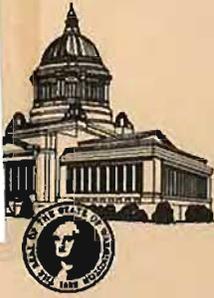


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STATE OF WASHINGTON
LEGISLATIVE BUDGET COMMITTEE
506 EAST 16th AVENUE
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98504

REVIEW OF SPECIAL PURPOSE DISTRICTS

Report No. 88-3

A Report to the
WASHINGTON STATE LEGISLATURE
August 5, 1988

MAR 30 1989

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Cheryle A. Broom

August 5, 1988

TO: Legislative Budget Committee
FROM: Cheryle A. Broom^{VB}, Legislative Auditor
RE: SPECIAL PURPOSE DISTRICTS - PRELIMINARY REPORT

SUMMARY

BACKGROUND

This review of special purpose districts was mandated by EHB 39, enacted during the 1987 legislative session. That bill requires the Legislative Budget Committee to review the authority to establish the districts and to make recommendations for their continuation, modification, and termination. The statute set a five-year timeframe for the review.

After considering the magnitude of the project and recent other studies, the Legislative Budget Committee approved a review scope which would study the districts in a few counties, starting with Thurston and Skagit Counties. This report contains the results of that review.

REVIEW APPROACH

The review team looked at whether the special purpose districts are: (1) operating in accordance with legislative intent, (2) are actually needed to provide services, and (3) are functioning in an efficient and effective manner.

In the course of conducting the review, the LBC staff focused their efforts on the activities of the fire protection districts and the diking and drainage districts, since they are the most active and numerous in the counties surveyed.

FINDINGS AND CONCLUSIONS

After reviewing the special purpose districts in Thurston and Skagit Counties, The review team makes the following observations:

- 0 Special purpose districts appear to have been established and to be operating within the intent of the legislation authorizing their creation.
- 0 Special purpose districts appear to fulfill a need in providing services to the citizens of their districts.
- 0 Based on our review of fire, diking and drainage districts (only), these services appear to be provided in a relatively effective manner. There was insufficient data available to assess efficiency.
- 0 There appears to be close informal coordination between county administrators and SPD personnel on matters of mutual interest, but these activities are short range in nature. Moreover, there appears to be an absence of long-range planning for special purpose district services.
- 0 There was little interest by local general purpose governments in performing the functions of the special purpose districts.
- 0 There were few formal mechanisms in place to promote coordination of services between like districts. Countywide mutual aid agreements for fire districts and some ad hoc flood control committees were the exceptions.
- 0 There is no county-wide oversight mechanism for evaluating the efficiency and effectiveness of special purpose district operations. Ongoing accountability of decisions and performance at the district level appears more limited than for general purpose governments.
- 0 If it is determined that special purpose districts should be eliminated or combined in the interests of efficiency and effectiveness, there is no simple way under state law to effect the consolidation. Any changes that need to be made to consolidate or eliminate special purpose districts cannot be made on a county-by-county basis by the legislature. This can only be done on a district class-by-class

basis (e.g., all water districts or all sewer districts) pursuant to the constitutional prohibition against special legislation.

COMMITTEE DISCUSSION

It should be noted that this report includes the results of the fieldwork from only two counties. However, the review team believes that the results of the review to date indicate the desirability of establishing a formal oversight mechanism within the counties to ensure special purpose districts provide their services in the most effective and efficient manner. This is the major policy issue of this review.

The report suggests that, if it is deemed warranted, the counties could periodically conduct independent assessments of the utility of the special purpose districts within their jurisdictions and make recommendations for any changes in organizational mode or resource allocations.

The report also suggests that County Legislative Authorities could be given the power to eliminate, consolidate, or take other actions to maximize the services that the special purpose districts provide if there is clear evidence that the changes would benefit the public and that the districts would not otherwise effect needed changes.

The review team has solicited comments on the report from the county commissioners and auditors of Thurston and Skagit Counties, and the Washington State Association of Counties along with other parties of interest. The written responses are attached. The review team also received verbal comments from several parties.

In summary, the comments received were mixed in their viewpoints, with reservations expressed about the ability of counties to handle additional oversight functions without additional funds.

This review was conducted by Gerry McLaughlin and Rich Mueller of the LBC staff. Assistance in completing this report was received from the commissioners and auditors of Thurston and Skagit Counties and their staffs. Also the review team consulted the staff of the Washington State Association of Counties, selected special purpose district commissioners, the Senate Committee on Governmental Operations, the House Committee on Local Government and the staff of the Local Governance Study Commission. The directors of the State Associations of Fire Commissioners and Fire Chiefs were also very helpful.

CHERYLE A. BROOM
Legislative Auditor

On August 5, 1988, this report was approved by the Legislative Budget Committee, and its distribution authorized.

SENATOR ELEANOR LEE
Chair

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I. SCOPE AND OBJECTIVES

REVIEW OF SPECIAL PURPOSE DISTRICTS

SCOPE

The scope of this sunset-type review includes the activities of the special purpose districts within Thurston and Skagit Counties focusing on the fire protection, diking and drainage districts. The mandated purpose of this review was to review the potential for elimination or consolidation of districts such as their integration into general purpose governments.

OBJECTIVES

The statutorily mandated objectives of the review are stated below. The LBC staff will address these objectives, as appropriate, within the scope of the review to determine:

- 0 The extent to which the special purpose districts have complied with legislative intent.
- 0 The extent to which the special purpose districts are operating in an efficient and economical manner which results in optimum performance.
- 0 The extent to which the special purpose districts are operating in the public interest by effectively providing a needed service that should be continued rather than modified, consolidated, or eliminated.
- 0 The extent to which the special purpose districts duplicate the activities of other special purpose districts, or other governmental and private entities.
- 0 The extent to which the termination or modification of the special purpose districts would adversely affect the public health, safety, or welfare.

II. BACKGROUND

A. Legislative History

This review of special purpose districts (SPDs) was mandated by Engrossed House Bill 39, enacted during the 1987 legislative session.

That bill requires the Legislative Budget Committee, in cooperation with the Senate Committee on Governmental Operations and the House Committee on Local Government, to review the authority to establish special purpose districts and to make recommendations for their continuation, modification and termination.

EHB 39 also requires a schedule for the review to be developed by January 1, 1988, and completion of the project by January 15, 1993.

After reviewing the magnitude of the project, the Legislative Budget Committee modified the scope of the review to study the special purpose districts within two counties and then determine the next phase of the review. The counties selected were Thurston and Skagit based on the rural-urban mix and the multitude of types of districts within the counties. At this time, the reviews of the special purpose districts in Thurston and Skagit Counties have been completed. We reviewed only fire, diking and drainage districts.

B. History of Special Purpose Districts

The following description of the history of special purpose districts in this state is summarized from a House Committee on Local Government staff memo.

The original state constitution contained very few provisions concerning special purpose districts. School districts and road districts were the only special districts expressly mentioned. Other special purpose districts were recognized as being "other municipal corporations." Irrigation districts were authorized by the first state legislature. Diking districts and drainage districts were authorized to be created in 1895. Port districts were authorized to be formed in 1911. Most types of special purpose districts were authorized to be created in the 1930s including public utility districts in 1931, fire protection districts in King County in 1933, and the remaining counties in 1939. Sewer districts and county rural

library districts were authorized in 1941. Various other districts were subsequently authorized including; public hospital - 1945, cemetery - 1947.

C. Numbers of Special Purpose Districts

There are various counts as to the number of special purpose districts in the state of Washington. The Census Bureau's 1982 count lists 1129. The office of the State Auditor lists 1749 and the Department of Revenue lists 1479 districts. The discrepancies in the numbers are due to the different data collection methodologies utilized. For example, the Department of Revenue only counts taxing districts, while the Census Bureau does not count districts based on a property base voting franchise.

D. Definition of Special Purpose Districts

Special purpose districts or special districts, as defined by the federal Bureau of the Census, are "independent, limited purpose local government units that exist as separate legal entities with substantial administrative and fiscal independence from general purpose local governments."

A working definition which has been used by the House Committee on Local Government is as follows: "...any municipal or quasi-municipal corporation that can be created in this state other than counties, cities, towns and townships."

E. Categories of Special Purpose Districts

Special purpose districts fall into several categories. For data collection purposes, the Census Bureau lists 30 types or categories of districts. EHB 39 lists 57 types of districts within this state and a House Committee on Local Government report lists 65. The most common types of special purpose districts are: fire protection districts, school districts, diking, drainage and irrigation districts. It should be noted that school districts are not within the scope of this review.

F. Functional Purposes of Districts

A 1963 study on "Special Districts" conducted by the University of Washington further classified special purpose districts on a functional basis. Following are extracts from that study.

"Special purpose districts can generally be placed into three functional areas: economic, urban service, and metropolitan."

"Economic districts are concerned with economic purposes such as diking and drainage, flood control, irrigation and soil conservation. Urban service districts are those primarily designed to provide unincorporated districts with municipal type services, such as water, sewer and fire protection. The metropolitan type districts are those designed to permit governmental units to cooperate in the performance of a function in a specific area such as a metropolitan municipal corporation to provide for centralized area services such as transit, jails, parks, and sewers."

G. District Governance, Elections, Finances and Financial Controls

The county auditors handle elections for both special purpose districts (except for irrigation districts) and their accounting activities; e.g., warrant certification and issuance. County treasurers perform the cash management and investment functions for the special purpose districts. There are several mechanisms for raising revenues.

0 Governance

Special purpose districts are usually governed by a three-member board of commissioners, elected for staggered terms. Health districts, housing authorities, library districts, and some others utilize different governance mechanisms.

0 Elections

The voting franchise is based on either residence in the district (fire districts) or property ownership in the district (diking, drainage and irrigation districts).

Elections are usually held concurrent with the normal off-year elections, i.e., in the odd years 1987, 1989, and 1991. Diking, drainage and irrigation district elections are held separately from other elections as the voting franchise is based on property ownership. Election costs are recouped from the districts on a pro rata basis.

The SPDs are not always organized along precinct lines and the county auditors must exercise some screening at voting sites to identify those voters eligible to vote in the district elections in concert with the regular election.

0 District Revenues

Special purpose districts utilize various methods to finance their activities. The primary methods are categorized as follows:

1. Junior taxing districts

These special purpose districts are authorized by statute to impose a property tax levy but must share pro rata the limited dollars available after the major taxing districts (e.g., state, counties, cities and towns) and road districts have imposed their levies. Examples of these types of districts are fire, library, cemetery, public hospital and airport. (See discussion of levy limitations under Other Issues, page 25.)

2. Districts outside the levy limit

These special purpose districts are excluded from the constitutional and statutory property tax limitation. Examples of these types of districts are port districts, and PUD districts (without a vote of the people). It should be noted that every taxing district with the authority to impose property taxes without a vote also may impose special levies with voter approval. Additionally, water districts, sewer districts, and metros can impose special levies with voter approval.

3. Benefit assessment districts

These special purpose districts are primarily dependent on assessments levied against those whose property would benefit from the service performed. Examples of these types of districts are diking and drainage, flood control, weed and irrigation. Also, fire districts are authorized to levy service charges though none are doing so at this time.

4. Direct Charges

Some types of districts may also charge directly for services rendered as a means of covering costs, e.g., sewer, water, cemetery, airport, hospital, irrigation, port and PUDs.

Special purpose districts also may float bonds backed by anticipated revenues to finance longer range investments in infrastructure, e.g., sewer systems.

0 Financial Controls

1. Budget

Special purpose districts (with some exceptions) submit an annual budget of their planned revenues and expenses to the county auditor. This is not a uniform requirement but has become customary in both Thurston and Skagit Counties on the initiative of the county auditors as part of the backup material for certifying warrants.

2. Disbursements

The county auditor generally issues warrants for the districts and certifies their expenditures based on actions of the appropriate governing body, e.g., district commissioners. The county treasurer handles the actual cash and investment funds of the districts. Some districts may establish independent fiscal operations, e.g., port and public utility districts.

3. Auditing

The State Auditor exercises the financial post-audit function for the districts on a three-year cycle. The cost of the audit is borne by the districts.

H. National Issues

Several general issues regarding special purpose districts, summarized from the national literature, are discussed and recapitulated as follows.

0 Proliferation

The sheer number of special purpose districts has raised questions as to their need. The following table extracted from the Bureau of Census 1982 (published in 1984) report provides an illustration of this issue.

<u>States</u>	<u>Number of Special Districts</u>
1. Illinois	2,599
2. California	2,497
3. Pennsylvania	2,039
4. Texas	1,697
5. Kansas	1,377

6. Missouri	1,187
7. Nebraska	1,152
8. Washington	1,129
9. Colorado	1,031

According to the Bureau of the Census, these nine states accounted for more than half of all special districts and, as can be seen, the state of Washington was eighth on the list. Bureau of Census data for this state understates the number of districts since they exclude districts where the voting franchise is property based.

Additionally, the Bureau of Census report indicates that the number of special purpose districts across the country increased 10.5 percent between 1977-1982 after increasing nearly 9 percent from 1972 - 1977.

The following table (Exhibit 1), extracted from the 1987 "Pocket Data Book" published by OFM, depicts the growth in local government entities from 1952 through 1982, including special purpose districts. This data is taken from the Bureau of Census tabulations so it should be consistent with the other Bureau of Census data used in this report.

EXHIBIT 1

TYPES OF LOCAL GOVERNMENT

<u>Survey Year</u>	<u>Total</u>	<u>County</u>	<u>Municipal</u>	<u>Township</u>	<u>School District</u>	<u>Special District</u>
1952	1,538	39	240	70	545	644
1957	1,576	39	252	89	471	745
1962	1,646	39	263	66	411	887
1967	1,852	39	287	83	346	937
1972	1,882	39	266	39	317	1,021
1977	1,868	39	265	-	302	1,080
1982	1,734	39	265	-	301	1,130

Note: The above data are from the publication Census of Governments. The census of governments occurs every five years with the publication available approximately two to three years after the beginning of the survey.

Table. LT02

Source: U.S. Department of Commerce
Bureau of the Census

As can be seen from the table, the number of special purpose districts in this state have almost doubled since 1952. (See discussion on Need For Districts, page 11.)

0 Participation in Governance

Based on selected data from other states, participation in the selection process for governance boards for special purpose districts appears low. It is argued that participation in district governance is closely held. On the other hand, as with other political processes, lack of participation in the election process could indicate general satisfaction with services being provided. (See discussion on visibility and accountability, page 21.)

0 Lack of Coordination with General Purpose Governments

One of the criticisms aimed at special purpose districts is that they are by their nature parochial and do not coordinate their activities with each other or the general purpose governments. On the other hand, it is argued that special purpose districts provide needed services that general purpose governments are unwilling or unable to provide. (See discussion on coordination, page 19.)

0 Means of Bypassing General Lids on Taxation and Debt Limitations

One of the allegations made is that special purpose districts are sometimes used to bypass levy lids to provide services to meet the needs of special interests through the use of special assessments and "service charges." However, other states report that the creation of special purpose districts have provided them with a mechanism to expeditiously act on unmet needs. (See discussion on Restrictions on Revenue, page 25.)

0 Fiscal Irresponsibility

Some other states have experienced problems with special purpose districts becoming over-extended and ultimately insolvent leaving the services undelivered and the public liable. (See discussion on visibility and accountability, page 21.)

Some of these national issues set a context for reviewing the special purpose districts within this state.

III. REVIEW APPROACH

The review team developed a series of questions to respond to the statutory objectives of this review as contained in EHB 39.

- 0 Are the SPDs active?
- 0 Are the SPDs needed?
- 0 Are the SPDs effective and efficient?
- 0 Are the SPDs duplicative or potentially duplicative of providers, private or public, of similar services?
- 0 Are the SPDs compatible with general purpose governments?
- 0 Are the SPDs visible and accountable and responsive?

The team reviewed relevant data on SPDs and interviewed SPD representatives, general purpose government representatives in Thurston and Skagit Counties, and other statewide level personnel knowledgeable on the issue.

IV. FINDINGS--ANALYSIS: THURSTON AND SKAGIT COUNTIES

A. Introduction

The study team identified all of the special purpose districts within Thurston and Skagit Counties. The scope and magnitude of their activities as well as their general effectiveness and the current need for their services was evaluated. The review team also reviewed the governance of the districts.

The study team examined the interrelationship between the various special purpose districts, the general purpose governments and possible potentials for streamlining the delivery of services focusing on the most active and numerous districts, e.g., fire, diking and drainage districts.

Number and Classification of Special Purpose Districts

There are currently 29 active special purpose districts in Thurston County and 62 special purpose active districts in Skagit County. They are listed below by type.

<u>Active SPDs</u>	<u>Thurston County</u>	<u>Skagit County</u>
0 Cemetery Districts	2	5
0 Conservation Districts		1
0 Diking Districts		11
0 Drainage Districts	5	11
0 Fire Districts	16	19
0 Hospital Districts		3
0 Housing Authorities		3
0 Library Districts	1	
0 Park/Metro Park Districts	1	1
0 Port Districts	1	2
0 Public Transit Benefit Area	1	
0 Public Utility Districts	1	1

0	Sewer Districts		3
0	Water Districts	<u>1</u>	<u>2</u>
	TOTAL	29	62

The most recently established district is the Tanglewilde Park and Recreation District in Thurston County (1986). The Blake drainage district, also in Thurston County, is in the process of being dissolved. (See Appendix II for Case Histories.)

B. Are the districts active?

We noted that Thurston County's only soil conservation district, three of the eight drainage districts, and one of the water districts are no longer active. An additional drainage district is in the process of being dissolved. The balance of the districts (29) are currently active.

The review team noted the consolidation of some districts in Skagit County but no dissolutions.

C. Are the districts needed?

We divided this issue into two questions: (1) are the services needed, and (2) are the districts needed to provide the services?

In reviewing the types of special purpose districts that have been established over the years, it appears that some services they provide fall into the category of basic public services; e.g., fire, flood, sewer, water. It also appears, in the case of fire protection, that counties are not expressly authorized to provide this service and the fire protection districts are the only political structures available to provide fire protection services in unincorporated areas. The other basic services can be provided by the county, should they choose to do so. However, once a district has been created and remains active, the county cannot take over those services without the consent of the district.

Special purpose districts also provide airport, irrigation, library, park, and port services which have historically been "public" services, but are not considered as basic health and safety services.

Some other services offered by special purpose districts are services which also could be and are provided by the private sector in this state, e.g., cemetery, hospital, housing, PUD, and TV reception.

Are the districts needed? Yes and no. Yes, if the counties do not or cannot provide the basic public services. In interviews with the review team, representatives of the counties expressed little or no interest in supplanting the special purpose districts in providing services. No, if the counties (given the authority to operate fire departments) provide the basic public services and the private sector provides the other services.

Theoretically, the citizens could do without the services and some who live in very rural areas probably do, but as a practical matter these services have become integral to both urban and suburban society.

D. Are the districts efficient and effective?

In looking at the efficiency and effectiveness of the districts, we interviewed members of the County Legislative Authorities and county administrative personnel, the district commissioners, and state and local associations of districts. The general consensus was that the districts are providing the services they were chartered to provide but with some exceptions.

We focused our in-depth review on the fire protection districts and the diking and drainage districts as they are the most active and numerous in the counties surveyed.

1. Fire Protection Districts

The fire protection districts within the two counties are the providers of fire protection and emergency medical services in areas not covered by general purpose governments. In recent years calls for emergency medical service comprised the majority of calls, rather than fire alarms, as the original funding mechanisms may have envisioned. In some instances the districts provide fire protection and emergency medical services under contract to cities and towns.

In addition to the interviews mentioned above, we visited 7 of the 16 Thurston County fire districts. We also made a field trip to Skagit County to obtain an overview of their fire protection districts.

0 Performance Measures: Effectiveness and Efficiency

Most districts do not have detailed efficiency and effectiveness measures for evaluating their own performance. For instance, of the 7 districts we visited, just one, Lacey Fire District 3,

calculated any effectiveness measures such as: dollar loss per capita, fires per capita, dollar loss per million dollars of assessed value. It was also the only district which compared its performance to similar districts.

With the limited data available we compared fire district effectiveness by two national measures:

- (1) "response time" to a call, and
- (2) "fire protection insurance classification."

Response time is one of the accepted national standards. A standard response time of five minutes or less to arrive at a call is considered satisfactory in urban jurisdictions. Other sources indicate that in rural areas a ten-minute standard is adequate.

The fire protection insurance classification system which the American Insurance Association uses to classify municipalities is the other national standard. This system uses four items in grading the municipalities:

- (a) Water supply
- (b) Fire department
- (c) Fire service communications
- (d) Fire safety control

Each entity is considered perfect (Class 1) prior to the survey. A fire protection survey determines the fire insurance class by subtracting points of deficiency in the four items according to the standards in the "Grading Schedule."

Some examples of other effectiveness measures are: (1) number of fires, (2) dollar fire loss, and (3) life loss. These effectiveness indicators could be compared to assessed value protected and/or population protected. Although more measures such as these would have given us additional criteria for evaluating fire district effectiveness, we did not have sufficient data available at the district level to apply these measurements.

We evaluated the efficiency of fire districts by comparing each fire district's budget to the assessed valuation presumably protected in the district. This is expressed as a ratio of amount of assessed value per dollar of fire district budget. Since we do not know if there is an acceptable standard ratio for this measure, the fire districts are ranked in order beginning with the district with the highest assessed valuation ratio.

Utilizing the above effectiveness and efficiency measurement tools, the review team developed the following data shown in Exhibit 2.

Exhibit 2

THURSTON COUNTY FIRE PROTECTION DISTRICTS EFFICIENCY & EFFECTIVENESS MEASURES (RANKED BY AN EFFICIENCY MEASURE)

THURSTON COUNTY FIRE DISTRICTS ⁴	Efficiency		Effectiveness	
	RATIO OF ASSESSED VALUATION PER \$1 OF FIRE DISTRICT BUDGET ¹		FIRE PROTECTION CLASSIFICATION ²	AVERAGE RESPONSE TIMES ³
FD # 1 Rochester	\$1	to \$1,300	8	8 min.
FD # 8 South Bay	\$1	to \$1,064	8	8 min.
FD # 4 Rainier	\$1	to \$1,024	8	11 min.
FD #15 East of Tumwater	\$1	to \$1,010	6	n/a
FD # 7 Boston Harbor	\$1	to \$1,000	8	8 min.
FD #12 Tenino	\$1	to \$ 872	8	8 min.
FD #14 Grand Mound	\$1	to \$ 856	8	7 min.
FD #17 Clear Lake	\$1	to \$ 697	8	13 min.
FD #11 Little Rock	\$1	to \$ 634	8	9 min.
FD # 5 Black Lake	\$1	to \$ 588	8	6 min.
FD #16 Bucoda	\$1	to \$ 585	8	8 min.
FD # 9 McLane	\$1	to \$ 464	6	7 min.
FD #13 Griffin	\$1	to \$ 464	8	8 min.
FD # 2 Yelm	\$1	to \$ 460	8	10 min.
FD # 6 East Olympia	\$1	to \$ 427	8	8 min.
SKAGIT COUNTY				
FD # 1 Mount Vernon			8	4 min.
FD # 2 McLean Road			8	5 min.
FD # 3 Conway			8	6 min.
FD # 4 Clear Lake			7	7 min.
FD # 5 Edison			8	6 min.
FD # 6 Burlington			8	4 min.
FD # 7 Lake Cavanaugh			8	8 min.
FD # 8 Sedro Woolley			8	n/a
FD # 9 Big Lake			8	6 min.
FD #10 Concrete			8	n/a
FD #11 Dewey			8	n/a
FD #12 Bay View			8	7 min.
FD #13 La Conner			8	6 min.
FD #14 Alger			8	9 min.
FD #15 McMurray			8	6 min.
FD #16 Day Creek			8	7 min.
FD #17 Guemes Island			8	n/a
FD #18 Darrington			10	n/a
FD #19 Marblemount/Rockport			8/9	n/a

¹ Ratio computed by dividing total assessed valuation in a () district by total fire district budget.

² Most recent ratings, based on the American Insurance Association's schedule to classify municipalities with reference to their fire defenses and physical conditions. There are ten Public Protection Classifications with Class 1 receiving the best rating recognition and Class 10 receiving no rating recognition. Their schedule defines differing levels of public fire suppression capabilities which are used in establishing base rates for fire insurance purposes.

³ Thurston County fire protection districts response time data are a twelve month average time to respond to all calls, from time of call to arrival at scene (Source: Thurston County Department of Communications, June 1987 to May 1988). Skagit County response time data is for 1985.

⁴ Districts compared should be similar with one another. Thus, it is misleading to include Lacey Fire District #3 with the other 15 fire departments in Thurston County. Lacey is an urban area with high hazard occupancies such as schools, nursing homes, shopping centers, apartment buildings, and high rise buildings which require more specialized fire apparatus such as ladder trucks. The remaining 15 districts are rural areas with somewhat similar hazards such as scattered dwellings, small businesses and farm buildings. (Excludes Lacey Fire District 3.)

a. Effectiveness

Utilizing the insurance protection standard as an effectiveness measure, Exhibit 2 shows, in the center column, that 13 of the 16 Thurston County districts have the same (8) insurance protection classification. The minimum criteria for a class 8 fire district is: "There shall be a well organized, properly trained fire department with a sufficient number of firemen to assure a minimum of six men responding to fires with each pumping unit." The other three districts are rated higher.

Also, utilizing the response time standard, 12 of the 15 Thurston County district rural fire response times are within a reasonable time (10 minutes) according to the National Fire Protection Association Fire Protection Handbook. The 13 minute average response time in the Clear Lake district appeared to be due to the hilly geography; while the 11 minute average time for the Rainier district may be due to the larger geographical size of the district. Response time data was not available for Fire District 15. The exhibit also shows reasonable response time data on 13 of the 19 fire districts in Skagit County. Information was not available for the remaining 6 fire districts.

b. Efficiency

The efficiency ratio of dollar of fire budget to assessed valuation is displayed in the left hand column of data in the exhibit. The fire protection districts are ranked by the ratio of dollars budgeted for 1988 for fire protection relative to assessed valuation from highest ratio (efficiency) to lowest.

We found a wide variance in efficiency ratings; e.g., from Rochester's \$1 of fire district budget to \$1,300, in assessed valuation protected high rating to East Olympia's \$1 to \$427 low-efficiency rating. We found no explanation for the wide variance in efficiency ratings in Thurston County. We do not know if any of the districts are efficiently managing their resources given the types and levels of services provided. We attempted to explore this issue in the next section which is on cost-effectiveness.

c. Cost-Effectiveness

As a limited means of evaluating relative cost-effectiveness, we attempted to find a correlation between fire district budgets and their fire insurance ratings or response times. Exhibit 2 above shows the results of the comparison.

The data shows no direct relationship between efficiency ratings and effectiveness ratings. For instance, 13 of the 15 rural districts have the same insurance protection classification (Class 8), and 12 of the 15 districts' response times are within a reasonable time yet their efficiency ratings range from Rochester's high efficiency of \$1 fire budget to \$1300 assessed value protected to East Olympia's efficiency rating of \$1 dollar fire budget to \$427 assessed value protected.

We can reach no firm conclusions concerning the cost-effectiveness of the various fire districts without more detailed analysis of performance relative to needs and costs of meeting those needs. For example, the relatively more expensive districts may be providing a needed unique service in their community that the others are not, and the protection classification and response times are not reflecting it.

2. Diking and Drainage Districts

The diking and drainage districts are primarily located in Skagit County. Their primary purposes are for flood control and for disposal of excess water. In some instances the diking and drainage districts cover the same geographical area.

In terms of assessing the efficiency, effectiveness, and cost-effectiveness of the diking and drainage districts, our review was limited to effectiveness measures; little data was available to measure the efficiency of operations.

The diking districts' common goal is to raise all dikes up to the 25 year flood plain. According to the county engineer that is their standard of effectiveness. The county engineer believes that currently 25% of the dikes provide that level of protection. In concert with the state the districts are in the process of writing a plan to achieve that level of protection. Completion of the plan will qualify Skagit County for state flood control

funds to enhance their efforts. They have currently achieved protection to the 15-year flood level.

The drainage districts' standard of effectiveness is their ability to handle storm water to the degree that it does not cause major damage. In other words, the standard relates to the capacity to move water. This is a dynamic effectiveness standard as further development in the area continually raises additional problems. The county believes that they are meeting this target.

We could reach no conclusion as to whether the diking and drainage districts in Skagit County are operating in a cost-effective manner since no cost or efficiency measures were readily available to evaluate.

With regard to whether districts (fire, diking and drainage) are efficient and effective, the review team concludes that the Thurston and Skagit County's fire protection districts and diking and drainage districts are relatively effective in providing chartered services.

We were unable, however, to determine if these districts are efficiently providing these services. The data for the fire protection districts indicates that the firefighters are able to arrive within a reasonable time with a well-prepared organization. As previously mentioned, without further detailed analysis we are not able to assess if fire districts are cost-effectively providing services.

As discussed above, our review of diking and drainage districts was limited to some general assessment of their effectiveness. Based on interview responses, most of the districts are meeting their interim goals but will need additional time and funds to meet the goal of raising all dikes up to the 25-year flood plain.

E. Are the districts duplicative of providers of similar services?

Theoretically, some district services could be duplicative of private counterparts, e.g., hospital and cemetery districts. As a practical matter state regulatory activities in the case of hospitals and cemeteries should preclude this from occurring, e.g., certificate of need process for hospitals, economic feasibility study requirement for new private cemeteries.

We found no indication of duplication in the two counties we reviewed.

Those district services that usually are exclusively in the public domain, such as fire protection, sewer, water and libraries are not by their very nature likely to generate duplication of activities. Also, as noted below, at least for the fire protection districts, there are mutual aid agreements in force to minimize duplication of activities.

F. Are the districts compatible with general purpose governments and do they coordinate their activities with those governments and each other?

In the counties reviewed, Thurston and Skagit, there appears to be a good level of coordination of services. The County Legislative Authority and appointed officials appear to have established good communication with at least the fire and diking and drainage districts, based on our interviews with the responsible officials.

1. Fire Protection Districts

Interviews with county officials and fire district officials yielded no overt problems in the operations of the districts. Countywide interlocal agreements and mutual aid pacts exist in both counties for coordination of services among the fire districts and the general purpose governments' fire departments. We were told that these are working well. Interviews with district fire chiefs confirmed this view.

We were unable to ascertain if any systematic review of fire districts had ever been conducted to determine if consolidation or reorganization of services would be of benefit to the public. This process now appears to be taking place on a piecemeal basis, e.g., through the fire districts' own associations for commissioners and fire chiefs.

No formalized mechanism for assessing the adequacy of the fire district structure as a delivery mode or the utilization of district resources for fire protection currently exists within the two counties.

There does not appear to be any long-range (strategic) planning taking place to ensure that the fire protection services rendered by the fire districts within the counties are anticipating future service needs.

In 1986, the legislature created the Fire Protection Policy Board with the following responsibilities:

43.63A.300 State fire protection services—Intent.
The legislature finds that fire protection services at the state level are provided by different, independent state agencies. This has resulted in a lack of a comprehensive state-level focus for state fire protection services, funding, and policy. It is the intent of the legislature to consolidate fire protection services into a single state agency and to create a state board with the responsibility of (1) establishing a comprehensive state policy regarding fire protection services and (2) advising the director of community development and the director of fire protection on matters relating to their duties under state law. It is also the intent of the legislature that the fire protection services program created herein will assist local fire protection agencies in program development without encroaching upon their historic autonomy. [1986 c 266 § 14.]

Severability—1986 c 266: See note following RCW 38.52.005.
State fire protection: Chapter 43.63A RCW

RCW 43.63A.320 requires the board to develop a comprehensive state policy regarding fire protection services and to "adopt a state fire protection master plan." The board is currently reviewing consultant proposals for developing the plan.

We conclude that the Fire Protection Policy Board would be a logical vehicle to provide overall fire protection coordination, including proposing some standards for fire protection services. However, the statutory responsibilities of the board to adopt a master plan appear to be severely qualified by the language "without encroaching upon their (the local districts) historic autonomy."

2. Diking and Drainage Districts

The activities of the diking and drainage districts are coordinated basically through the county engineers in Thurston and Skagit Counties. This has been achieved through the initiatives of those engineers. The availability of funding from the counties promotes such coordination, especially in Skagit County where \$100,000 a year is budgeted for the enhancement of dikes. Skagit County, moreover, has ad hoc flood control committees and councils functioning on a periodic basis to respond to specific problems.

In the future, state aid should also promote coordination of interdistrict efforts. This state's assistance is relatively new, starting in 1985, and provides funds from the Flood Control Assistance Account for both the development of comprehensive flood control

management plans and for flood control maintenance projects. Since the diking and drainage districts in Thurston and Skagit Counties are in the plan development process now, it is too soon to evaluate the results of state aid on interdistrict coordination.

The review team believes that the county and its agencies should also have a role in this coordination process since they are at the forefront of land use development issues in unincorporated areas of the county. For example, in issuing permits for developments, the local county departments state that they consult with the districts that will be providing services as to any potential problems. If there is a service delivery problem, the review team suggests that local departments would be a logical vehicle to help resolve the concerns.

The state efforts in promoting planning activities are relatively new and untried in the areas reviewed. Thus, the review team suggests that the creation of a more formalized process at the local level to promote coordination and optimal utilization of special purpose district resources would appear desirable.

G. Are the districts visible, accountable, and responsive?

The districts, as noted in the background section, are governed by elected (in most cases) officials. These officials periodically have to face the voters and in that respect be accountable for their actions. All meetings of the district officials are subject to the open meetings law. Also, most districts are subject to preaudit of their expenditures by the county auditors and all districts are subject to postaudit by the State Auditor.

0 Election Process

The boards of commissioners are elected for varied terms depending on the type of district, e.g., two, three, or six years, and usually on a staggered basis.

1. Election Participation

The review team interviewed the chief election officers of both counties. Data was obtained on the actual number of contested races in the last election for special purpose districts in comparison to cities and towns.

Note: This data was originally collected by the staff of the House Committee on Local Government and completed by the review team.

The tabulated results are shown below in Exhibit 3.

EXHIBIT 3

ELECTIVE POSITIONS, SKAGIT COUNTY, 1987 GENERAL ELECTION

Type of local govt.	No. of positions up for election	No. of positions with only one candidate running
Cities & Towns	32	19
Cemetery districts	7	7
Fire districts	23	19
Hospital districts	7	7
Park districts	2	2
Port districts	3	1
Sewer districts	4	2
Water districts	1	1

ELECTIVE POSITIONS, THURSTON COUNTY, 1987 GENERAL ELECTION

Type of local govt.	No. of positions up for election	No. of positions with only one candidate running
Cities & Towns	24	16
Cemetery districts	3	2
Fire districts	19	12
Hospital districts	-	-
Park districts	5	4
Port districts		
Sewer districts		
Water districts	1	1

The data reveals that a sizeable percentage of special purpose district races were uncontested in the 1987 elections: Thurston County 67%, Skagit County 82%. This compares to a 66% uncontested rate for cities and towns in Thurston County, and a 59% in Skagit County.

The discussions with the county election officials indicated that this level of competition for district board positions is normal, and that participation does not increase unless there are highly controversial issues before the boards.

2. Election Reforms

Election officials indicated that it would be highly desirable to standardize filing procedures for district elections and methods to handle write-in ballots and for filing vacancies as much as possible. This would ease their administrative burden as well as make the election procedures more comprehensible to the electorate.

0 Management/Decision-Making Oversight

1. Public Meetings and Access

All meetings of the special purpose districts are subject to the state Open Public Meetings Act, therefore requiring public notice of their occurrence and access to the members of the district. The level of public participation at district meetings was reported as generally low.

2. Legislative Oversight

As independent political subdivisions of the state most special purpose districts are responsible principally to the voters of their district and to a very limited extent to the state legislature. Because of constitutional restrictions, the legislature can only affect the enabling legislation for the districts on a type-by-type or class-by-class basis.

0 Fiscal Accountability

1. Preaudit Function

As noted in the background, warrants are issued for the districts by the county auditors (except for PUDs and port districts with autonomous warrant-

issuing capability) only after they are certified as proper expenditures. Such authorizations are confirmed in official district minutes or by other formal certification.

2. Postaudit Function

The financial activities of the districts are subject to postaudit by the State Auditor's office on three-year cycle as well as compliance with the Open Meetings Act along with other state laws.

3. Possible Reforms

The State Auditor's staff suggested that common budget submittal requirements standardized travel reimbursement provisions and uniform bid requirements for all of the districts could ease the audit activities. Such changes might also provide the public with access to uniform data on the expenditure activities of the districts.

Theoretically, special purpose districts are organized to be accountable to the public. While their fiscal actions are monitored for legal compliance, there appears to be less visibility and involvement of the citizenry in their decision making. Moreover, as discussed earlier, the review team observed limited measures of performance and assessment thereof.

V. OTHER ISSUES

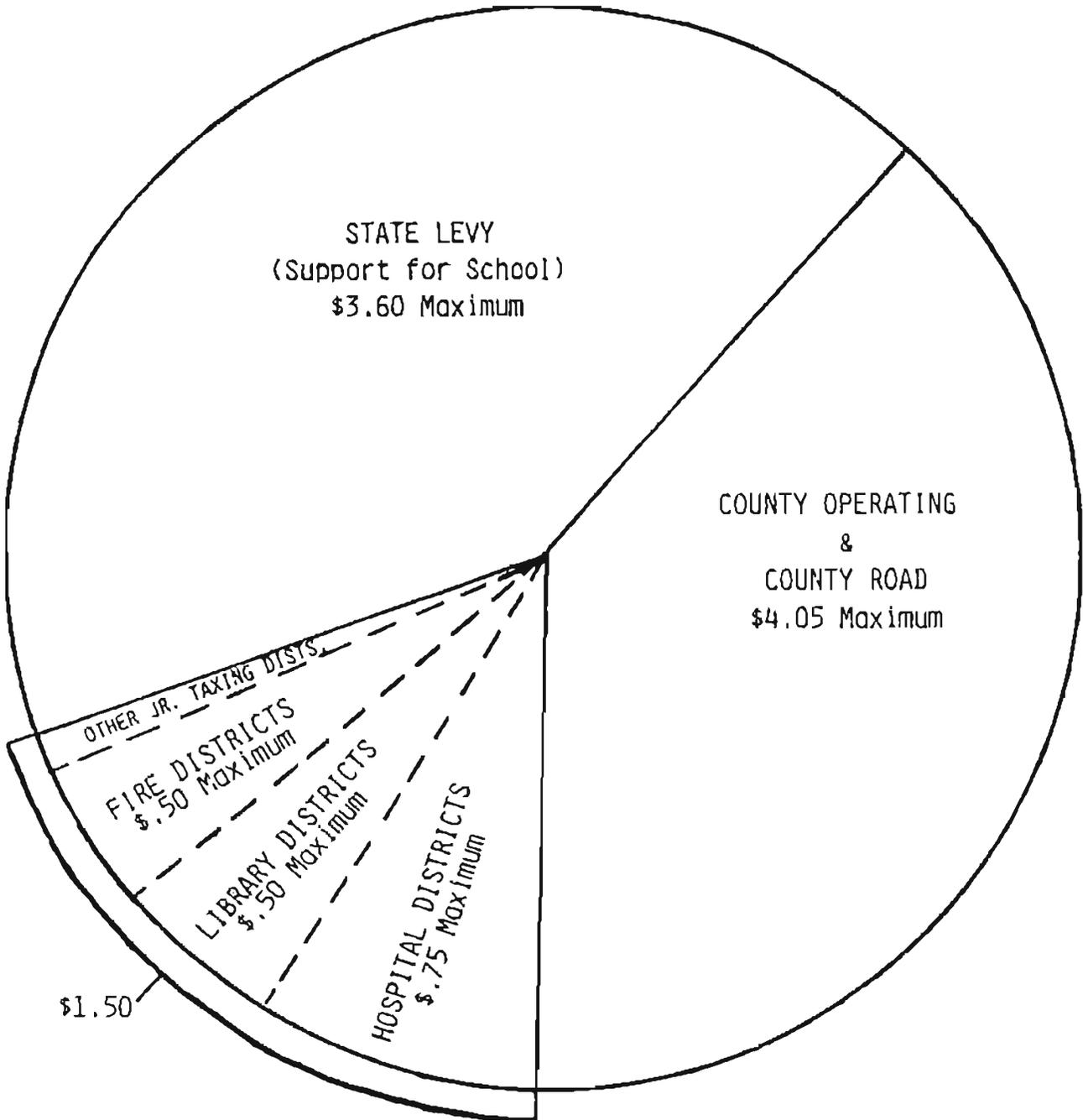
A. Restrictions on Revenue

One of the issues continuously raised by interested parties during the course of this review was the property tax structure as it pertains to special purpose districts. Of specific note is the "\$9.15" property tax restriction on total taxes by all governments within a tax code area. (Chapter 84.52 RCW)

As noted in the background section of the report, taxing districts are classified into senior and junior taxing districts. Senior taxing districts (the state, counties, road districts, cities and towns) can impose the maximum rate of their regular property taxes without interference from other taxing districts. Junior taxing districts (all other taxing districts other than port districts or PUDs) generally impose their maximum rate of regular property taxes without interference. (This is the category in which most special purpose districts fall.) However, should the combined rate of regular property taxes exceed \$9.15 in any area, the levy rates of junior taxing districts are pro rata reduced to keep the regular tax rate at \$9.15. The following pie chart (Exhibit 4) shows the property tax allocation of the \$9.15 per \$1,000 of assessed valuation.

EXHIBIT 4

REGULAR PROPERTY TAX ALLOCATION



As illustrated, the maximum left for all junior taxing districts to share is \$1.50.

One example of the tax prorationing problem was stated to the review team as follows: "Library districts, because of their service to large geographical areas, are especially threatened by tax prorationing. Since districts must tax at a uniform rate a tax problem in a small part of a district will harm the whole district. For example, in Whatcom County if tax prorationing was triggered because the maximum levy was exceeded within the city of Nooksack (population 400), the library levy rate (and presumably the quality of library services) would decrease for all of the 70,000 residents within the district."

VI. SUMMARY FINDINGS AND CONCLUSIONS

A. A Summary of Findings

After reviewing the special purpose districts in Thurston and Skagit counties, The review team makes the following observations:

- 0 Special purpose districts appear to have been established and to be operating within the intent of the legislation authorizing their creation.
- 0 Special purpose districts appear to fulfill a need in providing services to the citizens of their districts.
- 0 Based on our review of fire, diking and drainage districts only, these services appear to be provided in a relatively effective manner. There was insufficient data available to assess efficiency.
- 0 There appears to be close informal coordination between county administrators and SPD personnel on matters of mutual interest, but these activities are short range in nature. Moreover, there appears to be an absence of long-range planning for special purpose district services.
- 0 There was little interest by local general purpose governments in performing the functions of the special purpose districts.
- 0 There were few formal mechanisms in place to promote coordination of services between like districts. Countywide mutual aid agreements for fire districts and some ad hoc flood control committees were the exceptions.
- 0 There is no countywide oversight mechanism for evaluating the efficiency and effectiveness of special purpose district operations. Ongoing accountability of decisions and performance at the district level appears more limited than for general purpose governments.
- 0 If it is determined that special purpose districts should be eliminated or combined in the interests of efficiency and effectiveness, there is no simple way under current law to effect the consolidation. Any changes that need to be made to consolidate or eliminate special purpose districts cannot be made

on a county-by-county basis by the legislature. This can only be done on a district class-by-class basis (e.g., all water districts or all sewer districts) pursuant to the constitutional prohibition against special legislation.

B. Conclusions - Discussion of Options

The review team has previously noted the lack of formal long-range planning by the districts surveyed. There are also limited institutional mechanisms to promote coordination of efforts and resources. Exceptions are the mutual aid agreements that exist between fire districts, some ad hoc flood control committees, and initial funding coordination efforts at the state level.

Counties appear to be the most appropriate bodies to exercise some oversight function over the special purpose districts within their boundaries, if warranted.

The counties (through a local planning commission or other agent), if they deemed it warranted, could evaluate the current operations of specific special purpose districts to determine if the services to the public could be enhanced by changes in operations or through consolidation or elimination of the districts.

If an external evaluation clearly determined that the public would benefit from changes in operations or through consolidation of districts and the districts were not amenable to those changes, some other political body would need to be empowered to bring about the changes. The County Legislative Authority seems the most logical candidate to perform that function. Legislation would need to be enacted to accomplish this as discussed earlier. Chapter 36.96 RCW (DISSOLUTION OF INACTIVE SPECIAL PURPOSE DISTRICTS) is a likely vehicle.

The review team, in interviewing county commissioners and other parties involved in county government, noted some reluctance by the county commissioners to get involved in a process such as envisioned by the review team envisions. This attitude appears to stem from the historical independence that special purpose districts have enjoyed and the apparent lack of any current crises involving special purpose district operations.

It should be noted that this report includes only the results of the fieldwork from two counties. However, the review team believes that the results of the review to date indicate the desirability of establishing a formal oversight mechanism within the counties to assist the special purpose districts

in providing their services in the most effective, efficient and economical manner. This appears to be especially relevant in light of the competition for the levy dollar as discussed earlier. This appears to be the major policy issue of this review.

In summary, the review team suggests that, if it is deemed warranted, the counties could periodically conduct independent assessments of the utility of the special purpose districts within their jurisdictions and make recommendations for any changes in organizational mode or resource allocations.

The review team also suggests that the County Legislative Authorities could be given the statutory power to eliminate, consolidate, or take other actions to maximize the services that the special purpose districts provide if there is clear evidence that the changes would benefit the public and that the districts would not otherwise effect needed changes.

APPENDIX 1

RESPONSE TO SPECIFIC STATUTORY AUDIT OBJECTIVES

These responses are based on a limited review of fire, diking, and drainage districts in Thurston and Skagit counties.

- 0 The extent to which the special purpose districts have complied with legislative intent.

The special purpose districts reviewed appear to have been established and to be operating within the intent of the legislature in authorizing their creation.

- 0 The extent to which the special purpose districts are operating in an efficient and economical manner which results in optimum performance.

The review team was unable to obtain data sufficient to demonstrate whether special purpose districts were operating in an efficient and economical manner.

- 0 The extent to which the special purpose districts are operating in the public interest by effectively providing a needed service that should be continued rather than modified, consolidated, or eliminated.

The special purpose districts appear to be providing needed services in a relatively effective manner. The districts will need to exist as long as the general purpose governments or private sector are unable or unwilling to provide similar services.

- 0 The extent to which the special purpose districts duplicate the activities of other special purpose districts, or other governmental and private entities.

There appears to be little duplication of effort involving the special purpose districts we reviewed. The fire protection districts operate under mutual aid agreements with adjacent districts, and the existing informal coordination activities seem to minimize duplication of activities. Also, many types of districts, including fire and diking and drainage districts, are required by statute to be established only after public hearings and affirmative action by the county legislative authority. This process tends to discourage duplicative efforts by special purpose districts and general purpose governments.

- 0 The extent to which the termination or modification of the special purpose districts would adversely affect the public health, safety, or welfare.

The total absence of the special purpose districts could have a negative effect on the public health, safety and welfare if the services they provide were not assumed by other entities, both public and private. However, modification of the districts either in the statutory scope of their activities, their number, or the areas they serve could have a positive or negative effect depending on the nature of the modification.

APPENDIX 2

CASE STUDIES

Note: These case studies are not necessarily representative of the creation, consolidation, and dissolution of districts in all cases, but illustrate some of the factors involved.

CREATING A NEW DISTRICT, A CASE HISTORY

In 1986, a petition was filed with the Thurston County Auditor for transmission to the Board of County Commissioners for the formation of a park and recreation district in the Tanglewilde area. After the required public hearing, the Board of County Commissioners submitted the proposition for formation of the park and recreation district to the public at the November 1986 election. The formation of the district was approved by the voters at that election.

The purpose of the district was to "provide nonprofit leisure time activities and facilities and recreational facilities as a public service to the residents of the district." The special purpose district mode of operation was chosen apparently after considering other alternatives.

The district plans to contract the park and recreation operations with the Tanglewilde Recreation Center (a private recreation association established by the area's initial developer in the 1960s). This center does not have sufficient current resources to continue operating without this additional participation by the district.

The district obtained approval on the February ballot for a special levy to fund their operations. The proceeds of that levy are estimated to be \$60,000 to be collected in 1989. As noted, they will not actually receive any funds until next year so will borrow money (utilizing interest bearing warrants) from the county until then. Subsequent operating levies are expected to be less after initial "catch up" maintenance is completed.

DISSOLVING A DISTRICT - A CASE HISTORY

The Blake Drainage District #6, as a result of the annual survey required under RCW 36.96.020, requested in March 1988 that it be dissolved pursuant to the provisions of Chapter 36.96 RCW. The Board of County Commissioners has not acted yet.

This drainage district was created in about 1911 to maintain a drainage ditch in the area north of South Bay Road in northwest Thurston County.

The apparent reason for dissolution of the district is the discontent of the property owners within the district and the potential liability of the members of the district "if anyone fell in their ditch."

The district had previously indicated that it wanted to dissolve in March 1987, but no action was forthcoming by the county.

The Blake Drainage District covers approximately 119 acres and 25 land owners with an annual budget of \$480. The cost of liability coverage would have raised the annual budget to \$1200.

DISTRICT IN TRANSITION - A CASE HISTORY

There is one public utility district in Thurston County. It apparently was created in the 1930s to take over Puget Power's operations within the county under the Eminent Domain Public Power Preference statutes.

However, currently this PUD does not function as a provider of power, but as one that provides water to the Tanglewilde and Thompson Place areas. In the 1950s, this PUD assumed the responsibility to provide water to the Tanglewilde water system utilizing water from the Olympia water system after the developer's well water system could not supply the required amount of water.

In 1959, the PUD obtained approval for an assessment of \$100,000 to conduct a feasibility study in 1960 to provide public power to residents of the county. Subsequently, a lawsuit was undertaken to take over Puget Power's operations under condemnation proceedings. The lawsuit was not pursued and the study was never conducted.

The proceeds of the 1960 assessment have been held by the PUD to this day and currently constitute a cash balance of \$120,000.

As noted, the PUD contracts to provide water to the citizens of north-east Thurston County, obtaining the water from the city of Olympia, and subsidizing its cost to the members by utilizing the interest on the assessment. The city of Olympia has operated the system since 1968 and returns a dollar per month per customer to the PUD to build up the reserve fund.

The review team interviewed a representative of the Thurston County Public Utility District and inquired about the need for the district and whether it could be dissolved. However, the statutes state in RCW 54.08.080 that if the PUD is "engaged in the operation of any utility properties," no petition to the voters for dissolution shall be submitted. As the PUD is providing water service to customers in name, but not in fact, it cannot be dissolved.

CONSOLIDATION OF DISTRICTS - A CASE HISTORY

In 1980, after much discussion, five diking and two drainage districts in south Skagit County decided to initiate a merger into a single consolidated diking and drainage district to better coordinate their efforts.

According to the district files, the "uniform representation of all the districts of Fir Island was perhaps the largest obstacle to overcome regarding consolidation." Also, the handling of a prior assets and indebtedness was a subject of debate.

In reviewing the files, it was apparent that the Skagit County Director of Public Works and his staff were instrumental in facilitating the debate and ultimate resolution of the issue. Also, the review team was informed that certain district commissioners were also very instrumental in bringing about the consolidation.

On October 2, 1980, an election was held in each district on the consolidation issue and the vote was unanimous (in the affirmative) in all of the districts.

APPENDIX 3

RESPONSES TO REPORT



Washington State Association
of Counties

TELEPHONE (206) 753-1888
SCAN 234-1888

206 TENTH AVE., S.E.
OLYMPIA, WASHINGTON 98501

July 29, 1988

Cheryle A. Broom
Legislative Auditor
Legislative Budget Committee
506 E. 16th,
MS KD-11
Olympia, Washington, 98504

Dear Mrs. Broom:

Thank you for allowing us to review the preliminary staff report of the review of special purpose districts directed by EHB 39.

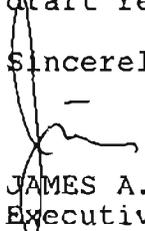
I find your analysis of the issues generally congruent with the thinking of members of the Washington State Association of Counties. Generally, we would concur that special purpose districts are providing services that otherwise would not be available to citizens in unincorporated areas. Whether or not it is the most efficient way to deliver those services, and whether or not there is duplication, over-lap, and unnecessary competition have been questions asked for a number of years. The answer is that, like any governmental service delivery structure, there are always improvements that can be made, some more than others.

Your survey of the attitudes of the county commissioners in two counties is, I believe, generally representative of the thinking of most of the county commissioners, council members and county executives of the state. There is no great desire to step in and control special districts or manage them, most of these officials having more than enough problems dealing with the programs and issues already assigned to county government.

However, should the Legislature desire to improve the service delivery system of special purpose districts, and desire to consider using counties as a mechanism in that process, we are willing to work with them on that issue. We certainly do not at this time automatically reject any proposal or idea on how to make local government work better.

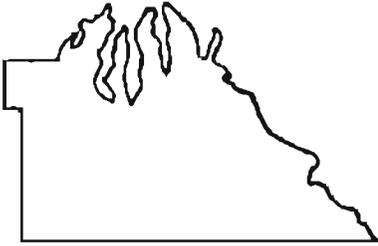
Thank you for your consideration and allowing us to review this draft report.

Sincerely,


JAMES A. METCALF
Executive Director

RECEIVED
AUG 1 1988

LEGISLATIVE
BUDGET COM. 114



RECEIVED
JUL 26 1988

LEGISLATIVE
BUDGET COMMITTEE

George L. Barner, Jr.
District One
Karen Fraser
District Two
Les Eldridge
District Three

Thurston County Commissioners

Olympia, Washington 98502

(206) 786-5440

July 25, 1988

Cheryle A. Broom
Legislative Auditor
Legislative Budget Committee
506 East 16th M.S. KD-11
Olympia, WA 98504-501

Dear Ms. Broom:

Thank you for your July 19 letter concerning the preliminary staff report on Special Purpose Districts. The findings seem reasonable and accurate. As the report notes, we are fortunate in Thurston County to have very few Special Purpose Districts and the ones we do have, function effectively.

I personally have reservations regarding the conclusion in the report which calls for a county government oversight of special districts. This would be added cost on an already over-burdened level of government which has very limited ability to raise revenue for new projects.

I would be extremely reluctant to consider such a function unless adequate funding was provided by the state. This reluctance also extends to the Review Team's suggestion that legislative authorities be given the power to eliminate, consolidate, etc.

Sincerely,

Les Eldridge
County Commissioner

LWE/sdbspd

cc: George Barner
Karen Frazier
Tom Fitzsimmons



Washington State Association of Fire Chiefs, Inc.

605 EAST ELEVENTH • P.O. BOX 7964 • OLYMPIA, WA 98507 • (206) 352-0161 • SCAN: 321-2865

July 25, 1988

Legislative Budget Committee
506 East 16th M.S. KD-11
Olympia, WA 98504

Dear Committee Members,

I have studied the preliminary staff report of the special purpose districts review required by Engrossed House Bill 39. I commend the committee and Staff for their efforts in this very complex issue.

In my opinion, the most difficult task of this report is determining the effectiveness of the fire districts. As indicated in the report, there is no proven method of making this comparison. Using response time is not a good criteria because it is just as important what you do when you arrive as how long it takes you to get there. For example, you could get to the fire in 30 seconds; but if you let the house burn down, are you effective?

Dollar loss is not a good measure unless you compare it to the value of property exposed.

Comparing the Fire Districts budget to the assessed valuation is not a good indicator unless all comparison measures in other districts are equal.

I have given you what I think is "not good" criteria for use in determining efficiency; unfortunately, I am not able to give you many suggestions on what to use instead. It seems to me that the only valid measure of efficiency that we have at this time is the classification of the Fire District by the Washington Surveying and Rating Bureau. As stated in the report, this classification is arrived at by experienced Fire Protection Engineers using a standard set of criteria, proven over the years as valid.

Thank you for the opportunity to review this report and to submit my comments. If I, or our Association, can assist you in any way, please feel free to contact me.

Sincerely,

Otto Jensen
Administrator

