



STAFF REPORT ON DLCD LETTER REGARDING POPULATION FORECASTING DATED MARCH 18, 2008

This staff report covers comments received by the City of Molalla from DLCD (Department of Land Conservation and Development). Staff comments and suggestions are made in ***Bold Italic*** print.

STAFF REPORT

Oregon Revised Statutes and Administrative Rules

Oregon Revised Statutes and Administrative Rules offer several ways for Molalla to obtain a current 20-year population forecast for use in the city's urban growth boundary evaluation¹:

Option #1: The county may prepare and adopt an updated 20-year coordinated forecast for each city within its jurisdiction and for its unincorporated area by distributing the State Office of Economic Analysis forecast for the entire county in coordination with all of the cities; or

Option #2: The city and county may use the safe harbor process outlined in ORS 195.034(2) and OAR 660-024-0030(3). Under Option #2, if the county's most recent coordinated forecast is less than 10 years old and does not provide a full 20-year forecast, then the city and county may extend the existing coordinated forecast using the same *city growth rate*; or

Option #3: The city and county may use the safe harbor process outlined in ORS 195-034-(3) and OAR 660-024-0030(4). Under Option #3, the city's *current share of the total county population* is used to extrapolate a city population that represents the same share of total county population 20 years in the future.

In order to utilize Option #1, Clackamas County must agree to compete an updated population forecast for the entire county, and Molalla would need to wait until the county completes a newly coordinated forecast.

Staff disagrees with this assumption. The County can adopt the City's population numbers independently as have been done in the following cases:

Ontario, OR – Malheur County

Pendleton, OR – Umatilla County

Dalles, OR – Wasco County

Redmond, OR – Deschutes County. This was appealed and upheld.

The process for doing such an approval is laid out below in brief discussion:

- *Molalla requests that Clackamas County adopt the OEA forecast to enable each of its cities to proceed with either the “safe harbor” or the “expert forecast” methods, at their discretion as needed.*
- *City would submit a request to amend the County Comprehensive Plan recognizing that none of the neighboring cities outside of the Metro UGB object to incorporation of the Molalla forecast into the county plan. Follow the normal review process, with the County Planning Commission holding a hearing, making a recommendation to the Board of County Commissioners, who would subsequently hold a hearing and make a decision.*
- *Adoption by the county of a coordinated population forecast and allocation for the City of Molalla. Need not be a “big” project. Molalla has already provided the technical analysis required and has coordinated effectively with its neighboring cities outside the UGB. Although coordination with Metro would be required, there is no reason to suppose that Metro will be opposed to such a reasonable and conservative proposal. There is no statutory or rule requirement to coordinate with nearby counties. Metro is in the process of adopting its urban growth report, which is significant for any effort by the County, as Metro’s analysis includes an assessment of how much growth is expected to occur inside the Metro UGB, neighboring cities, and the unincorporated rural area.*

Clackamas County’s most recent coordinated forecast was adopted more than 10 years ago. Option #2 is not available for Molalla at this time.

Staff would concur with this comment.

Using Option #3, the city could complete its own forecast using the safe harbor process outlined below. That process would generally follow these steps:

- The current Portland State University estimate of Molalla’s population for 2007 = 7,195
- PSU estimate of Clackamas County’s population for 2007 = 372,270
- Molalla’s population (7,195) is approximately 1.9% of Clackamas County’s population (372,270)
- OEA forecast for Clackamas County for 2025 is 497,926
- 1.9% of 497,926 = 9,624
- Molalla’s 2025 population forecast is 9,624 (this figure will need minor adjustment to get a full 20-year forecast from estimated date of adoption).

Staff would like to provide a bit of history on the Safe Harbor. Many of you have heard we could have saved a lot of money just choosing the “Safe Harbor” number. To understand

this fully “Safe Harbor” was adopted after the City had a completed study from E.D. Hovee and Company. Winterbrook updated E.D. Hovee’s report in 2006. Both of these studies were completed pursuant to state rules and regulations.

Many of you have heard that Sandy has recently adopted Safe Harbor and if they can why can’t we. You must understand that Sandy currently has an Urban Reserve that is absolutely huge. This Urban Reserve was obtained in 1996 and encompasses a very large area.

In contrast to the methods outlined above, E.D. Hovee & Co. calculated the average annual growth rate for Molalla at 2.9% between 1980 and 2003. Hovee then used a 2.9% average annual growth rate going forward to forecast a 2025 population of 10,876.

We recognize that the 2025 forecast is approximately 1,200 persons higher using Hovee’s suggested method than by using the safe-harbor offered in rule and statute. From our discussion in February, it appears that the Hovee forecast is likely more closely aligned with Molalla’s ambitions for population growth over the next 20 years. The safe harbor method (option #3), however, provides Molalla with the most legally defensible forecast and is the method most likely to avoid successful appeal.

My feeling as a staff member is my responsibility for providing you my recommendations should be based on the best data available as well as what is best for the community. For that reason I want to express the scenarios available below:

Molalla is faced with an option. Option one is to coordinate real numbers which were completed using the best available data to guestimate our future population. This population provides a proven scientific method that has been used for years in calculating population for communities all over Oregon.

Option 2 allows the City to use “Safe Harbor”. The calculation method of using safe harbor is not beneficial for communities who have seen rapid growth such as Molalla. What it provides for is a need that is far less than the actual need for population forecasting.

So Molalla’s Planning Commission and City Council are faced with some real tough decisions. While the Safe Harbor is more safe when attempting to appeal a population growth it also provides for more costs to be obtained by the City down the road.

If Molalla chooses to use “Safe Harbor” there is no guarantee that the city will not be appealed and there is still potential litigation costs. However there would be less of a chance for appeal. The downside would be that Molalla would need to go through this process again much sooner than the current projected 50 year time frame. This would mean that Molalla would see additional costs from reviewing all of the plans as we have currently done. Molalla would also face extreme costs associated with infrastructure costs when

improperly sized pipes, roads, and services are provided to an area that must be extended as part of future growth.