

Testimony in Support of \$130 million Allocation ARPA Funds

Joint Ways and Means Committee

Presented by: Frank Stratton, Executive Director, SDAO

April 22, 2021

Members of the Joint Ways and Means Committee, thank you for the opportunity to submit written testimony in support of our request for \$130 million from the State of Oregon's ARPA allocated funds. The Special Districts Association of Oregon (SDAO) was formed in 1978 and our membership consists of approximately 950 special service districts that provide a range of services (including but not limited to water, wastewater, irrigation, parks and recreation, 9-1-1 rural fire protection and health districts) statewide to citizens who reside within cities and in unincorporated communities.

Nearly every Oregonian relies in some degree on special districts for their critical local infrastructure and essential services related to water, sanitation, fire protection, emergency medical services, transportation, soil and water conservation, parks, libraries, and more. Special districts are especially critical in our disadvantaged rural communities, many of which rely almost entirely on special districts for their basic municipal services. During this time, many districts have issued moratoriums on shutting off water, wastewater, sanitation, and other utility services; recreation and park districts, and library districts, which operate largely on programmatic fees and rental charges, have been forced to close their doors. Soil and water conservation districts are unable to perform contract work. First responders and front-line public servants with fire protection districts, healthcare districts, and county service districts providing police protection faced increased risks with limited personal protective equipment.

SDAO is grateful that the Legislature assisted special districts in securing approximately 10% of the local government distribution (\$26 million) in the first round of COVID-19 relief funds. These funds helped address some immediate needs, but the funds were not allowed to be used to address some of our biggest issues such as lost revenue, reduced service levels, uncollectable utility fees and infrastructure improvements. Based on a survey we conducted of our membership, Oregon's special districts are anticipating a \$562.3 million impact through this year due to the pandemic. More than half – 53 percent – will have reduced essential services provided to Oregonians while 35 percent will have reduced their frontline workforce through this year. All of the nearly 275 fire, rescue and emergency districts have felt some degree of impact due to the pandemic and anticipate ongoing effects as they provide first-response services to their communities, and Oregon's port districts have taken a 20 percent hit on their annual operating budgets.

SDAO is grateful that Congress has approved \$2.628 billion for the State of Oregon and \$1.5 billion for Oregon's cities and counties, but unfortunately special districts – a large sector of Oregon's local governments – have the potential to be overlooked during this distribution of ARPA funds. Cities in more affluent urban areas will receive a substantial amount of funding

directly from the federal government, while special districts serving the majority of Oregon's citizens in unincorporated disadvantaged communities will not receive any funds.

Congress provided a flexible solution to this problem in the American Rescue Plan Act, empowering states with authority to transfer Coronavirus State Fiscal Recovery monies specifically to special districts. Accordingly, we urge you to use this new transfer authority as intended to distribute a portion of your State Fiscal Recovery funding to Oregon's special districts. Fortunately, a process was already created during the first round of COVID-19 relief funds to distribute funds to districts through DAS; we encourage you to utilize this mechanism in this next round of fund distribution.

As indicated in our polling, the estimated fiscal impact to Oregon's special districts is \$562.3 million. We know this is not a reasonable amount to expect for special districts considering the State's other needs, but we do believe that a 5% allocation (\$130 million) of the State's share is fair and reasonable, especially considering that cities and counties are receiving a direct allocation of approximately \$1.5 billion. For many rural areas of our state more citizens receive their municipal services from special districts than from cities or counties.

Thank you for the opportunity to testify in support of our request for \$130 million in ARPA funds. I would be happy to answer any questions the committee has.