



**PUBLIC SAFETY SERVICES  
DELIVERY WORKING  
GROUP**

**April 8<sup>th</sup> , 2024**

Regular Meeting | 6:30 p.m.

Troutdale Police Community Center – Kellogg Room  
234 SW Kendall Ct, Troutdale, OR 97060

**Agenda**

1. Call to Order & Roll Call
2. Public comment
3. Consent Agenda:
  - 3.1 Minutes: March 4th, 2024, Regular Meeting.
4. Update on Law Enforcement
5. Update on Previous meeting “to do” list.
6. Discussion-How a fire district operates-Mike McKeel, Board FD 10.
7. Set Next Meeting
8. Adjournment

**Participation**

The public may attend the meeting in person or via Zoom. Please email [info@troutdaleoregon.gov](mailto:info@troutdaleoregon.gov) to request Zoom meeting access credentials.

This meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours prior to the meeting to: [info@troutdaleoregon.gov](mailto:info@troutdaleoregon.gov) or 503-674-7258.

**Packet Includes:**

1. March 4<sup>th</sup> Minutes
2. Letter to MCSO Sheriff regarding contract negotiations
3. Gresham’s 2022 Revenue Options Analysis
4. Tualatin Valley Fire and Rescue Fact Sheet
5. Clackamas County FD 1 Information Sheet
6. Newberg Fire District 2 Ballot Measures

**DRAFT**

**MINUTES**  
**Public Safety Services Delivery Working Group**  
**Troutdale Police Community Center – Kellogg Room**  
**234 SW Kendall Court**  
**Troutdale, OR 97060**

**Monday, March 4, 2024 – 6:30PM**

**1. Call to Order & Roll Call**

Chair Jordan Wittren called the meeting to order at 6:30pm.

**PRESENT:** Chair Jordan Wittren – City Council, Geoffrey Wunn – City Council; Vice Chair Carol Allen – Public Safety and Equity Advisory Committee, Victoria Rizzo – Public Safety and Equity Advisory Committee, Twilla Harrington – Public Safety and Equity Advisory Committee, Rich Allen – Budget Committee, and Tanney Staffenson – Budget Committee.

**ABSENT:** None.

**STAFF:** Ray Young, City Manager.

**GUESTS:** Paul Wilcox, Troutdale Resident; Adrian Koester, Troutdale Resident; and Sandy Glantz, Troutdale City Councilor.

**2. Public Comment**

None.

**3. Consent Agenda:**

**3.1 Minutes:** February 5, 2024, Regular Meeting.

**MOTION:** Victoria Rizzo moved to accept the minutes from February 5, 2024. Seconded by Carol Allen. Motion passed unanimously.

**4. Review History of Fire Service in Troutdale**

Ray Young, City Manager, reviewed that for decades fire service in East County was the sole control of Fire District 10. In the 70's when Portland and Gresham started getting bigger they wanted their own fire departments. In 1995 Troutdale voted to leave Fire District 10 and started contracting with Gresham Fire Department with monies coming from the General Fund. In 2005, the City of Gresham had a vote to go back to Fire District 10 and that lost 2 to 1. Our current contract that we share with Wood Village and Fairview is ending in 2025. The price of fire service is about \$2.6 million in this year's budget. With Gresham we are simply a customer and have no say over who is hired as Fire Chief, no say over how they provide the quality of service, no say over their budget, and no say over their union contract. Some have expressed

interest in a 3 cities fire department but setup costs will be a big problem and could be around \$10 million which would likely have to come from a bond levy.

Jordan Wittren also mentioned that Chief Lewis told Council it was \$750,000 and an 18 to 24 month wait to get an engine and a truck was \$1.5 million and close to a 3 year wait. Timing is a huge factor. He also said that the cost could be higher because it is based on what it is at the time when the truck is ready.

## **5. Review and Discussion of Relevant Resource Material Regarding Fire Service**

The Public Safety Services Delivery Working Group reviewed the resource materials included in the meeting packet.

The PSWG asked staff to:

- Ask Jenson Strategies if they have anyone that can do a fire study to explore what the cost would be to create our own fire department, a 3 cities fire department, and joining Fire District 10.
- Invite Mike McKeel with Fire District 10 to come to the next PSWG meeting to discuss what it would look like to be part of a fire district for the City and for residents. And for the group to be able to ask more specific questions of him regarding a fire district.
- Ask ECONorthwest to see if they can do a study on the economic impact on our citizens.
- Try to get on the agenda for Fire District 10 to see if they are interested in exploring us joining them.
- Invite a company that does strategies for government agencies that are doing bond levies to the next PSWG to talk about what type of timeline would be needed if you are going to try to join Fire District 10 and what works well to inform citizens.
- Ask Mayor Lauer to talk to Gresham to confirm or deny that they will be silent until after the May Election on the discussion of a Fire District or what they would want to charge us beyond 2025.
- Chair Wittren is going to do some research regarding options including Clackamas County with his connections in fire fighting.

## **6. Set Next Meeting**

The next meeting will be on Monday, April 8, 2024 at 6:30pm.

## **7. Adjournment**

**MOTION: Rich Allen moved to adjourn. Seconded by Tanney Staffenson. Motion passed unanimously.**

Meeting adjourned at 8:46pm.

\_\_\_\_\_  
Jordan Wittren, Chair  
Dated:

**DRAFT**

**ATTEST:**

\_\_\_\_\_  
**Sarah Skroch, City Recorder**



March 25<sup>th</sup>, 2024

Sheriff Nicole Morrisey O'Donnell  
Multnomah Building  
501 SE Hawthorne Blvd, Suite 350  
Portland, OR 97214

Re: Law Enforcement Service for Troutdale, 2025-2035

Dear Sheriff Morrisey O'Donnell,

It seems like only yesterday when Troutdale folded our Police Department into the Multnomah County Sheriff's Office and entered into the current law enforcement IGA. But with a little more than a year to go in that 10-year agreement, it is time to start discussing the continuation of our partnership. We have enjoyed working with your office and we are happy to discuss renewing the relationship.

I am sending this letter now because our Council, and citizens, would really like to nail down the provider, service level and cost for our future law enforcement needs. It is not a reflection of the quality of the service provided by MSCO that we might consider other options, but proper due diligence requires us to consider all possibilities regarding our law enforcement needs. This is why, just in case we cannot reach agreement for continuation, Troutdale wants to be able to have time to pursue other options. It is not a secret what those might be, we have discussed them in public meetings, and with Capt. Asboe.

As a basis for starting discussions, we will be using the "Assigned Positions and Service Fee Schedule" of the current contract, Appendix B. (Attached) While the cost numbers will have to be updated, they have already increased substantially due to the annual COLA, it is the FTE levels that should be addressed first. Since this appendix was the basis of our current cost for services, the following would be the changes in that schedule we would like to see. Once we agree on the FTE, it would be up to the county finance office to calculate the proposed cost.

1. Currently the contract states that we are paying for .66 FTE for a Captain to act as our chief. As we have discussed, despite how wonderful all four of them have been during the contract, none of them will claim they spent

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anywhere near that much time on City of Troutdale matters. As opposed to trying to whittle that down to reflect historical time spent on Troutdale matters, we want to go “all in”. In other words, we want to pay for a full 1.0 FTE Captain to be our chief, a .34 FTE increase. However, that comes with a major caveat, that command staff person will have no other responsibility at the Sheriff’s office. I remember you asking me once when the time issue came up, “What are you missing, (if it’s not the full .66 FTE)?”. Well, it may not be what we are missing, but what more would we want? I have discussed with Captain Asboe how a full-time chief might be used to improve the quality of life and safety in Troutdale, we are confident we would keep that person plenty busy.

2. Currently the contract provides a .50 FTE deputy to act as a “Beach Patrol”. Essentially the idea was that two deputies would each spend .25 FTE during the summer patrolling Glenn Otto Park. Presumably the same deputies that were Reynolds School RSO’s. That was the prior practice under the Troutdale Police Department. As you are aware that model didn’t work out as well as planned, and even though MCSO has accounted for those hours, it just didn’t provide the value to the City we might have wanted. There are lots of reasons for that, but not important to list here. For the next contract we would like to make that Beach Patrol position a 1.0 FTE, a .50 increase. This full-time position would become a second Community Resource Deputy, and work a complementary schedule to our current CRD. During the summer, when needed, they would focus on the beach, but when not needed there, or the rest of the year, they would be assigned other LE duties within the City.
3. Finally, we would continue the CRD 1.0 FTE position in the supplemental IGA, from a few years ago. Technically a change to the original appendix in a new IGA.

We appreciate that the details of how a command staff person, fully assigned to Troutdale, might create some hiccups in your command structure and relationships, but we feel they would be easy to resolve with further discussions. Many cities in Clackamas County, in their IGAs with CCSO, have had this type of arrangement for years and it works well I am told.

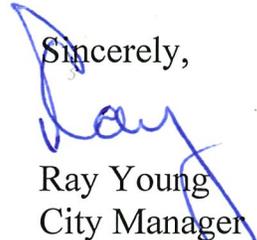
I would love to meet with you and the appropriate staff in the near future to discuss the service level provided, with the above changes. If we can at least reach an agreement that it is doable, that would allow the second step to occur, a calculation of anticipated costs for a new contract. While I have not heard of any, if

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your office has any suggestions regarding service level/FTE changes, we could discuss those also.

Thank you so much for your leadership of the MCSO, and for valuing and honoring the relationship with the citizens of Troutdale. I look forward to further discussions in hopes of continuing our relationship.

Sincerely,



Ray Young  
City Manager  
(503)702-1949

Cc Mayor Randy Lauer  
Captain Doug Asboe

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# Revenue Options Analysis

## For the City of Gresham

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May 2022

Prepared for: City of Gresham

Final Report

ECONorthwest (ECO) completed this project under contract to the City of Gresham.

The City of Gresham asked ECO to explore several alternative revenue sources that could bridge the funding gaps that the City is currently experiencing. City staff and ECO agreed that ECO would produce a high-level review of alternative revenue sources, with potential revenue estimates and an evaluation of each tool against a set of consistent criteria.

This report identifies sources of information, assumptions, and analytic techniques used in the analysis. Within the limitations imposed by uncertainty and the project budget, ECO and the City of Gresham have made every effort to check the reasonableness of the data and assumptions and to test the sensitivity of the results of our analysis to changes in key assumptions. ECO and the City of Gresham acknowledge that any forecast of the future is uncertain. The fact that ECO evaluates assumptions as reasonable does not guarantee that those assumptions will prevail.

ECONorthwest prepared this report based on our general knowledge of public finance and fiscal sustainability and information derived from government agencies, the reports of others, and other sources believed to be reliable. ECONorthwest has not verified the accuracy of such information, however, and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

The contents of this document do not necessarily reflect views or policies of the City of Gresham.

For more information, please contact:

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ECONorthwest  
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# 1. Executive Summary

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The following report was prepared for the City of Gresham, Oregon, in response to a request for analysis of several alternative revenue tools. Gresham—like many cities in Oregon—faces budget pressures due largely to constitutional restrictions on growth in property tax revenues, the City’s largest source of general fund revenue. This analysis examined alternate funding for several core government functions (9-1-1 emergency dispatch services, fire and emergency services, and maintenance of city streetlights). This report finds:

- Gresham is not alone in examining alternative revenues for government operations. The cities of **Newberg, Corvallis, Forest Grove, Eugene, Springfield, Hillsboro, Tigard, and Happy Valley** all have implemented one or more of the options explored in this report.
- A **9-1-1 service fee** of roughly \$6 per door, per month could provide \$3.2 million to fund Gresham’s contract with Portland Bureau of Emergency Communications.
  - To make the fee more equitable, it could be stratified by household type, with single-family households paying more than multifamily, or by property type, with businesses paying more than residences.
  - A local option or the formation of an emergency communications district is not practical for the relatively low amount of revenue needed.
- A **fire protection district** provides an opportunity for Gresham to replace general fund revenues for Gresham Fire and Emergency Services.
  - The formation of a new fire district could generate roughly \$32 million with an estimated tax rate of \$2.62 per \$1,000 of assessed value.
  - Annexation of the existing service area into Fire District 10 could generate \$35 million at Fire District 10’s permanent rate of \$2.85 per \$1,000 of assessed value.
  - The statutes governing special districts and rural fire protection districts are complex. The City should engage an attorney to understand the steps needed, particularly related to the transfer of financial assets, operations, personnel-related costs, and financial liabilities.
  - It could take 18 to 24 months to form a district or complete the annexation process, with risk of it taking much longer given the many administrative steps required.
- A **streetlight fee** is a straightforward and common method of raising revenues. A monthly fee of around \$4.50 per utility account could generate \$1.3 million per year to replace utility franchise fees currently transferred from the general fund to the Streetlight Fund.
  - As with the 9-1-1 fee, the structure could be adjusted to reduce the burden on renters or multifamily households.

## 2. Purpose and Context

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Since 1990, the City of Gresham has grown dramatically from a small farming community of 68,000 to a city of 113,000—the fourth largest in the state.<sup>1</sup> Over that time span, public safety has been the City’s largest fiscal and service delivery responsibility. While its population has grown 65 percent since the 1990s, the City’s property tax rate remains roughly the same as it was in 1997—frozen in time capped at \$3.61 per \$1,000 of assessed value, one of the lowest rates among Oregon’s large cities.<sup>2</sup> In the 1990s, Gresham’s property tax revenues covered all of public safety expenditures for the City; now it covers less than half.<sup>3</sup>

This pressure is the impact of Measure 5 and Measure 50, two reforms which together capped overall property tax rates, divorced assessed value from real market value, limited growth in assessed value, and permanently froze local property tax rates at 1996 levels.<sup>4</sup> While property tax growth continues to be dampened, other tax revenues have underperformed in recent years—notably business income taxes, which are notoriously sensitive to the economy, and transient lodging taxes, which were increased in 2020 but must be used primarily for tourism-related expenditures.<sup>5</sup>

On the expenditure side of the ledger, Gresham continues to experience rapid population growth, growing service demands, inflationary cost increases, and the pressures of building and maintaining infrastructure. Further, given its role as the second largest city in Multnomah County, Gresham provides critical emergency services for surrounding communities. Notably, in July 2015, Gresham Fire and Emergency Services (GFES) entered into an intergovernmental agreement to provide fire and emergency services to the cities of Fairview, Troutdale, and Wood Village, and areas of unincorporated Multnomah County.<sup>6</sup> GFES call volume increased 20 percent during the pandemic, and many of these calls were homelessness, mental health crises, and addiction-related service calls.<sup>7</sup>

To address the structural deficit caused primarily by limitations on growth in property taxes, Gresham, like many other Oregon cities, has increasingly relied on fees. In 2012, the City implemented a \$7.50 per month police, fire and parks (PFP) fee to supplement tax revenue and

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<sup>1</sup> Population data from <https://sos.oregon.gov/blue-book/Pages/local/city-population.aspx>.

<sup>2</sup> Of eight cities with population greater than 75,000, Gresham’s 2016 property tax rate was the seventh lowest. [https://www.orcities.org/application/files/4015/7480/9685/City\\_Property\\_Tax\\_Report\\_2016.pdf](https://www.orcities.org/application/files/4015/7480/9685/City_Property_Tax_Report_2016.pdf).

<sup>3</sup> In 1990, property taxes accounted for 100% of public safety services, according to <https://pamplinmedia.com/go/42-news/481203-388097-gresham-faces-financial-crisis>.

<sup>4</sup> Measure 5 (1990) and Measure 50 (1996) dramatically changed Oregon’s property tax system. <https://www.oregon.gov/DOR/programs/gov-research/Documents/303-405-1.pdf>.

<sup>5</sup> Gresham 2020-21 Budget.

<sup>6</sup> Three Cities Intergovernmental Agreement for Fire and Emergency Services.

<sup>7</sup> Gresham’s Financial Roadmap, presented to City Council on April 5, 2022.

support basic general fund services.<sup>8</sup> The fee was doubled in 2021, through June 2023. Utility franchise fees also provide a substantial source of revenue to the City, but these are diverted from the General Fund to the Streetlight Fund.

As part of the City's Three-Year Financial Roadmap, the City has identified the need to explore alternative funding sources to fund public safety functions and to supplant utility franchise fees, which could be returned to the General Fund. City decision-makers are interested in understanding the revenue capacity and administrative aspects of these revenue alternatives, as well as equity-related impacts to the Gresham community.

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From Gresham's Financial Roadmap, April 2022: *Gresham community members desire and deserve a full-service City organization with the resources to deliver exceptional services that support a high quality of life. Establishing long-term financial sustainability is critical to achieving this goal for Gresham.*

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The purpose of this report is to provide a high-level analysis of several potential revenue tools to close the City of Gresham's structural deficit:

- A new fee to replace or offset general fund revenues for 9-1-1 dispatch services;
- Annexation into neighboring Multnomah County Fire Protection District #10, or the creation of a new fire district; and
- Alternative funding for the Streetlight Fund, such as through a streetlight utility fee.

The City will use this report to outline options that City Council may wish to pursue. It may also provide a roadmap for deeper analysis that the City could conduct in 2022.

#### **Lessons from Corvallis: A Multipronged Strategy**

Oregon's legal limitations on property tax revenue growth have led other cities to identify new revenue sources to allow budgets to grow in pace with inflation, population, and service demands. In 2018, Corvallis faced a similar deficit to Gresham in which property taxes were no longer sufficient to fund city services. The City developed a model that would adequately and equitably fund public services across three revenue streams:<sup>9</sup>

- A **local option levy** that funds the library and parks and recreation.
- Two **public safety fees** for police and fire services. Effective July 2019, the City includes these fees on its utility service bills, which total about \$17 per month for a single-family household.
- A **9-1-1 service district** for Benton County. The district measure passed with about 62 percent of the vote in November 2019. Residents pay 45 cents per \$1,000 in assessed value in property taxes, or \$135 per year for a house with an assessed value of \$300,000.

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<sup>8</sup> The PFP fee ordinance was adopted in 2012 and the fee was collected in 2013.

<sup>9</sup> City of Corvallis. The Three-Legged Stool: A Funding Model for the Future.

## Revenue Fairness and Equity Considerations

The City of Gresham has committed to viewing long-term financial sustainability through both an efficacy and equity lens. With property tax and other tax revenues inadequate to cover basic city services, the City is exploring both fees and the introduction of new property tax levies. Fees which are flat (i.e., the same for all households or businesses) will be more burdensome for lower-income households and businesses than for higher-income earners. Gresham, like many cities, can implement policies to relieve or reduce fees for those in need. These opportunities will have to be adequately funded and adequately communicated to be truly effective.

### Taxes Versus Fees

**Taxes** are traditionally used to pay for services and amenities that provide community-wide benefit. Taxes can also serve as a means to redistribute wealth. In general, local governments have more flexibility to use taxes for general fund purposes. Under Oregon law, local jurisdictions are restricted in the types of taxes they can levy and in changes to rates.

**Fees** are traditionally used to pay for services that benefit an individual or business, although the idiosyncrasies of Oregon's property tax system mean that they are increasingly used by cities to pay for general government functions. Fees can be adjusted with inflation and other cost increases. A downside is that they can be regressive (i.e., comprise a larger share of income for lower-income people), unless structured in a way that provides options to reduce the amount or other measures to provide relief for those with a lower ability to pay.

The following analysis will consider the two traditional definitions of tax equity:

- **Horizontal equity** considers whether tax policy offers equal treatment for taxpayers in similar situations and with equal ability to pay. In other words, are households and businesses with similar economic circumstances treated the same under the tax code? This report will use a rough tax burden measure which is based on the "typical" Gresham household or business—defined as having a median property value and median income—to examine horizontal equity across options.

**Vertical equity** considers whether taxes rise with incomes or other measures of ability to pay. Tax systems that fare poorly in vertical equity are considered regressive in that they unduly burden lower-income earners. With further analysis, the City should consider a tax burden measure that incorporates other prototypical taxpayers, such as low-income households and renters, in order to examine vertical equity by comparing burdens across options and across socioeconomic status. Census data can show household incomes by tenure and overall housing cost burden by tenure, but the data are not granular enough for meaningful analysis.

From an economic standpoint, revenue fairness also must consider the nexus between the source of funds and the use of funds. Are taxpayer and fee payers paying for services that they are likely to benefit from, in approximate proportion to their use of a public service? Are the payments structured in a way that the extraction of revenue is related to the expenditure of the funds? Are cities that share services contributing revenue shares that are proportionate to their use of the services or their ability to pay?

In considering revenue alternatives, it is helpful to have context regarding the socioeconomic status of Gresham's residents.<sup>10</sup>

- Forty-four percent of households make less than 50 percent of area median income (AMI), which was \$48,500 in 2021. This is important context in considering eligibility for fee assistance program. Gresham's utility fee assistance program is currently targeted to households earning less than 60 percent of AMI.
- Approximately 46 percent of households rent in Gresham, a majority of which live in multifamily housing, including duplexes, triplexes, and quadplexes.<sup>11</sup> In comparison, 54 percent of Gresham households are homeowners, and nine out of ten of them live in single-family detached housing. This context is important for considering fee structures that vary by type of housing, versus property taxes, which are paid by property owners but some portion of which is likely passed through to renters.

## Organization of this report

For each revenue option, this report presents background information about the current funding source or structure, then presents alternative scenarios. Each alternative is evaluated for financial considerations (adequacy and stability), equity (vertical and horizontal), and simplicity (ease of administration). The examples from other jurisdictions provide information about considerations needed to implement, factors to consider, potential timeline, and process for implementation.

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<sup>10</sup> ECONorthwest research conducted as part of Gresham's Affordable Housing Strategy, currently under production.

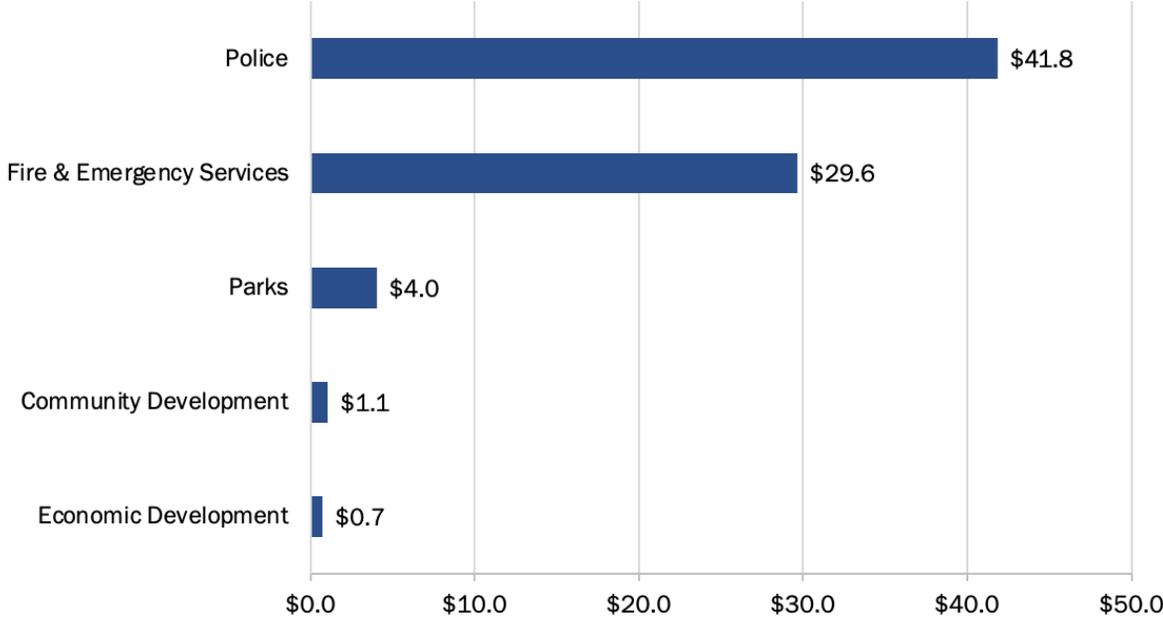
<sup>11</sup> City of Gresham. (2021). Gresham Community Development Plan 2021-2041 Housing Capacity Analysis, pg. 4.800-32.

# 3. Gresham’s Budget & Revenue Structure

Gresham’s FY 2021-22 general fund budget was \$78 million. Public safety (police and GFES) comprise 93 percent of the City’s general fund expenditures.

**Exhibit 1: Gresham General Fund Expenditures by Category, FY 2021-22**

Source: Gresham FY 2021-22 Budget



Gresham’s general fund budget relies primarily on taxes, intergovernmental revenues, and utility license fees. These are the three largest sources of the City’s general fund revenue, with taxes comprising nearly half (44 percent) of the City’s revenues, as shown in Exhibit 2.<sup>12</sup>

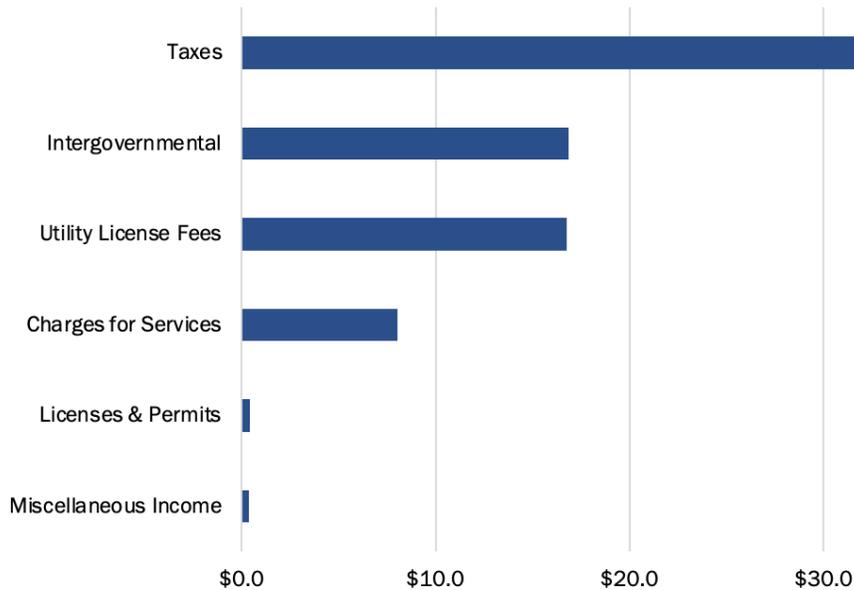
Of the \$34 million in taxes shown below, \$31 million are property taxes, subject to multiple limitations under Oregon state law. City policy requires that all general property tax revenue be used for public safety services; this is not necessarily a restriction in budgetary flexibility as the General Fund is almost entirely comprised of public safety expenditures.<sup>13</sup> Gresham has the fifth lowest permanent property tax rate of the cities in Multnomah County, and one of the lowest permanent property tax rates of any major city in Oregon. See Exhibit 3 for the property tax rates of Multnomah County cities.

<sup>12</sup> General fund resources also include interfund transfers, internal service charges, and a beginning balance.

<sup>13</sup> City of Gresham. 2020. Comprehensive Annual Financial Report: FY 2020-21.

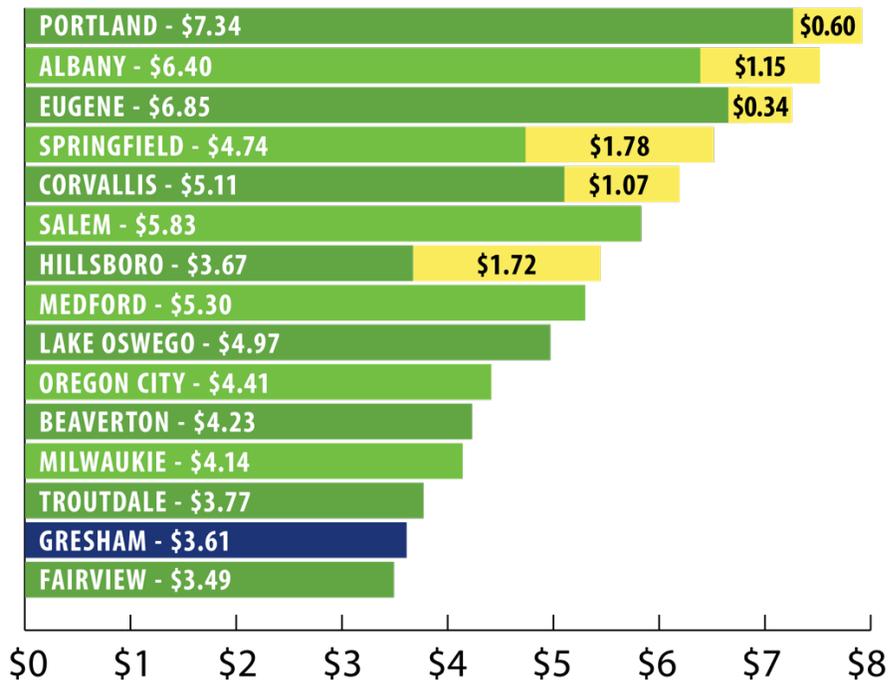
### Exhibit 2: Gresham General Fund Revenues, FY 2021-22

Source: Gresham FY 2021-22 Budget



### Exhibit 3: Oregon Cities, Property Tax Rates for 2021-22

Source: City of Gresham reported property tax rates. Property tax rates are expressed in \$ per \$1,000 of assessed value.

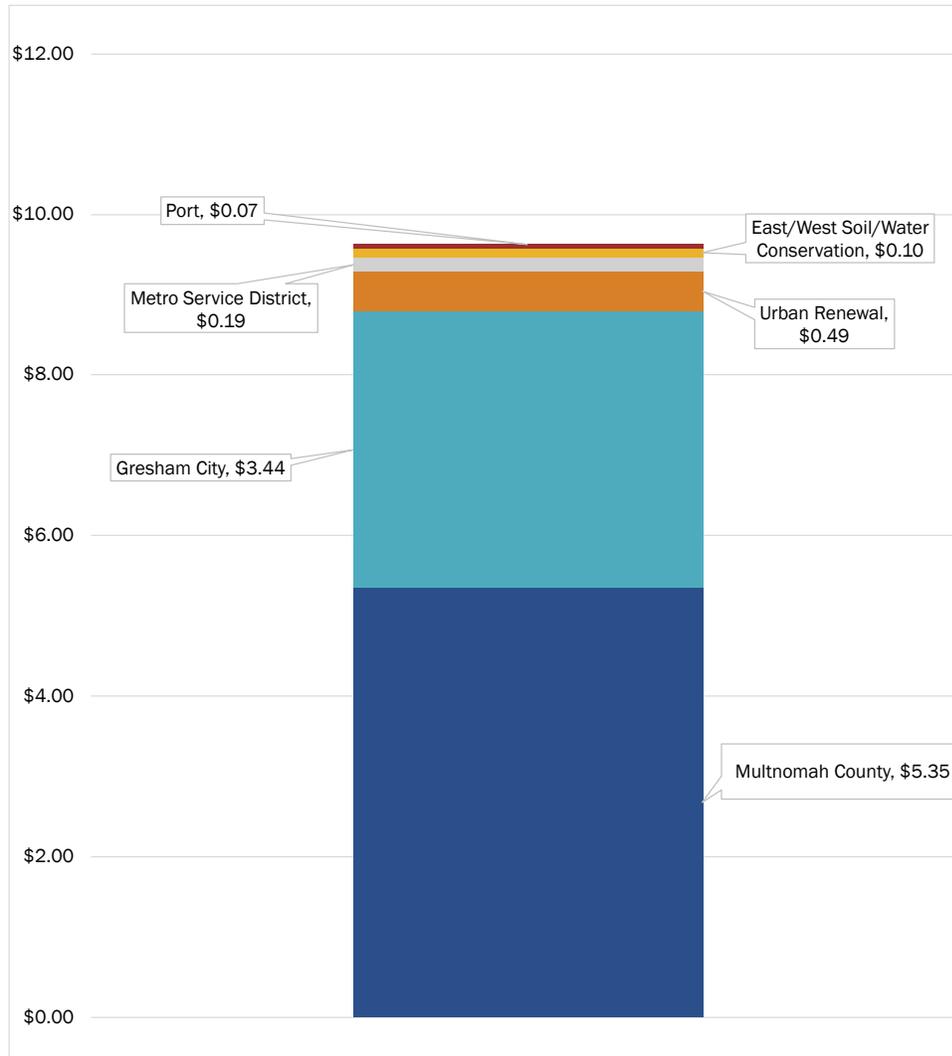


The City receives less than 25 percent of all property taxes paid by Gresham residents. Per Measure 5, general government levies are limited to no more than \$10 per \$1,000 of assessed value and education levies are limited to no more than \$5 per \$1,000 of assessed value.

Gresham’s tax rate in FY 2021-22 was \$3.44 per \$1,000 of assessed value. Gresham and other general government levies total \$9.63 per \$1,000 of assessed value (see Exhibit 4 for a breakdown of all general government levies). An average valued home in Gresham (around \$237,000 in assessed value) would have a total property tax bill of \$3,577 under 2021-22 rates, of which \$817 would be paid to the City for general government services.<sup>14</sup>

**Exhibit 4: Gresham Consolidated General Government Property Tax Rates for 2021-22**

Source: Multnomah County. Rates are expressed in dollars per thousand dollars of assessed value.<sup>15</sup>



<sup>14</sup> The average real market value of single-family housing in Gresham is \$410,787, which converts to \$237,435 in assessed value using a 0.578 Conversion Factor from Multnomah County’s [Changed Property Ratios](#). Property values are from the [Metro Regional Land Information System](#).

<sup>15</sup> Rates shown here reflect the reallocation of property tax revenues to urban renewal areas.

## Compression

Compression is the reduction of tax revenues to taxing districts to accommodate the limitations imposed under Measures 5 and 50. If revenues imposed through applying the layered tax rates to the assessed value exceed \$15 per \$1000 of real market value (rather than assessed value), then the tax rates are “compressed,” or reduced proportionately, until the revenues are within the constitutional limits. If compression occurs, revenues are reduced categorically, starting with local option levies which are the first to face compression. If compression exceeds local option levies, then permanent rates and some special assessments would be compressed. A new levy therefore increases the risk of compression for itself and for all other levies by raising the total tax rate closer to a rate that would impose the constitutional limit.

Compression calculations are completed annually for every property to determine taxes imposed. In general, compression risk is low when market values (which fluctuate with market cycles) are high relative to assessed values.

The following analysis will address compression as a consideration but will not attempt to quantify potential revenue loss.

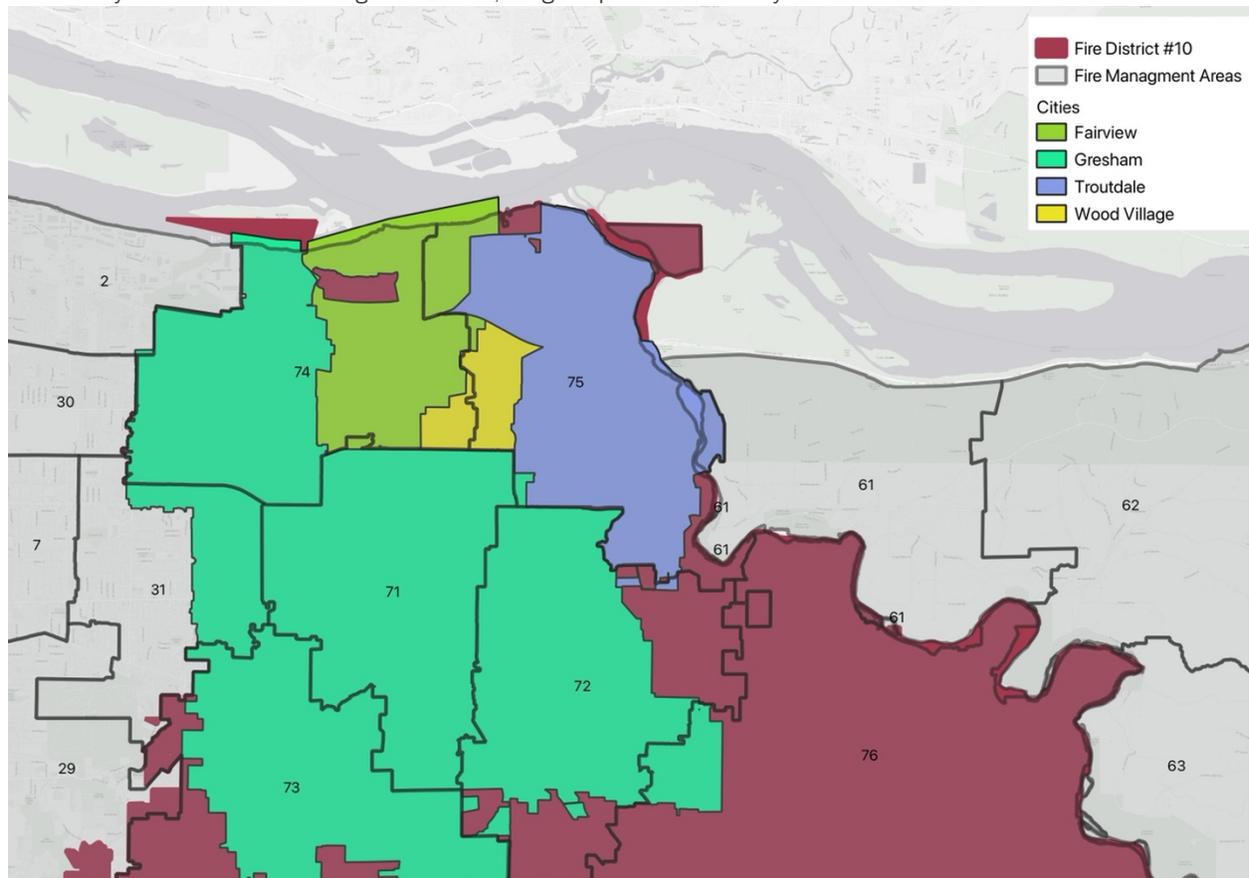
## 4. Dispatch and GFES Funding

### Current Funding Structure: Gresham Fire and Emergency Services

Gresham Fire and Emergency Services (GFES) provides fire and emergency response services to the cities of Gresham, Fairview, Wood Village, Troutdale, and the unincorporated area of Fire District 10. Exhibit 5 provides an overview of the service area. Together, this 60-square mile area includes a population of about 140,000 people.<sup>16</sup>

#### Exhibit 5: Jurisdictions Served by Gresham Fire and Emergency Services

Source: City of Gresham Fire Management Areas, Oregon Spatial Data Library

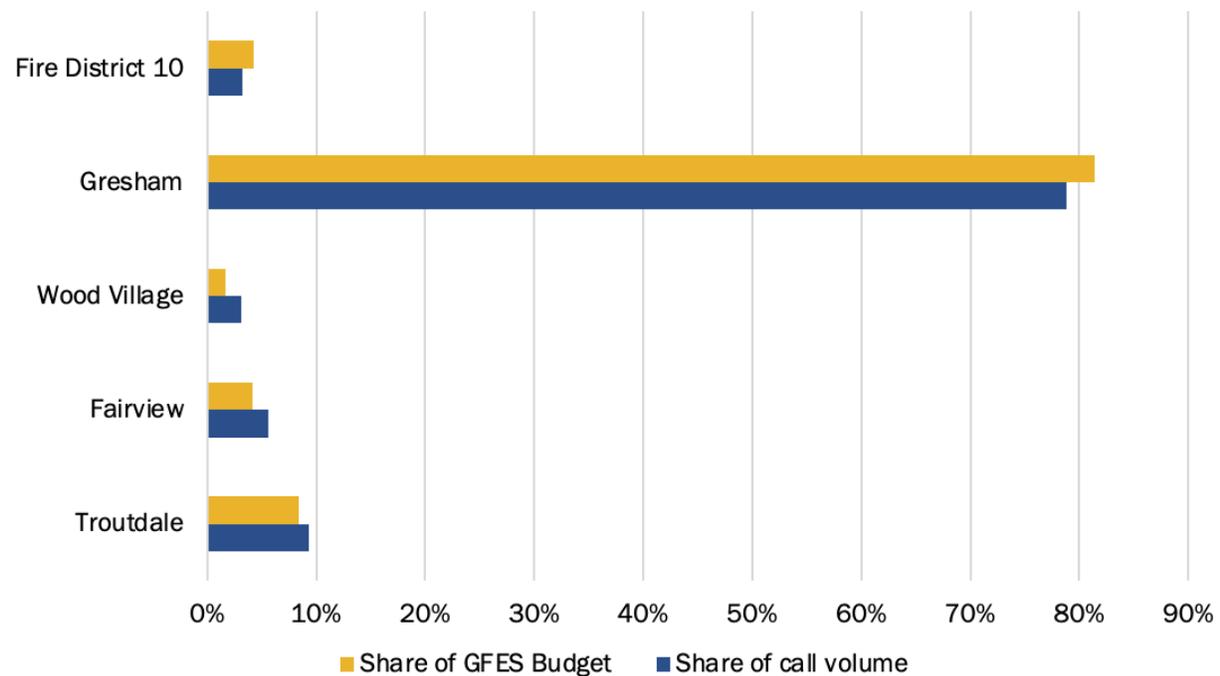


<sup>16</sup> City of Gresham. 2021. Adopted Budget: FY 2021-22.

For this service, the other jurisdictions have paid Gresham a combined \$5.5 million in FY 2021-22. This cost is spread across jurisdictions with a methodology that is based on the share of full-time equivalent (FTE) in each jurisdiction, with an inflationary adjustment.<sup>17</sup> ECONorthwest compared the average share of calls by jurisdiction over the past eight years and found that Gresham’s share of the cost in FY 2021-22 is greater than its share of call volume. Additionally, Gresham’s budget funds administrative and overhead functions that are not fully accounted for in the shared service agreement. In other words, Gresham is providing a subsidy for this service to the three cities. Exhibit 6 compares call volume to share of budget for Gresham, Fire District 10, and the three cities.

**Exhibit 6: Shares of GFES Budget (2021-22 Budget) and Shares of GFES Calls (2014-2021 average) by Jurisdiction**

Source: ECONorthwest



Included in the GFES and Gresham Police budgets are \$3.154 million for emergency dispatch (9-1-1) services provided by the Portland Bureau of Emergency Communications. This funding is in addition to the roughly \$300,000 in state Emergency Communications Tax (“9-1-1 tax”) revenue that Gresham receives under Oregon Revised Statute (ORS), Chapter 403.240.<sup>18</sup>

<sup>17</sup> Memo regarding Three Cities billing rate methodology, from the Three Cities User Board, to Gresham Fire Chief Mitch Snyder. February 2022.

<sup>18</sup> Under Oregon state law, each phone line is charged \$1.25 monthly through phone carriers, who pay the revenue to the Oregon Department of Revenue (DOR). The DOR distributes 62 percent of this revenue to the cities, counties, councils, or special districts that manage the 9-1-1 centers. The State reports that the fee funds about 45 percent of the total cost of operating the centers in the state, with the rest of the funding coming from property taxes. ([Oregon Emergency Management. Emergency Communications Tax. State 9-1-1 Program](#)).

Gresham's share of state 9-1-1 funding is automatically distributed to Portland BOEC as a credit against the full cost of Gresham's share of BOEC services.

### What are the revenue sources that currently fund Gresham emergency services?

The FY 2021-22 Gresham Fire and Emergency Management Services Budget is \$30.6 million, \$29.6 million of which is budgeted in the City's general fund. There are two specific sources of revenue for GFES with relevance to this study. These are:

- **Fire Contracts:** Gresham receives \$5.5 million from the surrounding communities of Troutdale, Fairview, Wood Village, and parts of Fire District 10, which contract with GFES for fire and emergency response services. (These communities also contract with Portland BOEC for dispatch services.)
- **Police, Fire and Parks Fee:** Gresham collects \$7.8 million through a Police, Fire, and Parks (PFP) fee levied upon households and businesses, though this number will be halved in 2023 when the temporary increase expires.

Roughly 41,233 households and 2,100 businesses in the City of Gresham pay the PFP fee of \$15 per month.<sup>19</sup> All single-family households and multifamily property owners are charged the same flat rate; multifamily property owners are charged the number of units minus a vacancy discount. The City provides assistance to qualifying families (those making less than 60 percent of area median income (AMI), or \$52,260 for a family of three).<sup>20</sup> This applies to single-family homes, which can receive financial assistance with their utility bills and the PFP fee. Multifamily and tenant accounts are eligible for financial assistance for the PFP fee if their household incomes are up to 200 percent of the federal poverty level.

Gresham implemented the PFP fee to relieve general fund pressure in 2014 following a two-year public input process that began in 2012.<sup>21</sup> The fee was adopted by Gresham City Council in 2012 and made permanent in 2014.<sup>22</sup> The fee has been increased one time, in 2020, when the City doubled it from \$7.50 per month to \$15 per month. This temporary increase is approved through June 2023.

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<sup>19</sup> ECONorthwest estimate. Fee revenue of \$7.8 million divided by a fee of \$15 per month would yield 43,333 fee payers. The Gresham Chamber provides that there are 2,156 commercial businesses in Gresham as of November 2021. It is assumed that all remaining payers are households. (Resource 1: [Gresham Area Chamber of Commerce and Visitors Center. Economic Development](#). Resource 2: [City of Gresham. Police, Fire and Parks Fee](#).)

<sup>20</sup> <https://www.portland.gov/sites/default/files/2021/2021-ami-rents-phb.pdf>

<sup>21</sup> [City of Gresham. Police, Fire and Parks Fee](#).

<sup>22</sup> [Keizur, Christopher. 2020. "Council approves doubling Police, Fire, Parks Fee". The Outlook.](#)

Per City ordinance, 95 percent of the Police, Fire and Parks fee funds must be used for public safety, and 5 percent for parks. The funds are split in proportion to the budgets of Police and GFES (59 percent and 41 percent respectively, per the FY 2021-22 Budget).<sup>23</sup>

### What are other alternative funding sources for 9-1-1 dispatch services and for fire & emergency services?

ECONorthwest did not identify any cities in Oregon that have a property tax-related revenue source for 9-1-1 services, outside of those that are part of rural emergency communications districts. The cost of dispatch services for Gresham, at roughly \$3.2 million per year, would not justify the administrative steps involved in creating and implementing a new levy or a new district. A number of cities have imposed local option levies to fund broader public safety and community services, including 9-1-1 dispatch services. Exhibit 7 shows a list of the jurisdictions with emergency and public safety related local option levies.

#### Exhibit 7: Jurisdictions with Emergency and Public Safety Service Local Option Levies

Source: Happy Valley, Tigard, Forest Grove, and Hillsboro city websites<sup>24</sup>

|                                      | Amount<br>(per \$1,000<br>TAV) | Fund Use   | Year<br>Implemented | Most<br>Recent<br>Renewal |
|--------------------------------------|--------------------------------|--|---------------------|---------------------------|
| Happy Valley Public Safety Levy      | \$1.38                         | Police services  | 2002                | 2019                      |
| Tigard Police Services Levy          | \$0.29                         | Police services  | 2020                | N/A                       |
| Forest Grove Community Services Levy | \$1.95                         | Police, fire, library, parks, other community services | 2002                | 2018                      |
| Hillsboro Measure 34-311             | \$1.72                         | Police, fire, emergency medical service                | 1998                | 2017                      |

A fee mechanism for 9-1-1 dispatch services may make the most sense for the City, given the relatively low revenue target of \$3.15 million. In other words, a property tax-related option such as the creation of an emergency communications district or a local option levy is not worth the administrative difficulty to yield such a low amount of revenue. For fire and emergency services, ECONorthwest considered two property tax-related options: the creation of a new fire district and the annexation of the GFES service area into Fire District 10. This analysis does not consider a local option levy to fund fire and emergency services, as City staff are evaluating this option.

The following sections discuss fee structures for a 9-1-1 services fee, as well as two options for a fire district to generate funding for GFES.

<sup>23</sup> [Kvarsten, Erik 2013. Service Preservation Ordinance: Council Bill No. 05-14, Agenda Item Number C-1. Gresham City Council.](#)

<sup>24</sup> [City of Happy Valley. Happy Valley Public Safety Levy: Measure 3-551; City of Tigard. Police Services Levy; City of Tigard. Measure No. 34-295; City of Forest Grove. 2022. Community Services Levy Replacement; City of Hillsboro. Proposed Measure 34-311: Renewal of Current Operating Levy for Police, Fire, and Parks.](#)

## 9-1-1 Service Fee

To generate a revenue target of \$3.15 million per year, one option the City could consider is a fee for 9-1-1 dispatch services. An example of another city that implemented such a fee was the **Corvallis Fire Department**, which instituted a public safety fee to fund police and fire services and relieve its budget pressure.<sup>25</sup> The fee appears on the City of Corvallis' utility bills and varies based on a building's meter size. Initially, the City charged most single-family homes about \$17, which was intended to raise about \$1.3 million for fire and \$3.1 million for police services. A portion of the revenue from the fee went to emergency dispatch services, so the fee decreased to about \$13 after an Emergency Communications District was successfully implemented.

### How would the 9-1-1 fee work?

This fee could be added to Gresham's Police, Fire and Parks fee, or it could be used to offset a reduction to the PFP fee if used in concert with another property-tax related option. The City could implement this fee in several ways, outlined in Exhibit 8, and described in further detail in the next subsection. Options 1 and 3 would result in similar cost burdens for a median single-family homeowner. Option 2 would result in a greater cost burden. The options below assume no financial aid; if financial aid were factored into the revenue target, the fees would increase (or there would be a required subsidy from the general fund).

**Exhibit 8: Structure Options for a 911 Fee**

|                 | Description  | Single-Family  | Multi-Family | Business |
|-----------------|--|--|--------------|----------|
| <b>Option 1</b> | A flat monthly fee of \$6 per door.                              | \$6 per door<br>All households and businesses pay the same amount. |              |          |
| <b>Option 2</b> | A higher fee for single-family residential than for multifamily. | \$11   | \$1          | \$7      |
| <b>Option 3</b> | A higher fee for businesses than for households.                 | \$5  |              | \$25     |

## Findings

### Option 1: Flat Fee

This option would assess a monthly fee on every 'door' of a building (doors with separate address numbers) and would apply to all households and businesses. A flat fee has the benefit of being straightforward and this method would meet the City's revenue target but does have the potential to impose a greater cost burden on those with lower incomes. This option has the additional benefit of being less than the \$7.50 temporary increase to the PFP fee that the City is currently imposing. Exhibit 9 shows that this option would charge each address around \$6.

<sup>25</sup> [City of Corvallis. Police and Fire Public Safety Fees FAQ.](#)

### Exhibit 9: Estimated 9-1-1 Fee Using a Flat Rate

Source: ECONorthwest

| Utility Customer | Number of 'Doors' | Monthly Fee | Annual Revenue      |
|------------------|-------------------|-------------|---------------------|
| All              | 43,333            | \$6.07      | \$ 3,154,000        |
| <b>Total</b>     | <b>43,333</b>     |             | <b>\$ 3,154,000</b> |

### Option 2: Fee for Single-Family, Multi-Family, and Commercial Properties

This option assesses a fee on a per 'door' basis but stratifies the base rate depending on property type. Income differences can be addressed more directly through this method, and it allows for those with greater ability to pay to pay larger share of the fee. This method could have considerable advantages, particularly if residents in Gresham in multifamily housing have different average levels of income compared to single-family residents. This estimate assigns a base rate dependent on the share of acres in Gresham with the respective property code. Residential acres make up approximately 37 percent, multifamily are 5 percent of acres, and commercial and industrial are 26 percent. Exhibit 10 shows that the fees would range from \$7.42 for businesses, as compared to \$10.56 for single-family units and \$1.43 for each multi-family unit.

### Exhibit 10: Estimated 9-1-1 Fees for Single-family, Multifamily and Commercial Customers

Source: ECONorthwest

| Utility Customer          | Number of 'Doors' | Monthly Fee | Annual Revenue     |
|---------------------------|-------------------|-------------|--------------------|
| Business                  | 2,100             | \$7.42      | \$2,614,000        |
| Single-Family Residential | 20,617            | \$10.56     | \$353,000          |
| Multi-Family              | 20,617            | \$1.43      | \$187,000          |
| <b>Total</b>              | <b>43,333</b>     |             | <b>\$3,154,000</b> |

### Option 3: Fee for Residential and Commercial Properties

This option assumes that businesses and residences have different ability and willingness to pay for 9-1-1 services, but that residential fees would not vary by type of residence. This option is also assessed on a per door basis and places 20 percent of the cost burden on businesses and 80 percent of the revenue target on residences. This option could be scaled to shift less of the burden to residents, or further stratified to allow for different types of homes (as in Option 2) and types of businesses. Exhibit 11 shows the fee for this option would result in businesses paying about \$25 and residential customers paying \$5.10.

### Exhibit 11: Estimated 9-1-1 Fees for Single-family and Commercial Customers

Source: ECONorthwest

| Utility Customer  | Number of 'Doors' | Monthly Fee | Annual Revenue     |
|-------------------|-------------------|-------------|--------------------|
| Business          | 2,100             | \$25.03     | \$2,523,000        |
| Residential (all) | 41,233            | \$5.10      | \$631,000          |
| <b>Total</b>      | <b>43,333</b>     |             | <b>\$3,154,000</b> |

## Considerations

|   |   |
|---|---|
| <b>Adequacy</b>   | <p>Fees can raise adequate revenues but will need to be adjusted to match the City's contract amount with Portland BOEC. The BOEC board develops an annual budget each year. The estimates above do not assume any fee assistance. A self-funded fee assistance program would necessitate fee increases for those who can afford it; otherwise, assistance will require a subsidy from the general fund.</p>  |
| <b>Stability</b>  | <p>The City would likely need to increase fees with some regularity given cost escalation.</p>  |
| <b>Horizontal Equity</b><br><i>Are populations with similar circumstances similarly burdened by the option?</i>   | <p>Option 1 is horizontally equitable, because all households and businesses pay the same. However, without further analysis of "use" of 9-1-1 (including household versus business, business size, or other analysis), it is difficult to evaluate whether a flat fee is the correct structure. The PFP is the same for both households and businesses (regardless of business size).</p>  |
| <b>Vertical Equity</b><br><i>Do populations with greater ability to pay contribute more than those with less?</i> | <p>Option 2 assumes that households in single-family houses can pay more. The City may wish to conduct further analysis to understand the relationship between income (ability to pay) and residence type.</p>  |
| <b>Overall Fairness</b><br><i>Are any populations disproportionately burdened by the option</i>                   | <p>Option 3 assumes businesses can pay more than households, or that businesses benefit more from quality dispatch services. The City may wish to explore the truth of this premise through engagement or further research.</p> <p>Another question relates to the perception of fairness. City residents may ask why the City is now charging a new fee for a service that residents and businesses already paying for? Adequate explanation of the problem statement will be important for this option and any other option utilized.</p>   |
| <b>Simplicity</b><br><i>Is the option difficult to explain or to administer?</i>                                  | <p>Administration would be straightforward as this option does not require a vote. Communication to the public could be complicated given misunderstanding around the 9-1-1 fee. The public might not understand that a 9-1-1 fee covers only dispatch, not other public safety functions, and why they are paying more for the same service.</p>   |
| <b>Other Considerations</b>   | <p>None of the options presented above consider a structure that is based on the volume of calls or another proxy for utilization of 9-1-1 services. This analysis does not recommend such a structure, as the assumption is that quality 9-1-1 service is a public good that all community members need to have access to at all times.</p> <p>Fees are relatively transparent and are easier to understand than property taxes. This is particularly true for a fee that is structured to spread a discrete cost among residents and businesses, such as the cost of a contract for 9-1-1 services. In other words, the public can see exactly what they are "buying" with the new fee.</p> |

## Implementation of a 9-1-1 Fee

A 9-1-1 fee could be implemented by City Council approval of a new ordinance. This ordinance would need to describe the purpose of the fee, the premise, the residences impacted by the fee, the amount, and the method for billing the fee. The fee options discussed above could be tied to utility billing similarly to the PFP fee or another method could be determined.

The process for establishing such an ordinance includes review by the City's Finance Committee and City Manager, an assessment of budget impact, and public involvement that gives citizens the opportunity to submit their feedback on the proposed fee. Although the ordinance process does not require voter approval, public engagement is a critical step in developing an ordinance that is transparent and accountable to the public. For the City to include the revenue in the following fiscal year's budget, an ordinance implementing the fee would need to be adopted in the spring. The temporary increase in the PFP fee expires in June of 2023; if the 9-1-1 fee were to offset a portion of that revenue loss in the FY 2023-24 budget, then the fee would ideally be adopted by March or April of 2023.

## Alternative Funding for GFES: New or Consolidated Fire District

At least six fire districts currently operate in Multnomah County; other cities in Oregon rely on fire districts to provide emergency services. Under a fire district, it is assumed that GFES would serve the same geographic area and populations, but the governance structure would change from city governance to a fire district, and the funding source would change from city general fund contributions (and fire contracts) to a district-wide levy. This option would allow for all of the jurisdictions served by GFES to contribute funding in a proportionate share of their assessed value, rather than a share that may or may not be disproportionate to the level of service provided.

### Structure Options

Two options are presented: annexation into Fire District 10, or the creation of a new fire district with the same geographic boundaries as GFES's current service area (Exhibit 5 above).

- **Option 1: Annexation of Gresham operations into Multnomah Rural Fire Protection District #10**, the rural fire protection district responsible for unincorporated areas of east Multnomah County west of the Sandy River. This would return emergency services back to the structure in place before 1984, when District 10 was the second largest fire department in the state of Oregon protecting over 100,000 citizens in middle and eastern Multnomah County.<sup>26</sup>
- **Option 2: Creation of a new fire district** with the same boundaries of the current Gresham Fire and Emergency Services operations area.

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<sup>26</sup> [City of Portland. 2008. Police, Fire, and Rescue Standard of Emergency Response Coverage.](#)

## Fire District Annexations and Consolidations

Newberg was the most recent city to annex into the Tualatin Valley Fire and Rescue (TVF&R) Service District. TVF&R provides fire protection and other emergency services to its district members. Similar to Gresham, Newberg faced budget constraints and could not afford to adequately provide fire protection services to the City of Newberg and nearby rural areas. In 2016, Newberg entered a two-year service agreement contract with TVF&R, at the same time publicly announcing plans to evaluate the feasibility, costs, and benefits of a permanent annexation. Voters in Newberg and the surrounding area approved annexation in November 2017. In March 2018, residents in TVF&R service area approved the annexation.<sup>27</sup> Residents in the original service area did not see any change in how much they paid to the district, and Newberg residents paid the TVF&R permanent property tax of \$1.52 per \$1,000 tax assessed value plus a local option levy of \$0.45 per \$1,000 tax assessed value. The levy was renewed in 2019 and is set to last for five years.

In recent years, new fire districts have formed in Oregon. In eastern Oregon, three smaller fire districts were consolidated to form **Umatilla Fire District 1** in 2016. It initially did not pass voter approval, but it passed after further public engagement.

Other cities have entered into functional consolidations, without formally merging or creating a new district. In 2010, **Eugene and Springfield** City Councils approved an intergovernmental agreement formalizing the shared service provision by the two cities' fire departments, following a study analyzing the benefits of consolidation and recommending the cities form a fire district.<sup>28</sup> The goals were to reduce costs and realize administrative efficiencies by sharing administrative services and leadership functions. Over the next several years, the two departments have taken further administrative steps to operate as one department, but governance remains with the respective cities. The Eugene website states *"Formation of a new taxing district, or annexation to an existing one, would require an affirmative vote of the taxpayers affected. Although this is the course recommended by the consultants, and although the district model has been successful elsewhere, it will be a matter of years before the formal question is put to voters, if at all."*<sup>29</sup>

## Results

Gresham would need a district that would generate \$29.6 million in annual costs, the total budget for Gresham Fire and Emergency Services in FY 2021-2022), plus the fire portion of 9-1-1 dispatch costs which are currently funded out of Gresham's general fund. ECONorthwest adjusted the revenue target to **\$32.9 million** for the entire service area, to allow for contingency. Exhibit 12 provides an overview of contributions from each jurisdiction under a potential consolidated fire district, based on a rate of \$2.62 per \$1,000 of assessed value across the entire fire district.

The rate does not include the budget for Fire District 10 as a withdrawal process would likely be necessary for Fire District 10 to join a new district. This exhibit also compares the fire district contribution with each jurisdiction's FY21/22 contract amount for emergency services provided

<sup>27</sup> Tualatin Valley Fire and Rescue. 2022. <https://www.tvfr.com/287/TVFRNewberg>

<sup>28</sup> <https://www.eugene-or.gov/DocumentCenter/View/455/Eugene-Fire-Dept-Merger-Report?bidId=>

<sup>29</sup> <https://www.eugene-or.gov/1112/Phase-3>

by Gresham FES through their respective intergovernmental agreements. Gresham's costs would increase by 7 percent relative to the current funding level, while contributions from the other jurisdictional partners would increase substantially more, from 70 to 79 percent (Fairview). The table shows that the other jurisdictions have not been paying for services in proportion to their respective assessed values for their properties.

**Exhibit 12: Option 1: Contributions by Jurisdiction for Emergency Services Under New District**

Sources: 2019 Gresham Fire Annual Report and City of Gresham 2021-22 FY budget

|                  | Current GFES Costs<br>(FY 2022) | Potential New Fire<br>District Contribution<br>(\$2.62 per \$1,000 AV) | Increase from FY<br>21/22 Contract to<br>Fire District |
|------------------|---------------------------------|--|--|
| Gresham          | \$24,144,400                    | \$24,384,672   | 1%   |
| Fairview         | \$1,240,898                     | \$2,222,420  | 79%  |
| Troutdale        | \$2,496,640                     | \$4,253,706  | 70%  |
| Wood Village     | \$504,713                       | \$856,556  | 70%  |
| Fire District 10 | \$1,260,646                     | \$1,260,646  | 0%   |
| <b>TOTAL</b>     | <b>\$29,647,297</b>             | <b>\$32,978,000</b>  |  |

Fire District 10's current permanent tax rate is \$2.85 per \$1,000 of assessed value. Fire District 10's contribution is assumed to remain the same. If Gresham and the other cities were to annex into FD #10, at the same permanent rate of \$2.85 per \$1,000 of assessed value, the total revenue generated would be \$35.7 million.

**Exhibit 13: Option 2: Potential Contributions by Jurisdiction for Emergency Services Joining FD #10**

| Fire District 10 | Current GFES Costs<br>(FY 2022) | Potential Fire District 10<br>Contribution (\$2.85 per<br>\$1,000 AV) | Increase from FY<br>21/22 Contract to<br>Fire District |
|------------------|---------------------------------|---|--|
| Gresham          | \$24,144,400                    | \$26,516,695  | 10%  |
| Fairview         | \$1,240,898                     | \$2,416,733   | 95%  |
| Troutdale        | \$2,496,640                     | \$4,625,620   | 85%  |
| Wood Village     | \$504,713                       | \$931,447   | 85%  |
| Fire District 10 | \$1,260,646                     | \$1,260,646   | 0%   |
| <b>TOTAL</b>     | <b>\$29,647,297</b>             | <b>\$35,751,141</b>   |  |

Summary of Options

To illustrate the relative impact of each revenue structure option, Exhibit 14 shows the property tax amounts for properties of average value for a single-family household and business in Gresham.

## Exhibit 14: Estimated Annual Property Tax Bill for Fire Service Options, for Single-family and Commercial Properties of Average Property Value

Source: Fire District 10 Budget, City of Gresham Budget

|                         | New Fire District<br>(Option 1) | FD #10 Annexation<br>(Option 2) |
|-------------------------|---------------------------------|---------------------------------|
| Single Family Residence | \$622                           | \$677                           |
| Commercial              | \$4,934                         | \$5,365                         |

### Considerations

Below are evaluative considerations for both funding options presented above, followed by a comparison of policy considerations related to each of the options (Exhibit 14).

|   |  |
|---|--|
| <b>Adequacy</b>   | Rates under both Options 1 and 2 would edge toward the \$10 limit for general government rates and could eventually result in compression, which would exacerbate the City's underlying structural deficit. Further analysis of this will be needed to understand specific impacts.  |
| <b>Stability</b>  | Property taxes do not keep up with inflation, which could lead to additional pressures on GFES or the City of Gresham in future years.   |
| <b>Horizontal Equity</b><br><i>Are populations with similar circumstances similarly burdened by the option?</i>   | Levies are based on assessed value, so taxpayers owning similarly valued homes will contribute the same amount through their property taxes. The option will cost a median SFH property-owning household significantly more than they are currently paying through property taxes and the PFP fee. Two homes with similar real market values may have dramatically different assessed values, creating equity concerns for revenue tools based on property tax rates.                                  |
| <b>Vertical Equity</b><br><i>Do populations with greater ability to pay contribute more than those with less?</i> | Some households with higher valued homes may have a greater ability to pay than others. However, this may not always be the case, particularly when it comes to households living on a fixed income. Thus, the City cannot assume that households living in high-value homes have a greater ability to pay than other homeowners, using only the data on home value. The City may wish to consider further analysis to understand the relationship between homeownership type, home value, and income. |
| <b>Overall Fairness</b><br><i>Are any populations disproportionately burdened by the option?</i>                  | GFES provides emergency services to four cities and an unincorporated area. The City bears a disproportionate share of funding responsibility for these services. This alternative would spread some of the administrative, overhead, and capital costs to other jurisdictions, which would be fairer to Gresham residents. <sup>30</sup>  |
| <b>Simplicity</b><br><i>Is the option difficult to explain or to administer?</i>                                  | The City will need to understand the steps involved in the transfer of personnel from GFES to a new fire district. Personnel would likely stay with Public Employee Retirement System. The City may wish to ensure that any economic feasibility analysis conducted prior to formation of a district will focus on the steps necessary to transfer personnel and potential impacts to City finances and liabilities.   |
| <b>Other Considerations</b>   | The formation of a new district, while potentially more costly and time-consuming, may be preferable. This is because most annexation scenarios tend to involve cities   |

<sup>30</sup> [City of Gresham. 2019. Gresham Fire and Emergency Services, 2019 Annual Report. Gresham Fire Department.](#)

|  |  |
|--|--|
|  | or territories annexing into a service-providing district, rather than into a district that they provide services to. On the other hand, Fire District 10 would need to dissolve or undergo a statutorily required process in order to join a new fire district, which could add steps to the process. Further, including Fire District 10's assessed value in the rate calculation for a new district would result in a lower permanent tax rate for all. |
|--|--|

Processes for creating a new fire district or annexing into Fire District 10 are similar. A list of steps for the implementation of both options is presented in the Appendix. Exhibit 15 below provides a high-level comparison of the two options, in terms of timing, upfront costs, initiation, public process, and other implementation steps, governance, and other considerations. The following information is largely drawn from the Special District Association of Oregon's Administrative Handbook, which provides detailed information on district formation, annexation, management, and best practices.<sup>31</sup>

**Exhibit 15: Comparison - New District Formation vs. Annexation into Fire District 10**

|                                | New District   | Annexation  |
|--------------------------------|--|---|
| <b>Statute</b>                 | ORS 478  | ORS 198.850 through 198.869   |
| <b>Timing</b>                  | At least 18 to 24 months, with high potential for it to take longer, given the multiple deadlines and hearing requirements (see below under "initiation"). The Special District Association of Oregon (SDAO) Administrative Handbook recommends identifying a target date for formation and working backward toward key milestones.  | Likely 18 to 24 months, based on the experience of the City of Newberg (two years).   |
| <b>Potential Upfront Costs</b> | <p><b>Security Deposit:</b> ORS 198.775 requires a security deposit to accompany the formation petition (up to \$100 per precinct up to a maximum of \$10,000).</p> <p><b>Election costs:</b> election costs are usually determined by the County. These may be reimbursed by the district if the district formation is successful.</p> <p><b>Analysis:</b> costs related to analysis and formation of a boundary map.</p> <p><b>Public outreach:</b> Community buy-in is essential for a successful election and could result in substantial costs for public outreach and education.</p> <p><b>Feasibility study:</b> A study of economic feasibility is required under ORS 198.749 to evaluate financial costs and benefits, outline governance considerations, and address service levels, funding mechanisms, asset transfers, debt liabilities, and structure.</p> | Involves most of the same upfront costs as the formation of a new district. A feasibility study is not required under statute but is a recommended best practice by the Special District Association of Oregon. |

<sup>31</sup> <https://www.sdao.com/files/5affcd2e1/2022+SDAO+Administrative+Handbook.pdf>

|                                    | New District   | Annexation  |
|------------------------------------|--|---|
|                                    | <b>Attorney:</b> The Special District Association of Oregon recommends the engagement of an attorney familiar with the formation process.  |   |
| <b>Implementation</b>              | Generally, follows four steps, outlined in greater detail in Appendix. <ul style="list-style-type: none"> <li>(1) Evaluation or economic feasibility study (required under statute)</li> <li>(2) Petition to Multnomah County</li> <li>(3) Public Process</li> <li>(4) Election</li> </ul>   | Same as for formation of a new district, although the economic feasibility study is not required by statute but is instead considered a best practice, and initiation can happen either by petition of electors (voters) or through a board resolution.   |
| <b>Public Process Requirements</b> | <p>After a petition is filed, a hearing before a county board must occur between 30 – 50 days, and with requirements related to public notice.</p> <p>After the hearing, the county board must evaluate the petition based on land use criteria and may adjust the proposed boundary.</p> <p>If the petition will be approved, the county adopts an order with an announcement that another hearing will be held in 20 – 50 days. However, the SDAO handbook advises that <i>“Those considering forming a district should note that the hearing process alone will take between 50 and 100 days to complete and is subject to the county board’s meeting schedule.”</i></p> <p>An election is required for the formation of a special district because it involves the imposition of a new permanent tax rate. Elections may only occur in May or November.</p> <p>After an election, the county board has 30 days to adopt an order approving the district.</p> | <p>After a petition is filed, a hearing before a county board must occur between 30 – 50 days, and with requirements related to public notice.</p> <p>Elections must be held both in the annexing district and the territory to be annexed, on the same day.</p>  |
| <b>Fiscal Effects</b>              | <p>Formation materials (including permanent tax rate) and a map must be submitted to the Department of Revenue by March 31 following a county’s final formation order.</p> <p>Notes to the City of Newberg Comprehensive Annual Financial Report for FY 2018-2019 indicate that all operations and capital assets related to the Newberg Fire Department transferred to the Tualatin Valley Fire and Rescue as of July 1, 2018.<sup>32</sup></p>   | <p>Upon entry of an order by the county board confirming annexation, the annexed territory assumes all debt (bonded or other) of the district, unless a debt distribution plan is established under ORS 198.900.</p> <p>The annexed territory is subject to the permanent tax rate limit and other local option taxes imposed by the annexing district.</p> |

<sup>32</sup> [https://www.newbergoregon.gov/sites/default/files/fileattachments/finance/page/5304/city\\_of\\_newberg\\_2019\\_cafr\\_final.pdf](https://www.newbergoregon.gov/sites/default/files/fileattachments/finance/page/5304/city_of_newberg_2019_cafr_final.pdf)

|  | <b>New District</b>   | <b>Annexation</b>   |
|--|---|---|
|  | However, it is less clear as to whether pension liabilities and assets transferred for current employees and/or retirees. Further analysis is recommended to ensure that questions related to pension management are addressed for the City of Gresham.   | ORS 198.608 addresses unfunded Public Employee Retirement System (PERS) of districts that are consolidating or merging, but merely states that districts affected must enter into a written agreement that addresses any unfunded PERS liabilities or surpluses and deliver the agreement to the PERS board.                |
| <b>Governance</b>                        | A new district would be governed by a newly elected board of five directors serving four-year terms. The directors are elected through a district-wide vote. <sup>33</sup>  | Following annexation, Gresham City Council will have no control or authority over the fiduciary management, administration or operation of GFES. The elected board members of Fire District 10 will assume fiduciary and policy level control for the provision of fire services in the fire district service area.         |
| <b>Personnel Transfer Considerations</b> | A consultant report prepared for the City of Forest Grove recommends that cities “address employee retirement plans in existence with cities and districts and how they can be grandfathered or changed to meet the needs of the new fire district without unnecessarily negatively impacting the current employees transferring to the new fire district.” <sup>34</sup> | The Forest Grove report states that “transfer of personnel from a city to an annexing district is outlined in statute. These statutory provisions should be reviewed in detail by the district prior to the initiation of annexation proceedings to ensure that the rights of all parties will be protected.” <sup>35</sup> |

<sup>33</sup> ORS 478.210

<sup>34</sup> [https://www.forestgrove-or.gov/sites/default/files/fileattachments/city\\_council/meeting/packets/5951/cc05-26-15a.pktreduced.pdf](https://www.forestgrove-or.gov/sites/default/files/fileattachments/city_council/meeting/packets/5951/cc05-26-15a.pktreduced.pdf)

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

## 5. Streetlights

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### Current Funding Structure: Streetlight Fund

The City is responsible for the operation and maintenance of 8,000 streetlights on its streets and roadways, as well as replacement and upgrading as necessary. The City's budget and planning for streetlights also accounts for infill projects and the installation of new streetlights. Gresham has been implementing a large-scale replacement of LED lights to improve energy efficiency and lower electricity costs,<sup>36</sup> but there are other options to consider that may improve the long-term fiscal sustainability of the Streetlight Fund. Ultimately, the purpose of an alternative revenue source would be to replace the utility license fee revenue for streetlights so that the entirety of the utility license fee can be directed to the General Fund.

#### What are the revenue sources that currently fund Gresham streetlights?

Streetlights are funded through a utility license fee on both electricity and natural gas.<sup>37</sup> This license fee is assessed on utility revenues received from Portland General Electric and Northwest Natural customers in Gresham. In total, the license fee is 10 percent of revenues for both electricity and natural gas. Of this utility license fee, 1.0 percent of the electric utility license fee and 1.6 percent of the natural gas utility license fee are used for the Streetlight Fund.<sup>38</sup> In fiscal year 2020-21, City Council increased the fee by 3 percent, with most of the additional fee directed toward the general fund.<sup>39</sup> Generally, this revenue source has shown little change over previous years.

The Streetlight Fund revenues from the utility license fee are around \$1.3 million a year,<sup>40</sup> and are assessed on a customer base of approximately 24,500 utility accounts. For this analysis it is estimated that 2,100 of these accounts are commercial business accounts, and the remaining accounts are split evenly between residential and multifamily accounts.

Other revenue for the Streetlight Fund includes an interest subsidy of approximately \$70,000 from a Federal source, and interest revenue, which is budgeted at \$57,000 for fiscal year 2021-22.<sup>41</sup>

#### What limitations in state law or city ordinance are attached to this revenue source?

These funds are to be used to operate and maintain streetlights, as well as develop and pursue streetlight infill and replacement projects.

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<sup>36</sup> City of Gresham. (2021/2022). Adopted Budget Fiscal year 2021/22. Pg.18, 115.

<sup>37</sup> Ibid. pg. 65.

<sup>38</sup> Adopted Budget pg. 55.

<sup>39</sup> Adopted Budget pg. 55.

<sup>40</sup> Ibid, pg. 195.

<sup>41</sup> Ibid. pg. 65.

## What other jurisdictions use an alternate revenue source?

Streetlights are fee-funded in several cities in Oregon.<sup>42</sup> At least five cities, including Salem, Wilsonville, and Klamath Falls, have a formal streetlight user fee system that funds streetlight maintenance and operation. Several other cities have a Street Fund paid for by utility fees that is used for streetlight operations and maintenance as well as other street related maintenance such as resurfacing and reconstruction of pavement. Some cities assess these user fees on a per account basis through utility billing, while others have established different rates for each type of street lighting and each neighborhood within a city. Other metrics that have been used to determine a rate include square feet of impervious area and property type. Both flat fee systems and differentiated fee structures are in use across the State.

## Revenue Option: Streetlight Utility Fee

This option considers the implementation of a streetlight utility fee paid directly by utility customers to the City. A fee for this service could free up utility license fees to fund other public services. The City's revenue target is **\$1,310,000 per year**, which is the amount of funding for streetlights from utility license fees. The goal would be to replace the utility license fee revenue so that it can be returned to the General Fund and help the City with its structural deficit. Exhibit 16 outlines the three structure options for a streetlight fee that ECONorthwest explored.

**Exhibit 16: Structure Options for a Streetlight Fee in Gresham**

|                 | Description  | Single-Family  | Multi-Family | Business |
|-----------------|--|--|--------------|----------|
| <b>Option 1</b> | A flat monthly fee of \$4.46 per account.  | \$4.46 per account<br>All households and businesses pay the same amount. |              |          |
| <b>Option 2</b> | A higher fee for businesses than single-family and multifamily, assessed on per door basis.        | \$2.13   | \$2.13       | \$10.25  |
| <b>Option 3</b> | Staggered fee for single-family, multifamily, and business properties, assessed on per door basis. | \$4.39   | \$0.59       | \$3.08   |

### Option 1: Streetlight Utility Fee Per Account

The most straightforward approach to levying a Streetlight Fee is to apply a flat rate fee to each utility billing account. As shown in Exhibit 17, using the \$1.31 million revenue target as a guide, a flat fee per utility customer would need to be \$4.46 per customer per month. This would be near the upper range of streetlight fees for Oregon cities. Some cities have implemented a fee

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<sup>42</sup> [City of Gresham. Budget and Finance; City of Salem. 2022. Disposition of streetlight funds. Title VI, Sec. 70A.060. Salem Revised Code.](#); [League of Oregon Cities. \(2010\). Street and Traffic Lighting Survey of Oregon Cities.](#) Also see: [City of Salem. 2011. Salem Streetlights: Solutions for a Sustainable System. University of Oregon.](#) In this report, researchers from the University of Oregon discuss the benefits of a streetlight fee.

reduction program for those who do not own or operate a motor vehicle,<sup>43</sup> while the City of Gresham has an ongoing utility assistance program that could be used to support those with less ability to pay a flat fee.

### Exhibit 17: Estimated Streetlight Utility Fee Using a Flat Rate

Source: ECONorthwest

| Utility Customer | Number of Customers | Monthly Fee | Annual Revenue     |
|------------------|---------------------|-------------|--------------------|
| All              | 24,500              | \$4.46      | \$1,310,000        |
| <b>Total</b>     | <b>24,500</b>       |             | <b>\$1,310,000</b> |

#### Utility Assistance Program<sup>44</sup>

On average, the City has provided assistance to 450 accounts per year with this program. All utility customers in single-family homes making 60 percent of median family income or less are eligible.<sup>45</sup> Duplexes and triples under the same income requirements qualify for prorated amounts, and there is a separate multifamily tenant assistance program that offers support for the PFP fee. To qualify for the multifamily support the household must be at or below 200 percent of the federal poverty level. The financial assistance that is available to single-family homes is intended to aid with utility costs and can cover up to 100 percent of the bill, as well as the PFP fee. The City offers online and paper application options.

Prior to 2022, slightly more than half of applicants (51 percent) have had a median family income of \$29,000, which places them in the lowest tier of income. Another 30 percent were in the second to lowest tier with a median family income of \$48,350.

### Option 2: Streetlight Utility Fee Per Door (Residential and Business)

The Streetlight Fee could be assessed on every utility bill on a per-door basis similarly to the Police, Fire, and Parks Fee. For most residential accounts this would mean one fee per account, but for many multifamily accounts there may be multiple units paying the fee. This is a less common method for assessing this fee, compared to other Oregon cities. In this option, the fee is differentiated between residential units and business units. For this estimate, Exhibit 18 shows that we assume that residential single-family units and multifamily units pay the same fee and make up approximately 41,000 units, while businesses make up the remaining 2,100.

### Exhibit 18: Estimated Streetlight Utility Fees for Residential and Business Customers

Source: ECONorthwest Research

| Utility Customer | Number of 'Doors' | Monthly Fee | Annual Revenue     |
|------------------|-------------------|-------------|--------------------|
| Business         | 2,100             | \$10.25     | \$258,000          |
| Residential      | 41,233            | \$2.13      | \$1,052,000        |
| <b>Total</b>     | <b>43,333</b>     |             | <b>\$1,310,000</b> |

<sup>43</sup> [Klamath Falls. \(2015\). City Ordination Amending Sections 4.710, 4.720 and 4.725 of the City Code Relating to Street Lighting.](#)

<sup>44</sup> Information for this paragraph provided by the City of Gresham.

<sup>45</sup> City of Gresham. (2022). [Utility Financial Assistance.](#)

The City could structure this ‘per door’ fee in several ways, other than the method described above. The City of Salem, for example, elected to have different base rates for single-family and multifamily units. Within each category, a city could choose to further differentiate and define unique base rates for each size of unit. In the case of commercial properties, the number of square feet of impervious surface could be used to approximate the size and usage of streetlights to determine a rate.

### Option 3: Streetlight Utility Fee Per Door (Single-family, Multi-Family and Business)

One potential method for stratifying the per door fee would be to assess a unique base rate for single-family homes, multifamily residences, and business properties. In this example, the rate is distributed based on the share of total acreage that each property type represents. Single family residences make up 37 percent of Gresham’s acreage, multifamily tax lots represent 5 percent, and business properties (both commercial and industrial) represent 26 percent of the City’s acreage. This is just one method to proportionally assess a streetlight fee based on use of streetlights.

#### Exhibit 19: Estimated Streetlight Utility Fees for Residential and Business Customers

Source: ECONorthwest

| Utility Customer | Number of ‘Doors’ | Monthly Fee | Annual Revenue     |
|------------------|-------------------|-------------|--------------------|
| Business         | 2,100             | \$3.08      | \$78,000           |
| Single-family    | 20,617            | \$4.39      | \$1,086,000        |
| Multifamily      | 20,617            | \$0.59      | \$147,000          |
| <b>Total</b>     | <b>43,333</b>     |             | <b>\$1,310,000</b> |

#### Summary of Options

To illustrate the relative impact of each revenue structure option, each option is summarized in Exhibit 20 for an average valued single-family household and a commercial account in Gresham.

#### Exhibit 20: Streetlight Option Costs for an Average Single-family and Commercial User

|                         | Flat Rate (Option 1) | SF and Business Rate (Option 2) | SF/MF/B Rate (Option 3) |
|-------------------------|----------------------|---------------------------------|-------------------------|
| Single Family Residence | \$4.46               | \$2.13                          | \$4.39                  |
| Commercial              | \$4.46               | \$10.25                         | \$3.08                  |

## Considerations

|   |  |
|---|--|
| <b>Adequacy</b>   | All options could meet revenue target while keeping the rate comparable to other cities. The City could consider charging more than the base amount to account for maintenance and reserves.   |
| <b>Stability</b>  | Fees are straightforward to increase with inflation, and the number of utility customers has shown little change over recent years. Both options would be stable.  |
| <b>Horizontal Equity</b><br><i>Are populations with similar circumstances similarly burdened by the option?</i>   | The first option as a flat fee would be the same for everyone, however this may have a varied impact depending on household income. Those with lower household income may experience greater burden. The second and third options may account for this difference to a certain extent and would ensure that all properties were treated the same as others in their property type. |
| <b>Vertical Equity</b><br><i>Do populations with greater ability to pay contribute more than those with less?</i> | No option (as structured) accounts for ability to pay. However, the City could expand its utility assistance program to cover this fee. This would reduce the burden on low-income households. Basing the rate on square feet of impervious surface may be another way to allow those with less ability to pay a lower rate.   |
| <b>Overall Fairness</b><br><i>Are any populations disproportionately burdened by the option</i>                   | Those with lower incomes may experience more cost burden under both options, but this could be addressed by implementing an assistance program similar to the utility assistance program.  |
| <b>Simplicity</b><br><i>Is the option difficult to explain or to administer?</i>                                  | All options would be relatively simple to implement as the City already has information on utility accounts and 'doors' for its PFP fee. If the City wanted to base the rate on square feet of impervious surface or street frontage, that would require additional GIS analysis to calculate.   |
| <b>Other Considerations</b>   | These options can be further stratified by property type to account for potential differences in ability to pay.   |

## Implementation

The City Council has the ability to implement a new fee using an ordinance. This ordinance would need to describe the purpose of the fee, the premise, the residences impacted by the fee, the amount, and the method for billing the fee. The fee options discussed above could be tied to utility billing similarly to the PFP fee or another method based on streetlight usage could be developed.

The process for establishing such an ordinance includes review by the City's Finance Committee and City Manager, an assessment of budget impact, and public involvement that gives citizens the opportunity to submit their feedback on the proposed fee. Although the ordinance process does not require voter approval, public engagement is a critical step in developing an ordinance that is transparent and accountable to the public. Generally speaking, for the City to include the revenue in the following fiscal year's budget, an ordinance implementing the fee would need to be adopted in the spring.

## 6. Open Questions and Recommendations

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ECONorthwest offers the following recommendations for further analysis and next steps:

- With further analysis, the City may wish to identify and examine other revenue options that have been implemented successfully elsewhere—particularly those that could complement rather than compete with a property tax related option.
  - The City of Newberg implemented a transportation utility fee in 2017, which generates \$1.2 million for road maintenance. Funding could supplant the utility license fee revenue that is directed toward Gresham’s Transportation Fund (similar to the streetlight fee option explored above).
- The City should consider re-examining contracts with the Three Cities to ensure that costs are fully accounted for in the arrangements. The City of Newberg took multiple steps to strengthen intergovernmental agreements with Tualatin Valley Fire and Rescue while working toward a full annexation.

### 9-1-1 Fee

- The City should consider further analysis of equity related to fee structures, including a deeper examination of the relationship between household income, homeownership status, and property value. This will allow for a better understanding of tax or fee burden and equity.
- Utilization of the fee assistance program appears low when considered as a share of qualifying households. The City should continue efforts to communicate this opportunity and to expand access, particularly to families living in multifamily housing.

### Fire Districts

- If City Council elects to proceed with annexation, the City should consider early discussion of annexation considerations with Fire District 10.
- The Special Districts Association of Oregon is an excellent resource for advice and could potentially offer the City suggestions for consultants or attorneys with experience regarding district formation or annexation.
- The City should engage an attorney with experience in the formation of special districts to better understand the steps involved in the transfer of operations, financial assets and liabilities, and personnel to a new district.
- If the City proceeds toward a district, the economic feasibility analysis required under statute should include information related to the transfer of pension assets and liabilities, and staff compensation. The analyses examined in this report did not present detailed information related to these considerations.

- Both fire district options will necessitate significant staff time and potential outside funding resources. Staff time will likely be intense, particularly with regards to public engagement and the economic feasibility analysis. The feasibility analysis required by statute under the formation of a new district will likely result in consultant costs.

### Streetlight Fee

- Streetlight fees are common, and fees are transparent and easy to understand. Many other cities in Oregon have streetlight or road maintenance fees that cover streetlight operations and maintenance.
- The City could investigate several other methods for approximating streetlight usage. Geographic information system (GIS) and spatial analysis can be used to explore a staggered fee based on the amount of street frontage for each property type. The same kind of spatial analysis could be used to estimate square feet of impervious surface or calculate number of streetlights within a certain range of a property. The City should consider what metric is most reasonable and feasible for estimating streetlight usage.
- Financial aid for utility fees is only available for single-family homes below a certain income level. It is assumed that this is because the utility account holder for a multifamily property is likely the property manager or owner. However, it is unknown if this cost is passed along to the renter. The City should consider efforts to promote the opportunity for financial assistance, as well as potentially making similar assistance available to other types of households.

# Appendix

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Below are the steps to form a new fire district and the steps involved for the annexation into an existing fire district. The best resource for this and other information about special districts is the Special Districts Association of Oregon's Administrative Handbook.<sup>46</sup>

## Steps to Form a New Fire District

A new rural protection fire district would encompass all of GFES current service area (except for the current Fire District 10 boundary). The proposed district would be a similar structure to Tualatin Valley Fire and Rescue in Washington County, which serves both rural and urban communities. If Fire District 10 were to be included in the boundary, there would be additional steps related to withdrawal of their territory from the new district.<sup>47</sup> The formation of the rural fire protection district could take between 12 to 24 months.

The four general steps<sup>48</sup> for fire district formation are:

### 1. Evaluate the Feasibility of a New Fire District.

- **Establish a working committee** to oversee the evaluation process (this could representatives from GFES, each of the cities, Fire District 10, etc.)
- **Consider hiring a consultant and/or attorney.** Potential partners could include consultants that specialize in the formation of special districts, in addition to the Special District Association of Oregon. The committee will need to develop a budget to cover formation costs and determine how to fund the assistance.
- **Determine a Preliminary Boundary for the Fire District.** The current working boundary for a proposed fire district encompasses the cities of Gresham, Wood Village, Troutdale, and Fairview. Determine the assessed value of property values within the boundary to evaluate whether the new tax rate will be subject to compression.<sup>49</sup>
- **Prepare an Economic Feasibility Statement** that describes “the services and functions to be provided by the district, the relationship of those services to other existing government services, and a proposed first year and third year line-item

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<sup>46</sup> The Special Districts Association of Oregon Administrative Handbook 2022 is available to members of the Association, but staff shared the information with ECONorthwest so that the City of Gresham could learn more about the steps for Fire District formation or annexation. It can be found online at <https://www.sdao.com/files/5affcd2e1/2022+SDAO+Administrative+Handbook.pdf>

<sup>47</sup> ORS 478.665

<sup>48</sup> Special Districts Association of Oregon Administrative Handbook 2022.

<https://www.sdao.com/files/5affcd2e1/2022+SDAO+Administrative+Handbook.pdf>

<sup>49</sup> *ibid*

operating budget for the new district that demonstrates its economic feasibility.”<sup>50</sup> It should also cover “services levels, governance, funding mechanisms, asset transfers, debt liabilities, and structure.”<sup>51</sup>

- **Hold public meetings** to gauge support for the proposed district and contact local agencies with experience forming special districts.
- Gain consent from each city for inclusion in the proposed district.
- **Notify Oregon Department of Revenue, the Multnomah County Assessor, and the Multnomah County Clerk** of the intention to form a new district.
- **Finalize the Boundary.**
  - Draft final boundary maps and legal descriptions for the county assessor and Department of Revenue.

## 2. File the petition.

- **Obtain petition from Multnomah County Clerk and circulate petition.** The total time from first signature to final signature may not exceed 180 days (six months). Identify up to three people to act as chief petitioners.
- **File a petition for formation:**
  - The petition<sup>52</sup> must include:
    - The proposed district name and boundary.
    - The principal act that the district will perform (in this case, fire protection).
    - The tax rate and the breakdown of total taxes.<sup>53</sup>
  - In the case of a fire district replacing the GFES service area, a petition for formation must be signed by not less than fifteen percent of the electors or 100 electors, whichever is the greater, registered in the territory subject to the petition.<sup>54</sup>
- Obtain resolutions from all of the affected cities.
- Initiation and order of the Multnomah County Commission (given that the proposed district is located entirely within Multnomah County borders).

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<sup>50</sup> ORS 198.749

<sup>51</sup> Forest Grove Fire and Rescue, Oregon Cooperative Services Study. Page 198. [https://www.forestgrove-or.gov/sites/default/files/fileattachments/city\\_council/meeting/packets/5951/cc05-26-15a.pktreduced.pdf](https://www.forestgrove-or.gov/sites/default/files/fileattachments/city_council/meeting/packets/5951/cc05-26-15a.pktreduced.pdf)

<sup>52</sup> This resource from Lane County provides details on what must go into a special district petition. ECONorthwest did not find a similar document for Multnomah County.

[https://p1cdn4static.civiclive.com/UserFiles/Servers/Server\\_3585797/File/Government/County%20Departments/County%20Administration/Operations/County%20Clerk/Elections/District\\_Formation\\_Instructions.pdf](https://p1cdn4static.civiclive.com/UserFiles/Servers/Server_3585797/File/Government/County%20Departments/County%20Administration/Operations/County%20Clerk/Elections/District_Formation_Instructions.pdf)

<sup>53</sup> ORS 478.155

<sup>54</sup> ORS 198.755

- Submit final petition, Economic Feasibility Statement, and security deposit 180 days prior to election to County Clerk and Surveyor for review.
- Draft county resolutions and orders (completed either by county counsel or committee’s attorney).

### 3. Conduct Hearings.

- If required agencies approve the petition, the County must hold a hearing within 30 to 50 days.
- County schedules and holds first and second hearings. ORS 478.155 states that “when a district containing zones is formed under this section, the first board of directors of the district, prior to the levy of any ad valorem taxes by the district, shall provide notice of a public hearing and conduct the hearing as provided in ORS 478.480 (2) and 478.485. After the public hearing required under this section, the board shall enter an order in its journal stating the percentage of the total amount of ad valorem taxes of the district that will be collected in each zone. The board may then determine, make and declare the ad valorem tax levy for each zone.”<sup>55</sup>
- Upon conclusion of the hearing, the county board will further evaluate the petition according to ORS 199.462.
- Upon county approval, hold a final hearing, after which the county enacts the formation resolution.

**4. Hold Election.** If the County board approves the petition (as presented or as modified) and it includes a permanent rate limit for operating taxes for the proposed district, the county will hold an election in either May or November across the entire boundary of the proposed formation. ORS 478.155 states that “The boundaries of the zones and the percentages of taxes collected in each zone that are established for a district under this section shall be effective until the regular district election in the first odd-numbered year following the year in which the district is formed.” Voters will decide on the question of forming the district and establishing a permanent tax rate on the date of the next primary election or general election for which the filing deadline can be met. The order shall also state that at such election members of the district board will be voted for.<sup>56</sup>

## Steps to Annex New Territory into an Existing District

An alternative to forming a new district could be for Fire District 10 to annex the rest of the service area into its existing district. This process is governed by ORS 198.850 through 198.869, as well as the ORS 478 (the Principal Act for Rural Fire Protection Districts). The most likely

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<sup>55</sup> ORS 478.155

<sup>56</sup> District Formation Instructions – ORS Chapter 198.

[https://p1cdn4static.civiclive.com/UserFiles/Servers/Server\\_3585797/File/Government/County%20Departments/Coun ty%20Administration/Operations/County%20Clerk/Elections/District\\_Formation\\_Instructions.pdf](https://p1cdn4static.civiclive.com/UserFiles/Servers/Server_3585797/File/Government/County%20Departments/Coun ty%20Administration/Operations/County%20Clerk/Elections/District_Formation_Instructions.pdf)

method that interested parties could use to initiate annexation of the GFES service area into Fire District 10 would be through **elector petition**, similar to the formation of the new district above, or an **initiation by Board resolution**. This would require the following general steps:

1. **Evaluate feasibility.** This is not required by the statute, but the City and its partners should strongly consider following a similar feasibility evaluation process to the new district formation above.
2. **Initiate annexation:** There are two methods for initiating annexation:
  - **Initiation by Board Resolution.** Through a resolution, either the district board or the county board may initiate an annexation.<sup>57</sup>
  - **Electoral petition: file an annexation petition<sup>58</sup> with the county board.** Before the petition is filed, it must be approved by written endorsement by the board of the affected district (Fire District 10), and by any other agency from which the principal Act requires approval, which likely means the other jurisdictions that are served by GFES and will be impacted by the annexation.
3. **Hold hearing on Annexation Petition.**<sup>59</sup> The hearing must occur between 30 and 50 days after the date the petition. At the end of the hearing, the Commission would make its determination and “adopt findings in support of that determination, [enter] an order approving the petition, and [call] an election if needed.”<sup>60</sup> The County Commission must “consider the local comprehensive plan for the area and any service agreement executed between a local government and the affected district when determining whether to approve an annexation petition.”<sup>61</sup>

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<sup>57</sup> “The resolution is filed with the county board and must include the following: (a) The intention of the board to initiate the formation of a district and citing the principal Act. (b) The name and boundaries of the proposed area to be annexed. (c) The date, time and place of a public hearing on the proposal. If any part of the area to be annexed is included in a city, the resolution must be accompanied by a certified copy of a resolution from the city approving the annexation. An annexation initiated by the district board may include an effective date that is not later than 10 years after the date of the order declaring the annexation.” (Special Districts Association of Oregon Administrative Handbook 2022: <https://www.sdao.com/files/5affcd2e1/2022+SDAO+Administrative+Handbook.pdf>)

<sup>58</sup> The petition must include (among other requirements) names of affected districts and counties, the nature of the annexation, terms and conditions, a description of the boundaries of the territory proposed to be annexed, and declaration that the proposed property is within a city and include a copy of the resolution of the governing body of the city approving the petition to be attached. In the case of the GFES service boundary, the petition would need to be signed by 100 electors.

<sup>59</sup> ORS 198.800 to 198.820

<sup>60</sup> Special Districts Association of Oregon Administrative Handbook 2022.  
<https://www.sdao.com/files/5affcd2e1/2022+SDAO+Administrative+Handbook.pdf>

<sup>61</sup> *ibid*

- Include a certified copy of a resolution of the governing body of the city approving the petition.
4. **Hold Election.** The County Commission must “order an election in the territory to be annexed and in the affected district on the same day.” If voters in both elections approve the annexation, the district board certifies the results of the election to the county board, which then issues an order of annexation and approves the boundaries of the territory to be annexed.
  5. **Annex Territory.** “After the date of entry of an order by the county board annexing territory to a district, the territory annexed becomes subject to the outstanding indebtedness, bonded or otherwise, of the district in the same manner as the territory within the district, unless otherwise provided in a debt distribution plan established under ORS 198.900. The annexed territory also is subject to the permanent rate limit and any local option taxes imposed by the annexing district.”<sup>62</sup>

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<sup>62</sup> *ibid*



# FACT SHEET 2024

## WHO WE SERVE

Tualatin Valley Fire & Rescue is Oregon's largest fire district. We serve and protect 551,423 people. Our fire stations are strategically located throughout our 390-square-mile service area, ensuring a quick and immediate response to any situation. Our service area includes the following cities and unincorporated portions of four counties:

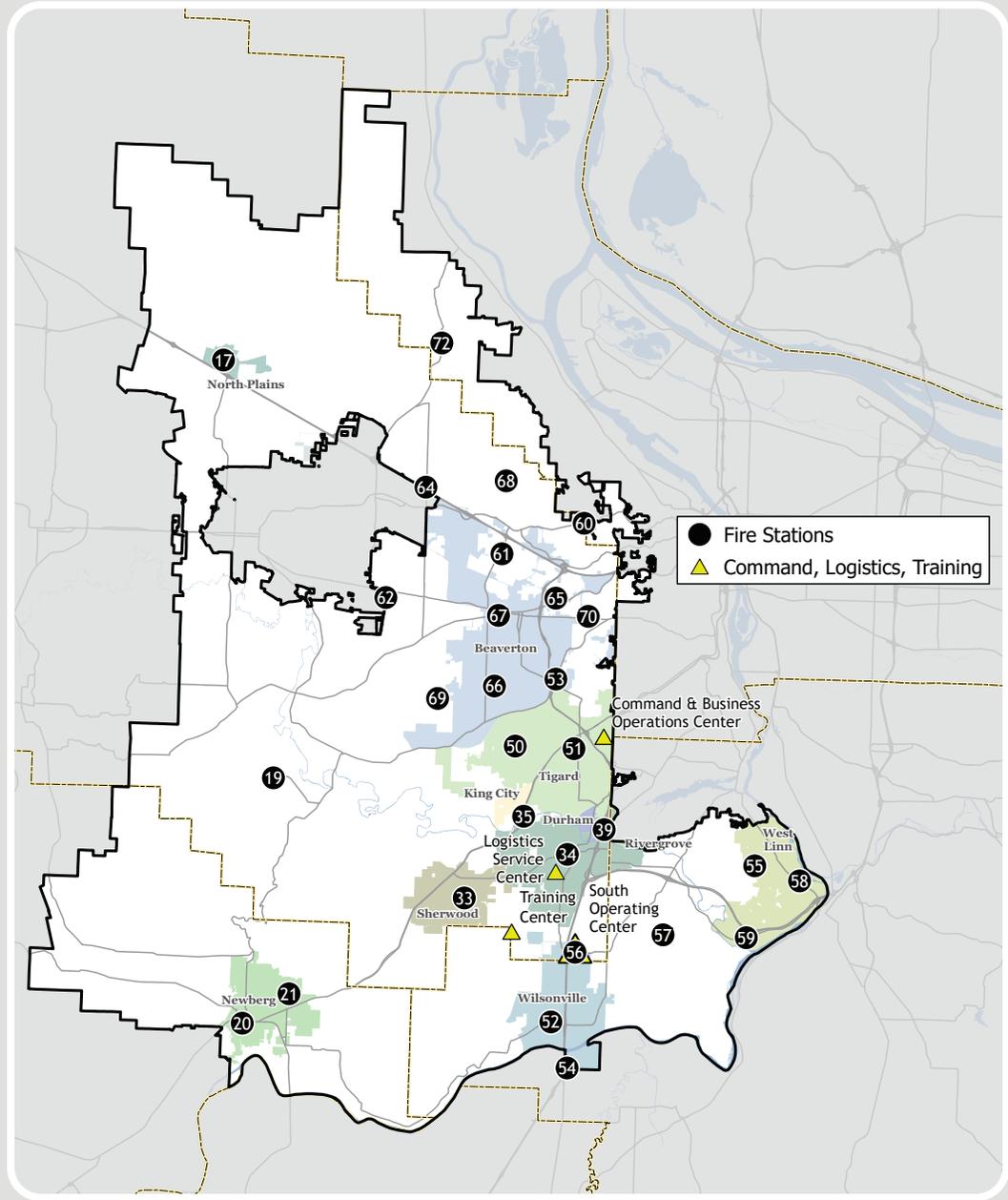
- Beaverton
- Durham
- King City
- Newberg
- North Plains
- Rivergrove
- Sherwood
- Tigard
- Tualatin
- West Linn
- Wilsonville
- Clackamas County
- Multnomah County
- Washington County
- Yamhill County

## WHAT WE PROVIDE

Residents served by TVF&R benefit from the services of a large metropolitan fire department that achieves cost savings through economies of scale such as buying in bulk, reducing administrative overhead, and garnering better borrowing rates. What began in the 1930s as a department comprised largely of volunteers coming together to fight fires, is today a full-service organization providing emergency medical and fire response, building inspections, code enforcement, public education, emergency management, and much more.

## GOVERNANCE & COMMUNITY PARTICIPATION

TVF&R is led by Fire Chief Deric Weiss, who reports to an elected five-person Board of Directors that meets monthly. TVF&R also has representatives from the community at-large who serve on its Civil Service Commission and Budget Committee.



## COMMUNITY PROGRAMS & SERVICES

**Community Risk Reduction** — Creating safer communities by helping individuals prevent fires and other emergencies is a priority at TVF&R. Risk reduction and prevention efforts involve extensive public education along with regular collaboration with our public, nonprofit, and private partners.

**Residential Smoke Alarm Program** — Our goal is to have a working smoke alarm in every dwelling. Smoke alarms and batteries are provided at no cost to residents in our service area with limited financial means. Smoke alarms for the hearing-impaired are also available.

FOLLOW US



tvfr.com



# BY THE NUMBERS

## TVF&R Personnel

- 450 Fire, Medical, and Rescue Services
- 22 Fire Prevention and Training
- 114 Administrative and Support
- 54 Volunteers



TVF&R operates **121** apparatus, including trucks, engines, rescues, medic units, water tenders, brush rigs, cars, and command units.

## Tax Rate Fiscal Year 2023-24

**\$2.1089 per \$1,000 Assessed Value which includes:**

- Permanent Rate .....\$1.5252
- Local Option Levy.....\$0.45
- General Obligation Bond.....\$0.1337



Station crews and the Safety Education Team participated in

**667**  
community events  
in 2023 that had a  
total of  
**88,562**  
attendees.

## 2022 Incident Responses (Calendar Year)\*

*\* 2023 Totals Coming Soon*

- Emergency Medical Services, Rescue Call.....44,521
- Good Intent.....7,950
- Other Situation or False Call .....3,106
- Service Call .....2,673
- Hazardous Condition .....1,367
- Fire .....1,128

More than **7** out of **10** incidents involve medical care.



The Fire and Life Safety Division completed

**4,717**  
commercial  
inspections in  
2023.

## Moody's Bond Rating — Aaa

TVF&R has a Moody's Bond Rating of Aaa — the highest available. This rating demonstrates credit worthiness and allows TVF&R to issue debt at lower interest rates and pass that savings on to taxpayers.



Welcome to

# CLACKAMAS FIRE DISTRICT

## About Us

Clackamas Fire District #1 is one of the largest fire protection districts in Oregon, proudly serving nearly 220,000 permanent residents and covering nearly 228 square miles. Our career and volunteer firefighters respond to tens of thousands of incidents annually from 22 strategically located fire stations.

Our service area encompasses four cities including Happy Valley, Johnson City, Milwaukie, and Oregon City, as well as the unincorporated areas of Barton, Beavercreek, Boring, Carus, Carver, Central Point, Clackamas, Clarkes, Damascus, Eagle Creek, Holcomb, Oak Lodge, Redland, South End, Sunnyside and Westwood.

In order to ensure that Clackamas Fire District #1 provides the resources that are required to respond to the current and future service demands, a Standards of Cover (SOC) document is maintained.

[Click here to read our current \*\*Standards of Cover\*\*](#)

## History

Prior to 1933, cities were not authorized to provide fire protection outside of city limits; therefore, there was little or no fire protection. In the 1930s, the Oregon Legislature authorized the formation of Rural Fire Protection Distri ^

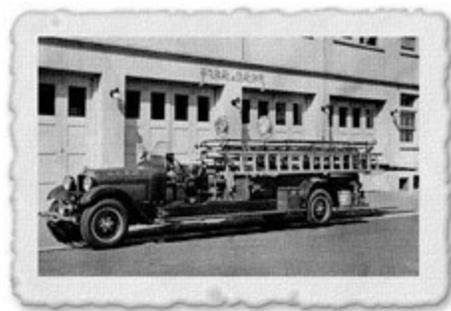


The management zones and were served by counties. The commissioners formed Clackamas Fire District #54 in the area surrounding Oregon City.



Milwaukie Fire Protection District #56 served the areas surrounding Milwaukie and north into Multnomah County. Together with Multnomah County Fire District #12, the agencies served an area that extended up to 82nd Avenue and Division in unincorporated Multnomah County.

In 1976, what remained of the two districts merged and formed Clackamas County Fire District #1. Yet, city annexations continued – forcing other districts to merge to preserve service levels. In 1988, Happy Valley Fire District #65, Clackamas Fire District #71 and Clackamas Fire District #54 merged and within two years consolidated their services further by joining with Clackamas Fire District #1. The new fire agency was now large enough to provide expanded service levels and to provide the expanded scope of services with the economies of scale typical of modern fire agencies.



In the early 1990s, Clackamas Fire District #1 merged with Beaver Creek Fire District #55. During the next decade, it merged with Oak Lodge Fire District #51 and Clarkes Fire District #68 and began providing services by contract to the cities of Milwaukie and Oregon City.



recreated organization. In 2005, Clackamas County Fire District #1, which is commonly referred to as Clackamas Fire District #1, held an election to annex the territories within the city of Milwaukie, followed by a 2007 election to annex the city of Oregon City into Clackamas Fire District #1.

In 2014, both Boards of Directors from Clackamas Fire District #1 and Boring Fire District #59 unanimously approved a five-year contract for services to provide fire protection, fire prevention and emergency medical services to citizens of Boring Fire District #59.



In November 2016, voters approved annexation of Boring Fire District #59 into Clackamas Fire District #1. In February 2017, Clackamas Fire finalized the legal integration in the form of an annexation with Boring Fire District #59. The annexation provided an increase in staffing at the Damascus Station 19 (nka Centennial Park Station 21) from 40 hours a week to 24-hours per day, 7 days a week. As part of our commitment to the annexation, Clackamas Fire provided a new fire apparatus that helped enhance the services we provide across those communities. In April 2019, the new Damascus Station 19 opened, which is located at 19750 SE Damascus Lane in Damascus.

All of these mergers, consolidations, and contracts have resulted in Clackamas Fire District #1 protecting nearly 228 square miles – with 22 community fire stations serving nearly 220,000 permanent residents. The fire district has an intergovernmental agreement with the City of Sandy for the joint operation of Station 18 and has entered into a new intergovernmental agreement with City of Gladstone to operate their fire station and provide fire protection

## City of Newberg

Referred by the City of Newberg

### Measure 36-190

#### Annexation of Newberg to Tualatin Valley Fire and Rescue District

**Question:** Shall Newberg annex into Tualatin Valley Fire and Rescue District to receive fire, emergency medical and ambulance services?

**Summary:** In 2016, Newberg signed a two-year contract with Tualatin Valley Fire and Rescue District (TVFR) to provide fire, advanced emergency medical and ambulance services. TVFR hired Newberg's firefighters and paramedics. TVFR added 12 firefighters/paramedics to provide 24/7 coverage. It added a ladder truck and two ambulances. The contract required the City Council to determine the feasibility and cost-benefit of annexing to TVFR. In June, 2017 the Council approved annexation, subject to voter approval. TVFR has a permanent property tax rate of \$1.5252 per \$1000 assessed value, a temporary levy of \$0.45 expiring in 2020 and currently levies \$0.1220 in bonded indebtedness. A dwelling assessed at the \$229,698 average for Newberg would pay about \$482 in TVFR taxes. It is estimated it would cost the City about \$6,863,510 to provide these services for fiscal year 2018/2019, not including start-up costs. TVFR taxes would total about \$3,862,752. Once annexed, city voters become eligible to vote for TVFR directors and on any TVFR property tax proposals.

**NO ARGUMENTS  
WERE FILED IN  
OPPOSITION TO THIS  
MEASURE**

## City of Newberg

### Explanatory Statement Measure 36-190

Approval of this Measure would annex the City of Newberg into the Tualatin Valley Fire and Rescue District (TVF&R).

The City and TVF&R conducted public outreach and evaluated how to provide fire, advanced emergency medical response and ambulance services. Calls for these services have increased approximately 40% in the last 10 years but the City has not increased staffing since 2006. It is increasingly difficult to recruit volunteers, resulting in staffing issues. The City's equipment is aging but funds for replacement or upgrades have been limited.

In 2016, the City entered into a 2-year contract with TVF&R to provide fire, advanced emergency medical and ambulance services. TVF&R hired City fire department personnel and added staff and equipment. TVF&R:

- Provides 6 career firefighters/advanced EMT's on a 24/7 basis at each fire station. Previously these stations were staffed with 4 city firefighters and volunteers.
- Added 1 newer ladder fire truck and 2 new ambulances.
- Maintains a volunteer program, involvement in community programs and events and training, including the Toy and Joy program and community CPR classes.

Previously, the City spent about \$3.4M in tax dollars per fiscal year for fire and emergency medical services. It is estimated that it would cost the City about \$6.8M in tax dollars to provide these services at the enhanced level now provided by TVF&R, not including start-up costs.

Beginning in 1991 the City collected a fire truck/equipment fee, added to the utility bill. When the City entered into the contract with TVF&R that fee was suspended. It will be eliminated if annexation occurs.

If annexation occurs, TVF&R taxes initially would total about \$3,862,752. The TVF&R permanent property tax rate of \$1.5252 per \$1000 of assessed valuation, a temporary levy of \$0.45 (expiring in 2020) and a bond levy of \$0.1220 would apply in the City. A dwelling assessed at the \$229,698 average for Newberg would pay about \$482 in TVF&R taxes. (Assessed value typically is lower than market value.) City voters would become entitled to vote for TVF&R directors and on TVF&R tax proposals.

To offset TVF&R taxes, the City Council is considering reducing the City property tax rate levy in future years. If voters approve the City Charter amendment referred by Council, Council would be required to lower city tax rates by an amount approximately equal to the amount the City previously spent on these services.

No decision has been made on how to provide these services if voters reject annexation. Options include:

- Return to providing the prior level of services using current City revenues.
- Use City funds to upgrade services. This probably would require reductions in other services or asking City voters to approve additional property taxes.
- Seek a contract extension with TVF&R. This might include asking City voters to approve additional property taxes to pay some or a portion of the services. TVF&R could, however, decline to renew or could terminate the contract at some future point.

A "yes" vote approves annexation. A "no" vote rejects annexation.

*Information furnished by Joe Hannan, City Manager  
City of Newberg*

**City of Newberg**

Referred by the City of Newberg

**Measure 36-191**

**Amends City Charter, reduces property taxes on annexation to TVF&R**

**Question:** Shall City Charter be amended to require City Council to limit property taxes if Newberg annexes to TVF&R?

**Summary:** This Measure amends the City Charter to prohibit City Council from levying the full City permanent property tax rate if Newberg voters approve annexation to the Tualatin Valley Fire and Rescue District (TVF&R). Currently, Newberg provides fire, emergency medical and ambulance services using City property taxes and other revenues. If annexation is approved, Newberg taxpayers would pay property taxes to TVF&R for those services. The Newberg permanent tax rate is \$4.3827 per \$1000 assessed value. City Council would be limited to levying a tax rate of \$2.50, plus 3% per year. This reflects the \$1.88 that the City no longer would spend on emergency services. The limit could be exceeded only if city voters approve. Voters also could approve temporary tax and bond levies. If this amendment is rejected, Council may still levy less than the full tax rate; any amount over \$2.50 could go to other City services. The amendment applies only if Newberg is in TVF&R. The full text of the amendment was adopted by Council Resolution No. 2017-3406.

**NO ARGUMENTS  
WERE FILED IN  
SUPPORT OF OR IN  
OPPOSITION TO THIS  
MEASURE**

**City of Newberg**

**Explanatory Statement**

**Measure 36-191**

If approved, this Measure would amend the Newberg City Charter to limit the property tax rate that may be levied by the City if voters approve annexation to the Tualatin Valley Fire and Rescue District (TVF&R).

The City Council has referred a measure to city voters to approve annexation to TVF&R. As discussed in the explanatory statement for that measure, annexation means that TVF&R would levy its property taxes in the City to provide enhanced emergency services.

Currently, the City spends about \$1.88 per \$1000 of assessed valuation to pay for fire, emergency response and ambulance services. The City's current property tax rate is \$4.3827 per \$1000 in assessed valuation. This Charter amendment effectively would subtract \$1.88 from that rate, resulting in a tax rate limit of \$2.50. For the 2018/2019 fiscal year, the City Council would be prohibited from levying more than \$2.50 of Newberg's tax rate. Starting with fiscal year 2019/2020, the City Council could increase this limit 3% per year. The City Council also could seek voter approval to exceed the limit.

The City Council is considering not levying the City's full tax rate even if this Charter amendment is rejected. It would not be required to do so, however, and could direct some or all City taxes not spent on these emergency services to provide other new or enhanced services such as 9-1-1 dispatch, police, roads or other City services.

The Charter amendment does not restrict the City Council from levying the full amount of local option (temporary) property taxes or bond levies. Those levies must first be approved by the voters.

This Charter amendment applies only if city voters approve annexation to TVF&R.

*Information furnished by Joe Hannan, City Manager  
City of Newberg*