



Oppose House Bill 3099 A Solution In Search of a Problem

Bill Background:

HB 3099 seeks to create a mechanism to bypass the intended statutory process for a city to withdraw from a special district. The bill proponent *claims* HB 3099 establishes a more equitable process to allow cities to withdraw from a special district. However, the bill would actually bypass important safeguards currently present in state statute, disenfranchise a large portion of district residents, and create significant uncertainty and potential hardship for special districts statewide.

The City of Happy Valley proposed the introduction of HB 3099 as a means to be able to withdraw from the North Clackamas Parks & Recreation District (NCPRD). Happy Valley residents voted to join NCPRD in 2006 under ORS 198.866. The City incurred no costs upon joining NCPRD, and within 2 years of joining the district NCPRD completed Hood View Park – an \$18 million, 36 acre state-of-the-art community park located in the heart of Happy Valley, and the single largest project in the district's history.

Unintended Statewide Consequences

HB 3099 was drafted to facilitate a single city's desire to withdraw from a special district. The bill will not resolve this local dispute; moreover, it will have far-reaching and damaging implications for special districts and county service districts statewide including:

- Fundamentally changing the rules for all special districts in the state, prioritizing the interests of individual cities over the interests and needs of a district's entire population.
- Would allow cities to dismantle a district's carefully-planned economies of scale and district-wide efficiencies built over a period of years.
- Discourages special districts from making large-scale capital investments that could be subsequently lost to city withdrawals.
- Discourages special districts from allowing new annexations without significant protections against a city's potential future withdrawal.

- Any city withdrawals under HB 3099 would likely result in lengthy, unnecessary, and expensive litigation between cities and districts as ORS 198 does not address the division of district assets after a city's withdrawal.
- Would exacerbate the problem of "stranded assets". A city withdrawing from a district could decline to accept ownership of district assets within city limits. These assets would be "stranded," with the district being unable to levy taxes for maintaining the asset and potentially being prevented from disposing of the asset.

Statute Already Provides a Process for Withdrawal

Proponents falsely claim that no process currently exists for withdrawing from a special district. Actually:

- In court ruling CLACKAMAS COUNTY V. CITY OF HAPPY VALLEY, Happy Valley was directed to follow the process outlined in ORS 198.
- Per ORS 198, a city may submit a petition for withdrawal signed by a small number of electors within the district to the governing body of the district.
- Upon receiving a request, ORS 198 requires a governing body to deny a petition if "it appears that it is, or would be, feasible for the territory described in the petition to receive service from the district." This requirement safeguards the interests of all district residents, including those residents within the city petitioning for withdrawal.
- Regardless of the governing body's decision, district voters may easily petition for a district-wide vote on the withdrawal.

Proponent Has Not Pursued All Options to Resolve Local Dispute

To date, Happy Valley has not submitted any petition to withdraw from NCPRD, as outlined in ORS 198.

Allow the Local Process to Play Out

On February 26, the Clackamas County Board of Commissioners (BCC) directed staff to continue working towards an amicable solution that benefits all district residents, including those in Happy Valley.

NCPRD remains committed to providing district residents in Happy Valley the highest levels of service while these discussions continue, including continued access to over 350 acres of NCPRD-managed parks and facilities within the City of Happy Valley.

For more information, please contact:

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