

# **ANNOTATED MINUTES**

Tuesday, August 20, 2002 - 9:30 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **BOARD BRIEFINGS**

*Chair Diane Linn convened the meeting at 9:36 a.m., with Vice-Chair Lonnie Roberts and Commissioners Serena Cruz and Maria Rojo de Steffey present, and Commissioner Lisa Naito participating via speakerphone.*

- B-1 Metro Briefing on Proposed Plan on Urban Growth Boundary Expansion in Oregon. Presented by Mike Burton and Andy Cotugno.

***METRO EXECUTIVE OFFICER MIKE BURTON WITH PRINCIPAL REGIONAL PLANNER LYDIA NEILL, PRESENTATION OF THE PROPOSED URBAN GROWTH BOUNDARY EXPANSION WITHIN MULTNOMAH COUNTY AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION ON ISSUES INCLUDING GREEN BUFFERS BETWEEN CITIES; TIMELINE FOR SEPTEMBER TOURS OF THE PROPOSED EAST AND WEST SIDE BOUNDARY CHANGES; OCTOBER COUNCIL MEETINGS; DECEMBER FINAL DECISION; GOAL 5 FACTORS; OREGON LAND CONSERVATION AND DEVELOPMENT COMMISSION RULING ISSUED IN OCTOBER; PUBLIC HEARINGS; MAP ADJUSTMENTS; EAST COUNTY EXCEPTION LANDS; AND THE NEED FOR STRATEGIC PLANS TO ASSESS ECONOMIC DEVELOPMENT AND TO ADDRESS AFFORDABLE HOUSING. CHAIR LINN AND COMMISSIONER NAITO THANKED METRO AND COUNTY LAND USE PLANNING STAFF.***

- B-2 Multnomah County Citizen Involvement Committee Update. Presented by Jim Davis.

***CITIZEN INVOLVEMENT COMMITTEE CHAIR JIM DAVIS, WITH M'LOU CHRIST, KEN RAY AND KATHLEEN TODD, PRESENTATION AND***

**RESPONSE TO BOARD QUESTIONS. BOARD COMMENTS IN ACKNOWLEDGEMENT AND APPRECIATION FOR THE VOLUNTEER WORK OF THE CITIZEN INVOLVEMENT COMMITTEE, THE CITIZEN BUDGET ADVISORY COMMITTEES AND FOR CITIZEN INVOLVEMENT COMMITTEE STAFF KATHLEEN TODD.**

- B-3 PGE/Enron Current Status and Possibilities - Briefing and Board Discussion. Presented by Chair Diane Linn and Invited Others.

**AT CHAIR LINN'S DIRECTION, DUKE SHEPARD EXPLAINED THE BRIEFING WILL CONSIST OF A 15 MINUTE PRESENTATION FROM REPRESENTATIVES OF PORTLAND GENERAL ELECTRIC AND A 45 MINUTE PRESENTATION FROM REPRESENTATIVES OF WILLAMETTE VALLEY POWER, WITH 30 MINUTES IF NEEDED FOR BOARD QUESTIONS AND DISCUSSION.**

**FRED MILLER, EXECUTIVE VICE-PRESIDENT OF PORTLAND GENERAL ELECTRIC, PRESENTATION, INCLUDING STATUS OF PORTLAND GENERAL ELECTRIC SINCE ENRON PURCHASE FIVE YEARS AGO AND THE HISTORY OF POTENTIAL SALES DURING THAT TIME; POTENTIAL OPCO ALTERNATIVE; ENRON PRESS RELEASE OUT OF HOUSTON ANTICIPATING SALE OR SOME OTHER ACTIVITY BY OCTOBER; AND THE POTENTIAL SALE OF PORTLAND GENERAL ELECTRIC TO OTHER ENTITIES INCLUDING NORTHWEST NATURAL GAS, WILLAMETTE VALLEY POWER, OR THE CITY OF PORTLAND. IN RESPONSE TO QUESTIONS OF COMMISSIONERS NAITO AND CRUZ, MR. MILLER ADVISED THAT PORTLAND GENERAL ELECTRIC EMPLOYEES ARE FINE WITH OTHER OWNERSHIP, THAT THEIR MISSION IS TO KEEP THE ASSET VALUABLE, AND THAT THEY OPPOSE CONDEMNATION AS A MEANS TO ACQUIRE THE ASSET.**

**WILLAMETTE VALLEY POWER CONCEPT  
PROPONENT PRESENTERS JEFFREY  
BISSONNETTE, ORGANIZING DIRECTOR OF THE  
CITIZENS' UTILITY BOARD OF OREGON; KEN  
CANON, EXECUTIVE DIRECTOR OF INDUSTRIAL  
CUSTOMERS OF NORTHWEST UTILITIES; JASON  
EISDORFER, OF THE CITIZENS' UTILITY BOARD  
OF OREGON; ATTORNEY RECE BLY OF MILLER  
NASH, LLP; JEFFREY BROWN, VICE-PRESIDENT,  
GOLDMAN SACHS MUNICIPAL FINANCE  
DEPARTMENT, A SEATTLE INVESTMENT FIRM;  
RONALD NICHOLS, SENIOR MANAGING  
DIRECTOR, ENERGY AND WATER, FOR  
NAVIGANT CONSULTING, INC., A CALIFORNIA  
COMPANY; AND ATTORNEY KEVIN PADRICK OF  
K2 ENTERPRISES, LLC. PRESENTATIONS AND  
RESPONSE TO BOARD QUESTIONS ON ISSUES  
INCLUDING DESCRIPTION OF WILLAMETTE  
VALLEY POWER; WHY THEY SHOULD BE THE  
ONE TO PURCHASE PORTLAND GENERAL  
ELECTRIC AND BECOME THE REGION'S  
LOCALLY CONTROLLED ELECTRIC UTILITY;  
HOW THEY WOULD OPERATE; RATE RELIEF  
FOR CUSTOMERS; PORTLAND GENERAL  
ELECTRIC EMPLOYEES WOULD REMAIN  
EMPLOYED BY PRIVATE SECTOR COMPANIES  
THAT ENTER INTO LONG-TERM MANAGEMENT  
CONTRACTS WITH WILLAMETTE VALLEY  
POWER; ADVANTAGES OF PUBLIC PRIVATE  
PARTNERSHIP; THE ENRON BANKRUPTCY  
COURT PROCEDURE; AUCTION PROCESS; THE  
NEED FOR AT LEAST TWO OF THE SIX  
COUNTIES WITHIN PORTLAND GENERAL  
ELECTRIC SERVICE AREA TO BE IN  
AGREEMENT; REQUEST THAT AN  
INDEPENDENT ANALYSIS BE DONE ON THE  
PROPOSAL THAT PORTLAND GENERAL  
ELECTRIC COULD BECOME PART OF A  
COMPANY CALLED OPCO, CREATED FROM  
ASSETS OF THE FORMER ENRON; WILLAMETTE  
VALLEY POWER HAS NO INTEREST IN  
CONDEMNATION AND WANTS TO GET AS CLOSE  
TO SIX OF THE COUNTIES WITHIN PORTLAND**

GENERAL ELECTRIC SERVICE AREA AS POSSIBLE TO BE IN AGREEMENT; THE WILLAMETTE VALLEY POWER CONCEPT PROJECT CAN WORK WELL WITH OR WITHOUT THE CITY OF PORTLAND; FEASIBILITY OF THE FINANCING REQUIRED FOR ACQUISITION OF PORTLAND GENERAL ELECTRIC ASSETS; COUNTIES CAN GENERALLY PUT TOGETHER ENOUGH FUNDING WITHOUT PROBLEMS; FUNDING PROCESSES WORK WELL WITH PUBLIC POWER ENTITIES; PUBLIC/PRIVATE TRANSACTIONS WITH MANAGEMENT CONTRACTS ARE NORMAL; PRELIMINARY ESTIMATE ANALYSIS EVALUATION ON ACQUISITION OF ALL OF PORTLAND GENERAL ELECTRIC ASSETS, TAXES, FEES, CUSTOMERS, AND EMPLOYEES BASED ON PUBLICALLY AVAILABLE INFORMATION; OPERATION OF THE PROPOSED NON-PROFIT PUBLIC UTILITY WOULD BE HANDLED VIA LONG-TERM MANAGEMENT CONTRACTS WITH PRIVATE SECTOR COMPANIES; CITIES CURRENTLY RECEIVING FRANCHISE FEES WOULD CONTINUE TO RECEIVE SUCH FEES AND FRANCHISE FEES WOULD BE PAID TO COUNTIES FOR THE UNINCORPORATED AREAS NOT CURRENTLY RECEIVING FRANCHISE FEES; SUMMARY OF BANKRUPTCY ISSUE AND AUCTION PROCESS TO SELL PORTLAND GENERAL ELECTRIC; OPCO RETENTION OPTION JUST DELAYS SALE; PROBABLE SIX MONTH TIMELINE, WITH INDICITIVE BIDS DUE OCTOBER 15, 2002; FORMAL DUE DILIGENCE AND FINAL BIDS BY THANKSGIVING; HIGH BID BY CHRISTMAS; BANKRUPTCY COURT FOR COMPLETION BY FEBRUARY; WILLAMETTE VALLEY POWER WOULD HAVE TO HAVE AN INTERGOVERNMENTAL AGREEMENT WITH COUNTIES BY OCTOBER 15, 2002 AND FORMATION OF THE PUBLIC ENTITY UNDER ORS CHAPTER 190 WOULD HAVE TO OCCUR BY THANKSGIVING; WILLAMETTE VALLEY POWER PROPONENTS WILL NOT ASK COUNTIES FOR

**MONEY, SIMPLY GET TOGETHER AND ENTER INTO AN INTERGOVERNMENTAL AGREEMENT; WILLAMETTE VALLEY POWER WANTS MULTNOMAH COUNTY TO TAKE A LEADERSHIP ROLE, GET A \$100,000 FEASIBILITY STUDY DONE, NOT AT THE COUNTY'S EXPENSE; AND TO GET A CHARTER UNDERWAY.**

**COMMISSIONER NAITO STATED THAT THIS IS AN INCREDIBLE OPPORTUNITY; THAT SHE WILL LOOK INTO CREATION OF A NEW ENTITY BALANCED ON THE POINT OF VIEW OF THE EMPLOYEES, COMMUNITY, AND THE ECONOMIC INCENTIVES. COMMISSIONER ROBERTS STATED THAT DUE TO DIFFERENT PHILOSOPHIES, HE WOULD WANT MULTNOMAH COUNTY TO TAKE THE LEAD RATHER THAN THE CITY OF PORTLAND. COMMISSIONER CRUZ STATED THAT SHE WOULD PURSUE ASKING QUESTIONS AND LOOKING INTO THE OPPORTUNITIES AND CHALLENGES OF THESE COMPLEX ISSUES. CHAIR LINN THANKED ALL THE PRESENTERS FOR THEIR PARTICIPATION; AND STATED THAT HER SUPPORT FOR AN ACCEPTABLE NEW PORTLAND GENERAL ELECTRIC OWNER, PUBLIC OR PRIVATE, WOULD NEED TO INCLUDE ASSURANCES OF A GREATER LONG-TERM RATE CERTAINTY; AN INVESTMENT IN THE HEALTH AND FUTURE OF THIS COMMUNITY; AND A DEMONSTRATABLE COMMITMENT TO THE EMPLOYEES WHO MAKE PORTLAND GENERAL ELECTRIC WHAT IT IS AND WHO HAVE SUFFERED THE BRUNT OF ENRON'S DOWNFALL. CHAIR LINN ADVISED THE PARTICIPANTS TO SEND ALL INFORMATION THROUGH DUKE SHEPARD OF HER STAFF.**

*There being no further business, the meeting was adjourned at 12:03 p.m.*

Thursday, August 22, 2002 - 9:30 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **REGULAR MEETING**

*Chair Diane Linn convened the meeting at 9:30 a.m., with Vice-Chair Lonnie Roberts and Commissioners Serena Cruz and Maria Rojo de Steffey present, and Commissioner Lisa Naito participating via speakerphone.*

### **CONSENT CALENDAR**

**AT THE REQUEST OF CHAIR LINN AND UPON  
MOTION OF COMMISSIONER CRUZ, SECONDED  
BY COMMISSIONER NAITO, CONSENT  
CALENDAR ITEMS C-1 AND C-2 WERE  
UNANIMOUSLY APPROVED.**

### **DEPARTMENT OF COUNTY HUMAN SERVICES**

- C-1 Intergovernmental Revenue Agreement 1310337 with the State of Oregon, Department of Human Services, Providing Funding to Support Creation of the Children's Receiving Center During Fiscal Year 2002-2003
- C-2 Intergovernmental Revenue Agreement 1310334 with the State of Oregon, Department of Human Services, Providing Funding to Support Creation and Operation of the Children's Receiving Center for Physical and Mental Health Assessments and Short Term Emergency Shelter to Children Referred by the Department

### **REGULAR AGENDA**

### **DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES**

- C-3 Renewal of Intergovernmental Agreement 4600003006 with Tri-Met for the PassPort Employee Bus Pass Program

**COMMISSIONER NAITO MOVED AND  
COMMISSIONER CRUZ SECONDED, APPROVAL  
OF C-3. COMMISSIONER NAITO ADVISED THAT  
MANY OF HER QUESTIONS WERE ANSWERED,  
BUT SHE WANTED A DISCUSSION ON THE**

***RECORD. BOARD CONSENSUS TO TABLE C-3  
UNTIL STAFF PRESENT IN THE BOARDROOM.***

**PUBLIC COMMENT**

Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes per Person.

***LADDIE READ COMMENTS IN SUPPORT OF THIS  
MORNING'S RIBBON CUTTING CEREMONY FOR  
THE AUTOMATIC DOORS INTO THE  
BOARDROOM.***

**DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES**

R-1 RESOLUTION Adopting Multnomah County Investment Policy for Fiscal Year 2002-2003

***COMMISSIONER CRUZ MOVED AND  
COMMISSIONER ROBERTS SECONDED,  
APPROVAL OF R-1. HARRY MORTON  
EXPLANATION. RESOLUTION 02-116  
UNANIMOUSLY ADOPTED.***

C-3 Renewal of Intergovernmental Agreement 4600003006 with Tri-Met for the PassPort Employee Bus Pass Program

***COMMISSIONER NAITO MOVED AND  
COMMISSIONER CRUZ SECONDED, APPROVAL  
OF C-3. COMMISSIONER NAITO ADVISED THAT  
MANY OF HER QUESTIONS WERE ANSWERED,  
BUT SHE WANTED A DISCUSSION ON THE  
RECORD. BOARD CONSENSUS TO TABLE C-3  
UNTIL STAFF PRESENT IN THE BOARDROOM.  
BOARD UNANIMOUSLY APPROVED TO REMOVE  
FROM TABLE AND RESUME CONSIDERATION  
OF C-3. GAIL PARNELL, AMY JOSLIN AND  
CATHY O'BRIEN EXPLANATION AND RESPONSE  
TO BOARD QUESTIONS AND DISCUSSION ON  
ISSUES INCLUDING TRI-MET CONTRACT;  
RESULTS OF SURVEY COMPLETED BY 4,000  
COUNTY EMPLOYEES; NUMBER OF EMPLOYEES  
(3,968) WHO PARTICIPATE IN BUS PASS***

**PROGRAM; AND THE COUNTY'S GREEN TEAM EFFORTS TO PROMOTE USE OF THE BUS IN LIEU OF DRIVING ALONE. COMMISSIONER NAITO AND CHAIR LINN COMMENTS IN APPRECIATION OF STAFF. COMMISSIONER ROBERTS COMMENTS IN SUPPORT OF COUNTY EMPLOYEES PARTICIPATING IN THE BUS PASS PROGRAM ACTUALLY USING THEIR PASSES. AGREEMENT UNANIMOUSLY ADOPTED.**

- R-2 Lease of Retail Space at North Portland Clinic Building, 9000 North Lombard Street, to Subway Real Estate Corporation for Operation as a Subway Restaurant

**COMMISSIONER CRUZ MOVED AND COMMISSIONER ROBERTS SECONDED, APPROVAL OF R-2. BOB OBERST EXPLANATION. JUAN MAYORAL TESTIMONY IN SUPPORT AND SUBMISSION OF THE ST. JOHNS BUSINESS DISTRICT MARKETING STUDY AND PLAN PREPARED BY THE METROPOLITAN GROUP MAY 2002, AND INVITATION TO THE FESTIVAL LATINO Y COPA IN CATHEDRAL PARK ON SATURDAY AUGUST 24, 2002. MR. MAYORAL AND BOB OBERST RESPONSE TO QUESTIONS AND COMMENTS IN SUPPORT FROM COMMISSIONER ROBERTS, CHAIR LINN AND COMMISSIONER CRUZ. CHAIR LINN DISCLOSED THAT HER TEENAGE SON WORKS FOR SUBWAY. LEASE APPROVED, WITH COMMISSIONERS NAITO, CRUZ, ROBERTS AND ROJO VOTING AYE, AND CHAIR LINN ABSTAINING.**

#### **DEPARTMENT OF HEALTH**

- R-3 First Reading of an ORDINANCE Amending Multnomah County Code Chapters 21.150, 21.152, 21.605 and 21.612 Relating to Swimming Pool and Food Service Licenses and Fees

**ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER CRUZ MOVED AND COMMISSIONER ROBERTS SECONDED,**

**APPROVAL OF FIRST READING. ENVIRONMENTAL HEALTH INSPECTIONS MANAGER LILA WICKHAM INTRODUCED RUTH LINDSAY-JONES OF THE FOOD SERVICES ADVISORY COMMITTEE. LILA WICKHAM AND ATTORNEY TOM SPONSLER EXPLANATION AND RESPONSE TO BOARD QUESTIONS REGARDING FEES, ADVISING THE PROPOSED RESOLUTION IS ON THE BOARD AGENDA FOR THURSDAY, AUGUST 29, 2002. NO ONE WISHED TO TESTIFY. FIRST READING UNANIMOUSLY APPROVED. SECOND READING THURSDAY, AUGUST 29, 2002.**

- R-4 NOTICE OF INTENT to Apply for Grant Funding through the U.S. Public Health Service to Establish a local Medical Reserve Corps

**COMMISSIONER CRUZ MOVED AND COMMISSIONER NAITO SECONDED, APPROVAL OF R-4. HEALTH OFFICER DR. GARY OXMAN AND SCOTT SALMON OF COUNTY EMERGENCY MANAGEMENT EXPLANATION AND RESPONSE TO BOARD QUESTIONS, SUGGESTIONS AND COMMENTS IN APPRECIATION. DR. OXMAN ADVISED HE WILL NOTIFY THE OREGON NURSE'S ASSOCIATION, MEDICAL CARE PROVIDERS AND UNIONS, MENTAL HEALTH CARE PROVIDERS AND OTHER ENTITIES, AND THAT HE PLANS TO INCLUDE THEM IN CASE OF EMERGENCIES. NOTICE OF INTENT UNANIMOUSLY APPROVED.**

#### **DEPARTMENT OF COMMUNITY JUSTICE**

- R-5 Second Reading and Possible Adoption of a Proposed ORDINANCE Amending Multnomah County Code Chapter 15.601 Definition of Law Enforcement Officer to Include Parole and Probation Officers for Purposes of Conducting Personal Property Inventories Related to the Supervision of an Offender on Parole or Probation

**ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER CRUZ MOVED AND COMMISSIONER ROBERTS SECONDED, APPROVAL OF SECOND READING AND**

**ADOPTION. COUNTY ATTORNEY TOM SPONSLER  
EXPLANATION AND RESPONSE TO A QUESTION  
OF COMMISSIONER ROJO, ADVISING THAT  
PAROLE AND PROBATION OFFICERS ARE  
REQUIRED TO HAVE TRAINING. NO ONE  
WISHED TO TESTIFY. ORDINANCE 988  
UNANIMOUSLY ADOPTED.**

**NON-DEPARTMENTAL**

R-6 RESOLUTION Correcting Resolution 02-109 Submitting to the Voters a  
Five-Year Rate Based Local Option Levy to Continue Library Services

**COMMISSIONER CRUZ MOVED AND  
COMMISSIONER ROBERTS SECONDED,  
APPROVAL OF R-6. COUNTY ATTORNEY TOM  
SPONSLER EXPLANATION. RESOLUTION 02-117  
UNANIMOUSLY ADOPTED. CHAIR LINN  
ACKNOWLEDGED AND GREETED LIBRARY  
DIRECTOR GINNIE COOPER. MS. COOPER  
PROVIDED COPIES OF A ONE PAGE FACT  
SHEET FOR THE BOARD AND OTHERS TO GIVE  
OUT TO FOLKS.**

*There being no further business, the meeting was adjourned at 10:19 a.m.*

BOARD CLERK FOR MULTNOMAH COUNTY, OREGON

*Deborah L. Bogstad*



**Multnomah County Oregon**

## **Board of Commissioners & Agenda**

*connecting citizens with information and services*

### **BOARD OF COMMISSIONERS**

**Diane Linn, Chair**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

Phone: (503) 988-3308 FAX (503) 988-3093

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**Maria Rojo de Steffey,**  
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**Lonnie Roberts, Commission Dist. 4**

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**Streaming Media!**

<http://www.co.multnomah.or.us/cc/board.html>

**Americans with Disabilities Act Notice:** If you need this agenda in an alternate format, or wish to participate in a Board Meeting, please call the Board Clerk (503) 988-3277, or Multnomah County TDD Phone (503) 988-5040, for information on available services and accessibility.

**AUGUST 20 & 22, 2002**

### **BOARD MEETINGS**

#### **FASTLOOK AGENDA ITEMS OF INTEREST**

Pg 2	9:30 a.m. Tuesday Metro UGB Briefing
Pg 2	10:15 a.m. Tuesday Citizen Involvement Committee Briefing
Pg 2	10:30 a.m. Tuesday PGE/Enron Current Status and Possibilities Briefing Discussion
Pg 3	9:30 a.m. Thursday Public Comment
Pg 3	9:40 a.m. Thursday Retail Space Lease at North Portland Clinic
Pg 3	9:45 a.m. Thursday 1st Reading of Ordinance Amendments to MCC Chapter 21
Pg 3	10:05 a.m. Thursday Resolution Correcting Resolution 02-109 Regarding Library Levy

Thursday meetings of the Multnomah County Board of Commissioners are cable-cast live and taped and may be seen by Cable subscribers in Multnomah County at the following times:

Thursday, 9:30 AM, (LIVE) Channel 30

Friday, 11:00 PM, Channel 30

Saturday, 10:00 AM, Channel 30

Sunday, 11:00 AM, Channel 30

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Television

(503) 491-7636, ext. 333 for further info

or: <http://www.mctv.org>

Tuesday, August 20, 2002 - 9:30 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **BOARD BRIEFINGS**

- B-1 Metro Briefing on Proposed Plan on Urban Growth Boundary Expansion in Oregon. Presented by Mike Burton and Andy Cotugno. 45 MINUTES REQUESTED.
  - B-2 Multnomah County Citizen Involvement Committee Update. Presented by Jim Davis. 15 MINUTES REQUESTED.
  - B-3 PGE/Enron Current Status and Possibilities - Briefing and Board Discussion. Presented by Chair Diane Linn and Invited Others. 90 MINUTES REQUESTED.
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Thursday, August 22, 2002 - 9:30 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **REGULAR MEETING**

### **CONSENT CALENDAR - 9:30 AM** **DEPARTMENT OF COUNTY HUMAN SERVICES**

- C-1 Intergovernmental Revenue Agreement 1310337 with the State of Oregon, Department of Human Services, Providing Funding to Support Creation of the Children's Receiving Center During Fiscal Year 2002-2003
- C-2 Intergovernmental Revenue Agreement 1310334 with the State of Oregon, Department of Human Services, Providing Funding to Support Creation and Operation of the Children's Receiving Center for Physical and Mental Health Assessments and Short Term Emergency Shelter to Children Referred by the Department

### **DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES**

- C-3 Renewal of Intergovernmental Agreement 4600003006 with Tri-Met for the PassPort Employee Bus Pass Program

**REGULAR AGENDA - 9:30 AM**

**PUBLIC COMMENT - 9:30 AM**

Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes per Person.

**DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES - 9:30 AM**

R-1 RESOLUTION Adopting Multnomah County Investment Policy for Fiscal Year 2002-2003

R-2 Lease of Retail Space at North Portland Clinic Building, 9000 North Lombard Street, to Subway Real Estate Corporation for Operation as a Subway Restaurant

**DEPARTMENT OF HEALTH - 9:45 AM**

R-3 First Reading of an ORDINANCE Amending Multnomah County Code Chapters 21.150, 21.152, 21.605 and 21.612 Relating to Swimming Pool and Food Service Licenses and Fees

R-4 NOTICE OF INTENT to Apply for Grant Funding through the U.S. Public Health Service to Establish a local Medical Reserve Corps

**DEPARTMENT OF COMMUNITY JUSTICE - 10:00 AM**

R-5 Second Reading and Possible Adoption of a Proposed ORDINANCE Amending Multnomah County Code Chapter 15.601 Definition of Law Enforcement Officer to Include Parole and Probation Officers for Purposes of Conducting Personal Property Inventories Related to the Supervision of an Offender on Parole or Probation

**NON-DEPARTMENTAL - 10:05 AM**

R-6 RESOLUTION Correcting Resolution 02-109 Submitting to the Voters a Five-Year Rate Based Local Option Levy to Continue Library Services



## MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
501 SE HAWTHORNE BLVD, Room 600  
PORTLAND, OREGON 97204  
(503) 988-5217

LISA NAITO • DISTRICT 3 COMMISSIONER

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# MEMORANDUM

TO: Chair Diane Linn  
Commissioner Maria Rojo de Steffey  
Commissioner Serena Cruz  
Commissioner Lonnie Roberts  
Board Clerk Deb Bogstad

FROM: Carol Wessinger  
Staff to Commissioner Lisa Naito

DATE: July 30, 2002

RE: Board Attendance by Conference Call

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Commissioner Naito will be unable to attend Board Meetings August 15, 22 & 29, 2002. She will be participating in the meetings and voting by phone.

Commissioner Naito will be recovering from back surgery at home for one month per doctor's orders.

METRO

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736  
TEL 503 797 1830 | FAX 503 797 1911  
e-mail neilll@metro.dst.or.us



LYDIA M. NEILL  
*Principal Regional Planner*  
PLANNING

PEOPLE PLACES • OPEN SPACES

MEETING DATE: August 20, 2002  
AGENDA NO: B-1  
ESTIMATED START TIME: 9:30 AM  
LOCATION: Boardroom 100

(Above Space for Board Clerk's Use ONLY)

**AGENDA PLACEMENT FORM**

SUBJECT: Proposed Plan on Urban Growth Boundary Expansion in Oregon

BOARD BRIEFING: DATE REQUESTED: Tuesday, August 20, 2002  
REQUESTED BY: Commissioner Lisa Naito  
AMOUNT OF TIME NEEDED: 45 mins

REGULAR MEETING: DATE REQUESTED: \_\_\_\_\_  
AMOUNT OF TIME NEEDED: \_\_\_\_\_

DEPARTMENT: Non-Departmental DIVISION: Commissioner Lisa Naito  
CONTACT: Carol Wessinger TELEPHONE #: (503) 988-5217  
BLDG/ROOM #: 503/600

PERSON(S) MAKING PRESENTATION: Mike Burton and Andy Cotugno

ACTION REQUESTED:

☒ INFORMATIONAL ONLY ☐ POLICY DIRECTION ☐ APPROVAL ☐ OTHER

SUGGESTED AGENDA TITLE:

*Metro Briefing on Proposed Plan on Urban Growth Boundary Expansion in Oregon*

SIGNATURES REQUIRED:

ELECTED OFFICIAL: Lisa Naito  
(OR)

DEPARTMENT MANAGER: \_\_\_\_\_

**ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES**

Any Questions: Call the Board Clerk @ (503) 988-3277 or email  
[deborah.l.bogstad@co.multnomah.or.us](mailto:deborah.l.bogstad@co.multnomah.or.us)

# Metro Facts



**METRO**

PEOPLE PLACES  
OPEN SPACES

**Planning  
Department**

600 NE Grand Ave.  
Portland, OR  
97232-2736

Tel (503) 797-1839  
Fax (503) 797-1911

*Recycled paper*

Metro Council and staff have been working for almost two years to estimate how much new land is needed for new housing and jobs and to assess the current land supply.

Local governments and many residents have sent Metro information about particular properties and study areas. This information is being compiled and will be considered along with Metro's research.

## **Executive Officer's recommendation**

On Aug. 1, 2002, Metro Executive Officer Mike Burton released his recommendation to the Metro Council about how much and where to move the urban growth boundary and propose new growth management policies.

## **Notice to property owners-hearings**

In September 2002, property owners whose land is being considered for inclusion into the urban growth boundary and property owners near these properties will be notified of the Metro Council public hearings scheduled for October 2002.

The Metro Council will make a final decision in December 2002.

## **What happens next?**

Metro will hold seven public hearings to gather citizen comments about the study areas and to inform residents about the planning process and potential new growth management policies.

## **Public hearing schedule**

Map viewing 5 p.m.  
Public hearing 6 p.m.

### **Oct. 1**

Forest Grove Community Auditorium  
1915 Main St., Forest Grove

### **Oct. 3**

Beaverton Library Room A-B  
12375 SW Fifth, Beaverton

### **Oct. 10**

Damascus Community Church  
14251 SE Rust Way, Boring

# **2002 urban growth boundary**

## **The decision-making process**

### **Oct. 15**

Tualatin High School  
22300 SW Boones Ferry Rd., Tualatin

### **Oct. 22**

Clackamas Community College Gregory Forum  
19600 Molalla, Oregon City

### **Oct. 24**

Gresham Council Chamber  
1333 NW Eastman Parkway, Gresham

### **Oct. 29**

Portland Council Chamber  
1221 SW Fourth, Portland

## **How to stay informed and get involved**

Comments should be directed to the Metro Council Office at (503) 797-1540 or [ugb@metro.dst.or.us](mailto:ugb@metro.dst.or.us). Contact Metro staff for questions at (503) 797-1839 or [2040@metro-region.org](mailto:2040@metro-region.org).

A list of Metro Council contacts follows:

Metro Council – Presiding Officer Carl Hosticka,  
District 3; (503) 797-1549 or  
[hostickac@metro.dst.or.us](mailto:hostickac@metro.dst.or.us)

Deputy Presiding Officer Susan McLain, District 4;  
(503) 797-1553 or [mclains@metro.dst.or.us](mailto:mclains@metro.dst.or.us)

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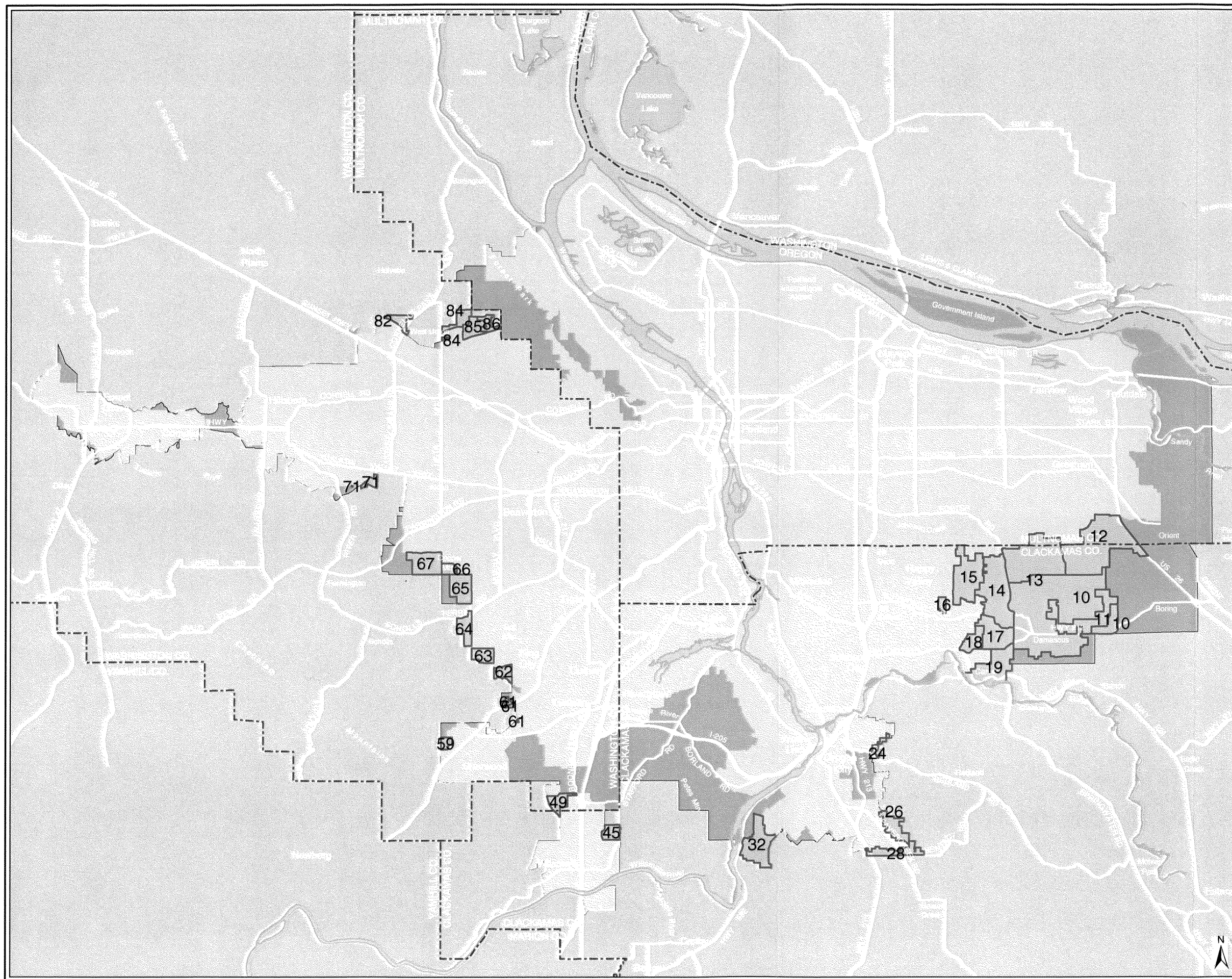
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**Metro****People places • open spaces**

Metro serves 1.3 million people who live in Clackamas, Multnomah and Washington counties and the 24 cities in the Portland metropolitan area. The regional government provides transportation and land-use planning services and oversees regional garbage disposal and recycling and waste reduction programs.

Metro manages regional parks and greenspaces and owns the Oregon Zoo. It also oversees operation of the Oregon Convention Center, the Portland Center for the Performing Arts and the Portland Metropolitan Exposition (Expo) Center, all managed by the Metropolitan Exposition Recreation Commission.



# Executive Officer's Recommended Areas for UGB Expansion

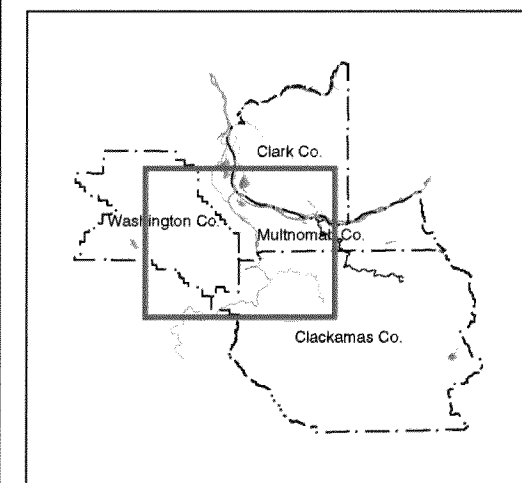
-  Current UGB
-  Recommended Expansion Areas
-  Metro Jurisdictional Boundary

## SOURCES:

TAX LOT MAP  
County Assessment and Taxation offices, 2001. Data collection scale is 1"=100' in urban areas and 1"=200' or 1"=400' in rural areas. Horizontal accuracy is plus or minus five feet or better in Beaverton, Milwaukie, Oregon City, Tigard and Multnomah County. Other areas are plus or minus ten feet.

The information on this map was derived from digital databases on Metro's GIS. Care was taken in the creation of this map. Metro cannot accept any responsibility for errors, omissions, or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of any errors will be appreciated.

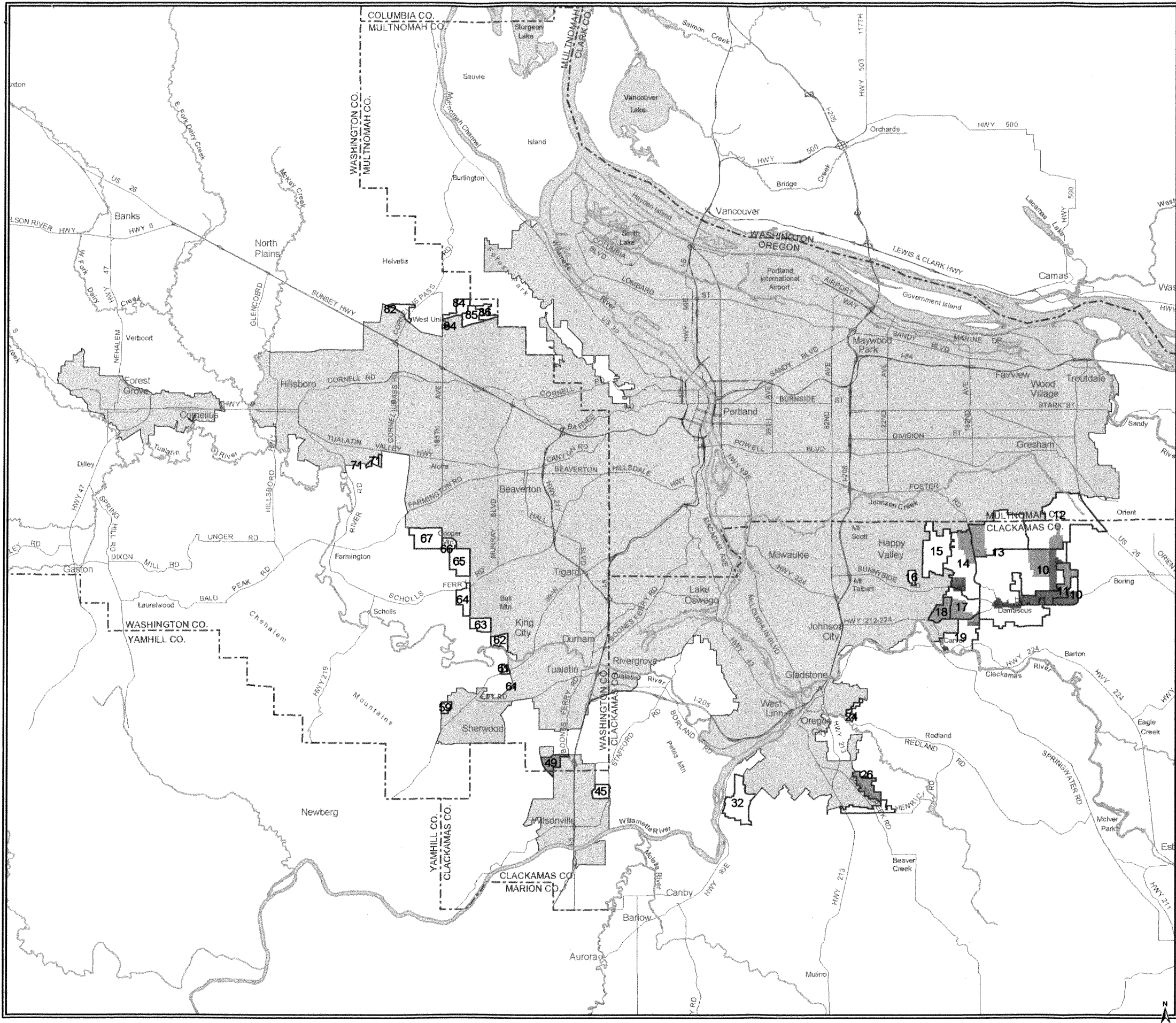
0 1 2 Miles



Location Map



METRO DATA RESOURCE CENTER  
600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232-2736  
TEL (503) 797-1742 FAX (503) 797-1909  
drc@metro.dst.or.us | www.metro-region.org



REGIONAL LAND INFORMATION SYSTEM

### Commercial and Industrial Design Types for Areas Recommended for Expansion

• Does not include mixed use areas

Recommended for UGB Expansion  
Current UGB

Proposed Non-Residential Zoning

Industrial  
Office  
Retail

0 1 2 3 Miles

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Clark Co.  
Washington Co.  
Clackamas Co.

Location Map

METRO

METRO DATA SOURCE CENTER  
600 NORTH EAST OREGON AVENUE, PORTLAND, OREGON 97232-2736  
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**METRO**

August 1, 2002

Honorable Metro Council  
600 NE Grand Avenue  
Portland, OR 97232

Dear Councilors:

There is no finish line. In fact, I propose that we start thinking of our "finish line" as being 150 years out and not only 20 years from now. As you read in my recently published comments, I think we need to consider a fundamental change in how we approach long-term, land use planning. Our current approach of standing at our Urban Growth Boundary and looking out for the next parcel that should be developed is flawed and shortsighted.

Currently, we are forced by state law to ignore the reality of our economy and our environment – they do not, nor will they ever, conform to our jurisdictional boundaries.

That is why I believe we must change the way we approach planning for the future of this region. Are we merely going to crunch numbers in order to find the next five acres to satisfy state law? Metro, which enjoys a citizen-approved, home-rule charter, is charged under that charter to undertake, as its most important service, planning and policy making to preserve and enhance the quality of life and the environment for ourselves and future generations. This is a very broad mandate and a daunting responsibility. But ask yourselves can we meet this significant responsibility by adding those bits and pieces every five years?

The region's citizens created Metro as a visionary agency. It is what makes us different from any other government. We are not about zoning or codes, we are about broader goals and aspirations. We need to look in from our urban boundaries so we can do an even better job of making our centers work as places people want to live and work. We need to take a hard look at our existing commercial and industrial lands and determine if we are utilizing them correctly. We need to ask the question is it appropriate to look for additional industrial land when we are converting existing industrial properties to commercial uses?

Further, we need to expand the discussion to include the importance of our impact on lands beyond our jurisdictional boundaries. The region has grown and so has the rest of the Willamette Valley. It has grown not only in terms of population, but also in terms of our impacts upon one another. Over 60,000 people each day cross over the Columbia River from Clark County to work in Oregon. At the same time tens of thousands of people commute from Marion, Polk, Columbia and Yamhill counties into the metropolitan area, while a similar number go the other way each day. The influence and effect each of us has on other residents of the greater region cannot be ignored.

That is why I believe we should broaden the discussion and include other jurisdictions so we can begin formulating ideas to protect natural areas and enhance the economies within the greater region of the northern Willamette Valley.

I hope you will recognize that in this recommendation I am trying to accomplish two primary things. First, I am complying with the precept of the law. Secondly, I am recommending that Metro reach out beyond these precepts and begin a new planning process that speaks to our mission. I can tell you that I address the first task reluctantly, and only because it is required. I would much prefer that we were embarking on the wider task: viewing the larger area of impact and planning for the whole under the concepts of 2040 rather than the piecemeal process we must do under law.

### **The Urban Growth Boundary Recommendation**

We know that nearly 500,000 new persons will reside within Metro's boundaries by the year 2022. To house and provide employment for that level of population over that period, we will need to have about 38,000 new dwelling units and almost 5,700 acres for jobs.

On the dwelling unit side, I can recommend sufficient land to meet the need. It is, however, a large expansion of approximately 15,000 acres. The acreage is large because, as you are well aware, the law requires that we look to exception land first. Most of this type of land is available in the Damascus area of Clackamas County.

Let me say something about the Damascus area. This is an area of incredible diversity. There are valuable resource lands that support a healthy horticultural industry. Natural resource areas aid in providing clean water and habitat support for wildlife. At the same time, there is a surprisingly large amount of development in the area. In the village of Damascus there is a new Safeway and a recently built Bi-Mart. However, these stores are on septic systems, as are the majority of the homes in the area, which illustrates the challenge before us of providing the infrastructure necessary to build a larger community there.

Clackamas County has indicated that it wishes to build a complete community in the area and has asked that sufficient land be provided to meet that goal including enough land to assure that the new community has jobs. This concept,

one which envisions long-range community building, is in keeping with my vision of Metro's mission. Some will point out that Damascus is way out there and that building a community will be a long-term and expensive task. They are right. But this proposal is for a twenty-year planning horizon, not just tomorrow's capital gain. About 10,000 people now live in the Damascus area. They will be participants in the design of their future community. That community must not be one of just dispersed elements, but rather should have compact population centers and allow for the protection of existing businesses that depend on the land.

You will note that I am not recommending that any of the portions of the Stafford Basin be included in the boundary expansion. I do this primarily because the surrounding jurisdictions have indicated they either do not want to provide necessary services at this time or simply do not want the area to be urbanized at all. In a recent letter to Metro, Lake Oswego officials indicated that they wish to concentrate their efforts on the continued development of their town center and I would agree that this should be their priority.

The city of West Linn's opposition to including Area 37 inside the boundary is more puzzling. Area 37 is currently zoned by Clackamas County for one home on every five acres. This area is immediately across the street from the West Linn town center, the City Hall of West Linn and a commercial center. Quite frankly, I think it makes little sense to ignore the opportunity to plan this area correctly. In addition, Area 42 is potential industrial land and given the region's shortfall, this should be considered for inclusion inside the urban growth boundary.

Nonetheless, it also makes little sense to include an area that seems to create ambivalence among the adjacent governments. Until there is agreement and an overall plan for the area, I am recommending that the area be placed in reserve status. Hopefully the concepts learned from our successful planning process in Pleasant Valley, as well as our upcoming efforts in Damascus, can one day be applied in the Stafford area.

### **The Unmet Need for Employment Land**

In regards to new land for jobs, I am handing you an account that is out of balance. We calculate that there will be a deficit of nearly 5,700 acres of industrial land. That is after 8,500 acres of land for jobs inside the current UGB are used either because they are vacant or are converted for industrial or commercial uses. After that we need the additional 5,700 acres, of which I recommend adding 2,234. So, in the final tally, we can meet about 77% of the expected 20-year need for land for new jobs under my recommendation.

I have done this for the following reasons: First, I am not willing to sacrifice prime farmland for future industrial development without a thorough public debate on the issue. You recently received a letter from the Tualatin Basin Goal 5/Natural Resources Committee that argues farmland should be converted to industrial use because Washington County has an immediate market need. The committee

also argues that our future economic strength depends upon making such a trade-off immediately. The idea of creating a pool of vacant industrial lands, what some are calling "bridge" lands to meet market elasticity, is one that is worth considering. However, before we tumble headlong into such decisions, I believe we must ask ourselves what is our long-term economic strategy? The region's agricultural economy is significant and cannot be replaced once it is converted to other uses. We need to carefully consider the implication of trading one industry for another.

Still, the time is ripe for the debate. And that debate must hinge on what our economic strategy and vision is for at least the next 50 years. Are there areas where we can strengthen existing industries (and I consider agriculture an industry)? Before we convert farms to factories I want to be assured that we are using land within the existing boundary to its best and highest use. Are there existing commercial properties that could be converted to industrial use and vice-versa? Where is it appropriate to convert industrial property to commercial and where is it not?

In addition, we should remember that there are nearly 4,000 acres of vacant industrial land in Clark, Columbia and Clackamas counties. These lands are in our market and labor force areas. Is it in our best interests to see these places remain bedroom communities for the metropolitan area or should we work to create employment there as well?

If we take a big picture approach, we have the opportunity to begin seeking answers to the dilemma of costs and who pays for them. Our current state tax structure denies us the opportunity to make any significant public investments. We need to consider revenue sharing models such as the one in use in the Minneapolis area where revenue from industrial development is invested in areas where future development is headed.

### **Preserving Our Greenfrastructure**

All of us either moved here or were born here. No matter how we came to be here, an important question to ask is why do we stay? While there may be many answers to that question, I would submit that just about everyone would include their love for the natural qualities of this place. As we begin this new process, we have the opportunity and the obligation to protect and nurture our natural areas.

In particular, the opportunity exists to extend our successful Open Spaces program. As you look to implement a plan for urban living, that plan should include Open Spaces II which would give us the opportunity to purchase priority lands and place them in trust for future generations.

The task before you is great, difficult and very worthwhile. To do it right will require that we think bigger and plan even beyond our current boundaries. We must reach out to the communities around us to ensure that we at least know where we are all going. Metro should coordinate the discussion of a regional

economic strategy rather than continuing down the path of trying to find land for new jobs in a haphazard fashion. Finally, we need to continue to be ambitious in our efforts to preserve the natural environment for today's wildlife and humans as well as for tomorrow's generation.

I will be listening closely to the public comments over the next few months and reserve the option to make further recommendations as the discussion unfolds. I wish you well as you begin your discussion of this recommendation.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike", with a stylized, flowing script.

Mike Burton  
Executive Officer

# Metro Report

## **Growth Management of the Metropolitan Region**

Executive Officer  
Recommendation

August 2002



**METRO**

PEOPLE PLACES  
OPEN SPACES

# **Metro**

## **People places • open spaces**

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Metro manages regional parks and greenspaces and owns the Oregon Zoo. It also oversees operation of the Oregon Convention Center, the Portland Center for the Performing Arts and the Portland Metropolitan Exposition (Expo) Center, all managed by the Metropolitan Exposition Recreation Commission.

For more information about Metro or to schedule a speaker for a community group, call (503) 797-1510 (public affairs) or (503) 797-1540 (council).

### **Your Metro representatives**

Executive Officer – Mike Burton; Auditor – Alexis Dow, CPA; Metro Council – Presiding Officer Carl Hosticka, District 3; Deputy Presiding Officer Susan McLain, District 4; Rod Park, District 1; Bill Atherton, District 2; Rex Burkholder, District 5; Rod Monroe, District 6; David Bragdon, District 7.

**Web site: [www.metro-region.org](http://www.metro-region.org)**

## Executive Officer Recommendation

### SUMMARY

The 2040 Growth Concept was envisioned to continue to evolve as the region matures and changes. Beyond implementing the Growth Concept, a vision needs to be developed for the region that looks out far beyond the 2040 planning horizon and the five-year review process. This broad vision should center on providing answers to questions regarding urban form, protection of farm land and natural resource areas while maintaining the characteristics that make this region unique. Answers to these questions require making difficult decisions that will be before the Metro Council this year and in succeeding years.

To continue to allow our region to evolve, I am recommending a combination of actions to address growth, protect neighborhoods and meet regional economic objectives. Some of these actions require further discussion and debate and therefore are recommended to be completed in an amendment to our Periodic Review Work Program. However, in keeping with the December 2002 deadline, I am recommending that the supply of land inside of the urban growth boundary (UGB) be increased by making strategic boundary expansions as well as making policy changes to increase the efficiency of providing employment and housing in regional and town centers. Boundary expansions are recommended to include approximately 17,000 acres in Damascus, Oregon City and limited areas around Wilsonville, along the western boundary of Tigard and Beaverton and in the Bethany area to accommodate approximately 38,000 dwelling units and 2,200 acres for employment.

Proposed policy changes to Metro's Functional Plan, which establishes specific requirements and tools to help local governments meet 2040 goals, are in response to the lifecycle changes of our region. These changes will enhance the effectiveness of the 2040 Growth Concept Plan. In addition, a policy change to the Metro Code is being proposed to immediately implement Ballot Measure 26-29 to ensure neighborhood stability.

The balance sheet for employment has purposely been left unbalanced. My recommendation accommodates approximately 39 percent (2,234 acres) of the unmet (5,684 acres) long-term need for employment land by expanding the boundary onto exception land and some surrounded resource lands. To meet the full need, the region seems to have no choice but to expand the boundary on to farmland. This is a dilemma because agriculture itself is a critical industry in the region. Should the region make this tradeoff?

Local governments in the region are not of the same mind about which direction to go to find large tracts of industrial land. Hillsboro wants to take Tualatin Valley farmland for high-tech sites. Gresham wants to take land east of Highway 26 that may adversely affect farming in east Multnomah County. Should the next wave of high-tech development happen near the Hillsboro high-tech cluster? Should it happen along the Washington County high-tech "crescent" that runs from Hillsboro southeast to Wilsonville? Should it happen in Gresham, which already has a foothold in the industry?

The region has no long-term economic development strategy that provides a basis for Metro to make these critical choices. Therefore, I recommend that the Council ask the Land Conservation and Development Commission to modify Metro's periodic review work program to add a new task that would accommodate the remainder of the unmet employment need after

the region sets forth a long-term economic development policy. Metro should answer these questions raised here and others, and, if necessary, then decide whether to convert farmland over to industrial use.

The work outlined in this recommendation will complete Task 2 of the Periodic Review work program – determining the 20-year land supply need. In addition to completing Task 2 by the December 20, 2002 deadline I am recommending that the work program be amended to include several tasks that include implementation of a regional Goal 5 program for natural resource protection, application of the subregional rule to address housing and employment needs in specific areas of the region and the designation of urban reserves.

Although the size of the proposed boundary expansion is large relative to previous expansions, there are other factors to consider than just the number of acres. All of the areas, and particularly those on the east side of the region, contain sizable natural resource areas. These areas have natural features such as the buttes and wildlife habitat that are high priorities for protection. Protection of these resource areas should be incorporated into the concepts for how these lands will be developed into urban areas. By including them inside the boundary, the size of the expansion increases. In addition, strategic expansions in key areas are important for town and regional center development.

To preserve important natural resource areas we need a comprehensive greenspaces strategy. To implement this vision I want to refer a Greenspaces II bond measure to voters for protection of natural areas both inside and outside of the existing boundary and for urban reserve areas to finish the work we have started through the 1995 Bond Measure. This bond measure will begin to address the needs of the region for the long term and will be designed to acquire land to increase the connections between habitat areas and protect habitat diversity. Some of the most critical habitat areas may be located outside of the boundary and expansion areas. Key stream corridors connecting regional anchor sites need to be protected to provide links to the rural landscape.

To provide a blueprint for defining the 50-year urban form of the region we need to study more than 75,000 acres (Alternative Analysis Area). In order to plan for the next century we may need to study as much as 100,000 acres. It took us 150 years for the region to develop to this point and because of the nature of population growth that magnitude of change will come quicker than 150 years into the future. We should focus our planning by looking from outside the urban growth boundary inward rather than incrementally expanding the boundary at the edges. By continuing this work, questions pertaining to urban form, employment, productivity of agricultural lands and protection of natural resources can be discussed more fully with the cities and counties in the metro region and the northern Willamette Valley. I also am directing staff to begin drafting a work plan to implement a more aggressive strategy to enhance regional and town centers. Regional and town centers (such as Beaverton, Washington Square and Lake Oswego) are the cornerstones of the 2040 Growth Concept because they define communities and provide retail services and jobs.

### **State-Mandated Requirements**

State law found in ORS 197.296 requires that Metro periodically update its boundary by computing a capacity analysis to ensure that a 20-year supply of land for housing exists. This review must be completed at least every five years. This task includes the comparison of the inventory of buildable lands for housing within the boundary and the demand for dwelling units. This statute provides a framework for how much and where we grow as a region. ORS 197.299

requires Metro to implement necessary boundary amendments or take action to increase the capacity of the existing urban area within two years of identifying a residential land need.

Unlike the residential land assessment, where Metro is required to maintain a 20-year land supply and has a limited time to fulfill any shortfall, we only need to provide a long-term supply of employment land. My recommendation will address provision of a long-term land supply for employment needs for the region.

The capacity inside the boundary has been reviewed several times during the last five years. The most recent boundary expansion occurred in 1998. A portion of that decision was appealed and returned to the Metro Council for reconsideration. As a result, 934 acres were removed from the urban area; that shortfall is added to our current analysis.

In reviewing the current capacity inside the boundary, a number of factors and assumptions are made pertaining to the amount of growth we capture within our region through redevelopment and infill. Policy changes can be used to justify or substantiate changes in these Urban Growth Report factors. The future demand for dwelling units is obtained from the Regional Economic and Population Forecast and is balanced against the available supply of land according to current zoning.

The shortfall in capacity within the boundary can be rectified by expanding the boundary by the number of acres necessary to meet employment or housing needs, creating additional capacity inside the boundary, by adopting additional regulations or measures, or combining an expansion of the boundary and policy changes to meet the shortfall. Goal 14, Factor 4 requires consideration of the maximum efficiency of land located within the boundary. Goal 2, Exceptions (OAR 660-004-0010(c)(B)(ii)) requires that Metro demonstrate that the existing boundary cannot reasonably accommodate the need before expanding the boundary. Policy changes could take the form of upzoning, minimum floor area ratio requirements or other regulations or incentives that increase efficiency of land uses located within the boundary. In order to take credit for such policy measures to increase the capacity of the existing urban growth boundary, Metro must show the measures will demonstrably increase the likelihood that the expected development will occur (ORS 197.296(6)(b)).

ORS 197.301 requires that Metro develop performance measures to evaluate how the region is performing and report these results to the Department of Land Conservation and Development every two years. If after preparing a performance measure report, the actions taken from the previous periodic review process are not working, Metro is required to take corrective action. This requirement is an important part of determining whether the capacity inside the boundary is adequate and whether there are additional measures that could be taken to make up a shortfall in capacity for dwelling units or employment. To fulfill this state requirement, the Performance Measures report will be completed in the fall of 2002 (see appendix).

The Performance Measures Report distilled the 2040 growth concept policies into eight fundamental values.

**2040 Fundamental Values:**

- encourage the efficient use of land
- protect and restore the natural environment
- provide a balanced transportation system
- maintain separation between the Metro region and neighboring cities
- enable communities within Metro to preserve their physical sense of place

- ensure diverse housing options for all residents
- create a vibrant place to live and work
- encourage a strong economy.

These fundamentals are useful as broad benchmarks to evaluate whether policy changes are needed or are appropriate. The full report provides performance measures on 74 separate indicators. Each indicator is linked back to the eight fundamental values. This report will be part of Metro's Periodic Review submittal to the Department of Land Conservation and Development.

### **Technical Process**

The technical analysis consists of three exercises to develop the data necessary to satisfy Goal 14 and complete an amendment to the UGB. The first is a land-accounting exercise – called the Urban Growth Report (UGR) – conducted for both housing and employment within the boundary. Because the residential and employment capacity analyses use different methods, they have been separated into two documents (see appendix: Urban Growth Report – Residential Land Needs, Urban Growth Report – Employment Land Needs). This supply-and-demand analysis is essential for determining how much land needs to be added to the boundary or how extensive policy changes would be needed to provide additional capacity. The second analysis is contained in the 2002 Alternative Analysis of available land located outside of the boundary to determine where urbanization is most suitable. The third analysis is an examination of Metro's current policies and how they apply to our capacity inside the boundary.

### **Urban Growth Reports**

A balance sheet of the available land supply is contrasted with the expected demand for employment and housing. The Regional Economic and Population Forecast 2000-2030 estimates the demand for housing and employment during the 20-year period (see appendix). The forecast for the period from July 2000 to December 2022 anticipates a population increase of 506,056 people, which require 222,800 dwelling units.<sup>1</sup> This anticipated need for dwelling units assumes a capture rate of 68 percent for the four-county region located within the Metro UGB. This is the housing need for which Metro must provide a supply of buildable land. Metro may find that supply by expanding the urban growth boundary, using land inside the existing boundary more efficiently, or some combination of both. Whatever decision Metro makes, it must provide information from the recent past to support assumptions about how the capacity will accommodate the housing need. Metro can use information from a past period longer than five years if the data would provide a more accurate and reliable picture.

The 2002-2022 Urban Growth Report – Residential Land Need Analysis is a technical and policy document that outlines the methodology for estimating the current capacity inside the boundary, and compares this capacity with the forecasted growth for the next 20 years. The report uses the best available information about development capacity on land inside the boundary for comparison to forecast economic growth to estimate regional employment and housing needs (demand). The supply or inventory estimates in this report are to the maximum extent possible grounded in technical research and up-to-date geographic information system data.<sup>2</sup> The Vacant Land Analysis (see appendix – Map Atlas) has been produced to provide an illustration of the buildable land supply and the various deductions:

<sup>1</sup> The 2000-2030 Regional Economic Forecast has been sized to fulfill the requirements for the Periodic Review period through 2022.

<sup>2</sup> Land Market Monitoring for Smart Growth, edited by Gerrit Knaap, contributions by Carol Hall and Wilber (Sonny) Condor.

- parks and environmental resources
- government owned lands
- churches and fraternal organizations
- major utility easements.

These deductions are made to the vacant land supply to produce buildable lands. Deductions also are made for schools and streets.

### **2002-2022 Urban Growth Report – Residential Land Need Analysis**

<b>Residential Urban Growth Report Summary</b>	
<b>Dwelling unit need</b>	222,800 dwelling units
<b>Capture rate assumed</b>	68 percent
<b>Refill rate assumed</b>	28.5 percent
<b>Dwelling unit shortfall</b>	38,700 dwelling units

Once the buildable land supply has been determined, the zoning that local jurisdictions have adopted is applied to determine the number of dwelling units of capacity that are possible to be achieved. Two substantial adjustments have been made to account for units lost from underbuild and units that are gained from refill activity. Refill is the amount of development that occurs on land previously considered developed in our analysis consists of redevelopment and infill. The historic rate for refill activity has been 26.3 percent. This report assumes a rate of 28.5 percent due to increased emphasis on centers through the regional transportation funding process, greater implementation of 2040 through incentives and to account for accessory dwelling units. Since Metro requires that single-family development meet an 80 percent minimum density requirement the underbuild assumed in the Urban Growth Report is 20 percent. The net result is the calculation of the number of residential dwelling units needed within the 20-year period.

- ♦ The 2002-2022 Urban Growth Report – Residential Need Analysis produced a net need for 38,700 additional dwelling units.<sup>3</sup>

### **2002-2022 Urban Growth Report – Employment Land Need Analysis**

Metro has evaluated the need for employment land in the region based on market conditions and a specialized analysis according to the firms that do business in our region. Metro reviewed the economic development elements of local comprehensive plans. These plan elements have helpful information about local conditions and contain policies and objectives for future economic growth and development. But most local plans do not have up-to-date information about sites and long-term supply.

Metro, with the aid of others, has obtained current information about both the supply of and the long-term need for employment land. The long-term need for employment land is determined differently from the need for residential land because employment is more size-dependent and location-dependent. As with the need for residential land, the need for employment land is highly dependent upon the "refill" (redevelopment and infill) rate, zoning, capture rate and other variables during the 20-year planning period.

<sup>3</sup> Assumes a 68 percent capture rate, 28.5 percent refill rate and a 20 percent underbuild factor.

Employment land needs (unlike the more generic nature of residential land needs); is business sector specific and is based on the importance of access, location of suppliers and the types of buildings required to produce a product or service. The 2002 Urban Growth Report – Employment Land Need analysis is derived from the 2000-2030 Regional Population and Economic Forecast. The forecast produces an employment projection by standard industrial classification. These employment needs are stratified by firm and parcel size and by six real estate types. The commercial building types are office, retail and medical/government uses. The industrial building types are warehouse and distribution, general industrial and tech/flex space.

The future land demand is estimated by aggregating similar types of employment into commercial and industrial categories for six building types. Because the forecast is computed for the five-county region, it must be reduced to account only for Metro's share of employment growth. The capture rate for employment is estimated to be an average of 75 percent based upon historical levels. The demand forecast anticipates approximately 500,000 additional jobs.

The number of parcels and acreage needed for industrial real estate purposes is determined for building type and size based on average regional employment densities.<sup>4</sup> Refill factors are computed for commercial and industrial development because not all development takes place on vacant land. A factor also is included for relocation of "vintage" industrial employers to new industrial areas. Vintage industrial relocation refers to industrial firms that abandon an existing facility for a larger more efficient facility. This provides opportunities for commercial development to take place on underused industrial land and helps fulfill commercial demand whereas industrial demand can only be satisfied on industrial land.

After computing the number of lots required and the total net acres by the six building type categories, this is compared to the available supply of land within the boundary. The 2002 Urban Growth Report – Employment Land Need report estimates there is a surplus of approximately 760 net acres of commercial land and a deficit of 5,684 net acres of industrial land (see appendix). Although a small surplus of commercial land is projected on a regional basis there is an anticipated shortfall of lots in the less than one-acre category. The shortage of industrial lots is projected across all lot sizes. More significant is the shortage of approximately 14 large lots (greater than 50 acres) because these lots are the most difficult to supply due to consolidation and topographic constraints<sup>5</sup>.

Regional Industrial Land Study suggested a range for large-lot industrial need is due to several factors. First, Phase III of the Regional Industrial Land Study examined this same issue and concluded that the need for large-lot industrial was between six and 24 lots in the six-county region, depending upon serviceability, contamination issues, land banking and market availability.<sup>6</sup> Second, although this overall industrial land need analysis is based upon the period 2000-2002, three of the remaining six large lots were committed for development during this period.

In addition to this development, three other parcels are land banked for future expansion of the firms that currently own them and therefore may or may not be available for employment growth.

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<sup>4</sup> Industrial and commercial land demand and supply are segmented into: 1) under 1 acre, 1-5 acres, 5-10 acres, 10-25 acres, 25-50 acres, 50-100 acres and 100 plus acres.

<sup>5</sup> Different studies have produced a range of the need for large lots between 6 and 24 lots.

<sup>6</sup> The six counties include: Clark, Clackamas, Columbia, Multnomah, Washington and Yamhill.

Metro is required to maintain a long-term land supply for commercial and industrial uses.

- ♦ The 2002-2022 Urban Growth Report – Employment Land Need Analysis report estimates there is a surplus of 760 net acres of commercial land and a deficit of 5,684 net acres of industrial land
- ♦ The 2002 Alternative Analysis Study includes an identification and evaluation of approximately 3,600 acres that could potentially satisfy this shortfall.

### **2002 Alternatives Analysis Study**

*The 2002 Alternative Analysis Study will be used to address the shortfall of land needed for residential and employment purposes (see appendix). The Residential and Employment Urban Growth Reports estimate that there will be a shortfall of approximately 38,700 dwelling units.*

The analysis of the land supply outside the boundary for possible expansion purposes is contained in the 2002 Alternatives Analysis Study. The Alternatives Analysis focuses on four different types of lands based upon the hierarchy established in ORS 197.298:

- exception lands located contiguous to the boundary
- limited exception areas that are not located contiguous to the boundary but are within 1 mile of the boundary to be considered in the event the intervening farm or forest land is added to the boundary
- resource lands within 1 mile of the boundary that may be deemed necessary to extend public services to exception lands
- resource lands that predominantly contain class 3 and 4 soils<sup>7</sup>.

The hierarchy contained in the study corresponds to the law that defines which land should be included within the boundary in which order of priority. The 2002 Alternatives Analysis Study did not study Class I and II agricultural soils because they are the last resort under state law for inclusion in the boundary. That law, ORS 197.298(1), tells Metro to look first to “exception land” (land already affected by residential development) before considering farm or forest land. If Metro must consider farm or forest land, it must consider lower quality land before higher quality land. The Goal 14: Where to Satisfy the Region’s 20-Year Urban Land Needs Through UGB Expansion flow chart in the appendix details this system for considering lands for boundary expansion. In all, approximately 75,000 acres are part of the 2002 Alternatives Analysis.

The 2002 Alternatives Analysis Study includes an analysis to determine how productive these lands are for urban development, the relative difficulty of extending public services to the lands and an assessment of the impacts on natural resources and agriculture. The analysis is not designed to produce a ranked order list of sites that are most suitable for urban development. Rather, the analysis is designed to weigh the various factors and allow decision-makers to weigh the policy choices among the lowest priority (exception lands) to expand the boundary.

Specifically, the study includes a productivity assessment of the dwelling units that could be developed on these sites, and an assessment of the number of acres of employment land that is suitable for jobs. A public facility feasibility study was performed to assess the ease of providing sewer, water, storm water and transportation to each site. The economic, social, energy and environmental consequences of the development of each area are weighed to determine which of the study areas have the least amount of impacts. Staff also performed an agricultural

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<sup>7</sup> Note: resource land within 1 mile of the UGB that predominantly contains class I and class II soils were not authorized for study by the Metro Council because they are the lowest priority lands in the hierarchy established by ORS 197.298.

assessment of the lands within and around the study areas to quantify the impacts of urban development on farming. After completing this technical analysis, staff reviewed each site and compared its suitability to Metro policies to create a final determination of most, more or least suitable for urban development. Out of this analysis of 94 study areas, approximately 80 percent were found in the Alternatives Analysis to be most or more suitable for development based on these state-mandated criteria. The remainder of these areas fell within the least suitable category for development. These lands are detailed in the 2002 Alternative Analysis Study.

### **Applying Metro Policies to Alternative Analysis Land**

An integral part of using the technical information contained in the Alternatives Analysis project is applying Metro's policies to the decision-making process. The Regional Framework Plan contains Metro's goals and objectives to guide how the agency formulates policy. It specifically states that these goals and objectives pertain to urban growth boundary amendment actions. These Regional Framework Plan goals and objectives have been condensed into eight 2040 fundamentals. These 2040 fundamentals have been identified as part of the Performance Measures project. To facilitate this process, groupings of the sites considered in the analysis have been weighed against the 2040 fundamentals to assess the consistency with Metro's policies. The recommended urban growth boundary expansion areas have been chosen based upon 2002 Alternative Analysis results and the policies contained in the 2040 fundamentals.

### **Overview of 2040 Policies**

My staff has reviewed a variety of growth management policies contained in Metro Code and the Regional Framework Plan to determine which policies need to be updated to enhance the effectiveness of the 2040 Growth Concept and to further the region's goals. Some of these changes may not produce immediate results but will be an important component in the next five-year review cycle. The purpose of this analysis is to identify new policies that would support development in centers, possible conversion of outdated industrial areas and protection of key industrial areas.

The changes will support the maturation of the 2040 Growth Concept. A Leland/Parsons, Brinckerhoff consulting team to identify a strategy to overcome the impediments to fully achieving 2040 targets for centers, conducted an extensive centers research study.<sup>8</sup> The objectives of the policy changes are to maximize the performance of the existing regional and town centers and to create measures to determine how well these centers perform. These areas deserve increased emphasis because they have the best concentrations of transportation and other infrastructure improvements.

In addition, we have developed a better understanding of where employment locates and what lands are needed to support continued economic prosperity. Policy changes targeted at industrial areas are designed to preserve and protect these scarce land resources that are essential to the economic vitality of the region. These policy changes also are aimed at recognizing that there is an anticipated shortfall in the overall need for industrial lands. The 2002 Alternatives Analysis Study did not identify enough lands to fulfill the industrial land need shortfall of 5,684 acres.

**Centers:** Metro policies pertaining to the development of regional and town centers should focus on the evolution of these design types by recognizing the appropriate role of local governments, the state and others by continuing to develop mechanisms to support their continued growth. These changes recognize that not all centers are the

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<sup>8</sup> See appendix: "Metro Urban Centers: An Evaluation of the Density of Development."

same and that they are expected to mature at different rates. In order to facilitate the development of selected centers and recognize the maturation process of the region, the following amendments are proposed:

- refine the definition of a center, typical services it provides and its market area to create a better understanding of how it functions
- develop additional policies to strengthen center development
- develop tailored performance measures for each type of center
- develop an incentive program to assist in implementation.

**Industrial Areas Policies:** A variety of analyses have been conducted by Metro staff and other agencies to examine the demand and supply of employment land. Some of these analyses have indicated that there are areas of the region that could benefit from relaxing zoning restrictions that permit only industrial uses and allow a variety of uses that will better support market demands for redevelopment.

Conversely, because of the finite quantity of vacant lands available for industrial purposes and the fact that location decisions are often made due to transportation accessibility, these key areas should be preserved through increased zoning restrictions. Industrial land is not as substitutable as other types of employment land and therefore it is recommended that key industrial areas be protected from non-industrial uses such as, institutional uses, churches and, in some cases, commercial that does not support industrial uses. These uses encroach on the industrial viability of these areas and could be located in other more appropriate zones.

Just as protection should apply to some areas there are other areas that may appropriately be converted to other uses. Areas that may be appropriate for other uses are Willamette Cove, the Central Eastside Industrial District or areas within the 217 corridor.

Similarly, if boundary amendments are made for the specific purpose of providing industrial land, these same types of protection should apply. The following actions are recommended to efficiently use outdated industrial areas and protect key industrial areas:

- require conversion of selected out-dated industrial sanctuaries to allow mixed use development
- require protection for key industrial areas from encroachment of other non-residential development
- require preservation of industrial areas that are included in the boundary amendments so these areas do not get consumed for other purposes
- revise Title 4 – Industrial and Employment Area map as appropriate to reflect changes.

**Housing and Employment Policies:** Complete changes to Title 1 to reflect work already completed by local jurisdictions and prohibit down zoning that would reduce the estimated regional capacity for housing.

- Amend Title 1, Table 1 to reflect reported targets
- Prohibit local governments from reducing the employment capacity established in Title 1.

**Map Updates:** Complete a series of map changes. They include updates to the 2040 Growth Concept map and the Title 4 map.

**Other Policies:** Revise the Metro Code to reflect changes to emphasize increased coordination efforts with Clark County and refine our annexation process.

- Update coordination with Clark County section to reflect recommendations of the I-5 Trade Corridor Transportation Partnership
- Implement Ballot Measure 26-29.

A number of housekeeping changes are also included in these recommendations.

## MANAGING THE URBAN GROWTH BOUNDARY

### Which Lands need to be Brought Inside the Urban Growth Boundary?

The following study areas are recommended for inclusion within the boundary. These areas have been determined to be suitable for urban development according to the 2002 Alternatives Analysis Report. Based on infrastructure serviceability, impacts to natural resources and agriculture, and consistency with Metro policies, the recommended areas are rated as “most” or “more” suitable for urban development. These lands are complimentary and help carry out the 2040 plan. All of the 73,594 acres considered during the 2002 Alternative Analysis Study have some constraints to development and, to some degree, impacts on the natural systems or the agrarian economy. The recommended areas are summarized by geographic area and discussed in more detail in the 2002 Alternatives Analysis Report and Findings and the Proposed UGB Amendment Study Area Maps and Table located in the appendix.

**Table 1. Proposed Urban Growth Boundary Expansion Areas**

	Study Areas	Acres	Dwelling Units	Emp Acres
<b>Damascus Area</b>	10 (partial), 11, 13, 14, 15, 16, 17, 18, 19 (partial)	9,388	18,029	1,474
<b>Gresham Area</b>	12, 13	3,483	7,808	360
<b>Oregon City Area</b>	24, 26, 28, (all partials), 32	1,395	2,912	219
<b>Wilsonville Area</b>	45, 49 (partial)	399	660	176
<b>Sherwood Area</b>	59 (partial)	85	313	0
<b>Tigard/Beaverton/King City</b>	61, 62, 63, 64, 65, 66, 67	1,758	5,264	5
<b>Hillsboro Area</b>	71, 82	241	930	0
<b>Bethany Area</b>	84, 85, 86	592	2,845	0
<b>TOTAL</b>		<b>17,341</b>	<b>38,761</b>	<b>2,234</b>

**Damascus** – Development of a new community in the Damascus area represents an opportunity to plan a complete community instead of just adding land at the edge. The area has been sized to include enough acreage to develop a fully functional community that has a natural edge defined by the Boring Lava Domes east of Telford Road. This community should be designed to provide an employment base for industrial and office development and commercial uses that will support the population within this market area. Sufficient transportation connections should be planned to support urban development. The Carver area to the south is included to resolve groundwater discharge issues to the Clackamas River.

Includes Areas 10 (partial), 11, 13, 14, 15, 16, 17, 18 and part of Area 19. The Damascus expansion totals 9,388 acres and provides 18,029 dwelling units and 1,474 acres for employment.

**Gresham** – The area south of the City of Gresham and west of Highway 26 will provide key acreage to expand the City's employment base. The remainder of the two study areas included in the expansion will provide housing for the region.

Includes Area 12 and 13 to total 3,483 acres and provides 7,808 dwelling units and 360 acres of employment land.

**Oregon City** – The Oregon City area is geographically challenged due to steep slopes and natural resource issues. This city has experienced a tremendous amount of residential growth within the last five years. Along with the growing pains of accommodating this residential growth and the related transportation issues, the city is searching for ways to diversify its existing job base, provide more services to developing areas and improve transportation connections. Amendments to the Urban Growth Boundary in the following study areas will complete key transportation connections and provide additional employment and services for this community.

- South End Road area: add land for commercial, office and limited residential development (part of Area 32)
- Holcombe/Redland Road area: complete an important transportation connection between Holcombe and Redland roads, provide employment lands, service commercial and land for residential development (Area 24)
- Clackamas Community College and Henrici Road area: add land primarily for employment purposes (Areas 26 and 28).

Includes Areas 24 (partial), 26 (partial), 28 (partial) and 32, for a total of 1,395 acres, 2,912 dwelling units and 219 acres for employment.

**Wilsonville** – The City of Wilsonville provides an important warehouse and distribution function for the region due to its location adjacent to I-5 and its existing employment base. The city has excellent access to I-5 for freight movement. Due to the already high imbalance of jobs and the regional need for warehousing/distribution lands, it is recommended that this expansion be restricted for a low employment density. Area 49 is located adjacent to the correctional facility on Day Road. To help provide a balance between employment and housing in this community, Area 45 also is proposed to be included inside the boundary. This area will provide land for two schools (25 acres).

Includes Areas 45, 49 (partial), a total of 399 acres, 660 dwelling units and 176 acres for employment and 25 acres for two schools.

**Sherwood** – A minor addition to accommodate a future school site and limited residential use. The majority of the areas surrounding Sherwood are not ready for urbanization due to timing issues with determining the location of the Highway 99W and Interstate 5 connector and general traffic capacity issues on Highway 99W.

Includes part of Area 59, a total of 85 acres and 313 dwelling units.

**Tigard/Beaverton/King City** – There are a number of small exception areas along the western edge of the UGB that abut the Cities of Tigard (Areas 61, 62, 63, 64) and Beaverton (Areas 65,

66, 67). These areas have been developed for rural residential uses and, as a result, should come inside the boundary because of the high demand for housing in Washington County. Area 66 contains farmland but will be largely surrounded by development. A portion of this site is needed to provide water storage for the City of Beaverton to facilitate urbanization both inside the boundary and within these UGB amendment areas.

Includes Areas 61, 62, 63, 64, 65, 66, 67, a total of 1,758 acres, 5,264 dwelling units and 5 acres for employment.

**Hillsboro** – The western portion of the region is effectively land-locked by farmlands. There are very few opportunities for consideration of land for urban expansion when the statutory hierarchy of lands system that weights consideration of exception lands higher than farmland is applied. Area 71 is a small exception area that is proposed to be added to accommodate housing in this high-demand area. Area 82 is to the west of Cornelius Pass Road and contains some limited service commercial development and an opportunity for development of some housing. Other exception areas adjacent to the city of Hillsboro are awkward to develop because of the lotting pattern or because they would have more impacts on agricultural activities.

Includes Area 71 and 82 for a total of 241 acres, 930 dwelling units.

**Bethany** – This area includes a cluster of exception lands and some mostly surrounded farmlands in the vicinity of the Rock Creek Community College area off Springville Road. The Bethany area includes a portion outside of the current boundary that has grown rapidly within the last several years. These study areas have easy access to employment in the Hillsboro, Beaverton and downtown Portland areas. A portion of this area will be used for a school site (10 acres).

Includes Areas 84, 85, 86 for a total of 592 acres, 2,845 dwelling units.

*These areas recommended for boundary expansion result in the addition of 17,341 gross acres of land and provide added capacity for 38,761 dwelling units and 2,234 acres for employment.*

#### **Areas Not Selected for Inclusion Inside the Urban Growth Boundary**

Areas that have not been selected for inclusion inside the UGB at this time may be better candidates in the future. A more thorough discussion needs to happen of issues relating to the urbanization of land in agricultural production (both exception and farmland), new transportation corridors (99W connector and Sunrise Highway) and formulation of a regional economic development policy that will guide the need and location of new industrial lands. These discussions need to take place prior to the designation of urban reserves. For example, the Damascus/Gresham study areas include enough land to develop a complete community but it is questionable whether urbanization should extend beyond Highway 26 into highly productive agricultural lands. Extending the urban area to the east also creates a potential conflict with the City of Sandy and the inter-governmental agreement that establishes the county line as the ultimate boundary. The majority of these lands are designated as exception lands. By following the hierarchy of lands in Goal 14, these are lands that should be urbanized first. How do these lands compare in value to the lands surrounding Hillsboro for agriculture as an industry that creates jobs and contributes to our economy?

The Stafford basin represents an area bounded by I-205 and several communities. If allowed I would establish a freeze on development in this area so it could be planned properly. Without

the power to halt development I am recommending that a comprehensive study be undertaken to determine the type of employment that should be located in this area and how the adjoining communities will participate in its development. Development of this area should be planned through the designation of urban reserves. During this process a number of questions need to be answered. Should the highway form a hard edge to the boundary or should the boundary extend further south to take in the remainder of the exception lands? Timing also is an issue in this area in relation to providing and preserving transportation access and extending urban services.

The adjacent communities of Lake Oswego and West Linn are investing in their mixed-use centers that could be enhanced by any urban development. There is a danger in not bringing the study area adjacent to the City of West Linn because it allows rural residential development to occur without the benefit of planning that would enhance the already developing town center. Orderly urban development in this area could help avoid some of the problems that the Damascus area is facing. Bringing land into the boundary in the short term may hinder our efforts to ensure a comprehensive to urbanization.

Some of the same issues of timing and coordination that are facing the Stafford basin apply to Tualatin, Wilsonville and Sherwood. The City of Sherwood has asked that no additional land be added adjacent to their city limits until they have time to absorb the growth that has taken place over the past five years. The exception to this statement is their request for a small portion of area study area 59 that will provide land for some housing and a school site. The 99W connector is an issue that needs to be resolved prior to inclusion of these study areas inside the boundary. Other issues relate to whether Tualatin/ Wilsonville/Sherwood and Cornelius/Hillsboro and the region are best served by the existing separation of community's policies or whether the region as a whole is better served by connecting these communities. Does this separation provide a sense of place or is it an artificial barrier and at what cost do we maintain it?

Hillsboro needs additional industrial land to support the long-term investments in the westside high-tech cluster. In addition, Forest Grove and Cornelius are suffering from having an insufficient tax base to run their cities. All these communities are surrounded by farmland making expansion problematic.

### **Technical Amendments to the Urban Growth Boundary**

A number of odd situations exist around the region where the boundary has not been consistently mapped. In some cases, these situations hamper provision of public services for urbanization or they impose a hardship on individual property owners. In some cases, the city limits extend beyond the boundary and this could create governance problems. Examples of two of these situations are location of the boundary along a drainage basin where it splits a tax lot or the failure to include all of the road right-of-way within the boundary. Staff has proposed that the boundary be amended to eliminate these vagaries and provide more consistency. The appendix refers to the technical amendments to the Urban Growth Boundary staff reports, maps, descriptions and locations of these minor changes to the boundary.

### **Further Topics for Policy Discussion**

There are three key areas that warrant future policy discussion. Broadly they are: 1) an assessment of agricultural productivity and upon lands that have been set aside for farm and

forest protection<sup>9</sup>, 2) the ultimate urban form of the region and 3) development of a regional economic development policy. These topic areas lead to a number of questions and issues that are listed below. Some of these topic areas will be incorporated into the follow-up Periodic Review work program tasks.

- As a State we have been very provincial by separating agricultural versus urban uses and in our classification of land as exception or farmland. Do to changing agricultural practices and markets these classifications may need to be revisited. Does the productivity of land for agricultural uses need to be re-assessed; is protection located in the right places? Does the protection pertain to the areas that contribute most to the agricultural industry? Has the agricultural industry changed and will it change in the future? Do the status of exception lands need to be reviewed with each county? Perhaps there are some areas within the boundary where agricultural uses would be beneficial to the region. Other states have used transfer of development rights and covenants on land so that agricultural lands can remain in farm use. The benefit to this strategy might be better provision of farm to market opportunities, locally produced fruits and vegetables and reduced transportation costs associated with food production. Do these benefits warrant examination of mixing agricultural land uses with urban land uses?
- Should we be looking in from the boundary back to the regional and town centers to decide where the right places are to grow in the future? Does planning at the edge force us to define a geographic limit to the region? Is this a weakness in our land use system? This examination may spur development of new tools for protection of farmland and a new perspective on the form our region takes in the future. Can designation of urban reserves be used to shape our urban form and should these areas contain farmland?
- Development of a regional economic development policy would guide decisions that will support our present and future economy. We need to be forward looking to plan to support industries that will sustain the economic vitality of the region. If we have a clear picture of what those industries are and their land needs we can better preserve existing lands within our boundary, convert underutilized lands for other purposes and make the right expansion decisions.

### **Follow-up Tasks**

Due to the closing deadline of Dec. 20, 2002, to complete Task 2 of the current Periodic Review Work Program, I am recommending that the work program be amended to address a number of tasks. These tasks are due to the need for additional discussion on a regional level and/or lack of time to complete the work to fulfill these tasks. Metro has asked the Land Conservation and Development Commission to consider rule making to define the subregional issue. This is an important issue that must be approached carefully. The implications of moving ahead with a subregional decision that has not been fully considered will have lasting effects on our agricultural community, natural resources and the physical form the region takes. I recommend these follow-up tasks:

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<sup>9</sup> Protection is defined by the hierarchy of lands in Goal 14.

**1. Designation of Urban Reserves**

Evaluate designation of urban reserve areas for future urban expansion. This area could be as large as 100,000 acres. Coordinate with Metro partners as well as take a wider Willamette Valley coordination approach to discuss the future urban form of our region.

**2. Centers Implementation**

Develop a cohesive centers program to implement the proposed strategy. Develop the synergistic role of corridors in the implementation centers. Explore other ways to provide incentives for 2040 centers implementation.

**3. Follow-up Employment Research**

Evaluate targeted areas for conversion of industrial uses to allow mixed uses including residential. Require a protection program for targeted industrial and employment areas inside the boundary. Develop a strategy that includes locational criteria for targeted sectors of our economy.

**4. Employment Land Analysis**

Address the remaining employment land-need shortfall after development of a regional economic development policy. Formulation of an economic development strategy should take into consideration, location of existing industries, future growth, emerging industries as well as farm industry needs because of the importance of agriculture to our economy.

**5. Adoption of a Goal 5 Program**

Complete and adopt a Goal 5 natural resources protection program.

**6. Green Spaces Bond**

Refer a Greenspaces II bond measure to voters for protection of natural areas both inside of the existing boundary and for urban reserve areas outside of the boundary to finish the work we have started through the 1995 Bond Measure. This bond measure will address the needs of the region for the long term and will be designed to acquire land to increase the connectivity between habitat areas and protect habitat diversity. Key stream corridors connecting regional anchor sites need to be protected to provide links to the rural landscape.

**7. Subregional Need**

Pending adoption of an administrative rule by the Land Conservation and Development Commission, evaluate the need for land for housing and employment on a subregional basis.

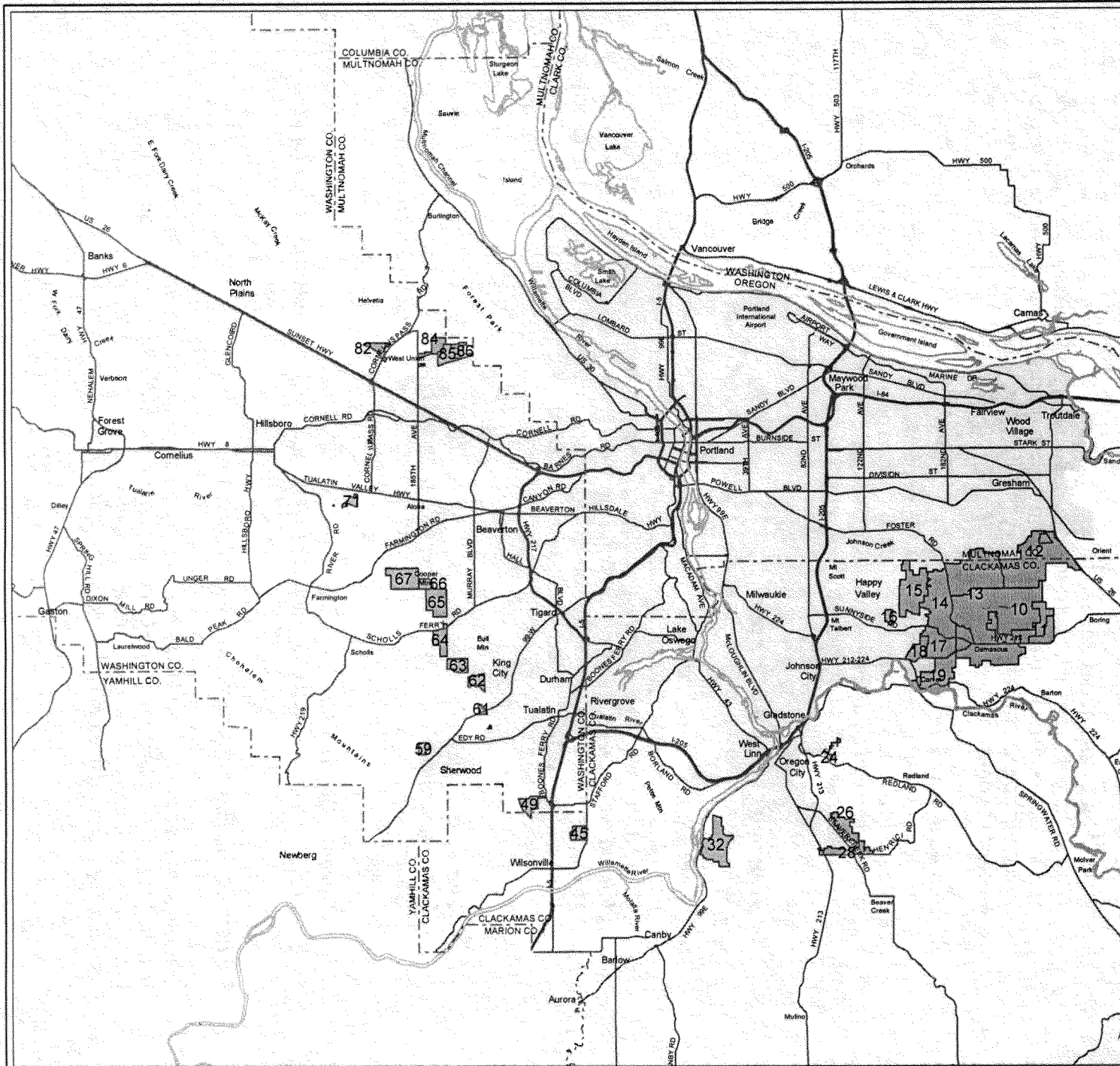
**8. Revenue Sharing**

Initiate a discussion on equalizing tax revenues through a revenue sharing program.

**Review of the Executive Officer Recommendation**

This recommendation will serve as a basis for discussion during the Metro Council public hearing process to amend the Metro Code and amend the UGB. Input from citizens, local government staff and from elected officials is both important and welcome in this review process. My recommendation is submitted for your review and action.

# Executive Officer's Recommended Areas for UGB Expansion

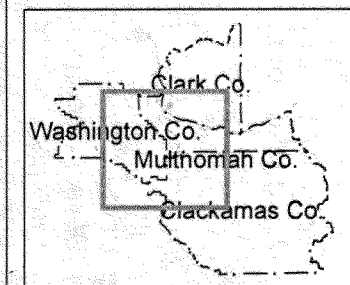


## SOURCES:

TAX LOT MAP  
County Assessment and Taxation offices, 2001. Data collection scale is 1"=100' in urban areas and 1"=400' in rural areas. Horizontal accuracy is plus or minus five feet or better in Beaverton, Milwaukie, Oregon City, Tigard and Multnomah County. Other areas are plus or minus ten feet.

This information on this map was derived from digital data available in Metro's files. Metro is not responsible for errors, omissions, or inaccuracies. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, duplication of any errors will be appreciated.

1 inch equals 5 miles



Location Map



METRO DATA RESOURCE CENTER  
800 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232-2736  
TEL (503) 797-1742 | FAX (503) 797-1909  
drc@metro.dst.or.us | www.metro-region.org

## **Appendix**

The following documents are available from Metro's Planning Department by calling (503) -797-1757 for a nominal fee. A number of these reports are also available on Metro's website at [www.metro-region.org](http://www.metro-region.org) and these are designated with an asterisk.

1. Performance Measures Report
2. Regional Employment Forecast 2000 to 2030\*
3. 2002-2022 Urban Growth Report – Residential Land Need Analysis\*
4. 2002-2022 Urban Growth Report – Employment Land Need Analysis\*
5. Map Atlas Memorandum and Maps
6. 2002 Alternative Analysis Study\*
7. Goal 14: Where to Satisfy the Region's 20-Year Urban Land Needs Through UGB Expansion, flow chart
8. Specific Land Needs Report – Employment\*
9. Proposed UGB Amendment Study Area Maps and Table\*
10. 2040 Refinement Report and Policy Recommendations\*
11. Technical Amendments to the UGB Memorandum
12. Specific Land Needs for Public Facilities and School Sites Memorandum
13. Regional Industrial Land Study (RILS) Report, version III
14. Metro Urban Centers: An Evaluation of the Density of Development
15. Ten Principals for Achieving Region 2040 Centers

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MEETING DATE: August 20, 2002  
AGENDA NO: B-2  
ESTIMATED START TIME: 10:15 AM  
LOCATION: Boardroom 100

(Above Space for Board Clerk's Use ONLY)

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### AGENDA PLACEMENT FORM

SUBJECT: Presentation of CIC Revised Goals, FY 02-03 Workplan, and Other Activities

BOARD BRIEFING:                      DATE REQUESTED: Tuesday, August 20, 2002  
REQUESTED BY: Citizen Involvement Committee  
AMOUNT OF TIME NEEDED: 15 mins

REGULAR MEETING:                      DATE REQUESTED: \_\_\_\_\_  
AMOUNT OF TIME NEEDED: \_\_\_\_\_

DEPARTMENT: Non-Departmental                      DIVISION: Citizen Involvement Committee

CONTACT: Kathleen Todd                      TELEPHONE #: 503-988-3450  
BLDG/ROOM #: 412/206/CIC

PERSON(S) MAKING PRESENTATION: Jim Davis, Chair, Citizen Involvement Committee

ACTION REQUESTED:

☒ INFORMATIONAL ONLY    ☐ POLICY DIRECTION    ☐ APPROVAL    ☐ OTHER

SUGGESTED AGENDA TITLE:

*Multnomah County Citizen Involvement Committee Update*

SIGNATURES REQUIRED:

ELECTED OFFICIAL: \_\_\_\_\_  
(OR)

DEPARTMENT MANAGER: Kathleen Todd

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Board Clerk @ (503) 988-3277 or email  
deborah.l.bogstad@co.multnomah.or.us

## **MISSION**

**The Citizen Involvement Committee (CIC) will involve, educate, empower and integrate the people of Multnomah County into all aspects of policy- and decision-making within county governments.**

## **CORE GOALS**

### **♦ *GOAL ONE:***

**Identify, create, and track opportunities for citizens to help shape county policies and programs**

### **♦ *GOAL TWO:***

**Inform citizens about these opportunities and plug them into the process**

### **♦ *GOAL THREE:***

**Facilitate direct communication between citizens and county officials**

### **♦ *GOAL FOUR:***

**Convey citizen request, input and proposals to officials and departments**

### **♦ *GOAL FIVE:***

**Maintain good working relationships with county officials, organizations and staff**

## **Citizen Involvement Committee (CIC)**

### **FY 02-03 Workplan**

In a typical program year, the CIC's activities group in two major categories:

- A. Regular on-going program (including revisions of previous publications); and
  - B. Special or one-time projects.
- 
- 

#### **A. Regular on-going program**

1. Citizen Involvement Committee – monthly - third Thursday. (Goal 3,4,5)
  - a. Executive committee (ExCo) - first Thursday
  - b. Semi-annual report - Dec/Jan.
  - c. Annual report –June/July.
  - d. Annual retreat - annual work plan –July
  - e. Annual dinner - election of officers – May/June.
  - f. Recruitment/nominations – monthly.
  - g. Administration - budget, planning, accounting, filing, etc. – daily.
  - h. Metro CCI liaison - regional citizen issues – monthly.
  - i. County volunteer & Gladys McCoy awards - Citizen Recognition – Jan-May
2. Citizen Budget Advisory Committee (CBAC) program (Goal 1,2,3,4,5)
  - a. Central CBAC:
    - 1) Dedicated fund review - report - Jan.
    - 2) Orientation – (determined by budget process)
    - 3) Recruitment/assignment.
    - 4) Budget analysis - report - Mar.
    - 5) CBAC chairs' & staff meetings.
    - 6) Hearings.
  - b. Non-departmental CBAC:
    - 1) Committee meetings – (determined by budget process)
    - 2) Budget analysis - report - Mar.
    - 3) Hearings
3. Policy committee: (Goal 1)
  - a. Ordinance changes & bylaws review.
  - b. Citizen involvement process: identify issues, review practices, develop policy.
4. Outreach/media (Goal 3)
  - a. Outreach visits – presentations
  - b. Public forums
  - c. Press articles.
  - d. Speakers Bank
  - e. Civics education.
  - f. Publications program – *Conduit*, service directories, guides, occasional reports
  - g. Web page: resources, contacts, opportunities, principles, etc.

## **Citizen Involvement Committee (CIC)**

### **FY 02-03 Workplan**

#### **B. Special Projects**

- 1A. Partnering/participating in a Multnomah County Initiative on Deliberative Democracy and Organizational Change - (Goal 1, 2, 3)
- 1B. CIC Budgetary Foundation – (Goal 4,3,5)
  - a. Current budget issues not resolved
    - 1) Issues and Concerns Letter
- 1C. Improving relations among CIC & Multnomah County BCC – (Goal 5)
  - a. The CIC and the BCC are working partners in the public's business. It is essential that each group know and understand the other as well as possible to avoid miscommunication and to foster cooperative and cordial working relationships.
- 2A. Office Relocation to Multnomah Building – (Goal 3, 5)
  - a. Begin move planning with Facilities; resolve time line
  - b. Define remodeling requirements
  - c. Select furniture and fixtures
  - d. Arrange communications – phones, computers, etc
  - e. Schedule and execute move, working with Andy and Delma to ensure smooth relocation
- 2B. Assessment of citizen slots on commissions/boards/committees – (Goal 1, 2)
  - a. Vacancies needing recruitment
  - b. Representation patterns – diversity, geographic coverage, personal or professional backgrounds matched to assignments etc.
- 3. Explore and implement ways to improve outreach – (Goal 1, 2)
  - a. Consider any and all strategies listed in on-going program
  - b. Explore radio
  - c. *Conduit* --- distribution patterns
  - d. Evaluate budget requirements and implications
- 4. Examine County Volunteer Strategies – (Goal 1)
  - a. Engage department heads/chair's office/commissioners in discussion of how their departments use volunteers currently. Develop recommendations for enhancements as appropriate. Topics might include:
    - 1) Purposes of volunteer involvement such as exploring strategies; developing alternatives, etc.
    - 2) Citizen involvement techniques such as focus groups/discussions/questionnaires:

- 3) Methods of maintaining volunteer engagement such as recognition programs;
- 4) Recruitment of volunteers;
- 5) Other aspects of volunteer involvement

5. Website Enhancement – (Goal 2, 3)

- a. Provide 24-hour access to County information and service resources, and to citizen involvement information and opportunities
  - 1) Facilitate access to county (including CIC) agendas, minutes, calendars, etc.
  - 2) Develop links to libraries, schools, neighborhood & community groups, etc.
  - 3) Develop feedback loops for all pages (comments/questionnaires/etc.)
  - 4) Develop interactive surveys for advice to the Board, managers and the CIC.
  - 5) Develop intern resource to help develop & maintain
  - 6) Develop links to GIS resources
  - 7) Implement online publishing of Conduit

Comments by  
Jim Davis, Chair, Citizen Involvement Committee  
Multnomah County Office of Citizen Involvement  
Submitted August 20, 2002

Thanks for the opportunity to talk with you this morning. For the record and for any guests and the public, my name is Jim Davis, and I am the Chair of the Citizen Involvement Committee, a volunteer board that oversees the Multnomah County Office of Citizen Involvement (OCI).

OCI is unique among county offices; from the very beginning, the citizens intended it to be:

- 1) **Citizen-lead:** determining our own projects and budget, hiring and firing our own staff
- 2) **Representative:** both geographically and in terms of diversity, with revolving membership nominated by community groups
- 3) **Accountable:** following relevant laws and reporting regularly our activities, plans & diversity
- 4) **Effective:** with enough clout to collect information and get your attention when warranted

I have appreciated the chance to meet with most of you (or your staff) over the past two weeks to let you know what our work plan is for the coming year and to answer questions. I've also welcomed the opportunity to clarify some matters that can be confusing. Perhaps the biggest confusion out there concerns what it means to "involve citizens". For us, it is not about beating the bushes to find the kind of volunteers that augment departmental staff and stretch county resources, and it's not about constituent relations; although the Office of Citizen Involvement does play a lead role in honoring citizens for their contributions of volunteer labor, and we do do our share of public relations and generating good will toward the county. We are not a lobbying entity for citizens, either, so much as a coach to help citizens figure out how to be more effective in affecting policy outcomes. We may communicate citizen concerns to you, but we seek to refrain from taking positions on issues.

Rather, the Office of Citizen Involvement seeks to **inform, inspire, and involve** citizens in the public's business, to effectively **integrate** them into all aspects of county governance by:

- 1) Identifying, creating, and tracking opportunities for citizens to help shape county policies
- 2) Informing citizens about these opportunities and plugging them into the process
- 3) Facilitating direct communication between the public and county officials
- 4) Conveying citizen requests, input and proposals to county officials and departments, and
- 5) Maintaining good working relationships with county officials, organizations and staff

The Office of Citizen Involvement is implementing a work plan this year that we believe most effectively addresses each of these items with the limited resources we have, including moving our offices to this floor where we can be more accessible to you and work more closely with you. BTW, thank you for your support of that move.

Obviously, with budget reductions, we've had to cut both staff and services, and how deeply that will affect our programs has yet to be seen. We've sent you a letter recently expressing concern over the recent budget process and asking for your commitment to work with us to determine what truly constitutes sufficient funding for such an ambitious mission as ours. Later in the year, we will send a report as we identify the ways budget cuts reduce our programs and services. So far, we have identified major outreach programs that we will not attempt to continue this year, as

well as other worthwhile programs that are in jeopardy of being discontinued if we don't find partners in the county who can help keep them going—such as the volunteer awards banquet which as I've already mentioned is somewhat superfluous to our core mission. In addition, our ability to do mailings has been declining steadily over the years, and we are forced to look at what shape those take. This is not all bad, but compounded by a year in which we are relocating our offices, it all adds up to a lot of tumultuous change for us, and that can be a little stressful, so we ask for your patience. Meanwhile, we are doing our best to stretch our resources to accomplish still more with less, and we are focusing on projects that give more bang for the buck—including a major expansion of our website to be more interactive in informing and involving citizens in county processes. I'd like to take this opportunity to thank the County Chair for looking for ways to augment our budget, such as providing access to county resources that we could not otherwise afford, like the skills provided by the county's web developers.

I want to close my remarks by relating to you what is perhaps the most disturbing thing I've heard since coming into this position as Chair of the CIC. I share this because I know you will want to address this concern and be on top of it for next year. In talking about their experiences in last years Citizen Budget Advisory processes, some citizens have complained that proposed cuts were withheld from the CBACs until the final hour. I'm not accusing anyone of doing this, and I don't even know if its true, but all of us who have been in politics for any length of time know that just the perception of impropriety can be as damaging as if it were true. If we are leaving this impression on CBAC volunteers, we have taken a misstep. Unless it is our intent to instruct citizens, through the experiences we create for them, that citizen involvement is a waste of time and that they shouldn't bother... but I don't think that is our intent, and anything that does that seriously undermines the credibility of the Office of Citizen Involvement which purports to identify and create effective and meaningful opportunities for citizen input.

It's important to remember that we are on the same team and to not to undermine each other's contribution to creating meaningful citizen participation. You know that or you wouldn't be looking for new and creative ways to involve citizens in the county budgeting. CIC applauds your recent discussions, spearheaded by Tony Mounts, to engage citizens in a stronger dialogue throughout the budget decision-making process. In fact, partnering with you and supporting this Deliberative Democracy approach is our Number One project this year.

While we are all going through a lot of transitions, we recognize that we are on the same team, and we look forward to continuing to work closely with you on behalf of citizens and effective citizen participation in county policy processes. In fact, if I leave any impression with you today, let it be that we are serious about improving our working relationships with you and your staff. We would love to meet periodically in an informal setting to just touch base, get a sense of your evolving issues and concerns and communicate our sense of the public's mood and issues. If we could establish a regular brown bag lunch on the first Monday of each new quarter, for example, and bring in other citizen involvement stakeholders (like PAO), that would go a long way toward accomplishing another one of our other major goals this year—developing a stronger county citizen involvement team. Please think about this proposal and get back to us on it.

You've had a chance to meet with me and ask a lot of questions already, but do you have any other questions for me at this time?



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MEETING DATE: August 20, 2002  
AGENDA NO: B-3  
ESTIMATED START TIME: 10:30 AM  
LOCATION: Boardroom 100

(Above Space for Board Clerk's Use ONLY)

**AGENDA PLACEMENT FORM**

SUBJECT: PGE/Enron current status and possibilities - Briefing and Board Discussion

BOARD BRIEFING: DATE REQUESTED: Tuesday, August 20, 2002  
REQUESTED BY: Chair Diane Linn  
AMOUNT OF TIME NEEDED: 90 minutes

REGULAR MEETING: DATE REQUESTED: \_\_\_\_\_  
AMOUNT OF TIME NEEDED: \_\_\_\_\_

DEPARTMENT: Non-Departmental DIVISION: Chair's Office  
CONTACT: Duke Shepard TELEPHONE #: (503) 988-5137  
BLDG/ROOM #: 503/600

PERSON(S) MAKING PRESENTATION: Chair Linn and Invited Others

**ACTION REQUESTED:**

☒ INFORMATIONAL ONLY   ☐ POLICY DIRECTION   ☐ APPROVAL   ☐ OTHER

**SUGGESTED AGENDA TITLE:**

PGE/Enron current status and possibilities - Briefing and Board Discussion

**SIGNATURES REQUIRED:**

ELECTED OFFICIAL: Diane M. Linn  
(OR)  
DEPARTMENT MANAGER: \_\_\_\_\_

**ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES**

Any Questions: Call the Board Clerk @ (503) 988-3277 or email  
deborah.l.bogstad@co.multnomah.or.us

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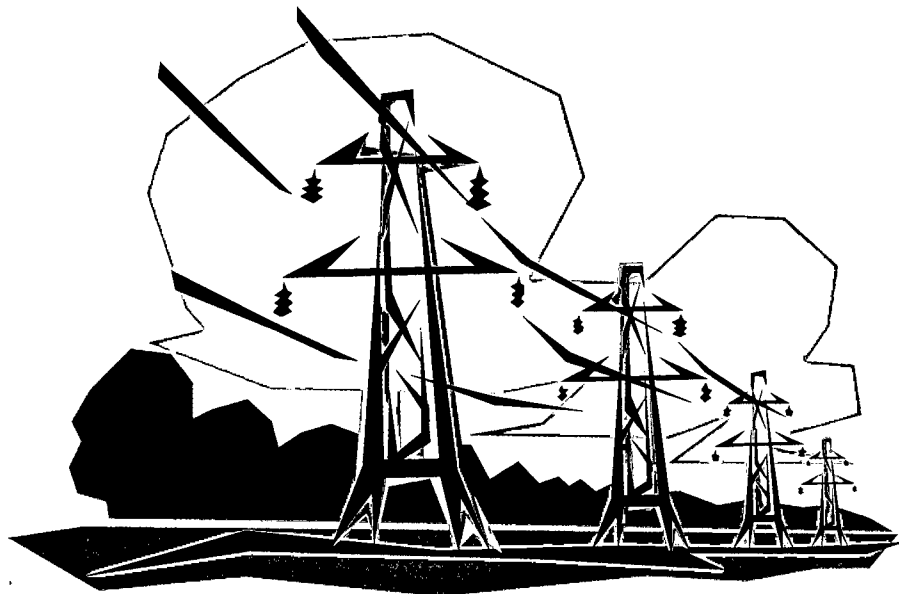
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*Reference Materials*

**Willamette Valley Power**

*August 20, 2002*



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## **WILLAMETTE VALLEY POWER**

### **I. The Willamette Valley Power Proposal in General**

#### **A. Brief description of Willamette Valley Power (Tab B)**

**B.** WVP would be formed to acquire PGE's assets and become the region's electric utility

#### **C. How WVP would operate**

**1.** WVP is designed to capture the major advantages of both private-sector and public-sector utilities; description of those advantages

**2.** WVP would operate as a Chapter 190 entity

**3.** The constituent governments that would form WVP (likely the six counties within the PGE service territory)

**4.** WVP would have fewer than 80 permanent employees; there would not be an army of new public employees created by WVP

**5.** What the WVP employees would handle (set rates, establish the relevant public policies, negotiate and oversee the management contracts, participate in the RTO process, make key decisions on changes in the transmission system and building, repowering, and retiring generation resources)

**6.** One to five key long-term management contracts (poles and wires, hydro facilities, thermal plants, power management)

**7.** The PGE employees would remain in the private sector; they would be employed by the private sector companies that entered into long-term management contracts with WVP

**8.** How the WVP board could be constituted

**D.** No roll-backs on (i) energy deregulation; (ii) green power issues; (iii) low-income ratepayer assistance; and (iv) energy efficiency; fee in lieu for property taxes; franchise fees remain intact and in fact would be expanded

- E. Work to date on WVP
  - 1. The process that has been followed
  - 2. The counties format is the logical way to proceed, not condemnation by the state pursuant to a constitutional provision
- II. Primary Reasons to Form WVP
  - A. Would restore local control over the region's largest utility
  - B. Would produce significant, immediate rate relief
  - C. Would make the region more competitive
  - D. Would ensure that the great majority of PGE's utility jobs remained in the private sector
  - E. The alternatives are not attractive; the status quo is not an option
- III. Support for Further Analysis of WVP
  - A. Industrial Customers of Northwest Utilities (Tab C)
  - B. Citizens' Utility Board of Oregon (Tab C)
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- VI. The Enron Creditors' Committee, Bankruptcy Procedures, and the Auction Process
- VII. Summary of the Current Situation with WVP
- VIII. PGE's Position on WVP (Tab F)
  - A. PGE does not oppose the formation of WVP
  - B. Oregonians for Jobs and Power
- IX. IBEW Local 125's Position on WVP

August 20, 2002

A. July 19, 2002, Portland Tribune article (Tab H)

B. We believe that for a number of sound reasons, Local 125 should support WVP

X. Key Question: Are the various County Commissions Willing to Provide Political Support for the Continued Analysis of WVP?

XI. Next Steps

A. Briefing of county commissioners to continue during the next ten days

B. Prepare draft intergovernmental agreement to continue the study of WVP



## BRIEF DESCRIPTION OF WILLAMETTE VALLEY POWER

1. *What WVP would be* A new public utility, formed under ORS Chapter 190, that would acquire PGE's assets by issuing nonrecourse revenue bonds and provide electricity to the businesses and residents within PGE's existing service territory.
2. *Who would form WVP?* The counties (and possibly some cities) from within the existing PGE service territory.
3. *When WVP would be formed* Before the end of the year 2002.
4. *Would tax payers or the state of Oregon be obligated to pay off the bonds that were issued to acquire PGE's assets?* No.
5. *Estimated number of permanent WVP employees* Fewer than 80.
6. *How WVP would operate*
  - 1) WVP would set policy, provide oversight, and address key issues; for example, WVP would negotiate and monitor the long-term management contracts with private sector companies mentioned below; establish pricing for electricity; make key decisions on building, repowering, and retiring generation resources; set policies on low-income rate payer assistance, deregulation, energy efficiency, and green power.
  - 2) The day-to-day operation of the electric distribution system, power management, and the operation of thermal and hydro-electric facilities would be handled via several long-term management contracts with private sector companies.

7. *What would happen to the PGE jobs?* Virtually all of those jobs would remain in the private sector, although the source of employment would be shifted from PGE to the other private sector companies referred to above.
8. *WVP's advantages relative to Enron's continued ownership of PGE* 1) Exemption from federal income taxes;  
2) Nonprofit operation;  
3) Lower cost of capital;  
4) Use of tax exempt bonds to finance natural gas purchases for gas-fired power plants.  
  
In the aggregate, these advantages exceed \$125 million per year.
9. *Would the formation of WVP cause roll-backs in the areas of low-income rate payer assistance, deregulation, energy efficiency, or green power?* No. Provisions in the WVP charter would preclude such roll-backs.
10. *Would the formation of WVP eliminate franchise fees?* No. The cities currently receiving franchise fees would continue to receive such fees, and franchise fees would also be paid to counties for the unincorporated areas not currently receiving franchise fees.
11. *Would WVP pay property taxes?* No, but WVP would pay a fee-in-lieu to the jurisdictions currently receiving revenues from the property tax so that the tax proceeds were replaced dollar for dollar.
12. *Expected outcome of a potential WVP bidding war with Enron* If given the choice between an all-cash, fairly-priced offer for PGE's assets (i.e. the WVP proposal) versus continued ownership of PGE by Enron, the Enron creditors' committee would be expected to take the cash.
13. *Customer rate relief* Because of the substantial advantages described in No. 8 above, WVP should be expected to provide rate reductions of at least 10 percent.

14. *Example of a recently-created public electric utility that has a business structure similar to what is proposed for WVP* Long Island Power Authority; web site: <http://www.lipower.org/>
15. *Publicly-owned utilities in Oregon and Washington*
- Ashland, City of;
  - Bandon City of;
  - Canby Utility Board
  - Cascade Locks, City of
  - Drain, City of
  - Eugene Water and Electric Board
  - Forest Grove, City of
  - Hermiston, City of
  - McMinnville Water and Light
  - Milton-Freewater Light and Power
  - Monmouth, City of
  - Springfield Utility Board
  - Central Lincoln PUD
  - Clatskanie PUD
  - Columbia River PUD
  - Emerald PUD
  - Northern Wasco County PUD
  - Tillamook PUD
  - Blaine City Light
  - Cashmere Light Department
  - Centralia, City of
  - Cheney, City of
  - Chewelah, City of
  - Coulee Dam, City of
  - Eatonville Power and Light Company
  - Ellensburg, City of
  - Energy Northwest
  - Fircrest, Town of
  - Port Angeles, City of
  - Richland Energy Services Department, City of
  - Ruston Electric Utility
  - Seattle, City of
  - Steilacoom, Town of
  - Sumas, City of
  - Tacoma Power
  - Asotin County PUD No. 1
  - Benton County PUD
  - Chelan County PUD
  - Clallam County PUD
  - Clark Public Utilities
  - Cowlitz County PUD
  - Douglas County PUD

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Grays Harbor County PUD  
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Klickitat County PUD  
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Mason County PUD No. 3  
Okanogan County PUD  
Pacific County PUD No. 2  
Pend Oreille County PUD  
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**CUSTOMER GROUPS SUPPORT DEVELOPMENT OF  
WILLAMETTE VALLEY POWER PROPOSAL**

The Industrial Customers of Northwest Utilities (ICNU) and the Citizens' Utility Board of Oregon (CUB) have thrown their support behind an effort to more fully develop the public-private partnership option to bid for Portland General Electric assets in Bankruptcy Court.

Under this option, local governments would form Willamette Valley Power (WVP), make a bid to purchase the assets of PGE during a auction process set up by Enron and the Bankruptcy Court, and then contract with other utilities to run the facilities if its bid was chosen.

"Now is the time to take this proposal to the next level of detail and evaluation," said Ken Canon, Executive Director of ICNU. "PGE has the highest rates in the Northwest. If WVP can get PGE out of the hands of Enron, return it to local control, while cutting rates, then the customers of PGE need to consider this proposal."

"PGE customers have a choice to make," said Bob Jenks, Executive Director of CUB. "We can sit back, cross our fingers and leave the future of PGE in the hands of a New York bankruptcy court, whose goal is to maximize the value of Enron assets – PGE among them – to pay off Enron's creditors. Or we can develop our own alternative, make an offer to the bankruptcy court and attempt to gain local control of Oregon's largest electric utility."

The Willamette Valley Power (WVP) concept is different from other more traditional public ownership formats in two basic ways. First, the WVP concept would not rely on condemnation of PGE's

assets, which would probably require several years of court battles. The WVP proposal assumes that Enron or more specifically, the creditors of Enron would be willing to sell PGE to WVP. The supporters of WVP are basing the formation of the entity on a state law (ORS 190) which authorizes different governmental units to aggregate and issue bonds to purchase and control assets. Since the cost of capital for public entities is lower than for private entities and since WVP would not have to pay federal taxes, WVP proponents believe that they can make a viable and a winning bid for PGE in the auction process and still provide substantial savings for ratepayers. An early estimate suggests that savings would approach 10%.

In addition, by buying the assets of PGE (power plants, poles, wires, etc.) rather than buying the Company, WVP would reduce the potential liabilities that could flow to PGE based on the federal and state investigations of its actions during last year's energy crisis.

ICNU and CUB believe that WVP carries with it the potential to avoid problems associated with the Enron bankruptcy and to become a responsible utility that puts its customers first. ICNU and CUB are committed to working with WVP proponents during this next phase to ensure that the new utility would have lower rates than PGE, is accountable to customers, and is committed to the establishment of sound energy policy.

30-30-30

*The Citizens' Utility Board of Oregon (CUB) is a statewide, non-profit organization, supported by voluntary contributions from Oregon ratepayers. CUB is named in Oregon law as the representative of residential ratepayers.*

*Industrial Customers of Northwest Utilities (ICNU) is a non-profit, regional trade association focused on electricity issues. ICNU represents its industrial members' electric energy interests before state regulatory commissions, state legislatures, Congress, the Bonneville Power Administration (BPA), the Northwest Power Planning Council and with individual electric publicly-owned and investor-owned utilities.*





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## Public power, the next best thing

06/16/02

Uncertainty over the future of Portland General Electric is creating new interest in the idea of a public takeover.

Thanks to Enron, PGE's corporate parent, government control of the major local utility begins to look appealing, which is something we never expected to say.

▼ From Our Advertiser

The sole plan in the works is that of a loose partnership, Willamette Valley Power, formed by a handful of lawyers, bankers and county commissioners. It envisions a public entity including counties and cities in the PGE service area. The plan calls for the new agency to contract with a private company — the organizers mention Northwest Natural — to operate PGE's successor.

Willamette Valley Power would make an offer to creditors of the bankrupt Enron to buy PGE's assets. Since Northwest Natural withdrew its \$3 billion offer, there haven't been any other takers, although several companies are mentioned as possible bidders. Northwest Natural might even return to the bidding process.

Going public with PGE is an intriguing idea with a number of things going for it.

As a public entity, it would have access to lower-cost borrowing in the municipal bond market.

As a public utility, it might also be in a better position to contract for hydropower from the Bonneville Power Administration.

A local public utility would have a stronger interest than an out-of-state corporation in the region's economic well-being.

A public utility wouldn't answer to private shareholders or send profits out of state. It also wouldn't take \$357 million in tax reserves from the local utility, write off the taxes and keep the cash, as Enron did during the period 1997-2000.

Of course, questions about the feasibility of the Willamette Valley Power proposal abound, and so far, no governments have signed on to the idea.

It's probably no surprise that public ownership has the general endorsement of the Citizens' Utility Board and a major business group, the Industrial Customers of Northwest Utilities. Ken Canon, who represents the industrial customers' group, points out that Willamette Valley Power's proposal

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is still far short of the amount of detail required to really assess its feasibility.

The ultimate arbiters will be those creditors who are owed money by the bankrupt Enron. They are looking to recover as much lost revenue as possible, so any sale of PGE would have to be approved by them as well as by the regulatory bodies involved.

At the moment, though, there appears to be no reason why a responsible public-entity bid would not be as welcome as any other proposal to resolve loose ends of the Enron collapse.

Meanwhile, the bankrupt energy trader is campaigning to hang onto PGE in order to emerge from bankruptcy court as a new company called OpCo.

The Willamette Valley Power does lack specifics at this point, but it's a proposal that Multnomah and Washington counties, Portland and others, need to consider seriously.

They also ought to involve themselves in studying the feasibility of a public bid, addressing areas such as governance of a new entity and financing.

Having PGE's future rest in the hands of New York courts and lenders is an undesirable situation. Returning PGE to local control would be big regional victory.

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---

Local PUD should buy PGE

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Publication: Capital Press  
Publication Date: 6/21/02  
Page and Section: 0

Body:

Enron's efforts to gouge electricity consumers in the West have spawned an idea worth pursuit: Form a nonprofit public utility in any of the six counties served by Portland General Electric in northwest Oregon, bring PGE facilities back to local ownership from Enron, and furnish electricity at lower rates. Public ownership of electrical utilities has been successful in the Pacific Northwest and is an effective alternative to Enron's crooked profiteering.

A section of state of Oregon law – ORS Chapter 190 – makes it possible for two or more of the counties in PGE's service area to form a not-for-profit public utility and issue revenue bonds to raise money to buy PGE's dams, coal plant, poles, wires and other assets from Enron creditors. The new public utility would then sign long-term contracts with private firms to deliver the electricity. Willamette Valley Power, the name suggested for the proposed utility, would decide policies, set prices and oversee operations.

It has always made sense to me to have public agencies or publicly sanctioned monopolies deliver such basic services as water, telephone and electricity. Enron's record is the worst possible advertisement for deregulation of public utilities and for turning energy responsibilities over to an outfit focused only on profits. The last thing on Earth needed by hard-pressed ag producers, general business, budget-stretched public agencies or anyone else was Enron profiteering on energy.

In Washington and Oregon, about 55 publicly owned electric utilities buy some or all of their power and distribute it.

Proposed under Willamette Valley Power is a somewhat different kind of approach: a publicly owned agency contracting with private firms to furnish electricity. Backers say that once the creditors of Enron agreed to sell PGE's assets, there would be an issue of revenue bonds paid through electricity rate revenue. Among backers of Willamette Valley Power are Portland attorneys John Burns, Rece Bly and Brian Doherty; Central Oregon attorney Kevin Padrick; energy-water consultant Ron Nichols of Sacramento and Jeff Brown of Goldman Sachs investment firm in Seattle.

Why would Enron's creditors be interested in selling assets of PGE, which is one of the soundest properties Enron has? Supporters of the plan say they believe Willamette Valley Power would have a good chance in an auction for PGE assets now that officials of Northwest Natural have dropped plans to buy PGE.

The plan has other attractive features -- backers contend electricity rates would be lowered at least 10 percent, the revenue bond issue would shield taxpayers from obligation, and cities would continue to receive electricity franchise fees and would get fees in lieu of property taxes from the new public utility.

Letting an outfit like Enron continue to operate PGE is an alternative that stinks. Why not try to bring ownership of PGE back to Oregon and get rates down to a more reasonable level?

Mike Forrester is publisher of the Capital Press. Viewpoint appears every other week.



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TRIBUNE ILLUSTRATION: JOAN MCGUIRE

## OpCo would best serve PGE's needs

BY FRED MILLER  
*The Tribune*

By now, those who have read recent headlines about the potential sale of Portland General Electric know there's been talk of placing our company under government ownership.

First, let me set the record straight: PGE opposes a government takeover of our company. We strongly maintain the position that condemnation of our assets by a government entity does not make sense.

Interestingly, the attorneys proposing that a new entity, Willamette Valley Power, could buy PGE have confused our position on a government takeover as if it was directed at their hybrid government-private concept. It's not.

If Willamette Valley Power's organizers can come up with a respectable bid to purchase PGE, Enron's creditors' committee will surely consider it. That's because a process has been proposed that could involve the sale of PGE by itself, or PGE could be a cornerstone for a \$9 billion to \$10 billion energy company created from solid assets of the former Enron, tentatively called OpCo

Energy.

Stephen Cooper, the interim chief executive officer and seasoned turnaround expert who is helping Enron through bankruptcy, visited Portland recently to provide us with an update about OpCo and to learn more about PGE. In addition to the process that could involve the sale of PGE, he said there also are strong signs for OpCo's future, with PGE playing a major role in that new company (representing an estimated 40 percent of the whole enterprise).

Cooper said his Portland visit with various constituencies left him with a better understanding of just how important PGE is to Oregon. In fact, at a reception after his visit — which included Portland business leaders and government officials — some local leaders took the opportunity to talk with Cooper about the notion of bringing OpCo's headquarters to Portland.

Clearly, there are a variety of positive options going forward. We don't have a position on Willamette Valley Power's idea, but we do believe we should ask important questions on behalf of our 738,000 customers, our more than 2,700 employees and the dozens of Oregon communities we serve. Among these questions:

- How will our customers be treated under ownership by Willamette Valley Power? Customer groups are researching the proposal on that front, asking the same question. This is important because the Oregon Public Utility Commission probably would no longer regulate the new entity.
- How will our employees be treated? Proponents say that the entity will have just 80 permanent employees. Where do the PGE jobs go? How will their expertise be replaced?
- Could Oregon handle the risks associated with the largest-ever revenue bond issuance in Oregon's history, since the proposed purchase of PGE would be in the neighborhood of \$4 billion (the largest bond issuance in Oregon was \$700 million).
- Who, ultimately, is Willamette Valley Power? How will this odd collection of several interests that includes counties, a new 80-person organization and an unspecified number of private contractors operate and be involved in the community?
- How would Willamette Valley Power address the variety of federal, state and local taxes and franchise fees that PGE pays?

These and other questions about Willamette Valley Power need to be answered because when the dust settles, everyone in Oregon has to live with the outcome.

What is clear is that despite being owned by Enron since 1997, PGE has remained locally managed, and its employees have been resilient despite extremely challenging times. In 2001, PGE broke its own records for community giving and volunteerism, and we continue to have a strong record for delivering safe and reliable power to our customers. Simply put, we believe the OpCo plan offers the best shot at being the same kind of company we are today.

Fred Miller is executive vice president of Portland General Electric. He lives in Southwest Portland.

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TRIBUNE ILLUSTRATION: JOAN MCGUIRE

## What's best? Give power to the people

We need to remove the greedy grasp of Enron from the PGE assets we have spent decades paying for.

In 1996, I opposed Enron's takeover of PGE, testifying that Enron would run "complicated shell games" beyond the Oregon Public Utility Commission's control. I challenged the deal in courts for three years but lost.

Our choices now:

- 1. Stay with Enron Enron-PGE caused the largest electric utility rate hike in Oregon history, the \$400 million increase last October. The "reason" was the spike in wholesale power prices because of Enron's manipulation of California and West Coast markets with "Fat Boy," "Death Star" and other schemes.

Enron's collapse took more than \$100 million from PGE employees' 401k plans and \$80 million from the state Public Employees Retirement System through loss in value of Enron stock. Enron-PGE is banned from new or renewed federal contracts; one such Bonneville Power Administration contract, which expires in 2006, reduces PGE rates by \$50 million per year. PGE executives exited with vast fortunes. Chairman Ken Harrison walked away after cashing stock options worth \$75 million.

Staying with Enron means having our utility run by the world's most reviled corporation. And the U.S. Bankruptcy Court may not let Enron keep PGE, anyway.

- 2. Willamette Valley Power Emerging from Wall Street, the WVP plan would take an extra \$1 billion or more from PGE ratepayers. WVP wants to organize local county governments to bid for PGE assets in the expected U.S. Bankruptcy Court auction. If the hydropower and transmission assets were "sold out from under state regulation," the price could approach \$4 billion.

WVP promoters openly shun using eminent domain. They want a purely "voluntary" purchase, which would maximize payments to the Wall Street banks (Enron's major creditors) and payments to the promoters. Why should we pay them and Wall Street an extra \$1 billion or more?

- 3. The state or a people's utility district We need not compete in an auction to drive up the price of assets we have spent decades paying for. U.S. Bankruptcy Court approval is not required for exercise of eminent domain over the assets of PGE, a viable, nonbankrupt, wholly owned subsidiary of a bankrupt corporation.

Oregon state or local governments could use eminent domain to acquire these assets by paying "just compensation" as determined by the Oregon courts. We ratepayers already have invested more than \$1.6 billion in the PGE assets. They have a remaining book value of \$1.9 billion, which would be "just compensation" to Enron or its creditors.

In January, we asked the Oregon Legislature to activate the State Power Authority, voted into the Oregon Constitution in 1932, which could acquire the PGE assets by eminent domain. The Legislature did not act. Of course, Oregon is No. 1 per capita in Enron campaign contributions to politicians.

A regionwide PUD could obtain PGE's assets by eminent domain, under the direction of a five-member elected board. This month we will start gathering signatures to put this on the ballot.

- 4. An electric cooperative We also could form an electric cooperative to acquire the PGE assets, but the bargaining leverage of a co-op depends on confronting the seller with the alternative of a public body with eminent domain power.

In 1987, I helped create the Oregon Trail Electric Consumers Cooperative, which offered to buy the CP National system serving 70,000 people in Eastern Oregon. CP National demanded \$63 million. Then the people put a PUD on the ballot, and the net price suddenly dropped 35 percent. Oregon Trail is now the largest electric cooperative in Oregon. The key was the threat of a PUD with eminent domain power.

In sum, we need to create a people's utility district to protect PGE ratepayers from more swindles. The WVP plan of having counties "voluntarily" pay more than \$3 billion would be worse than seeing the PGE assets sold to other companies. If that happened, we could still acquire the assets later from those other companies by eminent domain. If WVP committed the counties to paying too much, we would be stuck with that high cost forever.

Pronounce "WVP," and it sounds like "WPPSS." Let's not get fooled again.

Dan Meek is a Southwest Portland attorney and the former director of congressional subcommittees with jurisdiction over Northwest power issues. Contact him at [www.voters.net](http://www.voters.net).

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TRIBUNE ILLUSTRATION: JOAN MCQUIRE

## Utility needs local ownership

Given recent events, should we trust Enron or Enron's subsidiary, Portland General Electric, to protect our energy future? No is the obvious answer. Oregonians should use the best available means to reacquire local control over the region's largest utility. Willamette Valley Power would do just that.

WVP would be a new public utility formed by as many as six Oregon counties. It would issue nonrecourse revenue bonds to purchase PGE's assets at fair market value. The bonds would be repaid from WVP's sales of electricity to ratepayers. Taxpayers would not be obligated to repay the bonds. Neither the state nor any of the counties would take on any financial obligations related to WVP.

WVP would combine the substantial tax and financing advantages of a public utility with the management and efficiency of the private sector. If this sounds good to you, you are not alone. WVP has received support from large industrial electricity consumers (through Industrial Customers of Northwest Utilities), retail consumers (through the Citizens' Utility Board of Oregon) and the editorial boards of publications as diverse as The Oregonian and the Capital Press.

WVP would be exempt from the federal income taxes paid by PGE. WVP

would have a much lower cost of capital than PGE; and unlike PGE, it would not be obligated to send Enron millions of dollars in dividends each year.

These three big advantages (exemption from federal income taxes, lower cost of capital and nonprofit operation) would create annual savings of more than \$125 million. That is why WVP can project an immediate reduction in everyone's electricity bills of at least 10 percent.

WVP would have fewer than 80 full-time employees. These employees would be responsible for such things as setting electricity rates, establishing utility-related public policy and deciding whether to re-power, build or retire power plants.

WVP's day-to-day operations would be handled through contracts with private sector companies. One private sector company, for example, might be responsible for the operation of the retail electric distribution system (poles and wires). Another might be responsible for operation of the hydroelectric plants.

By this means, the overwhelming majority of PGE's approximately 2,700 private sector jobs would remain in the private sector, which is exactly where Oregonians want those jobs to be. This approach would allow WVP to achieve the high efficiency of a first-class private sector utility.

This same approach has already been used with great success. In 1998, a new public electric utility, Long Island Power Authority, acquired the assets of a major private sector utility in New York. Long Island Power Authority used management contracts to ensure that its staff stayed small and the utility-related jobs stayed in the private sector. It promised and delivered a 20 percent reduction in energy costs.

Enron has collapsed beneath a still-rising wave of accounting and energy-trading scandals. Not surprisingly, Enron's local utility, PGE, has vexed us with the steepest energy prices in the Northwest. Trust them? Trust another national energy company that might buy PGE? No, instead we should trust an Oregon public utility, under local control, that is focused exclusively on the well-being of our region and its ratepayers.

Rece Bly is a Tigard attorney who supports the creation of Willamette Valley Power.

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SATURDAY ♦ JULY 13, 2002

## New fears drive push for public PGE

*A Portland official points to the possibility that customers will suffer more as Enron reorganizes and creditors call the shots*

By **JEFF MANNING**  
THE OREGONIAN

It's not the fact that Enron executives

cooked the company's books, bilked investors and their own employees for billions of dollars and walked away rich that finally convinced Portland city Commissioner Erik Sten to seriously consider a public takeover of Enron's local utility Portland General Electric.

It's not the fact that PGE's parent company engaged in illegal, deceptive power trading practices that helped drive up electricity costs.

It's not the unprecedented 32 to 50 percent power rate hikes instituted by PGE last fall.

Rather, he said Friday, it's the potential for PGE customers suffering even further damage in the course of Enron's ongoing bankruptcy reorganization. The creditors are calling the shots in the bankruptcy, and they have no allegiance to local ratepayers.

Please see **PGE**, Page E5

## PGE: Utility vice president urges patience

*Continued from Page E1*

"We should absolutely not be sitting around idle while Enron executives and New York financiers determine our fate," Sten said.

Sten's remarks came at a Friday meeting of the City Club. About 125 members of the influential civic group packed a meeting room at the Multnomah Athletic Club for a discussion of a possible public takeover of PGE.

Sten and Ken Canon, executive director of the Industrial Customers of Northwest Utilities, advocated further study of an option that has gained popularity with each new twist in Enron's collapse.

Fred Miller, a PGE vice president, countered that a public takeover is a bad idea that would lead to still more uncertainties for PGE's 736,000 customers and more than 3,000 employees.

Enron, the Houston energy giant, filed Chapter 11 bankruptcy in December after its notorious accounting trickery came to light and investors deserted the company. Amid revelations of widespread fraudulent business practices, Enron's new management has attempted to work out a reorganization plan acceptable to creditors.

Before the bankruptcy, Enron intended to sell PGE to Portland-based Northwest Natural. But new management at Enron decided in the spring that it wanted to keep

PGE as one of the centerpieces of its reorganization plan, which would create a new company tentatively named OpCo.

Miller argued that the public should give the new management a chance to institute its proposal. PGE executives have hinted that the company could be based in Portland.

"The community's response should be 'let's bring OpCo here,'" Miller said. "Why wouldn't we want a Fortune 500 company here?"

Miller added that PGE has been a solid civic citizen that has been unfairly stained by Enron. "No doubt there's a taint to being con-

nected to Enron," he said. "At PGE, things have really not been that bad."

Canon countered that his clients, which include Intel, Precision Castparts Oregon Steel Mills and Boeing, are deeply dissatisfied with the way the utility has been run. He pointed out that after last fall's rate increases, PGE customers pay the highest electricity prices in the Northwest.

"That's sucking the lifeblood out of some of these companies," Canon said.

Canon's group intends to call upon the Oregon Public Utility Commission to undertake a detailed study of a public takeover.

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## Group opposes making PGE a public utility

BY KRISTINA BRENNEMAN  
*The Tribune*

The big corporate guns have begun wheeling into place to fight off a potential government takeover of Portland General Electric.

Lobbyist and former state Sen. Paul Phillips is behind a newly formed coalition called Oregonians for Jobs and Power, which has the backing of PGE itself as well as Spokane-based utility Avista Corp. The National Electrical Contractors Association also is supporting Phillips' coalition.

PGE eventually will kick in money for the group to conduct research, said Gregg Arntson, a spokesman for the utility.

Phillips, who heads Pac/West Communications, describes as "shams" two separate efforts — which have been gaining momentum in recent weeks — to turn PGE, an Enron subsidiary, into a publicly owned utility.

He argues that if they succeed, they would cost local governments millions in tax monies yet would fail to provide any sort of rate benefit to customers.

"We've done some research on the economic costs and the basic instincts," he said. "We'll at least raise some questions. It's disastrous for us to run headlong into municipalization of a private business. Ratepayers will be hurt."

Bob Jenks, executive director of Citizens' Utility Board of Oregon, disagrees. "It's not a government takeover, it's citizens wanting to buy PGE," Jenks said. "We would rather have local government buy it cheaply than have Duke Power buy PGE at a much higher rate."

One of the proposed takeover efforts — proposed by lawyer Dan Meek and activist Lloyd Marbet — would involve use of the state's right of eminent domain to acquire PGE. Phillips labeled that plan as having a "socialist bent."

The other plan being floated is for Willamette Valley Power, a proposed six-county entity, to buy PGE at an auction expected to begin this week as part of Enron's bankruptcy proceedings. WVP then would simply oversee PGE, which would continue to operate as a private business.

Phillips' coalition is viewed by utility watchdog groups as little more than a front for PGE. "You don't run a grass-roots organization out of a PR firm," Jenks said. "Everyone assumes it's PGE or it's PGE executives because they have the most to lose."

"This organization," Jenks continued, "can't hide the fact PGE is owned by Enron; Enron is bankrupt, and they are going to auction PGE off. PGE has the highest rates in the region. You have to cut rates, not give more money to Enron creditors."

In the next several weeks, Enron is releasing data to prospective buyers so they can evaluate pieces of the company, including the estimated \$2.5 billion Portland utility, said Enron spokesman John Ambler.

Under bankruptcy reorganization, Enron is giving its creditors committee two

options: Auction off the leftovers of the once mega-size energy company, or form a new energy company called OpCo, with PGE making up 42 percent of it.

The method for accepting bids is still being worked out with creditors and a New York bankruptcy judge. A decision on PGE probably won't occur before mid-September, Ambler said.

Thus far, no other buyers for PGE have come forward.

Local 125 of the International Brotherhood of Electrical Workers, once an opponent of a public takeover of PGE, has now thrown its support to the Willamette Valley Power idea. Industrial Customers of Northwest Utilities, which includes PGE's biggest customers such as Intel Corp., and the Citizens' Utility Board, have agreed to explore the WVP idea.

Contact Kristina Brenneman at [kbrenneman@portlandtribune.com](mailto:kbrenneman@portlandtribune.com).

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## Chapter 190 — Cooperation of Governmental Units; State Census; Arbitration

### 2001 EDITION

#### INTERGOVERNMENTAL COOPERATION

**190.003 Definitions for ORS 190.003 to 190.130.** As used in ORS 190.003 to 190.130, "unit of local government" includes a county, city, district or other public corporation, commission, authority or entity organized and existing under statute or city or county charter. [1967 c.550 §2]

**190.007 Policy; construction.** In the interest of furthering economy and efficiency in local government, intergovernmental cooperation is declared a matter of statewide concern. The provisions of ORS 190.003 to 190.130 shall be liberally construed. [1967 c.550 §3]

**190.010 Authority of local governments to make intergovernmental agreement.** A unit of local government may enter into a written agreement with any other unit or units of local government for the performance of any or all functions and activities that a party to the agreement, its officers or agencies, have authority to perform. The agreement may provide for the performance of a function or activity:

- (1) By a consolidated department;
- (2) By jointly providing for administrative officers;
- (3) By means of facilities or equipment jointly constructed, owned, leased or operated;
- (4) By one of the parties for any other party;
- (5) By an intergovernmental entity created by the agreement and governed by a board or commission appointed by, responsible to and acting on behalf of the units of local government that are parties to the agreement; or
- (6) By a combination of the methods described in this section. [Amended by 1953 c.161 §2; 1963 c.189 §1; 1967 c.550 §4; 1991 c.583 §1]

**190.020 Contents of agreement.** (1) An agreement under ORS 190.010 shall specify the functions or activities to be performed and by what means they shall be performed. Where applicable, the agreement shall provide for:

- (a) The apportionment among the parties to the agreement of the responsibility for providing funds to pay for expenses incurred in the performance of the functions or activities.
- (b) The apportionment of fees or other revenue derived from the functions or activities and the manner in which such revenue shall be accounted for.
- (c) The transfer of personnel and the preservation of their employment benefits.
- (d) The transfer of possession of or title to real or personal property.
- (e) The term or duration of the agreement, which may be perpetual.
- (f) The rights of the parties to terminate the agreement.

(2) When the parties to an agreement are unable, upon termination of the agreement, to agree on the transfer of personnel or the division of assets and liabilities between the parties, the circuit court has jurisdiction to determine that transfer or division. [Amended by 1967 c.550 §5]

**190.030 Effect of agreement.** (1) When an agreement under ORS 190.010 has been entered into, the unit of local government, consolidated department, intergovernmental entity or administrative officer designated therein to perform specified functions or activities is vested with all powers, rights and duties relating to those functions and activities that are vested by law in each separate party to the agreement, its officers and agencies.

(2) An officer designated in an agreement to perform specified duties, functions or activities of two or more public officers shall be considered to be holding only one office.

(3) An elective office may not be terminated by an agreement under ORS 190.010. [Amended by 1967 c.550 §6; 1991 c.583 §2]

**190.040** [Amended by 1953 c.182 §2; 1957 c.428 §1; repealed by 1963 c.189 §3]

**190.050 Fees for geographic data; uses.** (1) An intergovernmental group may impose and collect reasonable fees based on market prices or competitive bids for geographic data that have commercial value and are an entire formula, pattern, compilation, program, device, method, technique, process, data base or system developed with a significant expenditure of public funds. An intergovernmental group may enter into agreements with private persons or entities to assist with marketing such products. Notwithstanding any other provision of law, intergovernmental group software product programming source codes, object codes and geographic data bases or systems are confidential and exempt from public disclosure under ORS 192.502. Nothing in this section authorizes an intergovernmental group to restrict access to public records through inclusion of such records in a geographic data base or system.

(2) Fees collected under subsection (1) of this section shall be used:

- (a) For maintenance of the formula, pattern, compilation, program, device, method, technique, process, data base or system; and
- (b) To provide services through the formula, pattern, compilation, program, device, method, technique, process, data base or system to public bodies paying a service charge to the intergovernmental group.

(3) As used in this section, "intergovernmental group" means two or more units of local government that have entered into a written agreement under ORS 190.010. [1991 c.335 §2]

**190.070 Agreement changing service responsibilities requires changes in tax coordination resulting from change.** (1) If any agreement entered into under ORS 190.010 to 190.030 or 190.110 between or among units of local government includes changes in service responsibility, that agreement shall set forth any changes in tax coordination resulting from the change in service responsibility.

(2) This section applies to agreements entered into after September 29, 1991, and before January 1, 1996. [1991 c.396 §9; 1993 c.424 §3]

**Note:** 190.070 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 190 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

**190.080 Powers of intergovernmental entity created by intergovernmental agreement; limits; debts of entity are debts of parties to agreement; procedure for distribution of assets.** (1) An intergovernmental entity created by an intergovernmental agreement under ORS 190.010 may, according to the terms of the agreement:

(a) Issue revenue bonds under ORS 288.805 to 288.945 to accomplish the public purposes of the parties to the agreement, if after a public hearing the governing body of each of the units of local government that are parties to the agreement approves, by resolution or order, the issuance of the revenue bonds;

(b) Enter into agreements with vendors, trustees or escrow agents for the installment purchase or lease, with option to purchase, of real or personal property if the period of time allowed for payment under an agreement does not exceed 20 years; and

(c) Adopt all rules necessary to carry out its powers and duties under the intergovernmental agreement.

(2) Except as provided in ORS 190.083, an intergovernmental entity may not levy taxes or issue general obligation bonds.

(3) The debts, liabilities and obligations of an intergovernmental entity shall be, jointly and severally, the debts, liabilities and obligations of the parties to the intergovernmental agreement that created the entity, unless the agreement specifically provides otherwise.

(4) A party to an intergovernmental agreement creating an intergovernmental entity may assume responsibility for specific debts, liabilities or obligations of the intergovernmental entity.

(5) Any moneys collected by or credited to an intergovernmental entity shall not accrue to the benefit of private persons. Upon dissolution of the entity, title to all assets of the intergovernmental entity shall vest in the parties to the intergovernmental agreement. The agreement creating the entity shall provide a procedure for:

(a) The disposition, division and distribution of any assets acquired by the intergovernmental entity; and

(b) The assumption of any outstanding indebtedness or other liabilities of the entity by the parties to the intergovernmental agreement that created the entity.

(6) An intergovernmental entity created by intergovernmental agreement under ORS 190.010 may be terminated at any time by unanimous vote of all the parties to the intergovernmental agreement or as provided by the terms of the agreement. [1991 c.583 §4; 2001 c.840 §3]

**190.083 County agreements for transportation facilities.** (1) Before a county enters into an intergovernmental agreement creating an intergovernmental entity to operate, maintain, repair and modernize transportation facilities, the county shall obtain approval of the terms and conditions of the agreement from the governing bodies of a majority of the cities within the county.

(2) Notwithstanding ORS 190.080 and subject to the provisions of this section, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may issue general obligation bonds and assess, levy and collect taxes in support of the purposes of the entity.

(3)(a) To carry out the purposes of an intergovernmental agreement under this section, and when authorized at an election described in paragraph (b) of this subsection, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may borrow moneys and sell and dispose of general obligation bonds. Approval requires an affirmative vote of a majority of the electors within the intergovernmental entity voting in the election.

(b) If the bonds are not subject to the limitations under section 11 or 11b, Article XI of the Oregon Constitution:

(A) The proposition submitted to the electors shall provide that the intergovernmental entity shall assess, levy and collect taxes each year on the assessed value of all taxable property within the intergovernmental entity for the purposes of paying the principal and interest on the general obligation bonds;

(B) The election must comply with the voter participation requirements of section 11 (8), Article XI of the Oregon Constitution; and

(C) Outstanding bonds may never exceed in the aggregate two percent of the real market value of all taxable property within the entity.

(4) The governing body of an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities shall issue the bonds from time to time as authorized by the electors of the entity. The governing body shall issue the bonds according to the applicable provisions of ORS chapters 287 and 288.

(5) The electors of an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may establish a permanent rate limit for ad valorem property taxes for the entity pursuant to section 11 (3)(c), Article XI of the Oregon Constitution.

(6) An intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may exercise the powers necessary to carry out the purposes of the intergovernmental agreement, including but not limited to the authority to enter into agreements and to expend tax proceeds and other revenues the entity receives.

(7) An intergovernmental entity created to operate, maintain, repair and modernize transportation facilities is not a district as defined in ORS 198.010 and is not subject to the provisions of ORS chapter 451. [2001 c.840 §2]

**190.085 Ordinance ratifying intergovernmental agreement creating entity.** (1) Prior to the effective date of an intergovernmental agreement creating an intergovernmental entity, each of the parties to the intergovernmental agreement shall enact an ordinance ratifying the creation of the intergovernmental entity. An ordinance enacted under this subsection shall:

- (a) Declare that it is the intent of the governing body enacting the ordinance to create an intergovernmental entity by intergovernmental agreement;
- (b) Specify the effective date of the intergovernmental agreement;
- (c) Set forth the public purposes for which the intergovernmental entity is created; and
- (d) Describe the powers, duties and functions of the intergovernmental entity.

(2) Not later than 30 days after the effective date of an intergovernmental agreement creating an intergovernmental entity under ORS 190.010, the parties to the intergovernmental agreement shall file with the Secretary of State copies of the ordinances required under this section together with a statement containing the name of the intergovernmental entity created, the parties to the agreement, the purpose of the agreement and the effective date of the agreement. [1991 c.583 §5]

**190.110 Authority of units of local government and state agencies to cooperate; agreements with American Indian tribes; exclusion of conditions for public contracts.** (1) In performing a duty imposed upon it, in exercising a power conferred upon it or in administering a policy or program delegated to it, a unit of local government or a state agency of this state may cooperate for any lawful purpose, by agreement or otherwise, with a unit of local government or a state agency of this or another state, or with the United States, or with a United States governmental agency, or with an American Indian tribe or an agency of an American Indian tribe. This power includes power to provide jointly for administrative officers.

(2) The power conferred by subsection (1) of this section to enter into an agreement with an American Indian tribe or an agency of an American Indian tribe extends to any unit of local government or state agency that is not otherwise expressly authorized to enter into an agreement with an American Indian tribe or an agency of an American Indian tribe.

(3) With regard to an American Indian tribe, the power described in subsections (1) and (2) of this section includes the power of the Governor or the designee of the Governor to enter into agreements to ensure that the state, a state agency or unit of local government does not interfere with or infringe on the exercise of any right or privilege of an American Indian tribe or members of a tribe held or granted under any federal treaty, executive order, agreement, statute, policy or any other authority. Nothing in this subsection shall be construed to modify the obligations of the United States to an American Indian tribe or its members concerning real or personal property, title to which is held in trust by the United States.

(4) A unit of local government or state agency of this state may exclude any clause or condition required by ORS 279.312, 279.313, 279.314, 279.316, 279.318, 279.319, 279.320 or 279.555 from an agreement under subsection (1) of this section if the agreement is with:

- (a) A unit of local government of another state.
- (b) A state agency of another state.

(c) The United States.

(d) A United States governmental agency.

(e) An American Indian tribe.

(f) An agency of an American Indian tribe. [Amended by 1963 c.189 §2; 1967 c.550 §7; 1985 c.267 §1; 1999 c.948 §3; 2001 c.611 §1]

**190.115 Summaries of agreements of state agencies; contents.** (1) A state agency that enters into an agreement under ORS 190.110, 190.420 or 190.485 on or after August 16, 1999, shall submit a summary of the agreement to the Oregon Department of Administrative Services within the 30-day period immediately following the effective date of the agreement.

(2) A state agency that, before August 16, 1999, entered into an agreement under ORS 190.110, 190.420 or 190.485 that will be in effect 90 days after August 16, 1999, shall submit a summary of the agreement to the department within 90 days following August 16, 1999.

(3) The summary required by this section must include the following information:

(a) Names of the parties to the agreement.

(b) Date of the agreement.

(c) Subject matter of the agreement.

(d) The agency through which a person may obtain a copy of the agreement.

(4) A state agency that is required to submit a summary of an agreement to the department under this section shall submit the summary through electronic means. [1999 c.948 §1]

**Note:** 190.115 and 190.118 were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 190 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

**190.118 Index of summaries.** (1) The Oregon Department of Administrative Services shall keep an index of summaries of agreements into which state agencies enter under ORS 190.110, 190.420 or 190.485. The department shall include in the index the information provided by state agencies under ORS 190.115.

(2) The department shall require state agencies to update information in the index through a secure website that is protected with a password.

(3) The department shall make the information in the index accessible to the public through a searchable public website on the Internet. [1999 c.948 §2]

**Note:** See note under 190.115.

**190.120** [1955 c.164 §1; 1959 c.662 §3; 1961 c.108 §8; renumbered 297.910]

**190.125 Agreements to deliver water; joint board of control.** (1) A unit of local government established to deliver water may enter into a written agreement with any other such unit or units of local government for the performance of specified activities by a joint board of control composed of the district managers of the parties to the agreement. A joint board of control, at the direction of the parties to the agreement, may perform any or all functions and activities under the agreement that a party to the agreement, or its officers or agencies, has authority to perform.

(2) A joint board of control created under this section may undertake cooperative activities, such as:

- (a) Sharing personnel;
- (b) Entering into joint contracts for operations;
- (c) Sharing use of equipment, facilities and fiscal resources;
- (d) Preparing basin and subbasin conservation plans and other planning functions; and
- (e) Any other cooperative activity authorized by the parties to the agreement.

(3) An agreement under this section shall specify the functions or activities to be performed by the joint board of control and by what means they shall be performed. The agreement shall provide that the elected boards of the parties to the agreement must approve the operating policy of the joint board of control. The agreement shall also provide that the joint board of control act on behalf of the parties to the agreement and under their policy guidance.

(4) As used in this section, "unit of local government established to deliver water" means an irrigation district organized under ORS chapter 545, a drainage district organized under ORS chapter 547, a diking district organized under ORS chapter 551, a water improvement district organized under ORS chapter 552, a water control district organized under ORS chapter 553 or a nonprofit corporation for irrigation, drainage, water supply or flood control organized under ORS chapter 554. [1997 c.215 §2]

**190.130 Effect of ORS 190.125.** The authority granted by ORS 190.125 is in addition to any other authority and powers possessed by units of local government established to deliver water and does not increase or expand the authority or the powers of such units of local government relating to water rights or water use under other state laws. [1997 c.215 §3]

**190.150 Agreements under federal Watershed Protection and Flood Prevention Act.** (1) Districts that may enter into agreements with the United States, or any agency or instrumentality thereof, under the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1002), are:

- (a) People's utility districts organized under ORS chapter 261.
- (b) Domestic water supply corporations organized under ORS chapter 264.
- (c) Irrigation districts organized under ORS chapter 545 and ORS 548.005 to 548.120 and 548.305 to 548.715.
- (d) Drainage districts organized under ORS chapter 547 and ORS 548.005 to 548.120 and 548.305 to 548.715.

(e) Diking districts organized under ORS chapter 551.

(f) Water control districts organized under ORS chapter 553.

(g) Irrigation, drainage, water supply or flood control corporations organized under ORS chapter 554.

(2) No agreement under subsection (1) of this section that imposes any part of the cost of a work of improvement upon a district is binding upon the district until the project and the method of financing its costs have been authorized in accordance with the laws that apply to that district.

(3) This section is intended to be supplementary and in addition to and is not intended to repeal any law authorizing this state or any political subdivision or instrumentality thereof to make contracts with the United States or any agency or instrumentality thereof. [1959 c.113 §§1,2,3; 1969 c.50 §2]

**190.210 Oregon Department of Administrative Services to maintain liaison with local governments providing services to state agencies.** (1) The Legislative Assembly recognizes the need for intergovernmental cooperation between the state governmental agencies located in the various regions of the state and the local governmental agencies which provide the state agencies necessary services such as:

(a) Fire and police protection;

(b) Sewage, water and storm drainage;

(c) Traffic and transportation facilities;

(d) Refuse disposal; and

(e) Schools, parks and zoning.

(2) In meeting this need for intergovernmental cooperation, the Oregon Department of Administrative Services shall maintain liaison with the various local governmental agencies which provide services to the state agencies and may participate in the joint deliberations of the local governments in developing plans for services which are supported or utilized by these state agencies. [1961 c.591 §1; 1995 c.79 §69]

**190.220 State to pay share of cost of intergovernmental and planning studies; limitation.** (1) The Oregon Department of Administrative Services is authorized to pay out of the General Fund, to the extent that moneys are available therefor, its proportionate share of the cost of development and coordination of intergovernmental studies and plans prepared by tax supported intergovernmental planning groups, except that the state's financial participation shall be limited to the planning and coordinating of those activities and services which are supported or utilized by the state agencies located in the various regional areas.

(2) The department is authorized to pay, from moneys appropriated for such purposes, grants-in-aid to tax supported intergovernmental planning groups in support of planning activities conducted by such groups. [1961 c.591 §2; 1969 c.136 §5]

**190.230 Public employment status of certain persons under various federal programs.** Persons who are recipients, beneficiaries or trainees in work training, work study and work experience programs

authorized by the Economic Opportunity Act of 1964 (United States Public Law 88-452), as amended; persons who are volunteers under section 603 of that Act; and persons participating in the Work Incentive Program, Title IV of the Social Security Act (United States Public Law 90-248), as amended; and persons participating in programs of work experience and training during their participation in such programs:

(1) Are not serving in positions in the service of the state or any county or city for purposes of any merit system or civil service law or of any state, county or city retirement system.

(2) Are workers covered under the state system of workers' compensation if the recipient, beneficiary or trainee is not otherwise covered by a federal program of insurance offering similar coverage. [1965 c.405 §1; 1969 c.227 §1; 1975 c.107 §1; 1977 c.294 §1; 1985 c.565 §23]

**190.240 Furnishing of services by state agency to federal and local governmental units.** (1) Subject to rules prescribed by the Oregon Department of Administrative Services, any state agency as defined in ORS 291.002 may, upon request, furnish to the federal government or a city, county, district or other municipal corporation or political subdivision in Oregon the same or similar services, other than materials, equipment and supplies, having a single unit price of less than \$500, furnished under the laws of this state to other state agencies. Equipment does not include used goods; material and supplies do not include goods produced by the State of Oregon. The cost of the services provided under this subsection shall be charged to the federal government, city, county, district or other municipal corporation or political subdivision for which the services are performed.

(2) Except as provided in subsection (3) of this section, in the case of state agencies, the cost of services furnished pursuant to subsection (1) of this section may be paid out of the miscellaneous receipts account established pursuant to ORS 279.833 for such agencies. All moneys received by an agency in payment of such services shall be paid into the State Treasury for deposit to the credit of the miscellaneous receipts account established pursuant to ORS 279.833 for the agency furnishing the service.

(3) In the case of the Oregon Department of Administrative Services, the cost of services furnished pursuant to subsection (1) of this section may be advanced from the Oregon Department of Administrative Services Operating Fund and reimbursed to the fund from the charges paid to the department by the federal government, city, county, district or other municipal corporation or political subdivision for which the services are performed. [1965 c.351 §2 (2), (3); 1967 c.419 §43; 1969 c.420 §1; 1993 c.500 §6]

**190.250 Furnishing centralized accounting and data processing services to federal and local governmental units.** Upon request of the federal government or a city, county, district or other municipal corporation or political subdivision in Oregon, the Oregon Department of Administrative Services may provide centralized accounting, data processing, data recording and storing and other similar services for such federal government, city, county, district or other municipal corporation or political subdivision. The cost of the services provided under this section may be advanced out of the Oregon Department of Administrative Services Operating Fund and the cost thereof shall be charged to the federal government, city, county, district or other municipal corporation or political subdivision for which the services are performed. [1965 c.351 §2 (1); 1967 c.454 §91; 1993 c.500 §6a]

**190.260** [Formerly 297.920; repealed by 1967 c.454 §119]

**190.265 Intergovernmental corrections entities; purposes; powers; bonds; taxes.** (1) Pursuant to

ORS 190.010, 190.020 and 190.085, counties may establish, by agreement ratified by the governing body of each county as provided in ORS 190.085, an intergovernmental corrections entity for the purposes of:

(a) Making application under ORS 423.525 to provide local correctional facilities including, but not limited to, facilities funded under ORS 423.525, including land, structures, equipment, supplies and personnel necessary to acquire, develop, maintain and operate the local correctional facilities; and

(b) Administering local community corrections programs and services.

(2) An intergovernmental corrections entity consists of the entire combined territories of the counties establishing the entity. Notwithstanding any provision in ORS chapter 190 and subject to the provisions of this section, an intergovernmental corrections entity may issue general obligation bonds and assess, levy and collect taxes in support of the purposes of the entity. An intergovernmental corrections entity is not a district for purposes of ORS chapter 198 and is not subject to ORS chapter 451.

(3) To carry out the purposes for which the entity was established and when authorized at an election properly called for that purpose, an intergovernmental corrections entity may borrow money and sell and dispose of general obligation bonds. Approval or denial of the proposition submitted to the electors of the intergovernmental corrections entity shall be by a majority of the electors voting in the election. The proposition submitted to the electors shall make provision for the assessment, levy and collection each year of taxes on the assessed value of all taxable property within the entity to be applied for the purposes of paying the principal and interest on the general obligation bonds. Outstanding bonds may never exceed in the aggregate two percent of the real market value of all taxable property within the entity.

(4) The bonds shall be issued from time to time by the governing body of the entity on behalf of the entity as authorized by the electors of the entity. The bonds shall be issued in accordance with the applicable provisions of ORS chapters 287 and 288.

(5) An intergovernmental corrections entity may impose operating taxes by establishing a permanent rate limit under section 11 (3)(c), Article XI of the Oregon Constitution, and the laws adopted thereunder. An intergovernmental corrections entity may impose other ad valorem property taxes in the manner provided by law.

(6) Local correctional facilities provided by or furnished to a county under this section shall be considered to be jail accommodations of the county for purposes of ORS 135.215, 137.140 and 137.330.

(7) An intergovernmental corrections entity may exercise any of the powers granted by this section, any of the powers of an intergovernmental entity created under ORS 190.010, 190.020 and 190.085 and any powers necessary to effectuate the purposes for which the entity is formed. These powers include, but are not limited to, the authority to contract or make agreements with third parties, governmental and private, and the authority to expend, consistent with the purposes for which the entity is formed, any tax proceeds, general obligation bond proceeds and other revenues received by the entity. This section and the powers granted by it shall be construed liberally to effectuate its purposes. [1996 c.4 §9; 1997 c.541 §340]

**Note:** 190.265 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 190 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.



## ***Bottom line: financing is completely feasible***

Issue	Evidence	Conclusion
■ \$3 billion issue size	■ LIPA: \$3.5 billion one deal	✓
■ Brand new intergovernmental agency credit?	■ Unrated Western Generation was highly successful ■ \$0.5 billion for TMWA	✓
■ PGE too big to be a muni?	■ Smaller than LADWP ■ Smaller than LIPA ■ Just bigger than SMUD, San Antonio by customers; same \$ sales	✓
■ Too leveraged? Especially with "good will?"	■ Net debt/plant far lower than LIPA ■ Business position and rate autonomy more important	✓
■ Too complex for muni to run?	■ Run of the mill large muni utility: SMUD, LADWP examples	✓
■ Are locally-owned public power companies price competitive with investor-owned utilities?	■ Lower average cost nationally ■ North West historically lower, recent crisis has distorted performance	✓

- Financing likely initially to be taxable acquisition loan and bonds--therefore not required to do a single deal on Day 1.
- More likely a mix of bank loans, floating rate program, some 10 year taxable notes—actual large bond issue may be no more than \$1 billion.

## 2

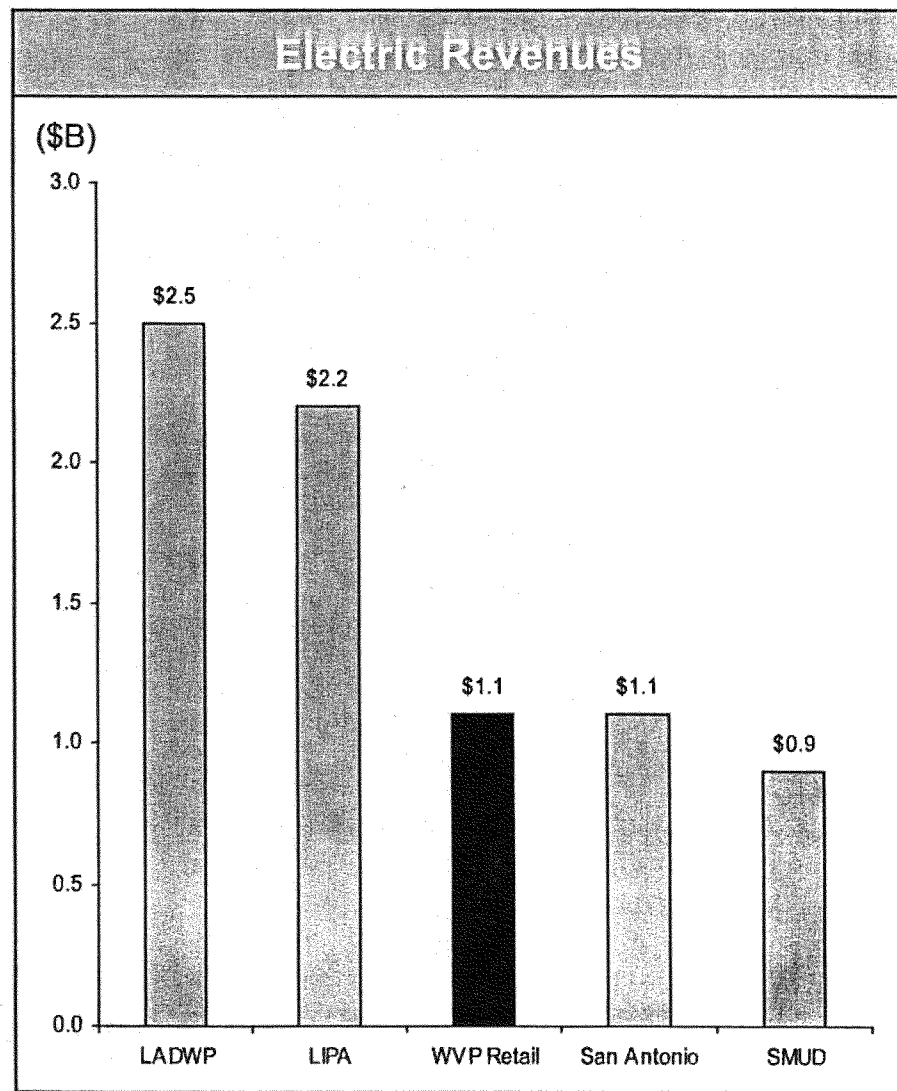
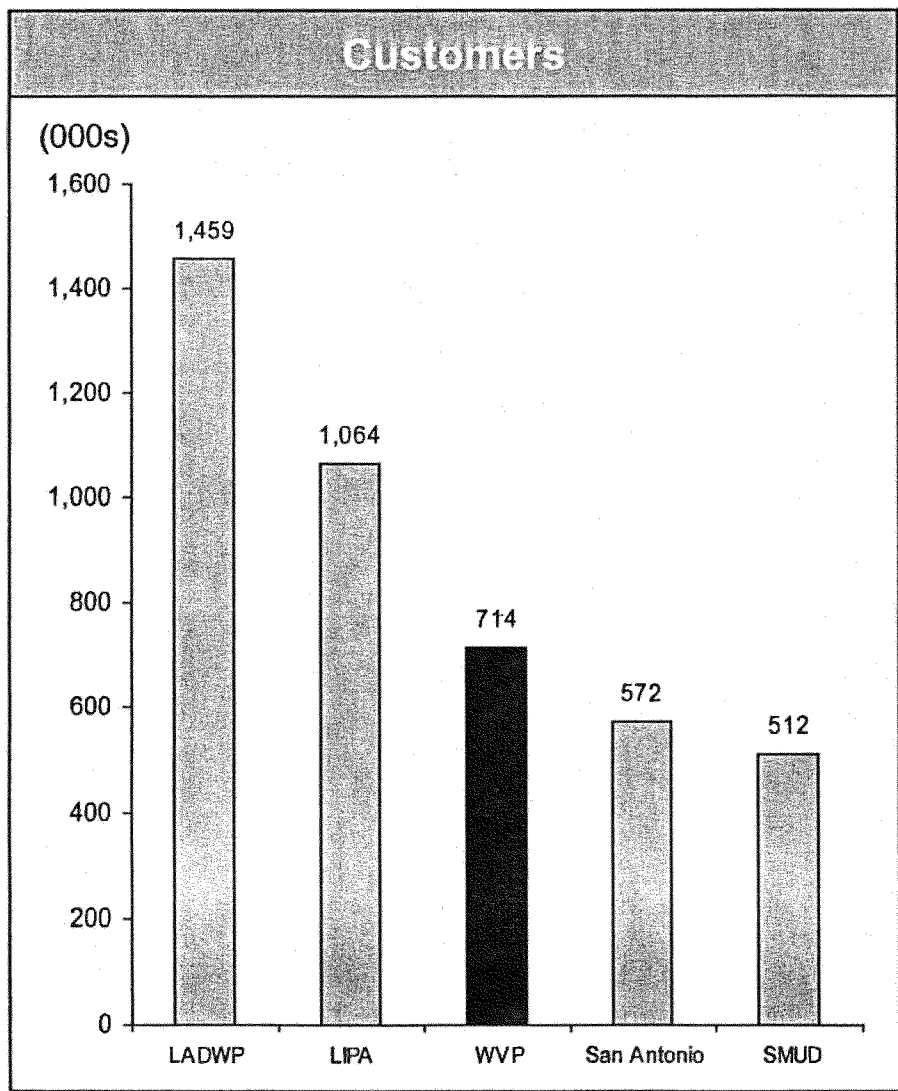
## ***Top revenue bond issuers January 1, 2001 to July 22, 2002***

<b>Issuers</b>	<b>Principal Amount (\$MM)</b>	<b># of Issues</b>
Metropolitan Transportation Auth	4,676	6
NYC Transitional Finance Auth	2,928	7
Triborough Bridge & Tunnel Auth	1,690	3
Puerto Rico Public Finance Corp	1,628	3
Badger Tobacco Asset Sec Corp	1,591	1
Metropolitan Pier & Expo Auth	1,499	2
Port Authority of NY & NJ	1,450	6
NYS Thruway Authority	1,403	4
Energy Northwest	1,375	6
Detroit-Michigan	1,309	7

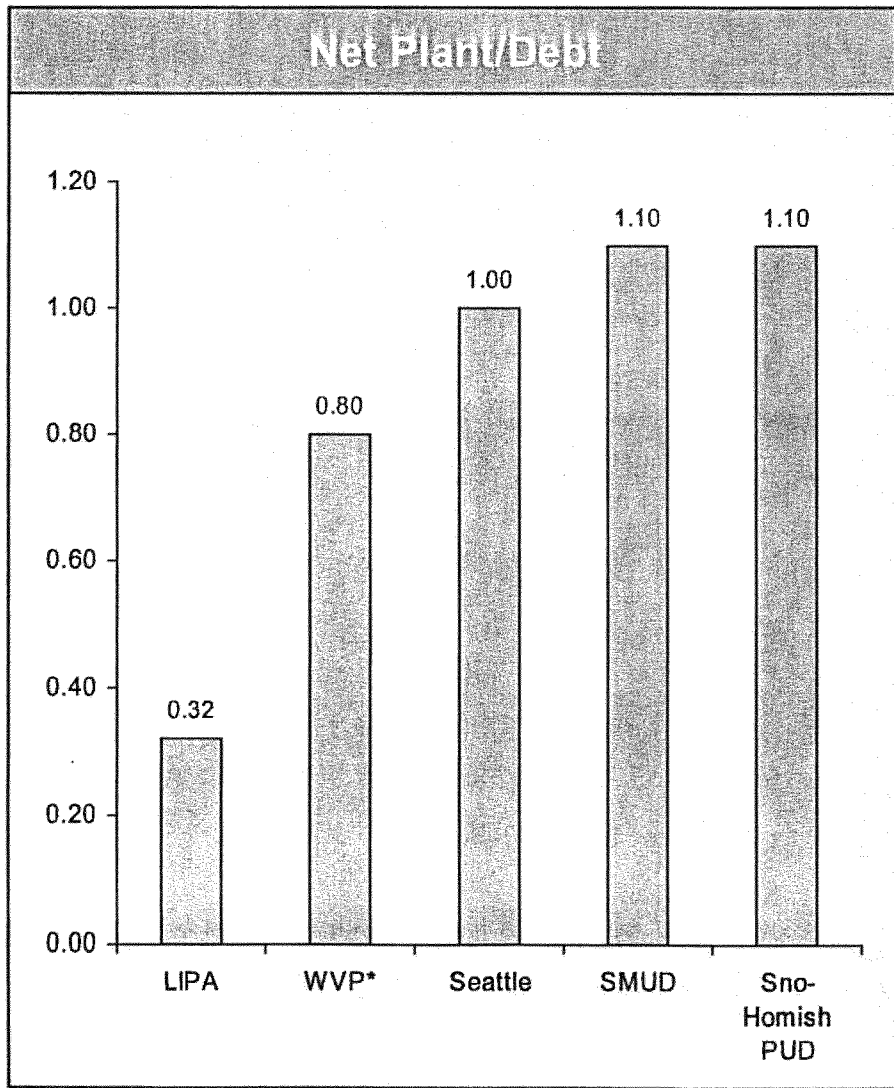
- Western Generation was municipally owned (EWEB and Clatskanie PUD), but managed by a private party (James River) that contracted to do all major construction, gas procurement and maintenance with an incentive-based contract
- Truckee Meadows was also intergovernmental agency between the cities of Reno and Sparks, plus Washoe County
- Numerous examples of privatized management in PNW including Seattle Water and Clark PUD

[illegible]

## Too big? No.



## Too leveraged? No.



■ Munis not P.U.C. regulated

■ "S&P ratings criteria...place a heavy emphasis upon the qualitative factors that presage the capacity to operate as a viable utility"\*\*\*

- Management
- Operations (power supply)
- Competitive position
- Markets (customers and demographics)
- Regulation (or lack)

\* Assuming \$2 billion plant, \$2.5 billion debt

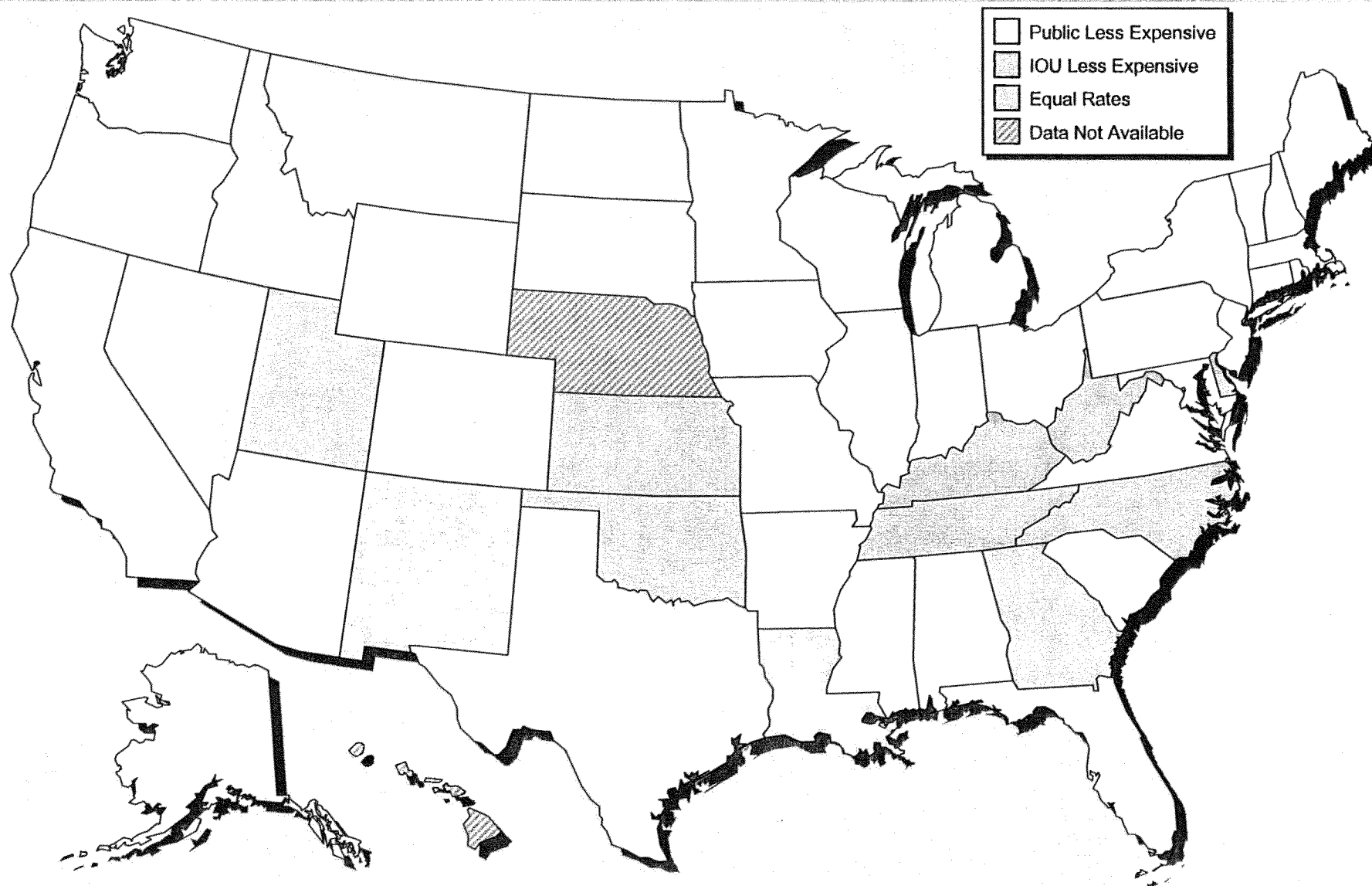
\*\* Public finance criteria 2000, P-122.

## *Too complex? No.*

PGE	
	aMW
Coal (Boardman and Colstrip)	559
Gas (Beaver and Coyote)	532
PGE Hydro (Deschutes, Clackamas)	207
L-T Muni Hydro (mid. Columbia)	372
L-T Purchased Power Federal BPA	286
Spot Market	~ 217
<b>Retail Load</b>	<b>2,172</b>

SMUD	
	aMW
Gas (own and project financed 4 projects)	389
SMUD's American River hydro	203
L-T Muni Thermal (incl. Klamath)	151
L-T Purchased Power Federal WAPA	233
IOU Long-Term Contract (3-10 years)	210
Spot Market	(23)
<b>Retail Load</b>	<b>1,163</b>

## ***Public Versus Private Residential Utility Rates***



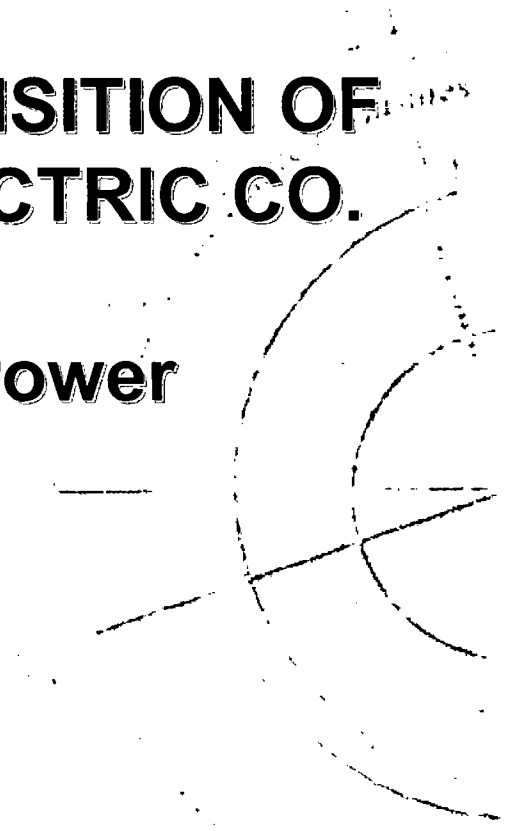
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# **CONSIDERATION OF ACQUISITION OF PORTLAND GENERAL ELECTRIC CO.**

**By Willamette Valley Power**

**August 2002**





## Table of Contents

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- Factors Influencing Interest in Acquisition of Portland General Electric
- Objectives of Acquisition of Portland General Electric
- Key Assumptions
- Sources of Savings
- Preliminary Estimate of Range of Expected Savings
- Phased Approach to Acquisition Decision and Actions



## The Factors Influencing Interest in Acquisition of Portland General Electric

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- PGE has increased commercial and industrial rates by 50% and residential rates by 31.5% in the last year
- Enron's circumstances result in expectation of sale of PGE
- PGE has significant future annual capital needs for transmission & distribution and generation
- Trojan Nuclear Plant "regulatory asset" creates higher than normal fixed cost, with savings potential for lower cost of capital
- Acquisition by a non-profit, public entity with 100% debt (taxable), tax-exempt debt for future capital additions, and avoidance of federal income tax creates substantial savings potential



## Objectives of Acquisition

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- Achieve lower retail electric rates, immediately
- Provide for further decreases in rate for the future
- Position the utility for greater flexibility in power purchases to avoid power cost volatility
- Provide for enhanced service reliability
- Enhance the business climate in the PGE service territory through rate reduction and stability



## Key Assumptions for Preliminary Evaluation of Acquisition Savings

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- Review based solely on publicly available information
- Assumes acquisition of all PGE electric distribution, transmission, generation, customer service and administrative assets
- Assumes local taxes and franchise fees are paid through “in-lieu” payments
- Does not assume reduction in PGE workforce
- Preliminary estimate only, requires basic due diligence to confirm based on company-provided data



## Sources of Savings

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- Avoidance of Federal Income Taxes
- Lower cost of capital for existing debt and replacement of debt for equity through 100% debt financed acquisition
- Lower future cost of capital for capital additions through use of tax-exempt debt
- Ability to purchase energy from tax-exempt owners of generation at lower cost
- Potential synergy savings through joint O&M, customer service and backroom services contract with another regional utility through a qualified management services agreement



## WVP Competitive Advantage is Cost of Capital

### Portland General

		Return
Long Term Debt	40.73%	7.26%
Preferred Stock	1.54%	7.86%
Common Stock	57.73%	10.40%
WACC		9.083%

← **PGE** rates are based on recovery of all costs and reasonable return based on the Total Cost of Capital

### Municipalization

		Return
Taxable Debt	94.81%	6.09%
Tax Exempt Debt	5.19%	4.66%
WACC		6.02%

← **A Municipal WVP** has access to lower cost capital. Rates provide reasonable debt coverage and operating capital. In addition, WVP can smooth cash flows without the typical regulatory lag found in Commission Rate Cases

### Municipalization 2010

		Return
Taxable Debt	62.00%	6.09%
Tax Exempt Debt	38.00%	4.66%
WACC		5.55%

← **Municipal WVP** after use of Tax Exempt Debt for Capital Additions

\* Weighted Average Cost of Capital



## Preliminary Estimate of Range of Expected Savings

<b>Low Case:</b> <b>9% State Tax</b> <b>100 Basis Point Increase in Cost of Debt</b>	<b>Base Case:</b> <b>0% State Tax, 3% Revenue Tax</b> <b>6% Cost of Debt</b>	<b>High Savings:</b> <b>No Tax, only Property Tax</b> <b>100 Basis Point Decrease in Cost of Debt</b>
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Savings Category	Low Range		Base Case		High Range	
	\$Millions	% of Total Revenue	\$Millions	% of Total Revenue	\$Millions	% of Total Revenue
Tax Savings	53.2	4.7%	55.0	4.9%	98.1	8.7%
Lower Cost of Capital	38.3	3.4%	68.8	6.1%	99.3	8.8%
Potential Synergy Savings	-	0.0%	-	0.0%	-	0.0%
Total	91.5	8.1%	123.8	10.9%	197.4	17.4%
Lower Cost of Capital - Future Additions (1)	4.7	0.4%	6.2	0.6%	7.8	0.7%
Cumulative Total	96.2	8.5%	130.0	11.5%	205.2	18.1%

Notes:

(1) For 2004 and forward.



## Savings Detail

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- **Tax Savings** – WVP would likely be exempt from Federal and State Income Taxes. However WVP likely would be exposed to a Revenue and/or Property taxation. Many times a private to public business transaction exposes the public entity to PILOT payments (Payment in Lieu of Taxes). The factors determining the amount of a Revenue Tax are the financial condition of the local municipalities.
- **Cost of Capital** – WVP only needs revenues that adequately cover debts service, operating costs, capital reinvestment and reserves. In contrast, Investor Owned Utilities must collect revenues to to cover these same needs and in addition provide a reasonable return on equity. IOU rates are set using a Total Cost of Capital, WVP ratepayers will receive an immediate and tangible benefit from removal of an equity return.
- **Financing of Ongoing Capital Expenditures** – WVP will be able to finance ongoing capital and possibly Trojan De-Commissioning costs. In addition the opportunity to secure long-term fuel at low rates may be an attractive use of capital. The base case uses the most conservative assumptions and continues to fund Decommissioning costs.
- **Synergies-** Operating synergies are available to WVP. The management structure, fiduciary oversight tasks, and management of contractors are unknown at the time of the preliminary analysis, therefore we did not include synergy savings in the base case.



## Phased Approach to Acquisition Decision and Action

