Special Districts and Public Service Delivery: An Analysis of a Corvallis Park and Recreation District

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Executive Summary

In 2011, the city of Corvallis faced severe budget cuts which threatened services and facilities administered by the Corvallis Parks and Recreation Department. In an attempt to stabilize funding, the City started to explore the possibility of transferring park and recreation services to a special taxing district. The August, 2012 Feasibility Study for the Establishment of a Park and Recreation District for the City of Corvallis was the first attempt to assess the viability of a park district in Corvallis. This policy brief was commissioned by the League of Women Voters in Corvallis, to learn more about the potential impacts of the development of special taxing districts in the City with a particular focus on parks and recreation. The brief aims to summarize the important findings of the feasibility study, expand on its analysis, and identify areas for future investigation.

Special Districts.

Special taxing districts are fiscally and administratively independent, deliver one or a limited number of services, and generally have the same powers to levy taxes and debt service as general purpose governments. Their primary role is a financing mechanism for the installation, operation, and maintenance of public infrastructure. Two prominent schools and opposing lines of thought dominate the academic literature on special taxing districts: public choice theory & the municipal reform approach.

Public Choice Theory

- Competition among public service providers promotes efficiency
- Targeted boundaries results in responsive service delivery
- A variety of service providers enhances public choice and creates unique communities
- Smaller units of government make it easier to monitor government activity

1 The Oregon State University Policy Analysis Laboratory (OPAL) works to inform and improve public policy in Oregon and beyond through independent, objective, nonpartisan policy analysis conducted by OSU graduate students on major social, economic, ecological, and political issues.
Municipal Reform Approach

- Fragmented governments lose economies of scale
- Multiple layers of government complicates coordination and duplicates costs
- Low awareness and poor voter turnout reduces public accountability
- Pro-growth agenda may conflict with sustainable goals of local government

Park and recreation districts

Research specific to parks and recreation districts disproportionately focuses on the Midwest where park districts are most concentrated. The limited research suggests park departments and districts perform similarly, with success largely dependent on state regulations. Not surprisingly, larger expenditures in park services results in a greater quantity and quality of services. The research shows that park districts tend to spend more than departments and thus administer on average more facilities and programs than departments. However, adjusting for per capita expenditure finds that departments utilize their revenues more efficiently. It appears that regardless of government structure, park services are most efficient and effective when administrators exercise sufficient autonomy. An indicator of performance is the level of public satisfaction, yet the research is inconclusive and somewhat contradictory in this area. While citizens tend to report similar levels of satisfaction for both park districts and departments, they seem to favor the concept of a decentralized park administration.

Corvallis Parks and Recreation District

Advantages of a Corvallis PRD:

- Stable revenue for park and recreation services
- Financial flexibility to meet the goals of the Corvallis Parks and Recreation District’s Master Plan
- Reduced strain on Corvallis’ general tax fund
- Matches funding from taxes with populations using the service

Disadvantages of a Corvallis PRD:

- City loses a core service from its portfolio
- A likely overall increase in taxes
- Affects funding for other public services
- Risks changes in the current high levels of satisfaction

Critical Questions:
• What boundary maximizes tax revenue while minimizing risks of over-extension?
• Will Corvallis agree to neutralize the initial rise in taxes?
• What trade-offs in service are Corvallis voters willing to make?
• Will the City and park district share a similar vision for the future of Corvallis?
• What role will special districts have in the future for Corvallis and Benton County?

A park district does not solve the City's underlying issue of limited property tax revenues and underfunded public services. Rather, it adjusts which programs receive priority when reductions in revenue occur. Public officials and residents will need to consider what trade-offs in service they are willing to make and which programs provide the most value to the City. For instance, is increasing bike and pedestrian paths more valuable than Sunday library hours? A park district is likely to increase park and recreation funding to levels above what is currently available. Positive experiences from park and recreation districts in the state indicate Oregon’s regulations provide favorable conditions for district operation. However, districts are not a panacea. Districts pose a number of challenges and many questions surrounding a park district in Corvallis remain unanswered. Early efforts to gauge public support and estimate the impacts on shared tax revenue will address some concerns. The extent to which a park district affects other public services and whether it will seamlessly integrate with City and County government will likely take years of operation to determine.
**Special Taxing Districts**

Historically, citizens expect government to provide high quality, low-cost services through efficient use of public tax dollars. However, local governments with tight budgets and a multitude of needs vying for public funds often struggle to improve or even maintain services within their boundaries. Budget shortfalls may result in non-essential programs like parks, libraries and community colleges becoming severely underfunded or defunct, despite strong objections by citizens.

County and city governments throughout the United States have increasingly responded to these difficulties by implementing special taxing districts (Turk, 2004). Special taxing districts are separate government entities, which typically administer a single service within a defined geographical boundary. Some districts provide a new service, while others acquire responsibilities once held by general-purpose governments. The services they provide are broad, ranging from essential functions like fire protection, highways, and hospitals, to more obscure tasks of water irrigation and upkeep of cemeteries. Since 1952, special taxing districts in the United States have increased over 200%, with 38,266 special districts comprising 40% of local government in 2012 (U.S. Census Bureau, 2012). The structural changes in local government have been dramatic, as special taxing districts have quickly become an integral part of local governance.

The Census Bureau differentiates special districts from other forms of local government (county, municipal, township, and school district) in that they provide one or a limited number of specialized functions designated by state law. They must also be fiscally and administratively independent, with the power to make all financial decisions, such as budgeting, levying taxes, and debt service, without the oversight of another government. The unique mix of public and private sector characteristics distinguishes special districts from other forms of governance. They hold the benefits of a public institution, including financial reach, tax-exempt status, and quasi-monopolistic service delivery, with the advantages of political isolation, management flexibility, and financial discretion typically reserved for private entities (Foster 1999).

Localities implement special taxing districts for three primary purposes: 1) to provide a new service, 2) deliver a higher level of service, and 3) as a method of financing. Experiencing the early rise of special districts in the 1950’s, Bollens (1957) suggested they form because of the “unsuitability of existing general local governments in terms of their area, financing functions, or administration, or the attitudes of those controlling them.” Recent analysis attributes the rise of districts to public demand for new services in conjunction with reduced service delivery by local governments (Foster 1999). They are especially attractive during economic downturns. The first surge of special districts occurred during the New Deal era as a way to bypass bureaucratic obstacles and stimulate a failing economy. During the most recent economic recession in the late 2000’s, new districts expanded to administer services that consolidated governments were unable to provide (Maynard, 2013).
Special districts offer a useful alternative for service delivery because they can finance projects through multiple avenues and are often able to circumvent spending and debt limits imposed on general purpose governments (Marlow, 1995). The primary source of operating revenue for special districts comes from property taxes and program or service fees. Additionally, many districts issue debt in the form of general purpose and revenue bonds2 in order to fund large, capital-intensive projects. Though some argue special taxing districts deliver additional benefits, their primary role remains a tax-exempt financing mechanism for the installation, operation, and maintenance of public infrastructure.

**Special Taxing Districts & General Purpose Governments**

The financial flexibility provided by special taxing districts remains relatively non-controversial; however, there is debate on their ability to supplant service delivery by general-purpose governments. Two prominent schools of thought dominate the literature on special taxing districts. Advocates of public choice theory find that special districts enhance interjurisdictional competition, which improves the variety and quality of services (Halter, 2003). Conversely, proponents of the municipal reform approach argue that special taxing districts lose benefits from economies of scale, create duplication of costs from jurisdictional overlap, and operate with little public oversight (Berry, 2009). Research comparing special and general purpose governments focus on the cost and quality of services and government accountability.

**Cost & quality**

Like any other good, citizens expect quality public services delivered at a competitive cost. Proponents of special taxing districts find that partitioning local government into specialized, autonomous districts stimulates competition and increases efficiency. Dilorenzo (1981) supports this position in his research on water and fire districts in California and Oregon. He found that restricting special taxing districts, “contributed substantially to the overall increase in general expenditure” (p. 575). Mehay (1984) comes to a similar conclusion on fire districts, although the same was not true in his sample of parks. Both Dilorenzo and Mehay interpret their results using rational theory, suggesting government consolidation incentivizes public officials to neglect monitoring responsibilities, which leads to increased service costs. Others cite similar results, which suggest districts are no worse and often superior to general-purpose governments in the delivery of public services (Macmanus, 1981; Nelson 1987). In a review of multiple studies, Boyne (1992) found evidence of a relationship between special taxing districts and lower spending, but only in some instances. Though hesitant to draw conclusions from limited and conflicting evidence, Boyne does note that special districts are often

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2 Revenue bonds are distinguished by their repayment from revenue created by a specific project, rather than from a tax.
involved with large projects where investment in capital assets typically raises the overall cost of services.

A separate, but related argument finds special districts are more responsive and deliver a higher quality product than their competition. Districts are lauded for their democratic approach that allows citizens to create high quality services where demand is present (ACIR, 1987). In a recent study, Harrigan and Vogel (2006) suggest fragmented government allows individuals to “shop” for neighborhoods that provide a package of services that meets their needs. Much of the literature confirms that services improve once a taxing district is in place (Foster, 1997, Carruthers, 2003). Further supporting this claim is McCabe’s (2004) analysis of longitudinal data that found city and county efforts to consolidate government often resulted in a general decline in the quality of its services. These authors emphasize the advantages from targeting district boundaries around populations with common values and needs.

Despite some evidence that special districts result in increased efficiency, a recent trend in the academic literature suggests the opposite is true. Many argue that proliferation of governments in a community can create conflict over scarce property tax based resources and introduce regional coordination issues. Berry (2009) found that districts with higher instances of jurisdictional overlap correlate with higher spending and tax burdens. Based on his research of library districts and an extensive review of academic research, he concludes that “special-function districts are less efficient and provide no better quality than general-purpose governments” (Berry, 2009 p. 146). This echoes the concerns espoused by the Washington State Local Governance Committee, which addresses the duplication of costs caused by coordination challenges in areas with special districts (Washington State, 1988).

Coordination issues commonly arise because of contentious relationships among departments (Mullin, 2007) and barriers to bringing diverse interests to the planning table (Orfield, 1997). Special districts, with narrow and district-oriented goals, often lack the broad perspective needed to assess community priorities and pursue a balanced use of scarce resources (Barlow 1991). Foster (1999) examined a number of studies and found special districts tend to increase expenditures even when controlling for capital costs. Although this finding is important, Foster’s research revealed that “special districts influence public policy in ways often inconsistent with public goals, particularly with respect to growth and development” (p. 76). A number of studies confirm that in general, spending and development both increase with implementation of special districts (Eberts and Gronberg, 1990; Zax, 1989). In other words, special districts may operate with a
capital intensive, pro-growth agenda that runs counter to a community’s vision for sustainable development.

**Government accountability**

Although the majority of research indicates government accountability declines with special taxing districts, some have found benefits stemming from political isolation and specialization. One argument is that special districts are more flexible in their operation and personnel practices, making it easier to hire “impartial experts” that exist outside of the pressures of partisan politics (Smith 1969). Axelrod (1992) provides examples of difficult policy choices, such as the location of low-income housing or landfills, which is often influenced by special interests or political pressure within general purpose governments. District isolation allows public officials to make necessary, yet unpopular policy decisions for the public good. There is also a consensus that the size and complexity of government affects the average citizen’s ability to assess its performance. Mehay (1984) suggests smaller units of government make it easier to monitor government activity. Special districts may increase accountability simply because citizens experience a more direct link between their taxes and the services they provide (MRSC, 2003).

A number of critics challenge claims of increased accountability with special districts. They argue the proliferation of government units can cause confusion among taxpayers (Bollens, 1957; Killian and Le, 2012). Whereas most agree that smaller units of government are easier to monitor, citizens find it difficult to track districts as their numbers increase (ACIR, 1987). A recent study by Killian and Le (2012) found that citizens are more aware of the objectives and financial practices of general-purpose governments and less familiar with the special districts that serve them. Washington State’s 1988 report on local governance identified that citizens often struggle to determine which government is responsible for providing certain services when special districts deliver water, parks, and library services to a community. In fact, many individuals are unaware they pay taxes to a special district (Spitzer, 2007).

Lack of awareness of special districts is also a concern because of its impact on the democratic election process (Senate Local Government Committee, 2010; Axelrod, 1992). The 1988 Washington Legislative Budget Committee report noted a large percentage of special district races went uncontested (MRSC, 2003). New York reported particularly low rates in their special district elections, which ranged from 2 to 14 percent (LGEC, 2008). Both Washington and New York blame the frequency of elections and their off-dates, which do not coincide with general elections, for low turnout in district elections.
Clearly, no consensus exists on whether special taxing districts offer an improvement over general-purpose governments in the delivery of public services. Differences in the structure and powers of districts across states limit the possibility for broad generalizations of their efficacy. Case studies and internal evaluations are equally lacking. Washington and Idaho both recently identified the lack of a formal mechanism to evaluate special districts as an ongoing issue in their local governments (Legislative Audits Division, 2014; MRSC, 2003). With limited empirical research, the academic debate is mostly limited to theoretical positions of centralized and decentralized government. While this should not limit public officials and community members from considering special taxing districts, it does heighten the need for careful assessment and diligent research prior to implementation.

**Parks & Recreation Districts**

The use of special districts to administer parks and recreation services originates from a successful experiment by New York City in 1854. The City created a commission to depoliticize the provision of parks and recreation services, whose focus was the development of Central Park (Emanuelson, 2008, April). Following this model of success, a number of states now have some form of park district that spans a range of services, including open space protection, land conservation, environmental education, and leisure activities. Local governments increasingly offload parks and recreation responsibilities to special districts because park infrastructure requires large capital investments and benefits from district boundaries drawn according to service use. The impact of tax limitations and pressure on general funds also encourages development of park districts. Flickinger and Murphy (1990) provide insight from a park director in Illinois who highlights the importance of district status. In Glen Elkey’s experience, departments tend “to take a back seat to streets, police, fire, utilities, and other ‘mandatory’ services when [it is] time to set or cut budgets and hire qualified personnel.” In contrast, special districts can focus on “major objectives without having to compete with other city or county departments” (1990, p. 153). Though parks and recreation are a common form of district, empirical research on their effectiveness is limited in both quantity and scope.

A disproportionate amount of research on parks and recreation districts is concentrated in the Midwest where they are most prevalent. The Illinois Park and Recreation District Association (IPRA) has been at the forefront of park and recreation district advocacy and research. Their bi-monthly publication features several articles from researchers summarizing studies on park districts in and around Illinois. While their results appear valid, the studies are not peer-reviewed and they lack rigorous reporting of their methodologies. Nevertheless, IPRA
publications and its authors are the only source of recent studies evaluating this important form of government.

A recent study published in IPRA by Mulvaney et al. (2008) sampled households residing in Illinois park districts to gauge their satisfaction and opinion of their local parks. The results indicate that citizens have equally high rates of satisfaction for both park districts and departments in Illinois. The research also finds Illinois park districts suffer from the same criticism of districts in general; upwards of 48% knew nothing about the district’s effectiveness or the extent to which the district cooperates with other local governments. Despite limited knowledge on the operation of park districts, respondents overwhelmingly felt they were superior to park services delivered by “consolidated government” (Mulvaney et al. 2008). The preference for park districts may result from consistently positive experiences and a sincere belief that they are superior to general-purpose government, or it could suggest a negative association with “consolidated government.” The authors do not attempt to explain this peculiarity in the data.

In a more methodologically rigorous study, Emanuelson (2008, Sept/Oct) presents findings in IPRA from a survey of park agencies comparing amenities and programs offered by park districts and departments in seven Midwestern states. The results show park departments are superior to districts, offering more facilities, fields, and pathways per acre. On the other hand, districts on average offer a greater number and diversity of recreational programs. A follow up unpublished paper by Emanuelson (2008, April) expands on the previous report to include ten Midwestern states with several measures of efficiency and effectiveness. Not surprisingly, larger expenditures in park services resulted in a greater quantity and quality of services. The research shows that park districts tend to spend more than departments and thus administer on average more facilities and programs than departments. However, adjusting for per capita expenditure reveals that departments utilize revenues more efficiently. The larger sample found park districts provide, on a per capita basis, fewer facilities, recreational programs, and fewer acres of parkland than the average parks and recreation department.

These results conflict with a 2002 study limited to Illinois that found departments and districts provide a similar number of parks and amenities per capita (Emanuelson 2008, Sept/Oct). Emanuelson indicates the difference between studies—the number of facilities and programs—illustrates the significant role of state policy in the autonomy and effectiveness of special districts. Whereas Illinois park districts appear to have greater discretion in their programs, departments in other states have greater autonomy to build facilities. Though differences between districts and departments were not extreme in any of the studies, overall, park
departments appear to receive similar rates of approval, while delivering a slightly higher quality and quantity of parks and recreation services in the Midwest.

**Oregon park districts**

Regulations set forth by each state largely determine the power, structure, and responsibilities of park districts. The Oregon Revised Statutes (ORS) Chapter 266 govern parks and recreation districts (PRDs) in Oregon. A park and recreation district must consist of a three- or five-member elected board and conform to “all of the rules associated with any other local government of the state” (City of Corvallis, 2011, p 3). According to ORS 266.410, districts have the authority to “construct, reconstruct, alter, enlarge, operate and maintain such lakes, parks, recreation grounds and buildings as… are necessary or proper.” The same statute grants districts the broad power “to do and perform any and all acts necessary and proper to the complete exercise and effect of any of its powers or the purposes for which it was formed.” Though most park districts share similar characteristics, regulations governing the formation procedures, financing mechanisms, and boundaries distinguish districts across state lines.

**Formation**

In Oregon, there are three methods to forming a special taxing district. The first option is for all landowners in a proposed district to petition the county board for the formation of a park district. This route does not require an election. However, it does require approval by the county board based on findings from an economic feasibility study submitted by the petitioners. A second option is for 15% of registered voters within a proposed district to submit a petition for district formation and a feasibility study. Third, the county board may initiate the formation of a district to be located entirely within the county. If formed by one of the latter two options, a public hearing is held and a vote occurs if: 1) at least fifteen percent of electors or 100 electors file written requests for a formation election or 2) the initial petition for formation includes a permanent rate limit for operating taxes or a property tax for bonds. (Or. Rev. Stat. §§198.749-835).

**Financing**

Park districts have three primary methods of funding. First, a district may implement a fixed property tax that cannot exceed the permanent rate limitation approved by voters at the time of formation (Or. Rev. Stat. § 266.512). Furthermore, the revenue generated from property tax may not exceed one-half of one percent (0.005%) of the real market value of all taxable property within the district. Second, a PRD may issue general obligation or revenue bonds to raise revenue for land acquisition, construction and improvements. Statutes cap the
aggregate amount of general obligation bonds at two and one-half percent (2.5%) of the real market value of all taxable property of the district (Or. Rev. Stat. §266.514). On the other hand, revenue bonds are not subject to debt limitation and payable only from the unobligated net revenue of the district or recreational facility of the district. Finally, an indirect method of revenue generation is for a district to establish sinking funds\(^3\) in its budget to defray the costs of construction projects and land acquisition (Or. Rev. Stat. §266.430). Implementation of a sinking fund requires an adopted resolution from the district board.

**Boundaries**

The Oregon statutes do not offer assistance or regulations for determining the boundaries of a park and recreation district other than requiring a boundary map with the formation petition. Boundaries may reflect existing county, city or other district boundaries. Additionally, unique boundaries can be drawn according to a number of factors, including park and program usage, existing and planned infrastructure, as well as voting sentiment.

**Corvallis Park District**

According to the 2012 census, Oregon has 47 park and recreation districts, which ranks eighth most in the United States (Census Bureau, 2012) (see Appendix A). While some states offer multiple district options that can finance parks and green space, a park and recreation district is the only special district available to cities in Oregon (The Trust for Public Land, 2007). This has resulted in considerable range in the function, size and, scope of Oregon’s park districts. For example, the Vineyard Mountain Park and Recreation District manages 30 acres of open space and leases a single pool with an annual operating budget under $10,000 (Vineyard Mountain Park, 2013). In comparison, Tualatin Hills Parks and Recreation District owns and maintains 2,240 acres, including multiple pools, recreation centers, and parks. The Tualatin Hills District incorporates a population of 230,000 and operates on a $42 million budget (Tualatin Hills Park, 2014).

The City of Corvallis began exploring the possibility of a park and recreation district in 2011 when severe budget cuts threatened multiple facilities operated by the Corvallis Parks and Recreation Department. Faced with closures of both the aquatic and senior centers, the community passed a three-year operating levy, which allowed them to continue operating. It also provided the Department time to explore ways of lessening its dependence on the City’s general tax-supported funding (Corvallis Parks and Recreation, 2013). The City Council commissioned a feasibility study for a parks and recreation special taxing district with the

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\(^3\) A sinking fund is a method of setting aside money over time for future capital expenses
expressed goal of providing “operating and limited capital funding to support the provision of parks and recreation services within the Corvallis urban area” (City of Corvallis, 2012, p. 1). The report outlines the relevant regulations for a PRD, summarizes its potential impacts, and suggests future steps for implementation. It relies heavily on input of staff from six park and recreation districts selected for their comparability in size and function to what a district in Corvallis might look like. Additionally, community stakeholders, including a county commissioner, school district officials, and administrators from Philomath and Adair Village, provided their perspectives on a PRD.

The study concludes that a special taxing district is a viable option to deliver park and recreation services in Corvallis. The benefits cited in the report include greater financial flexibility for park and recreation services and reduced pressure on the general fund from transferring assets, personnel, and liabilities away from the City. However, the report also notes a number of other impacts. The authors dedicate a substantial portion of their analysis on the effect a district would have on the current state of tax compression in Corvallis. Tax compression, or limitation, sets a cap on the amount of property taxes that governments can collect from each land parcel. If taxes for the city's general fund exceed the maximum limit, taxes are “compressed” starting with local option levies. Drawing on the experiences of other counties in Oregon, the study determines an additional property tax from a PRD will “likely” increase compression loss. Other considerations identified in the report include the City’s loss of a core service from its portfolio and the coordination challenges of an additional layer of government.

Additionally, through consultation with PRDs in Oregon and local stakeholders in Corvallis, the report presents a number of recommendations for moving forward with a PRD. The first step is to collaborate with Benton County and Corvallis officials to estimate the effects of tax compression and assess the likelihood of a tax neutralization. Early community outreach should identify voter willingness to support a PRD and attempt to inform voters of its benefits. Should Corvallis decide to form a PRD, most all respondents recommend a five-member board, a boundary that extends beyond the City limits (perhaps using school district boundaries), early transfer of all park assets from the City to the PRD, and a set property tax rate.

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4 Under Measure 47/50, tax compression may occur when a property’s real market value declines to below the maximum assessed value. Compression may also result from Measure 5, which imposes a property tax cap of $10 per $1,000 of real market value for general government (League of Oregon Cities).
Justification for a park district

On the surface, transitioning the Corvallis Parks and Recreation Department to a park and recreation district appears attractive for a number of reasons. First, by all accounts, public support for parks and recreation services in Corvallis is extremely high. In the Department’s most recent master plan, a poll shows citizens are satisfied with services, but still desire an expansion of facilities and programs (Corvallis Parks and Recreation, 2013). However, tax limitations and budget cuts hamper the City’s ability to invest in park and recreation infrastructure. The literature review suggests this is an ideal situation for the implementation of a special taxing district. A Corvallis PRD with financial flexibility and potential revenue from incorporation of Adair Village and Philomath offers the funding mechanisms most likely to achieve the ambitious goals outlined by the Corvallis Parks and Recreation Department’s Master Plan. A well-researched and targeted district boundary can also resolve another issue identified by the Parks and Recreation Department. Currently, some programs offered by the Department are at capacity because of non-resident participation from adjacent communities (Corvallis Parks and Recreation, 2013). Rather than increasing or restructuring service fees, a district could stabilize revenue and ensure financial support is commensurate with usage.

Furthermore, the interviews included in the feasibility study and comments from other park and recreation district staff indicate their programs are successful and have maintained effectiveness during times of economic strain. While some districts are experiencing financial pressure, the PRDs state that they remain healthy and continue to receive high satisfaction rates. Each PRD respondent also expressed optimism for the utility of a park district in Corvallis. Research on park districts shows that state regulations play a significant role in their effectiveness. The positive experiences in Bend, Clackamas, Beaverton, and Redmond, suggest park districts under Oregon state statutes have significant autonomy and the resources to administer high quality park and recreation services.

Trade-offs of a park district

Despite the potential benefits delivered by a parks and recreation district in Corvallis, there should be a careful consideration of both short and long-term impacts to the City, its residents, and its parks. Even with reduced budgets, the Parks and Recreation Department maintains positive levels of public satisfaction and high usage rates, which are both consistently above the national benchmark (Corvallis Parks and Recreation, 2013). Removing parks and recreation from City administration risks current levels of public satisfaction and transfers an important and politically attractive resource for the City. Although the feasibility report briefly mentions the potential loss of political capital and public sentiment
for City government, there is little discussion of the implications. Several interviewees in the Corvallis feasibility study warned of the potential for strained relationships between units of local governments and cited their districts’ ongoing challenges with city government. Corvallis’ authority over the Parks and Recreation Department ensures park development and its funding coincides with the broader goals of the City. A park district that competes for revenue while pursuing self-interested aims could disrupt government coordination in Corvallis.

Furthermore, it should not be assumed that the success of other similarly sized park districts in Oregon will translate to Corvallis. Many of the districts developed decades ago under different political atmospheres and under a less constrained economic environment. Whereas research on special taxing districts remained mostly supportive until the 1980’s, the most comprehensive and recent studies have found they are a problematic trend in government (Foster 1999; Berry, 2009). Of the six PRDs represented in the feasibility study, the most recent, North Clackamas, formed in 1990, while the others span from 1944 to 1975. In fact, only three of Oregon’s 15 largest park districts have formed since 1990 (See Appendix A). Respondents in another park feasibility study in Oregon forewarned of the difficulty in proposing an additional tax in the current political climate (Atkins et al., 2012).

If compression in Corvallis continues, the addition of a PRD will affect funding for other services. Depending on where a PRD boundary is drawn, it could affect just one taxing district in Corvallis, or any number of the 24 districts dispersed throughout the county (see Appendix B). Perhaps most troubling is the impact tax compression would have on the Corvallis and Benton County local option levies. Local option levies, a supplementary funding mechanism for library services, police personnel, social services, and other public services, are the first to experience reduced tax capacity from compression. Once local option levies are “compressed,” special taxing districts then experience reductions in their property tax revenues. While looking to other park districts as a model is important, the impact of compression is unique to each community and is a difficult event to forecast accurately. Voters and public officials must prioritize public services and expect some will inevitably remain underfunded.

Finally, a number of critical questions regarding the creation of a PRD in Corvallis remain unanswered. While it appears residents share a desire to improve park services, it is unclear whether they are willing to invest in their improvement and development. The top three facilities to add, improve or expand according to the Parks and Recreation Department’s survey are not the popular projects that typically draw strong voter support. For instance, many park districts in Oregon, especially recent ones, formed to create or rehabilitate a community pool (Atkins
et al. 2012). Without a central project, such as an aquatic or community center, a park district may not receive the public backing needed to succeed.

It is also uncertain if a Corvallis PRD can extend the level of service necessary to warrant incorporation of Philomath and Adair Village. Without sufficient incentive, it is unlikely they would agree to the increase in taxes. District proponents must consider the need to maximize property tax revenue, while minimizing the risk of over extending district resources. Lastly, determining whether the City will agree to a tax neutralization will be critical to the early support for district formation. A commitment by the city to offset tax increases for a set amount of time would greatly enhance the attractiveness of a district. Nevertheless, it is important to recognize that any tax neutralization is not indefinite; a district is an independent government and ultimately expected to sustain its own operations without assistance from other agencies.

Future discussion of a PRD must consider the long-term role of special districts in delivering City services. Continued population growth and the resulting demand for public services will remain an ongoing challenge for Corvallis. Will other services like the library and fire department be targets for future districts? “Proliferation” of special districts in Corvallis is not an immediate concern, but experiences in Oregon show that over-reliance on districts to overcome revenue shortfalls can quickly become problematic. Facing similar challenges precipitated by population growth, The Dalles transferred its parks and recreation, library, and fire protection services to special districts during the 1980s and 1990s. Analysts now attribute the growing compression problem in The Dalles to its numerous special districts. (League of Oregon Cities, 2013). While voters can opt to dissolve a special district and transfer the responsibilities back to the City, it is a difficult and often impossible process. Districts are typically a lasting component of local government because of their capital-intensive projects and long-term investments (Babcock and Larsen, 1990). One PRD respondent in the feasibility study mentioned a “trial period,” where the city could lease park services and property until the district becomes stable. Although this might complicate the future transfer of assets, it does afford an opportunity to evaluate a district in a limited role prior to significant investment.

**Conclusion**

The evidence considered in this report supports the Corvallis feasibility study’s finding that a PRD is a viable alternative to administer park services in Corvallis. In fact, a park district appears to be the only immediate solution that can provide the funding necessary for the infrastructure development and service improvement advocated by the Parks and Recreation Department and supported
by residents of Corvallis. Nevertheless, park district advocates have critical concerns which must be addressed prior to district formation. Serious questions warrant prolonged discussion between City officials and voters to weigh the consequences for parks and recreation services and the City in general. Should a PRD be placed on the ballot and receive voter approval, the City, County, school districts, and park district will need to maintain close coordination and develop a unified vision for the development and future of Corvallis.
References


City of Corvallis, (2012). *Feasibility study for the establishment of park and recreation district for the city of Corvallis*


Municipal Research and Services Center of Washington (MRSC), (2003). *Special purpose districts in washington state* (Report No. 58)


Appendix A

Oregon Park Districts

1. Tualatin Hills Park & Recreation (Washington County) – Formed 1955
2. North Clackamas Regional Park (Clackamas County) – Formed 1990
3. Aquatic-Tigard Tualatin (Washington County) - Formed 2010
4. Bend Metro Park & Recreation (Deschutes County) - Formed 1974
5. Willamalane Park & Recreation (Lane County) - Formed 1944
6. Lake Grove Park & Recreation (Clackamas County) - Formed 1958
7. Central Oregon Park & Recreation (Deschutes County) - Formed 1975
8. Chehalem Park & Recreation (Yamhill County) - Formed 1967
9. Hood River Park & Recreation (Hood River County) - Formed 1988
10. Lebanon Aquatic (Linn County) - Formed 1967
11. Sunset Empire Park & Recreation (Clatsop County) - Formed 1969
12. Greater St Helens Park & Recreation (Columbia County) - Formed 1939
13. Sisters Org For Activity/Recreation (Deschutes County) - Formed 1955
14. North County Recreation ( Tillamook County ) - Formed 1997
15. Northern Wasco Park & Recreation (Wasco County) - Formed 1984
16. Morrow County Unified Recreation (Morrow County)
17. Ward Park & Recreation (Klamath County)
18. Crook County Park & Recreation (Crook County)
19. Lapine Park & Recreation (Deschutes County)
20. Sutherlin Park & Recreation (Douglas County)
21. Madras Aquatic Center (Jefferson County)
22. River Road Park & Recreation (Lane County)
23. Lower Umpqua Park & Recreation (Douglas County)
24. Clatskanie Park & Recreation (Columbia County)
25. Boardman Park & Recreation (Morrow County)
26. Jefferson Park & Recreation (Marion County)
27. River Bend Park & Recreation (Douglas County)
28. Willow Creek Park (Morrow County)
29. High Desert Park & Recreation (Harney County)
30. Watson-Athena Park (Umatilla County)
31. Grant County Park & Recreation (Grant County)
32. Yoncalla Park (Douglas County)
33. North Douglas Park & Recreation (Douglas County)
34. Riddle Park & Recreation (Douglas County)
35. Bonanza Big Springs Park & Recreation (Klamath County)
36. Irrigon Park & Recreation (Morrow County)
37. Elgin Park & Recreation (Union County)
38. Pilot Rock Park & Recreation (Umatilla County)
39. Dufur Park & Recreation (Wasco County)
40. Helix Park & Recreation (Umatilla County)

Organized from greatest to least by district’s 2012-2013 total assessed value (Oregon Department of Revenue, 2013). Author gathered formation dates from district and other government websites.
41. Merrill Park & Recreation (Klamath County)  
42. Malin Park & Recreation (Klamath County)  
43. Vineyard Mountain Park & Recreation (Benton County)  
44. Millicoma Park (Coos County)  
45. Christmas Valley Park & Recreation (Lake County)  
46. Poe Valley Park & Recreation (Klamath County)  
47. Unity Community Hall Recreation (Baker County)
Appendix B

Benton County Special Taxing Districts 6

A. Fire & Rescue
   1. Adair Rural Fire Protection
   2. Alsea Rural Fire Protection
   3. Blodgett-Summit Rural Fire Protection
   4. Corvallis Rural Fire Protection
   5. Hoskins-Kings Rural Fire Protection
   6. Monroe Rural Fire Protection
   8. Palestine Rural Fire Protection
   9. Philomath Fire and Rescue

B. Water Control
   10. Dumbeck Lane Domestic Water Supply
   11. Junction City Water Control

C. Soil & Water
   12. Benton Soil and Water Conservation7

D. Park & Recreation
   13. Vineyard Mountain Park and Recreation

E. Cemetery districts
   14. Alsea Cemetery

F. Road
   15. Brownly-Marshall Road
   16. Chinook Road
   17. Country Estates Road
   18. Marys River Estates Road
   19. McDonald Forest Estates Road
   20. North F Street Road
   21. Oakwood Heights Road
   22. Ridgewood Road
   23. Rosewood Estates Road
   24. Vineyard Mountain Road
   25. Westwood Hills Road

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6 Data collected from the Benton County Clerk, Elections & Passports Office. Education districts are omitted.
7 Boundaries overlap with the City of Corvallis