



Memorandum

Date: January 23, 2015

To: John Kovash, Mayor
Members, West Linn City Council

From: Chris Jordan, City Manager *CJ*

Subject: Oregon City Letters regarding Tri City Service District

As I mentioned in my December 11 memorandum, due to a recent increase in growth projections within the Tri City Service District (TCSD), Clackamas County (which manages TCSD) is estimating rate increases that are much greater than the 8-10% annually that were projected for the next several years. (There are numerous reasons for the rate increases beyond just growth, such as the fact that TCSD had artificially low rates for about two decades due to sharing capacity with Clackamas Service District 1.)

The City of Oregon City believes that these increases demonstrate the need for the County to turn over governance of TCSD to the three cities -- West Linn, Oregon City, and Gladstone. There are significant legal, financial, and political issues that would have to be discussed and resolved before any action in this matter could ever move forward. (For example, TCSD was originally formed by a vote of the citizens of the three cities. How does one -- or all three -- cities undo the original vote?) However, Oregon City is continuing to pursue this goal and has sent the attached two letters (one to Clackamas County and one to the cities of West Linn and Gladstone) discussing this issue.

Our plan is to request that County staff that manages TCSD attend a Council work session this spring to address the status of TCSD including capital improvements that may be needed over the next several years. If the Council has any desire to have a further discussion on this matter, the City Council may also wish to request an opinion from the City Attorney regarding the required legal process that would be necessary dismantle TCSD and install the three cities as the governing authority.

Attachment

December 19, 2014

Chair Ludlow and Commissioners
Clackamas County Board of Commissioners
Serving as the Tri-City Service District Governing Body
150 Beavercreek Road
Oregon City, OR 97045

Re: Governance of Tri-Cities Service District

Dear Chair Ludlow and Commissioners:

Please accept this letter as a formal request for collaboration to change the governance structure of the Tri-City Service District (“TCSD”). This is a topic that’s been discussed before, but recent developments have made it clear that this issue merits immediate attention.

The recent announcement of proposed rate increases over each of the next five years of up to 25% per year as well as the future of other service districts have prompted us to focus our attention on changing the management structure of TCSD. Oregon City is gravely concerned about, and opposed to, TCSD taking on additional debt without our citizens having influence in such an expensive public undertaking. Oregon City believes that local control of the TCSD will allow ratepayers – almost all of whom reside within cities – to have a greater voice in the administration of this essential service. Our efforts at collaboration also include outreach to West Linn and Gladstone.

We have heard from members of the Clackamas County Commission that management of urban services are best left to cities, and we agree. For example, Chair Ludlow was quoted in an October 14 article in the *Portland Tribune* as follows:

“It’s a bone of contention that we have to act like a city to provide the services that they want and need,” Ludlow says. “We hope that more and more of unincorporated Clackamas County will continue to be annexed and be a city, and better represented as a city rather than rural.”

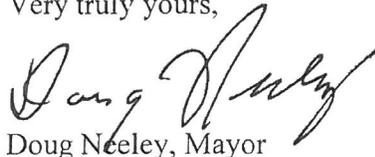
The October 14, 2014 article also noted Commissioner Savas’ comment that some areas can be better served by a municipal government. Ultimately, Oregon City agrees with the comments of Chair Ludlow and Commissioner Savas – sewer service is a quintessential urban service and should be provided by cities.

In addition, the geographic disparity between the County and TCSD highlights another issue – none of the current members of its governing body (the BCC) appear to reside within the district, and are not directly affected by its actions or its rate increases.

In prior discussions, County staff has informed us that without statutory changes, the cities cannot conduct governance of the TCSD. Therefore we respectfully ask that Clackamas County help ease the transition by supporting any changes to statute that may be needed.

We are not set on a particular new governance structure; it may take any number of forms, whether an intergovernmental agreement under ORS Chapter 190, an entirely new entity similar to the highly successful South Fork Water Board, or some other course. The critical issue is to ensure that TCSD is governed as any other provider of urban services and for and by the people who live within the district. Accordingly, Oregon City respectfully requests that you, as the current governing body for TCSD, assist us in making this happen.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Doug Neeley".

Doug Neeley, Mayor

cc: West Linn and Gladstone City Council members
Tri-City Advisory Committee members
Oregon City Commission members



January 22, 2015

The Honorable John Kovash
West Linn City Hall
22500 Salamo Road
West Linn, OR 97068

The Honorable Dominick Jacobellis
Gladstone City Hall
525 Portland Avenue
Gladstone, OR 97027

Re: Governance of Tri-City Service District

Dear Mayor Kovash and Mayor Jacobellis:

As local leaders, we share in the challenges of responsibly overseeing the growth of our cities and providing for the public service needs of our residents. Our residents count on us to conduct this business in an open, transparent, and accountable manner.

Together, we also rely on the Tri-City Service District (TCSD) for sewer services. The TCSD is discussing a series of rate increases as high as 25% per year in each of the next several years. As significant as these increases would be, of greater concern is the distinct lack of clarity as to the factors driving these rate hikes and whether this is truly in the interest of TCSD ratepayers.

Similarly, of even greater concern is the lack of true local control of the TCSD for our cities. Under current Oregon law, the District is governed by the Clackamas County Board of Commissioners. As you know, none of the current members of the Commission live in the TCSD and are not impacted by the rate decisions they make.

I believe our cities must have the ability to exercise some measure of self-rule over the District. In my mind, it's the clearest path to more efficient and accountable governance. To that end, the Local Utility Accountability Act (House Bill 2800) will be introduced in the current Legislative Session. The Act would allow -- but not require -- our cities to jointly assume control over the Tri-City Service District and allow us to make important decisions at the local level.

The Local Utility Accountability Act is neither a referendum on the Clackamas County Commission nor even a rejection of the proposed rate increases. Instead, it is an endorsement of our shared values of transparency, accountability, and local control.

With that in mind, I hope that we can work constructively with the County and other stakeholders to come to an appropriate course of action that honors those values.

As we head in to the Legislative Session, I sincerely hope that Gladstone, West Linn, and Oregon City can speak with one voice in supporting the Local Utility Accountability Act.

Respectfully,



Dan Holladay, Mayor
City of Oregon City

cc: Clackamas County Commissioners
West Linn City Manager
Gladstone City Manager