Report on Reorganize Metropolitan Service District, Abolish CRAG (State Measure No. 6)

City Club of Portland (Portland, Or.)
REPORT ON
REORGANIZE METROPOLITAN SERVICE DISTRICT,
ABOLISH CRAG
(State Measure No. 6)

Purpose: Metropolitan Service District reconstituted with subdistrict election of twelve member governing council, elected executive officer, revised boundaries. Abolishes CRAG, transfers regional land use planning functions to district. Authority to assess cities expires 1981. Voters may transfer boundary commission functions to district. If voters approve income tax (1% limit) or tax base, district may assume metropolitan aspects of enumerated (recreational, correctional, library etc.) services beyond existing functions. Authorizes local service district formation. Effective January 1, 1979.

To the Board of Governors,
The City Club of Portland:

I. INTRODUCTION

State Measure No. 6 is an outgrowth of the work done by the Tri-County Local Government Commission. The Commission consisted of a group of citizens that studied local government in the tri-county area. It recommended that major changes be made in the handling of regional problems in the Portland metropolitan area. The Commission submitted its recommendations to the 1977 legislature which, in turn, passed House Bill 2070, now State Measure No. 6. Because of substantial political pressure and compromise in the legislature, the Measure represents a pronounced modification of the Commission's original recommendations.

The Measure proposes the creation of a regional government with an elected governing body. The Measure would be implemented in two stages. Upon approval by the voters, the Metropolitan Service District (MSD) and the Columbia Region Association of Governments (CRAG) would be merged and the MSD name would survive. If the elected governing body later voted to do so, it could then take over the Tri-County Metropolitan Transportation District (Tri-Met).

State Measure No. 6 does not authorize a tax base. Instead, the new governing body would be authorized to refer to the voters a property or income tax. If passed, the new MSD then would be authorized to take over additional activities now operated by local government.

II. BACKGROUND

In order effectively to analyze and evaluate State Measure No. 6, it is desirable to have a clear understanding of the four agencies or governmental bodies that are providing services in the Portland metropolitan area which could be affected by passage of the Measure:

1. Metropolitan Service District

The Metropolitan Service District was established in 1970 when voters in the tri-county area approved enabling legislation passed by the 1969 legislature. This measure resulted from a study done by the Portland Metropolitan Study Commission. The Commission was appointed and funded by the legislature to study and propose solutions to service-provision problems in the Portland metropolitan area. The enabling legislation addressed some of the problems of providing area services, e.g., sewerage, solid and liquid waste disposal, control of surface water and public transportation. An attempt by MSD soon after its creation to pass a tax base was defeated by district voters.

A primary objective of the MSD legislation was to provide that the agency ultimately
would take over the other major area-wide single-purpose functional agency: the Tri-
County Metropolitan Transit District. To date, this has not been done. Only one service
has been added to the MSD’s functions since its creation: metropolitan-wide maintenance
of the Portland Zoo. This function was added during the 1975 special session of the
legislature and was supported by passage, in 1976, of a $10 million serial levy.

The MSD is governed by a seven-member board comprised as follows: one repre-
sentative from each of the governing bodies of Multnomah, Clackamas and Washington
Counties, one representative from the Portland City Council, and one representative for
all of the cities in each of Multnomah, Clackamas, and Washington counties. The Board
can adopt ordinances, rules and regulations to carry out its authorized functions. MSD
currently has the authority to acquire, operate and maintain sewage and solid and liquid
waste treatment facilities, to control and provide for drainage of surface water, to pro-
vide public transportation (e.g. take over Tri-Met), to operate and maintain the metropol-
itan zoo facilities, and, subject to a district vote, to acquire, operate and maintain
major cultural, convention, exhibition, sports and entertainment facilities.

The MSD budget for fiscal year 1978 is $9.9 million, comprised primarily of pro-
cceeds from operation of the zoo ($2.0 million from the zoo levy and $1.9 million from
gate proceeds), grants, and allocations from the General Fund and solid waste fund,
including solid waste user fees.

2. Columbia Region Association of Governments

The “regional planning district” for the Portland metropolitan area is known as the
Columbia Region Association of Governments (CRAG). The 1973 legislature enacted a
law (S.B. 769) which resulted in the reorganization and strengthening of an already
existing Council of Government (COG) which also was known as “CRAG” and which
consisted of a voluntary association of four counties and 14 cities. The 1973 law man-
dated membership for Clackamas, Washington and Multnomah Counties, as well as
for all municipalities within those counties. It also provided for voluntary associate mem-
bership, presently consisting of Clark County, Vancouver and Camas, in Washington,
and Columbia County, Scappoose and St. Helens, as well as the Port of Portland, Tri-Met
and the State of Oregon.

CRAG is an agency of area-wide jurisdiction. It is capable of providing two area-
wide services: 1) planning and coordination and 2) federally mandated review of all
area applications for various forms of federal funding (A-95 review). The 1973 law man-
dates the formulation of a regional land use plan covering the three metropolitan coun-
ties. This regional plan, along with its goals and objectives, must comply with LCDC’s
goals (although the regional goals and objectives may be more strict). The regional plan
and its goals and objectives must, in turn, be complied with by the local and regional
jurisdictions. CRAG serves the same implementation and monitoring functions with re-
gard to the metropolitan area as individual counties do in the rest of the state.

CRAG’s total 1977-78 budget is $2,330,360 of which $1,248,000 constitutes federal
grants and $353,700 state-managed grants. CRAG revenues consist of $627,560 in mem-
bership dues and $101,100 from miscellaneous other sources. CRAG has no tax base.
Its cost is not directly reflected in taxes paid by the citizens.

3. Tri-County Metropolitan Transportation District

As a result of a specific need in the Portland metropolitan area for an area-wide
service-oriented transit system, the 1969 legislature passed enabling legislation for mass
transit districts. The Tri-County Metropolitan Transportation District of Oregon (Tri-
Met) was formed soon after passage of the legislation. As a special purpose government,
like a water or sewer district, it has authority to tax and a mandate to use those taxes for
public transportation.

Tri-Met is managed by an unsalaried seven-member governing body appointed by the
Governor for four-year terms. The 1977 legislature passed a law requiring that each mem-
ber of the Board be a resident of one of seven separate sub-districts into which the larger
district has been divided according to population.

Tri-Met is financed by a combination of service charges, user fees, and employer pay-
roll tax. The payroll tax can be levied without voter approval. Tri-Met also has the
authority with voter approval, to levy ad valorem (property) taxes and issue revenue and
general obligation bonds. Tri-Met currently has the authority, as yet unexercised, to levy
a net income tax not to exceed one percent. There is no express authority in the mass
transit district legislation which would allow a district's governing body to take over other
area-wide functions.

For fiscal year 1977-78, Tri-Met's budget is $54.4 million. Of this amount, approxi-
mately $35 million represents operating expenses. Revenues are derived, in part, as fol-
lows: $18.6 million from the payroll tax and $10.2 million from user fees. The balance
is made up primarily by federal and state funds.

4. Portland Metropolitan Area Local Government Boundary Commission

Created by the 1969 legislature, the Portland Boundary Commission consists of 11
citizens appointed by the Governor. A commissioner cannot be associated with any unit
of local government in an elective or appointed capacity. The Commission's purpose is to
guide the growth of cities and special districts within the metropolitan area including
Clackamas, Columbia, Multnomah and Washington counties, and to reduce the number
of units of local government. This purpose is accomplished through the Commission's
decision-making power covering all boundary changes of cities and of nine types of urban
service-providing special districts. In the 1969-1977 period, for example, the number of
incorporated cities in the four county metropolitan area remained stable at 39, while the
number of special districts dropped from 266 to 116. The Commission also makes de-
cisions on the creation, dissolution or unification of cities and the nine types of districts.
Additionally, the Boundary Commission has control over the extension and formation of
private water and sewer systems.

The Boundary Commission is financed primarily by an appropriation from the legis-
lature out of the State's General Fund. For the 1977-79 period, the Boundary commis-
sion's budget is $243,217 (approximately $120,000 annually), of which $182,936 is
derived from the General Fund and $60,281 is from federal grants (CETA).

III. HISTORY

A. Tri-County Local Government Commission

In December 1975, following extensive groundwork by some members of the Portland
Metropolitan Boundary Commission, the Tri-County Local Government Commission was
formed. The Commission was comprised of approximately 60 citizens representing
neighborhood and civic groups, business and government. The Commission's work was
funded, in part, by a $100,000 grant from the Department of Housing and Urban Devel-
opment through the National Academy of Public Administration, Washington, D.C. The
$100,000 grant was matched with $25,000 in local government funds and $25,000 from
the private sector. The stated purpose of the Commission was to analyze local govern-
ment services, finance and organization to develop recommendations which could lead
to increased citizen involvement and bring costs and benefits of public services into better
balance. Analysis would be focused both on centralization and decentralization and
would be carried out with the full involvement of community organizations and citizens.
It was intended that the study would produce new and innovative ways to deliver and
finance public services in the urban area.

The Commission's work was to be completed by May, 1977 and was divided into
three phases. The first phase concentrated on organization, orientation and problem
identification. The second phase involved drafting alternative solutions with emphasis
placed on developing a system of regional government. The Commission's last phase was
devoted to implementing the recommendations and to further study of city-county rela-
tionships, special districts and long-range alternatives. The culmination of this effort was House Bill 2070, now known as State Measure No. 6.

In the Commission's opinion, the original draft of House Bill 2070 represented an attempt to reduce the number of special-purpose regional agencies without creating any new layer of government. It was anticipated by the Commission that the proposed reorganization would eliminate duplication, promote coordinated planning, enhance program effectiveness, save tax dollars and lay the foundation for an orderly tri-county development. The Metropolitan Service District was used as the basis upon which to build because it was the only regional agency established through a vote of the people.

B. Legislative History

State Measure No. 6, as originally introduced in the legislature, contained a number of provisions that were either changed or removed altogether prior to the Measure's final passage. Most significantly, the Senate added the requirement that the bill be referred to the voters. The boundary of the new District was reduced in size from the entire three county metropolitan area to an area approximating the boundary of the current MSD. In addition, the Port of Portland was excluded as a function which could be taken over by MSD; the District's take-over of certain regional functions was conditioned upon the adoption of a tax base and the powers of the executive officer were significantly reduced (e.g. no veto).

The Measure was introduced in the House by the Speaker on January 11, 1977 at the request of the Interim Committee on Intergovernmental Affairs. Between introduction and passage, the Measure was amended three times. The House passed the Measure on May 19, 1977 and the Senate followed suit on June 30, 1977.

IV. DESCRIPTION OF STATE MEASURE NO. 6

A. Size and Area of MSD

Although the boundaries of the Metropolitan Service District would lie within Clackamas, Multnomah and Washington Counties, the District would include primarily the urban areas of the three counties. Most rural areas are excluded from the bill. The boundary (see map at centerfold) is smaller than the existing MSD and CRAG boundaries.

B. Governing Board of MSD

The Measure provides for a new governing board, the "Metropolitan Service Council," which would consist of a part-time 12-member board elected on a non-partisan basis from single-member subdistricts. Each Councilor must reside in his or her subdistrict, would serve a four year term, be limited to two consecutive terms, and be paid $25 per diem for meetings plus meals and travel. Councilor terms would be staggered so that six positions would be up for election every two years. Councilors can not be an elected official of any other public body. However, a person is not prevented from being a Councilor if he or she also holds an appointive office, or if he or she holds an elective office while also running for a Council position, provided that upon election to the Council, he or she resigned the other elected position.

The size and area of each of the 12 subdistricts would be determined by the Secretary of State. Existing local government boundaries need not be followed and efforts toward maintaining historic and traditional communities shall be made. If the political boundaries coincide with the natural boundaries, then they may be followed. Equal population in each subdistrict (approximately 75,000 people per district in 1978) shall be maintained with reapportionment after each decennial census.

The Council would have the authority to enact and enforce ordinances and rules to carry out the functions of the District. Additionally, the Council's authorized activities would include determining amounts to be charged cities and counties to conduct the planning function, levying taxes, appropriating revenue and adopting both regional development policies and a budget.
The Measure authorizes the Council to establish "service districts" subject to approval of the people so that certain areas with needs can receive and pay for services, while those areas receiving no benefits would be excluded. To assist in the performance of its duties, the Council must appoint "advisory committees" comprised of "local government officials from the metropolitan area."

C. Elected Chief Executive Officer

The Measure provides that a chief executive officer would administer all MSD business and would enforce MSD rules and ordinances. The executive officer would be elected at-large on a non-partisan basis for a four year term, with a two consecutive term limitation. The executive officer would serve full time and would not be otherwise employed. The executive officer's salary and employment benefits for the first two years would be the same as a district court judge of this state (approximately $38,000 annually). Subsequently, the executive officer's salary would be established by the Council, after receiving recommendations from a salary commission and could be more than, but not less than, that of a district court judge of this state.

The executive officer would be responsible for presenting plans, studies, reports, financial information and annual budgets to the Council. The executive officer would have the authority to hire any personnel and contract with any person or governmental agency to assist in carrying out the duties and powers granted by the Measure. The executive officer would not be a member of the Council. He or she would lead the executive branch, and duties would include supervision of administrative offices and executive departments, execution and enforcement of all ordinances and applicable state statutes. The executive officer would not have the authority to veto or otherwise prevent adoption of ordinances, rules or regulations adopted by the Council.

D. Abolition of CRAG

The Measure provides that CRAG would be abolished. As such, all seven of the statutorily enumerated functions set forth in ORS 197.755, some of which CRAG has never exercised, also would be abolished. The new MSD would take over and exercise the review, advisory and coordinative functions assigned under subsection (1) of ORS 197.190 to each county and city that is within the District. For example, the Council would "provide for those aspects of land use planning having metropolitan significance" and would "adopt land-use planning goals and objectives for the district...." Therefore, most of the regional planning and regional development functions previously carried out by CRAG would continue to be performed by MSD.

MSD could require compliance of local plans with area-wide policies and goals. For example, MSD would have authority to review comprehensive plans and "recommend or require cities and counties...to make changes" to assure conformance with the District's "goals and objectives" and the LCDC's "goals." Moreover, it would prepare and adopt "functional plans" for major area-wide activities, such as air and water quality and transportation. The functional plans would serve as guidelines for local comprehensive plans and for major new developments, e.g. shopping centers and factories. MSD would fulfill the regional function of federal grant review and compliance (A-95 review), as well as provide technical assistance to planning units.

E. Functions Performed by the Metropolitan Service District

1. Existing Functions

Upon passage of State Measure No. 6, the existing authorized functions and activities of MSD and CRAG would, in large part, be maintained. These functions include solid waste management, surface water control, public transportation and zoo management. The CRAG land use function would be carried over, but with some limitations. For example, there would be no express requirements or authorizations, which CRAG currently possesses, to draft a regional comprehensive land use plan, to review a city or county's subdivision or zoning ordinance for compliance with the goals and objectives or to draft
comprehensive plans for the cities and counties whose plans do not comply with the goals and objectives. Rather, cities and counties would draft their own comprehensive plans and MSD would review and critique those plans to determine compliance with the District's goals and objectives.

Ultimate authority for the control of land use planning in the metropolitan area would remain with the LCDC. The Federal fund review authority (A-95) also would be carried over to the new MSD contingent upon Federal recognition of the new government as the reviewing agency.

The new MSD would have the authority, as MSD does now, to take over Tri-Met without a vote of the District.

2. Additional Functions Contingent on Adoption of Tax Base

The Measure authorizes the new MSD to take over and perform other regional functions, including water supply, human services, regional parks, cultural and sports facilities, correctional facilities, and libraries. However, none of these additional functions can be undertaken without first obtaining approval of a tax base by the voters of the District. Once performing the functions on a regional basis, MSD is authorized to contract with local districts, cities or counties to provide the same services on a local level.

F. Financing

The Measure provides that the Council may impose and collect service and user charges in payment for services rendered, e.g., water supply, sewerage, and solid waste disposal. MSD is authorized to seek and accept grants, or borrow money from the state or any county or city with territory in the District. Moreover, the Council may collect up to one percent business and personal income tax subject to approval by the voters of the District.

Existing revenue sources of the current MSD will continue unimpaired. For example, zoo levy proceeds and solid and liquid waste disposal fees will survive passage of the Measure. CRAG's land use planning assessment authority will expire on June 30, 1981. Until that date, the Council will be allowed to assess the cities, counties and other municipalities within the District for land use planning services and activities up to the rate of $.51 per capita (approximately $450,000). To do so, the Council will determine the total amount of charges and then assess each city and county with the portion of the total amount as the population of the city or county bears to the total population of the District. Thus, until June 30, 1981, if no tax base is adopted, no new functions are assumed, and the zoo levy is extended, the reorganized MSD will have a budget of approximately $12.5 million.

After June 30, 1981, the Council will not be allowed to assess the cities, counties and other municipalities for its land use planning activities. Prior to that date, therefore, either alternative revenue sources must be developed or the legislature will have to amend the law.

G. Initiative, Referendum and Referral; Penalties

The Measure provides that all legislative acts undertaken by the Council shall be by ordinance. If a proper referral petition is filed within 90 days after the adoption of the ordinance by the Council (except ordinances concerning appropriations and tax levies), the ordinance does not become operative and its effective date is suspended until approved by a majority of voters voting thereon. In the case of appropriations and tax levies only, the ordinances are not suspended by the filing of a petition but remain effective until repealed by a vote of the District. To order a referendum on an ordinance adopted by the Council, it is necessary to obtain signatures totalling four percent of the total number of all votes cast “in the District” for “all candidates for Governor” at the election of the Governor just preceding the filing of the petition.

To propose an initiative ordinance, it is necessary to obtain signatures totalling six percent of the votes cast for Governor in the District.

Any person who violates a District order or ordinance pertaining to one or more of
MSD's authorized functions, is subject to a civil penalty not to exceed $500 a day for each violation. MSD also is authorized to enjoin violations of the District's ordinances and rules, or to otherwise seek judicial assistance.

H. Flood Control; Condemnation

The Measure authorizes the District to control the flow of drainage and surface water, e.g. Johnson and Fanno Creeks, by enlarging, improving or maintaining natural or artificial waterways. More significantly, it expressly authorizes the District to require property owners to install and maintain water control or retention systems, e.g. seawalls and rip-rap.

The current MSD has the authority to condemn real and personal property, including property of other public corporations, to the extent necessary to provide a metropolitan aspect of a public service (ORS 268.340). The only exception to this is with regards to acquisition of cultural and sports facilities, which requires the consent of the governing body (ORS 258.345). State Measure No. 6 does not repeal or change either of the above two statutes. Hence, the reorganized MSD would have condemnation authority as to sewage, solid and liquid waste, surface water control and drainage, public transportation and zoo facilities, including any property owned by any city or county.

The Measure does provide, however, that with regards to the assumption of new functions conditioned upon adoption of a tax base, a District may not acquire any property owned by any city or county except by agreement with the city or county. Moreover, the Measure establishes that while a District may appropriate and acquire water and water rights, it may not impair the vested rights of any person, public corporation, city or county to the use of water or rights in the use of water. The Measure, therefore, seemingly would prevent the District from condemning the Bull Run water supply for use in a metropolitan water system without first obtaining the consent of the Portland City Council.

V. ARGUMENTS PRESENTED IN FAVOR OF PASSAGE

1. The Measure would establish an improved framework for the organization of regional government. As a result, the Measure would give increased visibility to the regional aspects of government, to identification of regional problems and to delivery of services on a regional basis.

2. Decision-makers would become more accountable and responsive because both the members of the Council and the executive officer would be directly elected by the District's voters.

3. Greater coordination would result because planning and funding decisions could be made by one regional agency rather than by separate agencies.

4. The Measure would create a body which could operate more efficiently than the existing regional agencies.

5. Citizen participation and control will be broadened and public input enhanced through the direct election of Council members and the availability of initiative and referendum procedures.

6. The number of agencies operating on an area-wide basis will be reduced thereby simplifying for the general public the problem of identifying the agency dealing with regional issues and problems in the Portland metropolitan area.

7. The Measure will help slow the growth rate of costs of service delivery in the metropolitan area through coordinated administration and management.

8. The boundary of MSD will be redrawn to exclude a sizeable portion of the rural land previously included within the CRAG boundary.

9. State Measure No. 6 gives the voters better control over the financing of regional government.

10. Because the new Council will be elected to deal solely with regional problems, it will not suffer from the potential for divided loyalties now present in regional government.
11. State Measure No. 6 establishes an agency which eventually could become a full-service metropolitan government providing all urban services on a regional basis to the extent authorized by a vote of the District.

12. The Measure protects the integrity of the Port of Portland by omitting it from MSD's take-over authority.

13. The Measure protects existing water and property rights of cities or counties by preventing MSD from impairing vested rights or acquiring property except by agreement with the city or county.

14. The MSD Council would be authorized to require property owners to install and maintain flood control facilities, thereby increasing the likelihood that the Johnson and Fanno Creek flood problems will be solved.

15. The Measure mandates the creation of an advisory committee of local government officials which will reduce the possibility of friction arising between MSD and existing city and county governing bodies.

16. In the rural areas, the Measure returns most land use planning and decision-making authority to local governments; in the District, the Measure transfers most of CRAG's powers and duties to MSD.

VI. ARGUMENTS PRESENTED AGAINST PASSAGE

1. A regional consciousness and awareness is already present in the Portland metropolitan area. The establishment of a new governing body will not increase that consciousness or awareness.

2. Direct public election does not insure any higher or better quality of decision-making. Elected officials are short-term in their thinking and planning due to the political pressures associated with the election process.

3. Present regional agencies are currently accountable to the public.

4. More visibility of government decision-making is not necessarily desirable. Low visibility makes it easier to accomplish a job and to make tough decisions.

5. Reorganization and consolidation do not result in a reduction in the size of bureaucracy. More often than not, they merely shift agencies and people without reducing staff, costs or waste.

6. The MSD Council would function like a "mini-legislature." Because of the size of the twelve sub-districts, the voters would not now know any more about their Councilors than they now know about their state legislators.

7. Single purpose agencies are more effective and accessible to the public.

8. Costs would not decrease. Costs would increase due to the increased size and decreased efficiency of a larger regional body.

9. The new boundary, by excluding most of the rural land in the tri-county area, is too small and, therefore, is not a truly regional boundary.

10. The Measure does not cure the problem of overlapping jurisdictions and friction among local governments and agencies. Moreover, it fails to address the antiquated and inefficient system of county government in the Portland metropolitan area.

11. Adoption of many of the new regional functions is hindered because, before the functions can be assumed, District voters must adopt a tax base for MSD.

12. The Port of Portland, one of the major regional agencies operating in the metropolitan area, will not be part of the new regional government.

13. CRAG's land use planning function should not be taken over by MSD because the planning function already is being performed by the counties and by LCDC. CRAG's land use planning function should simply be abolished.

14. State Measure No. 6 is premature because it would interfere with and possibly jeopardize ongoing programs, e.g. the current MSD's solid waste disposal program and CRAG's Urban Growth Boundary project.

15. The legislation would create a job which would be too complicated and time-consuming for a part-time, unsalaried position.
16. The legislation fails to address regional planning problems.
17. The Measure dilutes regional land use planning and decision-making authority.
18. Instead of eliminating a layer of government, State Measure No. 6 would create a new layer of government.
19. The elective process would not necessarily guarantee a qualified executive officer.
20. Sub-districts apportioned on population will result in a Portland/Multnomah County dominance over regional government.
21. The Measure does not provide a sound financial base for MSD. The Measure merely provides for the continuation of currently existing funding sources and for the establishment of a tax base by future public vote, the passage of which is highly unlikely.
22. If the executive officer abused his power the legislative body would be unable to remove him from office.
23. The Measure fails to provide the Council with adequate authority, e.g. no emergency clause, reduced referral requirement (only 4 percent of voters needed, not 6 percent), and only limited powers of condemnation.
24. State Measure No. 6 imposes no limitation on the potential cost to the property owners of installing and/or maintaining flood control devices.

VII. MAJORITY DISCUSSION

A. Governmental Framework and Accountability

The Majority strongly feels that the passage of State Measure No. 6 would be a positive step forward for regional government in the Portland metropolitan area. As discussed more fully below, the Measure would accomplish five major things: 1) establish an improved framework for regional government; 2) increase the visibility of regional issues and problems; 3) make the decision-makers directly accountable to District residents through the election process; 4) eliminate much of the existing opposition to CRAG; and 5) increase coordination and efficiency in planning and providing for regional services.

Most significantly, the Measure would establish a new and broader framework for the organization and operation of regional government. The four affected special purpose agencies lack the authority to perform all of the functions which a truly regional government should be empowered to perform. In addition to the functions already authorized by prior legislation, the new MSD would be able to take on metropolitan aspects of water supply, human services, parks and libraries, thereby becoming a more truly regional organization. Although the performance of these new functions is conditioned upon the adoption of a tax base, at least the new MSD would have the authority to perform the functions once the tax base is adopted. Without this legislation, there will be no regional agency or organization with the authority ever to take on the new functions.

Because this Measure establishes a better framework for the organization and operation of regional government, and because it provides for the consolidation of CRAG's planning function into the new MSD, it would give increased visibility to the agency handling regional problems. While it is true that a regional consciousness and awareness is currently present to an extent in the Portland metropolitan area, it is still secondary to the local consciousness, as is best exemplified by the operating history of CRAG. Moreover, whatever regional consciousness currently exists is divided between many regional agencies. The new MSD, by encompassing the functions currently performed by MSD, CRAG, and possibly the Boundary Commission and Tri-Met, will help focus the public's attention upon one regional agency.

The second major feature of State Measure No. 6 is that the members of the Council and the executive officer would be directly elected by the District voters rather than being appointed or qualifying by virtue of election to some other public body. As such, the decision-makers would be directly accountable to the public. They would not be indirectly accountable to the public through the governor or through the constituency that elected them to membership on some other governing body.
PROPOSED
METROPOLITAN SERVICE DISTRICT
Currently, all of the regional agencies are governed by appointed officials. MSD and CRAG have governing bodies comprised primarily of city and county officials; Tri-Met and the Boundary Commission have boards appointed by the Governor.

The majority of your Committee concludes that the major problem associated with local officials serving on MSD and CRAG is that they frequently are torn with conflicting loyalties between the regional constituency and the local governing body of which they are a member. Regional issues and problems tend too often to be of secondary importance and, because local issues play the more dominant role in the electoral outcome for these officials, the regional issues and problems are not afforded sufficient public attention, nor are they sufficiently publicly articulated. Although some local officials serving on MSD and CRAG do not find themselves torn with conflicting loyalties and do adequately represent the regional interest, they are not in the majority and they cannot insure that their successors will share the same perspective. While it is always possible that certain Councillors on the new MSD will feel torn with similar conflicting loyalties between representing a subdistrict and representing and espousing a regional perspective, the fact remains that the Councillors will have only one governing body or agency to which they are responsible. As a result, the new MSD will be more responsive to the needs of the metropolitan area than are the current agencies.

Governor-appointed regional boards, e.g. Tri-Met and the Boundary Commission, are only indirectly responsible to the residents of the regional area that the body serves. The appointive boards lack the direct accountability which would be present with the new MSD Council. Although appointive governing bodies tend to operate more efficiently and have the ability to make decisions more quickly than elective bodies, the appointive governing bodies are subject to the criticism that they less accurately reflect the public's desire on the issue than do the elective governing bodies. Furthermore, appointive bodies generally provoke less discussion of regional problems and issues than do elected bodies due to the absence of visibility which is fostered through the electoral process.

Appointive boards also are criticized for imposing taxes and assessments on and dictating land use policies for individuals and corporations who had little or no voice in the board's composition. Thus, appointive governing bodies are vulnerable to charges of taxation and planning “without representation.” Appointive boards are not necessarily comprised of more qualified people than elective boards. More often than not, the primary qualification for appointment to such boards is friendship with the individual doing the appointing.

A key principle of democratic government is that a governing body should have to seek regularly the consent of the governed and should be directly accountable to them. Citizens regularly elect representatives to direct city, county, state and federal governments. This Measure simply provides tri-county residents with the opportunity to do the same with certain regional policymakers. While the legislation gives no assurance that the decisions rendered by the new Council will be of any higher quality or of greater impact than the decisions currently being rendered, at least the decisions will be made by a governing body both mandated to deal with almost all of the tri-county's regional problems and comprised of members directly accountable to the District voters.

The majority of your Committee is much less sanguine with regards to the role of the executive officer. First, the position is not a true executive position because the officer has no veto power. Moreover, most individuals interviewed and consulted by your committee expressed deep reservation as to the likelihood the elective process would or could produce the most qualified individual. The executive officer will possess significant power and will be able to generate substantial interest in regional issues. However, we are concerned that there is nothing in the legislation requiring the executive officer to cooperate with the Council. The executive officer, as a full-time, paid employee, has authority to do as he pleases free of the Council's desires. The potential thus exists for friction between the Council and the executive officer. The legislature may have to amend
this aspect of the legislation, e.g. provide for an appointed executive officer, if this problem does arise.

The majority of your Committee also is concerned with the fact that neither the Council nor the executive officer has any emergency powers. Every piece of legislation, excluding levies and appropriations, is subject to referral and, if referred to the voters, is not effective until voted upon. In addition, the number of signatures required to refer legislation is only four per cent of the total votes cast for Governor in the last preceding election, not the usual six percent. The majority cannot predict the impact of these two features of the Measure. However, it seems likely that the absence of an emergency clause and the presence of a reduced referral requirement can only serve to make the Council's job more difficult. Therefore, the legislature may have to alter these provisions in 1979.

B. Coordination and Costs

Another positive aspect of the Measure will be greater coordination and efficiency. Instead of planning and funding decisions made separately by different agencies and individuals, e.g. CRAG doing Tri-Met's planning but not its budgeting, such decisions ultimately may be made by one regional body and one regional executive officer. Although your Committee is aware of the criticism that reorganization and consolidation may create an agency of such size that efficiency is reduced and costs are increased, we feel that the structure of State Measure No. 6, by virtue of the election and referral procedures, takes this problem into consideration.

The majority of your Committee acknowledges that "bigger" is not necessarily better. However, in delivering regional services, "smaller" is not necessarily any better because of the difficulty in dealing in the already existing cities and counties. We do not feel that the Measure creates an agency of such size that efficiency will be impaired. Your Committee expresses no opinion on whether or not the number of employees will actually be reduced. However, it should be noted that there is no language in the Measure which assures CRAG employees that they will be able to keep their jobs if the Measure is passed.

Whether costs to the public would be increased or decreased as a result of passage of the Measure is an open question. Although the majority of your Committee cannot conclude that costs actually would be reduced, we definitely feel that the Measure will help slow the growth rate of costs of regional services. This will be due primarily to increased coordination and efficiency of the regional body and also to the fact that not all of CRAG's planning functions will be carried over to the new MSD. However, at least two new expenditures will be incurred: the salary ($38,000) of the executive officer and the cost of District elections. If costs become unreasonably high, the District's voters would have several alternatives, including election of Councilors committed to reducing costs, initiation of legislation eliminating staff positions, functions or activities and recall of Councilors refusing to adopt fiscally responsible programs.

C. Layer of Government

Although passage of the Measure would give rise to an additional elected governing body ("Council") for the metropolitan area it would not be "creating" another "layer of government." The regional agencies, (CRAG, MSD, Tri-Met, Boundary Commission and the Port of Portland), hence the "layers of government," already exist. The Measure merely provides the framework for the ultimate abolition of three of the five agencies currently existing in the metropolitan area and for the transfer of the regional functions to one of the two surviving agencies. The majority views this as a consolidation of "layers," not the creation of a new "layer."

D. Problems and Uncertainties

1. Boundary and Land Use Planning Function

One of the Measure's prime areas of uncertainty is the proposed boundary for the new MSD. The reorganized MSD would not immediately assume any functions of Tri-
Met or the Metropolitan Boundary Commission. The only immediate and noticeable
effect of the new MSD district boundary, aside from those existing functions of MSD,
would be upon the land use planning functions transferred from CRAG. In that regard,
State Measure No. 6 removes the rural areas from the regional planning process. Simply
stated, MSD would have no direct voice in the transition of use from “rural” to “urban”
of lands lying outside the revised MSD district boundary. This aspect of State Measure
No. 6 evidences a political compromise, one advantage of which would be to rid the
reorganized MSD of the staunch political opposition to CRAG from the rural areas.
Urbanization in those rural areas previously under CRAG’s control would be controlled
by the local governing bodies subject to compliance with LCDC’s Goals and Guidelines.
This will, no doubt, place an added administrative burden on the Land Conservation and
Development Commission.

One of the most troubling aspects of the revised MSD boundary is its correlation, if
any, with CRAG’s adopted Urban Growth Boundary (UGB). As viewed by CRAG, the
UGB distinguishes urban or urbanizable land (land currently served by public services)
from rural land. According to proponents of State Measure No. 5, the revised MSD
boundary also distinguishes urban or urbanizable land from rural land. CRAG’s adopted
UGB, however, is approximately 50 square miles smaller than the revised MSD boundary.
Moreover, CRAG’s adopted UGB, even though it is substantially smaller than the
revised MSD boundary, has been attacked by citizens and land use/environmental organi-
zation as being too large. The LCDC in fact, recently ordered CRAG to further justify
its adopted UGB.

Various questions arise out of the above discussion. First, is the revised MSD boun-
dary to be viewed as the new regional urban growth boundary? What effect, if any, will
CRAG’s adopted UGB have if revised prior to January 1, 1979 (effective date of the
act)? If the LCDC determines that CRAG’s final UGB is too large, what impact will this
have on the revised MSD boundary and on the 50 square miles of urban or urbanizable
land within the MSD boundary but outside CRAG’s final UGB?

If the Measure passes, arguably CRAG’s smaller UGB would control as the region’s
urban growth boundary. Even if CRAG fails to adopt an UGB prior to January 1, 1979,
the new MSD probably would have the authority to adopt a similar and smaller UGB by
virtue of its mandate to “provide for those aspects of land use planning having metro-
politan significance.” This is based, in part, on the fact that a currently existing MSD
statute, which would survive passage of the Measure, authorizes the Council to establish
differential tax treatment for District property to distinguish between land which cur-
rently is receiving urban functions and services and land which is not (ORS 268.500(3).
Such language evidences a legislative intent that certain District property need not neces-
sarily be considered urban or urbanizable.

Because the Measure abolishes CRAG and reorganizes MSD (as opposed to consoli-
dating CRAG and MSD), none of CRAG’s statutorily enumerated (ORS 197.755) land
use planning functions and activities would survive passage of the Measure. As discussed
previously, MSD still would possess significant land use decision-making authority. All
decisions and plans adopted prior to January 1, 1979, including an UGB, arguably would
survive passage of the Measure. However, if CRAG fails to adopt an UGB prior to
January 1, 1979 and if it is later determined by the District or a court that MSD lacks
the authority to draft its own UGB, then it appears to your Committee that the regional
urban growth boundary either will be the revised MSD boundary or will be established
on a piecemeal basis by the urban growth boundaries of the comprehensive plans of each
of the local governing bodies within the District.

Uncertainties created by the boundary and by the ambiguous land use planning
language ultimately may dilute MSD’s regional land use planning and decision-making
authority as compared with that currently held by CRAG. The Measure does not simply
change the name of CRAG to MSD, because it does not transfer to the District all of
CRAG’s current power to draft, adopt and revise land use plans. For example, the Coun-
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The district would not have CRAG's current power to draft and adopt a "regional" plan and could merely approve or disapprove the comprehensive plans of the local governing bodies within the District. Moreover, whether the District will have authority to draft, adopt or revise an urban growth boundary will depend upon how certain language in the Measure is construed, e.g., "land-use planning goals and objectives", "aspects of land use planning having metropolitan significance" and "functional plans."

In addition to the immediate impact on all regional land use planning and decision-making, the District's boundary likewise would have an effect upon any additional functions assumed by MSD in the future, e.g., Tri-Met and the Metropolitan Boundary Commission. The Measure fails to provide any guidance for resolving jurisdictional problems created by the future assumption of additional functions. Tri-Met currently services areas outside the proposed District boundary. Tri-Met also has an established tax base which arguably would transfer to the new MSD if the functions of Tri-Met were assumed in the future. Given the occurrence of that event, and without further legislative action to the contrary, the situation could arise whereby citizens outside the revised MSD boundary would be taxed for transportation services without having the ability to vote for the representatives of the new MSD governing body. The problem of "taxation without representation" would surface again.

Similar jurisdictional questions arise with functions of the Metropolitan Boundary Commission, which currently services the entirety of the metropolitan area, including Columbia county. Given the future absorption of its functions by MSD, the issue arises as to whether the jurisdiction of the boundary commission functions assumed by MSD would shrink to that of the revised MSD boundary or whether MSD would assume the jurisdiction commensurate with that of the current Metropolitan Boundary Commission. Language in the Measure would seem to indicate the latter. However, if this were the case, then MSD, as with Tri-Met, would be making decisions affecting individuals outside the District who never could vote for any of the Councilors.

Another jurisdictional problem involves the zoo levy. The $10 million, 5-year serial levy passed by the voters in 1976 to help finance operation of the zoo is derived from an assessment upon real property within the current MSD boundary. If the Measure passes, then some land previously included within the levy boundary (e.g., Banks, North Plains) will be outside the District's boundary. Other land, previously outside the levy boundary (e.g., Wilsonville) and not subject to the tax, would be included within the District's boundary but, apparently, still would not be subject to the tax. Again, this would give rise to a situation whereby citizens outside the revised MSD boundary would be taxed without having any voice in selecting members of the Council. Whether or not the number of people affected by this anomaly is large or small is not the point. The point is that the Measure perpetuates the taxation without representation problem, albeit to a much lesser degree than currently exists in the tri-county area.

The final area of uncertainty posed by the District's boundary is the issue of effectuating a change in the boundary itself. Language in the Measure seems to leave the authority for such changes with the Board of County Commissioners of Multnomah County (ORS Ch. 198), since it is the governing body of the principal county within the MSD special district. If the boundary were deemed to be the regional urban growth boundary, then the question arises as to whether or not the Council could extend that boundary upon its own motion, with or without the consent of the governing bodies within the metropolitan area. The Measure leaves this issue unresolved as well.

2. Tax Base and Funding

In addition to the above concerns with the District's boundary, your Committee also is skeptical about another feature of the Measure. Even if the Measure passes, the District will have no sound financial base. Some of the current funding sources will cease as of June 30, 1981 and, if a tax base has not been adopted by that time, the District will be forced to appeal to the legislature for assistance if it desires to continue the land use planning function. Even if MSD did take over Tri-Met before the June 30th deadline, the
Tri-Met revenues still could only be used for transportation. Thus, if the Measure passes, it will be incumbent upon the Council and the executive officer to work for passage of a tax base prior to the deadline. Whether the Council and the executive officer will be effective in this regard is highly debatable, given the part-time, unsalaried nature of the Councilor position and given the fact that Councilors likely will be over-burdened with their legislative duties.

Because the legislature failed to include in the Measure a sound financial base for the District, the legislature will have to bear the responsibility of assisting the District if the Measure passes and the voters subsequently refuse to pass a tax base. Once passed, the legislature will have the authority to change or modify the Measure's language and, as such, could modify the cut-off date for land use planning assessments. If a tax base is not adopted and if the legislature refuses to amend the law or otherwise assist the reorganized MSD, then regional land use planning will be in jeopardy due to a lack of funding.

3. Flood Control

Your Committee favors the inclusion in the Measure of the District's authority to improve and maintain natural waterways and to require property owners to "install and maintain water control or retention systems." The District will at least have the authority to begin to correct the Johnson and Fanno Creek flood problems. Perhaps the District will be able to accomplish what the City of Portland and the counties have been unable to do.

Notwithstanding this possibility, your Committee is concerned that there is no limit on the amount of money property owners might be required to spend "to install and maintain water control and retention systems." Judging by the cost of installation of rip-rap and sea walls along the coast, property owners along Johnson and Fanno Creeks might be subjected to substantial and possibly unpayable bills for the installation of flood control devices. Although it is doubtful, politically speaking, that this eventuality will occur, the possibility does exist as the Measure currently reads.

VIII. MAJORITY CONCLUSIONS

The majority is unanimous in concluding that, as a result of passage of State Measure No. 6, there would be a definite improvement in the structuring of regional government and in the furnishing of services for the Portland metropolitan area. Although the Measure is not an all-encompassing piece of regional legislation and although it does open up certain technical problems as discussed above, it does address the conceptual problem of regional government and does establish a new and better framework within which to operate on an area-wide basis in the Portland metropolitan area. The fact is that we all live in a region and we have regional problems regarding population growth, water and air quality, sewage and solid waste disposal, transportation and the furnishing of civic and cultural activities. These problems need to be solved on a regional basis, not a local basis. The practice of cities and counties using intergovernmental agreements to solve regional problems is antiquated and inefficient. State Measure No. 6 provides a viable alternative to this outdated procedure.

None of the single-purpose agencies currently operating on an area-wide basis is capable of or has the authority to solve the area’s far-reaching regional issues and to furnish the area’s necessary regional services. State Measure No. 6 addresses this deficiency. Moreover, the Measure addresses the critical problems of lack of accountability, planning and taxation without representation, and CRAG's role in the region, all of which spawned numerous emotional outbursts in the past.

Despite its uncertainties and problems, the Measure is a start in the right direction. The majority is firmly convinced that the problems do not constitute such serious defects as to warrant opposition to the Measure. The positive aspects outweigh the negative. Passage of the Measure will allow the new Council to begin working in 1979 to solve the region's problems, as opposed to waiting two or more years for another piece of legisla-
If the Measure passes, the Committee’s concerns about the reorganized MSD will deserve legislative and Council scrutiny. Whatever uncertainties and problems exist can be remedied by the 1979 legislature.

IX. MAJORITY RECOMMENDATION

The majority of your Committee recommends that the City Club of Portland favor passage of State Measure No. 6 with a “YES” vote at the May 23, 1978 election.

Respectfully submitted,
John W. Broome
Leonard A. DeKlotz
William N. Gross
Barbara Stalions
Mark D. Whitlow
E. Kimbark MacColl, Jr., Chairman
For the Majority

MINORITY DISCUSSION

The problems facing the Portland metropolitan area may indeed need a more effective regional government to help in their solution. But the minority of your Committee feels that State Measure No. 6 holds false promise of being the solution to the area’s regional problems. Opponents and supporters of Measure No. 6, in comments before your Committee, agreed that there are serious defects in the measure. Supporters, however, suggested that voters pass Measure No. 6 because it is sound “in principle” and allow the legislature in the next session to correct the flaws. The minority believes it is wrong to ask the voters to approve a measure with serious flaws, hoping the legislature will correct them. The legislature should have taken more time, two sessions if necessary, and brought a sound measure to the voters.

Supporters of State Measure No. 6 state that the new government will provide greater coordination and efficiency as well as slow the growth in the cost of government. There is little in the Measure to suggest either will take place. What will take place is the creation of a larger bureaucracy run by a part-time legislature and an elected executive without sufficient authority to be an effective administrator. The problems faced by the new MSD will be such that it is unlikely the part-time legislature will be able to handle them and still remain part-time. The executive may well have to rely solely on his or her power of compromise to make this new body function.

The new government may, however, have been effectively prevented from growth by the legislative mandate to refer any tax base to the voters. This coupled, with the 1981 cutoff of the current funding sources, will likely send the new government to the legislature requesting financial support. The question then becomes one of what will happen to the services provided by the new government if the vote for a tax base fails and the legislature turns down the funding request.

The boundaries of the new district raise a series of disturbing questions. The impact on the effectiveness of CRAG’s land use planning efforts could be major. The new MSD would have a boundary smaller than CRAG’s but larger than CRAG’s adopted urban growth boundary. This would mean no direct voice over rural land becoming urbanized while at the same time setting up an apparent urban growth boundary larger by 50 square miles than the current boundary adopted by CRAG (a boundary not acceptable to the LCDC). All of this confusion may well dilute the new MSD’s land use planning authority and lend itself to innumerable lawsuits.

The boundary question will have other impacts as well as on land use. If the new governing body votes to add Tri-Met to its functions, the current service and taxing area of Tri-Met would come under MSD’s authority. The Tri-Met district is larger than the
proposed MSD and would allow the new MSD to provide transportation services and collect taxes from citizens having no authority to vote for representatives on the MSD Board.

The zoo levy is another case in point. This levy passed by the voters of the current MSD would continue after the new district is approved. This would mean some people would continue to pay while being outside the district. Further, some people would not pay even though within the new district, since they were outside the district when the levy passed.

The Boundary Commission could be added to the new MSD if approved by the voters. However, because of language in State Measure No. 6, the authority of the Boundary Commission would still be exercised outside the district boundary. This means that decisions of the district will affect citizens who cannot vote on the district’s councilors.

Finally, boundary changes themselves apparently only occur with approval of the Multnomah County Commission. If this is indeed the case, the Multnomah County Commission becomes the governing body in decisions where regional urban growth is the question.

Ballot Measure No. 6 is, at best, another band-aid attempt at achieving efficient, coordinated government services. The legislature, in its haste, asks the voters in Multnomah, Washington and Clackamas counties to approve a measure “in concept.” We are told any problems can then be taken care of in the next legislature. Further, none of the changes needs to be referred to the voters.

The minority of your Committee feels the legislature should take more time to correct this Measure and then send it to the voters. State Measure No. 6 could very well cause more problems than it solves.

MINORITY RECOMMENDATION

The minority recommends the City Club of Portland vote “NO” on Ballot Measure No. 6 at the May 23, 1978 primary election.

Respectfully,
Frank Barich
For the Minority

Approved by the Research Board April 20, 1978 for transmittal to the Board of Governors. Received by the Board of Governors April 24, 1978 and ordered printed for presentation to the membership for discussion and action on May 12, 1978.
APPENDIX A

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APPENDIX B

Your Committee sent a questionnaire to approximately 160 people and organizations, including elected officials (city, county and state), members of regional commissions, industry, agriculture, business and private citizens. Approximately thirty persons responded. Of those who responded 77 percent felt that there is a duplication of services by governmental agencies in the metropolitan area. Fifty-nine percent felt that costs of regional government were “soaring.” Planning and transportation services were considered to be costing the most. Opinions were divided equally as to whether State Measure No. 6 would save money and whether CRAG, MSD and Tri-Met were accountable to the public. Eighty-eight percent favored an elected council.

Opinions were equally divided as to the desirability of the reorganized MSD performing the functions of the Boundary Commission. There was a definite “No” insofar as inclusion of the Port of Portland. Sixty-six percent felt that elected representatives from single member districts will be better qualified to handle regional problems than the present board members of CRAG, MSD or Tri-Met. Fifty percent felt that present CRAG representatives suffer from divided loyalties and have difficulty acting in the regional interest. Eighty-five percent felt that regional decisions are compromised by local political loyalties. Seventy-eight percent believed that duplicative comprehensive planning currently is being performed by CRAG.

Opinions were equally divided regarding whether State Measure No. 6 would create or eliminate a layer of government. Opinions also were equally divided as to the advantages and disadvantages of the loss of the emergency clause and reduced referral requirements (four percent instead of six percent in the Measure. Most respondents anticipated rejection of a one percent income tax. As summarized by one respondent (“elected official”), “the issue of funding for MSD is one that the legislature continues to duck. I am not surprised that the present proposed legislation in Measure No. 6 fails to adequately deal with this problem.” More than half the respondents thought there were alternatives to the Measure which would be more successful in solving the region’s problems.

APPENDIX C

The following persons were interviewed either by the Committee as a whole or by individual committee members:

Lloyd Anderson, Executive Director, Port of Portland
Victor Atiyeh, State Senator
Don Carlson, Executive Director, Metropolitan Boundary Commission.
Ronald C. Cease, Director, Dept. of Public Administration, Portland State University; former Chairman of Tri-County Local Government Commission
Bill Cross, Campaign Director, State Measure No. 6
Charles H. Frost, Tektronix; former Tri-Met Board member
E. Andrew Jordan, In-house legal counsel, CRAG
Denton Kent, Executive Director, CRAG
Ken Martin, Metropolitan Boundary Commission
Stephen R. McCarthy, former Assistant General Manager, Tri-Met; former Tri-Met board member
Ray Miller, Washington County Commissioner, Chairman Metropolitan Service District; former CRAG Board Chairman
Fred R. Neal, Deputy, Legislative Counsel’s Office
Mike Ragsdale, State Reprseentative
A. McKay Rich, Assistant Director, Washington Park Zoo; former Staff Director, Tri-County Local Government Commission
Robert Stacey, 1000 Friends of Oregon