

SPECIAL DISTRICT FORMATION & MEMBERSHIP WITH SDAO

Whether you have already decided forming a special district suits the needs of your community, or are just beginning to explore the option, where and how to begin can be a daunting prospect. This flyer is meant to provide some general information on special districts, the formation process, and the benefits of membership with Special Districts Association of Oregon.

MEMBERSHIP WITH SDAO

SDAO is a membership association that was formed to be both a self-insurance pool (on the SDIS side), and a membership support organization (on the SDAO side). We do not have control over the formation process itself or the determination as to whether a district may form (that is directed by the County), so we are not directly involved in that part of the process. However, once your district is formed (and should you choose to become a member of SDAO), our role begins. We have many consultants, resources, and services to help and support the district in many different areas.

SPECIAL DISTRICTS IN GENERAL

One of the main benefits of special districts is that they are each established with a very focused purpose at the local level, so assessments, tax dollars, levies, etc. that are collected go directly to the district's programs and purposes – as opposed to general-purpose governments like the City, where many different services and departments need to be funded, and recipient programs may have less control over funding. Special Districts are held to the same accountability standards as cities and counties regarding use of public funds and fiduciary responsibility to the community being served and are subject to the same public entity laws regarding transparency of public records and meetings. They also provide the local community an opportunity to get involved directly with the district, since all special districts operate with a board that is typically elected from electors and/or landowners of the district.

THE FORMATION PROCESS

Once you've decided a special district is the right avenue, the first step in formation will be analyzing the need for the district. As this is particular to different specifics in each case, you will need to form a committee to undertake this step. There is no requirement as to who or how many folks should be on that committee; just a dedicated group that is invested in forming the district and can help with the various steps (and usually some upfront expenses). As for the need analysis, that involves looking at the area to be served, the assessed valuation of the area, the revenue that could be provided, and debt structure, among other things. A feasibility study needs to be completed, and a meeting held (open to the public) to assess voter interest & decide if they will move forward with a petition for formation. The statutes governing formation are under Chapter 198 of the Oregon Revised Statutes. There are also particular enabling statutes for each different kind of special district.

The SDAO administrative handbook has some good information on formation, including a more in-depth explanation of the initial steps, with specifics about what needs to be included in the feasibility study, timeframe for formation, forming the committee to analyze, etc. It can be a very helpful resource to refer to throughout the process.

It is important to engage an attorney versed in local government law at some point (the "when" varies based on the knowledge and comfort level of the committee to get through these initial steps), to help protect the district's interests and ensure the process goes correctly and smoothly. If a formation committee gets to the point of retaining an attorney and needs any recommendations or referrals, SDAO Pre-Loss can assist with the referral.

The clerk for the county will also be an important resource throughout the process. As mentioned above, formation is a county-run process, so it's really all in their hands. It is the county to whom you will submit any formation documents, and who will review and ultimately make the determination whether to approve the district.

Please email help@sdao.com for additional questions

REFERENCES:

What is a Special District? - <https://www.sdao.com/files/a3473de8b/what-is-special-district.pdf>

Chapter 198 of the Oregon Revised Statutes - https://oregon.public.law/statutes/ors_198.705

County Elections Officials: <https://sos.oregon.gov/elections/pages/countyofficials.aspx>

SDAO Administrative Handbook: <https://www.sdao.com/files/485fb99b7/2022+SDAO+Administrative+Handbook.pdf>