

**ANNOTATED MINUTES**

*Tuesday, January 2, 1990 - 9:30 AM  
Multnomah County Courthouse, Room 602*

**PUBLIC HEARING**

*PH-1 Public Hearing Concerning Governance of the Multnomah County Library.*

**ARLENE COLLINS AND JACK RADOW TESTIMONY.**

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*Tuesday, January 2, 1990 - 1:30 PM  
Multnomah County Courthouse, Room 602*

**BOARD BRIEFING/WORK SESSION**

- B-1 Briefing and Discussion Concerning Rebuilding the Entire Donald E. Long Home, and Possible Financing Options*
- B-2 Discussion Concerning Proposed Street Safety Ordinance (Guns)*

**WORK SESSION TO BE SCHEDULED JANUARY 23, 1990. POSSIBLE FIRST ORDINANCE READING AND HEARING SCHEDULED FOR FEBRUARY 1, 1990.**

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*Wednesday, January 3, 1990 - 7:00 PM  
Multnomah County Public Library Auditorium  
801 S.W. 10th Avenue, Portland*

**PUBLIC HEARING**

*Chair Gladys McCoy convened the meeting at 7:00 p.m., with Commissioners Pauline Anderson, Gretchen Kafoury and Sharron Kelley present, and Commissioner Rick Bauman arriving at 7:30 p.m.*

*PH-2 Public Hearing Concerning Governance of the Multnomah County Library.*

**JANET IRWIN, KATIE BRETSCH, JOHN BAILEY, PAUL THALHOFER, URSULA LeGUIN, DOROTHY HINSCH, ALICE MEYER, ARLENE COLLINS, RUTH BARRIE, PAUL MEYER, JOHN SWEENEY, BOBBI GARY, JIM WORTHINGTON, AMY ESTRIN, JOLINDA OSBORNE, GORDON HUNTER, CHARLES DAVIS AND JUDE NICHOLSON TESTIMONY AND RESPONSE TO BOARD QUESTIONS. BOARD DISCUSSION. CHAIR McCOY**

**SCHEDULED AN EXECUTIVE SESSION FOR 9:00 AM,  
THURSDAY, JANUARY 4, 1990.**

*There being no further business, the meeting was adjourned at 8:10 p.m.*

**OFFICE OF THE BOARD CLERK  
for MULTNOMAH COUNTY, OREGON**

Deborah L. Bogstad  
Deborah L. Bogstad

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*Thursday, January 4, 1990 - 9:00 AM  
Multnomah County Courthouse, Room 602*

**EXECUTIVE SESSION**

- E-1 The Multnomah County Board of Commissioners Convened an Emergency Executive Session Pursuant to ORS 192.660(1)(d)(h) for the Purpose of Consultation with Labor Negotiator and County Counsel Regarding the Library Governance Issue*

**EXECUTIVE SESSION HELD.**

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*Thursday, January 4, 1990 - 9:30 AM  
Multnomah County Courthouse, Room 602*

**FORMAL MEETING**

*Chair Gladys McCoy convened the meeting at 9:35 a.m., with Commissioners Pauline Anderson, Gretchen Kafoury, Rick Bauman and Sharron Kelley present.*

- A. Election of Vice-Chair for 1990 Calendar Year*

**UPON MOTION OF COMMISSIONER ANDERSON,  
SECONDED BY COMMISSIONER KELLEY,  
COMMISSIONER GRETCHEN KAFOURY WAS  
UNANIMOUSLY APPOINTED VICE-CHAIR FOR 1990.**

**PLANNING ITEMS**

- P-1 Decisions of the Planning Commission of December 11, 1989, reported to the Board for acknowledgement by the County Chair:*

CS 10-89 *Approve, subject to conditions, change in zone designation from LR-10 to LR-10, CS, Community Service, for property located at 12911*

*SE Holgate Blvd., for use as a day care center for a maximum of 50 children*

CS 11-89      *Approve, subject to conditions, modification of the Community Service designation for a one-acre portion of the property located at 10500 SE Mt. Scott Blvd., to allow its development with a two-million gallon in-ground reservoir, 125-ft. in diameter and a 22-foot depth plus an easement as a driveway for maintenance purposes*

CS 12-89      *Approve, subject to conditions, requested modification of the community service approval of the property located at 12710 SE Division Street, to allow its development with a 21,625 sq. ft. building and 77 off-street parking spaces*

MC 4-89      *Approve an easement as a means of access for the property adjacent to 1455 SW Highland Road for the existing lot and a potential future second lot, until such time as it is replaced with a public street*

**CHAIR McCOY ACKNOWLEDGED PLANNING COMMISSION DECISIONS.**

*P-2      Resolution in the Matter of Issuance of an Industrial Development Revenue Bond State of Oregon to Teeny Foods Corporation*

**UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER ANDERSON, RESOLUTION 90-1 WAS APPROVED, WITH COMMISSIONERS ANDERSON, KAFOURY, KELLEY AND McCOY VOTING AYE, AND COMMISSIONER BAUMAN VOTING NO.**

*P-3      Auto Wreckers License renewal submitted by Planning & Development and Sheriff's Office, with recommendation for approval for Ron Barber Enterprises, Inc., dba Division Street Auto Parts, U-Pull-It Division, 13232 SE Division Street*

**UPON MOTION OF COMMISSIONER KAFOURY, SECONDED BY COMMISSIONER KELLEY, THE LICENSE RENEWAL WAS UNANIMOUSLY APPROVED.**

**BOARD OF COUNTY COMMISSIONERS**

*R-4      In the matter of the appointments of Andrea Dobson and Elena Rivier to the Nondepartmental Citizen Budget Advisory Committee*

**FOLLOWING EXPLANATION AND UPON MOTION OF COMMISSIONER KAFOURY, SECONDED BY COMMISSIONER ANDERSON, IT WAS UNANIMOUSLY**

**APPROVED THAT ANDREA DOBSON BE APPOINTED  
TO THE NOND CBAC.**

**DEPARTMENT OF ENVIRONMENTAL SERVICES**

- R-5      *In the matter of the sale of 18 feet of Lot 15, Block 2, Whitwood Court, by Multnomah County, to the adjacent property owner*

**HAROLD HOLUB EXPLANATION. UPON MOTION OF COMMISSIONER ANDERSON, SECONDED BY COMMISSIONER KELLEY, R-5 WAS UNANIMOUSLY APPROVED.**

- R-6      *In the matter of ratification of an intergovernmental agreement with the State Marine Board to accept a \$2,000,000 grant to the Parks Services Division, for the construction of Chinook Landing Boating facility*

- R-7      *Budget Modification DES #7 reflecting additional revenues in the amount of \$2,000,000 from State Marine Board to Parks Services, Capital Equipment, and related cash transfer to Federal/State fund, and transfer of county's match, for the construction of Chinook Landing Boating Facility*

**UPON MOTION OF COMMISSIONER ANDERSON, SECONDED BY COMMISSIONER KELLEY, R-6 AND R-7 WERE UNANIMOUSLY APPROVED.**

- R-8      *In the matter of ratification of an intergovernmental agreement with Metropolitan Service District, whereby Metro will inventory and map natural areas throughout the Metropolitan Service District, as well as portions of Multnomah County located outside District boundaries, for period January 15 to June 30, 1990*

**UPON MOTION OF COMMISSIONER ANDERSON, SECONDED BY COMMISSIONER KELLEY, R-8 WAS UNANIMOUSLY APPROVED.**

**BOARD OF COUNTY COMMISSIONERS**

- R-9      *Resolution in the Matter of prohibiting county sponsorship of activities or events co-sponsored by alcohol or tobacco companies or promoted by such organizations*

**VICE-CHAIR KAFOURY EXPLANATION. GARY OXMAN TESTIMONY IN SUPPORT. COMMISSIONER KAFOURY MOVED AND COMMISSIONER ANDERSON SECONDED, APPROVAL OF R-9. RESOLUTION READ. BOARD COMMENTS. RESOLUTION 90-2 UNANIMOUSLY**

**APPROVED.**

**NONDEPARTMENTAL**

R-10      *Board Discussion to provide policy direction to the County Chair for future negotiations with the Library Association of Portland on Library Governance*

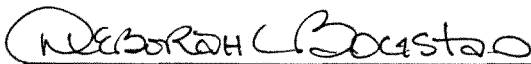
**BOARD DISCUSSION.**

*The meeting was recessed at 10:00 a.m. and reconvened at 10:25. a.m.*

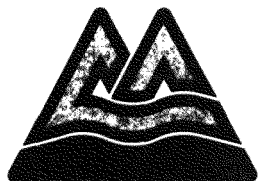
**BOARD DISCUSSION AND COMMENTS. FRED NEAL, CHARLES DAVIS, LINDA ALEXANDER AND JOHN DuBAY RESPONSE TO BOARD QUESTIONS AND DISCUSSION. COMMISSIONER BAUMAN MOVED, SECONDED BY COMMISSIONER ANDERSON, THAT THE BOARD AUTHORIZE THE CHAIR TO NEGOTIATE WITH THE LIBRARY ASSOCIATION OF PORTLAND FOR THE COUNTY TO ASSUME DIRECT GOVERNANCE RESPONSIBILITIES OF THE LIBRARY, WITH THE QUESTION OF WHETHER THERE'S AN INTERVENING COMMISSION TO BE RESOLVED BY THE BOARD AT A LATER POINT. FOLLOWING DISCUSSION AND CLARIFICATION, IT WAS UNANIMOUSLY APPROVED THAT COUNTY COUNSEL BE DIRECTED TO PREPARE A RESOLUTION OR ORDINANCE, AS APPROPRIATE, REGARDING THE PROCESS TO FOLLOW TO ESTABLISH DIRECT COUNTY GOVERNANCE OF THE MULTNOMAH COUNTY PUBLIC LIBRARY SYSTEM.**

*There being no further business, the meeting was adjourned at 11:10 a.m.*

**OFFICE OF THE BOARD CLERK  
for MULTNOMAH COUNTY, OREGON**



**Deborah L. Bogstad**



# MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
ROOM 605, COUNTY COURTHOUSE  
1021 S.W. FOURTH AVENUE  
PORTLAND, OREGON 97204

GLADYS McCOY • CHAIR • 248-3308  
PAULINE ANDERSON • DISTRICT 1 • 248-5220  
GRETCHEN KAFOURY • DISTRICT 2 • 248-5219  
RICK BAUMAN • DISTRICT 3 • 248-5217  
SHARRON KELLEY • DISTRICT 4 • 248-5213  
JANE McGARVIN • Clerk • 248-3277

AGENDA OF  
MEETINGS OF THE MULTNOMAH COUNTY BOARD OF COMMISSIONERS  
FOR THE WEEK OF  
JANUARY 1 - 5, 1990

Monday, JANUARY 1, 1990 - OFFICES CLOSED

Tuesday, JANUARY 2, 1990 - 9:30 AM - Formal Hearing . . . Page 2

Tuesday, JANUARY 2, 1990 - 1:30 PM - Work Session . . . . Page 3

Wednesday, JANUARY 3, 1990 - 7:00 PM - Public Hearing . . Page 4  
Multnomah County Central Library  
801 SW 10th Auditorium  
Portland, Oregon

Thursday, JANUARY 4, 1990 - 9:30 AM - Formal. . . . . Page 4  
Planning Items

Thursday Meetings of the Multnomah County Board of Commissioners are recorded and can be seen at the following times:  
Thursday, 10:00 PM, Channel 11 for East and West side subscribers  
Friday, 6:00 PM, Channel 27 for Paragon Cable (Multnomah East) subscribers  
Saturday 12:00 PM, Channel 21 for East Portland and East County subscribers

-2-

Tuesday, JANUARY 2, 1990 - 9:30 AM

Multnomah County Courthouse, Room 602

FORMAL HEARING

LIBRARY GOVERNANCE - Update by staff on Library Policy options report

PUBLIC HEARING regarding Library

-3-

Tuesday, JANUARY 2, 1990 - 1:30 PM

Multnomah County Courthouse, Room 602

INFORMAL MEETING and WORK SESSION

1. Briefing and discussion concerning rebuilding the entire Donald E. Long Home, and possible financing options
2. Discussion concerning proposed street safety ordinance (guns)

PUBLIC TESTIMONY WILL NOT BE TAKEN AT INFORMAL MEETINGS



-4-

WEDNESDAY, JANUARY 3, 1990 - 7:00 PM

801 SW 10TH, AUDITORIUM

PORTLAND, OREGON

Public Hearing concerning governance of the Multnomah County Library

Thursday, JANUARY 4, 1990, 9:30 AM

Multnomah County Courthouse, Room 602

Formal Agenda

A. Election of Vice-Chair for 1990 Calendar Year

PLANNING ITEMS

1. Decisions of the Planning Commission of December 11, 1989, reported to the Board for acknowledgement by the County Chair:
  - a. CS 10-89 Approve, subject to conditions, change in zone designation from LR-10 to LR-10, CS, Community Service, for property located at 12911 SE Holgate Blvd., for use as a day care center for a maximum of 50 children
  - b. CS 11-89 Approve, subject to conditions, modification of the Community Service designation for a one-acre portion of the property located at 10500 SE Mt. Scott Blvd., to allow its development with a two-million gallon in-ground reservoir, 125-ft. in diameter and a 22-foot depth plus an easement as a driveway for maintenance purposes
  - c. CS 12-89 Approve, subject to conditions, requested modification of the community service approval of the property located at 12710 SE Division Street, to allow its development with a 21,625 sq. ft. building and 77 off-street parking spaces
  - d. MC 4-89 Approve an easement as a means of access for the property adjacent to 1455 SW Highland Road for the existing lot and a potential future second lot, until such time as it is replaced with a public street
2. Resolution in the matter of Issuance of an Industrial Development Revenue Bond State of Oregon to Teeny Foods Corporation (RB 1-90) 8005 SE Stark Street - purpose is for the purchase of equipment that will allow for an expansion in production
3. Auto Wreckers License renewal submitted by Planning & Development and Sheriff's Office, with recommendation for approval for Ron Barber Enterprises, Inc., dba Division Street Auto Parts, U-Pull-It Division, 13232 SE Division Street

REGULAR AGENDA

BOARD OF COUNTY COMMISSIONERS

- R-4 In the matter of the appointment of Andrea Dobson and Elena Rivier to the Nondepartmental Citizen Budget Advisory Committee

DEPARTMENT OF ENVIRONMENTAL SERVICES

- R-5 In the matter of the sale of 18 feet of Lot 15, Block 2, Whitwood Court, by Multnomah County, to the adjacent property owner
- R-6 In the matter of ratification of an intergovernmental agreement with the State Marine Board to accept a \$2,000,000 grant to the Parks Services Division, for the construction of Chinook Landing Boating facility
- R-7 Budget Modification DES #7 reflecting additional revenues in the amount of \$2,000,000 from State Marine Board to Parks Services, Capital Equipment, and related cash transfer to Federal/State fund, and transfer of county's match, for the construction of Chinook Landing Boating Facility
- R-8 In the matter of ratification of an intergovernmental agreement with Metropolitan Service District, whereby Metro will inventory and map natural areas throughout the Metropolitan Service District, as well as portions of Multnomah County located outside District boundaries, for period January 15 to June 30, 1990

BOARD OF COUNTY COMMISSIONERS

- R-9 Resolution in the Matter of prohibiting county sponsorship of activities or events co-sponsored by alcohol or tobacco companies or promoted by such organizations

NONDEPARTMENTAL

- R-10 Board Discussion to provide policy direction to the County Chair for future negotiations with the Library Association of Portland on Library Governance

#1  
NAME

JANET IRWIN

Date

1/3/90

ADDRESS

431 NE 85

Street

PORTLAND

City

97220

Zip

I wish to speak on Agenda Item #

Subject Change in library to County

X FOR

\_\_\_\_ AGAINST

County Sept.

#2

Date 1/3/90

NAME

KATIE BRETSCH

ADDRESS

3525 SE 62nd

Street

Portland, OR 97206

City

Zip

I wish to speak on Agenda Item # \_\_\_\_\_

Subject \_\_\_\_\_

\_\_\_\_ FOR

\_\_\_\_ AGAINST

Pro county governance

County Treasurer

#3

Date 1/3

NAME

John Bailey

ADDRESS

P.O. Box

19447

Street

Port

97219

City

Zip

I wish to speak on Agenda Item #

2:6

Subject

\_\_\_\_ FOR

\_\_\_\_ AGAINST



Service Rep Library Union  
Allow for smooth transition: whatever

#4

Date 1-3-90

NAME

Bert Thallhofer

ADDRESS

920 S. W. Cherry Park Rd

Street

Trousdale OR

97060

City

Zip

P.O. Box 177

I wish to speak on Agenda Item

#

Library

Subject

☒

FOR

☐ AGAINST

County take over

#5

Date \_\_\_\_\_

NAME URSULA LE GUIN

ADDRESS 3321 NW Thurman

Street

PH(12)

City

97210

Zip

I wish to speak on Agenda Item # \_\_\_\_\_

Subject \_\_\_\_\_

\_\_\_\_ FOR

\_\_\_\_ AGAINST

County Dept.

#4

NAME

Anthony D. Hensch

Date

1/3/90

ADDRESS

2544 W. Meadow St

Street

City

Zip

I wish to speak on Agenda Item #

Subject

FOR

AGAINST

County Treasurer

#7

Date 1/3/90

NAME

Alvin Meyer

ADDRESS

60224 Skyline Cr

Street

97229

City

Zip

I wish to speak on Agenda Item # \_\_\_\_\_

Subject \_\_\_\_\_

X  
FOR

\_\_\_\_\_  
AGAINST



Hybrid:

Trust becomes Advisory Commission

#8

NAME

Arlene Collins

Date

1/3/90

ADDRESS

Street

City

Zip

I wish to speak on Agenda Item #

Subject

FOR

AGAINST

Support Library Union for County takeover

#9

Date

June 3-89

NAME

Mrs Ruth W. BARRIE

ADDRESS

14141 SE Market St.

Street

Portland, Oregon

City

97233

Zip

I wish to speak on Agenda Item #

Subject

FOR

AGAINST

Will support increase to allow for Public  
Takeover

#10

Date 1/3/90

NAME

PAUL R MEYER

ADDRESS

602 NW SKYLINE WEST

Street

BATMAN,  
City

OR

97229

Zip

I wish to speak on Agenda Item #

Subject

       FOR

       AGAINST

Agree with weji Aheri, Need for Hybrid  
Agency, a buffer between Staff and B.C.C.

1. Policy direction
2. Assistant

#11

Date \_\_\_\_\_

NAME

John Sweeney

ADDRESS

1901 SE 35 PL

Street

Portland OR 97214

City

Zip

I wish to speak on Agenda Item # \_\_\_\_\_

Subject \_\_\_\_\_

☒

FOR

☐

AGAINST



#12

Date 1/3/80

NAME

Bobbi L. Gary

ADDRESS

2642 S.E. Tibbetts

Street

Portland

City

Or.

97207

Zip

I wish to speak on Agenda Item # \_\_\_\_\_

Subject \_\_\_\_\_

\_\_\_\_ FOR

\_\_\_\_ AGAINST

13

Date 1/3/90

NAME

JIM WORTHINGTON

ADDRESS

3232 SE 153 RD

Street

PORT.

City

97236

Zip

I wish to speak on Agenda Item # \_\_\_\_\_

Subject \_\_\_\_\_

\_\_\_\_ FOR

\_\_\_\_ AGAINST

County Dept. on electd board

14

Date 1.3.90

NAME

Amy Estrin

ADDRESS

911 S.W. 21 #404

Street

Portland, OR

City

97205

Zip

I wish to speak on Agenda Item #

Subject

       FOR       AGAINST

Just Keep employees informed, don't  
interfere with way business is working, its  
working well

15

Date \_\_\_\_\_

NAME

LINDA OSBORNE

ADDRESS

639 NW 100th

Street

POV 97220

City

Zip

I wish to speak on Agenda Item # \_\_\_\_\_

Subject \_\_\_\_\_

\_\_\_\_ FOR

\_\_\_\_ AGAINST

Wants County to take over but fears  
there may not be enough money for  
county to do so

16

Date \_\_\_\_\_

NAME

Jordan Hunter

ADDRESS

5260 NE 74th

Street

Portland

City

97218

Zip

I wish to speak on Agenda Item # \_\_\_\_\_

Subject \_\_\_\_\_

\_\_\_\_ FOR

\_\_\_\_ AGAINST



Just make a decision soon



# MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
ROOM 605, COUNTY COURTHOUSE  
1021 S.W. FOURTH AVENUE  
PORTLAND, OREGON 97204

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RICK BAUMAN • DISTRICT 3 • 248-5217  
SHARRON KELLEY • DISTRICT 4 • 248-5213  
JANE McGARVIN • Clerk • 248-3277

## NOTICE OF PUBLIC HEARINGS

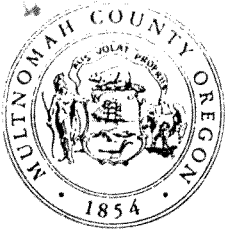
The Multnomah County Board of Commissioners will hold two public hearings for the purpose of taking testimony and public input in determining policy direction on the library governance options for the Multnomah County Library.

The first meeting will begin with an update on the Policy Options Report by Department of General Services staff followed by public testimony on:

TUESDAY JANUARY 2, 1990  
9:30 a.m.  
MULTNOMAH COUNTY COURTHOUSE  
1021 S. W. 4th Avenue, Room 602  
Portland, Oregon

In order to allow testimony from citizens who cannot attend a daytime hearing, a second public hearing will be held on:

WEDNESDAY JANUARY 3, 1990  
7:00 p.m.  
MULTNOMAH COUNTY CENTRAL LIBRARY  
801 S. W. 10th, Auditorium  
Portland, Oregon



# GLADYS McCOY, Multnomah County Chair

Room 134, County Courthouse  
1021 S.W. Fourth Avenue  
Portland, Oregon 97204  
(503) 248-3308

1/3/90  
7<sup>00</sup> pm  
Public Hearing

## MEMORANDUM

TO : Linda Alexander, Director DGS

FROM : Gladys McCoy *[Signature]*  
Multnomah County Chair

DATE : December 22, 1989

RE : Library Governance Hearings

1989 DEC 23 10 32  
CLERK OF COUNTY

Please be advised I have determined that the Board of County Commissioner's hearing and discussion on the governance of the Multnomah County Library needs to be held as quickly as possible. Whatever policy direction results from that discussion needs to be incorporated in the Library's and your Department's planning for the necessary March 27 Library Serial Levy. The Board needs to certify the levy by January 25 and any decision to take on the Library as a direct County operation will impact the levy request.

The Board determined Thursday, the 21st, to hold three sessions the first week of January, rather than the planned hearing on the 9th of January. The first meeting will be at 9:30 a.m. Tuesday, January 2, and should begin with an update by you and your staff on your Policy Options Report and answering any questions Commissioners may have. The update will be followed by public testimony. In order to allow citizens who cannot attend a day-time hearing to testify, we will hold a second public hearing the next night, January 3, at 7 p.m., at the Main Branch of the Library. The third meeting will be the next day, Thursday the 4th, as part of the regular Formal Agenda of the Board, and will be the Board's opportunity to provide policy direction to the County Chair for future negotiations with the Library Association of Portland on library governance.

I apologize for changing the schedule on library discussions on you and the Department's staff, but I trust in your abilities to accomodate us. Could you confirm this schedule with any interested parties who have been in contact with you regarding the Report and hearings? Thanks.

cc.: BCC  
Clerk of the Board  
Charles Davis



# MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
ROOM 605, COUNTY COURTHOUSE  
1021 S.W. FOURTH AVENUE  
PORTLAND, OREGON 97204

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RICK BAUMAN • DISTRICT 3 • 248-5217  
SHARRON KELLEY • DISTRICT 4 • 248-5213  
JANE McGARVIN • Clerk • 248-3277

## Multnomah County Library Governance Options

### Background

The historical relationship between Multnomah County and the Library began in 1911. Since that time, the County has continued its relationship with the private non-profit association, the Library Association of Portland (L.A.P.). The County has agreed to provide funding for the public library system while the L.A.P. administers and manages the 15-branch library system.

In 1984, following the close defeat (206 votes) of a recommended County Charter change for an independent Multnomah County Library Commission to administer, operate and maintain the Multnomah County Library system, the original contractual agreement between the County and the Library Association of Portland was amended. The Library Association of Portland's board, which makes the actual decisions on managing the library system, is now composed of five appointed Multnomah County members on its thirteen member board. In addition, the L.A.P. has also agreed to partially comply with the State public open meetings law.

The debate about the best way to govern the public library system has continued. In 1988, Chair Gladys McCoy appointed a group of citizens to develop a Report on Governance - Multnomah County Public Library. This task force recommended the formation of a Library Trust to operate, maintain, plan and provide library services for the citizens of Multnomah County. It further recommended that all deliberations be subject to State laws pertaining to public meetings and public records.

In the fall of 1989, Chair McCoy appointed a thirteen member Library Trust which was subsequently approved by the Board of County Commissioners. During the process of negotiating a new relationship between the County, the Library Trust and the L.A.P., a renewed interest in exploring three possible options for the governance of the library system has again surfaced for members of the Board of Commissioners.

## Summary of Options

### Option I: Direct Control of the Public Library System by Multnomah County

This option would transfer the administration of the public library system from the L.A.P. to the County in which the Library would then become an independent County department or agency. All employees of the Library would become County employees entitled to the same rights and benefits as existing County employees except as might be provided by a collective bargaining agreement. Operational processes like purchasing, facilities management and payroll would be subject to County administrative procedures.

### Option II: Governance by a Trust Appointed by the Board of County Commissioners

This option would, for all practical purposes, be very similar to the administration of the Library by the L.A.P.. It assumes that administration would transfer from the Library Association of Portland to the Trust. The County would, under this option, appoint members of the Trust and continue to fund the public library system. The Trust would submit an operating budget for review to the County every year for approval and public accountability issues would be insured under the Oregon Open Meetings and Public Records Laws.

### Option III: Transition to Direct County Control

The third option is a hybrid of the first two options. It assumes that a Trust appointed by the Board would be the administrator of the Library for some finite period of time with the County assuming direct control at a future date.

## Issues

Option I: If the County was to govern the library system, the major fiscal impact would be the need for additional dollars for personnel salaries and fringe benefits. The projected costs of absorbing the current library employees into the County system range from \$820,162 to \$1,553,542 depending on how the County would implement the transfer of employees.

An additional major fiscal concern centers around the L.A.P. retirement plan. It has been estimated that there is currently a \$700,000 unfunded liability in the L.A.P. pension plan if the County were to guarantee cost of living adjustments and parity benefits to match the County's Public Employees Retirement System (PERS) plan.

If library employees were transferred to the County system, additional issues of concern would include: the length of library

employees workday; the need to restructure the library's job classification system and hiring procedures; the establishment of centralized administrative support services; possible job displacement; disruption of library and County administrative services for a temporary period of time; and additional operational transfer costs.

Option II: If the Trust were to govern the administration of the library, labor relations would be the direct concern of the Trust and not Multnomah County. The Trust would not be bound by the current labor agreement that exists between library employees and the L.A.P. It would, however, be obligated to either accept this contract or bargain in good faith with the library union for a new agreement. It is assumed that job classification and descriptions and many operational procedures would remain unchanged resulting in little disruption to the current way the Library does business.

Advocates in favor of this option contend that additional advantages of this form of governance include the following issues: possible participation in a regional library system in the future; decreased political pressures in areas of library policy and management; and direct advocacy for library issues and solicitations of charitable contributions could be enhanced under the Trust arrangement.

Option III: Fiscal and operational issues are most difficult to identify under this form of governance, an interim approach, because of its inherent vagueness and uncertainty. Such an approach would possibly have a negative impact on the hiring of an executive director, morale of library employees and stable functioning and policy decision-making of the Library Trust itself.



# MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
GLADYS McCOY  
PAULINE ANDERSON  
GRETCHEN KAFOURY  
RICK BAUMAN  
SHARRON KELLEY

DEPARTMENT OF GENERAL SERVICES  
PORTLAND BUILDING  
1120 SW FIFTH, 14TH FLOOR  
PORTLAND, OR 97204-1934

OFFICE OF THE DIRECTOR  
EMPLOYEE SERVICES (503) 248-3303  
FINANCE (503) 248-5015  
LABOR RELATIONS (503) 248-3312  
PLANNING & BUDGET (503) 248-5135  
(503) 248-3883

AT OTHER LOCATIONS:

ADMINISTRATIVE SERVICES (503) 248-5111  
ASSESSMENT & TAXATION (503) 248-3345  
ELECTIONS (503) 248-3720  
INFORMATION SERVICES (503) 248-3749

## MEMO

TO: Commissioner Rick Bauman  
Board of County Commissioners

FROM: Shaun Coldwell *Shawn Coldwell* Planning & Budget Analyst

SUBJECT: REPRESENTATIVE TAXING PROJECTIONS

DATE: January 2, 1990

During the formal hearing on the Library Governance this morning, you requested some information on tax rates for a taxpayer living within the City of Portland. The attachment shows representative figures for fiscal years 1989-90 and 1990-91.

The figures for Multnomah County include three components:

- \* The 6% allowable tax base increase;
- \* the change in rate from the old corrections levy to the newly approved Inverness levy, scheduled to go into effect July 1, 1990;
- \* the change in rate from the old library levy to a County operated agency, at a total cost of \$8,550,000.

The figures for the other taxing districts are inflated at a 6% increase.

As you know, any adjustments made to the assumptions built into the library levy figure would change the resulting rate.

Please let me know if you have any further questions.

attachment

cc: Linda Alexander  
Jack Horner  
Ben Buisman  
Dave Warren



Representative Taxing Projections  
Fiscal Years 1989-90 - 1990-91

Tax Rates Per \$1,000 of Assessed Value

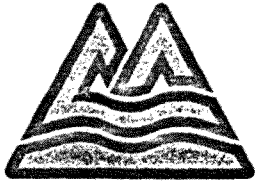
	<u>1989-90</u>	<u>1990-91 *</u>
For Property Located in City of Portland		
School District No. 1	\$16.93	\$17.95
Education Service District	1.50	1.59
Portland Community College	0.94	1.00
City of Portland	8.70	9.22
MULTNOMAH COUNTY (Total)	4.52	5.28
Corrections (New levy 90-91)	0.25	0.72
Library (County agency 90-91)	0.40	0.46
Port of Portland	0.31	0.33
Metro Service District	0.33	0.35
 TOTAL TAX RATE	 \$33.23	 \$35.71

\* Assumes 6% increase on all districts but Multnomah County.

Note: Total 1989-90 assessed value of \$18,661,877,824 used for all calculations.

1/2/90

Planning & Budget



# MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
GLADYS McCOY  
PAULINE ANDERSON  
GRETCHEN KAFOURY  
RICK BAUMAN  
SHARRON KELLEY

DEPARTMENT OF GENERAL SERVICES  
PORTLAND BUILDING  
1120 SW FIFTH, 14TH FLOOR  
PORTLAND, OR 97204-1934

AT OTHER LOCATIONS:

OFFICE OF THE DIRECTOR (503) 248-3303  
EMPLOYEE SERVICES (503) 248-5015  
FINANCE (503) 248-3312  
LABOR RELATIONS (503) 248-5135  
PLANNING & BUDGET (503) 248-3883

ADMINISTRATIVE SERVICES (503) 248-5111  
ASSESSMENT & TAXATION (503) 248-3345  
ELECTIONS (503) 248-3720  
INFORMATION SERVICES (503) 248-3749

## MEMORANDUM

TO: Board of County Commissioners  
FROM: Linda Alexander, Director  
Department of General Services  
DATE: December 22, 1989  
SUBJECT: Library Costing

Attached is a comparison of a probable Library Serial Levy based on:

1. Current Service Level

Scenario 1 Trust (or Status Quo)  
Scenario 2 County Assumption

and the Library's preliminary plan for 1990-93.

We thought it would be helpful to add financial projections to your informational packet. We can discuss this memo on January 2 if you wish.

9276F/LA/1b

Attachment

cc: Fred Neal  
Ken Upton  
Kathy Busse

MEMO

TO: Linda Alexander, General Services Director

FROM: David Warren, Budget Manager  
Shaun Coldwell, Planning & Budget Analyst

SUBJECT: LIBRARY SERIAL LEVY -- 1990-1993

DATE: December 21, 1989

You will find attached two sets of spread sheets and a page from the Library's Long Range Plan, dated October 1989:

The first spreadsheet projects our estimates of the cost of the Multnomah County Library at the current service level, with inflation, for the life of the next three year levy. Two scenarios are laid out, one assumes the Library will fall under the direction of a Trust and the second that the Library will become a County agency. Costs are based on 1989-90, with 1989-90 capital outlay adjusted to exclude major construction.

The two following spreadsheets lay out the library levy amount required to meet the needs of the two operating scenarios.

The bottom line is that, under the trust we will need to levy \$6,875,000 per year for the next three years; with the library as a County agency, we will need to levy \$8,550,000.

However, this undoubtedly will fall below what the Library will be submitting as their requested levy (see third attachment). According to their Long Range Plan, dated October 1989, the levy amount will be \$11,518,512. This appears to include a base amount of expenditures, quite comparable to what we are projecting for the Trust scenario, and increments built in for enhanced services, increased book budget and capital. A comparable levy under County governance would be approximately \$13,194,000.

We believe that the cost of enhanced services could be greater under County jurisdiction than the Library currently assumes. The enhancements include personnel costs which will be higher for a County agency. Without the detail that is behind these numbers, it is difficult to say what the differences are likely to be between the Trust and the County for these additions.

attachments  
cc: Jack Horner

## LIBRARY OPERATED BY A TRUST ORGANIZATION

## EXPENDITURES

	1986-87 ACTUAL	1987-88 ACTUAL	1988-89 BUDGET	1989-90 BUDGET	1990-91 BUDGET	1991-92 BUDGET	1992-93 BUDGET	1993-94 BUDGET
Personal Services	5,883,367	6,346,946	6,872,276	7,392,459	8,069,680	8,473,164	8,888,349	
Materials & Svcs	2,102,858	3,269,850	3,718,192	4,065,327	4,309,247	4,524,709	4,746,420	
Capital Outlay	176,638	372,989	2,100,000	2,100,000	800,000	840,000	881,160	
BALANCE			770,107					
TOTAL	8,162,863	9,989,785	13,460,575	13,557,786	13,178,927	13,837,873	14,515,929	

## REVENUES

Gen Fund	4,650,000	4,766,250	4,981,225	5,230,286	5,544,103	5,821,308	6,106,552	
Other Srcs	473,757	672,725	1,620,850	615,000	2,151,900	759,495	796,710	
Levy	2,912,879	7,023,300	6,882,500	7,712,500	6,256,250	6,256,250	6,256,250	
Delinquencies				453,000	518,000	499,625	490,438	
BALANCE	0	0	0	0	453,000	1,744,326	1,243,131	377,153
TOTAL	8,036,636	12,462,275	13,484,575	14,010,786	14,923,253	15,081,004	14,893,082	
Revs Over(Under)	(126,227)	2,472,490	24,000	453,000	1,744,326	1,243,131	377,153	
INFLATION					1.06	1.05	1.049	

~~~~~  
LIBRARY OPERATED AS A COUNTY AGENCY

## EXPENDITURES

|                   | 1986-87<br>ACTUAL | 1987-88<br>ACTUAL | 1988-89<br>ACTUAL | 1989-90<br>BUDGET | 1990-91<br>BUDGET | 1991-92<br>BUDGET | 1992-93<br>BUDGET | 1993-94<br>BUDGET |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Personal Services | 5,883,367         | 6,346,946         | 6,872,276         | 7,392,459         | 9,580,353         | 10,059,371        | 10,562,339        |                   |
| Materials & Svcs  | 2,102,858         | 3,269,850         | 3,718,192         | 4,065,327         | 4,309,247         | 4,524,709         | 4,750,944         |                   |
| Capital Outlay    | 176,638           | 372,989           | 2,100,000         | 2,100,000         | 800,000           | 840,000           | 882,000           |                   |
| BALANCE           |                   |                   | 770,107           |                   |                   |                   |                   |                   |
| TOTAL             | 8,162,863         | 9,989,785         | 13,460,575        | 13,557,786        | 14,689,600        | 15,424,080        | 16,195,284        |                   |

## REVENUES

|            |           |            |            |             |            |            |            |           |
|------------|-----------|------------|------------|-------------|------------|------------|------------|-----------|
| Gen Fund   | 4,650,000 | 4,766,250  | 4,981,225  | 5,230,286   | 5,544,103  | 5,821,308  | 6,112,374  |           |
| Other Srcs | 473,757   | 672,725    | 1,620,850  | 615,000     | 2,151,900  | 759,495    | 797,470    |           |
| Levy       | 2,912,879 | 7,023,300  | 6,882,500  | (6,298,286) | 7,780,500  | 7,780,500  | 7,780,500  |           |
| BALANCE    | 0         | 0          | 0          | 0           | 0          | 1,304,903  | 800,377    | (126,188) |
| TOTAL      | 8,036,636 | 12,462,275 | 13,484,575 | 0           | 15,994,503 | 16,224,457 | 16,069,095 |           |
| INFLATION  |           |            |            |             | 1.06       | 1.05       | 1.05       |           |

\*Note: 90-91 revenues includes \$1.5-mill carryover not budgeted in 89-90

SERIAL LEVY TAX COMPUTATION  
TRUST

|                    | 1990-91   | 1991-92   | 1992-93   | 1993-94  | 1994-95 | 1995-96 | TOTAL<br>RECEIVED |
|--------------------|-----------|-----------|-----------|----------|---------|---------|-------------------|
| Delinquencies      | 7.00%     | 7.00%     | 7.00%     | 7.00%    | 7.00%   | 7.00%   |                   |
| Prior Yr Collected | 50.00%    | 50.00%    | 50.00%    | 50.00%   | 50.00%  | 50.00%  |                   |
| Levy Amount        | 6,875,000 | 6,875,000 | 6,875,000 | 0        |         |         |                   |
| Less Discounts     | 137,500   | 137,500   | 137,500   | 0        |         |         |                   |
| Less Delinquencies | 481,250   | 481,250   | 481,250   | 0        |         |         |                   |
| Current Receipts   | 6,256,250 | 6,256,250 | 6,256,250 | 0        |         |         |                   |
| Prior Year 1       |           | 240,625   | 240,625   | 240,625  | 0       |         |                   |
| Prior Year 2       |           |           | 120,313   | 120,313  | 120,313 | 0       |                   |
| Prior Year 3       |           |           |           | 60,156   | 60,156  | 60,156  |                   |
| Prior Year 4       |           |           |           |          | 30,078  | 30,078  |                   |
| Prior Year 5       |           |           |           |          |         | 15,039  |                   |
| Prior Year 6       |           |           |           |          |         |         |                   |
| Receivable         | 481,250   | 721,875   | 842,188   | 421,094  | 210,547 | 105,273 |                   |
| Total Received     | 6,256,250 | 6,496,875 | 6,617,188 | 421,094  | 210,547 | 105,273 | 20,107,227        |
| REVENUES           | 1990-91   | 1991-92   | 1992-93   |          |         |         |                   |
| BWC                |           | 1,291,326 | 790,131   | (83,106) | 337,988 | 548,535 |                   |
| Current Taxes      | 6,256,250 | 6,256,250 | 6,256,250 | 0        | 0       | 0       |                   |
| Prior Year Taxes   | 0         | 240,625   | 360,938   | 421,094  | 210,547 | 105,273 |                   |
| Interest           | 0         |           |           |          |         |         |                   |
| Cash Tran - GF     | 0         |           | 0         |          |         |         |                   |
| TOTAL REVENUES     | 6,256,250 | 7,788,201 | 7,407,319 | 337,988  | 548,535 | 653,809 |                   |

SERIAL LEVY TAX COMPUTATION  
COUNTY AGENCY

|                    | 1990-91   | 1991-92   | 1992-93   | 1993-94 | 1994-95 | 1995-96 |
|--------------------|-----------|-----------|-----------|---------|---------|---------|
| ~~~~~              | ~~~~~     | ~~~~~     | ~~~~~     | ~~~~~   | ~~~~~   | ~~~~~   |
| Delinquencies      | 7.00%     | 7.00%     | 7.00%     | 7.00%   | 7.00%   | 7.00%   |
| Prior Yr Collected | 50.00%    | 50.00%    | 50.00%    | 50.00%  | 50.00%  | 50.00%  |
| Levy Amount        | 8,550,000 | 8,550,000 | 8,550,000 | 0       |         |         |
| Less Discounts     | 171,000   | 171,000   | 171,000   | 0       |         |         |
| Less Delinquencies | 598,500   | 598,500   | 598,500   | 0       |         |         |
| Current Receipts   | 7,780,500 | 7,780,500 | 7,780,500 | 0       |         |         |
| Prior Year 1       |           | 299,250   | 299,250   | 299,250 | 0       |         |
| Prior Year 2       |           |           | 149,625   | 149,625 | 149,625 | 0       |
| Prior Year 3       |           |           |           | 74,813  | 74,813  | 74,813  |
| Prior Year 4       |           |           |           |         | 37,406  | 37,406  |
| Prior Year 5       |           |           |           |         |         | 18,703  |
| Prior Year 6       |           |           |           |         |         |         |
| Receivable         | 598,500   | 897,750   | 1,047,375 | 523,688 | 261,844 | 130,922 |
| Total Received     | 7,780,500 | 8,079,750 | 8,229,375 | 523,688 | 261,844 | 130,922 |

::

|                  | 1990-91   | 1991-92   | 1992-93   |           |         |         |
|------------------|-----------|-----------|-----------|-----------|---------|---------|
| REVENUES         |           |           |           |           |         |         |
| BWC              |           | 1,304,903 | 800,377   | (126,188) | 397,500 | 659,343 |
| Current Taxes    | 7,780,500 | 7,780,500 | 7,780,500 | 0         | 0       | 0       |
| Prior Year Taxes | 0         | 299,250   | 448,875   | 523,688   | 261,844 | 130,922 |
| Interest         | 0         |           |           |           |         |         |
| Cash Tran - GF   | 0         |           | 0         |           |         |         |
| TOTAL REVENUES   | 7,780,500 | 9,384,653 | 9,029,752 | 397,500   | 659,343 | 790,265 |

MULTNOMAH COUNTY LIBRARY

PROJECTED EXPENDITURES 1990/91 - 1992/93

| EXPENDITURES:     | 1990/91    | 1991/92    | 1992/93    | TOTAL      |
|-------------------|------------|------------|------------|------------|
| Base              | 12,374,400 | 13,364,400 | 14,433,600 | 40,172,400 |
| Enhanced Services | 1,509,104  | 1,537,543  | 1,722,460  | 4,769,107  |
| Inc. book budget  | 537,779    | 770,881    | 1,075,668  | 2,384,328  |
| Capital           | 1,572,000  | 1,432,000  | 182,000    | 3,186,000  |
|                   | 15,993,283 | 17,104,824 | 17,413,728 | 50,511,835 |

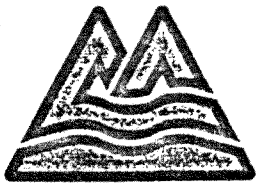
# MULTNOMAH COUNTY LIBRARY

## PROJECTED REVENUE 1990/91 - 1992/93

| SOURCE               | 1990/91    | 1991/92    | 1992/93    | TOTAL      |
|----------------------|------------|------------|------------|------------|
| General Fund         | 5,230,286  | 5,230,286  | 5,230,286  | 15,690,858 |
| Serial Levy 90-92*** | 10,424,253 | 10,424,253 | 10,424,253 | 31,272,759 |
| Delinquencies        | 453,216    | 500,000    | 600,000    | 1,553,216  |
| Fines                | 275,000    | 285,000    | 300,000    | 860,000    |
| Interest             | 200,000    | 250,000    | 250,000    | 700,000    |
| Other Income         | 60,000     | 65,000     | 70,000     | 195,000    |
| State                | 80,000     | 80,000     | 80,000     | 240,000    |
| TOTAL                | 16,722,755 | 16,834,539 | 16,954,539 | 50,511,833 |

\*\*\*11,518,512 serial levy per year





# MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
GLADYS McCOY  
PAULINE ANDERSON  
GRETCHEN KAFOURY  
RICK BAUMAN  
SHARRON KELLEY

DEPARTMENT OF GENERAL SERVICES  
PORTLAND BUILDING  
1120 SW FIFTH, 14TH FLOOR  
PORTLAND, OR 97204-1934

AT OTHER LOCATIONS:

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PLANNING & BUDGET (503) 248-3883

ADMINISTRATIVE SERVICES (503) 248-5111  
ASSESSMENT & TAXATION (503) 248-3345  
ELECTIONS (503) 248-3720  
INFORMATION SERVICES (503) 248-3749

## CONFIDENTIAL MEMORANDUM

TO: Board Staff  
FROM: Kenneth Upton, Labor Relations Manager *K*  
DATE: December 20, 1989  
SUBJECT: Costing Follow-Up - Bottom Line - Part 2

I have received no new information regarding costs based on review by all parties except that there may be a shift differential cost which is not included in the budget cost figures. The impact of this item is difficult to calculate without detailed analysis, but it would be in the order of magnitude of \$40,000.

Based on what I believe should be sensibly included, the low cost County option would then become:

|                    |                                               |
|--------------------|-----------------------------------------------|
| \$ 820,162         | "Conservative" Costing                        |
| 40,000             | Shift Differential                            |
| 200,000            | "Default" cost for health and welfare option. |
| 79,000             | 15 year Amortization of Unfunded liability.   |
| <u>\$1,139,162</u> |                                               |

The same amount should be added to the other costing options. These options should also have included the direct effect of a higher unfunded liability on the actuary's figures as follows:

|                    | <u>1</u><br>Same Class<br>and Pay<br>System | <u>2</u><br>Transition<br>to Current<br>County | <u>3</u><br>Equilibrium<br>in County<br>System |
|--------------------|---------------------------------------------|------------------------------------------------|------------------------------------------------|
| Budget Memo        | \$ 820,162                                  | \$1,106,163                                    | \$1,553,542                                    |
| Costs cited above  | 240,079                                     | 240,079                                        | 240,079                                        |
| Unfunded liability |                                             |                                                |                                                |
| Charge             | ---                                         | 5,368                                          | \$ 16,699                                      |
| Total              | <u>\$1,139,162</u>                          | <u>\$1,351,610</u>                             | <u>\$1,810,320</u>                             |

The above costs have not been checked to date by budget and do not include:

- Effects of class/comp plan.
- Effect of higher salaries on PERS rate itself.
- Transition costs (one time only).
- Higher operational costs, e.g. capital improvements.

The above costs assume current hours of work in the library system and stated assumptions of the Actuary's study.

9241F/KU/1b

cc: Linda Alexander  
Kathy Busse  
Barbara Simon  
Jack Horner  
Shaun Coldwell



# MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
ROOM 605, COUNTY COURTHOUSE  
1021 S.W. FOURTH AVENUE  
PORTLAND, OREGON 97204

GLADYS McCOY • CHAIR • 248-3308  
PAULINE ANDERSON • DISTRICT 1 • 248-5220  
GRETCHEN KAFOURY • DISTRICT 2 • 248-5219  
RICK BAUMAN • DISTRICT 3 • 248-5217  
SHARRON KELLEY • DISTRICT 4 • 248-5213  
JANE McGARVIN • Clerk • 248-3277

## Multnomah County Library Serial Levy

Projected estimates of the cost of maintaining the current level of service, with inflation, of the Multnomah County Library are outlined below. Option I assumes that the Public Library system would be administered by the County and the second option assumes the Library would be governed by a Trust. Costs are based on 1989-90 capital outlay adjusted to exclude major construction.

The following spread sheets lay out the Library levy amount required to meet the needs of operating expenses.

Under Option I, if the Library were to become a County agency, there would be a need to levy \$8,550,000 annually for the next three years. This tax rate would be \$0.458 per \$1,000 or \$27.48 per year on a \$60,000 home.

Under the second Option, a county appointed Trust, we would need to levy \$6,875,000 per year for the next three years. Based on 1989-90 assessed values, this would require \$0.368 per \$1,000 of assessed value, or \$22.08 per year for a \$60,000 home.

Under the Multnomah County Library's Long Range Plan (dated October 1989), which assumes governance of the library under a Trust scenario, the serial levy amount would be \$11,518,512 annually. The tax rate would be \$0.617 per \$1,000, or \$37.02 on a \$60,000 home. This appears to include a base amount of expenditures and increments built in for enhanced services, an increased book budget and capital improvements.

The costs of these enhanced services under County jurisdiction, based on the Library's Long Range Plan, would be approximately \$13,194,000 annually. These enhancements include personnel costs which would be higher for a County agency.

12/21/89

SERIAL LEVY TAX COMPUTATION  
TRUST

|                    | 1990-91   | 1991-92   | 1992-93   | 1993-94  | 1994-95 | 1995-96 | TOTAL<br>RECEIVED |   |
|--------------------|-----------|-----------|-----------|----------|---------|---------|-------------------|---|
| ~~~~~              | ~~~~~     | ~~~~~     | ~~~~~     | ~~~~~    | ~~~~~   | ~~~~~   | ~~~~~             | * |
| Delinquencies      | 7.00%     | 7.00%     | 7.00%     | 7.00%    | 7.00%   | 7.00%   |                   | * |
| Prior Yr Collected | 50.00%    | 50.00%    | 50.00%    | 50.00%   | 50.00%  | 50.00%  |                   | * |
|                    |           |           |           |          |         |         |                   | * |
| Levy Amount        | 6,875,000 | 6,875,000 | 6,875,000 | 0        |         |         |                   | * |
| Less Discounts     | 137,500   | 137,500   | 137,500   | 0        |         |         |                   | * |
| Less Delinquencies | 481,250   | 481,250   | 481,250   | 0        |         |         |                   | * |
|                    | -----     | -----     | -----     | -----    |         |         |                   | * |
| Current Receipts   | 6,256,250 | 6,256,250 | 6,256,250 | 0        |         |         |                   | * |
|                    |           |           |           |          |         |         |                   | * |
| Prior Year 1       |           | 240,625   | 240,625   | 240,625  | 0       |         |                   | * |
| Prior Year 2       |           |           | 120,313   | 120,313  | 120,313 | 0       |                   | * |
| Prior Year 3       |           |           |           | 60,156   | 60,156  | 60,156  |                   | * |
| Prior Year 4       |           |           |           |          | 30,078  | 30,078  |                   | * |
| Prior Year 5       |           |           |           |          |         | 15,039  |                   | * |
| Prior Year 6       |           |           |           |          |         |         |                   | * |
|                    | -----     | -----     | -----     | -----    | -----   | -----   |                   | * |
| Receivable         | 481,250   | 721,875   | 842,188   | 421,094  | 210,547 | 105,273 |                   | * |
|                    |           |           |           |          |         |         |                   | * |
|                    | ~~~~~     | ~~~~~     | ~~~~~     | ~~~~~    | ~~~~~   | ~~~~~   |                   | * |
| Total Received     | 6,256,250 | 6,496,875 | 6,617,188 | 421,094  | 210,547 | 105,273 | 20,107,227        | * |
|                    | ~~~~~     | ~~~~~     | ~~~~~     | ~~~~~    | ~~~~~   | ~~~~~   |                   | * |
|                    |           |           |           |          |         |         |                   | * |
|                    |           |           |           |          |         |         |                   | * |
|                    |           |           |           |          |         |         |                   | * |
|                    |           |           |           |          |         |         |                   | * |
| REVENUES           | 1990-91   | 1991-92   | 1992-93   |          |         |         |                   | * |
|                    |           |           |           |          |         |         |                   | * |
| BWC                |           | 1,291,326 | 790,131   | (83,106) | 337,988 | 548,535 |                   | * |
| Current Taxes      | 6,256,250 | 6,256,250 | 6,256,250 | 0        | 0       | 0       |                   | * |
| Prior Year Taxes   | 0         | 240,625   | 360,938   | 421,094  | 210,547 | 105,273 |                   | * |
| Interest           | 0         |           |           |          |         |         |                   | * |
| Cash Tran - GF     | 0         |           | 0         |          |         |         |                   | * |
|                    |           |           |           |          |         |         |                   | * |
| TOTAL REVENUES     | 6,256,250 | 7,788,201 | 7,407,319 | 337,988  | 548,535 | 653,809 |                   | * |

SERIAL LEVY TAX COMPUTATION  
COUNTY AGENCY

|                    | 1990-91   | 1991-92   | 1992-93   | 1993-94 | 1994-95 | 1995-96 |
|--------------------|-----------|-----------|-----------|---------|---------|---------|
| ~~~~~              | ~~~~~     | ~~~~~     | ~~~~~     | ~~~~~   | ~~~~~   | ~~~~~   |
| Delinquencies      | 7.00%     | 7.00%     | 7.00%     | 7.00%   | 7.00%   | 7.00%   |
| Prior Yr Collected | 50.00%    | 50.00%    | 50.00%    | 50.00%  | 50.00%  | 50.00%  |
| Levy Amount        | 8,550,000 | 8,550,000 | 8,550,000 | 0       |         |         |
| Less Discounts     | 171,000   | 171,000   | 171,000   | 0       |         |         |
| Less Delinquencies | 598,500   | 598,500   | 598,500   | 0       |         |         |
|                    | -----     | -----     | -----     | -----   |         |         |
| Current Receipts   | 7,780,500 | 7,780,500 | 7,780,500 | 0       |         |         |
| Prior Year 1       |           | 299,250   | 299,250   | 299,250 | 0       |         |
| Prior Year 2       |           |           | 149,625   | 149,625 | 149,625 | 0       |
| Prior Year 3       |           |           |           | 74,813  | 74,813  | 74,813  |
| Prior Year 4       |           |           |           |         | 37,406  | 37,406  |
| Prior Year 5       |           |           |           |         |         | 18,703  |
| Prior Year 6       |           |           |           |         |         |         |
|                    | -----     | -----     | -----     | -----   | -----   | -----   |
| Receivable         | 598,500   | 897,750   | 1,047,375 | 523,688 | 261,844 | 130,922 |
|                    | ~~~~~     | ~~~~~     | ~~~~~     | ~~~~~   | ~~~~~   | ~~~~~   |
| Total Received     | 7,780,500 | 8,079,750 | 8,229,375 | 523,688 | 261,844 | 130,922 |
|                    | ~~~~~     | ~~~~~     | ~~~~~     | ~~~~~   | ~~~~~   | ~~~~~   |

::

|                  | 1990-91   | 1991-92   | 1992-93   |           |         |         |
|------------------|-----------|-----------|-----------|-----------|---------|---------|
| REVENUES         |           |           |           |           |         |         |
| BWC              |           | 1,304,903 | 800,377   | (126,188) | 397,500 | 659,343 |
| Current Taxes    | 7,780,500 | 7,780,500 | 7,780,500 | 0         | 0       | 0       |
| Prior Year Taxes | 0         | 299,250   | 448,875   | 523,688   | 261,844 | 130,922 |
| Interest         | 0         |           |           |           |         |         |
| Cash Tran - GF   | 0         |           | 0         |           |         |         |
| TOTAL REVENUES   | 7,780,500 | 9,384,653 | 9,029,752 | 397,500   | 659,343 | 790,265 |

## LIBRARY OPERATED BY A TRUST ORGANIZATION

## EXPENDITURES

|                   | 1986-87<br>ACTUAL | 1987-88<br>ACTUAL | 1988-89<br>BUDGET | 1989-90<br>BUDGET | 1990-91<br>BUDGET | 1991-92<br>BUDGET | 1992-93<br>BUDGET | 1993-94<br>BUDGET |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Personal Services | 5,883,367         | 6,346,946         | 6,872,276         | 7,392,459         | 8,069,680         | 8,473,164         | 8,888,349         |                   |
| Materials & Svcs  | 2,102,858         | 3,269,850         | 3,718,192         | 4,065,327         | 4,309,247         | 4,524,709         | 4,746,420         |                   |
| Capital Outlay    | 176,638           | 372,989           | 2,100,000         | 2,100,000         | 800,000           | 840,000           | 881,160           |                   |
| BALANCE           |                   |                   | 770,107           |                   |                   |                   |                   |                   |
| TOTAL             | 8,162,863         | 9,989,785         | 13,460,575        | 13,557,786        | 13,178,927        | 13,837,873        | 14,515,929        |                   |
| REVENUES          |                   |                   |                   |                   |                   |                   |                   |                   |
| Gen Fund          | 4,650,000         | 4,766,250         | 4,981,225         | 5,230,286         | 5,544,103         | 5,821,308         | 6,106,552         |                   |
| Other Srcs        | 473,757           | 672,725           | 1,620,850         | 615,000           | 2,151,900         | 759,495           | 796,710           |                   |
| Levy              | 2,912,879         | 7,023,300         | 6,882,500         | 7,712,500         | 6,256,250         | 6,256,250         | 6,256,250         |                   |
| Delinquencies     |                   |                   |                   | 453,000           | 518,000           | 499,625           | 490,438           |                   |
| BALANCE           | 0                 | 0                 | 0                 | 0                 | 453,000           | 1,744,326         | 1,243,131         | 377,153           |
| TOTAL             | 8,036,636         | 12,462,275        | 13,484,575        | 14,010,786        | 14,923,253        | 15,081,004        | 14,893,082        |                   |
| Revs Over(Under)  | (126,227)         | 2,472,490         | 24,000            | 453,000           | 1,744,326         | 1,243,131         | 377,153           |                   |
| INFLATION         |                   |                   |                   |                   | 1.06              | 1.05              | 1.049             |                   |

## LIBRARY OPERATED AS A COUNTY AGENCY

## EXPENDITURES

|                   | 1986-87<br>ACTUAL | 1987-88<br>ACTUAL | 1988-89<br>ACTUAL | 1989-90<br>BUDGET | 1990-91<br>BUDGET | 1991-92<br>BUDGET | 1992-93<br>BUDGET | 1993-94<br>BUDGET |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Personal Services | 5,883,367         | 6,346,946         | 6,872,276         | 7,392,459         | 9,580,353         | 10,059,371        | 10,562,339        |                   |
| Materials & Svcs  | 2,102,858         | 3,269,850         | 3,718,192         | 4,065,327         | 4,309,247         | 4,524,709         | 4,750,944         |                   |
| Capital Outlay    | 176,638           | 372,989           | 2,100,000         | 2,100,000         | 800,000           | 840,000           | 882,000           |                   |
| BALANCE           |                   |                   | 770,107           |                   |                   |                   |                   |                   |
| TOTAL             | 8,162,863         | 9,989,785         | 13,460,575        | 13,557,786        | 14,689,600        | 15,424,080        | 16,195,284        |                   |
| REVENUES          |                   |                   |                   |                   |                   |                   |                   |                   |
| Gen Fund          | 4,650,000         | 4,766,250         | 4,981,225         | 5,230,286         | 5,544,103         | 5,821,308         | 6,112,374         |                   |
| Other Srcs        | 473,757           | 672,725           | 1,620,850         | 615,000           | 2,151,900         | 759,495           | 797,470           |                   |
| Levy              | 2,912,879         | 7,023,300         | 6,882,500         | (6,298,286)       | 7,780,500         | 7,780,500         | 7,780,500         |                   |
| BALANCE           | 0                 | 0                 | 0                 | 0                 | 0                 | 1,304,903         | 800,377           | (126,188)         |
| TOTAL             | 8,036,636         | 12,462,275        | 13,484,575        | 0                 | 15,994,503        | 16,224,457        | 16,069,095        |                   |
| INFLATION         |                   |                   |                   |                   | 1.06              | 1.05              | 1.05              |                   |

\*Note: 90-91 revenues includes \$1.5-mill carryover not budgeted in 89-90

My name is Alice Meyer and my address 602 N.W. Skyline<sup>Crest</sup> Road, Portland. Although in 1986 I chaired the Portland League of Women Voters Library Study Committee; in 1988, at Chairwoman McCoy's request, served on the five-person Library Task Force; presently serve on the Executive Search Committee for the new Library Director; and currently am President of the Multnomah County Friends of the Library, I do not tonight represent any group or organization but speak solely as a relatively well-informed citizen of Multnomah County.

Since first learning of this public hearing approximately 48 hours ago--and first seeing the three particular governance options only after yesterday morning's hearing--the testimony I am about to give has been affected by the process by which this public testimony has been solicited. Nonetheless.....

It had been my opinion that Option I should be adopted, putting the library system under the direct control of Multnomah County. Indeed, a review of the matrix table from the 1988 Library Task Force deliberations reveals that the estimated additional \$1.6 million cost, for salary and benefits, was virtually the single deterring factor against recommending that option, once other and more preferred options proved politically unfeasible.

Option II has the advantage of being in place. In the face of the exigencies of the forthcoming levy, the need to bring soon on board a new executive director (with Charlie to be named Emeritus, I

trust), and the lack of grace, shall we say, in the long drawn-out process of negotiation between LAP and Multnomah County, in addition to LAP's refusal to divest itself of its Multnomah County Library holdings, it would be cumbersome, at the very least, to change what one assumes was a well and thoughtfully considered decision regarding governance.

Option II, in fact, is the form of governance recommended in December of 1988 by the Library Task Force, of which I was a member. However, there was a major difference between our recommendations and the proposal adopted by you in April 1989. The major difference was that the Task Force recommended that LAP assets be deemed public assets and their stewardship transferred along with the responsibility for managing the library system. The County Commissioners took a different view.

However, under the present circumstances I am certain that the Task Force would agree that the Oregon Community Foundation is an appropriate body to manage and administer those assets if, at the same time, a publicly accountable body, such as a Library Commission, determines how the income and principal are to be spent. In my opinion all income, including library fines, should be spent annually as determined by a Library Commission, and the principal invaded when that body deems the expenditure necessary and appropriate and consistent with donor intent.



My own hybrid Option would bring the library system under the county not only to enhance staff salaries but also to ensure full public accountability. However I would recommend that the County delegate to a Library Commission all of the responsibility now vested in the new Library Trust. Such an independent citizen commission would, among other things, serve as a protection against political censorship and against any attempts to stanch the free flow of information; would adhere strictly and at all times to Oregon's open meeting law; would be willing and able to commit itself to soliciting community support for the library; and would keep in mind those generally agreed upon but illusive goals of stable funding and a regional library system. My hybrid governing body would be called the Multnomah County Library Commission, would be comprised of nine members, each serving 3 year terms, 3 terms expiring each year, and its chair would be selected by the County Commissioners.

This hybrid proposal combines the best of Options I and II. It clearly places ultimate responsibility for the library, as well as the welfare of library employees, with the County. On the other hand, a competent citizen commission with significant delegated powers would relieve the County Commissioners of day-to-day operational responsibilities and buffer the library from undue political pressures.

1/3/90

REPORT BY THE  
COUNTY AUDITOR



MULTNOMAH COUNTY OREGON

REVIEW OF THE COUNTY CONTRACT  
with the  
LIBRARY ASSOCIATION OF PORTLAND

RTM 4-89  
DECEMBER 1989

DANIEL A. IVANCIE  
COUNTY AUDITOR

**REPORT TO MANAGEMENT #4-89**

**REVIEW OF THE COUNTY  
CONTRACT WITH THE  
LIBRARY ASSOCIATION OF PORTLAND**

Report Issued by:

**Daniel A. Ivancie,**  
Multnomah County Auditor

1120 S.W. 5th, Suite 1500  
Portland, Oregon 97204



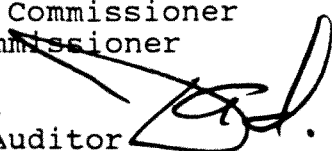
DANIEL A. IVANCIE

COUNTY AUDITOR  
ROOM 1500, PORTLAND BUILDING  
1120 SW 5TH AVENUE  
PORTLAND, OR 97204  
(503) 248-3320

## MULTNOMAH COUNTY OREGON

December 27, 1989

TO: Gladys McCoy, County Chair  
Pauline Anderson, Commissioner  
Rick Bauman, Commissioner  
Gretchen Kafoury, Commissioner  
Sharron Kelly, Commissioner

FROM: Daniel A. Ivancie,  
Multnomah County Auditor 

RE: Report to Management #4-89  
Review of the County Contract with the  
Library Association of Portland

=====

The attached Report to Management (RTM #4-89) summarizes our evaluation of the County's contract with the Library Association of Portland.

The Summary of Recommendations and the Executive Summary sections provide an overview of the report findings. A more detailed discussion of issues is contained in the report.

Our intent with this report is to provide information to the County Chair and Commissioners about the county's contract with the Library Association of Portland. We hope this information will prove useful in future decisions regarding county library services.

DAI/db

Encl.

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## **SUMMARY OF RECOMMENDATIONS**

### **Recommendation #1**

We recommend that any new agreements or contracts for operating the county's library system include specific provisions for reporting fiscal activities to the county's Finance Director. (Page 11)

### **Recommendation #2**

We recommend that any new contract include specific provisions which allow unrestricted access to records by appropriate county officials as well as the County Auditor. (Page 12)

### **Recommendation #3**

We recommend the county require the Library Association or any future contractor to meet the same legal requirements, financial standards and policies that govern the county's Investment Officer. In addition, to better protect tax dollars, the county should distribute funds as library needs dictate, and keep or distribute earnings as a result of improved cash flow controls. (Page 14)

### **RECOMMENDATION #4**

The county should determine its legal rights to the \$1.5 million in fines, book sales and fees currently held in the Library Association's endowment fund accounts. In addition, any future agreements should have specific provisions for the retention, usage and accumulation of fees, fines or other revenues obtained through

normal library operations. Also, future agreements should provide for the return of all unused resources provided by the county, and provisions for the same budgetary review, approval and reporting requirements currently required of other county departments. (Page 16)

**Recommendation #5**

Future agreements for contracted library services should include provisions which require the contractor to fully disclose endowment fund activity and specifically identify the planned usage of available endowment funds. (Page 18)

## **EXECUTIVE SUMMARY**

In response to public concerns we undertook a review of the county's contract with the Library Association of Portland. In addition to our review, the Oregon Attorney General is currently completing an investigation of the Association's endowment funds.

Our review of the library raised concerns about the county's ability to ensure and oversee the financial integrity of county tax dollars used for library operations. Should the county choose to contract for library services, instead of operating the library as a county agency, the recommendations in this report should prove useful.

In our opinion, the county needs to be more involved with contractors who provide services on behalf of the county. Increased involvement and oversight will ensure proper use of public funds, improve contractor performance and provide assurance the county's goals and objectives are met.



## **INTRODUCTION**

The county is in the process of terminating its agreement with the Library Association of Portland and is considering different ways to operate the county's library system. Within this context, the public has raised concerns about financial arrangements between the Library Association and the county. The County Auditor has responded to these concerns by providing information about both the financial operations of the library system and the contract with the Library Association of Portland.

Because the Portland Library Association, a private non-profit corporation, is independent of county government, the County Auditor does not have clear authority to audit. In addition, no contract provisions exist which would allow the auditor free access to Library Association records. However, in response to our inquiries, the Association did allow the Auditor access to certain accounting records. This report is based on our limited review and analysis of financial statements for a ten year period.

## **SCOPE AND METHODOLOGY**

The objective of our review was to provide some assurances concerning the use of county tax dollars within the library system. Also, we were interested in the extent to which the county was able to hold the Library Association accountable for their use of county tax dollars. Finally, we were interested in determining if county tax dollars had been intermingled with Library Association endowment funds.

The scope of our review was limited by our authority to audit and because the county is in the process of terminating its agreement with the Library Association of Portland.

The scope of the work included review and analysis of current and prior year's financial statements, review of the outside auditor's working papers and review of general ledger reports provided by library accountants. We also interviewed county personnel responsible for monitoring the fiscal affairs of the library.

We did some financial analysis of endowments using data in published financial statements; we did not audit any of the endowment accounts because we were unable to gain access to the Library Association's Endowment Fund records. In addition, we were told the endowment funds were being reviewed by the State Attorney General.

## BACKGROUND

The Multnomah County library system is operated independent of county government. The library system consists of a main branch, an administration building, and 14 branch libraries. Library staffing consists of approximately 300 full time personnel.

Since the early 1900's, the county has contracted with the Library Association of Portland to provide library services. The Library Association of Portland is a private non-profit corporation. According to the contract, the Library Association owns all books, equipment, land, buildings, and artifacts. The exception to this is the main library building in downtown Portland which remains a county asset.

The Library Association has members who either inherit or purchase their memberships. The Association's members elect eight individuals to serve on their board of directors. Since 1985, the county has appointed five additional persons to sit on the board. The 13 board members are responsible for overseeing library system operations. Among their responsibilities is hiring a Library Director to manage day to day operations. The library director position is currently vacant.

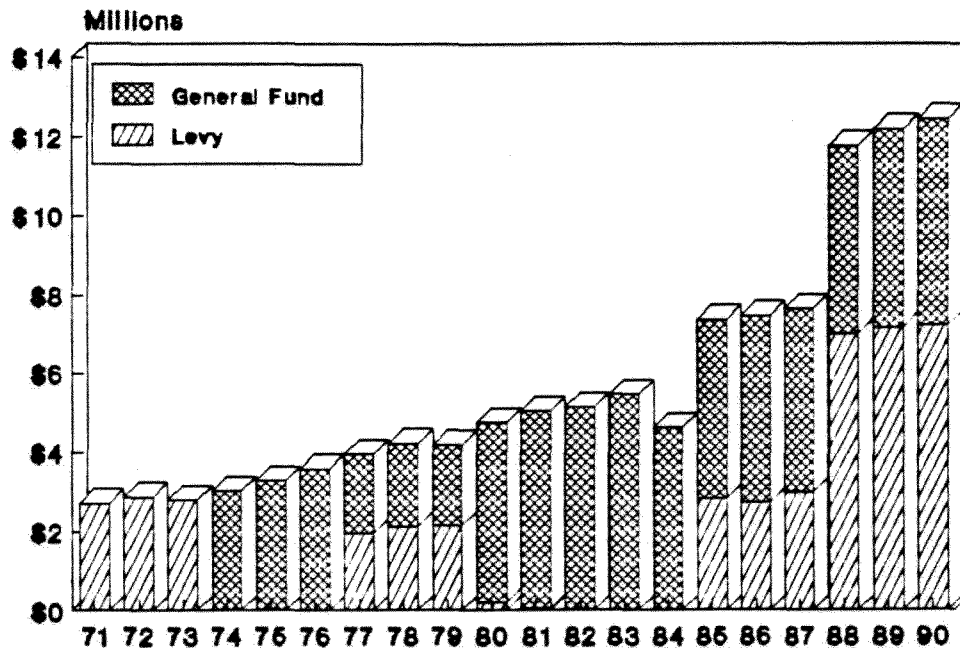
Most of the library's operating expenses and capital improvements are financed by tax dollars. For the 1988/89 budget year the county general fund provided \$4,981,225 for library operations. The county's 1989/90 budget called for an increase in funding to \$5,230,286, about 4.5% of the county's total operating budget. In 1987, Multnomah County voters provided additional funding support for the library by approving a three year serial levy. For the 1988/89 fiscal year the levy provided an additional \$7.2 million in operating funds. Other library revenue sources include funds from fines, used book sales, fees, grants and gifts. These revenue sources amounted to approximately \$500,000 in the 1988/89 fiscal year. Since 1985, funds accumulated from non-tax sources totaled approximately \$1.5 million.

In addition to the above resources, the Library Association has, over the years, received gifts and bequests. Gifts and bequests include property items as well as cash. Cash is maintained in the library's endowment fund. The fund balance, as of June 30, 1989 was \$6,453,570.

The endowment fund balance has grown substantially since 1979. In a ten year period, the fund has grown from approximately \$1.5 million to its present balance, a 400% increase. Part of the increase is attributed to the accumulation of fines, fees, and book sale revenues.

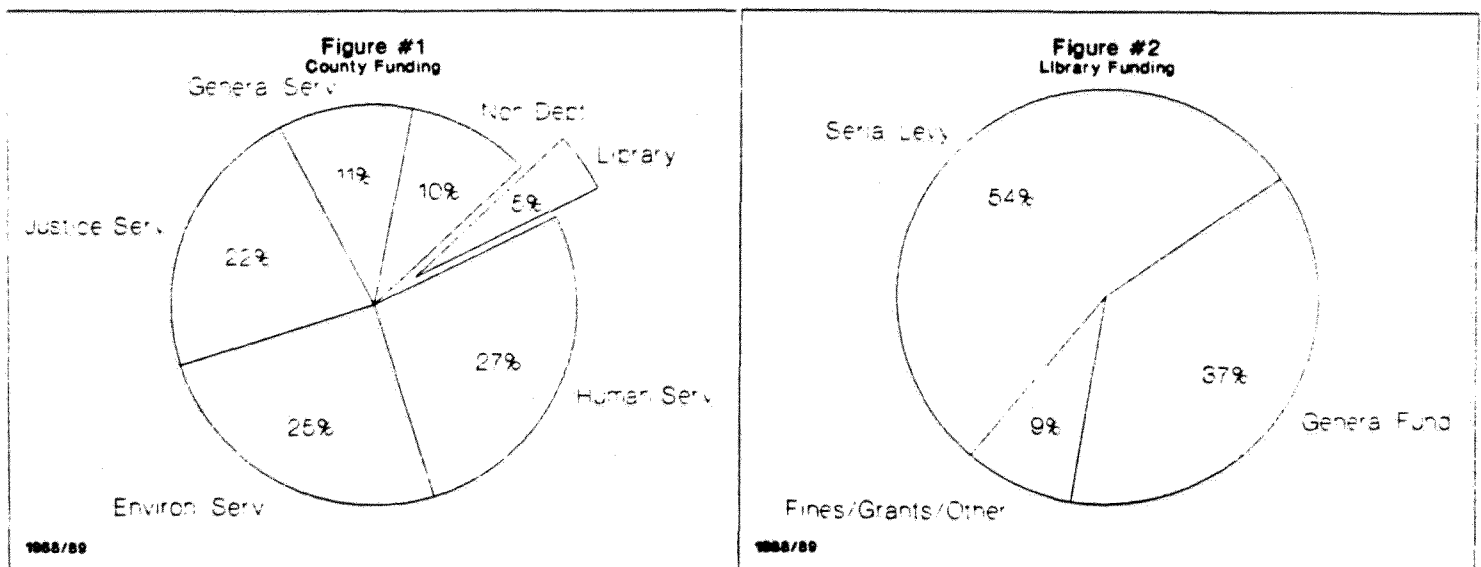
Illustration #1 shows the allocation of tax dollars to the library.

### ILLUSTRATION #1



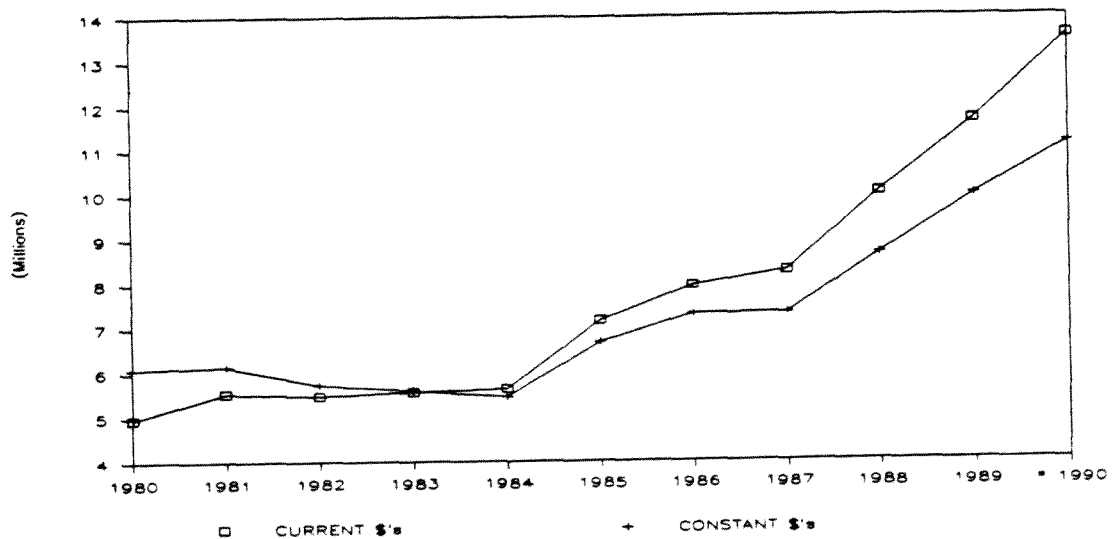
The charts below show the apportionment of county and library funds.

### ILLUSTRATION #2



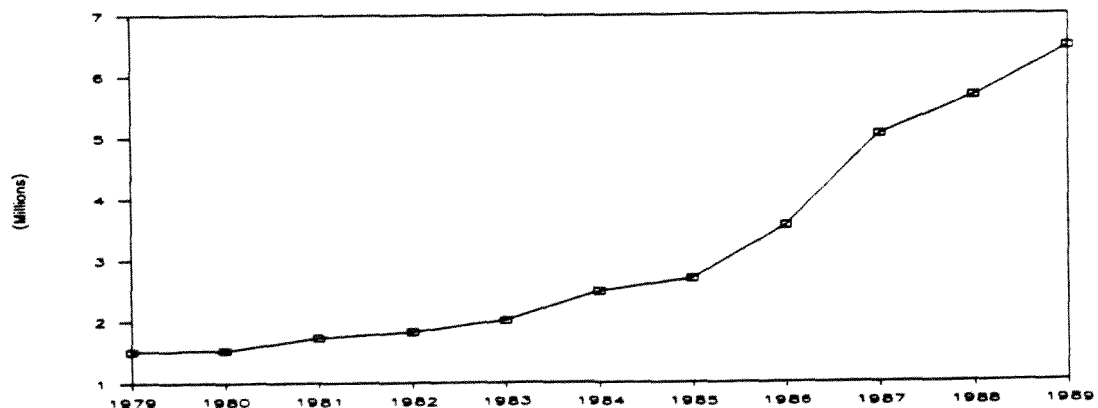
Due to a combination of county revenues, special levies and endowment fund growth, the library's total resources have increased significantly since the early 1980's. The operating budget was \$4.9 million in 1980 and \$13.4 million in 1990. The following chart shows increases in both current and constant dollars.

### ILLUSTRATION #3



### ILLUSTRATION #4

The following chart shows the library's endowment fund growth over this same period.



## RESULTS OF REVIEW

We were unable to address all of our concerns associated with the fiscal side of library operations. However, we have identified several areas where improvements can be made. If the county decides to continue contracting for library services, our recommendations should help the contractor become accountable for providing services and for protecting public assets and resources.

Based on limited tests performed for the fiscal year ending June 30, 1989, we did not find any cases where county tax dollars had been intermingled with library association funds. We did however, identify problems associated with the adequacy of internal controls. These matters are discussed in the following paragraphs.

### Accounting and Administrative Controls

Currently, the only financial information the county receives from the Library Association is the annual audited financial statement provided by an independent auditor. While financial audits have limitations, they do provide some assurances about the financial affairs and operations of an organization. However, during our review, we found no evidence that county personnel had reviewed the audited financial statements.

Our review of working papers of the library's outside auditor disclosed several management letters provided by the outside

auditor for library management. Audit management letters typically provide recommendations for correcting weakness in internal controls found during the audit. In this case, we found the county had not received the outside auditor's management letters. The concerns raised in the management letters included: inadequate segregation of duties, incomplete accounting of assets, and inappropriate use of fund accounting. County management should be appraised of these matters to ensure they will be addressed.

Officials and employees who manage the library should render a full account of their activities to the public. To ensure accountability, the county should more closely monitor the contractor's fiscal activities. In our opinion, the examples above point to weaknesses in the county's control in this area. In light of the \$12 million in public funds used for library operations during 1988/89, the county needs to improve its review, analysis and follow-up on reports and letters provided by the external auditor. In addition, better overall control of financial practices would occur if county management routinely received more information on the library's fiscal activities.

#### Recommendation #1

We recommend that any new agreements or contracts for operating the county's library system include specific provisions for reporting fiscal activities to the



county's Finance Director. All other audit reports, and management letters should be provided to the county's Finance Director for review, analysis and follow-up.

In addition to fiscal accountability, the public has the right to know whether library services are achieving the purposes for which they are funded. These are matters of management performance and administrative accountability. Typically, financial audits do not address the specifics of management performance. Relevant areas for review might include topics associated with the quality or effectiveness of service delivery, efficiency of operations, and the economic use of resources. To ensure accountability in this area, the county must have free access to the organization and its records.

#### Recommendation #2

We recommend that any new contract include specific provisions which allow unrestricted access to records by appropriate county officials as well as the County Auditor. This will provide assurance that county tax dollars are being spent appropriately, that operations are efficiently run, and that services contracted for are being effectively delivered.

### Depositories and Investments

The State of Oregon has laws regulating public funds in a number of areas to protect the public from losses due to unwise handling of cash and investments of tax dollars. These laws specify where funds can be deposited, establish collateral requirements, and restrict investment options. Also, Multnomah County has its own guidelines and policies for investing county tax dollars.

Restrictions and guidelines for investments help ensure that public funds will be safely invested. In the absence of these guidelines, taxpayers are exposed to the risks associated with faulty investments.

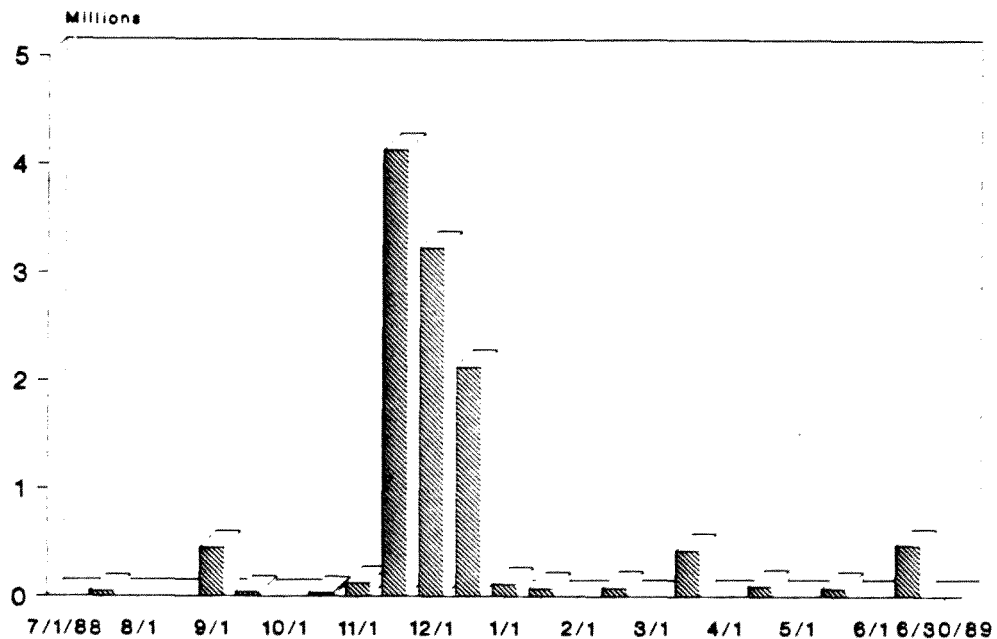
The county's current agreement with the Library Association of Portland does not provide any restrictions or guidelines for investing tax dollars entrusted to the Association.

The Library Association receives a great deal of money which can be invested. We noted in fiscal year 1988/89, during a six week period in November and December, the county made a large transfer of tax dollars (\$9.4 million) to the library. The public should have assurance that these and all other public funds are prudently handled.

The following chart shows the cash flow of tax dollars to the Library Association from July 1, 1988 through June 30, 1989.

### ILLUSTRATION #5

#### TRANSFER FROM COUNTY GENERAL FUND



#### Recommendation #3

We recommend the county require the Library Association or any future contractor to meet the same legal requirements, financial standards and policies that govern the county's Investment Officer. In addition, to better protect tax dollars, the county should distribute funds as library needs dictate, and keep earnings as a result of improved cash flow controls.

### Budgetary Control

Prior agreements with the Library Association have not been specific concerning the use and movement of funds. For example, in 1985 the Library Association began transferring operating revenues, which included fees and fines, to their "endowment fund" accounts. We found no written agreement concerning the usage, ownership or retention of these funds.

Under local budget law, funds in excess of budgeted needs are to be reverted and used for future operational requirements. Funds should not be transferred to non-operational accounts. We found the Library Association had accumulated and transferred over \$1.5 million to non-operational endowment accounts over a five year period ending June 30, 1989.

By not recognizing these funds appropriately, future funding requests submitted by the contractor to the county may not have accurately reflected library needs.

In addition to the accumulated revenues transferred to the endowment funds, the Library Association has continuously maintained fund balances over and above budgeted annual expenditures. These funds, which include monies provided by the county are not returned to the county as are the funds of other county departments following the end of the fiscal year. Again,

by not returning or accounting for unused funds, budgetary requests for the ensuing year may be overstated.

Finally, we noted that the Library Association does not go through the same budgetary examinations and review by the county as do other county agencies. Considering the amount of county funding provided the Library Association, improved budgetary control would seem appropriate.

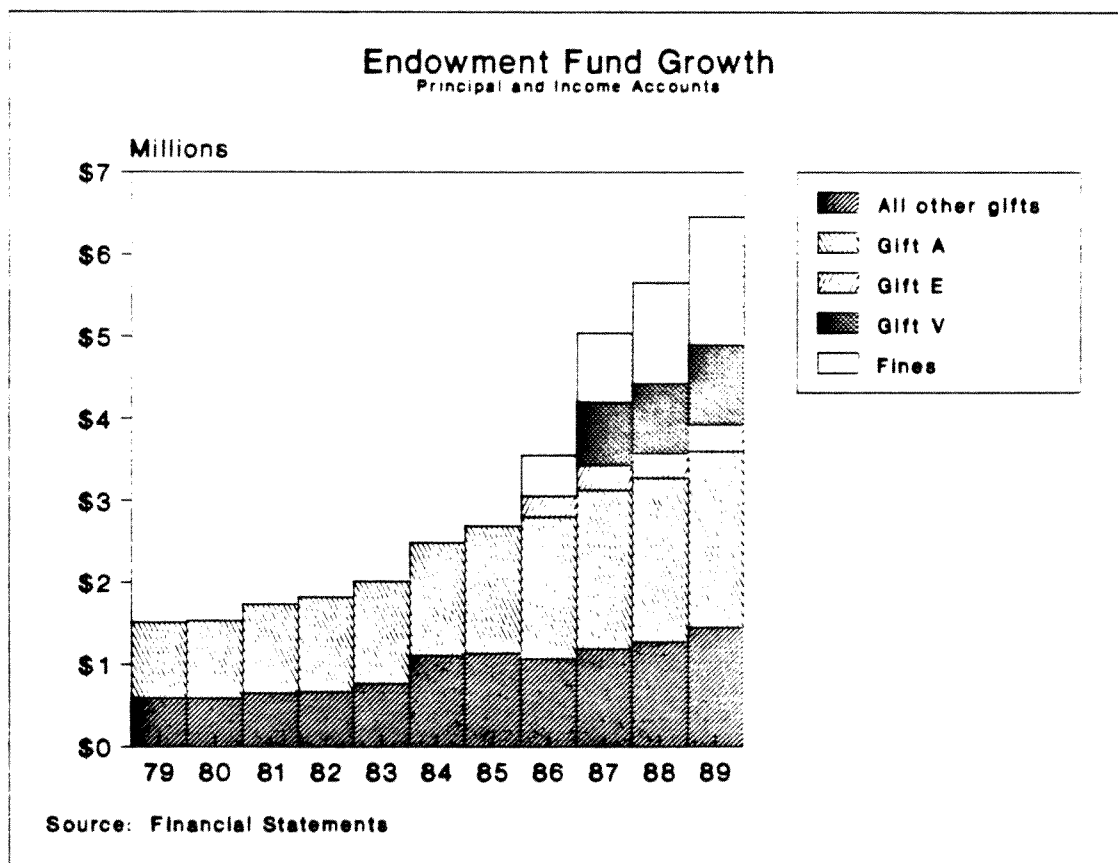
#### **RECOMMENDATION #4**

The county should determine its legal rights to the \$1.5 million in fines, book sales and fees currently held in the Library Association's endowment fund accounts. In addition, any future agreements should have specific provisions for the retention, usage and accumulation of fees, fines or other revenues obtained through normal library operations. Future contracts should also require the return of all unused resources provided by the county. Finally, any future contractor providing library services should be required to meet the same budgetary review, approval and reporting requirements currently required of other county departments.

### Disclosure of Endowment Funds

The cumulative balance of all Library Association endowment funds increased from about \$1.5 million in 1979 to over \$6.4 million in 1989. Over 50% of the fund's growth was due to accumulated interest earnings and fine and fee revenues transferred from operations. Gifts and bequeaths accounted for the rest of the increase. The chart below identifies the growth of endowment funds over the past 10 years.

### ILLUSTRATION #6



The growth of funds suggests the Library Association is not tapping available endowment funds needed for library improvements. We were denied access to endowment records and could not determine if the terms of gifts and bequeaths specified by donors were being met. However, we found no evidence of specific goals the Library Association had concerning the accumulation and use of endowment funds. From our review of financial records, we were able to conclude the library had received some gifts earmarked for library books or improvements which instead had been placed in investments in the endowment fund.

The county provides tax dollars to the library to help pay for operations. The reasonableness of the library's request for public funds should be weighed against the availability of other financial resources controlled by the library. In the absence of this information, the county is hampered in making informed decisions about county funding of the library system.

#### **Recommendation #5**

Future agreements for contracted library services should include provisions which require the contractor to fully disclose endowment fund activity and specifically identify planned uses of endowment funds. The library's budget, investment, and operational plans should include quantifiable and time-specific goals concerning the use of endowment funds. The county should review these

plans, and take into consideration endowment fund balances when deciding on the county's commitment to fund library services.



REVIEW OF THE COUNTY CONTRACT  
with the  
LIBRARY ASSOCIATION OF PORTLAND

RTM 4-89  
DECEMBER 1989