

# Local Focus

The Magazine of the League of Oregon Cities

FIRST QUARTER 2019

## Stronger Together

### 2019 Legislative Session Underway





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# Introducing our

Last spring, we started on a journey to refresh the League of Oregon Cities (LOC) brand. Today, I'm pleased to share our new look and feel with you. Very soon you'll start seeing the new brand appear throughout our communications, and in the spring, we'll unveil an entirely new website. These efforts aren't for vanity's sake. While we think our new look and feel is attractive, the purpose goes deeper. Our rebranding signifies a new chapter for the LOC. We're looking forward, confident in our strengths and proud of our role in empowering Oregon cities to build vibrant, resilient communities. On behalf of the staff and the LOC Board of Directors, I thank everyone who participated in the surveys and interviews that contributed to our new brand. We hope you feel as energized by it as we do.

**Mike Cully**, Executive Director

## Our new logo

*The letters of the LOC touch, to symbolize the connection of Oregon's cities, while small, medium, and tall shapes are suggestive of the variety of our state's cities.*

*The colors are intentional, too. Blue symbolizes the coast. Yellow for Eastern Oregon. Green for the valleys.*



*Just call us the "LOC". Our new shorthand saves time and space in the era of texting, emailing, tweeting, and hashtags.*

*The new font type is bold to communicate our strong advocacy role and sans serif to signal our relevance in the digital age.*

*A trio of trios—three shapes, three letters, and three elements (shape, acronym, name). The repetition of three reminds us that we serve members in three valuable ways: advocating on your behalf, supporting training for elected officials and staff, and sharing valuable information.*

## Why the update?

Our decision to update the LOC brand came from a desire to better reflect the spirit and direction we're taking as an organization. Our previous logo—a classic image of a western Main Street—had begun to feel too historic. It didn't celebrate, as we do at the LOC, our member cities' geographic, economic, and political diversity. As an organization, we want to signal that we're existing in the present and looking to the future—together.

Our core work—advocacy—remains our focus into the future, as do our core competencies and values: professionalism, accuracy, research, collaborative problem-solving. We also offer more to our members. We're a hub of information for city staff and an engaged public. We're experts in training newly elected city officials. We're connectors.

We're still the League of Oregon Cities, updated and moving ahead with fresh optimism. We're your LOC.

# new LOC brand

## You are the inspiration for the new brand.

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To develop our new brand, we chose to work with branding agency happy, inc. They recognized that as a membership organization, your opinions, feedback, and ideas were vital to the process of creating our new look and feel.



During our initial team discovery sessions, we discussed our mission and vision, our history, our direction for the future, and looked to similar organizations for inspiration. Once we completed our internal team discovery, it was time to reach out to our membership to get your input.

Here's how you participated:

### Stakeholder Survey



Happy, inc. developed an online survey that we emailed to LOC membership, along with selected State Legislative officials, staff members, affiliated organization staff, members of the media, and members of the public. The survey sought to better understand our membership's perceptions of the LOC—our current strengths and weaknesses as well as what members hope to receive from us in the future.

With the survey distributed to 1,500 individuals and an anticipated 15% participation rate, we expected approximately 225 responses to our survey. The survey was open from June 22, 2018 through July 9, 2018, and the total number of unique responses was 279—slightly exceeding our response expectations.

### Audience Interviews



As a follow-up to the stakeholder surveys, happy, inc. held individual phone interviews with a broad spectrum of LOC audience members. The interviews allowed us to dive deeper into survey topics and hear firsthand feedback. These discussions were designed to reveal deeper insights regarding the brand, validate or correct the sometimes-conflicting survey findings, and further explore any topic that we felt would benefit from one-on-one dialog.

Altogether, we held 13 interviews with people representing the diversity of the LOC audiences. Interview participants included people from large and small cities, rural and urban areas, and a range of experience levels. In addition to speaking with LOC members, we also interviewed representatives from partner organizations and legislative staff. To be completely thorough, we reached out to individuals known to be critical of the LOC, either currently or in the past.

## What's next?

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You'll begin to see our new look on LOC print and digital communications starting this month. A new website—which will make it easier to find the information you need and will have a mobile-friendly design for smartphones and tablets—is in development and is scheduled to launch in spring 2019.

Questions or comments? Contact [leagueoforegoncities@orcities.org](mailto:leagueoforegoncities@orcities.org).

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# Local Focus



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Jake Boone, Councilor, Cottage Grove

#### Treasurer

Keith Mays, Mayor, Sherwood

#### Immediate Past President

Timm Slater, Councilor, North Bend

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# A Message from the President

## Greg Evans, Councilor, Eugene

I am honored to serve this year as your LOC Board President. Because we know that together we are stronger, this year we will come together with one voice to advocate for city priorities, 2019 will be an important year for us at the Legislature, and your LOC staff is already hard at work for you. We want to make sure that our legislators know loud and clear what your priorities are for the session.

Specifically, we're focused on the following priorities:

- Mental health investment;
- Revenue reform and cost containment;
- Housing and homelessness improvement;
- Infrastructure finance and resilience;
- Preservation of right of way authority and broadband investment; and
- Preservation of third-party building inspection authority.

I want to thank everyone who joined me, Oregon Mayors Association President Brian Dalton, and 200 city

officials from across Oregon January 24 for City Day at the Capitol. We heard from Governor Brown, Treasurer Tobias Read, legislative leadership, and then met face-to-face with our senators and representatives to talk about the issues facing our communities. The commitment shown that day by our member cities, sharing their voices, helped us advance the needs of our local communities.

Each of you serving as an elected official in your hometown has an important job to do. Your city is facing issues right now that need your attention. But you should also join us during the 2019 legislative session and be engaged at the state level—to help our collective cause. Working together we have the power to direct more attention and resources to our communities.

It's the LOC's mission to be "the go-to place for and about cities as a dynamic resource hub for advocacy, education and best practices." In this time of limited resources, it requires that we share our successes and solutions to the challenges of running great cities. LOC has a paramount role in that process.



Greg Evans  
Councilor, Eugene  
2019 LOC President

For many of our cities, the LOC, with its informational and support services, is a critical partner. It is an important part of setting the firm foundation for Oregon's future, and I encourage you to utilize your LOC as an invaluable partner in supporting your work at home.

Thank you for your trust in me to serve this year, and I look forward to working with each and every one of you in our combined effort to serve our communities. ■

### Leadership is key to the sustainability of any organization.

Professionalism, character, integrity, and the commitment of a leader, inspires those in the workplace to go the extra mile and can greatly influence the team's success in achieving its objectives.

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# Cities First: Your 2019 LOC

Change—in a word—was the defining and operative program for the League of Oregon Cities in 2018. New leadership, a new vision and an entirely new and bold outlook related to how to best serve 241 member cities defined the LOC over the last 12 months.

If 2018 was about rebuilding and reimagining, 2019 is all about action. Never in the history of the LOC has this organization and its leadership been more aligned in mission, vision and outcomes. It is an exciting time for the LOC and its members, on all levels. Some of this action is evident, as witnessed in our new brand and logo—and soon, in our new cutting-edge website.

We began the year with a transition of power at the top as President Timm Slater (North Bend) passed the gavel to Eugene Councilor Greg Evans. These two have worked synchronously through the years, and together executed a powerful strategic planning retreat for the 16-member volunteer board in the week leading up to the New Year. The outcome of the exercise resulted in a laser-focused eye on the future related to advocacy, member services, legal intervention and a movement to eliminating barriers to participation with the LOC and encouraging inclusivity. The latter has been a theme that has been building, not only internally, but also as it relates to how the LOC interacts with partner organizations, our relationships in the Capitol and throughout the state.

Make no mistake: our over arching mission remains to preserve and protect home rule—your ability to decide what is best for your community. Our approach though, is singularly different. In the building, our new legislative director, Jim McCauley, embraces the philosophy of finding alignments to achieve positive outcomes whenever possible. His personality and years of experience with Washington County bring a whole new dimension to our approach legislatively, and it is powerful. We are actively working to forge partnerships, alignments and find synergies whenever possible to strengthen the LOC presence. Our grassroots advocacy program has taken on a life of its own, and we are communicating with our members better than ever, thanks in large part to leveraging technology.

Sticking with our advocacy efforts, we are taking it to a whole new level by engaging our recently not-so-retired legislative director of more than a decade, Craig Honeyman, who is stepping up our effectiveness on the federal level. We are working with the National League of Cities (NLC) as a matter of due course now, and we will roll out the next level of benefits for you—because of our partnership—in the coming months. To that end, we want to extend an invitation to each of you to join us March 10-13 at the Congressional Cities Conference in Washington D.C. This annual sojourn provides attendees with unfiltered access to discuss critical

issues with our federal team on the Hill. More information is here: <https://www.nlc.org/event/congressional-city-conference>. You can also reach out to Craig at [choneyman@orcities.org](mailto:choneyman@orcities.org) for more about how you can join this effort. Last year more than 45 Oregonians joined us. We hope you will consider making this trip as well this year.



Mike Cully  
LOC Executive Director

## New Year, New Look, New Priorities

The LOC is firing on all cylinders with new and improved programs being rolled out throughout the year. Our new brand reflects our new attitude: we mean business.

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**Legislatively:**

The priorities, as identified by your peers participating in one of our eight policy committees:

- Mental Health Investment
- Revenue Reform/Cost Containment (PERS and property tax reform)
- Housing and Homelessness
- Infrastructure Finance and Resilience Investment
- Right-of-Way and Franchise Fee Preservation/Broadband Investment and
- Third-Party Building Inspection Preservation

Our team has a full plate, with 1,500 bills dropping on the first day of session, and nearly 1,000 more following over the next few days. We recognize that some of these priorities are serial repeaters—like PERS and property tax reform. Those will continue to be a focus, but we are putting more emphasis on areas we know we can achieve short-term outcomes for cities.

We have already had the opportunity to meet—in conjunction with the Oregon Mayors Association (OMA)—with Governor Kate Brown and her team early this session. The meeting broke new ground for both sides by opening the door for future collaboration on issues like housing and the 2020 census—which will be critical for future funding for our cities.

We want this message to resonate with all our state legislators: The League of Oregon Cities has a job to do and a mission to follow, but we will actively seek out alignments and collaborative opportunities to work together for the common good of our members. This is our preferred approach.

**2019 Regional Approach**

Finally, to be more effective for you, we need to work to decentralize the ways we reach out, educate and inform.

In an effort to be more responsive and accessible we are already pushing our trainings to you—at no cost in some cases. This is in keeping with our desire to be an organization inclusive of all, including those with geographic challenges.

This April we are rolling out our new concept of a regional conference in Southern Oregon. This one-day event, being held at the Ashland Hills Hotel and Suites, brings together top experts to provide topical and relevant information on pressing issues facing our cities while providing a forum for exchanging best practices in one location. Registration is open now and you can get more information on the LOC website: [www.orcities.org](http://www.orcities.org).

2019 promises to be a banner year for the LOC, and we are committed to excellence in the pursuit of supporting you, our members. ■

## LOC Board of Directors Meet in December and January

The LOC Board of Directors met for their annual strategic planning retreat last month in Salem, then held their first meeting of the new year on January 25 in Salem. Here's an overview of what they did:

- Appointed Don Hudson (Tualatin Finance Director) to serve on the LOC Budget Committee;
- Approved a 3 percent increase to the city dues rate;
- Appointed SueLing Gandee to serve on the CIS Board of Trustees;
- Created and made appointments to the 94th Annual Conference Planning Committee;
- Directed staff to continue working with AOC, OHCS and DLCD on the second intergovernmental agreement to provide technical assistance on housing;
- Established a committee to comprehensively review and recommend changes to the LOC Bylaws;
- Appointed John McArdle as President and Sherilyn Lombos, Brad Nanke and Jake Boone for three-year terms to the LOC Foundation Board of Directors;
- Adopted two budget amendments;
- Approved LGPI to continue with LOC for one additional year to assess the viability and options for providing the service;
- Discussed policy approaches to cap and trade legislation and housing legislation; and
- Adopted the LOC's 2019 Strategic Plan.

For more information on the LOC Board of Directors please visit [www.orcities.org](http://www.orcities.org).

The board's meeting calendar for the rest of the year is:

- **Friday, April 5**  
Local Government Center, Salem (9 a.m.-4 p.m.)
- **Friday, June 14**  
Justice Center, Springfield (9 a.m.-4 p.m.)
- **Wednesday, September 25**  
Riverhouse, Bend (10 a.m.-4 p.m.)
- **Friday, December 6**  
Local Government Center, Salem (10 a.m.-4 p.m.)

## Meet the 2019 LOC Board of Directors

### OFFICERS



**President**  
Greg Evans  
Councilor, Eugene

is an educator, civil/human rights activist and transportation policy advocate, and serves as the Interim Chief Diversity Officer for Lane Community College.

Council President Evans has been a member of the Eugene City Council since 2013. In that time he has served on the city's Budget Committee, Human Rights Commission, Human Services Commission, Public Safety Coordinating Council, and Public Safety Coordinating Council-Youth Services Subcommittee. He also currently serves as the 2017-18 chair of the National League of Cities' Transportation and Infrastructure Committee and the University Cities Council. Greg



**Vice President**  
Jake Boone  
Councilor, Cottage Grove

Councilor Boone was elected to the Cottage Grove City Council in 2011, and to the position of council president in 2017. He has served on the boards of the Cottage Grove Community Foundation, the Lane Regional Air Protection Agency, the Cottage Grove Community Development Corporation, the Lane Area Commission on Transportation, and the League's General Government and Finance and Taxation policy committees.



**Treasurer**  
Keith Mays  
Mayor, Sherwood

wood for more than 20 years, Mayor Mays is a Rotarian and currently sits on boards and committees for several local and regional non-profit and government organizations.

Mayor Mays was re-elected in March and November of 2018. He previously served four years as council president and eight years as mayor of Sherwood from 2005-13. Over the past 20-plus years, Mayor Mays has served as president of the Oregon Mayors Association, the Sherwood Chamber of Commerce, the Friends of Tualatin River National Wildlife Refuge and the Willamette River Water Coalition. He has also served as a member of Metro's MPAC and on several LOC committees. A resident of Sher-



**Immediate Past President**  
Timm Slater  
Councilor, North Bend

and completed a 32-year Army Reserve career. He returned to city government when he was elected to a city council seat in November 2012.

Councilor Slater came to Oregon in 1972 and began a 30-year career in Oregon's timber industry. He was appointed to the North Bend City Council in May 1981. The next 17½ years were spent in city service, with the last 12 as mayor. During that time he was also a Coos Bay North Bend Water Board member, founder of the Coos County Mayors Forum, Coos County Planning Commission Chair, and Chair of the Bay Area Enterprise Zone. He is a member of Rotary, served on the Bay Area Chamber and Coos County Library Boards,

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**DIRECTORS**



**Paul Aziz**  
Mayor, Lebanon

Mayor Aziz has served two consecutive three-year terms as mayor since his election in 2012. He is currently president of the Lebanon Museum Foundation's Board of Directors, and is a former member of the Lebanon Planning Commission and its Parks & Trees Committee. Mayor Aziz is a former police officer and currently owns and operates a computer repair business.



**Paul Chalmers**  
Councilor, Pendleton

Councilor Chalmers was appointed to a council vacancy in 2016 and elected to his first term in the same year. He currently serves as the Umatilla County Director of Assessment and Tax, and his service career with the county spans 28 years. He also serves as chair of the Pendleton Development Commission and is a member of the Pendleton Rotary. Previously, he has served as president of the Statewide Assessors Association (2001-02) and past president of the Statewide Tax Collectors Association.



**Tanea Browning**  
Councilor, Central Point

Councilor Browning is a native Oregonian, appointed in 2015 and elected in 2016 to her current position. She has served on the Central Point Urban Renewal Agency and Budget Committee. Her commitments also include the Central Point Visitor Information Center and the boards of the Rogue Valley Council of Governments and Jackson County Fire District No. 3. She is a member of the Central Point Rotary, a director with the Crater

Foundation, founder of the public non-profit Direct Involvement Recreation Teaching, and executive director for the Central Point Chamber of Commerce.



**Scott Derickson**  
City Administrator, Woodburn

Mr. Derickson has more than 22 years of local and regional government experience in communities across Oregon. A graduate of the University of Oregon's Planning, Public Policy & Management's undergraduate and graduate programs, and an ICMA Credentialed Manager for 10 years, he has been recognized for his emphasis on integrity, community leadership and managerial accomplishments, particularly during times of crisis.



**Steve Callaway**  
Mayor, Hillsboro

Mayor Callaway was elected to the Hillsboro City Council in November 2010, re-elected in 2014, and became mayor in 2016. His previous experience includes the city's budget committee, the Hillsboro 2020 Vision Implementation Committee and the city's planning commission. Additional community involvement includes the Jackson Bottom Wetlands Preserve Board, the Hillsboro Library Foundation, the Boys and Girls Club and the

Hillsboro Schools Foundation. Mayor Callaway recently retired from his position as a principal at Tobias Elementary School in Hillsboro.



**Dr. Dave Drotzmann**  
Mayor, Hermiston

Mayor Drotzmann was elected to the Hermiston City Council as mayor in 2012. Prior to his city council service, he served 8 years on the Hermiston School District Board of Directors. He's been actively involved in multiple community organizations like the chamber, Rotary, Booster Club, as well as a coach of youth and high school sports programs. Dr. Drotzmann is currently a partner in an eye doctor practice.

*(continued on page 12)*

## 2019 LOC BOARD OF DIRECTORS



**Drew Farmer**  
Councillor, Coos Bay

Councillor Farmer has been a city councillor in Coos Bay since 2016. Prior to his time on the council, he served as the treasurer for the city's library board. He is the director of an employment-based non-profit for persons with disabilities and serves on multiple work groups in Coos County pertaining to homelessness and housing. He served in the United States Navy from 2005 to 2009, and holds a bachelor's degree in sociology.



**Amanda Fritz**  
Commissioner,  
Portland

Commissioner Fritz is currently serving her third term as commissioner and is in charge of Portland Parks and Recreation, and the Bureau of Emergency Communications. She is the co-founder of the Office of Equity and Human Rights, and led the council's unanimous support for the city's Paid Sick Time program that is now law statewide. Commissioner Fritz is a retired registered nurse, and the mother of three graduates of Portland public schools.



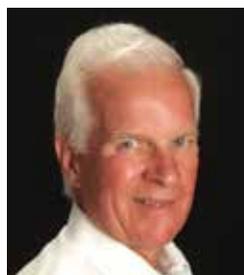
**Christine Lundberg**  
Mayor, Springfield

Born and raised in Springfield, Mayor Lundberg is the city's 37th mayor, an office she has held since 2010. Prior to public office, Mayor Lundberg volunteered to help pass bond measures in the city that resulted in the construction of two new elementary schools and a new fire station. She also helped pass a measure to restore the Mill Race, a key component of Springfield's timber industry. Mayor Lundberg was first elected to the Springfield City Council in 1999 and served the Gateway area for more than a decade.



**Michael Sykes**  
City Manager,  
Scappoose

Mr. Sykes began his career as a Transit Manager for a countywide bus service in 1980. He was elected to the Columbia County Board of Commissioners in 1985 where he served for 10 years. After that he was employed as the Asst. Manager of the Port of St. Helens for five years with a focus primarily on industrial recruitment. After that Michael was city manager of Vernonia for five years and Forest Grove for 10 years. The past three years he has served as city manager in his hometown of Scappoose. He also served as president of Oregon City/County Management Association in 2017.



**Steve Uffelman**  
Mayor, Prineville

Mayor Uffelman has served four previous terms as mayor and has served on the Prineville City Council for more than 25 years since he was first appointed in 1985. He has also served on the Oregon Mayors Association Board of Directors. Mayor Uffelman was born and raised in Oregon and a graduate of Oregon State University. He is a retired pharmacist and real estate broker, and recently celebrated his 50th wedding anniversary.



**Christy Wurster**  
City Manager,  
Silverton

Ms. Wurster has served as the city manager for the city of Silverton since January of 2017. She began her local government career with the city of Dallas, where she worked in progressively responsible positions for 13 years, including assistant public works director-administration. Over her 20-year career, she has also worked in positions serving the cities of Dayton, Salem, Creswell, Fairview, and Sweet Home. Christy holds a master's degree in public administration from Portland State University and a bachelor's degree from Western Baptist College (now Corban University). She served as president of Oregon City/County Management Association in 2018. ■

# LOC STAFF

The LOC's dedicated staff are here to help cities run effectively. Reach out with questions, ideas or just to say hello!



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# Register for the Local Government Spring Conference in Ashland

The League is excited to host our first-ever one-day conference in southern Oregon on April 12. It will be a great opportunity for public officials from around the state to network and learn about issues impacting all cities.

## Keynote Speaker



### Assistant U.S. Attorney Suzanne Hayden "Marijuana Moving Forward"

Suzanne Hayden joined the U.S. Attorney's office in January 2016 as counsel to Oregon's U.S. Attorney on community engagement and strategic enforcement. In her role, she serves as the designated law enforcement and community engagement coordinator for the U.S. Attorney's office. She develops and coordinates the office's strategic plan to reduce violent crime through collaborative efforts focused on community outreach and prevention, enforcement and reentry.

## Preliminary Program

- 8:00 a.m. – 8:15 a.m. Welcome and Introductions
- 8:15 a.m. – 9:30 a.m. Keynote – "Marijuana Moving Forward," Suzanne Hayden, Assistant U.S. Attorney
- 9:30 a.m. – 9:45 a.m. Morning Break
- 9:45 a.m. – 11:15 a.m. Concurrent Sessions
  - Wildfires – Land Management Practices & Economic Impacts
  - Convincing Citizens to Support Public Improvement Projects Needing Bonds
  - Preparing for and Managing Controversial Public Meetings
- 11:15 a.m. – 11:30 a.m. Morning Break
- 11:30 a.m. – 1:00 p.m. Lunch with Session on Workforce Recruitment & Retention Issues
- 1:00 p.m. – 1:15 p.m. Afternoon Break
- 1:15 p.m. – 2:45 p.m. Concurrent Sessions
  - Housing
  - Mental Health & Homelessness
- 2:45 p.m. – 3:00 p.m. Afternoon Break
- 3:00 p.m. – 5:00 p.m. Quick-Fire Sessions on Marijuana
- 5:00 p.m. – 7:00 p.m. Networking Reception – Stardust Lounge

## Thursday Reception

A fun networking reception is being planned for Thursday evening at a local winery. More info to come.

## Venue

The conference will be at the Ashland Hills Hotel & Suites. For room reservations, call 855-482-8310 or visit our website ([www.orcities.org](http://www.orcities.org)) to book online.

## Register Now

Register at [www.orcities.org](http://www.orcities.org). The cost is \$150 for members, \$200 for government employees, \$350 for LOC Business Partners, and \$600 for non-members/non-government employees if registered before March 22.



# Understanding Oregon's Local Government Budget Process

## What Every Budget Committee Member Needs to Know

Your city's budget document is important. It is more than a series of numbers—it is your community's primary tool for how projects and needs will be prioritized and addressed. In Oregon, city budgets are approved, in part, by local budget committees. These committees are typically comprised of an equal number of city council members and city residents.

The LOC is providing a **free** workshop for members of city budget committees so that members may understand the budgeting process and the roles and responsibilities of key players in the process. This training will help all budget committee members develop the skills and mindset needed to be impactful in the budget process. The training will include information on Oregon's local budget law, typical sources of revenue and expenses, PERS, property taxes, public meetings, public records and ethics.

Three trainings will be held across the state. Seating in each training is limited, so please register early to ensure your seat is reserved!

### Florence Conference Center

Wednesday, February 20, 2019

6:00 p.m. – 9:00 p.m.

### Willamina – West Valley Fire District

Wednesday, March 6, 2019

6:00 p.m. – 9:00 p.m.

### La Grande – Blue Mountain Conference Center

Tuesday, March 19, 2019

6:00 p.m. – 9:00 p.m.

This is an essential class for anyone who is a member of a city budget committee, whether as an elected official or citizen volunteer. We look forward to seeing you at one of the upcoming trainings.



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# 2018-19 Elected Essentials

## Behind the Scenes

Elected Essentials, the free training program provided by the LOC to city officials across the state every two years, wrapped up in Keizer on January 23. Thirteen workshops were conducted statewide between November 2018 and January 2019—from Baker City to Bandon, Hood River to Klamath Falls, and seemingly everywhere in between, each region of the state was touched by the program. In all, more than 450 municipal officials attended an Elected Essentials training. Evaluations reveal those who attended not only enjoyed the training, but also found the program informative and educational. For those of you who attended one of the 13 workshops and for those of you who did not but wish to consider attending during the next round, here's a glimpse of what occurred behind the scenes.

### Program Development

While the Elected Essentials program has been around for at least six years, this year's program was noticeably different from prior edifications. LOC staff members had been hearing that the program was stale, uninformative and ill-timed. Responding to this feedback, staff took a new approach to program development. Instead of assuming, LOC staff took the radical step of asking you, the members, what you want and need from the program. Here's what you told us: you hate all-day lectures; a one-size-fits-all approach is a terrible approach to take; and, timing is everything.

By following this advice, staff developed a program that included panel discussions, and workshops requiring attendee participation and tailored (at least in part) to meet regional needs in terms of programming and scheduling.

This year's program, and its success, is a direct result of LOC staff listening to the needs and desires of its membership. Without the help of the Oregon/City County Management Association (OCCMA), former Tigard Mayor John Cook, Independence Mayor John McArdle, North Bend Councilor Timm Slater, Tigard City Manager Marty Wine and the LOC Board of Directors, we could not have revitalized this training program.

### Effective Marketing

The program plan for this year's Elected Essentials included an ambitious goal of reaching 210 members. To achieve this goal, LOC staff developed a robust marketing strategy to ensure every municipal official in Oregon knew about the program. The marketing strategy ranged from the distribution of flyers at LOC's Annual Conference in Eugene to sending targeted emails to elected officials and chief executive officers in each region. Social media posts and

*LOC Bulletin* announcements were also utilized. And WOW, was the marketing plan successful! Of the 13 Elected Essentials programs, nine sold out and two locations had to be moved to larger venues to accommodate

the demand. Elected Essentials did not reach 210 members this year, instead it reached more than 450 members!

This year's marketing strategy, and its clear success, was due in large part to the support of LOC Board members. Forest Grove Mayor Pete Truax, Lake Oswego City Manager Scott Lazenby, North Bend Councilor Timm Slater, Cottage Grove Councilor Jake Boone, Central Point Councilor Tanea Browning, Pendleton Councilor Paul Chalmers, Keizer Mayor Cathy Clark, Hermiston Mayor Dave Drotzmann, Springfield Mayor Christine Lundberg and Redmond Mayor George Endicott all attended, and in many instances participated as a lecturer or panelist. On behalf of those members and staff who attended the Elected Essentials program in Grants Pass, a special thank you to Councilor Browning for the yummy candy she donated in the afternoon—it provided a nice boost of energy to close out the day.

### Strong Partnerships Lead to Strong Programming

The success of this year's Elected Essentials program was in large part due to the strong partnerships the LOC has forged with entities and people across the state. The OCCMA not only played a crucial role in developing the training program, its members and Senior Advisors participated as panelists across the state. The city of Newport was kind enough to send City Manager Spencer Nebel and former Mayor Sandy Roumagoux to multiple Elected Essentials programs to share their decades of experience with attendees. And while CIS and LOC regularly partner together to meet the needs of Oregon cities, CIS General Counsel Kirk Mylander is owed a sincere thank you for driving more than 700 miles, in total, to present at five different Elected Essentials workshops across the state.





## Regional Meetings BY THE NUMBERS

**13** cities visited

**450** meeting attendees

**22** days traveling

**175** cities represented

### It's an Amazing State

LOC staff consider themselves lucky to act on behalf of Oregon municipalities—whether its lobbying on your behalf at the Legislature, arguing legal principles in defense of home rule before the Oregon appellate courts, or providing members with first-class training programs like Elected Essentials. Eleven LOC staff members traveled across the state over the last several months to provide the Elected Essentials program. What we saw and experienced will stay with us forever. Some of our favorites:

- McMinnville's main street during the holiday season is a must-see;
- The city of Tigard's staff is knowledgeable, helpful and willing to go the extra mile;
- The view from the Hood River Public Library's meeting room is breathtaking;
- The community center in Manzanita feels like you've stepped into the home of a well-loved friend;
- Waldport may be a small community, but its enthusiasm for local government and welcoming nature make it a destination worth visiting;
- The Harkenrider Senior Center in Hermiston is a testament to that city's desire to engage with and respect its senior population;
- Klamath Falls is comprised of employees and elected officials who respect local government, go out of their way to welcome strangers, and are actively modernizing governmental services and buildings;
- Grants Pass is a city full of wonder and whimsy, from the beauty of the Rogue River running through the heart of town to the plentiful statues of uniquely decorated bears;
- Monroe's public library is what all libraries should be—a community gathering place devoted to reading and the preservation of the past;

- The city of Bandon exemplifies the Oregon coast—it's serene, welcoming and the roar of the ocean is always only a few steps away;



- Sisters, blanketed with an inch or two of snow, is the quintessential mountain town;
- The city hall in Baker City is a historic preservationist's dream come true, but its staff is forward looking and ambitious; and
- Keizer's community center gives new meaning to the term "community center"—it is simultaneously welcoming and modern.

Needless to say—we're looking forward to taking Elected Essentials to the next level in 2020! ■





**Q:** Oregon is a home rule state, but what does that mean?

**A:** For the past 14 months, the League of Oregon Cities (LOC) has traveled across the state getting to know long-serving elected officials, as well as those who just took office in January of this year. Throughout these travels, LOC staff came across many local government leaders who recognize that Oregon is a home rule state, but who also question what that really means.

Generally, home rule is the right to local self-government. The theory of home rule rests upon the premise that the government closest to the people is the government most in tune with and responsive to citizens. While it is true that Oregon is a home rule state, it is equally true that its state government has the authority to preempt local authority. Preemption is the use of a state law, or judicial interpretation, that nullifies a city ordinance or authority.

In 1978, the Oregon Supreme Court issued a seminal decision regarding home rule in the case of *La Grande/Astoria v. PERB*. The court stated, “[T]he validity of local action depends, first, on whether it is authorized by the local charter or by a statute [, and] second, on whether it contravenes state or federal law.” Assuming that a local action is authorized by a city’s charter, the courts will then ask whether the local action is “incompatible” with state law, either because the Legislature intended to preempt local lawmaking authority (i.e., “express preemption”) or because state and local law cannot operate concurrently (i.e., “implied preemption”).

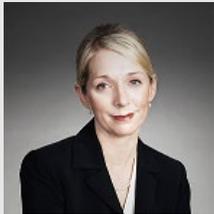
Express preemption occurs when the Legislature enacts a law that specifically prohibits or limits local policy choices on the same subject. Examples of express preemptions include denying cities the authority to tax tobacco products, tax alcohol,



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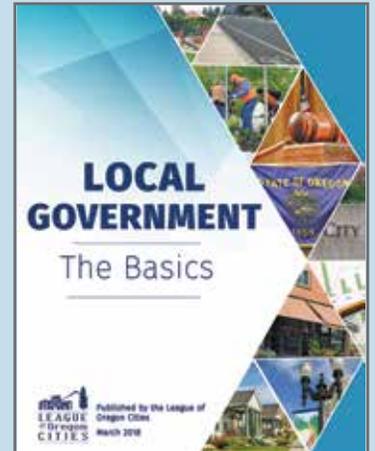
By contrast, implied preemption occurs when the Legislature has not expressly preempted local policy authority, yet there exists a conflict between state and local law. A conflict exists when the ability to comply with both the state and local law in that specific field is impossible. Just because the state has “occupied the field” in a substantive area does not mean that local laws on the same subject conflict with state law—local laws that impose stricter standards than state law do not necessarily conflict with state law. Examples of implied preemptions include the preemption of local laws inconsistent with the Adult and Medical Use of Cannabis Act and the Oregon Public Meetings Law.

To better understand the history of home rule in Oregon, please consider reading LOC’s White Paper on *The Origins, Evolution and Future of Municipal Home Rule in Oregon*. For a better understanding of the types and level of preemptions imposed upon municipalities by the state of Oregon, please consider reading LOC’s *Legal Guide to Oregon’s Statutory Preemptions of Home Rule*. Both are available in the Library on the LOC website ([www.orcities.org](http://www.orcities.org)) under “Publications.” ■

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7. Code Enforcement
8. Political Activity
9. Water Rights
10. Land Use



The free guide is available in the Publications Library at [www.orcities.org](http://www.orcities.org), or request hard copies by emailing [loc@orcities.org](mailto:loc@orcities.org).

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# Oregon Cities & the ELGL Diversity Dashboard

By Kirsten Wyatt, ELGL Co-Founder and Executive Director

## What Gets Measured, Gets Improved

In 2014, in response to the International City/County Managers Association’s (ICMA) “Report on the Status of Women in the Profession”<sup>1</sup> which showed that only 13 percent of city managers nationwide were women—the same percentage as in 1974—ELGL began using the social media hashtag #13Percent to characterize efforts to recruit more women into local government leadership, and raise awareness of the lack of improvement in this statistic over a 30-year span.

Bolstered by this communications campaign, ELGL sought to learn more about the percentages of women and people of color in local government leadership positions across all local government organizations (recognizing that ICMA collects data on its members, but not all cities are ICMA members and thus included in the #13Percent reports from 1974 and 2014).

ELGL also recognized the unique role that a national organization could play in collecting this data as a big-tent local government professional group that includes cities and counties operating under all forms of local government leadership.

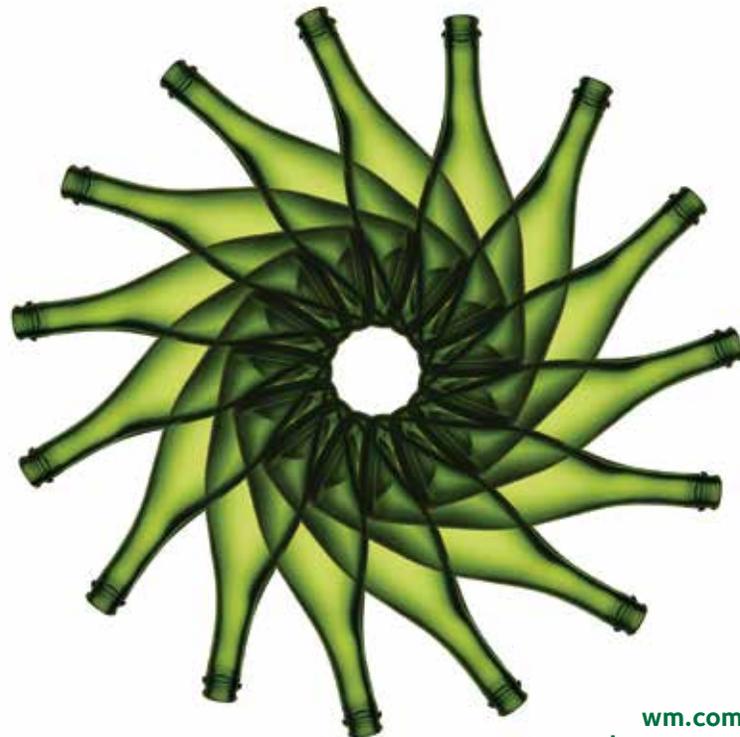
## 2018 Diversity Dashboard Data

Chief Administrative Officers (CAOs) and Assistant Chief Administrative Officers (ACAOs)

|                        | U.S. | OREGON |
|------------------------|------|--------|
| <b>Male</b>            | 64%  | 62%    |
| <b>Female</b>          | 34%  | 38%    |
| <b>White</b>           | 90%  | 97%    |
| <b>People of Color</b> | 10%  | 3%     |
| <b>49 and Younger</b>  | 34%  | 30%    |
| <b>50 and Better</b>   | 66%  | 70%    |
| <b>Veterans</b>        | 15%  | 12%    |

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In late 2017, ELGL hosted a Kickstarter crowdfunding effort to raise money to conduct research on the gender identity, age, race, and veteran status of all chief administrative officers (city/town managers and administrators in council/manager forms of government; and mayors/commissioners in mayor/council and commission forms of government).

ELGL successfully raised \$25,000 for this work and began in early 2018 with survey design and distribution under the leadership of graduate student researchers from across the country.

### Oregon Cities, Leading the Way

With the assistance of the League of Oregon Cities and the Oregon City/County Management Association, Oregon produced one of the highest response rates in the nation for the 2018 data collection, with 50 city leaders responding statewide (nationwide, there were 2,000 responses).

Data for all respondents is organized in *DiversityDashboard.org*, an open data source including and arraying all survey responses, with filters across the database for users to compare and contrast the information.

ELGL's decision to create a user-friendly, transparent measurement of local government diversity data was inspired by the city of Portland's Office of Equity and Human Rights<sup>2</sup> employee dashboard. The Diversity Dashboard is presented

in partnership with OpenGov, a cloud-based software solution for government budgeting, performance measurement, and community engagement.

### Coming Soon: 2019 Data Collection

Soon, city leaders will get an email invitation to complete the Diversity Dashboard survey for 2019, to include updated data for Oregon cities. New in 2019, the dashboard will also collect information on Americans with Disabilities Act (ADA) accommodation, and LGBT+ identity, as well as the same information from 2018.

"I believe that measuring and sharing the demographics of our local leaders leads to a greater understanding of the diversity in Oregon cities, and the League of Oregon Cities is committed to strengthening diversity, equity and inclusion for our member cities. I'm hopeful that Oregon's response rate on the 2019 Diversity Dashboard survey will be the best in the nation," said LOC Executive Director Mike Cully.

For more information, and to view Oregon's data (as well as data from all states and across populations, forms of government, job titles, and more), log on to *DiversityDashboard.org*. ■

1 <https://icma.org/documents/final-report-status-women-profession>

2 <https://www.portlandoregon.gov/oehr/article/595121>

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# CIS Unveils New Online Learning Center for Trainings

City leaders often face tough budget choices around this time of year. Having to figure out how to do more with less, a city's line item for professional development and training may be one of the first things to get the axe.

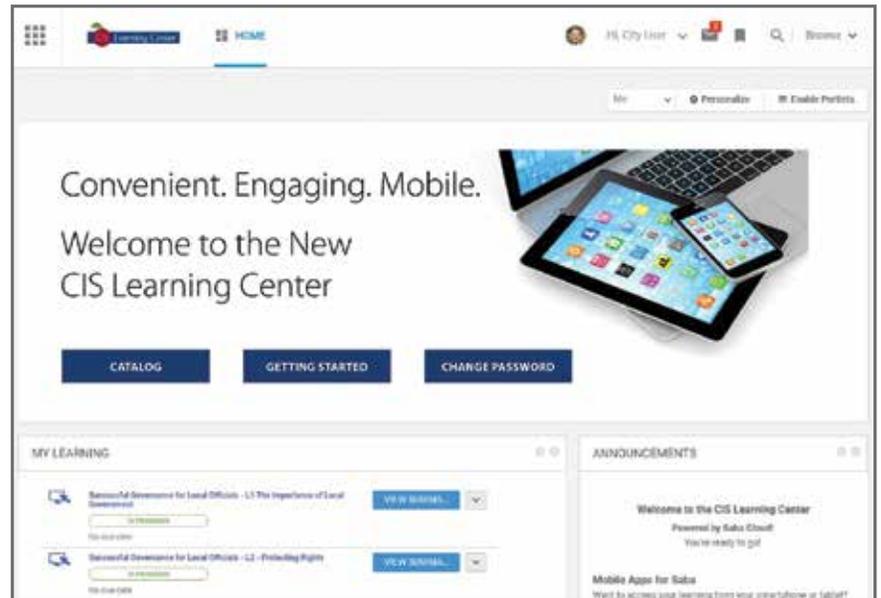
CIS recognizes that many cities have limited resources, but their employees still need training. In response, CIS has provided access to online learning for many years and last month launched a new online Learning Center (*learn.cisoregon.org*) that makes it easier than ever to take those courses, as well as CIS' own webinars and trainings. The system is available to all cities that participate in CIS coverage.

"Sending an employee to attend training can take a lot of coordination," says CIS' Training Manager Mary Meyer. "Our new Learning Center saves cities money and time by having staff access these important courses from their desks, and at a convenient time for their schedule."

According to Meyer, the new system is easier to navigate for the end user—and there's additional new online content that should prove popular. She describes the key advantages of the new system, which include:

- An intuitive home page that makes it easy to quickly get where you want to go;
- A modern catalog with fresh new courses;
- An easier to browse site that's searchable by category, title or keyword;
- A quality tutorial video (as well as additional videos and handouts for new users);
- A mobile app version so courses can be completed by smart phone or tablet; and
- An easier-to-navigate dashboard for managers and supervisors so they can monitor staff progress on assignments or assign them training directly.

Another new Learning Center feature allows a city to upload special proprietary content for its employees—without making that content accessible to other CIS members.



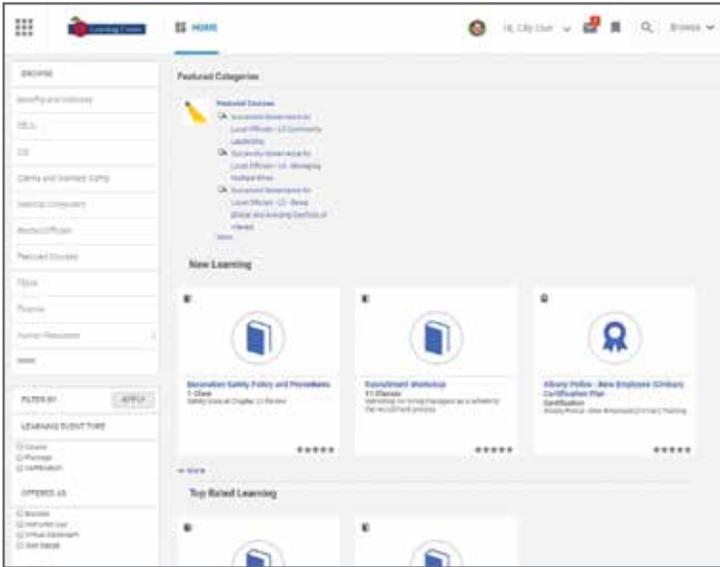
## New Learning Center Features Tips and Tutorials

When a user logs on to the Learning Center for the first time, they're provided a short tutorial that provides an overview of the highlights of the site as well as navigation tips.

"We're recommending that each city's entity administrator—our training contact with the city—explore the system prior to sharing with their managers and supervisors," says Meyer. "We want the entity admins to be very familiar with the system and courses before assigning training to their entire staff."

Meyer adds that to help successfully launch the new system, she and her team have planned hands-on workshop sessions as part of the CIS Annual Conference in Salem February 27 – March 1 (register at [cisoregon.org/conference](http://cisoregon.org/conference)). At the conference, entity administrators and domain administrators can sign up for in-person or web-meeting demonstrations.

For those unable to attend the conference, or who wish to receive more tutorials and advanced trainings, the CIS team will hold special learning sessions this spring to answer questions or assist in adding and/or editing users. The team can also help cities set up courses and create assignments.



### Online Training has been a Longstanding Tool at CIS

CIS’ Administrative Officer Steve Norman says that CIS has a long history of online training.

“We’ve offered online learning since 2010 and it’s been an important tool for cities, small and large,” he says.

Norman suggests that each administrator start the process with a small pilot group.

“The best approach is to have your entity admins try out one or two courses and see how the process works,” he says. “From notifications through course completion, you’ll find this approach will help you better support your employees— especially when they have detailed questions.”

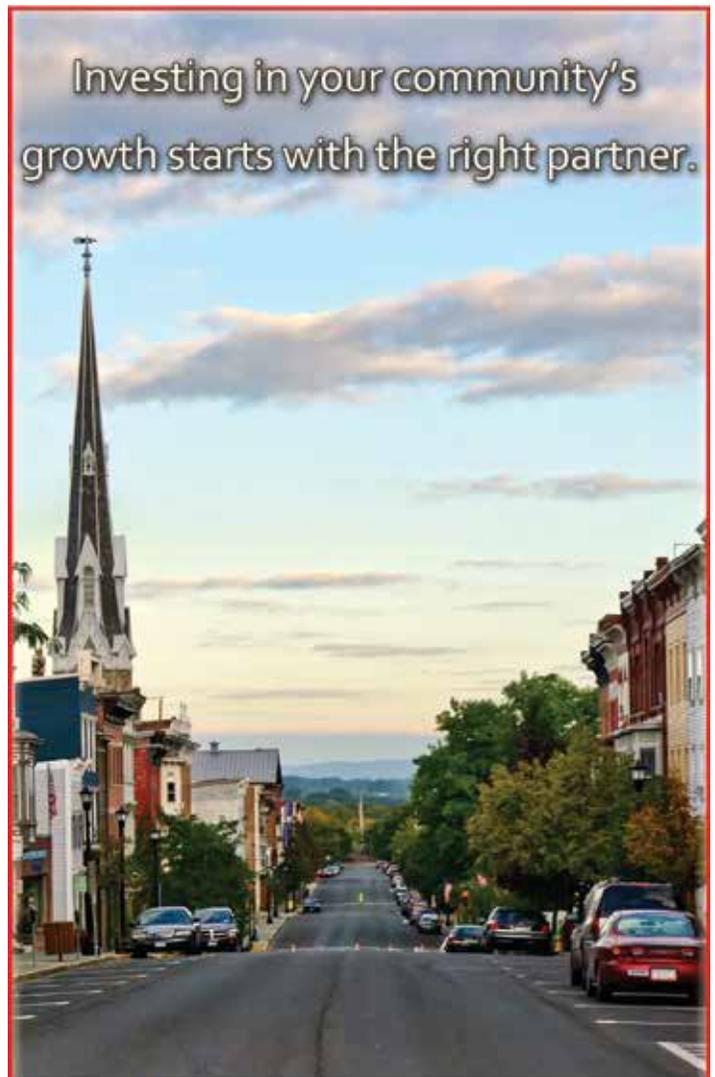
Preserving professional development and training funds for staff is an important goal. But, if belt tightening must happen, it’s good to know that cities can still provide professional development for staff through CIS’ new Learning Center. It is a valuable, convenient and free resource for important trainings, courses and webinars.

### Email Requirements for CIS’ New Learning Center

To navigate the Learning Center, each user must have a unique and active email assigned to them. For those employees who don’t have a work email address (or who share an email address), they’ll need to create one to receive notifications from the new system.

Cities that don’t have an email system can create individual email addresses through free email services such as Outlook.com or Gmail.

The Getting Started tutorial will help with questions. City entity admins are also encouraged to attend the hands-on workshops at the CIS Annual Conference in Salem. For more information, please contact Mary Meyer at [mmeyer@cisoregon.org](mailto:mmeyer@cisoregon.org).



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# Statements of Economic Interest (SEI): What You Need to Know

State law requires certain public officials to complete and electronically file a Statement of Economic Interest (SEI) with the Oregon Government Ethics Commission (OGEC). Whether you are a veteran of the SEI filing process or a first-time filer, this article will provide you with the basics.

## What is a Statement of Economic Interest?

The SEI is an annual financial disclosure form that certain public officials, as specified in ORS 244.050, are required to file with the commission.

## Who Must File?

Not all city officials must file an SEI. The filing requirement generally applies to those elected city officials, municipal judges, city recorders, and appointed members of city planning, city zoning or city development commissions, and the chief executive officer of a city or another person who performs the duties of a manager or principal administrator. The SEI filing requirement applies to individuals who hold one of those offices on April 15 of each filing year.

## When is the Due Date?

**April 15 of each filing year.** For the filing year of 2018, a complete and electronically signed SEI must be submitted via the commission's electronic filing system no later than Sunday, **April 15, 2019**. Failure to complete and file an annual SEI by the April 15 deadline may subject a city official to an automatic civil penalty of \$10 for each of the first 14 days the SEI is late and \$50 for each day thereafter, up to a maximum penalty of \$5,000. The OGEC's electronic filing system is available 24/7.

## What Disclosures are Required?

SEIs are like an individual's tax filing—they disclose information regarding the previous calendar year. Therefore, city officials will disclose economic interests they held between January 1, 2018 and December 31, 2018. Note: Even if you did not hold your position during the 2018 disclosure period, if you hold the position as of April 15, 2019, you will have a filing requirement.

ORS 244.060, 244.070 and 244.090 describe the required content of the filing. The electronic filing system has help text to guide you through each of the questions. You will be asked to provide information about the following:

- Names of businesses under which a city official or members of their household did business;
- Certain sources of income to a city official and members of their household (note that only sources, not amounts, of income must be disclosed);
- Certain holders of debt owed by a city official or members of their household (excluding credit card debt and mortgages);
- Certain investments in real property located in a city official's city (excluding the city official's primary residence);
- Payments made on behalf of a city official for certain office-related events;
- Honoraria received by a city official or member of their household;
- The name of any compensated lobbyist who, during the preceding calendar year was associated with a business with which the public official or candidate or a member of the



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household of the public official or candidate was also associated; and

- Office-related events.

## Where are SEIs Filed?

The SEI is required to be filed via the OGEC's electronic filing system. The commission's electronic filing system is available 24/7.

## How to Register as a User in the Electronic Filing System (EFS)

OGEC staff has identified the positions held by public officials who must file the SEI form and has them listed by jurisdiction. Each jurisdiction (city, county, executive department, board or commission, etc.) has a person who acts as the commission's point of contact for that jurisdiction [OAR 199-020-0005(1)].

The contact person for each jurisdiction has an important role in the annual filing of the SEI forms. It is through the contact person that the commission obtains the current name and email address of each public official who is required to file. It is imperative you provide a valid email address to this contact person; this should be an email account you monitor. When there is a change—through resignation, appointment or election—in who holds a position, the contact person notifies the commission.

Once the contact person has entered you into the electronic filing system, you will receive an email from the commission that contains a link to the filing system. You then create your personal profile. Once you have successfully registered, you will be able to file your report during the open filing period each calendar year.

## On the Web: [www.oregon.gov/ogec](http://www.oregon.gov/ogec)

The commission's website contains training tutorials and handouts on the use of the electronic filing system. Live online training sessions are scheduled each filing year to assist filers. You can visit the OGEC's website at [www.oregon.gov/OGEC](http://www.oregon.gov/OGEC) or call directly at (503) 378-5105.



Because of the complexities of SEI disclosures, this article is necessarily general and is not intended to provide legal advice. City officials are advised to please consult with their city attorney, in accordance with their council rules for doing so, with private legal counsel or with the OGEC to ensure full compliance with SEI disclosure requirements.

# Small Cities Meetings Schedule

The Small Cities Network is a League program for cities with a population of 7,500 or less, with quarterly meetings to network and discuss common issues and solutions.

All meetings start at 11:00 a.m. RSVP to [jkistler@orcities.org](mailto:jkistler@orcities.org).

On the Web: [www.orcities.org/smallcities](http://www.orcities.org/smallcities)

## Upcoming Meetings

### North Coast (Region 1)

Cannon Beach – May 3

### Portland Metro (Region 2)

Maywood Park – March 21

### North Willamette Valley (Region 3)

Dayton – February 14

### South Willamette Valley (Region 4)

Philomath – February 8

### Central Coast (Region 5)

Newport – February 21

### South Coast (Region 6)

Reedsport – February 20

### Southern Valley (Region 7)

Riddle – March 14

### Columbia Gorge (Region 8)

Mosier – March 21

### Central Oregon (Region 9)

Culver – March 15

### South Central Oregon (Region 10)

Merrill – March 15

### Northeast Oregon (Region 11)

Athena – April 17

### Eastern Oregon (Region 12)

TBD – April 18



The Crooked River Wetlands Complex is a 120-acre, multi-purpose project

# Economy, Environment and Community: Lessons from Prineville

By Jennifer Kenny, Oregon DEQ Water Quality Program Analyst

Oregon faces \$3.89 billion in wastewater infrastructure needs over the next 20 years, according to a 2017 report by the American Society of Civil Engineers, based on data from the Environmental Protection Agency, the U.S. Department of Transportation and other agencies. Financing of upgrades often means raising user fees, a daunting prospect for city leaders. When the city of Prineville realized it needed to increase storage and disposal capacity in response to population growth, finding an affordable solution meant thinking beyond a costly, traditional treatment plant.

As part of a groundwater and wetland sites study, the city realized that with a natural systems approach, it could affordably upgrade existing services and expand service areas while also creating public amenities. The resulting project, the Crooked River Wetlands Complex, is innovative in many ways, including:

- Constructed wetlands, which force larger amounts of purified, cooler water into the Crooked River, keeping mosquitoes down, replacing water removed for irrigation, and enhancing salmon habitat;
- Bacteria and aerators in the ponds, which purify the water by eating the organic material;
- The reduction of future treatment costs from \$62 million to \$7.77 million; and
- Construction of 5.4 miles of new walking, running and hiking trails.

“Very rarely do you get an entire community excited about a wastewater treatment plant expansion,” said Prineville City Engineer Eric Klann. “We were able to get the community excited about this one because of the ancillary benefits.”

The city secured a mixture of grants, loans and system charges to finance the 120-acre, multi-purpose project. Supporting partners included the Oregon Department of Environmental

Quality (DEQ), the East Cascade Audubon Society, Oregon State Parks, the Oregon Watershed Enhancement Board, USDA-Rural Development and others.

Interim financing from DEQ’s Clean Water State Revolving Fund allowed the city to move forward with work while securing other funding to later repay the loan. Like all revolving fund loans, interim financing offers below-market interest rates.

The project is so innovative that EPA and the National Association of Clean Water Agencies selected it for competitive, national awards. DEQ Basin Coordinator Don Butcher believes the project may serve as a model for less costly wastewater treatment that is easier to maintain.

“The more natural a treatment system, the more likely it is to be sustainable over time and require less maintenance,” Butcher said.

Natural treatment systems use plants, soil, bacteria and other processes to break down and treat pollutants rather than rely solely on mechanical elements. They are less expensive to build and operate than conventional approaches, and can include amenities such as trails and native plantings. A 2014 DEQ report, *Natural Treatment Systems in Oregon*, recommends that cities consider this approach when planning to upgrade water quality facilities.

Medford, Dufur, Portland and other cities that have used natural systems realized substantial cost and energy savings. For example, the Roseburg Urban Sanitary Authority’s natural treatment system cost \$9 million, compared to about \$100 million for a conventional approach plus higher operating costs.

For more information or to learn how the Clean Water State Revolving Fund can help your community, visit [www.oregon.gov/deq/wq/cwsrf](http://www.oregon.gov/deq/wq/cwsrf) or call (503) 229-LOAN.

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# Upcoming EVENTS

**2019 CIS Annual Conference**  
February 27 - March 1 – Salem

**OGFOA 2018 Spring Conference**  
March 10-13 – Sunriver

**NLC Congressional City Conference**  
March 10-13 – Washington, D.C.

**2019 OAMR Mid-Year Academy**  
April 5 – Bend

**LOC Board Meeting**  
April 5 – Salem

**Local Government Spring Conference**  
April 12 – Ashland

**OMA (Mayors) Board Meeting**  
April 29 – Conference Call

**NW Regional Management Conference**  
April 30 - May 3 – Hood River

**OCCMA (City Managers) Board Meeting**  
May 3 – Hood River

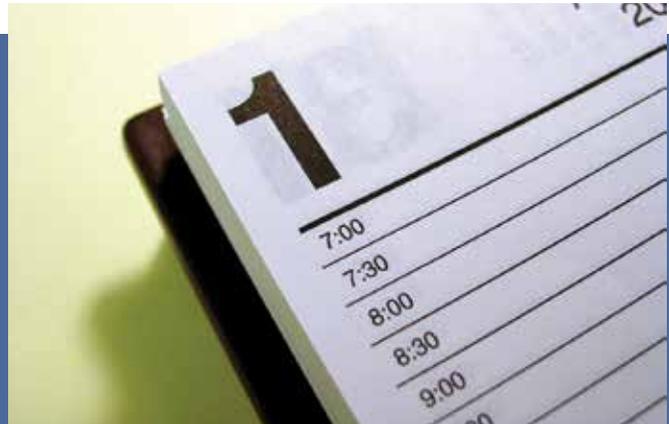
**OCAA Attorneys Municipal Law CLE**  
May 3-4 – Lebanon

**LOC Board Meeting**  
June 14 – Springfield

**Legislative Assembly Constitutional  
Adjournment (*Sine Die*)**  
June 30 – Salem

**OCCMA (City Managers) Summer Conference**  
July 9-12 – Newport

**OCCMA (City Managers) Board Meeting**  
July 12 – Newport



**OMA (Mayors) Board Meeting**  
August 1 – Medford

**OMA (Mayors) Summer Conference**  
August 1-3 – Medford

**OAMR Annual Conference**  
September 18-20 – Bend

**LOC Board Meeting**  
September 25 – Bend

**OMA (Mayors) Board Meeting**  
September 25 – Bend

**LOC Annual Conference**  
September 26-28 – Bend

**OCAA (Attorneys) Fall Workshop**  
September 27 – Central Oregon

**ICMA Annual Conference**  
October 20-23 – Nashville, Tenn.

**OGFOA Conference**  
October 28-30 – Portland

**NLC City Summit**  
November 20-23 – San Antonio, Texas

**LOC Board Retreat**  
December 5-6 – Salem

Upcoming events are also found on the Calendar page at [www.orcities.org](http://www.orcities.org).

# Stronger Together

**T**he 2019 session is underway, and between now and adjournment in late June, your LOC team will be tracking, testifying and advocating on literally thousands of bills. Our goals are simple—protect home rule and Let Cities Work!



# Session is Here!

**T**here is probably no need to let you know that the 2019 session is underway. The buildup for the LOC and its intergovernmental relations (IGR) team started well before January, with membership conversations, a balloting process and rankings that established our top priorities. As you know, full session cycles usually produce around 3,000 bills to process, with far less than 1,000 surviving session deadlines and enough votes to make it to Governor Brown's desk. Session deadlines are celebrated as mini-holidays—without the sunshine or beach time.

The LOC enters the 2019 session with myself at the helm of a very talented and dedicated IGR staff. We are collectively going into the session as a team, and will celebrate our success and losses together as a unit. One of those team members that is critical to the legislative effort can be best explained with a sports analogy represented by the sixth man in basketball, the number 12 jersey for the Seattle Seahawks or perhaps the Timber's Army.

In the world of sports, it's about the fans, or a critical player coming off the bench to provide a supportive role. The LOC's member cities are really part of this legislative process and represent the fans or the sixth man as we collectively advocate for a better relationship with legislators. Council members and mayors can and do play an important role in advocacy for the LOC's agenda, because you are on the front lines of implementing policy, so your perspectives do matter. Many of you have excellent relationships with your state and federal legislators. Your voice really does matter, and we will be calling on you throughout this session and beyond to be active and help provide the support your IGR team will need to open doors or close the deal on bills we are supporting or trying to stop.

As a point of introduction about myself. My primer for the LOC was a combination of an all-day strategic planning session followed by a board of directors meeting before Christ-

mas. Both provided an excellent backdrop to the LOC, its members, and the range of interests and perspectives across Oregon. For me, the good news is that while I still have a lot to learn and welcome all conversations, my work with the Association of Oregon Counties over the last 10-plus years provides a solid base of shared similarities and a cross section of perspectives.

I come to the LOC from Washington County, where I led their work on all issues related to the Oregon Legislature and federal transportation investments. My spectrum of issues aligns with the portfolios represented by the League's lobby team, and I'm confident that your IGR team will have a seamless transition for the 2019 session. Prior to Washington County, I served as vice president of government affairs for the Portland Metro Home Builders Association. I also worked for the Department of Environmental Quality in its Water Quality Division, leading their legislative program. I may be one of only a few lobbyists out there with a forestry degree – GO BEAVS!

I'm sure we'll get a chance to learn more about each other in the future, but for now it's on to the 2019 legislative session. I want LOC to have success, and I'm confident we can make strides in the future with a combined effort and sustained contact with legislators. If you have a relationship, improve it. If you don't, start one. We need to collectively work off this year's theme of "Let Cities Work." It's a simple theme, and it helps illustrate the full partnership and recognition cities need from their respective state government leaders.

See you in Salem!



Jim McCauley  
Legislative Director  
jmccauley@orcities.org

# 2019



## Legislative Priorities

### ISSUES CITIES NEED TO KNOW ABOUT

In addition to the six priorities voted on and approved by our member cities and board of directors last fall (see page 33), the following is a comprehensive overview of issues your LOC team is working on this session.

#### ALCOHOL TAXES

Oregon continues to enjoy one of the lowest beer taxes in the country as there has not been an increase since 1978. An LOC priority is to advocate for a tax increase to assist with rising public safety costs, improve public health, reduce alcohol consumption by minors, and provide alcohol tax equity with wine and liquor. The LOC anticipates that excise tax increases will be part of revenue package discussions in 2019. A House Revenue Committee bill (HB 2125) would increase beer taxes by \$5.20 per barrel; the present tax is \$2.60 per barrel (about 8 cents per gallon or 4 cents per six pack). The governor's budget also calls for a 5 percent increase on the mark-up price of liquor. The LOC will also be watching LC 1191 closely, as it would adjust the compensation for distillery tasting room sales of liquor.

#### ANNEXATION

Annexation continues to be an issue as more cities seek to incorporate property to meet development needs. When it comes to properties that have some residential use, there are limits that can make this process harder, which undercuts the efficient growth and higher level of development that is expected from these lands. Therefore, the LOC is working towards creating more flexibility to help decrease barriers to annexing these areas. SB 92 would allow cities to extend the

period for ramping property taxes up to 20 years and to help better define an "island"—an unincorporated area surrounded by incorporated land. However, other legislation introduced in the House would further complicate annexation methods that cities currently use. HB 2108 would limit the authority to seek annexation consents in exchange for service. HB 2109 would create a double majority for large island annexation. HB 2577 would require a city to wait three years to annex any area in which residential uses are permitted (current practice is to require the delay if the land is residentially zoned).

#### BUILDING INSPECTIONS

There is not yet a formal opinion from the attorney general about the constitutional question related to the use of third-party building officials. The Oregon Building Codes Division (BCD) has extended a temporary rule which extended the period for local government programs for recertification through April 13, 2019. Because the rule is temporary, it expires every six months, and the BCD continues to renew it while waiting for the formal opinion from the attorney general. The LOC has worked with stakeholders to develop legislation clarifying that local governments can continue to use third-party building officials and further modify requirements related to oversight of building inspectors and local programs.

In addition to addressing how building inspection programs have been overseen by the state, there are several other bills that impact what structures are inspected. These include SB 410, which removes state inspection of RVs, and HB 2416, which would separate tiny homes acting as recreational vehicles from those that are subject to inspection for compliance with the building code. Further, HB 2423 will set a building code standard within statute for homes smaller than 400 square feet.

## CARBON LEGISLATION

One of the issues that is anticipated to consume considerable time and political bandwidth during the 2019 session is the potential implementation of a statewide cap on carbon emissions. It is anticipated the cap would apply to certain “regulated entities” with carbon emissions greater than 25,000 metric tons annually, including from the electricity sector, transportation fuels sector and private industrial sources. The statewide cap on carbon would be reduced over time to meet updated greenhouse gas reduction goals for Oregon. Both the framework and details of this legislation involved highly complex policy decisions. There are many questions yet to be answered and many details yet to be determined as the drafting of this legislation evolves. Much of the discussion about how best to implement a statewide cap on carbon and what to do with revenues generated through the sale of allowances will occur in the newly established Joint Committee on Carbon Reduction, chaired by Senator Michael Dembrow (D-Portland) and Representative Karin Power (D-Milwaukie). The LOC is engaging its board of directors in discussions on carbon legislation and will continue to work to represent the varying perspectives and needs of cities across the state.

## HUMAN RESOURCES

### Workers' Compensation

HB 2418 and SB 507 create a presumption that stress-related disorders are work-related conditions for public safety personnel and compensable under worker compensation laws. The LOC believes that there are better ways to ensure the mental health of public safety professionals that protect their privacy in a more cost effective manner.

### Workplace Harassment

Ensuring workplaces are free of harassment is a priority for this Legislature, and several bills have been introduced to that end. Notably, SB 479 seeks to require employers to have policies in place to investigate alleged harassment and protect victims. Additionally, SB 437 is designed to give public employers greater flexibility in disciplining misconduct by altering the arbitration process.

### Paid Family Leave

While legislation crafting a paid family leave benefit has yet to be introduced, the LOC anticipates its introduction. The League does not oppose the state creating this program but

will oppose mandating this cost on public employers. Several states allow employees to purchase insurance coverage to provide this benefit, and the LOC believes that is the appropriate route given the financial straits of Oregon's cities and other local governments.

## LODGING TAXES

Providing local governments with greater flexibility in the expenditure of lodging tax revenues in order to pay for tourist costs, especially those associated with tourist events, will be a focus for the LOC (LC 1155). In addition, the League will seek to build upon last session's success in requiring all intermediaries to pay state and local lodging taxes. Bills are being finalized that will improve transparency of taxes paid by intermediaries (including addresses of properties). Additional bills will codify local government subpoena power to enforce lodging taxes (HB 2166 and LC 1922) and others will revise state law to improve enforcement and lessen the burdens on local government (LC 1943, LC 1947, LC 1989, etc.)

## MARIJUANA TAXES

Bills are in the works to raise the local marijuana tax cap. There are also discussions underway to increase the overall city share of the 17 percent state tax (city share is presently 10 percent) to address public safety costs associated with marijuana. Lastly, LC 1148 would utilize an annual certification for state shared marijuana revenues to simplify the process, replacing the quarterly email certifications used currently. The certification would be included with the other state shared revenue certifications that cities must file with the Oregon Department of Administrative Services (DAS) each July.

## MENTAL HEALTH

While the LOC has its own well-documented priorities related to mental health, legislators and other parties have developed their own priorities that are worthy of support. HB 2831 seeks to create three regional respite centers that would include six beds each for individuals who require assistance. The intent behind this legislation is to create a pilot project that will inform the building of a larger program and reduce the number of mental health patients in county jails.

## PROPERTY TAX EXEMPTIONS

Several property tax exemptions will be expiring soon if not renewed by the Legislature (SB 48, SB 191, HB 2103, HB 2151 and HB 2152). The LOC's position is that property tax exemptions should be narrowly tailored and must provide an appropriate return on investment to the local taxing jurisdictions in order to receive support. There are two bills which seek to reign in the exemptions for charitable organizations (SB 210 and HB 2161) and two which revise housing property tax exemptions (HB 2142 and HB 2150). Lastly, the LOC will advocate for repeal of the gigabit exemption (HB 2168), which should enjoy a smoother path to passage now that the central assessment litigation involving Comcast has been settled.

## PUBLIC CONTRACTING

The LOC has been engaged in ongoing efforts to pass legislation that would address concerns expressed by cities and other local governments about the mandated use of qualification-based selection for the hiring of architects, engineers, land surveyors, transportation planners and photogrammetrists. Oregon's current qualification-based selection (QBS) process, found in ORS 279C.110, requires public contracting agencies, including cities, to select a firm based on qualifications alone, and prohibits the public contracting agency from considering any pricing information during the initial selection process. Over the past year, the LOC has participated in a workgroup, led by Representative Susan McLain (D-Hillsboro), to draft compromise legislation that will provide local governments with an optional, alternative procurement process. The process would still require that the initial selection of firms be based on qualifications, but would allow for the selection of up to three qualified firms for final consideration. Once the qualified firms have been selected, the public contracting agency could also request pricing information to make a final selection based on both qualifications and best overall value.

In addition to QBS legislation, the LOC will work to oppose public contracting legislation that will drive up the cost of public works projects. Several bills that anticipated this session, including: a concept to expand prevailing wage requirements to private projects receiving a tax credit or tax abatement; a new requirement for prevailing wages to be determined by wages set forth in collective bargaining agreements; and consolidation of the number of prevailing wage districts from 14 to five.

## TELECOMMUNICATIONS

### Broadband Infrastructure

The deployment of broadband and telecommunications networks and services (public and/or private) throughout Oregon is critical to economic development, education, health and safety and the ability of residents to link to their governments. Mapping research shows large areas of the state either not served or underserved by competitive broadband technology, and a significant funding barrier to the deployment of broadband infrastructure. Cities need additional funding and support from various sources, including the state and federal government, allocated for increased or new broadband infrastructure. Through an executive order, Governor Brown formed a rural broadband office December 26, 2018 and as part of her proposed budget has allocated \$5 million toward rural expansion of broadband. The LOC will support Gov. Brown's efforts legislatively as well. HB 2173 would create the Oregon Broadband Office within Business Oregon. To address the state's broadband needs, the office would expand duties to include recommendations, public policy development and providing solutions.

## TOP 6 LEGISLATIVE PRIORITIES

as voted by the LOC membership

- 1. Mental Health Investment** – continued protection and investment in crisis intervention services, expansion of emergency access to care, rental assistance for mental health clients, and specialized training for police.
- 2. Revenue Reform and Cost Containment** – reform of both the property tax system and the Public Employees Retirement System (PERS).
- 3. Housing and Homelessness Improvement** – address housing shortages and increases in homelessness that are impacting residents by advocating for technical assistance, stronger partnerships, and increased state investment in housing development and services for the homeless.
- 4. Infrastructure Finance and Resilience Investment** – advocate for an increase in the state's investment in key infrastructure funding sources, including, but not limited to: the Special Public Works Fund (SPWF), the Brownfield Redevelopment Fund, and the Regionally Significant Industrial Site loan program.
- 5. Right-of-Way Authority and Broadband Investment** – seek additional state support and funding for increased and equitable broadband infrastructure deployment, while opposing any legislative efforts to restrict municipal authority to provide broadband services or legislative efforts to restrict city management of the right of way.
- 6. Third-Party Building Inspection Preservation** – clarify the ability of local governments to continue the practice of hiring private-party building officials and building inspectors to provide services for local building inspection programs.

### Small Cell Deployment

In January, the LOC partnered with broadband carriers to kick off a series of meetings to discover opportunities for development of the small cell/5G network. Three committees have been formed: Model Code, Design Standards and Public Education. Each committee will meet three times over the first two months of 2019. As the conversation matures, LOC staff

will provide updates with a possible outcome of a template or model code that has application across Oregon.

## TOBACCO/VAPING TAXES

The LOC proposes seeking a share of all state tobacco product tax revenues to assist with rising public safety costs and provide state shared revenue equity. Only cigarette tax revenues are included in the state shared revenue distribution to cities and those revenues are decreasing. The League anticipates that excise tax increases to cigarettes and other tobacco products (HB 2158), and a new vaping tax (HB 2123 and HB 2159) will be a part of revenue package discussions in 2019.

## TRANSPORTATION

### City Regulated Speed Limits

In 2017, HB 2682 allowed the city of Portland to establish by ordinance a designated speed for a residential street under the jurisdiction of the city that is five miles per hour lower than the statutory speed provided the street is not an arterial highway. This authority should be extended to all cities and considered permissive (not required). The LOC is advocating that cities should be able to determine speeds that are adequate and safe for their communities. SB 558 would extend authority to all cities to designate speed for highways under a city's jurisdiction that is five miles per hour lower than statutory speed when the highway is in a residential district and is not an arterial highway.

### Safe Routes to Schools

As part of the 2017 transportation package, the Oregon Transportation Commission is authorized to provide matching grants for safety improvement projects near schools. To receive the grant, cities must provide a 40 percent cash match unless the school: is in a city with a population of less than 5,000; is within a safety corridor; or qualifies as a Title I school in which case the cash match requirement is reduced to 20 percent. While cities support the availability of matching grant funds provided by the state, the current cash match requirements are too high for most cities to participate in the program. During the 2019 session, the LOC will advocate for the city match to be lowered. SB 561 would decrease the amount of cash match applicants must provide to receive grants for safety improvement projects near schools.

## Speed Cameras

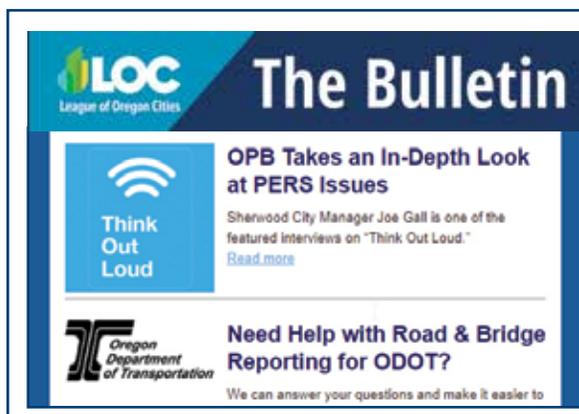
Speeding is a public safety issue, and the Oregon Transportation Safety Action Plan envisions no deaths or life-changing injuries on Oregon's transportation system by 2035. Currently, cities have the authority, as a result of HB 2409 (enacted in 2017), to issue a speeding citation from the same camera and sensor system used to enforce red light compliance at intersections. The LOC is advocating to extend this authority to improve safety across Oregon. SB 559 would expand and makes permanent the authority to operate fixed photo radar systems in high-crash corridors to all cities. In addition, SB 560 would authorize all cities to elect to operate photo radar if the city pays the costs of operating photo radar.

## URBAN RENEWAL

Since 2017, the LOC, the Oregon Economic Development Association, and city members have been meeting with education, county and special district representatives to develop legislation that preserves and improves this key economic development tool. A House Economic Development and Trade Committee bill (LC 1005) would clarify urban renewal plan amendments, ensure rigor in annual reporting, and articulate public buildings and other projects that require coordination with affected taxing jurisdictions. Amendments are expected during the legislative session to refine concurrence requirements for water and wastewater treatment facilities and clarify the 1 percent acreage addition provision.

## WETLANDS

The LOC was a member of a wetlands legislative work group that met from August through December to take a comprehensive look at wetland policy. The primary concern of the work group was addressing issues related to agricultural wetland regulation and removal fill practices. However, a sub-workgroup spent time looking at urban issues related to wetlands, including conversations about assuming federal wetland oversight (404 assumption). The committee drafted four legislative concepts on wetland management, but none call for assumption. Further work by cities and developers are attempting to find a pathway toward this goal. Bills related to wetland mitigation, removal fill, and potential partial 404 assumption include: HB 2436, HB 2437, HB 2438 and HB 2439.



## Are You Signed Up for the *LOC Bulletin*?

Redesigned to be easier to read and more mobile-friendly, the weekly *LOC Bulletin* is your source for staying current on legislative news, action alerts, breaking news, bill summaries and more. The *LOC Bulletin* is emailed every Friday. To be added to the email list, contact [loc@orcities.org](mailto:loc@orcities.org).

# Contact Us

Reach out to the LOC Intergovernmental Relations team if you have questions or need more information on legislative bills and priorities:

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## LOC Legislative Webpage – Resources for Cities

The Legislative page on the LOC website is your resource during the 2019 session. Information you'll find there includes:

- **New this year** - a comprehensive spreadsheet of bills to watch, including their status, LOC's position, and links to the full text;
- Short videos breaking down the top six legislative priorities;
- *City Focus* podcast episodes where each IGR team member sat down with host Denise Nanke to discuss the top legislative issues and what they mean for cities;
- White papers on the top six legislative priorities; and
- Bill tracker links and tutorials on how to get the most out of these legislative tools.



# City Day Highlights State and Local Partnerships

“City Day at the Capitol,” co-sponsored by the LOC and the Oregon Mayors Association (OMA), convened in Salem on January 24. This biennial event brought together nearly 200 city officials from almost 100 cities to meet with legislators, hear from the governor and legislative leaders, and receive issue briefings from LOC staff.

Eugene Councilor and LOC Board President Greg Evans and Dallas Mayor and OMA Board President Brian Dalton emceed the event. Guest speakers included Oregon Governor Kate Brown, State Treasurer Tobias Read, Senate President Peter Courtney (D-Salem), House Speaker Tina Kotek (D-Portland), Senate Republican Leader Herman Baertschiger Jr. (R-Grants Pass) and House Republican Leader Carl Wilson (R-Grants Pass).

Governor Brown applauded the cities for their involvement in the legislative process and government.

“Local government is not for the faint of heart,” she said.

Each of the invited speakers shared how they would help partner with cities to address the LOC’s 2019 legislative priorities: mental health investment; revenue reform and cost containment; housing and homelessness improvement; infrastructure finance and resilience investment; broadband investment; and third-party building inspection preservation.

Though these priorities were a main focus of the day, a few other hot topics came up with our invited guests. The first was wildfires. It is no surprise that Sen. Baertschiger and Rep. Wilson brought this topic into the conversation, as their home districts include cities that have recently experienced destructive wildfires in the past summers. Sen. Baertschiger shared that there is a bi-partisan effort to create a state fire council to help with wildfires.

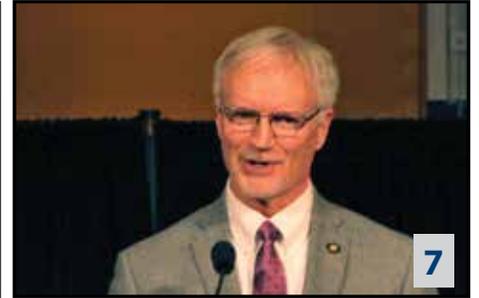
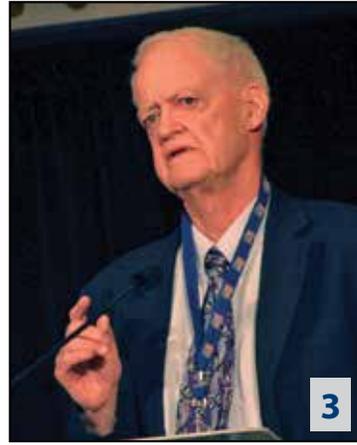
Treasurer Read also brought new topics to the mix during City Day, highlighting his work on bonds that cities can invest in water infrastructure.

After the briefings from the LOC’s advocacy staff, attending city officials proceeded to the Capitol to meet individually with their legislators. These face-to-face meetings are not only of great assistance to the LOC’s advocacy efforts but are invaluable in the development of relationships and the pursuit of local legislative agendas. In addition, feedback the League receives from these discussions provides important information for legislative strategies.

The event ended with a reception for LOC members and approximately 20 legislators, a fitting close to a very successful day of advocacy by cities.

## Photo Captions

1. Governor Kate Brown welcomes attendees and outlines her priorities for the legislative session.
2. Senate Republican Leader Herman Baertschiger Jr. (Grants Pass) talks about the effects of wildfires last summer in Southern Oregon.
3. Senate President Peter Courtney (Salem) discusses the need for PERS reform.
4. Oregon Mayors Association President and Dallas Mayor Brian Dalton welcomes attendees to City Day.
5. Speaker of the House Tina Kotek (Portland) commends the League and cities for their efforts on housing reform.
6. More than 12 representatives of youth councils were in attendance and addressed the crowd about the importance of youth involvement.
7. House Republican Leader Carl Wilson (Grants Pass) emphasizes the shared constituency between legislators and city elected officials.
8. Senator Jackie Winters (Salem) talks with constituents during the reception.
9. Senator Caddy McKeown (Coos Bay) meets with North Bend Councilor Timm Slater and Coos Bay Councilors Drew Farmer and Carmen Matthews.
10. Representative Cheri Helt (Bend) with Redmond Councilor Krisanna Clark-Endicott and Mayor George Endicott.
11. Treasurer Tobias Read shares state funding initiatives with attendees.
12. Senator James Manning (Eugene) meets with Eugene City Councilor Greg Evans.
13. Greg Leo of Wilsonville with Representative Bill Post (Keizer) at the legislative reception.
14. Senator Jeff Golden (Rogue Valley) chats with Central Point Councilor Tanea Browning during the reception.
15. City officials from The Dalles and Maupin meet with Representative Daniel Bonham (The Dalles) to discuss issues important to their community.
16. Representative Margaret Doherty (Tigard) takes the chance to interact with city officials during the legislative reception.
17. More than 200 city officials from nearly 100 cities gather in Salem for City Day at the Capitol.



# 2019 State Shared Revenues

Information and forecast estimates in this report are based on the best information available as of February 1. The material is subject to forecast and law changes made throughout the year.

## Per Capita State Shared Revenues for Cities

Per capita distributions for revenue sources are calculated based on certified population statistics from Portland State University's Center for Population Research (PSUCPR). Population estimates compiled each July are typically certified on December 15, and thereafter begin to govern the distributions. Note that quarterly state marijuana tax distributions will use the most recent PSUCPR population numbers (not the yearly certified numbers). Therefore, per capita numbers for those distributions will change throughout the year with annexations, etc.

|                          | <b>Liquor Revenues</b><br>(20% of Total Share) | <b>Cigarette Tax Revenues</b> | <b>9-1-1 Tax Revenues</b> | <b>Highway Trust Fund Revenues</b><br>(Gas Tax) | <b>Marijuana Tax Revenues</b><br>(75% of City's Share) |
|--------------------------|--|-------------------------------|---------------------------|---|--|
| <b>2017-18 Estimates</b> | \$15.88  | \$1.23                        | \$5.21                    | \$58.13   | N/A <sup>1</sup>                                       |
| <b>2018-19 Estimates</b> | \$18.37  | \$1.20                        | \$5.09                    | \$61.90   | \$2.63   |
| <b>2019-20 Estimates</b> | \$18.56  | \$1.19                        | \$5.26                    | \$71.56   | \$2.97   |
| <b>2020-21 Estimates</b> | \$19.39  | \$1.18                        | \$5.38                    | \$74.54   | \$3.55   |

## Non-Per Capita Based State Shared Revenues for Cities

State marijuana taxes and liquor revenues have partial distributions to cities that are not based on population. The 14 percent liquor revenue share to cities uses an adjusted population formula that factors in per capita property taxes and per capita income of each city (see ORS 221.770). The 25 percent state marijuana tax share to cities is distributed based on the number of licensed marijuana premises in each certified city compared to the total number of licensed marijuana premises in certified cities. This includes grower, wholesaler, retailer, etc. licensed premises. The estimates for the total share for all cities is provided in the following table to allow cities to see trends to assist cities in their individual computations.

|                          | <b>Liquor Revenues</b><br>(Based on Formula, 14% of Total Share) | <b>Marijuana Tax Revenues</b><br>(Based on Licenses, 25% of City's Share) |
|--------------------------|--|---|
| <b>2017-18 Estimates</b> | \$31,632,000   | N/A <sup>1</sup>  |
| <b>2018-19 Estimates</b> | \$37,038,000   | \$6,660,984   |
| <b>2019-20 Estimates</b> | \$37,409,000   | \$7,599,817   |
| <b>2020-21 Estimates</b> | \$39,092,000   | \$9,074,181   |

<sup>1</sup> A per capita estimate isn't applicable because two formulas were at use in 2017-18.

# 2019 State Shared Revenues

## City Budgeting Basics for the Five State Shared Revenues

By Wendy Johnson, LOC Intergovernmental Relations Associate

Cities are expected to again receive payment from five different state shared revenue programs during the new fiscal year. Most shared revenues are distributed to cities based on population, but some use more complex distribution mechanisms. The five revenue sources are summarized below and include descriptions of each revenue source, forecast projection trends, and key legislative updates that may impact the revenue. The LOC encourages cities to join its advocacy efforts to protect and improve each of these vital revenue sources.

Using state projections, the LOC has produced estimates of state shared revenues for cities to utilize when formulating their budgets. Projections for distributions to cities may be revised throughout the year as revenues come in or as laws change. For more detailed estimates and explanations of each shared revenue, see the LOC's State Shared Revenue Report, which is available online at [www.orcities.org](http://www.orcities.org). Cities are reminded that they must take necessary steps, including completing various required certifications and reports to receive the revenues. Those requirements are detailed in the online report.

### State Shared Revenue Background

City general funds in Oregon primarily come from property taxes, franchise fees, transient lodging taxes, fees for services and state shared revenues. As a key revenue source for cities, state shared revenues help provide basic services and meet community needs. When state shared revenue formulas were first established, local governments were generally preempted by the state from enacting or continuing to enact local taxes on the same item in exchange for a specified portion of the revenues collected by the state. Thus, these revenues should not be viewed as "shared revenues," but rather as historical city and county revenues that are now collected by the state. Despite continued local revenue challenges and rising service costs, state shared revenues are often threatened through decreased shares for local governments as a tactic to help balance the state budget. In addition, when the state increases its tax rate, it often does not include the increased revenues in the share provided to local governments.

### The 5 State Shared Revenues

#### 1. Highway Trust Fund Revenues (Gas Taxes, etc.)

In 2017, the Legislature approved a comprehensive transportation funding package (HB 2017) that significantly increased cities' per capita funding, and the results will be seen more fully this fiscal year. The package included a 10-cent gas and use fuel tax increase, a 53 percent increase in the weight-mile tax, registration fee increases, and title fee increase—all graduated increases occur over a seven-year period (last increase occurs 2024). For all the tax and fee revenues, distribution occurs two months after the revenue is collected. Thus, HB 2017's new revenue began January 1, 2018, but the increase was first distributed in March 2018.

From the total allocation for cities (which is about 16 percent of the fund), \$2.5 million is directed annually off the top to the Special City Allotment Fund (the \$2.5 million allotment began in 2018 and had previously been \$500,000). The allocation is matched and administered by the Oregon Department of Transportation to provide competitive grants to small cities (populations less than 5,000) in addition to their per capita allocation.

It is anticipated that legislation will pass in 2019 that will implement a statewide cap and trade program. To meet statewide greenhouse gas reduction goals, the program will cap carbon emissions from certain regulated entities. Approximately 40 percent of carbon emissions are attributable to transportation fuels. As a result, the cap and trade program will likely result in increased costs for these fuels. Under some potential scenarios, there could be an effort to reach into the revenue created by HB 2017 to help balance the impacts of new fees or taxes associated with a cap on carbon. Revenues from the implementation of HB 2017 are used to fund critical infrastructure needs for the state, counties and cities. The LOC is working to ensure that any new revenues from the cap and trade program do not result in a reduction to revenues generated through HB 2017.

*(continued on page 40)*

### 2. Marijuana Tax Revenues

The state imposes a 17 percent tax on recreational marijuana products, and cities receive 10 percent of the total tax revenues (minus expenses) on these products. Revenue distributions to cities are made quarterly. However, only individual cities that certify each quarter will receive a distribution. Certifications must be filed with the Oregon Liquor Control Commission (OLCC), indicating that the city does not ban any marijuana license type inside city limits. (As a reminder, the OLCC emails a notification and a link to cities each quarter.)

The formula for distributing the 10 percent share to cities has changed over time. Initially the tax was distributed entirely on a per capita basis. However, for state revenues collected on July 1, 2017 and after, 75 percent of the shared revenue is distributed to eligible cities on a per capita basis, and 25 percent is distributed based on the number of licensed premises in the city (grower, retailer, wholesaler, etc.). Note that the license portion (25 percent) of the distribution is particularly hard to forecast in the new legalized marijuana industry, as the number of licenses continues to increase each quarter, but locations vary significantly. Shops are also opening and closing constantly.

The state's economist noted in December that marijuana tax collections continue to increase and have come in 7 percent higher than expected so far in the 2017-19 biennium. Such tax collections are impressive, especially since this is a sales tax and prices for marijuana products have steadily dropped due

to significant oversupply. As in the past, the LOC suggests conservative budgeting practices for this new revenue stream.

Cities may impose up to an additional 3 percent local tax on recreational marijuana products. Most cities have an agreement with the Oregon Department of Revenue to have the state collect their local tax at the same time the state tax is collected. However, that local tax revenue is not considered a state shared revenue.

Legislatively, there is interest in raising the 3 percent cap on local taxes and increasing the state share to local governments. The LOC is supportive of both concepts.

### 3. Liquor Revenues

Cities' share of this revenue source is projected to continue trending modestly upward. Cities' share of this state shared revenue is 34 percent, of which 20 percent is distributed per capita, with 14 percent distributed using a formula that factors in property taxes, population and income.

The three major contributors to this revenue source are: the sale of distilled spirits; taxes on beer, wine and cider; and liquor licensing fees. Distilled spirit sales make up more than 95 percent of this revenue source. That's because the state maintains the exclusive right to sell packaged distilled spirits and sets the mark-up on products using a wholesale price formula. This means that the bulk of this state shared revenue source technically is based on profits, and not taxes. At approximately 8 cents per gallon, or about 4 cents on a six-pack,

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Oregon's beer and cider tax is one of the lowest in the country. In fact, Oregon's beer tax rate has remained unchanged since 1978. Meanwhile, the state wine tax is in the middle compared to other states and is 67 cents per gallon. The wine tax has not been increased since 1983.

With tax rates presently so low, it would take large tax increases to generate any significant revenue. There is indeed pending legislation to impose beer and wine tax increases, but the legislation requires approval by a three-fifths majority of each chamber of the Legislature and support seems modest at best. The LOC will continue to support such efforts, as well as proposed legislation that would increase the limits on local government liquor licensing fees.

#### 4. Cigarette Tax Revenues

This revenue source is projected to continue trending downward—which it has for more than 10 years—as smoking decreases. Cigarette taxes are currently \$1.33 per pack, and cities' share of that revenue is a meager 1.7 percent of the tax, or about 2 cents per pack. The tax increased from \$1.32 to \$1.33 on January 1, 2018, pursuant to the last phase of gradual increase legislation passed in the 2013 special session. It's important to note that while cities receive a share of tax revenues for cigarettes, no shared revenue is distributed for taxes on other tobacco products, including cigars, moist snuff, chewing tobacco, pipe tobacco, etc.

Legislation is pending this session to impose tax increases on both cigarettes and other tobacco products. However, the bill introduced at the request of the governor for the Oregon Health Authority (OHA) would distribute all revenues gained from the tax increases to the OHA, rather than increase all recipients' shares. The LOC will advocate for a proportional share increase for cities.

Imposing a new state tax on vaping products (e-cigarettes) is included in the OHA bill and various other bills. Under home rule, cities can impose a local vaping tax, but current law preempts cities from imposing a tax on the sale or use of any tobacco or cigarette product. The LOC will oppose any local vaping tax preemption and will advocate for a reasonable share of any new state vaping tax.

#### 5. 9-1-1 Tax Revenues

9-1-1 tax revenue projections are trending upward with modest growth. However, the cost of providing enhanced 9-1-1 services is rising significantly each year. Most cities will not directly receive this state shared revenue, as the city share is directed to the public safety answering point (PSAP) provider connected to the statewide network. Less than 20 of the 43 PSAPs in Oregon are operated by cities; most are managed by counties or a regional entity.

Local governments receive approximately 60 percent of 9-1-1 taxes, but related costs for funding PSAPs are only partially funded through the state's Emergency Communications Tax (9-1-1 Tax). That is, the 9-1-1 taxes generally cover less than 25 percent of the cost it takes for local governments to operate the PSAPs. Ratios of individual PSAP costs to taxes received vary. The local government share of the state tax is distributed 1 percent to each county, with the remainder distributed per capita.

The tax is 75 cents per month per phone line. Prepaid wireless products are also taxed at sale, at a rate of 75 cents per transaction. The tax was last extended for eight years in 2013 and expires January 1, 2022. Legislation is pending this session to double the tax and also adjust the formula for distribution to assist smaller counties. The LOC is supportive of the general concept.

**Contact:** Wendy Johnson – [wjohnson@orcities.org](mailto:wjohnson@orcities.org) or (503) 588-6550.

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## ESTACADA Creative Urban Renewal

The challenges of downtown revitalization are many and well-known. Disinvestment due to historically low rents and escalating construction costs must be near the top of the list. Property owners are often not interested in improving or even maintaining their buildings because there can be little promise of a return on their investment. Common urban renewal tools such as façade improvement grants or SDC subsidies can help promote (re)investment, but are often not sufficient to generate the quality and scale of redevelopment that cities often want to see.

A major streetscape overhaul on Estacada's main street (Broadway) in 2015 helped buoy the confidence of downtown businesses and property owners, but stubborn vacancies persisted—buildings that are too big, too small or too much work to occupy. One such vacancy was located adjacent to city hall and highly visible. The property owners expressed an interest in improving the building but conceded they did not have the energy or the means to do so. They would, however, sell the building to a reasonable offeror.

The city's urban renewal staff exerted considerable effort attempting to identify such a buyer/partner, calling on local real estate investors and developers personally, asking them to look at the opportunity, telling them about the available grants and subsidies, helping them work through hypothetical construction costs, potential grants, and property pro forma. After months of effort, each potential buyer expressed thankfulness for the opportunity, but ultimately decided against the project.

This setback was particularly frustrating as two viable businesses were interested in occupying the nearly 2,000-square-foot building: an outdoor outfitter selling and renting kayaks and related gear; and a frozen yogurt shop willing to co-invest a considerable amount toward tenant improvements.

After several presentations before the Estacada Urban Renewal Agency, the board agreed that this opportunity to fill a vacancy and create a home for two businesses was not one to let slip through their fingers. As such, they approved staff to purchase the building and contract for the renovation and a portion of the tenant improvements on the building. The agency would hold the building for two years as landlord, offering the tenant businesses a stable environment in which to launch their businesses, and reasonable rents. The plan would be to sell the building at market rate at the end of the two-year hold period.

The agency bought the building on May 1, 2018 and construction was completed in September. YoTreats Frozen Yogurt and Clackamas River Outfitters opened for business shortly thereafter.

The project was not without setbacks and the agency still has two years of rent to collect, but the community has been very pleased and the support for the new businesses has been



very encouraging. Streetscapes and infrastructure projects are worthy urban renewal projects, but this project has yielded real and immediate revitalization, created jobs, and demonstrated to investors and property owners that it is possible to build “a project that pencils” in downtown Estacada.

One of the investors who originally declined to take on the project has since asked to be first in line when the agency sells the building, and that seems like a very positive indicator.

*Submitted by: City of Estacada*

# WOOD VILLAGE

## New City Hall, Mixed-Use Development

Wood Village city leaders suspected that Halsey Street held unlocked potential for economic growth, and a report from Johnson Economics verified that it's true. Now, city leaders are taking steps to create a more vibrant community through redevelopment that centers around the east-west corridor.

Among them are building a new city hall on Northeast Halsey and selling the current one to Williams & Dame to turn into mixed-use development. Once the transformation occurs, the city hall building will house about 1,000 feet of retail space and apartments behind it. The city is reviewing architectural firms to help with the design of the new city hall.

Wood Village city leaders expect the Halsey Corridor to continue to grow in traffic volume and economic activity. About 750 housing units are currently in the pipeline, which will likely make new forms of commercial activities feasible, according to Johnson Economics' report.

"The new employers moving to the area around the Halsey Corridor will also contribute to economic growth, especially the large industrial users moving into Gresham Vista Business Park and Troutdale Reynolds Industrial Park," the report states. "Workers employed in these business parks will increase daytime traffic volumes and commercial demand, especially demand for lunch options and convenience retail. They will also likely contribute to additional household



growth in the area, beyond what is represented by the current housing pipeline."

The report notes that the Halsey Corridor also has a significant tourist component and retail, hospitality and food and beverage services are the main industries oriented toward visitors.

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## CORVALLIS Leader of the Year

Tom Nelson has been named Economic Development Leader of the Year by the Oregon Economic Development Association (OEDA), in recognition of a 17-year career at organizations large and small in Oregon. The award was announced at OEDA's recent conference in Klamath Falls and serves as a bookend to a remarkable career for Nelson, who announced his plans to retire at the end of January 2019.

Nelson currently serves as manager of the Corvallis-Benton County Economic Development Office, a partnership between the city of Corvallis and Benton County that was launched in 2012 to encourage balanced, sensible economic growth in the area. Under Nelson's steady leadership, the office developed a forward-thinking strategy to highlight the unique value proposition of the region and to increase its visibility across Oregon, with a focus on traded-sector businesses.

"Corvallis is lucky to have benefited from a seasoned professional like Tom," said City Manager Mark Shepard. "His deep and thorough understanding of the changing nature of the economic development industry has served Corvallis and Benton County well."

Within City Hall, Nelson streamlined the application process for the enterprise zone applications, building a team of city employees from across departments that are working together to help businesses expand, versus working in silos. In addition, Nelson directed a renewed focus on business retention, particularly for small businesses and businesses in Corvallis's historic downtown district. When businesses in the region have a question about a city application or zoning requirement, they know that Nelson's team is just a phone call away.

As a veteran in a fast-changing industry, Nelson developed a reputation as a mentor for the next generation of leaders. Employees at the Corvallis-Benton County Economic Development Office have gone on to influential positions around the state. For his part, Nelson is deeply engaged with OEDA's career growth efforts. Locally, he is personally involved in a number of organizations focused on supporting the burgeoning entrepreneurial community in Corvallis and Benton County, including Willamette Innovators Network and the Willamette Angel Conference.

"Tom has always focused on mentoring and supporting the next generation of economic developers," said Amy Jauron, business development manager at Greater Portland Inc. and a past colleague of Nelson's in Corvallis. "He offers wise advice and reliable support for anyone seeking assistance."

*Submitted by: City of Corvallis*



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# SANDY

## New Fire Station

Sandy Fire District staff, city leaders and community members recently marked the opening of their new fire station, during which the public was given tours of its dormitories, community spaces, an apparatus bay and a state-of-the-art kitchen.

The new facility, located at 17460 Bruns Ave., is 18,000 square feet and was designed to meet modern seismic standards and stand for more than 50 years. Fire Chief Phil Schneider said the original station, built in 1969, was 13,500 square feet and a seismic study conducted several years ago detailed its vulnerability during a major earthquake.

“They basically told us if we get a big one, the apparatus wasn’t going to get out of the bay because the second story would come crashing down,” he said. “When I became chief it was pretty important to me that we come up with a solution.”

In 2014, Schneider learned that Business Oregon was focusing its grant program on upgrades for emergency services. An updated seismic study required for the grant proposal confirmed the results found in the previous one, and the Sandy Fire District received its funding request in February 2015.

The project initially was supposed to take about a year but, as the building hadn’t been updated since 1981, the fire district’s leaders saw an opportunity to use the grant funding to do a full-scale remodel as well. The project included taking down an old sequoia that had been damaged by lightning and posed a danger to people using the road below and the fire station’s parking lot. A varnished slab from the tree now serves as an impressive dining table for the fire station.

While the fire district operates independently of the city of Sandy, the pair partnered on financing the remainder of the \$6 million project after Business Oregon awarded the \$1.2 million grant. The city provided \$3.5 million from its urban renewal fund, and the fire district spent about \$300,000 of its facilities budget for the rest.

“It’s all paid for and we didn’t have to ask taxpayers for funding, which makes them happy,” Schneider said. “Working partnerships are huge. We appreciate the city for the urban renewal piece and when we needed a place to stay for two years, the Oregon Trail School District offered some of its land at no cost.”

After comparing the cost of some options for a temporary station, the fire district ultimately saved money by buying a



five-bedroom manufactured home for \$82,000 and selling it for \$52,000 when the new station opened. Storage costs were another conundrum, with most traditional options being too expensive. The fire district ultimately bid on some semi-truck containers that were up for auction to save on the upfront cost, and will be able to sell them for about \$2,500 each when they are through using them, Schneider said.

“I try to look at it as a business and you have to think that way because you’re using other people’s money,” he said. “We try to be very transparent and use the taxpayers’ money in the best way possible. We have a lot of community support and we feel very blessed.”

During the ceremony, Schneider thanked his colleagues and the community and presented the family of Len Tobias, the late fire district board chairman, with a bronze hydrant award to recognize his 25 years of service to the district, according to the *Sandy Post*.

# MONMOUTH/INDEPENDENCE

## Meeting the Demand

As the cities of Independence and Monmouth explored their options for getting high-speed broadband service in the late 1990s and early 2000s, they met a series of obstacles from providers who said the market was too small to invest in at that time, service wouldn't be available until 2016 and it would come at a higher cost than the cities anticipated.

Undeterred, the city councils for the two communities partnered in an initiative to establish their own broadband system called MINET. The public utility has provided internet access, digital (HD) television and telephone service since 2006 and serves as a model for other communities seeking to provide the same services in a more efficient and cost-effective way.

Marilyn Morton, office administrator for MINET, said there were a few bumps along the way as the service got up and running, but Don Patten brought the skills and expertise to solve those issues when he joined MINET as general manager in 2013. The system now provides service to about 85 percent of residents living in the two cities and operates with a staff of 21 people.

MINET has embarked on a new venture, taking gig speed fiber to the nearby city of Dallas through a partnership with outside investors. No debt or expense was assumed by either of MINET's originating cities. The investors sold bonds to support the new operation. The bonds were up for sale at 8 a.m. on July 17 and were completely sold out by 8:01 a.m., said Morton, and Willamette Valley Fiber, a public-private partnership, was born.

"We've had tremendous support from Dallas' City Hall in terms of staying at the speed we need to move as it relates to permitting. The city has been wonderful about keeping up with our permitting needs," Patten said.

While the aesthetics of some of the equipment needed for the system caused some delay, Patten was pleasantly surprised to find that increased installation costs that were expected because of Chinese tariffs did not come to pass.

"Dallas will come in on time and on budget and I don't know what else we could ask for when it comes to a project of this magnitude. We only have one opportunity to make the best impression we can when we're tearing up people's yards and working with a city," Patten said. "MINET has a great reputation in our established markets and you don't get that reputation by doing things wrong, you get it by doing things right."



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Last September, Patten traveled to Washington, D.C., to participate in a special senatorial gathering addressing delivery of broadband to rural America. He was invited to attend the meeting by Oregon Senators Jeff Merkley and Ron Wyden, who have been ardent advocates for MINET as it expands into new markets and develops new styles of business.

A second concept for delivery of a broadband pipe to communities of under 10,000, which Patten has dubbed "Broadband in a Can," was discussed during the meeting in addition to the full-service fiber infrastructure for Dallas. ■



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# City Events

**Note:** With the transition of Local Focus to a quarterly magazine, City Events will be published online and promoted on a regular basis in the weekly *LOC Bulletin* e-newsletter. Please continue to share your city's events by sending them to Julie Oke at [jmoke@orcities.org](mailto:jmoke@orcities.org).

## February

- 14 **Salem** – Oregon's 160th Birthday Celebration ([www.oregoncapitol.com](http://www.oregoncapitol.com))
- 14-17 **Klamath Falls** – Winter Wings Festival ([www.winterwingsfest.org](http://www.winterwingsfest.org))
- 16 **Astoria** – Festival of Dark Arts ([www.festivalofdarkarts.com](http://www.festivalofdarkarts.com))
- 16-17 **Eugene** – Oregon Asian Celebration ([www.asiancelebration.org](http://www.asiancelebration.org))
- 21-24 **Newport** – Seafood & Wine Festival ([www.seafoodandwine.com](http://www.seafoodandwine.com))
- 22 **Portland** – Wizard World ([www.wizardworld.com](http://www.wizardworld.com))
- 22-24 **Astoria** – FisherPoets Gathering ([www.fisherpoets.org](http://www.fisherpoets.org))

## March

- 8 **North Bend** – 30th Annual Clambake Music Festival ([www.oregonsadventurecoast.com](http://www.oregonsadventurecoast.com))
- 8-10 **Ashland** – Oregon Chocolate Festival ([www.oregonchocolatefestival.com](http://www.oregonchocolatefestival.com))



*Heppner's Wee Bit O'Ireland Celebration*

- 9 **Halfway** – Crab Feed ([www.facebook.com/halfwaylions](http://www.facebook.com/halfwaylions))
- 9 **La Pine** – 15th Annual Crab Feed ([www.lapinefrontierdays.org](http://www.lapinefrontierdays.org))
- 9 **Milwaukie** – Winter Music Festival ([www.winterbluesfest.net](http://www.winterbluesfest.net))
- 16-17 **Central Point** – Oregon Cheese Festival ([www.oregoncheesefestival.com](http://www.oregoncheesefestival.com))
- 16-18 **Heppner** – Wee Bit O'Ireland St. Patrick's Celebration ([www.heppnerchamber.com](http://www.heppnerchamber.com))
- 23-4/29 **Woodburn** – Wooden Shoe Tulip Fest ([www.woodenshoe.com](http://www.woodenshoe.com))
- 29-31 **Seaside** – Oregon Ghost Conference ([www.oregonghostconference.com](http://www.oregonghostconference.com))

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