



March 7, 2017

**Clackamas County Board of Commissioners
Policy Position
SB 202/SB 840: Relating to Franchise Fees**

Clackamas County supports SB 202 and SB 840: The Board of County Commissioners supports efforts to resolve intergovernmental issues related to franchise fees.

SB 202 and SB 840 both seek resolutions to the trending issue of municipal governments assessing a fee on right-of-way (ROW) usage for utilities. Clackamas County respectfully acknowledges home rule authority for cities and their ability and invested interest in their important infrastructure. However, some ROW fees can be set arbitrarily and result in higher rates for basic services, such as wastewater treatment, with no service benefit to the customer. The compromise sought by SB 202 and SB 840 is to ensure home rule authority remains intact, while also ensuring service providers are not penalized by paying excessive ratepayer monies, or needlessly overspending public dollars to finance other entities' revenue gaps. In many cases, the ratepayer may not even live in the city where the ROW franchise fee is being assessed.

Clackamas County's primary clean water provider, Water Environment Services (WES), has been greatly impacted by the imposition of franchise fees – in particular, those issued by Oregon City in November 2013. Since that time, Oregon City has assessed a 6% fee based on gross revenue of the Tri-City Service District (TCSD) rather than a fee on the linear feet of treatment plant infrastructure in the ROW. This increased WES' costs by \$191,000 in 2014, increasing to over \$250,000 this year. In order to protect the ratepayers of two other cities using TCSD infrastructure, WES passed those charges to Oregon City ratepayers over the city's objections. This tax is far in excess of what a city would reasonably need to manage the ROW.

The largest hurdle has been discerning why these fees need to be assessed, and who benefits from them. WES and other utility providers already repair roads upon completion of their projects. WES, for its part, also ensures repaving is done to the standards of Clackamas County and the city where they operate on utilities. Arbitrary and excessive franchise fees imposed by any city do not benefit the ratepayers of the district at-large, and actually burden ratepayers who may live outside of the cities assessing the fee.

Clackamas County is confident that SB 202 and SB 840 will resolve issues that utilities have with the current franchise fee practice, while also ensuring the needs, and not the wants, of cities are met.

We urge a “yes” vote for SB 202 and SB 840.

Please contact Chris Lyons at clyons@clackamas.us for more information.