 2020-21
C Average % Calls for Service in Study Area	15.2%	Clackamas County Assessor, FY 2020-21

Exhibit 88 summarizes the calculations of estimated expenditures within the study area for fire and emergency medical services.

**Exhibit 88. Estimated annual expenditures for fire and emergency medical services, Oak Lodge study area (2021 \$)**

Expenditure	Fire District Total	Study Area Share	
		Percent	Amount
Fire Chief's Office	\$ 928,790	15.2%	\$ 140,766
Emergency Services Division	\$ 49,784,846	15.2%	\$ 7,545,291
Business Services Division	\$ 13,516,936	15.2%	\$ 2,048,600
Capital Outlay	\$ 2,071,675	15.2%	\$ 313,979
Debt Service	\$ 4,609,344	15.2%	\$ 698,583
<b>Total</b>	<b>\$ 70,911,591</b>	<b>15.2%</b>	<b>\$ 10,747,218</b>