

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: 7/1/2014 **Approx Start Time:** 10:30 a.m. **Approx Length:** 30 Min

Presentation Title: Gladstone and Happy Valley Library Transition Plan

Department: Business and Community Services

Presenters: Staff: Gary Barth - Director Business and Community Services, Laura Zentner, Deputy Director, Business and Community Services, Doris Grolbert – County Library Manager

Other Invitees:

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Direction from the Board regarding the transition of the Oak Lodge Library to the City of Gladstone and the Sunnyside Village Library to the City of Happy Valley

EXECUTIVE SUMMARY:

Libraries were determined to be a core function for cities rather than the county, so as part of the Library District formation the county Board directed staff to transition county library facilities to appropriate cities in proximity to each county facility. The Hoodland Library was transitioned to the City of Sandy. The remaining two county library facilities, Oak Grove and Sunnyside Village, are intended to be transitioned to the cities of Gladstone and Happy Valley respectively per IGA's entered into with those two cities.

What distinguishes these two cities is that Gladstone had an existing library at the time of Library District formation and was therefore deemed to be a "Library City" provider for the purposes of providing library services to District residents and is part of the Master IGA between the Library District and all Library Cities. The City had plans in place to construct a larger library facility when they entered into the master IGA with the District to remain a Library City provider and serve an expanded population currently served by the Oak Grove facility, allowing the county to close the Oak Grove facility. The county provided the City of Gladstone their \$1 million in capital contribution per a separate IGA provided to all Library City providers in the District and an additional \$1 million contribution for serving an expanded population base. In addition the Oak Grove library began setting aside a capital reserve and earmarking that for the expanded Gladstone Library as well.

The City of Happy Valley did not have a city library at the time of District formation so they were not considered a Library City provider at that time and is not a party to the master IGA between the District and Library Cities. However, the city did enter into a Memo of Understanding with the city where the city agrees to "discuss future management and operations of the Sunnyside Village Library with the county" after construction of the library was complete. The opportunity to build this new library in Happy Valley arose when it was determined the county could re-purpose a vacant county owned facility adjacent to a North Clackamas Parks & Recreation District park into a new library facility. This remodel was funded by a county general fund

contribution of \$2 million earmarked as a one-time capital contribution for the Damascus and Happy Valley areas with the balance coming from capital reserves that were being set aside from the annual Library District distribution for this service area. This facility replaced the Clackamas Corner library operating out of leased space at Clackamas Town Center, saving on annual lease expense and located in better proximity to the population served. This facility is self-sufficient and requires no county general fund support for on-going operations. The county could continue operating this facility indefinitely until such time as the City of Happy Valley agrees to assume operations.

The plans for the City for Gladstone to construct a larger facility and assume the unincorporated service area currently served by the county run Oak Grove facility were halted due to a voter approved measure that requires voter approval for any large capital projects in the City of Gladstone. Further, community support for the planned location of the new Gladstone library off of Webster Road declined. The city has subsequently been trying to identify alternative solutions that would allow them to fulfill the obligation in the IGA with the Library District to be a Library City provider for an expanded territory that would allow the county to close the Oak Grove facility.

Their proposed solution is to fund and construct a new 13,000 – 16,000 square foot City Library on Portland Avenue in Gladstone using only the funding resources provided by the county and the Library District capital reserve in the Oak Grove branch, with the balance funded by debt to be serviced from annual Library District distributions to the city based on the expanded service population served by this new facility.

Currently the City is lacking a site, a facility plan, or a final funding package but there are preparing for a November 2014 ballot measure where they will ask their citizens for approval to construct a new public facility within the City. If passed, there is no known timeline for when a new facility would be constructed and ready to assume responsibility for the residents currently served by the Oak Lodge library. Until such time, the county will continue to serve residents from the leased Oak Lodge library facility.

FINANCIAL IMPLICATIONS (current year and ongoing):

The Oak Lodge and Sunnyside Library facilities are funded by the Library District and self sufficient requiring no support from the general fund. The county continues to retain the capital reserves set aside for a permanent library solution for the citizens of unincorporated Oak Grove and Jennings Lodge.

LEGAL/POLICY REQUIREMENTS:

Decisions may require renegotiations of existing IGA's or creation of new IGA's between the Library District and the Cities of Happy Valley and Gladstone.

PUBLIC/GOVERNMENTAL PARTICIPATION:

Community engagement has been an integral part of the City of Gladstone's effort in developing alternative solutions to fulfilling the IGA. However representatives of the unincorporated area currently served by the Oak Lodge facility have been disproportionately underrepresented in the public engagement with Gladstone

OPTIONS:

1. Let the City of Gladstone proceed with a ballot measure in November 2014 requesting voter approval to construct a new library facility in Gladstone using non-city resources to serve an expanded service population as prescribed in the current IGA. The county would continue to run the Oak Grove facility in leased space until such time as the new Gladstone facility is planned, developed and ready to assume the Oak Grove library service area into their service area.
2. Allow Gladstone to remain a City Library provider for their existing service population providing service out of their existing city library facility. No additional capital funding from the County general fund or the Oak Grove Library capital reserves would be provided. Direct county staff to re-direct the available capital funds to plan and construct a new, appropriately-sized library facility within the unincorporated Jennings Lodge/Oak Grove area to serve the population currently served by the Oak Grove facility. This option would have the county continuing to run a library facility. Should this area incorporate, the county could transfer operations to the new city. Alternatively, the county could partner with either the cities of Gladstone or Milwaukie to operate the Oak Grove/Jennings Lodge facility as a satellite operation, similar to the arrangement with the City for Sandy for the Hoodland facility.
3. Explore with the City of Gladstone the prospect of Gladstone closing their city library and combining their service population with the larger service population of the Oak Grove Library and building a new facility in the unincorporated area along McLoughlin central to the population served. Explore opportunities with the North Clackamas Parks and Recreation District to develop a combination park and library facility similar to the solution created in Happy Valley.

RECOMMENDATION:

Option 1 stays the course and is consistent with current Board direction to transfer library operations to cities and support the City of Gladstone as they work towards a plan to serve the population currently served by the Oak Lodge Library. Staff does have concerns that this solution is currently absent a building plan, location or funding package and is totally dependent on county and library district funding with no contribution from the city. These factors discount the value of the county partnering with existing Library City providers to provide enhanced library services to all District residents. Further the unincorporated area provides the majority of the annual District funding that would be provided to the City of Gladstone under this option, while the facility would reside within Gladstone but that was a fact when the county entered into the IGA with the City of Gladstone.

Option 2 deviates from Board direction to transition out of the direct provision of library services, but would place control over the solutions to enhance the library services to the unincorporated area back to the county, where creative solutions could be explored similar to the approach in Happy Valley. The City of Gladstone would retain their existing city library and continue to serve their existing service population. The primary concern with this option would center on the level of service Gladstone could provide out of their existing, unimproved facility for those unincorporated District residents assigned to the Gladstone service area.

Option 3 also deviates from the current board direction to transition out of the direct provision of library services and in fact expands the population served by the a county run facility. However this solution has merit as an alternative for future consideration should the current course of action not pan out:

- a. Should the unincorporated area of Oak Grove/Jennings Lodge/Oatfield area incorporate in the future, they would likely be the larger, more appropriate city to provide services as most of the service population would be residents of this new city.
- b. A single, larger facility centrally located for the populations served would be a more efficient facility.
- c. The county has experience developing large capital projects
- d. Locating a facility within the boundaries of the North Clackamas Parks & Recreation District provides partnership opportunities similar to those employed in Happy Valley that don't exist within the City of Gladstone.
- e. The City of Gladstone would not need to seek voter approval for a capital project that largely serves an unincorporated area
- f. The City of Gladstone could re-purpose any city general fund currently going into City library operations.

Based on the good faith efforts to-date by the City of Gladstone to meet the county's requested deadline of June 30, 2014 for a long-term solution **staff recommends Option 1**. Knowing that the Board may need to consider alternatives to the current plan based on further discussions with the City of Gladstone or based on the outcome of a November Gladstone election staff provided options 2 and 3 for discussion purposes and contingency planning only.

ATTACHMENTS:

- City of Gladstone Staff Report and Draft Explanatory Statement for 2014 Gladstone Library Referral
- Letter to Gladstone Mayor and City Council from the Save Gladstone organization
- MOU between Clackamas County and the City of Happy Valley to provide Library Services East of I-205
- IGA between Clackamas County and the City of Gladstone for capital contribution
- Master IGA between the Library District and "Library Cities" for the provision of library services throughout the District

SUBMITTED BY:

Division Director/Head Approval _____
Department Director/Head Approval _____ Director BCS
County Administrator Approval _____ Administrator BCS

For information on this issue or copies of attachments, please contact Lisa Meurs @ 503-742-4344

City of Gladstone

Staff Report

Meeting Date: June 24, 2014
To: City Council
From: Pete Boyce, City Administrator

AGENDA ITEM

New Library Discussion

RECOMMENDED STAFF ACTION

Staff recommends City Council take public comment on the proposed new library and consider amendments to the draft resolution.

BACKGROUND

The City Council appointed Library Advisory Committee (LAC) held six meetings, the first on February 10, 2014 and the last on May 5, 2014. The ambitious timeline was challenging but the LAC members provided valuable input to help form a considerably different project from the last library plan. City Council held a work session on May 27, 2014 to discuss the LAC and staff recommendations regarding the proposed library project. Staff committed to drafting a ballot measure for discussion at the June 10, 2014 City Council meeting. The ballot measure contemplates the following:

- A total minimum project budget of \$6.4 million – this could be increased if other non-city funds are identified
- The facility would be between 13,000 to 16,000 square feet dependent on final construction estimates
- Construction of the facility in the Portland Avenue area between the high school and the Clackamas River.
- No City cash contribution
- Future library operations would be funded by Library District funds and any other non-city funds that may come available

Staff have made revisions to the ballot title and explanatory statement as requested by city council.

COST IMPACT

There would be no tax increase to residents of Gladstone as no city funds will be used that could be committed to a competing City project. The City's general fund contribution to library operations would be discontinued. The staff expectation is that the library department would be moved from the City's general fund to a special revenue fund and that no City or Urban Renewal funds could be used for construction or operation of the facility. There will need to be some discussion centered around the initial cash flow for this fund. The Library District funds come in twice a year. 95% of the annual

payment is received near the end of January and about 5% in late June or early July. Depending on the timing of the opening of a new library a cash reserve may need to be considered.

Explanatory Statement

2014 Gladstone Library Referral

If approved by the City of Gladstone voters, this referral would authorize the Gladstone City Council to construct and incur debt to finance a new library. The new library will be located on Portland Avenue between Gladstone High School and the Clackamas River and will be between 13-16,000 square feet depending on final project costs.

The Gladstone City Charter requires voter approval for public projects costing more than \$1,000,000 and/or which require the City to incur debt to finance.

A City Council appointed Library Advisory Committee, comprised of HOW MAN PEOPLE held six meetings February-May, 2014

The estimated budget for the project is \$6.365 million. This includes \$5.075 to design, construct, finance and acquire property for the new library plus \$1.29 million in interest. The \$6.365 million budget may increase only if additional non-city/urban renewal agency funds are acquired for the project. No City or urban renewal funds can be used for this project or operation of the library in the future.

Funding sources:

- Clackamas County Capital Contribution – one time contribution of \$1,000,000
- Clackamas County Library District Funds - one time contribution of \$1.375, 000
- Clackamas County Library District Funds - continuing library support of \$1.2 million per year increased from \$631,000 the City currently receives. These annual Library District Funds will be used for library operating costs and to pay down library project debt estimated to total \$3.99 million (\$2.7 million principal and \$1.29 million interest)

No City or Gladstone Urban Renewal Agency funds will be used for the new library project. The City's general fund contribution to library operations would be discontinued and instead a special revenue fund will be created. The special revenue fund will be comprised of Clackamas County Library District Funds in the amount of \$1.2 million per year that are received twice yearly by the City. The amount in excess of the operating expenses will be used to pay down the debt (principal and interest) acquired to build the new library. Given the timing of when the City receives the County Library Funds, a cash reserve on behalf of the City may need to be considered. There will be no tax increase for the residents of Gladstone.

The above-mentioned Clackamas County Capital Contribution and part of the Library District funds are conditioned on the City's agreement to build a new library and provide library services to Gladstone and Oak Lodge library patrons. The City will work with the County to amend the current Intergovernmental Agreement between the City and the County governing County Library Funds and Capital Contributions

to (1) reflect new library parameters if this referral passes and (2) ensure that the City receives the estimated Library District operating funds until any debt incurred for the new library is paid off.

More detailed plans on financing and constructing the library will be finalized if the referral is approved by voters.

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SECOND VERSION

RESOLUTION NO. ____

CITY OF GLADSTONE, OREGON

A Resolution Submitting to the Registered Voters of the City A Referral Approving the Gladstone City Council's Authority to Incur Debt to Finance and Construct a New Library that is Projected to Cost more than \$1,000,000

WHEREAS, two citizen-initiated Gladstone Charter amendments, Measure 3-394 and Measure 3-395, were approved by City voters during the May 15, 2012 primary election; and

WHEREAS, Measure 3-394 states the City shall incur no debt in financing any public project except through the issuance of municipal bonds by bond measure duly approved by a majority of voters in a regularly scheduled election set forth in ORS 221.230 or special election; and

WHEREAS, Measure 3-395 states unless approved by a majority of the voters in a regularly scheduled election set forth in ORS 221.230, or special election, no public building shall be constructed by or for the City if such construction will require the actual or reasonably projected expenditure of \$1,000,000, or more, from existing City funds or current or future City revenues, including those of any of its departments, service districts or agencies. In calculating whether the project will involve the actual or reasonably projected expenditure of \$1,000,000 or more, the calculation shall include the fair market value of any real estate to be utilized or committed to the project, based on current market appraisal performed by a certified real estate appraiser; and

WHEREAS, The City Council appointed Library Advisory Committee (LAC) held six meetings, the first on February 10, 2014 and the last on May 5, 2014. Through these meetings, LAC coalesced around a new library project that is reflected in the accompanying ballot title language; and

WHEREAS, the City Council desires voter approval for the City Council to authorize the incurrence of debt to finance a new library through the issuance of municipal bonds and to construct a new library that is projected to cost more than \$1,000,000.

The City of Gladstone Resolves as follows:

SECTION 1. An election is hereby called for the City of Gladstone, Clackamas County, Oregon, for the purpose of submitting to the legal voters of the City the following:

QUESTION: Shall Gladstone authorize the construction and incurrence of debt to finance a new library projected to cost over \$1,000,000?

SECTION 2. Tuesday, November 4, 2014, is hereby designated the date for holding the election for the purpose of voting on the measure as stated in Section 1, which election will be by mail-in ballot in the City of Gladstone, Clackamas County, Oregon.

SECTION 3. The precincts for said election shall be and constitute all of the territory included within the corporate limits of the City of Gladstone.

SECTION 4. The ballot title certified by the City Council shall be:

CAPTION: *Authorization to construct and incur debt to finance new library*

QUESTION: Shall Gladstone authorize the construction and incurrence of debt to finance a new library projected to cost over \$1,000,000?

SUMMARY: This measure authorizes the Gladstone City Council to incur debt through the issuance of municipal bonds to finance and construct a new Gladstone library.

Funding sources:

- Clackamas County Capital Contribution – One time contribution \$1 million
- Library District Funds – One time contribution \$1.375 million
- Library District Funds - Continuing library support of approximately \$1.2 million annually, increased from \$631,000 the City currently receives. Annual Library District Funds will be used for library operating costs and to pay down library project debt estimated to total \$3.99 million (\$2.7 million principal and \$1.29 million interest)

Estimated budget for the project would be \$6.365 million. This includes \$5.075 million to design, construct, finance, and acquire property for the new library plus \$1.29 million in interest. The \$6.365 million budget may increase if additional non-city/urban renewal funds are acquired. The approximately 13,000 to 16,000 square foot library would be constructed on Portland Avenue between Gladstone High School and Clackamas River.

There are no new taxes associated with this proposal. No City/urban renewal funds may be used to construct/operate the library.

SECTION 5: In compliance with the Gladstone Municipal Code and state law, the City Recorder is authorized to submit an impartial explanatory statement for the Clackamas County Voters' Pamphlet on behalf of the City.

SECTION 6: The City Recorder shall take all steps on behalf of the City as necessary to carry out the intent and purposes of this resolution in compliance with state and local law including but not limited to publishing the ballot title as provided by state law, publishing notice of the

FIRST VERSION

RESOLUTION NO. ____

CITY OF GLADSTONE, OREGON

A Resolution Submitting to the Registered Voters of the City A Referral Approving the Gladstone City Council's Authority to Incur Debt to Finance and Construct a New Library that is Projected to Cost more than \$1,000,000

WHEREAS, two citizen-initiated Gladstone Charter amendments, Measure 3-394 and Measure 3-395, were approved by City voters during the May 15, 2012 primary election; and

WHEREAS, Measure 3-394 states the City shall incur no debt in financing any public project except through the issuance of municipal bonds by bond measure duly approved by a majority of voters in a regularly scheduled election set forth in ORS 221.230 or special election; and

WHEREAS, Measure 3-395 states unless approved by a majority of the voters in a regularly scheduled election set forth in ORS 221.230, or special election, no public building shall be constructed by or for the City if such construction will require the actual or reasonably projected expenditure of \$1,000,000, or more, from existing City funds or current or future City revenues, including those of any of its departments, service districts or agencies. In calculating whether the project will involve the actual or reasonably projected expenditure of \$1,000,000 or more, the calculation shall include the fair market value of any real estate to be utilized or committed to the project, based on current market appraisal performed by a certified real estate appraiser; and

WHEREAS, the City Council desires voter approval for the City Council to authorize the incurrence of debt to finance a new library through the issuance of municipal bonds and to construct the new library that is projected to cost more than \$1,000,000.

The City of Gladstone Resolves as follows:

SECTION 1. An election is hereby called for the City of Gladstone, Clackamas County, Oregon, for the purpose of submitting to the legal voters of the City the following:

QUESTION: Shall Gladstone authorize the construction and incurrence of debt to finance a new library projected to cost over \$1,000,000?

SECTION 2. Tuesday, November 4, 2014, is hereby designated the date for holding the election for the purpose of voting on the measure as stated in Section 1, which election will be by mail-in ballot in the City of Gladstone, Clackamas County, Oregon.

SECTION 3. The precincts for said election shall be and constitute all of the territory included within the corporate limits of the City of Gladstone.

SECTION 4. The ballot title certified by the City Council shall be:

CAPTION: Authorization to construct and incur debt to finance a new library

QUESTION: Shall Gladstone authorize the construction and incurrence of debt to finance a new library projected to cost over \$1,000,000?

SUMMARY: This measure authorizes the Gladstone City Council to incur debt through the issuance of municipal bonds to finance and construct a new Gladstone library.

Funding sources to finance, construct, and operate the new library:

- Clackamas County Capital Contribution – One time contribution of \$1 million.
- Library District Funds - \$1.3 million
- Clackamas County Library Fund - Continuing library support of approximately \$1.2 million per year, increased from \$631,000 the City currently receives.

The estimated budget for the project would be \$6.4 million. The \$6.4 million budget may be increased if additional non-city funds are acquired. The 13,000 to 16,000 square foot library would be constructed in the Portland Avenue area somewhere between the Gladstone High School and the Clackamas River. New library operations would be funded by Library District proceeds and/or any non-city funds that may come available.

There are no new taxes associated with this proposal.

SECTION 5: In compliance with the Gladstone Municipal Code and state law, the City Recorder is authorized to submit an impartial explanatory statement for the Clackamas County Voters' Pamphlet on behalf of the City.

SECTION 6: The City Recorder shall take all steps on behalf of the City as necessary to carry out the intent and purposes of this resolution in compliance with state and local law including but not limited to publishing the ballot title as provided by state law, publishing notice of the measure as required by Chapter 4.04 of the City of Gladstone Municipal Code and filing this measure with Clackamas County Elections.

SECTION 7: This resolution is effective immediately upon adoption by the City Council.

Gladstone/Oak Grove Library
 Cost Estimate
 May 5, 2014

| | | | |
|--|------------------|------|-----------|
| Project Expense | 4,374,638 | | |
| Land Expense | <u>700,000</u> | | |
| Total Expense | | 100% | 5,074,638 |
| Clackamas County Contribution/Lib Dist | | | |
| Total Clackamas County/Lib. Dist. Contribution | <u>2,374,638</u> | 47% | 2,374,638 |
| Proceeds from Sale of Webster Property | - | | |
| Gladstone Urban Renewal | - | | |
| Total Gladstone Contribution | | 0% | - |
| Total Project Expense to Finance | | 53% | 2,700,000 |
| Total Project Expense | 5,074,638 | | |
| Interest | 1,213,339 | | |
| Debt Issuance Expense | <u>75,674</u> | | |
| Total Project Expense Plus Interest/Debt Exp | | | 6,363,651 |
| Average Annual Payment - 20 Year | 200,632 | | |

May 21, 2014

To the Honorable Mayor Wade Byers and the Gladstone City Council:

The members of Save Gladstone believe that a new library project will have the best chance of receiving voter approval if the following conditions are met:

1. No funds from the Gladstone General Fund, Urban Renewal Fund or the sale of any city owned property will be used for a new library project.
2. Clackamas County Library District funds are the only funds that will be used for the construction and operation of a new library unless additional funding is available from Clackamas County, The State of Oregon, The United States Government and/or from private donors
3. As long as the first two conditions are met, funding may be leveraged in any way that the Gladstone City Council decides for any size of library including the servicing of debt.
4. A new intergovernmental agreement with Clackamas County will be negotiated prior to the project start that better represents the interests of Gladstone.
5. The new library will be constructed on Portland Ave. at a location of the Gladstone City Council's choosing that is between the Gladstone High School and the Clackamas River.
6. All of the above will be clearly written into any ballot measure.

The new intergovernmental agreement with Clackamas County in regard to combining the two libraries must include the following: Operating funds from the closing of the Oak Lodge Library will remain with Gladstone and will only transfer back to the currently unincorporated areas if they are incorporated or annexed and they commit to building a new library of their own and if all of the debt from the construction of the new Gladstone library has been paid. All funds that Clackamas County currently holds for the new, combined library must be transferred to Gladstone prior to the project start. The continued savings from Oak Lodge will be transferred to Gladstone on a quarterly basis as the project continues. The Oak Lodge Library will be permanently closed within five days of the public opening of the new combined library; all operating funds will transfer to Gladstone at that time.

The Save Gladstone members look forward to continuing to work with our city government and staff on the responsible planning of a new library project that we can all support.

Sincerely,

Save Gladstone

RECORDING MEMO

| |
|--|
| New Agreement/Contract |
| Amendment/Change Order Original Number |
| Policy, Reports, |

ORIGINATING COUNTY

DEPARTMENT: Business and Community Services, Library

PURCHASING FOR: N/A

OTHER PARTY TO

CONTRACT/AGREEMENT: The City of Happy Valley

BOARD AGENDA DATE:

AGENDA ITEM NUMBER: G.3. 3-25-10

PURPOSE:

Memorandum of Understanding between Clackamas County and the City of Happy Valley to provide library services east of I-205.

Please return to County Library, Debbie Smith after recording.
Thank you.

Clackamas County Official Records
Sherry Hall, County Clerk
Commissioners' Journals
Agreements & Contracts

2010-3308

04/02/2010 10:00:24 AM



Dan Zinzer
Director

BUSINESS AND COMMUNITY SERVICES

DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD | OREGON CITY, OR 97045

March 25, 2010

Board of County Commissioners
Clackamas County

Members of the Board:

**Memorandum of Understanding between Clackamas County and the City of Happy Valley
to provide library services east of I-205**

Business and Community Services is interested in working with the City of Happy Valley to provide much needed library service to the Sunnyside, Happy Valley, and Clackamas residents.

In this Memorandum of Understanding the County agrees to investigate remodeling and expanding of the Sunnyside Village Community Center, located at 13793 SE Sieben Parkway in Clackamas, Oregon, for use as a Library. This would allow the Clackamas Corner Library to move to this facility. The County also agrees to apply to the City for annexation of the two properties involved in the library project.

Happy Valley agrees to relinquish any requests for \$2,000,000 from the library capital fund, which the County will set aside for the purpose of remodeling and expanding the Sunnyside Village Community Center. The City agrees to rezone the properties for library use and library parking.

RECOMMENDATION

Business and Community Services recommends the signing of the Memorandum of Understanding with the City of Happy Valley.

Sincerely,

Dan Zinzer, Director
Business and Community Services

For more information or copies of attachments, please contact Doris Grolbert at 503-650-3112

**MEMORANDUM OF UNDERSTANDING
BETWEEN CLACKAMAS COUNTY AND THE CITY OF HAPPY VALLEY**

1. Purpose.

A. This memorandum of understanding ("MOU") is entered into between Clackamas County ("County") and the City of Happy Valley ("City").

B. This MOU provides for the continuation of library services by the County and establishment of a library building east of Interstate 205 in the Happy Valley/Sunnyside area.

2. Scope of Agreement.

A. County Agrees to:

1. Investigate, and if feasible, remodel and expand the Sunnyside Village Center on 13793 SE Sieben Parkway to adapt the building to use as a library. The County is responsible for the planning and remodeling of the building.

2. Develop and implement a plan for additional parking for any library services at the Sunnyside Village Center.

3. Move the Clackamas Corner Library into the facility at 13793 SE Sieben Parkway and establish, develop, manage and operate library services for the Clackamas, Sunnyside, and Happy Valley service population.

4. Enter discussions with the City for future management, operations and naming of the library.

5. The Library Board of Trustees are selected and appointed by the Board of County Commissioners, the governing body. The County will consider all applications received from the City. The intent is to have the Library Board of Trustees represent the current service population which includes Oak Lodge. When the service population changes the representation on the Library Board of Trustees will also change. Our current goal is to have one member that resides in the City, two members from unincorporated Clackamas/Sunnyside area and two members from unincorporated Oak Lodge area. After the Gladstone/Oak Lodge merger, the City of Happy Valley representation will increase to two trustees.

6. Use \$2,000,000 from the library capital fund to remodel and expand the Sunnyside Village Center. Annual operating funds will be budgeted in a fixed asset account for maintenance and capital improvements or expansion of the facility.

7. Annex the facility into the City. Comply with City land use requirements, obtain necessary permits from the City and pay all associated fees for land use and permit review.

B. City Agrees to:

1. Relinquish any requests for the \$2,000,000 of County General Funds allocated for library capital improvements that the County will use to remodel and expand the Sunnyside Village Center into a library facility.

2. Discuss future management and operations of the library with the County.

3. Nominate Happy Valley representative(s) to be appointed to the library advisory board as described in 2.A.5 of this document.

4. Expedite County applications for land use approvals (annexation, zone change, design review) and permits.

C. The County and the City Agree:

This MOU constitutes the entire agreement between the parties, and may be modified only in writing signed by both parties. This agreement may be amended at any time with the written agreement of both parties.

3. Term of Agreement:

This agreement becomes effective when it is signed by both parties. This agreement will automatically be renewed for successive one-year periods unless either party gives notice of intent not to renew.

4. Termination:

A. This agreement may be terminated by either party upon 30 days written notice.

B. This agreement may be terminated at any time for nonperformance of any material term of this agreement.

CLACKAMAS COUNTY

By: *Lynn Peterson*
~~Lynn Peterson~~
Chair,
Board of County Commissioners

Date: 3-25-10
G.3

Recording Secretary:

Mary Raethke
Mary Raethke

CITY OF HAPPY VALLEY

By: *Rob Wheeler*
Rob Wheeler
Mayor of Happy Valley

Date: 3/16/10

RECORDING MEMO

| | |
|---|--|
| X | New Agreement/Contract |
| | Amendment/Change Order Original Number |
| | Policy, Reports, |

ORIGINATING COUNTY

DEPARTMENT: Business and Community Services, Library

PURCHASING FOR: N/A

OTHER PARTY TO

CONTRACT/AGREEMENT: The City of Gladstone

BOARD AGENDA DATE: April 7, 2011

AGENDA ITEM NUMBER: D.1.

PURPOSE: Intergovernmental Agreement (IGA) between
Clackamas County and the City of Gladstone for
Capital Contribution.

Clackamas County Official Records
Sherry Hall, County Clerk
Commissioners' Journals
Agreements & Contracts

2011-3400

04/12/2011 03:52:28 PM

Please return to County Library, Debbie Smith after recording.
Thank you.

March 2011

COOPERATIVE INTERGOVERNMENTAL AGREEMENT
BETWEEN
CLACKAMAS COUNTY
AND
THE CITY OF GLADSTONE

THIS COOPERATIVE INTERGOVERNMENTAL AGREEMENT (this "Agreement"), is entered into this 7 day of April, 2011, by and between the Clackamas County (the "County") a political subdivision of the State of Oregon, and the City of Gladstone, a municipal corporation (the "City").

WHEREAS, the County has formed the Library District of Clackamas County (the "District"), a county service district dedicated to supporting the provision of library services within its boundaries; and

WHEREAS, as part of the preparatory process for the formation of the District, the Board of County Commissioners proposed a one-time contribution from the County general fund to each city providing library services in the District for the sole purpose of capital improvements to the libraries therein (the "Capital Contribution"); and

WHEREAS, the City and other cities within the District have entered into a separate intergovernmental agreement dated August 20, 2009 with the District for the distribution of District funds for the purposes of operating, maintaining and enhancing services at the libraries within the District (the "District IGA"); and

WHEREAS, the County is entering into similar intergovernmental agreements with city library service providers ("Library Cities") for their respective Capital Contributions; and

WHEREAS, the parties desire to enter into this Agreement to reflect the terms of the Capital Contribution by the County;

NOW, THEREFORE, the County and City each covenant and agree to the following:

Section 1 Obligations of the County

- 1.1 County Capital Contribution. The County shall provide a one-time capital contribution of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) to the City for the purposes set forth in Section 2.2 (the "Capital Contribution"), which will be distributed in one or more distributions pursuant to Section 1.3 hereof. The goal of distributing such capital funds is to assist libraries in meeting the Service Standards as defined in the District IGA. The Capital Contribution shall consist of \$1 million from the County general fund as with all other Library Cities as defined in the District IGA, \$1 million

from the County Library Capital Fund originally intended for capital improvements to County-operated libraries, and \$500,000 from anticipated savings in County Library operations.

- 1.2 Library Capital Trust Fund. The County shall allocate a guaranteed amount per fiscal year to a County-managed dedicated library capital trust fund (the "Capital Fund") as scheduled and set forth in Exhibit A (the "Disbursement Schedule").
- 1.3 Capital Fund Distribution. The County shall disburse the Capital Contribution from the Capital Fund to the City and other Library Cities based on the Disbursement Schedule. The County shall make distributions up to the maximum available amount for that fiscal year. Such distribution will be made by the County no earlier than January of such fiscal year and no later than 60 days after the City submits to the County a capital plan identifying how the City will use the Capital Contribution. If requests for distributions in a given fiscal year are for a total amount less than the total amount in the Capital Fund, the County shall carry forward such balance to the next fiscal year for distribution as requested. The Parties intend that City shall receive its disbursement in February 2011.
- 1.4 Changes In Capital Fund Disbursement Schedule. To the extent the City desires a change in the schedule of disbursement, the City shall meet with representatives of the other Library Cities as constituted by the Library District Advisory Committee or otherwise and arrive at a mutually agreeable reordering of the Disbursement Schedule, which shall then be presented to the County Board for its approval. The City hereby consents to an alteration of the Disbursement Schedule without requiring the adoption of a specific amendment upon presentation of a resolution agreed to by a majority of the representatives of the Library Cities consenting to such change and upon approval of the requested change by the Board of County Commissioners.
- 1.5 Library Network. The County currently funds and operates the Library Network of Clackamas County (the "Network") to support the provision of services by the libraries in Clackamas County. The County shall fund the Network to provide the following services at an overall service level at least equal to that being provided by Network in fiscal year 2008/2009:
 - 1.5.1 Automated library system and related telecommunications and technical support;
 - 1.5.2 Courier services;
 - 1.5.3 Administration;
 - 1.5.4 Database management services including creating/acquiring MARC format bibliographic records;
 - 1.5.5 Inter-library loan services;
 - 1.5.6 Inter and intra-regional cooperative library planning;

- 1.5.7 Shared online databases for public use; and
- 1.5.8 Internet Service Provider for member libraries.

The County shall not be financially or otherwise responsible for the provision of new services requested or added to Network at the request of the City. To the extent the City or Library Cities generally request new or additional services, such requesting provider(s) will be billed back on separate contracts initiated as services are added. Such agreements shall not modify or restrict the covenants and agreements of the parties hereto.

Section 2 **Obligations of the City**

- 2.1 Capital Fund Disbursement. The City shall receive its Capital Contribution pursuant to Sections 1.3 and 1.4 hereof.
- 2.2 Use of Funds. The City shall expend the Capital Contribution solely for library purposes such as library construction, remodel, expansion, building and site improvements, library construction bonded debt service, and/or collection development.
- 2.3 Proof of Use. After distribution, the County may monitor the use of the Capital Contribution to ensure that these County general funds are used for purposes permitted by Section 2.2. Upon request of the County the City shall provide a certification that the Capital Contribution has been so used to the head of the Business and Community Services Department of Clackamas County or his or her designee.
- 2.4 Library Board Representation. The City shall provide for fair representation of served library patrons on the City's Library Board, including patrons from unincorporated Clackamas County.

Section 3 **Term and Termination**

- 3.1 Term. This Agreement shall commence on July 1, 2010 and automatically renew annually thereafter, unless otherwise terminated as set forth herein.
- 3.2 Termination. This Agreement shall terminate upon the agreement of both parties, or upon one hundred eighty (180) days prior written notice from one party to the other.
- 3.3 Amendment. This Agreement may be amended at any time upon the agreement of both parties.

- 3.4 Failure of the City to use Capital Contribution for Library Purpose. If the City at any time uses the Capital Contribution other than for purposes permitted in Section 2.2., the City will be in material breach of this Agreement and shall promptly repay to the County that portion of the Capital Contribution not so used plus accrued interest on such sum calculated from the date of disbursement to the date of repayment at a rate of 6% per annum.

Section 4 General Provisions

- 4.1 Indemnification. Each party shall release, defend, indemnify and/or hold harmless the other, its officers, commissioners, councilors, elected officials, employees, and agents, from and against all damages, claims, injuries, costs, or judgments that may in any manner arise as a result of the party's performance under this contract, subject to Oregon Tort claims limitations.
- 4.2 Governing Law. This Agreement shall be construed and governed in all respects in accordance with laws of the State of Oregon, without giving effect to the conflict of law provisions thereof.
- 4.3 Savings. Should any portion of this Agreement or amendment thereto be adjudged by a Court of appropriate final jurisdiction to be in violation of any local, state or federal law, then such portion or portions shall become null and void, and the balance of the Agreement shall remain in effect. Both parties shall immediately renegotiate any part of this Agreement found to be in such violation by the Court and to bring it into compliance with said laws.
- 4.4 Reasonable Attorney's Fees. In the event any action is brought to enforce, modify or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys fees and costs incurred in connection with such action or on appeal or review; said amount to be set by the court before which the matter is heard.
- 4.5 Notices. Formal notices, demands and communications between the Parties shall be deemed given three (3) business days after being sent by registered or certified mail, postage prepaid, return receipt requested to the principal offices of the Agency and the City as designated herein. Such written notices, demands and communication may be sent in the same manner to such other addresses and to such other persons and entities as either party may from time to time designate by mail as provided in this section. Notices shall be sent to the addresses shown below and to the attention of the person indicated.

The principal offices and mailing address of the Parties are:

Clackamas County
Attn: Board of County Commissioners

March 2011

2051 Kaen Road
Oregon City, Oregon 97045

With a copy to:
Clackamas County Libraries
Attn: Doris Grolbert, Library Director
150 Beaver Creek Road, 4th Floor
Oregon City, OR 97045

City of Gladstone
Attn: Pete Boyce, City Administrator
525 Portland Avenue
Gladstone, Oregon 97027

- 4.6 No Personal Liability. No member, official, agent, or employee of the County or any City shall be personally liable to the other or any successor-in-interest thereto in the event of any default or breach by such entity.
- 4.7 No Agency. Neither anything in this Agreement nor any acts of the parties hereto shall be deemed or construed by the parties hereto, or any of them, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between any of the parties to this Agreement. No party or its employees is entitled to participate in a pension plan, insurance, bonus, or similar benefits provided by any other party.
- 4.8 Entire Agreement. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the parties or the predecessors in interest with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the party granting such waiver.
- 4.9 Further Action. The parties hereto shall, without additional consideration, acknowledge, execute, and deliver from time to time such further instruments as a requesting party may reasonably require to accomplish the purposes of this Agreement.
- 4.10 Non-Waiver of Rights. The failure of a party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach of any provision of this Agreement shall not constitute a waiver of any provision of this Agreement or limit the party's right thereafter to enforce any provision or exercise any right.
- 4.11 Time is of the Essence. A material consideration of the parties entering into this Agreement is that the parties will perform all obligations under this Agreement

in a timely manner. Time is of the essence as to each and every provision of this Agreement.

- 4.12 Restricted Assignment. No party hereto may assign its rights, responsibilities or obligations hereunder to another party, by operation of law or otherwise, without (i) seeking and receiving an amendment of this Agreement and (ii) having said party join this Agreement on the terms, conditions and covenants herewith.
- 4.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and such counterparts shall constitute one and the same instrument.
- 4.14 Library Authority. Clackamas County operates public libraries pursuant to a board order creating public libraries for all Clackamas County residents dated July 9, 1938, as amended and updated pursuant to Board Order 85-1221 dated October 31, 1985. The Library Cities operate or in future plan to operate public libraries under state law within their boundaries. Under the District IGA, the Library Cities have agreed to provide public library services in unincorporated areas of the County as well as within City boundaries. Clackamas County nonexclusively delegates the authority to operate public libraries for the benefit of incorporated and unincorporated residents of Clackamas County to the City.

Section 5 **Transition of Oak Lodge Library**

- 5.1 Transfer of Operations. The County currently operates the Oak Lodge Public Library for the benefit of unincorporated residents in the Oak Lodge Service Area as defined in the District IGA. The City operates the Gladstone Public Library for the benefit of its citizens and a number of unincorporated residents in the surrounding area. Upon completion of a new Public Library located at 18235 Webster Road, the Oak Lodge Library will close and the City's service population will change as specified in the District IGA to include areas of the Oak Lodge service population. The City shall provide for fair representation of served library patrons on the City's library board, including patrons from unincorporated Clackamas County to comply with Section 2. .4.
- 5.2 Transfer of Employees. County employees of the Oak Lodge Public Library may be transferred to the employ of the City pursuant to ORS 236.605-640. No later than ninety (90) days before the opening of the new public library both parties agree to enter into a separate agreement regarding the transition of materials, resources and labor from the Oak Lodge Public Library to the new Public Library.
- 5.3 Transfer of Assets. The County will transfer or assign, as appropriate, to the City all assets of the Oak Lodge Public Library desired by the City as agreed by

March 2011

the parties. No later than ninety (90) days before the opening of the new public library both parties agree to enter into a separate agreement regarding the transition of materials, resources and labor from the Oak Lodge Public Library to the new Public Library.

[Signature Page Follows]

Exhibit A

Disbursement Schedule

| | Year 1 2009/10 | Year 2 2010/11 | Year 3 2011/12 | Year 4 2012/13 | Year 5 2013/14 | TOTAL |
|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--------------|
| Annual Distribution | 3,500,000 | 3,000,000 | 2,500,000 | 2,000,000 | 1,250,000 | 12,250,000 |
| Prior Year Carryover | -- | 1,350,000 | 350,000 | 850,000 | -- | |
| Total Funds Available | 3,500,000 | 4,350,000 | 2,850,000 | 2,850,000 | 1,250,000 | |
| | | | | | | |
| Library Cities: | | | | | | |
| <i>Canby</i> | | | | 1,000,000 | | 1,000,000 |
| <i>Estacada</i> | 1,000,000 | | | | | 1,000,000 |
| <i>Gladstone</i> | | 2,500,000 | | | | 2,500,000 |
| <i>Happy Valley</i> | | 2,000,000 | | | | 2,000,000 |
| <i>Lake Oswego</i> | | | 1,000,000 | | | 1,000,000 |
| <i>Milwaukie</i> | | | | 1,000,000 | | 1,000,000 |
| <i>Molalla</i> | 150,000 | | | 850,000 | | 1,000,000 |
| <i>Oregon City</i> | | 1,000,000 | | | | 1,000,000 |
| <i>Sandy</i> | | | 1,000,000 | | 250,000 | 1,250,000 |
| <i>West Linn</i> | 1,000,000 | | | | | 1,000,000 |
| <i>Wilsonville</i> | | | | | 1,000,000 | 1,000,000 |
| Total | | | | | | 13,750,000 |
| Carryover: | 1,350,000 | 350,000 | 850,000 | -- | -- | |

March 2011

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives as of the day and year first above written.

| | |
|----------------------------|--|
| THE CITY OF GLADSTONE | CLACKAMAS COUNTY |
| By: <u>Wade Byers</u> | By: <u>Carolee J. La</u> |
| Title: <u>Mayor</u> | Title: <u>Chair</u> |
| ATTEST: <u>[Signature]</u> | ATTEST: <u>Mary Raetke</u> 4-7-11 D.I |

RECORDING MEMO

| | |
|---|--|
| X | New Agreement/Contract |
| | Amendment/Change Order Original Number _____ |
| | Policy, Reports, _____ |

ORIGINATING COUNTY

DEPARTMENT: Business and Community Services, Library

PURCHASING FOR: N/A

OTHER PARTY TO

CONTRACT/AGREEMENT: The City of Gladstone

BOARD AGENDA DATE: August 20, 2009

AGENDA ITEM NUMBER: VI. 1.

PURPOSE: Intergovernmental Agreement (IGA) between
Library District and the City of Gladstone for
District revenue.

Clackamas County Official Records
Sherry Hall, County Clerk
Commissioners' Journals
Agreements & Contracts

2009-4169

08/24/2009 09:20:03 AM

Please return to County Library, Debbie Smith after recording.
Thank you.

PROPOSED FINAL MASTER IGA v.5
LIBRARY DISTRICT
2 March 2009

COOPERATIVE INTERGOVERNMENTAL AGREEMENT
BETWEEN
THE LIBRARY DISTRICT OF CLACKAMAS COUNTY
AND
MEMBER CITIES

THIS COOPERATIVE INTERGOVERNMENTAL AGREEMENT (this "Agreement"), is entered into this ____ day of _____, 2009, by and between the Library District of Clackamas County (the "District") a county service district formed under ORS Chapter 451, and each of the Cities of Barlow, Canby, Estacada, Gladstone, Happy Valley, Lake Oswego, Milwaukie, Molalla, Oregon City, Rivergrove, Sandy, West Linn, and Wilsonville (each, a "City" and collectively, the "Cities").

WHEREAS, voters approved formation of the District to provide financial support to the library service providers of Clackamas County (the "Library Cities"); and

WHEREAS, the Parties desire to work in a cooperative manner to support and provide library services to their residents; and

WHEREAS, many of the Cities participate in the Clackamas County-supported Library Network of Clackamas County, which is discussed in an intergovernmental agreement by and between the participating Cities and Clackamas County; and

WHEREAS, the Cities desire funding by the District and to provide the levels of service described herein;

NOW, THEREFORE, the District and Cities each covenant and agree to the following:

Section 1 Obligations of the District

- 1.1 District Board. The Board of County Commissioners acting under the provisions of ORS 451 is the governing body of the District and shall be known as the District Board.
- 1.2 District Advisory Committee. The District Board shall organize and appoint a District Advisory Committee consisting of one nominee from each Library City consistent with the policies and procedures of Clackamas County and/or the District for advisory committees. The District Board shall appoint the individual nominated by the Library City governing body to fill the service area's representative seat. The District Advisory Committee shall be responsible for meeting at least annually to consider: (i) the evaluation reports of participating libraries as submitted pursuant to Section 2.3, (ii) any proposed changes to this Agreement pursuant to the amendment process described in Section 3.3, and (iii) any impact of the annexation or withdrawal of territory from the District pursuant to Sections 3.4 and 3.5 hereof.

- 1.3 District Budget Committee. State law also requires that the District constitute a Budget Committee consisting of the members of the District Board and an equal number of citizens, who may be nominated pursuant to existing County budget committee procedures. The role and responsibilities of the Budget Committee shall be as set forth in the applicable statutes.
- 1.4 District Revenue. The District has a permanent tax rate of \$0.3974 per \$1,000 of assessed value, collected from all parcels of real property in the District.
- 1.5 Distribution of Revenue. Revenues generated by the District permanent rate, including delinquent taxes, are allocated, appropriated and expended pursuant to the budget adopted by the District Board. The District Board agrees to allocate, appropriate, and distribute the funds of the District pursuant to the formula as defined on Attachment A (the "Formula") for the service areas as shown on the maps included as Attachment B ("Service Area Maps"). The Formula may be reevaluated as necessary by the Parties to this Agreement. Any change to the Formula shall occur as an amendment to this Agreement.
- 1.6 Transition Payments. The parties hereto acknowledge and agree that the District shall distribute funds to Clackamas County for the operation of the Clackamas Corner and Oak Lodge Libraries pursuant to the alternative Service Area Maps described on Attachment B until such time as the City of Happy Valley and the City of Gladstone construct facilities sufficient to serve such area. During the term of such distributions, the Parties anticipate that the County libraries will be operated in a manner consistent with the Service Standards. Upon completion of such facilities, distributions shall be made based on the indicated Service Area Maps. To the extent the annual distribution of funds to Clackamas County is greater than the annual need to operate such libraries, the District shall retain such funds in trust for the Cities of Gladstone and/or Happy Valley, respectively, for distribution at such time as such City is constructing new library facilities.
- 1.7 Library Authority. Clackamas County operates public libraries pursuant to a board order creating public libraries for all Clackamas County residents dated July 9, 1938, as amended and updated pursuant to Board Order 85-1221 dated October 31, 1985. The District has received a delegation of such authority from Clackamas County to operate as a public library for the benefit of incorporated and unincorporated residents of Clackamas County pursuant to an Intergovernmental Agreement. To the extent necessary to insure the legal and effective functioning of the public libraries of Clackamas County but in no way intended to limit or otherwise restrict the powers or abilities of the City service providers to operate public libraries, the District hereby delegates such authority to operate public libraries for the benefit of incorporated and unincorporated residents of Clackamas County to each City service provider a party hereto or as may join this Agreement from time to time.

Section 2 **Obligations of the Cities**

- 2.1 Use of Funds. The Library Cities will use District revenue to provide public library service, and shall expend the entire library revenue paid under this Agreement in accordance with the purpose for which it was provided by implementing a plan to achieve the Service Standards. For the purposes of this Agreement, "Service Standards" shall mean (i) the standards described on Attachment C, (ii) the provision of services to all District residents on the same terms, and (iii) the proper expenditure of funds as described in this Section 2.1. District funds may not be used to support general overhead or administrative costs of Cities except to the extent such overhead or administrative costs are directly related to the provision of library services and/or the operation of a public library. It is the intention of the parties to work cooperatively in helping each city make progress in meeting the Service Standards.
- 2.2 Library Management. Library Cities retain administrative control over the library and library services in its service population. Each such City is responsible for developing library services based on the needs of its service population and the available revenue. The Library Cities will cooperate with the District Advisory Committee to assist in the review of library services to District residents.
- 2.3 Cooperation and Reporting. Each Library City will cooperate to the maximum extent practicable with other participating Cities to form standardized rules, procedures, and programs that affect the District and the provision of library services in Clackamas County as a whole. Each Library City will provide the District with (i) copies of its annual report to the State of Oregon regarding the provision of library services, (ii) a report on its efforts to meet OLA Threshold Standards as defined on Attachment C, and (iii) any supplemental reports that the District through both the District Advisory Committee and the District Board may require.

Section 3 **Term and Amendment**

- 3.1 Term. This Agreement shall commence on July 1, 2009 and continue until terminated as set forth herein.
- 3.2 Termination. This Agreement shall terminate upon the dissolution of the District.
- 3.3 Amendment. Except as specifically provided in Section 4.14, this Agreement may be amended at any time upon the agreement of the District and two-thirds of the Library Cities; *provided, however*, that any amendment that would amend that portion of the Formula providing for the return of one hundred percent (100%) of revenue collected within a City service provider's boundaries to such City service provider shall require the unanimous consent of all Cities serving on the District Advisory Committee.

- 3.4 Changes in District Territory. The parties hereto recognize that during the term of this Agreement changes in the District territory may occur, such as (i) territory outside the District may annex into the District, (ii) territory currently in the District may withdraw by annexation into a non-participating City, or (iii) unincorporated territory currently in the District may annex into a participating City. The District shall inform the District Advisory Committee of any such changes, and the District Advisory Committee shall review the Service Area Maps and the Formula and recommend any amendments to this Agreement necessary to adjust for such changes.
- 3.5 Incorporation of a City within District Boundaries. Should an unincorporated area within the District choose to incorporate during the life of the District, the District Advisory Committee shall make a recommendation to the District Board of whether the newly-incorporated city qualifies as a service provider as such term is generally used in this Agreement, and if so to what extent the Formula should be adjusted to allow for a distribution to such new service provider. If the newly-incorporated city does not qualify as a service provider, the District Advisory Committee shall make a recommendation to the District Board regarding the impact, if any, of the new city on the provision of library services. Any proposed changes shall be addressed as an amendment to this Agreement.

Section 4 General Provisions

- 4.1 Indemnification. Each party shall release, defend, indemnify and/or hold harmless the other, its officers, commissioners, councilors, elected officials, employees, and agents, from and against all damages, claims, injuries, costs, or judgments that may in any manner arise as a result of the party's performance under this contract, subject to Oregon Tort claims limitations.
- 4.2 Governing Law. This Agreement shall be construed and governed in all respects in accordance with laws of the State of Oregon, without giving effect to the conflict of law provisions thereof.
- 4.3 Savings. Should any portion of this Agreement or amendment there to be adjudged by a Court of appropriate final jurisdiction to be in violation of any local, state or federal law, then such portion or portions shall become null and void, and the balance of the Agreement shall remain in effect. All Parties shall immediately renegotiate any part of this Agreement found to be in such violation by the Court and to bring it into compliance with said laws.
- 4.4 Reasonable Attorney's Fees. In the event any action is brought to enforce, modify or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys fees and costs incurred in connection with such action or on appeal or review; said amount to be set by the court before which the matter is heard.

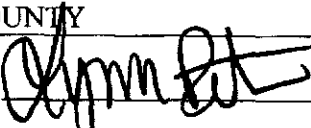

- 4.5 Notices. Formal notices, demands and communications between the Parties shall be deemed given three (3) business days after being sent by registered or certified mail, postage prepaid, return receipt requested to the principal offices of the party hereto, or upon confirmation of receipt via facsimile, electronic transmission, or hand delivery. Such written notices, demands and communication may be sent in the same manner to such other addresses and to such other persons and entities as either party may from time to time designate by mail as provided in this section.
- 4.6 No Personal Liability. No member, official, agent, or employee of the County, the District, or any City shall be personally liable to the other or any successor-in-interest thereto in the event of any default or breach by such entity.
- 4.7 No Agency. Neither anything in this Agreement nor any acts of the parties hereto shall be deemed or construed by the parties hereto, or any of them, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between any of the parties to this Agreement. No party or its employees is entitled to participate in a pension plan, insurance, bonus, or similar benefits provided by any other party.
- 4.8 Entire Agreement. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the parties or the predecessors in interest with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the party granting such waiver.
- 4.9 Further Action. The parties hereto shall, without additional consideration, acknowledge, execute, and deliver from time to time such further instruments as a requesting party may reasonably require to accomplish the purposes of this Agreement.
- 4.10 Non-Waiver of Rights. The failure of a party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach of any provision of this Agreement shall not constitute a waiver of any provision of this Agreement or limit the party's right thereafter to enforce any provision or exercise any right.
- 4.11 Time is of the Essence. A material consideration of the parties entering into this Agreement is that the parties will perform all obligations under this Agreement in a timely manner. Time is of the essence as to each and every provision of this Agreement.
- 4.12 Restricted Assignment. No party hereto may assign its rights, responsibilities or obligations hereunder to another party, by operation of law or otherwise, without (i) seeking and receiving an amendment of this Agreement, (ii) having said party join this Agreement on the terms, conditions and covenants herewith, and (iii) with a demonstration that such new party has the capability and

durability to meet or exceed the levels of library service currently being provided by the party seeking to assign. The District Advisory Committee shall evaluate any request for assignment and make a recommendation to the District Board regarding the granting or denial of the same based on the above criteria, including the District Advisory Committee's determination of criteria (iii) above.

4.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and such counterparts shall constitute one and the same instrument.

4.14 Enforcement of Terms. The Parties hereto recognize that the District is relying on the good faith and commitments of the Library Cities to utilize the funding provided by the District in the promised manner. The Parties expect that to the extent there is any noncompliance or breach of this Agreement, the Parties will discuss such noncompliance or breach in the District Advisory Committee and encourage an effort towards compliance. If discussions and encouragement do not remedy the continued failure of a party to meet the Service Standards or other term of this Agreement, then the District Advisory Committee shall meet to consider an amendment to this Agreement to create incentives for compliance, including but not limited to withholding of District funds, reallocation of unincorporated residents to neighboring service areas, or other such actions as may be deemed appropriate. The Parties hereto agree that in an event of a material breach of this Agreement by one of the Parties, an amendment proposed to specifically address such breach shall require a two-thirds vote of the Library Cities, including but not limited to any amendment which would reduce the breaching City's 100% return on assessments within such City's boundaries, either via a Formula amendment or otherwise.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives as of the day and year first above written.

| |
|--|
| CLACKAMAS COUNTY BOARD OF COMMISSIONERS, AS THE GOVERNING BODY OF THE LIBRARY DISTRICT OF CLACKAMAS COUNTY |
| By:  |
| Title: Chair |
| ATTEST:  |

8-20-09 II.1

| | |
|--------------------|-------------------|
| THE CITY OF BARLOW | THE CITY OF CANBY |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |
| ATTEST: _____ | ATTEST: _____ |

| | |
|----------------------|----------------------------|
| THE CITY OF ESTACADA | THE CITY OF GLADSTONE |
| By: _____ | By: <i>Wade Byers</i> |
| Title: _____ | Title: <i>Mayor</i> |
| ATTEST: _____ | ATTEST: <i>[Signature]</i> |

| | |
|--------------------------|-------------------------|
| THE CITY OF HAPPY VALLEY | THE CITY OF LAKE OSWEGO |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |
| ATTEST: _____ | ATTEST: _____ |

| | |
|-----------------------|---------------------|
| THE CITY OF MILWAUKIE | THE CITY OF MOLALLA |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |
| ATTEST: _____ | ATTEST: _____ |

| | |
|-------------------------|------------------------|
| THE CITY OF OREGON CITY | THE CITY OF RIVERGROVE |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |
| ATTEST: _____ | ATTEST: _____ |

| | |
|-------------------|-----------------------|
| THE CITY OF SANDY | THE CITY OF WEST LINN |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |
| ATTEST: _____ | ATTEST: _____ |

| | |
|-------------------------|--|
| THE CITY OF WILSONVILLE | |
| By: _____ | |
| Title: _____ | |
| ATTEST: _____ | |

Attachment A

1. For the purposes of this Agreement, the "Formula" shall be calculated consistent with the following concepts:

a. The District rate is \$0.3974 per \$1000 of assessed value.

b. Each year the District will receive the amount collected for the year plus delinquent taxes recovered from the previous year. The District will distribute funds when received using the formula described below and shown in the example.

2. The Formula has two components:

a. City Assessed Value Component: The annual distribution to a Library City for properties within its boundaries shall equal the assessed value of such Library City's properties, as established annually by the Clackamas County Assessor, divided by the total assessed value of all properties in the District. This determines the Assessed Value Percentage Rate for each Library City. Each Library City will receive funds equal to the Assessed Value fund amount multiplied by its individual Assessed Value Percentage Rate.

b. Unincorporated Population Served Component: After calculation of each Library City's Assessed Value fund amount, the District shall calculate the remaining funds to be distributed (the "Remainder Amount") and distribute those funds based on the Unincorporated Population Served Percentage Rate based on the Service Area Maps attached to this Agreement as Attachment B. The term "Unincorporated Population" will also include residents of those cities that do not provide library services.

The Unincorporated Population Served Percentage Rate is determined by the number of unincorporated residents served by each City as allocated on the Service Area Maps divided by the total number of unincorporated residents within the District. Each Library City will receive funds equal to the Remainder Amount multiplied by its individual Unincorporated Service Area Percentage Rate.

3. Prior year recovered delinquencies and interest earned: Recovered delinquent taxes combined with any interest earned will be distributed to Library Cities based on the distribution percentage allocations calculated in the previous tax year.

Below are examples of the distribution of funds based on 2008 assessed values and population figures. The spreadsheet assumes the new Gladstone/Oak Lodge and Happy Valley libraries have not yet been constructed.

Library District Distribution Formula

| Assessed Value 2008 | | |
|-----------------------------------|-------------------|------|
| Total County Assessed Value (AV) | \$32,936,836,893 | 100% |
| Less: Non-Participating City AV | \$(1,239,770,249) | -4% |
| Equals: Total Library District AV | \$31,697,066,644 | 96% |

| Participating Cities: | Assessed Value | |
|-------------------------------|------------------|------|
| Canby | \$999,941,295 | 6% |
| Estacada | \$179,662,976 | 1% |
| Gladstone | \$635,886,719 | 4% |
| Happy Valley | \$1,508,430,197 | 9% |
| Lake Oswego | \$4,756,391,295 | 28% |
| Milwaukie | \$1,467,817,328 | 9% |
| Molalla | \$409,821,923 | 2% |
| Oregon City | \$2,002,572,357 | 12% |
| Sandy | \$551,473,814 | 3% |
| West Linn | \$2,655,549,376 | 16% |
| Wilsonville | \$1,652,437,025 | 10% |
| Total Participating Cities AV | \$16,819,984,305 | 100% |

| | | |
|---------------------------------------|--------------------|------|
| Total Library District AV | \$31,697,066,644 | 100% |
| Less: Participating Cities AV | \$(16,819,984,305) | -53% |
| Equals: Unincorporated AV in District | \$14,877,082,339 | 47% |

| Unincorporated Population 2008 | | |
|--------------------------------|---------|------|
| Canby | 10,221 | 6% |
| Estacada | 16,802 | 9% |
| Gladstone | 8,506 | 5% |
| Happy Valley (Town Center) | 32,373 | 18% |
| Lake Oswego | 3,305 | 2% |
| Milwaukie | 10,756 | 6% |
| Molalla | 15,001 | 8% |
| Oregon City | 28,015 | 15% |
| Sandy | 22,236 | 12% |
| West Linn | 5,691 | 3% |
| Wilsonville | 3,421 | 2% |
| Oak Lodge | 28,036 | 15% |
| | 184,363 | 100% |

*Example Distribution Distribution
Assuming \$2 million in tax receipts*

| Total District Tax Receipts | | |
|------------------------------------|--------------|------|
| Total Tax Collected | \$12,000,000 | 100% |
| City Assessed Value | \$6,367,776 | 53% |
| Unincorporated Population Served | \$5,632,224 | 47% |

| | Assessed Value | Pop Served | Total | |
|----------------------------|-----------------------|--------------------|---------------------|-------------|
| | | | \$ | % |
| Canby | \$378,562 | \$312,248 | \$690,810 | 6% |
| Estacada | \$68,018 | \$513,295 | \$581,313 | 5% |
| Gladstone | \$240,736 | \$259,855 | \$500,592 | 4% |
| Happy Valley (Town Center) | \$571,067 | \$988,984 | \$1,560,051 | 13% |
| Lake Oswego | \$1,800,893 | \$100,967 | \$1,901,860 | 16% |
| Milwaukie | \$555,692 | \$328,592 | \$884,284 | 7% |
| Molalla | \$155,152 | \$458,275 | \$613,427 | 5% |
| Oregon City | \$758,142 | \$855,848 | \$1,613,990 | 13% |
| Sandy | \$208,779 | \$679,302 | \$888,081 | 7% |
| West Linn | \$1,005,348 | \$173,858 | \$1,179,206 | 10% |
| Wilsonville | \$625,586 | \$104,510 | \$730,096 | 6% |
| Oak Lodge | \$- | \$858,490 | \$858,490 | 7% |
| | \$6,367,776 | \$5,632,224 | \$12,000,000 | 100% |

Attachment B

Service population maps are included as Attachment B.

1. The maps divide Clackamas County into library service areas. These areas are based on distance, roads, rivers, travel patterns, etc. and are intended to define where people are most likely to receive library service, and to give a Library City the ability to meet the library threshold standards in Attachment C. Each Library City's service area has been constructed by assigning Census tracts into library service areas. Based on census data compiled every 10 years, the population in each census tract will be verified and then the total unincorporated population within each service area will be used to calculate the Formula.
2. For the continuation of library service to the citizens in the Oak Lodge and Clackamas Corner areas, the service area boundaries and population served totals will not change until the new Happy Valley Library is open and the new Gladstone/Oak Lodge Library is open. As each new facility is opened to the public, the service population will be adjusted to the new agreed-upon boundaries found in this Attachment. The population service area changes and resulting increase in payments for unincorporated population served will take place in the fiscal year following the library opening.

[See attached maps]

Attachment C
Service Standards

The Parties agree that all library service providers shall strive to meet OLA Threshold Standards, with a particular emphasis on:

STAFFING: Provide qualified staff employed by the library as outlined in the table below:

| Population Served | Threshold Staffing Level |
|--------------------------|--|
| 0 - 2,499 | 0.5 FTE, with high school diploma |
| 2,500 - 4,999 | 0.35 FTE/1,000 served. Director has B.A. |
| 5,000 - 9,999 | 0.35 FTE/1,000 served. Director has B.A. |
| 10,000 - 24,999 | 0.35 FTE/1,000 served. Director has MLS. |
| 25,000 - 49,999 | 0.35 FTE/1,000 served. Director has MLS. 1/5 of staff has MLS. |
| 50,000 - 499,999 | 0.33 FTE/1,000 served. Director has MLS. 1/5 of staff has MLS. |

MATERIALS: Provide the number of volumes in the library's total collection as spelled out in the table below:

| Population served | Threshold Materials |
|--------------------------|---|
| 0 - 49,999 | Material collection of 5,000 items or two items per capita, whichever is greater. |
| 50,000+ | Material collection of two items per capita. |

ACCESS: Provide and post open hours which fit the community's need, including evening and weekend hours, and provide the minimum standards listed in the table below:

| Population served | Threshold |
|--------------------------|------------------|
| 0 - 4,999 | 20 hours |
| 5,000 - 9,999 | 30 hours |
| 10,000 - 24,999 | 40 hours |
| 25,000 + | 50 hours |

NOTE: Total staffing levels and material volumes may be constrained by current facility size limitations. The Parties understand and agree that a strategic plan that recognizes such size limitations and adjusts staff and material goals accordingly is an acceptable implementation of this standard.