

REPORT

ON

METROPOLITAN SERVICE DISTRICT

(Placed on the ballot by Multnomah County Commissioners as Measure No. 7)

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

I. ASSIGNMENT

This Committee was established to study and report on the Metropolitan Service District Act of 1969 (ORS Chapter 268) and to recommend a position upon the measure placed upon the ballot of the Portland metropolitan area pursuant to that Act.

II. SCOPE OF RESEARCH AND INVESTIGATION

This Committee studied the following material and interviewed the following persons:

A. Material Reviewed:

1. Metropolitan Service District Act of 1969 (ORS 268.010 to 268.990).
2. Multnomah County Commissioners Order Fixing the Date of Election on the Establishment of a Metropolitan Service District.
3. Map of proposed Metropolitan Service District.
4. Undated letter of State Senator George Eivers to Oregon Attorney General raising legal questions with respect to the Act.
5. Tualatin Basin Water and Sewerage Master Plan prepared by Stevens, Thompson & Runyan, Inc., dated January, 1969.
6. Opinion of Lee Johnson, Oregon Attorney General, dated February 2, 1970, in response to question raised by State Senator George Eivers.
7. Letter of Orval Etter, dated March 23, 1970 to Mr. Shoemaker in response to specific legal questions posed by the Committee.
8. Memorandum of Richard A. Braman, Senior Deputy City Attorney, dated September 11, 1969, to Multnomah County Commissioners.
9. Memorandum of Orval Etter, General Counsel, Portland Metropolitan Study Commission, dated September 13, 1969 commenting on Mr. Braman's letter of September 11, 1969.
10. CRAG Sewerage Plan.

B. Persons Interviewed:

1. Hon. Lloyd E. Anderson, Portland City Commissioner.
2. Richard Braman, Senior Deputy City Attorney for City of Portland.
3. Donald Carlson, Administrative Analyst, Portland Metropolitan Area Local Government Boundary Commission.
4. Dr. Ronald Cease, Chairman, Portland Metropolitan Area Local Government Boundary Commission.
5. Mrs. Ronald Cease, Chairman, Tri-County Metro Committee, League of Women Voters.
6. Homer Chandler, Director, Columbia Region Association of Governments.
7. The late Hon. Stanley Earl, Portland City Commissioner.
8. Hon. David Eccles, Multnomah County Commissioner.
9. Orval Etter, Legal Counsel, Portland Metropolitan Study Commission.
10. Gary Graham, Staff, Portland Metropolitan Study Commission.
11. Mrs. W. O. Hagenstein, Chairman, Metropolitan District Committee, Portland Metropolitan Study Commission.

12. Philip R. Hollick, Director, Portland Metropolitan Area Local Government Boundary Commission.
13. John McIntyre, Director of Public Works, Clackamas County.
14. A. McKay Rich, Metropolitan Study Commission.
15. Kenneth Ming, Director of Public Works, Washington County.
16. Hon. James R. Moore, Chairman, Committee for Urban Progress; Mayor of Beaverton.
17. John Mosser, former Chairman State Sanitary Authority.
18. Robert Nordlander, Director of Public Works, Multnomah County.
19. Richard Roberts, Washington County Counsel.
20. Kenneth Spies, Director of Environmental Quality, State of Oregon.
21. Henry Stewart, Chief, Planning Branch, U.S. Army Corps of Engineers.
22. Les Wierson, Cornell, Howland, Hayes & Merrifield.
23. John F. Williams, Portland Metropolitan Study Commission.
24. Joseph Worth, Cornell, Howland, Hayes and Merrifield.

III. BACKGROUND AND HISTORY

The Act and the proposed measure are a direct result of the work of the Metropolitan Study Commission (MSC), working in conjunction with the Columbia Region Association of Governments (CRAG). MSC was formed in 1963 for the purpose of studying the needs of the Portland metropolitan area and recommending metropolitan solutions of both a governmental and operational nature to these needs. The Act represents somewhat of a retreat from MSC's first choice of dealing with the problems common to the metropolitan area. This first choice has been termed a "metropolitan city," which if enacted would have provided a metropolitan government with responsibility for matters of a regional nature and neighborhood governments with responsibility for local problems not common to the metropolitan area as a whole. This proposal did not succeed in gaining approval of the Senate in the 1967 Legislature and for various reasons, it was abandoned by MSC and CRAG as not being politically feasible. Since the most pressing problems that require metropolitan solutions are of a public works nature it was determined by the Study Commission to postpone attempts to establish a true metropolitan government (other than consolidation of Portland and Multnomah County), and instead seek a means whereby governmental units within the metropolitan area would work together to deal with "metropolitan aspects" of some of the more pressing physical needs of the area. The Metropolitan Service District Act (Senate Bill 494) was the result of these efforts and was adopted by the 1969 Legislature after a considerable amount of amendment from its form as proposed by MSC and CRAG.

Upon adoption of the Act by the Legislature, the Multnomah County Commission placed upon the ballot Measure No. 7 to establish a Metropolitan Service District in the Portland metropolitan area conforming to the requirements of the Act.

The measure would establish a Metropolitan Service District along the boundaries illustrated in this report and would require the major governmental units within the District to establish a governing body of the Service District as provided in the Act. No funding is provided by the present ballot measure; this must come later.

IV. DESCRIPTION OF THE ACT

1. The Service District will have power to provide the metropolitan aspects of sewerage, solid and liquid waste disposal, control of surface water, and public transportation.
2. The boundaries of the proposed District (see map) were developed by Multnomah County in consultation with representatives of Washington and Clackamas Counties, with particular concern toward serving the sewerage needs of the

metropolitan area within the three counties. In Washington County the boundaries approximately coincide with the boundaries of the recently-adopted Unified Sewerage Agency. In Clackamas and East Multnomah Counties the boundaries represent a judgment as to the present practical limits of the "metropolitan" area and an attempt to encompass enough of the Johnson Creek drainage basin to deal adequately with the perennial flood condition of Johnson Creek.

3. The District may assume Metropolitan aspects of other services by way of initiative, by referral to the voters of recommendations of the governing body of the District, and by state legislation.

4. By agreement with affected local governments the District may assume "local" aspects of those public services for which the District has metropolitan responsibilities.

5. The District has authority on its own initiative, and without the concurrence of the Metropolitan Transit Authority, to transfer to itself the Tri-Met transit system. If this action is taken the boundaries of the District shall for purposes of mass transit be extended to encompass all the territory of the transit district (all of Multnomah, Washington and Clackamas counties), and the Service District shall have all the powers and duties of Tri-Met which are consistent with the Service District Act.

6. The governing body of the District will consist of seven members as follows:

- (a) A representative from the Portland City Council.
- (b) One representative from each of the County Commissions of Multnomah, Washington and Clackamas Counties.
- (c) A representative of all Washington County cities within the District.
- (d) A representative of all Clackamas County cities within the District.
- (e) A representative of all Multnomah County cities within the District, other than Portland.

7. The number, qualifications, and manner of selecting the governing body may be changed by the voters of the District either by initiative or by approving a proposition referred to them by the governing body of the District.

8. Under the Act, the District may finance its operations and the construction of improvements in the following ways:

- (a) By levying ad valorem taxes not to exceed one-half percent per year of true cash value of property within the District. In addition, special ad valorem taxes may be levied to retire District bonds. Taxes need not be levied equally throughout the District but may be levied differently on property within the District on the basis of services received from the District.
- (b) By assessing property in accordance with benefits received by that property from the District.
- (c) By charging service and user fees.
- (d) By accepting financial grants from public and private sources.
- (e) By issuing general obligation and revenue bonds, to be repaid from taxes, assessments and fees.
- (f) By borrowing from counties and cities with territory within the District, to be repaid from taxes, assessments and fees.

9. The District has fairly broad powers to contract with others to conduct District operations and to assume by contract the functions performed by other agencies within the District.

10. The District has police power to adopt ordinances, rules and regulations.

11. The District has powers of annexation and condemnation.

12. Grandfather clauses are provided in the Act to protect the rights of existing employees of an operating public transportation system taken over by the District, and to protect employees of a public corporation, city or county whose functions are assumed by the District.

V. ARGUMENTS FOR THE MEASURE

Arguments advanced to your Committee in support of the measure have included:

1. Problems of sewerage, solid and liquid waste disposal, control of surface water, and transit are metropolitan in scope and should be resolved by the metropolitan area as a whole. This provides economies in scale and better assures that the needs of the whole metropolitan area will be met.
2. If the District proves capable in the above areas, it can assume and efficiently manage additional functions such as water, streets, street lighting, parks, zoning, police and fire protection.
3. The District will be more responsive to state and federal standards and controls concerning the environment than is a proliferation of local governments and service districts.
4. The District can force all communities to bring such facilities as sewage plants up to acceptable standards.
5. The District is empowered to finance facilities by those who are benefitted and would presumably do so.
6. The District will permit metropolitan-wide planning for those areas for which it has responsibility.
7. The District provides a means to put metropolitan transit under a governing body more representative of the people in the District than is Tri-Met.
8. The makeup of the governing board will be substantially the same as CRAG, which has a proven record of accomplishment.
9. By mutual agreement, small special service districts may be replaced in due course by the Metropolitan District.
10. Under the existing political circumstances the District is the best practical step towards a metropolitan government for the area.

VI. ARGUMENTS AGAINST THE MEASURE

Arguments advanced to your Committee in opposition to the measure have included:

1. The makeup of the governing body is unfair. This is particularly so to the citizens of Portland, who are not represented in proportion to their numbers within the District.
2. It is unwise for a governmental body such as the District to have as its members those whose primary responsibilities are to another governmental agency. Not only does this create the possibility for logrolling but the governing body is insulated from voter control.
3. The Service District replaces no existing governmental units but adds another layer of government to those in existence.
4. If the Service District will have responsibility for certain functions, while cities, counties and other special service districts will have responsibilities for other functions, it will be more difficult than at present to assign priorities among competing needs. As a result, the citizens' tax dollar may be spent not where it is most needed but where the greatest power to spend it reaches.
5. The Service District's taxing authority is limited to the ad valorem tax, a form of taxation that is already overused in Oregon and one which many feel operates unfairly.
6. Since ad valorem taxes are not required to be levied in accordance with benefits received, the cost of facilities and services may be unfairly distributed throughout the District. This power, held by a governing body which is not proportionate to population, could result in the use of tax dollars from residents of Portland to subsidize suburban improvements.
7. The responsibilities entrusted to the District are to meet crises which are on the way to resolution and would probably be resolved without the District. There is little in the area of sewage that needs to be done that will not be done without the District, solid waste problems could be resolved and flood control of Johnson Creek provided by agreement among the affected areas within the District.

8. For the District to have no zoning powers severely limits its power to plan. For example, the District cannot properly plan long-range sewage needs if it does not have the power to control the use of land served by the sewage interceptors and treatment plants so developed.

9. The division of metropolitan and local functions of single services creates problems of overlapping governments and conflicting controls.

10. The Act does not provide a metropolitan government which is really needed. Only within a true metropolitan government will there be overall responsibility in the region for such things as planning, zoning, public works, police and fire protection, recreation, water, etc.

11. The District, by appearing to lead toward a metropolitan solution but having certain built-in defects as noted above, may actually retard the development of a metropolitan government in the region.

VII. DISCUSSION

The Metropolitan Service District Act is an experimental measure laboriously worked out under trying political circumstances. The Act apparently reflects a detente reached between the proponents of the Service District Act and proponents of the Transit District Act (H.B. 1808) to the effect that each would allow the other's bill to proceed without interference. During its course through the legislature many of the original concepts of the Metropolitan Service District Act were compromised. Fortunately, however, the Act retains means within itself to correct most deficiencies, if the voters within the District so desire.

A Majority of your Committee is persuaded that the Act should be given a chance to prove itself in the Portland metropolitan area. The Act has significant defects. In the opinion of a Majority of your Committee, however, these are not controlling.

Perhaps the greatest virtue of the Act is a provision which permits voters within the District, by a simple majority, to authorize the District to assume additional metropolitan services and to change the structure of the governing body of the District. This avoids one of the principal present stumbling blocks to metropolitan government. The Oregon Constitution protects the right of each home rule municipality and home rule county to protect itself from being replaced by any proposed metropolitan government.⁽¹⁾ Since the District replaces no existing governmental units, it is not subject to these provisions of the constitution. As the District is granted additional metropolitan responsibilities by its voters, this will not have the effect of eliminating local governments and local service districts. These will continue to be responsible for local aspects and services—unless and until such local governmental units, by agreement, relinquish these powers to the District. Thus the District offers the potential of gradual responsible growth and the possibility of becoming the metropolitan government of the region. This will depend directly on the District's record of performance.

The foregoing relates to the District's potential. To realize that potential, it is essential that the District be equipped to take significant action in the areas in which it has original responsibility. These will be discussed in order:

1. *Sewerage.* During the gestation period of the Service District Act it appeared that sewerage would be the District's primary job. During and since that time, however, significant advances have been made in the Tri-County area and many now believe that no really significant contribution to the sewerage problem will be made by the District in the next few years. The District can, of course, help implement present long-range plans developed by the City of Portland, Washington County and CRAG, but this implementation probably would proceed regardless. In response to the insistence of the Environmental Quality Commission, there is on the Portland ballot, Measure No. 51 which will fund substantial improvement of the Columbia treatment plant, Portland's principal facility, to upgrade this plant from a primary to a secondary treatment facility. In Washington County, following a moratorium on building imposed by the Environmental Quality Commission, Washington County voters in February, 1970 created the

⁽¹⁾Article XI, Section 2 and 2a; Article VI, Section 10.

Unified Sewerage Agency and in April 1970, authorized the sale of a \$36 million bond issue to fund improvements proposed by that Agency. The Unified Sewerage Agency is a county service district which will assume the functions of the various local sewer districts in the metropolitan area of Washington County—excluding the City of Hillsboro. In Clackamas County and East Multnomah County progress is less dramatic, but still apparent, in the development and amalgamation of various local sewer districts.

Remaining to be done is a unified approach to a needed sewerage treatment plant near the confluence of the Tualatin and Willamette Rivers. For some years there has been a dispute between Washington and Clackamas Counties regarding the best location for such a plant. The Metropolitan Service District could resolve this dispute in a manner most appropriate for the metropolitan area as a whole.

A unified approach to sewerage planning, which is within the District's power, could be a great help—even without express zoning authority. The District, for example, may be able to correct present inadequate local planning and guide future local planning. As another example, the District could provide land use planning, in effect, through its decisions on the locations of sewer trunk lines.

2. *Solid and Liquid Waste.* The disposal of solid and liquid waste is probably the most acute need which must be met. The metropolitan area has insufficient dumping grounds for solid waste, unsatisfactory controls to require use of dumping grounds and to prohibit random dumping, and a record of abuses such as the dumping of sludge and oil deposits in sewer lines by private parties, often at night. Obviously needed are policing measures and dumping grounds more convenient to different parts of the metropolitan area. Even more important are sophisticated and expensive means of disposal (such as intensive heat incinerators, separation and salvage equipment, metal baling, and other waste compression equipment). The metropolitan area, working as a whole, will be in a position to finance and develop such disposal systems; individual cities and counties will not be.

3. *Control of Surface Water.* A major problem is Johnson Creek, which is subject to perennial flooding. Necessary channel improvement of Johnson Creek involves three cities (Gresham, Portland, Milwaukie) and two counties (Clackamas and Multnomah). Federal improvement of Johnson Creek was authorized in 1966 but has not yet commenced. This authorization expires if not completed by June, 1971. The jurisdictional disputes involved could be resolved by the Metropolitan Service District so that this project could proceed.

In the next several years Portland must deal with the problem caused by the coincidence of many of its storm and sanitary sewers. Both storm and sanitary needs are served by single sewerage lines in many parts of the City. Treatment plants are not built to accommodate storm runoff, and should not be. When heavy storms occur, the sewer lines are overloaded, and the result is that raw sewage along with storm runoff backs up into basements at one end and is dumped into the Willamette River without treatment at the other end. It is estimated that to separate these today would cost \$150-200 million.

4. *Transit.* With the establishment of the Metropolitan Transit Authority (Tri-Met) in Multnomah, Washington and Clackamas Counties, the need for an area-wide public transit system may be on the way to solution. However, Tri-Met is running into a great deal of opposition, particularly because of the imposition of what many people regard as an arbitrary and unfair payroll tax on employers and because of the totally unrepresentative governing body appointed by the Governor of the State. Under the Metropolitan Service District Act, the District could take over Tri-Met and exercise all powers granted to Tri-Met under its enabling legislation insofar as these are consistent with the Metropolitan Service District Act. The meaning of this concept is not clear, and a number of questions will have to be resolved if Tri-Met becomes a part of the Metropolitan Service District. However, it is clear that the governing body of Tri-Met would thereupon be replaced by the governing body of the Service District, which at least to a certain extent is representative of the people within the District. Further, the power of the District to assess property in proportion to benefits received and to classify for ad valorem tax purposes with respect to the benefits received might provide a means of financing the capital needs of Tri-Met in a manner which would more equitably relate taxes paid to the services provided by Tri-Met to different parts of the Metropolitan region.

Problem Areas

1. *Makeup of Governing Body.* The makeup of the governing body clearly does violence to the "one man—one vote" concept. The Oregon Attorney General has rendered an opinion that the United States Supreme Court edict against non-proportional representation does not apply to the District. However, this does not solve the problem. The citizens of the City of Portland are under-represented on the governing body. The other members of the governing body could "gang up" on the City of Portland and assess against property within the City an unfair share of the expenses of the District borne by the ad valorem property tax. A majority of your Committee does not believe that this will occur. Under the Act improvements may be financed by those who benefit directly from them through special assessments and, for ad valorem tax purposes, through classification of property in accordance with the benefits received. It would be unwise to load the financial scales too heavily against the City of Portland, since this would cause such outrage that the effectiveness of the District would be severely undermined. Further, financing by ad valorem taxes is politically dangerous, and might invite restrictions on ad valorem taxing powers such as was recently witnessed in the 1½ percent property tax limitation initiative proposal.

2. *Selection of the Governing Body.* The manner of selection of the governing body is subject to question, since its members are not elected directly by the people but are chosen from among those sitting on existing governmental bodies. These people will be running for re-election, not on the record of their performance on behalf of the Metropolitan Service District, but on their performance on behalf of their area of primary political responsibility (city council, county commission, etc.). While there is some degree of voter control in such an arrangement, it is not direct. It is hoped that the governing body of the District will realize this in due course and refer to the voters—or that the voters may propose by initiative—a change in the law to require that the governing body of the District be selected through some system of direct election, presumably by subdistricts. While your Committee recognizes this as a defect, in the opinion of the Majority, the defect is not controlling.

3. *Assignment of Priorities.* Your Committee is concerned with the possibility inherent in the initial grant of powers to the District that the financing of sewers, solid and liquid waste disposal systems, control of surface water and possibly mass transit, will be considered apart from other capital needs of the area such as water, parks, streets and highways, lights, etc. To a limited extent CRAG can assign priorities, since its approval is necessary in order for federal funding of local projects to take place. But this is an indirect and not entirely satisfactory control. Again, however, political realities may make it impossible at this time for a single governmental unit to assume all or even most of the public works functions of the area on a metropolitan-wide basis. The Metropolitan Service District, with its power to assume additional responsibilities, is the best of suggested immediate alternatives. The most obvious alternative is that such functions be assumed by the dominant city (Portland) by way of agreements with outlying areas. However, experience shows that such agreements are hard to come by and are often resented by the other party. Even more difficult to effect are agreements among more than two governmental units; witness the Johnson Creek problem. The other and better alternative is a complete metropolitan government. Your Committee is advised, but not fully persuaded, that this is politically unrealistic at this time, particularly because of the home rule guarantees of the Oregon Constitution discussed above. It is to be hoped that the Metropolitan Service District will prove itself capable of handling its initial responsibilities in such a manner that it will assume additional functions by consent of the voters in the District and, by this annexation of responsibilities, will in time overcome the problem of fragmentation of services.

4. *Metropolitan vs. Local Aspects.* Your Committee recognizes that the distinction between "metropolitan" and "local" aspects of any particular service is hard to define. Imprecise standards are often found in legislation, particularly legislation which is experimental in nature. If problems develop in the application of this standard, which cannot be resolved by disputing parties, resort may be had to the courts to establish guidelines. To have tried to spell out all possible distinctions

between metropolitan and local concepts in the Act would have been fruitless. The concept of separating them is laudable. Local aspects are of local concern and require a great deal of energy and expense for resolution. For the Metropolitan Service District to assume the responsibility for all local aspects of sewerage, for example, would require a large staff and substantial additional expense. This would be unwarranted, since control of such local aspects is not of particular concern to the metropolitan area as a whole. The District will have a certain leverage in encouraging local improvements consistent with metropolitan developments by making available substantial metropolitan improvements to those who are willing to underwrite local improvements. For example, if the District constructs a sewer trunk line along a highway (assessing the cost among those potentially benefitted), landowners will be encouraged to go to the additional expense of constructing lateral sewers and hooking into the system. In addition, local improvements may be encouraged by the Environmental Quality Commission through its sanctions, so well demonstrated recently in imposing a building moratorium in Washington County. Hopefully there will develop between the Service District and the local cities and counties within the District a spirit of cooperation which will permit harmonious relations in these regards.

5. *Limited Taxing Authority.* The Service District's only taxing authority is to levy an ad valorem property tax. This form of taxation has become extremely unpopular in the State and much effort is being made to devise new ways to finance necessary governmental functions. It is unfortunate that a new governmental entity such as the District is so limited. It seems not unlikely that this limitation will make it difficult for the District to obtain voter approval of a tax base and authorization for the sale of general obligation bonds to be repaid from ad valorem taxes. Interestingly, if the proposed constitutional revision is adopted by the voters, the District will be empowered to levy its first year's taxes without voter approval. However, to establish the tax base and to levy taxes for the second year of the District's existence, voter approval will be required. This possibility of levying initial taxes without a vote would at least provide the District a chance to gain general voter acceptance of the manner in which it is proceeding so that when the proposed tax base is referred to the voters, approval may be more easily obtained.

It is also unfortunate that the only means to acquire the authority to tax in a different manner must come by legislation. As your Committee interprets the Act, this is not among the things that may come by initiative or referendum within the District. It is hoped that the State Legislature will correct this defect.

6. *Legal Problems.* A number of legal difficulties have been raised, particularly by the City of Portland, but also by others. Most of these have been answered by the Attorney General's office in an opinion dated February 2, 1970. Some questions remain. Among the principal legal questions which may be troublesome in the future are the following:

(a) Since the District has only limited taxing powers (ad valorem tax alone), what will result from the District assuming the functions of Tri-Met—with its much broader taxing power? Can the District assess an employer's tax to finance transit improvements or would the assessment of such a tax be inconsistent with the Metropolitan Service District Act?

(b) With differing boundaries for differing purposes, what of the voting rights of voters within the boundaries for transit purposes but not for other purposes? Could such voters vote upon a matter referred to District voters on such a question as the makeup of the governing body? Would cities within the greater boundaries be entitled to have a voice in the selection of members of the governing body or would only those cities within the initial boundaries have such a right?

(c) The District will have authority under its ad valorem taxing power to classify property on the basis of services received from the District and to prescribe different tax rates for the different classes of property. It is not clear whether such classification may be by area, function of property or in some other manner.

Your Committee believes that questions such as these will arise under any new piece of legislation. The questions are capable of resolution, by Court decision if necessary, or by legislative amendment if desirable.

VIII. MAJORITY CONCLUSION

Despite the imperfections in the Act, and the questions which remain unresolved under the Act, your Committee is persuaded that the Service District presents real possibilities of substantial improvements in meeting some of the pressing needs of the metropolitan area and offers the possibility of expanding to meet additional needs as the District becomes competent to do so and is accepted by the other governments in the region. If the people in the Portland Metropolitan area really want improved services and greater economy for the whole region, they will work together without undue regard for their local concerns. A Majority of your Committee believes that the Metropolitan Service District offers a reasonable vehicle to achieve this, although admittedly experimental and a compromise. It is the opinion of the Majority of your Committee that the experiment should be made and the Metropolitan Service District established in the Portland metropolitan area.

IX. MAJORITY RECOMMENDATION

The Majority of your Committee recommends that the City Club of Portland go on record in favor of the Portland Metropolitan Service District, and urges a "Yes" vote on Ballot Measure No. 7.

Respectfully submitted,

John Ellis Cooper
Allen D. Cover
Stephen B. Herrell
Philip Dean Janney
Boyd MacNaughton, Jr.
George C. Sheldon
Michael H. Schmeer, and
Robert C. Shoemaker, Jr., *Chairman*
For the Majority

X. MINORITY OPINION

The difference between the Minority report and that of the Majority is not due to a great difference of opinion on what is good and what is bad in the Metropolitan Service District Act. Both groups believe that a Metropolitan Service District is desirable, that the services detailed in the Act are appropriate areas for a start, and that the areas of activity should be broadened as the District shows itself capable in handling the initial services. Both groups agree that the problems of sewage treatment and disposal, one of the prime driving forces for authorization of the Act in the Legislature, would proceed to satisfactory solutions if the Act were not adopted. Both groups believe that the inadequate representation of the City of Portland is not good and that the limitations on the means of raising money is undesirable.

The Minority disagrees with the Majority in that it believes that the matters of representation and methods of taxing are of utmost importance, rather than problems which can be worked out.

This is more than an academic point. It is logical to expect—and it has happened time after time—that an elected official will give the interests of his constituents heavier weight than the interests of others to whom he is not responsible. This is historical fact, it is logical, and it is natural. In this case, the City of Portland is put at a very serious disadvantage in the decisions of the governing body. This is particularly critical since one of the big arguments for the Service District is that it is "the best practical step toward a Metropolitan Government for the area." If the Service District is established and if it does in fact become a metropolitan government for the area, the lesser representation for the City of Portland could be disastrous.

The Minority of your Committee thinks it is *terribly* important to keep in mind that the greatest crisis in the metropolitan area is the crisis of the central city core: the fast-increasing demand for services there coincides with the erosion of the tax base. The Minority feels that the crisis that confronts police departments, fire departments, school boards, traffic bureaus, juvenile authorities, and almost any local government unit that can be named, exist in the City of Portland, not in West Linn or Beaverton or Gresham. The problems that arise in Albina or in Lair Hill

Park, in Skid Road north of Burnside or in Roosevelt High School, have no counterpart in the suburbs to which so many of Portland's residents—or at least the more affluent ones who could afford it—have fled. It is not news that the core city is in serious trouble, and that it needs all the help it can get from the residents in the suburbs who in most instances earn their living and make use of the services that the city offers, without contributing to the payment for them. To disfranchise those residents of Portland who remain and who pay higher and higher taxes in order to keep Portland alive, seems to your Minority to be a step in exactly the wrong direction. Yet this is what must be expected because of the way in which the Service District's governing body was set up.

And it is not only the set-up of the governing board. Look at the tax provisions: the only tax that the Service District can levy is a property tax, the tax that is the most regressive and the most haphazard in its impact. It is well known that not all functions of the Service District can be financed through user fees, that some ad valorem taxes will have to be levied. Land in or near downtown Portland is more valuable than in the suburbs; in relation to their income, the residents of Portland's dilapidated districts will feel the weight of these increased taxes more heavily than the residents of Cedar Hills or Lake Oswego. Is that what this fledgling metropolitan government is intended to achieve? The Minority of your Committee does not think so.

The Minority agrees with the Majority that sewer construction will not be affected much by the existence of the Service District. The Minority—and the Majority—look beyond that, to Tri-Met, and to the Park Bureau, the Civic Auditorium, the Planning Commission, and to the water supply and street lighting and the many other services that the Service District could take under its wing.

What will happen? This can be seen in the transportation operation with Tri-Met. Tri-Met cannot rely entirely on user fees or bus fares. It is taxing the residents of the entire metropolitan area by a payroll tax that at least relates tax to earnings, and thus to ability to pay. But if Tri-Met is absorbed by the Service District, will not the payroll tax have to be dropped in favor of the much more regressive property tax? If this happens, affluent owners of low-value land in the suburbs will pay less, and the low income groups living in the City's north or lower east side will pay more. The Minority thinks that this would be a step in the wrong direction.

The Minority of your Committee does not believe that the governing board of the Service District, constituted as it is, can be expected to push for a change in legislation that would remedy these faults. And while the population of the City of Portland is large, it is only 44 percent of that of the District, not a majority for utilizing the referendum or initiative to obtain corrective action. Finally, it is doubtful that the Legislature would be willing to make important changes in the crucial matter of representation so soon after the District is established. The Minority of your Committee believes this important matter should be settled in the original organization of the Service District.

XI. MINORITY CONCLUSION

The Minority of your Committee is seriously concerned that, as it is now proposed, the Metropolitan Service District Act will redirect our public resources away from the central city where they are needed most.

XII. MINORITY RECOMMENDATION

For this reason, the Minority of your Committee opposes the proposed Metropolitan Service District as constituted by this Act and recommends a "No" vote on Ballot Measure No. 7.

Respectfully submitted,
Guenter Mattersdorff, and
Ray C. Chewning
For the Minority

Approved by the Research Board April 30, 1970 for transmittal to the Board of Governors.

Received by the Board of Governors May 4, 1970 and ordered printed and circulated to the membership for consideration and action.

EXHIBIT A

