



# Phase I Final Report:

Research, Outreach, Engagement, Opportunities Ahead

*November 2022*

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# Introduction

This report details the results of Phase I of the Oak Lodge Governance Project's research, outreach and engagement work, which ran from October 2019 to July 2022.

Phase I entailed two major elements:

1. A report detailing economic projections for both the possible annexation or incorporation of the Oak Lodge area into a city, funded by Metro Regional Government and created by ECONorthwest
2. A variety of public engagement efforts developed and hosted by OLGP

The process and results of Phase I are detailed below. Opportunities to continue this work are discussed in the section on "Challenges, Opportunities and Next Steps".

## About Oak Lodge Governance Project:

The Oak Lodge Governance Project (OLGP) exists to explore the future of local governance for the urban unincorporated communities of Oak Grove and Jennings Lodge, Oregon. Currently, municipal services are provided by layers of county and special service districts, where most service providers are governed by the five Clackamas County Commissioners, elected at-large.

[The OLGP steering committee](#) includes ten community activists who have decades of lived experience organizing within our community. We are not the only ones frustrated by the lack of community agency within our present governance structure. There is documented history, since 1908, of local conversations about incorporation and annexation. Earlier efforts to incorporate floundered from a lack of factual information. Therefore, as the OLGP steering committee set out to explore options for local representation, we focused our energy on facts and data regarding the implications of taxes and services for possible incorporation and annexation.

## About Oak Lodge:

The communities of Oak Grove and Jennings Lodge (collectively known as Oak Lodge) were platted, respectively, in 1890 and 1903, and located to take advantage of the interurban passenger railway between Portland and Oregon City. After construction of state highway 99E (now commonly known as McLoughlin Blvd.) bisected both communities, the small historic retail centers emptied and commercial activity refocused to attract automobile through-traffic rather than serve local residents. Since 1948, when the US Supreme Court ruled that deed covenants motivated by racial segregation were unenforceable and the federal government passage of the Fair Housing Act in 1968, Oak Lodge has been a community in slow demographic transition. The population of Oak Lodge has increased by almost 20% since 1980, and the community is steadily becoming wealthier and more racially diverse.

The boundaries of Oak Lodge are complex and multi-layered. A significant portion of what Clackamas County considers Oak Grove falls within the city of Milwaukie's urban growth management area (UGMA), and the southern half of Jennings Lodge falls within the city of Gladstone's UGMA. However, most of the Oak Lodge area that is being reported on falls outside of any city's UGMA, a rare case in Oregon for such a densely populated urban area.

As the population increased over time and needed specific urban services, residents and Clackamas County created several county service districts and independent special districts to provide urban services. This has resulted in a total property tax rate for Oak Lodge comparable to most cities in Clackamas County, that is just higher than Oregon City and slightly lower than the city of Lake Oswego. With the exception of Oak Lodge Water Services and Clackamas Fire District (the latter covers a service area much larger than Oak Lodge), each governed by a locally elected board, these services are administered by Clackamas County and governed by the Clackamas County Board of Commissioners.

In addition, there is a profound mis-match between the urban needs of Oak Lodge and the rural form of governance currently in place — five county commissioners with no area residency requirement. Oak Grove has a population of more than 27,000 in a county with 430,000 residents. This calls the question of whether there is enough direct representation to effectively govern the area.

In practice, this means that Oak Lodge pays city-level taxes without receiving city-level services, and has no local accountability for elected officials who oversee these services. Although the absence of an UGMA between Clackamas County and any of the surrounding cities to plan for the future of the Oak Lodge area creates uncertainty, it also means that Oak Lodge residents are able to explore incorporation of a new city as well as consider annexation into a neighboring city.

## Research

### [The Foundational Report](#)

In the fall of 2020, OLGP was awarded a Region 2040 Planning and Development Grant from Metro. [The grant application](#), entitled *Incorporation for Equity*, was very aspirational and sought to identify available governance options as well as to model fiscal outcomes for a variety of policy and macroeconomic scenarios over time. However, the amount awarded by the grant necessitated refinement of the report's scope.

To ensure that the foundational report would be as useful as possible to the community, OLGP held conversations with local leaders and groups to ask what they wanted to know from the study. This effort culminated in an emailed survey to hundreds of local residents in November

2020, and the feedback was used to refine the consultant's scope of work. (Read the public input report [here](#).)

This community input process resulted in requests that OLGP explore the following areas:

- Information on the per-household cost of funding city services
- Questions about what levels of services could be sustained by the tax base
- A study of as large a geographic area as possible

Metro and OLGP steering committee members identified a consultant team at 3J Consulting, ECONorthwest, and Tiberius Solutions to conduct the report. The initial meeting where OLGP and the consultants discussed the scope of work can be viewed [here](#).

To develop and finalize the report, the consultant team worked closely with:

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

The consulting team also reached out to the following and received support from:

- Clackamas County Sheriff's Office
- City of Gladstone

In refining the scope of work, OLGP and the consultant team started with the boundaries of the Oak Lodge Water Services District and, at the city of Milwaukie's request, excluded lands within Milwaukie's UGMA. Because the historic community of Jennings Lodge is bisected by the city of Gladstone's UGMA boundary, Gladstone gave permission to include that portion of Gladstone's UGMA in our study boundary.

[The foundational report](#) identifies three economic and governance scenarios:

1. Remaining unincorporated
2. Annexing into the city of Milwaukie
3. Incorporating into a new city with service levels equivalent to the city of Milwaukie

In addition to the various governance scenarios, the ECONorthwest report outlines the options for local governance available under Oregon law and the processes for enacting those scenarios. The report also includes a point-in-time average cost analysis to provide easy comparisons of the operating costs of each scenario. The report uses budget data provided by local service providers for core municipal services to describe property tax rates, service levels, and representation available with each scenario.

OLGP steering committee members hosted a series of community engagement events to discuss the foundational report, which can be viewed [here](#).

## Additional Research

Upon completion of the Foundational Report, OLGP partnered with Portland State University's College of Urban and Public Affairs in the Mark O. Hatfield School of Government to develop two additional studies. These capstone projects were conducted by two graduate students completing their Masters of Public Administration degree.

[Foundations for Understanding the Oak Lodge Community Composition from 1970 to 2020](#), by Max Wedding. This report provides key demographic trends that track total population, race, ethnicity, age, housing and household income of the residents of Oak Lodge compared to Clackamas County and the greater Portland metro area. The report also examines jurisdictions servicing portions of the study area. Watch the video presentation [here](#).

[Analysis of Annexation into Gladstone and Incorporation With Gladstone Service Levels](#), by Alexander Nelson. This research project extends the methodology applied by ECONorthwest to a dataset from the city of Gladstone. This analysis yields two additional, directly comparable scenarios that supplement our foundational report:

1. Annexation into the city of Gladstone
2. Incorporation into a new city with service levels equivalent to the city of Gladstone

The result provides parallel economic scenarios for annexation and incorporation for the only other practical candidate city besides Milwaukie. Watch the video presentation [here](#).

## Resulting Opportunities

By the spring of 2022, with the research reports completed, OLGP was fully equipped with data for five unique governance scenarios with supporting demographic and service provider histories:

1. Remain unincorporated
2. Annex into the city of Milwaukie
3. Incorporate into a new city with service levels equivalent to the city of Milwaukie
4. Annex into the City of Gladstone
5. Incorporate into a new city with service levels equivalent to the city of Gladstone

We used this information to build upon the community engagement we had simultaneously been doing to discuss future governance opportunities for Oak Lodge with our neighbors.

## Outreach and Engagement

### Introduction - Challenges inherent with outreach in Oak Lodge:

As an unincorporated community, Oak Lodge lacks a cohesive, shared space for community gathering or information sharing. The following exist within the ECONorthwest study boundary:

- Two Community Planning Organizations (CPOs) mandated by state law and sponsored by Clackamas County, which have modest attendance and email lists.
- The Clackamas Review, a Pamplin Media paper, is the local press of record, though its paywall makes information sharing difficult.
- Nextdoor, which is deeply imperfect.
- Facebook's "Milwaukie Chit Chat" group, which often loops Oak Lodge into the City of Milwaukie.
- A private resident provides a monthly email newsletter about public community meetings and events relevant to Oak Lodge available only to those who hear about it and sign up.

In addition to the challenges listed above, OLGP launched our outreach work at the start of the COVID-19 pandemic. Hosting in-person events was out of the question, resulting in the need for digital engagement and virtual meetings.

## How OLGP responded:

- **Public speaking engagements to share the results of the Foundational Report :**
  - **Briefing for Metro Councilor Christine Lewis and OLGP Steering Committee** by the consultants at 3J Consulting and EcoNorthwest, September 13, 2021
  - **Public community engagement presentation** to share the results of the Foundational Report by OLGP Steering committee members archived on [OLGP's youtube page](#), October 9, 2021
  - **Public presentation for Milwaukie City Council** on the results of the Foundational Report by OLGP Steering Committee members and the consultant team, October 19, 2021
  - **Briefing for Gladstone Kiwanis Club**, May 25, 2021
  - **Briefing for Oak Lodge Water Services board of directors**, October 19, 2021
  - **Briefing for Willamette View Manor**, October 21, 2021
  - **Briefing for Oak Grove Community Planning Organization**, October 27, 2021
  - **Briefing for Gladstone City Council**, November 9, 2021
  - **Briefing for Rose Villa residents**, November 16, 2021
  - **Briefing for Historic Downtown Oak Grove members**, November 18, 2021
  - **Briefing for Jennings Lodge Community Planning Organization**, December 7, 2021
  - **Briefing for Rotary Club of Gladstone/Oak Grove**, January 13, 2022
  - **Briefing for Oak Lodge Water Services board of directors**, October 18, 2022
- **OLGP Website:** We developed and launched a website, [oaklodgegovernanceproject.org](http://oaklodgegovernanceproject.org) in July 2021 to serve as a landing page and archive for all of OLGP's research and activity and for our community and neighbors to find out more. The website is updated regularly with news, updates and recordings of all of OLGP's monthly information sessions.
- **Clackamas Review Articles:** Early on, we recognized the need to introduce ourselves to the community and help tell the story of why ten residents of Oak Lodge had come together to question whether our current level of government was the right level of government for a 21st century, growing, urban area. All ten members of the steering committee wrote individual op-ed pieces published in the Clackamas Review between March and June 2021 that highlighted a challenge they had personally experienced with



our current level of government, and why they were part of OLGP. (These articles are archived with the bios of each Steering Committee member on the “[About Us](#)” page of the OLGP website.) The Clackamas Review was also a crucial outlet to share information and invitations to OLGP’s monthly information sessions.)

- **Monthly information sessions:** These have been an opportunity for OLGP members to connect with our neighbors and help us all collectively learn about a different aspect of governance. They have been held entirely on Zoom to accommodate for COVID-19 restrictions, with the recordings archived on OLGP’s Youtube page and the “[News and Updates](#)” page of the OLGP website. We have hosted the following information sessions since March, 2021:
  - ***Grant Review meeting with ECONorthwest and 3J consultants***, December 17, 2020, available [here](#). (Note: while this meeting was not public, OLGP steering committee members posted it on our Youtube page for transparent, public access of our work.)
  - ***The Paradox of our Love Hate Relationship with Self-Government*** with Dan Vizzini, March 13, 2021, available [here](#)
  - ***State & County Funding Differences for Urban Incorporated and Unincorporated Communities*** with former Speaker of the Oregon House of Representatives Dave Hunt, April 10, 2021, available [here](#)
  - ***What Exactly IS a Community Planning Organization (CPO) anyway?*** With Katie Wilson of Clackamas County, May 13, 2021 available [here](#)
  - ***The Roads We Travel: Intersections and Evolution of our Local Pathways*** with Leah Robbins, June 13, 2021, available [here](#)
  - ***Oak Lodge: An Economic Development Perspective*** with John Southgate, August 14, 2021, available [here](#)
  - ***Water Utilities 101*** with Mort Anoushiravani, September 11, 2021, available [here](#)
  - ***Public information session on the Foundational Report***, October 9, 2021, available [here](#)
  - ***The Lands We Live On*** with Dr. David G. Lewis, presented January 8, 2022, available on YouTube for one month at the speaker’s request
  - ***Understanding the Community Composition of Oak Lodge since 1970*** with Max Wedding, February 12, 2022, available [here](#)
  - ***Racial Exclusion in Pre-Statehood Oregon*** with historian Kenneth R. Coleman, March 12, 2022, available [here](#)

- **Analysis of Gladstone Annexation and Incorporation Service Levels** with Alexander Nelson, April 9, 2022, available [here](#)
- **Mailchimp:** Recognizing the need for a coherent communications strategy, OLGP created a Mailchimp account in April 2021. We sent out an invitation and announcement ahead of each information session and included recordings of past information sessions. Since launching, OLGP's Mailchimp has gained 483 subscribers, the vast majority of whom live in Oak Lodge with an average open rate of approximately 65% (the industry average for similar newsletters is 28.77%). We have sign up pages embedded in multiple sections of our website to make signing up as easy as possible.
- **Social media accounts:** OLGP has a presence on [Twitter](#), [Instagram](#) and [Facebook](#) We use these accounts to conduct outreach for information sessions and to engage our community. One of the biggest challenges to growing and regularly maintaining our social media accounts has been that we are an entirely volunteer committee.
- **2022 Trolley Trail Fest:** The Oak Grove Trolley Trail Fest on July 16, 2022 was the first real opportunity OLGP members had to connect in person with our neighbors since our work began (given that we have been operating entirely virtually during the COVID-19 pandemic). We estimate that we had 80 -100 substantive conversations with neighbors, had 39 people sign-up for our newsletter, and attracted 14 individuals interested in volunteering. We recognize from these conversations that there is a great deal of curiosity about our work, a desire to have further conversations, and a need for a more robust community outreach plan. We also distributed 100 handouts about our work.

## Current Challenges, Opportunities and Next Steps

- **Oak Lodge Water Services Authority:** Now that the Oak Lodge Water Services District has reformed as an authority, residents of Oak Lodge can have confidence that decisions by property owners and residents to annex into a nearby city or incorporate into a new city will not reduce the customer base of the water services authority.
- **Park Avenue Project:** The Park Avenue Station Area Development and Design Standards Project was a multi-year \$225,000 project led by Clackamas County and funded by a Metro Region 2040 Community Planning and Development grant with the goal of gathering community input for a station area development plan within a half-mile radius around the terminus of the MAX Orange Line at Park Avenue. The project began in late 2019 just prior to the pandemic but had to shift to virtual meetings and outreach once public gatherings were no longer possible. The Community Advisory Committee continued to work throughout the shut-down time period, engaging the community through various online methods including surveys and forums that were also recorded to reach a larger audience. The expectation of the committee members was that their recommendation would be sent on to the Clackamas County Planning Commission

which would then hold one or more public hearings that would allow the community additional opportunities to provide input.

What happened instead was that a small group of real estate and business people who were adamantly against any change for the area organized to stop the project before it could reach the Planning Commission. They were successful in changing the minds of County Commissioners after the BCC had voted to move the project forward to the Planning Division. Only one of the commissioners is a resident of the Oak Grove area, and none of the commissioners live in the project study area. The Oak Grove Community Council, which is the County's officially recognized Community Planning Organization for the area, endorsed the project and encouraged the County to move the project forward. Most regrettably, after two years and \$225,000, the Community Advisory Committee's work is sitting on a shelf. The amount of work that community members put into the project only to have it shelved by people outside the study area amplifies the need for local government. Moreover, the County's failure to act on a Region 2040 Community Planning and Development Grant for this project has put future planning grants at risk. A lack of service amenities in an area surrounding a light rail station is a disservice to those reliant on public transportation, and continues the inequity in the community.

- **Oak Lodge Library Construction:** The residents of Oak Grove and Jennings Lodge are currently served by a substandard library housed for the past thirty years in a rental building that was never intended to be a library. Even the 2008 library bond measure failed to provide improvement. In 2008, Clackamas County decided to stop delivering library services and assigned nearby cities the responsibility to provide library services to unincorporated residents. Service for Oak Lodge was divided between the cities of Milwaukie and Gladstone, with the latter assigned responsibility for the stand-alone Oak Lodge Library. This assignment was withdrawn when it became clear that Gladstone planned to build a new City Hall and Police Station with library service funds. However, the northern portion of Oak Grove remains in the Milwaukie library district.

While other cities in Clackamas County have succeeded in constructing new or expanded library branches, our unincorporated area is one of the last ones left to be developed. Without independent governance that can issue municipal bonds focused on Oak Lodge, residents rely on the five County Commissioners (who focus on providing rural, not urban, services) to deliver a new library from an increasingly constrained County budget.

In 2019, architects created schematics for a joint library, community center, and park to be located on the decommissioned Concord Elementary School property. These plans were reviewed and prioritized by a resident Task Force. In 2020, the county reported to the Task Force that NCPRD, the owner of the Concord property, had significantly overestimated its revenue, resulting in a complete redesign of the property, severely curtailing the original design.

In October 2022, strong community engagement helped convince the Board of County Commissioners to allocate \$9 million in ARPA funds to forward the library project. A funding gap remains and without strong, constant public advocacy for library funding, delays will continue. The continued lack of library services commensurate with other metro area populations is one of the most glaring manifestations of inequity in the community.

- **Milwaukie potentially leaving NCPRD:** As the city of Happy Valley did a few years ago, the city of Milwaukie is exploring whether it is feasible to leave the North Clackamas Parks and Recreation District (NCPRD). NCPRD is a county service district that serves about 110,000 urban residents of the city of Milwaukie, the Oak Lodge Area, and unincorporated Clackamas County lands in the UGMAs of the cities of Gladstone, Happy Valley, and Milwaukie. As cities outside of the NCPRD service area annex properties, these properties are withdrawn and reduce the service population and revenues for NCPRD without reducing its debts and liabilities. Over time, the likely erosion of the NCPRD service area will leave its remaining residents, including those in unincorporated Oak Lodge, paying a larger share of revenue for a diminishing portfolio of facilities and services. If NCPRD was dissolved, parks services for unincorporated Clackamas County would likely be provided by Clackamas County Parks, which receives all of its revenue from direct user fees. In an area recognized by Metro as “underparked,” many Oak Lodge residents are without transportation options to visit surrounding natural areas.
- **Continuing to build relationships with current and future electeds:** In phase I, OLGP steering committee members strengthened existing relationships with elected officials at all levels of local government to share information about our work. Relationship building will continue and develop as elected officials leave office and new individuals are elected in their place.
- **Need for future research:**
  - There is some ambiguity around statutes that define annexation procedures and administrative rules that define public facilities planning and coordination that may need to be resolved before areas not included in an UGMA can be annexed into a city. If a legislative remedy is required, it may be a good time to revisit the annexation procedures to ensure the process is equitable for groups that have been traditionally excluded from public planning processes.
  - One or more marginal cost analyses are needed to determine actual capital and operational outlays required by a city to annex and provide services to portions of the Oak Lodge study area. Such an analysis could produce a phasing schedule and could serve as the basis for an annexation plan to be adopted by the city.
  - One or more marginal cost analyses are needed to describe likely capital and operational outlays required by a new city to provide services to portions of the Oak Lodge study area. Reports should offer scenarios for leasing versus acquiring and/or developing real estate for city facilities, for providing services

directly versus contracting with another municipality, and details of other economic efficiencies that could be achieved.

- As recommended by the League of Oregon Cities, before petitioning to incorporate a new city, an inventory of community assets should be compiled. The inventory could be based on Clackamas County's existing inventories of lands and would be enhanced by local knowledge. This inventory would be available to any city that eventually administers portions of the study area for its comprehensive land use planning. This inventory will also help highlight the entrenched inequities throughout the community.
- One or more studies would be helpful to identify equitable and economically sustainable municipal practices allowed under Oregon law. This research would prepare long-range models of revenues and expenses for a portion of the Oak Lodge study area based on regional growth scenarios to demonstrate impacts to individual demographic groups under different combinations of municipal revenue and services portfolios and growth concepts. The results would offer guidance to future local policymakers to better understand the disparate benefits and consequences that policy decisions have upon residents.
- **Need for more community engagement:** Ultimately this is a decision that the community must make together and we have only scratched the surface of community engagement. Moving forward will require continued, robust engagement centered on equity and inclusion with a larger pool of community members taking part in the decision making process.
- **Being an entirely volunteer team:** The process of annexation or incorporation will not happen overnight and cannot happen without a groundswell of support from residents of the Oak Lodge community. Doing this work well will require continued investment of time, energy and effort, which is difficult to muster and catalyze with an entirely volunteer team of local residents.