Chapter 1 Introduction

This report explains the costs and revenues associated with delivering urban services the River Road and Santa Clara areas. In this introductory section, we discuss the following:

- Background and purpose
- Overview of the River Road/Santa Clara area
- Evaluation methods
- Organization of the report.

BACKGROUND AND PURPOSE

River Road and Santa Clara are adjacent areas inside the Eugene-Springfield Urban Growth Boundary (UGB) with a mix of incorporated and unincorporated parcels. The Eugene-Springfield Metropolitan Area General Plan (Metro Plan) identifies the City of Eugene as the ultimate urban service provider to the areas, but there is no comprehensive annexation plan. Individual pieces of property in River Road and Santa Clara have been annexed to the City of Eugene, bringing newly developed parcels under the City's jurisdiction. To date, approximately one-third of the land in the two areas has been annexed.

This annexation process has created a patchwork of incorporated and unincorporated parcels—a City resident can live next door to a County resident, each paying different tax rates and receiving different urban services. The patchwork of unincorporated and incorporated areas makes the delivery of urban services less efficient, as well as confusing for the service providers and citizens. The patchwork of incorporation has also created widely ranging perceptions of costs, benefits, and overall fairness among area residents and concerned citizens.

As the designated service provider in the Metro Plan, the City will eventually annex the areas. The City must have jurisdictional authority to issue public debt, to assess taxes, and to allow for legal representation through the voting franchise. But vocal opposition to the eventual annexation of the areas has developed; "Fight Annexation" signs are evident in yards around Santa Clara and River Road. At the risk of over-simplifying a complex situation, many residents of the areas believe that they do not need, will not completely use, or will be overcharged for City services.

In addition to widely ranging perceptions of fairness regarding taxes and urban services, eventual annexation raises the question of what will happen to the various special districts that serve the areas, such as the River Road Park and Recreation District.

In the absence of an independent analysis of urban services, costs and benefits to the City and residents—and the implications of annexation for special districts—both proponents and opponents of annexation can make claims about the implications of

annexation that are difficult to evaluate. The lack of objective information makes it difficult for City leaders to make decisions to protect the interests of City residents and fairly address the concerns of Santa Clara and River Road residents. *An analysis of urban services that clearly identifies the costs, revenues, and levels of service to the City and area residents will provide a common base of information from which citizens can have an informed discussion of the issues and how to address them.*

OVERVIEW OF THE RIVER ROAD/SANTA CLARA AREA

BOUNDARIES AND LAND USE

The River Road and Santa Clara areas lie in the northwest corner of the Eugene-Springfield metro area. The southern boundary for the River Road area is the intersection of the Northwest Expressway and River Road, and it extends north to Beltline Road. The eastern boundary is the Willamette River, and it extends west to the Northwest Expressway. The southern boundary for the Santa Clara area is Beltline Road, and it extends north to Beacon Drive, which is also the Urban Growth Boundary. Its eastern boundary is the Willamette River, and it extends west to the Northwest Expressway.

The following six pages are maps from the Lane Council of Governments of the

River Road and Santa Clara areas:

• Map 1 shows the River Road study area, delineating between the incorporated and unincorporated areas of River Road.

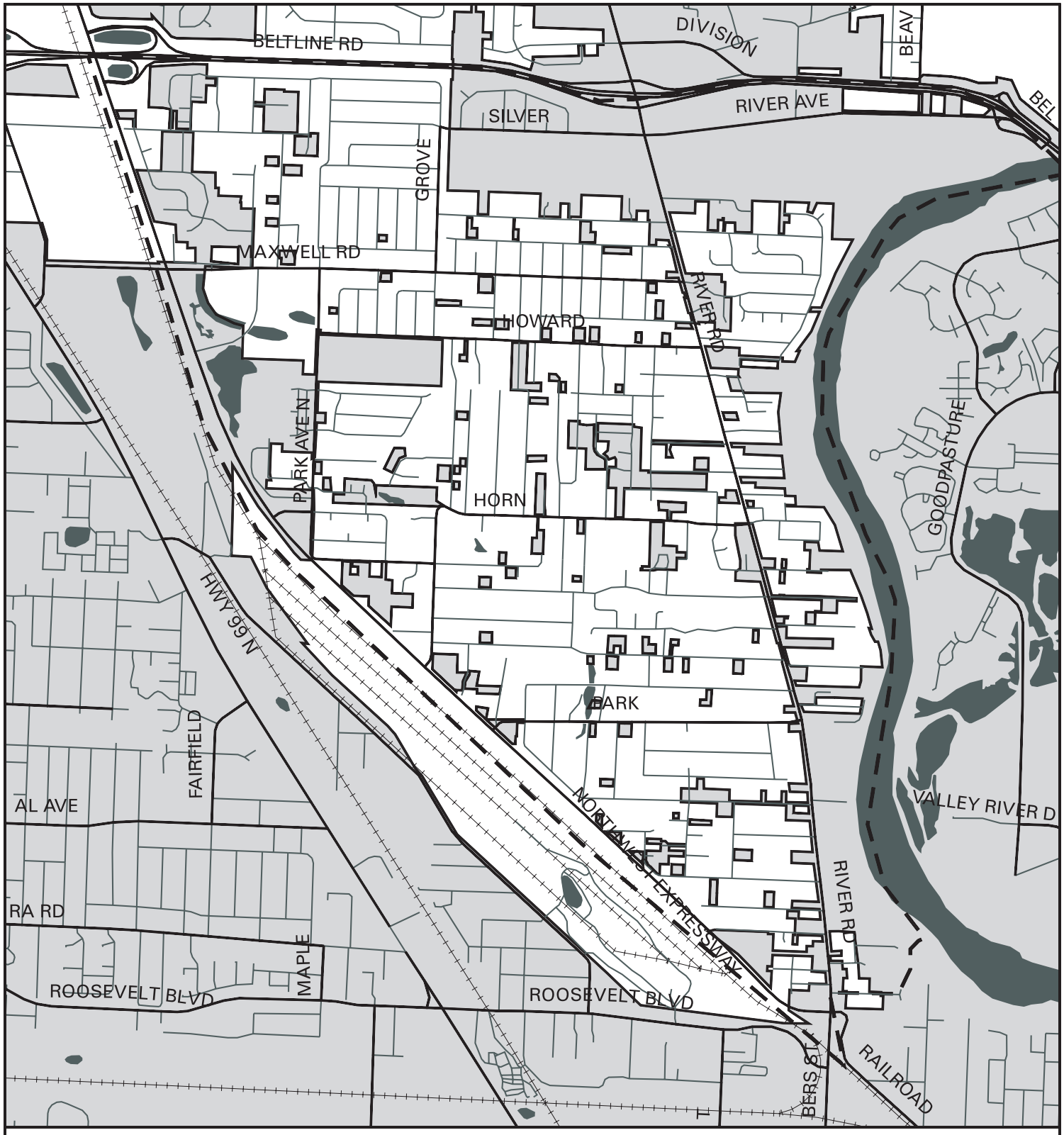
• Map 2 shows the Santa Clara study area, delineating between the incorporated and unincorporated areas of Santa Clara.

• Map 3 shows the areas served by special districts in River Road.

• Map 4 shows the areas served by special districts in Santa Clara.

• Map 5 shows the general land use patterns in River Road.

• Map 6 shows the general land use patterns in Santa Clara.



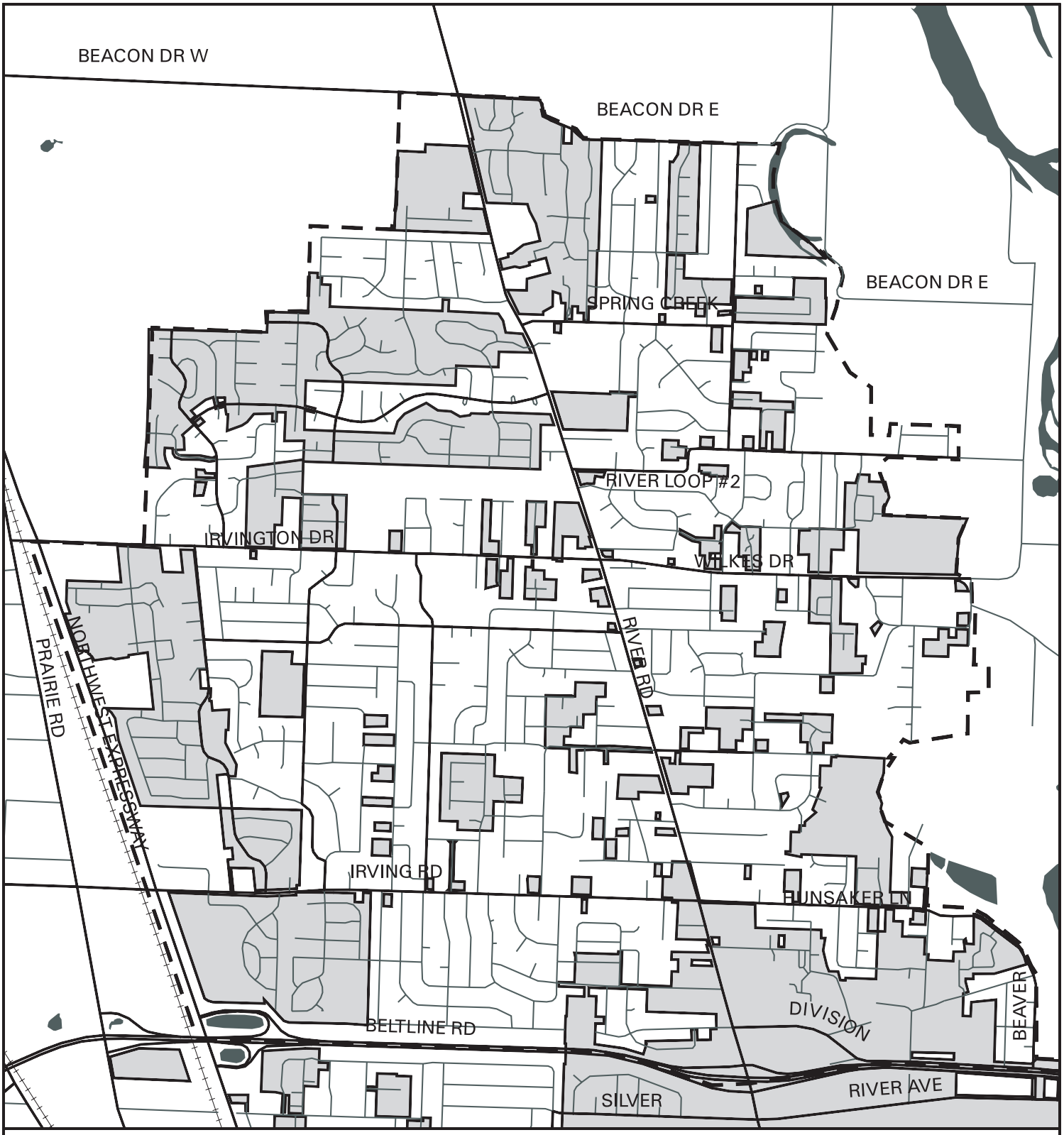
River Road Study Area

Incorporated Area

N
W
E
S

0 1800 ft

Map 1



Santa Clara Study Area

Incorporated Area

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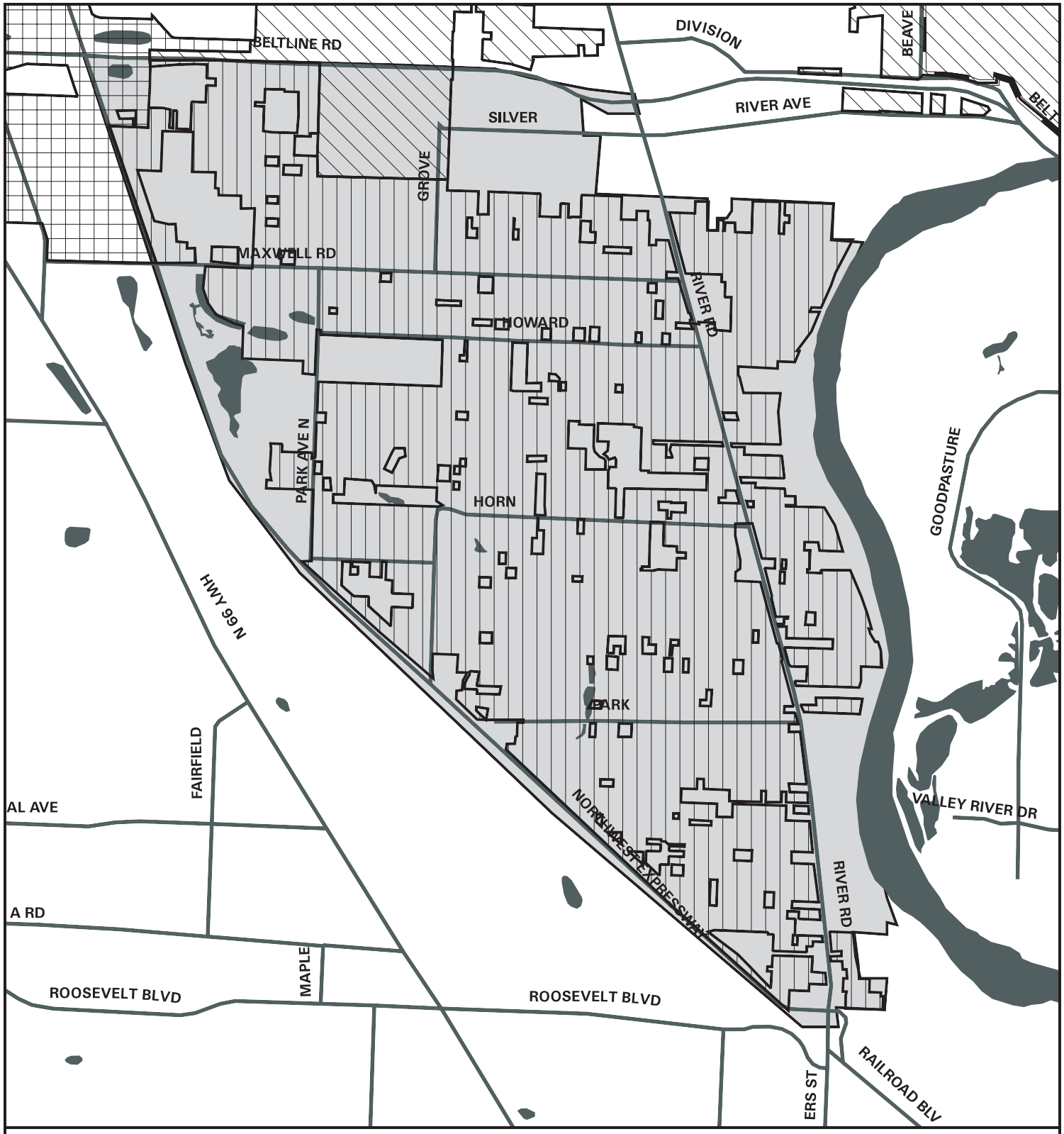
0 1800 ft

Map 2

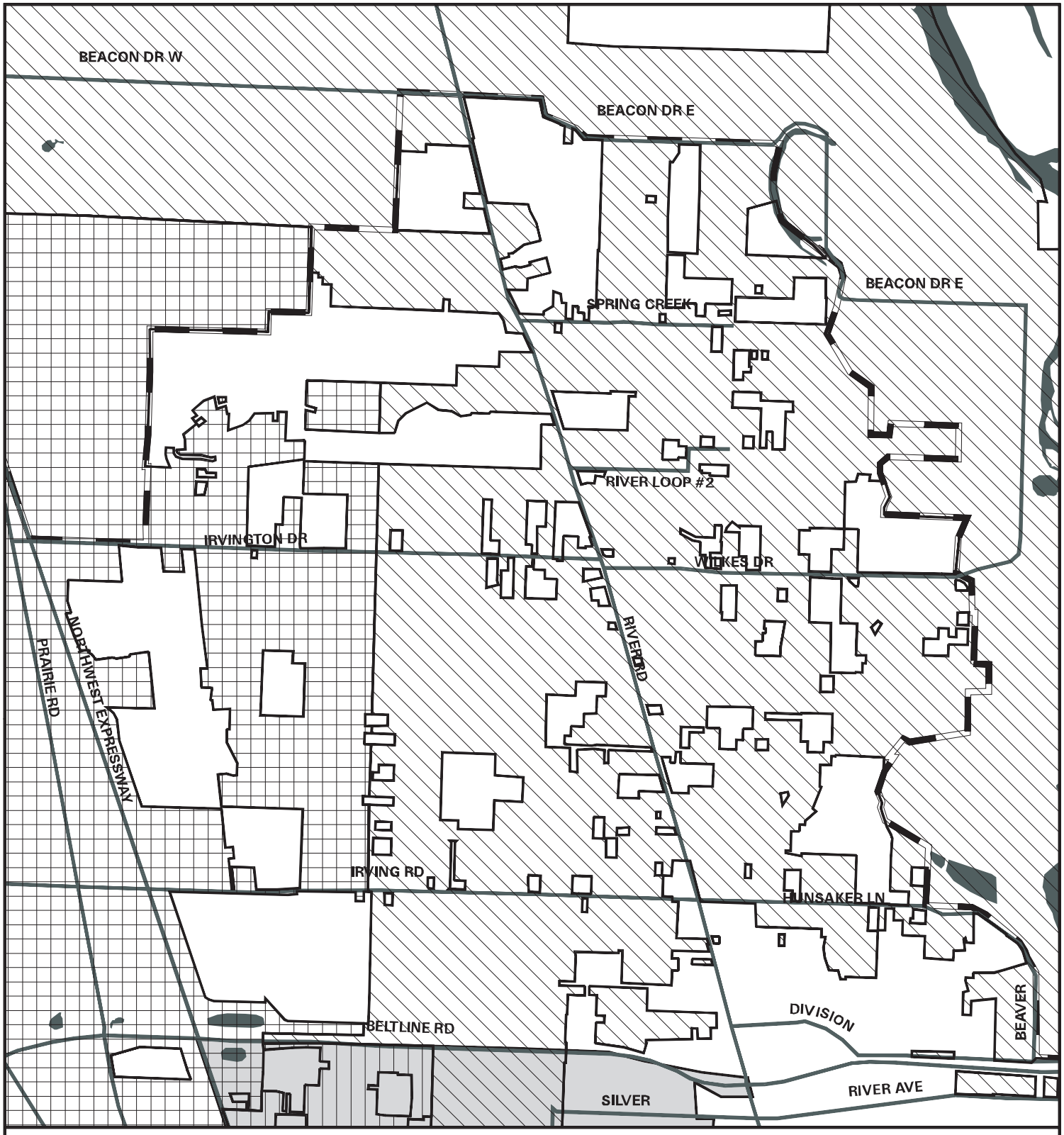


Special Districts in the River Road Area

- River Road Water Dist.
- Santa Clara Fire Dist.
- Lane Rural Fire/Rescue
- River Road Park & Rec Dist.

Map 3

0 mile



Special Districts in the Santa Clara Area

- River Road Water Dist.
- Santa Clara Fire Dist.
- Lane Rural Fire/Rescue
- River Road Park & Rec Dist.

N
W E
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0 mile

Map 4

Single Family

Multi-Family

Commercial/Industrial

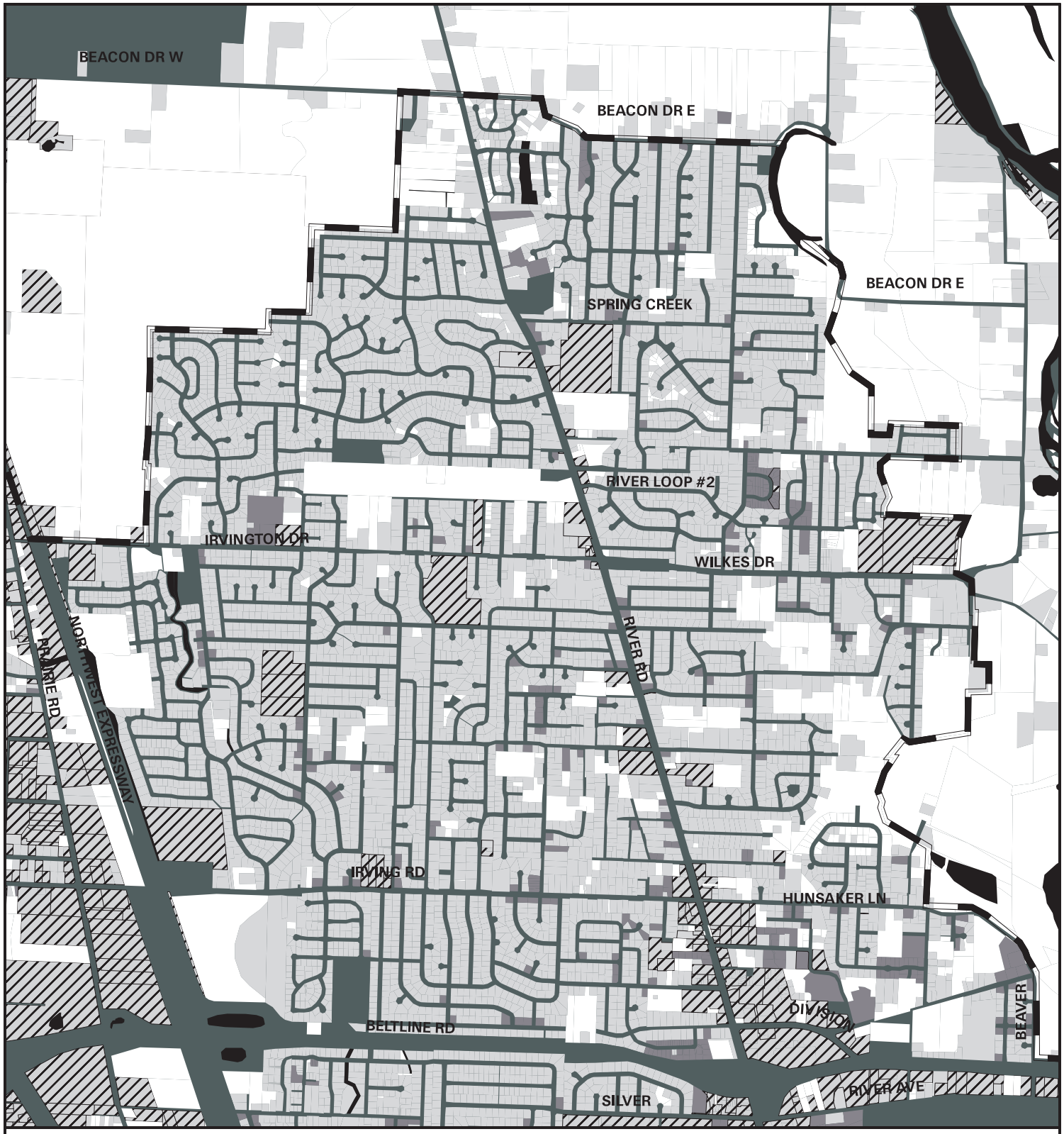
Public/Utilities

Undeveloped

General Land Use in the River Road Area

Map 5

0 mile



Single Family

Multi-Family

Commercial/Industrial

Public/Utilities

Undeveloped

General Land Use in the Santa Clara Area

Map 6

0 mile

HISTORY OF URBAN SERVICES IN RIVER ROAD/SANTA CLARA

The River Road and Santa Clara areas had been developed as agricultural in the first half of the 20th century. After World War II, the area began to develop suburban characteristics, and became a part of the Eugene/Springfield metropolitan area. The area grew in population, so it looked like an urban area and had urban problems, but lacked an urban government to provide urban services.

In the early 1970s, studies of water quality in River Road/Santa Clara showed that the groundwater had elevated levels of nitrate-nitrogen and fecal coliform, which was potentially a health hazard. In 1973, the Boundary Commission denied a proposal to form a Sanitary Sewer District in Santa Clara because the proposal lacked adequate information about financing the District.

A study commissioned by the Oregon Environmental Quality Commission in 1980 found that the number and density of septic systems in the area significantly affected River Road/Santa Clara groundwater. Septic systems were failing and raw untreated sewage was discharged into the water table, surface water, and the Willamette River. Dye testing conducted by the State showed many wells that had a direct connect to sewage outfall. The Oregon Department of Environmental Quality (DEQ) subsequently declared a "public health hazard" in the area.

During this time, the existing sewage treatment plants for the City of Springfield and the City of Eugene could not meet the federal environmental standards for discharge into the Willamette River. The plants did not have the capacity to handle additional waste from River Road/Santa Clara. As a solution, Springfield, Eugene, and Lane County formed the Metropolitan Wastewater Management Commission (MWMC) to develop a plan, apply for grants, and to design a single sewage treatment plant for the area. The new plant would comply with federal discharge standards and would be built to handle waste generated by the population projected to live in the area by 2020. The MWMC created a plan, which included the construction of a new treatment plant costing over $150 million. In 1978, Eugene and Springfield voters approved the sale of $29.5 million in bonds to finance the project. In addition to those general obligation bonds approved by voters, the MWMC relied on funds from State and Federal grants. A grant from the EPA provided 80% of the financing for the new treatment facility.

In the early 1980s, a number of events made it clear that River Road and Santa Clara would eventually become part of the City of Eugene. In 1982, the Cities of Eugene and Springfield and Lane County adopted the Metro Plan. The regional plan recognized that, as part of the UGB, River Road and Santa Clara will eventually be annexed. In 1983, the Boundary Commission denied a proposal to create a new City of Santa Clara because the plan did not adequately address how wastewater services would be financed, it was not consistent with the Metro Plan, and the analysis on the impacts of the proposed city on existing tax districts was inadequate.

In 1984, the City of Eugene received a $5.9 million grant from the EPA to build a wastewater interceptor system to connect the River Road/Santa Clara areas to the new Regional Water Pollution Control Facility. All owners of property in River

Road/Santa Clara to which the wastewater system was made available were informed of requirements to connect to the system. The policy cited at the time was ORS 224.020, which was interpreted to allow the City to enforce local code provisions (Eugene Code section 6.471) related to requiring connections to the wastewater system. The courts later determined that this statute did not specifically empower the City to enforce connection through its own codes.[1] The City of Eugene then amended the Metro Plan to allow existing properties to connect to wastewater services without annexation, but new development was required to annex to the City before connecting to the wastewater system. At the time of writing this report, almost all properties in River Road/Santa Clara are connected to the regional wastewater system.

Since 1987 the City of Eugene has administered all land use and building permits in River Road and Santa Clara. In order to obtain a building permit for new construction or an additional dwelling unit, a property must annex to the City. Under this system, new development is annexed to the City, and older, unchanged properties remain part of the County.

Appendix B provides a more detailed list of urban development events in River Road/Santa Clara.

EVALUATION METHODS

This report describes our analysis of the costs and revenues for urban services in the River Road and Santa Clara areas. We approach our evaluation of the fiscal impacts of annexation based on costs per unit of service and the number of units of service. Our analysis includes both direct and indirect costs of service.

In order to provide a common and consistent point of reference for our analysis, all data (outputs, costs, revenues, levels of service) are from the most recent available data: Fiscal Year 2003-2004. As a result, our analysis focuses on costs and revenues as budgeted in 2004.

Our analysis incorporates the following elements:

- We account for all significant costs and revenues in the different subareas—special districts, unincorporated, and incorporated lands.
- We show how annexation would affect revenues, costs, and levels of service.
- The current level of service, staffing, and expenditures in Eugene is the benchmark for forecasting comparable levels of service, staffing, and costs in River Road and Santa Clara. The State of Oregon and the Federal government define the level of urban services in many key city programs.
- Our fiscal analysis includes cost and revenue estimates for taxes and services associated with the City of Eugene and special districts in River Road and Santa Clara. We do not analyze services provided by school districts or Lane

[1] Personal communication with Fred McVey, Engineering Data Services Manager, Public Works Department, City of Eugene, May 20, 2004.

Transit District. Services provided by those district are not affected by any changes to urban service delivery.

- We describe the differences in levels of service currently provided by each agency.
- We analyze how the affected special districts, the County, and the City of Eugene's public debt would be impacted by annexation. If annexation causes a special district to dissolve, any remaining debt of that district must be accounted for.

ORGANIZATION OF THIS REPORT

This report summarizes the results of our analysis, organized as follows:

- **Chapter 2: Understanding the Issues** describes the theory of urban services delivery and how it applies to River Road/Santa Clara. The chapter describes how cities typically deliver services, the rationale for providing those services, how revenues are collected, and how citizens benefit from the services.
- **Chapter 3: Overview of City and District Budgets** discusses the budget for the City of Eugene and all the affected special districts. The chapter describes all revenue sources and how the districts allocate expenses.
- **Chapters 4-13: Fiscal Evaluation, by Type of Service** addresses the level and costs of providing the service. In each chapter, we describe the service and who provides it. We discuss the cost of providing the service, and how the costs are borne by individual households. We describe how each affected group (households, the City, special districts) views the service. Finally, we summarize the key issues for each service.

  The 10 chapters all follow the same organization. Much of the text explaining methods is repeated in each chapter. We chose to repeat the explanatory text so that each service chapter can be read as a stand-alone document. If a reader is interested in a particular service, he or she can read that chapter and understand how we analyzed that service. Readers who read every chapter should expect some redundancy among chapters.

  The Chapters are ordered as follows:

  - Chapter 4—Central Services
  - Chapter 5—Fire and emergency medical services
  - Chapter 6—Library
  - Chapter 7—Parks and recreation services
  - Chapter 8—Planning and development
  - Chapter 9—Police
  - Chapter 10—Stormwater
  - Chapter 11—Transportation

- Chapter 12—Wastewater
- Chapter 13—Water.

- **Appendix A: Glossary** provides a list of terms and acronyms used throughout the report.
- **Appendix B: Summary of urban development events** provides a history of events in the River Road and Santa Clara areas.
- **Appendix C: Property Taxes** explains the property tax system in Oregon.