

EXHIBIT 1

LEGAL DESCRIPTION

Proposal No. A-3-13

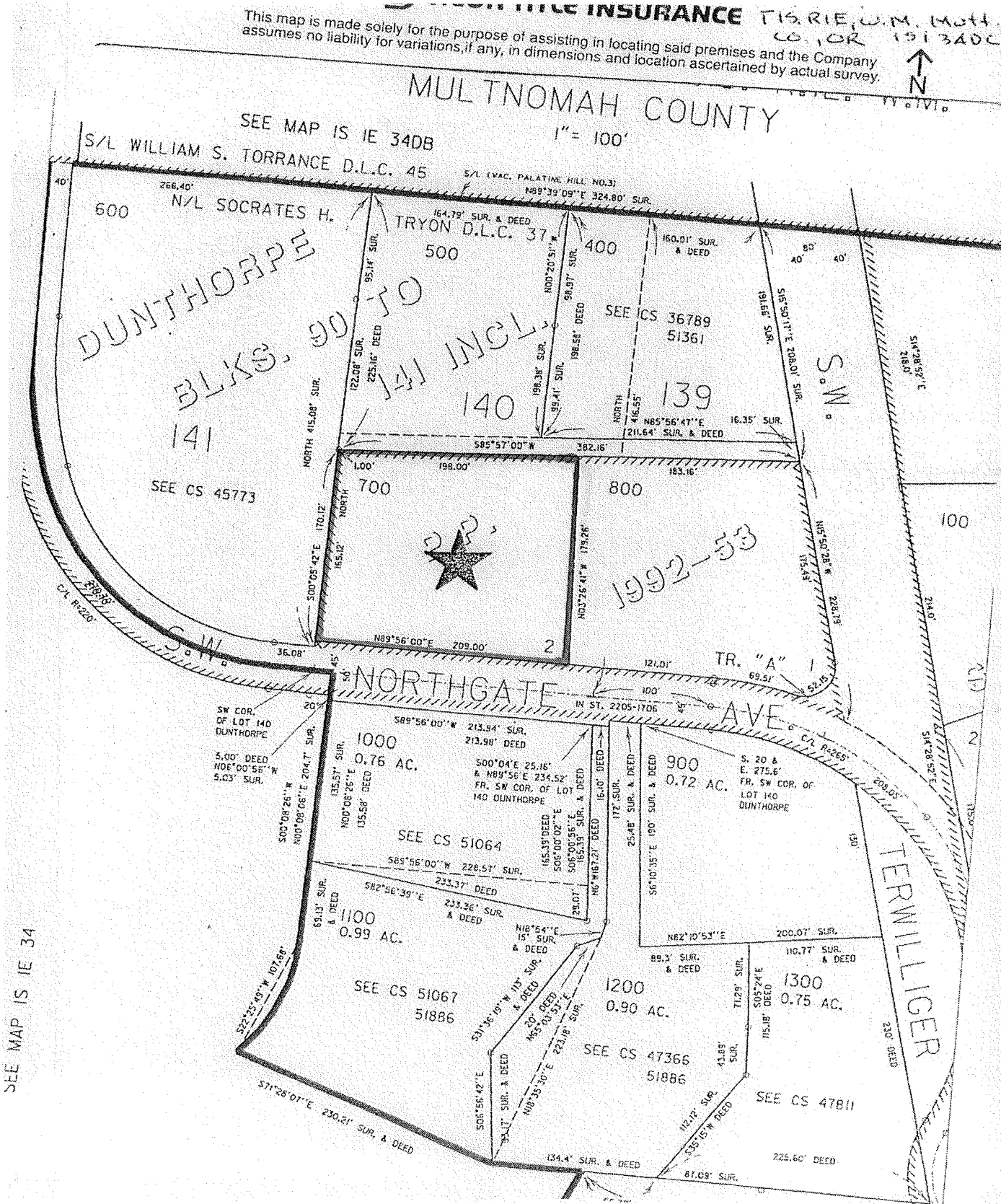
PARCEL 2. PARTITION PLAT 1992-53, Multnomah County. OR

A-3-13
Exhibit 2.

This map is made solely for the purpose of assisting in locating said premises and the Company assumes no liability for variations, if any, in dimensions and location ascertained by actual survey.

MULTNOMAH COUNTY

1" = 100'



SEE MAP IS IE 34

EXHIBIT 3

September 11, 2013 Meeting

PROPOSAL NO. A-3-13 - CITY OF PORTLAND – Annexation**STAFF REPORT**

Petitioners: Erick & Eileen Frack

Proposal No. A-3-13 was initiated by a consent petition of the property owners and registered voters. The petition meets the requirement for initiation set forth in ORS 222.170(2) (double majority annexation law) and Metro Code 3.09.040(a) (Metro's minimum requirements for a petition).

The territory to be annexed is located generally on the southwest edge of the City on the north edge SW Northgate Avenue west of SW Terwilliger Blvd. The territory contains 0.75 acres, 1 single family dwelling, a population of 3 and has an assessed value of \$ 1,103,710.

REASON FOR ANNEXATION

The property owners want to annex to Portland to obtain City services, particularly sewer service.

CRITERIA FOR DECISION-MAKING

The only criterion for deciding city boundary changes within the statutes is the territory must be contiguous to the City. However, the 1997 Legislature directed Metro to establish criteria that must be used by all cities within the Metro boundary and Metro has done so through adoption of Section 3.09 of the Metro Code.

The Metro Code states that a final decision must include findings of fact and conclusions from those findings. The Code also allows cities to adopt procedures for an "expedited" annexation and Portland has done so.

To approve a boundary change through an expedited process, the City must:

- (1) Find that the change is consistent with expressly applicable provisions in:
 - (A) Any applicable urban service agreement adopted pursuant to ORS 195.205;

- (B) Any applicable annexation plan adopted pursuant to ORS 195.205;
 - (C) Any applicable cooperative planning agreement adopted pursuant to ORS 195.020 (2) between the affected entity and a necessary party;
 - (D) Any applicable public facility plan adopted pursuant to a statewide planning goal on public facilities and services; and
 - (E) Any applicable comprehensive plan;
 - (F) Any applicable concept plan; and
- (2) Consider whether the boundary change would:
- (A) Promote the timely, orderly and economic provision of public facilities and services;
 - (B) Affect the quality and quantity of urban services; and
 - (C) Eliminate or avoid unnecessary duplication of facilities and services.

There are no urban service agreements, cooperative agreements or annexation plans under ORS 195 covering this area. The City is the designated sewer service provider for this area. As noted in the section below, the action is consistent with the applicable plan and the City has appropriate urban services available to the site.

LAND USE PLANNING

Regional Planning. The territory is within the regional Urban Growth Boundary and the jurisdictional boundary of Metro.

Regional Framework Plan. The law that requires Metro to adopt criteria for boundary changes specifically requires the District [Metro] to: "Ensure that a boundary change is in compliance with the Metro regional framework plan, as defined in ORS 197.015, and cooperative agreements and urban service agreements adopted pursuant to ORS 195." Metro is authorized to adopt functional plans which are limited purpose plans addressing designated areas and activities of metropolitan concern and which mandate local plan changes. Metro has adopted two functional plans - the Urban Growth Management Functional Plan and the Regional Transportation Plan.

The Urban Growth Management Functional Plan requires cities and counties to amend their comprehensive plans and implementing ordinances to accord with elements in the Functional Plan. Included in these requirements are such items as minimum density standards, limitations on parking standards, mandated adoption of water quality standards and rules relating to Urban Growth Boundary expansion into Urban Reserve areas. These requirements do not relate directly to the issue of annexation to a city.

The Regional Transportation Plan was examined and no specific criteria applicable to boundary changes were discovered.

The Regional Framework Plan was reviewed and found not to contain specific criteria applicable to boundary changes.

Multnomah County Planning. In 2001 the Multnomah County Board adopted the City's comprehensive plan and implementing regulations as the County's plan and zoning for this area. By intergovernmental agreement signed in January, 2002 the City took over implementation and administration of planning and zoning for this area. The territory is designated Low Density Residential by Multnomah County and is zoned R-20 (which permits residential development with a minimum lot size of 20,000 square feet).

Portland/Multnomah County Urban Services Agreement.

The property to be annexed falls within the City's Urban Services Boundary.

Portland Planning.

The Portland Comprehensive Plan contains the following requirement:

1.3 Urban Services Boundary

The City shall establish and maintain, in cooperation with neighboring jurisdictions, an Urban Services Boundary for the City of Portland that defines a rational service area within which the City can meet the service needs most effectively and at the lowest cost. The Urban Services Boundary shall be consistent with the regional Urban Growth Boundary and may be amended from time to time in accordance with the Comprehensive Plan.

The property to be annexed falls within the City's Urban Services Boundary.

The City Comprehensive Plan contains the following Goals and Policies & Objectives:

METROPOLITAN COORDINATION

1.2 Urban Planning Area Boundary

Identify and adopt an Urban Planning Area Boundary outside the current city limits. Land use within the boundary will be maintained by the City in cooperation with other local jurisdictions. Proposals for annexation to the city will be considered within the Urban Planning Area Boundary if consistent with the Urban Growth Boundary. The City will conclude agreements with abutting jurisdictions to coordinate and monitor land use.

As noted above under "Multnomah County Planning" the City and the County have an agreement on planning covering the territory to be annexed.

URBAN DEVELOPMENT

2.3 Annexation

Phase the annexation program of the City to allow for the incorporation of urban and urbanizable land in a manner that is consistent with the Comprehensive Plan and the Urban Growth Boundary as administered by the Metropolitan Service District, provides smooth transition in urban services, establishes logical city boundaries and promotes coordinated capital improvements programming. Annex land within the Urban Services Boundary in accordance with this Policy and Policy 11.1. Annexations outside the Urban Services Boundary will not be accepted.

PUBLIC FACILITIES

GOAL:

- 11 A Provide a timely, orderly and efficient arrangement of public facilities and services that support existing and planned land use patterns and densities.

POLICIES & OBJECTIVES:

B. Outside its boundaries of incorporation, the City of Portland shall:

(1) Acknowledge the City's role as principal provider of urban services within the City's established Urban Services Boundary and plan for the eventual delivery of urban services according to a phased program of improvements meeting the service needs of individual areas.

(2) Coordinate closely with other jurisdictions providing services within the established Portland Urban Services Boundary to ensure continuing delivery of effective and efficient urban services.

C. The City shall not provide new urban services, or expand the capacity of existing services, to areas outside its boundaries of incorporation.

11.2 Orderly Land Development

Urban development should occur only where urban public facilities and services exist or can be reasonably made available.

11.3 Orderly Service Extension

The improvement and expansion of one urban public facility or service should not stimulate development that significantly precedes the City's, or other appropriate jurisdiction's, ability to provide all other necessary urban public facilities and services at uniform levels.

As discussed in the Section below, urban services are readily available to the site from the City.

The City's adopted Urban Services Policy (ENB-1.01) found that a full-service city government can provide urban services most cost-effectively. The City of Portland is the only available city to provide services to this area.

The City has public facility plans adopted pursuant to the statewide planning goal on public facilities and services. Generally speaking these plans do not cover areas outside of the City or contain provisions applicable to annexation proceedings.

FACILITIES AND SERVICES

ORS 195 Agreements. ORS 195 requires agreements between providers of urban services. Urban services are defined as: sanitary sewers, water, fire protection, parks, open space, recreation and streets, roads and mass transit. These agreements are to specify which governmental entity will provide which service to which area in the long term. The counties are responsible for facilitating the creation of these agreements. The statute was enacted in 1993 but no urban service agreements have yet been adopted in this area.

Sanitary Sewer Service. Sanitary sewer service will be available from the City via a new sewer line in SW Terwiliger Blvd. That line has been designed but not yet built. The City's Bureau of Environmental Services staff estimate the earliest that service might be available is late summer of 2014.

Water Service. Water service is currently provided by the Palatine Hill Water District. The City of Portland supplies the Palatine Hill District with water. The City and the District have an agreement under which Palatine Hill may continue to provide water to this property through a City-installed meter. Subsequent to annexation the property owner will pay the City for water and the City will reimburse the District for the cost of the District-supplied water. Since the City is the District's ultimate supplier of water, this reimbursement is in the form of a credit against the District's bill from the City.

ORS 222.120(5) provides that the City may declare in its ordinance annexing territory that the territory will be withdrawn from a water district. The effective date of a withdrawal from the water district would be July 1, 2014 (ORS 222.120 (5) & ORS 222.465). The City Water Bureau favors withdrawal of the territory from the Palatine Hill Water District. Under the City-District agreement the District will serve the territory for the City but the residents will be billed as City customers.

Police Service. Police Service will be provided by the City at the same level as currently provided to other City residents.

Fire. The territory currently receives fire protection from Multnomah County R.F.P.D. # 11 which contracts for service with the Lake Oswego Fire Department. Following annexation the City would provide fire service. The City's nearest station is the Burlingame Station #10 at 451 SW Taylor's Ferry Road. The City of Portland and the City of Lake Oswego have a mutual

response agreement so that initial service might still come from either jurisdiction.

ORS 222.120(5) provides that the City may declare in its ordinance annexing territory that the territory will be withdrawn from a fire district. The effective date of a withdrawal from a fire district is the effective date of the annexation.

Street Lights. The territory is within the boundary of Multnomah County Service District No. 14 for street lights. The District's function is primarily administrative, to collect the revenues to pay PGE for lighting services. The district charges a flat annual fee for street lighting services. Portland has a property tax levy to finance street lights.

ORS 222.120(5) provides that the City may declare in its ordinance annexing territory that the territory will be withdrawn from a county service district. The effective date of a withdrawal from a county service district is the effective date of the annexation.

Transportation. Access to the site is provided by SW Terwiliger Blvd.

RECOMMENDATION

Based on the Study and the proposed Findings and Reasons for Decision found in Attachment A, the staff recommends that Proposal No. A-3--13 be **approved**. It is also recommended that territory to be annexed be withdrawn from Multnomah County R.F.P.D. # 11, Multnomah County Service District #14 (street lights) and the Palatine Hill Water District.

PROPOSED FINDINGS AND REASONS FOR DECISION

Based on the staff study and the public hearing the City Council found:

1. The territory to be annexed contains 0.75 acres, 1 single family dwelling, a population of 3 and has an assessed value of \$ 1,103,710.
2. The property owners want to annex to Portland to obtain City services, particularly sewer service.
3. The only criterion for deciding city boundary changes within the statutes is the territory must be contiguous to the City. However, the 1997 Legislature directed Metro to establish criteria that must be used by all cities within the Metro boundary and Metro has done so through adoption of Section 3.09 of the Metro Code.

The Metro Code states that a final decision must include findings of fact and conclusions from those findings. The Code also allows cities to adopt procedures for an "expedited" annexation and Portland has done so.

To approve a boundary change through an expedited process, the City must:

- (1) Find that the change is consistent with expressly applicable provisions in:
 - (A) Any applicable urban service agreement adopted pursuant to ORS 195.205;
 - (B) Any applicable annexation plan adopted pursuant to ORS 195.205;
 - (C) Any applicable cooperative planning agreement adopted pursuant to ORS 195.020 (2) between the affected entity and a necessary party;
 - (D) Any applicable public facility plan adopted pursuant to a statewide planning goal on public facilities and services; and
 - (E) Any applicable comprehensive plan;
 - (F) Any applicable concept plan; and
- (2) Consider whether the boundary change would:
 - (A) Promote the timely, orderly and economic provision of public

Attachment A, Findings to Staff Report
Proposal No. A-3-13

facilities and services;

- (B) Affect the quality and quantity of urban services; and
- (C) Eliminate or avoid unnecessary duplication of facilities and services.

There are no urban service agreements, cooperative agreements or annexation plans under ORS 195 covering this area. The City is the designated sewer service provider for this area. As noted in Finding No. 7 below, the action is consistent with the applicable plan and the City has appropriate urban services available to the site.

4. The territory is within the regional Urban Growth Boundary and the jurisdictional boundary of Metro.

The law that requires Metro to adopt criteria for boundary changes specifically requires the District [Metro] to: "Ensure that a boundary change is in compliance with the Metro regional framework plan, as defined in ORS 197.015, and cooperative agreements and urban service agreements adopted pursuant to ORS 195." Metro is authorized to adopt functional plans which are limited purpose plans addressing designated areas and activities of metropolitan concern and which mandate local plan changes. Metro has adopted two functional plans - the Urban Growth Management Functional Plan and the Regional Transportation Plan.

The Urban Growth Management Functional Plan requires cities and counties to amend their comprehensive plans and implementing ordinances to accord with elements in the Functional Plan. Included in these requirements are such items as minimum density standards, limitations on parking standards, mandated adoption of water quality standards and rules relating to Urban Growth Boundary expansion into Urban Reserve areas. These requirements do not relate directly to the issue of annexation to a city.

The Regional Transportation Plan was examined and no specific criteria applicable to boundary changes were discovered.

The Regional Framework Plan was reviewed and found not to contain specific criteria applicable to boundary changes.

5. In 2001 the Multnomah County Board adopted the City's comprehensive plan and implementing regulations as the County's plan and zoning for this area. By intergovernmental agreement signed in January, 2002 the City took over implementation and administration of planning and zoning for this area. The territory is designated Low Density Residential by Multnomah County and is zoned R-20 (which permits residential development with a minimum lot size of 20,000 square feet).

Attachment A, Findings to Staff Report
Proposal No. A-3-13

6. The property to be annexed falls within the City's Urban Services Boundary.
7. The Portland Comprehensive Plan contains the following requirement:

1.3 Urban Services Boundary

The City shall establish and maintain, in cooperation with neighboring jurisdictions, an Urban Services Boundary for the City of Portland that defines a rational service area within which the City can meet the service needs most effectively and at the lowest cost. The Urban Services Boundary shall be consistent with the regional Urban Growth Boundary and may be amended from time to time in accordance with the Comprehensive Plan.

The property to be annexed falls within the City's Urban Services Boundary.

The City Comprehensive Plan contains the following Goals and Policies & Objectives:

METROPOLITAN COORDINATION

1.2 Urban Planning Area Boundary

Identify and adopt an Urban Planning Area Boundary outside the current city limits. Land use within the boundary will be maintained by the City in cooperation with other local jurisdictions. Proposals for annexation to the city will be considered within the Urban Planning Area Boundary if consistent with the Urban Growth Boundary. The City will conclude agreements with abutting jurisdictions to coordinate and monitor land use.

As noted in Finding No. 5 the City and the County have an agreement on planning covering the territory to be annexed.

URBAN DEVELOPMENT

2.3 Annexation

Phase the annexation program of the City to allow for the incorporation of urban and urbanizable land in a manner that is consistent with the Comprehensive Plan and the Urban Growth Boundary as administered by the Metropolitan Service District, provides smooth transition in urban services, establishes logical city boundaries and promotes coordinated capital improvements programming. Annex land within the Urban

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Services Boundary in accordance with this Policy and Policy 11.1.
Annexations outside the Urban Services Boundary will not be accepted.

PUBLIC FACILITIES

GOAL:

- 11 A Provide a timely, orderly and efficient arrangement of public facilities and services that support existing and planned land use patterns and densities.

POLICIES & OBJECTIVES:

B. Outside its boundaries of incorporation, the City of Portland shall:

(1) Acknowledge the City's role as principal provider of urban services within the City's established Urban Services Boundary and plan for the eventual delivery of urban services according to a phased program of improvements meeting the service needs of individual areas.

(2) Coordinate closely with other jurisdictions providing services within the established Portland Urban Services Boundary to ensure continuing delivery of effective and efficient urban services.

C. The City shall not provide new urban services, or expand the capacity of existing services, to areas outside its boundaries of incorporation.

11.2 Orderly Land Development

Urban development should occur only where urban public facilities and services exist or can be reasonably made available.

11.3 Orderly Service Extension

The improvement and expansion of one urban public facility or service should not stimulate development that significantly precedes the City's, or other appropriate jurisdiction's, ability to provide all other necessary urban public facilities and services at uniform levels.

As discussed in Findings 9-14, urban services are readily available to the site from the

Attachment A, Findings to Staff Report
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City.

The City's adopted Urban Services Policy (ENB-1.01) found that a full-service city government can provide urban services most cost-effectively. The City of Portland is the only available city to provide services to this area.

The City has public facility plans adopted pursuant to the statewide planning goal on public facilities and services. Generally speaking these plans do not cover areas outside of the City or contain provisions applicable to annexation proceedings.

8. ORS 195 requires agreements between providers of urban services. Urban services are defined as: sanitary sewers, water, fire protection, parks, open space, recreation and streets, roads and mass transit. These agreements are to specify which governmental entity will provide which service to which area in the long term. The counties are responsible for facilitating the creation of these agreements. The statute was enacted in 1993 but no urban service agreements have yet been adopted in this area.
9. Sanitary sewer service will be available from the City via a new sewer line in SW Terwiliger Blvd. That line has been designed but not yet built. The City's Bureau of Environmental Services staff estimate the earliest that service might be available is late summer of 2014.
10. Water service is currently provided by the Palatine Hill Water District. The City of Portland supplies the Palatine Hill District with water. The City and the District have an agreement under which Palatine Hill may continue to provide water to this property through a City-installed meter. Subsequent to annexation the property owner will pay the City for water and the City will reimburse the District for the cost of the District-supplied water. Since the City is the District's ultimate supplier of water, this reimbursement is in the form of a credit against the District's bill from the City.

ORS 222.120(5) provides that the City may declare in its ordinance annexing territory that the territory will be withdrawn from a water district. The effective date of a withdrawal from the water district would be July 1, 2014 (ORS 222.120 (5) & ORS 222.465). The City Water Bureau favors withdrawal of the territory from the Palatine Hill Water District. Under the City-District agreement the District will serve the territory for the City but the residents will be billed as City customers.
11. Police Service will be provided by the City at the same level as currently provided to other City residents.
12. The territory currently receives fire protection from Multnomah County R.F.P.D. # 11 which contracts for service with the Lake Oswego Fire Department. Following annexation the City would provide fire service. The City's nearest station is the

Attachment A, Findings to Staff Report
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Burlingame Station #10 at 451 SW Taylor's Ferry Road. The City of Portland and the City of Lake Oswego have a mutual response agreement so that initial service might still come from either jurisdiction.

ORS 222.120(5) provides that the City may declare in its ordinance annexing territory that the territory will be withdrawn from a fire district. The effective date of a withdrawal from a fire district is the effective date of the annexation.

13. The territory is within the boundary of Multnomah County Service District No. 14 for street lights. The District's function is primarily administrative, to collect the revenues to pay PGE for lighting services. The district charges a flat annual fee for street lighting services. Portland has a property tax levy to finance street lights.

ORS 222.120(5) provides that the City may declare in its ordinance annexing territory that the territory will be withdrawn from a county service district. The effective date of a withdrawal from a county service district is the effective date of the annexation.

14. Access to the site is provided by SW Terwiliger Blvd.

CONCLUSIONS AND REASONS FOR DECISION

Based on the Findings, the City Council determined:

1. The Metro Code at 3.09.045(d)(1) (A) seeks consistency with expressly applicable provisions in an applicable urban service agreement adopted pursuant to ORS 195.065. There are no such agreements in this area.
2. The Metro Code at 3.09.045(d)(1) (B) seeks consistency with expressly applicable provisions in an applicable annexation plan adopted pursuant to ORS 195.205. There are no such annexation plans in this area.
3. The Metro Code at 3.09.045(d)(1) (C) seeks consistency with expressly applicable provisions in any applicable cooperative planning agreement adopted pursuant to ORS 195.020 (2) between the City and a necessary party. There are no such agreements in this area.
4. The Metro Code at 3.09.045(d)(1) (D) seeks consistency with expressly applicable provisions in any applicable public facility plan adopted pursuant to a statewide planning goal on public facilities and services. Determination that the area be included in the City's urban service area was made through adoption of an Urban Services Policy adopted as an element of the City's Comprehensive Plan. The annexation is consistent with the public facility plan as noted in Finding No. 7.
5. The Metro Code at 3.09.045(d)(1) (E) seeks consistency with expressly applicable provisions in any applicable comprehensive plan. The Council has reviewed the City Comprehensive Plan and the County Comprehensive Plan. The County plan contains no criteria that are directly applicable to annexation decisions.

Policy 11.1 of the Portland Comprehensive Plan contains criteria related to annexation. It says that the city shall "acknowledge its role as the principal provider of urban services" within the City's urban services boundary and "coordinate closely" with other service providers in the area. The City serves adjacent areas within the City and coordinates with Multnomah County R.F.P.D. # 11 and Palatine Hill Water District which serve non-city adjacent areas.

The Council concludes that the annexation is consistent with Policy 11.1.

Policy 11.2 says urban development is appropriate when urban services are available and they are in this case. Therefore the Council finds the annexation consistent with Policy 11.2.

Policy 11.3 cautions against allowing one urban service to dictate premature extension of other public services. In this case the other public services are readily available. The

Attachment A, Findings to Staff Report
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Council concludes the annexation is consistent with Policy 11.3.

Policy 11.4 calls for maximum use of existing facilities. This proposed annexation is consistent with policy 11.4.

Under Policy 11.5, to the maximum extent possible costs for new public facilities & services should be borne by those benefiting from them. Extension of The sewer line in Terwilliger is part of a larger City project to serve a wider area of the City and service is not being extended just to serve the area to be annexed. Therefore the Council concludes the proposal is consistent with this policy.

6. Metro Code 3.09.045(d)(2)(A) calls for consideration of whether the boundary change would "promote the timely, orderly and economic provision of public facilities and services." The Council concludes that the City's adequate services can be provided to serve this area, based on Findings 9 through 14. Therefore the proposed change promotes the timely, orderly and economic provision of services.
7. Metro Code 3.09.045(d)(2)(B) calls for consideration of whether the boundary change would affect the "quality and quantity of urban services." Given the size of this annexation the Council concludes this annexation will have no impact on the overall quality and quantity of services available in the area.
8. In accordance with Metro Code 3.09.045(d)(2)(C) Council considered whether this annexation would "eliminate or avoid unnecessary duplication of services" and concludes the annexation will neither negatively nor positively relate to this criterion.
9. The City may specify in its annexation Ordinance that the territory will be simultaneously withdrawn from Palatine Hill Water District, Multnomah County R.F.P.D. # 11 and Multnomah County Service District # 14 for street lights. To prevent confusion about which units of government are responsible for providing services, the territory should be simultaneously withdrawn from these districts.