

**Multnomah County Tax Supervising and Conservation Commission
Public Hearing Minutes**

Multnomah County Library District with \$1.2400 Permanent Rate

November 6, 2012 (Measure 26-143)

Monday, October 15, 2012 – 4:00 p.m.

Multnomah County Commissioners Board Room 100

501 S.E. Hawthorne Blvd. Portland, Oregon

Present from TSCC: Chair Javier Fernandez, Commissioner Terry McCall, Commissioner Roslyn Elms Sutherland, Commissioner Steven Nance, Commissioner Susan Schneider, TSCC Executive Director Tom Linhares and Budget Analyst Tunie Betschart.

Present from Multnomah County: County Commission Chair Jeff Cogen; Commissioner Deborah Kafoury, District 1; Commissioner Loretta Smith, District 2; Commissioner Judy Shiprack, District 3, and; Commissioner Diane McKeel, District 4

Chair Javier Fernandez opened the public hearing. Following introductions, Chair Fernandez read a brief description of the purpose of the hearing stating it is one of TSCC's responsibilities to hold public hearings on all property tax measures proposed by municipal corporations under the commission's jurisdiction. He explained that the commissioners had questions that they would like to have answered that were typical questions a citizen may ask. In that sense the commissioners are representing citizens that may not be able to be at the hearing to ask questions of the County Commissioners directly. He went on to say that minutes would be prepared and retained as a permanent record of the proceedings.

Chair Cogen gave an introductory statement about the Library and stated that it was the "crown jewel" of the County providing vital services to the citizens but the funding is very precarious for two main reasons.

- 1) 77% of funding comes from temporary Local Option Levy which must go back to the voters every few years. This adversely affects planning.
- 2) Measure 5 Compression of Local Option Levy results in inadequate revenue needed to provide services desired and expected by citizens of Multnomah County.

TSCC Questions

Commissioner McCall asked the following question:

There has been talk of forming a Library District with its own property tax levy authority for more than 25 years. Why is now the right time to finally ask voters to make this significant change?

County Commissioner McKeel said she echoed Chair Cogen's opening statement and went on to say the Board of County Commissioners unanimously voted to refer the library district to voters on August 2. In the months leading up to this action, the board conducted a thorough community engagement process, which indicated clear support for a library district measure to be referred to voters. Coupled with the increasing effects of property tax compression – expected to swallow up 37% of levy funds this year alone – and the community's dissatisfaction with the reduction in hours and services implemented in the current budget, the time was right.

She said Multnomah County Library is the second busiest library in the United States, but two-thirds of the current budget is essentially temporary funding. A library district would establish a permanent rate, sufficient to cover inflation and allow for long-range fiscal planning. This permanent rate would replace the levy and ongoing General Fund contributions from Multnomah County.

Under the proposed library district model, the library would restore seven-day-per-week service and programs to Fiscal Year 2012 levels for the foreseeable future. Library districts are common throughout the US and in Oregon – where 25 are currently in place. She concluded saying a library district would allow the county to focus resources on other critical services like public safety, mental health care, and substance abuse treatment.

Last year you discussed and analyzed a permanent rate limit of \$1.18 per \$1,000 of assessed value and as recently as July 2012 a tax rate of \$1.22 was under consideration. When the decision was finally made to submit a measure to the voters to create a Library District, a rate of \$1.24 was selected. How was this amount arrived at and why did it increase from recent discussions?

County Chair Cogen said the context of this decision is that a permanent rate, like a diamond, is forever. We spent a lot of time looking at different forecasts to determine what rate would truly put the library on stable footing for the long term. In the end, a district that started at \$1.18 with a maximum permanent rate of \$1.24 put the library on the most stable path and provided us flexibility to keep the rate low as long as possible without compromising the stability of the organization.

The amount levied will be determined as part of each year's budget process. What that means is that each year the library will make a public case for the budget it presents, and the Library District Board (the Multnomah County Board of Commissioners sitting as the Library District Board) will determine the appropriate tax rate for the services up to \$1.24. Mr. Cogen added that projections show that after restoring services to FY12 levels, the library district rate could be held at \$1.18 for about 5 years before incrementally increasing to the cap and that is what they plan to do.

Commissioner Nance asked the following question:

The county will continue to receive prior year property taxes from the current local option levy for several years to come, in excess of \$500,000 the first two years. What do you plan to do with that money?

County Commissioner Kafoury answered saying taxes collected from prior years would be received into the library budget fund for operations or contingency funding.

Chair Fernandez asked this follow up question:

This question is directed to TSCC staff. Is it unusual for a newly established district to levy less than the permanent rate authority?

Mr. Linhares answered saying it was not at all unusual for districts to levy less than their permanent rate and cited two examples: East Multnomah Soil and Water Conservation District and West Multnomah Soil and Water Conservation District.

Chair Cogen added that Clackamas County Library district levied less than their permanent rate in the years immediately after voters approved it.

Commissioner Sutherland asked the following question:

The new district will require the same administrative support that the county library currently receives. Have you determined yet which of these services the county will provide and at what cost and which ones the new district will provide itself "in-house"?

County Vice-Chair Smith said the library expects that the current administrative services model would continue as-is through June, 30 2014. During that period, the library expects to have detailed discussions with Multnomah County about how to ensure that the public is best served long-term with affordable and efficient administrative services.

She concluded by saying the library expects those discussions to include analysis and interpretation that would form the basis of intergovernmental agreements between the two entities.

So will these decisions come to the County Commissioners for approval?

She said yes.

A Library Advisory Board will be appointed to oversee and advise the administration of the Library District. Will this group operate any differently than the current Library Board?

Commissioner McKeel answered saying no. The library anticipates that the Library Advisory Board will continue in its current mission of advising the library director and the Library District Board which is currently the Board of County Commissioners. She added that the Library Advisory board is approved by commission.

Chair Fernandez asked the following question:

Since the increase in tax rate and especially the change from a local option levy to a permanent tax rate limit will affect property tax collections for other non-education districts due to the way Measure 5 compression operates, have you reached out to those other jurisdiction and if so, what has been the reaction?

Chair Cogen said there had been extensive conversations with City Council prior to the library district referral and he have participated in a council work session on the potential district. Just as Multnomah County has been concerned when the city's actions, like urban renewal & FPD&R, impact the County's revenues, the City is concerned about the impact of a library district on its revenues. The City is a great partner, and the County will continue to have discussions with them about how they can work together to provide the right services to the public.

Mr. Linhares asked this follow-up question:

The City of Gresham is close to compression. Have you had any conversation with them about forming the Library District?

Chair Cogen said they had not had any discussions with the City of Gresham but said he was open to doing so.

Commissioner Kafoury added that all the Mayoral candidates support forming a Library District.

Chair Fernandez continued the following question:

One of the advantages of creating a library district with its own permanent rate limit is that you will no longer have to go to voters every three to five years to renew temporary levies. How much did the last local option levy in May of 2012 cost the county and how much was spent by the political action committee supporting the measure?

Commissioner Smith said over the last 10 years, over \$1.2 million has been expended to fund library levy campaigns: \$427,000 through June 2012; \$425,000 in 2006; \$360,000 in 2002. The cost to Multnomah County Elections for a library measure is less when there are other countywide measures on the ballot. This was the case in the May 2012 primary. She added that the total cost for the library measure in that election was \$20,468.

Chair Cogen added that this is not public money. He said the \$1.2 million was private money.

Commissioner Schneider asked the following questions:

Who is heading up the campaign in support of the measure and what activities are planned to inform the voters of the issues surrounding the creation of a Library District with its own permanent tax rate limit?

Commissioner Kafoury replied saying Libraries YES! is running the campaign and the normal election activities are being conducted: fundraising, voter contact, public outreach and education, media opportunities, lawn signs, phone banks. More information is available at www.librariesyes.com.

Have you done any polling to indicate the level of support for the levy?

Commissioner Shiprack answered saying no they have not done any polling.

Mr. Linhares reported that there was no one signed up to give testimony.

Chair Fernandez asked if commissioners or members of the audience had any additional questions or comments.

There being no further questions or discussion, Chair Fernandez closed the public hearing.

Respectfully Submitted,

Tom Linhares, Executive Director, TSCC
Multnomah County Tax Supervising and Conservation Commission