

SDAO Special Districts Association of Oregon

AOC Association of Oregon Counties



WATER ENVIRONMENT SERVICES



RiverHealth Serving Clackamas County Service District No. 1



TRICITY SERVICE DISTRICT



CleanWater Services



Vote NO on HB 3099A

HB 3099A would create a new mechanism for a city to unilaterally withdraw from a county service district. This bill, which sets numerous troubling precedents, should be opposed for the following reasons:

Unnecessary

- ORS 198 currently outlines a clear and transparent process for withdrawals from county service districts. HB 3099A deliberately bypasses this existing process and creates a new and problematic mechanism to allow cities to withdraw. Current statute intentionally outlines a withdrawal process specifically designed to safeguard district investments, services, and the best interests of all district residents.

Premature

- The bill's main proponent, the City of Happy Valley, claims their residents cannot exit the District under current statute. The City, however, has not yet attempted to exit the North Clackamas Parks and Recreation District (NCPRD) by following ORS 198. This bill sets a troubling precedent that legislative action – not local negotiation – is the best means to resolve local disputes. Until all local options have been exhausted, including following existing law, the Legislature should not intervene in this local matter.

Disenfranchises District Residents

- The new process established by HB 3099A prioritizes the interests of individual cities and disenfranchises all other district residents. It gives city residents sole discretion to exit a district without any vote by non-city residents who could be harmed by a city's withdrawal.

Discourages Future Investments and Annexations

- While the new mechanism appears to be limited in scope, it would nonetheless undermine districts' long-term planning efforts and introduces significant financial and operational uncertainty. By giving cities the ability to unilaterally withdraw from a county service district, it provides cities with tremendous leverage in any dispute that could lead to the dismantling of entire districts. This will discourage service districts from allowing any new annexations or making any large-scale capital investments for fear of a city's potential, precipitous future withdrawal. This will make it more difficult for districts to achieve and maintain the economies of scale that create operational efficiencies and lower service delivery costs for all district residents.

Disputes May Remain Unresolved

- The bill proposes a process for a Circuit Court to determine the division of district assets. However, this proposed process offers no improvement over the status quo. Furthermore, the bill offers no new solutions to address complex issues caused by a city's withdrawal, such as the problem of "stranded" assets that remain in or are later annexed into the boundaries of a withdrawing city, fair valuation of district assets, and complex (yet common) situations where multiple agencies have ownership interests/prior investments in district assets.

We urge you to vote NO on HB 3099A