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Rivergrove: An Analysis of Services

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**RIVERGROVE:
AN ANALYSIS OF SERVICES**

City of Rivergrove

Final Report

July 15, 1985

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and

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PREFACE

Under the Land Conservation and Development Commission Public Facilities Planning Rule, cities in Oregon are required to develop public facilities plans or planning processes to meet the needs of their communities. The City of Rivergrove requested the Center for Urban Studies to undertake this report as part of its compliance with the LCDC rule. Increasing urbanization and demand for services in the area surrounding Rivergrove present this small city with a unique set of planning issues, including the provision of sewer services to its residents. This report examines the City's financial background and three alternatives for service provision: maintaining the status quo, annexation of additional territory, or disincorporation.

EXECUTIVE SUMMARY

The City of Rivergrove, in response to planning issues that have arisen from the increasing urbanization of its geographic area, has begun to examine three alternatives for providing services to its residents. These alternatives are to maintain the status quo, to annex land "logical and adjacent" to its boundaries, or to disincorporate and become a part of another jurisdiction. Changes in current revenue sources and demand for services within Rivergrove and surrounding areas will be significant factors influencing the decision to pursue any of these possibilities.

If Rivergrove remains as it is currently organized, it can continue to rely on most of its existing revenue sources. Increases in state shared gas and cigarette taxes will provide additional revenue for the City, but Federal Revenue Sharing funds, which are used to finance the maintenance of Rivergrove's park, probably will be eliminated within the next two years. The City's population is expected to remain relatively stable, as barriers to growth continue to be a lack of sanitary sewers and developable land. No immediate health risk exists from the use of septic tanks within the city, so the need for a sewer system is not urgent at this time. However, this situation may change over the long term.

If the residents of Rivergrove sought an increase in the level or types of services available to them, it would be necessary for the City to consider other revenue sources, chiefly a property tax. Also, without a property tax it is not possible for

Rivergrove to issue municipal bonds and undertake major capital projects. If Rivergrove were to levy a tax not exceeding the total rate levied in the nearest part of Lake Oswego, it could establish a rate of \$.72 per \$1000 Assessed Value, and raise \$7,628 per year in revenue.

Unincorporated land separates the northern boundary of Rivergrove from the City of Lake Oswego. In addition, an area of unincorporated land separates eastern and western portions of the City. No other jurisdiction has begun annexation proceedings in these areas, but it is unlikely that major annexations by Rivergrove would be approved by the Metropolitan Boundary Commission, or that the City would be able to finance urban service provision to a large territory. If the City did annex all or part of these areas and wished to provide services, including major capital facilities, it could levy a property tax to finance these activities. With the annexation of all these unincorporated areas, the City could raise \$53,951 per year in property tax revenue at a rate of \$.72 per \$1000 Assessed Value. However, this revenue would not be sufficient to provide services additional to those already provided by Rivergrove.

Finally, disincorporation of the City and annexation to a neighboring jurisdiction would make a wide range of services available to Rivergrove residents, including sewers, fire, police, a library, and parks. Property taxes paid by residents of Lake Oswego differ by \$.72 per \$1000 Assessed Value from the property taxes now paid to various service providers by

residents of Rivergrove. However, persons living south of Childs Road are receiving fire services from the Tualatin Fire District at a rate of \$3.05 per \$1000 Assessed Value. Although under annexation to Lake Oswego fire service would be provided by the Lake Grove Fire District at a rate included in the City's base rate of \$3.84 per \$1000 Assessed Value, those who now receive Tualatin Fire District services would continue to pay taxes to that district for approximately five years until outstanding bonds have been retired. At that time, the tax rate would be reduced to the lower rate levied in Lake Oswego.

Projecting costs for sewer provision to the Rivergrove area is difficult without estimates from a qualified engineer. The rocky terrain and soil problems in the city probably would increase costs beyond those for a typical project under normal working conditions. Bancroft Bonds are the usual method of financing major capital projects such as sewer construction. Rivergrove would need to approve a property tax as backing for these bonds before the City could use this method to finance sewers.

Alternatively, sewers could be provided to Rivergrove through intergovernmental agreements with neighboring jurisdictions, particularly the City of Lake Oswego and the City of Portland. Lake Oswego maintains accessible sewer trunks and jointly operates a nearby treatment facility with Portland. The City of Lake Oswego has expressed a willingness to work out agreements with Rivergrove, if a decision to provide sewers to the area is made. However, this option would be significantly more costly to the residents of Rivergrove than if the city disincorporated

and became part of another jurisdiction that could provide the services directly.

INTRODUCTION

Purpose

In May of 1985, the Mayor and City Council of the City of Rivergrove requested the Center for Urban Studies at Portland State University to prepare a report on the costs and alternatives for providing police, street lights, road maintenance, and parks at current service levels to residents of the City and surrounding unincorporated areas. In addition, the report was to address the costs of providing sewer services to the same areas. Three specific alternative situations for the City were identified in the request: a) maintaining service levels available in the city as it is currently organized; b) annexation by Rivergrove of land "logical and adjacent" to its borders, thus expanding the service area and population served; and c) disincorporation of the City and possible annexation to an adjacent community. Costs were to be discussed in current dollars, and in the examination of sewer alternatives, understood to be approximate and not equivalent to engineering estimates. No recommendations would appear in the report; rather, factual information would be presented for consideration by the City Council and citizens of Rivergrove.

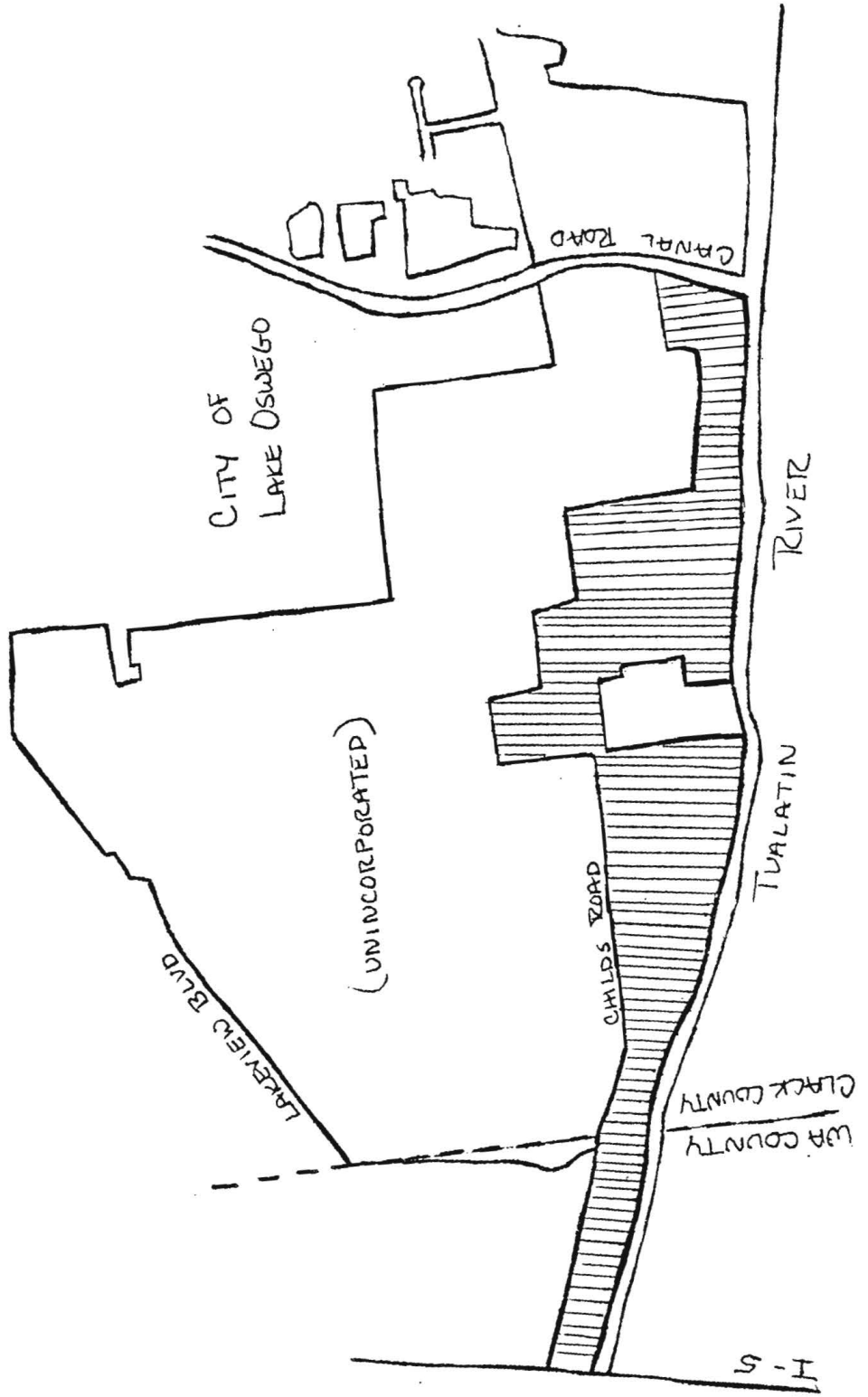
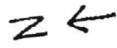
Context of the Analysis

Rivergrove is a single family residential community of 320 persons. There is little room for further development within the city. Its geographic location both limits its possibilities for

RIVERGROVE

AND SURROUNDING AREAS

FIGURE 1



expansion and provides it with access to public facilities available in nearby jurisdictions (Figure 1). Unincorporated land to the north separates it from the City of Lake Oswego; to the east it borders on Lake Oswego; and to the west and south it borders on the City of Tualatin. Lying as it does in a rapidly developing urban area, this small community is facing problems and possibilities that would not face comparable cities in less densely populated areas of the state.

Currently, most of the services available in Rivergrove are provided by other local governments. North of Childs Road fire service is provided by the Lake Grove Fire District and south of Childs Road by the Tualatin Fire District (Figure 2). The Clackamas County Sheriff provides a limited patrol service to the city; sewers are provided only in the western part of Rivergrove bordering on Tualatin, served by the Tualatin/Lake Oswego sewer line; all but one mile of the city's roads are under the jurisdiction of the County; and the Rivergrove Water District provides water. Rivergrove maintains one park, and street lights throughout the city.

The City is dependent on fees and intergovernmental transfers to finance services. The City Charter prohibits the levying of a property tax, thus limiting available revenues and the ability to issue debt for public improvements.



The report will begin with a review of the 1983-84 budget, trends in City expenditures and revenue, and a discussion of the outlook for new and existing revenue sources for the City under the three

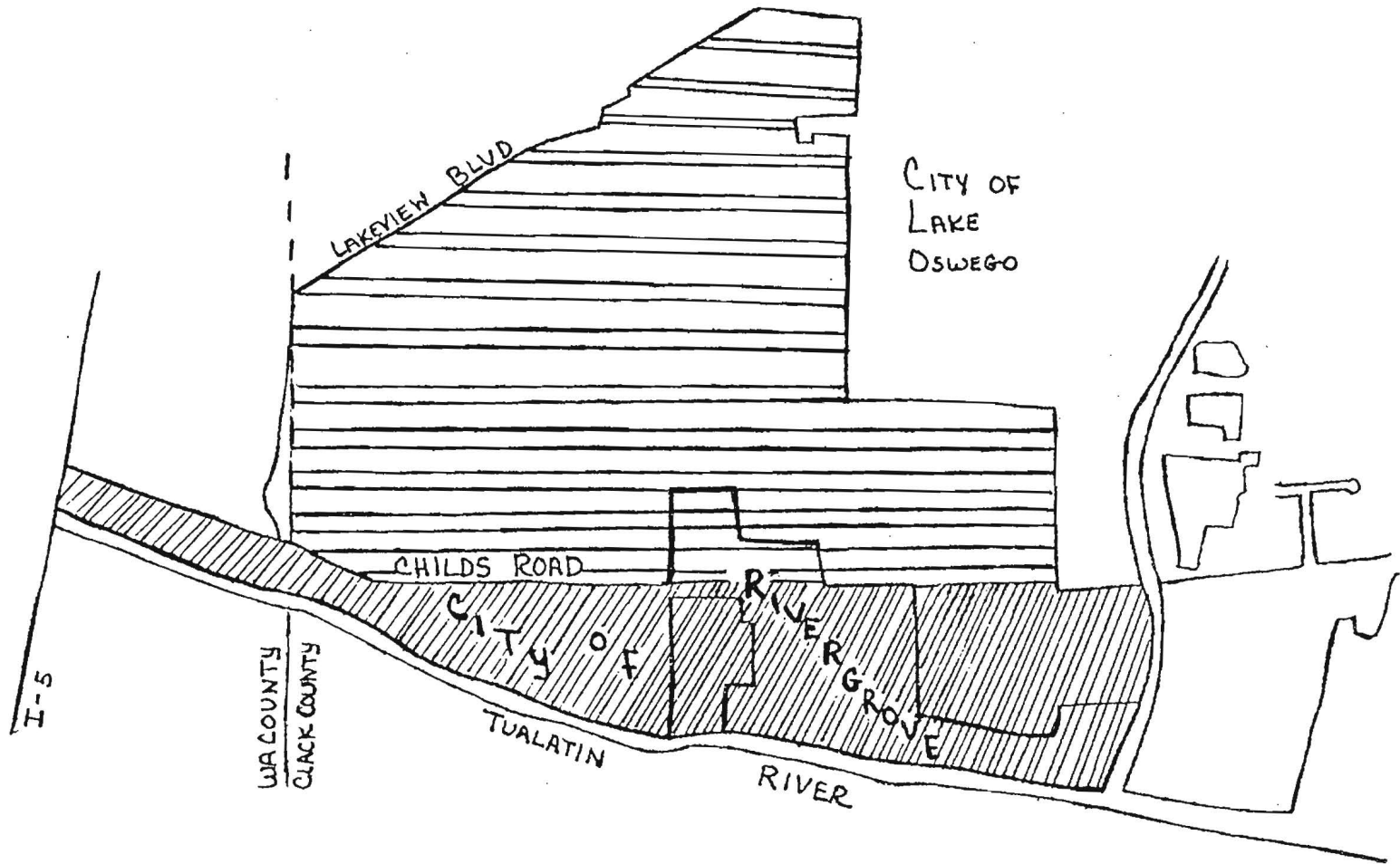
alternatives discussed in the introduction. The final section of the report will compare the costs of police, street lighting, road maintenance, parks, and sewers for the City as it is currently organized, if it would expand through annexation, and if it would disincorporate.

FIRE DISTRICTS SERVING RIVERGROVE



FIGURE 2

-  LAKE GROVE FIRE DISTRICT
-  TUALATIN RURAL FIRE DISTRICT



THE BUDGET

Expenditures and revenues for the City of Rivergrove have remained relatively stable over the five-year period FY 77-78 to FY 83-84. The City relies solely on fees and intergovernmental transfers for its sources of revenue. Expenditures for services are made from the General Fund and the Highway Fund.

General Fund

General Fund expenditures include General Administration, Contractual Services, and Federal Revenue Sharing. (Although Federal Revenue Sharing is, technically, revenue rather than an expenditure, it is presented as an expenditure category on the City's budget because over the past five years the funds have been expended entirely on maintenance of the city park.) General Administration includes support services necessary to the operation of the City, such as insurance, office supplies and postage, communications, and elections. The City's Planning Commission and 911 service are funded under General Administration. Contractual Services include legal expenses, secretarial services, rent for City offices, telephone service, and police.

In FY 83-84, General Administration accounted for 21 percent of general fund expenditures; Contractual Services, 71 percent; and Federal Revenue Sharing, 7 percent.

Sheriff Services and 911

Rivergrove paid Clackamas County \$2,352 for sheriff patrol services in the city during FY 83-84. Patrol services are billed

at \$20.71 per hour (on July 1, 1985 the rate will be raised to \$21.66 per hour). Rivergrove contracts for 10 hours per month, a service level established by the City but below that typically received by comparable cities. Any service above the 10 hours is received at no charge. Sheriff services accounted for 24 percent of total actual expenditures in FY 83-84.

Emergency 911 service is paid for from excise taxes collected by the telephone company and redistributed to participating communities. In Rivergrove, 911 calls are responded to by the Tualatin Fire District and the Lake Oswego Police Department. In FY 83-84, the City received \$799 in excise taxes and expended \$801 on this service.

TABLE 1

GENERAL FUND AND FEDERAL REVENUE SHARING FUND
EXPENDITURES AND REVENUE FOR FY 83-84

EXPENDITURES

SERVICE	APPROVED	ACTUAL	% TOTAL ACTUAL
General Admin.	\$ 3,270	\$1,261	13%
-911 Service	600	801	8
Contractual			
Admin. Services	6,230	4,581	47
-Police	2,800	2,352	24
Federal Revenue			
Sharing	1,500	724	7
Total	\$13,580	\$9,719	100%

(Note: Percentages are rounded and may not sum to 100.)

REVENUE

SOURCE	APPROVED	ACTUAL	% TOTAL ACTUAL
Beginning Fund			
Balance	\$ 4,800	\$ 5,018	33%
Interest	250	303	2
Franchise Fees	3,500	4,010	26
Liquor Taxes	2,700	2,368	15
Cigarette Taxes	630	655	4
City Fees and Misc.	100	52	1
911 Service	600	799	5
Federal Rev. Shar.	1,000	1,182	8
LCDC Grant	-0-	1,000	6
Total	\$13,580	\$15,397	100%

(Note: Percentages are rounded and may not sum to 100.)

Highway Fund

Expenditures from the Highway Fund can be made only for street construction, maintenance, and other directly related projects. In FY 83-84, expenditures were made for street lights, storm sewers, street signs, repair and maintenance, and other operating

costs. The provision of street lights accounted for 82 percent of total highway fund expenditures. This money is paid to Portland General Electric for the electricity used to power the lights.

TABLE 2

HIGHWAY FUND EXPENDITURES AND REVENUES: FY 83-84

EXPENDITURES

SERVICE	APPROVED	ACTUAL	% TOTAL ACTUAL
Street Lights	\$ 4,800	\$ 4,799	82%
Storm Sewers	400	500	9
Street Signs	200	35	1
Street Repairs	500	495	8
General Operating and Contingency	1,450	-0-	0
Total	\$ 7,350	\$ 5,829	100%

(Percentages are rounded and may not sum to 100.)

REVENUES

SOURCE	APPROVED	ACTUAL	% TOTAL ACTUAL
Beginning Fund Balance	\$ 2,600	\$ 4,700	47%
Interest	250	371	4
Gas Tax	4,000	4,827	48
Wash. County Road Tax Refund	700	72	1
Total	\$ 7,550	\$ 9,970	100%

(Note: Percentages are rounded and may not sum to 100.)

Ending Fund Balances

During the past five years, the City has had positive ending fund balances in both general fund and highway fund accounts on which it has also earned interest. The balances have remained largely in the range of \$4,700 to \$5,800 for the General Fund, with the largest balance being \$6,010.30 in FY 78-79. Cash balances in the

Highway Fund have varied according to outlays for capital construction and repair and maintenance activities, which do not occur every year. Balances in this fund have ranged between \$2,000 and \$4,000 dollars.

TABLE 3
ENDING FUND BALANCES

GENERAL FUND AND FEDERAL REVENUE SHARING

As of June 30, 1978	\$ 6,010.30
As of June 30, 1979	5,890.34
As of June 30, 1980	5,427.55
As of June 30, 1981	5,643.49
As of June 30, 1982	5,018.00

HIGHWAY FUND

As of June 30, 1978	\$ 5,003.64
As of June 30, 1979	1,750.26
As of June 30, 1980	3,959.54
As of June 30, 1981	3,450.72
As of June 30, 1982	4,700.00

Comparison With Cities Under 500 Population

According to a report by the Bureau of Governmental Research and Service entitled Oregon City Finances: Fiscal 1983, the average General Expenditure for Oregon cities under 500 in population was \$47,000 in FY 83. General Revenues for that period averaged \$48,000 for cities under 500 in population. Rivergrove's actual expenditures for FY 83-84 amounted to \$14,458 and actual revenues, \$25,367. Thus, Rivergrove's expenditures and revenues are below the average for cities with comparable populations, reflecting the fact that many of the services available in Rivergrove are provided by other jurisdictions.

CURRENT REVENUE SOURCES

Fees

The City collects two types of fees, city permit fees and franchise fees. Permit fees are charged for connection to the water system and for other miscellaneous purposes. Revenue from this source amounted to \$52 in FY 83-84. Franchise fees are charged to private utilities that provide service within the city. Under agreements that allow them to use public rights-of-way for delivery of service, franchise holders pay fees to the City based on their earnings. Franchise holders are Storer-Metro, Portland General Electric, Northwest Natural Gas, General Telephone and Electric, and a small sanitary disposal company. These fees have been stable over the past five years, amounting to \$4,010 in FY 83-84.

State Shared Revenue

Revenue from state shared sources includes liquor taxes, cigarette taxes, and gas taxes. The formulas used to allocate these revenues are based in part on population. Changes in population or in the formulas used to distribute the funds would affect the amount of revenue Rivergrove could expect to receive from these sources.

STATE GAS TAX

Rivergrove's Highway Fund receives revenues primarily from state shared gas tax receipts. Amounts have varied, but have ranged between \$4,000 and \$5,000 for the last five years. Legislation passed during the 1985 session of the Oregon legislature will

raise the state gas tax by two cents, with one cent divided between cities and counties and one cent retained by the state for highway maintenance and improvements. As a result, Rivergrove will be receiving a slight increase in gas tax receipts.

STATE CIGARETTE TAX

Cities currently receive a portion of the state cigarette tax, amounting to one cent per pack. Distribution is based on the relative proportion of the state's population in each city. Legislation passed in the 1985 session of the Oregon Legislature authorized an increase in the tax, with an additional one cent per pack to be distributed among cities. Thus, Rivergrove can expect a small increase in revenue from this source.

LIQUOR TAX

State taxes on liquor sales are shared with cities based on a formula that includes consideration of population, property taxes, and per capita income. No increases have been proposed for the upcoming biennium, and Rivergrove can expect no additional revenue from this source.

Washington County Road Tax Refund

Washington County distributes a portion of the taxes it collects for maintenance of its roads to cities that have county roads running through them. The western section of Rivergrove is in Washington County, and the City received a road tax refund in FY 83-84 amounting to \$72.

The distribution of this revenue to cities will increase from one

cent per gallon to four cents during FY 85-86. Thus, Rivergrove can expect an increase in revenue from this source.

Federal Revenue Sharing

Under a program begun in the early 1970's, local governments receive a portion of federal revenues, allocated by formula. Federal Revenue Sharing funds are to be used for general purposes; decisions on specific uses for the money are made on the local level. However, deficit reduction measures currently being discussed in the national Congress include the elimination of Federal Revenue Sharing within the next two years as one means of cutting the federal budget. Local governments are likely to feel the impact of this cut in various ways.

For Rivergrove, annual income from this source has been \$1,000. Over the past five years, the City has been financing all of its park improvements and maintenance with Federal Revenue Sharing funds and other general fund money. If the federal program is eliminated, the City may need to examine alternative financing for park maintenance.

POPULATION

Rivergrove

According to figures provided by the Center for Population Research and Census at Portland State University, as of June 30, 1984 the population of Rivergrove stood at 320. This figure has remained relatively stable since 1980--in 1981 and 1982 it was 325. Metro estimates that by the year 2000 Rivergrove's population will be 450, an increase of 38 percent in a 15 year

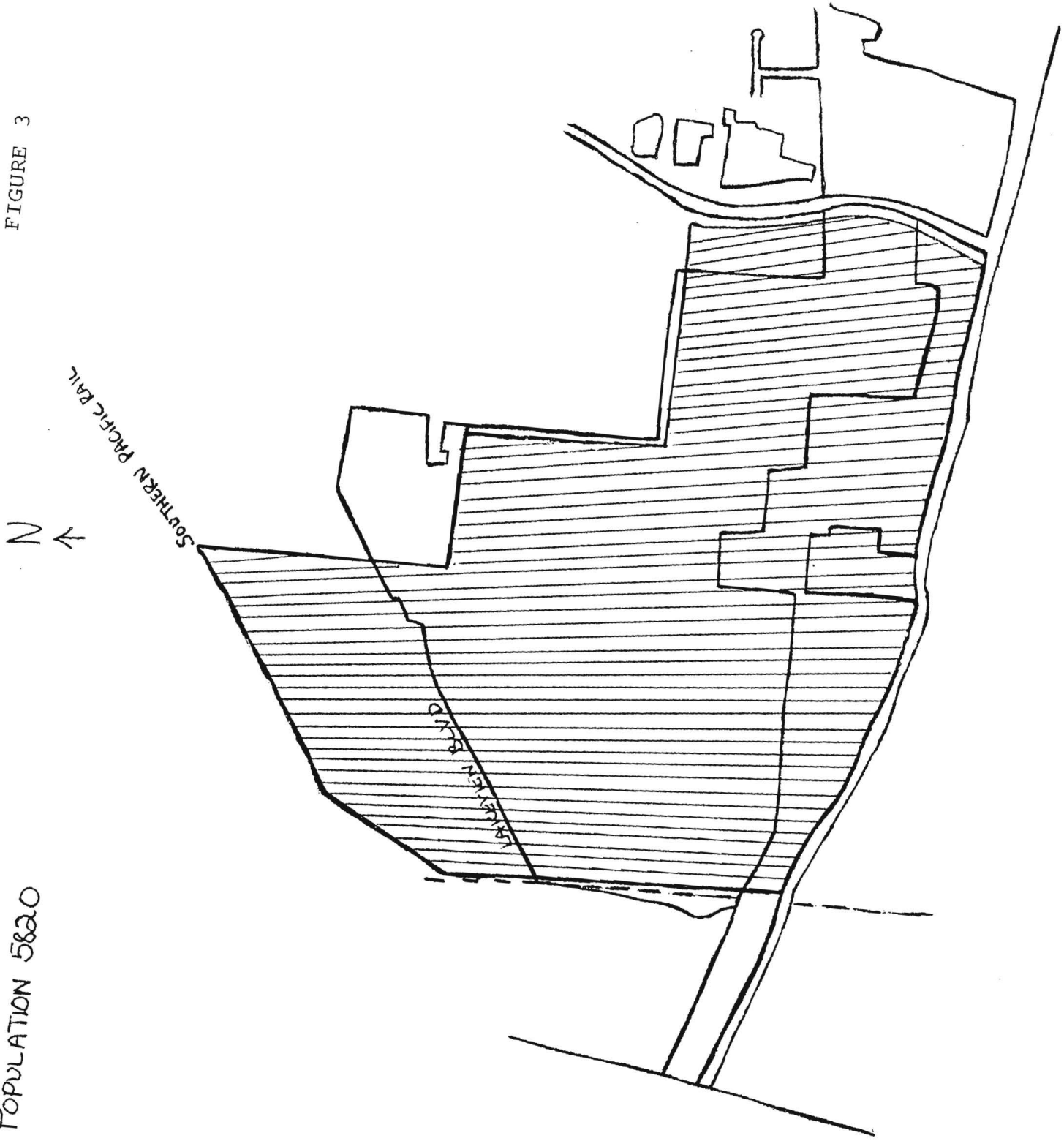
period. As observed in the City's comprehensive plan, the primary reasons for slow growth have been the lack of sewers and developable land. However, there may be room for further growth if flood plain lands are developed, or if a sewer system is constructed to serve the entire area.

Population: Unincorporated Areas in Clackamas County

Figures for the population of the unincorporated area of Clackamas County north of Childs Road to Kenney Road, east to the Lake Oswego Canal, and west to 85th were determined using 1980 Census block data provided by the Center for Population Research and Census--these numbers may be larger now. The total population for this area in 1980 was approximately 1,836 (one census block included the incorporated area of Rivergrove north of Childs Road).

WEEKS POPULATION PROJECTIONS
YEAR 1983: POPULATION 5035
YEAR 2005: POPULATION 5820

FIGURE 3



Population Projections: Metro 2005

Projections to the year 2005 can be determined only for a larger area that includes parts of incorporated Lake Oswego and all of Rivergrove (Figure 3). Consequently, accurate projections for the unincorporated area north of Rivergrove cannot be made from these data. However, the current population of the area covered by the Metro projection was 5,035 in 1983. This figure is estimated to increase to 5,820 in 2005, a 16 percent increase over 20 years.

POTENTIAL REVENUE SOURCES

Property Taxes

RIVERGROVE

The City of Rivergrove does not have the authority to levy a property tax at this time. The City relies heavily on intergovernmental transfers, such as the state gas tax, state cigarette tax, and Federal Revenue Sharing to fund its services. Barring any reduction or elimination in these revenue sources, or any changes in the level of services provided--determined either by the residents of Rivergrove or by providers with which the City contracts--it is unlikely that Rivergrove will need to levy a tax in the near future. However, if any of these changes do occur, the City may need to investigate other revenue sources, including a property tax. A property tax would provide a significant source of revenue for service provision and also could be used to back the issuance of bonds.

CLACKAMAS COUNTY

Residents of Rivergrove pay property taxes through Clackamas County for services provided by several jurisdictions. The taxes cover services provided by the County, Clackamas Elementary School Educational Service District, Clackamas High School ESD, Portland Community College, School District #7, Water District #14, a park district, Vector Control, Metropolitan Service District #2, and the Port of Portland. School District #7 receives approximately 73 percent of the revenue from this tax.

Residents of the City north and south of Childs Road pay

different rates for fire services. North of Childs Road a rate of \$1.63 per \$1000 Assessed Value is levied by the Lake Grove Fire District. South of Childs Road a rate of \$3.05 is levied by the Tualatin Fire District. The tables below and Figure 4 illustrate the difference in the two rates.

TABLE 4

PROPERTY TAXES:
RIVERGROVE NORTH OF CHILDS ROAD

SERVICE	RATE PER \$1000 ASSESSED VALUE	
County Rate	\$ 1.01	(includes sheriff levy)
Lake Grove Fire District	1.63	
Park District	.07	
School Dist. #7	11.67	
Combined All Other	1.66	
Total	\$16.04	

TABLE 5

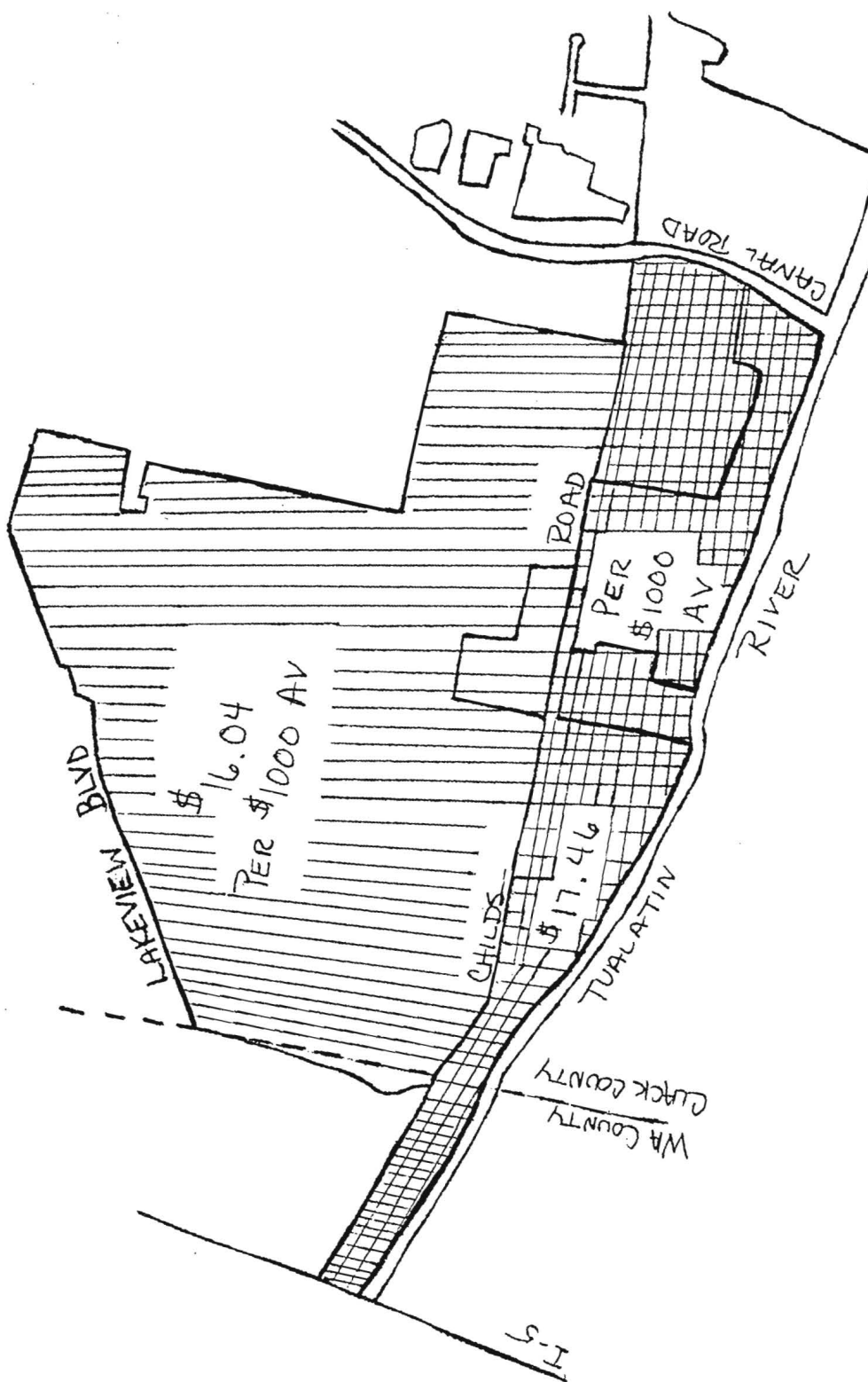
PROPERTY TAXES:
RIVERGROVE SOUTH OF CHILDS ROAD

SERVICE	RATE PER \$1000 ASSESSED VALUE	
County Rate	\$ 1.01	(includes sheriff levy)
Tualatin Fire Dist.	3.05	
Park District	.07	
School Dist. #7	11.67	
Combined All Other	1.66	
Total	\$17.46	

AXES
NORTH AND SOUTH OF
CHILDS ROAD

N
↑

FIGURE 4



UNINCORPORATED AREAS

Residents of the unincorporated area of Clackamas County north of Childs Road and bordering on Rivergrove, pay a property tax rate of \$16.04 per \$1000 Assessed Value, as illustrated in Figure 4 and the following table.

TABLE 6

PROPERTY TAXES:
UNINCORPORATED AREA NORTH OF CHILDS ROAD

SERVICE	RATE	PER \$1000 ASSESSED VALUE
County Rate	\$ 1.01	(includes sheriff levy)
Lake Grove Fire District	1.63	
Park District	.07	
School Dist. #7	11.67	
Combined All Others	1.66	
Total	\$16.04	

LAKE OSWEGO


The basic homeowners property tax rate levied by the City of Lake Oswego is \$3.84 per \$1000 Assessed Value. This rate is projected to rise by approximately \$.42 per \$1000 Assessed Value to retire bonds issued to finance a new city hall. The area of Lake Oswego closest to Rivergrove is the area around Olson Avenue, and the tax rate paid there will be used as a basis for calculating hypothetical rates for the City of Rivergrove. In the Olson Avenue area the total homeowner rate is \$18.18 per \$1000 Assessed Value. The components of this rate are shown in the following table.

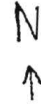
TABLE 7
LAKE OSWEGO PROPERTY TAX: OLSON AVENUE

SERVICE	RATE PER \$1000 Assessed Value
Base Rate	\$ 3.84 (incl. police, fire, parks, etc.)
Clackamas County	1.01
School Dist. #7	11.67
Combined All Other	1.66
Total	\$18.18

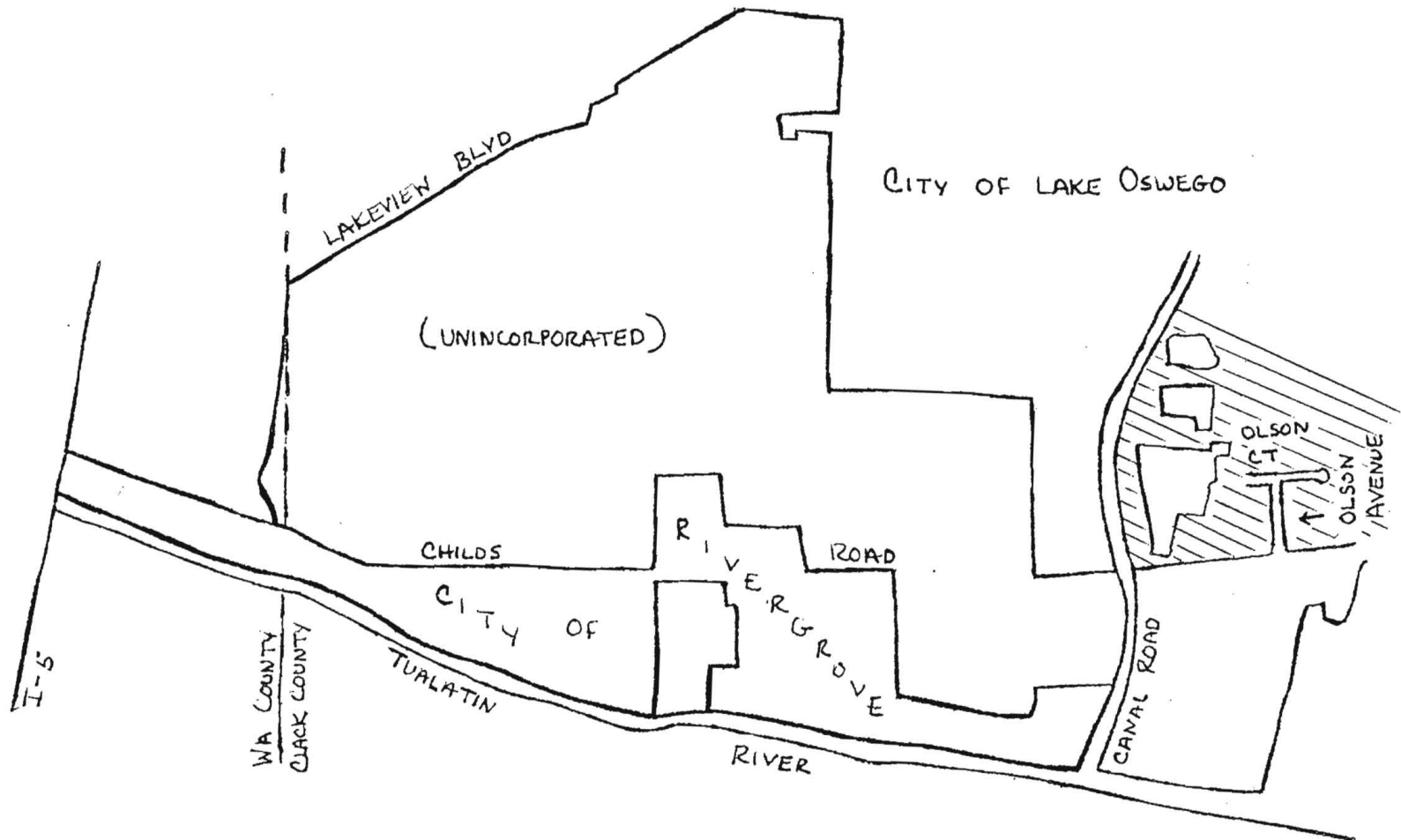
LAKE OSWEGO PROPERTY TAX:
OLSON AVENUE

FIGURE 5

 \$18.18 PER \$1000 AV



26



Potential Property Tax Revenue for Rivergrove

The amount of property taxes that could be raised in Rivergrove-- if its residents approved such an action--can be estimated using tax rates levied in nearby areas. For the purposes of comparison, the rate levied by Lake Oswego in the Olson Avenue area and the property taxes levied currently in Rivergrove will be used to estimate the rate, as illustrated in the following tables.

TABLE 8

PROPERTY TAX RATE COMPARISON: LAKE OSWEGO (OLSON AVENUE)
AND RIVERGROVE (SOUTH OF CHILDS ROAD)

Lake Oswego (Olson Road)	\$18.18
Rivergrove (South of Childs Road)	17.46
Difference	\$.72

As Table 8 shows, the difference between the amount of property tax paid by the residents of the Olson Avenue area of Lake Oswego and the residents of Rivergrove south of Childs Road is \$.72. Thus, property taxes for residents of Lake Oswego are \$.72 per \$1000 Assessed Value higher than the property taxes currently paid by most residents of Rivergrove. Thus, if Rivergrove were to levy a tax not exceeding the tax levied in the nearest area of Lake Oswego, given that fire protection and sheriff services would continue to be provided under current arrangements, the rate would be \$.72 per \$1000 Assessed Value. Again, this example includes the assumption that the Tualatin Fire District and the Clackamas County Sheriff would continue to provide fire and police services.

The \$.72 tax rate will be used only for the purposes of example. It should be noted that at this tax rate Rivergrove would not be providing the same level of services available in Lake Oswego; some of the services Lake Oswego provides directly that Rivergrove does not are planning, library, and police services.

Residents of Rivergrove who reside north of Childs Road currently pay a rate of \$16.04 per \$1000 Assessed Value. The difference between the rates paid north and south of Childs Road is accounted for by the rates levied for fire service in the two areas. Rates for the Tualatin Fire District and the Lake Grove Fire District differ by \$1.42. By law, cities cannot levy different base property tax rates within their boundaries. If the provision of fire services remained the same, residents north and south of Childs Road would pay a property tax rate of \$.72 per \$1000 Assessed Value to the City of Rivergrove, but would pay different rates for fire services.

With a current Assessed Value of \$10,595,560, Rivergrove could be expected to raise \$7,628 annually in property tax revenue (Figure 6). An owner of a \$50,000 house would pay \$36.00 per year in property taxes.

TABLE 9

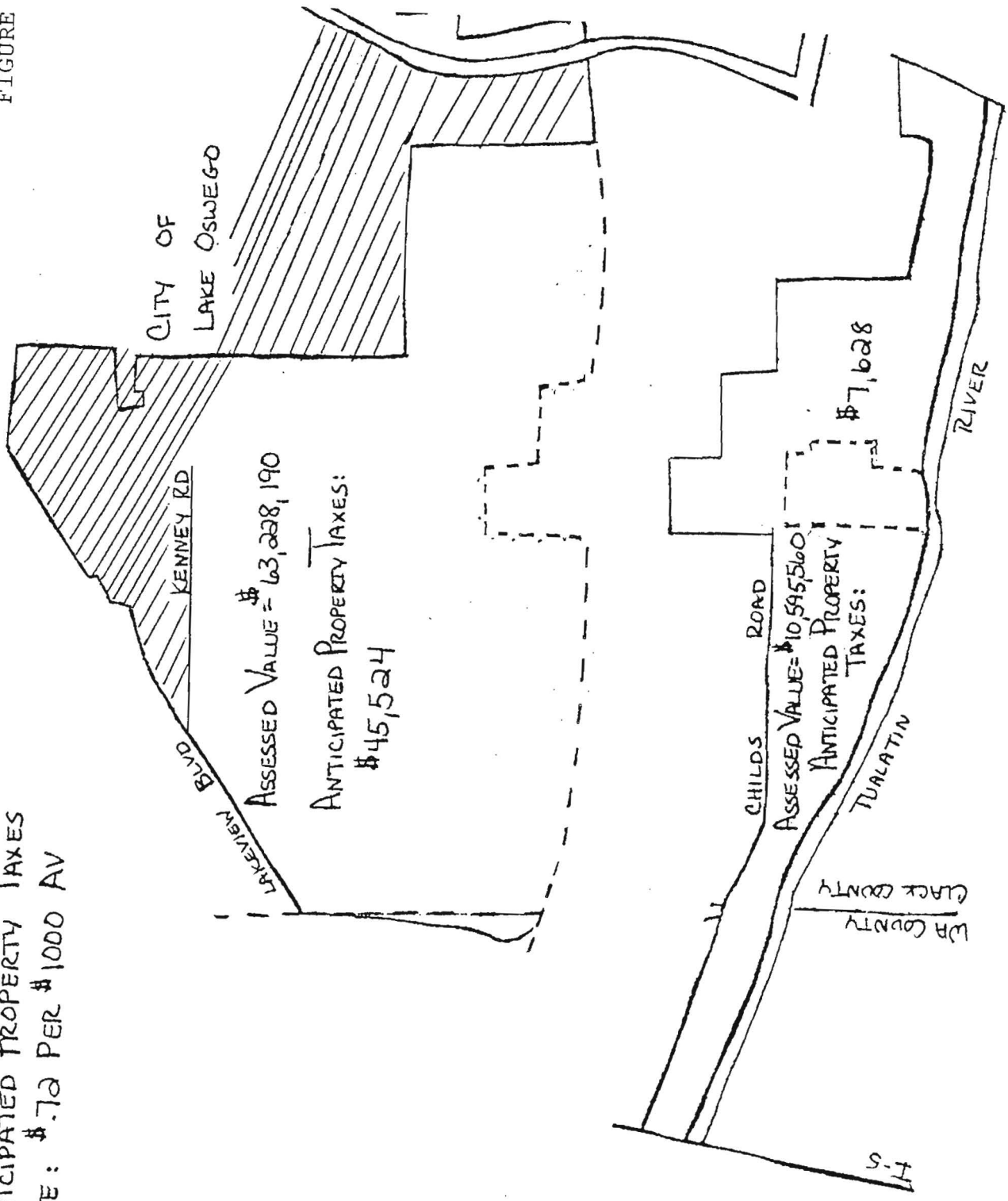
HYPOTHETICAL PROPERTY TAX COMPONENTS: RIVERGROVE

COMPONENTS NORTH OF CHILDS ROAD	RATE PER \$1000 ASSESSED VALUE
City Rate	\$.72
County Rate	1.01
Lake Grove Fire District	1.63
Park district	.07
School District #7	11.67
Combined All Other	1.66
Total	\$16.66

COMPONENTS SOUTH OF CHILDS ROAD	RATE PER \$1000 ASSESSED VALUE
City Rate	\$.72
County Rate	1.01
Tualatin Fire Dist.	3.05
Park district	.07
School Dist. #7	11.67
Combined All Other	1.66
Total	\$18.18

ASSESSED VALUES, RIVERGROVE AND ADJACENT LAND
 ANTICIPATED PROPERTY TAXES
 RATE: \$.70 PER \$1000 AV

FIGURE 6



← ASSESSED VALUE: \$1,108,290
 ← ANTICIPATED PROPERTY TAXES: \$798
 (RIVER'S EDGE ATHLETIC CLUB)

The River's Edge Athletic Club, which lies in an unincorporated area in the center of incorporated Rivergrove, has an Assessed Value of \$1,108,290. If this area were annexed by the City and a property tax of \$.72 per \$1000 Assessed Value levied, the area would generate \$798 in property tax revenue. Added to the amount that could be raised in the City as it is currently organized, the total annual property tax revenue for Rivergrove would be \$8,426 (Figure 7).

TABLE 10

HYPOTHETICAL PROPERTY TAX RATE:
ANNEXATION OF AREA CONTAINING RIVER'S EDGE ATHLETIC CLUB

COMPONENTS	RATE PER \$1000 ASSESSED VALUE
City Rate	\$.72
County Rate	1.01
Tualatin Fire Dist.	3.05
Park district	.07
School dist. #7	11.67
Combined All Other	1.66
Total	\$18.18

The unincorporated area of Clackamas County north of Childs Road has a current Assessed Value of \$63,228,190. If Rivergrove were to annex the area and levy a property tax of \$.72 per \$1000 Assessed Value, it could expect to raise \$45,524 in property taxes in that area alone. If the revenue raised in this area would be added to the revenue raised in what is now Rivergrove the annual anticipated total revenue for the newly enlarged city would be \$53,153 (Figure 7).

TABLE 11

PROPERTY TAX COMPONENTS:
UNINCORPORATED AREA NORTH OF CHILDS ROAD

COMPONENTS	RATE PER \$1000 ASSESSED VALUE
City Rate	\$.72
County Rate	1.01
Lake Grove Fire Dist.	1.63
Park dist.	.07
School Dist. #7	11.67
Combined All Other	1.66
Total	\$16.66

Annexation of both the River's Edge Athletic Club area and the unincorporated area north of Childs Road would provide Rivergrove with an annual total property tax revenue of \$53,951 (Figure 7).

TABLE 12

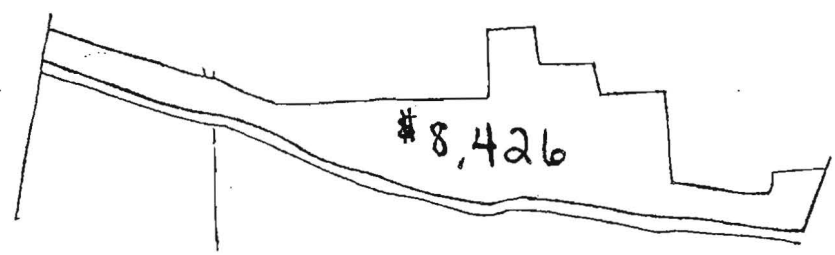
RIVERGROVE PROPERTY TAX REVENUE WITH ANNEXATION
(Rate: \$. 72 per \$1000 AV)

AREA	ANTICIPATED REVENUE
Rivergrove	\$ 7,629
River's Edge Ath. Club	798
Unincorporated Area	45,524
COMBINED TOTAL	\$53,951

TOTAL ANTICIPATED PROPERTY TAXES UNDER HYPOTHETICAL ANNEXATIONS

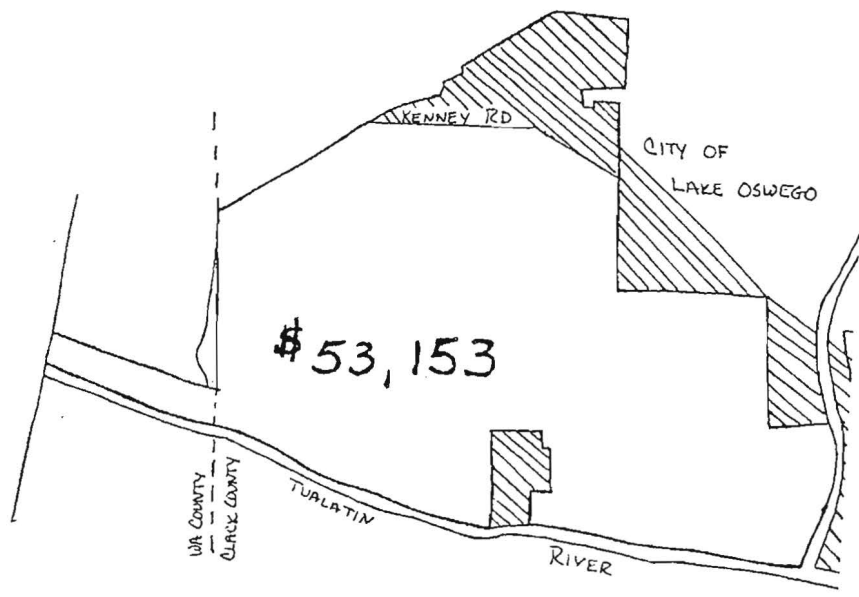
RATE: \$.72 PER \$1000 AV

I



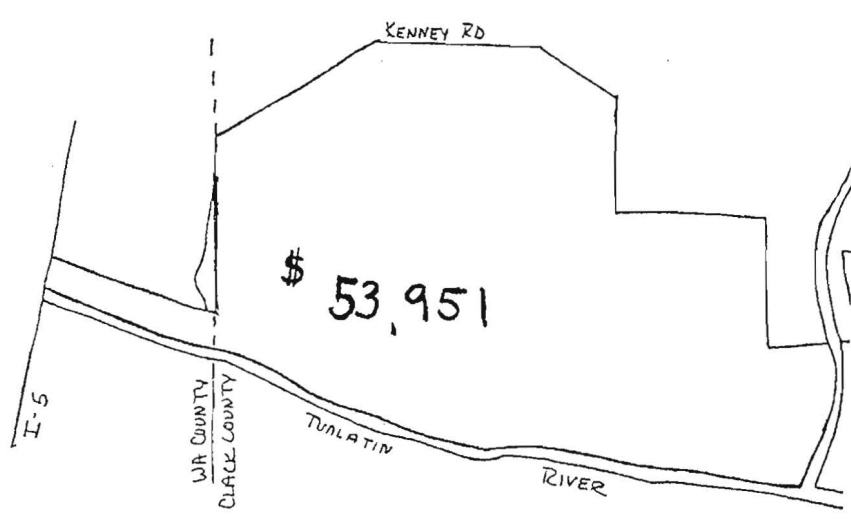
ANNEXATION OF RIVER'S
EDGE ATHLETIC CLUB

II



ANNEXATION OF LAND
NORTH OF CHILDS ROAD

III



ANNEXATION OF BOTH
RIVER'S EDGE ATHLETIC CLUB
AND LAND NORTH OF
CHILDS ROAD

Annexation to Lake Oswego

If Rivergrove were to disincorporate and annex to Lake Oswego, its residents would pay property taxes at a base rate of \$3.84. Under annexation, fire service would be provided by Lake Oswego through the Lake Grove Fire District in the areas now served by Tualatin Fire District. However, residents now served by TFD would continue to pay for another five years a portion of the tax now levied by that district that is specifically dedicated to retirement of outstanding bonded indebtedness. The components of the property taxes that would be levied in the Rivergrove area are listed below.

TABLE 12

PROPERTY TAXES: RIVERGROVE ANNEXED TO LAKE OSWEGO

COMPONENTS	RATE PER \$1000 ASSESSED VALUE
City Rate	\$ 3.84
County Rate	1.01
School Dist. #7	11.67
Combined All Other	1.66
Total	\$18.18

Long-Term Debt

Rivergrove now does not have the authority to levy property taxes. If the City wished to provide additional urban services that would require major capital construction, such as sewers, it currently could not issue long-term debt to finance the improvements. The City would need to hold an election to authorize a tax levy and issuance of debt to fund major capital projects.

Both General Obligation Bonds and Bancroft Bonds, the most common means of financing capital improvements, require property tax receipts as backing for bond issuance. General Obligation bonds are used for long-term financing and are retired strictly with property taxes. Bancroft Bonds are used to form Local Improvement Districts and assessments to retire the debt are made on properties that benefit from the improvements. The bonds rely ultimately on general property taxes in case of default. Bancroft Bonds would be the most likely method of financing sewer improvements in Rivergrove. An unlikely alternative would be the use of Revenue Bonds. Although these bonds do not require property tax backing, they are a more expensive and riskier financing method, as a substantial reserve fund must be set aside in advance to cover the bonds in case of default. For example, a \$50,000 Revenue Bond issue would require a reserve fund of \$10,000.

Rivergrove has no history in the bond market, and probably would face slightly higher interest rates and associated costs than

larger communities that frequently use debt financing. For a General Bond issue of \$1 million, incidental costs are estimated at \$4,000 for a typical jurisdiction that has experience in the market. Typical incidental costs are bond counsel fees, underwriter fees, and printing. The issuer also must pay interest on the outstanding bonds. Costs to Rivergrove for a comparable issue might be slightly higher than this estimate.

The maximum amount of debt a jurisdiction can legally issue is based on a statutory percentage of its True Cash Value (the dollar value of all taxable property within its boundaries). For cities, the limitation is three percent for General Obligation Bonds and nine percent for Bancroft Bonds, excluding municipal utilities that have been self-supporting for at least one year.

Rivergrove's City Charter establishes a debt limitation of three percent of True Cash Value for all debt issued by the City. This charter provision takes precedence over these statutory limitations. Thus, Rivergrove may not exceed the three percent limitation for either General Obligation or Bancroft Bonds, or a combination of both. If the City wished to raise the limit for Bancrofts, an election for charter amendment would be required.

→ Rivergrove's current True Cash Value is ^{\$9,351,120} \$93,511,220. If the three percent maximum debt figure is used, Rivergrove could issue a maximum of ~~3,285,336~~ ^{\$280,533} \$2,805,336 for both General Obligation and Bancroft Bond debt. Raising the Bancroft limitation to the statutory nine percent, the City could issue a maximum of \$8,416,009 in Bancroft Bonds. ^{\$841,600}

Increased True Cash Value Through Annexation

The unincorporated area of Clackamas County lying, roughly, south of Kenney Road, east of 85th, north of Childs Road, and west of the Lake Oswego Canal is not being considered for annexation by any other jurisdiction at this time. According to 1980 Census block data for the Portland SMSA, the area contains 498 owner occupied houses with a mean market value of \$73,153. The current Assessed Value of this area is \$63,228,190. Assessed Values across the state can be calculated as an average of 96 percent of the True Cash Value of an area. Using this average percentage (bearing in mind that actual assessments and market values vary depending on a number of market factors) the True Cash Value of this area can be estimated at \$65,862,697.

With the addition of this area through annexation, Rivergrove's True Cash Value would rise to ^{\$ 75,213,817} \$159,373,917. The City would have a total outstanding debt limit of ^{\$ 2,256,414} \$4,781,217 at three percent, or a Bancroft Bond limit of ^{\$ 6,769,243} \$14,343,652 if a charter amendment authorized the statutory nine percent limit.

With the addition through annexation of the River's Edge Athletic club, the True Cash Value of Rivergrove would increase to approximately ^{\$ 10,415,078} \$94,619,510. The total outstanding bond limit would be ^{\$ 312,452} \$2,838,585. If the statutory nine percent limit for Bancroft Bonds were authorized, a maximum of ^{\$ 937,357} \$8,515,755 in Bancrofts could be issued.

The addition of these areas, or any portion of these areas, to Rivergrove would raise the True Cash Value of the City and

increase the amount of debt it could issue for improvements. However, it is unlikely that any annexation efforts by Rivergrove would include the entire area. In addition, current Metropolitan Boundary Commission policies and the policies of the City of Rivergrove may eliminate the possibility of any annexations by the City. The area most likely to be approved for annexation is the area containing the River's Edge Athletic Club.

Disincorporation and Debt Issuance

If Rivergrove disincorporated and annexed to another jurisdiction, its capital projects could be financed through the debt issuing authority of the newly enlarged jurisdiction. Rivergrove residents would be subject to applicable property taxes, including the taxes they now pay. Improvements probably would be financed with Bancroft Bonds.

ISSUES IN SERVICE PROVISION

Police

Under the current arrangement, Rivergrove receives a minimum level of service from the Clackamas County Sheriff. If the City were to enlarge its boundaries, it might require additional patrol hours, charged at the rate of \$21.66 per hour (effective July 1, 1985). Additional revenues would be necessary to cover these increased costs. Increases in intergovernmental revenue resulting from a growth in population through annexation would provide additional funds for these services.

If the City were to disincorporate and be absorbed by the County, residents would continue to pay county property taxes that include an assessment for sheriff services. The Clackamas County Sheriff Patrol provides 24 hour-a-day patrols to unincorporated areas. However, under the City's service contract, 10 hours of patrol per month within the City's boundaries are guaranteed. The County does not guarantee specific patrol hours to individual unincorporated areas.

If Rivergrove were to annex to the City of Lake Oswego, it would receive a full range of police services, including 24 hour-a-day patrols. Police services are included in the base property tax rate of \$3.84 per \$1000 Assessed Value.

Road Maintenance and Street Lights

Currently, Rivergrove pays for electricity to power its street lights from revenue in its Highway Fund. The City could form a street light utility district and collect assessments from

property owners to finance the lights. But because Rivergrove consistently has had positive ending fund balances in its Highway Fund, there is no apparent basis for changing the current method of funding. Road maintenance costs have been minimal, as the majority of roads within Rivergrove are maintained by Clackamas County.

However, adding additional property to the City would increase the number of street lights and the amount of money Rivergrove pays for street light electricity. The City would receive additional gas tax revenue through its increase in population, but whether or not this additional revenue would keep up with the increased costs of electricity is unclear.

Many counties across the state are in the process of turning over to the cities responsibility for the maintenance and repair of county roads that pass through cities. This is happening in parts of Clackamas County. It is possible that Rivergrove eventually may become responsible for the county road system now within its boundaries. If additional land were annexed by the city, road maintenance costs would increase, but would not be felt by the City unless responsibility for the roads were turned over to it by the County. In both cases, funds would be needed for increased road maintenance, and a new funding source for street lighting might become necessary. Creation of street light utility districts to collect assessments for street lighting might be an alternative; however, under this arrangement the costs of street lighting would be borne directly by the residents of Rivergrove.

If Rivergrove were to disincorporate and be absorbed by Clackamas County, there would be no significant change in the level of road maintenance and repairs currently provided. The County would continue to maintain the road system, but the costs of street lights would be paid by the residents of the area.

Lake Oswego is in the process of incorporating some county roads within its boundaries into the City's road system. If Rivergrove were to annex to Lake Oswego, its road maintenance would remain under county jurisdiction until Lake Oswego took over the responsibility. Existing street lights would be paid for through the Lake Oswego street fund. The cost of poles for any new street lights would be paid for by affected residents, although Lake Oswego would pay for the electricity.

Parks

The City of Rivergrove maintains one park, using Federal Revenue Sharing receipts supplemented by General Fund moneys to fund improvements and general maintenance. As noted in an earlier section, the federal government is considering the elimination of the Federal Revenue Sharing program within the next two years. This action would cause Rivergrove to seek another source of funding for its park, as General Fund moneys would not be sufficient to make up for the lost revenue.

A county park district serves the unincorporated area north of Childs Road and west of the Lake Oswego Canal. However, it is unlikely that this district could take on the responsibility for Rivergrove's park, should the City disincorporate. The tax rate

levied for this park district is \$.07 per \$1000 Assessed Value. Rivergrove residents now pay this \$.07 per \$1000 Assessed Value through property taxes.

Lake Oswego maintains a system of parks within its boundaries. At this time, the City has facilities to handle the addition of Rivergrove's park, should Rivergrove become a part of Lake Oswego. The tax rate for parks in Lake Oswego is included in the base rate of \$3.84 per \$1000 Assessed Value.

SEWER ALTERNATIVES AND RELATED COSTS

Geographic Area Affected

Sewer service is provided only in the western part of Rivergrove, which is served by the Tualatin/Lake Oswego sewer line. The remainder of Rivergrove is served by septic tanks, as is the unincorporated area north of Childs Road.

Immediacy of Need for Sewers

According to the Department of Environmental Quality, there is no immediate health risk to the Rivergrove area resulting from the use of septic tanks. Failure rates are normal. However, approval of additional septic tank permits for the City is complicated by the small size of many lots in Rivergrove and the presence of a shallow permanent water table under most of the area. This issue was raised in the City's comprehensive plan. Most of the area is fully developed at this time, and the demand for new permits is not expected to increase in the near future.

The Tualatin River has suffered some pollution problems from septic tanks in Rivergrove. According to the City's comprehensive plan, some septic tanks are located on unsuitable soils or at densities that exceed the soil's ability to absorb discharge.

The lack of a sanitary sewer system may provide a block to full urban development by the City. However, costs of providing sewers to the City may be high and the institutional arrangements that would be required to operate the system complicated. An engineering study is necessary to assess the actual costs of

constructing a sewer system for the area.

Costs

Costs to provide sewers to the Rivergrove area include two components: 1) public costs; and 2) costs to individual residents. Public costs include installation of sewer lines up to individual property lines and connection to nearby sewer mains. Costs to individual residents include removal of septic tanks, plumbing inspection permit fees, and connection to the public sewer lines.

The project probably would be financed using Bancroft Bonds, which are retired by assessments made to individual property owners for the installation of the sewer lines in their area. Bancroft Bonds can be used only to pay for the costs of the public portion of the project--placing the sewer pipes up to individual property lines. The remaining costs to connect the houses to the public sewer lines must be paid directly by property owners.

Bancroft assessments and private costs for sewer connection would be incurred by individual residents, regardless of whether or not Rivergrove remained as it is organized now, annexed additional lands, or disincorporated. The amount of debt incurred, interest rates, and costs for institutional arrangements would vary under the three alternatives.

Cost Estimates

The estimated cost for construction of a sanitary sewer system, including excavation and backfill, is \$22 to \$30 per lineal foot

of line, depending on the size of pipe used. Estimates prepared by R.A. Wright Engineering for the State of Oregon's Community Development Block Grant Program for construction under "normal working conditions"--that is, without including costs for excavation in difficult soil or terrain, factors which must be considered on an individual case level--are as follows:

- | | |
|---|-----------------|
| a. 6" lateral, incl. excavation and backfill | \$20/lineal ft. |
| b. 8" lateral, incl. excavation and backfill | \$23/lineal ft. |
| c. 10" lateral, incl. excavation and backfill | \$25/lineal ft. |
| d. manholes (in place) | \$1300/each |

The firm recommends that a contingency factor be included in the total project cost estimates, and notes that the contingency amounts will vary depending on the size of the project and the level of detailed analysis needed to make the estimate. A guideline is as follows:

- | | |
|--|--------|
| a. total project cost less than \$100,000: | 15-20% |
| b. total project cost more than \$100,000: | 10-15% |

Special Considerations

Much of Rivergrove rests on Columbia River Basalt, which would complicate excavation for sewer construction, and the terrain is marked by up and downhill slopes. In addition, there are several environmentally sensitive areas, including stands of second growth timber on both the east and west ends of the city, and a flood plain which extends over much of the area. Excavation in these conditions could require higher costs for sewer construction than those listed above. An estimate from a qualified engineer would be necessary to determine the true costs of sewer construction in the Rivergrove area.

Sewer Provision in Rivergrove as Currently Organized

An engineering estimate is required to determine how many lineal feet of pipe would be necessary to connect Rivergrove with the nearest treatment system. This discussion will focus instead on the affordability of sewers for the City of Rivergrove.

For the purposes of example, if Rivergrove used all of its debt limit of three percent of True Cash Value to authorize Bancroft Bonds for financing sewers in the City, it could place 15 miles of 10" lateral pipe to connect properties within its boundaries to the nearest treatment system. The estimated costs for construction, including excavation and backfill, would be \$1,963,735. With a 15 percent contingency reserve and an additional 15 percent for engineering fees added in, the estimated costs would be \$2,805,336. Again, these are estimates for a project undertaken in normal working condition.

Thus, placing 15 miles of lateral pipe would exhaust the City's bond limitation. The City could not use Bancroft Bonds or any other bonded indebtedness for additional improvements, and interest rates for these bonds would be high because of the large amount of outstanding debt.

Affordability of Sewers Through Annexation

To exhaust the bond limitation Rivergrove would have with the annexation of the River's Edge Athletic Club, the City could place 15.05 miles of 10-inch lateral pipe at an estimated cost of \$1,937,010. Adding 15 percent for engineering fees and another 15

percent as a contingency amount, the total estimated cost would be \$2,838,585.

With the annexation of the area north of Childs Road, the City would exhaust its outstanding bond limitation by placing 17.78 miles of 10-inch sewer pipe at a cost of \$2,346,852. Adding 15 percent for engineering fees and another 15 percent as a contingency amount, the total cost would be \$4,731,217.

Practical Limitations

These figures are intended as examples of the affordability of sewer construction under two of the three alternatives facing Rivergrove. They do not address the miles of sewer pipe needed to connect affected properties to nearby sewer trunks, nor do they represent the true costs of sewer construction in the area.

Exhaustion of the bond limitation for any jurisdiction is both unlikely and undesirable. Not only would the possibility of financing other projects with either General Obligation or Bancroft Bonds be eliminated, it is likely that such an issue would not be approved for sale in the bond market. It would be perceived as poor fiscal management.

Proximity of Rivergrove to Existing Sewer Lines

The City of Lake Oswego maintains two trunk lines that lie northeast and northwest of Rivergrove. The western line runs under the lake and along Lakeview Road and has a .90 million gallon per day capacity. The eastern line runs under the lake and down the canal, and also has a .90 million gallon per day capacity. Both lines lie in the direction of the natural gravity

flow from Rivergrove.

(Note: Connection to sewer lines maintained by the Unified Sewerage Agency would require construction of a pump station, as the lines lie in the opposite direction of the natural gravity flow. There are no plans by either USA or the City of Tualatin to sewer the Rivergrove area.)

Treatment Facilities

The Areawide Treatment Management Study completed for the Portland metropolitan region by the Columbia Region Association of Governments (now Metro) identified two service areas for provision of sewers to Rivergrove. Under the plan, the sewers in the west end of the city would receive treatment from the USA/Durham Treatment Service Area, and the remainder of the city would receive treatment from the Tryon Creek Service Area, with Lake Oswego managing the system operation.

Lake Oswego jointly operates a sewage treatment facility with the City of Portland. Under this arrangement, each jurisdiction receives 50 percent of the system capacity. Costs to Lake Oswego are \$630,000 annually for operation and maintenance, and \$200,000 annually in capital costs for the upgrading of the facility that took place in 1978.

Sewer Service Provided by Rivergrove

If Rivergrove were to provide sewers to residents of the City as it is currently organized, it would have to hold an election to approve the levy of a property tax and to approve the sale of Bancroft Bonds to finance the construction. If the project were approved by the City's residents, Rivergrove would have to enter into a series of agreements with Lake Oswego and the City of

Portland to connect to the existing sewer lines and to buy into the treatment facilities that are shared by Portland and Lake Oswego. Costs to Rivergrove and its residents would include:

- a) property taxes;
- b) assessments to individual properties to retire the Bancroft Bonds;
- c) costs to individual properties to connect to the public sewer lines;
- d) sewer user fees; and
- e) annual costs to the City for a share in the treatment capacity of the Portland/Lake Oswego facility, plus any capital maintenance or expansion costs that may become necessary.

If Rivergrove were to annex unincorporated areas of Clackamas County and provide sewer service, costs would fall into the same general categories, but the costs for sewer construction and annual costs for sewage treatment would be higher than for the City as it is currently organized. The increased costs would depend on the lineal feet of pipe and treatment capacity necessary to serve the area.

Sewage treatment capacity is estimated to be an average of 200 gallons per day per household. Census figures for 1980 reported 109 households in Rivergrove. An estimate for necessary treatment capacity would be 21,800 gallons per day per household. Rivergrove would have to purchase a portion of the Lake Oswego/Portland treatment plant capacity to meet these needs. Any increase in the size of the facility to meet increased demand would require capital outlays for construction. The costs would be borne by all the participants in the treatment facility.

The City of Lake Oswego has stated that it would be willing to work out agreements with the City of Rivergrove for provision of

sewers in the City. Agreements could be worked out under any of the three alternative situations.

Provision of Sewers by Another Jurisdiction

Clackamas County does not provide sewer districts west of the Willamette River. The nearest sewer district serves the West Linn/Oregon City area, which geographically is too far away to be of use to Rivergrove.

The nearest sewer lines and treatment plant are under the jurisdiction of the City of Lake Oswego. Connection of Rivergrove to this system would be the most financially feasible alternative, and perhaps the easiest to construct because gravity feed lines probably could be used to connect with the existing trunk lines. Connection to the Tualatin/USA system would require construction of a pump station, and, most importantly, the City of Tualatin has stated that it has no plans to provide sewers to the Rivergrove area.

If Rivergrove were to disincorporate and annex to the City of Lake Oswego, the costs of construction would be financed through a bond issue by Lake Oswego--which has more experience in the bond market and a higher outstanding debt limit--and repaid through assessments to benefited properties. The residents of Rivergrove would pay property taxes to the City of Lake Oswego in addition to the taxes they now pay. Costs of sewage treatment would continue to be paid by Lake Oswego. In addition, Lake Oswego may be eligible for other funding sources that are not available to Rivergrove. For example, sewer system expansion

projects may be financed through federal Environmental Protection Agency loans, if available.

CONCLUSIONS

The City of Rivergrove faces no immediate problems that require it to change its organization or service provision at this time. Service expenditures are below the average for comparable cities, in part reflecting the ability of Rivergrove's residents to take advantage of services provided by neighboring jurisdictions. Revenues, with the exception of Federal Revenue Sharing, are not expected to decrease in the near future, a result of stable state funding of shared revenues. The elimination of the Federal Revenue Sharing program, which is very likely within the next two years, will affect the maintenance of the city's park, requiring a new revenue source for this service. Population in the city is constrained by the lack of developable land and a citywide sewer system, hence no demand for increased service levels above those now available is likely.

However, a combination of factors could prompt the City to make a decision to change the level or range of services it provides to Rivergrove residents. Among these factors are:

- any reductions in the state revenue sources on which the City is now dependent;
- increased demand for services by Rivergrove residents or increases in population that would require an increase in the level or range of services now available;
- public perception of a need for increased police protection;
- septic tank failures and a resulting health risk to the community;
- increased electricity rates that would raise the cost of

powering street lights in the city;

- and acquisition of responsibility for the Clackamas County road system now within the boundaries of Rivergrove.

These factors are largely beyond the City Council's ability to control or influence.

Annexation of land by the City of Rivergrove would increase its population and the demand for services. If the City annexed a large territory, it is unlikely that it would be able to provide services at current levels or with the revenue sources it now uses. Intergovernmental contract costs and fees would increase with the higher service levels that would become necessary with annexation. A property tax would be the most likely method of raising enough revenue to provide services to the expanded city.

One advantage to enlarging the city through annexation is that the amount of potential property tax revenue and bonded debt limitation would be higher than Rivergrove could expect as it is currently organized. With annexation of the maximum amount of land adjacent to Rivergrove, the City could raise \$53,591 at a rate of \$.72 per \$1000 Assessed Value, compared to \$7,628 for the current city. The maximum debt that could be issued with annexation of this area would be \$4,814,465, compared to the existing limit of \$2,805,336.

It is not impossible but rather unlikely that large scale annexations by the City of Rivergrove could be undertaken. Unless a change occurs in the policies of the Metropolitan Boundary Commission on how services should be provided in urban areas,

annexations by the City of Rivergrove probably would not be approved.

If the City disincorporated and became part of Clackamas County, sheriff services available to residents would be at levels below those now provided. In addition, construction of sewers would not be undertaken by the County unless a health hazard was found to exist.

Annexation to the City of Tualatin is not an alternative, as that City has stated that it has no plans to enlarge its boundaries in the Rivergrove area. The City of Lake Oswego has a policy of considering annexation of areas in which interest has been expressed in joining the City. If the residents of Rivergrove were to vote to annex to Lake Oswego, they could expect to pay property taxes at rates approximately \$.72 higher than the rates they now pay. Included in Lake Oswego's base rate of \$3.84 per \$1000 Assessed Value is a full range of services--some not now available to Rivergrove's residents or available at lower levels--including increased police protection, water, sewers, planning and community development, a library, and parks. With the exception of residents south of Childs Road who would continue to pay a small levy to the Tualatin Fire District for five years until that district's bonded debt is retired, fire service would be provided at lower rates, as it is included in the City's base property tax rate. After five years, residents south of Childs Road would pay these lower rates.

The City of Lake Oswego maintains a sanitary sewer system and a

treatment plant, which it operates jointly with the City of Portland. Connection of Rivergrove residents with this system would be possible under annexation to the City of Lake Oswego, or through intergovernmental agreements with Lake Oswego and Portland. To finance sewers if Rivergrove did not disincorporate, the City would have to obtain an engineering estimate for construction, authorize a property tax and a Bancroft Bond issue, and buy a portion of the Lake Oswego/Portland treatment facility. Residents would incur the costs for construction through taxes, Bancroft assessments, and private costs to connect their properties to the system. Under annexation to Lake Oswego, Rivergrove residents would have the benefit of undertaking sewer construction backed by Lake Oswego's financial stability and experience in the bond market.

In summation, the City of Rivergrove is faced with only one immediate situation that will require action. That is, the imminent elimination of Federal Revenue Sharing funds, which have been used to finance maintenance of the city park. If there is a demand for sewer services in the city, Rivergrove could 1) vote to levy a property tax, issue Bancroft Bonds, and enter into agreements with Lake Oswego and Portland to connect to existing sewer facilities; 2) annex additional land on which to levy a property tax and raise the City's bonded debt limitation, and then enter into these intergovernmental agreements; or 3) disincorporate and become part of another jurisdiction that could provide sewers to the area. The decision to adopt one of these