City Council Meeting Agenda

Monday, May 9, 2016, 7:00 PM

City Hall Council Chambers, 898 Elk Drive, Brookings, OR 97415

The City Council will meet in Executive Session at 6:00 PM, in the City Manager's office, under the authority of ORS 192.660(2)(h), "to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed," under ORS 192.660 (2)(e), "to conduct deliberations with persons designated by the governing body to negotiate real property transactions," and under ORS 192.660(2)(f), "to consider information or records that are exempt by law."

1. Call To Order
2. Pledge Of Allegiance
3. Ceremonies/Appointments/Announcements
   a. Yard Of The Month
      - Best Commercial – The Library Annex, 402 Alder St.
      - Best Residential – Paul & Ruth McCloud, 935 3rd St.
   b. Appointment Of Mary Geyer To TPAC

      Documents: TPAC.BUDGCOMM.APP.GEYER.PDF
4. Ordinances
   a. Ordinance 16-O-756, Adding Chapter 1.15, Citizen Citations, To The Brookings Municipal Code

      See ADVANCE PACKET
   b. Ordinance 16-O-757, Amending Various Sections Of The Brookings Municipal Code To Bring Them Into Conformity With Chapter 1.05, General Penalty

      See ADVANCE PACKET
5. Oral Requests And Communications From The Audience
6. Staff Reports
   a. Approval To Enter Into A Contract With Tidewater Contractors For The Pacific Avenue Sewer Main Relocation Project

      Documents: PACIFIC AVE SEWER CAR.PDF, PACIFIC AVE.ATT.A.BID SUMMARY.PDF
   b. Approval To Accept Brookings Annexation Project Report As Prepared And Take No Action On The Recommendations

      Documents: ANNEXATION STUDY CAR.PDF, ANNEXATION.ATT.A.STUDY.PDF
   c. Authorization To Participate In The Del Norte County Regional Airport Terminal Project

      Documents: BCRAA. CAR.PDF, BCRAA.ATT.1.2008 AGREEMENT.PDF, BCRAA.ATT.2.PHOTOS.PDF, BCRAA.ATT.3.FINANCING.PDF, BCRAA.ATT.4.MEMO.PDF, BCRAA.ATT.5.LETTER.PDF
   d. Authorization To Direct Staff To Amend Chapter 12.25.010 Of The Brooking Municipal Code Regarding Mill Beach Access Area

Documents: MILL BEACH ACCESS. CAR.PDF, MILL BEACH ACCESS.ATT.A.PHOTOS.PDF, MILL BEACH ACCESS.ATT.B.EMAIL.PDF

7. Consent Calendar

    1. Approve Council minutes for April 25, 2016.
    2. Accept TPAC minutes for March 18, 2016.
    3. Accept April 2016 Vouchers in the amount of $259,235.23

    Documents: 1.4-25-16 CC MINUTES.PDF, 2.APRIL VOUCHERS.PDF, 3.3-18-16 TPAC MINUTES.PDF

8. Remarks From Mayor And Councilors

9. Adjournment

*Obtain Public Comment Forms and view the agenda and packet information on-line at www.brookings.or.us, at City Hall and at the local library. Return completed Public Comment Forms to the City Recorder before the start of meeting or during regular business hours.

All public meetings are held in accessible locations. Auxiliary aids will be provided upon request with at least fourteen days advance notification. Please contact 469-1102 if you have any questions regarding this notice.

CITY OF BROOKINGS

APR 26 2016

RECEIVED.....

City of Brookings
898 Elk Drive, Brookings, OR 97415
Phone: (541) 469-2163 Fax: (541) 469-3650
www.brookings.or.us

APPLICATION TO SERVE ON A CITY OF BROOKINGS COMMISSION, COMMITTEE OR BOARD

PART I. Contact Information:

Name: MARY GEYER Date: _____

Physical Address: 3 OMER TERRACE, BROOKINGS 97415

Mailing Address: SAME

Email Address: mgeyer24@gmail.com Phone: 818-355-2673

PART II. Position Selection, Requirements and Restrictions: *(Please answer all that apply)*

1. Commission/Committee applying for:	Composition **(i)**	Term **(ii)**
☐ Planning Commission/Commission for Citizen Involvement **(iii)**	5 Electors, 2 UGB	4 yrs
☒ Budget Committee	5 Electors	3 yrs
☐ Parks and Recreation Commission	4 Residents, 1 UGB	2 yrs
☐ Public Art Committee (PAC) **(iii)**	3 Residents, 2 UGB	3 yrs
☐ Traffic Safety Committee	2 Residents	2 yrs
☒ Tourism Promotion Advisory Committee (TPAC) **(iii)**	4 Residents, 3 Curry	3 yrs
☐ Other (please specify):		

2. **City residents:** How long have you lived in the City of Brookings? 5 yr 1 m (yrs/mths)

   Planning & Budget Applicants Only: Are you a City elector (registered voter)? ☒ Yes ☐ No

3. **UGB residents:** How long have you lived in the UGB?: _____ (yrs/mths)

4. **What is your *current* occupation?** SELF EMPLOYED

NOTES:

(i) *Membership requirements:*

- Residents must reside inside City limits; resident/UGB status determined by physical address.
- Electors are registered voters of the City of Brookings (verified by County Elections Officer)
- UGB members must reside within the Brookings Urban Growth Boundary or Area. (Contact the Planning Department at (541) 469-1137 for assistance in determining UGB status).

(ii) *Term:* Appointments to fill mid-term vacancies will be for the remainder of that term.

(iii) *Other restrictions:*

- Planning Commission: No more than two (2) Commissioners may be principally involved, as individuals, members or partners, in the buying, selling or development of real estate for profit. No two (2) members shall be involved in the same kind of business or profession.
- TPAC: The three Curry members must own property, own a business or be employed in the City.
- PAC: Three (3) members must have an art background.

PART III. Background Information : *Attach additional pages if needed:*

1. List your **related** experience and/or background **to the position you are applying for**:

2. List any unrelated **work history, educational background,** and volunteer experience you may have:

3. Briefly describe your **interest in this position** and what you **hope to accomplish**:

PART IV. Volunteer Agreement **:** *Please read and check off the following before signing:*

- ☒ I acknowledge that I will not be under the direct supervision and control of the City in connection with the voluntary services for which I have applied.
- ☒ I acknowledge that I will receive no compensation or expense reimbursement from the City in connection with any volunteer services for which I have applied.
- ☒ I understand and agree that my volunteer service will be donated to the City at times other than my regular work hours.
- ☒ I understand that if the position I applied for requires me to be an elector of the City of Brookings, that the City has permission to verify my status as a registered voter.
- ☒ I agree to release the City from all matters relating to the voluntary service for which I have applied, including compliance, if any is required, with social security, withholdings, insurance and all other regulations and reportings governing such matters. I assume full responsibility for any injuries or damages suffered by or arising from the voluntary service described herein. (*Planning Commission applicants, see ** below)*
- ☒ I agree to release, indemnify and hold the City harmless from and against any and all actions, causes of action, claims, demands, liabilities, losses, damages or expenses, of whatsoever kind and nature, including attorney fees, which City may sustain or incur as a result of errors or omissions in the performance of the voluntary service set forth herein.
- ☒ By signing this application voluntarily, I, the Applicant, do hereby acknowledge that I have read and agree to the terms stated above and that I understand and acknowledge that this document will become public information and may be distributed to the public and news media as part of a City Council Agenda Packet.

MARY GEYER
Applicant (print name)

Mary Geyer
Applicant's Signature

4/25/16
Date

**Planning Commissioners holding office on April 1st of each year are required to file an Annual Statement of Economic Interest with the Oregon Government Ethics Commission (OGEC). You may view a sample form at http://www.oregon.gov/OGEC/forms_publications.shtml. Official forms are provided by OGEC.

Submit completed applications by mail or in person to the City Recorder, 898 Elk Drive, Brookings, OR 97415. Regular City business hours are 9:00am – 4:30pm, Monday–Friday.

Commission and Committee contact information:

Planning Commission: 541-469-1137 dcolbyhanks@brookings.or.us

Budget Committee: 541-469-1123 jhoward@brookings.or.us

Parks and Recreation Commission, Public Art Committee, Tourism Promotion Advisory Committee and Traffic Safety Committee: 541-469-1103 lziemer@brookings.or.us

I am a travel enthusiast, and as of four years ago, Brookings is my new home. I love it here, and I want to help make Brookings even better than it already is. I can do that.

As a long-term professional in the hospitality industry and a small business owner I'd like to be considered as a participant on both the City of Brookings' Budget Committee, and the Tourism Promotion Advisory Committee.

Prior to moving to Brookings, I was the President/CEO of Geez, Inc. I owned and operated a small business in La Cañada, CA. It took creative vision, careful planning, prudent budgeting & forecasting and strategic marketing to make my new business a success. To accomplish this, I forged close ties with the city of La Cañada. Additionally, I enthusiastically worked with the city, the Chamber of Commerce as well as other civic groups to develop and execute concepts that encouraged residents to shop and spend locally.

My professional experience as a small-business owner is well complemented with formative years of employment in the Hospitality Industry. My focus was on hotel convention sales & catering. Because of my leadership-skill and determination to achieve high, customer satisfaction, I was responsible for soliciting and securing a solid customer base. Now, I am a successful airbnb.com host with over 200 excellent reviews.

I am also a mother of two independent young adults. While in La Cañada and throughout their childhood, I enjoyed community events and being socially involved in the community. I networked with various community organizations and volunteered many, many hours to non-profit fundraising activities. I gave personal and professional resources to help the school district and children where it was needed. I was the team leader for developing and executing an art appreciation program for the local school district. Additionally, I participated on a variety of PTA advisory committees. As a board member for the Rose Bowl Aquatic Center, I participated on their scholarship committee and was president of the Rose Bowl Aquatic Center's Dive Team's Booster Association. I was a Girl Scout Leader for my daughter's troop, and was a member of the La Cañada Thursday Club; an organization focusing on philanthropy, cultural and educational enrichment, social and community service and fellowship.

For over 25 years, I committed personal and professional resources to my La Cañada community, because I knew my involvement would help make it a better place to work and live.

I treasure the beauty of my new home, Brookings, OR. And now, I'd like to contribute my leadership skills, my understanding of the Hospitality Industry and my professional knowledge as a small business owner to help the City use its resources more efficiently and effectively, and to encourage and promote tourism.

CITY OF BROOKINGS

Council Agenda Report

Meeting Date: May 09, 2016

Originating Dept: PW/DS

LL Snook
Public Works/Development Services Director

City Manager Approval

Subject: Bid award for Pacific Avenue Sewer Main Relocation project

Recommendation: Make a motion to approve the City Manager to execute a contract with Tidewater Contractors Inc. for the Pacific Avenue Sewer Main Relocation project in the amount of $48,732.00

Financial Impact: This project was planned as a CIP project in the 2015-16 budget using Wastewater System Replacement funds.

Background/Discussion:
This project was put out to bid in January 2016. Four bids were received at that time, a copy of the Bid Abstract is attached.

The existing 6-inch diameter sewer main on Pacific Avenue is asbestos cement pipe and in poor condition. When televised, the pipe was found to be missing the bottom invert allowing infiltration of water and gravel into the sewer system. Replacement of this pipe will cut down on I/I and reduce wear on plant equipment.

Due to the projects proximity to Azalea Middle School Staff made the decision to delay start of construction until the summer break.

The following cost saving measures were implemented for this project:

1. Realignment of the sewer main to avoid removal and replacement of sidewalk
2. In house construction management and inspection
3. In house development of bid documents and specifications

Attachment(s):

a. Bid Abstract

BID ABSTRACT

Project – Pacific Avenue Sewer Main Relocation
Bid Opening – January 28, 2016

Bidder	Bid
Tidewater	$48,732.00
Copeland	$48,960.00
John Rapraeger	64,340.00
Freeman	$99,216.00

CITY OF BROOKINGS

COUNCIL AGENDA REPORT

Meeting Date: May 9, 2016

Originating Dept: City Manager

Signature (submitted by)

City Manager Approval

Subject: Brookings Annexation Project

Recommended Motion:
Motion to accept Brookings Annexation Project report as prepared by Portland State University, and to take no action on the recommendations.

Background/Discussion:
The City Council received a presentation by Dr. Kent Robinson of Portland State University (PSU) concerning the annexation study developed by the PSU Center for Public Service at its workshop of April 4, 2016. The Brookings Annexation Project report contained several specific recommendations:

1. The City, County and the Harbor service area community should consider the establishment of a county service district for enhanced law enforcement services.
2. Re-negotiate and resolve the sewage treatment pricing issue with the Harbor Sanitary District.
3. Establish joint working relationships with special districts whenever possible, including Harbor Water, Harbor Sanitary and Harbor Fire Districts.
4. Demonstrate the benefits of annexation to all parties.
5. Undertake a community listening and planning process to develop an Annexation Strategic Plan.
6. View any annexation involving the Harbor area as a long-term strategy.

While many of the issues raised by opponents of Harbor area annexation...such as allegations that the City is seeking annexation only to gain tax revenue to subsidize shortfalls in funding City services or that the City would condemn manufactured homes in the annexed territory...were entirely debunked in the study, it is clear from the PSU report that annexation of the area known as Harbor is not in the best economic interest of the City of Brookings or its residents.

At this time, the City Manager recommends that the City only consider annexation of territory south of the Chetco River upon the receipt of an application consistent with Chapter 17.144 of the Brookings Municipal Code.

It was also clear from the PSU study that the responsibility for providing urban services in the Harbor area...including law enforcement...rests with Curry County, and that the County and Harbor area residents have alternatives for securing funding for these services through the formation of a county service area.

With respect to Recommendation #2, the City has a long-standing request for the negotiation of a new service agreement with the Harbor Sanitary District. The latest version of a draft new agreement was submitted to the Harbor Sanitary District in March 2015.

The City Manager does not recommend that the City budget for the preparation of an Annexation Strategic Plan in view of the findings that annexation of the Harbor area is not in the best economic interest of the City...

Attachment(s):

a. Brookings Annexation Project Report.

Brookings Annexation Project
Executive Summary

Prepared by:

The Center for Public Service (CPS)
Mark O. Hatfield School of Government
Portland State University
Portland, Oregon

Kent Robinson
Bob Winthrop
Dave Rouse
Paul Manson
Chris McKee
Priscilla Wagner

February 22, 2016

Portland State UNIVERSITY

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Executive Summary

The City of Brookings and the community of Harbor are the largest urban communities on the Oregon coast south of Coos Bay. The two communities are interconnected economically and rely on similar regional resources. However, the two communities have very different situations for providing municipal services and governance.

In early 2015, the City of Brookings asked the Center for Public Service (CPS) at Portland State University to explore options for annexation of portions of the unincorporated community of Harbor. This study and report are the results of that request. The goals of this study were: 1) to assess what services the City of Brookings (City) is currently providing to the residents of Harbor, 2) to develop and analyze the options for annexation in the Harbor service area, 3) to assess the effects of annexation on City government programs and organization, 4) to assess the potential for annexation in other areas within the Urban Growth Boundary (UGB), and 5) to recognize and evaluate the implications of an annexation effort. The end goal of the study was to develop a fact base that would help the City Council and community structure their deliberations and decision-making on the annexation issue.

The CPS study team analyzed current service demands on public safety, utilities and capital investments, municipal administration, and parks and recreation. The team also reviewed revenues and potential costs for hypothetical scenarios to understand opportunities and risks associated with any effort to annex. The team examined two primary annexation scenarios. These were a small annexation of the Port of Brookings-Harbor commercial and marina area (Alternative I), and a larger scenario that includes all of the area served by the Harbor Sanitary District (Alternative II and options). The team also reviewed additional options that might improve the level of service provision in Harbor and fund the City for services it currently provides to Harbor with little reimbursement.

Any potential annexation of a portion of Harbor is both a technically and politically complex endeavor. The residents of Harbor are served by a number of overlapping special districts that provide municipal services. These special districts do not share common boundaries or governance. They also have varied levels of funding and liabilities that make consolidation into annexation legally and technically complex. We find that Harbor benefits from public safety services provided by the City of Brookings Police Department (BPD).

This is the primary public service that the City extends to Harbor with little reimbursement.

We also find that the Harbor Water PUD and the Harbor Sanitary District face infrastructure issues that are not being fully addressed. Similar to the City's situation, aging water delivery and sanitary sewer pipes are raising uncertainties of future dependable performance. In particular, groundwater is penetrating sewer lines, increasing the amount of treatment required and affecting rates for Harbor residents. The PUD's water system has a backbone of pipes first installed in the 1970s, which are now in the backside of their service life. Additionally, the Water PUD repeatedly has been impacted by low flows on the Chetco River, resulting in salinity contamination of drinking water. These infrastructure issues represent a possible liability for the City if annexation is accomplished. In the event these systems fail, the City could ultimately become responsible for the repair and reconstruction of the sewer system, and it may have to step in to help support the water system if the County is unable to replace services. Historically, representatives of Sanitary and Water districts, and the City have not easily come to agreement on how to jointly manage these municipal issues. Intergovernmental coordination would be an important challenge under an annexation.

For these reasons, we recommend the City not pursue annexation at this time. Rather, we encourage the City to educate the Curry County Commission on the Harbor service and cost situation, consider supporting the establishment of an enhanced Sheriff's patrol district in Harbor, and develop stronger partnerships and working relationships with the Harbor service districts.

In our interviews with staff in both the City and Harbor, we believe that there is a large potential for improved cooperation and collaboration that has been hindered by historical relationships. With leadership from the City, these partnerships can be developed to improve service provision and collaboration. In addition to these efforts to develop better governmental relations, we also recommend the two communities engage in joint planning efforts. The goals for joint planning would be: to develop a shared understanding of the challenges the region faces together; to share tools each community can bring to address these challenges; and to craft a vision of what the greater Brookings and Harbor communities want to see in the coming decades. The services of an independent, outside process facilitator will be critical to successful visioning and planning.

If the City does decide to pursue annexation, we do not recommend the smaller Port commercial and marina area annexation

(Alternative I) due to the lack of potential revenue and the increased service responsibilities. If the Port wishes to increase service levels, such as increased police patrols, this is best provided by contracting with the Brookings Police Department (BPD) or the County Sheriff for services.

Alternative II scenario would annex the area consistent with the Harbor Sanitary District service area. This alternative would retain the Harbor Water PUD, Harbor Fire, and Harbor Sanitary districts as operating entities. The Alternative reaches a positive general fund balance with property tax revenues at about 75% of the City's current adjusted tax rate ($2.64 per $1,000 assessed value vs current rate of $3.52 per $1,000).

By remaining unincorporated, the residents of Harbor retain lower taxes, but by not being incorporated, the residents are forgoing up to approximately $239,000 annually in state revenue sharing that Harbor would receive if it were part of a city. These foregone funds would total about $1 million every five years. These funds are allocated by city population, which means that larger cities such as Portland, Beaverton, Gresham, Hillsboro, Salem and Eugene currently receive the bulk of these funds. Annexation of Harbor into the City of Brookings would open access to these new funds. Alternatively, Harbor could also incorporate as its own city and take advantage of these revenues. However, self-incorporation would bring numerous new responsibilities and land use planning requirements. Any incorporation would need to be done in consultation with the City of Brookings and the Curry County Commission.

Annexation would bring new funding and policy options to Harbor. An important funding option is access to urban renewal resources. If the City and Harbor decided to extend urban renewal into the annexed area, it could potentially provide funding to update utility infrastructure, to help rebuild blighted and decaying buildings, to address substandard housing, and to develop parks, recreation and open space. It is possible for Harbor to engage independently in local improvements, but without annexation, these efforts would draw on a smaller tax and revenue base.

Annexation under Alternative II would also require a reassessment of the form and structure of the Brookings City Council. The structure of Council representation may need modification to assure that Harbor residents have adequate and apparent representation.

CPS developed a variation on Alternative II (Alternative II Option), which may result in more effective and efficient service

delivery. Under this scenario, the City would assume the ownership and operation of the Harbor Sanitary District at the time of annexation. Under this option, the City would also negotiate with the County to assume ownership and responsibility for some of the local roads and streets in Harbor. This action would allow the City to focus City motor fuels tax and state shared revenues, and urban renewal funds on local road and sewer projects. This arrangement would also reduce project planning and coordination costs.

Key Issue Questions and Answers

The following are a series of issues that have been raised as the project developed. The responses summarize findings detailed further in the body of the main Final Report.

I live in Harbor and pay county property taxes for Sheriff's law enforcement services. For the few times I call 9-1-1, why should I pay more?

- The Curry County Sheriff's Office (CCSO, Sheriff) provides law enforcement services to the Harbor community as part of Countywide service. Limited funding and limited staffing often prevents the Sheriff from providing more than a reactive response to crimes. This level of service does not guarantee consistent, 24/7, rapid response to 9-1-1 calls.
- The Harbor community is an urbanized, densely populated service area with over 2,800 residents and businesses. CPS estimates that in an average year, the Harbor service area made over 1,164 calls for police services. About one-third (32%) of these calls were for crimes against persons, property or behavioral issues.
- Though not a high crime area, Harbor does have a steady law enforcement service demand because of the number of residents and visitors. There is a moderate "hotspot" of call activity along the Highway 101 commercial area of Harbor. (See map in Exhibit 2.3 in the Final Report document).
- CPS estimates that the Sheriff responded to 1,053 of the average annual 9-1-1 calls in Harbor, about 90%. The Brookings Police Department (BPD) handled an additional 109 calls, about 9%. Oregon State Police handled the remainder. Additionally, officers on patrol see situations and violations and react in "officer self-initiated" incidents. The BPD generated an additional 112 annual self-initiated incidents of which about 87 were traffic incidents. Limited data prevented CPS from estimating the number self-initiated calls made by the Sheriff or the OSP.
- The Harbor community has its own set of law enforcement demands and needs. CPS finds that there is room to improve policing services in Harbor. The community needs consistent

and responsive service to meet all of its routine needs. There is little preventative policing nor is there a deterrent police presence. An enhanced sheriff patrol district at a very modest cost could improve law enforcement services in Harbor and the South Curry County region.

Is the City of Brookings providing free police services to the community of Harbor?

- Faced with limited service capacity from the Sheriff, the Brookings Police Department (BPD) increased its staffing to provide 24/7 service with two-deep officer staffing. This was to ensure consistent and sufficient backup for officer safety and citizen safety, and for mutual aid to other departments. The BPD is the only department in the South Curry region to provide 24/7 service.
- As noted above, the BPD responds to a small share of dispatched calls in the Harbor Sanitary and Port service areas. The BPD also responds to calls throughout the unincorporated areas within the Brookings Urban Growth Boundary (UGB).
- Unlike in most Oregon counties where the county sheriff provides the backup staffing and expertise for law enforcement, the BPD provides the officer backup and mutual aid capacity for the South Curry region. Residents living outside the City of Brookings receive a subtle subsidy from the City for law enforcement services.

In Harbor, we receive good service from Harbor Water, Harbor Fire, Harbor Sanitary and the County. Why should we pay much higher Brookings taxes for the same services?

- Harbor is an urban area of high population and dense development, which requires a higher level of services than rural areas. Examples in other Oregon counties demonstrate that combinations of special districts can serve unincorporated urban areas, e.g. Washington County west of Portland. A success factor in Washington County is the very strong, consistent support of the county commissioners for special service districts and extensive inter-governmental coordination.
- However, for the special district approach to work, each service must have a consistent, dedicated revenue stream to support the provider district or government. Revenue may be in the form of property taxes (e.g. the Harbor Fire district), or charges for service/ fees (e.g. the Harbor Water PUD water rates, or the

Harbor Sanitary rates). These revenue streams are only partially in place in Harbor. Law enforcement, and street and road maintenance do not receive dedicated revenue for an urban level of service.

- Harbor residents enjoy the benefits of access to the City of Brookings parks and recreation facilities as well as the economic development activity in the City. These are more difficult to assign a value to, but do represent a benefit that is paid for by City of Brookings residents but not Harbor residents.

The City wants to annex just to raise revenue to pay their bills.

- By several financial measures and criteria, the City is solvent and financially sustainable. The City of Brookings does not need annexation revenues to support itself.
- The General Fund budget is balanced with revenues equaling program expenses. By several financial ratios, the City is well within tolerances. The City actively manages its debt and has recently refinanced a major bond to an extremely low interest rate.
- The City has, in recent years contributed funds to infrastructure replacement and reconstruction programs to slow the decay and depreciation on its water, wastewater and roads infrastructure. However, it faces a major problem with infrastructure decay and pipe failure events. The City will very likely need to develop additional revenue to meet growing infrastructure replacement demands.
- The City has a substantial property tax base and a relatively strong per capita income. City of Brookings and Brookings community financial resources would provide a strong support for a larger City under annexation.
- The Harbor Sanitary, Harbor Water PUD, and Harbor Fire districts each have substantial cash reserves. If the City assumed control of a district under annexation, these cash assets would be transferred to the City. The City could account for these inherited funds in separate budget funds. Separate funds would allow transparency and ensure that the resources are spent on infrastructure and capital purchases for their respective service areas. These separate funds are somewhat like an escrow account during a house purchase.

Because of economies of scale, costs should be less under annexation. The City wants to annex to lower the costs to its current residents.

- We did not find any potential benefits from economies of scale in annexation. Any cost savings from efficiency are likely to be lost due to higher labor rates as a larger city.
- Typically, the larger the City population, the higher the labor rates for public employees. An implication of annexation is that the comparable rates used to set wages and benefits for employees would stay the same or be higher.
- There may be some opportunities for enhanced cost sharing on specialized equipment, police reserve and shift relief capacity, and administrative costs.
- Personnel costs are 75 to 80 percent of total government operating costs. Equal or increased labor costs could outweigh other cost savings.

Is annexation the only option?

- No. This report recommends the negotiation and use of intergovernmental agreements to collaborate on providing public services and sharing costs. This would not involve annexation.
- Another non-annexation option for Harbor would be the creation of a new county-authorized public safety service district to provide enhanced law enforcement for Harbor and the unincorporated areas south of it. The level of law enforcement services could be carefully tailored to seasonal, weekly and daily needs.
- A final non-annexation option would be for the Harbor area to incorporate as a new city. This would allow the new city to craft the service levels and revenue expectations solely for Harbor. Incorporation would require consultation and coordination with the City of Brookings under Oregon law.

What is an Intergovernmental Agreement (IGA) and how would it work to help provide services and share revenue?

- Oregon law allows for local governments to contract with other units of government for a broad set of services. Intergovernmental agreements (IGA's) provide the terms and structure for sharing responsibilities for governmental services. In the case of Brookings and Harbor, IGA's can allow for each

jurisdiction to remain independent yet still coordinate and share municipal services, costs and revenues. These agreements can be structured for various durations and can include contingencies that terminate or extend the agreement based on agreed upon provisions.

- IGA's provide a flexible way to resolve many of the issues identified in this project but without creating large changes in tax rates, assumptions of liability, or unintended consequences from annexation.

Can the City annex areas of Harbor without a citizen vote?

- Generally, annexations require consent from the residents of the affected territory. This can be accomplished through an election where a majority of electors in the affected city and a majority of electors in the territory to be annexed vote on annexation. The proposal can be put on the ballot for a general election or a special election [ORS 222.111(5)].
- However, there are circumstances where no election is required. These include: if a majority of electors in the affected territory vote for annexation [ORS 222.120(4)], if the City obtains the consent of all property owners and a majority of electors in the affected territory (ORS 222.125), if a majority of landowners who own a majority of real property representing a majority of the assessed value of the land within the affected territory consent [ORS 222.170(1)], and if the consent of a majority of electors and a majority of landowners in the territory object to annexation [ORS 222.170(2)].
- All of these options require public notice, and all are subject to referendum.
- A large annexation such as the scenario described in Alternative II would require a vote of consent by the citizens of the City of Brookings and of the Harbor residents in the annexed territory.

What procedures would the City need to follow to present the community with a proposal to annex areas of Harbor?

- Any annexation the City proposes must be in compliance with its own land development code, along with ORS 222.111 to 222.180 and 222.840 to 222.915.
- An application may be filed with the City along with a filing fee as established by the City Council. The application must include maps of the proposed annexation area, completed consent to

annex forms, specific information on the territory features and assessed value, addresses of all affected buildings, and detailed land use and zoning plans. An annexation impact analysis is also required.

- A request for a city zoning designation for territory proposed for annexation shall be considered in the proposal. Whatever zoning is chosen for the annexed territory must be specified in the annexation ordinance.
- The planning commission is required to conduct a public hearing to consider the application request. Their recommendation is then forwarded to the city council, which will consider the recommendation and decide whether to approve or deny the requested annexation.
- There are numerous procedural steps to propose, adopt and complete an annexation.

What would happen to the Harbor Sanitary District, Harbor Water PUD, and Harbor Rural Fire and Rescue District under annexation?

- Under annexation, each of these districts would be impacted differently. Each district is authorized under different provisions of Oregon law, and the law gives protections or opens vulnerabilities to each district.
- The Harbor Water PUD is a people's utility district, which under Oregon law has protections to serve its defined service area. These protections would allow it to remain the water provider in the annexed area. However, the City may be able to set the terms and conditions, and fees under which the Water PUD may operate within the City.
- The Harbor Fire and Rescue District would only partially be covered by the annexed area. Oregon law requires the remaining portion of the district outside the annexed area be able to continue to provide services at the same level of performance as before the annexation. This means the Harbor district must continue to provide services at an ISO 3 rating (Insurance Service Office fire department rating, highest rating=1, lowest = 10). For rapid response and service coverage reasons, and to maintain the service rating, we propose keeping the Fire District intact and active.
- The Harbor Sanitary district is vulnerable to assumption by the City under Oregon law. The City may 1) assume ownership,

operations and liabilities of the district at annexation. Alternatively, the City may 2) allow the District to function as an independent service provider. Lastly 3), the City and the district may enter into a joint operating agreement. Alternative II considers the second and third options; and the Alternative II Option considers the first option.

What would a larger City of Brookings-Harbor look like under the hypothetical annexation scenario, what would the costs and revenues be?

- Under Alternative II, the Harbor Sanitary District service area would be the new area added to the City. This would increase the total acreage of the City by 30% and increase the population by an estimated 42%.
- Under Alternative II, the combined City would have about 9,500 residents. Its comparable peer cities would be Monmouth, Cottage Grove, Baker City, North Bend, or Astoria among others. The proposed annexed area (the Harbor Sanitary district service area) is largely urbanized and developed. This means that future development values and property tax revenues may be limited without extensive redevelopment of existing properties.
- Under Alternative II, city staff would increase by 8 full time equivalent (FTE) staff positions, or a 14% increase in staff. Staff increases would include one patrol officer, and several positions to eliminate the double-staffed positions the City currently uses. By staffing each position fully, the City would gain the capacity needed to service the newly annexed area responsively.
- Alternative II would see City General Fund expenses increase by approximately $718,000 per year in current dollars. Revenues from property tax, state revenue sharing, and other fees would cover this increase in expenses and leave a positive net fund balance of about $389,000 for operations and infrastructure capital projects.
- Most of the current land uses in the annexed area could continue under annexation. The large number of manufactured homes that are smaller than current City standards (44% of manufactured houses in Harbor are single-wides) would need to be resolved.
- To cover the widespread use of single-wide manufactured homes in Harbor, the City would either rezone the area to allow this type of residential structure, or revise the City code to allow

nonconforming existing homes in the Harbor area. The City does not have the authority to condemn nonconforming housing.

What are the benefits or challenges to the City of Brookings with annexation?

- With annexation, the City would be able to capture revenue to pay for the law enforcement services being shared with Harbor and the unincorporated service areas. However, there is a potential for liability for sanitary sewer infrastructure failure, which may outweigh the benefits. The City might also need to support the Water PUD should it fail to perform.
- The City, Harbor and the South Curry region would gain a unified service population that would generate more state shared revenue, and a larger, clearly identified consumer base for business and economic development purposes.
- The combined property tax assessed value for a combined city would total about $930.3 million. This would equal the current assessed property values from Harbor Sanitary District ($264.4 million) and the City of Brookings ($665.9 million).
- The City may need to rethink its governance structure to ensure full representation from all neighborhoods in the enlarged City. The City may wish to consider electing councilors by zone or precinct.
- The City staff would need to spend much more time and build more skills at intergovernmental coordination. Rather than focus on narrow, single-issues, the City staff will need to coordinate at the program and project levels with the special districts. Successful public administration performance would reflect the ability to build and sustain external relationships.

What are the benefits or challenges to the residents of Harbor with annexation?

- Harbor residents would benefit from increased levels of service across several municipal services. These would include consistent, responsive public safety services, potentially other services such as parks and recreation, and street and road maintenance.
- The Harbor area could also access financing tools available to the larger City that are not options currently as a smaller unincorporated area. State funds shared with cities would now

become available to benefit Harbor residents (about $239,000 annually).

- Annexation could bring additional resources to address the long-term issues of sewer and water infrastructure decay and depreciation. Harbor residents would leave dependable systems for future generations of residents.
- If annexed, Harbor residents would see an increase in property tax rates to the Brookings City rate of $3.5286 per $1,000 of assessed value (about $706 on a $200,000 house; $141 on a $40,000 house). This would be a substantial change in tax bills depending on the type of property and status of the taxpayer.
- Annexed residents would also pay property taxes to contribute to fund the urban renewal program ($0.2344 per $1,000 of assessed value).

Alternative Comparison Tables

(Reproduced from Exhibit 8.1 in Final Report.)

Alternative Comparison Table Program Features					
Program/ Criteria	**Current Situation**	**Alternative I**	**Alternative II**	**Alternative II Phase-In**	**Alternative II Option**
City Population	6,535	6,535	9,335	9,335	9,335
City Acreage	2,435	2,510	3,259	3,259	3,259
Law Enforcement Number of Sworn Deputies/ Officers	10 patrol + 4 command = 14 sworn	10 patrol + 4 command = 14 sworn (1040 hrs dedicated to Port area)	11 patrol + 4 command = 15 sworn	11 patrol + 4 command = 15 sworn	11 patrol + 4 command = 15 sworn
Law Enforcement Service Area	Current City limits (2,435 acres)	Current City limits + 75 acres (Port commercial area)	Current City limits + 824 acres	Current City limits + 824 acres	Current City limits + 824 acres
Law Enforcement Coverage Standard	24/7 single-minute response within City limits	24/7 single-minute response to incidents in Port area; proactive presence to deter	24/7 single-minute response anywhere in full City area	24/7 single-minute response anywhere in full City area	24/7 single-minute response anywhere in full City area
Law Enforcement First Year Start Up Costs	None	None—All costs absorbed	$70,000 vehicle, kit and training	$70,000 vehicle, kit and training	$70,000 vehicle, kit and training
Fire and Rescue Services: provider	City of Brookings Fire and Rescue Department	Annexed area: Harbor RFPD with joint agreement	Annexed area: Harbor RFPD with joint agreement	Annexed area: Harbor RFPD with joint agreement	Annexed area: Harbor RFPD with joint agreement
Fire and Rescue Services: annual payment to HRFD	None; mutual aid as necessary	$1000 annual tax reimbursement; mutual aid	$57,825 annual tax reimbursement (adjstd for urban renewal)	$57,825 annual tax reimbursement (adjstd for urban renewal)	$57,825 annual tax reimbursement (adjstd for urban renewal)
Land Use Planning	Brookings Planning Services current Staffing	Brookings Planning Services all costs absorbed by current staffing level	Brookings Planning Services, expanded staffing	Brookings Planning Services, expanded staffing	Brookings Planning Services, expanded staffing

Parks and Recreation/ Pool	Brookings Parks & Recreation; current staffing	Brookings Parks & Recreation—same as current	Brookings Parks & Recreation, +0.5FTE dedicated division director	Brookings Parks & Recreation, +0.5FTE dedicated division director	Brookings Parks & Recreation, +0.5FTE dedicated division director
Finance/HR	Brookings Finance & HR current Staffing	Brookings Finance & HR—same as current, costs absorbed	Brookings Finance & HR; current + 1.0 FTE HR/ accountant	Brookings Finance & HR; current + 1.0 FTE HR/ accountant	Brookings Finance & HR; current + 1.0 FTE HR/ accountant
Governance and Council Structure	4 City Councilors and Mayor elected at large	4 City Councilors and Mayor elected at large; Port constituents absorbed	City Council number and representation structure may change.	City Council number and representation structure may change.	City Council number and representation structure may change.
Intergovern-mental Coordination	Informal and issue-specific limited relationships	Formal joint IGAs with Harbor Fire, Water PUD & Sanitary for Port area coordination	Formal joint IGAs with Harbor Fire, Water PUD & Sanitary. Hire Design Engineer for project coordination	Formal joint IGAs with Harbor Fire, Water PUD & Sanitary. Hire Design Engineer for project coordination	Formal joint IGAs with Harbor Fire and Water PUD; extinguish Sanitary. Hire Design Engineer for project coordination
Streets and Roads & Surface Water	Brookings Public Works Division; one road/ utility maintenance crew	Curry County & Port of Brookings-Harbor	Negotiate transfer of some local Harbor streets from County to the City; use gas taxes for maintenance	Negotiate transfer of some local Harbor streets from County to the City; use gas taxes for maintenance	Negotiate transfer of some local Harbor streets from County to the City; use gas taxes for maintenance
Water Services	Brookings Public Works Division; one road/ utility maintenance crew	Joint agreement with Harbor Water PUD; Terms & Conditions on Port area	Joint agreement with Harbor Water PUD; Terms & Conditions	Joint agreement with Harbor Water PUD; Terms & Conditions	Joint agreement with Harbor Water PUD; Terms & Conditions

Sanitary Sewer Service	Brookings Public Works Division; current staffing; rate agreement with Sanitary District	Harbor Sanitary District; current treatment plant staffing; joint agreement on policies and rates for Port area	Harbor Sanitary District; current treatment plant staffing; joint agreement on policies and rates	Harbor Sanitary District; current treatment plant staffing; joint agreement on policies and rates	Brookings Public Works Division; District extinguished; current plant staffing; two road/ utility maintenance crews
Urban Renewal	Brookings Urban Renewal Agency; downtown UR zone	BURA tax diversion ($1,000 annually); no UR zone in Port commercial area	BURA tax diversion; establish UR zones in annexed area for infrastructure & housing; $62,000 annual city payment	BURA tax diversion; establish UR zones in annexed area for infrastructure & housing; year 7-9 annual city payment $46,500	BURA tax diversion; establish UR zones in annexed area for infrastructure & housing; $62,000 annual city payment
Economic Development	City Manager shared duty	City Manager shared duty	Hire Economic Development Mgr (1.0FTE)	Hire Economic Development Mgr (1.0FTE)	Hire Economic Development Mgr (1.0FTE)

Alternative Financial Comparisons (Reproduced from Exhibit 8.3 of the Final Report)

Fund Net Balances and Key Transactions Comparison Table for Annexed Areas					
Fund/ Transaction/ Balance	**Current City of Brookings FY 2014-2015 Adopted Budget**	**Alternative I (Port Owned Commercial & Marina)**	**Alternative II Full Rate Property Tax**	**Alternative II Property Tax Phase-In with 75% Rate Years 7-9**	**Alternative II Option Full Rate Property Tax**
City Permanent Rate	3.7630	3.7630	3.7630	3.7630	3.7630
City Urban Renewal Adjusted Rate	3.5286	3.5286	3.5286	2.64645	3.5286
Aggregate Tax Rate / $1,000 in annexed area	10.2103	10.2103	10.2103	9.32815	10.2103
	Harbor 17.9 = $6.6805/ $1,000	No collection for HRFPD	No collection for HRFPD	No collection for HRFPD	No collection for HRFPD
General Fund					
Revenues Increment	$ -	$ 37,937	$ 1,045,000	$ 811,728	$ 1,045,000
Total Revenues	$ 4,422,900	$ 4,460,837	$ 5,467,900	$ 5,234,628	$ 5,467,900
Expenditure Increment	$ -	$ -	$ 655,875	$ 655,875	$ 655,875
Harbor Fire PD Reimbursement	*$ -*	*$ 1,000*	*$ 61,667*	*$ 61,667*	*$ 61,667*
Total Expenditures	$ 4,422,900	$ 4,422,900	$ 5,078,775	$ 5,078,775	$ 5,078,775
General Fund Balance	**$ -**	**$ 37,937**	**$ 389,125**	**$ 155,853**	**$ 389,125**
		Partial reimbursement for 1040 hrs policing			
Street Fund					
Revenue Increment	$ -	$ -	$ 224,598	$ 224,598	$ 224,598
Total Revenues	$ 1,043,800	$ 1,043,800	$ 1,268,398	$ 1,268,398	$ 1,268,398
Expenditure Increment	$ -	$ -	$ 237,075	$ 237,075	$ 237,075
Total Expenditures	$ 1,043,800	$ 1,043,800	$ 1,280,875	$ 1,280,875	$ 1,280,875
Street Fund Balance	**$ -**	**$ -**	**$ (12,477)**	**$ (12,477)**	**$ (12,477)**
		No new ODOT revs	ODOT revenue sharing by population + City fuels tax	ODOT revenue sharing by population + City fuels tax	Second road/ utility crew +3.5 FTE from wastewater collection fund revenues
Tourism Fund					
Tourism Revenue Increment	$ -	$ 6,856	$ 6,856	$ 6,856	$ 6,856
Tourism Fund Balance	$ 44,000	$ 50,856	$ 50,856	$ 50,856	$ 50,856
		Port RV park only	Port RV park only	Port RV park only	Port RV park only
Urban Renewal					
Urban Renewal Increment	$ -	$ 1,000	$ 62,000	$ 46,500	$ 62,000
City Share UR Total Contribution	$ 156,199	$ 157,199	$ 218,199	$ 202,699	$ 218,199

CPS Recommendations

This report provides a summary of many complex aspects of local governance and service provision in the South Curry County region. As we have indicated, this study and report was commissioned to support the Brookings City Council on the issues of annexation and growth management within the Brookings UGB. Accordingly, our recommendations are offered to the Council, with additional summaries to address key community issues.

Extensive information gathering and data analysis has led the CPS team to a set of conclusions, implications and potential downstream outcomes related to annexation and regional governance. These study results impose a variety of benefits and costs on the City, on the Harbor area residents, on Curry County, and on the residents of the unincorporated UGB. We have organized these study results into the following recommendations.

Inter-dependence in South Curry Government

- The challenges before the City of Brookings and the South Curry community are twofold: (1) to recognize legitimate needs and costs for public services; and (2) to weave the County government, City of Brookings government, and the Harbor special districts together to meet service needs at very low cost.
- The County Commissioners have the jurisdiction and legal authority to make important contributions to resolve the Harbor area public service puzzle. The County Commissioners are key actors on these issues, and they should be educated and consulted on these issues.
- With 2,800 residents densely packed into a small service area, the Harbor Sanitary District service area is an urban area. It has an urban intensity of service needs that cannot be met by a rural, extensive level of service provision. Because of extremely limited financial resources, Curry County can only provide a minimal level of services to the Harbor service area. The Harbor Sanitary, Water PUD, and Fire special districts provide effective services, but law enforcement remains minimally staffed and under-funded.
- The Curry County Sheriff provides police services to Harbor, but often delivers poor response times. Harbor residents must sometimes turn to the Oregon State Police (OSP) or the City of Brookings police for coverage. Neither the OSP nor the City receives reimbursement for their services. When a Harbor resident calls on these agencies, he or she is in essence receiving a subsidy from the taxpayers in another jurisdiction.

Utilize a Range of Techniques to Provide Public Services

- Annexation is a complex action with many immediate reactions and downstream consequences for the annexed service areas, for the City and for the entire South Curry region. This is especially so with large annexations such as the hypothetical annexation of the entire Harbor Sanitary District area in Alternative II. We encourage the City to take great caution on many levels before moving to a large annexation.
- We recommend that the Council and City make every effort to use the full range other intergovernmental coordination techniques before turning to annexation.
- The City, County and the Harbor service area community should consider the establishment of a county service district for enhanced law enforcement services. For example, the district could include Harbor and the unincorporated areas within the UGB south to the California state line. The County Commissioners hold the authority over procedures to establish a county service district.[1]
- Critically, any special district arrangement must provide sufficient, dedicated funding to support enhanced patrol coverage. Shifting police services to a special district would take pressure off the Sheriff and possibly free-up County general fund resources.
- As an example of enhanced Sheriff patrol services, based on a similar small Oregon city, annual funding for one patrol officer is about $183,000. Using the Harbor Sanitary District total assessed property value, this service would cost about 70 cents per $1000 assessed value. This is about 65 dollars per person per Sanitary District resident per year. This would provide one 8-hour shift per day during late morning to early evening.
- For other urban services, we encourage interagency informal coordination with staff, and revisiting and re-energizing existing intergovernmental operating agreements (IGA's). We understand that using these techniques has been challenging and sometimes ineffective.

[1] O.R.S. 451.010(3)(c) County law enforcement district

Resolve Ongoing Issues

- To build trust between the City and the Harbor community and service districts, we recommend that the Council encourage staff to re-negotiate and resolve the sewage treatment pricing issue with the Harbor Sanitary District. We encourage the City to provide the necessary data and information, in understandable formats, to the district. We understand that there is uncertainty as to the degree of groundwater infiltration into the Harbor wastewater system, which affects the volume of flow to the treatment plant. We encourage the Harbor Sanitary District staff and board to be responsive to the City's efforts to address and reach agreement on this issue.

Public Works Infrastructure Liabilities

- The staffs and engineers with the Harbor Water PUD and the Harbor Sanitary districts work hard to operate, maintain and reconstruct their district's infrastructure. However, the Harbor Water PUD distribution pipe system and the Harbor Sanitary District collector pipe systems are aging and suffer from leaks and groundwater inflow. The comprehensive annual financial reports (CAFRs) for both districts indicate that the pipe and infrastructure systems are well into their depreciation schedules and service lives. A brief technical review of the public works infrastructure by CPS confirms aging pipe systems in both districts.

- Any annexation decision should reflect a full awareness of depreciated infrastructure, and the potential for future performance failures and financial liabilities for reconstruction and reimbursements. As part of the service planning and proposal development for annexation, the City should conduct a comprehensive, detailed engineering analysis of the Harbor Sanitary District system, and if needed of the Harbor Water PUD system.

- The City has a similar problem with aging water and wastewater infrastructures. The City has taken some steps to begin a replacement and reconstruction program by funding the City's Water System and Wastewater System Replacement Funds. However, the level of funding allocated to date has been inadequate to the size of the reconstruction and replacement needs. After assuming ownership of the Water PUD or Sanitary District, the City would need immediately to begin system pipe and infrastructure

replacement activities. The City might need to increase water and wastewater rates to cover the reconstruction.

Varying State Law Protections for the Special Districts

- Each of the special districts in the Harbor service area has a different level of legal protection under annexation.
- CPS believes that the Public Utility District (PUD) status of Harbor Water PUD limits the ability of the City to assume ownership and to extinguish the district through annexation (Rockwood PUD with City of Gresham in 1990 and *Springfield Utility Board v. Emerald People's Utility District* (2004)).[2] The territory currently served by the district may define a protected service area that must be honored in an annexation. Harbor Water must also be able to continue service to its customers outside the City boundary. Upon annexation of part of the PUD's service area, the City may set terms and conditions under which the PUD may operate within the City boundary.
- The Harbor Fire Protection District also has legal protections. The City may annex part of the Fire district's territory, but it must ensure that the district can continue to provide services to the remaining portion of the district at the same insurance rating (e.g. ISO 3) that was in effect prior to annexation.
- The Harbor Sanitary District is authorized under ORS 198 and ORS 450. The City could assume ownership of the Sanitary District by annexation. Assumption could extinguish the Sanitary District, and the City would gain the district's assets, operations, revenues and liabilities.

Establish Joint Working Relationships Special Districts Whenever Possible

- Relying on and supporting existing special districts provides the least community disruption and may lower the sense of uncertainty of caused by annexation. ORS 222.510 and accompanying laws provide three options for a City annexing territory from a portion of

[2] *Springfield Utility Board v. Emerald People's Utility District*, 191 OR App 536, 84 P3d 167 (2004), affd 339 Or 631, 125 P3d (2005).

a special district. These include (1) a City assumption of infrastructure within the annexed area, (2) continuing to allow the district to provide services, and (3) negotiating a joint agreement on joint service provision. CPS recognizes that relations between the City and the districts have been uneven. The districts have provided services with varying degrees of quality, but the rates have been economical. Should the City move forward with annexation, we recommend that the City make every effort to follow the third option by negotiating and concluding joint service agreements with the three Harbor service districts (PUD Water, Sanitary and Fire Protection).

Alternative I: Limited Revenues Only Support Police Services

- Alternative I describes a hypothetical annexation of the Port-owned properties in the Port commercial and marina area. The annexed area is very narrowly drawn with no privately owned lands involved. The alternative assumes the continued successful function of the Harbor Fire, Sanitary and Water PUD districts under joint agreements with the City.
- Alternative I would generate about $38,000 annually in discretionary revenues from property taxes on business property and improvements, transient taxes on visitors in the Port RV park, business licenses on about 30 businesses, and franchise fees. This very minimal level of revenues would cover only a portion (about 40%) of the costs of providing 1040 hours of police patrol services to the Port area. The revenue would also include enough to reimburse the Harbor Fire district for lost property tax revenue, and to make a revenue diversion to the Brookings Urban Renewal Agency.
- The City would absorb all other program costs of services without revenue. These costs would include land use planning, permitting and code enforcement.
- With uniform treatment of all City residents, Port businesses would need to contribute to the City's urban renewal agency. However, there would be no benefit provided to Port taxpayers unless the urban renewal district was expanded.
- Should the Port of Brookings-Harbor and the City wish to improve public safety in the Port commercial and marina area, we recommend returning to some variation of the 2013 proposal to establish a Port police department, which would contract with either

the Brookings Police Department or the Curry County Sheriff for services using an intergovernmental agreement (IGA). This approach would limit the City's service responsibility to a defined level of police services with a defined reimbursement.

Alternative II: Major Changes to the City

- Alternative II models an annexation of the Harbor Sanitary District service area. Annexation of this area would result in a 34% acreage increase and a 43% population increase over the City of Brooking's current size and population. This would be a major increase in the City's governance and service responsibilities. The combined new city would have about 9,500 residents. Its peer cities would include, Monmouth, Cottage Grove, Baker City, North Bend, Astoria, Independence and Silverton.
- Alternative II assumes and encourages the continued function of the Harbor Sanitary, Water PUD, and Fire Protection districts. The districts would operate under negotiated joint agreements with the City. Currently, all Brookings city residents contribute to the Brookings Urban Renewal Agency (BURA). The alternative assumes that the annexed area would be subjected to property tax diversion to support the Brookings Urban Renewal Agency (BURA).
- Alternative II recommends creatively using urban renewal as a benefit to the Harbor community. This includes establishing urban renewal zones in the newly annexed Harbor service area. Urban renewal resources could be used to contribute to infrastructure repair and replacement, repair and replace housing, and to develop parks and recreation facilities.
- Annexation of 2,800 new residents would trigger a major increase in Oregon State revenue sharing to cities. This is new State revenue would total in the magnitude of $239,000 annually. This would be new money to the South Curry region, which is currently diverted to other Oregon cities. This money is currently unavailable to Harbor residents. The increase in State revenue sharing would help make an annexation scenario financially possible.
- State law allows the City to use a property tax phase-in over 10 years in newly annexed areas. The full City tax rate with urban renewal adjustment is $3.52860 per $1,000 assessed value. For Alternative II, we modeled a phase-in with a reduced tax rate that climbs over nine years back to the full rate. The rates would increase as follows (see Exhibits 7.11, 7.14 and 7.15 for details):

Years	Percent of Full Rate	Rate per $1,000 AV

1, 2 & 3	25%	$0.88215
4, 5 & 6	50%	$1.76430
7, 8 & 9	75%	$2.64645
10	100%	$3.52860

With this pattern and rate schedule, the City would face an operating loss up to year 6, after which General Fund revenues exceed the expanded operating expenditures. If the City applied the full tax rate beginning in year 1, revenues would immediately exceed the expanded operating expenditures.

- On balance of estimated revenue, finance and program factors, CPS recommends Alternative II as a positive option.

Variation on Alternative II (Alternative II Option): Full Assumption of the Harbor Sanitary District

- An option on Alternative II (Alternative II Option) would be for the City to assume ownership and operation of the Harbor Sanitary District at annexation. Such an assumption would be part of the annexation proposal placed before the voters. The Harbor Water PUD and the Harbor Fire districts would remain active to provide services. The City would assume the infrastructure assets, revenues, operational and administrative responsibilities, and liabilities of the Sanitary District. The district would be "extinguished." Several features of Alternative II support this approach.
- State (ODOT) shared motor fuels tax revenues and City motor fuels taxes will generate revenue from the Harbor service area. However, this money is reserved to road and street reconstruction and repair, and bicycle pathways. With annexation, the City would receive and allocate these revenues.
- The City could negotiate with Curry County to transfer ownership of a portion of the local roads and streets in the Harbor area. This would relieve the County of a set of local road maintenance expenses, which would free up County resources.
- Under Alternative II and Alternative II Option, the City would control the allocation and use of urban renewal funding. After the designation of urban renewal zones in the annexed area, some of this funding could be used on infrastructure projects including the replacement and repair of the sanitary system infrastructure.
- Alternative II is designed to bring enhanced City coordination to joint projects with the County and the special districts. Assumption

of the Sanitary District into the City would relieve one major set of inter-agency coordination tasks.

- Under the Alternative II Option, the City would have greater control over capital improvement program (CIP) planning, scheduling of financial resources and project-level coordination, including any pipe system replacement program.
- The City should commission a detailed, comprehensive engineering evaluation of the Sanitary District facilities and infrastructure before any annexation action. With assumption of the Sanitary District, the City would need to hire a new utility maintenance crew. However, wastewater rates would provide the revenue to cover this expense.

Demonstrate the Benefits of Annexation to All Parties

- Should the Council and City wish to pursue annexation in the Harbor service area, it must clearly demonstrate the benefits and costs to the affected residents and businesses. This point seems self-evident, but the City must explain a clear case for annexation.
- From our interviews with Harbor community leaders and residents, there seem to be few identifiable and measurable benefits to joining the City. Benefits to the Harbor service area may be difficult to demonstrate. The Brookings Police Department provides a share of the call response and enforcement in Harbor. More importantly, the Brookings Police Department provides deep, dependable support to the County Sheriff through call backup, mutual aid, and major crimes support. Annexation would bring improved policing and a proactive policing strategy to Harbor.
- The major need for infrastructure reconstruction and replacement has a mid- to long-term time scale, which for many Harbor residents is a never received benefit. From our interviews, we understand that many Harbor residents view the cost of annexation as a major property tax increase they cannot afford, with no real benefits.
- If benefits can be made immediately and visibly evident, annexation may be better accepted. A trust fund to support low-income housing and housing rehabilitation across the enlarged City might provide such a visible benefit. Such a trust fund would have the added benefit of increasing compliance with a City planning code for manufactured housing and RV's. Nonprofit partners are available to support a housing rehabilitation effort.

- Though currently perceived as unnecessary and intrusive by Harbor community leaders, annexation may provide financial benefits that could help with water sourcing projects and infrastructure replacement issues. Careful due diligence of annexation proposals could reveal such potential benefits to the Harbor community. Annexation may be a potentially useful tool to the Harbor special districts and residents.
- Be aware of Harbor citizen concerns that the City wants to annex the Harbor service area just to capture the cash and liquid capital saved up by the Harbor Water, Harbor Sanitary and Harbor Fire districts. The City could establish separate budget fund accounts to provide assurances that these inherited resources are reserved to the Harbor service area for infrastructure repairs and capital purchases.
- Annexation of the Harbor Sanitary District service area under Alternative II would result in a city of 9,500 residents. The unified city would stand as a single voice for the South Curry community on state policy and legislative issues. A city with an advertised population 9,500 indicates a larger service population, which may be more attractive to business investors. This would be a broad, intangible and unquantifiable benefit of annexation.

Build Community Trust and Confidence in the City

- To support annexation, the Council and the City must demonstrate trustworthy intention and behavior. From our interviews and research, we understand that many Harbor residents strongly oppose annexation. We also learned that Harbor community leaders hold a reasoned skepticism of the City's intentions and behavior. Rightly or wrongly, the accumulation of past slights and ills focus into skepticism of and opposition to annexation. An annexation proposal must respond to this reasoned skepticism.
- The Council should realize that both the City and its residents, and the Harbor residents take a large risk on each other in an annexation. The City must demonstrate consistent beneficial intent, demonstrate transparency and openness, and work to minimize the risks to potential new City residents. Residents and businesses in areas proposed for annexation are about to become citizens, constituents and customers of the City. The City needs to take the lead in building a trustworthy relationship.

Annexation Strategic Plan

- We recommend that the City undertake a community listening and planning process to develop an Annexation Strategic Plan. An annexation plan would allow the City to take initiative and leadership on development and annexation issues in all parts of the UGB. Although many annexation actions are contingent on landowner request and action, the City could indicate and clarify a strategic priority of annexation across the UGB. Such a plan would outline City intentions and potential timing for the extension of urban services; coordinate existing service providers; identify service gaps and inconsistencies in service levels and quality; and indicate the priority areas for infrastructure re-development and new development. A primary purpose of such a plan is to lower risks and to provide as much certainty as possible to landowners and to the special districts operating in the UGB.
- Our analysis of property tax assessed value across the entire UGB in Task IV of this project provides one basis for annexation strategic planning. Additional detailed analyses are needed to forecast urban development rates and future assessed values in specific areas of the UGB

Interviewee and Contact List: Thank you

Completing this project was a major undertaking, which took the support of many subject experts, government managers, and community leaders in the South Coast community. We wish to extend our sincere thanks for time, expertise and advice as we gathered information and developed the project.

City of Brookings

Mr. Gary Milliman, City Manager

Ms. LauraLee Snook, Public Works Director

Ms. Janell Howard, Finance and HR Director

Chief Christopher Wallace, Public Safety Director

Lt. Donny Dotson, Brookings Police Department

Ops Chief, James Watson, Brookings Fire Department

Curry County

Mr. Jim Kohlen, County Assessor

Ms. Tracy Garner and the crew at the Assessor's Office

Mr. Doug Robbins, County Roadmaster

Harbor Special Districts

Mr. Dave Van Cleave, District Superintendent, Harbor Water PUD

Mr. George Rhodes, Interim General Manager, Harbor Sanitary

Chief John Brazil, Harbor Rural Fire Protection District

Revenue, Land Use Planning and Technical Experts

Mr. Greg Kramer, Oregon Department of Revenue

Mr. Gordon Howard, Oregon Department of Land Conservation and Development

Ms. Erin Doyle, League of Oregon Cities

Ms. Elaine Howard, Elaine Howard Consulting, LLC

Mr. Steven Sparks, Principal Planner, City of Beaverton

Mr. Mazen G. Malik, Oregon Legislative Revenue Office, Salem

Mr. Kyle Easton, Oregon Legislative Revenue Office, Salem

Mr. Arthur Chaput, NeighborWorks Umpqua, Roseburg.

Brookings Annexation Project Final Report

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I. Task Definition and Project Scope

Introduction: Annexation Options to Serve Community Needs

The City of Brookings (City) stands as the primary provider of public services in South Curry County. The City and Curry County (County) are located in a relatively isolated part of Oregon, accessible from the Coast Highway 101, or by crossing the Klamath Mountains through California. Unlike many Oregon counties with strong county government, limited property tax revenues and the loss of federal shared timber sale revenues have reduced the Curry County government to a bare minimum of service capacity. The lack of County capacity reinforces the importance of the City of Brookings in the region's public service delivery.

The City is also the lead city government within the Brookings planning urban growth boundary (UGB). In this role, it must plan for the development and extension of public services throughout the UGB. Adjacent to the City on the south side of the Chetco River, the Harbor unincorporated area contains over 2,800 residents. The area is urban, with dense development of manufactured housing and foundation-built homes. The area also contains a large eldercare facility, and commercial development. Several single-purpose service districts provide selected services to the Harbor unincorporated area at low cost. Curry County economically provides road and street maintenance services.

However, the City regularly provides law enforcement coverage and mutual aid outside its boundaries. Residents of the unincorporated area adjacent to the City regularly travel on city streets to access shopping centers, or to use City recreational facilities and swimming pool. The City has no mechanism for recovering the costs of these services to non-residents. The annexation of unincorporated areas adjacent and near to the City would provide one means to begin cost recovery, gain consistency and quality in service performance, and build efficiencies in regional public service delivery.

Our study interviews revealed that for the Harbor community just south of the City, proposals for annexation by the City raise uncertainties and fears. Harbor residents, often with fixed and limited incomes, perceive the City's calls for annexation as taking their money, and providing no benefits or increased value in return. According to the 2010 U.S. Census, about 60% of Harbor residents receive Social Security as compared to 29% Oregon statewide. The low tax environment in Harbor, with no retail sales tax and extremely low property taxes, stands as community attribute. Whether most Harbor residents fully appreciate their community's law enforcement and

public service needs is unclear. Interviews indicate that the relationship between the City and Harbor residents and the service districts is typically one of deep skepticism and mistrust.

From a distance, the City of Brookings, the citizens of Harbor, and the citizens of the adjacent unincorporated Urban Growth Boundary (UGB) represent a single community. The community has a combined need for law enforcement, emergency preparedness, parks and recreation, transportation, water, sanitary sewer, surface water management, and other public services. Service needs often transcend the governmental boundaries. How best to structure and equitably pay for these services raises challenging issues.

Citizens in Harbor and other unincorporated areas within the UGB may prefer a less intense level of service and extraordinarily low taxes, while Brookings residents may prefer highly responsive services at a higher tax rate.

In both the City and in Harbor, the aging and decay of water and sewer utility systems receives too few resources and public attention. While the City has begun to address its road maintenance and infrastructure challenges, the Harbor utility systems are depreciating and aging into the back half of their service lives. Ignoring this decay will not make it go away; it will only raise the future replacement costs. The City annexation of unincorporated lands within the UGB has been raised as one pathway to addressing community service needs and generating the revenues to pay for services.

In January 2015, the Brookings City Council requested the Portland State University Center for Public Service (CPS) examine the current service situation and analyze two specific annexation options. This report is the response to that request. The following report provides an assessment of current services by Curry County, the City, and the Harbor special service districts. It then structures and analyzes two annexation options: a narrow annexation option of the lands and buildings in the Port of Brookings-Harbor owned lands in the commercial and marina area (Alternative I), and a much larger annexation land contiguous with the Harbor Sanitary District service area (Alternative II). Reflecting financial and productivity opportunities, the report considers a variation on Alternative II in which the City of assume ownership and operation of the Harbor Sanitary District (Alternative II Option). The report then compares the alternatives based on key characteristics, and draws recommendations for the Council and the community. The report also contains an analysis of assessed property value in areas within the UGB.

Annexation opens complex issues including community acceptance, political representation, acceptance of increased property taxes, equitable cost sharing, reconciliation of building codes—especially for

manufactured housing, transfer of liability for aging utility systems, and service organization staffing and performance. Before annexation, the community could re-consider a range of service arrangements including informal arrangements, formal shared service agreements, and establishing a new county service district. Even if it elected to move forward on a major annexation, the City should proceed with care and caution.

Information from interviews and review of media reports, indicate a wariness and aversion to annexation. It is the CPS opinion that a preference against annexation by the citizens and leadership in Harbor may prevent the consideration of valid proposals and tools that could reduce liability and meet service needs.

On a strategic level, the Brookings City Council should consider many issues and factors in structuring a decision on annexation. The Council and City leadership, must structure a decision to balance the potential benefits and costs of annexation. Benefits and costs should be considered over the short, medium and long-terms. This calculus would balance revenue generation with service delivery costs, liabilities, efficiencies, organizational change costs, and public acceptance. The risks and liabilities that could transfer to the City raise especially troubling concerns. In the end, the balance of factors may reinforce a decision not to annex. The Council must consider how annexation would benefit the City and its residents, Harbor residents and businesses, and improve the larger South Curry community.

Need for Factual Information to Support Decisions

In early 2015, the Brookings City Council recognized that it, City staff, and the community needed a more complete factual base from which to evaluate annexation opportunities and implications. Factual information that would support an annexation decision includes: legal requirements, forecasts of potential revenues, service delivery costs cost relationships, staff expansion and organizational impacts, and liabilities needed development. A fact-based approach to an annexation decision would use an objective perspective and structure the decision to balance the potential benefits versus the costs of any annexation action. Benefits would reflect new revenues from taxes and state monies, and possible efficiencies from a larger organization, though labor costs typically increase in larger public organizations. Annexation costs could be substantial: increased liability for failing infrastructure, depressed bond and borrowing ratings, residential tax base with limited revenue generation, much larger constituent base and representation needs, an enlarged City organization and space limitations, and the challenges of maintaining highly responsive services throughout a much larger service area.

While the Council may be able to issue an annexation order with the support of willing property owners, any sizable annexation would most likely

require a citizen vote of ratification (ORS 222.510 and 222.524). A decision to annex portions or all of the Harbor service area would also need to repair the mistrust that has accumulated in its residents.

Scope of Issues and Context

The Center for Public Service (CPS) staff began research on the Brookings situation in the fall of 2014. From our research, we built an understanding of the governance, infrastructure, revenue, and political situation in the South Curry County region. We initially used this understanding to develop the project proposal, which we delivered to the City Council in January 2015. Additional research and interviews with individuals in the region over the last several months have enhanced our understanding of the local situation. We have also followed the community debates and government decisions on utility infrastructure failures and annexation through the media and its internet postings. We summarize our basic understanding of the scope and structure of the governance issues in the South Curry region in the sections to follow. These issues include: (1) community governance actors, (2) historic context and key events, (3) state land use and facilities planning requirements, and (4) public service standards and program costing. We provide detailed analyses of the issues and local governments in Chapters II through IV below.

Community Governance Actors

The regular flow of residents across the City of Brookings and special district boundaries for work, school, shopping and social events points out the integrated nature of the South Curry community. This regional, integrated community totals over 9,000 residents, not including the seasonal influx of thousands of visitors. Planning for all lands in the UGB should cause planners, city leaders and citizens to think of the region as an integrated economy and community.

The City of Brookings on the southwest Oregon Coast serves a population of just over 6,500 residents and covers about 3.8 square miles. The City provides a full complement of services to its residents including: law enforcement patrol and investigations; fire and emergency rescue services; emergency preparedness; 9-1-1 dispatch; municipal court; land use planning and building services; water service, sanitary sewer services, and surface water management; road and traffic facilities; economic development and urban renewal; and parks and recreation. The City residents generate a relatively strong per capita income of $28,038. This is above the Oregon

state per capita income of $26,809.[1] The City staff prides itself on providing a highly responsive level of service to citizens and customers. The City has a Measure 50 permanent property tax rate of $3.7630 per $1,000 assessed value, and for 2014-2015 an urban renewal adjusted tax rate of $3.5286 per $1,000 assessed value. Portions of the City are structured into urban renewal zones, which receive a share of the property tax levy. To deliver its programs, the City employs a permanent staff of about 56.5 FTEs. The City has adopted zoned districts under its land development code, and the City manages growth through the code and a development permitting system.[2] Exhibit 1.1 provides a locator map of the City and the surrounding jurisdictions and UGB.

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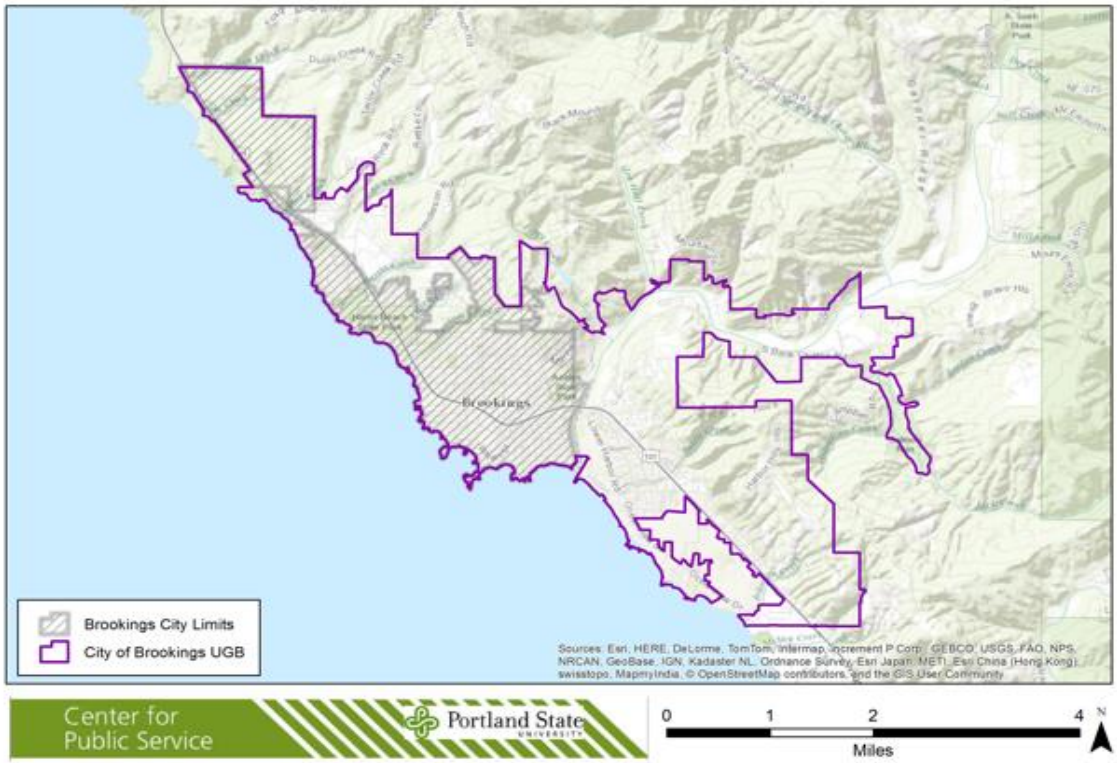
[1] U.S. Census Bureau Brookings. (2013). Selected Economic Characteristics, 2009-2013 American Community Survey 5-Year Estimates, DP03. Access on Aug. 28, 2015 from www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/

[2] City of Brookings. 2014. "Chapter 17.12 Establishment of Zoning Districts and Zoning Map" and "Chapter 17.168 Public Facilities Improvement Standards and Criteria for Utilities" and "Chapter 17.144 Annexation."

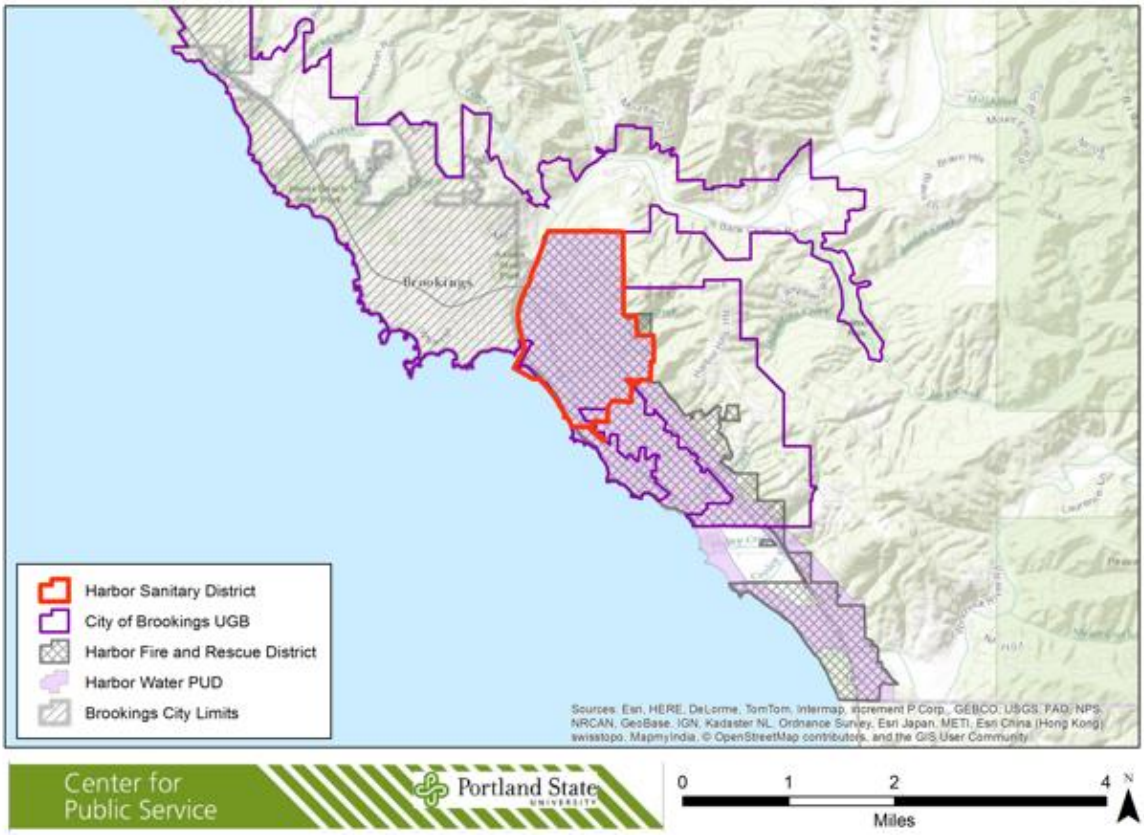
Exhibit 1.1



The lower reach and mouth of the Chetco River divides the City of Brookings from the adjacent unincorporated but developed area of Harbor. The City occupies the north bank of the Chetco, while the Harbor service area is located on the south. The overlapping districts, of the Harbor Sanitary District, the Harbor Water Public Utility District (PUD), and the Harbor Rural Fire Protection District all cover the south bank of the Chetco. The three service districts service area largely overlap in this north Harbor area, but the water and fire districts extend far to the south beyond the sanitary district. The Harbor Water PUD and the Harbor Sanitary districts derive their operating revenues from charges and fees for service. The Harbor Fire district levies a property tax rate of $0.2332/ $1,000 assessed value to fund its operations. The map in Exhibit 1.2 details how the Harbor Sanitary, Harbor Water and Harbor Fire districts overlap.

The Port of Brookings-Harbor (Port) provides maritime facilities, transportation access and economic development services to the entire South Curry region. The Port district boundaries include the City of Brookings, the three service districts, and an area south to the California border, and inland to the Klamath Mountain crest. The Port generates substantial revenues through charges for services, fuel sales and its recreation vehicle park, and it obtains a small flow of property tax revenue from a $0.1316/ $1,000 assessed value tax rate.

Exhibit 1.2



The Harbor service area is large enough to justify recognition as a U.S. Census Designated Place (CDP). The Harbor demographic has an especially large portion of senior citizens, although there is a concentration of families and Hispanic residents in the northern portion of the Harbor area. The per capita income in Harbor over 2009-2013 was $21,233. This compared to a state level of $26,809.[3]

Historic Context and Key Events

The current intergovernmental coordination and annexation issues develop out of historic context and recent key events. These factors help frame CPS's understanding of the issues and our analysis of the two selected annexation options. The historic context also helps to explain some of the recent events related to the annexation controversy in the community.

The Curry County economy was historically heavily dependent on the sales of federal timber from federal national forest and Bureau of Land Management (BLM) Oregon and California Railroad (O&C) grant lands. This

[3] U.S. Census Bureau Harbor CDP. (2013). Selected Economic Characteristics, 2009-2013 American Community Survey 5-Year Estimates, DP03. Access on Aug. 28, 2015 from www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/

flow of timber supported a strong forest products economy with family-wage jobs, and provided substantial federal revenue sharing payments to the county for road maintenance and local school districts. These payments were severely reduced beginning in 1993 because of Congressional action related to the Northern Spotted Owl controversy. The Secure Rural Schools Act of 2000 and several legislative extensions thereafter provided transition levels of county payments into the early 2000s. In recent years however, federal payments to Curry and other Oregon counties have been severely limited.[4,5] With the General Funds in many O&C counties under dire fiscal stress, Oregon Senate bill SB496 enacted in June of 2013 allowed selected Southern Oregon counties to transfer temporarily, county road fund resources to help fund law enforcement patrols and activities. The road fund transfers required repayment in subsequent years.

When Oregon voters adopted ballot Measure 5 in 1990, the property tax rates for each local government jurisdiction were made permanent. The Curry County permanent property tax rate was set at $0.59 per $1,000 assessed value. At that time, this was a sufficient rate because of the substantial flow of federal timber revenues. However, as the federal timber sales programs were reduced, the combination of reduced federal revenues and extremely limited property tax revenues were inadequate to fund basic county services.[i6] Measure 5 prohibits any change to a jurisdiction's permanent property tax rate. However, Curry County voters could raise additional revenues through temporary local option property tax levies.

Curry County Commissioners have proposed several local option property tax levies to the voters in recent years. These measures have consistently failed. In November 2013, the Commission asked voters to approve a $3.2 million measure that would have funded the county jail, sheriff, juvenile department and the district attorney. Voters rejected this measure.[7] Curry Commissioners again attempted a 3-year local option levy in November 2014 for a total of $4.94 million. This levy would have increased the county property tax to $1.27 per $1,000 value. This measure also failed. The most recent attempt in May 2015 proposed a split rate to fund basic county services and sheriff's patrol; it similarly failed. The failure of these

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[4] Short, Gary. (2014, May). "Budget Message for Curry County", Oregon Fiscal Year 2014-2015. http://www.co.curry.or.us/Portals/0/Documents/finance/2014-2015%20Curry%20County%20Adopted%20Budget%20-%20Electronic.pdf

[5] Morgan, Douglas F., Kent S. Robinson, Dennis Strachota, and James A. Hough. (2015). *Budgeting for Local Governments and Communities.* New York, NY: Routledge. P.242.

[6] Short, Curry County Budget Message, 2014-2015.

[7] Stebbins, Jane. (2014, Sept. 2). Measure will fund Curry jail facility. *The Curry Coastal Pilot.* http://www.currypilot.com accessed on Oct. 9, 2014.

measures and the limited permanent property tax rate has severely limited the County's law enforcement capacity in South Curry County.[8]

The limitations of County Sheriff law enforcement services reached a critical point for the Port of Brookings-Harbor officials in the summer of 2013. Faced with an increase in theft, vandalism, drug crimes and other misdemeanors, the Port explored purchasing a more pro-active level of law enforcement services from the City of Brookings than it had been receiving from the Sheriff.[9] Research by the Port and the City confirmed that port districts may establish a police force for the protection of Port property and public users, and that the Port could contract with the City to purchase police services. In conclusion to the Port's actions and request to the City, the Sheriff's Office indicated that it would provide increased deputy staffing and patrol attention to the Port. The development of the draft agreement between the Port and the City opened broader discussions of a possible annexation of the Port owned property and commercial area into the City. However, in November 2014, the Port Board of directors rejected a proposal to annex the Port-owned property into the City. Elections for Port commissioners in May 2015 removed the board members supporting annexation and replaced them with annexation opponents. This dampened current interest and momentum from the Port for annexation into the City.

In addition to public safety issues, the water supply system in Harbor has faced serious difficulties over the last two summers. The water system is owned and operated by the Harbor Water PUD (People's Utility District; Harbor Water). Harbor Water has water rights to withdraw water from the Chetco River from a well site about 2.5 miles upriver from the mouth. At usual river and tidal water levels, freshwater from the Chetco enters the well intake in sufficient quantity to produce potable water. However, during summer months of extreme low river water levels, high tides surging upriver stir up sediments that enter the well intake. The increased sediment triggers the chlorination system resulting in brackish water from the tap. The configuration of the river bars and channel may contribute the high sediment in the water. Diluted saltwater from the ocean may also enter the well intake. During these events Harbor residents must drink bottled water, or obtain replacement freshwater from the district. A brackish water event occurred in September 2014, and again in the summer of 2015. The brackish water events raise questions of the dependability of water services from the district. The City helped the District by providing tankers of fresh water during the

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[8] Stebbins, Jane. (2015, Sept 1). "Sheriff Ward will run for re-election." *The Curry Coastal Pilot*. http://www.currypilot.com/News/Local-News/Sheriff-Ward-will-run-for-re-election accessed on Oct. 9, 2014.
[9] Port Resolution 439 draft, 2013, June 18.

2014 incident. Though the working relationship between the City and the Harbor Water district has been tenuous (Dave Rouse interview June 2015), both parties have recently joined together to submit an application to the Oregon Department of Administrative Services (DAS) for a grant to improve the resiliency of the region's water supply system during a major earthquake and tsunami.

From our interviews and media reports, CPS has concluded that rumors and misinformation of City annexation intentions in the Harbor service area have generated deep concern among many Harbor residents. Harbor residents living on fixed incomes worry about meeting the City's higher tax levy, and with possible enforcement of the City housing code, which currently prohibits single-wide manufactured home and recreational vehicles as permanent housing. For some Harbor residents, the increased benefit of City services fails to meet the increased property tax burden. While annexation may be opposed by many Harbor residents, this view may not fully reflect the public service needs for young families and minorities living in the Harbor service area. This unheard from group may desire additional public services and benefits. A deliberate, prioritized, strategic approach to annexation could help to generate certainty for residents and businesses in the unincorporated areas of Harbor and elsewhere within the UGB.

State Land Use and Facilities Planning Requirements

State land use planning laws delegate primary planning responsibility to the City and the County for the orderly development of undeveloped lands within the Brookings UGB.[10] The traditional perception of land use planning is to prepare the services and infrastructure investments to move developing rural lands inside the UGB into city incorporation. However, planning and growth management also includes the challenge of developing and coordinating existing services in unincorporated areas with high levels of residential and commercial development. The Harbor service area fits this type of existing, dense urban development. The challenge here is to ensure that the residents and businesses in the unincorporated areas receive the full range of needed services efficiently and responsively. Taxes and fees, and other mechanisms should be in place to allow unincorporated residents to contribute resources for law enforcement, parks and recreation, and other urban services provided by a city or by special districts. Equitably allocating

[10] Curry County Comprehensive Plan. 2009. Chapter 11; and Section 14.8 Plan Policies Regarding Urbanization." Pp. 294-298. www.oregon.gov/LCD/OCMP/docs/Public_Notice/CurryCounty_CompPlan_EPs.pdf Accessed on Aug. 21, 2014.

service costs and collecting the appropriate revenue can be difficult but necessary to achieve fairness across the larger community.

We note that the South Curry region is not unique in the challenge of developing, coordinating and recovering costs for public services. As a clear example, the unincorporated, but urban/ suburban areas of eastern Washington County surrounding the incorporated cities of Beaverton, Hillsboro, Tigard and Tualatin present similar challenges for planning, service coordination, and annexation. Washington County makes extensive use of special service districts, including for law enforcement, but the county government must still provide land use and transportation planning, road maintenance, building permitting and construction inspections, and other local services. Residents in the Washington County unincorporated area pay property tax levies and service fees for a parks and recreation district, an enhanced sheriff's patrol district, a fire and rescue district, a wastewater and storm water collection and treatment district, and often a water district. This is a full array of urban services, and the broad coverage of the service districts captures revenues from the vast majority of potential users and indirect beneficiaries. Many residents in the Aloha and Cedar Mill unincorporated areas of the county are willing to pay for urban services through districts, but often see little benefit to annexing into one of the local cities. The lack of incorporation results in the loss of substantial state revenue sharing funds.

The results for Task 4A in this report demonstrate the location of current property types and values across the UGB lands. To ensure an orderly process of urbanization, the City needs to assess the lands within the UGB, to assess potential annexation parcels, and to develop an annexation strategic plan.

The recent contamination of the Harbor Water District raw water intake and limited response by the Curry County Sheriff to calls for service, stresses the need to revisit the urban services and service levels provided to South Curry County residents. While voices in the community may strongly argue against enhanced inter-governmental coordination and annexation, public safety and public works needs will not improve without new approaches and dedicated resources.

Oregon statutes direct local jurisdictions to conduct a public facilities and services planning process. Under a key provision (ORS 451.120), all local government actors--the County, City, Port, Harbor Sanitary, Harbor Water, and Harbor Rural Fire Protection districts--should all contribute to the development of service master plan for the South Curry Region. Development of a facilities master plan does not require annexation. A range of options for the delivery of government services includes enhanced voluntary coordination, formal cooperation under joint intergovernmental agreements, and ultimately

if effective, the annexation of lands into the City. Effective planning should include strong communication between the jurisdictions, and listening sessions with the community. The results of this study should form a base for further integrated service and facility planning.

Public Service Standards and Cost Recovery Issues

The Harbor service area receives water, sanitary sewer and fire protection services from special district governments. These three services generally match the service level provided by the City of Brookings to its residents. For Harbor Water residents, water rates are similar to the City rates, and quality is similar except as described above for the brackish water incidents. Sanitary sewer collection service by the Harbor Sanitary district is comparable to the City service. Harbor Rural Fire Protection District provides a relatively similar level of fire suppression services. Both the Harbor Fire and the Brookings City fire department carry Insurance Service Office (ISO) Public Protection Class 3 ratings, which are high marks for volunteer departments. For fire and rescue services, the City Public Works department provides specialized, but little-used, equipment for trench and confined space rescue that can support both departments, but costs are currently borne by the City.

For other services, the Harbor service levels are substantially lower or inconsistent with the City of Brookings level. The service capacity limitations of Curry County exacerbate the law enforcement service response in Harbor. Even for the best of intentions, the Curry County Sheriff response times reflect an extensive, rural level of patrol response. In contrast, the Brookings Police Department response is in the single minutes. In a similar manner, Harbor residents often use City of Brookings parks and swimming pool facilities. The City attempts to enforce an increased fee for out-of-City residents, with apparent mixed results. Disparate levels of service reinforce the need to develop and institute equitable cost recovery systems for City services extended beyond the City boundary.

Portland State Consulting Project Proposal

The Center for Public Service (CPS) staff began research on the Brookings situation in the fall of 2014. This research culminated in a series of draft proposals for a research project on various aspects of the annexation issue. After a January 2015 presentation, the Council agreed to an annexation study. Following Council action and acceptance of the project, the PSU Center for Public Service (CPS) joined with the City to execute an intergovernmental agreement (IGA) contract in mid-February 2015 to assess the implications of the hypothetical annexation of:

1) the Port of Brookings-Harbor owned parcels in the commercial area and boat basins of the Port district

2) the land area coincident with the Harbor Sanitary District boundary.

From the study, the City wished to understand the effects of annexation or merger on the City government organization and programs, property tax revenues and rates, facilities and infrastructure, and debt capacity. To meet these objectives, CPS recommended a consulting package of the following services:

- Review of State of Oregon statutes, regulations and procedures on property tax rate adjustments during annexations, jurisdiction mergers and jurisdiction consolidations.
- Perform a population and demographic forecast of the City, the Port and Harbor service districts, and prepare geographic information system (GIS) base maps.
- From the Curry County Assessor's Office, obtain property assessment data for all parcels in the lands within the Port and Harbor district areas, clean and prepare the data, and then perform basic tabular, statistical and computational analysis of the data.
- Clarify the current content and level of service for each City service. Develop the per unit operational costs of production for each service. Define capital infrastructure capacity and service levels, and determine unit cost rates for construction, reconstruction and maintenance.
- Develop two alternative scenarios describing hypothetical annexation of unincorporated lands into the City.
- Compare and evaluate the developed alternative scenarios on a variety of criteria.
- Based on the project analysis and alternatives, develop recommendations to guide future City decisions on service expansion.
- Prepare a final written report and slide presentation of the project analysis, findings and recommendations.
- Provide statistical, computational, financial, policy development, technical writing and communication, and project management consulting services.

For its contribution to the proposed project, the City provided: guidance on issue and problem formulation; technical information on land use planning policies and practices; leadership and staff members for extended interviews and collaboration; support and assistance in the collection of production cost and revenue data; and support for CPS access to Curry County officials, special district officials, and other involved parties.

The project spanned the nine-month period from mid-February to late November 2015. As part of the project, CPS employed three Portland State graduate students in a professional development experience. PSU faculty members and CPS professional staff led and worked on this project part-time while continuing other contracting, research and scholarship, and teaching responsibilities.

Project Design and Analysis Themes

To better support and organize understanding of the general annexation issue and as a preliminary step to annexation service planning, the City Council directed the CPS team to develop and analyze two annexation alternatives:

1) of the Port of Brookings-Harbor commercial port area; and
2) of an area matching the Harbor Sanitary District service area.

The CPS team also recognized three purposes for an analysis of the Brookings and South Curry County situation. These purposes structure the depth, content and work products of our work and for this report.

First, the City wanted to answer several hypothetical questions. These include,

- What is the potential revenue developed from an annexation?
- What would be the impacts of annexation on the City organization and its program service capacity?
- How and in what options and alternative scenarios could the City take to extending its services to the UGA?
- What would be the effects of extension on the neighboring special districts?
- What are the community issues, concerns and positions on annexation or merger actions? and
- What would CPS recommend as to how the City might proceed?

Second, the results from this type of project will form the basis for community discussion and ultimately a public decision process. CPS recognized that the study results will be extensively scrutinized, reviewed, used, and publicly discussed. This level of review and use demanded extensive data collection, sound analysis to a high level of detail, and a written summation of project results.

Third, the results of this study will form a part of the official public record on any land use actions by the City. The study process and its results

will contribute to the strategic plans used by the City on these issues. Subsequent strategic plans and individual land use actions will reference this document. Should the City Council elect to move forward on any land use action in the UGA, the study results may form part of the record of justification for a decision. The need to have the study results in the public record sets a requirement for a formal written report as a project product.

Project Scope Revisions

No adjustments were made to the project scope as outlined in the intergovernmental agreement (IGA) between the City and Portland State. However, the parties agreed to a two-week unpaid contract time extension to allow for final report review, editing, and refinement.

II. South Curry County Regional Governance and Service Situation

Introduction

The City of Brookings and the Harbor community are located in southern Curry County (County) in the very southwestern corner of Oregon. Curry County planning policies and County Commissioner decisions coordinate land use and public service delivery throughout the County. One set of planning policies is the County comprehensive plan, which recognizes three levels of services development: rural, rural community, and urban.[11] An urban level of facilities and services include: police and fire protection; sanitary services; storm drainage; planning, zoning and subdivision control; health services; recreation; energy and communication; and community government services. Plans for delivering these services should be coordinated with the comprehensive plans of other jurisdictions within the applicable urban growth boundary. In some situations, the County will authorize and support cities and special districts to provide urban services. For other instances, the County will serve as the service delivery agent.

Curry County and its Commissioners are critical actors in decisions related to local service delivery arrangements and annexations. State statute governs these authorities and responsibilities. The County government and its Commissioners hold governance and service delivery authority over all unincorporated lands in the County, including the Harbor urban area. Outside of incorporated City boundaries, the County has responsibility for providing local public services. The Commissioners have the responsibility to define service territories for public water providers such as the Harbor Water PUD. When special districts fail to perform, the County holds ultimate responsibility. Additionally, the County Commission has the authority to establish public safety special districts within the County.

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[11] Curry County Comprehensive Plan, 2009 update. Chapter 11.11 Plan Policies Regarding Public Facilities. P. 228-229. Also, earlier versions of the Plan, chapter 11.1 Introduction. At http://www.co.curry.or.us/Portals/0/Documents/public_services/Planning/Comp%20Plan2.pdf

The Harbor service area is in unincorporated Curry County, but it is within the City of Brookings Urban Growth Boundary (UGB). Based on the delivery of sanitary and water service from special districts, the Harbor community is categorized as an urban area. The County provides law enforcement, road and street maintenance, land use planning and permitting, and economic development services to the Harbor service area. Independently, the Harbor Water PUD, Harbor Sanitary, and Harbor Rural Fire Protection districts provide services from their own revenue streams.

However, the Curry County government is challenged to provide more than a minimal level of service to unincorporated areas. The County's especially low permanent property tax rate of $0.59 per $1,000 assessed value puts a strong limit on General Fund revenues. Further, voter refusal to pass local option levies and steeply declining county timber payments have reduced the General Fund by 24% over the 2010/11 to 2014/15 fiscal years.

In the South Curry region, where County capacity is severely restricted and service fails to meet the demands or expectations of the residents, the City of Brookings has often stepped in to ensure the continuity of public services. Law enforcement in lieu of the County Sheriff is the most important of these supplemental services.

This chapter reviews the delivery of local government services by County programs to the South Curry and Harbor communities. The review focuses most on law enforcement, and on road and street maintenance. The chapter closes with a short summary of the Port of Brookings-Harbor port district (Port) and its contribution to public service delivery in the South Curry community.

South Curry/ Harbor Urban Service Area

South Curry County can broadly be defined as centering on the Chetco River basin. More specifically, South Curry County is bounded to the south by the Oregon-California border, on the north by the Pistol River basin, and to the east by the Curry-Josephine County line. Approximately 16,000 people live in South Curry County community, making up over 75% of the County's population base.

Much of South Curry region is undeveloped forestland, or low-density development with rural services. Curry County provides an extensive level of law enforcement and other services to these sparsely populated areas. However, the Harbor community immediately south of the Chetco River is an urban, densely developed service area. The exact boundaries of this community and service area are undefined (see Chapter IV). Housing density and population

density are high in the Harbor community because of extensive manufactured housing located in rental parks and because of a senior group housing facility.

The Harbor Water PUD, the Harbor Rural Fire Protection District, and the Harbor Sanitary District each provide services to the community. Critically, each district generates a dedicated flow of revenue from property taxes, or from fees and service charges to pay for capital investments and service delivery. This arrangement of special district service delivery leaves gaps relative to law enforcement, parks and recreation, road and street maintenance, land use planning and permitting, and nuisance code enforcement. Currently the County must budget its financial and program resources to meet Harbor's higher levels of service demand, at the expense of the rest of the unincorporated areas in the County.

Curry County Governance and Services

Curry County is governed by an elected, three-member Board of Commissioners, which serves in executive capacity but also performs legislative and quasi-judicial duties. The Commissioner position is a paid full-time position. The County in essence uses a "commission" form of local government in which individual commissioners hold executive authority over identified services and programs. The Commissioners jointly are responsible for the planning, formation and implementation of the annual budget. They also fulfill various federal, state and local mandated functions and represent Curry County in ceremonial functions. Curry County does not have a county manager or county administrative officer.

Each Commissioner is responsible for overseeing various county departments, some of which overlap or are related to each other. For example, Commissioner Susan Brown oversees the Brookings' Airport and Public Transit departments, while Commissioner David Brock Smith oversees the Facilities Maintenance and Roads departments. Residents also elect a County Assessor, County Clerk, County Sheriff, County Treasurer, and District Attorney.

To understand County services in the Brookings UGB service area and the Harbor community, we reviewed the County revenue situation and budget. In context with the financial situation, this chapter addresses service demand and County programs for law enforcement services, 9-1-1 emergency dispatch, public works for roads and streets, land use planning, and specific county revenues that may be affected by annexation.

County Revenue and Service Limitations

Curry County struggles to operate with strong limitations on its General Fund revenues. Measure 5, which was adopted by the voters in 1990, froze Curry County's property tax permanent rate at $0.59 per $1,000 assessed value. This rate is now impossible to increase. However, County voters may adopt temporary local option levies to provide supplemental revenues, which they have consistently refused to do. At the time of Measure 5 adoption, timber sales revenues from federal national forest and Bureau of Land Management O&C lands provided substantial federal county revenue sharing payments. The national forest revenues were limited to funding road maintenance and construction, and local school districts. However, the rollback of logging and county timber payments over the past two decades has restricted the availability of these funds.

While the Curry County Road Fund continues to receive state and federal resources, the County's General Fund has grown increasingly depleted. The County has had to shed programs and to limit its services to minimal levels.[12] To ease General Fund shortfalls, Oregon Senate Bill SB496 from June of 2013 allows Curry and several other formerly timber-dependent counties to transfer, temporarily, county road fund resources to help fund law enforcement patrols and other activities. However, these transfers require repayment to the originating budget fund (e.g. the road fund).

The repeated failure of Curry County voters to approve local option levies to provide stable funding for the Sheriff's Office compounds these difficulties. Most recently, voters rejected Measure 8-81 by a 14.5 percent margin in the May 19, 2015 special election. The measure would have created a levy of $1.34 per $1,000 of assessed value within cities and $2.52 for unincorporated areas for a three-year period. Due to the failure of the measure, the Curry County Sheriff's Office will be forced to cut three positions from a staff of 10 positions. This leaves the Sheriff with four deputies on the road, one in the academy, one transferring from dispatch to the road and one vacant position.[13]

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[12] Short, Gary. 2014. "Budget Message for Curry County, Oregon Fiscal Year 2014-2015. County Accountant. Gold Beach, Oregon. Pp. 16-18.

[13] Stebbins, J. (2015, May 19). Voters reject sheriff's split-rate tax. *Curry Coastal Pilot*. Retrieved from http://www.currypilot.com/News/Local-News/Voters-reject-Sheriffs-split-rate-tax

Current funding levels mean the Curry County Sheriff's Office operates at base level capacity. One officer is dispatched on calls instead of two, and law enforcement shuts down at midnight. This also means that Curry County Sheriff's Office does not have sufficient resources to adequately staff and maintain its 50-bed jail.[14] The funding situation in Curry County has been sufficiently worrisome to the State, that in 2013 the Oregon Legislature approved House Bill 3453. This bill gave authority to the Governor to impose certain taxes in a county in case of a public service emergency if the county commissioners also approve.[15]

Law Enforcement Services

Law enforcement services in the South Curry County region are provided the Curry County Sheriff's Office (CCSO), the City of Brookings (BPD) and the Oregon State Police (OSP). The CCSO has primary responsibility for enforcement and safety services to the unincorporated areas of Curry County. In the Southern Curry County region, the unincorporated areas include: the Port of Brookings-Harbor commercial and marina; the urban, high population density residential and commercial areas of Harbor; and the partially developed areas along Highway 101 north of Brookings and south of Harbor. The CCSO also holds primary responsibility for policing the inland recreation areas and river corridors, and inland private undeveloped forestlands. On a coverage area basis, CCSO holds primary responsibility for the majority of the land area in the County and in the South Curry region. The CCSO provides as much service as possible given very limited financial resources and staffing. Anecdotally, the CCSO presence is inconsistent, and call response times for Sheriff's deputy services can be extremely slow. CPS did not conduct a response time analysis for the CCSO service in the Harbor area because it fell outside of the scope of this contract.

The BPD provides mutual aid services to the incorporated areas outside of the City of Brookings. The BPD provides 24/7 continuous service with two-deep officer shift staffing. This capacity provides critical backup for the department's own officers during incidents. This

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[14] Zaitz, L. (2014, July 7). Curry County sheriff resigns, worn down by strain of insufficient forces. *The Oregonian*. Retrieved from http://www.oregonlive.com/pacific-northwest-news/index.ssf/2014/07/curry_county_sheriff_resigns_w.html

[15] Anderson III, N.C., Hester, M., Jung, H., Lukens, E., Moss, S., & Reed, L. (2015, April 18). Curry county faces important tax decision: editorial agenda 2015. *The Oregonian*. Retrieved from http://www.oregonlive.com/opinion/index.ssf/2015/04/curry_county_faces_important_t.html

increases officer and citizen safety. The two-deep staffing also allows BPD to provide backup, coverage and mutual aid support to the CCSO and OSP. The BPD provides single-digit response times within the City boundaries, and can reach the Harbor service area quickly. Finally, the OSP holds primary jurisdiction over state highways, especially outside the Brookings City limits.

To provide a profile of current service levels and quality, and to prepare baselines for analysis of the two annexation proposals, the CPS team conducted a public safety services demand analysis for the South Curry County region. We used data from the Brookings 9-1-1 PSAP dispatch center and a series of assumptions to develop estimates of police service levels in the region. The 9-1-1 dispatch data spanned the five-year period of May 2010 to May 2015. We computed five-year dispatched call levels, and average annual service levels. The annual service estimates are displayed in Exhibit 2.1. Using the average annual levels may obscure trends over the years of lower or higher levels of service, or the relative contribution of service by the different police agencies over the five-year period. Details of the procedures and assumptions for the demand analysis are found in Appendices B and C. We expand the analysis to focus on BPD services in Chapter III.

Exhibit 2.1 South Curry County Dispatched Calls for Service Demand Estimates (Annualized levels, computations rounded to whole calls)

South Curry County Law Enforcement Service
Responders for Dispatched Police Calls* (Primary Geocode, Secondary Location City) Annualized Data

	Brookings	Harbor Sanitary District	Port Area	UGB Not Other Areas**	Not in Area	No Location Information	Total
Brookings Police Department	3,772	104	5	45	65	11	4,002
Curry County Sheriff***	22	1,029	24	141	160	-	1,376
Oregon State Police	3	1	-	-	0	-	5
Dispatch - Only/Unknown Response	1,757	-	-	-	218	6	1,981
Sex Offender Registry	44	0	-	0	0	-	45
Total	**5,598**	**1,135**	**29**	**186**	**444**	**17**	**7,408**

Curry County Sheriff - Analysis* **	**Brookings**	**Harbor Sanitary District**	**Port Area**	**UGB Not Other Areas**	**Not in Area**	**No Location Information**	**Total**
Curry County Sheriff Calls in system	14	12	0	2	4	-	32
Likely Curry County Sheriff Calls	-	378	16	110	-	-	505
Adjustment For non-911 Calls	8	639	8	29	156	-	840
Total Curry County Sheriff Calls	22	1,029	24	141	160	-	1,376

* Dispatched Calls were those that were not listed as originating as officer initiated or traffic stop. Calls were considered Law Enforcement if they were desigated as the agency OSP, Police or Sheriff based on the ID or if they were a Dispatch Id, if the Offense Category was Alarm, False Alarm, Crime, Mutual Aid, Nuisance, Service, Traffic, Welfare/Crime Check

** UGB stands for Urban Growth Boundary outside of the City, Harbor Sanitary District, and Port.

*** Originally there were only 159 Calls in the Brookings dispatch system that were identified as Curry County Sheriff. However, Brookings staff believe this seriously understates the actual experience. There were two major adjustments necessary to get a more realistic picture of actual call volumeFirst, if the call came into the Brookings Dispatch and had a Dispatch ID, but was not in Brookings and was Geocoded as Harbor Sanitary District, Port Area, or UGB No Other Areas, it was considered Likely a Curry County Sheriff Call. The second adjustment was that if calls came in by means other than 911 those calls would not enter the Brookings Dispatch system. Therefore, assuming the ratio of Non-911 to 911 calls is the same as the Brookings Police Department, the analysis uses a ratio of non-911 calls to 911 calls is 70.7% Non-911/29.3% 911 calls to adjust Curry County Sheriff calls

Note about location information: this analysis uses both the primary Geocode analysis completed by PSU personnel as well as the data field Loc_City from the dispatch data provide by Brookings in those calls when PSU personnel were unable to indentify a valid geocode location.

Exhibit 2.1 reflects dispatch activity by the Brookings Police Department (BPD), estimates for activity by the Curry County Sheriff (CCS), and estimates for the Oregon State Police (OSP). The totals in the tables in Exhibit 2.1 are not exact because the data and computations were rounded to the nearest whole call. Units from the three agencies responded to 9-1-1 dispatched and other command communications to locations in five service areas: 1) the City of

Brookings, 2) the Harbor Sanitary District service area, 3) the Port commercial and marina area, 4) the "other" unincorporated areas outside the City and the Sanitary District, and 5) outside the UGB or completely out of the South Curry area. The three agencies responded to about 1,794 calls annually: 1,135 in the Harbor Sanitary District service area; 29 in the Port commercial and marina area; 186 "other" area outside the City and Harbor Sanitary service areas but inside the UGB; and 444 outside the UGB or not in the south Curry region.

The Curry County Sheriff's Office (CCSO) carried the majority of the responses outside of the Brookings City limits. CPS estimates these responses average about 1,355 annually. For about 18 calls per year, the Brookings 9-1-1 dispatcher directly dispatched CCSO deputies to locations outside the City. More often, however, the Brookings dispatcher took the 9-1-1 call and then transferred it to the CCSO dispatcher. The CCSO dispatcher would then dispatch its officers to the service location. This resulted in about 505 average calls per year to the Sanitary District, Port, other areas within the UGB, and Not in Area. CPS has estimated the number of calls received by the Curry County Sheriff's Office business line. To do this, we used the same ratio of 9-1-1 line to business telephone line calls experienced by the City of Brookings. This ratio is 2.4 business line calls to each 9-1-1 call. We applied this ratio for an estimated 832 calls per year.

The BPD responded to about 219 calls annually outside the City boundaries including, 104 in the Harbor Sanitary area, 5 in the Port commercial and marina area, and 45 in the "other" unincorporated area. BPD also responded to 65 calls outside the Brookings UGB. Some of these calls are in the South Curry region, but the exact share of the total is undetermined. The OSP contribution to South Curry County call response is not represented in the Brookings dispatch data; the data indicates a very minor number of calls annually (5).

Dispatched 9-1-1 calls are only part of the South Curry County region law enforcement demand. Officers and deputies on patrol observe suspicious activity, crimes and traffic violations, and often take self-initiated actions in response. Officers and deputies also self-initiate patrols, service calls and welfare checks. Exhibit 2.2 uses the Brookings 9-1-1 data to estimate the officer self-initiated incidents in the South Curry County region. BPD officer self-initiated calls are strongly represented in Exhibit 2.2 because all BPD activity is routed through the Brookings dispatcher. Exhibit 2.2 likely underestimates CCSO and OSP self-initiated incidents. To understand the table in

Exhibit 2.2, realize that the different categories of incidents total upward to service area totals.

Exhibit 2.2 South Curry Region Officer Initiated Calls by Provider (5-year totals)

Non Dispatch/Non Sex Offender - Who Responds - Geocode Available - Officer Initiated or Blank Origin - Annualized Data

Alternative and Offense Category	Brookings Police Department (BPD)	Curry County Sheriff (CCSO)	Oregon State Police (OSP)	Unknown	Grand Total
Brookings	**4,462**	**3**	**1**	**1**	**4,467**
	1				1
Alarm/False Alarm	5				5
Ambulance	2				2
Crime	260				260
Fire	1				1
Incomplete Call/No Info	476				477
Mutual Aid	48				48
Nuisance	80				80
Service	277	1			278
Traffic	2,936	2	1		2,939
Welfare/Crime Check	375				375
Harbor Sani	**112**	**1**			**113**
Crime	5				5
Incomplete Call/No Info	6				6
Mutual Aid	7				7
Nuisance					
Service	5				6
Traffic	87				87
Welfare/Crime Check	1				1
Not in Area	**13**				**14**
Crime	1				1
Incomplete Call/No Info					
Mutual Aid	7				7
Service	1				1
Traffic	3				3
Welfare/Crime Check					1
Port					
Mutual Aid					
UGB Only	**22**				**22**
Crime	2				2
Incomplete Call/No Info	1				1
Mutual Aid	1				1
Nuisance					
Service	2				2
Traffic	9				9
Welfare/Crime Check	6				6
Grand Total	**4,609**	**4**	**2**	**1**	**4,616**

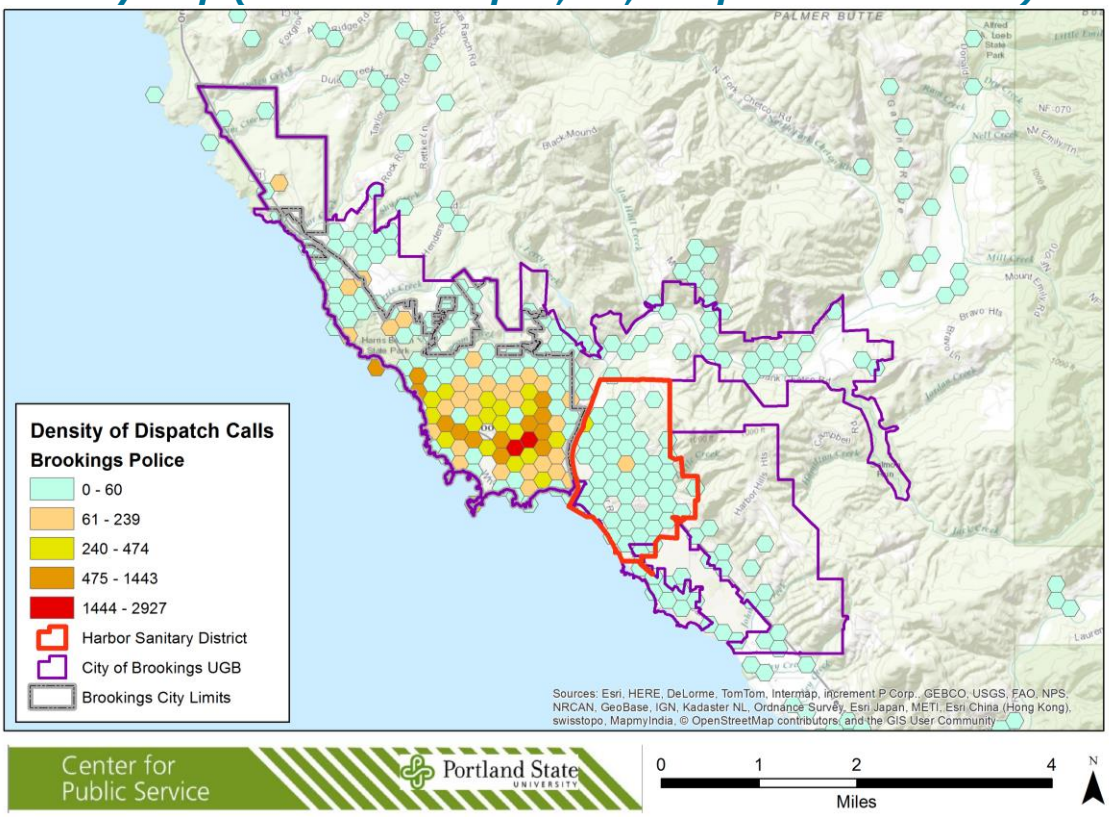
Based on the available Brookings dispatch data, officer self-initiated incidents total about 149 annually over the South Curry County region. This includes about 113 incidents in the Harbor Sanitary District service area, less than 1 in the Port commercial/ marina area, about 14 incidents in the "other" unincorporated area outside the City and Harbor service area but within the UGB, and about 22 incidents outside the UGB. BPD officers accounted for about

148 incidents, or about 99% of the total number. The BPD share includes about 99 officer-initiated traffic incidents.

Combining the dispatched calls and officer self-initiated incidents provides a total demand picture for the South Curry County region. As computed above, dispatched calls totaled about 1,794. We recognize that a portion of the Not in Area calls in this total are completely outside the region, or are handled by the dispatchers (Exhibit 2.1 above). However, many are in the region outside of the UGB and represent valid incidents in a total profile. As computed above, CPS identified about 149 annual officer self-initiated incidents. This led to a total incident load of 1,943. BPD was responsible for 219 dispatched calls and 148 self-initiated calls for about 19 percent of the total response.

The map in Exhibit 2.3 (next page) indicates the intensity of incidents with BPD involvement over the five-year period of May 2010 to May 2015. Exhibit 2.3 demonstrates BPD services inside and outside the City boundary. The blue polygons indicate between 1 and 60 incidents in a particular cell over the 5-year period, and demonstrate that BPD has routinely served almost all areas of the Harbor Sanitary District service area and the Port commercial/ marina area. The salmon-colored polygon in the middle of the Harbor Sanitary District service area roughly corresponds to the commercial area on Highway 101 and the senior residence center. The map also indicates that the BPD provides services down to the California line, up the Chetco River including to the Loeb State Park area, and into the unincorporated areas outside the UGB.

Exhibit 2.3: Brookings Police Department (BPD) Incident Intensity Map (5-Year data span; 17,631 plotted incidents)



As a foundation for alternative development, we next describe law enforcement service demand for the Harbor Sanitary District service area. The Sanitary District service area includes the Port commercial/ marina area, although the data is structured to separate out the Port area for Alternative I. On an annual basis, the Harbor Sanitary District service area including the Port received an estimated 1,164 calls (Exhibit 2.1 above). An additional 113 officer self-initiated calls (Exhibit 2.2) resulted in a total service demand of about 1,276 incidents. CPS estimates that the BPD provided service in about 221 incidents, or about 17% of the total incident load. This is about 4.25 incidents per week. This level includes about 87 officer-initiated traffic stops per year. We caution that if any uncounted CCSO and OSP officer self-initiated incidents are added into the total, the BPD percentage would drop.

On balance, the CCSO provides the largest portion of law enforcement services outside of the City boundaries. But, the BPD provides critical mutual aid and support to the Sheriff and OSP. Because of its two-deep 24/7 staffing, the BPD is the dependable provider that can provide available units to take calls, or to provide officer backup and support at critical moments. With ten officers, BPD

also has the depth of staffing to muster large numbers of officers to major incidents. In the face of the CCSO's limited capacity, the BPD provides a critical resource to the South Curry region.

In corrections services, the Curry County Sheriff's Office also maintains a 50-bed jail. As of October 30, 2015 there were 34 inmates kept at the jail. Of these, 13 have been sentenced while 21 have not received sentences.[16] However, the facility is antiquated and staffing is at minimum capacity. The County Sheriff and law enforcement programs are heavily supported from the County General Fund. These programs will remain at minimal levels until a new dedicated revenue stream provides additional resources.

9-1-1 Services

The City of Brookings serves as the primary 9-1-1 PSAP communications dispatch center for the South Curry County region. The City's communications center dispatches to the Brookings Police Department, five fire departments, Cal-Or Ambulance, state and county.[17] Curry County provides dispatch services to the northern and central portions of the County.

For FY2014-15, the City of Brookings received $118 thousand in State 9-1-1 revenue apportionment to fund its 9-1-1 services. This is in line with funding levels for past budgets. Exhibit 2.4 provides a summary of these funding levels.

Exhibit 2.4

City of Brookings 9-1-1 Revenue – County, by Fiscal Year			
FY2011-12	**FY2012-13**	**FY2013-14**	**FY2014-15**
$120,232	$118,973	$120,000	$118,000

Public Works

Curry County provides road maintenance for 225 miles of county roads. This includes selected roads within the City of Brookings, as well as the public roads and streets in the Harbor Sanitary District service area. A partial inventory of South Curry County roads maintained by the Curry County Road Department can be found in

[16] Curry County Sheriff's Office (2015). Jail Population. *Curry County, Oregon*. Retrieved from http://justice.co.curry.or.us/jailpopulation.pdf

[17] City of Brookings (2015). Services Provided. *Police Services*. Retrieved from http://brookings.or.us/index.aspx?nid=134

Exhibit 2.6. Currently Curry County does not share costs with the City or with any of the Harbor special districts for maintenance projects. The County Road Department had 20.00 FTEs for 2015-2016. Of total budgeted resources of $6.33 million, $1.69 million or over 26%, was generated by the County's share of state (ODOT) motor fuels tax revenues. The Road Fund also still receives smaller, but substantial, revenues from national forest and O&C revenue sharing.[18]

According to the Curry County Comprehensive plan, the Harbor-Winchuck area contains 5 miles of "local" roads, 2 miles of collectors, 18.6 miles of arterial streets and 5 miles of arterial highways. This mileage totals 30.62 miles or 8.3% of the total county road mileage.[19] Exhibit 2.5 is not a comprehensive list, but it gives an idea of which County roads and streets would be affected by annexation. Depending on the annexation provisions, all of the Harbor Area county roads could remain under county jurisdiction, or a portion of the roads could be subject to transfer to the City. As an annexation example, (Alternative II below), once the Harbor Sanitary District service area was annexed into the City, the City could apply for an increased share of city-directed state gas tax shared revenues. The combination of facilities transfers and new state revenues would free up some County road funds.

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[18] Curry County. (2015, May). Curry County 2015-2016 Adopted Budget, p. 110-111.

[19] Curry County Comprehensive Plan. 12.2.1 Inventory of County Roads. Table 12.2A. Pp. 251-255. http://www.co.curry.or.us/Portals/0/Documents/public_services/Planning/Comp%20Plan2.pdf Accessed on Dec. 8, 2015.

Exhibit 2.5:

South Curry County Road Inventory[20]			
Brookings Area County Roads		**Harbor Area County Roads**	
Road Number	**Road Name**	**Road Number**	**Road Name**
703	Eggers Rd	808	S. Bank Chetco River Rd
704	Cape Ferrelo Rd	808.1	S.B. Chetco Underpass
706	Cornett Rd	815	Shopping Center Ave
709.1	Pacific Crest Dr	816	Lower Harbor Rd
712	Duley Creek Rd	872	Oceanview Dr
720	Rainbow Rock Rd	880	Pedriolli Dr
721	Coverdell Rd	890	Museum Rd
752	Parkview Dr	894	Laurence Ln
753	Dodge Ave	896	Winchuck River Rd
776	Old County Rd	897	Stateline Rd
784	N Bank Chetco River Rd		
792	Thompson Rd		
800	Gardner Ridge Rd		

Land Use Planning Context: County Master Plan

Curry County is responsible for land use planning in unincorporated areas of County jurisdiction. This includes lands in South Curry County outside the City. Curry County maintains a Comprehensive Plan detailing its compliance with Oregon's statewide planning goals. The City of Brookings also maintains a Comprehensive Plan. It is worth noting that in proposing an annexation to the voters,

[20] Curry County Road Department (2015). Vegetation Management Road Spray List. *Curry County, Oregon*. Retrieved from http://www.co.curry.or.us/Departments/Road/Vegetation

the City would have to update its Comprehensive Plan to explain how services would be provided to the annexed area, and how annexation would affect surrounding jurisdictions including the County. Similarly, the County would also need to revise its comprehensive plan to respond to any annexation.

County Revenues: Cable TV Franchise Revenues

In fiscal 2013-2014, Curry County recognized $40,000 in General Fund revenues from Cable TV franchises. The County adopted a revenue level of $50,000 for fiscal 2015-2016. An unknown portion of this revenue was generated from the residents in the unincorporated Harbor service area. Annexation would remove residents from the County franchise, and place them under the City's franchise. The County would lose an unknown level of revenues, while the City of Brookings would possibly gain additional franchise revenue.

Port of Brookings-Harbor Overview

The Port of Brookings-Harbor port district (Port) would be affected by an annexation of the Port commercial and marina area. The City and the Port would need to work jointly together on land use planning and permitting issues. A similar working relationship between the Port and the City would be required on a larger annexation of the area corresponding to the Harbor Sanitary District service area. The Port provides economic development services to the Harbor community and is one voice of elected representation and civic leadership in the Harbor community. Reviewing the Port organization and mission provides a context for the development of annexation alternatives and analysis.

The Port of Brookings-Harbor covers an area of 400 square miles. Its jurisdiction ranges from the mouth of the Chetco River to the Oregon-California border, north to the drainage of the Pistol River, and east to the Curry-Josephine County line. This aligns with the boundaries of South Curry County. The District represents a population of approximately 16,000 people, making up over 75% of the Curry County population base.

The five-member Port Commission is responsible for all Port activities as well as managing public assets. Commissioners are elected at large from the district residents, and they serve without compensation for a term of four years. There are three official positions within the Commission: Chairman, Vice Chairman, and Secretary/Treasurer. These positions are filled by election, within the Commission. The Executive Director – Ted Fitzgerald – is responsible

for the management of Port of Brookings-Harbor and reports to the Port Commission.

The Port defines its mission as "to preserve and enhance its economic activities; to facilitate, through the creation of local, state and federal partnerships, the full economic potential of the Port of Brookings Harbor and Curry County; and to develop a course of action, that over time, ensures the self-sufficiency of the Port District. The Commissioners, management and staff of the Port of Brookings Harbor recognize their primary responsibility is to optimally manage the publicly owned assets of the Port for the purpose of serving the public interest by encouraging economic growth of the Port District as well as Curry County as a whole."[21]

The Port-owned property is the center of a small but increasing number of dispatched police calls. In particular, the Port Commission in 2013 observed "a large increase in theft, vandalism, drug related crimes and other misdemeanors" in the property. Frustrated by the lack of proactive law enforcement from Curry County Sheriff's Office, the Port Commission briefly considered forming its own Port of Brookings Harbor Police Department. They also sought to "initiate discussions with the City of Brookings and Curry County for the purpose of contracting for law enforcement services for the real property that exists in the name of the Port District…". Proposals were made going so far as to consider annexation.[22] This consideration was short-lived, as the Port Board of Directors rejected a proposal to annex the property into the City in November 2014. Support for annexation also proved politically costly. For example, in the May 2015 election Roger Thompson unseated incumbent commissioner Jim Relaford by a 29.9% margin on an anti-annexation platform.[23]

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[21] Port of Brookings Harbor. (2015). Welcome to the Port of Brookings Harbor. *Port of Brookings Harbor*. Retrieved from https://www.portofbrookingsharbor.com/

[22] Port of Brookings Harbor (2013). *Resolution No. 439, A Resolution Regarding Port Security*, passed and adopted by the Port of Brookings Harbor Commission on 18 June 2013.

[23] Ramakrishnan, J. (2015, May 19). David, Thompson win positions on Brookings port commission. *Curry Coastal Pilot*. Retrieved from http://www.currypilot.com/News/Local-News/Davis-Thompson-win-positions-on-Brookings-port-commission

III. City of Brookings Current Services

Introduction

The City of Brookings (City) consists of 2,435 acres and is located in Curry County, along the southern Oregon Coast six miles north of the California border. It is bounded to the east by the Chetco River, the south by the Pacific Ocean, and the west by Harris Beach.

The urban growth boundary (UGB) for the City of Brookings extends along the coast north and south, and inland along the Chetco River. Under Oregon land use planning laws, the City should: 1) prepare long-term concept plans that guide urban development for the lands within the UGB, 2) plan for the extension of public services to those lands, and 3) consider the annexation of unincorporated lands into the City. The City also is the local government with the greatest financial and program capacity in the UGB and the South Curry community. Faced with limited capacity in the Curry County government, the City often serves as a substitute or supplemental provider of last resort. This is, and has been true when other governmental organizations reach program limits or in emergencies. Any annexation would require the City to continue to meet ongoing service needs, and to extend its capacity and financial strength to serve a larger population of citizens and businesses. This chapter assesses the City's service capacities and financial sustainability as precursors to considering annexation options.

The chapter first discusses the City's current population demographics and growth. Second, we will provide a program-by-program assessment of City services and service capacity. Third, the chapter turns to a cost and debt liability summary, which also analyzes the City's revenue sources, amount, and limitations. Finally, we will outline several key issues facing the City.

Population Profile and Forecast Growth

This section will outline the population profile and forecast growth of the City of Brookings (City). It is important to understand the present population and projected growth of population, as this is a major driver or service needs and program size. Additionally, population is the basis of state revenue sharing allocations. Annexation would increase population and therefore increase the demand for various services and programs.

The Portland State University Population Research Center (PRC) estimates that the City's population reached 6,535 in 2014.[24] The population trend for the City has been constantly increasing, but with fluctuating rates, and growing faster than total Curry County since the 1960s.[25] Earlier this year, the Population Research Center published long-term population forecasts for Brookings as well as other cities around Oregon, based on demographic and economic trends. The Brookings Urban Growth Boundary (UGB) – which includes Harbor – is forecasted to continue growing at a slow but steady pace in future decades, surpassing 14,000 by 2055 (Exhibit 3.1):[26]

Exhibit 3.1: Brookings UGB Total Population Forecast, 2015-2055

	2015	2020	2025	2030	2035	2040	2045	2050	2055
Brookings UGB	11,414	11,780	12,186	12,616	12,998	13,405	13,704	13,989	14,229

The Population Research Center at Portland State University estimates that the Brookings UGB is projected to grow by 0.7 percent yearly between the years of 2015 and 2035. Then they project the UGB growth will slow a little to 0.4 percent yearly population growth between 2035 and 2065. Overall, the Brookings area is expected to grow as a share of the total county population over the entire 50-year period. Additionally, the areas outside of established UGBs are projected to grow by 1.0 percent from 2015 to 2035, but then decline by 1.6 percent from 2035 to 2065.[27] The population growth trends for Brookings as well as other Curry County sub-areas are shown in Exhibit 3.2.

Although these yearly percentages of average annual growth rate (AAGR) seem small, they are good indicators of which communities are growing, which areas are remaining stable, and which areas are slated to see a decline. These figures can help communities plan for long-term population changes. For example, rates of population growth impact police services and staffing levels, which may need to be increased, or decreased over time to serve these population levels. The CPS analysis team concludes that over the next five years, the City of Brookings will continue to grow at a measured

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[24] Population Research Center (2015). *2014 Annual Population Report Tables*. Portland, OR: Portland State University, 11.
[25] City of Brookings (2014). *Comprehensive Plan*. Brookings, OR: City of Brookings, 24.
[26] Population Research Center (2011). *Coordinated Population Forecast, 2015-2065: Curry County Urban Growth Boundaries (UGB) & Area Outside UGBs*. Portland, OR: Portland State University, 29.
[27] Ibid, 7.

rate, and we considered these modest growth rates in our forecasts of service demand and potential extension to Harbor. We also recognize that unincorporated areas are slated to decline in the future. This, however, is for the entirety of Curry County, not solely the Brookings area, but it is the best available forecast.

Exhibit 3.2: Curry County and Sub-Areas Population and Average Annual Growth Rate

	Historical			**Forecast**				
	2000	2010	AAGR (2000 - 2010)	2015	2035	2065	AAGR (2015 - 2035)	AAGR (2035 - 2065)
Curry County	*21,137*	*22,364*	*0.6%*	*22,521*	*26,419*	*27,286*	*0.8%*	*0.1%*
Brookings	10,634	11,199	0.5%	11,414	12,998	14,850	0.7%	0.4%
Gold Beach	2,837	3,141	1.0%	3,261	4,044	5,575	1.1%	1.1%
Port Orford	1,755	1,807	0.3%	1,837	2,052	2,373	0.6%	0.5%
Outside UGBs	5,911	6,217	0.5%	6,009	7,326	4,488	1.0%	-1.6%

Governance and City Charter

The City of Brookings government operates under a council-manager form of government. There are four city councilors and a mayor, all elected at large from within the city limits. The mayor is a voting member of the council, but has no power of veto. The group appoints a city manager to handle the day-to-day business functions of the City, to oversee City departments, and to act as a liaison between the City Council and staff. City Councilors serve four-year terms, while the mayor serves a two-year term.

The City of Brookings governance and organization are structured by the city charter. The City code builds from the charter and state law to set performance requirements and procedures in each program area. Several sections of the city charter and code are especially important to annexations and intergovernmental relations.

Chapter 17.144 of the City code has established annexation procedures. These procedures are intended to comply with ORS

222.111 to 222.180 and ORS 222.840 to 222.915. The procedures require a comprehensive application of maps, forms signed by all property owners, legal survey metes and bounds, address and acreage of each parcel, natural features, proposed land uses, existing zoning and land use, urban services assessment, and comprehensive plan compliance. The code at 17.144.030 applies an evaluation procedure to the application including assessing plan compliance, adequate infrastructure, police, fire, parks and school facilities and services. The ordinance describes a hearing process to review, vet and act on annexation applications.

Section 42 of the Brookings City Charter could raise issues related to annexation options. Section 42 provides that, "[t]he right to furnish the inhabitants of said City with water shall be forever vested in the City of Brookings, and no franchise, right or privilege shall hereafter be granted to or contract made with any person or corporation by said City to furnish or supply the said City or its inhabitants with water, without the authorization of the legal voters of said City."

The intent of this Charter section is to prevent another private or public water provider from entering the City, exerting a service area, and competing with the City to provide utility service to city residents. This provision was required by financial bondholders to ensure that the City would generate sufficient, consistent revenue to repay bonds taken out to build water service infrastructure. The bonds have long since been retired, but the clause remained in the Charter. The City government asked the citizens of Brookings to repeal the clause by ballot initiative, but the measure failed, and the section remains in the Charter.

Recent interpretation of section 42 of the Charter by the City Attorney[28] indicates that in an annexation of part of the Harbor community, the City would not be granting a franchise or contract to the existing Harbor Water PUD. Without the City executing a franchise or contract, there would be no requirement for a citywide vote to allow another water provider to operate within the City boundary. Current consideration of the appeal in *Northwest Natural Gas Co. v. City of*

[28] Legal Memorandum. (2013, June 24). Martha D. Rice, City Attorney to Gary Milliman, City Manager. "Annexation of Port of Brookings under the Brookings City Charter.

Gresham (2014) to the Oregon Supreme Court could modify this interpretation of section 42[29].

City Services and Programs

The City provides a comprehensive set of urban services to its residents. These include public safety, planning and permitting, public works, and economic development. The City annual budget for FY 2014-2015 totaled $12.7 million with a staff of 56.47FTEs. This equates to 8.6 employees for each 1,000 residents. Each City program has grown through time in response to service demand and available funding. With current staffing and organization, some programs are at maximum capacity, and they would require additional resources to handle the next increment of newly annexed citizens. Other programs, however, have some capacity to support citizens from newly annexed territory. In general, the City is running with constrained capacity. This seems especially the case in the economic development; plans, permits and code enforcement; and parks and recreation programs. In these functions, single employees are performing the tasks of two or more positions.

As a basis for program cost analysis and forecasting, we followed the program breakout in the annual City budget. The breakout separates the City's General Fund from the dedicated revenue and enterprise budget funds. We summarize the program services, staffing and capacity of each of the General Fund departmental units. We then do the same for the Public Works Streets, Water, Wastewater, which rely on dedicated budget funds.

Judicial

The Judicial program provides a half-time clerk to support the Brookings Municipal Court. The Court adjudicates traffic and City ordinance violations. The Court currently handles the citation load from the City. Increased policing in an annexed area may result in a higher level of officer-initiated stops and citations.

Legislative/ Administrative

The City Manager and the City Recorder are the two positions tasked to support the Legislative and Administrative function. The City Manager provides internal and external executive leadership to the

[29] *Northwest Natural Gas Co. v. City of Gresham*, 264 Or App 34 (2014). Accessed November 12, 2015 from www.publications.ojd.state.or.us/docs/A150990.pdf

City. The position does this through hiring and management of department heads, control of the budget preparation, and liaison and policy adviser to the Mayor and City Council. The City Recorder serves as the City's election officer and performs a broad range of administrative duties and recorder functions. In particular, the City Recorder:

- Handles all public records requests;
- Administers the City's website;
- Manages the City's public access television channel;
- Responds to public inquiries regarding City information, regulations, and procedures;
- Manages updates to the Brookings Municipal Code;
- Prepares and distributes City Council agendas and minutes;
- Prepares and distributes press releases;
- Handles the City's election filings;
- Serves as the main point of public contact for the City Manager and City Council in City Hall.

Economic Development

Currently, the City Manager serves as the Economic Development program manager. With any substantial annexation, the City Manager would need to transfer these duties to a separate new Economic Development manager position.

Brookings Urban Renewal Agency (BURA)

The City Manager also serves as Executive Director of the Brookings Urban Renewal Agency (BURA). The BURA governing board is comprised of the five-member City Council. The objective of the BURA, as stated in its Renewal Plan, is to eliminate blighting influences and implement the goals and objectives of the City's Comprehensive Plan. These goals include: promote private development; rehabilitate building stock; improve existing streets and construct missing street links; improve and repair utilities; construct public parking; maintain and construct public facilities; provide for new housing in mixed-income neighborhoods; fund a program for public art; improve signage for public and commercial facilities; utilize urban renewal funds for

economic development; and implement the Downtown Brookings Master Plan.[30]

As provided by ORS 457.420(2)(b), the total of all urban renewal plan areas in a municipality with a population of less than 50,000 cannot exceed 25 percent of the land area and 25 percent of the assessed value. The Brookings Renewal Area contains approximately 354 acres of land area.[31] This represents approximately 14.54 percent of the City of Brookings' current land area. Without annexation, the Renewal Area could expand by another 254.75 acres and still fall within the 25 percent requirement.

The Urban Renewal Agency took out a 12 year, $3.4 million tax increment revenue bond in 2008 at 4.66% interest. This bond provided the BURA with funds to conduct urban renewal projects. The City and the BURA refinanced this debt to a 7-year loan at 2.58% in fiscal year 2013-2014. The annual payment on this loan is $363,080.

Annexation could provide an opportunity to extend the City's urban renewal district and to enlarge the urban renewal financing base. However, schools, community colleges, fire protection, county government, and other special districts that collect property taxes and or issue debt paid through property taxes would be affected by extension of the urban renewal district. Tax increment financing diverts a portion of the property tax revenues of all districts imposing taxes within the urban renewal area.

Police Services

The Brookings Police Department (BPD) is a full-service law enforcement organization providing patrol, investigations, evidence and records support services, contributions to county special teams, and dispatch services. The BPD provides 24/7 patrol services and is the only agency in Curry County doing so. The department has a staff of 14 sworn officers, including 10 patrol officers, two sergeants, one lieutenant, and a chief. The department draws on police reserves when necessary. The BPD chief also serves as the Public Safety Director for the City of Brookings. In this capacity, he provides senior executive leadership for both the Brookings Police and Fire Departments. The department serves as the South Coast 9-1-1

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[30] Brookings Urban Renewal Agency (2010). *Urban Renewal Plan*. Brookings, OR: City of Brookings, 2-5.
[31] Brookings Urban Renewal Agency (2002). *Report on the Urban Renewal Plan*. Brookings, OR: City of Brookings, 3.

dispatch center, with responsibility for dispatching the BPD, five fire departments, and the Cal-Or ambulance service. The BPD dispatch also transfers dispatch calls for the Curry County Sheriff Office (CCSO) and the Oregon State Police (OSP).

Appendix B below in this report provides a comprehensive analysis of the law enforcement demand and service situation in the South Curry Community. Appendix C provides a detailed summary of the data management and analysis methods CPS used to complete the analysis. The analysis drew on 9-1-1 call for service data from the Brookings dispatch for a 5-year period from May 2010 to May 2015.

Reproduced from chapter II above, Exhibit 3.3 demonstrates that most of the BPD's service locations are within the City of Brookings. Areas with high intensities of calls include the downtown commercial area, the Highway 101 corridor near the downtown, and the Harris Beach and Azalea State Parks. Brookings City hall receives an extreme level of intensity because of the dispatchers' self-assignment of calls and officer activity into and out of the City hall base station.

Exhibit 3.3 also demonstrates BPD services outside the City boundary. The blue polygons indicate between 1 and 60 calls in that cell over the 5-year period, and demonstrate that BPD has routinely, but lightly, served broad areas of the Harbor Sanitary District service area and the Port commercial/ marina area. The salmon polygon in the middle of the Harbor Sanitary District service area roughly corresponds to the commercial area on Highway 101 and the senior residence center. The map also indicates that the BPD provides services down to the California line, up the Chetco River including to the Loeb State Park area, to the community college, and into the unincorporated areas outside the UGB.

Exhibit 3.3: Brookings Police Department Incident Intensity Map

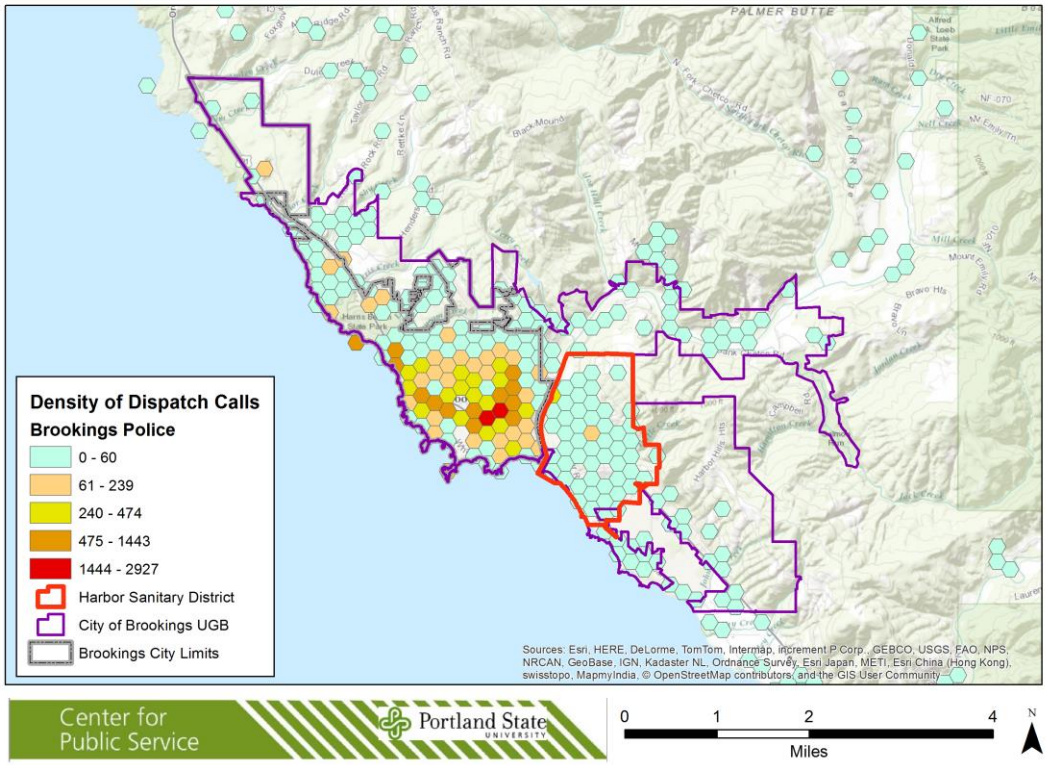


Exhibit 3.4 below summarizes the annual dispatched call load handled by the BPD, the Curry County Sheriff's Office (CCSO), and the Oregon State Police (OSP). This is the same table used in Exhibit 2.1 in the preceding chapter. Based on the call data, the City of Brookings experienced about 5,598 calls for service annually. The BPD responded to 67% (3,772) of these calls to service locations in the City. The 9-1-1 dispatchers assigned 31% of the calls to themselves as efficient means to handle non-specific complaints, general warnings, and administrative calls. In addition, the BPD officers generated about 4,462 self-initiated calls annually, for a total incident load of 8,234. This translates to about 22 calls and self-initiated incidents per day.

Importantly, the CCSO and the OSP handled relatively few calls within the City boundaries. The BPD **is** the primary law enforcement provider for the City. The CCSO may provide occasional mutual aid service into the City, or respond to particular incidents, but the Sheriff does not provide extensive law enforcement services within the City boundaries.

Exhibit 3.4 South Curry County Law Enforcement Services

South Curry County Law Enforcement Service
Responders for Dispatched Police Calls* (Primary Geocode, Secondary Location City) Annualized Data

	Brookings	Harbor Sanitary District	Port Area	UGB Not Other Areas**	Not in Area	No Location Information	Total
Brookings Police Department	3,772	104	5	45	65	11	4,002
Curry County Sheriff***	22	1,029	24	141	160	-	1,376
Oregon State Police	3	1	-	-	0	-	5
Dispatch - Only/Unknown Response	1,757	-	-	-	218	6	1,981
Sex Offender Registry	44	0	-	0	0	-	45
Total	**5,598**	**1,135**	**29**	**186**	**444**	**17**	**7,408**

Curry County Sheriff - Analysis* **	**Brookings**	**Harbor Sanitary District**	**Port Area**	**UGB Not Other Areas**	**Not in Area**	**No Location Information**	**Total**
Curry County Sheriff Calls in system	14	12	0	2	4	-	32
Likely Curry County Sheriff Calls	-	378	16	110	-	-	505
Adjustment For non-911 Calls	8	639	8	29	156	-	840
Total Curry County Sheriff Calls	22	1,029	24	141	160	-	1,376

* Dispatched Calls were those that were not listed as originating as officer initiated or traffic stop. Calls were considered Law Enforcement if they were desigated as the agency OSP, Police or Sheriff based on the ID or if they were a Dispatch Id, if the Offense Category was Alarm, False Alarm, Crime, Mutual Aid, Nuisance, Service, Traffic, Welfare/Crime Check

** UGB stands for Urban Growth Boundary outside of the City, Harbor Sanitary District, and Port.

*** Originally there were only 159 Calls in the Brookings dispatch system that were identified as Curry County Sheriff. However, Brookings staff believe this seriously understates the actual experience. There were two major adjustments necessary to get a more realistic picture of actual call volumeFirst, if the call came into the Brookings Dispatch and had a Dispatch ID, but was not in Brookings and was Geocoded as Harbor Sanitary District, Port Area, or UGB No Other Areas, it was considered Likely a Curry County Sheriff Call. The second adjustment was that if calls came in by means other than 911 those calls would not enter the Brookings Dispatch system. Therefore, assuming the ratio of Non-911 to 911 calls is the same as the Brookings Police Department, the analysis uses a ratio of non-911 calls to 911 calls is 70.7% Non-911/29.3% 911 calls to adjust Curry County Sheriff calls

Note about location information: this analysis uses both the primary Geocode analysis completed by PSU personnel as well as the data field Loc_City from the dispatch data provide by Brookings in those calls when PSU personnel were unable to indentify a valid geocode location.

The daily and monthly flow of incidents, both calls and officer self-initiated are detailed in the demand analysis results in Appendix B. In brief, the BPD faces varying seasonal call intensity with a higher intensity season from April 15 to October 15, and a lower intensity season for the remaining six month of the fall, winter and early spring. This reflects the visitor influx during the summer vacation and travel season. Visitor influx may be substantial. For example, the BPD must police the very large campground at the Harris Beach State Park with

hundreds of visitors. Over the five-year data period, BPD responded to Harris Beach over 475 times (map in Exhibit 3.3).

Additionally, all schools in the South Curry region are located in the City of Brookings. This includes the high school, middle school and elementary schools. School buses transport students throughout the school year from their homes outside of Brookings to the schools in the City, and then back. Thus, the daily and seasonal service population served by BPD can easily exceed the official population of 6,535.

The City has recently increased patrol officer staffing to ensure two-deep officer coverage at all times. This allows for officer backup and greater officer and citizen safety during incidents. The fortified BPD staff includes the 10 patrol officers. The Brookings City Council increased the number of officers in response to the diminished capacity of the Sheriff's Department to provide mutual aid; the goal is to provide minimum staffing of two police officers on duty at all times. The strong staffing level provides policing capacity that can help support annexation options.

The BPD prides itself on consistent single-digit response times (less than 10 minutes) throughout its City service area. The City experienced 1,179 overlapping calls over the five-year period, which computes to about 20 calls per month. An overlapping call occurs when a second call comes in and is dispatched before a prior first call is cleared and completed. Servicing both calls in a timely manner requires two available units in the field. The overlapping call rate is a measure of shift response capacity and depth. The BPD has at least two officers on duty at all time, which should provide sufficient resources to meet simultaneous calls.

In addition to directed (9-1-1 dispatched and other directed) calls, patrol officers and Sheriff deputies initiate responses when situations are observed in the field on patrol, or when officers take initiative to investigate a situation or to make a citizen contact. Officer-initiated incidents make up a major portion of all incidents. On an annual basis, BPD initiated about 4,462 contacts. This is about 12 contacts per day or 86 per week. Self-initiated traffic stops totaled 2,936 annually, or 56 per week. Exhibit 3.5 details the officer self-initiated load; this table is a reproduction of Exhibit 2.2 above.

Exhibit 3.5 South Curry Region Officer Initiated Calls by Provider (annual totals)

Non Dispatch/Non Sex Offender - Who Responds - Geocode Available - Officer Initiated or Blank Origin - Annualized Data

Alternative and Offense Category	Brookings Police Department (BPD)	Curry County Sheriff (CCSO)	Oregon State Police (OSP)	Unknown	Grand Total
Brookings	**4,462**	**3**	**1**	**1**	**4,467**
	1				1
Alarm/False Alarm	5				5
Ambulance	2				2
Crime	260				260
Fire	1				1
Incomplete Call/No Info	476				477
Mutual Aid	48				48
Nuisance	80				80
Service	277	1			278
Traffic	2,936	2	1		2,939
Welfare/Crime Check	375				375
Harbor Sani	**112**	**1**			**113**
Crime	5				5
Incomplete Call/No Info	6				6
Mutual Aid	7				7
Nuisance					
Service	5				6
Traffic	87				87
Welfare/Crime Check	1				1
Not in Area	**13**				**14**
Crime	1				1
Incomplete Call/No Info					
Mutual Aid	7				7
Service	1				1
Traffic	3				3
Welfare/Crime Check					1
Port					
Mutual Aid					
UGB Only	**22**				**22**
Crime	2				2
Incomplete Call/No Info	1				1
Mutual Aid	1				1
Nuisance					
Service	2				2
Traffic	9				9
Welfare/Crime Check	6				6
Grand Total	**4,609**	**4**	**2**	**1**	**4,616**

Exhibits 3.6 and 3.7 display the types of calls and incidents to which the BPD responds. Exhibit 3.6 describes directed calls, which includes dispatched calls and command directed calls. Forty-one percent of these calls related to some type of crime. Exhibit 3.7 describes the types of self-initiated contacts made by BPD officers, especially traffic stops (67%).

Exhibit 3.6

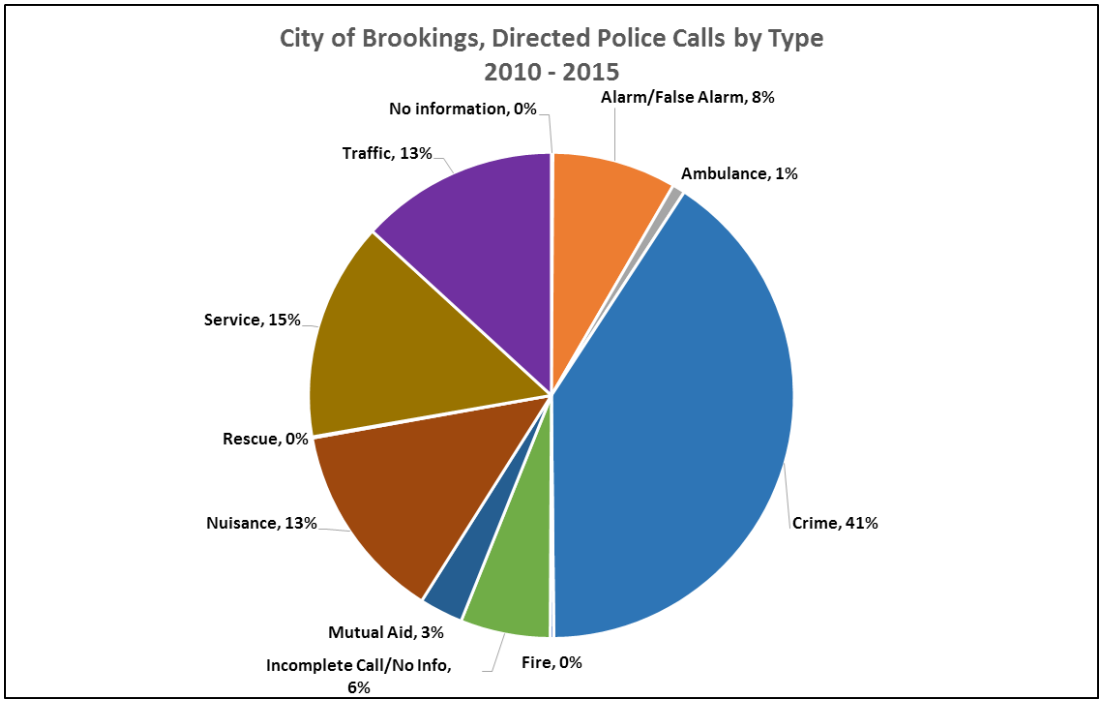
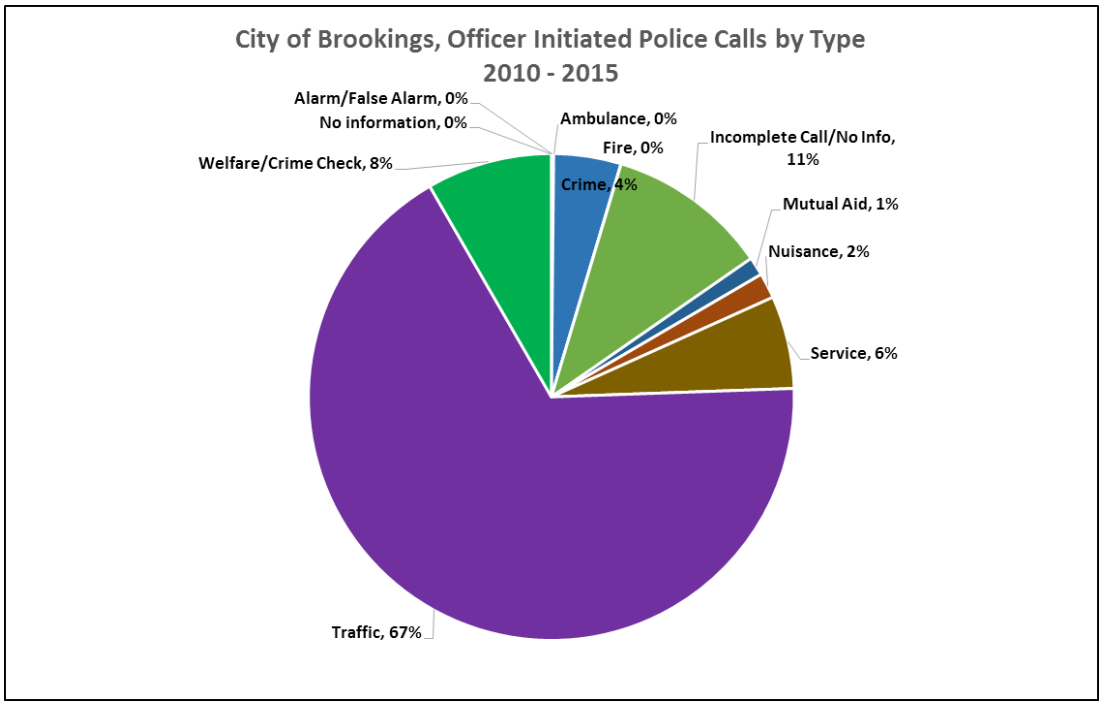


Exhibit 3.7



For the calls outside the City boundary, the BPD provides backup and contingent call response under mutual aid agreements and professional courtesy with the Sheriff and OSP. Criminal events in the surrounding community may spill over or have implications for safety and security inside the City limits, which provides a reason for BPD attention outside the City boundaries.

The BPD provides the dependable law enforcement capacity in the South Curry County region. It is the only law enforcement agency providing 24/7 service in the region, and the BPD provides critical backup and mutual aid support to the CCSO deputies and to the OSP officers. Because of its 10 officers, the BPD has the depth of staff to provide several officers to major incidents. Outside of the City boundaries, BPD handled about 366 incidents annually, which is about a call a day, or 7 per week. From the data, CPS identified a total of about 1,794 dispatched calls, and an additional 149 self-initiated incidents annually. BPD was responsible for handling just under 19 percent of this total amount (about 366 incidents). We note that another 218 were dispatcher calls from the "Not in Area" column where the dispatcher self-assigned the call rather than assign an officer in the field.

As a relative portion of the BPD's annual dispatched call load of about 4,000 calls, about 219 or 5.5% were outside the City boundaries; the vast majority, 94%, was to locations within City boundaries.

There is a reciprocity intention in public safety mutual aid agreements; however, with its much larger capacity the BPD tends on balance to fall into a donor position relative to the CCSO and OSP. The City is left trying to balance its security interests and interagency support outside the City boundaries with the ability to recover costs for services delivered outside the City. The inability of the Curry County Sheriff and the Curry County Commission to gain voter approval of a local option property tax levy limits the Sheriff's capacity in the South Coast region, which sustains and exacerbates the imbalance. Annexation would provide a means to begin City cost recovery for what are currently external costs.

9-1-1 Dispatch Services

The City of Brookings serves as the Southern Curry County 9-1-1 PSAP emergency communication and dispatching center for state, county, and local law enforcement, five fire departments, and Cal-Or Ambulance. The system copies calls from the Curry County Sheriff and Oregon State Police as requested for backup and officer safety. The 9-1-1 center is already handling the call load for the entire South Curry County area. This level would not change substantially under an annexation. The 9-1-1 center employs 7 communications officers, and is funded from State and City revenues dedicated to support the service (9-1-1 budget fund; see Exhibit 2.5 above).

Fire & Rescue Services

The Brookings Fire Department (BFD) provides fire protection, rescue and prevention services to the City residents. BFD also provides protection and rescue services under contract to the Brookings Rural Fire Protection District and the Upper Chetco Fire District. Emergency medical services (EMS) are provided by the Cal-Or Life Flight, and the BFD does not routinely respond to EMS calls. The BFD uses a hybrid professional led-volunteer staffing arrangement, with a paid professional operations chief and captain. The Department is organized under the City's Public Safety Director, who also serves as the Chief of the BPD. The dependency on volunteer firefighters has worked effectively to date. The BFD has attained an industry ISO 3 rating. The rating reflects both a sufficient hydrant and water supply system; sufficient equipment and apparatus; and sufficient staffing and training. The ISO 3 rating is typical of many medium and smaller cities in Oregon. The BFD maintains mutual aid agreements with the other fire protection districts in the South Coast Region. The adjacent Harbor Rural Fire Protection District also has received an ISO 3 rating. This indicates that the level and quality of service between the City and Harbor is very similar.

As a service demand picture, over the 5-Year data period, fire and rescue services responded to a total 747 calls. By location, 57% of the calls (425) were in the City of Brookings; 29% (218) calls were in the Harbor Sanitary service area; 1.6% (12) calls were in the Port commercial area; and 12% (92) calls were in the other unincorporated UGB areas. There is a daily pattern of call intensity. Early mornings up until 8am are relatively quiet. Intensity rises with the most calls from noon to 8pm, at which point intensity tapers downward. Consult Appendix B details the pattern of daily call intensity.

The current BFD hybrid professional led-volunteer staffing model has effectively met the City's current needs. If the Harbor Rural Fire Protection District maintained its capacity under annexation, the City could continue to use its current staffing arrangements. However, if the City were to take over and replace the Harbor Fire district, the City would need strongly to consider establishing a day shift crew of at least four professional firefighters.

Planning and Building Services

The Planning Services division is responsible for reviewing and evaluating land use applications, for providing staff support to the City's Planning Commission, and for ensuring compliance with the City's Land Development Code. The Building Services division is

responsible for providing plan review and inspection services for all building and mechanical permits inside City limits. A planning manager position (0.90FTE) handles the duties related to the planning program. A building official position (0.75FTE), currently double staffed by the Public Works Director, responds to building inspection requests. While this latter position and arrangement may suffice for the current city population and development demand, any annexation would require additional staffing for the building official position.

Parks & Recreation; Swimming Pool

The City of Brookings Parks and Recreation Division is responsible for:

- Maintaining and operating the City's parks and open spaces, municipal swimming pool, and other recreational facilities;
- Managing park improvement projects;
- Organizing and coordinating of park-related volunteer efforts;
- Park reservations and scheduling.

The Parks and Recreation division is staffed with a half-time division manager (0.50 FTE); and two and one-third maintenance workers (2.35FTE), 1.0FTE of which is seasonal. The division manager currently also serves as the nuisance code enforcement officer. Any expansion of the division will require an increase in the manager's hours to the expense of code enforcement.

The City of Brookings owned and maintained 54.2 acres of parkland as of June 2010.[32] Using the 2010 Census count of 6,336 for Brookings as a baseline, the City owned approximately 8.6 acres of parkland per 1,000 persons. This is only slightly behind the standard of 10 acres parkland per 1,000 persons established by the National Recreation and Parks Association (NRPA) and adopted in the City's Parks Master Plan (PMP).[33]

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[32] Resource Assistance for Rural Environments (RARE) (2011). *Brookings Parks Master Plan: 2011 Update*. Eugene, OR: University of Oregon, 28.
[33] RARE, 68.

The U.S. Census Bureau estimated a 2014 population of 6,407 for Brookings.[34] This suggests an average growth rate of 0.3 percent from 2010 to 2014. Assuming this trend continued through 2015 would produce a population of 6,426. This would only slightly reduce the City to owning approximately 8.4 acres of parkland per 1,000 persons. To meet the standard of 10 acres per 1,000 persons, the City will need to acquire 10.1 acres of new parkland. The estimated cost for meeting this requirement ranges from $503,000 to $1,500,000 million. This calculation was reached on an average price of land per acre ranging from $50,000 for low quality land to $150,000 for high quality land.[35] Any annexation that would provide a major influx of new citizens would raise the need to acquire new parkland and to increase the division staff to operate it.

The City operates a swimming pool seasonally in the summer. The pool employs many part-time employees to fill out a total staff of 4.5FTEs. The pool is reaching capacity and the City may be moving to build a second facility. The pool facility sets an admission fee. In-city residents are charged as a lower base fee, while out-of-City users are charged at a higher rate. The allocation between in-City and out-of-City users is unclear.

Finance & Human Resources

The City Finance and Human Resources Department is responsible for handling the following functions:

- Utility (water/sewer/storm water) billing and collection;
- Assessment billing and collection;
- Business licensing;
- Taxi licensing;
- Financial functions including accounting, budgeting, auditing, purchasing, banking, and human resource/personnel services.

The department also manages the City's franchise, computer service, and janitorial service contracts and serves as the City's business reception center. Discussions with the department leadership indicate that staffing is currently adequate, but any annexation that

[34] American Fact Finder.
[35] RARE, 69.

required increased recruitment and staffing would require one additional position combining human resources and finance skills.

Public Works Division

The Public Works Division is responsible for maintaining the City water distribution system, wastewater treatment plant, streets, storm drains, public parks, and the municipal swimming pool. Services provided under this division include permits & inspections, streets & utilities, and water & wastewater treatment. City utilities are well managed although budget shortfalls have resulted in staff layoffs in public works, and deferred maintenance in the utilities. These are issues which need to be resolved. The city recently approved a local gas tax that will provide funding for road maintenance and reconstruction. There are very few wells or septic tanks, and utility rates are competitive with other providers in the area.

Because of their dedicated funding sources or enterprise purposes, each public works program claims a portion of position time (FTE) from the City Manager, City Recorder, Director of Finance & HR, and Public Works director. Administrative staff support is also shared between the public works programs and the Parks and Recreation division. At the staff level, a single crew of maintenance workers and supervisor's multi-tasks on the related tasks of maintenance for streets, water distribution, and wastewater collection. A separate crew staffs the water treatment and wastewater treatment facilities.

Streets and Roads

The Streets program provides maintenance and repair activities for all City streets and roads, storm drains and traffic control fixtures. Primary duties include the maintenance and repair of roadway surfaces and traffic control devices, street sweeping, and the maintenance and cleaning of storm drains. As of June 30, 2014, the City had invested $14.46 million in infrastructure for governmental activities, which includes the City's roads and streets. The City depreciated this value by 2.6% over the 2013-2014 year. In total, 37% of the value of the City's governmental infrastructure, including roads and streets, has been fully depreciated over its financial service life. The City lists the depreciation service life for infrastructure at 25 to 40 years. The City spent just under $500,000 in new construction and reconstruction of

infrastructure in 2013-2014. This investment will work to slow the annual depreciation of infrastructure.[36]

Intergovernmental shared revenues from the Oregon State Department of Transportation provide a major source of revenue for the Street Fund. These revenues include a population-based share of the motor fuels tax and licensing fees. Additional funds for the reconstruction of streets and roads are generated by the City through a $0.04 per gallon motor fuels tax. We detail these revenues in the chapter section on Expenditures and Revenues below.

Curry County government, through its County Road fund is responsible for most of the roads in the unincorporated areas outside the City and in the Harbor service area. This responsibility includes roadways and local streets (Exhibit 2.6). The City does not have any cost sharing agreements with the County for maintenance projects. Oregon Department of Transportation (ODOT) maintains U.S. federal highway 101.

Water System

The City of Brookings water system serves about 7,467 users through 3,300 metered connections. The City system provides water to all its residents and business, and to some areas outside the city boundary. The City staff provides customer billing and support services. If the City were to undertake a major annexation that expanded the water system, the customer support staff would need to increase also.

Current City water usage is about 1 million gallons per day (MGD), with a peak load of 2.1 MGD[37]. Unaccounted for water loss is approximately 10%. Current available water storage is 3.67 million gallons or 1.78 times daily demand. The City's water distribution system consists of about 26.5 miles of piping ranging from 2 to 16 inch diameters. There are fire flow constraints in the vicinity of the airport in north Brookings due to pump capacity limitations. The city is currently planning a project to extend water and sewer service to the airport.

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[36] City of Brookings. (2014, November 21). Annual Financial Report for the Year Ending June 30, 2104. City of Brookings, Oregon. Boldt Carlisle & Smith CPAs, Salem, Oregon, p. 21.

[37] City of Brookings. 2011, January 24. "Public Facilities Plan for the City of Brookings and the Urban Growth Area." Adopted by Ordinance 11-O-678.

The City obtains 100% of its water supply from a Ranney type collector facility about 4 miles up the Chetco River from the Highway 101 Bridge. This location is upstream far enough to avoid the low water sedimentation and brackish water intake issues that have plagued the Harbor Water PUD. Currently, there are no interconnects with surrounding water providers. The City operates a water treatment plant with a 2.6 MGD capacity. The Oregon Department of Human Services allows the City to operate the treatment plant for disinfection only. The City is considering steps to enhance their water storage capacity and pressure, and to improve the redundancy and resilience of the system to earthquakes and other major disasters. The City Water Master Plan in 2014 identified over $6 million in needed distribution pipe upgrades and replacements. [38]

Wastewater Collection and Treatment

The City provides wastewater services to all city residents and businesses. The City wastewater treatment plant discharges its treated effluent into the ocean. The City has an intergovernmental agreement with Harbor Sanitary District (District) to provide treatment to that District's residents. While there is adequate capacity at the treatment plant, there is a very significant problem with infiltration and inflow of surface/groundwater into the City's aging sewer lines. Infiltration and inflow increases flow at the treatment plant resulting in increased treatment costs. The City has a program underway to reduce the infiltration and inflow. Recent evaluations by the City staff reiterated findings of substantial decay in the wastewater pipe system.[39] Any further delay in replacing portions of the system could result in major pipe breaks and emergency repair situations. The decay in the City's water and wastewater system presents a major operational uncertainty, potential increased future costs, and a financial liability to the City.

As of June 30, 2014, the City had invested a total of $36.47 million in infrastructure, buildings and improvements, and equipment and vehicles for the water and wastewater programs. The City recognized annual depreciation of this investment for the year at 3.56%. About 26% of this depreciation was allocated to the water system and the remaining 74% was allocated to the wastewater

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[38] City of Brookings. (2014, April). Water Master Plan Update (Final). Pace Engineering Services Group. Chapters 6 and &.

[39] Stebbins, Jane. (2016, January 6). "Brookings studies ways to fix failing sewer pipes." *Curry Coastal Pilot.* Retrieved from http://www.currypilot.com on January 15, 2016.

system. The City applies a 25 year depreciation service life for its water and wastewater systems. To slow the depreciation of the two systems and to extend their service lifespans, the City spent about $550,000 in 2013-2014 on new construction and reconstruction projects. We detail the utility reconstruction budget funds below in Exhibit 3.10.[40] The City faces the challenge of balancing limited wastewater revenues and financial resources in maintaining and reconstructing the wastewater treatment plant, maintaining and operating the wastewater system, and expanding the reconstruction and replacement of the aging pipe system.

Personnel Summary by Program

Full time equivalents (FTEs) provide a numerical measure to quantify the City of Brookings organization. A full time equivalent of 1.0 FTE equals the service hours of a position for one fiscal year of service. The service hours in on year are often determined by negotiations between the government and its labor union chapter. One-half FTE equals half the service hours of a full service year. One-half FTE (0.5) could be taken as one position working full-time for 6 months, or one position working half-time hours for the full 12-month period. An FTE is different than a position. The work hours of a position may be allocated to one or several different programs. For example, the lead utility worker holds one position, but his hours are allocated to 10% or 0.10FTE to the Street program, 24.5% of 0.245 FTE to the Water Distribution program, and 0.655% or .655 FTE to the Wastewater Collector program. Exhibit 3.5 displays the FTEs by City General Fund departmental units, and then the FTEs by dedicated fund and enterprise fund programs. In total, the City employed 56.47 FTEs for the 2015-2016 budget year.

[40] Ibid 13, pp. 22 & 15.

Program Expenditures Costs

Review of the City's annual budget provides detailed estimates of the revenues and resources needed to run the City in total and by individual program. We have used the fiscal year 2014-2015 Adopted Budget as the base year for costs and revenues. Because they more accurately reflect the City's current staffing, we have adopted the 2015-2016 staffing assignments and FTEs for this analysis. The City's General Fund provides revenues and expenditures for several governmental programs. We recognize each of these programs as "departmental units" of the larger General Fund. The City budget also lists several dedicated revenue and enterprise budget funds for the water service, wastewater service, roads and street program, tourism program, and 9-1-1 program. There are also several funds to cover infrastructure repair, replacement and reconstruction.

The levels in the City's adopted budget provide a baseline for several purposes. The adopted budget levels provide the base costs from which to extrapolate or estimate program costs under annexation scenarios. Reflecting a larger service area, costs and staffing proportionally increase from the base levels detailed below. The adopted budget costs listed below also provide a baseline for analysis and comparison of annexation program costs. Exhibit 3.8 below outlines the 2014-2015 costs per program from the City budget and the 2015-2016 FTEs.

Exhibit 3.8

City of Brookings Current Organization Costs and FTEs		
	Adopted 2014-2015 Budget	**2015-2016 FTEs**
General Fund Departmental Unit		
Judicial (GF)	$46,934	0.5
Legislative/Admin (GF)	$244,114	1.39
Police (GF)	$2,080,925	20.65
Fire (GF)	$304,770	1.82
Planning and Building (GF)	$230,877	2.53
Parks and Recreation (GF)	$206,249	2.11
Finance/HR (GF)	$194,259	1.33
Pool (GF)	$113,207	4.5
Non-Departmental	$1,001,565	
Total General Fund	*$4,422,900*	*34.83*
Dedicated Budget Funds		
Streets (Street Fund)	$1,043,800	2.11
Water Distribution	$661,626	4.53
Water Treatment	$1,516,874	3.05
Wastewater Collection	$751,247	6.43
Wastewater Treatment	$3,358,966	5.36
9-1-1 Fund	$292,300	0.00
Tourism (GF)	$44,000	0.16
Total Dedicated Programs	*7,668,813*	*21.64*
City Totals	*$12,091,713*	*56.47*

Revenue Sources, Amounts, and Limitations

The City's fiscal year 2014-2015 Adopted Budget details the revenues expected and available to fund programs and operations during the year. As with the expenditure levels in the previous section, these revenues provide a base for extrapolating expanded revenues under annexation scenarios. The 2014-2015 budget level also provides a comparison baseline to evaluate annexation scenarios. An array of taxes, charges and fees, fines and licenses, and intergovernmental shared revenues make up the recurring revenues collected by the City. State shared revenues provide a critical supplement to taxes and fees collected by the City. The combined revenues supporting the City's General Fund are listed in Exhibit 3.9 below.

Exhibit 3.9

City of Brookings General Fund Revenues 2014 -2015	
General Fund Resources	***2014 - 2015 Adopted Revenue***
NET WORKING CAPITAL	$1,030,000
PROPERTY TAX - PRIOR	$85,000
FRANCHISE TAXES	$92,000
TRANSIENT ROOM TAXES	$111,000
TRANSIENT TAX - DELINQUENT	$0
BUSINESS LICENSES	$41,000
BUILDING PERMITS & FEES	$50,000
SDC ADMINISTRATIVE FEES	$5,000
STATE LIQUOR TAX	$89,000
STATE CIGARETTE TAX	$8,200
STATE REVENUE SHARING	$55,000
GRANT REVENUE	$0
POLICE GRANT	$15,000
STATE LCDC GRANT REVENUE	$5,400
URBAN RENEWAL MANAGEMENT	$50,000

CONTRACT SERVICES BILLED	$20,000
FIRE PROTECTION CONTRACTS	$60,000
DISPATCH SERVICES	$12,000
PLANNING SERVICES	$20,000
LIEN SEARCH FEES	$6,000
SWIMMING POOL REVENUE	$37,000
ABATEMENT REVENUE	$0
LEASE REVENUE	$0
PROCEEDS FROM LOAN	$0
INTEREST INCOME	$6,000
FINES	$13,000
MUNICIPAL COURT FINES	$100,000
IMPOUND FEES	$1,000
DONATIONS	$0
HANDGUN REIMBURSEMENTS	$10,000
DONATIONS-PARK PROJECTS	$0
DONATIONS - STOUT PARK	$0
OTHER REVENUE	$25,000
PROPERTY/EVIDENCE	$0
CAPELLA REVENUE	$3,500
SUBTOTAL	$1,950,100
Fund Transfers Into GF	
TRANSFER IN-WATER FUND	$57,132
TRANSFER IN-WASTEWATER FUND	$42,951
TRANSFER IN-9-1-1 FUND	$100,000
TRANSFER IN-DEBT SERVICE FUNDS	$0
TRANSFER IN - TECHNOLOGY FUND	$34,000
TRANSFER IN - SPECIAL POLICE	$0

TRANSFER IN - TOURISM	$2,688
TRANSFER IN-STREET FUND	$20,287
TOTAL TRANSFERS IN	$257,058
TOTAL RESOURCES EXCEPT TAXES	$2,207,158
PROPERTY TAX - CURRENT	$2,215,742
TOTAL RESOURCES	**$4,422,900**

Intergovernmental shared revenues from the State of Oregon provide an extremely important source of annual revenues to the City. These revenues include shared cigarette tax, liquor taxes, liquor shared revenues, and most recently, marijuana tax shared revenues. By statute, the shared revenues are allocated by percentage to counties and cities, and to other specified purposes. A prescribed percentage of each of the cigarette, liquor and marijuana revenues is directed to participating incorporated cities to be allocated by population. Cities with a larger population are proportionally granted larger shares of revenue. For FY 2014-2015, the City received over $152,000. If the City were to annex areas with resident population, its share of shared revenues would increase. The City classifies state shared revenues, except for the motor fuels distribution, as General Fund receipts, which allows them to be used for any authorized purpose. The new distributions to cities of marijuana tax account revenues by the Oregon Liquor Control Commission (OLCC) must be used to support law enforcement. We would expect the City to record OLCC marijuana revenues in a separate budget fund, however these funds would supplement or replace some of the General Funds currently used to fund law enforcement.

The remaining budget funds in the Brookings Adopted Budget are dedicated revenue funds. These funds receive revenues with restricted uses, thus the term dedicated funds. These revenues may only be used for a specified purpose, and the separate budget fund provides transparency to ensure their valid use. Exhibit 3.10 lists the major dedicated funds in the City's budget. Most of these funds are tied to the City's utility enterprises. These utility funds receive water and wastewater fees from customer monthly water bills.

Exhibit 3.10

City of Brookings Capital Infrastructure Dedicated Budget Funds	
Revenue Fund	**FY 2014-15 Adopted Forecast Revenues**
State Shared Highway Revenues ODOT (motor fuels tax and license fees)	$366,000
Utility User Fees: Water	$1,434,000
Utility Connection Fees: Water	$5,500
Systems Dev Charges Services: Waste Water	$279,000
Systems Dev Charges Debt: Waste Water	$150,000
Systems Dev Charges Loan Debt: Waste Water	$66,000

The State shared Highway Revenues reflect sharing from the State per gallon motor fuels tax. Like the other shared revenues, the shared highway revenues are divided by percentage to counties, cities and transit districts. The total amount dedicated to cities is further apportioned by population. However, governments receiving these funds may only use them on road and street repair, construction and reconstruction. They may also be used for bicycle lanes and paths. The return of these funds to the City is substantial, $366,000 in 2014-2015. Any annexation that increased the City population would increase these funds at the expense of other cities in the state.

The next class of revenues is tied to the repair and reconstruction of the City's road and utility capital infrastructure. The City's water and wastewater collection and treatment systems consist of miles of pipes, numerous pumps and other infrastructure. Systems development charges on new development and construction within the City provide the revenues to help construct new infrastructure and wastewater facilities. As we described in the Public Works Water and Wastewater sections above, these utility systems wear out and degrade over time, and are "depreciated" in financial reports to describe their use and decay over a service lifespan. The City sets aside funds on a continuing basis to repair and reconstruct as much of these systems as possible to extend their useful service lives (Exhibit 3.11). A recent reassessment of the water and wastewater pipe system revealed extensive and further degradation beyond previous assessments. This points to an additional financial burden on the City's capital replacement funds. The uncertainty in the level of degradation

or the cost of major replacement and repairs opens a financial liability for the City.

Exhibit 3.11

City of Brookings Infrastructure Replacement and Development Funds	
Budget Fund	**FY 2014-2015 Adopted Budget Fund Total Resources**
Street System Replacement Fees	$152,100
Systems Replacement Fees Water	$410,000
Systems Replacement Fees Waste Water	$800,000
Systems Replacement Storm Water (drainage)	$591,000

The Brooking Urban Renewal Agency (BURA) was established to provide improvements to blighted areas of the City (ref. pp. III-6 & 7 above). Investments by the urban renewal agency include new public infrastructure to support local businesses and economic development. BURA was established under option one of ORS 457.435(2)(a), which allows the agency to use its tax revenue diversion authority to make payments on long-term obligations principal and interest.[41] The agency collected $530,178 in diverted property taxes from the City and from all the other local government jurisdictions in the City's tax code area (17-1). The agency expended $88,666 for programs in 2013-2014. The urban renewal budget fund had a fund balance of $265,482 at the close of the fiscal year.

BURA refinanced its long-term loan of $3.1 million loan at 4.66% interest into a $2.67 million loan at 2.58% interest during 2013-2014. The new loan comes due in 2021, which is only one year longer than the original loan. The agency is scheduled to make annual long-term loan payments of about $420,750. BURA has reduced its interest payment for this loan substantially and it appears to intend to complete payment on the loan in the defined timeframe of seven years. These actions represent a proactive, conservative management of the agencies loan and finances.

[41] Ibid 13, pp. 3, 4, 20, 23-25, 28.

Financial Sustainability and Debt Loads

In order to consider any annexation scenario, the City must demonstrate its financial capacity to support programs and to deliver services. Current residents and annexed new residents must have confidence that the city maintains a balanced budget, maintains its internal controls and financial systems with transparency, is solvent and financially sustainable, and manages its debt conservatively.

Through our study interviews, we found that many residents in the South Curry region are very conservative in financial practices. Harbor residents are most familiar with the financial standards and capacities of small, single-purpose districts or with a highly constrained county government with limited resources. The elected and executive leadership of the Harbor special districts prefer to operate with very high levels of cash reserves and to use proactive savings funds to make large capital purchases. The assumption and use of long-term debt with interest payments to a third party is less preferable to proactive saving and cash purchases.

The financial standards and preferences of small special districts contrast with the more complex needs of a multi-service city general government. Accumulating and retaining excessive amounts of cash resources may provide effective reserves and contingency resources. These resources may be especially important in a major emergency incident, or to counteract cyclical economic recessions. However, excessive cash accumulation may raise issues of over-taxation, or of failure to fully use public resources collected for needed programs and services.

City governments are general-purpose governments that integrate many programs and services under a broad set of revenues. General-purpose governments must meet competing service needs with limited financial resources. Borrowing provides a means to obtain sufficient resources for major purchases, but with attainable annual payments.

An attribute of cities is the ability to concentrate financial resources and capacity to provide high levels of public services. This capacity comes through property values, economic activity, a diversity of employers, and higher per capita incomes. Effective and accountable financial management allows cities to use their financial resources to provide public infrastructure, urban renewal and program services.

However, to gain and maintain the confidence of its citizens and businesses, the City must maintain a high level of transparency and

communication in financial decision making and reporting. The City must demonstrate prudent and conservative money management.

This section of the chapter reviews the financial status of the City with attention to financial systems, solvency and debt burden. We begin by: 1) summarizing the City's most recent annual financial report; 2) reviewing the major budget funds spending levels and reserves; 3) providing basic analysis of the City's financial statements; and 4) summarizing the City's long-term debt situation.

CAFR Summary

The City files a comprehensive annual financial report (CAFR) to summarize the previous fiscal year's activities. We reviewed the financial report for the 2013-2014 fiscal year with ended on June 30, 2014, and found no adverse opinions from the reviewing auditing firm regarding the methodologies and content of the financial reports. Neither did the auditor identify potential violations of state law and procedures. The key points from the Management Discussion and Analysis (MD&A) portion of the report include:[42]

- Total assets exceeded liabilities at June 30, 2014, by $42.5 million. Of this amount, $6.4 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $775,000 during the fiscal year due to a decrease in debt.
- The City had positive balances in all three categories of net position, governmental activities, business-type activities, and total organization. The ending fund balance for both governmental and business-type activities increase from the 2013 ending balances.
- Capital assets, (buildings, improvements, roads, streets, water system, wastewater system, vehicles and equipment, etc.) accounted for 80% of the City's total assets ($47.4 million). The remaining 20% of assets included cash, investments, and receivables.
- The General Fund's fund balance is approximately $1.41 million at the end of the fiscal year. This is about 39 percent of General Fund annual expenditures.
- The City was active in refinancing several of its larger long-term loans to lower interest rates. This resulted in substantial long-term savings to the City.
- The City was able to refinance $3.65 million OECDD interim financing into a new long-term loan of 2.5%.

[42] Ibid 13, A, B, 76, 77

- The Urban Renewal Revenue Bond of $2,685,000 was refinanced with a loan from Umpqua Bank at a rate of 2.53 percent.
- In FY 2013-2014, the City implemented rate increases, of 4.9% for wastewater and 3.96% for water. The City added additional rate increases for FY2014-2015 of 1.58% for wastewater and 2.94% for water. All of the increases were adopted to cover operating and maintenance costs, and debt payments.

In summary, we note that the City in FY 2013-2014 increased enterprise revenues (water and wastewater), successfully lowered borrowing costs, improved its net position generally, and has positive balances for governmental and enterprise activities.

Major Fund Spending and Reserves

The City of Brookings uses four major budget funds and numerous nonmajor funds. To describe the status of the four major funds we extracted key values from the CAFR Schedule of Revenues, Expenditures and Changes in Fund Balance reports.[43] We list the Actual values incurred by the City as the most recent demonstration of the City's financial performance (Exhibit 3.12). In each fund, the City reports revenue from the issuance of long-term debt. The Other Funding category may be a negative value to reflect the transfer of loan revenue to other construction funds. The City appears to be using its loan revenues for capital purchases; in the case of the General Fund, vehicles; in the Water and Wastewater funds construction and reconstruction of infrastructure. We detail long-term debt and borrowing in the section below (Exhibit 3.13).

[43] Ibid 13, pp. 6, 7, 62, 63.

Exhibit 3.12

Major Fund Changes in Fund Balances, Actual Values FY 2013-2014				
	General Fund	Urban Renewal	Water	Wastewater
Revenues	$ 3,188,122	$ 531,927	$ 1,459,672	$ 2,889,862
Other Financing	$ 414,292	$ (441,593)	$ 984,098	$ (1,066,626)
Total Resources	$ 3,602,414	$ 90,334	$ 2,443,770	$ 1,823,236
Expenditures	$ 3,624,976	$ 88,666	$ 978,606	$ 1,602,250
Net change in fund balance	$ (22,562)	$ 1,668	$ 1,465,164	$ 220,986
Beginning Fund Balance	$ 1,429,015	$ 326,316	$ (511,224)	$ 1,563,989
Ending fund balance	$ 1,406,453	$ 327,984	$ 953,940	$ 1,784,975
Contingency & Reserve	$ 608,209	$ -	$ 133,290	$ 218,681
Contingency as % of Expenditures	16.8%	0	13.6%	13.6%

A review of the General Fund revenue and expenditure detail indicates that actual collected revenues exceeded the final adopted budget level by over $9,100, while actual costs were $853,000 under budget. The police, fire, planning and non-departmental programs took the major share of the cost reductions.

We note that the City maintained, but did not increase the General Fund, Water Fund and Wastewater Fund contingency funds in 2013-14. The General Fund contingency is 16.8% or over two months of expenditures (Exhibit 3.12). The Water and Wastewater Funds are at 13.6% or over 1.5 months of expenditures. City financial policies may define the level of contingency necessary to meet unexpected events and economic downturns.

One key indication of the financial health of an organization is the capacity to generate cash to cover immediate bills and short-term liabilities. These measures are called "liquidity" measures, and the data needed to compute them are found in the CAFR report. As liquidity measures, we have computed the "current ratio" and the "working capital measure" for the City's governmental activities and its business-type activities. These two measures are detailed in Exhibit 3.13. A higher current ratio means that an organization is more likely able to pay off its obligations, with an ideal score between 1.0 and 5.0.[44] The more working capital available to an organization, the more flexibility management has in scheduling and using cash resources to meet payments. The City's governmental activities and the business-type activities categories score well on these liquidity measures.

[44] http://www.investopedia.com/terms/c/currentratio.asp

Exhibit 3.13

Basic Liquidity Measure for City of Brookings Year Ending June 30, 2014				
	Governmental Activities		Business Type Activities	
Cash and investments	$	4,127,627	$	5,900,414
Receivables, net	$	708,830	$	778,384
Total Assets	$	4,836,457	$	6,678,798
Accounts payable	$	124,474	$	117,936
Payroll and related	$	6,920	$	-
Accrued interest	$	23,807	$	11,455
Deposits	$	28,580	$	221,083
Long-term within 1 Yr	$	882,947	$	1,263,452
Total Liabilities	$	1,066,728	$	1,613,926
Current Ratio: Assets/ Liabilities		4.53		4.14
Working Capital: Assets- Liabilities	$	3,769,729	$	5,064,872

Long-term Liabilities & Debt

The City has entered into a series of long-term borrowing arrangements to finance the purchase of large equipment and infrastructure. The City acting for the Brookings Urban Renewal Agency (BURA) has established a long-term bond to support urban renewal activities and capital improvements.[45] As a mark of positive financial management, the City does not use borrowed funds to support daily program operations. As noted above, the City actively manages its debt portfolio. In 2013-14, the City refinanced a major bond at 4.66% into a long-term loan at 2.58%. The City paid off a short-term bridge loan from the Oregon Economic and Community Development department for a new water tank also in 2014. The City will close out a 12-year general obligation bond in 2015. The City is consistently able to make its annual debt service payments. The City also retires debt within the defined due dates, and actively works to reduce borrowing costs. The City has not received an external evaluation and bond rating in about 10 years.

The City currently has loans for the following governmental and business-type activities (Exhibit 3.14).

[45] City of Brookings. (2014, November 21). Annual Financial Report for the Year Ending June 30, 2104. City of Brookings, Oregon. Boldt Carlisle & Smith CPAs, Salem, Oregon, p. 24-28.

Exhibit 3.14

Governmental Purposes	Principal Outstanding	Interest Outstanding	Total Outstanding	Annual Debt Service
General Obligation GO	$ 150,000	$ 2,813	$ 152,813	$ 152,813
Fire Truck	$ 282,480	$ 53,298	$ 335,778	$ 30,579
9-1-1 Tower	$ 380,155	$ 96,745	$ 476,900	$ 47,690
Storm System	$ 478,479	$ 60,843	$ 539,322	$ 59,920
Urban Renewal	$ 2,324,739	$ 199,697	$ 2,524,436	$ 420,739
Vehicles	$ 212,908	$ 9,839	$ 222,747	$ 55,687
Business Activities				
Wastewater (upgrades and sludge treatment)	$ 8,082,072	$ 898,765	$ 8,980,837	$ 1,122,714
Storm System	$ 296,202	$ 37,664	$ 333,866	$ 37,093
Water Loan (new water tank)	$ 3,650,000	$ 650,901	$ 4,300,901	$ 331,026
Truck with Dump	$ 40,300	$ 2,642	$ 42,942	$ 9,157
Vehicles	$ 20,615	$ 1,288	$ 21,903	$ 4,532
Totals	$ 15,917,950	$ 2,014,495	$ 17,932,445	$ 2,271,950

Infrastructure (stormwater, wastewater and water) loans are generally from the Umpqua Bank, while equipment and vehicle loans are from the Chetco and Rogue Federal Credit Unions. These loans represent the investments the City is making to improve, repair, replace, and extend the life of its public works infrastructure. Several of the infrastructure improvements in Exhibit 3.11 support the larger South Curry region, including the 9-1-1 tower and improvements to the wastewater treatment plant.

The solvency of the City regarding its long-term debt may be evaluated through several ratios.[46] Exhibit 3.15 provides several common financial ratios and measures on which to assess the City's debt burden. The broad total debt to asset ratio is 0.28. For a financially sound organization, this ratio would be 0.6 or less.[47] The City's debt burden per person is $2,744, and the debt burden per total real market property value in the City is 2.3%.

[46] Finkler, Steven A. (2010). *Financial Management for Public, Health, and Not-for-Profit Organization.* 3rd ed. Boston: Prentice-Hall. Chapters 14 & 15.

[47] Chen, Greg G., Dall W. Forsythe, Lynne A. Weikart, and Daniel W. Williams. (2009). Budget Tools: Financial Methods in the Public Sector. Washington D.C.: CQ Sage.

Exhibit 3.15

Ratio Name	Measure Components	Ratio/ Measure Values	Ratio/ Measure	Notes
Debt Ratio	Debt Ratio = Total Debt/ Total Assets	16.722/ 59.217	0.28	CAFR MD&A p. iii,iv
Debt Burden	Debt Burden = Total Long-Term Debt/ Population	17,932,445/6,535	$ 2,744	Exhibit 3.11, U.S. Census 6,535
Debt Service Burden	Debt Service Burden = Total Debt Service/ Total Revenues	2,271,950/ 9,877,000	0.23	Exhibit 3.11, CAFR 24-28
Debt to Property Value	Debt to Property Value = Total Debt/ Property Value	17,932,445/ 776,067,353	0.023	Exhibit 3.11, Curry Assessor City RMV

Financial Sustainability Summary

The various data and analysis in this section suggests that the City of Brookings is sustainable and financially solvent by many measures. We have provided a very brief overview and summary of the City's most recent annual financial report. We encourage readers with specific questions to consult the report directly, and to ask questions regarding the figures and analysis presented therein. Over the last fiscal year, the City has improved its financial position. This include both on the balance sheet, and by reducing borrowing costs. The City has ample financial liquidity. The City makes active use of borrowed debt, but uses those revenues wisely for infrastructure projects, major equipment purchases and vehicles. We note that the City's debt is just over 2% of its total real market property value. The City is using its resources and borrowing capacity to meet the competing needs faced by a general-purpose government.

Major Issues: Intergovernmental Relations

Our interviews with the special district leaders and others in Harbor pointed out the strained relationships between the districts and the City. Discussions with district leaders noted that several intergovernmental agreements between the City and the districts have expired. These include the wastewater rate agreement and perhaps a joint coordination agreement with the Harbor Fire district. There is a lack of trust and information sharing is limited between the districts and the City.

In speaking with City staff, the primary reasons for looking at potential annexation are related to cost recovery for police services and parks. Currently, many of the police department calls for service are outside the city, which results in city residents subsidizing police service outside the city. The city also provides parks services and maintenance, which are used by residents from outside of the city. City staff sees annexation as a potential solution to city residents subsidizing police services and parks to those outside the city.

City staff was also challenged by the thought of extending a high level of responsive and attentive service to both City and Harbor residents. Annexation would bring customer service, organizational, financial, and inter-governmental coordination challenges.

IV. Harbor Area Services

The Harbor service area is a concentration of urban-level development south of the Chetco River. Much of the area is densely packed with manufactured housing and housing developments to the degree that in-fill and new development would be difficult to site. The Harbor population is especially heavy in the 50-64, and 65 and over age classes, but the north Harbor area has a concentration of families and Hispanic residents. The area receives some urban services through special districts including the Harbor Water PUD, Harbor Fire Protection District, and the Harbor Sanitary District. However, Curry County can only afford to provide a rural, extensive level of services to the area. While road and street maintenance services are adequately staffed, law enforcement services are understaffed and underfunded. A concise description and summary of the Harbor community and its services contributes a foundation for new service arrangements, including annexation.

The study plan for this project identified the Harbor Sanitary Service District boundary as the boundary of a hypothetical annexation and other service delivery arrangements. This chapter defines the Harbor Sanitary service area and provides population and employment descriptions. The chapter then reviews the history and status of the three special service districts. The demographic and economic detail and descriptions in this chapter drive the public service needs and programs to which Alternative II must respond.

Harbor Area Boundary Uncertain

The exact boundaries of the Harbor community and service area are uncertain. Harbor is located in unincorporated Curry County, and is served by several jurisdictions whose boundaries often do not align to define a single service area. The U.S. Census Bureau's designation of the Harbor Census Designated Place (CDP) also fails to align with other governmental boundaries.[48] However, all boundaries show Harbor as bordering the Pacific Ocean to the southwest and sitting on the southeast bank of the Chetco River mouth. The Harbor U.S. Census-designated place (CDP) defines Harbor as sitting on the west bank of Johnson Creek in Curry County. Most of Harbor's population, however, lives within the Harbor Sanitary District taxing boundary,

[48] U.S. Census Bureau. 2010. "2010 Census Interactive Population Search." http://www.census.gov/2010census/popmap/ipmtext.php?fl=41 Accessed on Nov. 29, 2015.

which is bound by Holly Lane to the South and Foster Road to the north. The lily fields agricultural area, an important economic engine for the South Coast region, lie between Holly Lane and Johnson Creek. U.S. Highway 101 runs through the entire length of Harbor. Exhibit 4.1 provides a locator map for the Harbor Sanitary service area, and for most of the larger Harbor community.

Population Profile and Forecast

Based on the study requirements, CPS has used the Harbor Sanitary District service area as the basis for the annexed area in Alternative II. We have used this definition to define the service area boundaries, to compute population and demographic estimates, and to describe the businesses and economy in the service area. The service area generally follows the Curry County Assessor tax code 17-9. This section documents our estimates on total population in the Harbor service area as well as the methods used for the estimation. Our analysis of the service area results in the following findings:

- We estimate the total population in the Harbor Sanitary District service area between 2,754 and 2,881 people. The actual figure is likely closer to 2,800 based on trends and urban character of the Sanitary District area.
- The service area is younger and more diverse than the larger Harbor area population. In particular, there are more families and more residents under 18 years of age. The area north of Highway 101 and Hall Way, has more Hispanic and non-white residents.
- Home ownership is high in the service area, and ownership free and clear without a mortgage is much higher than the averages in the City of Brookings or the County. A substantial portion of the housing in the study area is manufactured housing, which may have a lower per unit value as compared to foundation lumber-framed housing.
- Poverty is higher in the service area when compared with the City of Brookings. However, due to the limitations of Census data in the small geographies, we can only roughly estimate the amount.
- Job density is lower in the study area with 0.21 jobs per resident, compared to Brookings' 0.37 jobs per resident. The jobs in the service area are lower paying than in Brookings and are primarily service type jobs. There is significant

employment movement between the City and the study area with commuters moving back and forth.

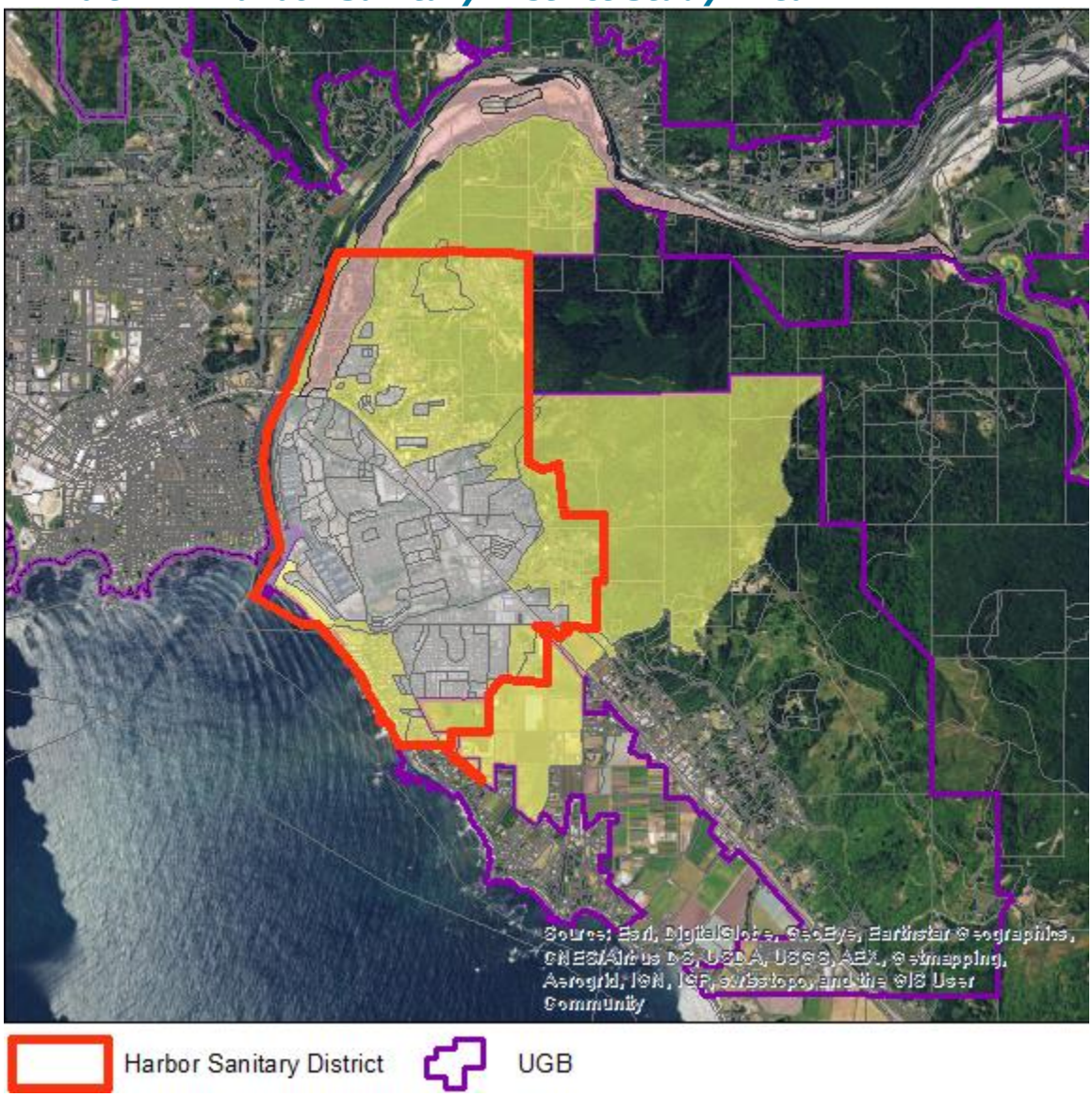
The remainder of this section details the steps we took to come to the service area population and demographic estimates, and reviews the supporting data.

Developing the 2010 Baseline Population Estimate

The Harbor Sanitary District boundary is not a geography that has its own dedicated population estimate from existing sources such as the City of Brookings, the Portland State University Population Center, or the US Census. To create an estimate, we used the 2010 Decennial Census Summary File 1 and Census block geographies to estimate the total population. Exhibit 4-1 shows the Harbor Sanitary District boundaries with the Census block polygons. However, these block polygons do not exactly match the service area.

In order to adjust the population value, we used aerial imagery to survey the map units that overlapped and included areas outside the district boundary. These are shown as yellow polygons in Exhibit 4-1. By using aerial imagery, the total number of residential structures outside the boundary was counted. For each block with houses outside the boundary, the total number of houses was multiplied by the average household size for the block as recorded in Census data. The product of this multiplication was then subtracted from the total population to create an estimate. For the areas in Exhibit 4-1 that are yellow, or overlapping, we counted 44 homes that are outside the service area.

Exhibit 4-1: Harbor Sanitary District Study Area



One polygon, in red in Exhibit 4-1, is not easily assigned to the area as it may have manufactured houses to the north outside the study area. However, this area - block 1000, Tract 9504 - only has 14 total people in the 2010 Census. Due to the long extent of this block and the uncertainty of the structures included in it, we have excluded it from this estimate. With this analysis of aerial imagery completed the total estimated population for the areas could be totaled up and are presented in Exhibit 4-2.

Exhibit 4-2: Population Estimates

Census Block Location	2010 Total Population
Blocks within Sanitary District Boundaries	1,807
Blocks overlapping with Sanitary District Boundaries (adjusted)	992
Total	2,799

Estimating Change in Population from 2010 to 2014

The next step in the analysis is to estimate the change in population in the area from 2010 to 2014. There is no single source providing estimates on population since the 2010 Census for the service area. The US Census' American Community Survey (ACS) provides estimates every year over a rolling 5-year period for the Census Designated Place (CDP) of Harbor. The CDP is not a perfect match with the Harbor Sanitary District but may be a good proxy for population dynamics. Unfortunately, the estimation ACS provides includes higher error due to sampling in a small area.

Exhibit 4-3: ACS Population Estimates

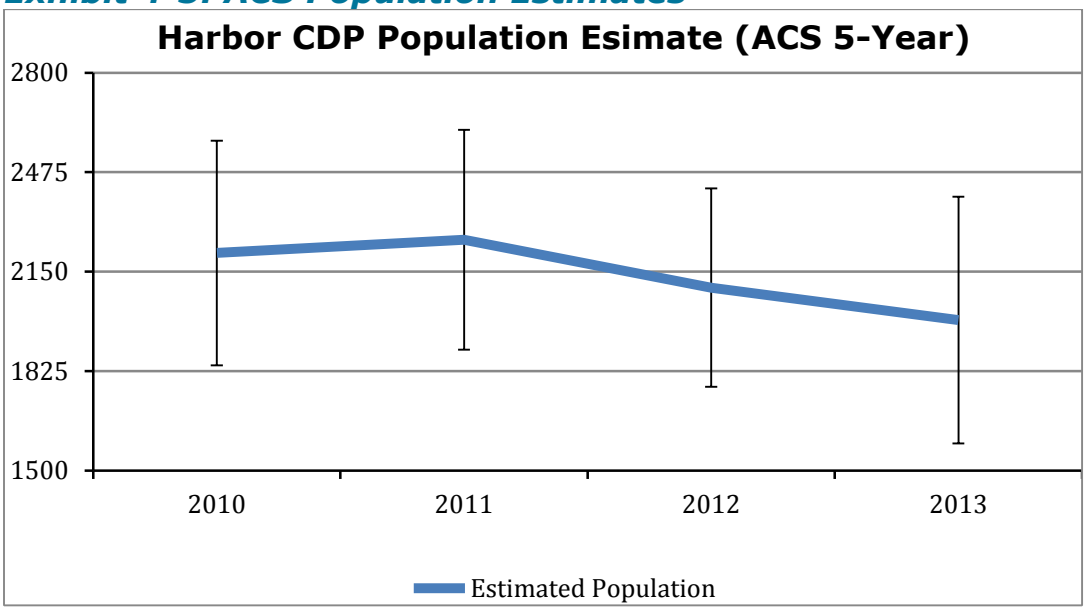
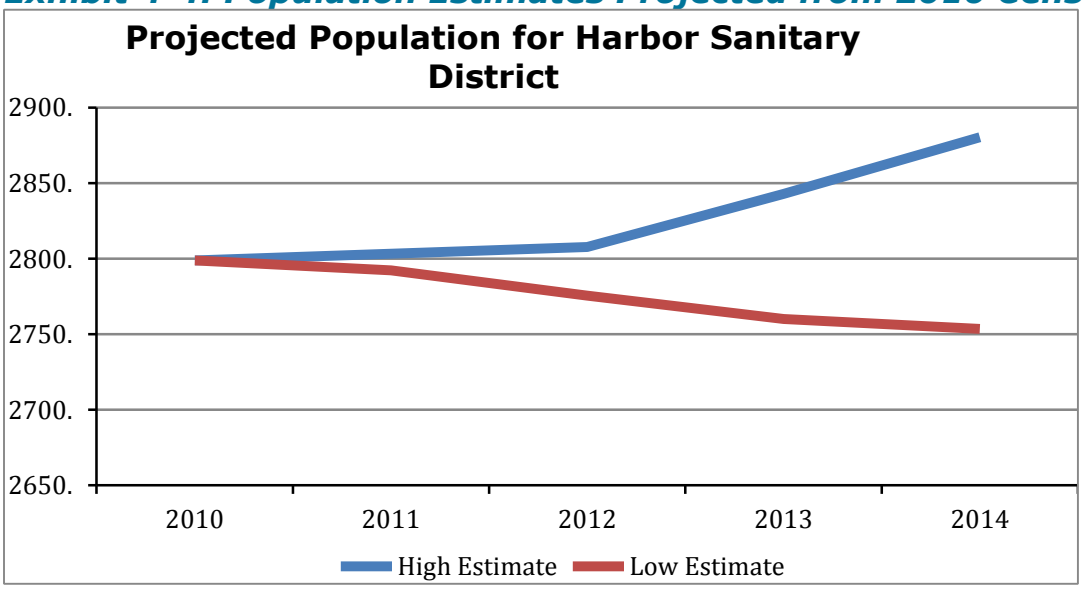


Exhibit 4-3 shows that there is a decline overall, but the error bars grow as the time period progresses. Statistically we cannot assume the estimated change is different from previous periods due to this large error.

Another source of data is the Portland State University Population Resource Center. The center models population change based on assumptions around deaths, births and migration. Their analysis provides estimates only for incorporated areas and the total for county unincorporated. For Brookings in the 2010-2014 period, the population grew 2.9%, while unincorporated Curry County saw a slight decline of 1.6%. These numbers do not include an estimation of error.

We estimate the total population in the Harbor Sanitary District service area between 2,754 and 2,881 people. These results are based on two scenarios from trends in Curry County. The high estimate is based on Brookings population growth, and the low is based on unincorporated Curry County change. Because the service area is more urbanized and close to Brookings, we do not think it is as severe as the CDP estimate from the Census, or even the decline in unincorporated Curry County. We believe the actual figure is between these two estimates, closer to 2,800.

Exhibit 4-4: Population Estimates Projected from 2010 Census



Population Profile for the Harbor Sanitary Service Area

A second question that follows from asking <u>how many</u> people live in the service area is the question of <u>who lives</u> in the Harbor Sanitary service area. To develop a demographic profile of the residents in the service area faces a similar challenge as the estimate for the total population. Because the service area alternatives do not align with the

Census geographies, we must make some assumptions to manage the data. The research team selected the 2010 Census data as primary data source for analysis.

While the 2013 American Community Survey (ACS) has more data, it is based on sampling the population and therefore has a sampling error that must be accounted for. The ACS uses multiple years to help reduce the impact of this error, but at small geographies such as the study area for annexation, the error can be so great as to not allow for conclusions.

To address this, we have chosen to use 2010 Census data and focus on several key attributes of the population:

- Age
- Household Type
- Ethnicity (Percent Hispanic)
- Race (Percent Non-White)
- Tenure of Home Ownership

The service area alternative overlaps but does not match the Harbor area as defined by the US Census. To assist in comparisons, these five attributes were examined across the service area alternative of the Harbor Sanitary District, the Harbor Census Designated Place (CDP), and then the portion of the service area alternative that is north of the CDP, which we label as the Harbor Sanitary District-North.

Age

The first attribute we examined was the age composition between the three geographies. We aggregated age by three groups, those under 18 years of age, people 18 to 64 years of age, and those 65 and over. The alternative shows similar middle age proportion but more youth in the study area. The northern portion of the alternative is markedly higher in youth when compared to the larger Harbor CDP, and less people 65 and older.

Exhibit 4-5: Population Age[49]

Area	Under 18	18 to 64	65 and Over
Harbor Sanitary District	14.39%	51.95%	33.65%
Harbor Sanitary District-North	*19.28%*	*55.91%*	*24.81%*
Harbor CDP	10.55%	50.31%	39.14%

Household Type

The second attribute we reviewed was the household type. The Census defines a household as all people occupying a housing unit. This can include families, unrelated individuals or individuals alone. A family household is defined as a household where at least two individuals are related. For this analysis we examined the structure of households, with attention to families with only one parent present or both.

Exhibit 4-6: Household Types[50]

Area	Family Households	Husband and Wife Family	Male Householder	Female Householder
Harbor Sanitary District	57.92%	44.95%	3.93%	9.05%
Harbor Sanitary District-North	*60.81%*	*43.47%*	*5.78%*	*11.56%*
Harbor CDP	57.27%	47.13%	3.08%	7.07%

Approximately 60 percent of households in the three areas are family households. The type of family is relatively similar across the three areas with only a slight increase in both female and male-headed households.

Race and Ethnicity

The US Census collects information from respondents on race and ethnicity. These two categories are often mixed in popular usage,

[49] US Census, 2010 Summary File 1, Table P12.
[50] US Census, 2010 Summary File 1, Table P18.

but have specific definitions that need to be defined here. Race is a self-reported identification with the commonly used racial groupings in the US. Respondents can choose a single or multiple races in the Census. Ethnicity reflects the origins of the respondent that can be either Hispanic or Not Hispanic. Hispanic indicates the respondent is a descendent of or is from Mexico, Puerto Rico, Cuba, Central or South America. Importantly, race and ethnicity are separate questions and therefore any race can be accompanied by any ethnicity. For our analysis we looked at the White and non-White and the Hispanic and non-Hispanic responses.

Exhibit 4-7: Race and Ethnicity[51]

Area	**White**	**Non-White**	**Hispanic**	**Non-Hispanic**
Harbor Sanitary District	89.03%	10.97%	9.32%	90.68%
Harbor Sanitary District-North	*81.10%*	*18.90%*	*17.93%*	*82.07%*
Harbor CDP	92.88%	7.12%	4.69%	95.31%

The Census data indicates that the service area has larger non-White and Hispanic populations in comparison with the Harbor CDP area. Much of this difference is found in the northern portion of the alternative where the non-White population is 18.9 percent compared to the Harbor CDP population of 7.1 percent, and the Hispanic population is 17.9 percent compared to the Harbor CDP population of 4.7 percent.

Tenure

The final attribute from the 2010 Census is the tenure of households – whether they own or rent their homes. The Census provides data on ownership both with mortgage or owned free and clear or if the home is rented. The following table is the percentage of the population that is housed, broken out by type of tenure.

[51] US Census, 2010 Summary File 1, Table P8 and P9.

Exhibit 4-8: Home Tenure[52]

Area	Own, Mortgage	Own, Free and Clear	Rent
Harbor Sanitary District	30.23%	43.28%	26.49%
Harbor Sanitary District-North	*29.07%*	*44.48%*	*26.45%*
Harbor CDP	29.86%	43.16%	26.98%

Data for the three areas shows very little difference between them. Notably, the three areas have higher ownership rates (approximately 73 percent) than Curry County (69 percent) and Brookings (54 percent). Ownership, free and clear is much higher in these areas as well. For Brookings, the free and clear ownership is 15 percent of the population, where in the study area it is 43 percent. The U.S. Census for the Harbor CDP indicates that 63.9% of the occupied housing units are mobile homes or other.[53] This compares with 2% in the City of Brookings.[54] Analysis of the Curry County tax assessment roll indicates that the Harbor study area contains almost 800 manufactured houses.

Data Limitations

The need to use 2010 Census data to conduct analysis at a finer grain scale has two limitations. The first is the timeliness of the data. The 2010 Census data collection was conducted in the middle of 2010, with the final numbers being certified at the end of the year. Data for this analysis is about five years old now. While we do not believe there have been large population changes over this period, it is possible the composition of those who live in the area may have shifted. Further, housing market dynamics may have resulted in changes not captured in this analysis. The other limitation to using the 2010 data is the population attributes that are collected in the Census. Income,

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[52] US Census, 2010 Summary File 1, Table H11.

[53] US Census, Physical Housing Characteristics for Occupied Housing Units, 2009-2013 ACS 5-Year Estimates, Table S2504. Harbor CDP. http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF

[54] US Census, Physical Housing Characteristics for Occupied Housing Units, 2009-2013 ACS 5-Year Estimates, Table S2504. City of Brookings. http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF

earnings and poverty information are not part of the decennial census and are now in the ACS sampling product.

The 2013 ACS does provide estimates for poverty based on households in the block groups around the study areas. However, the estimates have sampling errors similar to the estimated value. The table below presents the count of households in and around the study area that have income below the poverty threshold – and the margin of error for these areas. The US Census believes that the real number of households in poverty is between a low value of the estimate minus the margin of error and the high value of the estimate plus the margin of error. The table below provides this information to the right.

Exhibit 4-9: Households in Poverty[55]

Block Group	**Households with income below poverty**	***Margin of Error***	**High Value**	**Low Value**
Block Group 1, Tract 9504	86	*68*	154	18
Block Group 2, Tract 9504	17	*28*	45	0
Block Group 4, Tract 9504	0	*12*	12	0

The small population in these study areas presents a barrier to asking questions about income and earnings. Based on these limitations, we are not able to assess percentages. Occasionally, by increasing the geographic area included in the study, a difference can be found using a comparison of means. To conduct this we used the block groups in the table above, and used the urban block groups for the City of Brookings.[56] Exhibit 4-10 summarizes the aggregated values for these two areas.

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[55] US Census, 2013 ACS 5-year Estimates, Table B17010.

[56] For Brookings we included the urban areas using: Census Tract 9503.01, Block Group 3; Census Tract 9503.02 Block Groups 1, 2, and 3.

Exhibit 4-10: Poverty in Study Area and Brookings

Area	**Percent Households Below Poverty**	**Margin of Error**
Larger Harbor Study area	11.4%	+/- 8%
City of Brookings	5%	+/- 5%

Using these numbers, we compared the means to find if there was a statistically significant difference between the areas. The Z-score for the two means is 1.66, just passing the threshold value of 1.645 at the 90 percent confidence interval. This means that we can say that poverty is higher in the study area in comparison to the City of Brookings. But some caution must be noted, as we cannot be certain how huge the difference is. As Exhibit 4-10 shows, the range of values for the Study Area range from 3.4 percent to 19.4 percent for poverty, and Brookings ranges from 0 percent to 10 percent. However, we can conclude the two areas are different.

Employment and Jobs

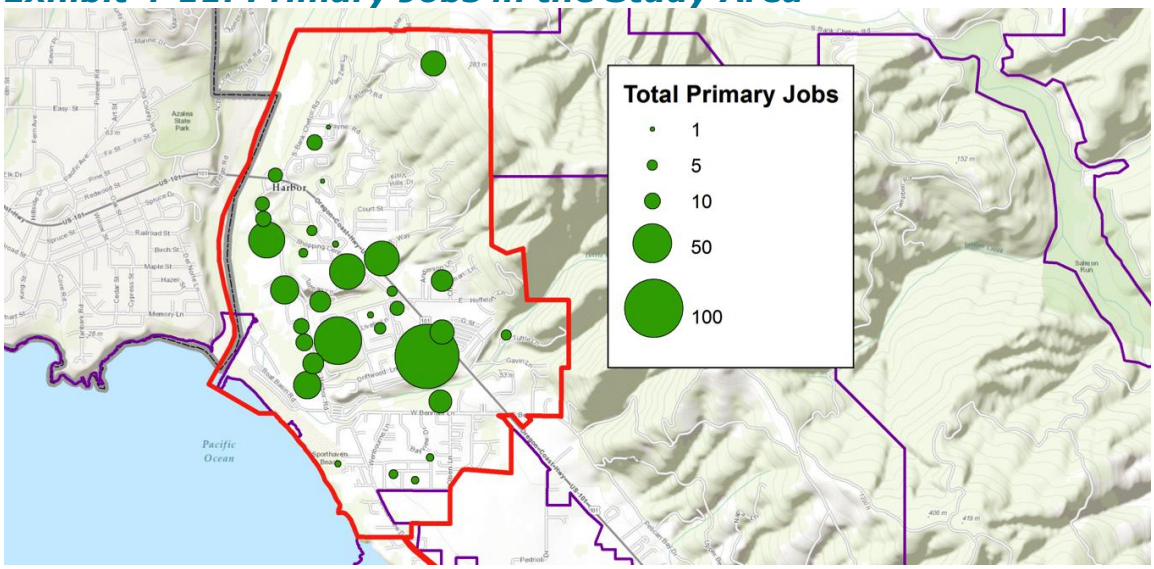
We used the U.S. Census American Community Survey (ACS) and Longitudinal Employer-Household Dynamics (LEHD) dataset to build a profile of the employers in the Harbor Sanitary service area.[57] The latter dataset is based on quarterly worker unemployment insurance data from each state. It allows for the mapping of many jobs as well as where workers commute to. The data excludes federal workers and the self-employed (e.g. fishermen, real estate agents, etc.). However, it provides a good picture of larger employment activity.

Within the service area, there are 601 primary jobs. This compares to 2,369 primary jobs in the City of Brookings, or 0.21 jobs per resident in the study area compared to 0.37 jobs per resident in Brookings. A primary job is the one that earns the most for a worker, though the worker may supplement with a secondary job. Primary jobs are a more accurate measure of the total number of workers in an area. Many of the jobs in the study area (40 percent) result in earnings of $1,250 or less a month. Another 45 percent of these jobs earn between $1,250 and $3,333 a month. The top industries in the study area are Accommodation and Food Services (31 percent), Health Care and Social Assistance (19 percent), and Retail Trade (17

[57] For more information, see http://lehd.ces.census.gov/

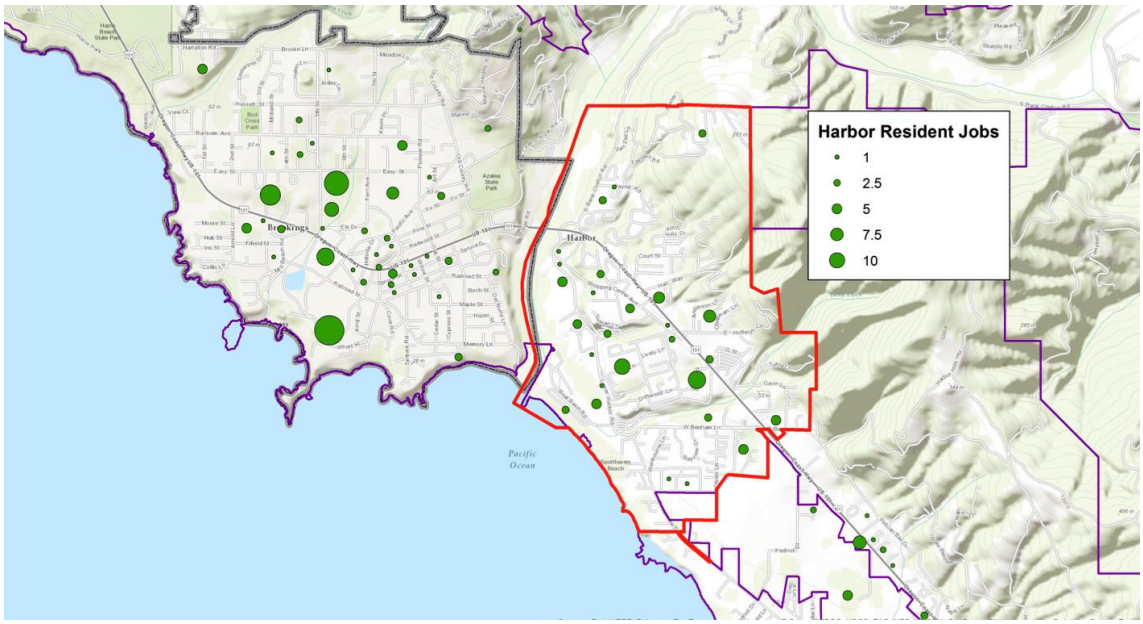
percent). Exhibit 4-11 shows the location and concentration of these jobs in the Study Area. The data is "fuzzed" some to protect confidentiality, and the employment locations are not perfectly accurate for the same reason.

Exhibit 4-11: Primary Jobs in the Study Area



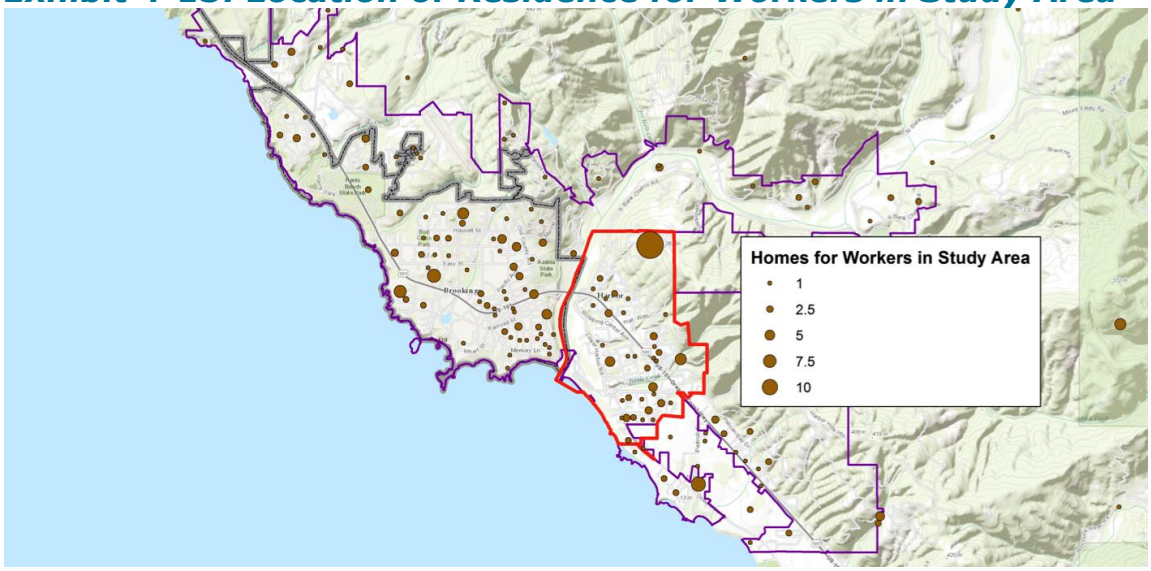
Another piece of information from the LEHD data is the residence of workers that work in the study area. Only 14 percent of service area residents also work there; most of the study area residents work outside. Looking at where residents commute to indicates 28 percent of the residents work within the City of Brookings.

Exhibit 4-12: Location of Jobs for Brookings-Harbor Area Residents



Looking at where service area workers live shows that 20 percent of workers live in the City of Brookings and commute across the river to jobs inside the Harbor Sanitary District service area.

Exhibit 4-13: Location of Residence for Workers in Study Area



The data from LEHD indicates that the service area is dominated by lower-wage service industry jobs. The Harbor Sanitary service area and the City of Brookings are linked with considerable commuting between the two areas.

County and Special Districts Service Arrangements

Three special districts serve Harbor Sanitary District service area: Harbor Sanitary District, Harbor Water Public Utility District, and Harbor Rural Fire Protection District (Harbor Fire). Curry County also provides law enforcement, road and street maintenance, and land use planning services to the Harbor community. The combination of public services from these districts and the County should provide an urban level of services. This means meeting the needs of 2,800 residents and businesses, and the demands generated by an urban density of buildings, manufactured houses and commercial facilities. Each service should have an identifiable or dedicated stream of revenue, and a sufficient level of revenue to meet service demand. While the Harbor Water PUD, Harbor Sanitary, and Harbor Fire districts are providing sufficient services based on use charges or property taxes (Harbor Fire), law enforcement, and road and street maintenance funding from the County is insufficient or uncertain. We address the law enforcement issues in chapters VI and VII. We summarize the revenue and service situation for the special districts below.

Harbor Water PUD

The Harbor Rural Water District was established in December 1964 as a special district under ORS 264. After a positive vote of the district citizens, the District was reorganized as the Harbor Water People's Utility District (Harbor Water PUD, PUD) in July 1991 under ORS 261. The status as a people's utility district brings a set of protections of the district's service area. A city cannot annex a PUD and assume its service area. However, if a PUD operates within a city's boundaries, the city may set terms and conditions on how the PUD will operate. The city may be able to impose a franchise fee on the PUD to allow it access to the City road system. The Coos-Curry Electric Cooperative may set a precedent in the service fee issue. Upon annexation by the City of Brookings, the City and the PUD may want to negotiate a joint operating agreement or a franchise agreement.

The Harbor Water PUD is governed by a five-member board, and a district superintendent serves as the district executive. The PUD is exempt from the Oregon Local Budget Law because it did not levy a local property tax in 2013-2104. The PUD had imposed a property tax until 2012 to retire bonded debt. The district files a comprehensive annual financial report with the Oregon Secretary of State.

The Harbor Water PUD holds two surface water rights from the Chetco River and has two ground sources for a total potential supply of 13.58 MGD (million gallons per day). The PUD does not operate a water treatment plant. The PUD distributes water through 50-55 miles of pipe with sizes ranging from 2 to 16 inches. Pipe materials include asbestos cement (AC), polyvinyl chloride (PVC), and ductile pipe. The distribution uses a loop system that extends from the Chetco River to the California border. [58]

The PUD provides an average daily water demand of 700,000 gallons with peak day demand of 1.7 million gallons. Average daily water usage per person is about 280 gallons, with a peak usage of 680 gallons. The system can provide 1,500 gallons per minute for two hours to meet firefighting requirements. The Harbor Water PUD system has 11 storage reservoirs, which can store a total of over 2 million gallons. [59]

The last system masterplan for the PUD was adopted in December 2000.[60] At the time of adoption, the plan evaluated the water system components and identified the service useful life of each component (Master plan, chapter 6). At that time, the consultant indicated that the raw water intake and pump station was well maintained and in good condition. The raw water transmission line (16" diameter PVC) was rated in good condition. At that time, the PUD operated nine water storage tanks, and was actively rehabilitating and replacing older units. The Crown Terrace I (1 &2) and II (3 &4) tanks were installed new in 2000. Painted steel water storage tanks have an expected service life of 60 or more years. The Hall Way II Tank (.5MG) was installed in 1966, but evaluated as in good condition in 2000. The district has installed cathodic protection on all of its storage tanks. The Master Plan recommended the construction of two additional tanks for treated water storage (0.250MG and 1.0MG); however, a lack of customer growth over the last decade precluded the need for building these tanks. The PUD has added two additional small pressure tanks for Crown Terrace (5 & 6).

The expected service life of key components included: pumps—20 years; filter media—12-15 years; flowmeters—10-15 years;

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[58] City of Brookings. 2011. Public Facilities Plan for the City of Brookings and the Urban Growth Area. Adopted January 24, 2011, Ordinance 11-O-678

[59] ibid

[60] Harbor Water People's Utility District. 2000, December. *Water System Master Plan*. Project No. 8506.03 Prepared by The Dyer Partnership Engineers & Planners Inc., Coos Bay, OR.

valves—15-20 years. Most of these components were identified as being in good condition in 2000. The district has replaced these components as needed since 2000.

The Master Plan contains maps of the water distribution pipe system and a table (Table 4.5.1, p. 4-14) details the length of pipe of each diameter from 2 to 16 inches. Importantly, the Master Plan explains that

> *"[T]here was insufficient information available to develop an accurate breakdown of the age, material, and condition of each water line section. It is known that a wide variety of pipe materials can be found the system including PVC, asbestos cement (AC), galvanized iron (GI), cast iron, and ductile iron (DI) piping."*[61]

Chapter 6 of the Master Plan indicates that the service life for transmission piping of 40 to 60 years, however PVC and cement mortar lined ductile iron can last 100 years or more. While some segments of the water system are PVC and mortar lined ductile iron. Pipes installed in the early days of the district are likely of less durable materials and may have or be reaching the end of their service life. The extent of this depreciation and dollar amount of potential liability is uncertain because of unavailable information. This is an uncertainty that must condition any annexation decision. We stress that the PUD actively repairs segments as failure occurs and works to maintain the system, but there is no dedicated program for system rehabilitation and replacement. We note that the system supports firefighting capacity at a respectable ISO 3 rating.[62]

The Harbor Water PUD relies on a subsurface well located about 2 miles up the Chetco River. Raw water intake from the well has been compromised by excessive river sediment and salinity. In the summer of 2014, and then again twice in the summer of 2015, river bed configurations, extremely low river water flows, and high tides combined to compromise raw water quality, which has led to the delivery of brackish water to customers' taps. High levels of sediment in the water inflow triggers the chlorination equipment to over chlorinate the water leaving it brackish. Brackish seawater may also enter the intake well. Efforts to reconfigure the riverbed to limit sedimentation may conflict with the protection of threatened and

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[61] Ibid, Water Master Plan, pp. 4-14.
[62] Ibid, Water Master Plan, pp. 6-3—6.5

endangered fish runs and habitat. Installing a water treatment facility to remedy the situation would require a substantial investment in the millions of dollars. Locating and obtaining water rights for a new well may also conflict with fish protection issues.

During the brackish water incursion in 2014, the PUD provided trucks of freshwater to customers. City of Brookings was able to help the PUD with metered flows of hydrant water in 2015, but there are no permanent emergency interties in place with Brookings. However, the City and the PUD have recently acted to apply for a grant from the State to begin work on an intertie to increase the resiliency of both water systems in a major emergency.

The Harbor Water PUD manages its finances in a conservative manner. In 2013-2014, the total operating revenue was $659,116, which was a 10% increase over the prior year. This reflects an increase in the charges for water service by 10.8%. However, operating expenses for the year totaled $753,796, which resulted in a net operating loss of $94,680. The district maintains a large reserve of unrestricted resources including cash of $2,966,714. This provides contingency funds and reserves to meet unexpected events. The "Current" ratio of current assets divided by current liabilities provides a measure of liquidity to pay immediate bills. At the close of the fiscal year, the PUD had an extremely high Current ratio of 33.1, with working capital of $2.90 million. The PUD had total liabilities of $90,600 at the end of the fiscal year. The district has no outstanding long-term bonded debt. The last debt note was paid off in 2012.[63]

For 2013-2014, the PUD reports a net value of its infrastructure utility plant in service of $2.67 million. The utility plant in service is 55% depreciated from its full value of $5.94 million. By components, the water distribution system is 55% depreciated, and the equipment is 79% depreciated. The net value of the utility plant decreased by 1.4% in 2013-2014. We note that the PUD uses a straight-line method of depreciation over useful lifespans of 4 to 50 years for infrastructure and equipment. We also note that the PUD reported a 4.4% decrease in the net value of the utility plant in 2012-2013.[64]

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[63] Harbor Water PUD. January 29, 2015. Annual Financial Report for the Year Ending June 30, 2014. Jones & Roth CPAs and Advisors, Eugene, OR.

[64] Harbor Water PUD. May 9, 2014. Annual Financial Report for the Year Ending June 30, 2013. Jones & Roth CPAs and Advisors, Eugene, OR.

We conclude from these financial figures, review of the Master Plan, and a cursory engineering review that an unknown, but substantial portion of the water distribution pipe system is on the backside of its service life. Without extensive renovation and replacement investments, the system will be fully depreciated in 15 to 20 years. The challenge for the PUD will be how to manage and fund the raw water intake/ brackish water/ sourcing issue, while at the same continue ongoing maintenance and replacement to pumps, valves, filters and tanks, and beginning investments to renovate and replace the depreciated pipe delivery system. We note that the City of Brookings faces very similar challenges in maintaining, renovating and replacing its own water system.

Harbor Sanitary District

The Harbor Sanitary District (Sanitary District) was established in 1971 as a special district under ORS 198.010(11) and 450.005 to 450.245, which means that annexation by a city government could "extinguish" the district (ORS 222.510). All assets and infrastructure, revenues due, expenditures, operations, and liabilities would be assumed by the annexing city. Other arrangements under annexation could include the continued operation of the district, or operation under a joint agreement with the city. The Sanitary District is governed by a 5-member elected board of directors, and a District Manager provides executive and administrative leadership. The District maintains four employees, three full-time and one part-time.

The Sanitary District serves 683 residential and 124 commercial users, including the Port of Brookings-Harbor commercial area, marina and boat basin. The map in Exhibit 4.1 details the boundaries of the Sanitary District. The Sanitary District provides wastewater collection services only. The Sanitary District's system consists of four pump stations and a network of gravity lines. The collection system is made up of 16.5 miles of 8- and 12-inch transite (asbestos-cement)[65] pipe. Collected wastewater is pumped across the Chetco River to the regional treatment facility operated by the City of Brookings service

[65] Oregon Department of Environmental Quality. 2014, March. "Asbestos Program: How to Remove Nonfriable Asbestos Cement Pipe: A Guide for Meeting DEQ Rules." http://www.deq.state.or.us/aq/asbestos/docs/ASBPIPE.pdf accesses on Nov. 30, 2015.

through a 20-inch gravity main. The daily flow rate is about 0.28 MGD (million gallons per day).[66]

As of May 2013, the Sanitary District completed a reconstruction of its four major pump stations. This included an upgrade in the well designs, bays and electronic controls. The reconstructed Pump Station 1 was designed to accommodate sewage volumes for strong population growth, which should provide excess system capacity into the future. The District has just completed an upgrade of a new smaller pump serving a recreational vehicle park.

While the pump stations have been reconstructed, the collector pipes are reaching the end of their service lives. Much of the pipe network was installed in the late 1970's with a 50-60 year service life. Financial depreciation would define the pipe system at service life at 40 years. The pipe system does suffer from ground water infiltration, which increases the volume of flow in the system. Recent TV scoping and smoke testing indicates that there is no severe deterioration in the pipe system segments, and the District staff works to make prompt repairs when required.

Though maintained, the Sanitary District's collector pipe system is aging. Recurring pipe failures represent a potential future liability of the system. Renovation and replacement of the District's infrastructure will require a degree of special precautions to property handle and dispose of the asbestos-cement pipes.

Treatment of district wastewater is contracted with City of Brookings, which owns and operates the regional treatment facility. The Sanitary District pays 27 percent of the costs of treatment. Infiltration and inflow into the pipe system is a major problem that results in increased treatment costs to the district. The agreement covering reimbursement rates between the City and the Sanitary District lapsed in 2012. The Sanitary District claims the City has failed to provide complete and transparent cost information on treatment plant operation. This unconcluded issue between the City and district continues to stress relations between the two organizations.[67]

To provide services, the Harbor Sanitary District must generate sufficient revenues to meet operating and maintenance, and to fund

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[66] City of Brookings. 2011. Public Facilities Plan for the City of Brookings and the Urban Growth Area. Adopted January 24, 2011, Ordinance 11-O-678.

[67] Harbor Sanitary District. (2014, Nov. 3). Annual Financial Report ending June 30, 2104. Koontz, Perdue and Blasquez & Co. P.C. Albany, OR.

infrastructure and equipment replacement, reconstruction and new construction projects. The district imposes charges for services, systems connection charges, and systems development charges to cover costs. The district does not levy a property tax to cover operations and maintenance expenses, although with voter approval, it *may* impose a property tax levy to cover bonded debt.

In budget year 2013-2014, the Sanitary District generated about $1.53 million in revenues, and incurred expenditures of $779,153. This left a revenue excess of $750,446 at the close of the year. During the year revenues increased by 7%, and expenditures decreased by 48% because of system improvements completed in the previous fiscal year. The District's unrestricted net position was $3.85 million at the close of the year. The District ended the year with a very high level of cash and current assets with working capital of $3.86 million. The "Current" ratio of current assets divided by current liabilities was an extremely high 55.7.[68] Total liabilities (both current and noncurrent) were $76,200, with no debt.

The Sanitary District's financial report details the depreciation of its infrastructure. For all capital assets, 51% of the value has been depreciated, leaving just over 49% in useful lifespan. However, for infrastructure, the depreciation is more extensive. The District uses a straight-line depreciation method for buildings and infrastructure over a 5 to 50 year service life. The infrastructure has a total asset value of $4.14 million, but with accumulated depreciation of $2.64 million. Thus, just under 64% of the infrastructure value has been depreciated. We also note that the decrease in the District's capital assets for the fiscal year was 4%. There were no increases or investments in computer equipment, building improvements or infrastructure capital assets in the 2013-2014 fiscal year.[69]

In conclusion, from the financial statements and from a brief engineering review the Sanitary District infrastructure system is currently operating and has a positive financial picture. However, the pipe and infrastructure system is almost two-thirds depreciated over its service life. Further depreciation of the system at 4% per year will leave the system at the end of its service life in about 10 years. The pipe system is asbestos-cement, which was an accepted product at the time of installation, but will require careful treatment during any removal and disposal. While the District has performed full

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[68] Ibid, p. 8.
[69] Ibid, p. 8, 26.

reconstruction of its pumps and pump stations, it appears not to have begun a program of replacement of its oldest pipe infrastructure. The management issues and financial liability from depreciated pipes and infrastructure are very similar to the issues face by the City of Brookings and its wastewater system. The City should commission a detailed engineering analysis of the Sanitary District infrastructure before any annexation action.

Harbor Rural Fire Protection District

Harbor Rural Fire Protection District was established in 1955 to provide fire protection services to the Harbor community. The Fire District serves a large service area that stretching from the east bank of the Chetco River to the California line. The district provides services at an impressive insurance service office (ISO) performance rating of ISO 3. This is equivalent to most urban fire departments. The Fire District's station location in south Harbor provides critical coverage for the southern part region. This location helps the district's crews meet dispatch and arrival response time standards. The district also provides a critical backup and mutual aid provider to the City of Brookings Fire Department. The District responds to about 105 calls per year, which includes about 47 fires and about 14 traffic collisions per year.

The Fire District's current service area extends far beyond the annexation boundaries given in this study's directions. Conditioning any annexation, Oregon law requires that the portion of a fire protection district outside the annexed area continue to receive the same level of service performance as before annexation. This means that the Fire District must continue to provide ISO 3 level coverage in un-annexed areas.

The Fire District has a long history of active volunteer staffing. The district currently employs one professional chief (1.1FTE). All other company members are volunteers. Once trained and certified, Oregon considers volunteer and professional firefighters of equivalent grade.

The Fire District receives revenues from a $0.2332 per $1,000 assessed values property tax permanent rate, fire protection contracts, rental income, and interest. The district maintains a large amount of unrestricted cash available to provide for unexpected contingencies. For 2014-2015, the adopted budget resources and expenditures totaled $192,030. The district held $881,400 in in its equipment reserve fund. The Fire District manages its finances conservatively and without debt. The district contributed $20,000 from its General

Fund to its equipment reserve fund during the 2014-15 fiscal year to pre-pay for the future replacement of vehicles and apparatus.[70]

Intergovernmental Relations

Working relationships between the City of Brookings and the Harbor special districts have been limited and strained on the staff and management levels. Intergovernmental agreements between the City and the districts, including the wastewater treatment agreement with the Sanitary District have expired. Between the Sanitary District and the Brookings financial staff, there is a lack of trust and information sharing is limited. There is disagreement about how treatment fees, SDC's and past debt are charged. Certifications for water and wastewater staff in Harbor are one of the areas of joint concern.

The motivations of the City considering annexation raised suspicion in several district leaders. In several interviews with district leaders, we heard the argument that City wants to annex the districts simply to obtain their cash resources. As we noted above, the three districts operate with large cash balances, and prefer to save proactively for major purchases rather than taking on debt. We also noted that the Sanitary and Water PUD districts face uncertainty and financial exposure for aging pipes. Sufficient cash reserves are one means for preparing for unexpected failures and repairs. The City would also need to either reserve financial resources or maintain borrowing capacity for these unexpected events.

The "enticement" of extensive cash reserves is an issue, which the City must address should it decide to move to annexation. The City could resolve this issue but agreeing to maintain these balances in separate budget funds, and to dedicate and use these funds until expended toward the replacement of infrastructure within the originating district.

[70] Harbor Rural Fire Protection District. (2015, May 12). Budget Message 2015/16 and Oregon Budget LB forms 11, 20, 30 and 31.

V. Technical Concepts to Support Alternatives

The City of Brookings asked the CPS team to develop and model two different annexation proposals (Alternative I and Alternative II). Alternative I would annex the property owned by the Port of Brookings-Harbor located in the Port commercial and marina area. Alternative II would annex the service area of the Harbor Sanitary District. The purpose of this section is to explore legal issues that would condition or structure these hypothetical annexation models. This section will, summarize Oregon planning law and philosophy, comprehensive planning intent, annexation procedures for special service districts, planning for areas within an urban growth boundary (UGB), procedural obligations for the City of Brookings, and implications of urban renewal and annexation.

Land Use Planning Context: State Land Use Requirements

Oregon's history of developing comprehensive planning has evolved from primarily being an urban concern to a statewide one in the middle of the 20th Century. This shift occurred as migration to Oregon in general grew and increasingly placed pressure on cities the rural areas around them.[71] Attempting to control and manage suburban growth became a priority along with preserving farm and forest lands. This culminated in the adoption of Senate Bill 100 in 1973. This created a statewide comprehensive planning structure centered on a series of goals created in statute and implemented in administrative rules.[72] The purpose of these goals and planning was to create a system of coordination between cities, counties, special districts and the state to balance the many uses and priorities for Oregon's landscape.

This model of planning derives from comprehensive planning theory, which is premised on the development of planning at different

[71] Seltzer, Ehtan. 2013. *Land Use Planning in Oregon: The Quilt and the Struggle for Scale.* Paper presented at Dublin Seminar on Planning for States and Nation/States. Accessed at: https://goo.gl/MWGGWI (shortened URL).

[72] Oregon Department of Conservation and Development. 2010. Oregon's Statewide Planning Goals & Guidelines. Salem, OR. Accessed at http://www.oregon.gov/lcd/docs/goals/compilation_of_statewide_planning_goals.pdf

levels to guide development and infrastructure choices. It is also focused on providing efficiency in the development and use of land and infrastructure. This is in opposition to uncoordinated development that is argued to be wasteful and may lead to development that underutilizes the scarce resources in a community. In comprehensive planning, the process starts with goals that organize the priorities and needs of a community, comprehensive planning then attempts to structure the goals into concrete plans for a community that can be implemented in zoning and site plan decisions. This model relies heavily on the idea of the planner as an expert who can mediate the competing claims on space. It has been noted that often the goals remain too abstract to guide decisions, and that planners must work at some middle ground where planners act as a go between on the aspirations or public interest and the decisions on the ground.[73]

Oregon's land use system reflects this theory and in an effort to address concerns of how the goals connect to public interest, public involvement is the first goal. This is a defining element of Oregon's system that places a priority on involvement as seen in the requirement for citizen involvement committees at the various levels of planning. Oregon's system also focuses on the local community. Planning is acknowledged by the state agency, but it is not a hierarchical planning system. The local communities are responsible and ultimately responsible for their own planning. This planning includes assessing their current needs and resources as well as setting long-range goals and a vision for how their community will accommodate future population growth and development.

Comprehensive Planning and Annexation

When annexation occurs for any area, the annexation plan must include how the new area will be included in comprehensive planning for the community. Usually, annexation occurs because new land uses proposed for the annexed area are no longer possible under existing county requirements (as unincorporated land) or that urban services are required to develop the site. Any annexation then must include a determination of the new land uses that will be applied in the annexed area. For Harbor, the existing urbanization and urban service provisioning makes this process simpler. County planning and local service provider planning provide the starting point for the plan that will accompany any annexation. Further, the new areas once annexed

[73] Alshuler, Alda. 1965. *The Goals of Comprehensive Planning*. Journal of American Planning Association. 31(3): 186-195.

will also be part of any future City of Brookings comprehensive plan update. This will require public process to determine if the existing infrastructure adequately serves the area and how the area will continue to develop and redevelop. Annexation may also trigger a need for the City to re-evaluate the UGB area and explore if future population growth will be service adequately by the remaining UGB. If it is found that there is not enough land to accommodate future growth, the UGB may have to be expanded, or policies about redevelopment within the City may have to be adjusted to accommodate growth.

Relevant Oregon Annexation Law and Procedures for Special Districts

In order to understand what laws and procedures are relevant, the special districts involved must first be defined. Harbor Sanitary District is a sanitary district as organized under ORS 450.005 to 450.245.[74] Harbor Water, however, is a people's utility district and is organized under ORS Chapter 261.[75] Harbor Rural Fire Protection District, as such, is organized under ORS chapter 478.[76] Finally, the Port of Brookings-Harbor is organized as a port authority under ORS 777.005 to 777.725 and 777.915 to 777.953.[77][78] The important point is that annexation procedures are not the same for each of these entities. This requires any annexation strategy to be prepared for meeting the different requirements under Oregon law.

Procedures for Annexation: Cities and Special Districts/Unincorporated

For annexations, the Department of Revenue must approve all boundary change maps and legal descriptions filed. New districts or districts that plan a major boundary change should check with the Department of Revenue Cadastral Information Systems Unit and the county assessor well before the filing deadline to be sure all

[74] ORS 198.010(11).
[75] ORS 198.010(1).
[76] ORS 198.010(14).
[77] ORS 198.010(20).
[78] The full area of the Port of Brookings-Harbor is ***not*** being considered for annexation under either Alternative I or II. However, the Port has the authority to providing policing of Port-owned property under ORS 777.190. Because of the implications for either Alternative, it is important to emphasize the Port's legal authority.

requirements are met. This filing is in addition to the requirements stated in ORS 198.780, which states that:

> *"[w]ithin 10 days after a document… …is entered, adopted or executed, the board that entered, adopted or executed the document shall file duplicate copies of the document with the Department of Revenue, the Secretary of State and with the county clerk and the county assessor of each county in which any district affected by the document is located."*

Even if a district's annexation is effective on or before July 1, its tax rate is not automatically extended to the annexed territory. The district must file its boundary change documents in final approved form with the Department of Revenue's CISU and the county assessor by March 31 and obtain a notice of approval.[79]

Elections

Generally, annexations require consent from the residents of the affected territory. This can be accomplished through an election where a majority of electors in the affected city and a majority of electors in the territory to be annexed vote on annexation. The proposal can be put on the ballot for a general election or a special election.[80] However, there are circumstances where no election is required, although public notice is required.

First, the City can bypass the election requirement if a majority of electors in the affected territory vote for annexation.[81] Another option is if the City obtains the consent of all property owners and a majority of electors in the affected territory.[82] Still another option is if a majority of landowners who own a majority of real property representing a majority of the assessed value of the land within the affected territory consent.[83] Finally, the City could obtain the consent of a majority of electors and a majority of landowners in the territory subject to annexation.[84] All of these options are subject to referendum.[85] Given the apparent opposition to annexation from

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[79] Oregon Department of Revenue (DoR) (2010). *Boundary Change Information*. Salem, OR: DoR, 4-5.
[80] ORS 222.111(5).
[81] ORS 222.120(4).
[82] ORS 222.125.
[83] ORS 222.170(1).
[84] ORS 222.170(2).
[85] For more information, see http://www.orcities.org/Portals/17/A-Z/commdev045.pdf.

Harbor residents and business owners, these consent-based options are likely impractical.

Partial Annexation of Special District: Three Options

Both Alternatives I and II concern the annexation of territory wholly or partially of the Harbor Sanitary District and Harbor Rural Fire Protection District. The procedures governing the annexation of such territory is dealt with in ORS 222 (Harbor Water PUD is unaffected for reasons discussed below). There are three options provided by this chapter: allowing the districts to continue, entering a joint operation agreement, and takeover of the districts. This section will discuss these three options.

First, the City could allow Harbor Sanitary District and Harbor Rural Fire Protection District to continue. Whenever a part less than the entire area of a district becomes annexed to a city which will provide services to that part after annexation, the city may cause the part to be withdrawn from the district. Until withdrawn, the part of the district annexed to the city shall continue to be a part of the district.[86] However, the part withdrawn is not relieved from liabilities and indebtedness previously contracted by the district. For the purposes of paying the district's liabilities and indebtedness, the withdrawn property continues to be assessed and taxed uniformly with property remaining in the district. The annexing city, however, assumes such obligations if they do not bring the total of the city's obligations above any statutorily prescribed limitations.[87]

Second, the City and the districts could enter into a binding agreement for the joint operation of their respective facilities. This is provided for both rural fire protection districts[88] and sanitary districts.[89] However, this option would come into play as a result of the withdrawal of the annexed area from these districts. Such agreements can be entered into before (and contingent upon) or after withdrawal.[90]

Third, the City could take over the entire districts. Alternative II Option would follow this course. Under this scenario, the city shall

[86] ORS 222.520(1).
[87] ORS 222.520(2).
[88] ORS 222.530(5).
[89] ORS 222.560(4).
[90] ORS 222.575.

succeed to all the assets and become charged with all the liabilities, obligations and functions of the district.[91] This option does not allow for the district to remain intact upon incorporation. However, Harbor RFPD and Harbor Sanitary District may continue to provide services if the continuation is proposed by the City in a petition that is subsequently approved by voters in an election. At any time after annexation, a city may cause a district to be extinguished and succeed to all the assets and become charged with all the liabilities, obligations and functions of the district.[92] This would allow for the temporary provision of services by a district on the condition that such a proposal is spelled out in a voter-approved measure. However, ultimately it would end the existence of the district.[93]

Should the City pursue annexation, the CPS recommends the City consider a combination of the first and second options, allowing the districts to continue operating under joint service agreements. Continuing to operate means local residents continue to be served by districts they know and trust. The districts provide quality, affordable services to the Harbor community and should be allowed to continue doing so. These two options also lower the risk and uncertainty of annexation by reducing the City's liabilities. Under the third option, the City would assume liabilities that current City residents may find unacceptable. However, assumption of the Sanitary District would lessen intergovernmental coordination costs, and streamline sanitary services.

Special District Planning Responsibilities

Special districts are required by law to exercise their planning authority and actions affecting land use in accordance with goals approved pursuant to ORS chapter 195, 196 and 197.[94] In addition, the appropriate city and county are required to enter into a cooperative agreement with each special district that provides an urban service within a UGB. Said city and county may also enter into a cooperative agreement with any other special district operating within a UGB.[95] Such agreements must meet the following requirements:

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[91] ORS 222.510(1).
[92] ORS 222.510(2).
[93] Erin Doyle, personal communication, May 14, 2015. Hereafter Doyle.
[94] ORS 195.020(1).
[95] ORS 195.020(3).

a. "Describe how the city or county will involve the special district in comprehensive planning, including plan amendments, periodic review and amendments to land use regulations;

b. Describe the responsibilities of the special district in comprehensive planning, including plan amendments, periodic review and amendments to land use regulations regarding provision of urban services;

c. Establish the role and responsibilities of each party to the agreement with respect to city or county approval of new development;

d. Establish the role and responsibilities of the city or county with respect to district interests including, where applicable, water sources, capital facilities and real property, including rights of way and easements;

e. Specify the units of local government which shall be parties to an urban service agreement under ORS 195.065;

f. If a metropolitan service district is a party to the agreement, describe how the metropolitan service district will involve the special district in the exercise of the metropolitan service district's regional planning responsibilities; and

g. Contain such other provisions as the Land Conservation and Development Commission may require by rule."[96]

These requirements dovetail with the second option of entering a joint operations agreement. While relevant to all three districts affected by annexation, it is especially relevant to Harbor RFPD, which has special considerations that must be accounted for.

Protection of Harbor Rural Fire Protection District

Should the City in an annexation take over all or a portion of the Harbor Rural Fire Protection District (Harbor Fire), state law provides guidance on the allocation of the districts assets and on the protection of services outside the annexed area. Within 90 days of the date of withdrawal of annexed service area from the Harbor RFPD, the governing bodies of both the City and the Harbor Fire district must agree upon an equitable division and disposal of the district's assets. The plan for dividing assets will be arrived at after considering the

[96] ORS 195.020(4).

assessed value of the district and the withdrawn area, the asset types, and their location and intended use. However, the plan cannot divide the assets so that the surviving district would have a less favorable fire insurance grade classification than it had at the time of withdrawal.[97] This means that, under both the annexation alternatives considered in this study, the City must protect Harbor Fire and ensure the remainder is kept functioning after annexation.

Fire districts are rated by the insurance industry with a public protection class (PPC) number ranging from one to 10, with one being the safest and 10 being an unsafe district where even minimum standards are not met.[98] Both Brookings Fire Department and Harbor Fire have an insurance grade classification of 3. This indicates that both organizations provide a high level of service that well exceeds the minimum requirements. Harbor Fire's high rating must be preserved whether under any annexation proposal that withdraws territory from the district. Therefore, the division of assets must be carefully considered.

Annexation and PUDs

Any annexation of the Harbor community will require reconciling the assets, operations, finances and liabilities of the two utility service providers. This section focuses on the implications of annexation on two local service districts: the Harbor Sanitary District and the Harbor Water PUD. Local service districts include a diverse set of municipal service providers including fire, water, economic development, parks districts, and roads districts.[99] While both entities are local service districts, different laws govern them that are important in an annexation process.

Water and sanitary districts are each governed by an elected board, owning infrastructure to provide sanitary services, to compel residents to connect to the service, and the ability to charge rates and levy taxes.[100] Annexation of many local service districts are handled as annexation of special districts as covered under ORS 222.510 et seq. If the entirety of the special district occurs, the city assumes responsibilities and the district is extinguished. If a portion of the district is annexed, then the district can be divided in part.

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[97] ORS 222.530(1).
[98] For more information, see http://www.mcgrathinsurance.com/node/158.
[99] This list is not complete; for more information see ORS 174.116.
[100] ORS Chapter 450.

There are mechanisms to allow for a joint provision of services based on division of assets and operational responsibilities.[101] These arrangements may also include the district remaining in existence and being the sole provider of services for the newly annexed territory. Under other provisions for water and sanitary districts, cities can invite special districts to annex within the city for the purpose or service provision.[102] These provisions thus provide a clear path for a city to annex and assume a variety of responsibilities for providing the district's services.

The Harbor Water PUD was formed not as a special district as discussed above, but as a People's Utility District. People's Utility Districts are unique districts with the power to develop, sell and distribute water and power within a territory. They are governed by an elected board with the power to levy taxes within the territory. Their legal authority is provided by the Oregon Constitution in Article XI, Section 12 and implemented through ORS chapter 261. PUD's are created through a similar process as special districts, but additionally have their territory allocated to them by the County. This provision of territory is meant to prevent duplication of service provision and to order the provision of utilities.[103]

This allocation of territory becomes exclusive. Importantly, PUD's cannot be taken over by other jurisdictions through annexation without the district's agreement. In 2005, the Oregon Supreme Court ruled on an effort by a city to exclude the territory of a PUD finding that Oregon law does not permit cities to exclude the PUD form providing services form an area if it has been allocated exclusively to it.[104] The decision also notes that the statutes restrict other municipalities from becoming service providers in the same territory. This provision was similarly applied in 1990 when the Rockwood Water District converted to a People's Utility District to prevent losing its service territory during annexation by the City of Gresham.[105]

Although cities are unable to replace the provision of service by PUD's, cities do retain the authority to regulate the use of

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[101] ORS 222.575.
[102] ORS 198.866.
[103] ORS 758.405.
[104] *Springfield Utility Board v. Emerald People's Utility District*, 191 Or App 536, 84 P3d 167 (2004), affd 339 Or 631, 125 P3d 740 (2005).
[105] For more on the history of Rockwood PUD, see: http://rwpud.org/about-us/history/

municipally[106] owned rights of way and to impose charges upon publicly owned utility suppliers.[107] This includes the right determine the terms and conditions, including payment of charges and fees, permitting a PUD to occupy the streets, highways or other public property within city limits.[108] Cities may also levy and collect a privilege tax from PUDs operating for a period of 30 days within city limits and using city-owned streets or highways without a franchise. However, the amount must not exceed five percent of the PUD's gross revenues.[109] In *Northwest Natural Gas Co. v. City of Gresham*,[110] the Oregon Court of Appeals ruled the City of Gresham's increase utility license fees for Rockwood Water PUD was not preempted because the district was not operating "without a franchise from the city."[111] With this in mind, the City of Brookings could require Harbor Water PUD to reimburse the City as a condition for remaining operational upon annexation.

Lincoln City Case Study

The City of Lincoln City's annexation of adjacent district territory is an instructive case study of the problems that can arise from annexing territory in a public service district. Like the City of Brookings, the City of Lincoln City is located on the Oregon Coast and struggled in its relationship with adjacent unincorporated territory within its UGB. Also, the City of Lincoln City dealt with problems in its relationship with public service districts serving the area. The rest of this section will explain the case study in detail.

In July 1, 2013, the City of Lincoln City annexed approximately 246 acres of land in the Roads End area of Lincoln County. Roads End is on the northern edge of the City of Lincoln City. At the time, the annexed territory was contiguous to the City boundary. The same 246 acres was also withdrawn from the Lincoln County Library District, Roads End Sanitary District, and Roads End Water District. The City of Lincoln City provided water service to the Roads End area since 1978 through an intergovernmental agreement between the City and the Water District that expired in 2003. Under a separate agreement with

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[106] "Municipality" is defined as any town, city or other municipal government wherein property of the public utility is located [ORS 221.420(d)].
[107] ORS 221.415.
[108] ORS 221.420(2)(a).
[109] ORS 221.450.
[110] 264 Or App 34 (2014).
[111] This case is on appeal to the Oregon Supreme Court, who may change the ruling.

the Sanitary District, the City maintained and repaired the sanitary sewer, and treated and disposed of waste from properties in the District.[112]

Instead of renewing the expired IGA, the City Council adopted resolutions to terminate water service in the event the area was not annexed. In 2004, the City amended its requirements for water service outside city limits to require a consent-to-annex when the name on the utility bill changed.[113] Several residents protested and refused to submit the consent documents. As a result, the City of Lincoln City sought a declaratory judgment to determine whether its annexation program and consent-to-annex requirements were lawful. The United States District Court for the District of Oregon ruled in favor of the plaintiff.[114,115]

In defending its annexation proposal, the City Council cited the fact that the City of Lincoln City provides services to the Roads End area despite the existence of the districts. The City Council also cited ORS 222.520 and 222.524 as providing the City the authority to withdraw annexed property from Roads End Sanitary District and Roads End Water District.[116] The Roads End annexation was deeply unpopular with the residents living in the area, who fought the City of Lincoln City to the end. Three lawsuits were brought against the City of Lincoln City, and the state legislature made several attempts to reverse the annexation.[117]

Other service district annexations include the City of Beaverton's annexation of Tualatin Hills Parks & Recreation District and the City of Happy Valley's annexation of Sunrise Water District.[118] It is unclear if there are any examples of cities that annexed territory within a district while allowing the district to continue providing services to the territory. Unfortunately, Lincoln City demonstrates the difficulties of

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[112] City of Lincoln City (2012). *Ordinance No. 2012-10*, passed and adopted by the City Council of the City of Lincoln City on 10 December 2012, 2.
[113] Ordinance No. 2012-10, 5.
[114] City of Lincoln City v. Roads End Sanitary District et al, Civil No. 06-1001-TC (2008).
[115] The Court noted that in 1978 the USDA entered into an agreement with Lincoln City to grant $590 thousand to pay for a new water system. The Roads End residents argued the annexation violated this agreement, an argument which the Court rejected. This was the only issue I found which dealt with federal law that might explain why this went to the District Court.
[116] Ordinance No. 2012-10, 8-9.
[117] Doyle.
[118] Howard.

such a proposal, especially if the districts are incapable of supporting themselves.

Allocation of Debt and Liability

Upon annexation of part of a special district, the annexed area will not be held liable for the any current operating expenses beyond the current fiscal year, subsequent tax levies imposed by the district, or any contractual obligations to another district beyond the fiscal year of the effective withdrawal.[119] If the surviving district(s) go bankrupt because of the annexation, the City could be forced to assume the district(s) and its liabilities.[120]

Planning Requirements and Procedures: Planning for Areas Inside the UGB

As required by ORS 197.175(1),

> *"[c]ities and counties shall exercise their planning and zoning responsibilities, including, but not limited to, a city or special district boundary change which shall mean the annexation of unincorporated territory by a city, the incorporation of a new city and the formation or change of organization of or annexation to any special district… in accordance with ORS chapters 195, 196 and 197 and the goals approved under ORS chapters 195, 196 and 197 [the Statewide Planning Goals]."*

A city annexation made in compliance with a comprehensive plan acknowledged pursuant to ORS 197.251(1) or 197.625 must be considered by the commission (State Land and Conservation Commission) to have been made in accordance with the goals unless the acknowledged comprehensive plan and implementing ordinances do not control the annexation.[121] The City of Brookings has an acknowledged Comprehensive Plan last revised on July 28, 2014 and effective as of August 27, 2014. As long as the City of Brookings complies with the annexation policies contained in the plan, it will be in compliance with ORS 197.175.[122]

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[119] ORS 222.528.
[120] Doyle.
[121] Department of Land Conservation Development (2015). *Oregon Administrative Rules, 660-014-0060*. Salem, OR: Oregon State Archives.
[122] Gordon Howard, personal communication, May 7, 2015. Hereafter Howard.

Preparation of Plans: Facility Plans

Curry County is responsible for land use planning in unincorporated lands within its jurisdiction. Annexation would transfer this responsibility to the City of Brookings. This includes responsibility for public facility plans under ORS 451.

Plan policies regarding public facilities are spelled out in Chapter 11.11 of the Curry County Comprehensive Plan. Curry County recognizes three levels of public facilities and services under 11.11(1) of the plan: "rural services;" "rural community services;" and "urban services." Urban services are planned to be included within the cities' UGB so that these facilities can be further developed in coordination with the respective city [11.11(2)]. The City of Brookings and the Harbor Sanitary service area are categorized as urban service areas.

Under 11.11(12) of the plan, "Curry County shall incorporate a provision into the UGB Management Agreement with each city and planning coordination agreement with each water district that the water provider will strive to correct deficiencies in their system to bring the unaccounted water loss for the system to less than 10%." The plan also requires the County to seek for small public water systems to merge with larger systems or consolidate into a larger system where economically feasible and efficient [11.11(13)].

Under 11.11(20) of the plan, the County and the City of Brookings are both required to "examine the feasibility of providing public water service to the existing Rainbow Rock Condominium development and will require connection to the City of Brookings utility system for any future expansion as indicated in the Public Facilities Plan for the Brookings urban growth area." As of 2014, Rainbow Rock Condominiums is connected to an independent water system.[123] The City and County are also required under 11.11(21) to "examine the feasibility of reactivating the Ferry Creek reservoir as an alternative water source for the city's system as indicated in the Public Facilities Plan for the urban growth area." A feasibility study was completed in the 2007 Water Master Plan, which rejected redevelopment due to the extremely poor water quality and high unreliability as a drinking water source.[124] Recently, the City has begun to reconsider the need to

[123] PACE (2014). *City of Brookings Water Master Plan Update*. Brookings, OR: City of Brookings, 2-5.
[124] PACE, 6-2.

reactivate the Ferry Creek reservoir to add redundancy and resiliency to its water system.

Obligations and Role of City of Brookings

Any annexation the City proposes must be in compliance with its own land development code, along with ORS 222.111 to 222.180 and 222.840 to 222.915.[125] An application may be filed with the City along with a filing fee as established by the City Council. The application must include maps of the proposed annexation area, completed consent to annex forms, specific information on the territory features and assessed value, addresses of all affected buildings, and detailed land use and zoning plans.[126]

An annexation impact analysis is also required. All annexation requests must comply with the following criteria:

a. The proposed use for the site complies with the Brookings comprehensive plan and with the designation on the Brookings comprehensive plan map.

b. An adequate level of urban services and infrastructure to accommodate anticipated future development either is available, or can reasonably be made available.

c. Documentation of impacts on existing streets within the annexation area and adjacent transportation facilities by future development of the area.

d. As development occurs within the annexed area new streets shall be constructed to the standards of the Brookings transportation system plan and land development code. (While it is preferred that public streets located within the city limits be a part of the city-maintained street system, streets within the annexed area shall remain in the county's jurisdiction until such time as they are improved to the city street standards.)

e. Documentation of the availability and adequacy to serve the proposed annexation with police, fire, parks, and school facilities and services.

f. Improvements for needed infrastructure shall be secured by a funding mechanism that will place the economic burden on the

[125] Brookings Municipal Code (BMC) 17.144.010.
[126] For a more comprehensive list, see BMC 17.144.020.

territory proposed for annexation and not on the city of Brookings.[127]

A request for a city zoning designation for territory proposed for annexation shall be considered in the proposal. However, the city council holds the ultimate responsibility for zoning designation. Whatever zoning is chosen for the annexed territory must be specified in the annexation ordinance and is effective upon approval of the annexation by the Secretary of State.[128]

The planning commission is required to conduct a public hearing to consider the application request. The commission will review the submitted materials to assess if the materials comply with the criteria stated in BMC 17.144.030. Their recommendation is then forwarded to the city council, which will consider the recommendation and decide whether to approve or deny the requested annexation.[129]

Urban Renewal Area Expansion

Both Alternatives I and II would bring Harbor residents and businesses within the jurisdiction of the City of Brookings. This means both proposals would bring in territory that could be affected by the pre-existing Brookings Urban Renewal Area (BURA). The purpose of this section is to provide information regarding urban renewal areas within the context of both annexation proposals, particularly Alternative II. Two questions will be answered. First, does annexation mean that residents of the annexed community have to contribute to the urban renewal area (URA) within the annexing city? Second, can an already existing URA be expanded into the annexed area?

Background

The total of all urban renewal areas in a municipality with a population of less than 50 thousand cannot exceed 25 percent of the land area and 25 percent of the assessed value.[130] This is net of any excess value of existing urban renewal plan areas. Because the rate cannot change, a taxing district's operating property tax revenue from the plan area is frozen.[131]

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[127] BMC 17.144.030.
[128] BMC 17.144.040.
[129] BMC 17.144.050.
[130] ORS 457.420(2)(b).
[131] Multnomah County Tax Supervising & Conservation Commission (2015). *Annual Report 2014-15*. Portland, OR: MCTS&CC, 47.

The Brookings Renewal Area was approved by the City in August 2002 and contains approximately 354 acres of land area. This represents approximately 20.23 percent of the City of Brookings' current land area of approximately 1,750 acres.[132] Without annexation, the Renewal Area could expand by another 83 acres and still fall within the 25 percent requirement. Annexation of the 86-acre Port District-owned property would allow for a 105-acre expansion of the Renewal Area.

Procedure for approving a change to an urban renewal area must also be approved by the Department of Revenue for the tax rates to be effective. However, the change must be filed by December 31 the year before it is to be effective.[133]

Annexation and Contributions to the BURA

Like other URAs, the Brookings urban renewal area uses tax increment financing (TIF) as a financial tool.[134] As such, the pre-existing tax base within the URA is "frozen" until the bonds issued to pay for projects in the URA are repaid. During that time, all tax revenue generated within the URA over that generated on the "frozen" base is available to pay interest and principal on the bonds. Though, the URA can return a portion of the tax increment back to overlapping jurisdictions. Urban renewal is funded with revenue bonds issued by the City of Brookings and backed by TIF revenues but not by the City's full faith and credit. That is, the City is not responsible for paying either principal or interest other than from TIF revenues. Until the bonds are fully paid, taxes collected on the increase of value in the URA over the frozen adjusted base are dedicated to repaying them. This is true whether or not the increase in value would have occurred due to urban renewal. Once the bonds are paid, the full property value returns to the tax rolls of local governments.[135]

The Brookings Urban Renewal Area does not increase the property tax of any property owner within city limits. Instead, it receives its money from the amount that would have been paid to other taxing districts and shifts that amount to itself. The amount of funding the BURA receives can be no more than what the assessed

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[132] City of Brookings (2002). *Urban Renewal Plan*. Brookings, OR: Brookings Urban Renewal Agency, 3. Hereafter *Urban Renewal Plan.*

[133] Greg Kramer, personal communication, May 1, 2015.

[134] *Urban Renewal Plan*, 13.

[135] City Club of Portland (2005). Portland Development Commission: Governance, Structure, and Process. *City Club of Portland Bulletin, 86*(34), 9-11. Hereafter City Club of Portland.

value increase of that area would have produced in property taxes. The amounts are calculated as tax rates for the various districts and subtracted from their regular tax rates. The subtracted amounts are then added to form a total rate for the Brookings Urban Renewal Agency and used to calculate the tax bill for city residents.[136]

Because the URA is part of the City of Brookings' tax rate, annexation would mean Harbor taxpayers would be contributing to the Brookings Urban Renewal Agency. However, this does not mean that Harbor residents would be paying a higher tax rate. Rather, it means the $0.1967 per thousand tax rate for the URA would be subtracted from the City and the other Harbor tax districts. This could result in reduced resources available to Harbor Rural Fire Protection District, which Brookings might wish to leave intact and whose survival must be ensured. Currently, neither the Harbor Water PUD nor the Harbor Sanitary district impose a property tax, but rely on charges for services for operational funding. These rate-based charges are immune from the URA diversion.

Expansion of Brookings URA under Alternative II

No land equal to more than 20 percent of the total land area of the original plan shall be added to the urban renewal areas of a plan by amendments.[137] Additionally, the same notice, hearing and approval procedure for the original urban renewal plan are mandated when an amendment adds land to the urban renewal area. The exception is for an addition of land that totals not more than one percent of the existing area of the urban renewal area.[138]

So long as the Brookings Urban Renewal Agency complies with these requirements as well as those of ORS 457.420, they can authorize an amendment to take in new property. If the City of Brookings annexes Alternative II, the area would be eligible for urban renewal through a new area or adding to the existing URA. Even without annexation, the URA could still be expanded into the Alternative II area provided the expansion meets the above requirements. However, Curry County would also have to approve the plan/amendment.[139]

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[136] Kolen, J. (2015). Curry County Example. In *Urban Renewal Best Practices* (How do county assessors tax Urban Renewal?).
[137] ORS 457.220(3).
[138] ORS 457.085(2)(i)(A).
[139] Elaine Howard, personal communication, October 15, 2015.

How Urban Renewal Can Be Used to Incentivize Businesses

It is worth noting that while Harbor taxpayers would be paying into the Brookings URA under annexation, expansion of urban renewal into Harbor would make the reverse true. That is, urban renewal funds would come mostly from the larger Brookings tax base. This could be a powerful source of funds to repair sewer lines and other infrastructure in blighted areas.

Indeed, the competition for property tax revenue means TIF-funded projects receive more careful scrutiny by local governments whose budgets are compressed by TIF financing. As such, through urban renewal, part of the total tax revenues available for local government service programs can be used to fund capital infrastructure programs such as streets, sewers, water and parks. This would reduce the need for Brookings to pursue voter approval for general obligation bonds for capital improvements and free up funds for other government services.[140]

Rockwood, a formerly unincorporated community annexed by the City of Gresham in the 1980s, is an instructive case study of how urban renewal can be used to address economic needs. In 1998, community members completed the Central Rockwood land use plan and a Rockwood Action Plan, with the goal of creating a vibrant mixed-use neighborhood. Shortly afterwards in the fall of 2001, the City of Gresham completed a feasibility study that found urban renewal to be especially suited to Rockwood. This is because, among other reasons, urban renewal could support development of vacant, underutilized, and difficult to develop industrial sites. In the winter of 2002, the City developed an urban renewal plan.[141]

Conclusion

Because Harbor residents would be paying City of Brookings taxes under Alternative II, they would necessarily be paying taxes for the Brookings URA. The problem that arises from this situation is not increased taxes per se but rather fewer resources for other districts, particularly Harbor Rural Fire Protection District. However, Harbor businesses could be drawn into the Brookings URA or form their own

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[140] City Club of Portland, 13.

[141] Johnson, N., & Tashman, J. (2002). Urban Renewal in Oregon: History, Case Studies, Policy Issues, and Latest Development. *Tashman Johnson, LLC*, 32.

URA. This would allow them to benefit from urban renewal funds that could pay for infrastructure repairs that could spur economic development.

VI. Alternative I: Annexation of Port of Brookings-Harbor Commercial Area

This study developed two possible annexation alternatives for the City of Brookings and the adjacent Harbor Community. Alternative I is the hypothetical annexation of the portion of the Port of Brookings-Harbor District (Port) owned lands and buildings in the Port commercial and marina area. The annexation would provide police and other City services to this narrowly-drawn area of public ownership. The annexation has been designed to have minimal impact on the government special districts that provide services in the Port area, and it would leave special district services for fire protection, water and sanitary services intact and supported. In acreage, the alternative would represent a small addition to the land area of the City of Brookings. We assume that there are no permanent residents living in the Port commercial and marina area, which results in no effect on the City population.

To present Alternative I and its implications, we explain and analyze the alternative in several chapter sections. First, the chapter presents the location and boundaries of the annexed area. This points to a slightly enlarged City. Second, the chapter describes the vision, intent and goals of the alternative and of a hypothetical annexation. The third section of the chapter describes and discusses the programmatic impacts of the alternative. This discussion includes describing how municipal services would be provided, and how service programs would affect the City organization and the neighboring special districts. The fourth section of the chapter develops costs and a budget, while the fifth section develops and details the potential city revenues generated under the alternative. The chapter then evaluates the benefits and risks of the alternatives and considers major issues.

Location and Demographics

The annexation in Alternative I is solely focused on the Port-owned lands and buildings in the Port commercial and marina area. The tax lots owned by the Port of Brookings-Harbor were identified using the Curry County Assessor's GIS dataset. The properties are exclusively located on tax maps 4113-05DB, 05DC, and 08A. All properties fall within tax code area 17-9. This tax code area (17-9) not only covers the annexation area, but most of the surrounding Harbor Sanitary District service area as well.

Sixty-seven (67) individual parcels were found in the Assessor's data, totaling approximately 75 acres. An individual parcel may fill an assessor's tax lot entirely, but there may be multiple parcels within a single tax lot (e.g. 4113-05DC-0100, which has multiple offices and restaurants in a single building and tax lot). Many of the Port-owned parcels are leased to businesses, each of which has a separate property tax record, and a business can quickly come into or go out of existence. Thus, an exact number of tax parcels is variable. The tax records list the individuals or businesses that lease a lot or parcel from the Port. Many of these tax records include the value of permanent facility improvements made by the lessee. Portions of the marina are also included on Port-owned lots, presumably based on dredged expansions to the river. River bottom that is owned by the Oregon Department of State Lands (11.24 acres) and leased to the Port are not included in the annexation total. Exhibit 6.1 provides a locator map of the Alternative I annexation area.

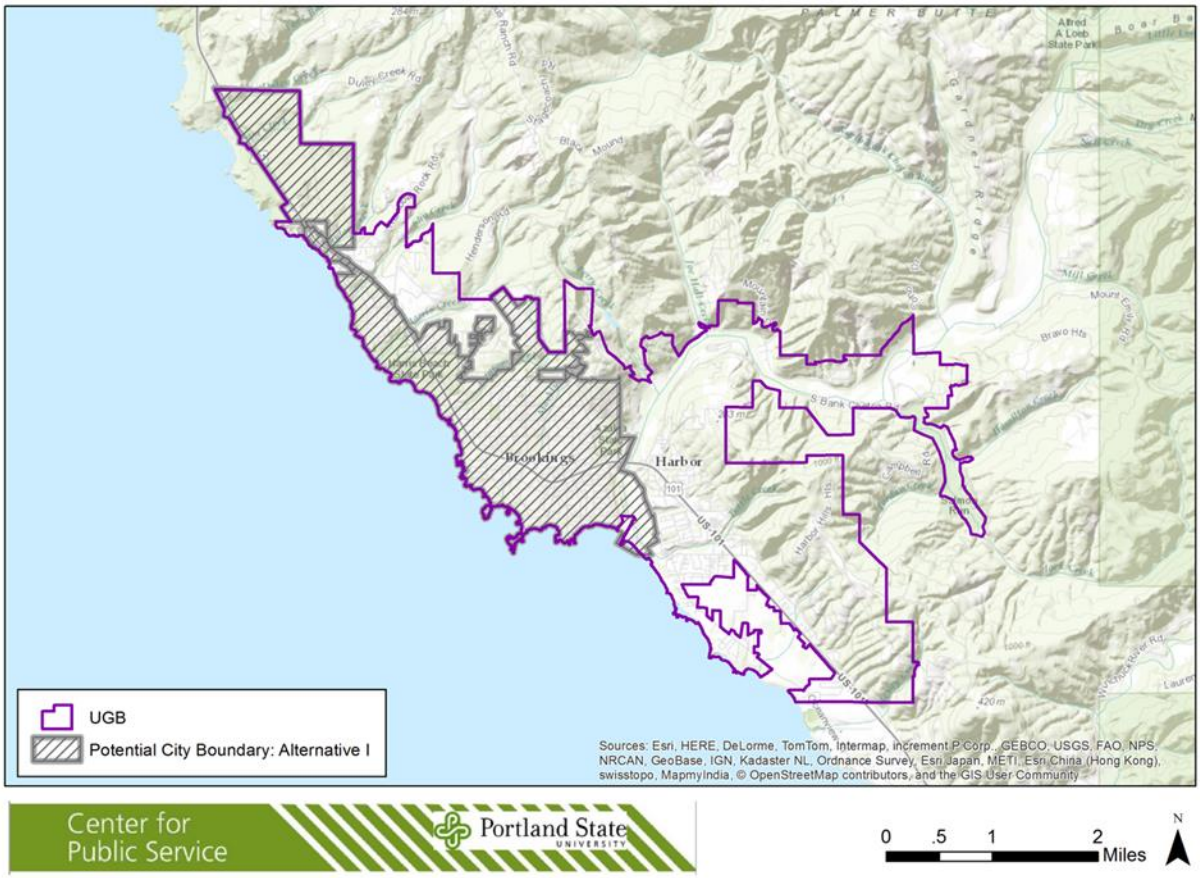
Exhibit 6.1: Alternative I Boundary (Light Green)[142]

The land proposed for annexation under Alternative I is currently zoned for commercial use. This means the potential short- and long-term impacts of annexation would be borne by the businesses and other commercial interests based in the Port. Importantly, adjacent businesses outside the Port commercial area boundary and Harbor

[142] The scenario boundaries were developed using the County's taxlot data in a geographical information system (GIS). The GIS data is from a February 2015 update to the Oregon Department of Revenue.

community residents would not be directly impacted by the hypothetical annexation. Exhibit 6.2 demonstrates how the City boundaries would be reshaped following a hypothetical annexation.

Exhibit 6.2: New City Limits under Alternative I



While tens or hundreds of visitors may stay overnight at the Port RV Park or in the marina area, there are no permanent residences in the Port-owned lands and properties. The alternative assumes no permanent population in the annexed lands, and applies this assumption in service and revenue computations. As a note, the federal US Coast Guard station in the marina area may have residential facilities, but this property is excluded from the annexation package.

Alternative Vision, Intent and Goals

Alternative I envisions a very restricted, carefully-drawn annexation of Port-owned property and the businesses contained therein (Exhibit 6.2). The alternative has little capacity to generate revenue, which limits the potential for service provision in the annexed area. The primary and major benefit of the alternative is to provide

enhanced law enforcement services to the Port commercial and marina area. The primary features of the alternative include:

- Provide for 24/7 police response services, and establish a patrol presence based on service demand patterns. Shift the policing stance from reactive response to proactive deterrence and prevention;
- Increase police investigative services and post-incident follow-up responses;
- Allow for City partial recovery of the law enforcement and other program costs of providing services to the annexed area;
- Support continued operation of the existing special districts within a slightly enlarged City boundary;
- Lower the level of community uncertainty and risk by relying on current service arrangements wherever possible;
- Define a new enlarged City with slightly expanded boundaries and governance requirements, and;
- Provide a fact base of the relative costs and revenues of operating the current City government at a slightly higher capacity.

Under Alternative I, the most immediate and evident service change would be increased and consistent police services. The Brookings Police Department (BPD) would provide a consistent 24/7 incident response, enhanced deterrence, prompt response rates, and proactive community policing and crime prevention. BPD would provide these services at a higher service level than the area currently receives. Annexation would eliminate dependency on the Curry County Sheriff for patrol and for first-level investigations of crimes.

Analysis of dispatched incident call data (Chapter III above) shows that the Brookings department regularly provides patrol officer response, backup to the Sheriff and Oregon State Police, and inter-agency mutual aid. The City currently receives no compensation for these out-of-City services, and annexation would provide a partial means to cover some of these costs.

A key feature of the alternative is to keep existing special districts intact and operating. The City would work with the Harbor Fire, Harbor Water PUD, and Harbor Sanitary district through negotiated agreements to keep familiar levels of service for residents.

This approach is authorized and encouraged by statute at ORS 222.530(5), 222.540(4), and 222.560(4). Keeping the special districts intact has several advantages. Maintaining fully operating fire protection, water, and sanitary districts allows for continued service provision outside the annexation boundaries, especially in the developing areas south of Harbor. State law stresses the maintenance of effective fire protection for the un-annexed portion of a fire protection district. Maintaining the service districts also presents familiar service providers to the residents of Harbor. This consistency should help to lower the public uncertainty associated with the changes caused by an annexation.

The Alternative recommends the continued operation of the Harbor Fire Protection District. The district currently provides quality services at very economical prices through a strong volunteer-based program. Once the City tax rate is imposed, we recommend the certification of the Harbor Fire Protection District tax rate at a zero rate for annexed area of the Port commercial and marina businesses. The City would reimburse the District fully to pay for service coverage in the annexed area under an intergovernmental agreement (IGA). The City could also support the fire district's future transition to a new chief through financial support in years five to ten of an IGA.

Annexation under Alternative I would subject the Port-owned properties and related lessees to the City property tax rate. As a public entity, the Port property itself is exempt from property tax assessment. However, the 30 or so businesses leasing land, buildings and facilities from the Port would pay property taxes on real improvements and business personal property. The annexed properties would pay at the City's adjusted rate for urban renewal ($3.5286 per $1,000 assessed value), and tax revenues would be parsed to contribute to the Brookings Urban Renewal Agency. Additionally, the businesses would need to comply with other City taxes and fees including the transient tax and business licensing taxes.

Alternative I represents a small annexation to the City of Brookings, which will limit impacts on City governance and administration. The minimal size of new territory and no new permanent residents would not require adjustments or changes to the current city council and constituent representation structures. However, City Council members, executive administrators and staff must recognize fully that the Port leadership and the business owners in the newly annexed area would become full constituents that would need political representation. Additionally, the City would need to

enhance its capacity to provide effective intergovernmental coordination with the service districts now within the City boundary.

Service Program Integration and Analysis

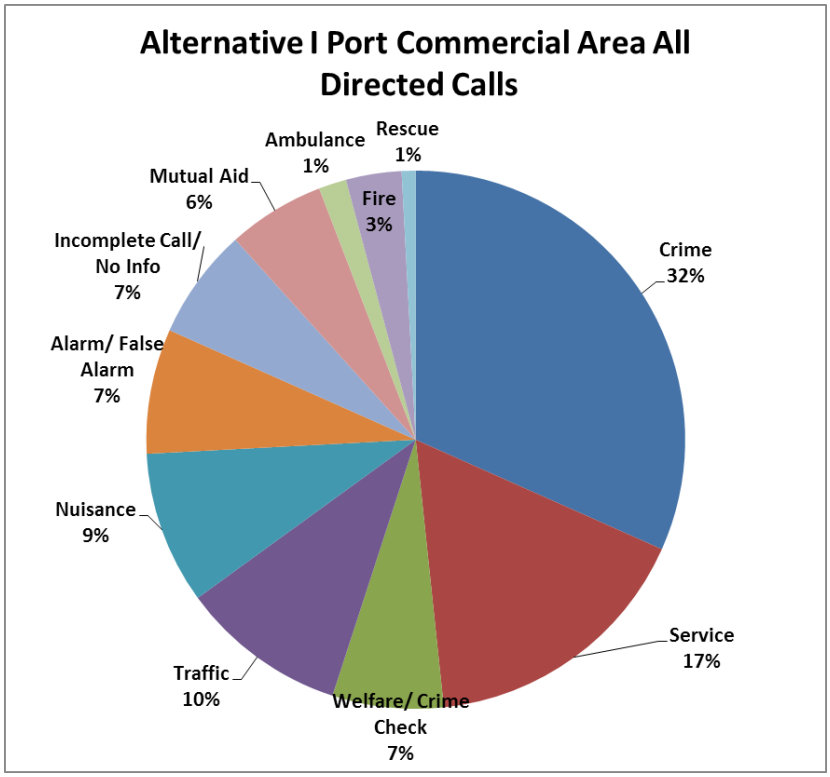
Implementing Alternative I would require the dedication of current City resources to serving the newly annexed acreage in the Port commercial and marina area. The Police Department will be the most directly affected City service; however, most other City departments would need to take on an incremental additional load of providing services to the annexed area. Intergovernmental coordination between City leadership and staff, and the three Harbor special districts will become mandatory. These districts would now operate within City boundaries. This would be a new and higher level of coordination than the City has practiced to date. The following sub-sections review the major areas of service dedication and reformulation.

Police Services

Alternative I would provide 24/7 police incident response services, enhanced patrol during high demand periods (e.g. day shift and weekend bar closing hours), investigative and incident follow-up services (e.g. property crime follow-up), and law enforcement support and administrative services. Service provided by the Brookings Police Department (BPD) would replace the service currently provided by the Curry County Sheriff. An increased visible presence of BPD patrol officers in the Port commercial and marina area would help to shift policing from call reactive to proactive deterrence. Improved law enforcement services and crime prevention would provide a primary benefit of the alternative.

Analysis of law enforcement call for service data (Appendix B) indicates that the 9-1-1 dispatch call rate is relative low. On an annual basis, the Port commercial/ marina area incurred 29 calls for service, of which the Brookings Police Department (BPD) handled 5, and the Curry County Sheriff's Office (CCSO) handled an estimated 24 calls. BPD officer self-initiated calls in the Port area are negligible at one every five years. The available data does not include CCSO deputy self-initiated calls, which if available would increase the total incident load to the Port. The dispatched calls break out by the following types (Exhibit 6.3). Calls related to crimes, against persons, property and behavior, make up about one-third of all dispatched calls.

Exhibit 6.3



Based on the very low level of Brookings 9-1-1 dispatched calls, and few officer-initiated incidents per year, the Port commercial and marina area needs only a minimal level of patrol officer staffing to meet demand. Under Alternative I, the BPD would provide 24/7 coverage using the existing staffing levels of 10 patrol officers, and the current schedule. The BPD should be able to absorb the call and incident load, and meet single-digit response times under this arrangement.

To indicate officer time dedicated to the Port commercial and marina service area, the alternative sets 0.5 FTE of patrol officer time (i.e. 1,040 service hours per year), but adds no cost to the budget. Based on rates in other small, western Oregon cities, we estimate the annual cost for a 0.5 FTE of patrol officer service time at about $90,750.

Alternative I would in essence, provide a means to recover the cost of providing mutual aid and other law enforcement services to the Port commercial and marina area. Under Alternative I, the businesses and the Port government would receive law enforcement services at an economic marginal rate, which is the cost of serving the next neighborhood given that the central office and support services are all in place. The BPD and the City would absorb many of the fixed costs

of administration, training, shift relief, officer safety and backup, full-time service, investigations and special services. We note, based on other consulting studies, that this is a very economical rate on which to provide service (e.g. City of Creswell purchases police services from the Lane County Sheriff at a marginal rate).

Fire and Rescue Services

Fire and rescue services in the alternative will continue to be provided by the Harbor Rural Fire Protection District. This reflects the alternative strategy to rely on existing special district services wherever possible. The district serves a large area including the entire Harbor community to the south and east, and any arrangement must ensure sufficient district capacity to service these non-City residents at continued quality of an ISO 3 rating (ORS 222.530). To fully support the Fire District, the City would use its tax revenues to purchase services for the Harbor Service Area from the district. Reimbursement would match the Fire District's tax revenues. Under this arrangement, there would be no immediate addition to City staff.

The Fire District expects to undergo a leadership transition in the mid-term. Once annexed, the City could support this transition by providing additional funding equal to a 0.30 FTE part-time battalion chief in years 5 to 10 of an IGA. The Fire District would follow its own procedures to recruit and vet a new fire chief. The City would vet the candidate and if acceptable, fund the position part-time. This arrangement, though unwieldy would provide a vehicle for intergovernmental coordination. This arrangement is the same as that described in Alternative II.

Sanitary Sewer Services

Annexation under Alternative I would cover only a portion of the total Harbor Sanitary District service area. The Harbor Sanitary District is established as a special district under ORS 198.010(11) and 450.005 to 450.245. Oregon law provides options for structuring the relationship between the City and the Sanitary District (ORS 222.520; 222.524; 222.560; 222.575). If advertised as part of the annexation proposal, the City could take over the ownership, operation and liability for the portion of the sanitary system within the newly annexed territory. This transfer cannot take more infrastructure and equipment than is necessary for the operation of the larger sanitary system. However, the City and the Sanitary District could enter into a joint operating agreement under which the District would continue to operate and to deliver services (222.560(4). The intention of the Alternative is to support and strengthen the District as an operating

entity. Having the District retain responsibility and liability for systems operations and infrastructure may be to the City's benefit.

The City and the Sanitary District would need to negotiate and agree to a joint service and ownership plan. Under Alternative I, the District would continue to exist as an entity; operate the system; repair, replace and upgrade the system; set rates; and conduct billing and administrative activities. There would be no increase in City staff to support the sanitary system maintenance, repair, or replacement. Current City public works and planning staff members would provide coordination services with the Sanitary District during system replacement and repair work.

Water Services

Under Alternative I, the Harbor Water People's Utility District (PUD) would continue to provide service to the annexed area. A substantial portion of the PUD's service area would remain outside the City boundaries, and the PUD would need to continue services to these customers. In contrast to the Sanitary District, the PUD faces different implications under annexation (ORS 261). PUD's are treated as independent entities, which under annexation cannot be taken over by the city without the PUD's consent. Therefore, for this alternative, water service would continue to be provided by the PUD. There would be no increase in City staffing to support water services directly. Current City public works and planning staff members would provide coordination services with the Water PUD during system replacement and repair work.

We note that the City may set the terms and conditions for operations, and apply charges and fees on a public utility district operating within City boundaries (ORS 221.420(2)(a); *Northwest Natural Gas Co. v. City of Gresham* (2014)). This is a topic of developing case law currently before the Oregon Supreme Court, which will need to decide the exact contract structures and content cities must use to set a franchise, and the maximum fee they may charge utilities. Through joint agreement, City and the PUD may wish to set an annual service reimbursement fee. Brookings has set a precedent in charging utilities fees. The Coos Curry Electric Cooperative pays the City an annual service reimbursement fee for access to City residents. However, an annual fee may be inapplicable in this instance because the City does not own any roads or streets in the annexed area.

Streets and Roads

Alternative I would leave the ownership, operation, maintenance and replacement of all streets and roads in the annexed area with the current owners. The Port is the primary owner of street and roads in the annexed area, although the County may have responsibility for the roads lying around the edges of the annexed acreage. There would be no addition to the City street and roads program or staffing in this alternative.

Urban Renewal and Economic Development

Alternative I would subject newly annexed territory to the City-wide property tax rate, which must be uniform across all taxpayers. The City-wide tax rate is adjusted from the City permanent rate of $3.7630 per $1,000 assessed value to $3.5286 per $1,000 to divert a pre-determined amount of tax revenue to the Brookings Urban Renewal Agency (BURA). Newly annexed property owners would also pay into the BURA. Reflecting the very small amount of property tax revenue generated, the annexed area would generate about $1,000 annually to support urban renewal. Based on the minimal level of revenues, Alternative I does not envision expanding urban renewal activities into the Port commercial and marina area.

Alternative I would encourage the Port to continue all economic development activities. The City would use its existing staffing arrangement (i.e. the City Manager) and resources to support Port economic development activities.

Municipal Services

The annexation of the alternative would bring the properties under the planning and code enforcement responsibilities of the City of Brookings. This would include over-the-counter planning services such as permitting and plan reviews as well as long range planning. City land use zoning designations would now apply to the annexed area. Though currently under-staffed, the City planning and permitting department should be able to handle the few permits and applications generated by businesses and the Port District government with existing staff. The alternative would foresee a similar accommodation by the City staff for nuisance code enforcement. The Port is the primary landowner in the annexed area, and the City would need to coordinate closely with the Port on land use planning and permitting changes.

The alternative would maintain the City's Parks and Recreation, and Swimming Pool program without change. Similarly, the alternative envisions no change in staffing or capacity to the City's Finance and HR program.

Governance

The annexation of the Port commercial and marina area into the City would add acreage and a small set of taxpayers to the City. The 30 or so businesses and the Port government would become full constituents of the City. City elected officials would need to treat these new constituents with the same level of attention and service as they provide to current City residents. The City Manager and staff leadership would also need to extend their attention to issues and needs raised by the newly annexed taxpayers. The existing at-large Council representation system should be able to include the new City members without change to its structure and function.

Administration and Intergovernmental Coordination

Alternative I would bring the City and the Harbor Fire, Water PUD, and Sanitary Districts into much more direct working relationships than heretofore experienced. Negotiating joint working agreements and retaining functioning special districts operating within the City boundaries will require active communication and interaction between the City and the districts. Rather than informal and issue-specific limited relationships (e.g. sewage treatment rates), the City will need to enter into formal, comprehensive, intergovernmental agreements (IGAs) with each special district. A revised City land use master plan, a revised services and facilities master plan (ORS 195.065 and 451.110 to 451.140), and special district plans (ORS 195.020(3)) will set the foundation for program and service-level IGAs (ORS 190) or binding agreements (ORS 222.530(5), 222.540(4), 222.560(4)) between the City and the special districts.

Program Budgets and Costs

This section of the chapter provides a budget and cost description to support first-year operations of Alternative I. Limitations on how different sources revenues may be spent leads to the segregation of City programs and costs into General Fund departmental units, and other dedicated funds. We break the budget detail tables below (Exhibits 6.4 and 6.5) to reflect these two major budget categories.

The cost differences between the current City budget and Alternative I requirements are minimal. The budget must indicate 0.5 FTE dedicated patrol officer, which would provide 1,040 hours of service. We estimate the value for these dedicated hours at about $90,750. CPS understands that the BPD currently has 10 patrol officers with sufficient capacity to absorb the task of policing the Port commercial and marina area. We therefore provide no additional budget for police services.

The future cost of 0.3 FTE Fire Battalion Commander, would possibly appear at year 5. We estimate the annual total employer cost of a battalion commander at $110,000. Adjusting to 0.3 FTE would equate to $33,000 annually. Beyond these two positions, the current City staff will absorb the extra workload generated by the alternative. Exhibit 6.4 indicates these impacts on the General Fund.

Exhibit 6.4

Alternative I Budget by City General Fund Departmental Unit Year 1				
Budget Departmental Unit/Cost Category Totals	**2014-2015 FTEs**	**2014-2015 City Adopted Budget**	**Alternative I Added FTEs & Cost Estimates Year 1**	**Alternative I Budget**
Judicial				
No Changes Needed	0.50	$ 46,934	$ -	$ 46,934
Legislative / Administrative				
No Changes Needed	1.39	$ 244,114	$ -	$ 244,114
Police			**0.5 FTE dedicated**	
No Changes Needed	20.65	$ 2,080,925	$ -	$ 2,080,925
Fire and Emergency Services			**0.3 FTE in Year 5**	
No Changes Needed	1.82	$ 304,770	$ -	$ 304,770
Planning and Building Services				
No Changes Needed	2.53	$ 230,877	$ -	$ 230,877
Parks & Recreation				
No Changes Needed	2.11	$ 206,249	$ -	$ 206,249
Finance/ Human Resources				
No Changes Needed	1.33	$ 194,259	$ -	$ 194,259
Swimming Pool				
No Changes Needed	4.50	$ 113,207	$ -	$ 113,207
Non-Departmental				
No Changes Needed		$ 1,001,565	$ -	$ 1,001,565
Economic Development				
No Changes Needed	0.00	$ -	$ -	$ -
General Fund Expenditures & FTE Tot	**34.83**	**$ 4,422,900**	**$ -**	**$ 4,422,900**

The continued operation of the Harbor Sanitary, Harbor Water PUD, and County Roads programs prevents the need for any additional City staff. This leaves no change in expenditures to the current City budget for the dedicated Street, Water, Wastewater, 9-1-1 and Tourism funds (Exhibit 6.5).

Exhibit 6.5

Alternative II Budget by City Dedicated Budget Funds Year 1				
Budget Departmental Unit/Cost Category Totals	**2014-2015 FTEs**	**2014-2015 City Adopted Budget**	**Alternative I Added FTEs & Cost Estimates Year 1**	**Alternative I Budget**
Street Fund				
No Changes Needed	2.11	$ 1,043,800	$ -	$ 1,043,800
Water Distribution				
No Changes Needed	4.53	$ 661,626	$ -	$ 661,626
Water Treatment				
No Changes Needed	3.05	$ 2,178,500	$ -	$ 2,178,500
Wastewater Collection				
No Changes Needed	6.43	$ 751,247	$ -	$ 751,247
Wastewater Treatment				
No Changes Needed	5.36	$ 3,358,966	$ -	$ 3,358,966
911 Fund				
No Changes Needed	0.00	$ 292,300	$ -	$ 292,300
Tourism				
No Changes Needed	0.16	$ 44,000	$ -	$ 44,000
Total Non-GF	**21.64**	**$ 8,330,439**	**$ -**	**$ 8,330,439**
City Total Expenditures	**56.47**	**$ 12,753,339**	**$ -**	**$ 12,753,339**
City Total FTEs		**56.47**	**0.00**	**56.47**

Revenue Sources, Amounts, and Limitations

A City annexation of the Port-owned lands and buildings under Alternative I will generate a minimal level of additional revenues to support service operations or infrastructure investment. Based on estimates of increased property tax revenue, business license revenue, and transient taxes from the Port recreational vehicle (RV) park, we estimate the new revenues to be in the magnitude of $45,800 annually (Exhibit 6.6).

The subset of revenues analyzed and presented in Exhibit 6.6 is only a portion of the General Fund and Dedicated Fund revenue streams used by the City. The revenue streams in Exhibit 6.6 are annually recurring and relatively consistent in level. The list does not include relatively intermittent or variable sources such as grants, contracts, fines or donations. We worked to develop the best possible revenue estimates given available time and resources. The estimates should indicate the correct order of magnitude or relative scale rather than exact numerical estimates of the revenues expected under Alternative I. We encourage the City to perform a refined financial

analysis of annexation revenues as part of any annexation master plan and proposal to voters.

We used fiscal year 2014-15 as the baseline from which to draw contrasts, and almost all the values in the baseline column (left-center) match those in the City's 2014-15 adopted budget. The right-center column lists the Alternative I revenue forecasts based on the property parcels annexed, defined program features and assumptions. The right-most column details the expected changes in revenue due to the Alternative I features.

Exhibit 6.6

Selected Revenue Sources to Support Alternative I Expanded Programs			
Revenue Souce/ Stream	**Brookings City FY 2014-15 Adopted Budget Estimate**	**Brookings City Budget Estimate Under Alternative I**	**Change in Revenue Level Under Alternative I**
State Hwy Fund	$ 369,779	$ 369,779	$ -
State Tobacco	$ 8,513	$ 8,513	$ -
State Liquor Tax	$ 95,450	$ 95,450	$ -
State Liquor Rev Sharing	$ 62,803	$ 62,803	$ -
State Marijuana Distribution	$ 6,849	$ 6,849	$ -
Property Tax Full	$ 2,215,932	$ 2,230,020	$ 16,088
City Business License	$ 41,000	$ 42,860	$ 1,860
City Motor Fuels Road Rehab	$ 200,004	$ 200,004	$ -
City RV Transient Tax	$ 111,000	$ 138,423	$ 27,423
City Franchise Tax	$ 92,000	$ 92,000	$ 422
City Swimming Pool	$ 37,000	$ 37,000	$ -
Building Permits & Fees	$ 40,000	$ 40,000	$ -
Totals			**$ 45,793**

The assumptions supporting each revenue sources are detailed as follows:

State Revenue Sharing

This category includes consistent intergovernmental revenues from the state including distributed revenues from the State Highway Fund, Tobacco Tax, Liquor Tax, Liquor Revenue Sharing. The distribution of revenues to individual cities is by population. The larger a city's population, the larger its revenue payment. The City's baseline amounts for these revenues detailed in Exhibit 6.6 in the FY 2014-15 column. With the exception of Highway Fund revenues, which must be used for road and bicycle related expenditures, all of the state revenue intergovernmental revenues are unrestricted, general fund monies. Additionally, the new OLCC marijuana account revenues must be used for law enforcement programs.

We assumed that there are no permanent residents domiciled in the Port-owned parcels annexed into the City under Alternative I. With no new residents counted in the City population under the Alternative, there are no additional state revenues generated to the City. Exhibit 6.6 displays this no change situation in the right-hand column.

Property Tax Revenues

Property tax assessment system in Oregon has been restructured by the procedures and tax limitations in Measure 5 (in 1990), and Measures 47/50 (in 1996 and 1997). Measure 5 resulted in provisions in the Oregon State Constitution, which set property tax rate caps for education and general government categories of local government. Measure 50 adjusted the real market value of assessed property to a reduced maximum assessed value. Depending on real estate market conditions, the lower of the actual real market value or the maximum assessed value is used to compute a property owner's tax levy. Measure 50 also set a maximum permanent tax rate for each local jurisdiction. For the City of Brookings, this permanent tax rate is $3.7620 per each $1,000 of assessed value of property. All of these factors combine to limit the revenues a local government can generate through property taxes. As displayed in Exhibit 6.6, the City received

close to $2.21 million in property tax revenues in 2014-2015.

Urban Renewal Tax Rate Reduction

Brookings City tax revenues are further adjusted to fund the urban renewal program managed by the city. The revenue levels needed for the urban renewal program are determined by the renewal plan. All governments and service districts serving Brookings residents contribute to funding the urban renewal program, by accepting a uniform percentage reduction to property tax revenues. This reduction is expressed in reduced property tax rates applied for each local government or district. For the City of Brookings, rather than compute its levy based on the M50 permanent rate ($3.7630 per $1,000 assessed value), the City uses the reduced millage rate of $3.5286 per $1,000 assessed value, a 6.22 percent adjustment. Exhibit 6.7 displays the tax rate adjustments from the permanent rate to the urban renewal rate for the City's tax code area of 17-1. The urban renewal entry of $0.6357 represents the rate the urban renewal district would have received had it been an independent local government. For the 2014-15 baseline, the Brookings Urban Renewal Agency received a total of $423,300, of which the City of Brookings share was about $156,100.

Exhibit 6.7

Permanent Tax Rate Reduction to Fund Urban Renewal Program			
Tax Code	**Jurisdiction**	**Effective Tax Rate with UR**	**M50 Permanent Rate**
17-1	School 17-C	3.0470	3.2494
	ESD	0.4156	0.4432
	SWOCC	0.6580	0.7017
	Education Total	**4.1206**	**4.3943**
	City --Brookings	3.5286	3.7630
	Port-Brookings Harbor	0.1234	0.1316
	Cem. South Curry	0.0345	0.0368
	Lib--Chetco	0.3626	0.3866
	CC 4-H Extension	0.0958	0.1021
	County General	0.5623	0.5996
	Urban Renewal Plan	*0.6357*	
	Governmental Total	**5.3429**	**5.0197**
	City--Brookings Bond	0.0000	0.0000
	School 17-C Bond	0.7467	0.7963
	Curry Soil/Water Dist	0.0000	0.0000
	Bond Total	0.7467	0.7963
	Total Code Rate	**10.2102**	**10.2103**

Source: Curry County Assessor, Curry County Tax Rates by Code Area 2014-2015, p.4; Oregon Department of Revenue. (2012, May) Local Budgeting Manual, p. 95.

Annexed properties under Alternative I would also face adjusted tax rates to support the Brookings Urban Renewal District. Annexed taxpayers would use the adjusted City millage rate of $3.5286. For the newly annexed Port commercial area properties, this adjustment would generate result in a revenue reduction and transfer of about $1,000 annually to the Brookings Urban Renewal Agency.

Tax Computation with Adjustments

The annexation in Alternative I is carefully drawn to include only the Port of Brookings-Harbor owned properties. These properties are publicly owned, and the Port pays no tax on these parcels. However, the 30 or so businesses renting buildings and facilities from the Port do pay tax on the leased real property. Business entities also pay property tax on the value of their personal property. Personal property includes equipment, tools, furnishings, stock and inventory used by the business. Based on the Curry County Assessor's tax rolls, we estimate the real and personal property real market value (RMV) at

$7.78 million with a maximum assessed value of $4.275 million. The City of Brookings tax revenue generated from the maximum assessed value totals about $16,088.

Virtually all properties annexed in Alternative I fall within the Curry County Assessor's 17-9 tax code area (tax maps 4113-05DB, 05DC, 08A), and we assumed this for these calculations. Currently, there is no urban renewal assessment in this tax code, and the jurisdictions receive tax revenues based on their permanent tax rates. We reproduce these rates in Exhibit 6.8. The Exhibit then adjusts the permanent tax rates to include urban renewal transfers, and a reimbursement to the Harbor Fire Protection District as detailed below.

Exhibit 6.8

Alternative I Permanent Rates and UR Adjusted Tax Rates			
Tax Code	**Jurisdiction**	**Alternative I Adjusted Tax Rate with UR**	**17-9 M50 Permanent Rate**
17-9 Adj	School 17-C	3.0470	3.2494
	ESD	0.4156	0.4432
	SWOCC	0.6580	0.7017
	Education Total	**4.1206**	**4.3943**
	City --Brookings	*3.5286*	*0.0000*
	Port-Brookings Harbor	0.1234	0.1316
	Cem. South Curry	0.0346	0.0368
Reim IGA	Fire -- Harbor	0.0000	0.2332
	Lib--Chetco	0.3626	0.3866
	CC 4-H Extension	0.0958	0.1021
	County General	0.5623	0.5996
	Urban Renewal Plan	*0.6357*	*0.0000*
	Governmental Total	**5.3430**	**1.4899**
	City--Brookings Bond	0.0000	0.0000
	School 17-C Bond	0.7467	0.7963
	Sanitary--Harbor	0.0000	0.0000
	Curry Soil/Water Dist	0.0000	0.0000
	Bond Total	**0.7467**	**0.7963**
	Total Code Rate	**10.2103**	**6.6805**

Source: Curry County Assessor, Curry County Tax Rates by Code Area 2014-2015, p.4

Compensation for Harbor Fire Protection District

Annexation into the City imposes the City tax rate of $3.5286 on the properties in the Port commercial area. Under Alternative I, the City assumes the responsibility of providing fire and emergency services to

the annexed areas. However, we assume that the Harbor Fire Protection District will continue to provide services to the Port area. To accomplish this, the City would collect its tax revenues, but then purchase fire and emergency services from the Fire District. The Fire District would not levy its usual $0.2332 per $1,000 rate in the annexed areas. The City in turn would reimburse the Fire District for its lost revenues. This payment in 2014-15 would total just under $1,000. Exhibit 6.8 demonstrates this adjustment for on the Fire District line of the table.

City Business Licenses

The revenue stream of city business licenses presents an opportunity for a small volume of revenues under Alternative I. The City expects about $41,000 in business license revenues for the baseline 2014-15 fiscal year. Based on a conservative estimate, we forecast $1,860 in business license revenues from the businesses in the Port commercial area. Using the Curry County assessor rolls, we identified about 30 businesses renting Port property. We were also able tentatively to identify businesses using the assessment on business personal property. We were not able to develop employee numbers for each business, and we therefore applied the minimal rate of $62 to the 30 businesses. While some of the identified businesses may close, resulting in a loss of revenue, others may have more than 10 employees, which would generate additional revenue.

City Motor Fuels Tax for Street Repair

While the Port sells fuel for marine purposes, there are no service stations selling road vehicle motor fuels in the annexed Port area. There should be no change in this revenue stream under Alternative I.

City Recreational Vehicle (RV) Transient Tax

The City imposes a 6% tax on transients utilizing hotel, motel, inn, campground and RV parks. The Beachfront RV Park is the only RV park facility or transient facility in the annexed parcels in Alternative I. In the FY 2013-2014 adopted budget, the Port of Brookings-Harbor indicates $430,000 in transient tax revenues, and a forecast level of $458,000 in FY2014-2015. Based on the size, rates, and occupancy estimates, we were able to replicate the 2014-15 level of revenues. Based on this revenue level and the 6% assessment, we forecast about $27,400 in transient tax revenues under Alternative I.

The City first imposed a transient lodging tax in 1980, with subsequent ordinances in 1993 and 2003. This is a longstanding tax

that predates the State statute of 2003, which authorizes and limits the tax.[143] The Brookings ordinance allocates 25% of the collected revenue to tourism purposes, and 75% to the City General Fund.[144] Based on this allocation, we forecast that the City's Tourism Fund would gain $6,856, and the General Fund would gain $20,568. This distribution limits the revenues available to support law enforcement expenses.

City Franchise Tax

The Curry County Assessor tax rolls list Frontier Communications, Charter Communications, Dish Network, and Direct TV as the private communication systems with facilities and systems in the Harbor service area. We were not able to identify the blend of residential and business customers for each system. We assume that the blend of services and revenues collected by each system is the same in Harbor as it is in the City of Brookings. This leads to a population based approach to estimate new revenues, with a per citizen rate of $14.08 per citizen. With no permanent residential sites, but 30 businesses, we forecast about $425 in franchise tax revenue under Alternative I.

City Swimming Pool Revenues

We forecast no change in this revenue stream under Alternative I.

City Building Permits & Fees

While the Port lands contain undeveloped lands, all development will be under the direction of the Port and its plans. We were unable to meet with the Port personnel to learn about their facilities development strategic plan, but we expect little if any new revenue from this source.

Revenue Section Summary

Alternative I is narrowly constructed to prevent the annexation of private lands and structures. The parcels that are annexed are owned by the Port of Brookings-Harbor as public facilities, and are exempt from tax assessment. For State intergovernmental revenues, the lack of residents in the annexed area prevents any increase in shared revenues. The alternative also proposes maintaining services from existing special districts, which would again limit the flow of revenues

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[143] ORS 320.350(3) with effective date of July 1, 2003.
[144] City of Brookings Code 3.10.150A Use of transient room tax

to the City. The few available sources of revenue in Alternative I should generate about $45,800 in revenues annually, of which only $38,944 would be available to support General Fund programs.

Major Issues: Benefits and Risks of Annexation

Alternative I calls for a carefully-tailored annexation of the Port of Brookings-Harbor owned buildings and lessee properties. The alternative demonstrates service benefits to the City and community, and opens a series of risks. A summary discussion of finances, and benefits and risks provides a means to begin to structure a decision this type of annexation package.

Alternative I generates a very limited flow of recurring annual revenues. This level of resource limits the level of direct services that the City can provide to the annexed area without reimbursement. The primary community benefit of Alternative I is to provide 24/7 law enforcement response and enhanced, visible patrol services to the service area. The goal of enhanced law enforcement is to provide a consistent deterrent presence, which would shift the policing stance from reactive to proactive crime prevention.

The second major benefit from Alternative I is the potential for improved relationships between the City and the Harbor Fire, Water PUD, and Sanitary districts. Annexation would raise the issue of city takeover of portions of each of these districts. Alternative I takes the option of allowing the districts to continue in operation. The City would need to negotiate with each district to develop a joint ownership and operating agreement. The City would need to formalize the currently informal relationships it now has with the districts. Inter-governmental coordination would need to become a touch point of community governance.

Financial sustainability and solvency present a key measure on which to evaluate Alternatives and annexation packages. Alternative I would generate just under $45,800 of revenues from property taxes, transient taxes, business licenses and franchise fees. All of these revenues would be gathered through the City's General Fund, and would be available for any legally authorized purpose. General Fund revenues are usually used to fund program operations, maintenance, and small capital purchases. As discussed above, the alternative would reimburse the Harbor Fire district annually to continue fire and rescue services to the Port commercial and marina service area. This reimbursement totals very nearly $1,000. The Alternative would also divert $1,000 in property tax revenues to generate a very small level

of revenue for urban renewal. Exhibit 6.9 summarizes the revenue flows for the alternative.

Exhibit 6.9

Alternative I Fund Net Balances Year 1		
Revenue Source/ Stream	**Revenue/ Expenditure**	
General Fund		
GF Property Taxes	$	15,088
GF City Business Licenses	$	1,860
GF City RV Transient Tax (75%)	$	20,567
GF City Franchise Tax	$	422
GF Total Revenues	**$**	**37,937**
GF Fire Prop Tax Reimb IGA	*$*	*1,000*
GF Reimburse Police Hrs	*$*	*90,750*
General Fund Balance	**$**	**(53,813)**
Street Fund		
Street Fund Revenues	$	-
Street Fund Expenditures	$	-
Street Fund Balance	**$**	**-**
City RV Transient Tax 25% Allocation	$	6,856
Tourism Fund	**$**	**6,856**
Urban Renewal Prop Tax Diversion	$	1,000
Urban Renewal Fund Revenues	**$**	**1,000**

Exhibit 6.9 also details the implied cost of dedicating 0.5FTE of a patrol officer to provide 1,040 hours of policing services to the Port service area. When this expenditure is considered, the alternative returns a negative fund balance. The larger financial risk with Alternative I is that the City must absorb all other costs of providing services to the newly annexed Port commercial and marina area. This includes uncertain land use planning, permitting and code enforcement, governance and coordination costs. The City would also negotiate with the Harbor Fire district to determine how the City would contribute to a new district fire chief in year 5 of a long-term IGA. While we have provided a cost estimate for this position, this too is an undetermined future cost.

The businesses and Port government also face a series of risks and uncertainties under Alternative I. The new citizens from the annexed area are concerned that any benefits from annexation will not match the increased taxes and fees. The benefits of annexation must be made visible and consistent to the Port commercial area citizens

and to the larger Harbor community. The application of the City planning, building and nuisance codes may not be seen as positive benefits by some Port commercial area citizens. Finally, at a community level, even a narrowly structured annexation as developed in this hypothetical Alternative I opens the door for larger annexations of the Harbor Community. This raises an uncertain political risk, of which the City leadership and the Brookings community should be aware.

VII. Alternative II: Annexation of Harbor Sanitary District Service Area

This study developed two possible annexation alternatives for the City of Brookings and the adjacent Harbor community. Alternative II is the hypothetical annexation of the portion of the Harbor community delineated by the current boundaries of the Harbor Sanitary District. The annexation would represent a large addition to the land area to the City of Brookings, with the addition of approximately 2,800 new residents. It would require a major expansion of public services and staffing to serve the large increase in area and population. This proposal is complicated by the impacts on a number of government special districts that currently provide services within the Harbor Sanitary service area.

To present Alternative II and its implications, this chapter explains and analyzes the alternative in several sections. First, the chapter describes the location and demographics of the Harbor Sanitary service area, and of an enlarged City. Second, the chapter describes the vision, intent and goals of the alternative and its annexation. The impacts of the alternative are explored in the third section, which reviews how municipal services would be provided and how they would integrate with the City or the existing special districts. Based on the descriptions and implications developed, the fourth section of the chapter develops costs and a budget. The fifth section of the chapter describes revenue sources and amounts. The chapter then evaluates the benefits and risks of the alternative and considers major issues. The chapter concludes with discussion of options to the alternative (including Alternative II Option).

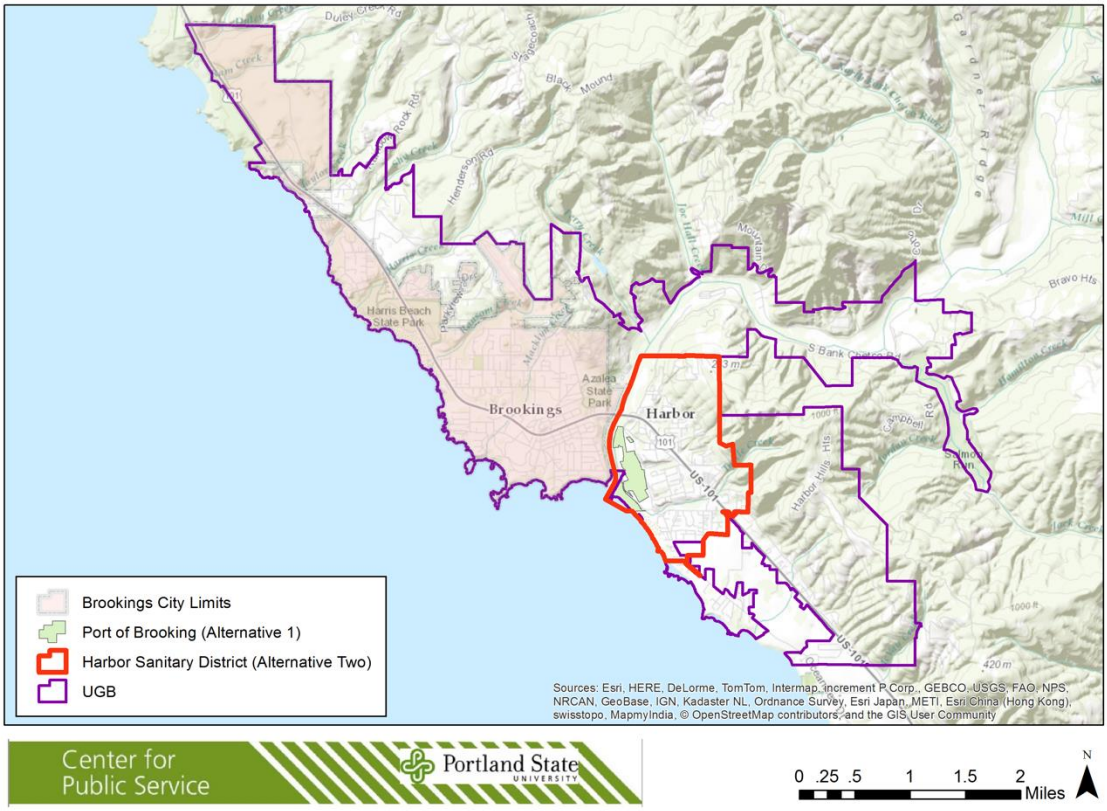
Location and Demographics

The annexation area in Alternative II matches the current boundaries of the Harbor Sanitary District. This area is largely based on the Curry County Assessor tax code 17-9. It includes over 1,220 tax lots (not including mobile homes treated as real property) and is approximately 824 acres in size. The tax code area follows the Chetco River on its western edge (south bank of the river) from the ocean north to the subdivision on Foster Road. The boundary on the east is the Brookings UGB and follows this south until Harbor Hills Road and US 101. The area does not include the Harbor Hills area. The boundary crosses US 101

and approximately follows the UGB boundary including Holly Lane properties to the south. There is a small non-contiguous area in the tax code to the southeast of the main boundary. This small area includes one tax lot on Delce Lane.

The annexation area in Alternative II includes and surrounds the Port-owned lands, commercial buildings and marina analyzed in Alternative I (Chapter VI). The annexed properties in Alternative I are included as part of the larger annexed area in Alternative II.

Exhibit 7-1: Alternative II Boundary



The land uses in the Harbor Sanitary service area are a mix of commercial, industrial and residential uses. However, much of the use is residential, including a large number of manufactured home communities. The area covered by the alternative is largely urbanized at this point, with some undeveloped forestlands to the north currently in larger lot residential development. In this area, development lots have been divided, and these will continue to develop. As described, the alternative also includes the area in Alternative I, including the Port of Brookings-Harbor commercial center, marina and port facilities.

The total permanent population in the Harbor Sanitary District service area is between 2,754 and 2,881 people. The actual figure is likely closer to 2,800 based on trends and urban character of the

Sanitary District area. We have accepted this latter estimate as a best estimate, and have used it as the basis for the analysis and calculations in this chapter.

Key population demographic information is summarized in Exhibit 7.2. The population over the full Harbor Sanitary service area is heavily weighted to the 65 and over age class, with relatively few residents in the 18 and under class. However, careful analysis of U.S. Census tract information points out that the northern part of the service area is slightly younger and more diverse than the full area. In particular, there are more families and a higher percentage of children and teenagers under 18 years of age. This part of the service area also has more Hispanic and non-white residents. The service needs and preferences of the demographic in the northern part of the Harbor Sanitary service area may be different from those of the dominant elderly and retiree population in other parts of the service area.

Exhibit 7.2 Harbor Sanitary Service Area Demographics

Harbor Sanitary District Service Area Population Age Distribution			
Area	**Under 18**	**18 to 64**	**65 and Over**
Harbor Sanitary District Service area	14.39%	51.95%	33.65%
Harbor Sanitary District-- North subarea	19.28%	55.91%	24.81%

Source: US Census, 2010 Summary File 1, Table P12

The home ownership rate is high in the alternative area, and ownership free-and-clear without a mortgage is much higher than the averages in the City of Brookings or in the rest of Curry County. However, poverty is higher in the Harbor Sanitary service area when compared with the City of Brookings. Due to the limitations of Census data in the small geographies, we can only roughly estimate the poverty and homeownership levels.

Job density is lower in the Harbor Sanitary service area with 0.21 jobs per resident, compared to Brookings's 0.37 jobs per resident. The jobs in the service area are lower paying than in Brookings, and they are primarily service type jobs. There is significant employment movement between the city and the study area with commuters moving back and forth. Many of the jobs located in the Harbor Sanitary service area are performed by residents of the City of Brookings.

Alternative Vision, Intent and Goals

Alternative II is designed to accomplish an array of goals related to service delivery, community finances, and community acceptance of change. The primary goals of this hypothetical alternative include:

- Improve public safety and other municipal services;
- Allow the City to recover its costs for services currently provided outside the City limits;
- Open access to state revenue sharing resources to incorporated cities;
- Support continued operation of the existing special districts within an enlarged City boundary;
- Shift the cost of local service provision in an urban service area from the County to the City, free-up County resources;
- Negotiate an agreement to transfer selected county roads and streets in the annexed area from the County to the City;
- Lower the risk of community change by relying on current service arrangements wherever possible;
- Utilize urban renewal as a tool to add parks facilities, respond to low-income housing needs, and to support the replacement of aging water and sewer infrastructure;
- Describe the perception of a new unified City with an expanded City organization;
- Provide a fact base of the relative costs and revenues of operating an enlarged, unified City government.

The most immediate and evident service change would be increased and improved police services. The Brookings Police Department (BPD) would be able to provide a consistent 24/7 full-time presence, prompt response rates, and proactive community policing and crime prevention at a higher service level than the Harbor Sanitary service area currently receives. Annexation would eliminate dependency on the Curry County Sheriff for patrol and first-level investigations of crimes against persons and property. Annexation would also allow the City to generate revenues for public services, which in some cases are already being provided by the City without compensation. Analysis of 9-1-1 call data and self-initiated calls for service (Chapter III and Appendix B) shows that the BPD provides patrol officer response, backup to the Curry County Sheriff (CCSO) deputies and Oregon State Police (OSP) and inter-agency mutual aid. The City currently receives no compensation for these out-of-City services, and annexation would provide revenues to cover direct and indirect service costs.

The annexation in Alternative II would substantially enhance the financial resources available to Harbor. Shared tax revenues collected by the state **for cities** for motor fuels, tobacco, liquor, and recently marijuana is currently unavailable to the Harbor community as an unincorporated area. Annexation would trigger the flow of state shared revenues designated to cities on the basis of population. After 2017, marijuana tax returns will be apportioned based on the number of establishments within the City boundary. Annexation would also open the possible use of urban renewal funds to support low-income housing repair and replacement, commercial area rejuvenation, and water and sewer infrastructure improvements.

A key feature of the alternative is to keep existing special districts intact and operating. The City would work with the Harbor Fire, Harbor Water PUD, and Harbor Sanitary district through negotiated joint agreements to keep familiar levels of service for residents. This approach is authorized and encouraged by statute at ORS 222.530(5), 222.540(4), and 222.560(4). Keeping the special districts intact has several advantages. Maintaining fully operating fire protection, water, and sanitary districts allows for continued service provision outside the annexation boundaries, especially in the developing areas south of Harbor. State law stresses the maintenance of effective fire protection for the un-annexed portion of a fire protection district. Maintaining the service districts also presents familiar service providers to the residents of Harbor. This consistency should help to lower the public uncertainty associated with the changes caused by an annexation.

The Alternative assumes the continued operation of the Harbor Fire Protection District. The district currently provides quality services at very economical prices through a strong volunteer-based program. Once the City tax rate is imposed, we recommend the certification of the Harbor Fire Protection District tax rate at a zero rate for Harbor residents. The City would reimburse the District fully to pay for service coverage in the annexed area under an intergovernmental agreement (IGA). The City could also support the fire district's future transition to a new chief through financial support.

Increased state revenues and urban renewal funds could help fund needed local parks and recreation facilities (swimming pool). Such service extension would be of particular benefit to youth residents and single-family households of north Harbor. Annexation would allow these residents to use City facilities at the resident rate. This would resolve part of the nonresident free-rider problem faced by the City. Annexation would allow the City to generate tax revenues

that could recover the costs of Harbor non-residents using City facilities without payment, or mistakenly paying at the resident rate.

Alternative II and annexation opens the tool of urban renewal to make improvements in the Harbor Sanitary service area. Upon annexation, a share of the property tax revenues collected from Harbor properties will be diverted to the City's urban renewal agency. Currently urban renewal activities are concentrated within the City of Brookings. The diversion of property tax revenues to Brookings urban renewal projects without any potential benefit in Harbor would very likely add popular opposition to any annexation proposal. The Alternative is designed to return tax and revenue dollars to the Harbor service area, and to demonstrate direct and near-immediate benefits to the Harbor community. Extending the Brookings Urban Renewal Agency (BURA) to the newly annexed areas on the Harbor side of the Chetco River provides an opportunity to deliver visible improvements.

Urban renewal procedures will only provide a limited amount of resources relative to the needs in the Harbor service area. Further, the potential for tax base appreciation (tax increment financing, "TIF") to finance debt is questionable. Under urban renewal, areas must be designated as "blighted" conditions, and the City should precisely and cautiously extend the urban renewal district boundaries. The alternative recommends that urban renewal district boundaries be focused on specific sewer and water service pipes and pipelines, public service facilities, housing stock most in need of rehabilitation and replacement, and commercial and business areas needing enhanced infrastructure to support redevelopment. Urban renewal funds could be used as a local match or as complete funding for updating residential and commercial areas. The Harbor Water PUD and Sanitary District could contribute matching resources through increases in their rates. The risk associated with this approach is that infrastructure improvements may not result in new construction or developments that would increase the value of the overall tax base.

Annexation would also open the transfer of financial resources and debt capacity between the two communities. Under an expanded City boundary and an expanded urban renewal district, the current Harbor infrastructure deterioration and future investments would be shared with the larger and higher per unit Brookings tax base. The larger population would also lead to an extra increment of state population-based revenue sharing, increased debt capacity, and allow for expansion of its urban renewal program.

Certain types of businesses would bear a heavier tax compliance burden under the

alternative. These include hotels, motels, inns, RV parks and other accommodation providers who would face the City's transient tax, and vendors of motor fuels who would face the City's per gallon fuel tax for road maintenance.

Finally, the City maintains greater capacity and strength of code enforcement than the County, which may be an objection for some businesses and many residents in Harbor. Many residents fear the closure of mobile home parks and the condemnation of single-wide manufactured homes. The City would need to revise its code regulations to either allow single-wide manufactured houses as a nonconforming use in the Harbor area of the City, or establish a zoning designation which would permit the use of the affected properties. Importantly, the City does not have the authority to condemn nonconforming uses. The City may also need to revise its City Council structure to ensure full and equitable representation of all parts and residents of the enlarged City.

Service Program Integration and Analysis

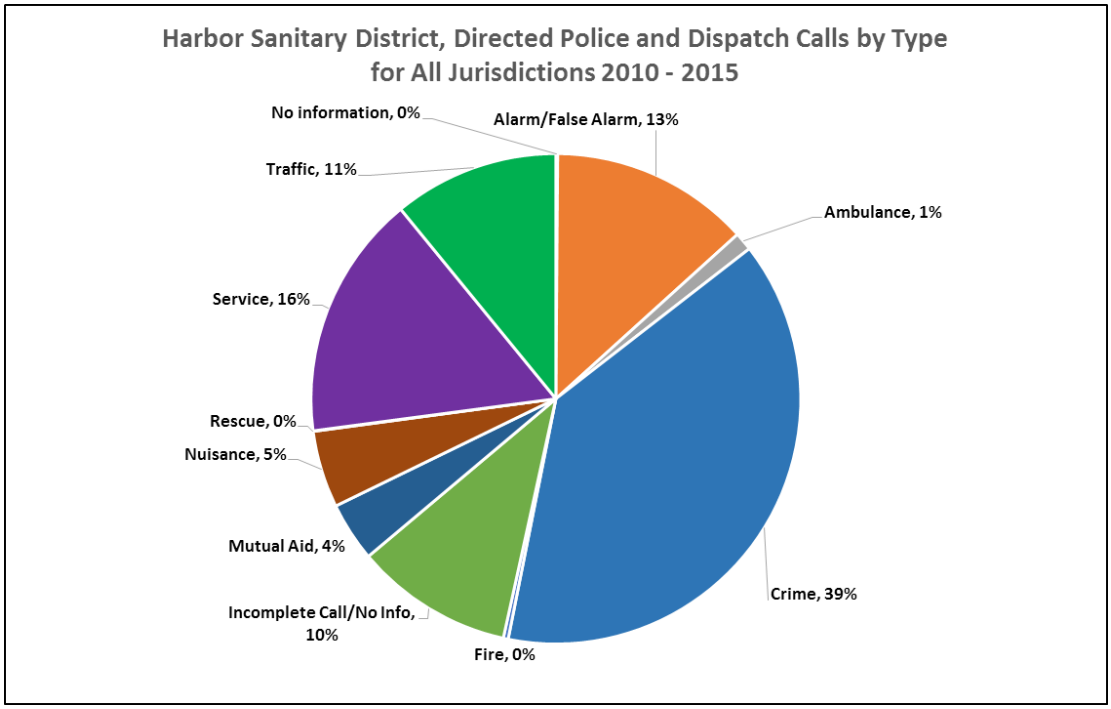
Implementing Alternative II will require an expansion of City services, revisions and reforms to City governance, and enhanced coordination between the City and special districts. Annexation of the Harbor Sanitary service area will require expanded public service programs and staffing levels. The primary changes would be the extension of police services, providing local road and street maintenance, and expanding and providing planning and code enforcement in the annexed area. The following reviews the major areas of service provisioning and the service impacts of annexation.

Police Services

The annexation of the alternative would extend full police services across the Chetco River to a new 824 acre service area. The annexation would expand the City's total area to 3,259 acres, which is a 34% increase; the population would increase by 2,800 residents, which is an almost 43% increase. The expanded police services would replace the services currently provided by the Curry County Sheriff (CCSO), who maintains a substation in the Port commercial/ marina area. The substation has been intermittently staffed since its establishment in 2013. Annexation would deliver 24/7 consistent public safety services, which would represent a primary benefit and improvement to the community. Annexation would shift the financial burden of funding law enforcement from the County general fund to the City.

Analysis of service demand in the Harbor Sanitary District service area (includes the Port marina and commercial area) identified an annual average of 1,277 incidents. This breaks out to 1,164 dispatch directed calls for service and 113 officer-initiated incidents. Of the 113 officer-initiated incidents, traffic stops accounted for about 87 incidents. This combined dispatched and officer self-initiated service demand reduces to about 24.5 incidents per week, or 3.5 incidents per day. Exhibit 7.3 describes the dispatched calls by type of service. Calls related to crimes, against persons, property and behavioral account for about 40% of the calls.

Exhibit 7.3



Analysis of call demand by time of day indicates that the periods of 8AM to noon, and then noon to midnight have the greatest demand intensity. Appendix B provides detail of incidents by time of day.

Based on estimated dispatched call load, the CCSO provides the majority of responses in the Harbor Sanitary District service area. This includes the Port commercial and marina area, and the surrounding Sanitary District service area. On an average annual basis, CCSO deputies respond to about 1,053 calls per year, or about 90% of the dispatched load. The BPD responds to about 109 calls annually, or 9.4% annually. The OSP covered the remaining calls. The BPD, however, provided 112 of the 113 officer self-initiated calls in the data. The CCSO deputy self-initiated incidents are not well represented in the dataset, and we expect CCSO activity to be higher than the

numbers indicate. Policing in the Harbor Sanitary District service area is largely reactive, based on officer or deputy response to dispatched calls.

The map in Exhibit 3.3 indicates that the intensity of incidents in the Harbor Sanitary District service area is relatively low (light blue shading) in comparison to activity hotspots and to other areas of the region. As stated, the service load is an estimated average 3.5 incidents per day. With a resident population of 2,800, the service area experienced an annual incident rate of 0.45 incidents per resident. This compares to 1.54 annual incidents per resident in the City of Brookings with 6,535 residents. Importantly, the BPD provides extensive pro-active police patrol within the City limits, which greatly increases the level of officer self-initiated activity and the total annual incident count. Officer self-initiated activity includes traffic stops, but also crime stops, service calls, and welfare/ crime checks. If pro-active policing with 24 hour patrol were extended to the Harbor Sanitary service area, we would expect an increase in officer self-initiated calls for crimes, service and welfare checks.

The BPD is currently staffed with 10 patrol officers and a command staff of 4, for a total of 14 sworn officers. As mentioned above, the City of Brookings added the tenth officer to allow two-deep staffing per shift. The two-deep staffing increases officer and citizen safety and allows for mutual aid support without compromising coverage in the City. This staffing level also reflects a major influx of visitors in the summer months, and school resource services during the school year.

To ensure rapid response times, to provide evident and consistent, deterrent presence in the service area, and to establish a pro-active community outreach and policing service, Alternative II recommends the addition of one patrol officer (1.0FTE) to the BPD staff. This would raise the BPD sworn officer total to 15. The relatively low number of daily incidents argues against more staff additions. The current BPD command staff and support services should be able to accommodate the one additional officer without additional cost. The BPD staffing structure would provide critical backup capacity in shift relief and officer safety backup. However, in the first year, the department would have added expenses to recruit, train, equip, and buy a vehicle for the new officer.

Fire and Rescue Services

Fire and rescue services in the alternative will continue to be are provided by the Harbor Rural Fire Protection District. This reflects the

alternative strategy to rely on existing special district services wherever possible. The district serves a large area including the entire Harbor community to the south and east, and any arrangement must ensure sufficient district capacity to service these non-City residents at continued quality of an ISO 3 rating. To fully support the Fire District, the City would use its tax revenues to purchase services for the Harbor Service Area from the district under an intergovernmental agreement (IGA). Reimbursement would match the Fire District's tax revenues. Under this arrangement, there would be no immediate addition to City staff.

The Fire District expects to undergo a leadership transition in the mid-term (3 to 7 years into the future). Once annexed, the City could support this transition by providing additional funding equal to a 0.30 FTE part-time battalion chief. The Fire District would follow its own procedures to recruit and vet a new fire chief. The City would vet the candidate and if acceptable, fund the position part-time. This arrangement, though unwieldy would provide a vehicle for intergovernmental coordination. This arrangement is the same as that described in Alternative I.

Sanitary Sewer Services

Annexation under Alternative II would fully cover the Harbor Sanitary District service area. The Harbor Sanitary District is established as a special district under ORS 198.010(11) and 450.005 to 450.245, which means that full annexation could "extinguish" the district (ORS 222.510). To the contrary, this alternative is designed to strengthen and support the District as an operating entity. The City and the Sanitary District would need to negotiate and agree to a joint service plan to provide services. Under this alternative, there would be no increase in City staff to support the sanitary system maintenance, repair, or replacement. Enhanced staffing in the City roads department would provide project planning, design services, construction management, and coordination services.

The Harbor Sanitary District operates a collection system for wastewater. The wastewater is collected from 683 residential and 124 commercial users into mainlines, and then pumped across the Chetco River to the regional treatment facility operated by the City of Brookings. An intergovernmental agreement defines reimbursement rates between the Sanitary District and the City for waste treatment volume, but the rates paid by the Sanitary District have become contentious in recent years causing uncertainty to the District's finances. The District's infrastructure is aging, and due to degradation

and the material composition of the system's pipes it is suspected that groundwater infiltration is increasingly filling sewer capacity. This results in treating mixed sewer and groundwater, increasing costs for the special district.

The alternative assumes the continued, successful operation of the Sanitary District. However, under annexation, if the District were to fail in its responsibilities, the City could hold the ultimate performance liability. In a case of failure to perform, City voters could elect to take over the Sanitary District (ORS 222.510(2). In this situation, the City would need to establish another utility maintenance crew. This increase in City personnel is in addition to the staff changes and costs describe the Alternative II sections below. Sewer utility rates would provide revenue to fund a new street and sewer maintenance crew. If the City were to take over the Sanitary District, it may have to provide lateral employment opportunities for district employees at the same salary and benefit levels as they receive from the District (see ORS 236.610 to 236.640).

Water Services

Water services are provided in the annexed service area by the Harbor Water People's Utility District (PUD). A substantial portion of the PUD's service area would remain outside the City boundaries, and the PUD would need to continue services to these customers. In contrast to the Sanitary District, the PUD faces different implications under annexation (ORS 261). PUD's are treated as independent entities, which under annexation cannot be taken over by the city without the PUD's consent. The exact extent of this limitation deserves legal research, but two Oregon Supreme Court cases provide guidance on this point (see, *Springfield Utility Board v. Emerald People's Utility District* (2004);[145] and the Rockwood Water District in 1990.[146] Therefore, for this alternative, water service would continue to be provided by the PUD. There would be no increase in City staffing to support water services directly. The alternative does provide for a road design and construction management engineer, whose duties would include project coordination with the PUD.

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[145] *Springfield Utility Board v. Emerald People's Utility District,* 191 Or App 536, 84 P3d 167(2004), affd 339 Or 631, 125 P3d 740 (2005).

[146] Rockwood PUD. (2015). http://rwpud.org/about-us/history/

The PUD has recently experienced challenges in its water sourcing. Its intake for water in the Chetco River has seen increasing sediment intrusions leading to increased salinity levels at the tap. At times, this has required the district to contract with private water haulers to assure customers have access to fresh water. These problems may reoccur during periods of low flow and with certain river bottom configurations in the Chetco River bed. If the PUD performance reached the point of failure, the City may not be directly liable. The County, not the Oregon Public Utility Commission (OPUC) appears to have designation authority over the PUD's service area, and it may hold the ultimate performance liability. Practically, however, the City would want to ensure continued water service to its residents.

We note that the City may set the terms and conditions for operations, and apply charges and fees on a public utility district operating within City boundaries (ORS 221.420(2)(a); *Northwest Natural Gas Co. v. City of Gresham* (2014)).[147] This is a topic of developing case law currently before the Oregon Supreme Court, which will need to decide the exact contract structures and content cities must use to set a franchise, and the maximum fee they may charge utilities. Brookings has set a precedent in charging utilities fees. The Coos-Curry Electric Cooperative pays the City an annual service reimbursement fee for access to City residents.

Streets and Roads

The revenue analysis for Alternative II identified $158,000 in state motor fuels tax and license fee shared revenues, and another $66,700 in City motor fuels taxes. As the City gains more experience with its motor fuels tax, this latter figure may be adjusted downward.

The annexation of the Harbor Sanitary service area will make available a substantial amount of state and City funding for road and street maintenance, reconstruction and new construction. These funds may not be spent on General Fund programs. Curry County currently maintains and manages the public roads in the Harbor service area. Initial impressions based on interviews with County and City staff reinforced the notion that there would be few changes in this arrangement under annexation.

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[147] *Northwest Natural Gas Co. v. City of Gresham*, 264 Or App 34 (2014). Accessed November 12, 2015 from www.publications.ojd.state.or.us/docs/A150990.pdf

However, the large amount of the state motor fuels shared revenues generated under Alternative II challenges previous thinking on City ownership of Harbor roads and streets. This stream of shared revenues is only available to City governments, which means these funds are unavailable without annexation or incorporation. The County will continue to receive its share of motor fuels revenues irrespective of whether annexation proceeds, but with annexation the City could gain new revenues at the expense of other cities across the state.

Under the alternative, the County and City would enter into an agreement to transfer local public residential and local commercial streets and selected arterial roads to the City (see Exhibit 2.6 on page II-11). Also, roads with utility infrastructure beneath them may present a higher priority for transfer to the City. With transfer, state shared revenues, City fuels tax and urban renewal monies could be applied to maintain and reconstruct these roads. City ownership of the local roads and streets would also reinforce the application of utility franchise fees and privilege taxes. The alternative recommends the addition of a Design and Construction Engineer (1.0FTE) to manage this type of multi-resource, multi-jurisdiction project. With annexation, the City may inherit some maintenance responsibilities for local neighborhood streets and stormwater management. We have added a one-half time (0.5FTE) maintenance worker to cover maintenance. Funds for these FTEs would come out of the budget Street Fund; however, the maintenance worker would be cross-tasked with utility maintenance as is current City practice.

Urban Renewal and Economic Development

One potential area of opportunity under Alternative II is the use of urban renewal resources from the City of Brookings to assist in financing infrastructure improvements in the annexed area. For this alternative, the increase in the total acreage of the city would allow for the expansion and addition of urban renewal areas. Under ORS 457.420(b), with an expanded City acreage of 3,259, the City could establish up urban renewal on up to a total of 814.75 acres, or on up to 25% of the total assessed value of the enlarged City. The total area would include the 345 acres currently under urban renewal. The City would cautiously want to assess the potential for increased assessed value in the specified urban renewal areas. Once identified, these areas may be suitable for tax increment financed improvements.

The infrastructure depreciation issues identified for both Harbor sewer and water districts infrastructure might be partially remedied and financed through urban renewal. Water and sewer rate

surcharges imposed by the districts could provide a source of revenues to match with urban renewal funds. Other public services possible for urban renewal development include parks and recreation facilities. These improvements of themselves do not tend to increase the assessed value in the area, but any increase in the assessed tax base can generate an increment of funding for revenue bonds for improvements. The city may also choose to change zoning and encourage newer residential development that can contribute more to the assessed value. New development also can generate revenues through systems development charges.

The City may wish to explore using urban renewal funds to support housing improvements in the Harbor service area. This might include working with private housing advocates and leveraging federal or state grants to make repairs to manufactured housing. This potential opportunity would need to be analyzed further both for legal and financial reasons. We note, though on a much different scale, that the City of Portland has reserved a substantial portion of its urban renewal funds to support the construction and reconstruction of low-income housing.

Other Municipal Services

The annexation under Alternative II would bring the properties in the service area under the planning and code enforcement responsibilities of the City of Brookings. This would include over-the-counter planning services such as permitting and plan reviews as well as long range planning. The burden for funding and providing these services would shift from the County to the City.

The code change of primary concern between the City and Harbor community is the prohibition of certain manufactured housing structures. By count of the Assessor's property tax roll, there are 792 manufactured housing units in the Harbor Sanitary service area. Based on a 1,000 square foot interior space break point between single- and double-wide units, about 350 or 44% of these units are single-wide models and recreational vehicles. The current City code recognizes single-wide units and recreational vehicles as nonconforming permanent housing. The City cannot condemn nonconforming uses of housing. The City would need to revisit its regulations and develop revisions that would allow the current uses in Harbor, or establish a zoning designation that would allow continued use of single-wide manufactured homes. The very possibility that the City might close manufactured housing parks and prohibit single-wide and recreational vehicle units raises strong fears in many Harbor residents. This issue

will require careful procedural attention and public communications should annexation move forward.

Under Alternative II, the City planning department would also need to expand staffing. The position of Public Works Director will need re-designation, and the City would need a 1.0 FTE full time building official/inspector & nuisance code enforcement, 0.5 FTE in administrative support (the other 0.5 FTE shared with Public Works), and a 1.0 FTE full time plan manager.

Other City services affected by annexation in Alternative II are parks and recreation, and roads. We would anticipate a need to increase the parks and recreation facilities in the Harbor service area to match the City's planning goals and levels of service. This will involve both capital investments and operational commitments.

For City administrative and other services, Alternative II recommends several staff additions including adding 1.0FTE to Finance and Human Resources, and the separation of the Economic Development duties from the City Manager's position. The latter would require the hiring of an Economic Development Program Manager for 1.0 FTE.

Governance

The Alternative II raises a fundamental issue of City governance and citizen representation. Under annexation, the City will suddenly increase in population by almost 43%. This will change the character and self-perception of the current City. On the other hand under Alternative II annexation, a larger unified city may more effectively represent the full South Curry community. With no change to the structure of the city council, the number of constituents will increase substantially for each of the at-large council positions. The at-large system currently in place may raise concerns from new residents that Harbor perspectives are not represented fully and fairly. The City may wish to revisit its system of Council representation and consider the merits of a district-based representation, or some form of a hybrid at-large/ district system. Such changes would likely require a City Charter revision.

Alternative II calls for a radical level of changes to the City and to the Harbor service area governance and government. The community will need to re-conceptualize what it means to be the City of Brookings-Harbor. Completing such a major annexation is a major undertaking. Should the City move forward to implement this alternative, it will need to demonstrate in both communication and

actions that the new Harbor residents hold equal status and treatment with the current Brookings residents. The City should consider how pro-active trust and confidence building techniques can provide a welcome to new Harbor residents, and can re-assure current City residents that their representation will remain effective. A series of community listening sessions with an unbiased facilitator could provide initial trust-building measures.

Administration and Intergovernmental Coordination

Alternative II would bring the City and the Harbor Fire, Water PUD, and Sanitary Districts into much more direct working relationships than heretofore experienced. Retaining functioning special districts operating within the City boundaries will require active communication and interaction between the City and the districts. Rather than informal and issue-specific limited relationships (e.g. sewage treatment rates), the City will need to enter into formal, comprehensive, intergovernmental agreements (IGAs) with each special district. A revised City land use master plan, a revised services and facilities master plan (ORS 195.065 and 451.110 to 451.140), and special district plans (ORS 195.020(3)) will set the foundation for program and service-level IGAs (ORS 190) or joint agreements (ORS 222.530(5), 222.540(4), 222.560(4)) between the City and the special districts.

The City will need to take a proactive role in developing and sustaining working relationships between the City and the Fire, Water PUD, and Sanitary districts. These relationships will need sanction and support by elected officials at the political level. Similarly, priority attention and support for effective relationships will be required from the administrative executive level. Senior staff will provide the daily touch points for intergovernmental coordination. Enhanced attention to intergovernmental coordination and outreach may be a new set of skills that City and district managers need to develop, perfect and practice. Effective intergovernmental relations should become an element on staff performance evaluations. The alternative proposes to hire a road engineer using street and road funds. A primary performance task of this position will be to support joint project design, funding and construction management with the Harbor Service Districts.

Program Budgets and Costs

Alternative II calls for the annexation of a large new service area and a substantial increase in service customers. Providing services to

this hypothetical city will require an increase in City staffing of 8.0 FTEs, which will increase the City's operating budget by about $677,000. Six FTEs of these positions will be supported through the City's General Fund, while 2.0 FTE would be funded by the City's Street Fund. This section of the chapter details the costs of the new City positions. Limitations on how revenues may be spent segregate the programs and costs into General Fund departmental units, and other dedicated funds. We break the detail tables (Exhibits 7.4 and 7.5) below to reflect these two major budget categories.

The primary programs extended to new Harbor service area residents are police, street maintenance, and planning services. Additional position increases reflect general City services in code enforcement, parks and recreation, economic development and administration. Many of these areas have limited additional capacity or are under-staffed under the current City budget. With the influx of a major service area and expanded population, these currently double-tasked positions will warrant undivided, fully dedicated positions.

Exhibit 7.4 (following page) details the General Fund positions recommended in the alternative. These include one police patrol officer, increased land use planning and permitting staff, building inspections and code enforcement staff, a full-time parks and recreation program manager, and a full-time economic development program manager. Additional Finance and Human Resources, and administrative support are included in the positions.

Exhibit 7.5 details the Street Fund positions that will support Alternative II. These two positions include a street Design and Coordination Engineer with duties in street maintenance and reconstruction project design, contract preparation and management, project inter-agency coordination, and capital project planning and scheduling; and a half-time roads maintenance worker for preventive maintenance and storm water management.

As noted above, Alternative II relies on the continuing successful functioning of the Harbor Sanitary, Water PUD, and Fire special districts. The districts will provide the staffing needed to deliver their independent programs. We recommend that the City to support the Harbor Fire leadership transition with the joint funding of a new district chief in the mid-term.

The costs detailed in Exhibits 7.4 and 7.5 are based on a total employer cost of compensation model. The cost represents the full cost to the City as an employer. These costs include salary/ wage, overtime, payroll taxes, health and other benefits, and retirement

benefits including PERS. We have based our total cost estimates on values used in similar consulting studies of police, fire and general administrative services.

Exhibit 7.4

Alternative II Personnel Services Adjustments by City General Fund Departmental Units			
Position by Budget Departmental Unit	**FTEs Needed**	**Total Compensation Cost Per FTE**	**Position Total Cost**
Judicial			
No Changes Needed	0.0		$ -
Legislative / Administrative			
No Changes Needed	0.0		$ -
Police			
Patrol Officer	1.0	$ 88,000	$ 88,000
Fire and Emergency Services			
Harbor Fire PD retained by IGA			
No change in FTE for Year 1-5	0.0	$ -	$ -
Battalion Chief Year 6 and beyond	*0.3*	*$ 110,000*	*$ 33,000*
Planning and Building Services			
Building Inspector/ Code Enforcement	1.0	$ 85,000	$ 85,000
Planning Program Manager	1.0	$ 93,000	$ 93,000
Administrative Assistant	0.5	$ 71,150	$ 35,575
Parks & Recreation			
Parks, Recreation & Pool Program Mgr	0.5	$ 93,000	$ 46,500
Finance/ Human Resources			
HR/ Accountant	1.0	$ 75,000	$ 75,000
Swimming Pool			
No Changes Needed	0.0	$ -	$ -
Economic Development			
Economic Development Manager	1.0	$ 93,000	$ 93,000
General Fund FTE & Cost Totals	**6.0**		**$ 516,075**

Exhibit 7.5

Alternative II Personnel Services Adjustments by			
Position by Budget Fund/ Departmental Unit	**FTEs Needed**	**Compensation Cost Per FTE**	**Position Total Cost**
Street Fund			
Design and Coordination Engineer	1.0	$ 90,000	$ 90,000
Maintenance Worker	0.5	$ 71,000	$ 35,500
Administrative Assistant	0.5	$ 71,150	$ 35,575
Water Distribution			
No Changes Needed	0.0	$ -	$ -
Water Treatment			
No Changes Needed	0.0	$ -	$ -
Wastewater Collection			
No Changes Needed	0.0	$ -	$ -
Wastewater Treatment			
No Changes Needed	0.0	$ -	$ -
911 Fund			
No Changes Needed	0.0	$ -	$ -
Tourism			
No Changes Needed	0.0	$ -	$ -
Dedicated Funds FTE & Cost Totals	**2.0**		**$ 161,075**
City Totals	**8.0**		**$ 677,150**

In addition to personnel services costs, the annual City budget must cover Materials, Services & Supplies; Capital Expenses including furnishings, vehicles, durable equipment, and computers; Interfund transfers to fund related programs or to pay for central services; and Contingency and Reserves for each departmental unit or budget fund. These expenditures are detailed by General Fund departmental unit, or by dedicated budget fund in Exhibits 7.6 and 7.7 (following pages). We have estimated the Materials, Services and Supplies for each departmental unit as a percentage of current departmental total cost. The Police Department, will have a Year 1 start-up cost for a new entry-level patrol officer. We increased the department's percentage to 7.9%. These costs include officer recruitment, training, uniforms and equipment, weapons and radios ($50,000 new vehicle, $4000 clothing, equipment, side arm and body armor; and academy and other training costs). Training costs would decrease if an experienced applicant was hired from a lateral position. We limited the Materials, Services & Supplies for the Economic Development staff to 10%. The Materials, Services & Supplies for the Street Fund was estimated at 17.4%, which is consistent with the current year's ratio.

Exhibit 7.6

Alternative II Budget by City General Fund Departmental Unit Year 1				
Budget Departmental Unit/Cost Category Totals	**2014-2015 FTEs**	**2014-2015 City Adopted Budget**	**Alternative II Added FTEs & Cost Estimates Year 1**	**Alternative II Budget**
Judicial				
No Changes Needed	0.50	$ 46,934	$ -	$ 46,934
Legislative / Administrative				
No Changes Needed	1.39	$ 244,114	$ -	$ 244,114
Police			1.00	
Personnel Services	20.65	$ 1,869,075	$ 88,000	$ 1,957,075
Materials, Supplies & Services		$ 156,700	$ 20,000	$ 176,700
Capital Purchases		$ 55,150	$ 50,000	$ 105,150
Departmental Unit Total		$ 2,080,925	$ 158,000	$ 2,238,925
Fire and Emergency Services			0.00	
Personnel Services	1.82	$ 156,751	$ -	$ 156,751
Materials, Supplies & Services		$ 102,500	$ -	$ 102,500
Capital Purchases		$ 45,519	$ -	$ 45,519
Departmental Unit Total		$ 304,770	$ -	$ 304,770
Planning and Building Services			2.50	
Personnel Services	2.53	$ 184,477	$ 213,575	$ 398,052
Materials, Supplies & Services		$ 46,400	$ 46,500	$ 92,900
Capital Purchases		$ -	$ -	$ -
Departmental Unit Total		$ 230,877	$ 260,075	$ 490,952
Parks & Recreation			0.50	
Personnel Services	2.11	$ 139,799	$ 46,500	$ 186,299
Materials, Supplies & Services		$ 47,900	$ -	$ 47,900
Capital Purchases		$ 18,550	$ -	$ 18,550
Departmental Unit Total		$ 206,249	$ 46,500	$ 252,749
Finance/ Human Resources			1.00	
Personnel Services	1.33	$ 163,459	$ 75,000	$ 238,459
Materials, Supplies & Services		$ 30,800	$ 14,000	$ 44,800
Capital Purchases		$ -	$ -	$ -
Departmental Unit Total		$ 194,259	$ 89,000	$ 283,259
Swimming Pool				
No Changes Needed	4.50	$ 113,207	$ -	$ 113,207
Non-Departmental				
No Changes Needed		$ 1,001,565	$ -	$ 1,001,565
Economic Development			1.00	
Personnel Services	0.00	$ -	$ 93,000	$ 93,000
Materials, Supplies & Services		$ -	$ 9,300	$ 9,300
Departmental Unit Total		$ -	$ 102,300	$ 102,300
General Fund Expenditures & FTE Tot	**34.83**	**$ 4,422,900**	**$ 655,875**	**$ 5,078,775**

Exhibit 7.7

Alternative II Budget by City Dedicated Budget Funds Year 1				
Budget Departmental Unit/Cost Category Totals	**2014-2015 FTEs**	**2014-2015 City Adopted Budget**	**Alternative II Added FTEs & Cost Estimates Year 1**	**Alternative II Budget**
Street Fund			2.00	
Personnel Services	2.11	$ 173,796	$ 161,075	$ 334,871
Materials, Supplies & Services		$ 181,800	$ 41,000	$ 222,800
Capital Purchases		$ 561,300	$ 35,000	$ 596,300
Transfers		$ 26,047	$ -	$ 26,047
Contingency & Reserve		$ 100,857	$ -	$ 100,857
Fund Total		$ 1,043,800	$ 237,075	$ 1,280,875
Water Distribution				
No Changes Needed	4.53	$ 661,626	$ -	$ 661,626
Water Treatment				
No Changes Needed	3.05	$ 2,178,500	$ -	$ 2,178,500
Wastewater Collection				
No Changes Needed	6.43	$ 751,247	$ -	$ 751,247
Wastewater Treatment				
No Changes Needed	5.36	$ 3,358,966	$ -	$ 3,358,966
911 Fund				
No Changes Needed	0.00	$ 292,300	$ -	$ 292,300
Tourism				
No Changes Needed	0.16	$ 44,000	$ -	$ 44,000
Total Non-GF	**21.64**	**$ 8,330,439**	**$ 237,075**	**$ 8,567,514**
City Total Expenditures	**56.47**	**$ 12,753,339**	**$ 892,950**	**$ 13,646,289**
City Total FTEs		**56.47**	**8.00**	**64.47**

Revenue Impacts

A hypothetical City annexation of the Harbor Sanitary District service area under Alternative II would generate an estimated $1.27 million in additional revenue to support service operations or infrastructure investment. Intergovernmental revenues from the state, property taxes, business licenses fees, fuel taxes, transient taxes, and expanded franchise fees would all contribute new revenues to support an enlarged City. Exhibit 7.8 details the revenue estimates. We worked to develop the best possible revenue estimates given available time and resources. The estimates indicate the correct order of magnitude or relative scale rather than exact numerical estimates of the revenues expected under Alternative II. We encourage the City to perform a refined financial analysis of annexation revenues as part of any annexation master plan and proposal to voters.

The subset of revenues analyzed and presented in Exhibit 7.8 is only a portion of the General Fund and Dedicated Fund revenue

streams currently used by the City (Chapter III above). The revenue streams in Exhibit 7.8 are limited to annually recurring revenues, which are relatively consistent in level. The list does not include intermittent sources such as grants or contracts, or sources dependent on citizen choice or behavior such as fines or donations. We use fiscal year 2014-15 as the baseline from which to draw contrasts, and the values in the baseline column (left-center) closely match those in the City's 2014-15 adopted budget. The right-center column lists the Alternative II City revenue forecasts based on the property parcels annexed, defined program features and assumptions. The right-most column details the expected changes in revenue due to the Alternative II features.

Exhibit 7.8

Selected Recurring General Fund Revenue Summary by Source and Alternative Full Rate Property Tax Assessment in Year 1			
Revenue Souce/ Stream	**City Current FY 2014-15 Estimate**	**City Revenues under Alternative II**	**Alternative 2 Revenue Increment**
State Hwy Fund	$ 369,779	$ 527,678	$ 157,898
State Tobacco	$ 8,513	$ 12,148	$ 3,635
State Liquor Tax	$ 95,450	$ 136,208	$ 40,758
State Liquor Rev Sharing	$ 62,803	$ 96,658	$ 33,854
State Marijuana Distribution	$ 6,849	$ 9,774	$ 2,925
Property Tax Full	$ 2,215,932	$ 3,091,199	$ 875,267
City Business License	$ 41,000	$ 52,438	$ 11,438
City Motor Fuels Road Rehab	$ 200,000	$ 266,700	$ 66,700
City RV Transient Tax	$ 111,000	$ 138,423	$ 27,423
City Franchise Tax	$ 92,000	$ 131,419	$ 39,419
City Swimming Pool	$ 37,000	$ 37,000	$ -
Building Permits & Fees	$ 40,000	$ 57,138	$ 17,138
Totals			**$ 1,276,455**

The assumptions supporting each revenue estimate in Exhibit 7.9 are detailed below:

State Revenue Sharing

This category includes intergovernmental revenues from the state including distributed shares from the State Highway Fund, Tobacco Tax, Liquor Tax, Liquor Revenue Sharing, and the new marijuana distribution. The distribution of revenues to individual cities is by proportion to the total population of all cities in the state. Thus, the larger a city's population, the larger its revenue payment. Annexing the Harbor Sanitary Service area will result in an influx of about 2,800 new

citizens into the City. This is a 43% increase (multiplier of 1.42846), which results in a corresponding major increase in state shared revenues. As a comparison point, the City's current baseline amounts for these revenues are detailed in Exhibit 7.8 (City Current FY 2014-15 Estimate). With the exception of Highway Fund revenues, which must be used for road and bicycle related expenditures (e.g. the City budget Street Fund) all of the state revenue intergovernmental revenues are unrestricted, general fund monies. Future OLCC marijuana distribution must be reserved to support law enforcement.

As a refinement and explanation, the Liquor Revenue Sharing payment is primarily based on a population allocation, but the allocation procedure then further refines the estimate for per capita income and property tax burden. After consulting several sources, CPS was not exactly able to replicate the statutory formula. We present an estimate based on population and per capita income, which should be well within the order of magnitude of a final estimate. In another explanatory note, we have also included an estimate of the 10% revenue sharing to the cities from the taxation of sales of recreational marijuana. We used the 2017-2018 tax revenue estimate, which may reflect a more stable post-startup level of program operation.[148] Faced with program startup costs, the 2016-2017 marijuana revenue sharing to an enlarged City is estimated at about $1,500.

Under the hypothetical annexation in Alternative II, the enlarged City would gain $239,000 additional funds in state shared revenues annually. These revenues would be crucial to operating an enlarged City and for rebuilding aging infrastructure. The ability to obtain these revenues presents a strong incentive to move forward with annexation. The expanded population under Alternative II allows the City to increase its share of these state funds at the expense of other cities across with stable populations.

Property Tax Revenues

The property tax assessment and revenue system in Oregon has been restructured by the procedures and tax limitations in Measure 5 (in 1990), and Measures 47/50 (in 1996 and 1997). Measure 5 resulted in provisions in the Oregon State Constitution, which set property tax rate caps for education and general government

[148] Legislative Revenue Office (LRO). (2015 June 24). "Revenue Impact of Proposed Legislation, HB 2401-A" by Mazen Malik of the LRO staff.

categories of local government. Measure 50 adjusted the real market value of assessed property to a reduced maximum assessed value. Depending on real estate market conditions, the lower of the actual real market value or the maximum assessed value is used to compute a property owner's tax. Measure 50 also set a maximum permanent tax rate for each local jurisdiction. For the City of Brookings, this permanent tax rate is $3.7620 per each $1,000 of assessed value of property. All of these factors combine to limit the revenues a local government can generate through property taxes. Exhibit 7.7 above details that the City received about $2.21 million in property tax revenues in 2014-2015.

The annexation boundaries in Alternative II are drawn to cover the Harbor Sanitary District service area. Based on the Curry County Assessors values for the Sanitary District in FY 2014-2015, real market values (RMV) totaled $295,091,255 while the assessed value totaled $264,436,932 (Curry County Assessor, 2014). Assessed property within this area includes manufactured housing (792 units), real property (land, buildings and permanent improvements), business personal property and utility property. From the assessor's tax rolls, we identified 183 businesses in the annexation area declaring personal property. Business personal property includes equipment, tools, furnishings, stock and inventory used by the business.

Three tax code areas cover the annexed area. These are tax code areas 17-9, 17-2, and 37-1 (Exhibit 7.9). The three areas have the same mix of local governments, except that 17-2 and 37-1 do not pay for or receive services from the Harbor Fire Protection District. Currently, there is no urban renewal district or urban renewal assessment in these three tax codes, and the taxing districts receive tax revenues based on their M50 permanent tax rates.

Exhibit 7.9

Alternative II Annexation Area Tax Code Districts Permanent Rates			
Taxing District/ Government	**17-2 Permanent Rate 2014-2015**	**17-9 Permanent Rate 2014-2015**	**37-1 Permanent Rate 2014-2015**
School 17-C	3.2494	3.2494	3.2494
ESD	0.4432	0.4432	0.4432
SWOCC	0.7017	0.7017	0.7017
Education Total	**4.3943**	**4.3943**	**4.3943**
Port-Brookings Harbor	0.1316	0.1316	0.1316
Cem. South Curry	0.0368	0.0368	0.0368
Harbor Fire PD	0.0000	0.2332	0.0000
Lib--Chetco	0.3866	0.3866	0.3866
CC 4-H Extension	0.1021	0.1021	0.1021
County General	0.5996	0.5996	0.5996
Governmental Total	**1.2567**	**1.4899**	**1.2567**
School 17-C Bond	0.7963	0.7963	0.7963
Sanitary--Harbor	0.0000	0.0000	0.0000
Curry Soil/Water Dist	0.0000	0.0000	0.0000
Total Code Rate	**6.4473**	**6.6805**	**6.4473**

Source: Curry County Assessor, Curry County Tax Rates by Code Area 2014-2015, p.4

Urban Renewal Tax Rate Reduction

Brookings City tax revenues are adjusted to fund the urban renewal program governed and managed by the City (Brookings Urban Renewal Agency). The revenue levels needed for the urban renewal program are determined by the renewal plan. All local governments and service districts serving Brookings residents contribute to funding the urban renewal program by accepting a uniform percentage reduction to their property tax revenues. This reduction is expressed in reduced property tax rates applied for each local government or district. For example, rather than compute its levy based on the M50 permanent rate ($3.7630 per $1,000 assessed value), the City uses the reduced millage rate of $3.5286 per $1,000 assessed value, a 6.22 percent adjustment. Exhibit 7.10 displays the tax rate adjustments from the permanent rate to the urban renewal rate for the City's tax code area of 17-1. The urban renewal entry of $0.6357 represents the rate the urban renewal district would have received had it been an independent local government. For the 2014-15 baseline, the Brookings Urban Renewal Agency received a total of $423,300 from all governments, of which the City of Brookings share was about $156,100.

Exhibit 7.10

Property TaxPermanent Rate Reduction to Fund Urban Renewal Program			
Tax Code	**Jurisdiction**	**Effective Tax Rate with UR**	**M50 Permanent Rate**
17-1	School 17-C	3.0470	3.2494
	ESD	0.4156	0.4432
	SWOCC	0.6580	0.7017
	Education Total	**4.1206**	**4.3943**
	City --Brookings	3.5286	3.7630
	Port-Brookings Harbor	0.1234	0.1316
	Cem. South Curry	0.0346	0.0368
	Lib--Chetco	0.3626	0.3866
	CC 4-H Extension	0.0958	0.1021
	County General	0.5623	0.5996
	Urban Renewal Plan	*0.6357*	
	Governmental Total	**5.3430**	**5.0197**
	City--Brookings Bond	0.0000	0.0000
	School 17-C Bond	0.7467	0.7963
	Curry Soil/Water Dist	0.0000	0.0000
	Bond Total	0.7467	0.7963
	Total Code Rate	**10.2103**	**10.2103**

Source: Curry County Assessor, Curry County Tax Rates by Code Area 2014-2015, p.4; Oregon Department of Revenue. (2012, May) Local Budgeting Manual, p. 95.

Annexation would bring all properties in the Harbor Sanitary service area into the City, and would subject those properties to urban renewal contributions. Tax code area 17-9 includes all governments currently operating in the Harbor Sanitary area. Exhibit 7.11 adjusts the code area 17-9 rates using the City's current urban renewal adjustment of 6.229 percent. We have also added in lines and labels in the table for the City of Brookings, Urban Renewal and Brookings Bonds (Exhibit 7.11).

Exhibit 7.11

Alternative II Tax Code Area 17-9 Permanent Rates and Urban Renewal Adjusted Tax Rates		
Taxing District/ Jurisdiction	**Alternative II Adjusted Tax Rates with Urban Renewal**	**Current M50 Permanent Rates**
School 17-C	3.0470	3.2494
ESD	0.4156	0.4432
SWOCC	0.6580	0.7017
Education Total	**4.1206**	**4.3943**
City --Brookings	*3.5286*	*0.0000*
Port-Brookings Harbor	0.1234	0.1316
Cem. South Curry	0.0346	0.0368
Fire -- Harbor	0.0000	0.2332
Lib--Chetco	0.3626	0.3866
CC 4-H Extension	0.0958	0.1021
County General	0.5623	0.5996
Urban Renewal Plan	*0.6357*	*0.0000*
Governmental Total	**5.3430**	**1.4899**
City--Brookings Bond	0.0000	0.0000
School 17-C Bond	0.7467	0.7963
Sanitary--Harbor	0.0000	0.0000
Curry Soil/Water Dist	0.0000	0.0000
Bond Total	**0.7467**	**0.7963**
Total Code Rate	**10.2103**	**6.6805**

Source: Curry County Assessor, Curry County Tax Rates by Code Area 2014-2015, p.4

The annexed properties would use an adjusted City millage rate rather than the City's full permanent rate of $3.7620. We applied the City's 2014-15 adjusted rate of $3.5286 per $1,000 assessed value to the total assessed value in the Harbor Sanitary area. This adjustment would generate about $62,000 annually, which would be the City's share from the annexed area to support the urban renewal program. All other local governments in the annexed area would also contribute to the urban renewal program for a combined total revenue to the BURA of about $168,000.

Compensation for Harbor Fire Protection District

Annexation into the City imposes the City tax rate of $3.5286 across all assessed properties. Under Alternative II, the City assumes the responsibility of providing fire protection, rescue and emergency services to the annexed areas; however, we assume that the Harbor Fire Protection District will continue to provide services to the annexed area. We also assume that the City would arrange to have the Fire District extend its service coverage to include the properties in tax codes 17-2 and 37-1. The district would be asked to provide services to all properties in the newly annexed area. To accomplish this, the City would collect its tax revenues, but then purchase fire and emergency services from the fire district under an intergovernmental agreement (IGA). The Fire District would not levy its usual $0.2332 per $1,000 rate in the annexed areas. In the IGA, the City would reimburse the Fire District for the amount of its lost revenues. This payment in 2014-15 would total just under $61,700. If the City wished to adjust the payment for an urban renewal contribution, the annual payment would be about $57,800. The zero tax rate on the Harbor Fire line in Exhibit 7.11 demonstrates this adjustment.

This type of fire service procurement is not unprecedented. The Oregon cities of Fairview, Troutdale and Wood Village purchase fire protection and emergency medical services (EMS) from the City of Gresham using a long-term, 10-year IGA. Property tax revenues collected by the three cities provide the resources to support the purchase of services.

Property Tax Phase In

Under ORS 222.111(3) during annexation of territory currently served by a special district, the annexing City may phase in the application of its full tax rate over a 10-year period. We have modeled this option using the percentages in Exhibit 7.12. The percentage scale by years is arbitrary, but it demonstrates one possible phase-in scenario. The City could adjust the phase-in percentages as long as the scale is clearly defined in the annexation proposal to voters.

Exhibit 7.12

City Rate Increment Schedule 10 years (9-Year Phase-In)			
Year	Percentage	City Permanent Rate	Effective with Urban Renewal
1, 2 & 3	0.250	0.94075	0.88215
4, 5, & 6	0.500	1.88150	1.76430
7, 8,& 9	0.750	2.82225	2.64645
10	1.000	3.76300	3.52860

Exhibit 7.13 below estimates the property tax revenues that would accrue to the City over the 10-year period. Over the full 10-year period phase-in, the City would receive $4.55 million. This compares to $8.75 million with full taxation starting in year 1. The loss of revenue to the City over the decade is about $4.2 million. In this estimate, we included an urban renewal adjusted annual payment of $57,825 to the Brookings Fire Protection District to purchase fire service for the annexed area. If the City wished to reimburse the Fire District without urban renewal, the payment would be $61,667. We also assume that the annexed area contributes to urban renewal under the phase-in schedule. The City's contribution for urban renewal would also follow a phase-in schedule: Years 1-3, $15,500; Years 4-6, $31,000; Years 7-9, $46,500; and Year 10, $62,000.

Exhibit 7.13

Revenue Schedule: Phase-In City Available Revenues to Full Revenue Stream				
Year		City Revenue Phased-In		Full Rate Stream w/UR
1	$	175,447.57	$	875,266.68
2	$	175,447.57	$	875,266.68
3	$	175,447.57	$	875,266.68
4	$	408,720.60	$	875,266.68
5	$	408,720.60	$	875,266.68
6	$	408,720.60	$	875,266.68
7	$	641,993.64	$	875,266.68
8	$	641,993.64	$	875,266.68
9	$	641,993.64	$	875,266.68
10	$	875,266.68	$	875,266.68
	$	**4,553,752.13**	**$**	**8,752,666.84**
Loss	**$**	**4,198,914.71**		

City Business Licenses

The City requires a license to conduct business inside the City. The fee for the license depends on the location of the business, inside or outside the City limits, and the number of employees. The lowest rate applies to businesses located within the City limits with 0 to 10 employees ($62 paid annually). The fee for businesses inside the City limits rises to $1540 for enterprises with more than 200 employees. The rate for businesses located outside the City, but doing business within the City is a flat $77.

Annexation under Alternative II will bring a large number of businesses within the City limits. Review of the Assessor's property tax records reveals 183 businesses reporting personal property. While we could assume that some of these businesses have more than 10 employees, information is lacking on the exact size of each of these enterprises. U.S. Census data and mapping techniques indicates 33 job centers generating 601 primary jobs in the Harbor Sanitary area. This indicates that the large majority of the businesses annexed into the City will have 10 or fewer employees. Given this information, we took a conservative approach to license revenue. We assume the base rate (inside the City and 10 or fewer employees) would apply to 182 businesses in the area. We also assume that at least one facility in the annexed area would likely employ between 26 to 50 employees. Based on these assumptions, we estimate revenues of about $11,400. Another reason to take a conservative approach in this estimate is that many of the identified businesses may already be doing business inside the City and be paying the outside City rate.

City Motor Fuels Tax for Street Repair

The City has imposed a $0.04 cents per gallon fuel tax for road and street repair. The City reports annual revenues of about $200,000. The City currently has three fueling stations; annexation of the Harbor Sanitary area would add one more station. Based on an equal per station revenue rate of about $66,700 per station, the addition of one station located in Harbor would result in increased revenues of $66,700.

City Transient Tax

The City imposes a 6% tax on transients utilizing hotel, motel, inn, campgrounds and RV parks within the City boundary. Annexation of the Harbor Sanitary District service area will bring in several RV parks and hotels, which would be regulated under the transient tax. Analysis of the public budget from the Port of Brookings-Harbor

indicates that the RV Park generated $458,000 in fiscal year 2014-15. This level of revenue would have generated about $27,400 in transient tax revenues to the City. A review of the Assessor's tax rolls indicates three additional RV parks and two inns/hotels. Revenues from these businesses would increase annual transient tax revenues. We set a conservative estimate for this revenue source at $27,400 annually, recognizing that revenues would likely be higher.

The City first imposed a transient lodging tax in 1980, with subsequent ordinances in 1993 and 2003. This is a longstanding tax that predates the State statute of 2003, which authorizes and limits the tax.[149] The Brookings ordinance allocates 25% of the collected revenue to tourism purposes, and 75% to the City General Fund.[150] Based on this allocation, we forecast that the City's Tourism Fund would gain $6,856, and the General Fund would gain $20,568.

City Franchise and Privilege Taxes

The Curry County Assessor tax rolls list Frontier Communications, Charter Communications, Dish Network, and Direct TV as the private communication systems with facilities and systems in the Harbor service area. We were not able to identify the blend of residential and business customers for each system. We assume that the blend of services and revenues collected by each system is the same in Harbor as it is in the City of Brookings. This leads to a population based approach to estimate new revenues, with a per citizen rate of $14.08 per citizen. Based on an estimate of 2,800 new City residents under annexation, we forecast an increase in City franchise fees of $39,400.

We also note that should the Harbor Water PUD continue to operate in its current service territory as designed into Alternative II, the City may be able to assess a fee on the district (ORS 221.420). This statute allows the City to determine the terms and conditions under which the PUD may operate including the payment of charges and fees.[151] Also, ORS 221.450 allows cities to apply a privilege tax on PUDs operating without a franchise. This tax may not exceed 5%

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[149] ORS 320.350(3) with effective date of July 1, 2003.

[150] City of Brookings Code 3.10.150A Use of transient room tax

[151] Oregon PUC (Public Utilities Commission). (2015). "Utility and telecom, assessments, fees, and charges." Accessed on Nov. 6, 2015 from http://www.puc.state.or.us/Pages/telecom/taxes.aspx#cityfees

of gross revenues earned by the PUD within the City. We note that the Coos-Curry Electric Coop pays an annual reimbursement payment to the City of Brookings in lieu of a franchise fee or privilege tax. The City may elect not to impose a privilege tax on the PUD as part of an annexation proposal, but may negotiate a reimbursement payment.

City Swimming Pool Revenues

We forecast no change in this revenue stream under Alternative II.

City Building Permits & Fees

The City assesses fees for plan review and building permits. This revenue totaled $40,000 in FY 2014-15. Based on a per person basis, and the assumption that the residents in the annexed area will use these services at a rate similar to Brookings residents we estimated an additional $17,000 in permit and fee revenue.

Revenue Section Summary

Through a variety of recurring sources, Alternative II is estimated to provide almost $1.27 million in revenues for City operations and investments (Exhibit 7.14). Additionally, a newly annexed area should provide up to about $217,000 per year in funding for the Brookings Urban Renewal Agency. The City share of this total would be $62,000, with other districts and governments contributing the remainder.

Should the City elected to use a property tax phase-in, using a 75% rate in years 7 to 9 would result in annual City revenues of $641,994, a $233,275 decrease from the full tax level. Using the property tax phase-in should be a reasoned decision that balances revenue needs for City operations, with public political and financial acceptance of Alternative II annexation.

Exhibit 7.14

Comparison of Alternative II Total Annual Revenues Under Property Tax Phase-In		
Revenue Source/ Stream	**Alternative II Revenue Change with 75% Ramp Up Years 7-9**	**Alternative II Revenue Change with Full Rate Property Tax**
State Hwy Fund	$ 157,898	$ 157,898
State Tobacco	$ 3,635	$ 3,635
State Liquor Tax	$ 40,758	$ 40,758
State Liquor Rev Sharing	$ 33,854	$ 33,854
State Marijuana Distribution	$ 2,925	$ 2,925
Property Tax Full	**$ -**	**$ 875,267**
Property Tax 10 Year Phase In	**$ 641,994**	**$ -**
City Business License	$ 11,438	$ 11,438
City Motor Fuels Road Rehab	$ 66,700	$ 66,700
City RV Transient Tax	$ 27,423	$ 27,423
City Franchise Tax	$ 39,419	$ 39,419
City Swimming Pool	$ -	$ -
Building Permits & Fees	$ 17,138	$ 17,138
Annual Revenue Total	**$ 1,043,182**	**$ 1,276,455**

Not all revenues may be used for General Fund purposes. Exhibit 7.15 segregates the total revenues by City General Fund, dedicated Street Fund, and Urban Renewal. This breakout allows comparisons with the program cost and expenditure totals in the chapter section above.

Exhibit 7.15

Alternative II Revenues Segregated by Fund (Use) with Property Tax Options		
Revenue Source/ Stream	**Alternative II Revenue Change with 75% Ramp Up Years 7-9**	**Alternative II Revenue Change with Full Rate Property Tax**
General Fund Revenues		
State Tobacco	$ 3,635	$ 3,635
State Liquor Tax	$ 40,758	$ 40,758
State Liquor Rev Sharing	$ 33,854	$ 33,854
State Marijuana Distribution	$ 2,925	$ 2,925
Property Tax Full	**$ -**	**$ 875,267**
Property Tax 10 Year Phase In	**$ 641,994**	**$ -**
City Business License	$ 11,438	$ 11,438
City RV Transient Tax (75%)	$ 20,567	$ 20,567
City Franchise Tax	$ 39,419	$ 39,419
City Swimming Pool	$ -	$ -
Building Permits & Fees	$ 17,138	$ 17,138
Total General Fund Revenues	**$ 811,728**	**$ 1,045,000**
Street Fund Revenues		
State Hwy Fund	$ 157,898	$ 157,898
City Motor Fuels Road Rehab	$ 66,700	$ 66,700
Total Street Fund Revenues	**$ 224,598**	**$ 224,598**
Tourism Fund Revenues		
City Transient Tax (25%)	$ 6,856	$ 6,856
Total Tourism Fund Revenues	**$ 6,856**	**$ 6,856**
Urban Renewal Revenues	**$ 46,500**	**$ 62,000**
Annual Revenue Total	**$ 1,082,826**	**$ 1,331,598**

Major Issues: Benefits and Risks of Annexation

Alternative II uses hypothetical features and implications, and financial analysis to build a decision framework for understanding an annexation option for community governance. The alternative is designed to respond to as many community and public service issues as possible. The evaluation of Alternative II against critical standards provides a final means to explain this alternative. Financial sustainability provides a key measure for testing whether to move forward with annexation. The relative balance of legal risk and liability presents a second measure for evaluating an annexation decision. Third, annexation opens issues of acceptance, and issues of equity and fairness among segments of a community.

When property tax revenues are generated at a full level, Alternative II becomes financially sustainable. State revenue sharing provides a critical source of revenues. These shared revenues are only available to incorporated city governments. On the cost side of the

ledger, the alternative calls for a minimal increment of new City staff, which helps to limit staffing and program costs. The alternative generates sufficient General Fund revenues to funds the proposed program and staffing. The Street Fund suffers from a slightly negative fund balance. Resources from the General Fund may be needed to make up the $12,500 shortfall. Exhibit 7.16 summarizes the General Fund, Street Fund, Tourism Fund and urban renewal finances to support the alternative.

To fully appreciate the breakout in Exhibit 7.16, readers should understand that budget funds completely segregate different sources and types of revenue. This segregation increases transparency and ensures that funds are used only for their intended purposes. As an example, Street Fund resources from motor fuels taxes cannot be used for land use planning, or parks and recreation purposes. Street fund resources may only be used to support road maintenance, construction and reconstruction. The Tourism Fund may only be used to support tourism promotion or tourism related facilities. General Fund resources are granted the flexibility to be used for any lawful purpose the City desires, but are usually reserved for general government program operating spending.

Exhibit 7.16

Alternative II Fund Net Balances by Property Tax Options				
Revenue Source/ Stream	**Property Tax Phase-In with 75% Rate Years 7-9**		**Property Tax with Full Rate Property Tax**	
General Fund				
General Fund Revenues	$	811,728	$	1,045,000
General Fund Expenditures	$	655,875	$	655,875
General Fund Balance	**$**	**155,853**	**$**	**389,125**
Street Fund				
Street Fund Revenues	$	224,598	$	224,598
Street Fund Expenditures	$	237,075	$	237,075
Street Fund Balance	**$**	**(12,477)**	**$**	**(12,477)**
Tourism Fund				
City Transient Tax (25%)	$	6,856	$	6,856
Tourism Fund Balance	**$**	**6,856**	**$**	**6,856**
City Share UR Revenues	$	46,500	$	62,000
Other Dist UR Share	$	155,000	$	155,000
Total Urban Renewal Revenue	**$**	**201,500**	**$**	**217,000**

Exhibit 7.16 also displays the urban renewal revenues that would be generated from the Harbor Sanitary service area under annexation. The share generated by the City is separated from the share generated by the school district, ESD, junior college, county and all other special districts under urban renewal diversion of revenues. We show the total urban renewal revenue to demonstrate the level of revenues available to support projects, a housing trust fund, or to pay down a long-term bond.

In a second evaluation criteria, the Harbor Sanitary and Harbor Water PUD district annual financial reports demonstrate extensive depreciation in the pipe infrastructure managed by each district. Notably, the sewer collection system is constructed of older materials that are showing signs of increasing groundwater infiltration. The systems will continue to function in the immediate term, but over the mid- to long-term, the integrity of the systems raises performance liabilities. Alternative II works to clearly recognize this indirect and delayed liability.

Under any annexation proposal, the City must clearly demonstrate the value in annexation and in belonging to the City. Once completed, the delivery of City services to the Harbor area and residents must clearly be evident. Both the immediate and the long-term benefits must be made evident. Annexation would also increase property taxes substantially. Paying increased taxes may be beyond the financial capacity of a group of low-income citizens living on fixed incomes. Application of property tax deferral programs may be essential of annexation acceptance. Additionally, the City would need to demonstrate flexibility with regulation involving housing and the regulation of manufactured home parks.

Extending the BURA and establishing urban renewal zones in the Harbor Sanitary service area provides a tool to return tax revenues to the area. The careful delineation of blighted areas could support infrastructure replacement and repair, housing repair and replacement, and development of parks and recreation facilities.

Annexation will also likely require a candid discussion of electoral representation. The ability for Harbor residents to feel their perspective is represented in future decision for the new larger city will be key to the success of an annexation.

The third evaluation criteria assesses fairness and equity. The services described and developed in Alternative II also attempt to respond to all segments of the Harbor Sanitary service area. This includes not only the 65 and over retiree community, but also families

with young children, and Hispanics. This latter group may not speak loudly for its needs in the public discussion on annexation. As it considers any annexation proposal, the City should make every effort to ensure that all voices in the community are raised and heard in any decision.

In another aspect of equity, Alternative II allows the shift of costs for law enforcement, land use planning, permitting and code enforcement, and road maintenance from the County to the City. This would free up County resources for county-level programs, and for services to rural residents.

Optional Configurations for Alternative II

Alternative II was developed as a low-risk approach and package to annexation of the Harbor Sanitary service area, which included the continued existence and operation of the Harbor Fire, Water PUD and Sanitary districts. The intent of this design was to provide assurances to the Harbor service area residents and business through continuation of familiar service providers. Clear statements by the City, clear joint agreements (IGAs), and consistent performance could make this joint approach to service delivery succeed. However, following this strategy could leave unresolved the question of the existence of the Harbor Sanitary district. This would continue a cause of the uncertainty that has plagued the annexation issue.

Alternative II Option

Instead, the City may want to consider the option of immediately assuming the full operation and ownership of the Harbor Sanitary District under an annexation package. This action would be supported by ORS 222.510. This would result in extinguishing the district and transferring all assets, liabilities, obligations and functions to the City (ORS 222.510(1). Immediate assumption of the Harbor Sanitary district upon annexation would place the issue before the community a single time. Alternative II described above, conditions the survival of the district on future performance success, or failure and a future referendum to the voters on whether to take over the district. We recommend the continued operations of the Harbor Water PUD and the Harbor Fire districts because of their continued responsibilities to serve unincorporated areas.

Assumption of the Sanitary District brings several operational advantages and a disadvantage. City control of the sanitary infrastructure would allow for integrated management with the City's current wastewater treatment operations. Issues of wastewater treatment rates

would resolve into a Citywide wastewater treatment rate setting. Based on enhanced state and City motor fuels tax revenues, Alternative II calls for Curry County to transfer selected local streets and roads to City ownership. City control of the wastewater infrastructure would allow better integration with the City's street and road maintenance and replacement program. City control would also ease the application and coordination of urban renewal funds to Harbor infrastructure replacement.

On the downside, with assumption of the Sanitary District, the City takes on the performance liability of an aging infrastructure system. The City would need to expand the revenues and use the Water System Replacement budget fund. This may require a water rate increase for City residences and businesses.

If the City assumed ownership and operations of the Harbor Sanitary district upon annexation, it would need to hire a new street and sewer maintenance crew to support services. Alternative II already proposes to hire a half-time (0.5FTE) maintenance worker for the Street program for road and surface water maintenance. To achieve a full crew (4.0FTE), the City would need to hire a maintenance supervisor and two and one-half additional maintenance workers (an additional $262,500 above the Alternative II package in Exhibit 7.5). Revenues from wastewater charges, City motor fuels tax and state motor fuels revenue sharing would fund these positions. As we noted above, on annexation and assumption of the district, the City may have to provide lateral employment opportunities for current Sanitary District employees (ORS 236.610 to 236.640).

VIII. Comparison of Alternatives

To structure the annexation issue for the Council and community, we formatted information for comparison from the current situation description (Chapter III) and the different alternatives: Alternative I, Alternative II, the Alternative II Phase-in, and the Alternative II Option (Chapters VI and VII). Exhibit 8.1 summarizes the program features and performance levels for the alternative and arrays them for comparison. Exhibit 8.2 details the staffing changes by alternative.

While readers may identify certain features and measures as more important than others – property tax burden, preservation of district services and local control, police service levels – arraying the alternatives in a table helps to demonstrate their relative positions on several scales. Gaining full understanding requires seeing all the alternatives in context, and then comparing their strengths and weaknesses. Each alternative adds information to a full understanding of the Brookings-Harbor community situation and options.

For this discussion, we use the following names:

- **Current Situation:** the current City of Brookings service level as defined in Chapter III.
- **Alternative I:** a hypothetical annexation of the Port of Brookings-Harbor commercial and marina area owned lands, buildings and lessee properties as defined in Chapter VI.
- **Alternative II:** a hypothetical annexation of the Harbor Sanitary District service area as defined in Chapter VII.
- **Alternative II Phase-In:** a hypothetical annexation of the Harbor Sanitary District service area, but demonstrating the revenues from a property tax phase-in at years 7 to 9.
- **Alternative II Option:** a hypothetical annexation of the Harbor Sanitary service area as defined in Chapter VII, but at annexation the Sanitary District is extinguished and the City immediately assumes its operation.

Exhibit 8.1

Alternative Comparison Table Program Features					
Program/ Criteria	**Current Situation**	**Alternative I**	**Alternative II**	**Alternative II Phase-In**	**Alternative II Option**
City Population	6,535	6,535	9,335	9,335	9,335
City Acreage	2,435	2,510	3,259	3,259	3,259
Law Enforcement Number of Sworn Deputies/ Officers	10 patrol + 4 command = 14 sworn	10 patrol + 4 command = 14 sworn (1040 hrs dedicated to Port area)	11 patrol + 4 command = 15 sworn	11 patrol + 4 command = 15 sworn	11 patrol + 4 command = 15 sworn
Law Enforcement Service Area	Current City limits (2,435 acres)	Current City limits + 75 acres (Port commercial area)	Current City limits + 824 acres	Current City limits + 824 acres	Current City limits + 824 acres
Law Enforcement Coverage Standard	24/7 single-minute response within City limits	24/7 single-minute response to incidents in Port area; proactive presence to deter	24/7 single-minute response anywhere in full City area	24/7 single-minute response anywhere in full City area	24/7 single-minute response anywhere in full City area
Law Enforcement First Year Start Up Costs	None	None—All costs absorbed	$70,000 vehicle, kit and training	$70,000 vehicle, kit and training	$70,000 vehicle, kit and training
Fire and Rescue Services: provider	City of Brookings Fire and Rescue Department	Annexed area: Harbor RFPD with joint agreement	Annexed area: Harbor RFPD with joint agreement	Annexed area: Harbor RFPD with joint agreement	Annexed area: Harbor RFPD with joint agreement
Fire and Rescue Services: annual payment to BRFD	None; mutual aid as necessary	$1000 annual tax reimbursement; mutual aid	$57,825 annual tax reimburse-ment (adjstd for urban renewal)	$57,825 annual tax reimburse-ment (adjstd for urban renewal)	$57,825 annual tax reimbursement (adjstd for urban renewal)

Building Permitting, Plan Review and Inspection	Current combined position permits & inspections and executive duties	Current combined position permits & inspections and executive duties	Separate position established for permits & inspections (+1.0 FTE)	Separate position established for permits & inspections (+1.0 FTE)	Separate position established for permits & inspections (+1.0 FTE)
Land Use Planning	Brookings Planning Services current Staffing	Brookings Planning Services all costs absorbed by current staffing level	Brookings Planning Services, expanded staffing	Brookings Planning Services, expanded staffing	Brookings Planning Services, expanded staffing
Parks and Recreation/ Pool	Brookings Parks & Recreation; current staffing	Brookings Parks & Recreation—same as current	Brookings Parks & Recreation, +0.5FTE dedicated division director	Brookings Parks & Recreation, +0.5FTE dedicated division director	Brookings Parks & Recreation, +0.5FTE dedicated division director
Finance/ HR	Brookings Finance & HR current Staffing	Brookings Finance & HR—same as current, costs absorbed	Brookings Finance & HR; current + 1.0 FTE HR/ accountant	Brookings Finance & HR; current + 1.0 FTE HR/ accountant	Brookings Finance & HR; current + 1.0 FTE HR/ accountant
Governance and Council Structure	4 City Councilors and Mayor elected at large	4 City Councilors and Mayor elected at large; Port constituents absorbed	City Council number and representation structure may change.	City Council number and representation structure may change.	City Council number and representation structure may change.
Intergovern-mental Coordination	Informal and issue-specific limited relationships	Formal joint IGAs with Harbor Fire, Water PUD & Sanitary for Port area coordination	Formal joint IGAs with Harbor Fire, Water PUD & Sanitary. Hire Design Engineer for project coordination	Formal joint IGAs with Harbor Fire, Water PUD & Sanitary. Hire Design Engineer for project coordination	Formal joint IGAs with Harbor Fire and Water PUD; extinguish Sanitary. Hire Design Engineer for project coordination

Streets and Roads & Surface Water	Brookings Public Works Division; one road/ utility maintenance crew	Curry County & Port of Brookings-Harbor	Negotiate transfer of some local Harbor streets from County to the City; use gas taxes for maintenance	Negotiate transfer of some local Harbor streets from County to the City; use gas taxes for maintenance	Negotiate transfer of some local Harbor streets from County to the City; use gas taxes for maintenance
Water Services	Brookings Public Works Division; one road/ utility maintenance crew	Joint agreement with Harbor Water PUD; Terms & Conditions on Port area	Joint agreement with Harbor Water PUD; Terms & Conditions	Joint agreement with Harbor Water PUD; Terms & Conditions	Joint agreement with Harbor Water PUD; Terms & Conditions
Sanitary Sewer Service	Brookings Public Works Division; current staffing; rate agreement with Sanitary District	Harbor Sanitary District; current treatment plant staffing; joint agreement on policies and rates for Port area	Harbor Sanitary District; current treatment plant staffing; joint agreement on policies and rates	Harbor Sanitary District; current treatment plant staffing; joint agreement on policies and rates	Brookings Public Works Division; District extinguished; current plant staffing; two road/ utility maintenance crews
Urban Renewal	Brookings Urban Renewal Agency; downtown UR zone	BURA tax diversion ($1,000 annually); no UR zone in Port commercial area	BURA tax diversion; establish UR zones in annexed area for infrastructure & housing; $62,000 annual city payment	BURA tax diversion; establish UR zones in annexed area for infrastructure & housing; year 7-9 annual city payment $46,500	BURA tax diversion; establish UR zones in annexed area for infrastructure & housing; $62,000 annual city payment
Economic Development	City Manager shared duty	City Manager shared duty	Hire Economic Development Mgr (1.0FTE)	Hire Economic Development Mgr (1.0FTE)	Hire Economic Development Mgr (1.0FTE)

Exhibit 8.2

Alternative Comparison Table Staffing FTEs					
Criteria	**Current Situation**	**Alternative I**	**Alternative II**	**Alternative II Phase-In Year 7-9**	**Alternative II Option**
Staffing by Budget Departmental Unit/ Budget Fund					
Judicial (GF)	0.5	0.5	0.5	0.5	0.5
Legislative/Admin (GF)	1.39	1.39	1.39	1.39	1.39
Police (GF)	20.65	20.65*	21.65	21.65	21.65
Fire (GF)	1.82	1.82**	1.82**	1.82**	1.82**
Planning and Building (GF)	2.53	2.53	5.03	5.03	5.03
Parks and Recreation (GF)	2.11	2.11	2.61	2.61	2.61
Finance/HR (GF)	1.33	1.33	2.33	2.33	2.33
Pool (GF)	4.5	4.5	4.5	4.5	4.5
Economic Development (GF)	0	0	1.00	1.00	1.00
Total General Fund	**34.83**	**34.83**	**40.83**	**40.83**	**40.83**
Streets (Street Fund)	2.11	2.11	4.11	4.11	7.61
Water Distribution	4.53	4.53	4.53	4.53	4.53
Water Treatment	3.05	3.05	3.05	3.05	3.05
Wastewater Collection	6.43	6.43	6.43	6.43	6.43
Wastewater Treatment	5.36	5.36	5.36	5.36	5.36
Tourism Fund	0.16	0.16	0.16	0.16	0.16
Total Dedicated Funds	**21.64**	**21.64**	**23.64**	**24.64**	**28.14**
Total FTE	**56.47**	**56.47**	**64.47**	**64.47**	**67.97**

*0.5 FTE (1040 service hours) dedicated.
**0.3 FTE battalion commander/ district chief contribution added in Year 5.

Evaluation of Program Attributes

Both Alternatives I and II would expand the service area of the City of Brookings. Services would have to be extended to the newly annexed area under either proposal. Alternative I would require the least organizational change, and would not require any increased staffing. Alternative I assumes that all program increases, especially for law enforcement, would be absorbed by current capacity and staffing.

Alternative II would lead to changes in policing, land use planning, parks and recreation, and finance and human resources, all of which the City would assume under either proposal. With annexation, the City would lift the costs for these programs from the County, which would free-up County General Fund resources. There would be an unknown change in the road and street program depending on the miles of local roads and streets transferred from Curry County to City jurisdiction. However, the three Harbor districts would remain fully functional. Intergovernmental relations would need to be improved under both Alternatives I and II.

Alternative II Phase-In exercises the option in state law to allow for a metered increase in property taxes for newly annexed territory. Chapter VII provides a 25% (Years 1-3), 50% (Years 4-6), 75% (Years 7-9) schedule, to demonstrate a possible phase in. The City could select any phase-in schedule it desired as long as it was included in any annexation petition placed before the voters. The computations in Exhibit 8.3 indicate that the reduced General Fund revenues have a positive fund balance in years 7-9. The break-even year for this schedule is year 7. In years 4-6, property tax revenues leave a negative General Fund balance of about $77,000 annually. Under this phase-in schedule, the City would need to take a loan to supplement the loss in property tax revenues until year 7.

The Alternative II Option is nearly identical to Alternative II. The key difference is in the provision of sanitary sewer services. The Alternative II Option calls for the takeover of Harbor Sanitary District, which would bring the service area under the City's Public Works division. This would also require the addition of a maintenance supervisor and two and one-half additional maintenance workers to City staff. The cost of these new employees would be covered by City wastewater service charges.

Several reasons support City assumption of the Harbor Sanitary district. State shared motor fuels tax and fee revenues and City gas tax revenues have uses generally restricted to road repairs. The City would receive these revenues. The City would also have control of urban renewal revenues, which could, with the correct planning be used for roads and street repair and infrastructure replacement. Finally, assumption of the Sanitary District would ease project planning and coordination.

Alternative Financial Sustainability

Financial sustainability provides the first key measure for testing which alternative, if any, is applicable as a path forward for the community. Exhibit 8.3 below summarizes and compares the financial attributes of the alternatives.

Exhibit 8.3

Fund Net Balances and Key Transactions Comparison Table for Annexed Areas					
Fund/ Transaction/ Balance	**Current City of Brookings FY 2014-2015 Adopted Budget**	**Alternative I (Port Owned Commercial & Marina)**	**Alternative II Full Rate Property Tax**	**Alternative II Property Tax Phase-In with 75% Rate Years 7-9**	**Alternative II Option Full Rate Property Tax**
City Permanent Rate	3.7630	3.7630	3.7630	3.7630	3.7630
City Urban Renewal Adjusted Rate	3.5286	3.5286	3.5286	2.64645	3.5286
Aggregate Tax Rate / $1,000 in annexed area	10.2103	10.2103	10.2103	9.32815	10.2103
	Harbor 17.9 = $6.6805/ $1,000	No collection for HRFPD	No collection for HRFPD	No collection for HRFPD	No collection for HRFPD
General Fund					
Revenues Increment	$ -	$ 37,937	$ 1,045,000	$ 811,728	$ 1,045,000
Total Revenues	$ 4,422,900	$ 4,460,837	$ 5,467,900	$ 5,234,628	$ 5,467,900
Expenditure Increment	$ -	$ -	$ 655,875	$ 655,875	$ 655,875
Harbor Fire PD Reimbursement	*$ -*	*$ 1,000*	*$ 61,667*	*$ 61,667*	*$ 61,667*
Total Expenditures	$ 4,422,900	$ 4,422,900	$ 5,078,775	$ 5,078,775	$ 5,078,775
General Fund Balance	**$ -**	**$ 37,937**	**$ 389,125**	**$ 155,853**	**$ 389,125**
		Partial reimbursement for 1040 hrs policing			
Street Fund					
Revenue Increment	$ -	$ -	$ 224,598	$ 224,598	$ 224,598
Total Revenues	$ 1,043,800	$ 1,043,800	$ 1,268,398	$ 1,268,398	$ 1,268,398
Expenditure Increment	$ -	$ -	$ 237,075	$ 237,075	$ 237,075
Total Expenditures	$ 1,043,800	$ 1,043,800	$ 1,280,875	$ 1,280,875	$ 1,280,875
Street Fund Balance	**$ -**	**$ -**	**$ (12,477)**	**$ (12,477)**	**$ (12,477)**
		No new ODOT revs	ODOT revenue sharing by population + City fuels tax	ODOT revenue sharing by population + City fuels tax	Second road/ utility crew +3.5 FTE from wastewater collection fund revenues
Tourism Fund					
Tourism Revenue Increment	$ -	$ 6,856	$ 6,856	$ 6,856	$ 6,856
Tourism Fund Balance	$ 44,000	$ 50,856	$ 50,856	$ 50,856	$ 50,856
		Port RV park only	Port RV park only	Port RV park only	Port RV park only
Urban Renewal					
Urban Renewal Increment	$ -	$ 1,000	$ 62,000	$ 46,500	$ 62,000
City Share UR Total Contribution	$ 156,199	$ 157,199	$ 218,199	$ 202,699	$ 218,199

Financial Comparison

The City of Brookings is financially sustainable. Brookings could continue in current configuration without annexation. However, the City would continue to incur the financial cost of providing services outside the City boundaries without reimbursement. The City's annual budget is balanced, and the City is within financial tolerances as demonstrated by the financial ratio analysis of its annual financial report values in Chapter III. The City recognizes that its capital assets depreciate at a 4% annual rate. The City has established Street System, Water

System, and Wastewater system Replacement funds to reduce and limit infrastructure depreciation. Though established, the level of funding allocated to infrastructure replacement has been inadequate relative to the degradation in the pipes. The City may need to raise additional revenues to begin a reconstruction and replacement program for the water and wastewater pipe systems. The City's $0.04 per gallon motor fuels tax provides a revenue stream to reconstruct and repair City streets and roads.

Alternative I would generate $37,900 in new General Fund revenues from property taxes, business licenses and franchise fees. Chapter VI explained that under Alternative I taxpayers would not face a levy from Harbor Fire, but the City would reimburse Harbor RFPD annually for lost property tax revenues at nearly $1,000. Alternative I would also divert $1,000 in property tax revenues to generate a very small level of revenue for urban renewal. The $37,900 in General Fund revenues would provide partial compensation for the BPD provision of 1040 hours of dedicated services to the annexed area. With this minimal amount of revenue, the City would still face unreimbursed costs of $53,800 (Exhibit 6.9). Another financial risk is that the City must absorb the other costs of providing all other City services to the newly annexed area under Alternative I. Absorbing in the Port commercial and marina area would stress an already limited City organization. The limited revenues and the stress on the current City organization point to using other approaches for providing enhanced law enforcement services to the Port commercial and marina area.

Alternative II would generate just over $1.045 million in new General Fund revenues (Exhibit 8.3). This includes new property tax revenues, and increased state revenue sharing because of the 2,800 residents in the annexed area. Annual state revenue sharing would increase by $239,000 annually. This includes tobacco, liquor, marijuana and motor fuels distributions. A minimal increment of new City staff (8.0 FTEs) is necessary under Alternative II. Harbor Fire receives a full reimbursement for its lost property taxes of almost $62,000. Increased general fund expenditures total $655,875, which leaves a very positive net fund balance of $389,125.

The Alternative II Phase-in demonstrates the General Fund balance for a 75% property tax rate in years 7-9. At this level, the General Fund net balance is positive by $155,853. Harbor Fire receives a full reimbursement for its lost property taxes of almost $62,000. A portion of the positive balance could be used to offset the $12,477 loss in

the Street Fund. Similar computations indicate that in years 4-6 of the 10-year phase-in, the fund balance remains negative by $77,000.

The Alternative II Option has the same finances as the original Alternative II. The additional 3.5FTEs for a road and utility maintenance crew would be covered by wastewater charges.

Expectation of Economies of Scale

Discussions of annexation have raised the issue of economy of scale in the delivery of City services. The assumption in this argument is that if the City were to annex the Harbor service area, we should expect to see reduced per unit costs of providing services. However, economies of scale will not be quickly realized under annexation. Experience in municipal government points to the opposite case: larger jurisdictions incur higher labor costs and thus higher per unit operating costs.[152] Staff labor costs typically account for 70 to 80% of total operating costs. City labor negotiators often reference salary and benefit rates to comparable jurisdictions. A combined Harbor-Brookings city with about 9,500 residents would be compared to other similarly sized cities such as Independence, Cottage Grove, Baker City, North Bend, Sweet Home and Astoria. Labor rates for a combined Harbor-Brookings jurisdiction would likely be the same or higher than those currently used in the City of Brookings (population 6,535). Increased labor rates would limit the potential for economies of scale under the Alternative II annexation.

Economies of scale can be expected in certain facility capacity, equipment and operations fixed costs and incremental step costs. Larger jurisdictions, or combined jurisdictions allow the spreading these types of cost over more customers. The Brookings wastewater treatment plant presents a good example. The combined customer base of the City and the Harbor Sanitary district results in a lower per person cost than if the City of Brooking were the sole waste supplier to the plant. The combined City and Harbor service base allows full use of the plant's capacity, which shares the operating and construction costs fully.

Large pieces of specialized equipment that can be shared also provide economies of scale. Jurisdictions will buy this equipment or

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[152] Scott Lazenby PhD., city manager of Lake Oswego identified the original arguments for this section. He drew on his decades of experience as a city manager in Sandy, Oregon and in Lake Oswego to build these observations.

retain staff specialists much like insurance: it's a must have and must be available when you need it, but very rarely used. This equipment must be bought, stored, maintained and exercised. Firefighting ladder trucks are one such example. In another example, the City of Brookings Public Works Department owns trench bracing forms and heavy equipment. Though rarely used in rescues, this equipment is available to the Brookings and Harbor Fire Departments. The city uses this equipment on projects, but it provides this rescue equipment in emergencies when needed. If the City didn't own and share this equipment, each fire district would need to spend money to obtain and maintain this equipment.

A third similar form of economy of scale is the presence of unused, waiting resources or organizational capacity. These are known as slack resources. For example, police and fire department staffing "shift relief factor" is a slack resource. The Brookings Police Department hires a sufficient number of officers to provide consistent 24/7 coverage. In addition to officers in the field, this means having a backup officer available to fill a shift when a scheduled officer is sick, on vacation, at training, or testifying in court. The department must have sufficient staff to ensure coverage, which has a cost in extra staffing. The more widely this cost can be shared the better. A similar situation occurs in ensuring sufficient and available officers to ensure officer safety and backup on calls and incidents. Jurisdictions purchasing policing services typically buy patrol officer hours from larger jurisdictions, which do not include the full costs of shift relief or backup and officer safety.

All of these types of service and equipment costs would benefit from having the larger jurisdiction that annexation would bring. However, the increasing labor bargaining comparables and labor costs likely limit the effect of other cost sharing opportunities in the Alternative II annexation scenario.

Legal Risk and Liability

The relative balance of legal risk and liability presents a second measure for evaluating an annexation decision. The Current Situation does not present any additional legal risk and liability for the City. City utilities are well managed, although deferred maintenance is a serious issue that needs further attention and resources. City voters recently approved a local gas tax that will provide for additional road

reconstruction and maintenance.[153] There are few wells or septic tanks, which alleviates two issues that plague many other Oregon cities.

As we have described at several points above, the Harbor Sanitary District and Harbor Water PUD annual financial reports demonstrate depreciation in capital infrastructure managed by each district. Brief review of the system from an engineering perspective confirms that each district's capital infrastructure of pipes is in the later phases of its service lifespan. These systems will continue to function in the immediate term, but over the mid- to long-term, the integrity of the systems raises uncertainties, potential emergency repairs, and service performance liabilities.

Both Alternatives I and II work to clearly recognize this potential liability. Alternative II contains revenue streams and programs to respond to the growing need for infrastructure replacement. The Alternative II Option scenario of the City annexing and assuming ownership of the Harbor Sanitary District may provide a proactive means to recognize and manage the infrastructure risk issue.

Issues of Acceptance, Equity, and Fairness

The third set of criteria addresses issues of acceptance, equity, and fairness among segments of a community. These are important to consider even with the Current Situation given that working relationships between the City and the Harbor districts are strained. There is a lack of trust and information sharing, routine joint operating IGAs have been allowed to expire, and there is disagreement over the fairness of wastewater treatment fees. From the City's perspective, it provides and pays for police and parks services that are used by residents outside city limits. This is one reason for considering the potential benefits and costs of annexation.

Harbor residents and business owners, on the other hand, have been wary of annexation. One of their primary concerns centers on the sense of value received from the City and the level of taxation that comes with annexation. Under any annexation proposals, the City must clearly demonstrate the value in annexation into the City. Port business owners in particular may not appreciate the application of

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[153] Stebbins, J. (2015, May 19). Brookings voters approve gasoline tax. *Curry Coastal Pilot*. Retrieved from http://www.currypilot.com/News/Local-News/Brookings-voters-approve-gasoline-tax

City planning, building, and nuisance codes to their businesses under Alternative I. The City must demonstrate that it can offset higher taxes and regulations with improved quality and reliability of services, which will be the same for Brookings and Harbor residents.

The City must also recognize that Harbor residents living on fixed incomes may not be able to afford the substantially increased property taxes that would come with Alternative II. Property tax deferral programs may be of some help on this issue. Flexibility with regulations involving housing and manufactured home parks is also recommended. As we noted, 44% of the manufactured housing units in the Harbor Sanitary area are single-wide units. While the City does not have the authority to condemn these units, it could revise regulations to allow their use, or establish a zoning designation, which would permit their use. Under Alternative II, the City could possibly take the lead in providing seed money and financial resources to low-income homeowners for repairs and reconstruction. Nonprofit housing partners are available for such partnerships. Regulations that would improve manufactured housing park health and safety should be applied whenever possible.

Unique to Alternative II will be the need to examine City governance and electoral representation to make sure Harbor residents feel their voice is heard.

Finally, while Alternative II will have important implications for low-income retirees, they are not the only group whose needs must be addressed. As explained in Chapter IV, the Harbor Sanitary District-North region has higher-than-average percentages of families, young children, and Hispanics. While these groups may not have the loudest political voices, their needs must also be considered in any annexation proposal.

Other Alternatives Not Developed

The scope of this project as agreed upon by the CPS and the City of Brookings was grounded in assessing the annexation of Alternatives I and II. It did not include the consideration and development of other alternatives to annexation. However, we find two alternatives that should be briefly noted and outlined. The City and Harbor residents may wish to consider each of these in the event that the City decides against annexation.

Enhanced Services Law Enforcement District

One of the motivations of the City to pursue annexation is to recoup funds

spent on law enforcement services outside the City boundaries. Much of these services are delivered in the South Curry County region. The BPD provides a very dependable law enforcement capacity, presence and mutual aid capacity throughout the region. Also with its strong staffing levels, the BPD provides a reserve of extra officers to handle large incidents. The county sheriff would normally provide such resources, but with limited capacity, the City and the BPD provides the shared capacity for the region. The presence of the BPD in the region increases the reliability of the Curry County Sheriff and the OSP, which improves officer and citizen safety.

The map in Exhibit 3.3 demonstrates that the BPD handles a substantial number of calls and incidents outside the City and the Harbor Sanitary district area. These calls range from the community college north of the City, to up the Chetco River, and down to the California state line.

While the Harbor Sanitary District service area experiences a relatively low level of calls and incidents, it is a densely populated urban area with a higher level of service needs than rural parts of the County. The Harbor Sanitary service area currently receives a call-based, reactive level of police services, with some officer self-initiated work by the BPD. Annexation would improve the quality of policing with a change to a consistent police presence and a proactive enforcement strategy.

Reducing the regional dependence on the BPD and improving the quality and presence of law enforcement in Harbor are two issues that the Curry County Commissioners and the South Curry community should consider. Both problems could be addressed if the Harbor community were to establish an enhanced law enforcement county service district (ORS 451.010). The district would receive authorization from the Curry County commissioners, but would require a vote of the citizens for adoption of a permanent property tax rate and establishment of a district. The district would impose a property tax to cover the costs of services. Once established, the district could then contract with the Curry County Sheriff or with the City for law enforcement services. Importantly, a formal law enforcement district would ensure that a defined, revenue stream was generated to pay for law enforcement services. This would partially alleviate the free-rider situation and the under-payment for services that currently exists.

There are numerous Oregon examples of special districts and cities purchasing enhanced law enforcement services. The City of Creswell purchases very responsive and cost-effective service from the Lane County

Sheriff.[154] A citizen-led initiative near Veneta east of Eugene is moving to propose an enhanced sheriff patrol district to that service area. The Washington County Enhanced Sheriff's Patrol District provides an urban level of police services to unincorporated urban and suburban areas of Washington County. Purchasing police services would also mirror other small cities such as Cornelius[155] and Troutdale[156] that contract with their respective county Sheriffs (Washington and Multnomah).

Incorporation of Harbor

Many Harbor residents have long been suspicious of annexation into the City of Brookings. Reasons include a reluctance to pay higher taxes, fear of City regulations that would not accommodate the community's prevalence of manufactured homes, and assertion of community identity. Incorporation of a new city would allow Harbor residents to put this issue to rest by ending the City's legal authority to annex the community. Should Harbor residents pursue this option, they would be able to set their own permanent rate, potentially lower than the City's rate of $3.5286 per $1,000 assessed value. Establishment of a new City would require the imposition of a new property tax on Harbor residents. The community would need to generate the leadership to face the requirements of running an independent city government. An independent city could also authorize the continued existence of the districts while providing only those services municipalities are legally obliged to provide, such as land use planning and public safety. They could contract out of services such as policing to the City of Brookings or to the County Sheriff. Finally, Harbor would enjoy substantial state revenues that would only be available upon incorporation with a population of 2,800 or more. A new city would also need to respond to the needs of all of its citizens including the families with children in the north Harbor

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[154] PSU Center for Public Service (2015). Creswell Policing Report: Evaluation of Present Service Levels and Possible Service Alternatives. http://www.pdx.edu/cps/profile/city-creswell-policing-report This recent publication provides extensive analysis on procured law enforcement services and law enforcement costs.
[155] Woolington, R. (2014, June 23). Cornelius to see police leadership changes when contract with sheriff's office takes effect. *The Oregonian*. Retrieved from http://www.oregonlive.com/forest-grove/index.ssf/2014/06/cornelius_to_see_police_leader.html
[156] Hernandez, T. (2015, March 31). Troutdale City Council votes to dissolve the police department, contract with sheriff. *The Oregonian*. Retrieved from http://www.oregonlive.com/portland/index.ssf/2015/03/troutdale_city_council_votes_t.html

area. Parks and recreation services may be an important benefit and service demand from this portion of the community.

There are several problems that come with this option, however. First, because Harbor borders the City, the City Council could ask the Curry County Court to reject an incorporation petition if it determines incorporation adversely affects the City [ORS 221.034(3)]. Assuming that incorporation could overcome objections from Brookings and be approved by the majority of Harbor voters, the two cities would need to build effective working relationships. The need for intergovernmental cooperation would not disappear under incorporation of Harbor, but could potentially become even more difficult under poor leadership from either community. Such an antagonistic situation is not unprecedented when considered against the tensions and lack of cooperation between Eugene and Springfield.[157]

[157] For example, Eugene and Springfield no longer share a single UGB. For more information, see http://www.ci.springfield.or.us/dpw/CommunityPlanningDevelopment/SupportFiles/2030Plan/CIBL/HB3337.pdf.

IX. Property Tax Valuation of Area within Urban Growth Boundary

To understand how Alternatives I and II compare to the existing areas in the City of Brookings UGB, the team examined the assessed value of properties in the sub-areas of the UGB. The goal of this analysis is to understand if other areas of the UGB present similar opportunities or challenges as the two Alternatives. This analysis also presents an opportunity to understand other options for urban growth for Brookings and the tax implication of this growth. The analysis finds that the UGB areas outside the Harbor Alternative II are assessed at approximately $302 million compared to $264 million in Alternative II. The UGB areas outside of Alternative II are approximately three times larger than Alternative II.

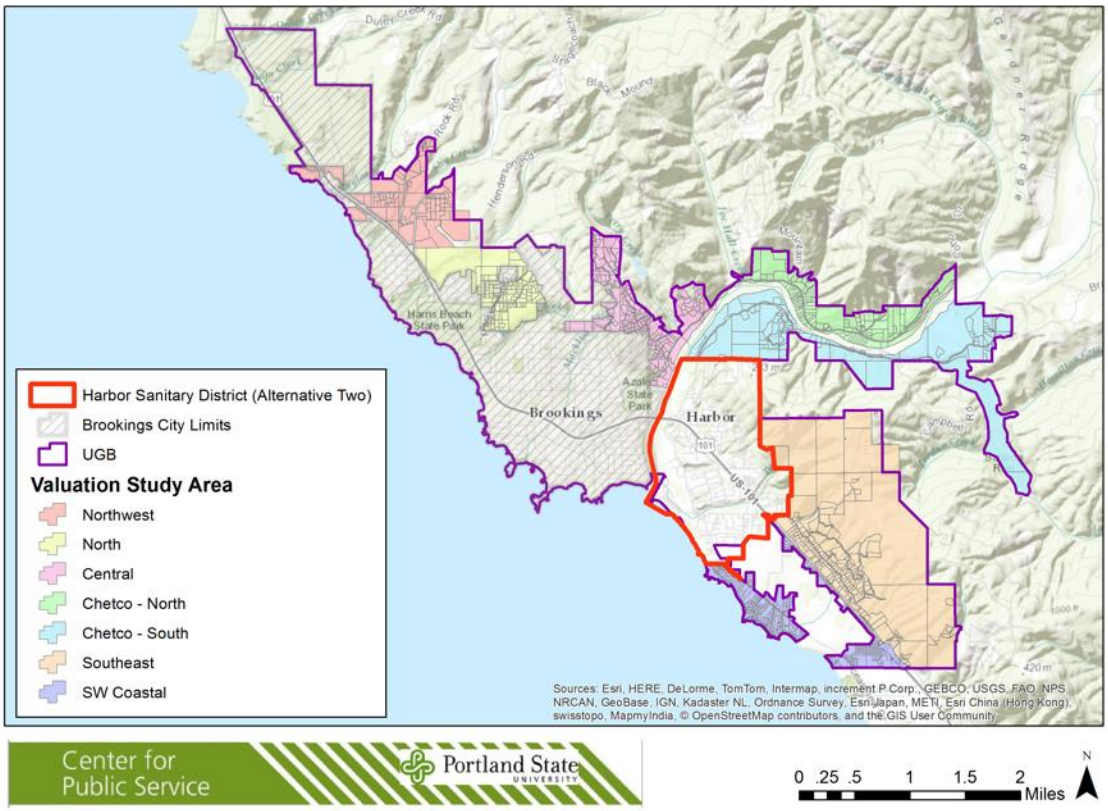
This analysis suggests that the Harbor Sanitary District has relatively low value per area considering it is fully urbanized and the rest of the UGB is not yet urbanized. The median value of real property is lower in Alternative II than the rest of the UGB. In fact, this model for UGB value underestimates total value outside of Alternative II. This means that future assessed value of Alternative II will likely not grow much without substantial redevelopment efforts, while the UGB areas may grow much more quickly in areas with undeveloped land or low development density. This chapter details the methods and results of the analysis of property value in the UGB. Also included is a discussion of the limitations of this analysis and the cautions to be taken in interpreting it.

Methodology for Assessed Value Analysis

The team conducted a summary of valuation for the annexation alternatives and for other sub-areas within the UGB (Contract Task 4A). The valuation analysis is based on the 2014-15 certified tax rolls from the Curry County Assessor as well as the most recent tax lot geographies from the County. The tax roll provides data on each property record in the County including ownership, assessments, taxes, levy codes, and exemptions. The tax lot geographies provide the spatial data needed to analyze different areas near the city. The tax lot geography data is used with a geographical information system (GIS) to extract the different values for each study area. An important note on these geographies – a tax lot is a single area within the county that may have many property records connected. For example, a manufactured home community may be one tax lot with manufactured homes located on it and assessed individually. Similarly, in some cases condominiums are multiple records attached to a single tax lot. Personal property, such as business inventory or machinery is another source of

property records that can attach to a tax lot along with other forms of real property.

Exhibit 9-1: Valuation Study Areas



To conduct the analysis the area within the Brooking UGB was divided into nine units for analysis. Of the nine, seven are areas within the UGB but outside the City limits and the Harbor Sanitary District alternative (See *Exhibit 9-1*). The seven areas were designed as distinct areas to help understand the distribution of values within the UGB. They were created for analysis in this project only, and do not represent any formal or official set of properties. Some tax lots cross the UGB line, in cases where the majority of the tax lot fell within the UGB it was included in this analysis. Some properties are primarily outside of the UGB and these are not included in the analysis.

Exhibit 9-2: Summary of Assessed Values by Area

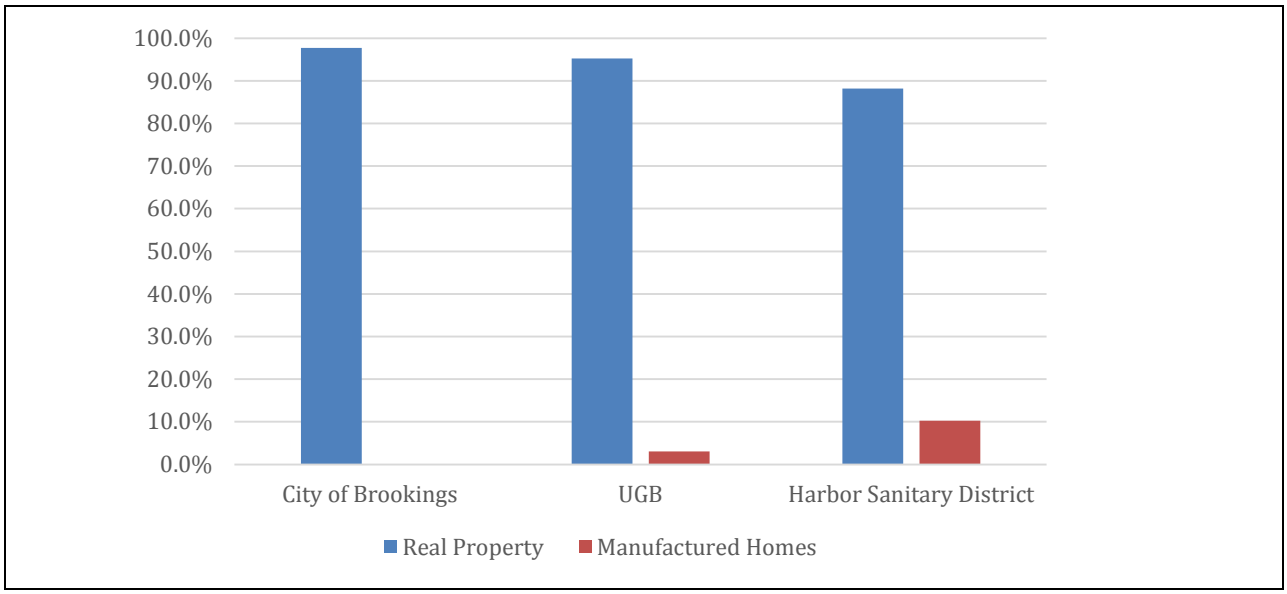
Study Area	Assessed Value (000's)	Total Taxes (000's)
City of Brookings	$710,206	$7,253
Harbor Sanitary District	$264,437	$1,782
UGB (Less Sanitary District)	$302,190	$2,063
Total	$1,265,808	$11,098
Totals for City and Sanitary District are from County Records. UGB total modeled from County Records.		

Results of Assessment Analysis

The assessed value of the UGB outside of the Harbor Sanitary District is only 15.9% greater than the Sanitary District despite the UGB area outside the District being approximately three times larger. This can be attributed the much more urban and dense development in the Sanitary District area compared to other UGB areas. Direct comparisons must take this into consideration as current assessed values compare more undeveloped areas with the more developed alternative. Future analysis may want to compare potential for development based on a buildable lands inventory and development scenarios.

The tax roll data also allows for analysis of property types within the study area. The key interest in this data it to understand the distribution of manufactured housing properties in the different study areas. Exhibit 9-3 shows the distribution of property types based on the Assessor data for the larger study areas. Note that some manufactured homes are not treated as standalone properties for assessment, so this is a conservative measure. In the City of Brookings, only 0.1% of property value is manufactured homes, while in the Sanitary District manufactured homes make up 10.2% of the assessed value.

Exhibit 9-3: Percentage Assessed Value of Real and Manufactured Home Property across Study Areas



The table in Exhibit 9.4 below shows the distribution of property values across the seven sub-areas within the UGB shown in Exhibit 9-1. Median real property value and manufactured property value vary considerably across the sub-areas. The median value of real property in Alternative II is lower than the median value of the other seven UGB areas, except for the area south of the Chetco River. The variation of values across the areas is likely due to the age and nature of construction clustered in each area as well as their proximity to the City of Brookings and their degree of urbanization. An important note is that real property includes more than just single-family residences (unlike manufactured housing). Real property includes land, commercial and industrial uses, and multi-family. A second note is that in the UGB, potential future development value in sub-areas may be much greater than the existing value of more developed sub-areas. Comparing underdeveloped areas to heavily developed areas does not include future potential development value. New development also has the potential to contribute more to assessed values based on the limitations of Measures 5 and 50.

Exhibit 9-4: Value and Count of Properties by Type and Study Area

Value and Count of Properties by Type (Value in 000's)									
Area	**Real Value**	**Count**	**Manuf. Value**	**Count**	**Personal Value**	**Utility Value**	**Total**	**Real Median**	**Manuf. Median**
Northwest	**$48,332**	**189**	**$1,866**	**61**	**$1,131**	**$1,277**	**$52,606**	**$181,700**	**$23,120**
North	**$34,849**	**124**	**$209**	**15**	**$0**	**$0**	**$35,059**	**$153,795**	**$5,970**
Central	**$41,315**	**180**	**$3,175**	**51**	**$23**	**$0**	**$44,513**	**$232,605**	**$69,760**
Chetco – North	**$23,978**	**136**	**$1,578**	**70**	**$486**	**$0**	**$26,042**	**$153,850**	**$19,475**
Chectco – South	**$15,160**	**87**	**$509**	**26**	**$811**	**$0**	**$16,481**	**$105,390**	**$13,665**
Southwest	**$47,477**	**191**	**$760**	**44**	**$128**	**$594**	**$48,960**	**$221,560**	**$17,145**
SW Coastal	**$76,812**	**333**	**$1,094**	**72**	**$624**	**$0**	**$78,531**	**$184,810**	**$11,380**
UGB Total	**$287,925**	**1,240**	**$9,192**	**339**	**$3,203**	**$1,871**	**$302,191**		
City	**$689,236**	**3,536**	**$424**	**22**	**$9,511**	**$5,942**	**$705,153**	**$153,445**	**$11,350**
Harbor Sanitary District	**$229,017**	**1301**	**$26,615**	**745**	**$3,345**	**$757**	**$259,734**	**$117,470**	**$21,270**

Limitations of this Analysis

There are two sources of error in our analysis of values outside the UGB or Harbor Sanitary District. These stem from how the spatial data (tax lots) is matched with the tabular assessment data and how these are intersected with the analysis geographies. The matching of the spatial data and tabular data was based on linking the property identification numbers with the tax lot identification numbers. In some cases a single tax lot can be connected to many tabular data entries. We tested the accuracy of this matching by comparing our results to the results the County Assessor created for each of the tax code areas. Our results were only about 5% lower in comparisons.

The second source of error is the alignment of tax lots and the analysis geographies. The UGB boundary bisects some tax lots. This required the research team to assign some to the UGB and exclude others. This was a judgment call based on total area and the location of any existing structures. Because these tax lots were at the edge of the UGB they are more likely to not be developed or have high value. We

assume this does not skew the results enough to be a concern. Any future analysis of city annexations will need to reexamine these tax lots and determine how they might develop and be brought into the city.

Conclusions

As noted in the introduction, the Alternative II area has relatively low assessed values in comparison to the UGB areas. This is a product of the time when the area was developed in relation to Measures 5 and 50, as well as the quality and type of development in the area. Measures 5 and 50 limited values of properties and held their increase over time at a fixed annual rate. The area also has less valuable property types, notably in having almost 800 manufactured units. This compares to 339 in the rest of the UGB and just 22 in the City. Due to the level of urbanization in Alternative II, future redevelopment may be limited by the lack of available buildable land and the surrounding development. New construction, or large scale reconstruction, trigger higher assessed values under Oregon property tax law. This is more likely to occur in undeveloped UGB areas with access to infrastructure. Unless Alternative II employs extensive redevelopment, property tax revenue from this may not rise as fast as development in other areas of the UGB.

X. Recommendations

This report provides a summary of many complex aspects of local governance and service provision in the South Curry County region. As we have indicated, this study and report was commissioned to support the Brookings City Council on the issues of annexation and growth management within the Brookings UGB. Accordingly, our recommendations are offered to the Council.

Extensive information gathering and data analysis has led the CPS team to a set of conclusions, implications and potential downstream outcomes related to annexation and regional governance. These study results impose a variety of benefits and costs on the City, on the Harbor area residents, on Curry County, and on the residents of the unincorporated UGB. We have distilled these study results into the following recommendations.

Inter-dependence in South Curry Government

- The challenges before the City of Brookings and the South Curry community are twofold: (1) to recognize legitimate needs and costs for public services; and (2) to weave the County government, City of Brookings government, and the Harbor special districts together to meet service needs at very low cost.
- The County Commissioners have the jurisdiction and legal authority to make important contributions to resolve the Harbor area public service puzzle. The County Commissioners are key actors on these issues, and they should be educated and consulted on these issues.
- With 2,800 residents densely packed into a small service area, the Harbor Sanitary District service area is an urban area. It has an urban intensity of service needs that cannot be met by a rural, extensive level of service provision. Because of extremely limited financial resources, Curry County can only provide a minimal level of services to the Harbor service area. The Harbor Sanitary, Water PUD, and Fire special districts provide effective services, but law enforcement remains poorly staffed and under-funded.
- The Curry County Sheriff provides police services to Harbor, but often delivers poor response times. Harbor residents turn to the Oregon State Police (OSP) or the City of Brookings police for coverage. Neither the OSP nor the City receives reimbursement for their services. When a Harbor resident calls on these agencies, he or she is in essence receiving a subsidy from the taxpayers in another jurisdiction.

Utilize a Range of Techniques to Provide Public Services

- Annexation is a complex action with many immediate reactions and downstream consequences for the annexed service areas, for the City and for the entire South Curry region. This is especially so with large annexations such as the hypothetical annexation of the entire Harbor Sanitary District area in Alternative II. We encourage the City to take great caution on many levels before moving to a large annexation.
- We recommend that the Council and City make every effort to use the full range other intergovernmental coordination techniques before turning to annexation.
- The City, County and the Harbor service area community should consider the establishment of a county service district for enhanced law enforcement services. For example, the district could include Harbor and the unincorporated areas within the UGB south to the California state line. The County Commissioners hold the authority over procedures to establish a county service district.[158]
- Critically, any special district arrangement must provide sufficient, dedicated funding to support enhanced patrol coverage. Shifting police services to a special district would take pressure off the Sheriff and possibly frees up County general fund resources.
- As an example of enhanced Sheriff patrol services, based on a similar small Oregon city, annual funding for one patrol officer is about $183,000. Using the Harbor Sanitary District total assessed value, this service would cost about 70 cents per $1000 assessed value. This is about 65 dollars per person per Sanitary District resident per year. This would provide one 8-hour shift per day during late morning to early evening.
- For other urban services, we encourage interagency informal coordination with staff, and revisiting and re-energizing existing intergovernmental operating agreements (IGA's). We understand that using these techniques has been challenging and sometimes ineffective.

Resolve Ongoing Issues

- To build trust between the City and the Harbor community and service districts, we recommend that the Council encourage staff to re-negotiate and resolve the sewage treatment pricing issue with the Harbor Sanitary District. We encourage the City to provide the necessary data and information, in understandable formats, to the district. We understand

[158] O.R.S. 451.010(3)(c) County law enforcement district

that there is uncertainty as to the degree of groundwater infiltration into the Harbor wastewater system, which affects the volume of flow to the treatment plant. We encourage the Harbor Sanitary District staff and board to be responsive to the City's efforts to address and reach agreement on this issue.

Public Works Infrastructure Liabilities

- The staffs and engineers with the Harbor Water PUD and the Harbor Sanitary districts work hard to operate, maintain and reconstruct their district's infrastructure. However, the Harbor Water PUD distribution pipe system and the Harbor Sanitary District collector pipe systems are aging and suffer from leaks and groundwater inflow. The comprehensive annual financial reports (CAFRs) for both districts indicate that the pipe and infrastructure systems are well into their depreciation schedules and service lives. A brief technical review of the public works infrastructure by CPS confirms aging pipe systems in both districts.
- Any annexation decision should reflect a full awareness of depreciated infrastructure, and the potential for future performance failures and financial liabilities for reconstruction and reimbursements.
- The City has a similar problem with aging water and wastewater infrastructures. The City has taken some steps to begin a replacement and reconstruction program by funding the City's Water System and Wastewater System Replacement Funds. However, the level of funding allocated to date has been inadequate to the size of the reconstruction and replacement needs. After assuming ownership of the Water PUD or Sanitary District, the City would need immediately to begin system pipe and infrastructure replacement activities. The City might need to increase water and wastewater rates to cover the reconstruction.

Varying State Law Protections for the Special Districts

- Each of the special districts in the Harbor service area has a different level of legal protection from annexation.
- CPS believes that the Public Utility District (PUD) status of Harbor Water PUD limits the ability of the City to assume ownership and to extinguish the district through annexation (Rockwood PUD with City of Gresham in 1990 and *Springfield Utility Board v. Emerald People's Utility District* (2004)).[159] The territory currently served by the district may define a protected service area that must be honored in an annexation. Harbor

[159] *Springfield Utility Board v. Emerald People's Utility District*, 191 OR App 536, 84 P3d 167 (2004), affd 339 Or 631, 125 P3d (2005).

Water must also be able to continue service to its customers outside the City boundary. Upon annexation of part of the PUD's service area, the City may set terms and conditions under which the PUD may operate.

- The Harbor Fire Protection District also has legal protections. The City may annex part of the Fire district's territory, but it must ensure that the district can continue to provide services to the remaining portion of the district at the same insurance rating (e.g. ISO 3) that was in effect prior to annexation.
- The Harbor Sanitary District is authorized under ORS 198 and ORS 450. The City could assume ownership of the Sanitary District by annexation. Assumption could extinguish the Sanitary District, and the City would gain the district's assets, operations, revenues and liabilities.

Establish Joint Working Relationships Special Districts Whenever Possible

- Relying on and supporting existing special districts provides the least community disruption and may lower the sense of uncertainty of caused by annexation. ORS 222.510 and accompanying laws provide three options for a City annexing territory from a portion of a special district. These include (1) a City assumption of infrastructure within the annexed area, (2) continuing to allow the district to provide services, and (3) negotiating a joint agreement on joint service provision. CPS recognizes that relations between the City and the districts have been uneven. The districts have provided services with varying degrees of quality, but the rates have been economical. Should the City move forward with annexation, we recommend that the City make every effort to follow the third option by negotiating and concluding joint service agreements with the three Harbor service districts (PUD Water, Sanitary and Fire Protection).

Alternative I: Limited Revenues Only Support Police Services

- Alternative I describes a hypothetical annexation of the Port-owned properties in the Port commercial and marina area. The annexed area is very narrowly drawn with no privately owned lands involved. The alternative assumes the continued successful function of the Harbor Fire, Sanitary and Water PUD districts under joint agreements with the City.
- Alternative I would generate about $38,000 annually in discretionary revenues from property taxes on business property and improvements, transient taxes on visitors in the Port RV park, business licenses on about 30 businesses, and franchise fees. This very minimal level of revenues would cover only a portion (about 40%) of the costs of providing 1040 hours of police patrol services to the Port area. The revenue would also include enough to reimburse the Harbor Fire district for lost property tax

revenue, and to make a revenue diversion to the Brookings Urban Renewal Agency.

- The City would absorb all other program costs of services without revenue. These costs would include land use planning, permitting and code enforcement.
- With uniform treatment of all City residents, Port businesses would need to contribute to the City's urban renewal agency. However, there would be no benefit provided to Port taxpayers unless the urban renewal district was expanded.
- Should the Port of Brookings-Harbor and the City wish to improve public safety in the Port commercial and marina area, we recommend returning to some variation of the 2013 proposal to establish a Port police department, which would contract with either the Brookings Police Department or the Curry County Sheriff for services using an intergovernmental agreement (IGA). This approach would limit the City's service responsibility to a defined level of police services with a defined reimbursement.

Alternative II: Major Changes to the City

- Alternative II models an annexation of the Harbor Sanitary District service area. Annexation of this area would result in a 34% acreage increase and a 43% population increase over the City of Brooking's current size and population. This would be a major increase in the City's governance and service responsibilities. The combined new city would have about 9,500 residents. Its peer cities would include, Monmouth, Cottage Grove, Baker City, North Bend, Astoria, Independence and Silverton.
- Alternative II assumes and encourages the continued function of the Harbor Sanitary, Water PUD, and Fire Protection districts. The districts would operate under negotiated joint agreements with the City. Currently, all Brookings city residents contribute to the Brookings Urban Renewal Agency (BURA). The alternative assumes that the annexed area would be subjected to property tax diversion to support the Brookings Urban Renewal Agency (BURA).
- Alternative II recommends creatively using urban renewal as a benefit to the Harbor community. This includes establishing urban renewal zones in the newly annexed Harbor service area. Urban renewal resources could be used to contribute to infrastructure repair and replacement, repair and replace housing, and to develop parks and recreation facilities.
- Annexation of 2,800 new residents would trigger a major increase in Oregon State revenue sharing to cities. This is new State revenue would total in the magnitude of $239,000 annually. This would be new money

to the South Curry region, which is currently diverted to other Oregon cities. This money is currently unavailable to Harbor residents. The increase in State revenue sharing would help make an annexation scenario financially possible.

- State law allows the City to use a property tax phase-in over 10 years in newly annexed areas. The full City tax rate with urban renewal adjustment is $3.52860 per $1,000 assessed value. For Alternative II, we modeled a phase-in with a reduced tax rate that climbs over nine years back to the full rate. The rates would increase as follows (see Exhibits 7.11, 7.14 and 7.15 for details):

Years	Percent of Full Rate	Rate per $1,000 AV
1, 2 & 3	25%	$0.88215
4, 5 & 6	50%	$1.76430
7, 8 & 9	75%	$2.64645
10	100%	$3.52860

- With this pattern and rate schedule, the City would face an operating loss up to year 6, after which General Fund revenues exceed the expanded operating expenditures. If the City applied the full tax rate beginning in year 1, revenues would exceed the expanded operating expenditures.
- On balance of estimated revenue, finance and program factors, CPS recommends Alternative II as a positive option.

Variation on Alternative II (Alternative II Option): Full Assumption of the Harbor Sanitary District

- An option on Alternative II (Alternative II Option) would be for the City to assume ownership and operation of the Harbor Sanitary District at annexation. The Harbor Water PUD and the Harbor Fire districts would remain active to provide services. The City would assume the infrastructure assets, revenues, operational and administrative responsibilities, and liabilities of the Sanitary District. The district would be "extinguished." Several factors support this action.
- State (ODOT) shared motor fuels tax revenues and City motor fuels taxes will generate revenue from the Harbor service area. However, this money is reserved to road and street reconstruction and repair, and bicycle pathways. With annexation, the City would receive and allocate these revenues.
- The City could negotiate with Curry County to transfer ownership of a portion of the local roads and streets in the Harbor area. This would relieve the County of a set of local road maintenance expenses, which would free up County resources.

- Under Alternative II and Alternative II Option, the City would control the allocation and use of urban renewal funding. After the designation of urban renewal zones in the annexed area, some of this funding could be used on infrastructure projects including the replacement and repair of the sanitary system infrastructure.
- Alternative II is designed to bring enhanced City coordination to joint projects with the County and the special districts. Assumption of the Sanitary District into the City would relieve one major set of inter-agency coordination tasks.
- Under the Alternative II Option, the City would have greater control over capital improvement program (CIP) planning, scheduling of financial resources and project-level coordination, including any pipe system replacement program.
- The City should commission a detailed, comprehensive engineering evaluation of the Sanitary District facilities and infrastructure before any annexation action. With assumption of the Sanitary District, the City would need to hire a new utility maintenance crew. However, wastewater rates would provide the revenue to cover this cost.

Demonstrate the Benefits of Annexation to All Parties

- Should the Council and City wish to pursue annexation in the Harbor service area, it must clearly demonstrate the benefits and costs to the affected residents and businesses. This point seems self-evident, but the City must explain a clear case for annexation.
- From our interviews with Harbor community leaders and residents, there seem to be few identifiable and measurable benefits to joining the City. Benefits to the Harbor service area may be difficult to demonstrate. The Brookings Police Department provides a share of the call response and enforcement in Harbor. More importantly, the Brookings Police provide deep, dependable support to the County Sheriff through call backup, mutual aid, and major crimes support. Annexation would bring improved policing and a proactive policing strategy.
- The major need for infrastructure reconstruction and replacement has a mid- to long-term time scale, which for many Harbor residents is a never received benefit. Harbor residents view the cost of annexation as a major increase property tax they cannot afford, with no real benefits.
- If benefits can be made immediately and visibly evident, annexation may be better accepted. A trust fund to support low-income housing and housing rehabilitation across the enlarged City might provide such a visible benefit. Such a trust fund would have the added benefit of increasing compliance with a City planning code for manufactured

housing and RV's. Nonprofit partners are available to support a housing rehabilitation effort.

- Though currently perceived as unnecessary by Harbor leadership, annexation may provide financial benefits that could help with water sourcing projects and infrastructure replacement issues. Careful due diligence of annexation proposals could reveal such potential benefits to the Harbor community.
- Be aware of Harbor citizen concerns that the City wants to annex the Harbor service area just to capture the cash and liquid capital saved up by the Harbor Water, Harbor Sanitary and Harbor Fire districts. The City could establish separate budget fund accounts to provide assurances that these inherited resources are reserved to the Harbor service area for infrastructure repairs and capital purchases.
- Annexation of the Harbor Sanitary District service area under Alternative II would result in a city of 9,500 residents. The unified City would stand as a single voice for the South Curry community on state policy and legislative issues. A city with an advertised population 9,500 indicates a larger service population, which may be more attractive to business investors. This would be a broad, intangible and unquantifiable benefit of annexation.

Build Community Trust and Confidence in the City

- To support annexation, the Council and the City must demonstrate trustworthy intention and behavior. From our interviews and research, we understand that many Harbor residents strongly oppose annexation. We also learned that Harbor community leaders hold a reasoned skepticism of the City's intentions and behavior. Rightly or wrongly, the accumulation of past slights and ills focus into skepticism of and opposition to annexation. An annexation proposal must respond to this reasoned skepticism.
- The Council should realize that both the City and its residents, and the Harbor residents take a large risk on each other in an annexation. The City must demonstrate consistent beneficial intent, demonstrate transparency and openness, and work to minimize the risks to potential new City residents. Residents and businesses in areas proposed for annexation are about to become citizens, constituents and customers of the City. The City needs to take the lead in building a trustworthy relationship.

Annexation Strategic Plan

- We recommend that the City undertake a community listening and planning process to develop an Annexation Strategic Plan. An annexation plan would allow the City to take initiative and leadership on development

and annexation issues in all parts of the UGB. Although many annexation actions are contingent on landowner request and action, the City could indicate and clarify a strategic priority of annexation across the UGB. Such a plan would outline City intentions and potential timing for the extension of urban services; coordinate existing service providers; identify service gaps and inconsistencies in service levels and quality; and indicate the priority areas for infrastructure re-development and new development. A primary purpose of such a plan is to lower risks and to provide as much certainty as possible to landowners and to the special districts operating in the UGB.

- Our analysis of property tax assessed value across the entire UGB in Task IV of this project provides one basis for annexation strategic planning. Additional detailed analyses are needed to forecast urban development rates and future assessed values in specific areas of the UGB.

CITY OF BROOKINGS

COUNCIL AGENDA REPORT

Meeting Date: May 9, 2016

Originating Dept: City Manager

Signature (submitted by)

City Manager Approval

Subject: Financial Support for Del Norte County Regional Airport Terminal Project

Recommended Motion:
Motion to authorize City participation in the Del Norte County Regional Airport Terminal Project as a member of the Border Coast Regional Airport Authority at a level equal to that of the average contributions made by other member agencies, but not to exceed $500,000 payable over 20 years, with the authorization to be reviewed annually in the context of the actual cost of the project and non-member sources of funds received for the project, and with the condition that the City's participation in this project will be deemed satisfied if its application for funding in an amount exceeding $500,000 for said project is approved by the Oregon Transportation Commission.

Background/Discussion:
The BCRAA is a unique joint powers agency whose members include the cities of Brookings and Crescent City, the counties of Curry and Del Norte, and the Tolowa Dee-ni' Nation and Elk Valley Rancheria tribal governments. The City of Brookings became a member of the Border Coast Regional Airport Authority (BCRAA) in 2008.

BCRAA is an independent local government agency formed by the six participating members. BCRAA currently leases and manages the Del Norte County Regional Airport (DNCRA) and two other small airports in Del Norte County, all of which are owned by Del Norte County (DNC). For many years, DNC operated the DNCRA as a County department, and continues to provide financial support from the DNC general fund at about $270,000 annually.

BCRAA was formed to address the need for sustaining and improving commercial air service to DNCRA, and the need for airport improvements. The BCRAA embarked upon a multi-year endeavor to secure permits through numerous federal and State of California agencies to undertake airport improvements. Through the efforts of BCRAA and its members, the Federal Aviation Administration (FAA) reduced the local match requirement for federal airport improvement funding from 10 per cent to five per cent. When SkyWest withdrew providing service to DNCRA, it was through the tenacity of BCRAA that a new commercial carrier was secured. As a result in the change in carriers, DNCRA passengers now fly to Portland for connecting flights rather than San Francisco, a change that has dramatically improved performance. BCRAA developed and managed a complex project to undertake FAA-mandated Runway Safety Area (RSA) improvements...including some $12.0 million in off-site wetland mitigation land acquisition and mitigation work...and avoided a potential cessation of commercial service. In the early period of formation, it was believed that a cross-border entity would have greater influence on federal actions related to airport facility funding...including

continued funding to subsidize the commercial air service at the level of about $3.5 million annually. This has proven to be successful.

The City of Brookings, working in partnership with BCRAA staff, was able to secure two grants through the ConnectOregon program; one grant in the amount of $40,000 for technical assistance in connection with environmental mitigation and one grant in the amount of $400,000 for the RSA improvement project. BCRAA also secured an Environmental Enhancement and Mitigation grant of $379,281 through the State of California for the RSA mitigation work.

Other members have contributed to the RSA and terminal improvement projects as follows:

- Elk Valley Rancheria $100,000.
- City of Crescent City $20,000 annually beginning in 2014 for a total of $100,000.
- Del Norte County $20,000 annually beginning in 2014 for a total of $100,000.
- Del Norte County $1,800,000 line of credit.

BCRAA has now developed plans for a new airport terminal. BCRAA staff made a presentation on this project at the joint City Council/Board of Commissioners workshop on March 14, 2016.

BCRAA is now requesting financial commitments from members for 1) the five per cent match on the FAA grant for the terminal project and 2) the estimated $1,853,428 in "ineligible" costs associated with the project. Ineligible costs include elements of the terminal that one might commonly believe is an integral part of the airport operation...such as administrative offices. Ineligible costs are detailed in the power point presentation attached.

The City and BCRAA applied for $584,210 in grant funding this year through ConnectOregon to assist with the terminal project. This application has not ranked well during the initial stage of the grant evaluation process by the Oregon Aviation Board. Comments from OAB staff concerning the project included 1) a basic concern about the use of Oregon funds for a project physically located in California, 2) the fact that there are 23 other Oregon-based aviation projects seeking Connect Oregon funding and 3) concerns that the scope of the project is excessive.

BCRAA has reduced the scope of the project from the original concept some years ago.
The terminal has been a changing project over the years. Once conceptualized at about 20,000 square feet, the size was cut down after the California Coastal Commission appeal was finalized. The existing terminal was often characterized as being about 2,000 square feet.

The new terminal is now proposed at 15,966 square feet. The current terminal and holding space size has been confirmed at about 3,800 square feet. This means the new terminal will be about four times the size of the existing terminal. The new terminal includes an actual baggage handling system instead of the current rather hokey "under the counter" system, provides room for a second airline, administrative offices, room for passengers up to two flights, and for those waiting for passengers. Currently, outgoing and incoming passengers are required to share the same seating capacity, which is actually less than the capacity of the aircraft. Growth projections over the next 30-40 years has also been considered.

According to BCRAA staff, the issue with California funding is that the set up for state aviation funds is different than in Oregon. The Caltrans Aeronautics division does not fund commercial

airports. BCRAA only receives California state funding assistance for the two small airports it operates. Essentially, California does not have a "ConnectOregon-like" program.

It is difficult to quantify the economic benefits to Brookings of the DNCRA. Following are some points of consideration provided by BCRAA Airport Program Manager Susan Daugherty:

- Brookings/Harbor-based Tidewater Construction was awarded a $5,429,756 contract in 2014 for the Runway Safety Area project. Tidewater is slated to be awarded a $2,183,585 contract in May for the Terminal Project, Phase I. Thus, this Brookings/Harbor based contractor and its many Brookings employees will have received the benefit of over $7.5 million in construction contract funding over a period of three years, much of which is infused into the local economy.
- PenAir and the Transportation Security Administration (TSA) both employ Oregon residents
- Past surveys of the airport parking lot show an estimated 42 per cent of vehicles bearing Oregon license plates.
- In past years, DNCRA has experienced about 13,000 deplanements a year. There is no data available on how many of those passengers are visitors, but many of the calls DNCRA receive are reportedly from travelers who are planning trips to the Oregon beaches or needing information on transportation availability to Brookings.
- A number of Oregon businesses have written letters of support for the airport over the years. The strongest advocate being Cal-Ore Life Flight.
- BCRAA staff has made presentations to the Brookings Rotary Club, Gold Beach Chamber and Gold Beach Rotary twice in the past year. The second presentations to each have been in the past two months. Each of these presentations have been very well received. Almost 75 per cent of the Brookings Rotary had flown on Pen Air and the feedback was positive.
- The cost for flying to the Portland hub from Medford or North Bend is higher than flying from Crescent City when you include the cost of driving from Brookings to either of those communities and the cost of airport parking.

More difficult to quantify economically is the benefit to Brookings residents of having more direct and affordable access to their State Capitol. For example, Valarie Early is Chair of the Oregon Marine Board (OMB). OMB meetings are held in Salem. Prior to the PennAir change to the Portland hub, Early drove the six hours to Salem for the OMB meeting...requiring an overnight stay and $520 in mileage reimbursement...and drove the six hours back to Brookings. In April, Early flew out of DNCRA at 6:20 a.m. to Portland and arrived in Salem in time to attend the OMB meeting, and then flew back to DNCRA that same afternoon; the air fare was $250. With this service, Brookings area residents have a greater capacity to remain engaged in the affairs of their State government.

According to a presentation by BCRAA staff at the March joint meeting (recently updated and attached), the amount of funding needed for the local match and "ineligible" costs may total as much as $1,234,949, but could be as low as $650,739. This assumes a full draw-down on the DNC line of credit of $1,800,000, which would also need to be repaid. Thus, the total amount of funding needed (worst case scenario) is $3,034,949. Various scenarios for consolidating this total amount into a loan repayable over 30 or 40 years has been developed by BCRAA staff. Assuming the "worst case scenario" (i.e. no other external funding is secured) and based upon

loan terms and the number of members willing to participate, the annual payment for each member entity would range from about $17,500 to about $30,000. A per member proportional share of the $3,034,949 would be $505,824. Note again that the City has applied for $584,220 in the current ConnectOregon cycle. A straight payment of $25,291 over a period of 20 years at no interest would equal $505,824.

BCRAA staff reports that they continue to pursue alternative sources of funding for the terminal project.

Funding from the member agencies would be needed in fiscal 2016-17 or 2017-18.

Policy Considerations:
As a member of BCRAA, the City is not required to participate financially in BCRAA projects or administration. In fact, the City has expended no City funding...other than staff time associated with ConnectOregon applications...in this effort. It was clearly understood and written into the joint powers agreement that members could not be required to participate in BCRAA funding, and BCRAA is not attempting to require financial participation at this time. BCRAA is requesting that its member entities voluntarily contribute to the terminal project.

Attachment(s):

a. Joint Powers Agreement
b. Terminal Replacement Program power point February 25, 2016.
c. Financing power point.
d. City Manager memorandum dated November 22, 2013.
e. Letter from BCRAA Director dated March 22, 2016.

BORDER COAST REGIONAL AIRPORT AUTHORITY
FIRST AMENDED
JOINT POWERS AGREEMENT

THIS AGREEMENT is made and entered into this 23 day of June, 2008, by and between the County of Del Norte, a legal subdivision of the State of California, hereinafter referred to as "County", the City of Crescent City, a municipal corporation existing under the laws of the State of California, the Elk Valley Rancheria, a federally recognized Tribe, and the City of Brookings, a municipal corporation existing under the laws of the State of Oregon, collectively referred to as "Participants", who agree as follows:

RECITALS

This First Amended Joint Powers Agreement amends and restates that certain Joint Powers Agreement of the Border Coast Regional Airport Authority dated October 4, 2007, under which the Participants other than the City of Brookings have operated the Authority since that date.

Del Norte County currently owns and operates McNamara Field, a commercial airport located in Del Norte County and serving passengers from both California and Oregon (the "airport"). Recognizing the bi-state regional significance of the airport, the Del Norte County Board of Supervisors has decided to enter into this Border Coast Regional Airport Authority (the "Authority") in order to permit other governments to share in operational decision making for the airport. In addition to the City of Crescent City, the Elk Valley Rancheria, and the City of Brookings, these governments may include other local government agencies in the State of Oregon as well as sovereign tribal governments.

The parties to this agreement believe that by working together in the framework of this Authority, the future role of the airport in accommodating current and future air travelers, facilitating the economic development of the border coast region, and maintaining the airport as an essential component of the region's emergency response network, will be protected and enhanced.

By entering into this agreement, Del Norte County does not intend to transfer ownership of the land and facilities that make up the airport. Nor does entry into this agreement by entities other than Del Norte County imply a commitment on their part to provide funding for the capital improvement or operation of the airport. However, these and other issues may become the subjects of ongoing conversation among the Authority's Participants.

This agreement is entered into pursuant to the provisions of California Government Code Sections 6500 and following, hereinafter referred to as the "California JPA Law," and Oregon Revised Statute 190.420, hereinafter referred to as the "Oregon JPA Law," for the purpose of creating an agency to provide for the planning,

It is the intent of the Participants of the Border Coast Regional Airport Authority that the membership in the Authority shall be open to all those public agencies in the States of California and Oregon that elect to join the Authority, and meet the following criteria: (a) the territory of the public agency is substantially located in Del Norte County, California, or Curry County, Oregon; (b) the public agency has the power under the California JPA Law or ~~the~~ Oregon JPA Law, to join the Authority. Participation in the Authority shall remain open to those entities that may decide to join after the Authority is formed and operational.

ARTICLE I
CREATION AND OPERATION OF THE AUTHORITY

SECTION 1.1 CREATION OF AUTHORITY: Pursuant to the California and Oregon JPA Laws, there is hereby created a public entity to be known as the "BORDER COAST REGIONAL AIRPORT AUTHORITY", referred to herein as the "Authority". The Authority is a public entity separate and apart from the parties hereto.

SECTION 1.2 PARTICIPANTS: The Participants in the Authority are Del Norte County, the City of Crescent City, the City of Brookings, and the Elk Valley Rancheria.

SECTION 1.3 GOVERNING BOARD; INITIAL BOARD AND APPOINTMENTS: The Authority shall be administered by a governing board, which shall be called the "Board of Directors of the Border Coast Regional Airport Authority," and which shall be referred to herein as the "Board." The Board of the Authority shall initially consist of five members. The initial Board shall be appointed as follows: The Del Norte County Board of Supervisors shall appoint three members, two of whom shall be Supervisors, and two of whom shall be designated to serve four-year terms and one of whom shall serve a two-year term; the first two additional Participants shall appoint one member each, with each such member serving a term congruent with the term of the two-year appointee of the Del Norte County Board of Supervisors.

SECTION 1.4 GOVERNING BOARD; PERMANENT CONSTITUTION: The number of members of the permanent Board shall be seven. Following the terms of the initial Board, the terms of Board members shall be four years. However, each Board member shall serve at the pleasure of the appointing authority for that position. In recognition of the fact that the number of legally eligible Participants may be substantial, and in view of the difficulty of determining which entities may in the future choose to participate, the Participants agree to negotiate the relative appointing power of the Participants, and the size of the Board, as new Participants indicate their intent to join the Authority. Adjustments to the size of the Board and to the appointing power of the Participants shall be incorporated into this agreement by formal amendment hereto, adopted by each Participant.

SECTION 1.4(a) GOVERNING BOARD; CITY OF BROOKINGS: Upon approval of this First Amended Joint Powers Agreement, as amended to include the City of Brookings, the City of Brookings shall be recognized as a Participant and shall appoint one member to the Governing Board, with such member serving a term congruent with the terms of the four-year appointees of the Del Norte County Board of Supervisors.

SECTION 1.5 ALTERNATE MEMBERS: Each Participant may appoint an alternate to serve in the absence of any member appointed by that Participant.

SECTION 1.6 COMPENSATION: Members of the Board of Directors shall receive no compensation. However, they may be reimbursed actual expenses incurred while performing the duties and activities of the Board.

SECTION 1.7 REGULAR MEETINGS: The Board of Directors shall provide for its regular and special meetings; provided, at least one regular meeting shall be held each calendar quarter.

SECTION 1.8 RALPH M. BROWN ACT: All meetings of the Board of Directors of the Authority, without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Sections 54950, and following.

SECTION 1.8 (a) OREGON PUBLIC MEETINGS LAW: All meetings of the Board of Directors of the Authority, without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Oregon Public Meetings Law, Oregon Revised Statues Sections 192.610 through 192.690.

SECTION 1.8 (b) PUBLIC MEETINGS; BROAD INTERPERTATION: In those instances of conflict between the Ralph M. Brown Act and the Oregon Public Meetings Law, the Authority shall comply with those notice and meeting conduct provisions of law which will provide the highest level of public participation, observation and knowledge of the Authority's affairs.

SECTION 1.9 MINUTES: The Board shall provide for taking, approving, and preserving minutes of the meeting's of the Board.

SECTION 1.10 QUORUM: The attendance of a majority of the Board

shall be required for the transaction of business at meetings of the Board.

SECTION 1.11 RULES: The Board of the Authority shall adopt and amend as necessary such rules and regulations for the conduct of its meetings and affairs as are necessary for the purpose of accomplishing its stated purpose.

SECTION 1.12 MANNER OF EXERCISING POWERS: The manner of exercising the powers of the Authority is subject to the same restrictions on the exercise of like powers that apply to the County of Del Norte. In all respects, including Public Contracting procedure, employment practices and ethics/conflicts of interest, the Authority shall be mindful of the cross-border nature of the Authority and shall conduct its affairs in a manner to assure compliance with applicable State Laws.

SECTION 1.13 FISCAL YEAR: The fiscal year of the Authority shall be from July 1 through June 30.

SECTION 1.14 TERM OF AGREEMENT: This agreement shall continue indefinitely, except that the agreement may be terminated sooner if withdrawal is elected pursuant to Section 1.15 of this agreement by the County of Del Norte or by all Participants other than the County of Del Norte.

SECTION 1.15 WITHDRAWAL: Any Participant may withdraw from this agreement by giving sixty (60) days written notice to the Authority and to all other Participants. The withdrawing entity shall not be entitled to the return of any assets or contributions that the Participant made to the Authority.

ARTICLE II
OFFICERS

SECTION 2.1 CHAIR, VICE-CHAIR AND EXECUTIVE DIRECTOR: The Board of Directors shall elect a Chair and a Vice Chair from among its members. It may appoint an Executive Director or an Airport Manager, who

shall not be a member of the Board of Directors.

SECTION 2.2 TREASURER: The Treasurer of Del Norte County is hereby designated as the Treasurer of the Authority and as the depositary to have custody of all the money of the Authority from whatever source. The Treasurer, and the officer performing the functions of Auditor or Controller, who shall be the Auditor-Controller of the County, shall have the duties and obligations set forth in Section 6505 and 6505.5 of the California JPA Law and shall assure that there shall be strict accountability of all funds and report of all receipts and disbursements of the Authority. The Treasurer and the Auditor-Controller shall provide any Oregon entities participating in the Authority with such financial reports as are necessary and convenient to those entities.

SECTION 2.3 BONDING OF PERSONS HAVING ACCESS TO PROPERTY: From time to time, the Board of Directors shall designate public officers or persons, in addition to the Treasurer and Auditor-Controller, having charge of handling or having access to any property of the Authority, and the governing board shall determine the amount of their official bond, pursuant to Section 6505.1 of the California JPA Law.

ARTICLE III
POWERS AND DUTIES

SECTION 3.1 POWERS: Border Coast Regional Airport Authority shall have each of the following powers:

a. To make and enter into contracts and to receive and expend funds, providing for aviation and airport-related services to the public;

b. To supervise and oversee the performance of aviation and airport-related service contracts;

c. To provide all services necessary to operate McNamara Field;

d. To acquire, construct, manage, maintain or operate any facilities or improvements;

e. To acquire, hold and dispose of property;

f. To incur debts, liabilities or obligations, which do not constitute a debt, liability or obligation of the member entities;

g. To employ personnel;

h. To sue and be sued in its own name;

i. To invest in accordance with the provisions of Section 6509.5 of the California JPA Law, money in the treasury of the Authority that is not required for immediate necessities of the Authority;

j. To apply for, accept, and utilize funds from any source for public Airport purposes, including funds available through the Federal Aviation Administration.

k. To raise revenues, including the establishment of lease rates, parking fees, and other revenue and tax rates as authorized by law, to support aviation and airport-related services;

l. To incur short-term indebtedness;

m. To petition the federal and state governments;

n. To receive contributions from Participants and to provide for their repayment on such terms as the Authority deems advisable;

o. All other powers which are necessary and proper for the Authority in order to provide aviation and airport-related services.

SECTION 3.2 DUTIES: Border Coast Regional Airport Authority shall have the following specific duties:

a. On or before May 1st of each year, it shall cause to be prepared and

submitted to the Board and each of the Participants a proposed budget for the upcoming fiscal year. The proposed budget shall be subject to approval and ratification as set forth in Section 4.3.

b. The Authority shall oversee and maintain an ongoing process to plan for the future needs of the airport, anticipating the needs of the public for commercial air service.

c. The Authority shall actively pursue funding, and the development of sources of funding, for the implementation of its plans for aviation improvement and airport development.

d. The Authority will prepare and submit to the member entities quarterly progress reports concerning the provision of aviation services and the plans for development and financing of improvements to those services.

SECTION 3.3 OBLIGATIONS AND AUTHORITY: The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of any of the member entities.

ARTICLE IV
FUNDING

SECTION 4.1 CONTRIBUTIONS NOT REQUIRED: Except as provided in section 4.2, no Participant is or shall be required to make contributions to the Authority, except as that Participant shall agree. No Participant is subject to assessment.

SECTION 4.2 ADMINISTRATIVE AND OPERATING COSTS: The County of Del Norte shall provide funding to the Authority up to the level of the County's budgeted commitment to support the airport for the fiscal year 2006-2007.

SECTION 4.3 APPROVAL OF BUDGET: The Board may tentatively adopt the

annual budget of the Authority; however, the budget will have no force and effect until it is approved or ratified by each Participant that is contributing funds to the Authority pursuant to that budget.

SECTION 4.4 DEBTS OF THE AUTHORITY: No member entity is responsible for the debts of the Authority.

ARTICLE V

DISPOSITION OF ASSETS UPON TERMINATION

SECTION 5.1 NO SUCCESSOR ENTITY: Upon termination of the Border Coast Regional Airport Authority, without a successor entity, pursuant to paragraph 1.15 or otherwise, and subject to the terms of any repayment agreements entered into pursuant to paragraph 3.1, subparagraph n, the Board shall convey or quitclaim all assets and property of the Authority to the County of Del Norte.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and attested by their proper officers, who are duly authorized, as of the day and year first above written.

	ATTEST:
Larry Anderson, Mayor City of Brookings	Joyce Heffington, City Recorder City of Brookings
David Burns, Mayor City of Crescent City	David Finigan, Chair Board of Supervisors

ATTEST:

L. Diane Nickerson, Clerk
City of Crescent City

ATTEST:

Jeremi Ruiz, Clerk
Board of Supervisors

APPROVED AS TO FORM:

Robert Black, City Attorney
City of Crescent City

APPROVED AS TO FORM:

Dohn Henion, County Counsel
County of Del Norte

Dale A. Miller, Tribal Chairman
Elk Valley Rancheria

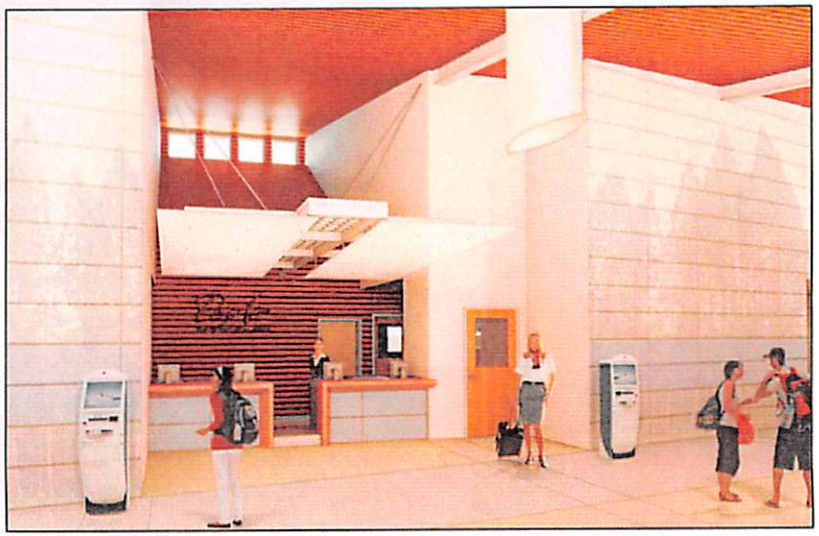
Kim Krokodilos, Tribal Secretary
Elk Valley Rancheria

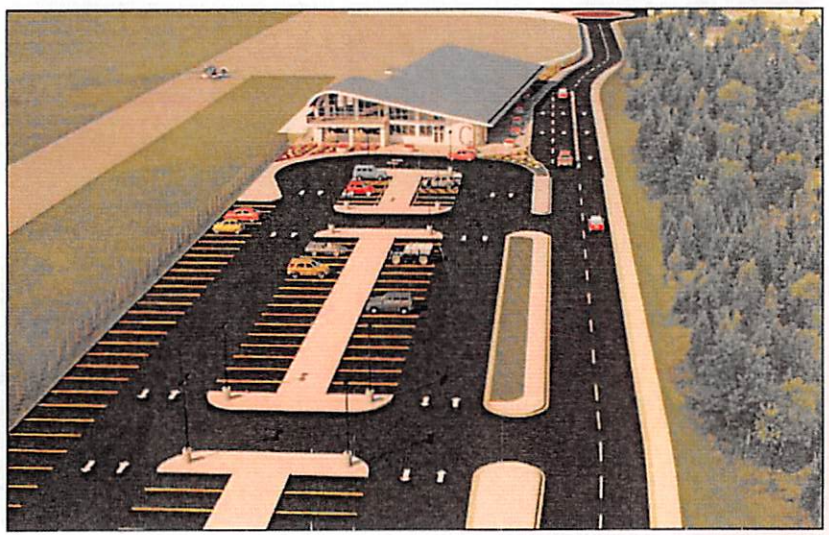
Del Norte County Regional Airport
Terminal Replacement Program

February 25, 2016

VANIR

Del Norte County Regional Airport Terminal Replacement Program

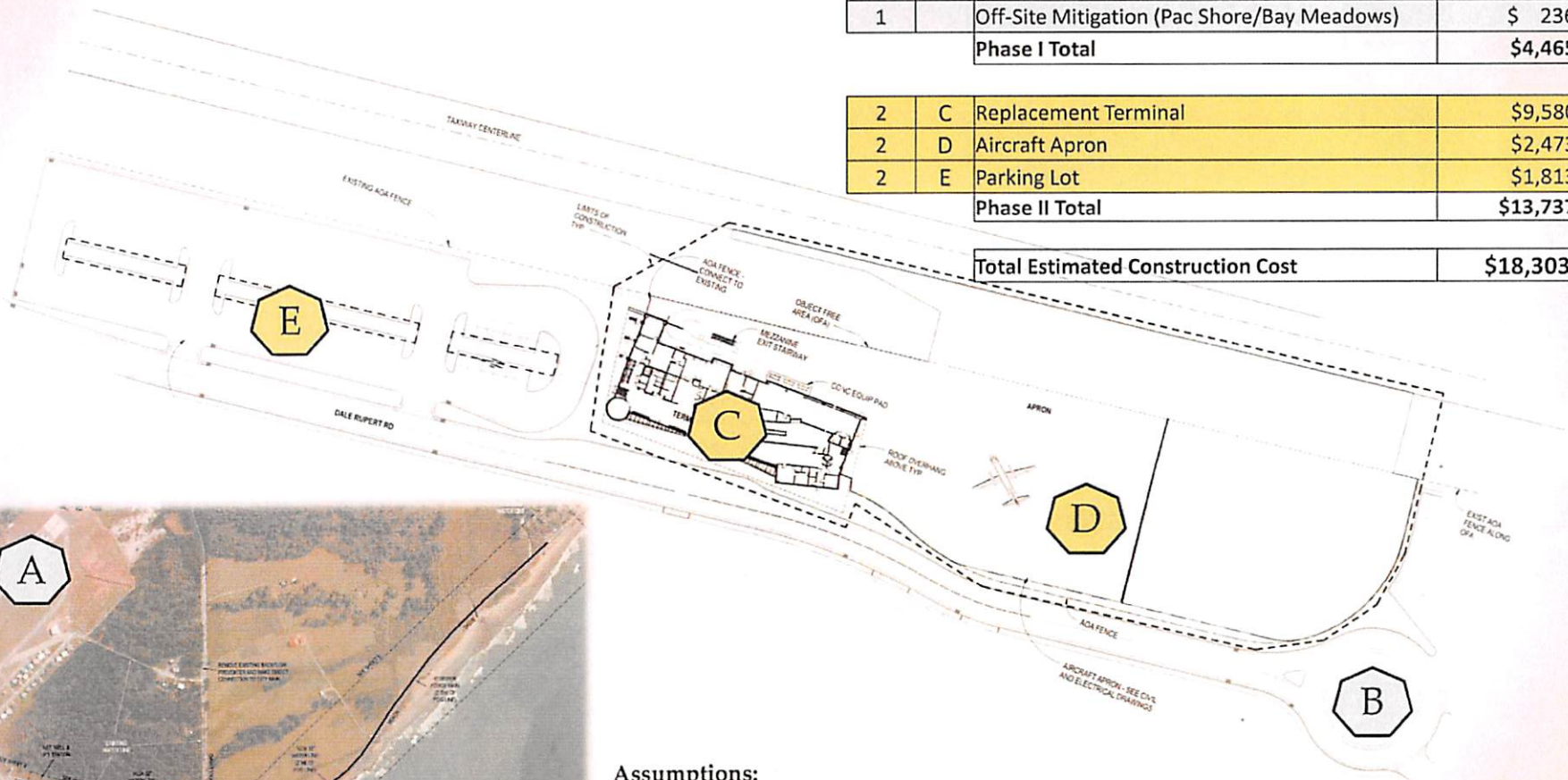




Scope of Work / Budget Overview

Del Norte County Regional Airport Terminal Replacement Program

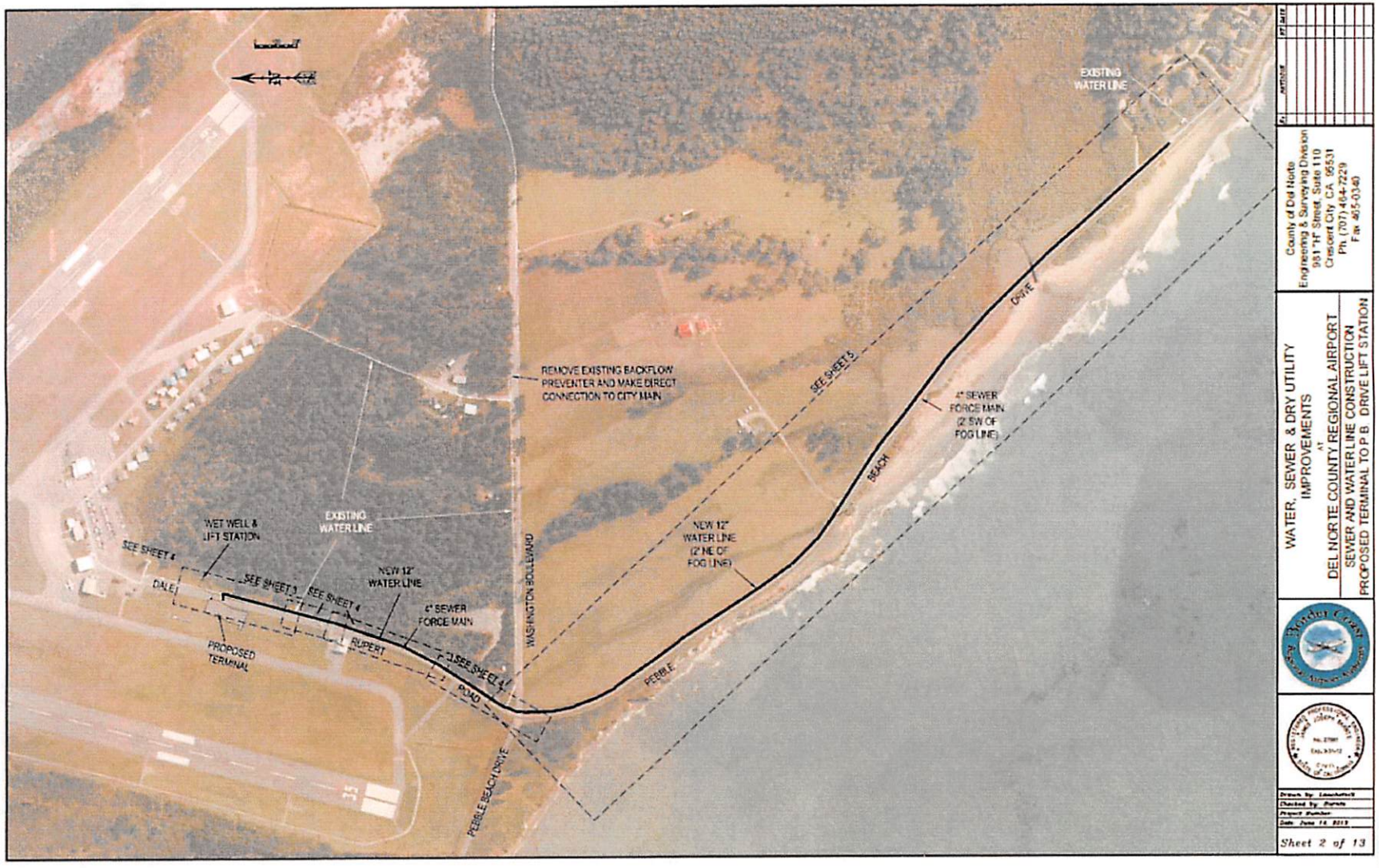
Phase	Area	Work Element	Cost Estimate dated 10/23/15
1	A	Pebble Beach Drive Water/Sewer	$1,216,571
1	B	Dale Rupert Road	$3,012,464
1		Off-Site Mitigation (Pac Shore/Bay Meadows)	$ 236,801
		Phase I Total	**$4,465,836**
2	C	Replacement Terminal	$9,580,648
2	D	Aircraft Apron	$2,473,421
2	E	Parking Lot	$1,813,473
		Phase II Total	**$13,737,911**
		Total Estimated Construction Cost	**$18,303,378**



Assumptions:

1. Project is constructed in two phases and funded in three ACIP grants.
2. Project/Construction Management/ Consultant Costs are not included the above chart.

A Pebble Beach Drive Water/Sewer Off-Site Utilities – Brief Scope of Work/Background Overview

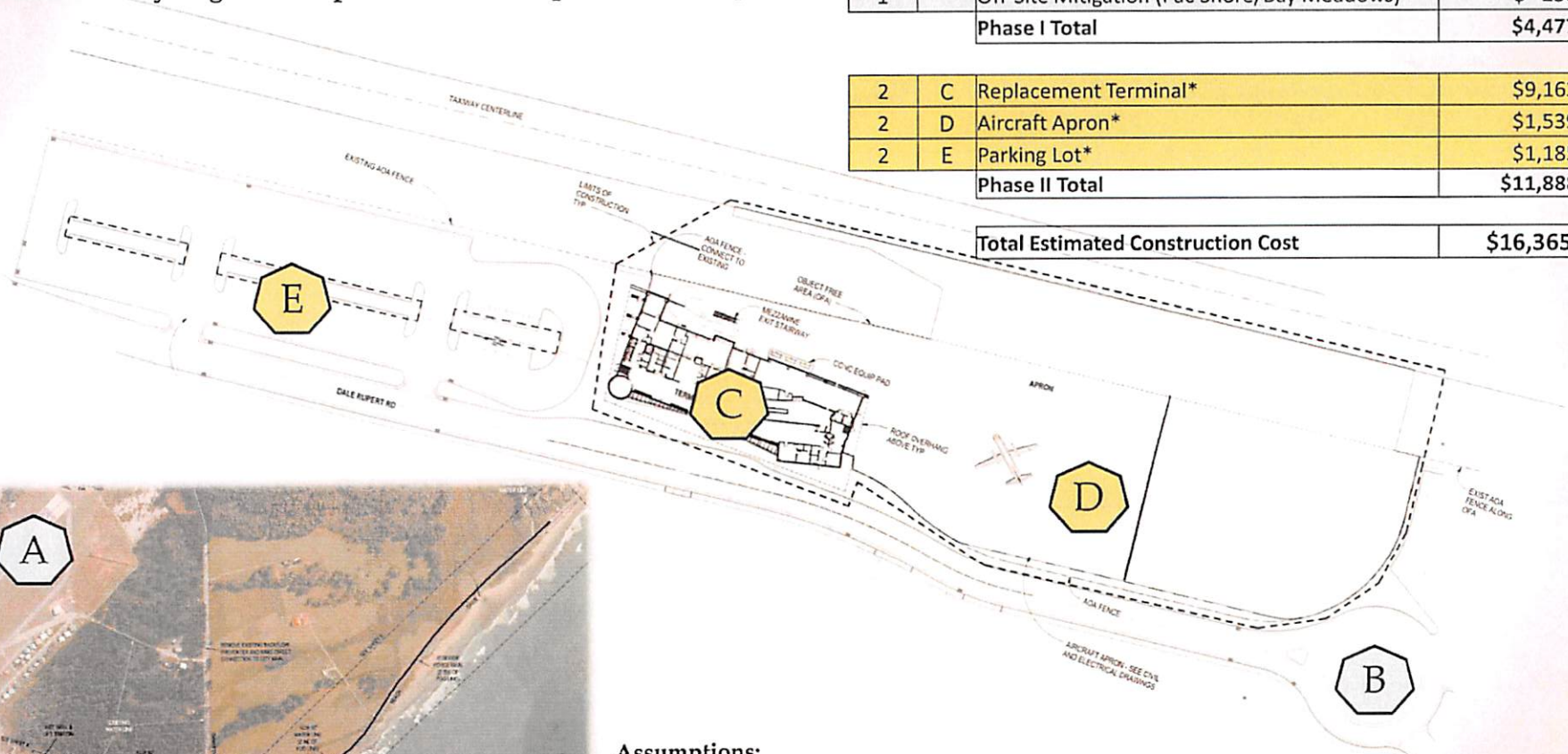


REVISED

Scope of Work / Budget Overview

Del Norte County Regional Airport Terminal Replacement Program

Phase	Area	Work Element	Cost Estimate dated 2/15/16
1	A	Pebble Beach Drive Water/Sewer	$2,679,561
1	B	Dale Rupert Road	$1,560,993
1		Off-Site Mitigation (Pac Shore/Bay Meadows)	$ 236,801
		Phase I Total	**$4,477,356**
2	C	Replacement Terminal*	$9,163,449
2	D	Aircraft Apron*	$1,539,435
2	E	Parking Lot*	$1,185,332
		Phase II Total	**$11,888,216**
		Total Estimated Construction Cost	**$16,365,572**



Assumptions:

1. Project is constructed in two phases and funded in three ACIP grants.
2. Project/Construction Management/Consultant Costs are not included the above chart.
3. * indicates Value Engineering/Reduce Scope was applied

Revised Schedule Overview

Del Norte County Regional Airport Terminal Replacement Program

Bid, Grant App, & Award Phase I

Phase 1 Construction

Scope of Work:

- Dale Rupert Road Realignment
- Water/Sewer
- Round About
- Water Tower Removal
- Rotating Beacon Install
- Off-Site Mitigation Pacific Shores/Bay Meadows

Bid, Grant App, & Award Phase 2

Phase 2 Construction*

Scope of Work:

- Terminal
- Aircraft Apron
- Parking Lot
- Landscaping
- Quonset Hangar Removal + New Hangar

Occupancy & Transitioning

Scope of Work:

- Install FF&E
- FAA Coordination
- TSA Coordination
- Airport Staff Coordination

Assumptions:

1. Project is constructed in two phases and funded in three ACIP grants.
2. Phase 2 Construction is dependent on FAA funding allocation in September 2016.
3. *Value Engineering would reduce Phase 2 construction duration. Duration TBD.

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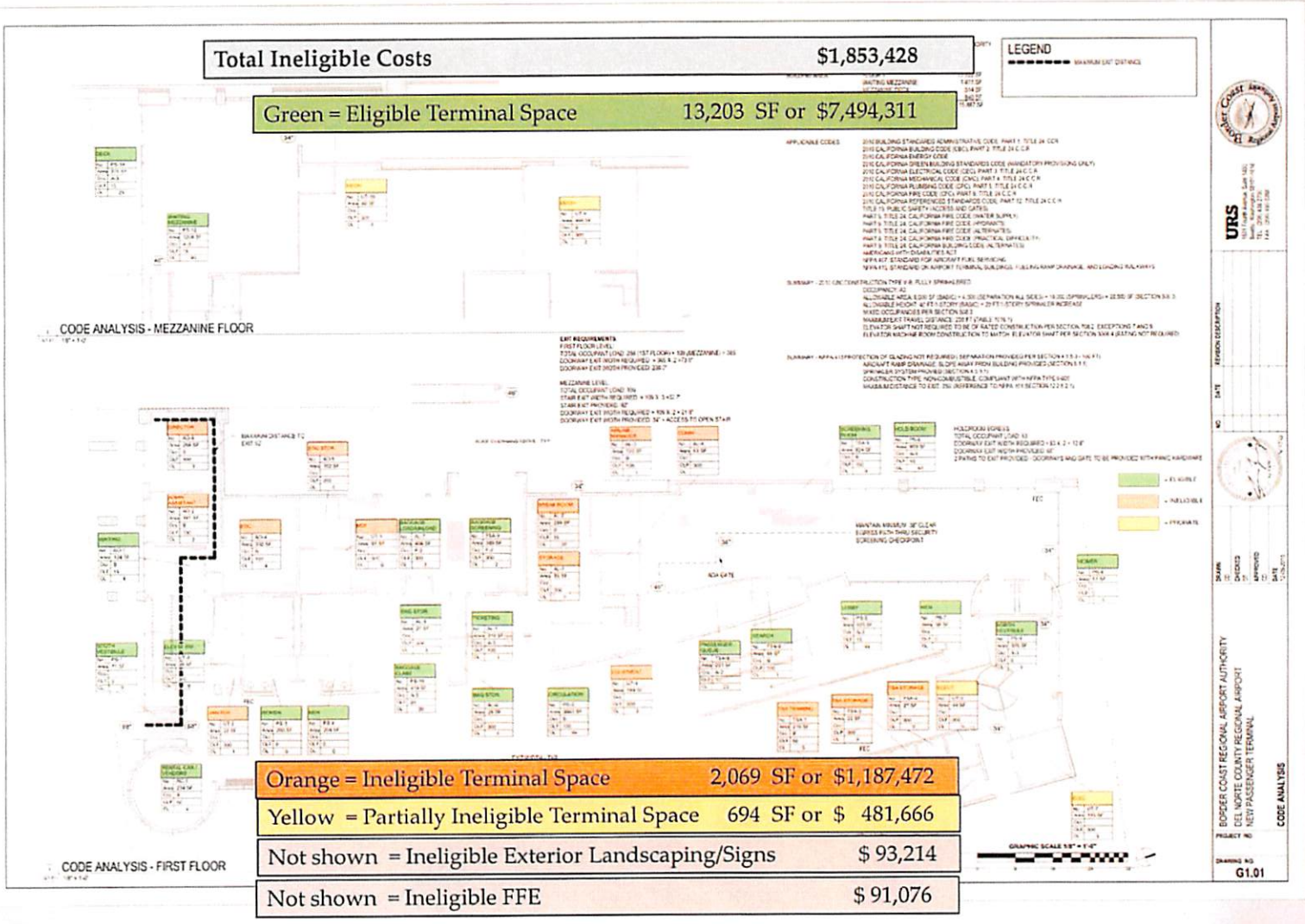
FAA Ineligible vs Eligible Space

Del Norte County Regional Airport Terminal Replacement Program



Base Bid Alternates

Del Norte County Regional Airport Terminal Replacement Program

Description	Estimated Savings	Notes
Parking Lot – $628K		
1. Remove parking lot canopy	$ 280,000 Construction	Reduce construction costs
2. Reduce parking lot from 102 spaces to 66 spaces	$ 348,141 Construction	Reduce construction & landscaping costs; increase design cost
Aircraft Apron – $934K		
3. Apron - Value Engineering	$933,986 Construction	Reduce construction costs; increase design cost
Terminal – $417K		
4. Spec pre-engineered structural frame and roof	$417,199 Construction	Reduce construction costs; increase design cost

Total Alternates Amount **$1,979,326**

Program Cost Overview

Del Norte County Regional Airport Terminal Replacement Program

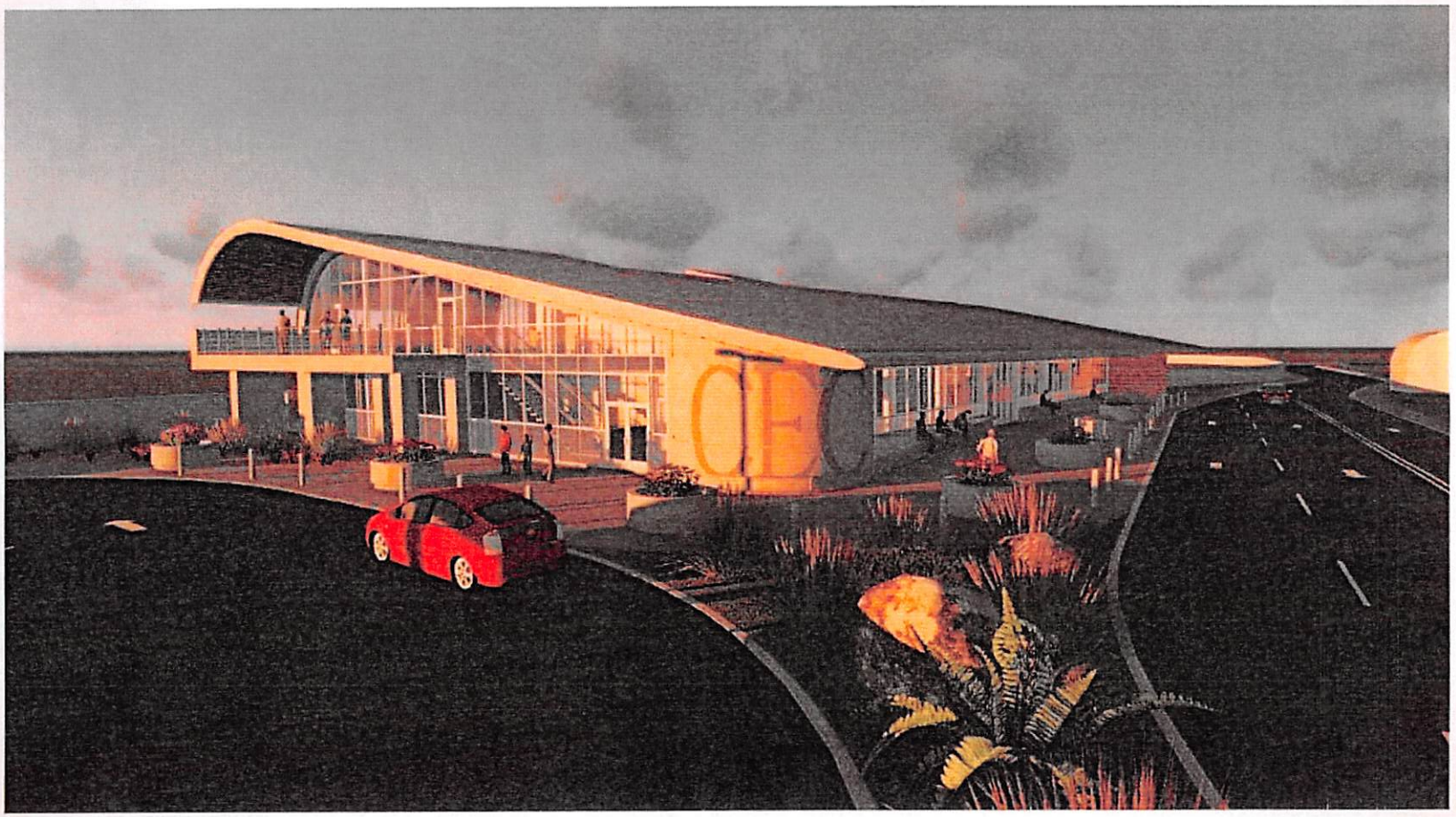
	Phase 1			Phase 2		
	Water / Sewer Infrastructure	Dale Rupert Road & Roundabout	Off-Site Mitigation - Pac Shore/Bay Meadows	Terminal Replacement	Aircraft Apron	Parking Lot + Landscaping
Estimated Construction Cost	$2,679,561	$1,560,993	$236,801	$9,163,449	$1,539,435	$1,185,332
Land Acquisition/ Seeding Cost			$20,000			
Estimate FFE Cost				$500,000		
2016 Consultants + BCRAA Cost	$1,406,915 + $150,000					
2017 Consultants + BCRAA Cost				$1,772,329 + $200,000		

Total Program Costs $20,414,816

Secured funding, FAA ACIP Grant	*$17,166,898*
Secured funding, DNC Line of Credit	*$ 1,400,000*
Secured funding, TOTAL	*$18,566,898*

Total Program Cost	*$20,414,816*
Secured Funding Total	*$18,566,898*
Not Defined, FAA Eligible Funding	*$ 5,510*
Balance Remaining, FAA Ineligible Funding	***$ 1,853,428***

Del Norte County Regional Airport Terminal Replacement Program

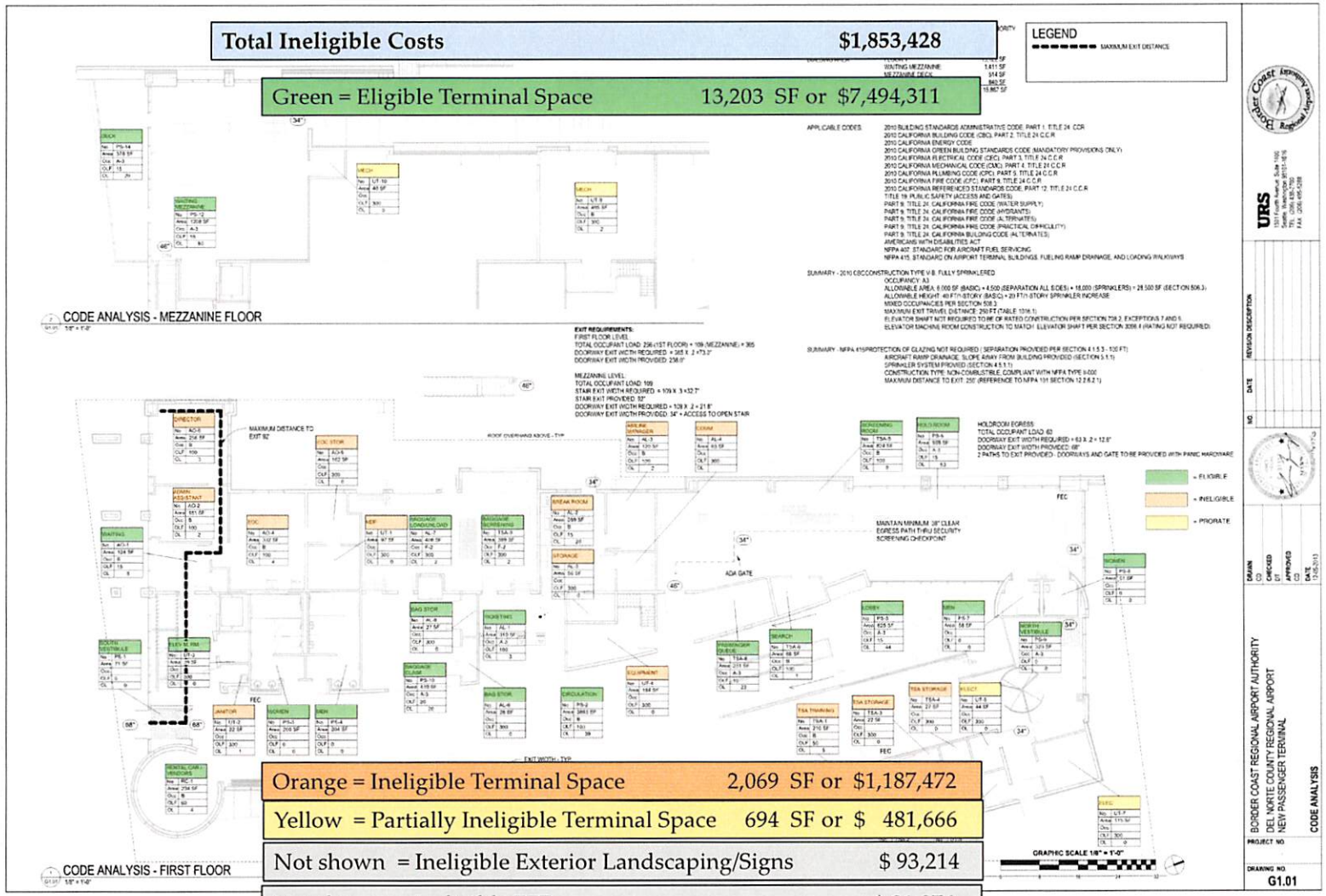


Financing

Funding during Construction

FAA Ineligible vs Eligible Space

Del Norte County Regional Airport Terminal Replacement Program



Total Ineligible Costs	**$1,853,428**
Green = Eligible Terminal Space	13,203 SF or $7,494,311
Orange = Ineligible Terminal Space	2,069 SF or $1,187,472
Yellow = Partially Ineligible Terminal Space	694 SF or $ 481,666
Not shown = Ineligible Exterior Landscaping/Signs	$ 93,214
Not shown = Ineligible FFE	$ 91,076

FULL USE OF FAA FUNDING

	ELIGIBLE	INELIGIBLE	TOTAL
BID AT FINANCED LEVEL	$ 18,070,419	$ 1,853,428	$ 19,923,847
FAA FUNDING	$ (17,166,898)	$ -	$ (17,166,898)
5% Match (DNC LOAN)	$ (903,521)	$ -	$ (903,521)
FURTHER FUNDING (DNC LOAN)	$ -	$ (496,479)	$ (496,479)
BCRAA RESERVES (PAYROLL CHARGED TO GRANTS)		$ (122,000)	$ (122,000)
FUNDING NEEDED	$ -	$ 1,234,949	**$ 1,234,949**

Potential Reduction

FUNDING NEEDED	$ -	$ 1, 234,949	**$ 1,234,949**
ODOT COVI GRANT (August, 2016)	$ (584,210)		$ (584,210)
DNC LOAN FUNDS	$ 584,210	$ (584,210)	$ -
BCRAA RESERVES (PAYROLL CHARGED TO GRANTS)			$
FUNDING NEEDED	$ -	$ 650,739	**$ 650,739**

NOTE: The only further reduction to this number would be if the final bid for the **terminal** came in at a lower amount than expected or if further grants were found to free up DNC loan funds.

Dates

The AIP grant application will be submitted after the terminal construction bid is complete. At that time we have to know where the funding for the ineligible portion will come from. The anticipated date is August, 2016.

The ODOT Connect Oregon VI grant award is anticipated In August, 2016.

Financing

Post Construction

USDA Loan

WITHOUT ODOT GRANT: $1,800,000 + $1,234,949 = 3,034,949

WITH ODOT GRANT: $1,800,000 + $ 650,739 = $2,450,739

DNC LOAN WILL BE THE FULL $1,800,000 in spite of prior payments
It is a drawdown note that will be used to the full amount for the terminal project.

We will need a co-applicant to apply for a USDA loan

LOAN REPAYMENT

LOAN AMOUNT	# YEARS	w/4% INTEREST ANNUAL PAYMENT
$3,034,949	30	$208,984
$3,034,949	40	$168,525
$2,450,739	30	$140,402
$2,450,739	40	$122,911

Dates

The pre-application for a USDA loan would needs to begin right away. A co-applicant is needed before this process may begin.

The completion of the terminal is anticipated by Spring of 2018.

Summary

- Potential Gap Funding Needed $650,739-$1,234,949
- Co-Applicant for Long Term Funding
- Payments towards Long Term Funding

The Bottom Line

- Each agency needs to determine what they can and will do.
- Can you contribute over a period of years towards the long term debt? How much – how long?
- Can you assist in the gap funding through grants, gifts or low interest loans?
- Can you be the co-applicant for a USDA loan?

MEMORANDUM

Office of the City Manager

GARY MILLIMAN
City Manager
Credentialed City Manager
International City Management Association

TO: BCRAA Board
Cc: Mayor and City Council
Finance/Human Resources Director

DATE: November 22, 2013

SUBJECT: BCRAA Financing Resources

There are a number of firms that can provide public agency financial advisory services to BCRAA. After the discussion of public financing options at the December 3 meeting, I would recommend that BCRAA "shop" financial advisory, underwriting and bond counsel services.

Traditional sources of financing that involve borrowing require a mechanism for repayment. It is my understanding that a repayment mechanism has not been identified, but that BCRAA could experience additional revenues once the new terminal is operational. I have not seen any revenue projections.

BCRAA faces several hurdles in order to undertake a financing on its own. Member agencies are located in two states with somewhat different regulations on tax-exempt financings. Some member agencies are stronger financially than others, which could affect ratings, marketing and creditworthiness. If traditional public financing is used, Del Norte County as the owner of the airport may need to be the debt issuer and guarantor, with intergovernmental agreements with the other BCRAA members pledging revenue.

BCRAA should explore more than the fundamental types of public financing mechanisms and consider public/private partnerships. For example:

1. While I have not worked with an airport previously, I have worked with several railroads that encountered similar issues with capital financing. Fortunately, these railroads had substantial untapped real property assets and we were able to create additional revenue by leasing property for non-railroad purposes, issuing "licenses" for use of railroad property (i.e. road crossings, parking, storage, public parks). One of the railroads I was associated with sold the timber rights to Redwood trees along the right-of-way to the Save the Redwoods League for $300,000.
2. We could also look within the membership to see if any of the member entities has long-term reserve or inactive funds available that could be "loaned" to BCRAA under favorable terms, such as deferring interest and principal payments for a period of years, and adding the deferred interest to the principal.
3. What is the status of existing leases on the airport property? Would the existing leaseholders be willing to extend their leases and advance-pay their rent for a discount?

4. Are there prospective new leases on the airport property? Additional hangers or other projects? Perhaps there are private companies that would be interested in building facilities on the property and would be interested in a discount for advance-pay of rent.
5. We have been narrowly-focused on airport facility development. Are uses on the airport property restricted to airport-dependent? If not, what other types of development or land use would be acceptable? Again, look at advance-pay leases. Or, consider offering to sell development rights.
6. Can we sell development rights or enter into a pre-lease for private activity that will be taking place within the terminal, such as food service, vending machines or car rental?
7. What are the restrictions on the use of the open space property? For example, Brookings is looking for a site to dispose of its Class B biosolids; we are looking at spreading the cake-like material on an agricultural site just south of town. We are currently paying about $25,000 annually in disposal fees. Could this material be placed on any portion of the airport property?
8. What does BCRAA plan to do with the property it is acquiring for mitigation? Is BCRAA required to keep it or convey it to a conservancy without financial consideration? Is there a conservancy that would purchase the property? If it is required to be maintained by the BCRAA as permanent open space, can it be used for any passive or active recreation? If is developed as a "park," sell the naming rights.
9. Can we sell the naming rights to the new terminal? To areas within the terminal (such as a meeting room)? The road coming into the airport?

Here are some folks with whom I have successfully worked in the past:

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

James Hamill
2999 Oak Road, Suite 710
Walnut Creek, Ca 94597
(925) 933-9229
jhamill@cacommuniies.org

CSCDA is a statewide joint powers authority formed in 1988 and offers a variety of public benefit financing products. Both Crescent City and Del Norte County are members of CSCDA. I have discussed the BCRAA RSA and terminal projects with CSCDA, and they are interested in assisting with packaging/marketing a financing.

KOSMONT COMPANIES/RENAISSANCE COMMUNITY FUND

Larry Kosmont
President
Kosmont Companies
865 S. Figueroa Street, 35th Floor
Los Angeles, CA 90017
(213) 417-3333
lkosmont@kosmont.com

Kosmont Companies provides an array of public financial services, including the development of public/private partnerships.

I recommend that BCRAA meet with Kosmont to explore both possible traditional public financing and non-traditional methods of securing funding through private markets, such as selling development rights on portions of the County-owned airport property, preleasing space in the terminal, advance payment of rent from current lessees at a discount, or other mechanisms to bring private capital into the deal.

JCA RESOURCES

Larry Uyeda
President
JCA Resources
400 Oceangate, Suite 510
Long Beach, CA 90802
(562) 901-3081
larryuyeda@jcaresources.com

Similar to Kosmont Companies, JCA Resources has extensive experience in real estate development and public/private partnerships. They have international resources.

I recommend that BCRAA meet with Uyeda to explore the same approaches as described above in the Kosmont discussion.

WEDBUSH SECURITIES

Katherine Schwab
Senior Vice President
Wedbush Securities Public Finance Group
(503) 471-6798
Katie.Schwab@Wedbush.com

Wedbush Securities offers an array of financing opportunities available for public projects, including traditional public financing and access to private investors in public/private partnerships.

I recommend that BCRAA meet with Schwab to explore financing opportunities that may be available through their collaborative partner organizations.

ROGUE FEDERAL CREDIT UNION – UMPQUA BANK – US BANK

Gene Pelham
Chief Executive Officer
Rogue Federal Credit Union
1370 Center Drive
Medford, OR 97501
(541) 858-7107
gpelham@roguefcu.org

Neal Brown
Senior Vice President
Umpqua Bank
445 SE Main Street
Roseburg, OR 97470
(541) 440-3959
nealbrown@umpquabank.com

There is an increasing amount of direct lending going on by banks for municipal projects. In 2008 the City of Brookings sold a $3.4 million bond directly to U.S. Bank to finance a downtown street/water/sewer/storm improvement project.

Brookings has worked with both Rogue Federal Credit Union and Umpqua Bank in the financing of public facilities and equipment (an $800,000 communications tower; $500,000 fire truck, etc.). Rogue Federal has branches in Curry and Del Norte Counties; Umpqua Bank recently purchased the assets of Sterling Bank. Both are Oregon-based financial institutions and are vested in the region's economy.

I recommend that BCRAA arrange to meet with the leadership of Rogue and Umpqua to make a presentation on the overall plans for the airport and seek their participation in developing a financial plan.

RAUL SALINAS

Raul Salinas
Alvarado, Smith and Sanchez
633 W. fifth Street, Suite 1150
Los Angeles, CA 90071
(213) 229-2400
rsalinas@asands.com

Raul Salinas is a principal with the law firm of Alvarado, Smith and Sanchez. I worked with Raul and other members of the firm extensively in crafting some rather challenging and complex development agreements in South Gate. Very creative.

BONDUNDERWRITER.COM

Mary "Mimi" Henderson
mimi@bondunderwriter.com

If BCRAA or any of its member agencies issues a small municipal bond, I recommend that the offering be posted on the BondUnderwriter.com website. Mimi Henderson has developed a strong following of private investors during her 30 years in the public finance business and her site has an investor clientele that might not otherwise be accessed.

You don't necessarily need a financial advisor. You may be able to get what you need by just hiring bond counsel and doing a private placement through a bank or via Bondunderwriter.

OREGON INFRASTRUCTURE FINANCING AUTHORITY (IFA)
OREGON DEPARTMENT OF TRANSPORTATION (ODOT)
OREGON SOLUTIONS

The City of Brookings has applied for $400,000 under the Connect Oregon V grant program for the RSA local match through the Oregon Department of Transportation. BCRAA is currently using about $40,000 in Connect Oregon funding for RSA environmental/design work.

Funding available through the Oregon Infrastructure Financing can only be used for projects within Oregon.

There is within Oregon government a program known as "Oregon Solutions." This is a program affiliated with the Governor's office whereby representatives of various state agencies

function as a team to address financing and regulatory issues related to economic development. Commissioner Itzen sits on a regional advisory board for Oregon Solutions. Perhaps a meeting with the regional RS team could lead to the development of some additional resources.

CALIFORNIA STATE SOURCES

Have sources within California state government been explored? Has there been dialogue with State legislative representatives? With the leadership at the California Transportation Commission and the Business, Housing and Transportation Agency?

MEMBER PARTICIPATION

I am listing this last because it should be considered only after all other options have been fully explored. Local governments are already strapped for funds, and we are only mid-way through the current budget year.

In my view, any member participation should be short-term and reimbursable, until a longer term financing mechanism is secured.

If this mechanism is included in the financing plan, each member agency would need to identify a source of funding within their own organization and pledge that revenue source to the BCRAA debt service, or make a lump sum cash contribution. For Brookings, this would need to be discussed in the context of our next budget cycle.

I have thought about a member participation formula. Due to the mix of city, county and tribal governments, typical population or assessed-value based formulas do not seem appropriate. At this point I would suggest a formula whereby each member agency would pay an equal share.

Attached is some material I printed off the web concerning Kosmont, JCA, Wedbush and BondUnderwriter.

In summary, there are plenty of opportunities to explore. The biggest problem may be not having the resources to chase-down the opportunities and package a deal in a timely fashion.

Kosmont Companies, a certified Minority Business Enterprise (MBE), is a real estate, financial advisory and economic development services firm offering a full range of real estate and economic advisory, brokerage, project finance, investment, and planning services for both the public and private sectors.

Founded in 1986, Kosmont Companies has become a nationally recognized expert in economic development and real estate development projects involving government and private sector partnerships.

Unique Expertise

Whether the objective is getting a project entitled and approved, financed, developed, leased or sold, or if the goal is to generate new tax revenues, jobs or business opportunities, Kosmont Companies ensures success. Our diverse and uniquely qualified development services team provides the depth and expertise required to help clients conceptualize, structure and implement projects of all product types, sizes and complexities.

From the earliest planning and feasibility stages and throughout project development, Kosmont Companies effectively guides clients through intricate transaction and policy issues to create viable economic development strategies, achieve redevelopment/ revitalization goals, and produce real estate development projects and public asset management solutions.

Working Together

We recognize the powerful social and economic benefits of community development and redevelopment, and Kosmont is committed to bringing public, private, and non-profit organizations together in meaningful real estate transactions that help communities to flourish.

Project Experience

City of Redlands – Real Estate Advisory

Client: Redlands
Date: 2011 - Active
Services: Economic Analyses, Economic Incentives & Public-Private Negotations, Entitlements / Due Diligence / Land Use, Fiscal Impact & Economic Benefit Study, Kosmont Retail Now!®, Market Analyses, Project Feasibility Analyses, Public-Private Financing Structures

Kosmont was retained by the City of Redlands to provide various real estate advisory services in connection with multiple projects. Services include discussion and negotiations with property owners and retailers, project feasibility, due diligence and economic analysis, market analysis, proforma analysis, public/private transaction negotiations and structuring, fiscal impact studies and identification of viable financing and funding sources for projects.

Air Cargo Development and Commercial/Industrial Development

Client: LAWA (Palmdale Airport)
Date: 2001
Services: Entitlements / Due Diligence / Land Use, Market Analyses

Kosmont conducted market and development potentials analysis for the Palmdale airport. The assignment scope included market analysis, site plans, and development strategies. Additionally, Kosmont also conducted due diligence and evaluation of the existing regulatory, land use, and development conditions governing development at the Palmdale Airport.

Asset Management Strategy

Client: LAWA (Palmdale Airport)
Date: 1998
Services: Asset Management Advisory

Kosmont reviewed LAWA financial records to determine the actual net revenue benefit from the existing leases after deducting for water, maintenance and other LAWA obligations The Los Angeles World Airports (LAWA) at the time of the assignment owned approximately 18,000 acres of land in an unincorporated area of Los Angeles County, near the City of Palmdale for a future international airport.

The properties were leased to several agricultural and ranching operators under short-term leases generally ranging from one year to five years. LAWA lacked information as to the market feasibility of these leases and retained Kosmont to prepare a strategic business plan to increase the overall return and consider alternative uses.

Entitlement Approvals – Burbank Airport Property

Client: Lockheed Corporation
Date: 1998

Kosmont & Associates, Inc. (Kosmont) assisted the Lockheed Corporation in obtaining vested entitlement approvals with the City of Burbank and the Burbank Redevelopment Agency at a level to provide the maximum asset value. The property involved is adjacent to the Burbank Airport; Kosmont was involved in strategizing the most beneficial reuse and public financing structure to benefit the property's close proximity to this major transportation center and provide the highest level of connection to future regional transportation improvements. Transportation linkages planned as part of the development include two commuter rail stations feeding into the proposed Moorpark and Santa Clarita Valley commuter lines, as well as optimization of connections between the development and the new Burbank Airport terminal currently in planning. Kosmont was also involved in assisting with the negotiation of property disposition agreements with joint venture or independent development entities.

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Letter from the CEO

WELCOME to BondUnderwriter.com!

Thank you for visiting our meeting place for fixed-income bond Investors and municipal bond Issuers.

Municipal Bonds are debt obligations issued by states, cities, counties and other public entities to finance public projects such as construction of our schools, infrastructure, hospitals, roads, housing, parks, universities, water and wastewater improvements and public facilities. These investments are critical to the financing of our local projects for states, cities, counties, schools, agencies and special districts.

Most municipal bond issues are tax-exempt (often on both your State and Federal tax returns). However, there are increasingly more taxable municipal bonds issued. You should consult your accountant for more specific information on your specific investment criteria preferences.

As Founder and CEO of BondUnderwriter, I would like to provide sophisticated fixed-income investors with the access to these Bonds to invest locally and to invest in our nation's infrastructure all while buying Bonds at the same low price as the largest institutional investors. This requires accessing upcoming bond sales well in advance of the pricing date so that research can be done and suitable investment decisions can be made.

For today's bona fide bond buyer, I hope to provide you with the tools and information you will need to access these proposed new issue municipal bond underwritings and to more effectively achieve your investment goals.

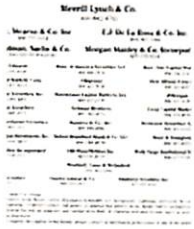
Please contact me direct if you have any questions or comments. Any and all feedback is appreciated. I would truly enjoy hearing from you. And thank you for your interest in our new Site.

Best Regards,

Mimi Henderson

Founder & CEO
BondUnderwriter, Inc.
mimi@bondunderwriter.com

Featured Municipal Issuers



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Executive Management Team

Larry T. Uyeda – *President and Chief Executive Officer*

As CEO, Mr. Larry T. Uyeda directs a full scope of development, finance and acquisition services backed by more than 30 years of real estate development experience.

Beginning his career in the financial industry, working with financial institutions and investors, and expanding his opportunities to office and retail centers, high-rise office buildings, mixed-use developments and hotels, Uyeda gained a reputation for developing properties that worked within each of the communities they served.

Over the past three decades, Uyeda successfully completed more than 2 billion dollars in major developments, with his premiere property being, The Greater Los Angeles World Trade Center in downtown Long Beach, a public/private partnership. Completing a number of build-to-suit developments and specializing in assisting and establishing global business partnerships in the Pacific Rim, Uyeda works with federal, state, local and international governments on design development and construction projects, while also attracting and organizing trade, real estate, financing and development opportunities.

Mr. Uyeda expanded JCA's scope in the international trade arena with the formation of the JCA de Mexico offices in Mexcio City and Guadalajara and creating a trade division for JCA which handles trade and product marketing between Japan, China and the Americas.

Mr. Uyeda serves on the board of the World Trade Center Association/Los Angeles Economic Development Corporation, organizations serving the southland's five county region and its business communities. Uyeda also serves on numerous community and non-profit boards throughout the Greater Long Beach and Los Angeles areas.

WEDBUSH

Our Firm

Wedbush Securities is the largest holding of parent company WEDBUSH, Inc. The combined strength and resources of WEDBUSH, Inc.'s subsidiaries provides full line of banking and investment services for any individual, institution or issuing client.

Wedbush Securities

About Wedbush Securities

Founded in 1955, with financial roots dating back to 1925, Wedbush Securities is one of the largest securities firms and investment banks in the nation. We provide innovative financial solutions through our Private Client Services, Capital Markets, and Clearing & Execution divisions.

Headquartered in Los Angeles, California with over 100 offices and more than 125 correspondent offices, our commitment to providing relentless, customized service is the foundation of our consistent growth. We deliver superior investment ideas and products through exceptional customer care, financial security, continuity and advanced technology.

The colleagues of Wedbush are the resources through whom we provide the finest services available in the industry. Our formula for success continues to be our commitment to an entrepreneurial culture, core values, strong operational controls, disciplined financial management and consistent profitability to protect your long-term interests.

Wedbush Bank

About Wedbush Bank

Wedbush Bank prides itself on being a "high touch" and "high tech" community-focused bank offering customized financing and payment solutions with unmatched personalized service to businesses, entrepreneurs and professionals through its headquarters location and sophisticated technology; backed by the bank's strength and the WEDBUSH network of over 90 offices in 11 states.

Visit Site »

Wedbush Capital Partners

About Wedbush Capital Partners

Wedbush Capital Partners is a $120 million private equity fund that focuses on recapitalizations, growth investments and management-led buyouts of lower middle-market companies. We acquire and build growing companies headquartered in the Western U.S. that have revenues ranging from $10 to $50 million and operating cash flow of $1 to $5 million at the time of the investment. Our preferred investment is $2 to $10 million of equity. Since 1980, we have invested in more than 75 companies in industries including consumer products and services, business and financial services and niche manufacturing.

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Wedbush Opportunity Partners

About Wedbush Opportunity Partners

Wedbush Opportunity Partners, an alternative investment fund, invests in publicly traded small and micro-capitalization companies through its unique affiliation with WEDBUSH.

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Lime Brokerage

About Lime Brokerage

Lime Brokerage is a wholly-owned subsidiary of WEDBUSH, Inc., that engineers the world's most advanced trading technologies to help professional traders and institutions discover and leverage superior liquidity, maximizing profits by trading significantly faster, with greater reliability and scalability, across the most automated and high-volume electronic trading environments. At Lime, we do more than just create or apply technology; we lead the industry by engineering smarter solutions to real performance challenges. We meld our technical acumen with trusted Wall Street trading experience.

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WEDBUSH

Public Finance Transactions

Sale Date	Deal Size ($ mils)	Transaction	Description	Role
01/27/10	50.11	Santa Clara County	Refunding Lease Revenue Bonds, 2010 Series N	Senior Manager
02/11/10	26.90	Glendale Redevelopment Agency	Central Glendale Redevelopment Project, 2010 TABs	Sole Manager
02/26/10	6.88	Ocean View School District	2010 Refunding Certificates of Participation	Sole Manager
03/16/10	13.50	Special Districts Association of Oregon	FlexLease 2010A	Sole Manager
03/25/10	3400.00	State of California	Various Purpose General Obligation (Taxable)	Co-Manager
03/30/10	13.41	City of Independence	Full Faith & Credit Obligations	Sole Manager
03/30/10	269.95	State Public Works Board of the State of California	2010 Series A Various Capital Projs, Subseries A-1 & A-2	Co-Senior
03/31/10	85.50	The Regents of the University of California	General Revenue Bonds, 2010 Series S & T (Taxable)	Co-Manager
04/21/10	10.54	City of Folsom	Special Tax Refunding Bonds, Series 2010 CFD No. 2	Co-Manager
04/21/10	24.50	Norco Redevelopment Agency	2010 Refunding Tax Allocation Bonds	Sole Manager
04/22/10	5.56	Lancaster Redevelopment Agency	(Lancaster Public Capital Improvement Projects) Issue of 2010	Sole Manager
05/05/10	18.60	Idaho Bond Bank Authority	Twin Falls Water Project	Sole Manager
05/05/10	20.51	City of Pacifica	2010 Taxable Pension Obligation Bonds	Senior Manager
05/19/10	66.48	Riverside County RDA	2010 Tax Allocation Housing Bonds, Series A / A-T (Taxable)	Senior Manager
05/19/10	138.59	Walnut Energy Center Authority	Revenue Refunding Bonds, 2010 Series AB	Co-Manager
05/19/10	154.60	Turlock Irrigation District	Revenue Refunding Bonds, 2010 Series A	Co-Manager
05/26/10	37.03	South Coast Water District Financing Authority	Refunding Revenue Bonds, Series A and B	Senior Manager
06/09/10	343.00	County of Riverside	2010-11 TRANS	Co-Manager
06/17/10	127.63	Contra Costa Water District	Water Revenue Notes, Series A	Co-Manager
06/22/10	23.18	Folsom Public Financing Authority	Special Tax Revenue Bonds, Series 2010A & Series 2010B (Subordinated)	Co-Manager
06/29/10	32.42	Redevelopment Agency For the County of Riverside	2010 Tax Allocation Bonds, Series D	Co-Manager
06/29/10	56.30	City of Fresno	2010-11 TRANS	Senior Manager
06/30/10	24.10	Port of Newport	NOAA Project	Sole Manager
07/08/10	12.75	City of Monrovia	Taxable Pension Obligation Bonds, Series 2010	Sole Manager
07/13/10	7.69	City of Irwindale Community Facilities District No. 1	2010 Special Tax Refunding Bonds	Sole Manager
07/28/10	19.53	Encinitas Public Financing Authority	2010 Lease Revenue Refunding Bonds, Series A	Co-Manager
07/29/10	190.78	Turlock Irrigation District	First Priority Subordinated Revenue Notes, Series 2010	Co-Manager
08/04/10	8.99	Lynwood Public Financing Authority	Lease Revenue Bonds, 2010 Series A	Sole Manager

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BORDER COAST REGIONAL AIRPORT AUTHORITY

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Crescent City, CA 95531

Telephone: (707) 464-7288
Fax: (707) 464-1023
www.flycrescentcity.com

March 22, 2016

Mr. Gary Milliman
City Manager
City of Brookings
898 Elk Drive
Brookings, OR 97415

Dear Gary:

Thank you for your email dated March 16, 2016 and the affixed copy of the November 22, 2013 Funding Memo to the BCRAA Board authored by you which incorporates a comprehensive list of suggestions. I wish to respond specifically to those suggestions and explain the actions taken, or not taken. My response is a composite of what I understand to have occurred before my tenure as director synthesized with what has transpired subsequent to my arrival.

1. The land at the Del Norte County Airport is owned by the County of Del Norte, not BCRAA. This land is dedicated airport land and noted as such in the FAA-required Airport Layout Plan. Land dedicated as airport land is required to be utilized for aviation related purposes in a manner consistent with our FAA Airport Layout Plan and sponsor grant assurances. We're very constrained when it comes to land leases or mineral/timber extraction; additionally, anything of this nature would have to go through the California Coastal Commission.

2. We have and continue to query BCRAA membership to see if any of our member entities have long-term reserve or discretionary funds available that could be "loaned" to BCRAA under favorable terms. It is this action that resulted in the low-interest "draw-down" loan with the County of Del Norte for $1.8 Million, the majority of which will be used for the terminal project.

3. The existing leaseholds are minor in nature, other than CEC's Fixed Base Operator, Cal-Ore. The revenues from the existing leaseholds, including Cal-Ore, provide revenue essential to the maintenance and management of the airport. To siphon from this funding would leave us with a deficit for recurring maintenance required at a commercial airport, none of which is considered eligible for FAA funding. We will secure future leases for space in the new terminal and have ascertained the increased lease revenues will be needed to cover the increase in expenses derived from operation of the new terminal facility.

4. Currently, there are no prospective new leases for hangars or other projects at the airport. Any new facilities would have to be airport related and would fall under the jurisdiction of the California Coastal Commission for permitting, which adds considerable expense and time to any form of construction. At any given time, we typically have one or two small hangars available for lease.

5. Airport property is required to be aviation-related. Sponsor assurances to this effect are required by the FAA regarding the use of airport property if CEC is to continue to be eligible for FAA Airport Improvement Program grants.

6. The existing terminal has space for a car rental agency and we anticipate our current car rental concessionaire will occupy space allocated in the new terminal. Our other car rental business is a Hertz franchise in our Fixed Base Operation (FBO) adjacent to the current terminal. It is our understanding they will remain in this location after the new terminal is constructed.

   CEC's new terminal will have a location for vending machines and perhaps a food service cart; however, with the opening of the new terminal at least 2 years away, we haven't formally established specific arrangements. Regulations for such vendors fall under the Federal Airport Concessionaires DBE program which has very strict guidelines. We have recently submitted the required filing for the ACDBE program and will be further educating ourselves on leasing requirements in the coming year.

7. As mentioned above, all airport property is under the jurisdiction of the California Coastal Commission and subject to the requisite permitting conditions. To illustrate further, it takes years of environmental study to even address obstructions that are noncompliant with FAR Part 77 protected airspace both on airport property and peripheral to it. The airport has numerous wetland and Environmentally Sensitive Habitat Areas (ESHAs) which preclude material disposal.

8. Property acquired by BCRAA for mitigation use is required, under our Coastal Commission Permit Special Conditions, to be transferred to a reliable government agency which must maintain the property in perpetuity. The Pacific Shores properties will be transferred to a state agency. The Bay Meadows property will be transferred to Del Norte County and BCRAA has pledged up to $15,000 annually to assist the county toward maintenance of said property.

9. Any naming rights for the new terminal would have to be consistent with the consensus of the County of Del Norte, which owns the land the terminal will occupy. The primary access road (Dale Rupert) is also county-owned; additionally, this road is listed under the Elk Valley Rancheria listing of roads.

With regard to the services provided by Vanir, Inc. aimed at providing alternative sources of funding: The BCRAA board entered into a contract with the financial consultant proffered by Vanir when additional funding for both the Runway Safety Area and Terminal Projects was needed. After meeting with all member agencies and their staff, the consultant concluded that our best options were a low-interest loan with a member agency to be converted to a long-term loan upon the completion of both projects. This led to the loan with the County of Del Norte and precipitated our intention to enter into a long-term loan through the USDA or I-Bank.

Vanir has also provided assistance with value engineering to reduce project costs, provided detailed cost estimates and ancillary information used in grant applications, and supplied copies of successful USDA loan packages for our use. Vanir is committed to prepare or review the submittal of a loan package to the USDA for this project. Additionally, we are and have been researching other governmental financing options.

Staff has done their utmost to ensure the BCRAA is informed with respect to long-term financing requirements and options thereof. The board reviews the BCRAA budget bi-annually and is fully aware that BCRAA resources are very limited. Any resources that BCRAA could contribute toward loan repayment in future years would be the result of staff reductions and/or deferred maintenance. As we move forward, we will continue to evaluate the feasibility of this option. However, we have a very limited staff and reductions would drastically reduce our operational capabilities.

BCRAA staff is appreciative of any suggestions which would assist in locating and securing further funding. What does seem to be clear at this point is that, whatever the interim funding source may be, a long-term repayment plan will require member assistance.

Please let me know if you should like further information.

Warm Regards,

Matthew Leitner
Airports Director

cc: BCRAA Board
Jeannine Galatioto
Susan Daugherty

CITY OF BROOKINGS

COUNCIL AGENDA REPORT

Meeting Date: May 9, 2016

Originating Dept: City Manager

Signature (submitted by)

City Manager Approval

Subject: Mill Beach Access Operating Hours

Recommended Motion:
Discussion and direction to staff.

Background/Discussion:
This item was placed on the agenda at the request of Councilor Pieper.

Brookings Municipal Code Section 12.25.010 (adopted as Ordinance 94-O-595 in 1994) provides as follows:

Except as provided in BMC 12.25.020, (i.e. by permit) all city-owned public parks and city-owned public recreational areas located within the city of Brookings shall be open for use by the public from one-half hour prior to sunrise to one-half hour past sunset.

The City staff has posted the Mill Beach access area, which consists of a parking lot, restroom and picnic area as Day Use Only in accordance with BMC 12.25.010. Councilor Pieper has expressed concern that enforcing the park regulation at this location would impair people from camping overnight on Mill Beach, or from using the beach after dusk for family gatherings, which the City Council has previously declined to limit. The City staff believes the City needs to have some authority to restrict the use of the parking lot, restroom, picnic area and other parts of the property owned by the City from overnight transient use. Encouraging nighttime use of the access road is not recommended by staff as it is a narrow, winding road.

If the City Council wishes to apply a different standard to this property due to its unique proximity to the beach, staff recommends that wording be crafted in the "Exceptions" section of Chapter 12.25. Such wording would be crafted based upon City Council policy direction. Other beach parking access restrictions in the area:

- Harris Beach State Park beach access parking, closed 8:00 p.m. to 8:00 a.m.
- HBSP upper parking, closed 6:00 p.m. to 6:00 a.m.
- Boardman State Park/Lone Ranch Beach parking, closed 10:00 p.m. to 6:00 a.m.
- Sporthaven Beach parking lot, closed 10:00 p.m. to 7:00 a.m.

Attachment(s):

a. Photographs of existing regulatory signs at Mill Beach parking lot.
b. 12-month activity statistics from the Police Department for Mill Beach access.

MILL BEACH
PARKING
DAY
PARKING
ONLY
DAY USE ONLY
1/2 HR PRIOR TO SUNRISE
1/2 HR AFTER SUNSET
ORD. #94-0-505

DAY USE ONLY
1/2 HR PRIOR TO SUNRISE
1/2 HR AFTER SUNSET
ORD. #94-0-505

Gary Milliman

From: Chris Wallace
Sent: Thursday, April 28, 2016 11:00 AM
To: Gary Milliman
Subject: Requested Information

For the date range 04/28/15 - 04/28/16, In the Mill Beach Parking lot/restroom/picnic area:

51 Area Check
11 Field Interview
1 Criminal Mischief
3 Noise Complaints
3 Violation of City Ordinance
2 Assist Public Works
1 Juvenile Problem
4 Parking Violation
2 Abandoned Vehicles
2 Suspicious Conditions
1 Animal Complaint
1 Unlawful Entry to a Motor Vehicle.

Total 87 Activities

City of Brookings

CITY COUNCIL MEETING MINUTES

City Hall Council Chambers, 898 Elk Drive, Brookings, OR 97415

Monday, April 25, 2016

The City Council met in Executive Session at 6:00 PM, in the City Manager's office, under the authority of ORS 192.660(2)(h), "to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed," under ORS 192.660 (2)(e), "to conduct deliberations with persons designated by the governing body to negotiate real property transactions," and under ORS 192.660(2)(f), "to consider information or records that are exempt by law."

Call to Order

Mayor Hedenskog called the meeting to order at 7:02 PM.

Roll Call

Council present: Mayor Ron Hedenskog, Councilors Jake Pieper, Brent Hodges, Bill Hamilton, and Dennis Triglia; a quorum present. Ex Officio Nastassia Carrasco was absent.

Staff present: City Manager Gary Milliman, Parks Director Tony Baron, City Attorney Martha Rice, City Recorder Teri Davis and City Recorder Joyce Heffington.

Others Present: CTR Site Manager Luke Pike, Curry Coastal Pilot Reporter Jane Stebbins and three others.

Ceremonies and Appointments

Appoint Jane Opiat to Public Arts Committee.

Mayor Hedenskog moved, a second followed and Council voted unanimously to appoint Jane Opiat to PAC.

Recognize Joyce Heffington on the occasion of her retirement.

Mayor Hedenskog recognized Joyce for 11 years of service and said how greatly her eagerness and care was appreciated.

City Manager Milliman also thanked Joyce for her great service to community, great skill and great dedication.

Resolutions

Resolution 16-R-1073, placing a measure proposing a three percent tax on the sale of marijuana items by a marijuana retailer on the November, 2016 General Election ballot.

City Manager Milliman provided the staff report. Council has already adopted Ordinance 16-O-753 imposing the tax. It will now go to the City Attorney for crafting of the title.

Councilor Triglia asked if the County's legislation only applied to unincorporated areas. This was affirmed.

Councilor Pieper asked if that was mandated.

City Attorney Rice indicated that state law imposed a maximum 20% tax with the state receiving the first 17%, leaving 3% to the counties or cities.

Councilor Pieper moved, a second followed and Council voted unanimously approve Resolution 16-R-1073.

Oral Requests and Communications from the audience

Public Comments on non-agenda items

Connie Hunter, Brookings, presented information regarding the first "Stand Alone/Stand Down" program in Curry County. The program provides services such as haircuts to homeless veterans. Date and time is to be determined.

Staff Reports

Authorization to remove the decorative litter containers along a portion of Chetco Avenue and replace with Curry Transfer and Recycling containers.

Parks Director Tony Baron provided the staff report. The new containers will be serviced by CTR free of charge to the city. The current containers have a poor design for our climate.

Councilor Pieper asked if the current receptacles had been subject to vandalism and Baron said that only stickers being adhered to them has been an issue.

Councilor Hamilton said that he could see the benefits of less maintenance and the better weatherized construction of the new containers.

Mayor Hedenskog said he thought it was a good deal.

Councilor Pieper said that the only downside that he saw was the look of the container, but there was no getting around the economic factor.

Council Hodges asked how CTR would collect the trash from the cans.

Mr. Pike explained the process.

Councilor Pieper agreed that the existing containers were not good quality.

Mayor Hedenskog asked if a city logo could be added to the can.

Mr. Pike suggested a hot stamp sticker might work.

Councilor Pieper advised to give the logo some careful thought before committing to anything.

Councilor Triglia moved, a second followed and Council voted unanimously to replace the decorative litter receptacles with CTR-provided containers.

Authorization to discontinue membership in the Oregon Coastal Zone

City Manager Milliman provided the staff report.

Mayor Hedenskog said he saw no reason to continue

Councilor Hamilton said he would rather put the $500 into infrastructure instead of something like this that has no benefit.

Councilor Pieper moved, a second followed and Council voted unanimously to discontinue membership in the Oregon Coastal Zone Management Association.

Consent Calendar

1. Approve Council minutes for April 11, 2016. [Pg. 20]
2. Accept Planning Commission minutes for March 1, 2016. [Pg. 25]
3. Accept Public Arts Committee minutes for March 8, 2016. [Pg. 27]
4. Receive monthly financial report for March 2016. [Pg. 28]

Mayor Hedenskog moved, a second followed and Council voted unanimously to approve the consent calendar.

Remarks from Mayor and Councilors

Mayor Hedenskog advised that Archie McVay had passed away. He expressed condolences.

Councilor Hamilton commented on all the assistance, guidance and support he has received from Joyce Heffington. He thanked her for her service and friendship.

Councilor Triglia advised that the Master Gardener's Association would have its next Azalea work party on May 4, 2016 from 8 a.m. until 12 p.m.

Councilor Triglia also reminded the Council that he would not be present at the next Council meeting.

Adjournment

Mayor Hedenskog moved, a second followed and Council voted unanimously by voice vote to adjourn at 7:36 PM.

Respectfully submitted:

ATTESTED:
this_____day of_____2016:

_____
Ron Hedenskog, Mayor

_____
Teri Davis, City Recorder

Report Criteria:
Report type: Summary

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
04/16	04/07/2016	77007	882	Advanced Security Systems	20-00-2005	147.00
04/16	04/07/2016	77008	5602	Ajimine, Conny	10-00-2005	103.00
04/16	04/07/2016	77009	5604	Always in Bloom Florist & Gifts	10-00-2005	62.00
04/16	04/07/2016	77010	5552	Chrissy Bevens	20-00-2005	172.40
04/16	04/07/2016	77011	335	Branom Instrument Co	25-00-2005	167.32
04/16	04/07/2016	77012	5048	Brookings Harbor Medical Center	25-00-2005	200.00
04/16	04/07/2016	77013	416	Brookings Lock & Safe Inc	10-00-2005	296.00
04/16	04/07/2016	77014	313	Brookings Vol Firefighters	10-00-2005	2,250.00
04/16	04/07/2016	77015	715	Budge McHugh Supply	25-00-2005	11,373.41
04/16	04/07/2016	77016	4193	C & K Market, Inc	10-00-2005	31.33
04/16	04/07/2016	77017	528	Caselle, Inc	25-00-2005	889.33
04/16	04/07/2016	77018	3015	Charter Communications	30-00-2005	495.00
04/16	04/07/2016	77019	3834	Clean Sweep Janitorial Service	25-00-2005	1,175.00
04/16	04/07/2016	77020	1740	Code Publishing Company Inc	10-00-2005	350.00
04/16	04/07/2016	77021	183	Colvin Oil Company	10-00-2005	1,971.13
04/16	04/07/2016	77022	259	Da-Tone Rock Products	56-00-2005	7,050.46
04/16	04/07/2016	77023	317	DCBS - Fiscal Services	10-00-2005	266.47
04/16	04/07/2016	77024	185	Del Cur Supply	10-00-2005	1,046.45
04/16	04/07/2016	77025	1	John Archuleta	20-00-2005	283.93
04/16	04/07/2016	77026	1	David Coito	20-00-2005	187.97
04/16	04/07/2016	77027	1	Emily Dollar	20-00-2005	201.18
04/16	04/07/2016	77028	1	Jacquie Farr	20-00-2005	79.99
04/16	04/07/2016	77029	1	Doris Hills	20-00-2005	93.76
04/16	04/07/2016	77030	1	Silvia Pelayo	20-00-2005	90.70
04/16	04/07/2016	77031	1	Jason Pryor	20-00-2005	190.10
04/16	04/07/2016	77032	1	Mitchell Walthers	20-00-2005	193.03
04/16	04/07/2016	77033	3342	Fastenal	20-00-2005	277.61
04/16	04/07/2016	77034	153	Ferrellgas	25-00-2005	393.93
04/16	04/07/2016	77035	5432	First Community Credit Union	25-00-2005	812.99
04/16	04/07/2016	77036	4646	Frontier	25-00-2005	1,365.12
04/16	04/07/2016	77037	5065	Gold Beach Lumber	20-00-2005	3,598.36
04/16	04/07/2016	77038	154	Hagen's Dry Cleaners	10-00-2005	30.00
04/16	04/07/2016	77039	199	Richard Harper	10-00-2005	400.00
04/16	04/07/2016	77040	162	Kerr Hardware	10-00-2005	990.13
04/16	04/07/2016	77041	328	Les Schwab Tire Center	10-00-2005	858.23
04/16	04/07/2016	77042	4269	Milliman, Gary	10-00-2005	67.50
04/16	04/07/2016	77043	424	Munnell & Sherrill	25-00-2005	30.06
04/16	04/07/2016	77044	4443	Napa Auto Parts	10-00-2005	35.46
04/16	04/07/2016	77045	4487	Net Assets Corporation	10-00-2005	210.00
04/16	04/07/2016	77046	329	New Hope Plumbing	10-00-2005	1,022.50
04/16	04/07/2016	77047	3603	Norwest Safety	25-00-2005	552.50
04/16	04/07/2016	77048	279	One Call Concepts, Inc	20-00-2005	36.96
04/16	04/07/2016	77049	5008	Online Information Services	10-00-2005	111.71
04/16	04/07/2016	77050	5603	Oregon Assoc of Municipal Recorders	10-00-2005	50.00
04/16	04/07/2016	77051	5294	Oregon Department of State Lands	15-00-2005	729.00
04/16	04/07/2016	77052	252	Paramount Pest Control	10-00-2005	50.00
04/16	04/07/2016	77053	5101	Pitney Bowes Reserve Acct	10-00-2005	500.00
04/16	04/07/2016	77054	322	Postmaster	25-00-2005	850.00
04/16	04/07/2016	77055	3751	Proficient Automotive Repair	10-00-2005	1,593.85
04/16	04/07/2016	77056	387	Radio Shack	49-00-2005	42.99
04/16	04/07/2016	77057	1840	Rogue Federal Credit Union	25-00-2005	1,140.72
04/16	04/07/2016	77058	5448	Stover Engineering	50-00-2005	5,116.25
04/16	04/07/2016	77059	797	Town & Country Animal Clinic	61-00-2005	246.50

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
04/16	04/07/2016	77060	861	Village Express Mail Center	20-00-2005	30.78
04/16	04/07/2016	77061	169	Waste Connections Inc	10-00-2005	2,100.94
04/16	04/07/2016	77062	4220	Woof's Dog Bakery	61-00-2005	48.99
04/16	04/14/2016	77063	882	Advanced Security Systems	10-00-2005	48.00
04/16	04/14/2016	77064	4734	Aramark Uniform Services	10-00-2005	115.48
04/16	04/14/2016	77065	4939	BI- Mart Corporation	25-00-2005	321.14
04/16	04/14/2016	77066	4363	Black & Rice LLP	10-00-2005	2,345.80
04/16	04/14/2016	77067	416	Brookings Lock & Safe Inc	25-00-2005	30.00
04/16	04/14/2016	77068	5070	Canon Solutions America	10-00-2005	605.64
04/16	04/14/2016	77069	3015	Charter Communications	10-00-2005	89.98
04/16	04/14/2016	77070	5500	Chetco Brewing Company	10-00-2005	469.00
04/16	04/14/2016	77071	3844	Donna Colby-Hanks	10-00-2005	39.84
04/16	04/14/2016	77072	182	Coos-Curry Electric	10-00-2005	3,904.24
04/16	04/14/2016	77073	173	Curry Equipment	15-00-2005	318.84
04/16	04/14/2016	77074	1	Dr Joseph J Hodges PC	20-00-2005	13.58
04/16	04/14/2016	77075	2640	Dyer Partnership Inc., The	20-00-2005	22,030.00
04/16	04/14/2016	77076	2186	Ferguson	25-00-2005	629.29
04/16	04/14/2016	77077	4989	Gaylord Klinefelter Contracting Inc	50-00-2005	13,219.50
04/16	04/14/2016	77078	2153	Gov Finance Officers Assn	10-00-2005	160.00
04/16	04/14/2016	77079	198	Grants Pass Water Lab	20-00-2005	456.00
04/16	04/14/2016	77080	4526	Janell K. Howard	10-00-2005	290.32
04/16	04/14/2016	77081	4493	Kyle Kennedy	61-00-2005	128.00
04/16	04/14/2016	77082	5605	Life-Assist Inc	10-00-2005	105.30
04/16	04/14/2016	77083	5364	North Central Laboratories	25-00-2005	314.09
04/16	04/14/2016	77084	5606	Quality Fence Company	50-00-2005	31,235.00
04/16	04/14/2016	77085	207	Quill Corporation	10-00-2005	981.82
04/16	04/14/2016	77086	5002	Seven Feathers Casino Resort	61-00-2005	178.00
04/16	04/14/2016	77087	3752	Trace Analytics, LLC	10-00-2005	394.00
04/16	04/14/2016	77088	5418	Umpqua Research Company	10-00-2005	144.00
04/16	04/14/2016	77089	169	Waste Connections Inc	25-00-2005	3,528.44
04/16	04/14/2016	77090	151	Western Communications, Inc.	10-00-2005	507.92
04/16	04/14/2016	77091	5011	Xylem Water Solutions USA, INC	25-00-2005	3,549.54
04/16	04/19/2016	77092	566	Curry County Assessor	10-00-2005	16,656.79
04/16	04/21/2016	77093	2578	Action Trophies	10-00-2005	7.50
04/16	04/21/2016	77094	4802	ASCAP	10-00-2005	336.38
04/16	04/21/2016	77095	5607	Bendis Companies Inc	10-00-2005	2,250.00
04/16	04/21/2016	77096	416	Brookings Lock & Safe Inc	10-00-2005	151.00
04/16	04/21/2016	77097	4594	C & M Equipment, Inc.	10-00-2005	48.00
04/16	04/21/2016	77098	3015	Charter Communications	10-00-2005	7.39
04/16	04/21/2016	77099	1740	Code Publishing Company Inc	10-00-2005	390.15
04/16	04/21/2016	77100	183	Colvin Oil Company	25-00-2005	2,404.75
04/16	04/21/2016	77101	1620	Curry County	50-00-2005	712.32
04/16	04/21/2016	77102	1	William Anderson	20-00-2005	15.50
04/16	04/21/2016	77103	1	Brenda Red	20-00-2005	19.64
04/16	04/21/2016	77104	5156	Desi's Tree Trimming	15-00-2005	1,700.00
04/16	04/21/2016	77105	2640	Dyer Partnership Inc., The	53-00-2005	13,182.76
04/16	04/21/2016	77106	3342	Fastenal	15-00-2005	320.99
04/16	04/21/2016	77107	2186	Ferguson	25-00-2005	370.28
04/16	04/21/2016	77108	4989	Gaylord Klinefelter Contracting Inc	50-00-2005	980.00
04/16	04/21/2016	77109	5596	Rob Johnson	10-00-2005	104.00
04/16	04/21/2016	77110	3159	NorthCoast Health Screening	10-00-2005	320.00
04/16	04/21/2016	77111	5608	Perrine Industrial Electricians Inc	20-00-2005	3,683.00
04/16	04/21/2016	77112	378	Quality Control Services	25-00-2005	320.00
04/16	04/21/2016	77113	207	Quill Corporation	10-00-2005	177.22
04/16	04/21/2016	77114	3	Tim Reyes	20-00-2005	39.89
04/16	04/21/2016	77115	4815	Rexel, Inc	25-00-2005	48.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
04/16	04/21/2016	77116	3499	Simplot Grower Solutions	15-00-2005	352.50
04/16	04/21/2016	77117	5609	Sparling Instruments LLC	52-00-2005	4,490.65
04/16	04/21/2016	77118	5448	Stover Engineering	50-00-2005	6,578.25
04/16	04/21/2016	77119	4135	Jim Watson	10-00-2005	290.00
04/16	04/28/2016	77120	993	ATCO International	10-00-2005	240.00
04/16	04/28/2016	77121	4788	Bureau of Labor & Industries	53-00-2005	250.00
04/16	04/28/2016	77122	5070	Canon Solutions America	10-00-2005	2,662.00
04/16	04/28/2016	77123	149	Carpenter Tire Factory	10-00-2005	75.00
04/16	04/28/2016	77124	822	Coast Auto Center	10-00-2005	2,860.82
04/16	04/28/2016	77125	4882	Coastal Heating & Air	10-00-2005	211.30
04/16	04/28/2016	77126	182	Coos-Curry Electric	10-00-2005	27,582.45
04/16	04/28/2016	77127	5577	Davis, Teresa	10-00-2005	14.00
04/16	04/28/2016	77128	284	Day Management Corp	10-00-2005	994.40
04/16	04/28/2016	77129	1	Sylvie Neitzel	20-00-2005	235.61
04/16	04/28/2016	77130	1	Pauline Thompson-Weaver	20-00-2005	125.87
04/16	04/28/2016	77131	2640	Dyer Partnership Inc., The	15-00-2005	810.00
04/16	04/28/2016	77132	5073	Edwards Roofing	10-00-2005	95.00
04/16	04/28/2016	77133	298	Freeman Rock, Inc	50-00-2005	5,099.75
04/16	04/28/2016	77134	4646	Frontier	10-00-2005	126.47
04/16	04/28/2016	77135	1346	Gail's Graphics	61-00-2005	1,048.00
04/16	04/28/2016	77136	167	Hach Company	20-00-2005	299.04
04/16	04/28/2016	77137	4171	In-Motion Graphics	61-00-2005	185.63
04/16	04/28/2016	77138	4954	John Deere Financial	15-00-2005	1,429.58
04/16	04/28/2016	77139	5611	Keller, Kristy	10-00-2005	205.00
04/16	04/28/2016	77140	123	Motorola	10-00-2005	3,712.78
04/16	04/28/2016	77141	329	New Hope Plumbing	50-00-2005	9,000.00
04/16	04/28/2016	77142	3561	Oil Can Henry's	10-00-2005	44.49
04/16	04/28/2016	77143	5610	Community Newspapers/Portland Tribun	53-00-2005	107.38
04/16	04/28/2016	77144	207	Quill Corporation	10-00-2005	949.44
04/16	04/28/2016	77145	3	Richard Brown	20-00-2005	92.00
04/16	04/28/2016	77146	3	Terri Poponi	20-00-2005	200.00
04/16	04/28/2016	77147	3	Rogue Credit Union	20-00-2005	17.62
04/16	04/28/2016	77148	3	Suzanne Williams	20-00-2005	16.37
04/16	04/28/2016	77149	5025	Rivers End Construction, INC	10-00-2005	315.00
04/16	04/28/2016	77150	3309	Roberts & Associates	15-00-2005	3,840.00
04/16	04/28/2016	77151	5298	Sea Clear Window Cleaning	10-00-2005	800.00
04/16	04/28/2016	77152	2738	Taser International	10-00-2005	182.82
04/16	04/28/2016	77153	990	UPS	20-00-2005	106.21
04/16	04/28/2016	77154	861	Village Express Mail Center	10-00-2005	57.21
04/16	04/28/2016	77155	4131	Zumar Industries Inc	15-00-2005	474.23
Grand Totals:						259,235.23

TOURISM PROMOTION ADVISORY COMMITTEE (TPAC) MINUTES
Thursday – March 17, 2016

CALL TO ORDER
Meeting called to order at 4:00 PM

1. ROLL CALL
Present: Committee members Chuck Costello, Candice Michel, Bob Pieper, Skip Watwood and Committee Chair Tim Patterson
Also present: City Manager Gary Milliman, City Recorder Joyce Heffington appeared to answer commission question

2. APPROVAL OF MINUTES – Motion made to approve the minutes of February 18, 2016; motion seconded and Committee voted; the motion carried unanimously.

3. PUBLIC COMMENT
Mike Frederick of Chetco Running Club advised they have the course laid out, they have vendors and bands scheduled and are anticipating a good turnout. In case of rain they have rented tents. He also advised Kite Festival organizers are being sponsored by the Casino and many participants will be staying at the Casino, not in local motels and wanted TPAC aware of that if they request funds.

Mike expressed interest in applying for a position on the TPAC commission and the number of people allowed to live in/out of the city limits and be on the committee. Joyce Heffington advised that the commission consists of seven members; all seven must reside in Curry County, at least four of which must be City residents, three can be non-city residents but must have an economic interest, such as property ownership, business ownership or employment within the City. In order to change membership requirements City Council would have to change the ordinance. Currently have two committee members who reside in the City and three who live outside the City and two openings.

Chrissy Perry, Event Planner for the Port reported that the Crab Fest, if continued, will be trying to cut down the costs of food, supplies, tents, tables and chairs in order to break even. Large portion of the cost is toward the renting of a tent. Commission requested discussion of an Event Tent be placed on next months agenda with invitation to Barbara Ciaramella to attend to review information she had previously researched.

4. ACTION ITEMS
a. **Dining Video RFP** – Commission reviewed proposed RFP, Candice advised that last sentence needs to be removed from the Project Description concerning the contractor being able to collect a fee from participating establishments per the minutes from last meeting. RFP forwarded to the City Council.

b. **TPAC Residual Use Policy –** Gary Milliman presented draft TOT Residual Use Policy**. Motion made by Candice Michel to send the policy to City Council for approval; motion seconded;** discussion pursued. Bob Pieper stated the initial reason for TPAC grants was to put people in beds, and that is what funded events accomplish so they should be able to contribute monies to non-profits they support. Candice stated the goal was also to assist events with seed money in getting established and any money they make in profit was to be seed money to sustain the event for the next event, rather than coming to TPAC for funds again. Commission is willing to fund events but if they make a profit, must pay back TPAC funds before donating to

non-profits. Gary clarified that the intent of the policy is to prohibit non-profits from giving profits to another non-profit. **Committee voted; four in favor, Bob Pieper opposed; the motion carried.** Policy forwarded to the City Council.

5. **INFORMATIONAL ITEMS**
   a. **City Council action –** Avenue of Arches has yet to be on City Council Agenda.

   b. **Budget and Internet Hit Info** – reviewed expenses and remaining funds.

   c. Gary advised the Budget Committee received a request for funds for the 4th of July fireworks from the VFW and has instructed City Council to include 10% of the costs ($2500) to come out the TPAC 2016-17 proposed budget.

   d. Gary attended the Chamber of Commerce Board of Directors meeting as an ex-officio member and they will be relocating the Chamber office and Visitors Info Center from the Harbor possibly to downtown.

   e. Bob Pieper wondered if photographs could be submitted for some of the TPAC advertising, Gary said yes, please submit.

   f. Candice met with Joe Moran and the robotic high school class and they are submitting ideas for their drone projects. Bob suggested the upcoming Chetco Brewing event be filmed.

   g. Tim advised the Chamber has turned over handling of everything for the Azalea Festival except the parade and shrimp feed. The Port would like to have six bands in the parade that would bring more people to town.

6. **SCHEDULE NEXT MEETING** - Next meeting scheduled for April 21st at 4:00 pm.

7. **ADJOURNMENT -** no further business before the Committee, the meeting adjourned at 5:04 pm.

Respectfully submitted,

Tim Patterson, Chair
(approved at April 21, 2016, meeting)