

ANNOTATED MINUTES

*Tuesday, May 31, 1994 - 9:00 AM
Multnomah County Courthouse, Room 602*

BUDGET WORK SESSION

WS-1 *Citizen Budget Advisory Committee Recommendations, Board and Staff Discussion and Review of the 1994-95 DEPARTMENT OF LIBRARY SERVICES Budget.*

GINNIE COOPER, JENNIE GOODRICH, JUNE MIKKELSEN, MARGARET EPTING AND PAUL MILLIUS PRESENTATION AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION. STAFF TO RESPONSE TO FOLLOW UP INFORMATION REQUESTS.

*Tuesday, May 31, 1994 - 11:30 AM
Multnomah County Courthouse, Room 602*

BUDGET PUBLIC HEARING

Chair Beverly Stein convened the hearing at 11:30 a.m., with Vice-Chair Tanya Collier, Commissioners Sharron Kelley, Gary Hansen and Dan saltzman present.

PH-1 *PUBLIC HEARING on the 1994-95 DEPARTMENT OF LIBRARY SERVICES Budget. Testimony Limited to 3 Minutes Per Person.*

RON SUMMERS TESTIMONY IN SUPPORT OF LIBRARY BUDGET.

There being no further public testimony, the hearing was adjourned at 11:35 a.m.

*Tuesday, May 31, 1994 - 1:30 PM
Multnomah County Courthouse, Room 602*

BUDGET PUBLIC HEARING

Chair Beverly Stein convened the hearing at 1:40 p.m., with Vice-Chair Tanya Collier, Commissioners Sharron Kelley, Gary Hansen and Dan saltzman present.

PH-2 *PUBLIC HEARING on the 1994-95 DEPARTMENT OF LIBRARY SERVICES, DEPARTMENT OF ENVIRONMENTAL SERVICES, AND*

DEPARTMENT OF COMMUNITY CORRECTIONS Budgets. Testimony Limited to 3 Minutes Per Person.

ROSALIE GRAFE TESTIMONY IN SUPPORT OF LIBRARY BUDGET; GERALD McFADDEN TESTIMONY REGARDING ISSUES WITH THE DCC BUDGET AND SUSAN KAY HUNTER TESTIMONY IN SUPPORT OF FUNDING THE COUNCIL FOR PROSTITUTION ALTERNATIVES.

There being no further public testimony, the hearing was adjourned at 1:45 p.m.

Tuesday, May 31, 1994 - 7:00 PM
Sheriff's Office Auditorium
12240 NE Glisan, Portland

PUBLIC HEARING - MIDLAND LIBRARY

Chair Beverly Stein convened the hearing at 7:00 p.m., with Vice-Chair Tanya Collier, Commissioners Sharron Kelley, Gary Hansen and Dan saltzman present.

PH-3 PUBLIC HEARING for the Purpose of Receiving Public Testimony on the Possible Relocation of the Midland Branch Library. Testimony Limited to 3 Minutes Per Person.

PUBLIC TESTIMONY REGARDING THE POSSIBLE RELOCATION OF THE MIDLAND BRANCH LIBRARY RECEIVED FROM MARK RUHLAND, TRUDY JONES, KEN BRUNEAU, DARRELL DESPER, KATE LAMB, HOWARD HOLT, MAVIS HOLT, DAVID BERNSTEIN, MARK CVETKO, PAT RICE, DENNIS RICHEY, FRANK CLEYS, GRACE FITZGERALD, CHARLES SMITH, HANK BELL, DICK GROAT, TOM PHILLIPS, W.M. BEARDSLEY, RICHARD SCHMIDT, MARGARET BREADSLEY, CHRIS KUGEL, PAUL PORCH, ELAINE BLUME, MARIANNE STEVENS, NORMA BLEID, TANYA PUTMAN, MARGARET WOLFF, BONNIE HOLT, DIANNA EDWARDS, VIRGINIA ANDERSON, NICK MEIER, PAUL MILLIUS, MO DINDRAL, SHIRLEY McGREW, MICHAEL DANA, PHIL NORMAN, MARGE BOOTON, LES PRATT, JOHN KRAUS, DAVID BURNEY, DONNA TAYLOR AND MAVIS WILLFORD. THE MAJORITY OF THIS TESTIMONY WAS OPPOSED TO THE RELOCATION AND IN FAVOR OF PURCHASE OF LAND ADJACENT TO THE CURRENT SITE AND BUILD NEW BRANCH FACILITY.

There being no further public testimony, the hearing was adjourned at 8:47 p.m.

*Wednesday, June 1, 1994 - 9:00 AM
Multnomah County Courthouse, Room 602*

BUDGET WORK SESSION

WS-2 *Citizen Budget Advisory Committee Recommendations, Board and Staff Discussion and Review of the 1994-95 INDEPENDENT AGENCIES & OTHER GENERAL GOVERNMENT SUPPORT (Citizens Involvement Committee, Tax Supervision Committee, Multnomah Commission on Children & Families, Metropolitan Arts Commission, Metropolitan Human Rights Commission, Accounting Entities, Portland/Multnomah Commission on Aging) Budgets and Elected Officials.*

JERRY PENK, CBAC; JOHN LEGREY, CIC; TIM REDDINGTON, TSCC; HELEN RICHARDSON, MCCF; BILL BULICK, ARTS COMMISSION; HELEN CHEEK, MHRC; BECKY WHERLEY, PMCOA; GARY BLACKMER, AUDITOR; DAVE WARREN AND MEGANNE STEELE PRESENTATIONS AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION. STAFF TO RESPOND TO FOLLOW UP INFORMATION REQUESTS.

*Wednesday, June 1, 1994 - 11:30 AM
Multnomah County Courthouse, Room 602*

BUDGET PUBLIC HEARING

Chair Beverly Stein convened the hearing at 11:30 a.m., with Vice-Chair Tanya Collier, Commissioners Sharron Kelley, Gary Hansen and Dan saltzman present.

PH-4 *PUBLIC HEARING on the 1994-95 INDEPENDENT AGENCIES & OTHER GENERAL SERVICES (Citizens Involvement Committee, Tax Supervision Committee, Multnomah Commission on Children & Families, Metropolitan Arts Commission, Metropolitan Human Rights Commission, Accounting Entities, and Portland/Multnomah Commission on Aging) Budgets. Testimony Limited to 3 Minutes Per Person.*

JOANNA EATON, DORINDA MERRITT AND EMMY SLOAN TESTIMONY IN SUPPORT OF FUNDING CARES ADD PACKAGE.

There being no further public testimony, the hearing was adjourned at 11:45 a.m.

Wednesday, June 1, 1994 - 1:30 PM
Multnomah County Courthouse, Room 602

BUDGET WORK SESSION

WS-3 Board and Staff Discussion and Review of the 1994-95 MULTNOMAH COUNTY SHERIFF'S OFFICE Budget.

SHERIFF BOB SKIPPER, JOHN BUNNELL, RANDY AMUNDSON, BILL FARVER AND GARY BLACKMER PRESENTATIONS AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION. STAFF TO RESPOND TO FOLLOW UP INFORMATION REQUESTS.

Wednesday, June 1, 1994 - 7:00 PM
Gresham City Hall Council Chambers
1333 NW Eastman Parkway, Gresham

BUDGET PUBLIC HEARING

Chair Beverly Stein convened the hearing at 7:13 p.m., with Vice-Chair Tanya Collier, Commissioners Sharron Kelley, Gary Hansen and Dan saltzman present.

PH-5 PUBLIC HEARING and Testimony on the 1994-95 Proposed Budget. Testimony Limited to 3 Minutes Per Person.

TED HOCKADAY, GUSSIE McROBERT, BERNIE GIUSTO, JACK PESSIA, RICHARD SCHWARZ, MARGARET BAX, KATHY MINDEN, RON PENNINGTON, RANDY NICHOLSON, BARBARA ADKINS, DEBBIE PORTER, GISELLE HEADLEY-MARCOFF, CRISTINA GERMAIN, ARDEN BALLOU, CARMEN MIRZANDA, SUSIE SILVA-STROMMER, PATTI SWANSON AND LOIS BALZER TESTIMONY IN SUPPORT OR VARIOUS BUDGET ISSUES.

There being no further public testimony, the hearing was adjourned at 8:10 p.m.

Thursday, June 2, 1994 - 9:30 AM
Multnomah County Courthouse, Room 602

REGULAR MEETING

Chair Beverly Stein convened the meeting at 9:35 a.m., with Vice-Chair Tanya Collier, Commissioners Sharron Kelley, Gary Hansen and Dan saltzman present.

CONSENT CALENDAR

**UPON MOTION OF COMMISSIONER KELLEY,
SECONDED BY COMMISSIONER HANSEN, THE
CONSENT CALENDAR (ITEMS C-1 THROUGH C-16)
WAS UNANIMOUSLY APPROVED.**

COMMUNITY AND FAMILY SERVICES DIVISION

- C-1 *Ratification of Amendment No. 2 to Intergovernmental Revenue Agreement, Contract #103354, between Multnomah County Community and Family Services Division, Community Action Program and the City of Portland to Add \$26,460 for Alcohol/Drug Free Transitional Housing for Homeless People, Effective Upon Execution through June 30, 1994*
- C-2 *Ratification of an Intergovernmental Revenue Agreement, Contract #105074, between Multnomah County Community and Family Services Division, Alcohol and Drug Program Office and the Children's Services Division to Increase County Revenue by \$99,190 to Establish a Multi-Agency Family Support Team Project for Alcohol and Drug Services for Clients and their Children, Effective May 1, 1994 through June 30, 1995*

DEPARTMENT OF HEALTH

- C-3 *Ratification of an Intergovernmental Revenue Agreement, Contract #200035, between Children's Services Division and Multnomah County to Provide Community Health Services as a Member of the Multi-Agency Family Support Team.*
- C-4 *Ratification of an Intergovernmental Revenue Agreement, Contract #200045, between the City of Fairview and Multnomah County Health Department to Provide Services of Nuisance Enforcement Officer, Effective July 1, 1994 through June 30, 1995*
- C-5 *Ratification of an Intergovernmental Revenue Agreement, Contract #200055, between the City of Troutdale and Multnomah County Health Department to Provide Services of Nuisance Enforcement Officer, Effective July 1, 1994 through June 30, 1995*
- C-6 *Ratification of an Intergovernmental Agreement, Contract #202384, between Multnomah County Health Department and Child Development & Rehabilitation Center at the Oregon Health Sciences University to Provide Specialized Pediatric Care to CareOregon Clients with Reimbursement on a Fee-For-Service Basis, Effective Upon Execution through Annual Renewal*
- C-7 *Ratification of an Intergovernmental Revenue Agreement, Contract #202394, between the City of Portland and Multnomah County Health Department to*

Provide Assistance and Guidance in the Completion of an Exposure Control Plan, Effective January 1, 1994 through December 31, 1994

- C-8 *Ratification of an Intergovernmental Agreement, Contract #202424, between Multnomah County Health Department and Oregon Health Sciences University to Provide Certain Hospital and Alternatives to Hospital Services to CareOregon Clients with Reimbursement on a Per Person, Per Month Basis, Effective Upon Execution through a 3 Year Annual Renewal*

JUVENILE JUSTICE DIVISION

- C-9 *Ratification of Amendment No. 1 to Intergovernmental Revenue Agreement, Contract #100744, between Multnomah County Juvenile Justice Division and the Children's Services Division to Extend the Downsizing Agreement with the State CSD Office, Effective July 1, 1993 through June 30, 1995*

DEPARTMENT OF ENVIRONMENTAL SERVICES

- C-10 *RESOLUTION in the Matter of the Approval of the Agreement to Defer Right to Pursue Default on County Land Sale Contract #15522*

RESOLUTION 94-96.

- C-11 *ORDER in the Matter of the Execution of Deed D941006 Upon Complete Performance of a Contract to: BRUCE J. CAMPBELL and SUSAN K. CAMPBELL, Husband & Wife; and RICHARD C. OBERG and VIVIAN S. OBERG, Husband & Wife*

ORDER 94-97.

- C-12 *ORDER in the Matter of the Execution of Deed D941010 Upon Complete Performance of a Contract to: WILLIAM NICHOLAS WERNER*

ORDER 94-98.

- C-13 *ORDER in the Matter of the Execution of Deed D941011 Upon Complete Performance of a Contract to: GARY L. MARTIN and GINA M. MARTIN*

ORDER 94-99.

- C-14 *Ratification of an Intergovernmental Agreement, Contract #301744, between Multnomah County Transportation Division and the Oregon Department of Transportation to Improve the Intersection and Install a New Traffic Signal at SE Stark Street and 174th Avenue, Effective Upon Execution through Completion*

NON-DEPARTMENTAL

- C-15 *Ratification of an Intergovernmental Agreement, Contract #500474, between Metropolitan Service District (METRO) and Multnomah County Relating to the Voluntary Dues Assessment of \$22,971.89 for FY 1993-94, Effective Upon Execution through June 30, 1994*

SHERIFF'S OFFICE

- C-16 *Ratification of an Intergovernmental Agreement, Contract #800744, between Multnomah County Sheriff's Office and the City of Portland to Administer the Duties of "Manager" as Stated in Multnomah County Ordinance No. 647, Governing Operation of Certain Secondhand Stores*

REGULAR AGENDA

NON-DEPARTMENTAL

- R-1 *RESOLUTION in the Matter of Amending Resolution 92-221 (Prohibiting Funding of Travel to States or Localities That Have Constitutional or Charter Provisions That Deny Civil Rights to Persons Based on Their Sexual Orientation)*

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-1. MARIA ROJO de STEFFEY PRESENTED EXPLANATION AND RESPONSE TO BOARD QUESTIONS. CHRIS JOHNSON AND JIM CLAY TESTIMONY SUPPORTING THIS RESOLUTION AND THANK THE BOARD FOR SUPPORTING THIS ITEM. RESOLUTION 94-100 WAS UNANIMOUSLY APPROVED.

- R-2 *Budget Modification NOND #15 Requesting Authorization to Transfer \$2,500 from Personal Services Salary Savings to Capital Outlay to Purchase a Laser Printer*

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER HANSEN SECONDED, APPROVAL OF R-2. DAVE WARREN PRESENTED EXPLANATION AND RESPONSE TO BOARD QUESTIONS. BUDGET MODIFICATION WAS UNANIMOUSLY APPROVED.

- R-3 *Budget Modification NOND #16 Requesting Authorization to Increase the Federal Emergency Management Assistance Funding by \$1,000 to Reflect Actual Revenue Funds Allocated by Oregon Emergency Management*

COMMISSIONER COLLIER MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-3. BUDGET MODIFICATION WAS UNANIMOUSLY APPROVED.

EMPLOYEE SERVICES

- R-4 *Second Reading and Possible Adoption of an ORDINANCE Amending ORDINANCE No. 767, in Order to Add, Delete and Revise Exempt Pay Ranges*

PROPOSED ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER KELLEY MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF THE SECOND READING. CURTIS SMITH PRESENTED EXPLANATION. ORDINANCE NO. 788 WAS UNANIMOUSLY APPROVED.

COMMUNITY AND FAMILY SERVICES DIVISION

- R-5 *RESOLUTION in the Matter of Supporting the Housing Authority of Portland's Position on Proposed Federal Housing and Urban Development Budget*

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER HANSEN SECONDED, APPROVAL OF R-5. DENNY WEST PRESENTED EXPLANATION. RESOLUTION 94-101 WAS UNANIMOUSLY APPROVED.

PUBLIC CONTRACT REVIEW BOARD

(Recess as the Board of County Commissioners and convene as the Public Contract Review Board)

- R-6 *ORDER in the Matter of Exempting from Public Bidding a Contract with Software AG for the Provision of Software and Maintenance*

COMMISSIONER HANSEN MOVED AND COMMISSIONER SALTZMAN SECONDED, APPROVAL OF R-6. TOM FRONK PRESENTED EXPLANATION. ORDER 94-102 WAS UNANIMOUSLY APPROVED.

- R-7 *ORDER in the Matter of Exempting for the Competitive Bid Process for Contracting with a Construction Manager/General Contractor (CM/GC) for the Central Library Renovation*

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF R-7. JIM EMERSON PRESENTED EXPLANATION AND RESPONSE TO BOARD QUESTIONS. LARRY KRESSEL PROPOSED LANGUAGE CHANGE TO THE END OF THE SECOND PARAGRAPH TO ADD "BASED ON THE LETTER FROM GEORGE CRANDALL, MAY 10, 1994 AND THE STAFF REPORT OF LILLIE WALKER, MAY

20, 1994." UPON MOTION OF COMMISSIONER SALTZMAN SECONDED BY COMMISSIONER HANSEN, AMENDMENT WAS UNANIMOUSLY APPROVED. AMENDED RESOLUTION 94-103 WAS UNANIMOUSLY APPROVED.

(Recess as the Public Contract Review Board and reconvene as the Board of County Commissioners)

DEPARTMENT OF HEALTH

R-8 *Second Reading and Possible Adoption of an ORDINANCE Adopting an Ambulance Service Plan for Multnomah County Pursuant to ORS 823.180*

PROPOSED ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER COLLIER MOVED AND COMMISSIONER SALTZMAN SECONDED, APPROVAL OF THE SECOND READING.

BILL COLLINS AND ASSISTANT COUNTY COUNSEL JACKQUIE WEBER PRESENTED OVERVIEW, DISCUSSION AND RESPONSE TO BOARD QUESTIONS.

TESTIMONY RECEIVED FROM IRENE STEINER, CYNTHIA FLOCK, TERRY MARSH, JUNITA KAUBLE, KNUTE EIE, DAVID SMALLWOOD, GARY McLEAN AND JOHN PRAGGASTIS.

(COLLIER AMENDMENT #1)

COMMISSIONER COLLIER MOVED AND COMMISSIONER KELLEY SECONDED, CONSIDERATION AND APPROVAL OF THE FOLLOWING AMENDMENT TO THE MULTNOMAH COUNTY EMERGENCY MEDICAL SERVICES AMBULANCE SERVICE AREA PLAN:

(PAGE 32, ¶ 3)

ADD NEW ¶ 3 UNDER INITIAL ASSIGNMENT, TO READ: THE RFP SHALL REQUIRE DISCLOSURE OF ANY HISTORY OF CONVICTION OR PENDING CLAIMS REGARDING UNFAIR EMPLOYMENT PRACTICES, INVOLVEMENT WITH MEDICARE FRAUD, VIOLATIONS OF THE AMERICANS WITH DISABILITIES ACT, ANTITRUST ACTIVITIES, OR VIOLATIONS OF ANY OTHER FEDERAL, STATE, OR

LOCAL CIVIL OR CRIMINAL LAWS OR ADMINISTRATIVE RULES. THIS INFORMATION WILL BE CONSIDERED IN MAKING A DECISION REGARDING THE RECIPIENT OF THE CONTRACT.

(COLLIER AMENDMENT #2)

COMMISSIONER COLLIER MOVED AND COMMISSIONER KELLEY SECONDED, CONSIDERATION AND APPROVAL OF THE FOLLOWING AMENDMENT TO THE MULTNOMAH COUNTY EMERGENCY MEDICAL SERVICES AMBULANCE SERVICE AREA PLAN:

(PAGE 33, BULLETS)

AMEND BULLET # 3 TO READ: MEETING WORKFORCE GOALS SUCH AS DIVERSITY AND OTHERS AS OUTLINED ON PAGE 30.

AND ADD BULLET # 8 TO READ: COMPLAINTS CONCERNING WORKFORCE ISSUES.

PUBLIC COMMENT

R-9 *Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.*

NONE.

NON-DEPARTMENTAL

R-10 *RESOLUTION in the Matter of Clarifying the Submission of the 1994-95 Budget to the Tax Supervising and Conservation Commission as Required by Law*

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER HANSEN SECONDED, APPROVAL OF R-10. DAVE WARREN PRESENTED EXPLANATION AND RESPONSE TO BOARD QUESTIONS. COMMISSIONER COLLIER AND COMMISSIONER KELLEY PRESENTED EXPLANATION WHY NOT SUPPORTING THE PROPOSED RESOLUTION.

RESOLUTION 94-104 APPROVED, WITH COMMISSIONERS HANSEN, SALTZMAN AND STEIN VOTING AYE, AND COMMISSIONERS KELLEY AND COLLIER VOTING NO.

R-11 *RESOLUTION in the Matter of Ordering Independent Market Appraisals of Properties Purchased and Sold by Multnomah County*

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-11. COMMISSIONER SALTZMAN EXPLAINED THE PROPOSED RESOLUTION. F. WAYNE GEORGE PRESENTED EXPLANATION AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION. RESOLUTION 94-105 WAS UNANIMOUSLY APPROVED.

There being no further business, the meeting was adjourned at 12:05 p.m.

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



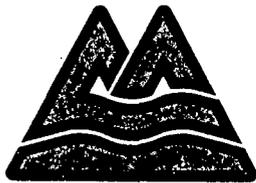
Carrie A. Parkerson

*Wednesday, June 1, 1994 - 2:00 PM
Multnomah County Courthouse, Room 602*

BUDGET WORK SESSION

WS-4 Board and Staff Discussion and Review of the 1994-95 JUVENILE JUSTICE DIVISION Budget.

HAL OGBURN, BILL MORRIS, DWAYNE McNANNY, LEE BLOCK AND BILL FOGARTY PRESENTATIONS AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION. STAFF TO RESPOND TO FOLLOW UP INFORMATION REQUESTS.



MULTNOMAH COUNTY OREGON

OFFICE OF THE BOARD CLERK
SUITE 1510, PORTLAND BUILDING
1120 S.W. FIFTH AVENUE
PORTLAND, OREGON 97204

BOARD OF COUNTY COMMISSIONERS
BEVERLY STEIN • CHAIR • 248-3308
DAN SALTZMAN • DISTRICT 1 • 248-5220
GARY HANSEN • DISTRICT 2 • 248-5219
TANYA COLLIER • DISTRICT 3 • 248-5217
SHARRON KELLEY • DISTRICT 4 • 248-5213
CLERK'S OFFICE • 248-3277 • 248-5222

AGENDA

MEETINGS OF THE MULTNOMAH COUNTY BOARD OF COMMISSIONERS FOR THE WEEK OF

May 30, 1994 - June 3, 1994

- Monday, May 30, 1994 - MEMORIAL DAY - OFFICES CLOSED*
- Tuesday, May 31, 1994 - 9:00 AM - DLS Budget Work Session Page 2*
- Tuesday, May 31, 1994 - 11:30 AM - DLS Budget Hearing Page 2*
- Tuesday, May 31, 1994 - 1:30 PM - DLS/DES/DCC Budget Hearing Page 2*
- Tuesday, May 31, 1994 - 7:00 PM - Public Hearing/Midland Library Page 2*
at the SHERIFF'S OFFICE AUDITORIUM
12240 NE Glisan, Portland
- Wednesday, June 1, 1994 - 9:00 AM - Independent Agencies Page 2*
& Other Govt. Support Budget Work Session
- Wednesday, June 1, 1994 - 11:30 AM - Independent Agencies Page 3*
& Other Govt. Support Budget Hearing
- Wednesday, June 1, 1994 - 1:30 PM - MSCO Budget Work Session Page 3*
- Wednesday, June 1, 1994 - 7:00 PM - Budget Public Hearing Page 3*
at GRESHAM CITY HALL COUNCIL CHAMBERS
1333 NW Eastman Parkway, Gresham
- Thursday, June 2, 1994 - 9:30 AM - Regular Meeting Page 3*
- Thursday, June 2, 1994 - 2:00 PM - JJD Budget Work Session Page 6*

*Thursday Meetings of the Multnomah County Board of Commissioners are taped and can be seen by Paragon Cable subscribers at the following times:
Thursday, 6:00 PM, Channel 30 - East County only; Friday, 10:00 PM, Channel 30;
Saturday, 12:30 PM, Channel 30; Sunday, 1:00 PM, Channel 30*

INDIVIDUALS WITH DISABILITIES MAY CALL THE OFFICE OF THE BOARD CLERK AT 248-3277 OR 248-5222, OR MULTNOMAH COUNTY TDD PHONE 248-5040, FOR INFORMATION ON AVAILABLE SERVICES AND ACCESSIBILITY.

Tuesday, May 31, 1994 - 9:00 AM
Multnomah County Courthouse, Room 602

BUDGET WORK SESSION

WS-1 Citizen Budget Advisory Committee Recommendations, Board and Staff Discussion and Review of the 1994-95 DEPARTMENT OF LIBRARY SERVICES Budget.

Tuesday, May 31, 1994 - 11:30 AM
Multnomah County Courthouse, Room 602

BUDGET PUBLIC HEARING

PH-1 PUBLIC HEARING on the 1994-95 DEPARTMENT OF LIBRARY SERVICES Budget. Testimony Limited to 3 Minutes Per Person.

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Multnomah County Courthouse, Room 602

BUDGET PUBLIC HEARING

PH-2 PUBLIC HEARING on the 1994-95 DEPARTMENT OF LIBRARY SERVICES, DEPARTMENT OF ENVIRONMENTAL SERVICES, AND DEPARTMENT OF COMMUNITY CORRECTIONS Budgets. Testimony Limited to 3 Minutes Per Person.

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Sheriff's Office Auditorium
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PUBLIC HEARING - MIDLAND LIBRARY

PH-3 PUBLIC HEARING for the Purpose of Receiving Public Testimony on the Possible Relocation of the Midland Branch Library. Testimony Limited to 3 Minutes Per Person.

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Committee, Multnomah Commission on Children & Families, Metropolitan Arts Commission, Metropolitan Human Rights Commission, Accounting Entities, and Portland/Multnomah Commission on Aging) Budgets.

*Wednesday, June 1, 1994 - 11:30 AM
Multnomah County Courthouse, Room 602*

BUDGET PUBLIC HEARING

PH-4 *PUBLIC HEARING on the 1994-95 INDEPENDENT AGENCIES & OTHER GENERAL SERVICES (Citizens Involvement Committee, Tax Supervision Committee, Multnomah Commission on Children & Families, Metropolitan Arts Commission, Metropolitan Human Rights Commission, Accounting Entities, and Portland/Multnomah Commission on Aging) Budgets. Testimony Limited to 3 Minutes Per Person.*

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BUDGET PUBLIC HEARING

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REGULAR MEETING

CONSENT CALENDAR

COMMUNITY AND FAMILY SERVICES DIVISION

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Community Action Program and the City of Portland to Add \$26,460 for Alcohol/Drug Free Transitional Housing for Homeless People, Effective Upon Execution through June 30, 1994

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JUVENILE JUSTICE DIVISION

- C-9 *Ratification of Amendment No. 1 to Intergovernmental Revenue Agreement, Contract #100744, between Multnomah County Juvenile Justice Division and the Children's Services Division to Extend the Downsizing Agreement with the State CSD Office, Effective July 1, 1993 through June 30, 1995*

DEPARTMENT OF ENVIRONMENTAL SERVICES

- C-10 *RESOLUTION in the Matter of the Approval of the Agreement to Defer Right to Pursue Default on County Land Sale Contract #15522*
- C-11 *ORDER in the Matter of the Execution of Deed D941006 Upon Complete Performance of a Contract to: BRUCE J. CAMPBELL and SUSAN K. CAMPBELL, Husband & Wife; and RICHARD C. OBERG and VIVIAN S. OBERG, Husband & Wife*
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- C-13 *ORDER in the Matter of the Execution of Deed D941011 Upon Complete Performance of a Contract to: GARY L. MARTIN and GINA M. MARTIN*
- C-14 *Ratification of an Intergovernmental Agreement, Contract #301744, between Multnomah County Transportation Division and the Oregon Department of Transportation to Improve the Intersection and Install a New Traffic Signal at SE Stark Street and 174th Avenue, Effective Upon Execution through Completion*

NON-DEPARTMENTAL

- C-15 *Ratification of an Intergovernmental Agreement, Contract #500474, between Metropolitan Service District (METRO) and Multnomah County Relating to the Voluntary Dues Assessment of \$22,971.89 for FY 1993-94, Effective Upon Execution through June 30, 1994*

SHERIFF'S OFFICE

- C-16 *Ratification of an Intergovernmental Agreement, Contract #800744, between Multnomah County Sheriff's Office and the City of Portland to Administer the Duties of "Manager" as Stated in Multnomah County Ordinance No. 647, Governing Operation of Certain Secondhand Stores*

REGULAR AGENDA

NON-DEPARTMENTAL

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- R-2 *Budget Modification NOND #15 Requesting Authorization to Transfer \$2,500 from Personal Services Salary Savings to Capital Outlay to Purchase a Laser Printer*
- R-3 *Budget Modification NOND #16 Requesting Authorization to Increase the Federal Emergency Management Assistance Funding by \$1,000 to Reflect Actual Revenue*

Funds Allocated by Oregon Emergency Management

EMPLOYEE SERVICES

- R-4 *Second Reading and Possible Adoption of an ORDINANCE Amending ORDINANCE No. 767, in Order to Add, Delete and Revise Exempt Pay Ranges*

COMMUNITY AND FAMILY SERVICES DIVISION

- R-5 *RESOLUTION in the Matter of Supporting the Housing Authority of Portland's Position on Proposed Federal Housing and Urban Development Budget*

PUBLIC CONTRACT REVIEW BOARD

(Recess as the Board of County Commissioners and convene as the Public Contract Review Board)

- R-6 *ORDER in the Matter of Exempting from Public Bidding a Contract with Software AG for the Provision of Software and Maintenance*
- R-7 *ORDER in the Matter of Exempting for the Competitive Bid Process for Contracting with a Construction Manager/General Contractor (CM/GC) for the Central Library Renovation*

(Recess as the Public Contract Review Board and reconvene as the Board of County Commissioners)

DEPARTMENT OF HEALTH

- R-8 *Second Reading and Possible Adoption of an ORDINANCE Adopting an Ambulance Service Plan for Multnomah County Pursuant to ORS 823.180*

PUBLIC COMMENT

- R-9 *Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.*

*Wednesday, June 1, 1994 - 2:00 PM
Multnomah County Courthouse, Room 602*

BUDGET WORK SESSION

- WS-4 *Board and Staff Discussion and Review of the 1994-95 JUVENILE JUSTICE DIVISION Budget.*

MULTNOMAH COUNTY BUDGET MEETING SCHEDULE

(May 25, 1994 Revision(+))

<i>Department of Library</i>		
<i>Services (DLS) Work Session</i>	<i>5/31/94</i>	<i>9:00-11:30 am - Board Room</i>
<i><u>DLS Public Testimony</u></i>	<i><u>5/31/94</u></i>	<i><u>11:30-12:00 pm - Board Room</u></i>
<i><u>*DLS/DES/DCC Public Testimony</u></i>	<i><u>5/31/94</u></i>	<i><u>1:30-4:30 pm - Board Room</u></i>
<i>Independent Agencies & Other</i>	<i>6/1/94</i>	<i>9:00-11:30 am - Board Room</i>
<i>Government Support Work Session</i>		
<i><u>Ind/Other Public Testimony</u></i>	<i><u>6/1/94</u></i>	<i><u>11:30-12:00 pm - Board Room</u></i>
<i>Multnomah County Sheriff's</i>		
<i>Office (MCSO) Work Session</i>	<i>6/1/94(+)</i>	<i>1:30-5:00 pm -Board Room</i>
<i><u>Public Hearing/Budget</u></i>	<i><u>6/1/94</u></i>	<i><u>7:00-9:00 pm - Council</u></i> <i><u>Chambers, Gresham City Hall,</u></i> <i><u>1333 NW Eastman Parkway,</u></i> <i><u>Gresham</u></i>
<i>Juvenile Justice Division</i>		
<i>(JJD) Work Session</i>	<i>6/2/94(+)</i>	<i>2:00-5:00 pm - Board Room</i>
<i>General Work Session</i>	<i>6/7/94</i>	<i>9:30-12:00 pm - Board Room</i>
<i><u>Public Hearing/Budget</u></i>	<i><u>6/7/94</u></i>	<i><u>7:00-9:00 pm - Board Room</u></i>
<i>General Work Session</i>	<i>6/8/94</i>	<i>9:30-12:00 pm - Board Room</i>
<i>General Work Session</i>	<i>6/14/94</i>	<i>9:30-12:00 pm - Board Room</i>
<i>General Work Session</i>	<i>6/15/94</i>	<i>9:30-12:00 pm - Board Room</i>
<i><u>Public Hearing/Adopt Budget</u></i>	<i><u>6/16/94</u></i>	<i><u>9:30-12:00 pm - Board Room</u></i>

(* Denotes Additional Public Testimony As Needed)

Board Room Address:

**Multnomah County Courthouse, Room 602
1021 SW Fourth Avenue, Portland, Oregon 97204**

**Contact the Office of the Board Clerk, 248-3277 or 248-5222
for Further Information**

Meeting Date: JUN 01 1994

Agenda No.: WS-2

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: Budget Work Session

BOARD BRIEFING: Date Requested:
Amount of Time Needed:

REGULAR MEETING: Date Requested: 6/1/94
Amount of Time Needed: 9:00-11:00 AM & 1:30-5:00 PM

DEPARTMENT: Nondepartmental DIVISION: Chair's Office

CONTACT: Dave Warren TELEPHONE: X-3883
BLDG/ROOM: 106/1400

PERSON(S) MAKING PRESENTATION: _____

ACTION REQUESTED:

INFORMATIONAL ONLY POLICY DIRECTION APPROVAL OTHER

SUMMARY (Statement of rationale for action requested, personnel and fiscal/budgetary impacts, if available):

Board Work Session to Discuss Issues Important for Development of the 1994-95 Budget as Follows:

9:00-11:30 AM Independent Agencies & Other General Government Support /

1:30-5:00 PM Multnomah County Sheriff's Office

BOARD OF
COUNTY COMMISSIONERS
1994 MAY 25 PM 2:55
MULTNOMAH COUNTY
OREGON

SIGNATURES REQUIRED:

ELECTED OFFICIAL: Beverly Stein D
OR
DEPARTMENT MANAGER: _____

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions? Call the Office of the Board Clerk at 248-3277 or 248-5222.



MULTNOMAH COUNTY OREGON

Budget Work Session

6-1-94

Handout #1

WS-2

MULTNOMAH COMMISSION ON CHILDREN AND FAMILIES
ROOM 1410, PORTLAND BUILDING
1120 SW FIFTH AVENUE
PORTLAND, OR 97204
PHONE (503) 248-3897 FAX: (503) 248-3093
COUNTY INFORMATION TDD (503) 248-5040

COMPREHENSIVE PLAN TIMELINE

PRELIMINARY PLANNING

1994

Community Mapping	April
Identification of Wellness	May
Selection of Core Benchmarks	June
Selection of Strategies	June-July
Macro Budget	July
Approval by BCC	July
Submit to Oregon Commission on Children and Families	July 31

FINAL COMPREHENSIVE PLAN

Broaden Community Input	
Finalize desired outcomes	
Refine Strategies	
Finalize and submit to Oregon Commission on Children and Families	November

COMBINED BENCHMARKS

Multnomah County's Urgent Benchmarks, Portland-Multnomah County
Progress Board Urgent Benchmarks and OCCF Core Benchmarks

CHILDREN AND FAMILIES

Reduce Teen Pregnancy

- ⊙ Pregnancy rate per 1,000 females ages 10-17 by ethnicity

Increase Percentage of Drug - Free Babies

Percentage of infants whose mothers did not use illicit drugs, alcohol or tobacco during pregnancy

- ⊙ Percentage of babies whose mothers received adequate prenatal care

Reduce Domestic Abuse

- ⊙ a. Child Abuse - Number of children abused or neglected per 1,000 persons under 18 by ethnicity
- b. Spousal Abuse - Spouse or domestic abused per 1,000 persons by ethnicity
- c. Families repeatedly victimized by abuse

Reduce Student Alcohol & Drug Use

- ⊙ a. Percentage of students free of involvement with alcohol in the previous month
- ⊙ b. Percentage of students free of involvement with illicit drugs in the previous month

Increase Skill Level

- ⊙ Increase the percentage of children entering kindergarten meeting specific developmental standards for their age
- Increase percentage of students who achieve established skill levels
- ⊙ Increase the high school graduation rate

Decrease Poverty

- ⊙ a. Increase the percent of families living above 100% of the federal poverty line
- b. Increase the percent of children living above 100% of the federal poverty line

Increase Family Support

- ⊙ Increase the number of identified child care slots
- ⊙ Increase the percent of families who are able to care for their own children (not in substitute care)

PUBLIC SAFETY

Reduce Violent Crime

Crimes against people by juveniles and adults

- ⊙ Reduce juvenile crime rate

Increase Success of Diversion Programs

Percentage of diverted offenders who commit any offense within one year after completing the diversion program by juveniles and adults

Reduce Recidivism

Percentage of felons who commit new felonies within three years of re-entry into the community by juveniles and adults

ACCESS TO SERVICES

Increase Drug Treatment Services

Percentage of people seeking alcohol or drug treatment who receive it

Increase Health Care Services

Percentage of population with economic access to health care by ethnicity

Increase Mental Health Care Services

Percentage of population with access to public or private treatment for mental or emotional problems by children or adults

GOOD GOVERNMENT

Increase County Workforce and Contractor Diversity

Percent of minorities and women presently employed by the County or its contracted service providers versus percent presently available within the local labor market

Increase County Government Accountability & Responsiveness

a. Citizen Satisfaction-Percentage of citizens who are satisfied that services (County and Portland) are necessary, responsive and cost-effective by type of service

b. Government Responsiveness-percent of citizen volunteers in a governmental advisory capacity who are satisfied that their recommendations were carefully and respectfully considered

c. Cost of Government - per capita cost of government

ADULT IS FOCUS OF BENCHMARK

Percentage of citizens who feel safe and secure

Number of reported crimes against people per 1,000 (including murder, rape, robbery, kidnapping, assault)

Elderly Abuse - Elder abuse per 1,000 persons by ethnicity

Percentage of people who feel a sense of community in their neighborhood

Average annual payroll per worker

**Multnomah County Hotel Tax Transfer to MAC
Proposed Programs**

Budget Work Session

6-1-94

Handout #2

als

The Metropolitan Arts Commission proposes to spend a \$100,000/year transfer from Multnomah County Hotel Tax for purposes which are appropriate to the source of funds and Multnomah County's mission.

The funding will enable MAC to "jumpstart" three programs recommended by Arts Plan 2000+ which have been fleshed out and/or piloted during follow up planning and implementation.

Cultural Tourism Programs \$15,000 - 25,000

Investment in cultural tourism projects benefits Multnomah County residents by:

- * Strengthening the local economy because visitors spend money on hotels, restaurants and retail and often extend their business or leisure stays due to arts and cultural attractions.
- * Enhancing our attraction to conventions, new or relocating businesses, again, stimulating the local economy
- * Strengthens the local arts and cultural attractions and services, enabling them to improve and expand programs for local residents.

MAC will collaborate with tourism marketing agencies, arts organizations, the visitor industry, MERC, the Business Committee for the Arts, APP, Tri-Met and other agencies to develop and market cultural tourism package tours and to improve the thoroughness and distribution of events calendars and arts resource guides. These strategies will also increase access and participation of residents.

Neighborhood Arts Program \$40,000 - 50,000

The Neighborhood Arts Program is designed to bring the arts into underserved neighborhoods and community settings as a problem solving partner, utilizing a range of activities and models. Particular emphasis will be given to youth and family activities and cultural diversity.

MAC will develop a roster of artists and programs to flexibly address neighborhood needs and opportunities in the following ways: 1) artists in residence at Multnomah County Family Support Centers, housing projects or other community centers offering programs and assisting other staff in developing innovative approaches to engage youth; 2) development or enhancement of neighborhood celebrations and festivals; 3) neighborhood mural or public art projects; 3) performances and visual arts activities in intimate neighborhood settings; 4) collaboration with the Oregon Folk Art Program to nurture, teach and showcase native arts.

Arts in Education

\$30,000 - 40,000

Youth are our most important resource and our most pressing crisis. MAC seeks to respond through a program designed to meet goals determined as critical to the total education of young people -- goals consistent with Benchmarks in education and work force preparedness and which are particularly susceptible to the influence of quality arts in education.

Multnomah County funding will enable MAC to leverage business and school district support to begin implementation of Arts Plan 2000+ Schools, an innovative and comprehensive model. Arts Plan Schools combines grants, training, planning, residencies, advocacy and recognition as tools to create and reinforce successful and sustainable collaborations among the arts community, business, parents and the schools.

More information on each of these programs will be available as they are fleshed out with our partners.

1994-95 Budget Work Session & Public Hearing

Independent Organizations, Other Nondepartmental and Elected Officials

Wednesday, June 1

9:00 - 12:00

AGENDA

- | | | |
|-------------|---|--------------|
| I. | CBAC Report | 9:00 |
| II. | Independent Organizations | |
| | Citizens Involvement Committee | 9:15 |
| | Tax Supervising Committee | 9:30 |
| | Multnomah Commission on Children & Families | 9:45 |
| III. | Other Non-departmental | |
| | Metropolitan Arts Commission | 10:00 |
| | Metropolitan Human Rights Commission | 10:30 |
| | Portland/ Multnomah Commission on Aging | 10:45 |
| | Accounting Entities | 11:00 |
| IV. | Elected Officials | 11:10 |
| V. | Public Testimony | 11:30 |

nondept

Non-County Agencies

Nondepartmental

Description

Allocations to Non-County Agencies includes categories of appropriations that go directly to other agencies. These agencies have a variety of funding sources, some outside the County.

The five categories are:

- City/County Organizations - Agencies that are funded jointly by the City of Portland and the County and administered by the City.
- County Supplements - Independent agencies to which the County gives some financial support.
- Assessment Organizations - Non-County organizations that assess the County with dues.
- Pass Through Organizations - Appropriations of revenues that are collected by the County and passed on to the designated organization.
- State Required Functions - Building Management costs for state required functions that the County supports is budgeted here.

	Staffing	1994-95 Budget
City/County Organizations		
Metropolitan Arts Commission	0.00	275,071
Metropolitan Human Rights Commission	0.50	121,687
Portland/Multnomah Commission on Aging	0.00	59,128
Supplements		
OSU Extension Service	0.00	180,432
Oregon Historical Society	0.00	10,505
East/West Soil and Water District	0.00	19,288
Food Stamps	0.00	51,500
Assessment Organizations		
Metro	0.00	20,859
Boundary Commission	0.00	5,330
Association of Portland Progress	0.00	115,758
Pass-Through Organizations		
Business Income Tax	0.00	2,639,799
County School Fund	0.00	1,432,625
Convention Center Fund	0.00	4,540,000
Building Management for State Required Functions	0.00	1,949,085
Total	0.50	11,421,067

1994-95 Budget

BALLOT

"BENCHMARKS" - HELP THE COUNTY SET PRIORITIES.

As co-chairs of the Portland/Multnomah Progress Board, County Chair Beverly Stein and Portland Mayor Vera Katz are developing a process to evaluate government programs according to "results achieved" by the community rather than "dollars spent" by the government. The Progress Board emphasizes results, accountability, change, partnerships, community input and citizen participation. The benchmarks will guide development of the county's budget and the partnerships needed to achieve specific community goals.

ADD BENCHMARKS IF YOU FEEL WE'VE LEFT SOMETHING OUT (write in the margin, or add extra sheets).

Please use the following scale to RANK THE IMPORTANCE OF EACH BENCHMARK BELOW:

- 1 = Most Urgent (you are limited to voting "1" five times only)
- 2 = Very Important
- 3 = Somewhat Important
- 4 = Neutral
- 5 = Not Important

[Return this ballot to: CITIZEN INVOLVEMENT COMMITTEE, 2115 S.E. Morrison, #215, Portland, Oregon 97214].

Benchmarks	Rank	Benchmarks	Rank	Benchmarks	Rank	Benchmarks	Rank
Teen pregnancy - Pregnancy rate per 1,000 females ages 10 - 17 [by ethnicity]		Housing - percentage of home owners and renters below median income spending less than 30 percent of their household income on housing and utilities.[by ethnicity]		Firearm Injuries - firearm injury rate per 1,000 population.		Workforce Readiness - percentage of people who leave post-secondary programs possessing skill sets to match work force needs.	
Prenatal Care - Percentage of babies whose mothers received adequate prenatal care beginning in the first trimester.		Tax Foreclosures- Number of tax foreclosures per 1,000 homes. [by owner occupied v. rental]		Weapons Permits- number of concealed weapons permits issued per 1,000 population [by male /female]		Access to Facilities - Percentage of public buildings and facilities accessible to Oregonians with physical disabilities.	
Drug-free babies - Percentage of infants whose mothers did not use illicit drugs, alcohol or tobacco during pregnancy.		Child Care Quality - percentage of child care facilities which meet established basic standards.		Weapons Seized in Schools- number of weapons seized in public schools [by high school or below]		Readiness to Learn - Percent of children having contact with a public library before starting kindergarten.	
Immunization - Percent of two year olds adequately immunized.		Child Care Availability - no. of identified child care slots available for every 100 children under age 13.		Diversion Programs - percentage of diverted offenders who commit any offense within one year after completing the diversion program. [by juveniles and adults]		Libraries - Percentage of children who have library cards and have used them within the last six months. [by selected grades - 1st, 6th and 11th]	
Health Care Access - Percentage of population with economic access to health care [by ethnicity]		Child Abuse - Number of children abused or neglected per 1,000 persons under 18. [by ethnicity]		Recidivism - Percentage of felons who commit new felonies within three years of re-entry into the community. [by juveniles and adults]		Adult Literacy - Percentage of adults with english literacy skills [detailed by prose literacy, document literacy, and quantitative literacy]	
Teenagers' Sexually transmitted diseases- rate per 1,000 population ages 10 - 19.		Spousal abuse - domestic violence calls per 1,000 households.		Drugs & Crime -rate of arrestees who have one or more drugs in their system at time of arrest.		Land Use Planning - Percent of rural lands that are included within a current, approved Rural Area Plan (R.A.P.)	
HIV and AIDS - annual percentage/ number of HIV cases with an early diagnosis.		Kindergarten Readiness - Percentage of children entering kindergarten meeting specific developmental standards for their age.		Offender drug treatment - percentage of offenders needing drug and alcohol treatment who receive it.		Open Spaces - Acres of parks and protected green spaces per 1,000 population.	
Sexually transmitted disease - rate for adults 20 to 44 years old.		Student Alcohol Use - Percentage of students free of involvement with alcohol in the previous month. [at 8th & 11th grades]		Community Policing - No. of communities involved in a community-based strategic plan for law enforcement.		Taxes - total taxes per \$1,000 income.	
TB - incidence of tuberculosis per 1,000 population		Student Drug Use - Percentage of students free of involvement with illicit drugs in the previous month. [at 8th & 11th grades]		Victimization rates: homicides. [by ethnicity]		Cost of Govt. - per capita cost of government.	
Hepatitis - Incidence of hepatitis B per 1,000 population.		Adult Drug abuse - Percentage of adults who use illegal drugs.		Victimization rates: hate crimes. [by ethnicity]		Customer Satisfaction- Percentage of citizens who are satisfied that County services are necessary, responsive and cost-effective. [by type of service]	
Care of elderly - Percentage of elderly living independently or with adequate support.		Drug Treatment - percentage of people seeking alcohol or drug treatment who receive it.		Animal control - Reported incidents of personal injuries from dangerous dogs per 1,000 population.		Knowledge of Govt. - Percentage of citizens who understand the Oregon governmental system.	
Elder abuse - rate per 1,000 in elderly population.		Hate crimes - per 1,000 population.		Poverty - percentages of citizens with incomes above 100% of the Federal poverty level.[by ethnicity]		Citizen involvement - Percentage of citizens who volunteer at least 50 hours per year to civic, community or non-profit activities. [by age and ethnicity]	
Mental Health Care Access- Percentage of population with access to public or private treatment for mental or emotional problems [by children or adults]		Sense of Safety - percentage of citizens who feel safe and secure from crime.		Children in Poverty - percentage of children living above poverty. [by ethnicity]		Govt. Responsiveness - percent of citizen volunteers in a governmental advisory capacity who are satisfied that their recommendations were carefully and respectfully considered.	
Mental Illness - Percentage living in housing of their choice with adequate support.		Public safety - Index crimes per 1,000 population. [by juveniles and adults]		Child Support - Percentage of Court ordered child support paid to single parent families.		Govt. Accountability - Percentage of agencies that employ results-oriented performance measures.	
Developmental Disabilities - Percentage living in community housing of their choice with adequate support.		Public safety - Other crimes per 1,000 population. [by juveniles and adults]		Jobs & Income - percentages of citizens with incomes above 125% of the Federal poverty level.			
Physical Disabilities - Percentage living independently with adequate support.		Juvenile Crime - Juvenile arrests per 1,000 juveniles per year.		High school completion - completed high school or an equivalent program [by ethnicity]			
Homelessness - Number of citizens who were homeless at some time in the last year.							

BALLOT

OREGON BENCHMARKS: Standards for Government Performance

by Oregon Progress Board

The purpose of *Oregon Benchmarks* is to guide our state to a better future as a people, as a place, and as an economy. The benchmarks are based on the premise that Oregon will have the best chance of achieving an attractive future if Oregonians agree on where we want to go and then join together to accomplish those goals. By keeping track of whether we are measuring up, we are more likely to sustain the focus and energy that will be required to bring our dreams to fruition.

The need for such planning could not be more urgent. Over the next two decades, we have the opportunity to achieve sustained economic prosperity while enhancing our enviable quality of life. Yet while the opportunity is ours to gain, it is also ours to lose. Unless we raise our expectations to world-class levels — and then meet them — our standard of living and quality of life may suffer in the years ahead as we lose ground to determined competitors around the globe. The workers of our tomorrow are in our classrooms today. In the next two decades our land, water, air, infrastructure, and government services must accommodate nearly another million people, especially in our urban areas. By contrast, many rural communities face the hardship of shrinking timber harvests, a contracting forest products industry, and job losses. Unless we act decisively, the Oregon we inherit in the decades ahead may fall far short of our dreams.

The Progress Board is encouraged to see how many organizations throughout the state are already applying and pursuing benchmarks since the initial measures were released two years ago. The benchmarks are becoming a reference point for institutional goal setting both in and beyond state government. They are being used

to set priorities and allocate resources in the budgeting process. They also show promise as a yardstick for measuring government performance, both within and among agencies.



OREGON PROGRESS BOARD

775 Summer Street, NE
Salem, Oregon 97310
U.S.A.
(503) 373-1220
FAX (503) 581-5115
Voice/TDD 373-1220

BARBARA ROBERTS
Governor
Chair
GUSSIE MCROBERT
Vice Chair
BRETT WILCOX
DAVE FROHNMAYER
MATTHEW W. PROPHET
WILLIAM C. SCOTT
PEGGI TIMM
ED WHITELAW
DIANE WILLIAMS
FRANK MILLER
Executive Director
DUNCAN WYSE
Executive Director

Dear Oregonians:

Throughout Oregon a marvelous consensus is beginning to emerge about *Oregon Benchmarks*. People are discovering how useful these measures are in defining the Oregon we want to live in, and in helping us gauge and shape our lives as a people, place, and economy.

In state government the benchmarks have already been adopted as a tool for stating concrete objectives, setting program and budget priorities, and measuring performance. They are helping our agencies to focus differently, work more closely together, and make better use of existing resources.

Yet the benchmarks have broader application than state government. Local jurisdictions, businesses, nonprofits, and other organizations are beginning to recognize that the benchmarks are a useful tool for improving Oregon in all areas.

This second edition of *Oregon Benchmarks* sharpens our vision for Oregon and tells us more about our progress in realizing our dreams. We commend it to all who lead and serve and educate others in our state.

Sincerely,



Barbara Roberts
Governor

Oregon Progress Board is an AA/EEOE and complies with Section 504 of the Rehabilitation Act of 1973

**FOR COPY OF OREGON BENCHMARKS
"REPORT TO THE 1993 LEGISLATURE"
WRITE:**

**Oregon Progress Board
775 Summer Street, N.E.
Salem, Oregon 97310
(503) 373-1220
TDD (503) 373-1200**

CALL:

**Gov. Barbara Roberts, Chair
Gussie McRobert, Vice Chair
Dave Frohnmayer
Matthew W. Prophet
William C. Scott
Peggi Timm
Ed Whitelaw
Brett Wilcox
Diane Williams**

Duncan Wyse, Executive Director

Milestones in Developing Oregon Benchmarks

1986 — In *Emerging Trends 2010* the Oregon Futures Commission stresses the need for a comprehensive plan of Oregon's future.

May 1989 — Governor Goldschmidt involves hundreds of citizens in producing *Oregon Shines*, Oregon's strategic plan for prosperity.

June 1989 — The Oregon Legislature creates the Progress Board, directing it to translate the strategies in *Oregon Shines* into measurable goals for Oregon.

May 1990 — With the assistance of citizen panels, the Progress Board releases a draft of *Oregon Benchmarks* for public review.

January 1991 — After extensive public review the Progress Board shapes and releases the 1991 *Oregon Benchmarks*.

June 1991 — The Legislature adopts Benchmarks unanimously after review in 18 committees and directs the Progress Board to update the benchmarks every two years.

November 1991 — The Progress Board releases *Human Investment Partnership*, its report of progress and recommendations for achieving benchmarks for people.

February 1992 — Governor Roberts directs agencies to give priority to critical near-term benchmarks in the budget process, and directs all agencies to develop performance measures consistent with benchmarks.

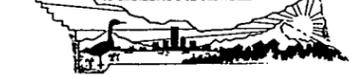
June 1992 — Governor's Task Force on State Government recommends in its report, *New Directions*, that *Oregon Benchmarks* be integrated as goals for state agencies, and that planning, budgeting and compensation systems be directed towards those goals.

REPRINT * REPRINT

SPECIAL REPORT

CITIZENS INVOLVED

A GRASSROOTS NEWSLETTER



BALLOT INSIDE



MULTNOMAH COUNTY OREGON

"BENCHMARKS"

Government is often criticized for blindly throwing money at problems. County Chair Beverly Stein and Portland Mayor Vera Katz are developing a process for evaluating government programs according to "results achieved" by the community rather than "dollars spent" by the government.

Stein and Katz co-chair the Portland/Multnomah Progress Board which identifies measurable goals or "benchmarks" to evaluate success in meeting challenges faced by city and county government.

First used by state government, the Oregon legislature has adopted 272 benchmarks. [See related article "OREGON BENCHMARKS" in this newsletter]. Benchmarks

measure performance by results. As example, in 1992, 95% of Oregon infants were born with healthy birth weights; the state set 98% as its benchmark goal for the year 2010.

Benchmarks are new for Multnomah County, but its roots are deep. In 1989, community members provided input on the county's strategic plan in a CIC report entitled "Visions - the 1990's and Beyond." That same year, Governor Goldschmidt organized "Oregon Shines: Oregon's Strategic Plan for Prosperity." A year later, the City of Portland launched its planning process with *Portland Future Focus*.

With the Progress Board, Chair Stein and Mayor Katz unify and expand these efforts. The Progress Board emphasizes results,

accountability, change, partnerships, community input and citizen participation. These benchmarks will guide development of the county's budget. The next step is to work with other jurisdictions, schools, citizen groups and others to build the partnerships dedicated to achieve specific community goals.

A Benchmark Special Report will be hosted on cable television by Board of County Commissioners Chair Beverly Stein. Watch your cable scroll for dates and times, or call Citizen Involvement at 248-3450.

Inside this newsletter is a Benchmark Ballot for your input. Please take ten minutes or more to fill out the Ballot and return it to us. We want your views. Thanks.

D2 THE OREGONIAN, THURSDAY, DECEMBER 2, 1993

County aims to identify, start solving top problems

Officials are developing a list of "benchmarks" to determine how county money will be spent

By NANCY MCCARTHY
of The Oregonian staff

Several urgent problems exist in Multnomah County — including teen-age pregnancy, child abuse and unsafe neighborhoods — and county officials want to do something about them.

These problems, along with nine other items, are included in a list of "benchmarks" that county officials are developing.

The benchmarks will determine where county officials will focus

their attention and how county funds will be spent for the next three to five years.

About \$3.3 million of the county's \$167 million general fund budget next year will go toward the benchmarks.

In a work session this week, 12 urgent benchmarks — problems that need immediate attention — were culled from a list of 64 problems facing the county.

County officials put the problems on the "urgent" list if tackling them would reduce other problems over several years.

For example, if teen-age pregnancy could be prevented, the number of poor families in the county may be reduced, as well as homelessness and juvenile crime.

County residents will have a chance to express their concerns during a public forum from 4 to 6:30 p.m. Dec. 15, at Ashley's Restaurant in Gresham.

Another forum will be scheduled in January at a time and place to be announced.

The five-member Multnomah County Board of Commissioners will adopt the urgent benchmarks and a list of other priorities also deemed to be important in late January.

Among items tentatively selected by county officials for the urgent list:

- Increasing the number of drug-free babies born in the county.
- Improving the access to health care by the poor.

- Improving the access to mental health care for children and adults.

- Increasing the number of children who are ready to enter kindergarten.

- Reducing the number of students using drugs and alcohol.

- Reducing the number of violent, person-to-person crimes in the county.

- Reducing the number of persons in court-ordered treatment programs who commit additional crimes.

- Reducing the number of felons who commit new felonies within three years after leaving jail.

- Increasing the number of residents who are satisfied with county services.

METRO PLANS, FINANCES, TAXES AND GRANTS by Metro Committee for Citizen Involvement (MCCI)

MERC BUSINESS PLAN

METRO TAX STUDY

GREENSPACES RESTORATION

Metro oversees regional facilities through the Metro Exposition-Recreation Commission (MERC), including: the Oregon Convention Center (OCC), the Civic Stadium and the Portland Center for the Performing Arts (PCPA - umbrella organization for the civic auditorium, the Arlene Schnitzer Concert Hall and the Intermediate and Dolores Winningstad theaters).

MERC is developing a business plan with elements for each MERC facility. This plan will guide the business process for the next five years. PCPA and Civic Stadium are projected to operate at a deficit. Surplus revenue from Memorial Coliseum is no longer available to subsidize other regional facilities. The purpose of the business plan is to lead to financial stability by identifying markets, challenges, capital needs, as well as, operational needs. Public meetings are scheduled for OCC, PCPA and the Stadium, and MERC administration. Formal presentation of the consolidated MERC Business Plan is anticipated in March or April 1994.

The Metro Tax Study Committee presented their recommendations to Metro Council on November 23, 1993. The Committee made both long- and short-term recommendations with short term viewed as one to four years.

The Committee identified a short term need of \$3.2 million for General Government and \$4.3 million for Planning funds to provide Charter-mandated functions. The committee suggests using existing excise funds to pay for General Government funding needs. (Note: Existing Metro excise taxes are charged to users of Metro facilities including the solid waste disposal system, the zoo and certain convention center activities).

The Tax Study Committee further recommends that a real estate transfer tax and a construction excise tax support Planning functions. Either tax "sunsets" after four years, with voter approval required for replacement from specified broad based taxes.

The Council will provide a public process when, and if, it considers these recommendations. For more information call Council at 797-1540.

Restoration of degraded natural areas is a priority activity of the Greenspaces Master Plan. The Metropolitan Greenspaces Program outlines a four-phase approach to identify, map, protect, preserve and acquire natural areas in the region. Phase 3 calls for restoration and enhancement projects in wetlands, along stream corridors and riparian areas, and in upland sites. Funding comes from Congressional demonstration grants to Metro via the U.S. Fish and Wildlife Service.

GREENSPACES GRANT APPLICATIONS:

- * Tualatin Hills Park and Recreation District. Restore degraded and channelized portions of Johnson Creek.
- * City of Gresham Parks Division. Restore and enhance Kelly Creek Greenway/SE Gresham.
- * Multnomah County Park Services Division. Create ten acre elk meadow in Oxbow Park.
- * City of Troutdale Parks. Recreate Sunrise Nature Park as natural area with upland meadow, etc.
- * City of Portland Parks, Friends of Trees & Friends of Forest Park. Restore two sites.
- * City of Portland Parks. Meadow improvements for south fill of Oaks Bottom.
- * Southwest Neighborhood Information, Inc. Streambank stabilization in Woods Memorial Park.
- * Oregon City Public Works. Develop nature park in undeveloped open space of Hillendale Park.

For more information call Mel Huie, Metro Greenspaces, 797-1731.

Metro Committee for Citizen Involvement meets 4th Thursday at 6 p.m., Rm 370 - Metro 600 NE Grand.

UPCOMING MTGS:

Wednesday, Jan. 12 - Formal presentation consolidated Business Plan to MERC.

FOR MORE INFO: CALL: Pat LaCrosse 731-7836.

Metro Regional Facility Committee meets 1st & 3rd Wednesdays at OCC. Council and Standing Committee meetings: Metro Council Chambers 600 NE Grand, at 4 p.m. - call 797-1540 for agenda.

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John Legry, Staff
(503) 248-3450
2115 S.E. Morrison, #215
Portland, OR 97214
Multnomah County
Citizen Involvement Committee

CITIZENS INVOLVED

A GRASSROOTS NEWSLETTER



A Multnomah County Citizen Involvement Committee Publication

Jan. - Mar. 1994



YOUTH COMMISSION IN TRANSITION

by Steve Fulmer

As a direct result of House Bill 2004, passed by both houses of the last legislature, the youth commission structure throughout Oregon is changing.

The Community Children and Youth Services Commission (CCYSC) structure, borne out of the Goldschmidt administration's "Children's Agenda" has been completely replaced under the name "Commission on Children and Families."

Originally designed to provide local options for "filling in the cracks" of services to juveniles, the CCYSC also reviewed a variety of dedicated funding streams such as Great Start, Block Grants, Student Retention Initiative, Court Appointed Special Advocates, Youth Conservation Corps, etc.

The local Multnomah County CCYSC had just completed a reorganization and recruitment for an expanded structure when the legislature passed HB2004 which eliminated CCYSC entirely. The new Children and Families structure will have broader responsibility and financial clout, although final

authority will remain with the legislature and individual county commissions. Besides "filling in the cracks" the new commission structure will preside over a process of "localizing" services to children previously provided by the state, including most non-custodial programs of the Children's Services Division.

At the request of Multnomah County CCYSC Chair Pauline Anderson, the entire local commission resigned in September to make way for the new commission. County Chair Beverly Stein and the Board of County Commissioners (BCC) are expected to name the new Commission on Children and Families shortly, with meetings under way by the New Year. Like its predecessor, the new commission will be composed of a spectrum of professionals and citizens where citizens hold a one seat plurality.

Besides overseeing redistributed funding streams, the commission recommends "adoption" of state benchmarks, advocates for children and families (to the extent allowed by law),

and functions as a central clearing house for strategic planning.

The new structure was adopted with bipartisan support following the report of an interim legislative task force called the Children's Care Team. Although the Care Team called for localization of services, increased community involvement, more emphasis on prevention, and "integration" with schools and other providers of services to children, there are no clear "signals" as to how these major changes will be accomplished within the severe funding constraints imposed by the passage of Measure 5 and the defeat of 1993's Measure 1. Funding issues will be among those addressed by the new commission, as well as by private advocacy organizations such as Children First.

Steve Fulmer just retired from the CIC. He served previously as a two-term member of the Human Services CAB. He is among the CCYSC commissioners who have been invited to serve on the new Commission on Children and Families.

GRASSROOTS PROFILES:

"STREET OF SCREAMS, VISIONS OF HOPE" by Reverend John Rogers, VERNON NA

The Vernon Presbyterian Church Neighborhood Action Group (VNAG) had its beginnings three and a half years ago when, as a member church of the Portland Organizing Project, we began a series of outreaches into our community, listening to neighbors' concerns and bringing them together to work on those concerns. Over the years we have had neighborhood clean-ups, closed down drug houses and a problem tavern, and worked with the OLCC to get changes in OLCC procedures. But in all our interviews there was one recurring problem: substandard, abandoned, derelict and dangerous properties which abound in our neighborhood.

Since 1990 we have worked with neighbors, property owners, the Bureau of Buildings and the County to identify and eradicate such properties. Focused enforcement, changes in city and county policies have resulted from our efforts, but more needs to be done.

In October 1992 we conducted a "Street of Screams" tour which highlighted not only many of the problem properties in our community, but the purpose of the tour was also to draw attention to city and county procedures that needed to be changed or improved.

Following that meeting, there have been several follow-up meetings with city and county officials monitoring both the individual properties that were part of the tour and also monitoring the progress towards creating a more efficient system for holding property owners (including the county) accountable; faster response for citing and maintenance of properties; and, better ways to convert these properties from liabilities in the neighborhood into good affordable housing.

On Saturday, October 30th, VNAG sponsored a meeting with the theme: "Visions of Hope." The purpose of this meeting was to celebrate the progress that has been made in the last year and to point toward some future actions that should be taken. Board of

County Commissioners Chair Beverly Stein and representatives from Portland City Commissioner Kafoury's office and the Bureau of Buildings attended.

The agenda for the day also included an announcement that VNAG and the Sabin Community Development Corporation will be entering into a partnership to work on several substandard houses in the community and Chair Stein was asked for county assistance. The project has already been awarded \$10,000 from an outside party.

Chair Stein and County Commissioner Gary Hansen are enthusiastic about the progress between the county and City of Portland in the last year, making it easier to acquire and rehab derelict buildings. On behalf of the county, they presented the first of two houses to the group as a "wedding present."

Vernon Neighborhood Action Group is an excellent example of what communities can accomplish when effectively organized and empowered to act in their own enlightened self-interest.

STRIP TO CENTER

The Hillsdale Vision Group (HVG) is one of eight sites selected to receive a "design images" plan by noted urban planner Peter Calthorpe and the only site within Portland City limits. The Hillsdale plan will demonstrate how to turn a 1950's shopping strip into a neighborhood destination center.

HVG hosts monthly visioning workshops Third Tuesday of each month, 7:30-9:30 p.m., Faculty Lounge, Rm 145, Wilson High School. Interested neighbors are invited. Parents are welcome to bring their children. Next meeting: January 18.

Core members of HVG meet every Tuesday, 6:00-8:00 p.m., Wilson High School Faculty Lounge, Rm 145. Visitors are welcome. For more information, contact SWNI (SW Neighborhood coalition office) 823-4592.

"RESTROOMS & COMMON SENSE" by Jim Regan

Why does it take so long and cost so much to get a permit from the City of Portland, Bureau of Planning?

In 1992, St. John Lutheran Church on 4227 N. Lombard decided to move restrooms from the basement to ground level in Fellowship Hall to accommodate our elderly members. We hired an architect, drew up plans, obtained congregation approval to get permits on January 2, 1993.

To date, we have not been able to start because the planning bureau has had us submit landscape drawings with placement of trees, size, height, species and parking lot drawings. After each try to satisfy Planning new obstacles were raised. We were told to plant 6 foot shrubs along one side of our driveway despite Police suggestions to cut trees and shrubs back for security reasons. The Park Bureau removed their shrubs in Columbia Park, but the Planning Bureau insists we plant them. Letters and petitions to the planners are futile; we are told that they make no difference.

We realize that rules and specifications provide for safe and orderly growth. But, all needs cannot be covered with a single broad brush. Common sense must be exercised to provide solutions for projects which don't fit the box.

All this because we wanted to provide an upstairs restroom for our elderly members!

Jim Regan is CIC member from District 1 and Chair of the St. John Lutheran Church Building Committee.

GRASSROOTS PROFILE:

Please send us your organization's profile. Share your successes and concerns with other citizen grassroots groups and help to keep them informed and involved. Mail to: CIC, 2115 S.E. Morrison, #215, Portland 97214.

"NEW ERA OF PARTICIPATION IN POLITICS" Excerpt: Meaningful Chaos, the Kettering Foundation, 1993

Throughout the 1992 election, many Americans opened the door, if ever so slightly, to a potentially new era of participation in politics. Many citizens imagined new relationships with public concerns - new connections to them, new interests in understanding them, new aspirations for addressing them.

Amid this changing political landscape, many public leaders and others will not change the way they relate to the public - falling back into old patterns of politics as usual. Citizens, too, continue to be plagued by their own resistance to change - safeguarding their own self-interests. How, then, can the possibility for change, glimpsed in 1992, be made real so that people form meaningful relationships with public concerns and deal with them?

Nine factors show that people bring their whole lives to this process.

1. Connections. Society tends to fragment public concerns so as to make them easier to discuss, think about and act on. But often this does not work. These fragments fail to reflect the ways in which people actually experience public concerns in their daily lives. People take a broad, rather than narrow, view of public concerns.

2. Personal Context. Attempts to engage people in public discourse often revolve around appeals to their narrow self-interest and private opinions. These appeals fail to tap people's potential for using a broader lens and miss the possibility for engaging people through their life experiences and imagination.

3. Coherence. Sometimes more attention is paid to the quantity of information than to its quality. People are bombarded with facts, figures, revelations and conflicting statements. People often cannot make sense of all this information - it lacks coherence. People want the "whole story", not necessarily all the available information.

4. Room for Ambivalence. In public discourse, people are forced all too often

to take positions long before they are ready, thereby polarizing debate and those who participate in it, while forcing others completely out of the debate. This condition stifles people's ability to form relationships with public concerns. People want more "gray area" to explore what they think and feel about issues.

5. Emotion. There is a tendency to strip emotion from our public discourse and decision making so as to preserve or create a "rational" approach to public life. But this seems irrational to many citizens. It denies the inevitability of emotion as part of the mix of public life. Emotion is essential in forming and sustaining relationships to public concerns; it provides people with a sense of meaning.

6. Authenticity. "Truth" often is measured by the degree to which we use hard and reliable facts and figures. But citizens tend to use other measures or standards - something "rings true" if it resonates within their own context of meaning, life experiences and imagination. Authentic sources of information are not necessarily those people or institutions in the news every day. People look for guidance from their family, someone down the block, neighborhood leaders, coworkers and others close to them.

7. A Sense of Possibilities. Nowadays people associate public discourse with gridlock and stagnation, and with their having only a limited role to play in addressing public concerns. These deeply rooted, persistent convictions short-circuit attempts to engage in public life. People want a greater sense of possibilities for movement and a role to play in bringing about that movement.

8. Catalysts. Society often delegates - indeed relegates - the work of so-called leadership to a seemingly separate caste of "experts," "officials," and "elites." And yet many times these "leaders" strike people as being disconnected from their lives and concerns, or they simply may not be the best catalysts for prompting people to connect with public concerns.

In reality, people often find the support or impetus they need from family, friends, neighbors and co-workers.

9. Mediating Institutions. The current culture of mass communications often treats people as passive consumers of information and as isolated atoms in their own orbits around public concerns. But this is not how people form relationships with public concerns; instead, they come together with friends, neighbors, and people whom they may not even know. And they do so often by meeting at so-called mediating institutions - a church, a school, a neighborhood council; public places in which people can come out from their homes and interact in public life; places with broad-based agendas so that people can discuss and act on issues as they experience them in their daily lives.

There is clear resistance among people to fragmentation, a keen desire for seeing and being a part of the larger picture. There is a tendency to enlarge, rather than narrow, one's perspective and level of involvement, once the process of engaging in public life begins. There is the fact that people bring their whole lives to their relationships with public concerns - their past, present and future; values and aspirations and fears; minds and emotions; insistence to stand alone and yearning to interact with others. There is the need for conversation and for imagination in public life. And within this picture, there can be found no exact order of interplay between and among the various factors.

The point is that this chaos, if we recognize and approach it with a sense of purpose and care, provides numerous means of nurturing relationships, many points of entry into public work. By tapping this chaos it is possible to capture the sense of depth and meaning citizens are seeking in today's ever-changing world. Then, new relationships between citizens and public concerns can [and will] form. [Kettering Foundation, 200 Commons Rd., Dayton, Ohio 45459-2799, (513) 434-7300].

✓
PLEASE PRINT LEGIBLY!

MEETING DATE 6-1-94

NAME Joanna Eaton

ADDRESS 4705 NE 110th AVE

STREET

Portland OR 97220

CITY

ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # 5 Budget

SUPPORT CARES add pkg. **OPPOSE** _____

SUBMIT TO BOARD CLERK

2 ✓

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Dorinda MEETING DATE 6-1-94

NAME Dorinda L Merritt

ADDRESS 10120 SE Weaverley Ct #61

STREET milw

CITY 97222 ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # 5 Budget

SUPPORT Cares add pkg OPPOSE _____

SUBMIT TO BOARD CLERK

3 ✓

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MEETING DATE

5/1/94

NAME

Emmy Spar - Care Program

ADDRESS

2800 W. Vancouver Ave.

STREET

Ptld.

CITY

97227

ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM #

3 Budget

SUPPORT

Care Add Package

OPPOSE

SUBMIT TO BOARD CLERK

1994-95 Budget Work Session & Public Hearing

Independent Organizations, Other Nondepartmental and Elected Officials

Wednesday, June 1
9:00 - 12:00

AGENDA

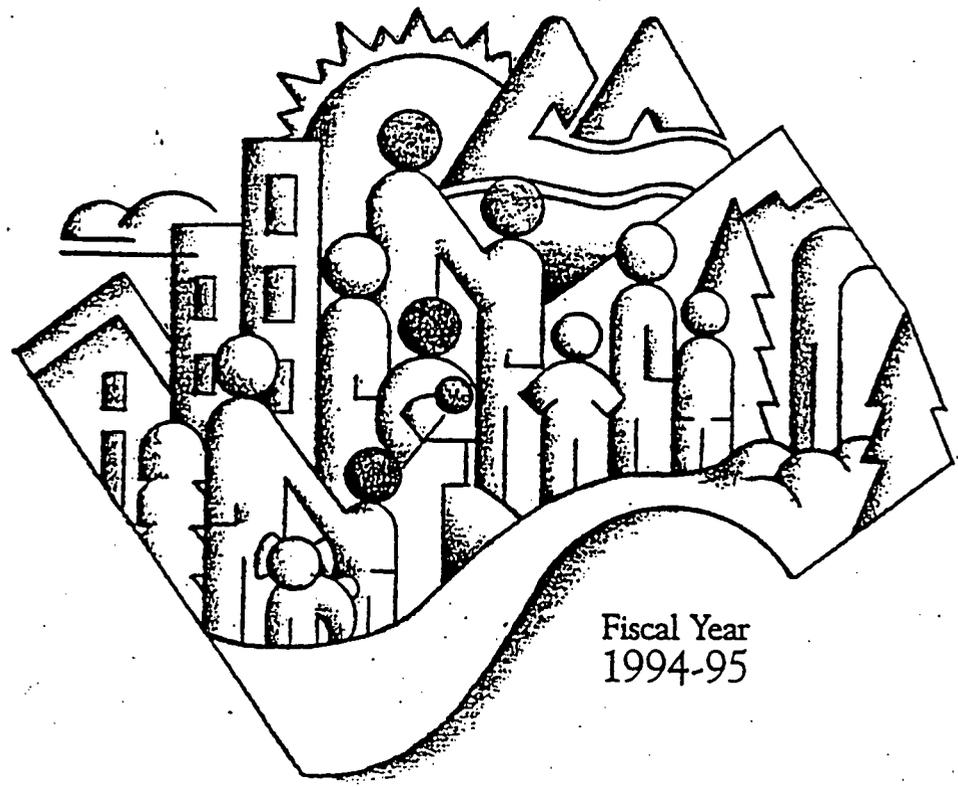
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|-------------|---|--------------|
| I. | CBAC Report | 9:00 |
| II. | Independent Organizations | |
| | Citizens Involvement Committee | 9:15 |
| | Tax Supervising Committee | 9:30 |
| | Multnomah Commission on Children & Families | 9:45 |
| III. | Other Non-departmental | |
| | Metropolitan Arts Commission | 10:00 |
| | Metropolitan Human Rights Commission | 10:30 |
| | Portland/ Multnomah Commission on Aging | 10:45 |
| | Accounting Entities | 11:00 |
| IV. | Elected Officials | 11:10 |
| V. | Public Testimony | 11:30 |

nondept

*Clerk
Attachment*

Multnomah County Budget

Supplemental Information



Fiscal Year
1994-95

Packet #33
MSS/Nondepartmental

Follow-up Information

METROPOLITAN ARTS COMMISSION

June 14, 1994

TO: Dave Warren
FROM: Bill Bulick
RE: Follow Up Items from the Work Session on June 1

This is a necessarily quick response to your June 4 memo, which I did not, unfortunately, receive or know about until Ching Hay's call this morning.

I will give the best answers I can, given the quick turn around.

1. Long Term Funding - What is Metro's plan and tentative schedule for a regional election establishing long term arts funding.

Metro's Regional Funding Task Force report ^{→ filed w/ Board Clerk/BCC} (~~attached~~) was presented and accepted by the Metro Council on March 24, 1994. That report was the result of a broad based study of cultural funding options that built upon the earlier work of Arts Plan 2000+ and the Metro Facilities Study.

Several critical recommendations pertain to the questions raised by the Multnomah County Board of Commissioners. Please see the Executive Summary, pages 1-2:

Metro should recognize that the vitality of arts and culture are critical to the quality of life we enjoy in this region and provide funding and support for efforts to ensure the future health of this region's arts and cultural programs.

Several short and long term strategies must combine to assure "bridge" support for cultural programs while developing the long term, regional funding solution.

The best long term strategy will involve the formation of a broad coalition of cultural and scientific organizations supported by a broad based, regional tax.

Metro should target a ballot measure no later than Fall 1995.

It is important to reflect our conclusion, based upon 3 years of citizen driven planning, that Metro can not and should not take unilateral responsibility for developing adequate public funding for regional cultural programs and facilities. Hence the Metropolitan Arts Commission, joined by a broad coalition of business leaders, arts leaders, local arts councils, community groups, elected officials, etc. has embarked on a comprehensive, multi-year regional cultural development strategy designed to enhance the cooperation and effectiveness of arts groups, demonstrate the value and benefits of arts programs, build public awareness and develop leadership. These efforts have already received significant support from the National Endowment for the Arts and the private sector.

These efforts are critical to laying the groundwork and developing the support for a regional ballot measure with Metro as the logical vehicle. To that end we are also working to integrate cultural planning into the broad scope of land use and quality of life planning that Metro is embarked on.

2. Overall Budget - Provide the Board with copies of the total MAC budget.

MAC provided complete information about its overall budget, as a matter of course, for the Multnomah County budget submission due date in February. The budget office and Chair's office have had these documents for almost four months.

3. Hotel/Motel Tax - What outcomes does the Arts Commission expect from the additional \$100,000 planned to be diverted from the hotel/motel tax?

The Metropolitan Arts Commission will invest the additional \$100,000 to stabilize three programs recommended by Arts Plan and piloted over the last two years. Each has multiple outcomes.

Arts Plan Schools:

Arts Plan Schools is a regional program of services, grants, professional development and technical assistance for schools and local arts organizations which will result in increased arts education opportunities for students and teachers as they meet local, state and national education goals. The funding is approximately 1/3 of the total costs of the program annually.

Current Arts In Education services provided for Multnomah County by MAC's AIE programs reaches approximately 25% of students. Our goal is to increase to 60% at the end of three years. We plan to emphasize low income and underserved schools.

Neighborhood Arts Programs

This program will bring professional art presentations directly to neighborhoods and complement "in-house" delivery of arts and culture by Portland's major cultural institutions. The work of diverse local artists will be highlighted. Services will include a wide scope of arts activities with emphasis on educational activities and cultural diversity which will benefit the communities and neighborhoods.

Arts Plan documented very high attendance at arts activities which gives us confidence in projecting a great demand at the neighborhood level. Non-traditional settings, outside the concert halls and more accessible to all members of the public will undoubtedly attract new audiences. New partners will be sought, including the Multnomah County Commission on Aging, Portland Parks and its City Arts training program, Tri-Met, the Metropolitan Human Relations Commission, local libraries throughout Multnomah County, Neighborhood Associations, and East Multnomah County cities.

We can purchase approximately 35 touring services, ranging in scope from a classroom based activity to a neighborhood festival and we project total attendance in the range of 3,000 county residents.

Local artists involved in this program will benefit greatly by the demand from the community for their services. Many will receive private bookings from publicity and inclusion on MAC's service roster and should be able to triple any income directly from the program.

Cultural Tourism

MAC is working directly with the lodging industry through the Portland Oregon Visitors Association and other partners such as Tri-Met to develop long range goals and projects that will enhance economic development opportunities of the visitor industry. We are beginning with four projects, the "cultural bus" which redirects Tri-Met's Line 63 to form a permanent "shuttle" between the Zoo, OMSI, the Convention Center, POVA's visitor information and ticket outlet, the Portland Center for the Performing Arts, the Oregon Historical Society and the Portland Art Museum.

Approximately \$100,000 is being raised to support the project and provide regionwide information and access through related arts visibility projects.

Ridership is under 70,000 on Line 63 at present and we predict doubling the ridership the first year through an active publicity campaign.

MAC will also work with POVA on its "Passport to Portland" which packages hotels and cultural events for visitors within a day's drive. The diverse range of arts, recreation and retail opportunities will be advertised and featured, along with referrals to complete inventories of Multnomah County cultural opportunities MAC is developing in cooperation with arts & community groups in Portland neighborhoods, Gresham, Troutdale, etc. POVA will need to raise approximately \$200,000 to complete "Passport" and their other plans to boost tourism through Portland's

vibrant arts and cultural activities. MAC will continue its efforts to inventory the arts and provide visitors with guides (primarily aimed at residents) to activities that appeal to families and people of all ages.

Private Sector Leveraging:

All three programs will leverage new sources of funds and services from the local business sector as well as individuals and foundations. For example, Arts Plan Schools calls for partnerships between schools and business as they help students better prepare for the workplace through mentorships and job training opportunities. Some neighborhoods and community agencies will be asked to provide cash matching for Neighborhood Touring Programs. This is in addition to requirements for donated space, publicity, equipment and materials. The Cultural Tourism Programs are expected receive the majority of funds from the lodging and retail industry and the first year's programs will include establishment of a baseline for numbers of visitors brought to the region and per capita spending.

Potential:

As local arts organizations are trained to provide arts education services in the classroom the demand for these resources will increase as teachers are looking for models to meet Oregon's education reform outcomes. As teachers, demand for model programs with education reform implementation, the potential for additional services can be met through

From similar programs nationwide, it has been proven that as "neighborhood" arts activities/artists get known in the community and the pool of neighborhood hosts increase by popular demand, a growth of 20% per year is anticipated.

As the arts, culture and lodging industries find success in working together, the potential for future collaborations is almost incalculable. One has only to look at New York and New Mexico to find economic develop models where arts and tourism have taken maximum, mutual advantage.



METROPOLITAN HUMAN RIGHTS COMMISSION
1120 SW Fifth Avenue, Rm. 516
Portland, Oregon 97204-1989

June 14, 1994

To: Dave Warren

From: Helen Cheek, Metropolitan Human Rights Commission *H.C.*

Subject: Goals and Objectives

Summary of Goals and Plans for evaluation:

The goals are spelled out in detail in the attached copy of the Division Action Plan.

The Action Plans will be evaluated as follows:

1. Eight Parent/Guardian Rights and Responsibility workshops

A survey will be done six months after the workshops to determine if and how the skills learned in the workshops were used.

2. Six Focus Group meetings

The goal is to follow up on two actions which were brought to the Commission through Focus Group meetings. MHRC staff will record and monitor responses by the Commission.

3. Ten Dynamic Differences Workshops

A survey will be done of participants six months after they take the class to determine how they used the skills they learned.

4. Survey businesses and government agencies on ADA compliance.

Goal is to have ten buildings a year come into compliance. Volunteers from the CCACD will collect and analyze the data.

County Budget

Changes made by phone with

Ching 3-17-94

BUD H - DIVISION ACTION PLAN

Department: Metropolitan Human Rights Commission
Prepared by: Helen Cheek
Date: February 22, 1994

- 1. Present eight Parent\Guardian Rights and Responsibility workshops for parents\guardians of ethnic minority children attending public schools before July 1995.** This program was developed in response to community concerns expressed at Focus Group Meetings with ethnic communities. The workshop are designed to teach parents of ethnic minority children to advocate for their childrens' rights and participate in their educational development. Two grant applications have been submitted to supplement the funding of the program. The project is related to the benchmark, "High School completion"
- 2. Conduct six Focus Group meetings for specific community groups to listen to their concerns and determine if the Metropolitan Human Rights Commission has a role to play in solving problems.** If issues are forthcoming, the Commission will respond to at least two concerns per group. Many minority ethnic groups lack the experience, language skills and knowledge of resources that can help them address violation of their rights or they have experienced frustration in attempting to work with the system.
- 3. Offer ten "Dynamic Differences" workshops.** The need was determined by the many requests MHRC receives and by the growing tensions between cultural groups. The workshops will be conducted by volunteers trained by MHRC who will in return, train other volunteers to maintain the program.
- 4. Survey businesses and government agencies, using volunteers who will assess compliance to ADA, followed by compliance education when necessary.** Compliance with ADA depends on willingness and knowledge of the requirements, which the volunteers will supply. The objective is related to the benchmark, "Access to Facilities."



MULTNOMAH COUNTY OREGON

BEVERLY STEIN
COUNTY CHAIR

EMPLOYEE SERVICES
FINANCE
LABOR RELATIONS
PLANNING & BUDGET
RISK MANAGEMENT

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(503) 248-3312
(503) 248-5135
(503) 248-3883
(503) 248-3797

(503) 248-5170 TDD

PORTLAND BUILDING
1120 S.W. FIFTH, 14TH FLOOR
P.O. BOX 14700
PORTLAND, OREGON 97214

PURCHASING, CONTRACTS
& CENTRAL STORES

(503) 248-5111

2505 S.E. 11TH, 1ST FLOOR
PORTLAND, OREGON 97202

MEMORANDUM

To: Ching Hay, Budget Analyst

From: Dave Boyer, Finance Director *DB*

Date: June 14, 1994

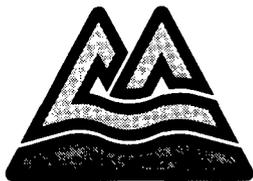
Subject: Interest Earnings

This is in response to the question regarding the drop in the projected interest earnings for the Library Fund in FY 1994-95 from FY 1993-94. The decrease in interest earnings in the Library Fund is two fold. The actual interest earnings rate for FY 1993-94 is lower than was projected and the actual cash flows in the Library Fund is lower than projected. As of May 31, 1994, the Library Fund actual interest revenue was \$81,270 and we estimate the year end revenues to total \$90,000 compared to a budget of \$150,000. Based on past experience with tax levies we expect the actual cash balances to be slightly lower than the previous year. The lower cash balances and lower interest rates were used in projecting the 1994-95 interest revenues.

The other funds were not decreased because the actual cash balances have remained higher than anticipated and therefore we did not have a significant change in the 1994-95 budget.

If you have any questions please call me at 248-3903.

CC: Harry Morton



MULTNOMAH COUNTY OREGON

BEVERLY STEIN
COUNTY CHAIR

EMPLOYEE SERVICES
FINANCE
LABOR RELATIONS
PLANNING & BUDGET
RISK MANAGEMENT

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(503) 248-3797

(503) 248-5170 TDD

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PURCHASING, CONTRACTS
& CENTRAL STORES

(503) 248-5111

2505 S.E. 11TH, 1ST FLOOR
PORTLAND, OREGON 97202

MEMORANDUM

To: Ching Hay, Budget Analyst
From: Dave Boyer, Finance Director *DB*
Date: June 14, 1994
Subject: Fiscal Assistant In Accounts Payable

This is in response to Commissioner Collier and Saltzman questions regarding the addition of the Fiscal Assistant in Accounts payable.

Accounts Payable has had a significant increase in workload since FY 1986-87 without a corresponding increase in staff. Although computerization has assisted in keeping up with the workload increase, not all of the increase in work can be computerized. A/P staff is responsible for verifying that the invoices for the goods and services agree to the payment request. In addition they are responsible for ensuring that all laws and County policy are adhered to. In 1986-87 the total checks issued by A/P was 28,729 and the staff level was 7. In Fy 1990-91 one position was added due to the transfer of the Library operations to the County and the number of checks written was 45,183. In Fy 1993-94 the number of checks issued increased by 10,000 checks and the total is now about 59,860. This increase was primarily due to the transfer of the processing of LIEAP (low income energy assistance program) payments from the State to the County.

Finance Accounting will incur overtime charges of about \$6,500 for FY 1993-94. The estimated benefits (PERS, FICA etc) associated with the overtime is about \$1,800.

Washington County uses a non-profit agency to administer their LIEAP program. Multnomah County used this arrangement for about three years and for a number of reasons decided to administer the program in house. Clackamas County issues about 500 checks a year for their LIEAP program.

The County does assess the LIEAP program indirect charges based on the flow-thru rate of .07%. The estimated budget for the LIEAP program is \$3,098,000 and this results in the General Fund recovering about \$21,700. These funds are not allocated to any specific use.

In summary, the budgeted position is estimated at \$29,242 and was created within our constraint numbers. The 1994-95 budget does not include any overtime for A/P and if the decision to cut this position is made we request that we retain \$8,500 for overtime.

Also, if the indirect cost recovery of \$21,700 was allocated to A/P and with the elimination of about \$8,500 of overtime this position would have a neutral effect on the General Fund.

If you have any questions please call me at 248-3903.

CC: Patrick Brun



METROPOLITAN ARTS COMMISSION

February 27, 1994

TO: Non-Departmental CBAC
 Gloria Fisher, Office of Citizen Involvement

FROM: Bill Bulick, Metropolitan Arts Commission

RE: Answers to your questions

Thank you for the opportunity to discuss cultural programs and benefits in January. I hope you will find the following comments addressed to your questions helpful. Please let me know if I might provide any more information or background.

1. Funding from other jurisdictions?

I am pleased to report that, as a result of Arts Plan 2000+, MAC and the arts community have been successful in obtaining funding from other jurisdictions. We are, in fact, the only major metropolitan area in the country which features multi-county, regional cooperation and funding for arts programs.

Sources:	92/93	93/94	Est 94/95
Clackamas C	\$15,000	\$22,500	\$32,000
Washington C	20,000	20,000	20,000
Metro (planning; regional dev)	200,000	165,000	145,000
Metro (PCPA rent reduction)	200,000		
MERC (PCPA rent reduction)	300,000	500,000	500,000
NEA (for regional work)	15,000,	55,000	70,000

In addition, we estimate that annual private contributions have increased \$1 - 2 million/year, since Arts Plan. These amounts are far less than per capita public or private funding in other communities and far less than the funding level recommendation adopted with Arts Plan. Increased regional cooperation, leadership and resources have helped to stabilize an arts industry that was in deep distress, but there is much more to be done.

2. Supporting individual artists versus public access, especially children and youth?

The Arts Commission attempts to balance many priorities, including access and support for artists. In fact, we cannot have success in either area, if we do not have some success in both. Without a pool of excellent, well trained artists, our many programs for youth and families would not be as engaging and inspiring. Likewise these programs provide employment for artists along with the opportunity to contribute meaningfully to society.

That having been said, MAC undoubtedly puts more of its resources and attention in access and youth programs. We have no individual artist fellowship program. All of the MAC funding opportunities for individual artists produce a direct community benefit.

3. Are projects spread throughout the County?

MAC has taken aggressive steps to foster cultural programs in all neighborhoods of Multnomah County using several tools: artists in schools residencies are spread throughout the County; an increasing number of public art projects have been located outside of the downtown, including the Albina mural projects, the Inverness Jail, Parks improvement projects and the upcoming Juvenile Justice Center;

MAC funds individual projects such as the Mountain Writers series, the NW African American Ballet, the NW African American Writers and the Cathedral Park Jazz Festival and many other programs not located in the central city.

MAC has undertaken follow up community and neighborhood assessments in Gresham and Old Town during the last year and recently tapped National Endowment for the Arts Funding to offer special grants to the Gresham Arts Committee and the Mt. Hood Pops Orchestra.

4. Significant changes/Add Packages

MAC's transition to non-profit status and request for stable funding are outlined in our budget transmittal letter to the County Executive (enclosed).



METROPOLITAN ARTS COMMISSION

February 22, 1994

TO: Beverly Stein, Multnomah County Executive
Dave Warren, Budget Director

FROM: Bill Bulick, Executive Director ^{FB}

RE: Metropolitan Arts Commission 94/95 Budget Submission

Enclosed, please find the Metropolitan Arts Commission's 94/95 Budget Proposal to Multnomah County with all attachments requested by the Budget Office. I felt that some introductory comments about the Commission's historical evolution and current status, not specifically covered in the budget forms, might be helpful.

Multnomah County and the City of Portland founded the Commission as a completely consolidated agency in 1973, using a model of city/county cooperation that was rare at the time. This partnership has endured for over 20 years, contributing to a flowering of the arts which now can touch the lives of all Multnomah County citizens.

Other major metropolitan areas are now following our lead. Charlotte and Houston have incorporated county participation and funding to city programs during the last year, joining dozens of others. The Metropolitan Arts Commission is the only agency of its type with multi-county participation and funding.

Though the amount of government investment in the arts in Multnomah County and the region is small by any measure, MAC is working aggressively, pro-actively and innovatively to maximize the impact and community benefits of public support. The arts sector is a complex ecology with many interdependent players and forces: audiences and participants, artists, arts organizations, funders (ticket buyers, private individuals, foundations, corporations and government), partners (schools, youth centers, neighborhood organizations, civic organizations, chambers of commerce,

tourism agencies, social service agencies, economic development agencies, libraries, etc.) and facilities -- to name a few.

We cannot have a vital cultural sector and accrue its benefits for our citizens without some strength in each of these areas. Without excellent artists, our residencies in schools and youth centers would not be as engaging and inspiring; without adequate facilities audiences could not enjoy the full measure of artistic expression; without collaborations between the arts and other partners our community would miss out on innovative solutions to social problems and economic development.

The role of the Metropolitan Arts Commission is stewardship:

- Providing a forum for citizen input in planning for a vital and accessible cultural sector;
- Creating policies which help to steer the arts towards solutions for critical community issues such as youth at risk, multi-cultural inclusion and neighborhood revitalization;
- Fostering partnerships and collaborations which strengthen the arts and enhance their impact;
- Investing the modest public funding wisely so that it will leverage other funding and reap the most benefits for citizens;
- Advocating for a strong role for the arts in our communities, state and nation.

We use our education, outreach, grants, public art and community development programs as tools to achieve these goals.

Five years ago the Arts Commission raised an alarm about dramatic signs of distress in the arts community: important arts organizations had gone defunct and others were threatened, artists were leaving our region, the Performing Arts Center was facing closure, programs for youth and families were actually declining when citizens clearly wanted more access.

In September, 1990 a citizen steering committee came together to begin Arts Plan 2000+, the first regional cultural plan in the nation. Ultimately, thousands of citizens participated in developing a strategic action plan for regional cultural vitality.

With the momentum provided by Arts Plan, we have made significant and steady progress in revitalizing our cultural sector over the last two years. New leadership, resources and regional cooperation are at hand. The participation and leadership of Multnomah County has been a critical mainstay -- helping to nudge and leverage and inspire our many community and regional partners towards unprecedented collaborations.

Our successes, just in the last year, have been encouraging: MAC received the 2nd year of funding from regional Counties; a prestigious NEA Challenge grant will provide "bridge" funding for regional cultural development and a program to strengthen arts organizations; MAC developed a mentorship program that will pair minority youth with master artists to develop their skills and discipline; new appointments from neighboring Counties have strengthened the Commission's representation and diversity; MAC initiated an "arts organization incubator" partnership with PSU to assist small organizations; the Commission has increased its involvement and funding of youth and education programs; the Metro Regional Arts Funding Task Force completed its work in crafting a regional funding proposal.

The arts sector is not "out of the woods" yet, but it appears on the way to a more stable future. Of particular note is the impact of private sector initiatives and partnerships. From the Nike neighborhood mural to the new Nutcracker, from the reinvigoration of the Business Committee for the Arts to ArtsNet (a new organization to support individual artists), the private sector is stepping forward with new leadership, resources and support.

We have climbed to a new plateau, but there is a longer journey ahead than the one we have already completed. Our goal, in submitting budgets to regional governments, is to consolidate our gains and lay the groundwork for regional and private sector partnerships that are essential to continued implementation of Arts Plan. We must have a stable base upon which to continue to build this new, nationally groundbreaking regional partnership. Our 94/95 Budget Submission, asks Multnomah County to support and sponsor two critical, inter-related elements:

- 1) A restructuring of the Metropolitan Arts Commission into a non-profit entity which contracts with regional governments to provide cultural services;
- 2) A multi-year commitment of stable funding.

Re-inventing MAC -- a community based, non-profit organization:

After considerable review with stakeholders and a cost analysis study, MAC is prepared to implement the Arts Plan recommendation of transition to a non-profit structure by July 1, 1995. We believe this new structure will be more cost effective, better able to balance relationships with multiple governments and constituencies, more responsive to changing circumstances and opportunities and more conducive to development of public/private partnerships.

It has never been envisioned that a transition to non-profit status is a way of decreasing or eliminating government arts funding. Although this transition can improve MAC's ability to leverage private funding and partnerships on

behalf of the arts community, MAC's essential purpose will remain stewardship of our public investment.

The new private support already coming into the system is being raised in the most efficient, effective way possible -- by arts organizations that have decades of fundraising experience and contacts. Private contributors want to give directly to arts programs -- they will not contribute in order to replace a public investment which they view as essential.

Stable Funding:

A long-term funding commitment is an essential safety net for a restructured Arts Commission. It is also the most important need for the arts community and Arts Plan implementation. Multnomah County's long-term funding commitment can be used to leverage similar commitments from other regional governments, particularly Clackamas and Washington Counties, who are newer partners. A stabilized public funding base will enable a still fragile arts industry to focus its energies on private fundraising, regional collaborations and providing the services that citizens want.

These initiatives are also critical short term recommendations of the Metro Regional Arts Funding Task Force. Commissioner Collier has represented Multnomah County in that planning effort.

Responses to the Chair's Budget Priorities:

We hope you will feel that the Arts Commission and this budget proposal is responding to the priorities you have articulated for a new Multnomah County administration.

One of the lessons we have learned through Arts Plan is that planning must be a continuous, iterative process in order to maintain a focus on **accountability and outcomes**. Hundreds of citizens are involved in MAC's board, selection panels, task forces and committees each year. Most of these committees engage in joint oversight with our many community partners.

Maintaining a sharp focus on the 72 action recommendations articulated by citizens and outlined in Arts Plan has caused a significant shift in policies, programs and resources for MAC. Two examples:

We have made significant progress in multi-cultural inclusion by dedicating a full time staff to outreach and technical assistance, completing a comprehensive cultural diversity plan, increasing minority representation on all panels and boards and requiring arts organizations to complete and track their own cultural diversity plans. A greater percentage of grants and funding are going to multi-cultural arts groups and the boards, staff and programs of arts organizations are much more

inclusive. MAC's cultural diversity plan outlines future steps to keep this momentum going.

To respond to the Arts Plan emphasis on education and youth, the Commission assumed leadership in administering a regional arts in education program which reaches 41,000 youth/year in classroom residencies, funded largely by the NEA and private foundations; added a new education and youth category to our grants and diverted funding to it; adopted contract language for grants to larger organizations which requires that they provide educational services; developed innovative partnerships to reach youth with the Private Industry Council (NE neighborhood mural projects), Portland Public Schools (artists residencies for CounterAct, a program for drug and alcohol affected teens) and social service agencies.

Intensive citizen involvement in shaping our programs, a proposed restructuring of MAC into a non-profit entity and our focus on education and youth address the following **Urgent Benchmarks** adopted by Multnomah County and the City of Portland: Education and Workforce Preparation, Citizen Satisfaction with Government and Efficient Government.

The Arts Commission has a long history of investing in **productivity improvements**. Beginning five years ago, a shift towards computerized management, information and desk top publishing systems has made our staff immensely more productive and responsive to the field. MAC is able to maintain data bases of artists and organizations (including a cultural diversity directory), funding and professional development opportunities, technical assistance providers, jobs and information resources which are easily accessible and used by the arts community and general public.

In the Measure 5 environment, MAC has made cuts in an already lean administration in order to preserve programs. New resources have gone into direct services to the field and the general public. The Commission has aggressively sought other funding opportunities and is one of the most successful recipients of federal National Endowment for the Arts grants in the country.

Transition to a non-profit structure is a major step towards more streamlined, efficient and cost effective operation of the Arts Commission. We believe this step will save the Commission time and money, freeing up human and financial resources for community service. The move will also produce cost savings for the City of Portland which provides indirect services such as legal, personnel, accounting and risk management outside of the bureau's budget. We do not predict any direct savings for Multnomah County government, except that its contribution can be utilized more effectively.

Conclusion

A vital and responsive arts community can have a significant impact on critical community issues which are central to Multnomah County's mission: engaging and inspiring our youth to productive lives, providing opportunities for family activities and participation, enhancing neighborhood pride and involvement and fostering an inclusive society. Citizens are focusing on the prevention side of the public safety issue and perceiving the interconnections. We believe the extensive media coverage of arts organizations success in addressing these issues reflects a hunger for alternative solutions.

There is clearly a role for the arts to help in our quest for a caring, just and livable community. The Metropolitan Arts Commission looks forward to a continuing, fruitful partnership with Multnomah County in pursuit of that goal.

BUD I - Description - Activity/Service**Service/Activity Name:** Metropolitan Arts Commission**Department:** Non Departmental**Prepared by:** Bill Bulick, Executive Director and Susan Crabtree, Fiscal Officer**Date:** 2/22/94**Description:**

The Metropolitan Arts Commission (MAC) was established by Multnomah County and the City of Portland in 1973 and "charged with furthering the development of the arts and their availability to the public." Arts in education programs, public art, grants to artists and arts organizations, technical assistance, and special programs like the Albina Neighborhood Mural Project support **excellence and access**; a citizen Commission creates **cultural policy** that focuses the arts sector on important issues such as "youth at risk," multi-cultural inclusion and economic development; MAC **plans** for wise stewardship of our cultural resources.

Arts Plan 2000+, a citizen driven cultural assessment completed in 1991 and adopted by Multnomah County, documented a cultural sector in deep distress. Opinion surveys and citizen task forces affirmed that the public places a high value on the arts' contribution to quality of life, believes that government should continue to support the arts and desires more opportunities for participation, particularly for youth and families. As a result of the plan new leadership, regional collaborations and resources are beginning to stabilize this vital industry.

The Multnomah County/City of Portland Intergovernmental Agreement stipulates a 40/60 funding split. MAC's 94/95 target represents a 27% cut from the 90/91, pre Measure 5 level of funding, and 22% of the combined City/County target for 94/95. Multnomah County funding and leadership is needed more than ever to leverage support from our neighboring counties.

BUD H - DIVISION ACTION PLAN

Division Name: Metropolitan Arts Commission

Department: Non Departmental

Prepared by: Bill Bulick, Executive Director and Susan Crabtree, Fiscal Officer

Date: 2/22/94

- 1) Develop a youth arts program in cooperation with the Multnomah County Juvenile Justice Division and other community based youth services providers to create public art projects that can engage youth in positive behaviors and divert them from the justice system. The Chair will appoint a committee to oversee a planning process to conclude in September, 1994. At least one pilot project will commence by June 30, 1995**

Funding is through the County ordinance dictated Percent for Public Art set aside for the new Juvenile Justice Center but funding will be used in an extremely innovative way. The committee will explore the feasibility of raising additional private funding for ongoing programs. This program addresses the *Education and Workforce Preparation* and *Citizen Satisfaction with Government* Benchmarks.

- 2) Integrate public art into the overall design for refurbishment of the Multnomah County Library in order to contribute to a user friendly, beautiful, well designed public building. For the Downtown Library, sites and artists selection will be finalized by October, 1994; creation of the pieces will occur in conjunction with the construction time table; planning for the Midland Library Branch will commence in July and extend through the fiscal year.**

MAC will also engage in several smaller Multnomah County Percent for Art Projects: NE health Clinic remodel, McCoy Building remodel; purchases for the portable collection.

Funding is through the County ordinance dictated Percent for Public Art set aside.

- 4) Principal 94/95 Arts Plan Implementation Objectives:**

- a) Prepare all systems, policies and code changes to transition the Metropolitan Arts Commission into a non-profit structure no later than July 1, 1995. This new structure will be more cost effective, better able to balance relationships with multiple governments and constituencies, more responsive to changing circumstances and**

opportunities and more conducive to development of public/private partnerships.

MAC is ready to implement this dramatic and innovative Arts Plan recommendation after a year of follow up planning, cost analysis and consultation with numerous regional stakeholders. It has never been envisioned that a transition to non-profit status is a way of decreasing or eliminating government arts funding. MAC's essential purpose will remain stewardship of the public investment in the arts.

- b) Assure a stable funding base for the non-profit MAC and arts community by securing commitments for ongoing, dedicated funding from regional governments.**

Stable funding is needed by MAC and the arts industry during the transition to a new structure and to help leverage public and private funding commitments, region-wide during the delicate transitional phase of Arts Plan implementation.

- c) Foster regional collaborations, leadership and development of new resources with support from regional governments, the private sector and a National Endowment for the Arts Challenge grant. In response to the Arts Plan mandate, MAC is creating a national groundbreaking model for regional cooperation, support and service in cooperation with business, arts and government leaders.**

- 1) Collaborate with the Business Committee for the Arts on a region-wide public awareness campaign to prepare for a regional funding ballot measure in 2-3 years.
- 2) Create a closer liaison relationship with Metro; secure funding to assist with regional cultural development and to incorporate cultural strategies into Future Vision and 2040.
- 3) Increase collaborations between Multnomah County arts organizations and organizations and agencies in neighboring counties.

The Arts Plan implementation objectives address the *Citizen Satisfaction with Government* and *Efficient Government* Benchmarks.

BUD K

DESCRIPTION OF MID-YEAR CHANGES AND UPCOMING ISSUES

Division Name: Metropolitan Arts Commission

Department: Non Departmental

Prepared by: Bill Bulick, Executive Director and Susan Crabtree, Fiscal Officer

Date: 2/22/94

Changes:

- 1) MAC's intergovernmental agreement was amended to allow regional appointments to its board and to allow receipt of funding from regional counties and Metro.
- 2) MAC received a prestigious, three year, \$470,000 National Endowment for the Arts Challenge grant to implement Arts Plan 2000+, to be matched by local and regional governments and the private sector.
- 3) Multnomah County was a participant in the Metro Regional Arts Funding Task Force, which recently completed its work in recommending short and long term funding solutions. The initiatives in this budget submission are completely consistent with those recommendations.

Upcoming Issues:

- 1) The Commission is in transition to the Arts Plan recommended non-profit structure that will enable it to more effectively fulfill its mission and mandates (see also, BUD H, Action Plans).
- 2) The Commission is seeking multi-year commitments of stable funding during a delicate Arts Plan implementation phase.

1994-95 County's Share of Overall Budget Request

Organization Name

METROPOLITAN ARTS COMMISSION

Program Name			
	Total	Other's Share	County's Share
FTE	\$1,557,687	\$1,282,616	\$275,071
Cost			

Program Name			
	Total	Other's Share	County's Share
FTE			
Cost			

Program Name			
	Total	Other's Share	County's Share
FTE			
Cost			

Program Name			
	Total	Other's Share	County's Share
FTE			
Cost			

Program Name			
	Total	Other's Share	County's Share
FTE			
Cost			

BUDGET REQUEST LGFS Codes	AGENCY	ORGANIZATION	PREPARED BY	
	METRO ARTS COMMISSION		Susan Crahtree	
	FUND	AGENCY	ORG	Date
	100	050	MAC	02/14/94
OBJECT DETAIL	ADOPTED BUDGET	REQUEST		
5100 PERMANENT		70,175		
5200 TEMPORARY				
5300 OVERTIME				
5400 PREMIUM PAY				
5500 FRINGE		22,646		
DIRECT PERSONAL SERVICES	0	92,821		
5550 INS BENEFITS				
TOTAL PERSONAL SERVICES	0	92,821		
6050 COUNTY SUPPLEMENTS				
6060 PASS THROUGH PAYMENTS		182,250		
6110 PROFESSIONAL SERVICES				
6120 PRINTING				
6130 UTILITIES				
6140 COMMUNICATIONS				
6170 RENTALS				
6180 REPAIRS & MAINTENANCE				
6190 MAINTENANCE CONTRACTS				
6200 POSTAGE				
6230 SUPPLIES				
6270 FOOD				
6310 EDUCATION & TRAINING				
6320 CONFERENCES & CONVENTIONS				
6330 TRAVEL				
6520 INSURANCE				
6530 EXTERNAL D.P.				
6550 DRUGS				
6580 CLAIMS PAID/JUDGEMENTS				
6610 AWARDS & PREMIUMS				
6620 DUES & SUBSCRIPTIONS				
7810 DEBT RETIREMENT				
7820 INTEREST				
DIRECT MATERIALS AND SERVICES	0	182,250		
7100 INDIRECT COSTS				
7150 TELEPHONE				
7200 DATA PROCESSING				
7300 MOTOR POOL				
7400 BUILDING MANAGEMENT				
7500 OTHER INTERNAL SERVICES				
7550 LEASE PAYMENTS TO C.L.R.F.				
7560 MAIL/DISTRIBUTION				
INTERNAL SERVICE REIMBURSEMENTS	0	0		
TOTAL MATERIALS AND SERVICES	0	182,250		
8100 LAND				
8200 BUILDINGS				
8300 OTHER IMPROVEMENTS				
8400 EQUIPMENT				
TOTAL CAPITAL OUTLAY	0	0		
TOTAL DIRECT BUDGET	0	275,071		
TOTAL EXPENDITURES	0	275,071		

Metropolitan Arts Commission

City/County Agencies
Nondepartmental

Fiscal Year 1994-95

Service/Activity Level Forms

BUD J: KEY RESULTS WORKSHEET

Division Name: Metropolitan Arts Commission
Department: Non Departmental
Date: 2/22/94

Same heading for all 50 Art Commission key results

1. **Key Result:** Total Audiences for arts events and activities supported by MAC funding

make this same as other funds for non-dept.

2. **DATA:**

Actual 92/93	Adopted 93/94	Estimated 93/94	Projected 94/95
2.9 million	2.9 million	2.9 million	3 million

3. **Definition:** The Arts Commission provides seed funding for hundreds of events and activities each year including, performances, arts in education programs, youth activities, exhibitions, readings and publications, radio broadcasts, festivals, classes, and films. Diverse events and activities are accessible to residents and visitors all over Multnomah County.

4. **Source:** Applicants for Commission funding undergo a thorough review process and must report on the success of their projects. Data on estimated audience attendance is gathered from these reports.

5. **Demonstrates:** This data demonstrates the tremendous amount of participation in arts events and activities by citizens. The arts are popular and valued. Attendance at arts events is considerably higher than attendance at semi-professional or professional sporting events. Arts Plan reported that attendance at arts events in our community was among the highest in the nation. Our arts groups earn an estimated 60% of their income from ticket sales and admissions, compared to 50% nationally.

6. **Baseline:** A new baseline was established during the Arts Plan study. Prior estimates dating to the early and mid 80's indicate considerable growth in participation.

7. **Potential:** An informed judgment is that participation could grow 5-10% per year if the resources and support which make arts activities accessible are stable.

8. **Notes:** A primary purpose of government funding for arts activities is to subsidize their costs so that general ticket prices can be kept affordable, youth programs can be provided and some events can be free.

BUD J: KEY RESULTS WORKSHEET**Division Name:** Metropolitan Arts Commission**Department:** Non Departmental**Date:** 2/22/94

1. **Key Result:** Total number of children participating in school arts in education residency programs in Multnomah County.

2. DATA:	Actual 92/93	Adopted 93/94	Estimated 93/94	Projected 94/95
	21,000	22,000	22,000	22,000

3. **Definition:** MAC administers a regional arts in education program, funded primarily by the NEA and private sources, which brings artists directly into school classrooms. The program works with teachers to develop curriculum that maximizes the ongoing impact of residencies.

4. **Source:** Schools must apply for the residencies and evaluate their impact. Data on the number of children participating is collected from reports.

5. **Demonstrates:** National studies indicate that arts in education attracts and maintain student interest; builds self esteem through successes; develops new problem solving skills; encourage discipline; teaches respect for diversity; provides alternatives to undesirable activities. This program addresses the Education and Workforce Preparation Benchmark.

6. **Baseline:** ^{21,000.} The estimated number of children in school in Multnomah County is 92,600. We are reaching 23%. The program is running at full capacity with available resources. 50% of program costs are subsidized through National Endowment for the Arts and private funding in order to make residencies accessible to all schools. School fees are from building funds, PTA's or fundraisers such as "Run for the Arts."

7. **Potential:** More residencies and services could be provided if more resources become available.

8. **Notes:** With the school funding cuts anticipated, the number of residencies could actually decline as school funds are diverted to other needs. MAC may have to develop a "needs test" in order to set varying levels of subsidy to promote equitable access to programs.

BUD J: KEY RESULTS WORKSHEET**Division Name:** Metropolitan Arts Commission**Department:** Non Departmental**Date:** 2/22/94

1. **Key Result:** Percent of MAC budget available for direct grants, public art commissions and services to arts organizations and citizens.

2. DATA:	Actual 92/93	Adopted 93/94	Estimated 93/94	Projected 94/95
	90%	90%	90%	90%

3. **Definition:** Percent of MAC budget (including public art and arts in education) going directly to grants, commissions, artists' fees and program services.

4. **Source:** MAC budget

5. **Demonstrates:** It is a high priority to invest as much public arts funding in community based activities and programs as possible. 65% of MAC's budget goes directly out the door in grants to community based arts groups and artists. MAC only expends 5% of its budget on office overhead, the remaining 30% is for staff. Of the 10 staff, 8 are directly involved in services to arts organizations and the public, only 2 are dedicated to administrative functions such as accounting and clerical. The two administrative support staff plus overhead adds up to 10% of our budget, leaving 90% dedicated directly to services.

6. **Baseline:** ^{90%} MAC's current ratio of administrative/program expenses is low by national standards for local arts agencies. We have kept administrative overhead as lean as possible and committed new resources to programs.

7. **Potential:** We do not believe that the percent of budget for direct grants and programs support is likely to increase in the next three years. In that time frame, our currently lean administration can be maintained most effectively by transition to a non-profit structure. Without this transition, administrative costs are likely to rise. As the new regional public funding resources recommended by Arts Plan are added the percentage of budget consumed by administration will fall again because those new resources will be mostly dedicated to grants and direct support for programs.

8. **Notes**

BUD J: KEY RESULTS WORKSHEET**Division Name:** Metropolitan Arts Commission**Department:** Non Departmental**Date:** 2/22/94**1. Key Result:** Amount of private funding leveraged by public support

2. DATA:	Actual 92/93	Adopted 93/94	Estimated 93/94	Projected 94/95
	\$9 million	\$10 million	\$10 million	\$10 million

3. Definition: Contributed income from private sector sources, including individuals, corporations and foundations, leveraged by public sector grants. This does not include income from tickets, admissions or sales.

4. Source: MAC requires arts organizations to report contributed income leveraged by grants.

5. Demonstrates: One of the prime reasons for public support of the arts is that it leverages private support. Public agencies confer a "seal of approval" for a broad and diverse range of programs and require that their grants are matched by private funding. The resulting public/private partnerships help to meet the Citizen Satisfaction with Government and Efficient Government Benchmarks.

6. Baseline: MAC has been tracking leveraged private sector funding for several years.

7. Potential: The leverage ratio of private to public funding is over 10:1, high by national standards. In fact it may be too high. Public funding establishes a level of community confidence in the value of the arts which is a prime ingredient in attracting private funding. We have seen ample evidence that where and when that funding declines, private funding does also. Private funders will not replace public funding which they view as an essential part of the equation of support. Increased public funding will leverage increased private funding, but not at this ratio.

8. Notes

BUD J: KEY RESULTS WORKSHEET**Division Name:** Metropolitan Arts Commission**Department:** Non Departmental**Date:** 2/22/94

1. **Key Result:** Percentage of MAC staff, board members, panelists and selection committee members who are people of color.

2. DATA:	Actual 92/93	Adopted 93/94	Estimated 93/94	Projected 94/95
	20%	21%	22%	22%

3. **Definition:** MAC tracks this information on an ongoing basis.

4. **Source:** Survey of participants in MAC decision making about policies, grants, public art selections, technical assistance and arts in education programs.

5. **Demonstrates:** MAC is committed to multi-cultural inclusion and seeks to demonstrate that commitment through the make up of its own staff, board and numerous committees as well as the policies and requirements that govern our allocation of resources.

The Commission engages in active recruitment of multi-cultural leadership for all positions. We have seen that inclusive panels make inclusive decisions about resource allocation.

6. **Baseline:** ^{20%} Participation has improved dramatically in the last five years from less than 10% to the current level.

7. **Potential:** We are at or near potential. The challenge is to continue active recruitment and retention, planning and policy making so that the Commission's leadership, programs and resource allocation will always reflect the diversity of our community.

8. **Notes**



M E T R O P O L I T A N A R T S C O M M I S S I O N

METROPOLITAN ARTS COMMISSION

and

PUBLIC ART TRUST FUND

FY 1994-95

BUDGET SUBMISSION

January 28, 1994

METROPOLITAN ARTS COMMISSION

**Budget Submission
Table of Contents**

Summary of Bureau Expenses.....1
Organizational Chart.....8
Decision Packages.....9
Line Item Detail.....22
Position Detail.....23
Summary of Resources.....24
Public Art Trust Fund Summary.....25

METRO ARTS COMMISSION (375)
Service Area: Parks, Recreation & Culture
Commissioner-in-Charge: Mike Lindberg

SUMMARY OF BUREAU EXPENSES

	Actual FY 1991-92	Actual FY 1992-93	Revised Budget FY 1993-94	Target FY 1994-95	Requested FY 1994-95
EXPENDITURES					
Operating Budget:					
Personal Services	\$347,174	\$399,129	\$480,968	\$533,141	\$533,141
External Materials & Svcs.	677,714	847,762	954,343	932,057	1,120,973
Internal Materials & Svcs.	67,577	82,801	79,295	79,477	79,477
Minor Capital Outlay	5,489	5,394	11,100	5,000	5,000
Cash Transfers-Equipment	0	0	0	0	0
Total Operating Budget	\$1,097,954	\$1,335,086	\$1,525,706	\$1,549,675	\$1,738,591
Capital Improvements	0	0	0	0	0
TOTAL BUREAU EXPENSES	\$1,097,954	\$1,335,086	\$1,525,706	\$1,549,675	\$1,738,591
Allocated Overhead Costs			0	0	0
Total Cost with Allocated Overhead			\$1,525,706	\$1,549,675	\$1,738,591

Authorized Full-Time Positions

Total	7	9	10	10	10
Gen. Fund Discretionary	3	5	5	5	5

SOURCE OF FUNDING

General Fund (101)

Types of General Fund Resources:

Discretionary General Fund	898,942	1,020,648	1,012,396	1,201,312
Non-Discretionary Revenues				
Grants & Donations	62,986	151,575	176,068	176,068
Contract Revenue	267,059	267,059	267,059	267,059
Interagency Services	61,236	86,424	94,152	94,152
Bureau Program Revenue	44,863	0	0	0
Overhead Revenue from Other Funds	0	0	0	0
Total Non-Discretionary Revenues	436,144	505,058	537,279	537,279
Total General Fund Resources	\$1,335,086	\$1,525,706	\$1,549,675	\$1,738,591

Note: Discretionary General Fund revenues are those which may be used at the Council's discretion for any public purpose.

Non-discretionary revenues are restricted by policy or contractual agreement to the bureaus who generate the revenue.

PROGRAMS

Re-Grants	\$858,172	\$1,061,525	\$964,081	\$1,067,797
Positions	4	5	5	5
Public Art	156,652	187,902	189,854	189,854
Positions	3	3	3	3
Community Services	320,262	276,279	395,740	480,940
Positions	2	2	2	2
TOTAL PROGRAMS	\$1,335,086	\$1,525,706	\$1,549,675	\$1,738,591
Positions	9	10	10	10

GENERAL DESCRIPTION and CHANGES FROM 1993-94

The Metropolitan Arts Commission (MAC) was established by the City of Portland and Multnomah County in 1973 and charged with furthering the development of the arts and their availability to the public. Arts Plan 2000+ a citizen driven cultural assessment completed in 1991, provides a strategic, five year action plan for the Commission emphasizing access to the arts, education programs, regional collaborations and public/private partnerships. MAC's intergovernmental agreement has been amended to allow regional appointments to its board. The Commission is in transition to a non-profit structure that will enable it to more effectively fulfill its mission and mandates.

METRO ARTS COMMISSION (375)

Service Area: Parks, Recreation & Culture

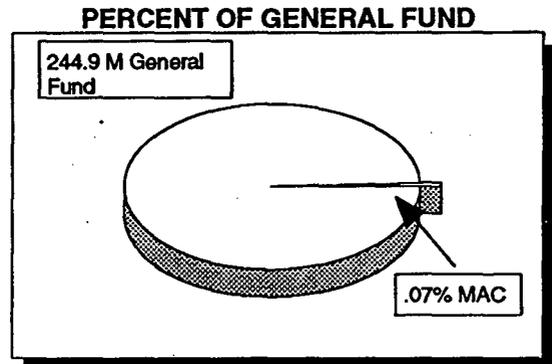
Commissioner-in-Charge: Mike Lindberg

SUMMARY OF BUREAU EXPENSES

GENERAL DESCRIPTION and CHANGES FROM 1993-94

MAC was awarded a 3 year NEA Challenge grant in March of 1993, for Arts Plan Implementation, to be matched by ongoing City of Portland funding, contributions from Clackamas and Washington Counties and private contributions. 94/95 NEA funds, already matched, are built into the budget submission.

The Commission operates three programs in order to fulfill Re-Granting and Community Services.



BUDGET DECISIONS FOR 1995-96

Decision Packages for 1995-96 (in constant 1994-95 dollars):

- ◆ NONE

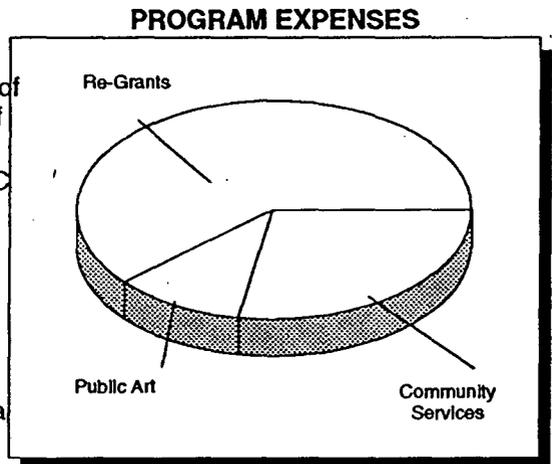
Total 1994-95 Budget

Full-Time Positions	Estimated Cost	
	General Fund Discretionary	Total Cost
0	\$0	\$0
10	\$1,201,312	\$1,738,591

DESCRIPTION OF PROGRAMS

Public Art Program

MAC administers Percent for Public Art programs for the City of Portland, Multnomah County, METRO, Tri-Met and the Port of Portland. 1.33% of the costs of capital improvement projects are dedicated to commissioning works of art for the sites. MAC also advises other governments and private developers on development of programs; operates the Metropolitan Center for Public Art in the Portland Building; administers the Visual Chronicle, a collection of artworks depicting Portland; rotates, Tracks and maintains the City/County public art collections; develops public art education programs for schools, tourism groups and the general public. The Public Art Trust Fund is a vehicle for funding these programs.



Re-Grants Program

This program supports the visual, literary and performing arts through direct grants to arts organizations and artists. The program provides operating grants to mid-sized and large, established groups and project grants to small organizations, individual artists and community groups. Approximately 110 grants are made each year. Grants are now made to Washington and Clackamas County groups with funding from their County governments.

Community Services Program

This program comprises much of the coordination, planning, partnership development and advocacy work of the Commission, including administrative functions, Arts Plan tracking and implementation and development of new and alternative resources for the arts. The program includes technical assistance to arts groups and artists to improve their effectiveness and outreach to underserved communities and artists.

METRO ARTS COMMISSION (375)

Service Area: Parks, Recreation & Culture

Commissioner-in-Charge: Mike Lindberg

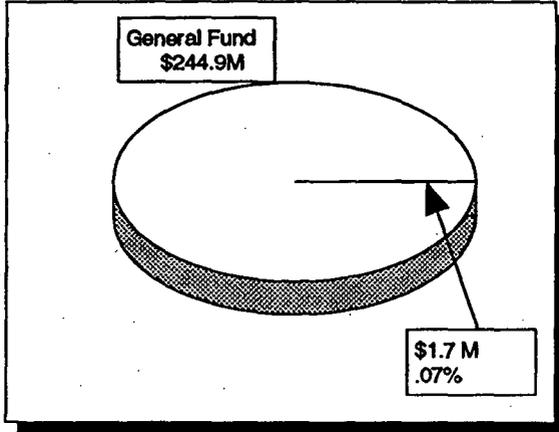
	<i>Actual</i> <i>FY 1992-93</i>	<i>Revised Budget</i> <i>FY 1993-94</i>	<i>Target</i> <i>FY 1994-95</i>	<i>Requested</i> <i>FY 1994-95</i>
<u>EFFECTIVENESS MEASURES</u>				
Number of residents/visitors reached and served by MAC Programs	2.9 Million	2.9 Million	3 Million	3 Million
Increase Wahington and Clackamas County applications for grants and technical assistance	N/A	N/A	20%	20%
Percentage of minority applicants and requests for services maintained.	15%	15%	15%	15%
Maintenance of reported arts organization deficits	80%	80%	70%	70%
<u>EFFICIENCY MEASURES</u>				
Number of applicants managed	150	150	225	225
Draft a condition report evaluating the public art collection	1	1	N/A	N/A
<u>WORKLOAD MEASURES</u>				
Number of public art projects completed	7	9	9	9
Amount of private support to match MAC Project Grants	2,000,000	2,500,000	2,500,000	2,500,000
Private Support to match MAC Institutional Support Grants	7,000,000	7,500,000	7,500,000	7,500,000

METRO ARTS COMMISSION

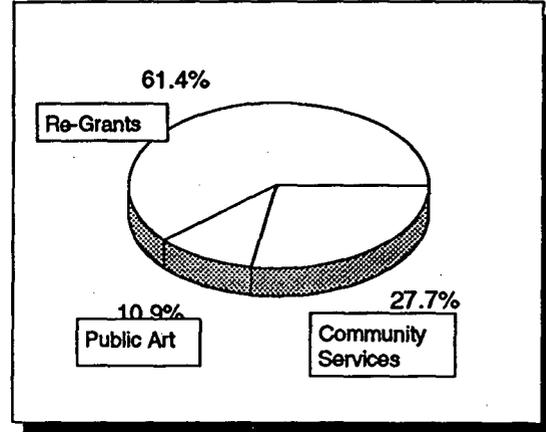
Service Area: Parks, Recreation & Culture

Commissioner-in-Charge: Mike Lindberg

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

	1994	1995	Change from Prior Year	Per Capita Change
Operating	\$1.5 M	\$1.7 M	\$213 K	+3.6%
Capital	\$0	\$0	\$0	0
Total	\$1.5 M	\$1.7 M	\$213 K	+3.6%
<i>Allocated City Overhead Costs</i>	<i>\$1.5 M</i>	<i>\$1.7 M</i>		
<i>Total with Overhead Allocated</i>	<i>\$3.1 M</i>	<i>\$3.5 M</i>		
Full-Time Positions	10	10	+0	-5.8%

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

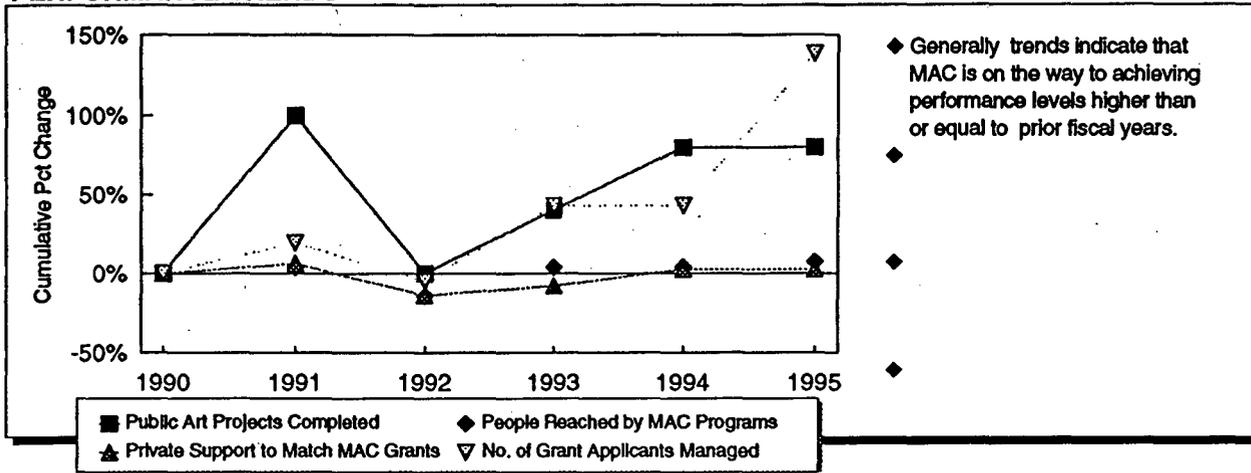
- ◆ The 1995 total request operating budget is \$213,000 more than the 1994 budget. MAC is requesting a total of \$188,916 in add packages, \$85,200 in start up costs for transition to a non-profit and \$103,716 for enhanced services for youth. The 1995 budget also includes \$176,068 in NEA Challenge grant funds for the second year of a three year, \$470,000 grant award.

METRO ARTS COMMISSION

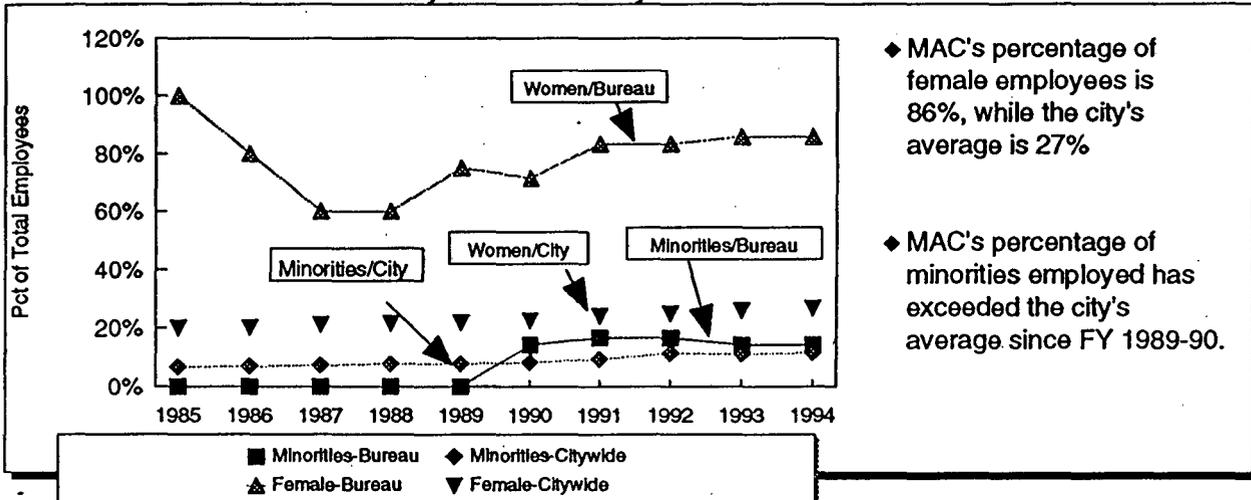
Service Area: Parks, Recreation & Culture

Commissioner-in-Charge: Mike Lindberg

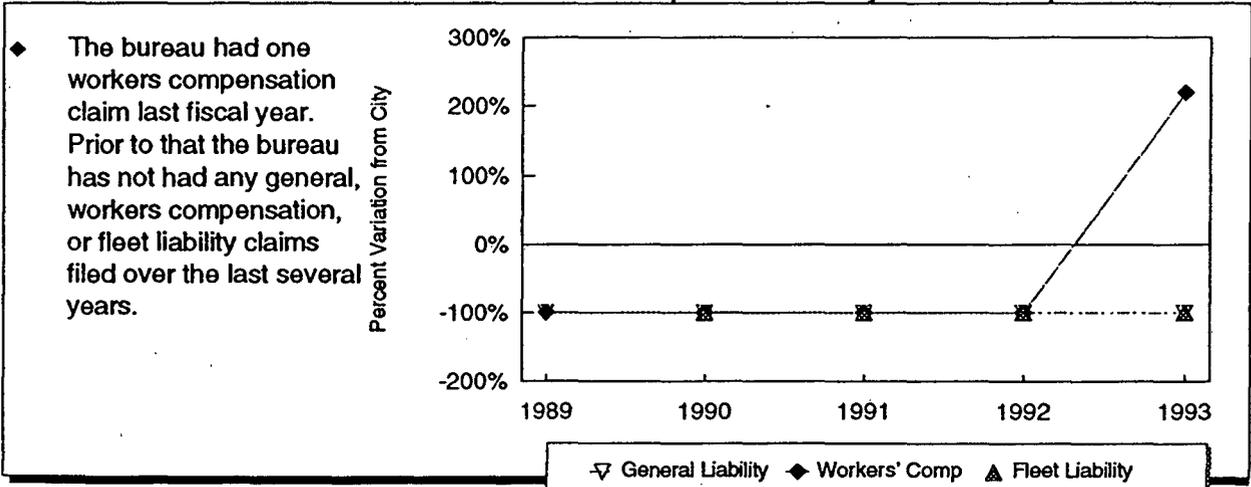
PERFORMANCE TRENDS



Workforce Diversity - Bureau vs. Citywide



Bureau Loss Experience Vs. Citywide Loss Experience



BUREAU MANAGEMENT OBJECTIVES

- 1) 94/95 Arts Plan Implementation Objectives:
 - a) Prepare all systems, policies and code changes to transition MAC into a non-profit structure no later than July 1, 1995
 - b) Secure commitments for ongoing, dedicated funding from Portland and other regional governments; develop and enter into formal service contracts with governments.
 - c) Regional cultural development, supported by regional governments, the private sector and the NEA Challenge grant:
 - 1) Collaborate with the Business Committee for the Arts on a region-wide public awareness campaign in preparation for a regional funding ballot measure.
 - 2) Create a closer liaison relationship with Metro; secure funding to assist with regional cultural development and to incorporate cultural strategies inot Future Vision and 2040.
 - 3) Increase collaborations between Portland arts organizations and organizations and agencies in neighboring counties.
- 2) Work with the Water Bureau and BES to identify public art opportunities under the new policy; provide administrative oversight of these new programs.
- 3) Develop a youth arts endowment in cooperation with the Multnomah County Juvenile Justice Division and other community based youth services providers to create public art projects that can engage youth in positive behaviors and divert them from the justice system.
- 4) Develop a public art ordinance for Tri-Met modeled after Portland's and Multnomah County's programs and transit agency examples in other cities. To follow up our success with West Side Light Rail, MAC would like to make public art a vital part of Tri-Met's mission and future activities.
- 5) Implement a new grant category to provide more stable funding for small arts organizations, especially emerging and multi-cultural groups.
- 6) Apply to the NEA Locals Program for a new grant for youth programs or arts in education and to leverage private sector support.

Ongoing Performance Objectives:

- 1) Report to the community on continues progress with implementation of Arts Plan 2000+.
- 2) Continue arts organization stabilization program and regional cultural development work funded with the NEA Challenge grant.
- 3) Secure foundation and private funding to for implementation of Arts Plan 2000+ Schools.
- 4) Continue major public art programs in conjunction with West Side Light Rail and the Port of Portland.

METRO ARTS COMMISSION

Service Area: Parks, Recreation & Culture

Commissioner-in-Charge: Mike Lindberg

BUDGET OVERVIEW

The Metropolitan Arts Commission (MAC) was established by the City of Portland and Multnomah County in 1973 and charged with furthering the development of the arts and their availability to the public. Arts Plan 2000+, a citizen driven cultural assessment completed in 1991, provides a strategic, five year action plan for the Commission emphasizing access to the arts, education programs, regional collaborations and public/private partnerships. MAC's intergovernmental agreement had been amended to allow regional appointments to its board. The Commission is in transition to a non-profit structure that will enable it to more effectively fulfill its mission and mandates.

MAC was awarded a 3 year NEA Challenge grant in March of 1993, for Arts Plan Implementation, to be matched by ongoing City of Portland funding, contributions from Clackamas and Washington Counties and private contributions. 94/95 NEA funds, already matched, are built into the budget submission.

The Commission operates three programs in order to fulfill its charter and Arts Plan recommendations: Public Art, Re-Granting, and Community Services.

CHANGES IN BUDGET

ADDITIONS

- ◆ The Summary Budget pages are not required at the "requested" stage. For the "proposed" stage, this section should describe the differences between the bureau budget request and the Mayor's Proposed. At the "approved" and "adopted" stages, this section should focus on the year-to-year comparison.
- ◆ Descriptive Text

REDUCTIONS/EFFICIENCIES

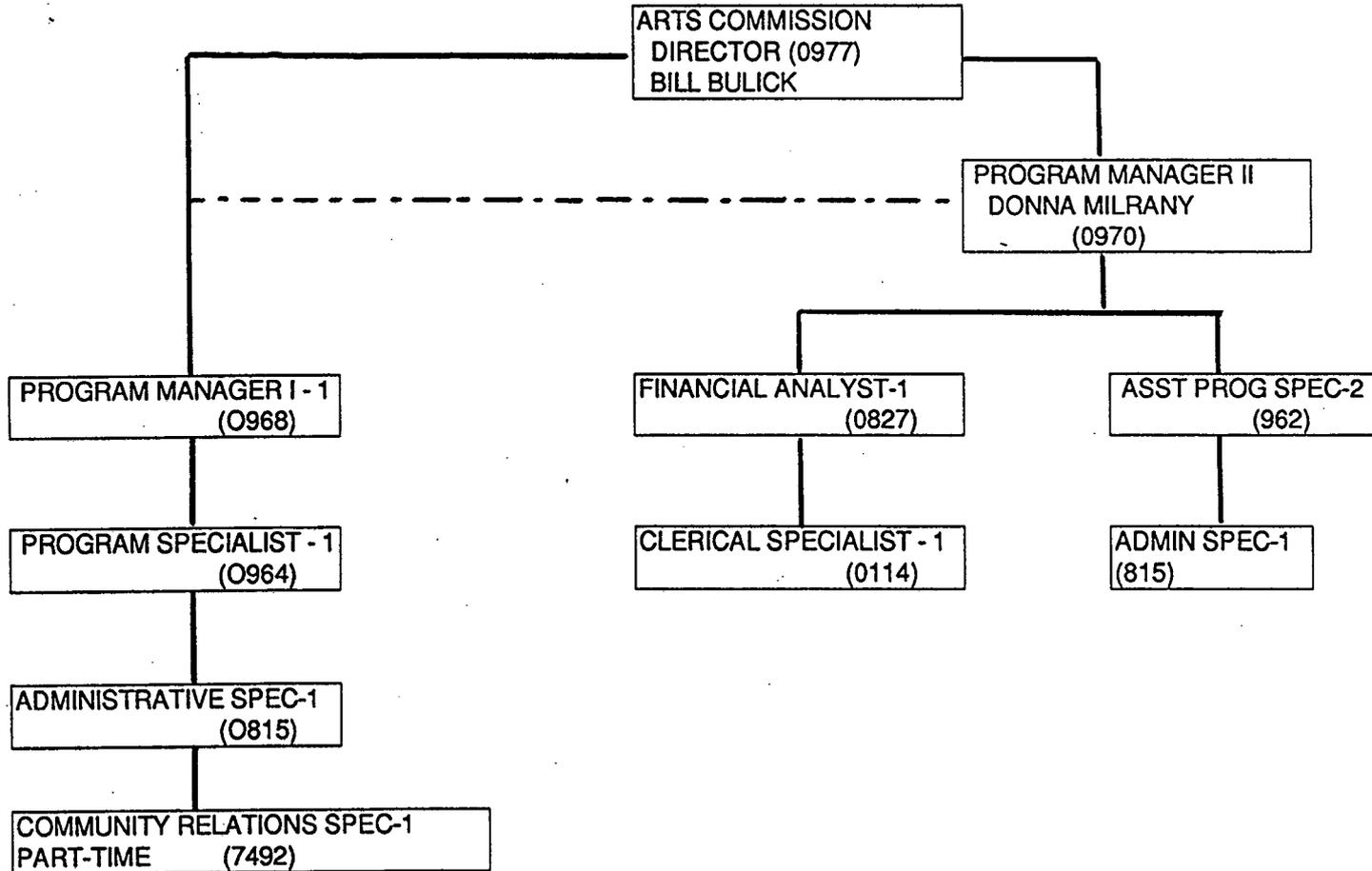
- ◆ Descriptive Text

BUDGET NOTES

- ◆ If there are no budget notes, write "None" here.
- ◆ Any unused rows in one section can be deleted and added to another section. The total amount of text, however, needs to fit within one page.
- ◆ Descriptive Text
- ◆ Descriptive Text

ORGANIZATIONAL CHART

METROPOLITAN ARTS COMMISSION
Effective JANUARY 1994



For Budget Fiscal Years:

Year 1: 94-95

Year 2: _____

Appropriation Unit: **Metropolitan Arts Commission**

Fund: **101**

Form **BUD 12**
DECISION PACKAGE LIST

Note: Decision packages may apply to either or both fiscal years within the two-year budget horizon. Priorities apply to both years together.

Rank	Program	DECISION PACKAGES List in the following order: 1.Target Request (by program, then subtotal) 2.Non-CIP Decision Packages (for AU, ranked by priority) 3.CIP Request (General Fund list individual CIP projects) 4. AU Total Request 5. Reduction Packages (if applicable)	Fiscal Yr: <u>94-95</u> (1st Year)			Fiscal Yr: _____ (2nd Year)		
			Total Expenditures	Gen. Fund Discretionary Expenditures	Total Full-Time Positions	Total Expenditures	Gen. Fund Discretionary Expenditures	Total Full-Time Positions
#1	COMM. SERVICE	1. Target Request 2. Non -CIP Add Package-Start up Costs for Transition to non-profit status	395,740 85,200	85,000 85,200	2.0 0.0			
#2	RE-GRANTS	1. Target Request 2. Non -CIP Add Package-enhanced services for youth	964,081 103,716	847,396 103,716	5.0 0.0			
	PUBLIC ART	1. Target Request 4. AU Total Request	189,854 1,738,591	80,000 1,201,312	3.0 10			

Key to Program Abbreviations:

For Budget Fiscal Years:

Year 1: 94-95

Year 2:

Title of Package: *Start up costs for transition to non-profit status*

Appropriation Unit: *Metropolitan Arts Commission*

Fund: *101*

Program: *Community Services*

Type of Decision Package:

CSL Add (Priority _____)

Add New Funding (Priority 1)

Cut (Priority _____)

Amount to be Added

	FY <u>94-95</u> (Yr. 1)		FY _____ (Yr. 2)	
	Total	Discretionary	Total	Discretionary
Appropriations	<u>\$85,200</u>	<u>\$85,200</u>	_____	_____
Full-Time Positions	<u>0</u>	<u>0</u>	_____	_____
Revenue	_____	_____	_____	_____

Workload Indicators/Performance Measurements

Change in Number of Units

Key Indicators **Units of Measure**

FY _____ FY _____
(1st Year) (2nd Year)

Describe the services to be added or cut by this package, its impact on the program, and the source of funding. Attached

Metropolitan Arts Commission Decision Package #1
Start up costs for transition to non-profit status

After considerable review with stakeholders and a cost analysis study, MAC is prepared to implement the Arts Plan recommendation of transition to a non-profit structure no later than July 1, 1995. The enclosed budget reflects the July 1, 1995 deadline with notes explaining possible changes under an accelerated timeline.

We are asking the City of Portland to invest in this transition for two reasons: 1) it will yield considerable, ongoing savings for the City; 2) MAC cannot afford the start up costs within its CSL target.

We believe that MAC will be a more effective, focused organization under this new structure -- better able to balance relationships with multiple regional governments and constituencies; more responsive to changing circumstances and opportunities; more conducive to development of public/private partnerships.

By OFA's estimate, MAC's move will save the City of Portland approximately \$100,000/year in freed up capacity for indirect services such as legal, accounting, personnel, etc. The biggest savings will be staff time -- for the City and MAC. For a small organization which is more focused on external relationships, the City's fiscal, grants compliance and legal oversight, can be duplicative and cumbersome.

The process for transitioning a 20 year old government agency with 10 full time staff will not be easy, especially with staff workloads already dramatically increased due to Arts Plan implementation. New accounting, personnel, legal and records/information management policies and systems are needed -- not to mention office space. In order to limit the stress on staff and operations, we propose a transition process that utilizes contracted consultants to develop these systems and assist with negotiations for transitioning employees.

Kay Sohl of Technical Assistance for Community Services (TACS), the region's most experienced and reputable non-profit organizational consultant, was contracted to produce a feasibility and cost analysis study estimating start up and operational costs for the non-profit entity. Kay has recently updated the estimates and they are higher. In proposing this Decision Package, MAC has used these high-end estimates but is prepared to refund any un-used dollars to the City.

Several assumptions guided the cost analysis:

- * The City would allow MAC to take all portable property that it currently owns: computers, printers and furniture, etc.
- * All public art would remain the property of the governments and agencies which funded it; MAC would continue to manage the public art program and collections.
- * It is almost impossible for a non-profit organization to duplicate the fringe benefits currently available to City employees. Some salary adjustments may be required to retain employees.
- * MAC already umbrella's a non-profit entity which houses its arts in education program and operates a few special projects. Current Commission operations and staff would be folded into this entity.
- * MAC would enter into a contracting process, such as the one used for POVA, for Portland's and other governments' yearly appropriations.

A few notes on the new structure: We wish to fashion an organization featuring the best aspects of the public and private sectors:

- * MAC's commitment to multi-cultural outreach and affirmative action practices will continue to be a top priority.
- * The new MAC will operate under open meeting and public disclosure laws.
- * Appointments to the board will continue to be reviewed and ratified by participating regional governments; we wish to continue a liaison relationship with one Portland City Commissioner (who could be a member of our board, as with Pioneer Courthouse Square).
- * Hundreds of citizens will continue to be involved in our committees, grants panels and task forces.
- * Arts Plan and followup, citizen driven neighborhood, community and regional planning will continue to shape MAC's policies and services.
- * MAC's contracting, accounting, personnel and grants compliance procedures can be streamlined.

It has never been envisioned that a transition to non-profit status is a way of gradually decreasing or eliminating local public funding for the arts. Although this transition can improve MAC's ability to leverage private funding and partnerships for some special projects, MAC's essential purpose will remain stewardship of our public investment and making the arts more accessible to all citizens.

As we implement Arts Plan over the next five years an increasing share of our public investment must come from the region, but Portland's support will remain critical -- critical to maintaining the viability of Portland based programs and organizations and critical to maintaining Portland's leadership in setting cultural policy and priorities.

Metropolitan Arts Commission Decision Package
Start up costs for transition to non-profit status

These are Kay Sohl's most recent cost estimates for establishment of necessary systems for operation within the non-profit structure and for transition negotiations pertaining to personnel and property. They are based upon estimates of the number of hours required for set-up and the hourly billing rate of a mid-range, contracted professional. (A detailed break-out is attached.)

Fiscal and Accounting (includes software and training)	\$ 29,000
Personnel Administration	5,300
Risk Management	2,000
Facilities and Equipment systems and installation	21,500
Records Management	600
Legal Issues (including personnel negotiations)	10,000
Board Issues	5,000
Organizational Development	5,000
Contingency	6,800
Total	\$ 85,200

MAC is concerned that it may need to offer some kind of cash settlement or salary incentive to transitioning employees who will lose significant City benefits under its health insurance and PERS systems.

Accelerating the Transition Timeline

This transition could be accomplished by September 1, 1994, yielding greater savings to the City. If so, MAC would need a special appropriation from 93/94 Contingency to get the process going immediately. The best way to accelerate the process would be to hire a project manager as soon as possible. This person would oversee set up of new systems and might stay on with the non-profit. Some cost savings for outside contracting services may result. A preliminary budget estimate is:

Project Manager (3/4 time for 6 months)	\$ 19,500
Fiscal and Accounting (includes software and training)	15,500
Personnel Administration	4,300
Risk Management	2,000
Facilities and Equipment systems and installation	18,500
Records Management	600
Legal Issues (including personnel negotiations)	10,000
Board Issues	5,000
Organizational Development	5,000
Contingency	8,000
Total	\$ 88,400

SYSTEMS SET-UP

Note: Cost estimates reflect cost to purchase professional services at a mid-range level. MAC may be able to obtain pro bono services in some areas. In-house staff may be able to perform some services without additional costs.

A. FISCAL REQUIREMENTS FOR NONPROFIT OPERATION	COST
1. Development of complete fiscal policies and procedures	\$3,000
2. Selection, purchase, implementation, training, and support for complete General Ledger, Accounts Payable, Budget, and Financial Reporting software	17,000
3. Design and implementation of accounting system structure and financial reporting formats in accord with Generally Accepted Accounting Principles, and governmental accounting requirements	5,000
4. Selection of appropriate method for payroll processing and reporting, i.e. use of payroll service bureau or in-house processing	500
5. Establishment of payroll tax accounts with IRS, Oregon Department of Revenue, State Employment Division	200
6. Design and implementation of fiscal filing system and records retention policy	500
7. Development and implementation of budget format, processes, and timelines	2,000
8. Establish cash management policies and procedures	500
9. Provide for adequate cash flow through advances or lines of credit	<u>300</u>
Cost, Section A:	\$29,000

B. PERSONNEL ADMINISTRATION	COST
1. Develop written personnel policies, job classifications, compensation schedule, administrative procedures, etc.	\$2,000
2. Develop forms and personnel record formats	300
3. Establish fringe benefit policy, select vendors, establish benefit plans and obtain needed plan documentation	<u>3,000</u>
Cost, Section B:	\$5,300
 C. RISK MANAGEMENT	
1. Obtain insurance coverages: general liability, workers compensation, directors and officers errors and omissions, vehicle (if staff will be driving as part of duties), theft, data loss and restoration coverage for computers	\$500
2. Develop overall risk management program - i.e. policies on employee safety, use of vehicles, security procedures, etc.	<u>1,500</u>
Cost, Section C:	\$2,000
 D. FACILITIES AND EQUIPMENT MANAGEMENT	
1. Negotiate facilities lease	\$1,000
2. Select janitorial contractor service if not included in lease agreement	1,000
3. Establish purchasing and bid policy	1,000
4. Purchase or obtain donations of furnishings and equipment (time required, not items)	1,500
5. Evaluate purchase of maintenance agreements on equipment	500
6. Identify and complete any facilities improvements, i.e. lighting, partitioning, painting, etc. -- time required for coordination (not cost of improvements)	1,000
7. Establish policy on equipment retirement, replacement, and upgrade	500
8. Remodeling office space, install phones & computers	<u>15,000</u>
Cost, Section D:	\$21,500

E. RECORDS MANAGEMENT	COST
1. Establish records retention policy	\$300
2. Establish records storage systems both on-site and off-site	<u>300</u>
Cost, Section E:	\$600
 F. LEGAL ISSUES	
1. Select legal counsel	
2. Review by-laws and Articles of Incorporation for compliance with 1989 State law changes and for appropriateness under new mission of the organization	\$1,500
3. Develop contract formats and language for: grant awards, professional service contracts, inter-government agreements, and other contractual relationships	2,000
4. Review personnel policies, negotiate transition of City employees	4,000
5. Review risk management policies	1,000
6. Review bid and purchase procedures	<u>1,500</u>
Cost, Section F:	\$10,000
 G. BOARD ISSUES	
1. Review and revise board committee structure, policies, and procedures to reflect new mission	\$1,000
2. Obtain board training, particularly regarding fiduciary responsibility and financial oversight	2,000
3. Establish workplan for the development/approval of the policies identified above	1,000
4. Develop budget process, format, and timeline for board adoption of annual budget and approval of revisions	<u>1,000</u>
Cost, Section G:	\$5,000

H. ORGANIZATION DEVELOPMENT **COST**

1. Consultation and staff training regarding transition from public to private nonprofit operation \$5,000

Cost, Section H: \$5,000

I. CONTINGENCY

1. 10% of set up costs \$6,800

Cost, Section I: \$6,800

SUMMARY OF COST RANGES:

Fiscal Requirements for Nonprofit Operation:	\$29,000
Personnel Administration:	5,300
Risk Management:	2,000
Facilities and Equipment Management:	21,500
Records Management:	600
Legal Issues:	10,000
Board Issues:	5,000
Organization Development:	5,000
Contingency:	<u>6,800</u>
Grand Total:	\$85,200

For Budget Fiscal Years:

Year 1: 94-95

Year 2:

Title of Package: *Art Gateways: enhanced services for youth*

Appropriation Unit: *Metropolitan Arts Commission*

Fund: *101*

Program: *Re- Grants*

Form BUD 16
BUDGET DECISION PACKAGE

Type of Decision Package:

CSL Add (Priority _____)

Add New Funding (Priority 2)

Cut (Priority _____)

Amount to be Added/(Cut)

	FY <u>94-95</u> (Yr. 1)		FY _____ (Yr. 2)	
	Total	Discretionary	Total	Discretionary
Appropriations	<u>\$103,716</u>	<u>\$103,716</u>	_____	_____
Full-Time Positions	<u>0</u>	<u>0</u>	_____	_____
Revenue	_____	_____	_____	_____

Workload Indicators/Performance Measurements

Change in Number of Units

<u>Key Indicators</u>	<u>Units of Measure</u>	FY _____	FY _____
		<u>(1st Year)</u>	<u>(2nd Year)</u>

Describe the services to be added or cut by this package, its impact on the program, and the source of funding.
Attached

Metropolitan Arts Commission Decision Package #2
Art Gateways: enhanced services for youth

The Metropolitan Arts Commission (MAC) is seeking funds to implement "Art Gateways," a project to increase offerings of youth programs by area arts groups. Art Gateways can achieve greater impact and focus through a collaboration with the Portland Parks Bureaus, targeting services to specifically identified neighborhoods and schools and tapping the Bureau's facilities, outreach and administrative infrastructure.

National studies confirm that art activities enhance learning and social skill development for all youth in the following ways:

- o attract and maintain interest
- o create a nurturing, fun climate; build self esteem through successes
- o develop new problem solving skills and encourage discipline
- o offer children of diverse backgrounds a non-confrontational way to understand and respect other cultures and different traditions
- o provide alternatives to undesirable activities

The crisis of youth at risk and a public education system under-equipped to address the problem requires a community response of the most urgent order. We must use every tool available to reach, engage and nurture children before they come into harm's way -- and are almost inextricably lost to society.

Based upon the mandate achieved via citizen, driven, community cultural planning (Arts Plan 2000+), the Arts Commission is doing everything it can within regular budget to address youth issues. MAC is already funding dozens of programs which reach thousands of children. Unfortunately, the need is outpacing the ability to respond, particularly with the new cuts in after school programs recently announced by Portland Public Schools.

The Bureau of Parks and Recreation has also been hard at work to develop enhanced recreation and cultural programs for youth. A collaboration with the Metropolitan Arts Commission will enable a wider variety of offerings for young people that could include classes and workshops, apprenticeships with professional artists and programs designed to involve the family.

What MAC offers to the mix is its network of partnerships with community based arts organizations that have extensive experience providing youth and education programs in alternative sites. These programs are extremely portable and could be sited where most needed and effective. No new bureaucracy is needed to provide these services.

Examples of existing programs that could be enhanced and tailored to this collaboration include:

Cultural Recreation Band: A collaboration between World Arts Foundation, Inc. and the Portland Bureau of Parks and Recreation, partially funded by MAC, the program engages children in a beginning music program which includes instrument rental, private instruction, parental involvement and concert performance experience.

Project Transcend: Youth Today collaborated with the NW Video and Film program so that economically and ethnically diverse middle school students could produce personal Video Letters on racism.

Project FIND-- (Find and Inspire New Dancers): A pilot program initiated by Oregon Ballet Theatre this fall, the goal of Project FIND is to provide socio-economically disadvantaged children with an opportunity to pursue the study of dance. Project FIND introduces children grades 3-5 to dance through a week long residency, and provides opportunities to attend weekly classes and become involved in other dance-related activities.

Project Counteract: a collaboration between the Portland Public School District and MAC's Arts-in-Education Program that involves a professional artist working with teens participating in the 45-day substance abuse program at the Monroe facility.

STEP-UP program: The Arts-in-Education Program and Private Industry Council teamed up for a special project involving ten students, who worked with a professional mural artist and a local architect in a process of research and development of a portable mural focusing on early racial issues and urban planning in the Portland area.

MAC will facilitate the selection of offerings by community based artists and arts organizations. MAC has a long history with the development of effective partnerships and would ensure the quality of the activities by establishing guidelines for participation. Neighborhood associations, the Private Industry Council, local businesses and community groups would be additional partners. The program would incorporate the use of paid interns to further MAC and community strategies to facilitate mentorships.

In the past MAC has pushed all available dollars into direct service provision. In this proposal we request a small allotment for evaluation, documentation and public awareness events. National studies indicate that arts activities engage, inspire, teach and motivate children. We need localized data to make a more convincing case to a broader spectrum of potential funders. We are certain that if the community is more aware of the effectiveness of these strategies, there will be more support. No new bureaucracy is needed to deliver these services.

BUDGET:

This budget will fund 48 total classes/activities. Each activity occurs 4 times per week for 9 weeks, spread over 4 nine week terms. Estimating 10-15 children per activity, the program would reach 480-720 children.

I. Class Expenses

Artist Stipends (48 classes @ \$900)	\$ 43,200	
Intern Artist Stipends (48 @ 360)	\$ 17,280	
Materials & Supplies (\$200/activity)	\$ 9,600	
Arts Organizations Program Coordination (20%, includes office expense)	\$ 11,136	
Sub-total		\$ 81,216

II. Project Coordination - MAC

Artist training (pre and post sessions; instructor round tables during 9 weeks)	\$ 5,000	
Evaluation/documentation (PSU/PPS consultant - 10 days @ \$500)	\$ 5,000	
Exhibition/Screening/Parent Night (exhibition supplies, notification, refreshments, etc.)	\$ 1,500	
Marketing (photographer, videographer) press releases, printing, outcome materials	\$ 3,000	
Overall Project Coordination - MAC (panel expense, grants management, etc)	\$ 8,000	
Sub-total		\$ 22,500
PROJECT TOTAL		\$103,716

METRO ARTS COMMISSION (375)
Service Area: Parks, Recreation & Culture
Commissioner-in-Charge: Mike Lindberg

BUREAU EXPENSES - LINE ITEM DETAIL

<i>Expenditure Classification</i>	<i>Actual FY 1991-92</i>	<i>Actual FY 1992-93</i>	<i>Revised Budget FY 1993-94</i>	<i>Target FY 1994-95</i>	<i>Requested FY 1994-95</i>
511000 Full-Time Employees	\$240,541	\$293,304	\$346,722	\$378,323	\$378,323
512000 Part-Time/Limited-Term	0	0	0	4,315	4,315
514000 Overtime	0	0	0	0	0
515000 Premium Pay	503	1,118	650	700	700
517000 Benefits	106,130	104,707	133,596	149,803	149,803
Total Personal Services	\$347,174	\$399,129	\$480,968	\$533,141	\$533,141
521000 Professional Services	\$2,649	\$4,100	\$4,000	\$0	\$0
522000 Utilities	0	0	0	0	0
523000 Equipment Rental	0	0	0	0	0
524000 Repair & Maintenance	3,482	1,853	2,200	2,700	2,700
528000 Local Match Payment	0	0	0	0	0
529000 Miscellaneous Services	655,187	817,489	930,841	913,900	1,102,816
531000 Office Supplies	2,951	4,965	4,714	4,000	4,000
532000 Operating Supplies	1,926	3,183	2,348	1,800	1,800
533000 Repair & Maint. Supplies	0	0	0	0	0
534000 Minor Equipment	0	274	0	0	0
535000 Clothing	0	0	0	0	0
539000 Other Commodities	491	557	500	600	600
541000 Education	1,264	2,474	2,000	2,000	2,000
542000 Local Travel	0	0	0	0	0
543000 Out-of-Town Travel	6,526	7,866	3,740	3,000	3,000
544000 External Rent	0	0	0	0	0
546000 Refunds	0	0	0	0	0
547000 Retirement	0	0	0	0	0
549000 Miscellaneous	3,238	5,001	4,000	4,057	4,057
Subtotal External Materials & Services	\$677,714	\$847,762	\$954,343	\$932,057	\$1,120,973
551000 Fleet Services	\$49	\$206	\$0	\$208	\$208
552000 Printing/Distribution	23,184	27,041	24,881	25,153	25,153
553000 Facilities Services	28,380	30,487	31,189	30,683	30,683
554000 Communications	6,173	10,714	11,153	10,987	10,987
555000 Data Processing	591	1,039	728	794	794
556000 Insurance	9,200	11,403	11,344	11,652	11,652
557000 Equipment Lease	0	0	0	0	0
558000 Same Fund Services	0	1,911	0	0	0
559000 Other Fund Services	0	0	0	0	0
Subtotal Internal Materials & Services	\$67,577	\$82,801	\$79,295	\$79,477	\$79,477
Total Materials & Services	\$745,291	\$930,563	\$1,033,638	\$1,011,534	\$1,200,450
561000 Land	\$0	\$0	\$0	\$0	\$0
562000 Buildings	0	0	0	0	0
563000 Improvements	0	0	0	0	0
564000 Equipment	5,489	5,394	11,100	5,000	5,000
Total Capital Outlay	\$5,489	\$5,394	\$11,100	\$5,000	\$5,000
573000 Cash Transfers-Equipment	\$0	\$0	\$0	\$0	\$0
Total Bureau Expenses	\$1,097,954	\$1,335,086	\$1,525,706	\$1,549,675	\$1,738,591

METRO ARTS COMMISSION (375)

Service Area: Parks, Recreation & Culture
 Commissioner-in-Charge: Mike Lindberg

FULL-TIME POSITIONS

Class	Title	Actual FY 1992	Actual FY 1993	Revised Budget FY 1993-94		Target FY 1994-95		Requested FY 1994-95	
		No.	No.	No.	Amount	No.	Amount	No.	Amount
855	Arts Commission Director	1	1	1	53,703	1	57,942	1	57,942
885	Assistant Arts Commission Director	1	0	0	0	0	0	0	0
970	Program Manager II	0	1	1	47,624	1	51,375	1	51,375
883	Arts Commission Program Coord	1	0	0	0	0	0	0	0
968	Program Manager I	0	1	1	42,720	1	46,093	1	46,093
882	Public Art Assistant	1	0	0	0	0	0	0	0
984	Program Specialist	0	1	1	36,895	1	39,804	1	39,804
900	Staff Assistant	1	0	0	0	0	0	0	0
962	Asst Program Specialist	0	2	2	69,112	2	72,236	2	72,236
826	Asst Management Analyst	1	0	0	0	0	0	0	0
827	Financial Analyst	0	1	1	37,897	1	40,904	1	40,904
815	Admin Specialist	0	1	2	36,857	2	45,821	2	45,821
220	Secretarial Clerk I	1	0	0	0	0	0	0	0
114	Clerical Specialist	0	1	1	21,914	1	24,148	1	24,148
TOTAL FULL-TIME POSITIONS		7	9	10	346,722	10	378,323	10	378,323

Form BUD 7
SUMMARY OF RESOURCES

Appropriation Unit: Metropolitan Arts Commission
Fund: 101

<i>Type of Resource</i>	<i>Actual FY 92-93</i>	<i>Revised Budget FY 93-94</i>	<i>Target Request FY 94-95</i>	<i>Total Request FY 94-95</i>
<i>Grants and Donations - List</i>				
NEA Locals Program	\$34,096	\$0	\$0	\$0
Oregon Arts Commission	\$29,300	\$60,422	\$0	\$0
NEA Challenge Program	\$0	\$91,153	\$176,068	\$176,068
Total Grants	\$63,396	\$151,575	\$176,068	\$176,068
<i>Contracts - List</i>				
Multnomah County	\$267,059	\$267,059	\$267,059	\$267,059
Total Contracts	\$267,059	\$267,059	\$267,059	\$267,059
<i>Interagency Revenues - List</i>				
Public Art Trust Fund	\$61,236	\$86,424	\$94,152	\$94,152
Total Interagency Revenues	\$61,236	\$86,424	\$94,152	\$94,152
<i>Bureau Program Revenues - List</i>				
Clackamas and Washington Counties	40,500	42,500	0	0
Miscellaneous Revenue	4,363	125	0	0
Total Bureau Revenues	\$44,863	\$42,625	\$0	\$0
<i>Overhead Charges - Total</i>				
Total Non-Discretionary Resources	\$436,554	\$547,683	\$537,279	\$537,279
Total AU Budget	\$1,496,549	\$1,525,706	\$1,549,675	\$1,738,591
Less: Non-Discretionary Resources	\$436,554	\$547,683	\$537,279	\$537,279
General Discretionary Resources	\$1,059,995	\$978,023	\$1,012,396	\$1,201,312

PUBLIC ART TRUST FUND (628)

FUND SUMMARY

	<i>Actual FY 1991-92</i>	<i>Actual FY 1992-93</i>	<i>Revised Budget FY 1993-94</i>	<i>Target FY 1994-95</i>	<i>Requested FY 1994-95</i>
RESOURCES					
External Revenues					
<i>Miscellaneous Revenues</i>					
Multnomah County Percent	6,214	10,365	75,000	85,000	85,000
Tri-Met		35,722	30,000	35,000	35,000
Port of Portland		4,940	10,000	15,000	15,000
METRO	16,244	6,668			
Central City FAR			200,000	150,000	150,000
Portland Develop Commission	23,444	31,030	340,000		
Misc Other and Sales	\$12,484	\$1,245	\$2,500	\$2,000	\$2,000
Interest	18,851	11,854	16,000	16,000	16,000
	<u>77,237</u>	<u>101,824</u>	<u>673,500</u>	<u>303,000</u>	<u>303,000</u>
Total External Revenues	<u>77,237</u>	<u>101,824</u>	<u>673,500</u>	<u>303,000</u>	<u>303,000</u>
Cash Transfers from Other Funds					
General Fund	0	0	22,306	0	0
Parking Facilities	6,500	0	0	0	0
Transportation	0	2,560	0	0	0
BES Sewage	0	0	5,000	0	0
Facilities Services	0	49,705	45,619	0	0
Park Systems Improvement Fund	5,982	0	0	0	0
	<u>12,482</u>	<u>52,265</u>	<u>72,925</u>	<u>0</u>	<u>0</u>
Beginning Fund Balance	<u>275,718</u>	<u>185,728</u>	<u>265,527</u>	<u>270,000</u>	<u>270,000</u>
TOTAL RESOURCES	<u>\$365,437</u>	<u>\$339,817</u>	<u>\$1,011,952</u>	<u>\$573,000</u>	<u>\$573,000</u>
REQUIREMENTS - AU 759					
External Materials and Svcs	\$98,831	\$51,820	\$500,000	\$400,000	\$400,000
Total Bureau Expenses	<u>\$98,831</u>	<u>\$51,820</u>	<u>\$500,000</u>	<u>\$400,000</u>	<u>\$400,000</u>
Contingency					
General Operating Contingency	38,766	226,761	270,001	78,848	78,848
Debt Service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Transfers to Other Funds					
General Fund	42,112	61,236	86,424	94,152	94,152
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>42,112</u>	<u>61,236</u>	<u>86,424</u>	<u>94,152</u>	<u>94,152</u>
Ending Balance/Reserves	<u>185,728</u>	<u>0</u>	<u>155,527</u>	<u>0</u>	<u>0</u>
TOTAL REQUIREMENTS	<u>\$365,437</u>	<u>\$339,817</u>	<u>\$1,011,952</u>	<u>\$573,000</u>	<u>\$573,000</u>
Line Item Detail - AU 759					
External Materials and Services					
521000 Professional Services	\$83,999	\$10,208	\$400,000	\$350,000	\$350,000

529000 Miscellaneous Services	12,287	20,692	100,000	50,000	50,000
532000 Operating Supplies		20,650	0	0	0
543000 Out of Town Travel	2,545	270	0	0	0
TOTAL Bureau Expenses	\$98,831	\$51,820	\$500,000	\$400,000	\$400,000

Ordinance No.161537 which amended City Code Chapter 5.74 passed by Council on January 4, 1989, authorized the creation of the Public Art Trust Fund and established the policy of the City of Portland to dedicate 1.33% of the total costs of all capital improvement projects for the purpose of public art. The Metropolitan Arts Commission is charged with the development of program guidelines and administration.

The Fund is used for acquisition, siting, maintenance, and deaccessioning of public art works; for supporting public art works of limited duration; and for costs associated with public art including but not limited to costs of selection, administration, community education and registration.

The purpose of the Public Art Trust Fund is to accept funds that have been approved for use on public art projects from various sources:

1) The City and County Percent for Art Ordinances

2) The Floor Area Ratio (FAR) Bonus program adopted by City Council on March 24, 1988, as a part of the City Central Plan Section 33.702.060.4, is one of the programs which provide bonus floor area ratio as an incentive for private developers who incorporate public art into their projects. Under the guidelines developed by the Metropolitan Arts Commission (MAC) projects utilizing this bonus provision must place at least 25 percent of the project's public art budget into a central City Public Art Trust Fund maintained by MAC. Should a project's developer choose to, the entire amount of percent for art funds may be placed in the Public Art Trust Fund.

3) Contracts with other local government agencies for public art such as METRO, the Port of Portland and TRI-MET

4) Donations for Public Art projects and educational programs from individuals and corporations.

It is anticipated that Public Art revenues will decrease from FY 93-94 based on less revenue from PDC projects. However the inclusion of the Bureaus of Water and Environmental Services are expected to increase fund resources when the new policy is established and projects are identified.

Final Report of the
Regional Funding
Task Force

Presented to the Metro Council
March 1994



METRO

Regional Funding Task Force

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Pam Baker
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Gayle Darr
Sho Dozono
Gerard Drummond
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Revenue Strategy Subcommittee

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TABLE OF CONTENTS

	Acknowledgements	i
I.	Executive Summary	1
II.	Introduction	3
III.	Findings and Conclusions	7
IV.	Recommendations	16
V.	Appendices	23
VI.	References	168

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Mark Nelson,
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Tom Wolf,
The Wolf Organization, Inc.

I. EXECUTIVE SUMMARY

In April 1992, Metro formed a 21-member citizen task force to develop recommendations on long-term funding for regional arts and entertainment programs and facilities. The Funding Task Force on Regional Facilities and Programs represented a partnership of Metro, the City of Portland, the four counties and other local governments and groups that participated in ArtsPlan 2000+. The Task Force worked for over eighteen months meeting with representatives of business and industry, arts programs, cultural and scientific institutions, public information companies, and local governments. They researched numerous financing mechanisms used here and in other parts of the country. The results of their work are summarized in the recommendations below.

1. **Metro should recognize that the vitality of arts and culture are critical to the quality of life we enjoy in this region. Metro should also acknowledge that the low level of public and private financing for these programs threatens to degrade this quality of life and creates a serious problem of access to these programs for our children.** Metro is uniquely positioned to assume the long term responsibility for these programs because it has regional taxing authority and is charged with planning our future quality of life. The Metro Council should provide funding and support for efforts to ensure the future health of this region's arts and cultural programs.
2. **The best long term strategy to finance arts programs and facilities is to combine forces with other cultural and scientific organizations which have serious funding needs.** The program should be designed to achieve financial stability for our regional programs and to provide access for the region's children. It should also limit administration and bureaucracy, require private matching funds and assure that funds will go to all communities of the region. Such a program would cost approximately \$12 million annually and would provide funding to programs such as the Zoo and other children's museum programs, history museums and programs, the Portland Center for the Performing Arts, a Regional Arts Council, and local arts programs.
3. **To finance the arts and cultural program, Metro should seek to levy the broadest tax feasible.** There is no easy answer to this task. Many taxes used in other communities to finance cultural programs are presently not options for this region. Among the broad based taxes, the only option not precluded is the income tax. The Task Force recommends that it be considered because the tax can be designed to exempt low income people as well as to cap the amount anyone would have to pay. Metro should develop and test one or more income tax proposals which meet these criteria. If these do not demonstrate acceptance among the voters, other narrower taxes would need to be considered.
4. **Metro should target a regional ballot measure for 1-2 years in the future, but no later than Fall 1995.** This allows sufficient time for civic and advocate groups to marshal support for such a measure. The Northwest Business Committee for the Arts has taken on the responsibility to begin a public information campaign. They have reorganized and increased their funding for that purpose. The Metropolitan Arts Commission has moved to regionalize itself and has developed strong relationships with local communities throughout the region.

The Arts Alliance has strengthened its efforts to provide support. Finally, a Friends of the PCPA organization has formed to help generate regional support. Time is needed for all of these groups, working in collaboration, to build public awareness and increase the number of community partners.

5. **Metro should support and endorse short term measures for arts programs and facilities which involve restructuring current resources, private fund-raising and cost reductions.** These measures are especially critical. Without short term funding the PCPA will face the possibility of closure within one year. Preservation of current funding levels will keep the region's arts organizations in operation. Cost cutting efforts and increases to private fund raising must be done if we are to expect the public to support additional taxes. Nevertheless, these are only stop gap measures and will only prolong the problem.

6. **Metro should help assure the implementation of the Task Force's recommendations by continuing to work with its regional partners: local governments, the Metropolitan Arts Commission, the Northwest Business Committee for the Arts and the growing coalition of arts and cultural groups, agencies and community groups.** Council involvement, dedication of staff time and modest funding of on-going planning and public information efforts are needed to keep the momentum going.

II. INTRODUCTION

1. History

In December 1991, Metro's Public Policy Advisory Committee for Regional Convention, Trade, Performing Arts and Spectator Facilities, after a year and a half of study, submitted a final report to the Metro Council. Chaired by Cliff Carlsen, this committee was composed of 15 members with an additional 24 citizens from throughout the region serving on subcommittees.

The advisory committee found that if no new funds became available within three years to cover ongoing operational and capital costs of regional entertainment facilities, particularly the Portland Center for the Performing Arts (PCPA), these facilities could be forced to close and the region would lose its substantial investment in its complex of facilities.

As stated in the Public Policy Advisory Committee final report:

"A regional funding base is needed to support the public purposes of arts facilities and organizations. Metro should join with proponents of Arts Plan 2000+ in seeking such a fund base, but only after a specific financial assistance plan for arts organizations is developed. The plan must specify how public funds will be expended and how such expenditures will achieve public purposes."

In February 1992, Arts Plan 2000+ issued its final report. The 40-member Arts Plan Steering Committee representing the business community, regional governments, artists, educators and the community spent more than a year collecting and analyzing information and data.

Both the Public Policy Advisory Committee and the Arts Plan 2000+ Steering Committee found that facilities and programs cannot be considered separately. Both recommended that long-term funding sources should be regional in scope and address arts and entertainment facilities as well as arts programs. The financial stability of the PCPA is directly tied to the financial stability of our arts organizations. Keeping the doors to PCPA open will do little if no arts organizations can afford to perform in the theaters.

2. Charge to Funding Task Force for Regional Facilities and Programs

Although the Public Policy Advisory Committee recommended consideration of two financing options, no regional consensus existed on the amount of funding needed nor was there regional consensus on funding sources to adequately address these needs. There was, however, regional agreement that Metro should continue to be the lead agency in developing a regional consensus.

In February 1992, Metro and the City of Portland agreed to work together and with other regional partners to develop adequate long-term funding for regional arts and entertainment facilities and programs. In April 1992, the Metro Council established a 21-member Funding Task Force for Regional Facilities and Programs with citizens from throughout the region. The charge to the task force was:

- A. To make recommendations to the Metro Executive Officer and Council on financing facility and arts program needs;
- B. To promote a regional consensus on financing through regional coalitions to support financing measures with other jurisdictions, advocate groups, and community and civic organizations;
- C. To develop recommended intergovernmental agreements and funding packages needed to provide regional coordination and support for arts and entertainment facilities and programs; and
- D. To provide public information on financing issues to the general public, media, other public bodies, advocate groups, and civic organizations.

3. **Task Force Organization**

The task force formed three subcommittees -- Funding Needs, Revenue Strategy, and Public Information. The first two subcommittees were formed with task force members only. The Public Information subcommittee was formed with community experts in public relations and public information.

The mission of the **Funding Needs Subcommittee** was to identify the total amount of funding needed and how much must be raised annually in new public funds by program category. The starting point for this subcommittee was to review the needs identified earlier by Metro's Public Policy Advisory Committee and Arts Plan 2000+. The subcommittee clarified the needs identified in these earlier studies, updated the figures, and included estimates for items which had not been covered earlier. This subcommittee was later given an additional assignment to explore funding needs for cultural and scientific facilities and programs beyond the arts-related focus of the original charge.

The **Revenue Strategy Subcommittee's** mission was to identify a revenue strategy for the needs identified by the Funding Needs Subcommittee. The Subcommittee reviewed many taxing mechanisms, and determined what characteristics were desired in a tax to make it fair. They also spent considerable time deliberating on an approach that would be most acceptable to voters. This included various program features which would make a program more acceptable to voters. They also explored a variety of contractual arrangements to include Clark County, Washington, into a regional funding strategy. The Subcommittee completed two reports. The first report, prepared before the State Legislature met to discuss tax restructuring, proposed two approaches and alternative financing mechanisms. The preferred approach was a broad-based arts and culture program; the second was an "arts only" program. These approaches and alternative financing mechanisms were then tested in a poll. A second report was completed to assess financing mechanisms after the November 1993 sales tax measure failed at the ballot. Both reports are included as appendices.

The mission of the **Public Information Subcommittee** was to identify the public information needs. It was to recommend the kind of effort needed to ensure the public understands the value of arts and culture, as well as the level of effort needed to pass a regional funding measure. The Subcommittee brought together a number of talented professionals to debate how to reach the public, what kinds of messages to use and the mechanisms to employ. At the conclusion of the Subcommittee's work, the tasks were

transferred to the Business Committee for the Arts for implementation. Many of the Subcommittee members remain active in the BCA's efforts to spearhead a campaign.

4. Other Activities of the Task Force and Related Groups

Staff conducted research concerning methods of funding arts and culture in other parts of the country. A program of particular interest was the Denver region's Scientific and Cultural Facilities District. This is a six-county arts and culture funding program financed by a sales tax. It required a vote in the six counties of the Denver metropolitan area. To learn about it, the entire Task Force met with the Denver Exchange Group, affiliated with the Denver Chamber of Commerce. The Exchange was visiting Portland to learn about its regional programs. The Task Force chair and staff visited Denver to interview many participants involved in the formation of the Scientific and Cultural Facilities District. A detailed report was presented to the Task Force.

While the entire Denver model was not considered workable for this region, a number of lessons learned there were considered valuable. These include:

- Access to cultural programs is an issue of public concern.
- A broad-based program that includes the activities that are most popular with the public is more likely to get voter support.
- Voters favor limits on bureaucracy and funds for administration.
- There should be a guarantee that money will support needs in outlying areas as well as downtown.
- A campaign that is well financed and has no organized opposition is essential to passage. (The Denver community raised \$750,000.)
- Campaign messages should focus on access, especially for children; and the important role arts and cultural programs play in economic development.
- Support for the program must come primarily from outside government.

Other related efforts were underway at the same time the Task Force was in operation. In response to Arts Plan 2000+ recommendations, the Metropolitan Arts Commission (MAC) formed a Regional Arts Council Transition Team to oversee MAC's transition into a regional arts council so that it can provide the services desired by constituents and jurisdictions outside of Multnomah County.

The Northwest Business Committee for the Arts (BCA), representing Multnomah, Washington, Clackamas counties and Clark County, Washington, worked closely with the Task Force throughout this process. BCA is working to increase business leadership as well as private funding from corporations, small businesses and individuals.

Staff of Metro, the Business Committee for the Arts, Metropolitan Arts Commission, Arts Alliance, and PCPA formed a staff coordinating committee. The role of this committee was to provide staff work for policy development including identifying issues, presenting options and drafting recommendations; provide technical expertise in arts programming, public finance, planning, and program development; and share information.

Originally, the Task Force was to conclude its work in June of 1993. Two situations required additional time. The State Legislature referred a tax measure to the November 1993 ballot.

This was a sales tax measure which had significant impact on revenue strategies under consideration by the Task Force. Passage of the measure would have precluded use of some of the strategies. The second situation involved the Task Force's effort to develop a coalition with other cultural organizations in the region to propose a broad-based arts and cultural program. Additional time was needed to explore this idea. Given this situation, the Task Force filed an Interim Report and the Metro Council authorized an extension of six months to complete the Task Force's work.

III. FINDINGS AND CONCLUSIONS

Problem Statement

The relatively low public and private financing of arts and cultural programs places the programs in jeopardy and has created a critical problem of access to these programs for the region's children. This is a primary issue of regional concern and represents a problem that must be resolved if the quality of life we have enjoyed is to be maintained.

The low level of public and private funding for the arts was well documented by the ArtsPlan 2000 Plus. The ArtsPlan report found that all sources of financial support for local arts lag behind the averages of other communities, except earned income (ticket sales, etc.). Figures released by the Portland Chamber of Commerce show that corporate contributions to non-profit organizations average only 1.1% of pre-tax earnings compared to a national average of 2%. Individual giving is also low in comparison to other communities. The ArtsPlan report points out that large, private gifts are generally lower than in communities of comparable size. The largest gifts here average \$1,000 to \$5,000 compared to \$10,000 to \$25,000 elsewhere. The local public's share of financial support to arts organizations as a percentage of organizational budgets has declined from over 4% in the late 1980s to about 2% by 1992. Throughout the country, public funds as a percentage of organizational budgets range from 10% to more than 20%.

Regional Significance

1. **The vitality of arts and culture are critical to the region's quality of life.** The region's residents, businesses and prospective new businesses all place a high value on the quality of life in this region. In addition to the physical beauty of the area, the cultural amenities are critical in drawing new businesses and jobs to the region. The arts industry provides a significant financial stimulus not only by creating jobs, but by developing the creative aspect of a problem-solving workforce. In 1991, the arts industry spent over \$73 million in the three county area, creating 2742 jobs, \$58 million in personal income and just under \$4.4 million in annual state and local government revenues. If a common multiplier of 2.5 is applied to \$73 million in direct arts spending, then the economic impact is over \$183 million. When one adds cultural and scientific institutions such as the Zoo, OMSI, the Oregon Historical Society, the impact is probably twice that amount.
2. **Arts and cultural programs are valued and used by citizens from throughout the Metro region.** All major arts and cultural programs are patronized by citizens throughout the region. As an example, more than half of the Oregon Symphony subscribers come from outside Multnomah County. In fact, far more of the region's residents participate in the arts than attend sports events each year. In a random sample survey done for this report, over half of all respondents placed a high value on most of the specific arts and cultural programs when asked.

3. **Arts and cultural programs provide a unique, basic education to our children, involve them in collaborative problem-solving, build an awareness of other cultures and peoples, expose them to new ideas and create an opportunity for self-enhancement and achievement.** The region's arts and cultural programs have special programs for children and families--special performances, summer programs, classroom presentations and seminars, etc. Many of the region's schools, social service agencies and non-profits are now using arts and cultural programs in their efforts to reach at-risk children. But the availability of these programs is severely limited by low levels of public and private support.
4. **Metro is uniquely positioned to find a regional solution for the future health of arts and culture.** While it is recognized that the current political climate makes solution to any funding problem difficult; in the long run, it is Metro that has the tools to accomplish it. The new Metro charter gives it broad taxing authority needed to spread the cost of programs to all regional users so the amount paid by any one individual is very small. It is a fair means of supporting these regional programs. Metro has been given responsibility, in Section 6 of the new charter, for operation and development of "public cultural, trade, convention, exhibition, sports, entertainment, and spectator facilities." This gives Metro the authority to lead the effort to preserve and enhance our cultural assets. It can implement this responsibility by serving as a focal point to pull all the parties together needed to chart the future in a cooperative manner. Last, Metro has recognized Clark County's growing importance in regional issues such as land use planning, transportation, and community development. Metro is the natural conduit to facilitate Clark County's funding commitment to regional arts and cultural planning.

Funding Needs

1. **Annual funding needs for arts programs are \$8.54 million.** This includes \$2.31 million for the PCPA and \$6.23 million for arts programs. (See Tables 1 and 2.)

Arts Facilities Needs

Beginning with the work of the earlier Metro Facilities Task Force study of the Portland Center for the Performing Arts (PCPA), the Funding Needs Subcommittee updated the figures and expanded the estimates to include items which had not been covered earlier, including:

- Reduced fees for PCPA tenants;
- Marketing and programming costs; and
- Unbudgeted capital improvements to the three PCPA facilities.

The PCPA's annual funding needs total \$2.31 million (see Table 1). This includes full funding for all capital projects listed in the PCPA's ten-year capital plan as well as financing to retain reduced fees for PCPA non-profit tenants in accordance with PCPA's new rental structure.

TABLE 1

Programs	PPAC Report 12/91 Annual Needs	1993-94 Base Year Revised Annual Needs
Operating Needs:		
PCPA Operational Support	\$672,000	\$1,137,500
Capital Needs:		
PCPA Renewal & Replacement	\$280,000	\$206,000
PCPA Enhancements	\$520,000	\$356,000
TOTAL	\$1,472,000	\$1,699,500
Program Improvements:		
Reduced User Fees*	0	\$225,000
Marketing*	0	\$50,000
Education Coordination*	0	\$18,000
Presentation/Programming*	0	\$75,000
Additional Staff for Marketing, Fundraising, Education*	0	\$100,000
PCPA Reimbursement/Overhead	0	\$40,000
PCPA Ticket Service Charge	0	\$100,000
Program Improvements Total	0	\$608,000
GRAND TOTAL	\$1,472,000	\$2,307,500

* Denotes need identified by PPAC Study but not funded.

Arts Program Needs

The starting point for the Subcommittee's study was ArtsPlan 2000 Plus. After each individual proposed program was scrutinized, the ArtsPlan budget was modified to:

- Expand the dollar amount and share of regional funds invested directly in outlying communities;
- Provide additional funds that would raise the level of public support for the major arts organizations from about 5% of their budgets (in ArtsPlan) to 10% of budgets--in keeping with peer communities across the US;
- Fund a long-range facilities planning program to evaluate the feasibility of newly proposed arts facilities;
- Provide support to arts organizations operating their own facilities (e.g. Art Museum); and
- Fund a small fellowship program for individual artists, along the lines of similar programs operated by National Endowment for the Arts (NEA) and Oregon Arts Commission (OAC).

Arts program needs identified by the Subcommittee total \$6.23 million annually (see Table 2).

TABLE 2

SUMMARY OF REGIONAL PUBLIC FUNDING NEEDS FOR ARTS PROGRAMS

Program	ArtsPlan 2000+ Needs Estimate	Subcommittee Recommendations*
Operating grants for large arts organizations	\$1,500,000	\$3,045,000
Community programs outside of Portland	\$300,000	\$1,055,000
Grants to small arts organizations	\$300,000	\$285,000
Multi-cultural outreach and grants	\$200,000	\$240,000
Arts in Education programs	\$250,000	\$250,000
Business management assistance	\$500,000	\$250,000
Audience outreach/marketing	\$300,000	\$250,000
Facilities planning support**	\$0	\$260,000
Grants to non-PCPA facilities**	\$0	\$150,000
Individual Artists Programs**	\$0	\$165,000
Regional Arts Council overhead	\$700,000	\$280,000
TOTALS	\$4,050,000	\$6,230,000

* Funding Needs Subcommittee recommendations includes allocation of staff to program areas.

** Needs identified in ArtsPlan, but not costed.

2. **An additional \$6 million per year is needed to ensure children's access to the region's most significant cultural and scientific facilities.** In the early stages of its work, the Funding Needs Subcommittee found that the financial issues faced by the region's arts organizations have a striking parallel to the region's key cultural and scientific institutions. The Zoo, Oregon Museum of Science and Industry (OMSI), Children's Museum, Oregon Historical Society--like our major arts institutions--face serious imminent or long-range funding difficulties.

While their counterparts in other regions are largely or wholly supported by taxes, our most important cultural institutions struggle to "make ends meet", depending on ticket sales and other earned income. This creates an ever-spiraling cycle of rising ticket prices which ultimately closes the doors to the region's citizens who cannot afford to pay the higher prices. School-age children--who are the primary beneficiaries of the educational programs offered by these institutions--are the groups affected most directly.

In response, the Funding Needs Subcommittee completed an initial inventory of immediate and long-term cultural and scientific organizations throughout the region. Later, the Subcommittee conferred with representatives of the major institutions to better define their funding needs.

Ultimately, a funding proposal was developed to ensure that the region's children would continue to enjoy access to the most important cultural institutions. Consistent with the Task Force's arts funding proposal, this plan does not guarantee funding for any organization. Rather, eligibility criteria are proposed to channel funds to those key institutions which make special efforts to assure access to children and families. This funding proposal can be found in Appendix I.

Revenue Strategy

1. **There is significantly greater public support for a broad based cultural program that meets needs in both arts and cultural organizations.** The Task Force commissioned a public opinion survey to test two different approaches to funding arts programs, as well as public policy goals and program features that voters might find attractive. The poll was a random sample survey of 430 registered voters in the region conducted in March 1993 by The Nelson Report. Respondents were given a description of these two approaches:

A. "A regional arts program which would help fund local facilities and programs such as:

- The Portland Arts Museum;
- Artists in the School Program;
- Oregon Symphony;
- Oregon Shakespeare Festival/Portland;
- Oregon Ballet Theatre; and
- Arts programs in local communities."

B. "A broader regional cultural program which would help fund arts facilities and programs just listed plus:

- Metro Washington Park Zoo;
- OMSI;
- Libraries;
- Children's Museum; and
- Oregon Historical Society."

When asked which approach they favored, 69% of respondents chose the broader cultural program and 11% chose the "arts only" program. (Another 14% chose neither and 6% were not sure.)

2. **Program goals of education for children, access for all citizens and economic development garner the greatest support from citizens.** In the poll, respondents were asked to say how important were each of six program goals for either an arts or cultural program. The results are displayed below:

	Important (%)	Unimportant (%)	Not Sure (%)
Cultural education opportunities for children	90	8	2
Economic development	84	13	3
Affordable access to culture for all citizens	80	17	3
Stabilize finances of cultural organizations	74	16	10
Promote creativity and artistic excellence	74	19	7
Cultural diversity	71	19	10

From this data, it is clear that there is broad support for all goals, but the greatest support is for cultural education opportunities for children.

3. **Various features could be added to the program to increase public support.** A series of features were tested in the poll to determine their impact on support. The first factor tested was cost. When asked whether they supported creation of a cultural program at a cost of \$17 million, support dropped from the earlier 69% to 56%. Next, the poll asked a series of questions to determine what features would increase or decrease public support. Factors which brought support back up over 70% were knowledge that the program would:

- Emphasize educational attractions for children (77%)
- Increase the availability of cultural attractions to children and families (75%)
- Add over \$100 million to their local economy and provide more than 1,000 jobs (75%)
- Not spend program funds on any other government program (75%)
- Guarantee an amount for large programs such as the Zoo, Performing Arts Center, OMSI and libraries (74%)
- Strictly limit administrative costs (72%)

4. **The fairest tax for an arts and cultural program is one that is broad based.** A broad based tax has the advantage of levying a small amount per person to raise enough revenue to finance the whole program. Because virtually all citizens are potential beneficiaries of the program, a tax which impacts all or most citizens is fairer.

Table 3 portrays the cost per person of a one percent increase in three different taxes: income, sales, payroll. All cost about \$10 per person per year and raise \$11-\$12 million. The cost of administration is quite high for a sales tax because there currently is no sales tax mechanism in place. Cost of administration for the other two taxes would be minimized by sharing with other entities that currently collect the tax.

TABLE 3

REVENUE GENERATION OF BROAD BASED TAXES

Type	Per .1% Tax	Cost per Person*	Est. Administration Cost
Income-Personal	\$10,911,335	\$10.05	Share cost with State
Income-Corporate	\$1,100,000	N/A	
	\$12,011,335	N/A	
Sales	\$10,900,000	\$10.03	\$.5 to \$1 million (no State collection mechanism)
Payroll	\$11,500,000	\$10.59	Share cost with TriMet

* Metro area contains 90% of the regional population, equaling 1,086,225.

"Niche taxes" which impact a particular industry neither raise enough money nor allow all the beneficiaries to participate in support. Table 4 shows the generating ability of three different "niche taxes". Use of the hotel/motel or admissions tax would require significant increases to raise enough money to fund programs contemplated by the Task Force. The Restaurant Tax raises considerable revenue, but has a high administration cost.

TABLE 4

REVENUE GENERATION OF SELECTED "NICHE" TAXES

Type	Per .1% Tax	Est. Administration Cost
Hotel/Motel	\$1,588,813	\$10,000-\$20,000
Restaurant (food & beverage)	\$8,300,000	\$500,000-\$800,000
Admissions*	\$800,000	\$350,000-\$500,000

* Admissions Tax includes ticketed events, movies and video rentals.

5. **Passage of any new tax will be challenging.** The poll asked a series of questions about specific tax measures that might be used to finance an arts program alone or a combined arts and culture program. The arts program alone would cost \$8.5 million and the combined program was characterized as costing \$17 million annually¹. These are the proposals and the results:

Question: "Do you favor or oppose this funding proposal?"	Favor (%)	Oppose (%)	Not Sure (%)
Arts Only			
1½¢ tax on restaurant meals. Would add 12¢ to a \$10.00 meal.	49	44	7
7% admissions tax plus 5% hotel/motel tax increase. Would add 43¢ to a \$6 movie ticket and \$2.54 to a motel bill.	38	54	8
Small income tax on taxable incomes over \$40,000. Would cost \$48 additional for a family with \$40,000 taxable income.	37	54	9
Small sales tax would add 1¢ to a \$10.00 purchase.	35	60	5
6% admissions tax plus small tax on taxable income over \$60,000. Would add 36¢ to a \$6 movie ticket and cost \$89 a year for a family with \$60,000 taxable income.	32	60	8

¹ This early estimate of \$17 million was later reduced to \$14.6 million when a specific proposal was developed.

Question: "Do you favor or oppose this funding proposal?"	Favor (%)	Oppose (%)	Not Sure (%)
<u>Cultural Program</u>			
Small <i>sales tax</i> . Would add 3¢ to a \$10 purchase.	33	63	4
Small <i>payroll tax</i> . Would add \$867 for each \$500,000 payroll.	32	59	9
Small <i>income tax</i> on incomes over \$20,000. Would add \$54 to a household with \$30,000 taxable income.	27	69	4

This information suggests the difficulty of passing any tax measure. None of the proposals gained majority support, and only one--a restaurant tax--gained a plurality.

Governance

A regional arts and culture program should be governed by a regional cultural council that is broadly representative of the region and that minimizes bureaucracy and maximizes efficiency. The issue of how a regional arts and culture program should be governed was initially addressed outside the Task Force. The Metropolitan Arts Commission, as the group responsible for implementation of ArtsPlan 2000+, appointed a committee to examine the ArtsPlan recommendation that MAC become a regional body. The committee, called the Regional Arts Plan Transition Team, presented its recommendations in a report to the Task Force. (See Appendix F.) The recommendations were reviewed and the following language approved by the Task Force on January 21, 1993:

1. A regional arts council should be created for broad cultural purposes and to serve as the distribution agency for a dedicated tax to be proposed within approximately two years. The "RAC" would serve Clackamas, Multnomah and Washington Counties with proposed service to Clark County Washington as well.
2. The Council should be restructured from the existing Metropolitan Arts Commission (currently a joint Portland and Multnomah County agency) as a non-profit organization with a board appointed in cooperation with all participating jurisdictions. An intergovernmental Commission is a second option.
3. The non-profit Council would contract with Metro, as the government identified as the appropriate tax collector, and be accountable to Metro and other governments as agreed.
4. The involved jurisdictions would approve the recommendations and enter into preliminary agreements around the purposes and responsibilities of the Regional Arts Council.
5. The Regional Arts Council board of directors would be comprised of members representative of all geographic areas of the regional as well as the appropriate interests.

Public Support

1. **There needs to be a greater public understanding of the vital role arts and culture play in vitality of our community, for economic development and for the education of our children.** Arts and culture are vital to the prosperity of our region. Today, this may not be broadly recognized by the public. Without that recognition, passage of a tax measure to support the arts is unlikely. Art has a very personal meaning to everyone's life whether it is a

favorite painting, a child's first piano recital or a concert in the park. However, because it is so much a part of each person's life, the specific value often goes unnoticed. Moreover, the vital roles arts and culture play in bringing new businesses, in education, in fostering harmony among our diverse peoples is poorly recognized.

2. **Support for regional funding of arts and cultural programs must be obtained from local citizens groups, advocate groups and the public at large.** It was the strong feeling of the Public Information Subcommittee and the Task Force that the leadership to gain support for arts and culture must come from outside government. In that regard, they worked closely with the Business Committee for the Arts to assume responsibility for a public information campaign. Recently, the BCA launched a reorganization designed to implement that responsibility.
3. **It is likely that any ballot measure can pass only with a well financed campaign to support it.** The success of the Denver Cultural and Scientific District suggests that a well-organized and financed campaign would be necessary to pass a regional funding measure.

IV. RECOMMENDATIONS

1. **Declaration of Regional Significance.** Metro should officially recognize the vital importance of arts and culture to the region's quality of life and declare this to be an issue of regional significance. The citizens' needs for arts and culture should be integrated into Metro's Future Vision and integrated into its future growth planning efforts. Funding should be provided for such integration.
2. **Short-term Strategy for Arts Programs.** The current level of funding should be preserved and dedicated to a regional arts program. At the present time, the Metropolitan Arts Commission receives about \$1.35 million per year in general fund revenues from the City of Portland, Multnomah County, Clackamas County and Washington, with the bulk of funds coming from the City of Portland. This level of funding should be preserved and dedicated to provide a platform upon which to add the dedicated regional funding source recommended by the Task Force. Other jurisdictions, including Clark County, should be asked to contribute funding. The MAC, acting in its capacity as a regional arts council, should take the leadership role in this effort, but Metro should specifically support and endorse this strategy.

Metro should also support and endorse the Northwest Business Committee for the Arts' efforts to raise the level of private and business funding. At the present time, that agency is working to upgrade small, mid-size and large business donations as well as to increase private giving. This is not only critical as a short-term funding strategy, but is necessary to help pass regional funding measure.

3. **Short Term Strategy for PCPA.** As a short term strategy, Metro should endorse and support the efforts of MERC's Business Planning process to finance the PCPA. The following strategies are under consideration to avoid closing the Center. These short term strategies are not sufficient to meet all needs identified by the Funding Needs Subcommittee, but will keep the facility open for the short term.

Operational

- **Cost cutting, efficiencies, and revenue raising.** These strategies are currently being explored via the MERC Business Plan. All functions of the PCPA will be explored to see if there are ways to cut costs or realize efficiencies. Various revenue raising ideas will also be explored.
- **Restructure current MERC resources.** A three percent hotel/motel tax presently supports the Oregon Convention Center. Due to the fact that the Convention Center has exceeded projections for business, its needs for subsidy are not as great as expected. It is conceivable that a portion of the hotel/motel revenues could be used to support the PCPA.

Capital

- **Private fund raising.** Capital needs might be financed, in part, by a private capital campaign that provides naming opportunities in conjunction with the PCPA's new

naming policy. This could take care of enhancements such as finishing the rehearsal hall or reconstruction of the seats in the Schnitzer Concert Hall.

- **General Obligation bond.** It is unlikely that a private capital campaign will take care of all capital needs. This is particularly true given the need to meet requirements of a new seismic code, something not considered by the Funding Needs Subcommittee since it was not in effect at the time. Meeting this code could cost several million dollars although the exact cost will not be known until a study is conducted. Depending on the cost, consideration should be given to a small regional general obligation bond measure that could combine several years' worth of deferred capital plus any seismic upgrades.

4. **Long-term Strategy for Arts Facilities (PCPA), Arts and Cultural Programs.** Metro should establish a regional arts and cultural program as specified in the draft ordinance attached to this report. The program should provide funding for arts programs, for cultural/scientific organizations and for programs which will implement the public service mission of the PCPA. Short term strategies will only provide minimal support for arts programs and only a base operational level for the PCPA. The base level would not cover reduced user fees, marketing, education, presentation/programming, and other fee reductions. (See Table 5, Summary of Recommendations.)

In establishing the regional arts and culture program, the following features are considered critical:

Purpose--The purpose should be to ensure access to arts and cultural programs for all of the region's children and families.

Goals--The program goals should be as specified in the findings, and performance measures should be developed to assess progress toward those goals.

Program Components--There should be two basic program components: a regional arts program and a cultural/scientific program.

Funding Level--The funding level should be between \$10-14 million depending on how much of the needed funds can be obtained from short-term strategies.

Private Fund Matching Requirement--There should be a match requirement designed to leverage additional private funding.

Fund Distribution--The final fund distribution will depend somewhat on how much permanent funding can be obtained from short-term strategies. Without the short-term strategies, a \$14.5 million program would be needed to provide \$8.5 million for the arts and \$6 million for the cultural/scientific program. If the short-term strategies can finance \$2 million or more of the arts needs the program funding level would need to be \$12 million, with about half going to each program.

Governance--The overall program should be administered via contract to a regional arts and cultural council that is a private non-profit entity. The organization should meet strict standards as specified in the draft ordinance and be required to meet annual performance goals.

Administration--There should be a limit placed on the amount available for tax collection and contract administration. This amount is dependent on the particular tax used for financing. A limit should also be placed on grants administration in the contract with the arts and cultural council.

A sales tax measure to support this program alone would have inordinately high collection costs. If a state sales tax were passed and a system for collecting the tax established, such a broad-based tax might have been the Task Force's choice with Metro simply levying a small add-on to an existing tax. This is a common funding method elsewhere.

Payroll taxes were not supported by businesses.

The personal income tax was not opposed by the business community, and as a result the Task Force examined this option carefully.

The personal income tax is progressive, flexible, and a powerful revenue generator. Low-income and disadvantaged citizens can be exempt, and the amount collected can be capped so no one pays an unfair share. The tax collection costs are minimal because the State Department of Revenue could collect it along with the state income tax.

Two examples of how an income tax surcharge might be levied are included in Table 6. The first example takes everyone on a graduated basis. The lowest tax payers are assessed \$5 per year and the highest \$65 per year. The second example exempts all taxpayers with an adjusted gross income level of \$30,000 or less. It caps the payment at \$100. In this scenario, only 37% of all taxpayers pay a surcharge.

TABLE 6

METRO FUNDING PROGRAM

Income Tax Surcharge Examples

		THREE COUNTIES				
Adjusted Gross Income Level	Average Taxable Balance	Number of Returns	Average Tax Due	Metro Surcharge Rate	Collections on Metro Tax Surcharge*	Cumulative Collections Metro Tax Surcharge
\$0-10,000	\$2,629	135,181	\$95	\$5	\$608,315	\$608,315
\$10,000-20,000	\$10,099	114,346	\$570	\$15	\$1,543,671	\$2,151,986
\$20,000-30,000	\$17,416	82,182	\$1,158	\$25	\$1,849,095	\$4,001,081
\$30,000-40,000	\$25,044	61,588	\$1,766	\$35	\$1,940,022	\$5,941,103
\$40,000-60,000	\$36,098	75,461	\$2,690	\$45	\$3,056,171	\$8,997,273
\$60,000-100,000	\$57,009	40,791	\$4,538	\$55	\$2,019,155	\$11,016,428
Over \$100,000	\$164,943	15,643	\$13,961	\$65	\$915,116	\$11,931,543
Totals		525,192			\$11,931,543	

* Assumes 90% of income tax returns in three county area are located in Metro. Data based on 1990 State tax returns.

		THREE COUNTIES				
Adjusted Gross Income Level	Average Taxable Balance	Number of Returns	Average Tax Due	Metro Surcharge Rate	Collections on Metro Tax Surcharge*	Cumulative Collections Metro Tax Surcharge
\$0-10,000	\$2,629	135,181	\$95	\$0	\$0	\$0
\$10,000-20,000	\$10,099	114,346	\$570	\$0	\$0	\$0
\$20,000-30,000	\$17,416	82,182	\$1,158	\$0	\$0	\$0
\$30,000-40,000	\$25,044	61,588	\$1,766	\$50	\$2,771,460	\$2,771,460
\$40,000-60,000	\$36,098	75,461	\$2,690	\$70	\$4,754,043	\$7,525,503
\$60,000-100,000	\$57,009	40,791	\$4,538	\$90	\$3,304,071	\$10,829,574
Over \$100,000	\$164,943	15,643	\$13,961	\$100	\$1,407,870	\$12,237,444
Totals		525,192			\$12,237,444	

* Assumes 90% of income tax returns in three county area are located in Metro. Data based on 1990 State tax returns.

The political feasibility of the personal income tax is its major disadvantage. In polling, it received the least support of all taxes (27%); however, we did not test the impact of exemption for low-income people, and a cap at the upper end. A strong campaign would still be needed to sell both the program and the fairness of the personal income tax. Additional polling is needed before Metro makes a final decision.

The Task Force carefully considered another option, recognizing the difficulty of passing an income tax. A food and beverage, or restaurant tax, was reviewed. It is a tax frequently used in other communities to finance arts and cultural programs. The tax was attractive since a majority of the population eat out at least once a month, and a 2% tax (20¢ on a \$10 meal) would generate sufficient revenue to fund the arts and culture program.

Discussions with the restaurant industry made it clear this option faced vigorous opposition. Arguments presented in opposition to the restaurant tax were 1) an industry directed tax did not meet the Task Force's requirement to find a broad-based tax option, 2) a restaurant tax was regressive since it is not based upon ability to pay, and 3) the lack of a collection system would place an undo administrative burden on the industry.

The Task Force decided that the restaurant tax was not an appropriate tax to recommend at this time.

- Public Support.** Metro should acknowledge that public support for arts and culture must be increased if a regional funding measure is to be passed. It is recommended that Metro acknowledge that two separate campaigns are needed to accomplish this.

One is a public information effort that seeks to gain a better public understanding of the value of the arts to the region's economy and quality of life. The Northwest Business Committee for the Arts has taken the leadership in developing this campaign. Metro should endorse this effort, participate cooperatively with the BCA and provide financial support where possible.

The second campaign is a political one in support of a ballot measure. This campaign must be developed and financed by advocate and business groups. Metro should require evidence that the requisite financial, political and public support can be marshaled by such groups prior to agreeing to place a specific funding measure on the ballot.

7. Next Steps--Implementation of these Recommendations.

A. Request that the Business Committee for the Arts act as the lead agency to oversee continued discussions of any taxing strategies among arts, culture, business, private supporters and governments. Metro should:

- Appoint a Metro Councilor as liaison to the BCA effort
- Provide funding to research specific strategies and do additional financial analyses and polling, as necessary.
- Designate Metro staff to support the research and to participate in continued discussions.
- Request progress reports every six months from the BCA on 1) growth in business, civic, and advocate group support; 2) growth in business contributions; 3) growth in contributions by private individuals; and 4) taxing strategies.

B. Target the election to occur no later than Fall 1995. This period of time assumes that 1-2 years is needed for the BCA to conduct a public relations campaign and 6 months to raise money for and conduct a ballot measure campaign. Metro should acknowledge that this time period may change depending on the results of polling and of efforts by the BCA and other groups to marshal support.

C. Acknowledge the Metropolitan Arts Commission as the lead agency to implement ArtsPlan 2000 Plus including the specific short term strategies for arts programs recommended in this report. Metro should:

- Appoint a liaison Councilor.
- Contribute an amount annually as bridge funding to meet growing needs for locally based planning, community development, program opportunities in underserved areas of Washington, Clackamas and East Multnomah Counties. These funds will bring Metro into the coalition of governments supporting regional arts development under a three to one matching grant from the National Endowment for the Arts, and enables MAC to strengthen the continued cultural planning needs in the balance of the 26 cities of the region.
- Request that MAC make reports every six months to Metro concerning the short term strategies; continued efforts to become a regional, non-profit cultural council; incorporation of cultural programs into grant program planning; community assessments and inventories of cultural resources; progress of cooperative and collaborative programs among local arts agencies and presenters; growth in funding; and, progress toward access, increased education and stability of arts and cultural organizations.
- Begin negotiations with Clark County to contract for services outlined in ArtsPlan 2000+ to be provided by MAC.

- D. Metro should reaffirm that short term strategies for the PCPA are its own responsibility, but such strategies should fit into the overall long range future for arts and culture.
- E. Metro should allocate funds to work with MAC to integrate arts and culture into Metro's long range planning efforts as it has for the Greenspaces program. This should include its work on 2040, the Future Vision Commission, the Regional Framework Plan, Light Rail Planning and its work with MPAC. The Metro Planning Department should be given responsibility for this task and staff provided to support the effort. Metro should request that MAC assist in identifying matching funds to support this integration.
- F. Metro should allocate funds in support of the BCA's public information campaign for the arts. These funds should be consistent with public purposes, but should be used much like the Greenspaces Program funds are to provide the public with an appreciation of our arts and culture resources as well as knowledge about how to take advantage of opportunities for public involvement.

V. APPENDICES

Funding Needs Subcommittee Report of November 24, 1992	Appendix A
Revenue Strategy Subcommittee Report of January 29, 1993	Appendix B
Revenue Strategy Subcommittee Report of December 20, 1993	Appendix C
Public Information Subcommittee Report of December 23, 1992	Appendix D
Denver Summary of August 5, 1992	Appendix E
Regional Arts Council Transition Team Report of January 21, 1993	Appendix F
The Nelson Report Poll Results of March 8, 1993	Appendix G
Funding Task Force Interim Report of May 25, 1993	Appendix H
Children's Scientific and Cultural Funding Proposal	Appendix I
Regional Administration of Cultural Funding and Programs Structure and Governance Issues	Appendix J
Oregon Restaurant Association memo regarding Proposed Restaurant-Only Sales Tax	Appendix K
Section-by-Section Analysis and Draft Metro Ordinance	Appendix L

M E T R O P O L I T A N A R T S C O M M I S S I O N
MEMORANDUM

November 24, 1992

To: Metro Arts Funding Task Force
David Knowles, Chair

From: Funding Needs Subcommittee
Clark Worth, Chair

Subject: Funding Needs Subcommittee:
Report & Recommendations

Summary

The Funding Needs Subcommittee has completed its work and reports to the Task Force annual (1993-94) regional arts fundings needs as follows:

Arts Programs	\$ 6.23 million
Arts Facilities*	\$ 2.31 million
TOTAL	\$ 8.54 million

We find significant unmet funding needs across the region for arts facilities and programs. These arts fundings needs parallel, but surpass the needs which were defined earlier by Arts Plan 2000 Plus and the Metro Facilities Task Force.

We believe the region's arts funding needs, as recommended by the Subcommittee, have been carefully considered, and enjoy broad-based community support. Successful implementation of the region's vision for the arts relies upon full funding of our Subcommittee's recommended priorities.

This is not an overly ambitious "wish list," in our view. Even if the Task Force ultimately succeeds, and these needs are fully funded, public arts funding for the Portland Metropolitan area will remain modest. At best our region will rise only to the level of low average among peer communities. And the package is still very affordable -- just about the ticket price of one movie per resident annually.

The attachments detail the arts funding needs identified and recommended by the subcommittee.

* PCPA only

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Funding Needs Subcommittee

A list of Funding Needs Subcommittee members is attached, along with the resource persons who attended regularly and participated in our fact-finding. On behalf of the Subcommittee, I want to express thanks in particular to: Pam Erickson, Sherry Oeser and Jane Poppel of Metro; Bill Bulick and Donna Milrany of Metropolitan Arts Commission; Robert Freedman of Portland Center for Performing Arts; and Tom Wolf. We could not have completed our work without the help they provided from meeting to meeting.

Our Subcommittee began meeting in June, and we finished our work five months later, on November 19. The starting point for our research was to review the needs identified earlier by Arts Plan 2000 Plus and the Metro Facilities Task Force. We first clarified the needs pinpointed in these earlier studies, then updated and expanded upon them. At each stage, we sought to focus on the most critical needs.

In the end, the Subcommittee agreed on the statement of arts funding needs which follows.

Arts Facilities Needs

Beginning with the work of the earlier Metro Facilities Task Force study of the Portland Center for the Performing Arts (PCPA) the Subcommittee updated the figures and expanded the estimates to include items which had not been covered earlier, including:

- Reduced rent and user fees for PCPA tenants.
- Marketing and programming costs.
- Reduced ticket surcharge.

The PCPA's annual funding needs a total of \$ 2.31 million (See Table 1). This includes fully funding all capital projects listed in the PCPA's ten-year capital plan (See Table 2).

Beyond the PCPA, the Subcommittee explored the capital needs for other arts facilities not currently operated by Metro and MERC. Portland Art Museum's needs total \$ 6.64 million (See Table 3). A number of other potential long-term regional arts facilities needs have also been identified -- but detailed plans and cost estimates are not available at this time.

Arts Program Needs

Again, the starting point for the Subcommittee's study was Arts Plan 2000 Plus. After each individual proposed program was scrutinized, the AP2+ budget was modified to:

- Expand the dollar amount and share of regional funds invested directly in outlying communities.
- Provide additional funds that would raise the level of public support for the major arts organizations from about 5% of their budgets (in Arts Plan) to 10%

- of budgets -- in keeping with peer communities across the U.S.
- Fund a long-range facilities planning program to evaluate the feasibility of newly proposed arts facilities.
- Provide support to arts organizations operating their own facilities (e.g., Art Museum).
- Fund a small fellowship program for individual artists, along the lines of similar programs operated by National Endowment for the Arts (NEA) and Oregon Arts Commission (OAC).

Arts program needs identified by the Subcommittee total \$ 6.23 million annually (See Table 4).

Other Regional Cultural and Scientific Funding Needs

Our Subcommittee received an added assignment late in our fact-finding process. In the light of the Task Force's interest in developing a possible regional "quality of life" funding measure, we were asked to explore funding needs for cultural and scientific facilities and programs beyond the arts-related focus of our charge.

In response, we have developed a list of these other potential needs to be considered by the Task Force. The list includes new programs/facilities, expansions of existing programs/facilities, and continuation of programs where current funding is threatened.

A total of \$ 40.3 million in annual ongoing needs and \$ 403.5 million in one-time needs has been identified (See Table 5).

I will underscore that our Subcommittee is not prepared to recommend that any of these specific funding needs be included in a regional funding proposal. In fact, it seems probable to us that any funding measure will not be able to accommodate all of these needs.

While we're not recommending a specific list of funding needs to be met, we have prepared a set of criteria which might help the Task Force set priorities (Enclosed).

What's Missing?

While our report and recommendations covers the bulk of regional arts funding needs (plus some others), we believe that our report does not fully address two areas of needs. First, we were unable to compile complete information on the Art Museum's long-term capital needs. There may be immediate and/or long-term capital needs beyond the figures shown in our report. Also, we do not yet have a complete picture of Clark County's arts program and facilities needs.

Further research is needed to better define these needs for the Task Force.

CW/mah

PCPA Annual Funding Needs Notes

PCPA Operational Support

This amount represents the estimated deficit for the 1993-94 fiscal year.

Reduced Rent to Non-Profit Arts Organizations

During the past year, PCPA and MERC management adopted a new three-tier rental rate policy for organizations using the facility. Separate rates are in place for major tenants, other non-profit arts organizations, and commercial groups.

Capital Improvements

Renewal and replacements are defined as basic maintenance. Enhancements include program upgrades and major capital needs. The amounts listed here represent an annualized need based on a nine-year project list which is attached.

Reduced User Fee

While the change in rent structure addressed much of the concern about the high cost of using the PCPA, the overall funding package desired by arts organizations was \$750,000, achieved by reducing both user fees and rent. This reduction to the user fee recognizes the need to further reduce the costs of the use of the PCPA to non-profit organizations, and represents approximately a 30% reduction in user fees.

Marketing

Both the Arts Plan 2000+ and Metro's Public Policy Advisory Committee for Regional Convention, Trade, Performing Arts and Spectator Facilities recognized the need for additional marketing efforts of the PCPA, both to enhance the image of the facility on a region-wide basis and to support the programs of tenant organizations.

Education Coordination and Programming

Again, both studies cited above recognized the growing need for arts education programs. This funding would enhance activities already in place (such as the summer educational workshops begun this past summer) and assist marketing and coordinating educational programs offered by resident/tenant companies. Such coordination can offer marketing efficiencies and a more effective delivery of program services.

Presentation/Programming

This amount is a net annual loss that might be experienced by the PCPA taking a more active role as a "presenter" of events, similar to the Hult Center in Eugene and many other performing arts centers. The idea is to carefully choose events that would complement and enhance the activities of resident/tenant companies. Particular attention would be paid to the kind of events that are currently bypassing Portland such as some jazz, family shows and Broadway shows.

Additional Support Staff

Staff positions that could be added include a Development Director, part-time Educational Coordinator, additional assistance in the Booking and Scheduling area, a full time Stage Hand for the New Theatre Building, and additional clerical support.

PCPA Overhead Reimbursement

Currently the PCPA charges a 25% overhead charge to users of all paid staff that are billed to the user. This amount would reduce the overhead charge to 20%, more accurately reflecting the direct costs of labor.

PCPA Ticket Service Charge

Currently, it is the practice to charge customers a service charge for purchasing tickets at PCPA box offices. This proposal eliminates the service charge for tickets for an event at any PCPA theatre. Service charges would still be charged to customers when purchasing tickets at other outlets or over the phone and for tickets sold for other venues such as Memorial Coliseum, Civic Stadium, and the Tacoma Dome.

PORTLAND CENTER FOR THE PERFORMING ARTS
Capital Projects Summary 1992-2001

ITEM#	DESCRIPTION	FY 92-93	FY 93-94	FY 94-95	FY 95-96	FY 96-97	FY 97-98	FY 98-99	FY 99-00	FY 00-01	TOTAL
REPAIRS/REPLACEMENTS											
1. ✓	Dressing Room Renovation, CA	✓5,000	✓5,000	✓10,000		✓15,000					35,000
2. ✓	Hallway Carpeting, CA		✓12,000	✓13,000	✓60,000	✓30,000					115,000
3. ✓	Control Booth, CA										
4. ✓	Stage Dimmers, CA	✓50,000	✓100,000	✓50,000							200,000
5. ✓	Luminaries, CA					✓25,000				✓30,000	55,000
6. ✓	Video Monitoring System, CA	✓43,000					✓10,000				53,000
7. ✓	Exterior Painting, CA	✓24,000	✓24,000								48,000
8. ✓	Reupholster seating, CA	✓40,000	✓60,000	✓80,000				✓50,000			230,000
9. ✓	Elect., Mech., Plumbing, CA	✓15,000	✓10,000	✓15,000	✓15,000	✓10,000	✓20,000	✓20,000	✓20,000	✓20,000	145,000
10. ✓	Top Coat Roof, CA		✓25,000							✓20,000	45,000
11. ✓	Energy Retrofit, CA	✓10,000		✓10,000		✓10,000					30,000
12. ✓	General Remodel, CA	✓10,000				✓20,000			✓50,000		80,000
13. ✓	Sound System Upgrade, CA				✓50,000				✓25,000		75,000
14. ✓	Reel to Reel Tape Machine, CA				✓5,000					✓5,000	10,000
15. ✓	Lighting Board CA										
16. ✓	Asbestos Abatement CA						✓50,000				50,000
17. ✓	Carpet Cleaner				✓5,000					✓5,000	10,000
18. ✓	Stage Drapes, CA				✓20,000					✓25,000	45,000
19. ✓	Revamp Front House Light Sys., CA										
20. ✓	Front House Furniture, CA							✓20,000			20,000
21. ✓	Restroom Remodel, CA				✓20,000					✓10,000	30,000
22. ✓	Front House Drapes, CA					✓25,000					25,000
23. ✓	Hallway Carpeting, ASCH			✓25,000		✓30,000					55,000
24. ✓	Elect., Mech., Plumbing, ASCH	✓10,000	✓10,000		✓15,000	✓15,000	✓10,000	✓10,000	✓15,000	✓15,000	100,000
25. ✓	Top Coat Roof, ASCH				✓20,000					✓20,000	40,000
26. ✓	Energy Retrofit, ASCH										
27. ✓	Flooring Replacement, ASCH							✓15,000			15,000

PORTLAND CENTER FOR THE PERFORMING ARTS
Capital Projects Summary 1992-2001
 (Page 2 of 2)

ITEM#	DESCRIPTION	FY 92-93	FY 93-94	FY 94-95	FY 95-96	FY 96-97	FY 97-98	FY 98-99	FY 99-00	FY 00-01	TOTAL
Renewals and replacements											
28. ✓	General Remodel, ASCH	20,000					25,000				45,000
29. ✓	General remodel, NTB				25,000		50,000	15,000			90,000
30. ✓	Energy Retrofit, NTB			20,000				20,000			40,000
31. ✓	Elec., Mech., Plumbing, NTB	15,000	15,000		10,000	10,000	15,000	15,000	15,000	15,000	110,000
32.	Integrated Computer System, NTB				15,000				20,000		35,000
33. ✓	Top Coat Roof, NTB	10,000			5,000					5,000	20,000
TOTAL REPAIRS/REPLACEMENTS		252,000	261,000	223,000	265,000	190,000	180,000	165,000	145,000	170,000	1,851,000
34. ✓	Reroof, CA				200,000						200,000
35. ✓	Replace Lobby Carpet, CA		50,000								50,000
36. ✓	Graphics & Signage, CA			100,000							100,000
37. ✓	Accoustical Remodel, ASCH		100,000								100,000
38. ✓	Redesign Stage, NTB		100,000								100,000
39. ✓	Complete Rehearsal Hall, NTB			1,000,000							1,000,000
40. ✓	Stage Material, ALL		50,000			50,000				50,000	150,000
TOTAL IMPROVEMENTS/ENHANCEMENTS			200,000	1,100,000	200,000	50,000				50,000	1,600,000
GRAND TOTALS		252,000	461,000	1,323,000	465,000	240,000	180,000	165,000	145,000	220,000	3,451,000

Redesign Seating, ASCH

1,500,000

1,200,000

3,551,000
 Combined Total = 3,451,000

1,500,000

TABLE 2

OTHER FACILITIES IN THE PLANNING OR CONCEPTUAL STAGE

ArtsPlan acknowledged the aspirations of communities around the region to build and/or renovate facilities, from the Portland Art Museum to the Mount Hood Cultural Center. Below is a list of those facilities:

(Capital and annual operating expenses were not available for most projects on this list.)

Arts Component in future Union Station/River District Project
Portland Art Museum upgrade (\$1.5 million)
Portland Art Museum Masonic Temple purchase/renovation (\$5.1 million)
Portland Art Museum Expansion
Beaverton Arts and Community Center
Beaverton Outdoor Amphitheater
Mount Hood Cultural Center
Albina Community Arts Center
Artists' Initiative Contemporary Project Space
Classical Chinese Garden and Museum
Willamette River Band Shell/Outdoor Theatre
Artists live, work and exhibition space (loft renovation) could occur in many parts of the region
Hillsboro Arts Center/Expansion of Washington County Fairplex
Fox Theatre purchase and renovation
Tualatin Commons Cultural Center
Tears of Joy Puppet Theatre/Vancouver, Washington
Shared space for smaller theaters and other non-profits
Yamhill Market renovation for use as multi-cultural artisans marketplace

Sources: Wolf/ArtsPlan Reports, Community Meetings

TABLE 3

PORTLAND ART MUSEUM CAPITAL NEEDS

Repair and Replacement		\$320,000
Roof repair to Museum	\$150,000	
Auditorium furniture and equipment	100,000	
Landscaping	25,000	
Exterior repairs	<u>45,000</u>	
	\$320,000	
Enhancements		\$6,322,000
Climate control system	\$1,100,000	
Ventilation system	122,000	
Masonic Temple/parking lot purchase and upgrade	<u>5,100,000</u>	
	\$6,322,000	
		<u>\$6,642,000</u>

EXPLANATION OF LINE ITEMS

Operating grants for large organizations--MAC's current level of support for the 15-20 organizations with budgets over \$100,000 is 2% of operating budgets. ArtsPlan recommended 5%; the Subcommittee recommends 10%.

Community programs outside of Portland--This category is for community programs in Washington and Clackamas counties as follows: Annual Operating Support for Local Arts Councils: \$330,000; Community Assessment/Priority Planning \$40,000; Special Local Community Initiatives \$100,000; Community Project Grants \$60,000; Urban/Suburban Touring Collaborations, \$300,000; and Arts Education in Local Communities \$125,000; and staff support.

Grants to small arts organizations--Funding for small organizations, multi-cultural groups, artists, neighborhood groups and for publicly accessible events and one-time projects.

Multi-cultural outreach--grants to commission works of multi-cultural artists, support for audience development, publication of professional development information.

Arts in education--Grants to local arts councils and other groups for curriculum development, teacher training, field trips; artists in residence, and awards for excellence.

Business management assistance--Provision of training, support for shared office space and other office services, salary assistance for small and emerging organizations.

Audience outreach and marketing--grants for free and low cost events, marketing and audience development collaboration grants.

Facilities planning support--Funding for development of new or enhanced facilities: \$20,000 for technical assistance for initial planning; \$80,000 for feasibility studies; \$100,000 matching grants for capital/operating support; and, \$60,000 for staff and overhead.

Grants to non-PCPA facilities--rent relief to arts organizations that operate in non-PCPA facilities.

Individual artists programs--a fellowship program, \$100,000; funds for special projects, \$50,000; support for an artists organization, \$5000, and a marketing/product development program, \$10,000.

Regional Arts Council overhead--cost to Council for administration of all programs.

**TABLE 5
OTHER REGIONAL/SCIENTIFIC CULTURAL FUNDING NEEDS CHART**

PROGRAM	ANNUAL OPERATING NEEDS	ONE-TIME CAPITAL NEEDS
CURRENT PROGRAMS - PUBLICLY OWNED AND OPERATED		
Zoo*	\$3,000,000	\$38,000,000
Libraries		
<i>Clackamas County**</i>	\$5,010,000	\$10,000,000
<i>Multnomah County* **</i>	\$20,400,000	\$30,000,000
<i>Washington County**</i>	\$6,850,000	\$0
Oregon Public Broadcasting	\$2,400,000	\$0
Civic Stadium	\$379,830	\$0
Memorial Coliseum	\$0	\$2,000,000
Oregon Convention Center	\$0	\$60,000,000
TOTAL:	\$38,039,830	\$140,000,000
CURRENT PROGRAMS - PUBLICLY OWNED/PRIVATELY OPERATED		
Children's Museum*	\$500,000	\$7,300,000
TOTAL:	\$500,000	\$7,300,000
CURRENT PROGRAMS - PRIVATELY OWNED AND OPERATED		
OMSI	TBD	\$5,000,000
Oregon Historical Society*	\$700,000	\$0
TOTAL:	\$700,000	\$5,000,000
NEW PROGRAMS - PUBLICLY OWNED AND OPERATED		
Greenspaces	\$750,000	\$200,000,000
End of the Oregon Trail	\$350,000	\$38,500,000
TOTAL:	\$1,100,000	\$238,500,000
NEW PROGRAMS - PRIVATELY OWNED AND OPERATED		
Native American Cultural Center	TBD	\$4,191,000
Wash. Co. Hist. Society Territorial Farm	\$0	\$8,500,000
Lewis & Clark 2005 Project	TBD	TBD
TOTAL:	\$0	\$12,691,000
GRAND TOTAL:	\$40,339,830	\$403,491,000

* Faces critical funding problem within five years; possible closures, substantial curtailment of programs.

**These are total operating budgets. Each is funded by a serial levy and other local funds. Total cost of the three serial levies is \$16.1 million (see Explanations).

TDB = To be Determined. OMSI estimate expected in 1-2 weeks, others are unknown.

EXPLANATIONS

CULTURAL/SCIENTIFIC PROGRAMS:

Metro Washington Park Zoo--The Zoo was granted a tax base by the voters in 1990, but due to Measure 5 is unable to use the entire tax base. As a result, they are drawing down a fund balance. For 1992-93, the beginning fund balance was \$4.7 million and the ending balance was expected to be \$4.1 million. Since the tax base is regional, it may be further constrained as Clackamas and Washington counties reach the cap. The fund balance is expected to last about three to five years depending on how other revenue sources fair. Therefore, it would appear that the Zoo may be short as much as \$1 million per year. The property tax revenue constitutes 27.5% of revenue with a budget of \$17 million. As part of a package, the Zoo Director suggests that their Animal Management function be funded as it is always difficult to raise funds for it. That cost would be \$3 million per year.

The Zoo has some unfunded capital projects associated with the new light rail station. The Zoo and the other attractions at that location (OMSI and the World Forestry Center) will be assessed \$2 million as their contribution which will likely come from current Zoo operating funds. Other costs associated with the light rail involve reconstructing the parking lot, reorienting the Zoo entrance to align with the new station, and landscaping costs. The Zoo is developing a new masterplan. This plan calls for a 25-year, 5-phase approach for further development of the Zoo. The first phase would include the entrance realignment and a new Oregon Exhibit with total construction costs estimated at \$36 million. Costs for the parking lot reconstruction are estimated at \$2 million, for total capital needs of \$38 million. A possible source of funds to pay for a portion of these costs are parking fees that would be assessed to visitors.

Source: Metro 1992-93 Budget, Metro Financial Planning Manager, Chris Scherer; interview with Sherry Sheng, Zoo Director, and Kay Rich, Assistant Director.

Libraries

	<u>Serial Levy</u>	<u>Other Funds</u>	<u>Total Operating Budget</u>
Clackamas	\$ 3,230,000	\$ 1,780,000	\$ 5,010,000
Multnomah	8,200,000 *	7,800,000	16,000,000
Washington	<u>4,700,000</u>	<u>2,150,000</u>	<u>6,850,000</u>
	\$16,130,000	\$11,730,000	\$27,860,000

* Without Measure 5 cap, levy would have generated \$10.3 million.

Clackamas County--Clackamas County has a cooperative library system with 10 city libraries and 3 county branches in the unincorporated areas. Operations are financed by a county-wide Library Serial Levy and local funds. For the most recent fiscal year (91-92), the total budget was \$5,010,000. Of this amount, \$1,780,000 came from city tax revenues and the remainder (\$3,230,000) was raised by a serial levy. The current 3 year rate-based (.29/1,000) levy expires June 30, 1994. If the levy is not renewed at that time, some city libraries would close and most others would be in a funding crisis.

In the current fiscal year, the estimated revenue raised by the library serial levy will be \$3,698,987. Distribution is estimated as follows: network services - \$808,568; to cities - \$1,855,526; to County Library branches - \$1,034,893. County Library operations are in leased facilities with a need to locate to a full service library in the Sunnyside area at an estimated cost of between \$5 to \$10 million (pending actual site location and design requirements). City libraries are owned and developed by city governments with varying levels of capital need for remodeling or replacement.

Source: Joanna Rood, Administrator, Library Information Network of Clackamas County.

Multnomah County--The library's 1991-92 budget was \$16 million which represents curtailed operations. Full operation would cost \$20 million. Funding sources are the county general fund (\$5 million), a three year serial levy (\$8.2 million) and other funds. Without Measure 5 the levy would have generated \$10.3 million. The levy runs out in 1993. As a replacement tax the county has levied a utility tax, which was recently referred and will go to the voters in March 1993. If the tax is defeated, a critical shortfall will exist. Capital funds in the amount of \$29.6 million are needed to renovate and repair the Central Library and replace the Midland Branch. The utility tax is intended to fund that as well.

The downtown library is used by citizens from the entire region and from other counties as well. A regional system exists for checking out books whereby other counties are charged for check-outs. Below are the estimated charges to Clackamas and Washington counties for FY 92-93:

Washington County--\$42,865

Clackamas County--\$70,528

It is possible that these figures may double as the charging agreement is currently under review by a committee and may undergo changes. The cost of reference and other services used by people outside Multnomah County is currently being born by the county. Restrictions may be implemented.

Source: Presentation by Ginny Cooper and the Library Board to the Regional Funding Task Force 6/16/92.

Washington County--Washington County has a cooperative library system that is financed by local and county funds. For the most recent fiscal year the total budget was \$6.85 million. Of the total, \$4.7 million came from a 3 year serial levy and the remainder from local funds (primarily city tax revenues with a small amount raised privately). This March the county will go for a new serial levy. Currently, their levy is 45 cents per thousand. Due to the large increase in assessed valuation in Washington County they are able to lower their request to 40 cents per thousand. If the levy does not pass, there will be a critical need. There are no current unfunded capital needs.

Source: Peggy Forcier, Administrator, Washington County Cooperative Library System.

Oregon Public Broadcasting--Oregon Public Broadcasting is Oregon's public television and radio network. Its mission is to improve the quality of life for all Oregonians by providing radio, television and other telecommunications services that inform and educate. State funding has decreased substantially during the past decade. In the early 1980s, the state provided about 65% of OPB's funding. For the 1993-94 fiscal year, state funding is estimated to be about 20% of OPB's budget. Because of Measure 5 cuts, a proposal to make OPB a private non-profit is now under consideration. The \$2.4 million identified here is about 20% of OPB's budget.

Source: Oregon Blue Book, 1991-92; Kim Duncan, Oregon Public Broadcasting.

Civic Stadium--Capital is included in operating cost. A higher estimate for capital was used to include an annual average of all needs for the next nine years. Included is anticipated turf replacement at a cost of \$1 million.

Memorial Coliseum--The \$2 million is an estimate for improvements needed to meet the new Seismic Code. Other improvements are part of the Trail Blazer deal.

Oregon Convention Center--Expansion for the Oregon Convention Center would cost an estimated \$60 million.

Children's Museum--The Children's Museum was formerly owned and operated by the City of Portland Parks Bureau. Presently, the building is owned and maintained by the city, but the program is operated by a private non-profit. For the year 1990-91, the City provided \$398,195 (general fund and rent allowance) out of a total operating budget of \$773,454. The Museum has a critical capital problem in that they will need to meet ADA standards by July 1, 1994. An assessment of costs is currently underway, but is likely to be expensive if it is even possible. The building is old (1905) with narrow halls. Even if it can be renovated, there is the additional need to meet seismic codes that may not be possible nor economically feasible. Plans for a new building that would have cost \$7.3 million over four years were abandoned due to inability to raise sufficient private funds. The city's general fund support may be at risk depending on the city's future budget position. Attendance at the Museum has grown to 133,500 visitors which is twice the attendance 10 years ago.

Source: Children's Museum Annual Report, 1990-91, and interview with Director Bob Bridgeford.

OMSI--OMSI has already exceeded their target for their most recent capital campaign. They will begin a new one for \$5 million to finish some of the aspects of the new site. Ticket prices have been set at \$6.50 for adults and \$4.00 for children. There are additional charges for the Omnimax and Planetarium shows. Operating costs are to be funded by meeting targets for attendance. Although it is difficult to project based on a few weeks since opening, they are not yet meeting targets. A deficit seems likely at this point. Parking is insufficient and people are staying longer which exacerbates the parking problem. They are presently working on trying to finance two or three days a year where admission is one-half price. The cost per each half-price day is \$7,000-10,000. They have extensive education programs for children, some of which may be affected by Measure 5. A total of 80,000 school children visit via field trips. The

schools must pay a group fee for this activity. It is likely that this funding will be reduced or eliminated in a lot of schools. In addition, the state Department of Education provides some funding for programs. Whether this will continue is unknown.

Source: Marilyn Eichenger, Director; Dottie Wilson, OMSI Development Director.

Oregon Historical Society--The Society maintains the state's historical collections and research center. This center provides the research on historical authenticity that supports museums, tourist attractions and commemorative events. While this is a statewide function, an estimated 85% of the service is in the Metro region. The research function, which represents 25% of their operation, is financed by the state. This function has suffered from cuts due to Measure 5. The Society lost \$236,000 in state general fund dollars in the 1991-93 biennium (or \$118,000 per year). For the next biennium, the Governor's budget will most likely eliminate all of their funding. This amounts to about \$700,000 per year, or 25% of their total budget.

Source: Interviews with Chet Orloff, Society Director, and Myron Roberts, Finance Director.

Greenspaces--The Metropolitan Greenspaces program is a program to preserve wildlife habitat and open spaces for the Region. The \$200 million general obligation bond measure on the November ballot did not pass. It will likely be placed on a future ballot. At present, no funds are available for maintenance of the land once purchased. A recent study of the cost of maintenance for two options--"land banking" and "basic maintenance"--suggested that the cost for land banking will reach \$282,000 by the year 2000 and basic maintenance will be at \$759,000; the cost will continue to rise as land is acquired. Various possibilities are being explored as a source of funds.

Source: Metro Financial Planning Manager, Chris Scherer, and Financial Study conducted by Public Financial Management, Inc.

End of the Oregon Trail--The total capital cost for this project is currently estimated at \$46.5 million. Of that amount, Metro intends to place a general obligation bond measure on a future regional ballot to finance construction of the project. Federal, state and private funds will make up the difference. Operational support needed is currently estimated at \$350,000. While no source has been dedicated, the mostly likely source is revenue from the County's recently restructured hotel/motel tax.

Source: End of the Oregon Trail Masterplan, Letter of Request from Clackamas County regarding regional funding of the project.

Native American Cultural Center--The American Indian Association of Portland Cultural Center is a proposed facility of 18,100 square feet to be built at Delta Park on land owned by the City of Portland. It will include a community center for gatherings and events, and a learning center with an arts program room, gallery and rentable studios.

Source: Stastny & Burke: Architecture.

Washington County Historical Society Northwest Crossroads Village and Farm-- This is a major part of the Historical Society's long range plan. Over a period of ten years, they plan to recreate the village of Glencoe (near North Plains) and a small farm. It will be a living history exhibit circa 1890-1920. The focus will be on the history of agriculture. Financing will come through an \$8.5 million private fundraising campaign. Of that total, \$3 million will be for an endowment which will be the source of operating support. The \$8.5 million does not include land acquisition, as it is anticipated that this can be acquired through donations.

Source: Joan Smith, Executive Director.

Lewis and Clark 2005 Project--This is a project that is only in the conceptual stage at this point. The idea is to celebrate the 200th anniversary of the Lewis and Clark Expedition by inviting the best intellectual and artistic talent in the world to Portland for a brief period of time. For that time, Portland would be the intellectual and artistic center of the world. It would be a gathering place for lectures, concerts, exhibits of art, science history; opportunities would exist to show off Oregon's accomplishments and natural beauty.

Source: Interview with Chet Orloff, Oregon Historical Society.

12/1/92

To: Regional Funding Task Force
David Knowles, Chair

From: Revenue Strategy Subcommittee
Jerry Drummond, Chair

Date: January 29, 1993

Subject: Revenue Strategy Subcommittee Recommendations

The Revenue Strategy Subcommittee has two basic recommendations:

1. A response to the original charge of identifying a financing mechanism for arts programs and facilities. This consists of funding options for a core arts program at the dollar level recommended by the Funding Needs Subcommittee.
2. An alternative approach that the Subcommittee presents as its preferred option. This is an expanded cultural/scientific program proposal. The proposal includes a draft program ordinance, a recommended package of organizations and institutions to be funded and a series of financing options.

The development of a preferred option was influenced by a recognition that other cultural and scientific programs in the region have needs that are equal to those in the arts. It just makes sense to propose a comprehensive, coordinated means of addressing those needs.

SUMMARY OF RECOMMENDATIONS:

1. Recommendations for Funding a Core Arts Program only (\$8.54 million) — The sub-committee forwards two options for consideration: a 6% Admissions Tax plus 0.15% income tax on taxable income over \$60,000 (plus corporate tax) and a 0.12% income tax on taxable income over \$40,000 (plus corporate tax). The latter is our preferred option.
2. Proposal for a Broad-Based Cultural and Scientific Program — The sub-committee developed a draft program design that has access to cultural programs and education for the region's children and families as its central purpose. It also aims to limit administration and bureaucracy, guarantee funds for local programs and specify program funding through percentage allocations.
3. Program Package Options — From an inventory of the region's cultural and scientific programs, the sub-committee proposes three package options, all of which are considered viable. The preferred option includes funds for the arts, the zoo, libraries, the Children's Museum, OMSI, Oregon Historical Society, and End of the Oregon Trail.
4. Finance Options for a Cultural/Scientific Program — The sub-committee presents three possible taxes to fund a cultural package: sales, income, payroll. The sub-committee recommends an income tax which excludes income under \$20,000 (taxable income) and includes a corporate income tax.

I would like to thank all of the committee members for their time, their helpful comments and the energy they devoted to this task. I believe the approach we are recommending is both workable and one that will ultimately benefit our region for generations to come.

RECOMMENDATIONS FOR FUNDING A CORE ARTS PROGRAM

Using the Funding Needs Subcommittee recommendations for funding the arts programs and facilities, the following tax options would raise approximately the amount of money needed which is \$8.54 million per year.

1. Restaurant Tax — a 1.25% tax generates \$10.4 million, sufficient to pay for programs as well as cost to administer tax. This tax is a common source of funding for the arts. It is justified because the arts generate spending in restaurants by bringing in touring companies and visitors to event locations. It would add \$.12 to a \$10.00 meal. (See Table 1).
2. Admissions Tax plus Hotel/Motel Tax Increase — 7.09% tax on paid events and movies generates \$2.1 million plus a 5% increase in Hotel/Motel tax generates \$7.6 million for a total of \$9.8 million. (The Admissions Tax would replace the current user fee at the PCPA and Stadium. It would exclude the Coliseum and new arena because a comparable tax will be in place at those facilities). Both of these taxes are commonly used to support the arts. The tax would add \$.43 to the price of a \$6.00 movie ticket. The hotel/motel tax would increase to 14% in Multnomah County, 12% in Washington and 11% in Clackamas versus a national average of 10%. (National average on sales tax plus lodging tax = 10%). (See Table 2).
3. Admissions Tax plus Income Tax — A 6.03% admissions tax on movies and other paid events generates \$1.8 million. A 0.15% income tax on taxable income over \$60,000 plus a corporate income tax generates \$8.1 million for a total of \$9.9 million. Under this scenario, the price of a \$6.00 movie ticket is \$6.36 and the tax on \$60,000 taxable income is \$89.41. The combination taxes users of entertainment programs and those in higher income brackets (only 11% of all those filing returns are taxed). (See Table 3).
4. Income Tax — a 0.12% tax on taxable income over \$40,000, plus corporate income tax generates \$9.6 million. This option taxes those in higher income brackets who are more likely to be the users of arts facilities and programs. The additional tax per return on an income of \$40,000 would be \$48. (See Table 4).
5. Sales Tax — a 0.15% tax exempting food and drugs nets \$10.7 million. It would add 1¢ to a \$10 purchase. Cost of administration is estimated at \$1.1 million. (See Table 5).

Discussion

Use of the sales tax is not large enough to justify the high cost of implementation. An income tax may be salable if the benefits are clear to those who are to be taxed. By taxing those over \$40,000 taxable income, you tax only the top 25%; therefore, it leaves the majority tax-free. All corporations would be taxed under this scenario.

Recommendation

It is the committee's assessment that options 1 and 5 are not feasible due to the high cost of implementation and collection. If the state should implement a sales tax, that assessment would change and the sales tax might become the preferred option. Given the current situation, the subcommittee recommends options 2, 3 and 4 for consideration with #4 being the preferred option.

CORE PROGRAM FUNDING

Table 1.

Funding From Restaurant Tax

Source of Tax Revenues	Restaurant Receipts
Estimated 1991 Revenue:	\$1,323,263,000.00
Metro Adjustment Factor (% of Revenue produced in Metro):	90%
Est. Revenue Produced in Metro:	\$1,190,936,700.00
Est. Non-Alcohol Revenue:	70%
Est. Metro Taxable Revenue:	\$833,655,690.00
Target Collections:	\$8,540,000.00
Est. Cost of Administration (1):	\$811,724.00
Est. Collection Rate (% of levy collected):	90%
Gross Levy Necessary:	\$10,390,805.00
Tax Rate Necessary for Target:	1.25%
Added Cost to a \$10.00 Meal:	\$0.12

(1) Assumes \$500,000 base administration cost and point of sale retains 3% of tax levied.

CORE PROGRAM FUNDING
Table 2.

Admissions Tax / Hotel Motel Tax Combination

Source of Tax Revenues	Admissions Charges to Events
Estimated 1991 Revenue:	\$30,000,000.00
Metro Adjustment Factor (% of Revenue produced in Metro):	100%
Est. Revenue Produced in Metro:	\$30,000,000.00
Target Collections:	\$1,650,000.00
Est. Cost of Administration (1):	\$263,793.00
Est. Collection Rate (% of levy collected):	90%
Gross Levy Necessary:	\$2,126,437.00
Tax Rate Necessary for Target:	7.09%
Tax on a \$6.00 Movie Ticket:	\$0.43

Source of Tax Revenues	Charges for Hotel/Motel Occupancy
Estimated 1991 Revenue:	\$158,881,250.00
Metro Adjustment Factor:	95%
Est. Revenue Produced in Metro:	\$150,937,188.00
Target Collections:	\$6,890,000.00
Est. Cost of Administration (2):	\$0
Est. Collection Rate (% of levy collected):	90%
Gross Levy Necessary:	\$7,655,556.00
Added Tax Rate Necessary for Target:	5.07%
Tax on a \$50.00 Room Bill:	\$2.54

Total Target Collections:	\$8,540,000.00
Gross Levy Necessary:	\$9,781,992.00

- (1) Assumes \$200,000 base administration cost and point of sale retains 3% of tax levied
 (2) Since there is a collection system in place, there would be no additional cost to collect a larger percentage. However, it is likely that Metro would share in current collection costs.

CORE PROGRAM FUNDING

Table 3.

Admissions Tax / Personal (\$60,000 and Over) and Corporate Income Tax

Source of Tax Revenues	Admissions Charges to Events
------------------------	------------------------------

Estimated 1991 Revenue (1):	\$30,000,000.00
Metro Adjustment Factor (% of Revenue produced in Metro):	100%
Est. Revenue Produced in Metro:	\$30,000,000.00
Target Collections:	\$1,375,000.00
Est. Cost of Administration (2):	\$254,310.00
Est. Collection Rate (% of levy collected):	90%
Gross Levy Necessary:	\$1,810,345.00
Tax Rate Necessary for Target:	6.03%
Tax on a \$6.00 Movie Ticket:	\$0.36

Source of Tax Revenues	Personal and Corporate Income
Estimated 1990 Revenue (3):	\$6,019,017,212.00
Metro Adjustment Factor (% of revenue produced in Metro):	90%
Est. Revenue Produced in Metro:	\$5,417,115,491.00
Target Collections:	\$7,165,000.00
Est. Cost of Administration:	\$100,000.00
Est. Collection Rate (% of levy collected):	90%
Gross Levy Necessary:	\$8,072,222.00
Added Tax Rate Necessary for Target:	0.15%
Tax on \$60,000 Taxable Income:	\$89.41

Total Target Collections:	\$8,540,000.00
Gross Levy Necessary:	\$9,882,567.00

(1) Excludes PCPA, Stadium, Coliseum and new arena because they all have or will have a user fee comparable to a 6% tax.

(2) Assumes \$200,000 base administration cost and point of sale retains 3% of tax levied.

(3) Reflects an estimated \$1.1 billion in corporate taxable income and \$4.919 billion in personal taxable income. Tax imposed only on taxable income over \$60,000.

CORE PROGRAM FUNDING
Table 4.

Funding From Personal (\$40,000 and Over) and Corporate Income Tax

Source of Tax Revenues	Personal and Corporate Income
Estimated 1990 Revenue (1):	\$8,739,280,096.00
Metro Adjustment Factor (% of revenue produced in Metro):	90%
Est. Revenue Produced in Metro:	\$7,865,352,086.00
Target Collections:	\$8,540,000.00
Est. Cost of Administration:	\$100,000.00
Est. Collection Rate (% of levy collected):	90%
Gross Levy Necessary:	\$9,600,000.00
Tax Rate Necessary for Target:	0.12%
Tax on a \$40,000 Taxable Income:	\$48.00

(2) Reflects an estimated \$1.1 billion in corporate taxable income and \$7.639 billion in personal taxable income. Tax imposed only on taxable income over \$40,000.

CORE PROGRAM FUNDING

Table 5.

**Funding from Retail Sales Tax
(Food and Drug Purchases Exempted)**

Source of Tax Revenues	Retail Sales
Estimated 1991 Revenue:	\$8,160,344,000.00
Metro Adjustment Factor (% of revenue produced in Metro):	90%
Est. Revenue Produced in Metro:	\$7,344,309,600.00
Target Collections:	\$8,540,000.00
Est. Cost of Administration:	\$1,070,345.00
Est. Collection Rate (% of levy collected):	90%
Gross Levy Necessary:	\$10,678,161.00
Tax Rate Necessary for Target:	0.15%
Tax on \$10.00 Taxable Purchases:	\$0.01

(1) Assumes \$750,000 base administration cost and point of sale retains 3% of tax levied.

PROPOSAL FOR A BROAD-BASED CULTURAL AND SCIENTIFIC PROGRAM

The attached program represents the committee's preferred solution to the problem of long-range funding for the arts. The solution takes a broader view to encompass a wider variety of cultural and scientific programs. It takes as its public purpose, access and education for the region's citizens and children. The attached proposal is a draft. It is recognized that many of the details will change and that there are sections left incomplete to permit negotiation on the governance issue with the appropriate government entities. However, it is recommended that the following principles currently embodied in the program proposal be retained:

- Central program purpose — access to cultural programs and education for the region's children and families
- Limit on use of funds for administration
- Minimize bureaucracy, decision-making layers, complex funding mechanisms
- Specify which programs will get how much through the use of percentage allocations and formulae
- Provide a mechanism by which other counties or jurisdictions outside Metro's boundaries can join or enjoy some of the benefits via contract
- Provide a mechanism to permit reaffirmation/reauthorization of the program and to adjust to changing needs
- Provide a guaranteed portion of funds for local programs
- Utilize Metro's regional jurisdiction and taxing power
- Use a broad-based tax

It should be emphasized that none of the programs mentioned in this proposal have formally agreed to join the program. Informal discussions have taken place with all of them, but no decisions have yet been made. Once the Task Force finalizes its recommendations, formal steps can then be taken to form a coalition of organizations.

DRAFT ORDINANCE FOR A BROAD-BASED CULTURAL/SCIENTIFIC PROGRAM

Section 1. Title

Entitle the program the Columbia-Willamette Cultural Investment Program to broadly reflect the metropolitan region around the Columbia and Willamette rivers and to reflect its purpose as a public investment mechanism for cultural programs.

Section 2. Purpose

The purpose is to ensure that all citizens of the region have access to cultural programs and that the region's children have opportunities for cultural education.

The funds are designed to further the following public policy goals:

- A. Enhance the economic development of the region through cultural job creation, visitor attractions, and cultural programs which attract new businesses.
- B. Ensure that all citizens have access to regional cultural programs.
- C. Ensure that all children have cultural education opportunities.
- D. Stabilize and strengthen the region's cultural organizations.
- E. Promote cultural diversity in programming, education, audience, leadership and participation.
- F. Promote an environment for innovation, creativity and artistic excellence.

Section 3. Declaration of Need

A statement such as the following should be included:

The Metro Council finds that our cultural assets — including artistic, scientific, and historical programs and facilities — are vital to our region's economic, educational, and recreational well-being. Preservation and enhancement of these assets are critical to continued economic development because they create jobs, bring in visitors and help attract new businesses. The programs inspire our children, give them knowledge and teach them discipline. The Metro Council declares that all citizens should have access to our cultural programs and benefit from the lessons of our heritage.

Section 4. Definitions (to be refined as the program package is finalized and organizations make decisions whether or not to join the program)

Eligible programs are as follows:

- A. Arts programs — visual, performing and literary arts; arts education and technical assistance, marketing to visitors and regional audience
- B. The Metro Washington Park Zoo
- C. The Oregon Museum of Science and Industry
- D. Historical programs — programs for historical research and education, museums, expositions, interpretive centers
- E. The Children's Museum
- F. Multi-purpose cultural facilities and programs
- G. Library programs

As the drafting of this proposal progresses a number of definitions will need to be added to clarify intent.

Section 5. Geographic Area

Create a regional cultural investment program to serve the citizens of the region of the Metropolitan Service District and any such jurisdictions that elect to join the program pursuant to Section 12.

Section 6. Creation of Cultural Investment Program

Create a program to include three categories of funding:

- A. Funding for specifically named entitlement programs and facilities that will receive a specific percentage of the funds on an annual basis. These are large, regional programs. Examples are the Zoo, OMSI, and libraries.
- B. Investment in a program for cultural operating grants, education and technical assistance. (Operating grants would be provided for regional cultural organizations based on a formula.)
- C. Investment in community and emerging cultural organizations. These would be small programs defined by a formula.

Develop incentives in all three categories to leverage other funds and facilitate public/private partnerships.

Section 7. Creation of a Regional Body to Oversee and Implement the Program (to be determined)

- A. Appointment.
- B. Membership.
- C. Representation.
- D. Terms of office.
- E. Initial Terms of Office.
- F. Chairperson.
- G. Vacancies.
- H. Removal.
- I. Elected Officials.
- J. Election of Officers, Rules of Organization.

Section 8. Powers and Duties of Regional Oversight Entity (to be determined)

Section 9. Define Administrative Duties

The administrative responsibilities should include:

- A. See that the funds go to the entities intended in the most efficient means possible.
- B. Provide information to each major entity funded concerning the public purposes for the funds and restrictions on their usage.
- C. Account for funds expended and provide a brief annual report with a list of programs funded.

- D. Develop a simple, efficient way to determine that the funds were used properly. For example, each entity receiving funds could be required to ask their auditor to make a written determination about the proper use of the funds in the annual audit.
- E. Determine whether the public purposes of the program were achieved.
- F. Develop a reauthorization package when reauthorization is required.

Section 10. Tax Imposed, Collection of Tax, Use and Administration

- A. A broad-based tax should be collected and the costs paid from the proceeds.
- B. The proceeds of the tax should be used for the sole purposes of the Columbia-Willamette Cultural Investment Program in accordance with the policies adopted by the electors of the region.
- C. Upon voter approval of the levy and collection of the tax, the revenues should be distributed annually as follows:
 - i. ___ percent to large regional facilities and programs that are specifically named. The percent and purpose based should be specified and described in this section.
 - ii. ___ percent for regional cultural programs.
 - iii. ___ percent for local programs.
 - iv. ___ percent for administrative expenses.

Section 11. Allocation of Funds to Local Jurisdictions (to be determined)

Section 12. Other Jurisdictions Electing to Join the Program

Any other political jurisdiction in Oregon or Washington may elect to join the Program and obtain a fair share of benefits provided they do the following:

- A. Pass appropriate legislation authorizing them to join.
- B. Allocate an amount comparable to the per capita amount levied in the District.
- C. Authorize allocation of those funds in the same manner as in this program.
- D. Provide one year's notice of termination.
- E. Agree that membership terminates upon failure to provide the required funding.

The program may devise a schedule for contracting with jurisdictions desiring specific limited benefits of the program.

Section 13. Sunset

In order for the program to continue operation past June 30, 2004, Metro will be required to draft reauthorization legislation and submit it to the voters. A reauthorization election may be scheduled as much as two years in advance, but no later than one year in advance of the sunset date. Should there be a failure at the ballot, another opportunity would be available for a modified reauthorization proposal to be submitted.

(Alternative Section 13.) Reauthorization

Every five years, the Executive Officer of Metro shall conduct a review of the program and propose a reauthorization to the Metro Council. At that time the Council may modify any funding formula to adapt to changing needs. Any change to one or more of the funding formulae that is greater than 10% will require submission to the region's voters for reauthorization.

DEVELOPMENT OF CULTURAL PROGRAM PACKAGE OPTIONS

The Funding Needs Subcommittee developed an inventory of cultural programs in the region including estimates of capital and operating needs. They also considered and adopted criteria for funding. Our subcommittee used the criteria to develop several cultural program package options. Below is a description of the steps used in developing these options. (Inventory and Criteria are attached in "Background Information" section).

Step 1 — Central Program Purpose

Several criteria address the central purpose of our proposed cultural program, which is "to ensure that all citizens of the region have access to cultural programs and that the region's children have opportunities for cultural education." These criteria are: cultural/scientific programs v. recreational and other programs; cultural educational opportunities, access, cultural diversity, etc.

Alternative A — Eliminate Civic Stadium, Memorial Coliseum and the Oregon Convention Center. The primary purpose of these facilities is entertainment, convention and exposition, not cultural, scientific or educational.

Alternative B — Eliminate Greenspaces. Although the Greenspaces program has an educational aspect, its major focus at this point is environmental preservation of open space for wildlife habitat and other environmental reasons. While the program has a definite scientific aspect, again its primary focus is preservation. The program does not specifically promote tourism, cultural diversity, access to the underserved although it may do all of these things eventually or indirectly.

Step 2 — Addresses Current Needs

Several criteria relate to a strong focus on current needs that are well-defined and have broad public appeal.

Alternative A — Eliminate new programs. Given the critical funding problems with current programs and facilities and the vast array of other public funding needs created by Measure 5, it is hard to sell funding for new programs.

Alternative B — Eliminate all one-time capital needs. Use of the property tax to finance General Obligation bonds remains a very viable tool for capital projects because such bonds are not subject to the limitation of Measure 5. Private capital campaigns are planned or underway for some of the private projects and also represent a viable means of private financing for non-profit facilities. It is operational funding that presents the greatest difficulty for financing and, at this point, the greatest need.

Step 3 — Regionalized Funding

Because the program is designed to be regional, several criteria speak to the regional nature of the program, the regional appeal, and the appropriateness of regional funding.

Alternative A — Eliminate Oregon Public Broadcasting. This is a statewide broadcasting program with stations and services all over the state. It really is not a regional program nor does it lend itself to separation of a regional component. It may be worthwhile to fashion the eligibility criteria so that OPB can receive a partial operating grant or special project grants. OPB will become a private non-profit if the governor's recommendation goes through and will experience a shortfall in state funds. OPB's mission focuses on access and education and is, therefore, very close to the purpose of this program.

Alternative B — Eliminate Oregon Historical Society. This is an organization that serves the entire state and could be eliminated for that reason. The case is weaker, however, than for elimination of OPB. There are no satellite facilities in other parts of the state — its exhibition facility and services are in Portland. The Governor's budget eliminates state funding for OHS.

Alternative C — Eliminate all but the regional aspect of the library system. While regionalized funding for the entire system may be desirable, substantial analysis and planning would be needed prior to preparing a request for regional funding. Each county provides a different level of service, there are differing amounts of local matching funds and capital needs are different. However, it may be possible to regionalize in stages. Multnomah County is considering elimination of the services it provides to other counties because they are not adequately compensated. This would mean that reference services and the ability to check out books would only be available to residents of Multnomah County. It should be possible to identify a cost of providing funds for regional services for which Multnomah County could be reimbursed.

Step 4 — Package Options

	<u>A - \$16,040,000</u>	<u>B - \$16,890,000</u>	<u>C - \$47,650,000</u>
Zoo	2,000,000	2,000,000	2,000,000
Libraries	2,000,000	2,000,000	32,260,000
Children's Museum	500,000	500,000	500,000
OMSI	3,000,000	3,000,000	3,000,000
OHS	0	500,000	500,000
EOT	0	350,000	350,000
OPB	0	0	500,000
ARTS	8,540,000	8,540,000	8,540,000

RECOMMENDATION

The sub-committee presents all three packages as viable options but considers Option B to be the preferred option at this point in time. The difference between Options A and B is that Option B adds \$850,000 for the Oregon Historical Society and the End of the Oregon Trail. For a relatively small additional amount these important regional programs can be maintained. Option C provides full regional funding for libraries. While a regional library system with regional funding was considered important by the sub-committee, additional time is needed to analyze the systems, finances and needs in the three counties as well as to examine the various alternative regional library models. Therefore, full regional funding for libraries should be a consideration for the future.

FINANCE OPTIONS FOR CULTURAL PACKAGE A — \$16.9 MILLION

Table 6 presents financing options for each package using three broad-based taxes: sales, income and payroll. The property tax serial levy was not considered an option because of limitation of Ballot Measure 5.

1. **Sales Tax** — a 0.28% sales tax generates \$20.8 million. Collection costs are \$1.4 million. Food and drug sales are exempt. The measure taxes visitors as well as residents with the tax burden on high spenders. It would add \$.03 to a \$10 purchase.
2. **Income Tax** — An income tax of 0.18% plus corporate tax generates \$19.4 million. People with taxable incomes of \$20,000 and under are exempt. The tax on \$30,000 taxable income is \$55.33.
3. **Payroll Tax** — A 0.18% payroll tax generates \$19.6 million. The tax on \$500,000 payroll is \$892.30.

Discussion — Setting aside political and historical realities, the sales tax is easiest to sell because the impact is in very small increments. Those who spend more on consumer goods pay more, tourists get taxed whereas they don't at present, and it can be sold on the basis that everyone pays a little bit for a large benefit to the community at large. The high cost of implementation and the fact that we have no sales tax current represent stumbling blocks. If a sales tax is to be recommended it might be advisable to include the full cost of replacing the library serial levies to justify the implementation costs. The income tax also has salable features and can be made more salable if it exempts the poor. It is more difficult to sell on the basis of cost per person because it is paid by return (often representing a household or married couple). There is a perception that Oregon's income tax is too high already which may negate the ability to raise it even by a very small amount.

Recommendation — The subcommittee finds that options 1 and 3 are not feasible at this time. Once again, if there were a statewide sales tax, option 1 might be the preferred option. The subcommittee felt that the Payroll Tax would not garner the support of the business community. The income tax is our preferred option. It has the advantage of generating sufficient revenue by increasing a small amount of the tax for those who are most likely to afford it.

Table 6.

PACKAGE OPTIONS PRODUCING \$16,890,000 ANNUALLY			
Source of Tax Revenues:	Personal and Corporate Income (1)	Retail Sales	Payrolls
Estimated Taxable Revenue:	\$11,708,423,405	\$8,160,344,000	\$11,560,880,829
Metro Adjustment Factor:	90%	90%	95%
Est. Revenue Produced in Metro:	\$10,537,581,065	\$7,344,309,600	\$10,982,836,788
Target Collections:	\$16,890,000	\$16,890,000	\$16,890,000
Est. Cost of Administration:	\$100,000	\$1,358,276	\$250,000
Estimated Collection Rate:	90%	90%	90%
Gross Levy Necessary:	\$18,877,778	\$20,275,862	\$19,044,444
Tax Rate Necessary for Target:	0.18%	0.28%	0.17%
Tax on \$30,000 Taxable Income:	\$53.74	N/A	N/A
Tax on a \$10.00 Taxable Purchase:	N/A	\$0.03	N/A
Tax on \$500,000 of Payroll:	N/A	N/A	\$867.01

PACKAGE OPTIONS PRODUCING \$16,040,000 ANNUALLY			
Source of Tax Revenues:	Personal and Corporate Income (1)	Retail Sales	Payrolls
Estimated Taxable Revenue:	\$11,708,423,405	\$8,160,344,000	\$11,560,880,829
Metro Adjustment Factor:	90%	90%	95%
Est. Revenue Produced in Metro:	\$10,537,581,065	\$7,344,309,600	\$10,982,836,788
Target Collections:	\$16,040,000	\$16,040,000	\$16,040,000
Est. Cost of Administration:	\$100,000	\$1,328,966	\$250,000
Estimated Collection Rate:	90%	90%	90%
Gross Levy Necessary:	\$17,933,333	\$19,298,851	\$18,100,000
Tax Rate Necessary for Target:	0.17%	0.26%	0.16%
Tax on \$30,000 Taxable Income:	\$51.06	N/A	N/A
Tax on a \$10.00 Taxable Purchase:	N/A	\$0.03	N/A
Tax on \$500,000 of Payroll:	N/A	N/A	\$824.01

PACKAGE OPTIONS PRODUCING \$47,650,000 ANNUALLY			
Source of Tax Revenues:	Personal and Corporate Income (1)	Retail Sales	Payrolls
Estimated Taxable Revenue:	\$11,708,423,405	\$8,160,344,000	\$11,560,880,829
Metro Adjustment Factor:	90%	90%	95%
Est. Revenue Produced in Metro:	\$10,537,581,065	\$7,344,309,600	\$10,982,836,788
Target Collections:	\$47,650,000	\$47,650,000	\$47,650,000
Est. Cost of Administration:	\$100,000	\$2,418,966	\$250,000
Estimated Collection Rate:	90%	90%	90%
Gross Levy Necessary:	\$53,055,556	\$55,632,184	\$53,222,222
Tax Rate Necessary for Target:	0.50%	0.76%	0.48%
Tax on \$30,000 Taxable Income:	\$151.05	N/A	N/A
Tax on a \$10.00 Taxable Purchase:	N/A	\$0.08	N/A
Tax on \$500,000 of Payroll:	N/A	N/A	\$2,422.97

(1) Reflects an estimated \$1.1 billion in corporate taxable income and \$10.608 billion in personal taxable income. Tax imposed on taxable income over \$20,000.

REVENUE STRATEGIES SUBCOMMITTEE REPORT

December 20, 1993

PCPA**1. Update on the MERC Business Plan**

The aim of this Plan is to achieve financial stability for each of the MERC facilities including the PCPA. So far, there have been two public meetings for PCPA and a base budget is currently being prepared. Recommendations will go to the Commission at a work session on November 30. At this time the exact recommendations which will result from the Plan are not known, but some of the options under consideration are discussed below. As the Subcommittee will recall, the financial situation for the PCPA is particularly critical as the fund balance for that facility will be depleted in fiscal year 95-96.

2. Short-term Strategies for PCPA

As a point of reference, the Funding Needs Subcommittee table for PCPA is attached. The needs are divided into two categories: Operating Needs and Program Improvements. A short-term strategy could be developed to finance the operational support, reduced rent, and at least some of the capital needs. This would require \$1.3 million. These might be funded with the following strategies:

Operational

- **Cost-cutting, efficiencies, and revenue raising.** These strategies are currently being explored via the MERC Business Plan. All functions of the PCPA will be explored to see if there are ways to cut costs or realize efficiencies. Various revenue raising ideas will also be explored. Examples are re-negotiating contracts to gain greater percentages of concession and merchandising revenues.
- **Restructure current MERC resources.** A three percent hotel/motel tax presently supports the Oregon Convention Center. Due to the fact that the Convention Center has exceeded projections for business, a sizable fund balance has accrued. It is conceivable that a portion of the hotel/motel revenues could be used to support the PCPA.

Capital

- **Private fund raising.** Capital needs might be financed, in part, by a private capital campaign that provides naming opportunities in conjunction with the PCPA's new naming policy. This could take care of large, visible expenditures such as finishing the rehearsal hall or reconstruction of the seats in the Schnitzer Concert Hall.

- **General Obligation bond.** It is unlikely that a private capital campaign will take care of all capital needs. This is particularly true given the need to meet requirements of a new seismic code, something not considered by the Funding Needs Subcommittee since it was not in effect at the time. Meeting this code may cost as much as \$2 million although the exact cost will not be known until a study is conducted. Depending on the cost, consideration should be given to a small regional general obligation bond measure that could combine several years worth of deferred capital plus any seismic upgrades. A question regarding this strategy was included in a regional poll in 1991. While the response was not particularly positive, the pollster's analysis suggested that the response was an anomaly and should change once the furor about the property tax dies down. Once again, these strategies are being considered within the MERC Business Plan process.

Recommendation

It is recommended that the Task Force endorse and support MERC's work in considering these methods of financing PCPA for the short-term.

3. Long-term strategies for PCPA

It is possible that the short-term strategies will not cover all of the operating and capital needs. If that is the case, these will need to be included in the larger package of arts and cultural programs. It is unlikely that any of the short-term strategies would provide enough funding for the Program Improvements. Therefore, these items also need to be included as part of the larger package.

Recommendation

After the MERC Business Plan is complete, the funding needs for PCPA should be reassessed. Any needs not covered by the Plan should be included as part of the larger arts and culture program, provided they are endorsed by MERC.

ARTS PROGRAMS

1. Short-term

The Funding Needs Subcommittee identified \$6.2 million in needs for Arts Programs as indicated in the attached table. Short-term strategies might be:

- Preserve current programs and funding levels. This could be accomplished by dedicating current resources. At the present time, MAC receives about \$1.3 million in general fund revenues from the City of Portland and Multnomah County. These jurisdictions should be asked to dedicate a like sum of money to MAC's program. This could be accomplished by dedicating 1% of the hotel/motel tax currently collected by the city of Portland. The money should be used to preserve current programs. Other jurisdictions, including Metro, should be asked to dedicate resources as well.

- Increase private fund raising. ArtsPlan revealed that private funding for the arts is low compared to other like-sized communities. At the present time, the Northwest Business Committee for the Arts is working to upgrade small, mid-size and large business donations as well as increase private giving. This is not only critical as a short-term funding strategy, but is necessary to help pass a regional funding measure.
- A small regional tax for high priority programs. There are some kinds of excise taxes that relate to arts and entertainment, but don't raise sufficient revenue to be a long-term solution. One of these taxes could be used as part of the solution, part of a package or a short-term solution. For example, a new 6% Entertainment Tax would raise about \$1.3 million, a 1% region-wide increase to the hotel/motel tax would raise about \$1.6 million, and a 5% region-wide increase to the auto rental tax would generate \$3.1 million. A short-term tax could be a temporary measure with a sunset conditioned on passage of a larger regional tax.

Recommendation

The Task Force should recommend that current funding be preserved and dedicated to a regional arts program. The Task Force should also support and endorse the Northwest BCA's efforts to raise the level of private and business funding. Metro should continue to support the use of a broad-based tax to support arts and cultural programs. The use of "niche taxes" should be considered only as a last resort, as a broad-based tax is believed to be a more appropriate source of revenue for these needs.

2. Long-term

The short-term strategies mentioned above--if all were successfully implemented--would reduce the total amount needed from \$8.5 million to between \$2 to 4 million. If only the recommended strategies were implemented, the amount needed would be \$5.5 million. The latest version of the Cultural Funding Program totals \$6 million. This means that the amount needed from a long-term funding strategy would be approximately \$8-12 million. This is the amount that needs to be funded from a broad-based tax.

Earlier, this subcommittee considered four broad-based taxes with these results:

- **Property Tax**--While a serial levy would be technically feasible, the cap placed by Measure 5 would reduce the amount that could be gained plus it would reduce the amount all other governments received from the tax.
- **Income Tax**--While many felt this to be a good solution, it is notoriously unpopular. There is a widespread belief that the Income Tax is unfair. The wealthy think they get hit too hard and the poor think the wealthy don't pay it because of all the loopholes. The timing also may be problematic as the state may institute an income tax surcharge now that the sales tax measure has failed.

- **Sales Tax**--The subcommittee felt that this would be the best tax for the program, except for the cost of developing a collection system. Without a state system to collect the tax, it is cost prohibitive. There has been some talk about a regional sales tax to support schools. If this comes to fruition, an add-on might be feasible.
- **Payroll Tax**--This tax is one that Tri-Met uses to support transit. It is not one which would receive business support.

Given the problems with these four basic taxes, what other options exist?

- Combinations of smaller taxes into a package. You could package a regional hotel/motel tax increase, a rental car tax increase and an admissions tax and reach \$10 million if you raised them high enough. (A 3% hotel/motel tax increase, a 5% car rental tax increase and a 6% entertainment tax raises \$9.2 million.)
- 2% Restaurant Tax. This tax raises anywhere from \$13 to \$15 million depending on the assumptions. At 2% it would add \$.20 to a \$10.00 meal. The tax is actually very broad based. A survey of adults in the Portland region indicated that 93% dined out in the past 30 days. Most spend around \$10 or less when they dine out. (See attached study, "Dining Out in Portland.") This tax would not be easy to pass. Last spring, a restaurant tax was on the ballot in Ashland and Eugene. It passed in Ashland and failed in Eugene. It was vigorously opposed by the industry in both communities. A major argument used in Eugene was that it was a tax on a basic life need, i.e. food.
- Negotiate with state officials to preserve the local option. This would pave the way for a small sales tax to finance the program. It would be a very long-term strategy since the Legislature doesn't convene until 1995 unless a special session is called. It would then need to wait until a statewide tax is passed and a collection system established. Then, a regional measure would need to go to the ballot.
- Join forces with Metro's efforts to find long-term financing for planning, governance and Greenspaces. Metro may go to the ballot for a large funding measure to finance these activities at some point in the future.

Recommendation

The Subcommittee wishes to forward two alternatives for consideration by the Metro Council. These are as follows:

1. **A small income tax.** A tax of .1% on personal income would generate \$10,911,335. It would cost \$10.05 per person or \$23.08 per tax return per year (generally, a household of more than one person). Adding a .1% tax on corporations would increase the total yield to \$12,011,335. The calculations include an exemption for taxable incomes under \$20,000. Metro should also consider a cap at the high end.

2. **A small restaurant tax.** A 2% tax generates between \$13 and \$16 million per year depending on the assumption about how much of restaurant spending is alcoholic beverages which cannot be taxed. While this is not a broad-based tax in the sense that it hits a single industry for taxation, it applies broadly to those who dine out. The Subcommittee understands that the position of the restaurant industry would be to oppose the tax and to wage a vigorous campaign in opposition.¹

If any tax is to be passed there must be substantial support from constituent groups and the business community. It is recommended that arts, culture and business groups begin discussion of these strategies. If support is not there, then the last resort alternative (niche taxes) would have to be considered.

¹ It was also noted that Task Force member Harold Pollin, who is a member of the restaurant industry, would support the industry position and, therefore, does not join in support of this recommendation.

**METRO**2000 S.W. First Avenue
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Memorandum

To: Regional Funding Task Force
David Knowles, Chair

From: Pam Baker, Public Information Subcommittee Chair

Date: December 23, 1992

Subject: Recommendations for a Public Information Campaign

The Public Information Subcommittee has prepared the attached recommendation for a public information campaign. As indicated in our report, we suggest that those committee members who are willing continue to serve on a steering committee for the campaign. I am particularly pleased with the amount of expertise and dedication of members on this subcommittee. Their work has been invaluable and I hope to retain their help and enthusiasm as we move forward with this project.

CAMPAIGN TO ENHANCE THE ARTS

Purpose

Because art is essential to our region's prosperity, the purpose of the campaign is to gain the public's understanding of the role art plays in achieving that prosperity and to gain the region's financial commitment to support the arts.

Goals

Our discussions focused on the need to counter the notion that art is a pursuit of the elite. We all strongly agreed that art plays a role in everyone's life. It may be a favorite painting on the living room wall, a child's first piano recital, a concert in the local park or square dancing with friends. Art has a unique ability to teach, to instill discipline, to inspire and to soothe. It is the soul of our community. Without art we are sterile and lifeless. There is a segment of the population for whom art is not a high priority. Yet, even those must recognize that a flourishing arts community is essential to attracting new businesses--especially those with family-wage jobs. Likewise, the arts are key to attracting large conventions and other visitor opportunities that bring dollars to our community.

Because we felt that the public has not realized the key role that art plays in their life, we believe that the initial appeal in a campaign should be emotional. It should focus on the simple things in a person's daily life that are influenced by art. From that point, we should then move to the more standard educational messages about the economy, teaching, etc.

With this in mind, the goals should be:

1. Conduct a public information campaign that is designed to:

Expand the public's definition of the arts

Publicize the important role the arts play in the education of children and adults

Publicize how the arts enrich the whole region not just downtown Portland

Publicize the important role the arts play in maintaining a strong economy

Gain recognition of the need for access to the arts for all citizens and children

Gain an understanding of the importance of diversity in participation in all aspects of the arts.

2. Obtain recognition of the need for additional funding for the arts from business, civic and arts advocate organizations. This should ultimately result in a large coalition of groups that will support a public funding measure.

3. Conduct a campaign that will gain public financial support for the arts at a level appropriate for a community of our size and sufficient to stabilize our art programs.

Methods

1. Start-up Public Information Campaign--Goal 1

- * Develop key messages, unifying slogan and logo
- * Prepare ad slicks and other materials
- * Focus on arts audiences and existing vehicles--newsletters, programs and playbills.

2. Expanded Public Information Campaign--Goals 1 and 2

- *Enlarge focus to include civic groups and the general public
- *Tailor approach to expanded audiences
- *Refine key messages, slogan and logo
- *Develop PSAs
- *Develop Speaker's Bureau, speech materials

3. Political Campaign--Goals 1, 2, and 3

- *Develop selling points for revenue ballot measure
- *Develop ad campaign, speech material, fact sheets, etc.
- *Revise Speaker's Bureau, speech materials

Sponsoring Agencies

The Business Committee for the Arts has taken on the task of private leadership and advocacy for the arts. In that regard, sponsorship of the public information campaign by the BCA would be a most appropriate role. Partnership with the business community is crucial to the ultimate success of any public funding measure; therefore, the BCA's leadership in both the public information campaign and the political campaign is key.

Several conversations have taken place with leaders and staff of the BCA. It is our understanding that they are willing to assume responsibility for a public information campaign including raising funds and obtaining pro bono resources. It has also been suggested that members of our subcommittee serve as a steering committee for the BCA's campaign. The committee also should include representatives from the appropriate governments currently involved in the process.

For a political campaign, a coalition of organizations will be needed to form a campaign organization. We would expect the BCA to play a major role in this phase as well. The ultimate configuration of the campaign committee will depend on which organizations and programs are included in the funding package.

Budget

A major focus is needed in the area of resources. Without a budget that provides sufficient resources for staff dedicated to a campaign as well as professional expertise in advertising and media, a campaign will not even get off the ground. Our committee has in its members an enormous reservoir of talent, yet none has the time to produce the tools needed. That takes a great deal of hard, concentrated work.

For the initial campaign, we estimate that at least a .5 FTE be devoted to the effort in addition to a contract with a professional to develop logos, themes, media tools, etc. There should also be sufficient resources to do paid advertising rather than rely only on PSAs and other free or low cost resources. Attached is a list of tasks that need to be performed by a staff person and a list of available tools. We estimate that a budget of at least \$50,000-\$100,000 be targeted for a 6 month campaign. Substantial pro bono assistance would be expected along with the ability to use free or low cost vehicles.

For the political campaign, a great deal more would need to be done particularly with the mass media since the target is now all voters. It would be our advise that the Denver experience be viewed as a model. That campaign cost \$750,000 in 1989 which in today's dollars would be more like \$900,000.

Use of Survey Research

On several occasions the Subcommittee discussed the importance of survey and market research. This is particularly crucial for the political campaign in order to determine the public's level of understanding of the arts, the need for additional public funds, what such funds are for, the consequences of failure to secure additional moneys, the value people place on the arts, what aspects of the arts they find most important and the best selling points for a public funding program.

A successful campaign must be uniquely tailored to this community and focus on the specific benefits to be obtained.

PUBLIC INFORMATION CAMPAIGN

STAFF TASK LIST

1. Develop computerized mailing list of:

Regional and community media contacts (Metro has one)

Arts organizations (BCA has one)

Business and civic organizations (check with Ann Mason of Light Rail Project)

2. Manage contract with ad agency to produce campaign tools

Set up Steering Committee

Set up meetings and send out notices, agendas, materials

Work with agency to produce products within deadlines

3. Handle mechanics of press releases or press conferences

4. Complete mailings of press releases, newsletter stories, etc. as scheduled

5. Develop and manage speakers bureau

Work with ad agency to develop speaker's materials

Obtain list of speakers and ensure they are prepared

Develop list of organizations for speech opportunities in priority order

Manage process of requesting speech time, making all necessary arrangements and issuing press releases for speaking engagements

EXISTING VEHICLES FOR START-UP CAMPAIGN

1. Local and community newspapers

Send press release relating to December 9 event

Send follow-up draft story on importance of the arts

2. Government agency newsletters that are sent to employees and involved citizens

Send follow-up story on importance of the arts

Send brief fact statements (ArtBites) for small spaces

3. Arts organizations newsletters and programs

Send follow-up story on importance of the arts

Send ArtBites

4. Civic organizations

Send story and ArtBites and request to speak at one of their programs

Develop speaker schedule

**METRO**2000 S.W. First Avenue
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Memorandum

DATE: 8/5/92

TO: Regional Facilities Committee

FROM: Pamela S. Erickson  Project Manager

SUBJECT: Report on Visit to Denver's Cultural and Scientific District

Introduction

The traditional approach to funding of cultural institutions such as museums, zoos and performing arts organizations has been a combination of local support plus state and federal grants. This approach has been inadequate in recent years for a variety of reasons. Federal and state sources have been on the decline and cities are frequently strapped financially. The flight of citizens to the suburbs has created a loss of tax revenue but an increased usage of and demand for cultural opportunities. Therefore, some communities have looked for a dedicated source of funds to finance cultural institutions. As a dedicated source there are two general options--a "niche tax" most commonly the hotel/motel tax or a broad based tax such as the sales, income or property tax. The niche tax approach usually does not require a vote but it rarely generates much revenue. A broad based tax is generally levied over a multi-county urban region. This generates a significant stream of revenue for a very small assessment for each citizen or business.

Examples of communities that have enacted broad-based dedicated taxes are Denver, Dayton, and St. Louis. Several other communities are studying similar approaches including Kansas City which recently passed authorizing legislation in both states which form the urban area.

Recently David Knowles and I met with key officials in Denver to learn about their program. We met with their political consultant and campaign manager, District Administrator, Performing Arts Center Director, key legislative sponsor and the Council of Governments Director.

Problem Addressed

Denver has a large array of cultural facilities that are used by residents of the six-county metropolitan region and by tourists. These are: large institutions (zoo, natural history museum, art museum and botanic garden), mid-sized organizations (mostly performing arts), and smaller community organizations. All of these organizations experienced funding problems, but the critical problem involved the elimination of state funding for the four large institutions. State funding constituted 40% of all revenues for these four.

Public Policy Objectives

The leadership came from the boards of directors of the large institutions which are non-profits. Originally their objectives were financial stability to be achieved through a regional tax base that was fair and provided some funds to local communities. As the proposal developed over a period of three to four years, other objectives were embraced. These were:

- Frugality--A limit was put on administrative costs.
- Comprehensive--The program was developed to meet all cultural needs, not just some.
- Economic Development--The program was to help boost tourism as Denver moves from a mining to a service economy. Denver has featured large, highly visible exhibits such as Ramses II to draw tourists.
- Diversity--There was a desire to promote diversity in programming and audience for the cultural institutions
- Education--Cultural opportunities for children was considered extremely important. Denver has a large Children's Museum that is very well attended.
- Accessibility--There was a desire to keep admissions prices low so all citizens could attend. For example, the program allowed restoration for Saturday to be a "free day" at the Natural History Museum.

Description of District

A tax increase of one-tenth of one percent was levied to generate approximately \$17 million. This money is distributed as follows:

Tier I (65%): The four large institutions by a percentage specified in the Act.

Tier II (25%): Granted to institutions and organizations with operating budgets over \$700,000 by formula specified in the Act.

Tier III (10%): Distributed to each of the six counties based on their contribution to the sales tax revenues and granted to local institutions by local boards.

(See attached description for more detail.)

Campaign and Selling Points

The initial proposal lost at the legislative level. It consisted of funds earmarked for the four large institutions and local communities. It was killed by two factors: the performing arts organizations were left out and the four institutions were bickering over who got how much. The second attempt was successful; it included the performing arts organizations and the four organizations were required to reach an agreement on how much each would get. Apparently, there was strong consideration to including the library but it was left out.

Suburban support from both politicians and arts organizations was obtained by providing 10% of the revenue. While it is a small percentage, District officials said it was far more than local organizations were getting from government sources and much more than they were ever likely to get.

Selling points focused on a small amount of money for a large benefit. Emphasis was placed on the fact that it would cost the average citizen 2 cents per day or \$.57 per month the price of a cup of coffee. Campaign slogans included, "The smallest change can make the biggest difference." "A ticket to the future for pennies a month." and "Put in your 2 cents for the Cultural Facilities District." Symbols took advantage of the most popular institutions--the zoo and the natural history museum (polar bear and dinosaur). Concerted efforts were made to appeal to seniors and supporters of children's programs.

Campaign funds were raised almost entirely by the boards of the four institutions. About \$700,000 was raised. There was very little publicity about the proposal until all parties were in agreement and all the needed endorsement were obtained. The campaign itself was brief. It began on Labor Day and ran until the November election. Public support as evidenced by polls was very high from the outset. A poll run in May and again in September before the election each showed 64% in favor. The measure passed by a 3 to 1 margin.

Experience to Date

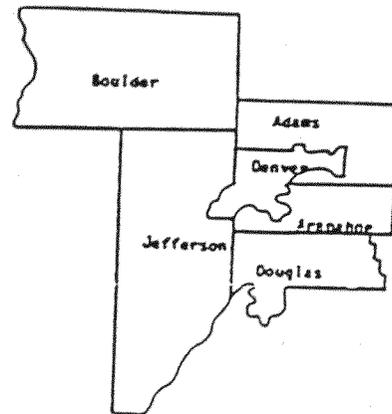
Sentiment in Denver about the District is very positive. Not only has the District brought financial stability but the measure has raised more money than expected. The arts organizations which banded together for the campaign are doing much more collaborative work including some joint marketing. Institutions do a lot of integration of art forms. For example, the Botanic Garden had an exhibit of stained glass art and the state capital had a large exhibit of quilts hanging at the various levels of the three rotundas. There is some concern that the funds allotted for administration are inadequate. The measure severely limited administrative funds. Currently, the District employs 2.5 FTE to operate the program. Tier III programs are operated almost entirely by volunteers. The largest expense comes from operating the Tier II and Tier III grant programs which represent only 35% of the funds. The process of application, review, and distribution is very labor intensive. Therefore, any similar program should seek to provide adequate administrative funds, avoid using a grant process, or minimize the granting process.

Scientific and Cultural Facilities District

On November 8, 1988 voters in Denver, Colorado overwhelmingly approved a one-tenth of one percent sales tax increase to support scientific and cultural facilities in the six-county metropolitan area. Proceeds of the tax will produce an estimated \$13 million per year for Denver's cultural community.

Region

The population of the Denver metropolitan region is 2 million. In the six metro counties including Adams, Arapahoe, Boulder, Denver, Douglas and Jefferson over 500 arts and science organizations have been identified.



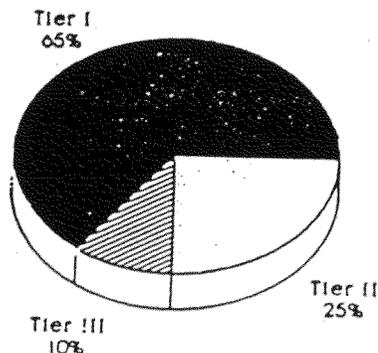
Need

Reduced support for these institutions necessitated the formation of a scientific and cultural district. In 1982, the state legislature ended direct financial support, which forced the major institutions to charge admission. Over the past 10 years, city support was reduced by 40 percent for the zoo, natural history museum, art museum and botanic gardens. Though public funding was being generated primarily by the city of Denver, surveys revealed that most of the visitors to these institutions were residents of the suburbs and the state. The SCFD is providing a more extensive and equitable basis of public support.

Metro residents also recognized how important these institutions are for economic development. A single exhibit like Ramses II attracted close to 900,000 visitors to the natural history museum and contributed \$50 million to the local economy. Clearly, tourism is Colorado's most important industry.

Recipients

Beneficiaries of the district tax are divided into three tiers. Tier I includes the four regional cultural institutions—the zoo, natural history museum, art museum and botanic gardens. These institutions will receive 65 percent of the funds or approximately \$8.3 million. Tier II includes mainly performing arts organizations with annual operating incomes of \$700,000 or more. Qualifying institutions in the second tier category will receive 25 percent of the tax revenues or approximately \$3.2 million. The remaining 10 percent or \$1.3 million will be allocated to smaller theatres, orchestras and art centers located within the six-county metropolitan area.



Distribution

Tax revenues will be distributed bi-annually to qualifying cultural institutions. Of the total amount, 70 percent of the funds in each tier is fixed, and 10 percent is discretionary. Criteria for distributing discretionary funding will be based on regional impact, accessibility, quality and need.

Tier I

<u>Percentage/Amount</u>	<u>Institution</u>	<u>Share</u>	<u>Amount</u>
65% or \$8.3M	Natural History Museum	33%	\$2.5M
	Zoo	26	2.0
	Art Museum	26	2.0
	Botanic Gardens	15	1.1

Tier II

<u>Percentage/Amount</u>	<u>Institution</u>	<u>Share*</u>	<u>Amount</u>
25% or \$3.2M	Performing arts and other institutions budgets and with annual operating incomes over \$700,000.	Based on budgets and paid attendance	\$2.9M

- * The legislation requires that equal weight be applied to annual operating income and annual paid attendance in determining distribution formula.

Tier III

<u>Percentage/Amount</u>	<u>Metro County</u>	<u>Share*</u>	<u>Amount</u>
10% or \$1.3M	Adams	14%	\$164,500
	Arapahoe	22	258,500
	Boulder	9	105,800
	Denver	36	423,000
	Douglas	1	11,800
	Jefferson	18	211,400

- * Share is based on sales tax collected. A volunteer cultural council will be appointed in each county to receive requests and distribute funds appropriated by the District Board.

Board

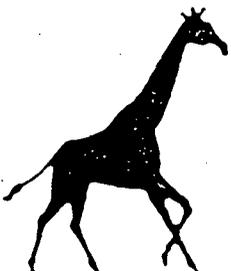
A nine-member board of directors, with one representative from each of the six metropolitan counties and three appointed by the governor, will review financial and attendance data from the institutions, distribute funds according to formulas and allocate 10 percent discretionary funds. Each board member serves a three-year term. Monthly board meetings are open to the public.

Administration

Administrative expenses for the district are limited to 3/4 of 1 percent of total revenues collected or approximately \$100,000 per year.

Accountability

Accountability will be maintained through mandatory review requirements, defined administrative procedures and public meetings.



Kansas City Bi-State Cultural District

Developing a bi-state cultural district for your region will require consideration of the total level of tax revenue that should be proposed and funding percentages for specific categories. Also, discussion is needed of the amount of funds to be provided cultural entities (existing and planned) and formulas/or methods for distribution to specific organizations or categories of organizations.

Denver's percent of revenue:

One factor to review is the percentage of the budgets that Denver cultural institutions receive from the Scientific and Cultural Facilities District. In Denver's cultural district, the range of financial support for the established cultural entities is indicated in Chart #1 below:

Chart #1				
Denver's Scientific and Cultural Facilities District Contributions to Tier I and Tier II Organizations				
	Total Dollars and Percentage of Income			
	1991 Attendance (000)	1991 Income¹ (Mil.)	1991 SCFD Revenue (Mil.)	SCFD as % of Income
<i>Tier I</i>				
Museum of Natural History	1,500	13.5	3,200	24
Denver Art Museum	289	9.7	2,600	27
Zoo	1,200	5.6	2,600	46
Botanic Gardens	<u>207</u>	<u>4.1</u>	<u>1,500</u>	<u>36</u>
Tier I Total	3,196	32.9	9,900	30
<i>Tier II</i>				
Arvada Center	164	2.7	578	22
Central City Opera	29	1.7	220	13
Children's Museum	274	1.8	713	40
Colorado Music Festival	19	.7	107	15
Colorado Ballet	55	1.2	225	19
Colorado Symphony	160	3.2	619	19
Performing Arts (DCPA)	249	6.7	1,135	17
Historic Paramount	37	1.0	170	17
Opera Colorado	<u>27</u>	<u>1.5</u>	<u>195</u>	<u>14</u>
Tier II total	1,014 ²	20.5 ³	3,961	19
Tiers I and II	4,210	53.4	13,861	26
<p>1 Income refers to operating income excluding funds for capital projects.</p> <p>2 Tier II organizations only received SCFD funds for paid attendance. They also reported 227,000 as unpaid attendance.</p> <p>3 Tier II organizations must exclude some income for the purpose of calculating the SCFD formula. Tier II budgets are reduced by several legally defined categories such as family foundation income. If operating income minus capital projects are calculated, Tier II revenue would increase to \$28 million.</p>				
<i>Ciruli Associates, 1992</i>				

Poll shows backing for bistate tax

zoo, museum
would receive funding.

By EDWARD M. EVELD
Staff Writer

Nearly half the voters in the metropolitan area would support a bistate sales tax for cultural facilities, according to poll results released Thursday.

The results surprised some local officials. They had feared voters would resent the idea of tax dollars traveling outside their cities and counties — and across the state line — to help pay for the zoo, museums and area arts facilities.

The survey also found support for metrowide financing for the Truman Sports Complex.

"The people are a little ahead of the politicians," said Floyd Ciruli, a consultant who conducted the survey for the Mid-America Regional Council.

"The public, at least from the survey, feels there is merit in financially solving problems on a regional basis," he said.

MARC officials are at work on a plan for a district that could secure financing for cultural amenities from both sides of the state line.

When asked whether they would favor a one-tenth of a cent to a quarter-cent sales tax to fund area cultural facilities, 48

See POLL, A-14, Col. 1

Poll shows support for tax

Continued from A-1

percent of those polled said they would, 35 percent said they would not and 17 percent said they did not know.

"I find it very encouraging," said Dan Cofran, Kansas City councilman and co-chairman of a MARC task force on regional amenities. "The cynic in each of us would have expected much more of a parochial result. It's clearly a base to build on."

Asked whether Jackson County, Kansas City or all area counties ought to help finance stadiums at the Truman Sports Complex, 55 percent said all counties in the region should help. The question, however, did not specifically mention a new tax.

Nevertheless, the result pleased Jackson County Executive Marsha Murphy, who has been struggling with stadium financing.

"There's a real sense of fairness that people are expressing," Murphy said. "People have begun to decide we can break down the artificial barriers."

MARC, which includes representatives from eight counties, commissioned the poll as part of a wider study of a bistate tax plan. Marlene Nagel, MARC's community development director, said the agency also was surveying 275 cultural organizations.

A proposal from MARC about the structure of a bistate cultural district is expected by September, but a plan will not be in shape for voter consideration until 1993 or 1994, Cofran said.

Both the Kansas and Missouri legislatures have passed bills allowing for the creation of such a district.

The Missouri measure allows area counties to set up a district with taxing power, along with authority to borrow money for projects. The Kansas law is much more restrictive and prohibits bond issues. Those differences must be worked out.

Many of the area's major cultural attractions, such as the Nelson Gallery and Starlight Theatre, are in Kansas City. City residents could be expected to favor financial help from outside the city.

But the poll showed support for a bistate tax from Johnson County residents as well. Fifty percent of those polled in Johnson County favored such a sales tax. The same percentage of Jackson County residents supported the idea. In Wyandotte County, support was lower at 42 percent.

Support for cultural district

Mid-America Regional Council officials are planning a cultural district to secure financing from throughout the area. They surveyed 503 voters to find out whether area residents would embrace the idea.

Would you favor a sales tax increase for cultural facilities?

Don't know

17%



If the tax was used to help with maintenance and improvements for the Truman Sports Complex...

...Would voters be more likely to support the tax increase?

19%

More likely

34%

Less likely to support

42%

No effect

4%

Don't know

Who should be responsible for the upkeep of the Sports Complex?

Percentage of those responding

Metro-area counties	55%
Jackson County	8
Both Jackson County/KC	7
User fee	7
Kansas City	6
Missouri	
Don't know	6
Owners/teams	5
Other	4
Players	3

The Star

error.

Other findings from the survey: ■ Asked how things were going in the Kansas City area, 52 percent said things were going in the right direction, 35 percent said they were "pretty seriously off on the wrong track" and 13 percent were not sure.

■ Asked about the biggest problem facing the area, 38 percent cited crime, drugs, violence and gangs. Twenty-two percent mentioned unemployment and the recession, and 5 percent said education reform and financing.

■ Of the poll respondents who visited cultural attractions in the last year, the big draws include the Nelson Gallery, the Kansas City Museum, Starlight Theatre and the Truman Library.

■ Eighty-seven percent strongly agreed or somewhat agreed with this statement: "While supporting cultural organizations is important, there are more important needs like education and health care."

■ Seventy-four percent strongly agreed or somewhat agreed with this statement: "Because more than one-half of the visitors are students who go to the zoo and museums and Downtown performing arts programs come from outside Kansas City, the suburb should help pay for the facilities and programs."

On "the stadium" issue, a debate has raged in recent months over tax support for maintenance at the sports complex. Jackson County officials carry the biggest load when it comes to stadium expenses, and some officials have argued that the tax burden should be spread.

In the survey, 61 percent of those polled from Jackson County said all area counties ought to help pay. The idea also was popular in Wyandotte County, with the support of 64 percent. But in Johnson County, 42 percent of those polled said all area counties should aid the stadiums.

Voters seemed hesitant to include stadium aid in a bistate cultural tax.

Forty-two percent of those polled said that lumping the sports complex with cultural facilities would have no effect on their support for a bistate tax. But 34 percent said they would be less likely to support the cultural district tax if the stadiums were included.

Nineteen percent said they would be more likely to support it, and 4 percent did not know.

"This sends up a flag of caution," Ciruli said.

The result does not rule out adding the stadiums to the cultural district, he said. But it shows that the sports complex would not necessarily make the bistate cultural tax more appealing to voters, as some officials thought.

Overland Park Mayor Ed Eilert said the poll gave a good indication of the interest in a bistate tax, but he cautioned that telephone polls and actual voting are not the same thing.

"I think it's easy to respond in a positive way when it's a concept," Eilert said.

Eilert recommended that the cultural district encompass tourism and recreation, including maintenance money for the sports complex.

He suggested that one-third of the money raised from a new tax stay in the city where it was collected, one-third stay in the county where it was collected and one-third go to the regional fund.

Such a plan would encourage counties such as Wyandotte, Clay and Platte to participate, he said.

The telephone poll, conducted from May 18 to May 31, surveyed 503 voters in Cass, Clay, Jackson, Johnson, Leavenworth, Platte, Ray and Wyandotte counties. The poll has a 4.4 percent margin of

We're playing cultural catch-up

A recent family trip to St. Louis drove home a lesson in tourist appeal. Here's what we paid to get into that city's top visitor attractions: Nothing.

There are no entry fees to the St. Louis Zoo with its new educational building, to the city's new Science Center, the botanical garden, the art or natural history museums in Forest Park.

Now try the same kind of long weekend in Kansas City. Good luck. Some of the attractions don't even exist.

But for those that do, adults would pay \$3 at the zoo, \$4 at the art museum, \$3.50 for traveling science museum exhibits at the Town Pavilion and \$2 at the natural history museum.

Hmmm. Which city sounds like the best deal for visitors?

If cost comparison doesn't tip the scale, factor in other St. Louis amenities, such as its revitalized riverfront and rejuvenated Union Station.

In Kansas City, our attempt at riverfront rehabilitation is clawing annually at the city budget to creep forward. Our train station stays a silent hulk, sucking in legal fees instead of visitors. And



DIANE STAFFORD

expansion plans for our natural history museum are a political football, tossed around by factions arguing about location.

In contrast, residents of St. Louis and adjacent St. Louis County pay a property tax to the Metropolitan Zoological Park and Museum District. The tax, in effect since 1972, brought in \$30 million last year for the five big cultural attractions. As a result, they open for free.

In another metropolitan funding example, voters in the six-county Denver area in 1989

authorized a tenth-cent sales tax. It raised \$17 million last year, aiding up to 250 attractions and performing arts groups in metro Denver.

Kansas City is way behind in funding the cultural amenities race. But there is a way to catch up: A bi-state, metropolitan funding plan for our cultural attractions.

The idea is getting embarrassingly old. Kansas City Consensus proposed it in 1985. But the state line bugaboo intervened.

St. Louis didn't deal with the state line; neighboring communities in Illinois weren't rich enough to be coveted for its taxing district. Denver didn't have to worry; it's in the middle of Colorado.

But to create a cultural taxing district for the Kansas City area, both the Missouri General Assembly and the Kansas Legislature had to pass enabling legislation. It passed in 1987 in Missouri, and, after a previous failure, in 1991 in Kansas.

The Mid-America Regional Council now is directing a fact-finding effort to learn about existing financial support and

needs of our area's cultural attractions. Researchers have polled residents by phone to find out their cultural priorities.

When the full study is done this fall, it could be time to put a cultural taxing district on ballots in the metropolitan area.

It's a daunting prospect. Area voters will not approve a regional taxing plan unless it's spelled out in detail. And they won't like it unless they think they'll get fair benefit from it. Just remember Johnson County opposition to supporting the Jackson County sports complex.

But a cultural taxing district won't pay for playgrounds for high-priced pro athletes. It will help cut down on the number of separate financing appeals by different organizations. And it will support a range of artistic, scientific and cultural institutions that deserve metropolitanwide funding.

It might also help Kansas City give St. Louis a run for the tourist dollar.

SCFD funding, as a percentage of the Tier I of institutions' budgets, ranges from 24 percent for the Museum of Natural History to 46 percent for the Denver Zoo. For all Tier I institutions combined, cultural district funding averages 30 percent. In Tier II, the Central City Opera receives 13 percent of its budget from the cultural district and the Children's Museum receives 40 percent. District funding averages 19 percent for Tier II institutions combined.

The Denver metro area's largest 13 cultural organizations (Tier I and II) have total attendance of 4.4 million visitors and patrons, combined budgets of \$61 million and receive on the average 26 percent of their income from SCFD.

The four Tier I institutions represent approximately one-half (54%) of the total budgets of the 13 organizations and nearly three-quarters (73%) of the total attendance of the cultural organizations listed.

Revenue and attendance of Kansas City cultural facilities:

The combined budget of the 27 largest Kansas City institutions is \$39,433,000 with a combined attendance of 2,608,000 (see Chart #2).

<i>Chart #2</i>		
<i>Kansas City Regional Cultural Facilities Budget and Attendance (top 27)</i>		
<u>Cultural Facility</u>	<u>Current Annual Budget</u>	<u>1991 Total Attendance</u>
Nelson-Atkins Museum of Art	\$9.4M	365,000
Kansas City Zoological Gardens	4.5M	450,000
Kansas City Symphony	4.3M	129,000
Missouri Repertory Theater	3.8M	92,000
Starlight Theater	2.8M	208,000
Lyric Opera	2.3M	50,000
State Ballet of Missouri	2.2M	75,000
Kansas City Museum (History & Science Museum)	1.8M	164,000
Harry S. Truman Library & Museum	1.6M	140,000
Kansas City Chapter of Young Audiences, Inc.	1.2M	350,000
Folly Theater	994,000	150,000
Kansas City Friends of Alvin Ailey	600,000	9,000
William Jewell Series	493,000	21,000
Johnson County Community College Cultural Education Center	480,000	39,000
Friends of Chamber Music	450,000	12,000
The Coterie, Inc.	435,000	50,000
Theater for Young America, Inc.	419,000	61,000
Unicorn Theater	272,000	14,000
Theater in the Park	243,000	65,000
National Agricultural Center Hall of Fame	225,000	45,000
Jackson County Historical Society	184,000	17,000
Bruce Watkins Cultural Heritage Center	171,000	17,000
Kaw Valley Arts & Humanities	162,000	15,000
The Children's Museum of Kansas City	115,000	27,000
City in Motion Dance Theater, Inc.	110,000	2,000
Granada Theater	90,000	33,000
Kansas City Artists Coalition	90,000	8,000
	<u>\$39,433,000</u>	<u>2,608,000</u>

Ciruli Associates, 1992

Pre-campaign publicity for the arts

Objectives

1. Broaden the definition of "art" to include local concerts and festivals, education for children, musicals, waterfront concerts.
2. Gain acceptance for the idea that "Art is for Everyone!"
3. Gain recognition of benefits of the arts--economic, educational, quality of life

Strategies

1. "Arts Open House" program to de-mystify the arts--backstage tours, public events in concert hall lobbies, etc.
2. "Did you know..." series of program inserts that informs people about economic impact, educational opportunities for children, programs for seniors, etc.
3. Quarterly newsletter that lists arts programs that are free or at a nominal cost. Can be the vehicle to publicize "Arts Open House."

Themes

1. "Art and Soul"--art is the soul of the community
2. "Open House"--further public ownership of arts programs and facilities

**Recommendations for a Regional Arts Council for
the Portland metropolitan region**

The following recommendations were made by the Regional Arts Council Transition Team and were received and approved by the Metro Funding Task Force 1/21/93 and by the Metropolitan Arts Commission on 4/14/93.

1. That a Regional Arts Council be created and adopted by all parties as the agency to distribute the arts program funds described in the Metro Task Force's Funding Needs Subcommittee in accordance with the goals and intents described in Arts Plan and that Committee's further review. This includes funds, programs and services directed to counties and communities outside Portland.

Benefits of having one Regional Arts Council:

- a) A strong policy making Regional Arts Council can serve as an expert and fair arbiter of diverse interests (urban/rural; large/ small; institution/individual artist; euro-centric/diverse) and respond to changing needs over the years.
- b) Over the last 20 years virtually all line item arts funding mechanisms at the local, state and federal level have been eliminated in favor of dispersing public funds through agencies which combine policy making, accountability, advocacy and facilitation of public/private partnerships.
- c) This independent policy making body is essential to assure access, excellence, a focus on education and cultural diversity and to provide unified leadership throughout the region. Combining policy making with resource allocation is essential to assure that these will remain priorities.
- d) Such a Council has the expertise and flexibility to incorporate broader cultural goals and steward funds for groups such as OMSI and Historical Societies if called upon and could increase its board representation to do so.
- e) If regional funding is channeled through the Regional Arts Council, significant grants from the National Endowment for the Arts (already in process) and national foundations can be leveraged.
- f) The programs of the Regional Arts Council are designed to nurture cooperation and professionalism among the various urban, suburban arts groups and to link such services as marketing and technical assistance with granting to assure the best value and impact on arts providers and audiences. The RAC would set minimum standards and criteria for the

various arts producers and providers designated to receive or seeking funds from the regional tax. This will assure continued development toward artistic excellence & program quality.

g) Controversies and new challenges will surely arise. The region needs an experienced, articulate and unified arts advocate.

h) The RAC model builds on Arts Plan and two years of ground work that went into building trust and relationships that are just beginning to bear fruit.

i) One Regional Arts Council allows counties to participate efficiently, through appointments to the Council rather than duplicate RAC's functions through new county based bureaucracies for re-grants and other services to local arts councils and arts providers in their jurisdictions.

2. That the current Metropolitan Arts Commission be restructured as a private non-profit Regional Arts Council with a board appointed in cooperation with participating jurisdictions, including the Metropolitan Service District. *

Benefits of a Non-Profit

a) More conducive to private fund raising

b) Has the degree of autonomy needed to satisfy all participants

c) More saleable to voters as a public - private partnership that reduces existing government rather than creating new bureaucracies.

Also, administrative costs will actually be decreased as a percent of budget from the existing MAC administrative costs.

d) Non-profits can respond more quickly and often more cost effectively than governments. There is also more flexibility for advocacy work at the state and federal level.

e) There are numerous organizations -- Pioneer Courthouse Square, POVA, the Private Industry Council and dozens of major metropolitan arts councils that can serve as successful models.

3. That the Regional Arts Council contract with the Metropolitan Service District for the expenditures of revenues collected for the purposes intended and account to Metro through regular reports and contract review to be agreed between the RAC and METRO.

Accountability Benefits of Contract and Board Appointments:

- a) gives a degree of accountability to elected officials and the public via county/city/Metro appointments to the board.
- b) gives Metro accountability through annual budgetary process and regular contract review periods to be negotiated and agreed upon among the various stakeholders during the current process.
- c) One Regional Arts Council can be far more responsible and accountable for public funds than individual grant recipients and county or city agencies (a much more attractive alternative to Metro and Counties, etc. who would otherwise have to devise processes for receiving and reviewing grants and services to hundreds of arts organizations and community arts projects annually!)

4. That the jurisdictions involved enter into a preliminary Agreement of Intent to utilize the Regional Arts Council for these purposes and to give direction to the RAC and Metro for the appropriate allocation of resources among the communities, local arts councils, arts providers, arts educators and other key components of the Arts Industry.

* The Transition Team would alternatively support the Regional Arts Council as a Commission/agency that would exist through Ordinance of Metro with a supplemental intergovernmental agreement or statement of intent.



**EXECUTIVE SUMMARY
SURVEY RESEARCH REPORT
METROPOLITAN SERVICE DISTRICT
MARCH 8, 1993**

This survey research report provides very valuable information regarding the acceptability of a regional arts vs. a regional cultural program, the goals for such a program, and potential financing mechanism for the program. This report should help Metro in its planning for the Tri-County area's cultural future.

Below, The Nelson Report has highlighted key results of the survey research report. The actual report is more than 200 pages in length with multiple tables designed to assist Metro in understanding and analyzing respondents' views. The questionnaire was presented to 430 respondents February 19 - February 24. The margin of error is 4.75%.

SERIOUS PROBLEMS FACING TRI-COUNTY METROPOLITAN AREA

Issues relating to schools/school funding and crime continued to lead the list of the most serious problems facing the Tri-County metropolitan area, followed by growth issues and the economy.

Below, the reader will find two columns that are part of the final report as well. Since this question and other open-ended questions call for multiple responses, the results

are displayed in terms of the number of respondents who mentioned a particular issue (adds up to more than 100%) and the percentage of responses to the total of all responses (adds up to 100%).

The top groupings are as follows:

Problem	Percent of Respondents	Percent of Responses
School Funding	15	6
Taxes	13	5
Schools	11	4
Ballot Measure 5	8	3
Property Taxes	7	3
Government Spending	6	3
Quality of Education	6	2
SUBTOTAL	66	26
Crime	41	17
Gangs	9	4
Drugs	7	3
Lack Police Enforcement	5	2
SUBTOTAL	62	26

Problem	Percent of Respondents	Percent of Responses
Traffic	14	6
Transportation	14	6
Growth	8	3
Roads	6	3
SUBTOTAL	42	18
Unemployment	14	6
Economy	8	3
SUBTOTAL	22	9

METRO PERFORMANCE RATING

When asked to rate the performance and operation of Metro, respondents gave a 39% positive rating (excellent - 5%, pretty good - 34%) compared to a 42% negative rating (only fair - 31%, poor - 11%). Nineteen percent were undecided.

Compared to the poll conducted in November 1991, this represents a nine percent shift from positive to negative in Metro's job rating, which at that time was 48% positive, 33% negative and 19% undecided.

Key demographics on the negative side were males (48%), individuals 45 years and older (43-46%), Republicans (46%), and residents of Clackamas and Multnomah counties (both at 44%).

When asked why they rated Metro as "only fair," respondents answered not doing much (10%), room for improvement (9%), unsure of Metro's purpose (8%) and getting too much power (6%). Respondents giving Metro a "poor" rating cited poor spending (14%), doing a poor job (14%), trying to increase power structure (12%) and they need more definition (10%).

The frequency of the "too much" or "increasing" power responses in this survey was the most obvious difference from the reasons cited by negative respondents in the 1991 poll and may partially explain the decline in Metro's positive performance rating, particularly when combined with general anti-government sentiment.

Key demographics of the positive rating were females (40%), 18-29 year olds (42%), 30-44 year olds (45%), Independents (57%) and Multnomah County residents (44%).

When asked why they rated Metro "excellent", respondents cited mass transit (20%), prompt (12%) and light rail (12%). Those rating Metro "pretty good" stated satisfied (30%), room for improvement (9%), hearsay (9%) and good recycle (6%).

Clearly, there remains some confusion about who's responsible for which regional services and what precisely Metro's duties are.

INDIVIDUAL CULTURAL PROGRAMS

Respondents were next asked what type of attractions come immediately to mind when someone mentions a cultural attraction. Four out of the top five items on the list were arts-oriented, as the following table shows.

Problem	Percent of Respondents	Percent of Responses
The Arts	15	10
Theater	13	9
Symphony	12	8
Museums	11	7
Varied Ethnic -Cultural Arts	9	6
Opera	8	5
OMSI	7	5
Concerts	6	4
Zoo	6	4
Arlene Schnitzer Hall	5	4

The Nelson Report then asked respondents to place a value on individual cultural programs and attractions. Here, the list was topped not by arts-oriented facilities, but by educational/scientific programs that come under the broader definition of cultural services, as provided by the questionnaire.

The following statements and question were read to respondents:

"There are many definitions of cultural programs or attractions. In general, cultural attractions refer to zoos, scientific, historical and art museums, art programs, libraries, visual and performing arts programs such as exhibits, plays and concerts.

"Some people place a high value to the community on these programs and facilities. Some people do not. Now I am going to read to you a list of individual cultural programs available in the Tri-County area. On a scale of one to four with "1" representing NO VALUE and "4" representing HIGH VALUE, please tell me how you would rate the value of the program to the community."

Below are the value ratings in descending order from the highest value. The three and four ratings have been collapsed into a high value and the one and two ratings into a low value.

Program	High Value (3+4)	Low Value (1+2)	Not Sure
Washington Park Zoo	92	7	1
OMSI	90	8	2
County Libraries	90	9	1
Oregon Historical Society	72	25	3
Oregon Symphony	68	28	4
Children's Museum	66	22	12
PDX Center for Performing Arts	65	29	6
Concerts in local communities	64	28	8
Portland Art Museum	60	32	8
Arlene Schnitzer Concert Hall	59	34	7
Oregon Shakespearé Festival/Portland	56	36	8
Artists in the School Program	55	29	16
End of the Trail Project/Oregon City	53	29	18
Oregon Ballet Theater	49	41	10
Portland Opera	47	43	10
Young Audiences	46	25	29
Artquake	38	52	10

In reviewing key demographics, support for both cultural and arts-oriented individual programs/facilities are strongest among females, 18-29 year olds, 30-44 year olds and Multnomah County residents. There was additional high value placed on cultural programs/facilities by 45-59 year olds and Clackamas County residents. There was additional high value placed on arts programs only by Democrats and Independents.

"Problem children" demographics were males, 60+ year olds, Republicans and Washington County residents.

PROPOSALS TO FUND REGIONAL ARTS AND CULTURAL INVESTMENT PROGRAMS

The individual value rankings were clearly reflected in the response to the next question, which asked respondents to decide between funding a regional arts program alone or a program combining both regional arts and broader cultural services. The exact wording was as follows:

"Community leaders are currently reviewing two proposals to fund regional arts and/or cultural programs.

The first is a regional arts program which would help fund local facilities and programs such as:

- **The Portland Arts Museum,**
- **Artists in the School Program,**
- **Oregon Symphony,**
- **Oregon Shakespeare Festival/Portland,**
- **Oregon Ballet Theater, and**
- **art programs in local communities**

The second proposal is a broader regional cultural investment program which would help fund the arts facilities and programs just listed plus:

- Metro Washington Park Zoo,
- OMSI,
- libraries,
- Children's Museum, and
- Oregon Historical Society

There will be limited public funds to support either one.

If you had to choose, would you fund the regional arts program ALONE or BOTH a combination regional arts and cultural program?"

A large majority, 69% chose to fund a combination program while 11% chose arts alone. Another 14% chose neither, and six percent were not sure.

Key demographics supporting the combination program were females (72%), individuals age 18-59 (74-77%), Democrats (72%), people with children (73%), those with incomes \$20,000-\$30,000 (70%) and over \$40,000 (78-85%), and residents of Washington (73%) and Clackamas (78%) counties.

When asked why they chose "both", respondents cited more diverse (31%), all are equally important (24%) and Zoo/OMSI (9%).

Not all supporters of the combination program, however, were willing to pay for it. When the 69% who support the combination arts/cultural program were asked how much in additional taxes they would be willing to spend each year to pay for the program, 17% said none, and 42% said they were not sure (combined = 40% of all respondents). Twenty percent were willing to pay under \$30 per year, eight percent were willing to pay \$30-\$59, and 13% were willing to pay more than \$60 per year (combined = 28% of all respondents).

Key demographics for the 41% of respondents who were willing to pay something were males, individuals age 18-59, Democrats, people with children, incomes \$7500-\$15,000, \$20,000-\$30,000, and over \$50,000, and, finally, residents of Washington and Clackamas counties.

REGIONAL ARTS/CULTURAL PROGRAM GOALS

Respondents were read a list of six goals for a regional arts or cultural investment program and asked to rate the importance of each one. The responses to this series are ranked below in descending order of importance. The "very important" and "somewhat important" categories have been collapsed into an "important" rating, and the "somewhat unimportant" and "very unimportant" have been collapsed into an unimportant category.

	Important	Unimportant	Not Sure
Cultural education opportunities for children	90	8	2
Economic development	84	13	3
Affordable access to culture for all citizens	80	17	3
Stabilize finances of cultural organizations	74	16	10
Promote creativity and artistic excellence	74	19	7
Cultural diversity	71	19	10

While concern for children and the economy were considered most important by respondents, they clearly considered all six goals worthy.

Key demographics that gave a high importance rating to cultural education opportunities for children were females (93%), 18-29 year olds (96%), 30-44 year olds (93%), Democrats and Independents (both at 92%), and Clackamas (92%) and Multnomah (91%) County residents.

CREATION OF CULTURAL INVESTMENT PROGRAM

Respondents were then asked whether they would favor or oppose creation of a \$17 million Cultural Investment Program for the Tri-County region, forgetting for the moment the type of tax that would be needed to fund the program. This was then followed by a probe question to determine why they favored or opposed. Following are the key highlights of this series.

1. Fifty-six percent favored creation of the Cultural Investment Program, while 31% were opposed and 13% were unsure.
2. Key demographics favoring the program were males (57%), 18-29 year olds (77%), 30-44 year olds (65%), Independents (71%), people with children (63%), income levels below \$7,500 (58%), \$40,000-\$50,000 (63%), \$50,001-\$60,000 (69%), and over \$60,000 (71%), and finally, residents of Clackamas (58%) and Multnomah (59%) counties.
3. Key demographics opposing were 60+ year olds (43%), Republicans (35%), people without children (32%), income levels \$7,501-\$15,000 (40%) and \$15,001-\$20,000 (37%), and Washington County residents (34%).
4. The main reasons cited by those favoring creation of the program were "for cultural understanding" (19%), improves community (18%), for kids (8%), and needed (8%).
5. The main reasons cited for opposing the program were taxes (30%), other priorities to deal with (23%), can't afford (12%).

"PUSH RESULTS"; CULTURAL INVESTMENT PROGRAM

A series of questions was then asked to gauge the "push" impact of certain pieces of information. This methodology was used to ascertain which arguments produced the greatest net movement by respondents on the original "who's ahead" question regarding creation of the Cultural Investment Program. Below, the results, including the net gains or losses, are ranked in descending positive order.

The reader needs to keep in mind the "if you knew..." phraseology. Certain arguments may push people "if they knew," but the nature of the argument may make it impossible to convince someone that "it is a fact." In addition, the resources required to do the convincing may be too great when compared to other arguments.

Question	Favor	Oppose	Not Sure	Net Gain/Loss
Creation of Cultural Program	56	31	13	
If you knew the proposed Cultural Investment Program would emphasize educational attractions for children, would you FAVOR or OPPOSE the program?	77	16	7	+21

Question	Favor	Oppose	Not Sure	Net Gain/Loss
If you knew the proposed Cultural Investment Program would increase availability of cultural attractions to children and families, would you FAVOR or OPPOSE the program	75	18	7	+19
If you knew that local cultural programs add over \$100 million to their local economy and provide more than 1,000 jobs, would you FAVOR or OPPOSE the program?	75	18	7	+19
If you knew funds for the Cultural Investment Program could not be spent on any other government programs, would you FAVOR or OPPOSE the program?	75	19	6	+19

Question	Favor	Oppose	Not Sure	Net Gain/Loss
If you knew the proposed Cultural Investment Program would guarantee a set amount of money each year for large regional facilities and programs such as the Zoo, Performing Arts Center, OMSI and libraries, would you FAVOR or OPPOSE the program?	74	20	6	+18
If you knew legislation authorizing the Cultural Investment Program would have a strict limit on the amount of the tax dollars available for administrative costs, would you FAVOR or OPPOSE the program?	72	21	7	+16
If the cost was \$20 per year, would you FAVOR or OPPOSE the program?	69	25	6	+13

Question	Favor	Oppose	Not Sure	Net Gain/Loss
If you knew the Cultural Investment Program and its funding would only be in effect on a trial basis for five years with another vote of the people required before it could continue, would you FAVOR or OPPOSE the program?	67	23	10	+11
If you knew the Cultural Investment Program would guarantee a percentage of funds to local arts and cultural programs outside downtown Portland, would you FAVOR or OPPOSE the program?	64	26	10	+8
If you knew the Cultural Investment Program would provide a regional approach to arts and cultural programs and facilities as opposed to trying to solve the problems city by city or county by county, would you FAVOR or OPPOSE the program?	63	24	13	+7

Question	Favor	Oppose	Not Sure	Net Gain/Loss
If you knew the cost of funding the Cultural Investment Program through dedicated taxes would cost the average METRO area household about \$35 a year, would you FAVOR or OPPOSE the program?	59	35	6	+3
If you knew Ballot Measure 5 has and will continue to reduce public funding for regional arts and cultural programs and facilities, would you FAVOR or OPPOSE the program?	58	27	15	+2
If you knew that the City of Portland would contribute approximately \$1 million to the Cultural Investment Program, would you FAVOR or OPPOSE the program?	55	28	17	-1

Clearly, the issues that moved respondents the most in the "push" series closely correlate to the issues that positively influenced respondents in earlier series: children, economic impact and broad-based regional program support. In addition, new themes emphasizing cost consciousness and program review also moved a substantial number of respondents.

The movement in this series was impressive and unusually large, but a word of caution is in order. Since there was no specific tax proposal for the arguments to "push" against, the reader should not assume that the arguments would be equally successful when applied to any specific proposed tax. At this point, the push questions are most valuable with respect to how they rank against one another. Following are additional highlights of the push series.

1. Knowledge that the proposed Cultural Investment Program would emphasize educational attractions for children moved the largest percentage of respondents to favor the program (+21%). Key demographics were females (+24%), people age 45-59 (+24%) and over 60 (+28%), Democrats (+25%), people without children (+22%) and residents of Washington County (+27%).
2. A related question produced similar movement. Knowledge that the program would increase availability of cultural attractions to children and families boosted support for the program by 19%. Key demographics were the same as above.
3. Knowledge that the program would enhance the local economy also increased support by 19%. Key demographics were females (+20%), 60+ years old (+27%), Democrats (+21%), Republicans (+20%), those without children (+20%), and Washington County residents (+26%).
4. Knowledge that funds for the program could not be spent on any other government programs also substantially increased support for the program, again by 19%. Key demographics were females (+22%), Democrats (+22%), Republicans (+20%), those without children (+21%) and Washington County residents (+24%).
5. Pegging the cost of the program at \$20 per year increased support by 13%. Key demographics were 60+ years old (+14%), Democrats (+17%), income levels \$7,500-\$15,000 (+18%) and \$30,000-\$40,000 (+25%), and Clackamas County residents (+14%).

FUNDING ALTERNATIVES FOR REGIONAL ARTS PROGRAMS

Respondents were then presented with the following information and question regarding funding options for regional art programs:

"Several individuals and groups have suggested various proposals to pay for the Cultural Investment Program which includes both regional arts and cultural programs.

The first set of proposals will fund regional art programs such as the Portland Art Museum, Artists in School Program, Oregon Symphony, Oregon Shakespeare Program - Portland, Oregon Ballet Theater and art programs in local communities. Each tax proposal would raise a net \$8.5 million annually for regional art programs. For each tax proposal I read to you, please tell me if you would FAVOR or OPPOSE that particular funding alternative."

Below, the five tax proposals are listed in descending order of favorability.

Funding Proposal	Favor	Oppose	Not Sure
A one and a quarter cent tax on food and beverage sales in all restaurants and liquor establishments within the Tri-County Metropolitan Area. This tax would raise a net \$8.5 million annually to pay for regional art programs. This tax would add 12 cents to a \$10 restaurant meal.	49	44	7
A 7% admissions tax on movie tickets, concerts, plays and other ticketed events plus a 5% increase to the current hotel/motel tax. This tax would raise a net \$8.5 million annually to pay for regional art programs. The combination of taxes would add 43 cents to a \$6 movie ticket and an additional \$2.54 to a hotel or motel bill.	38	54	8

Funding Proposal**Favor****Oppose****Not Sure**

A one twelfth of one percent income tax on taxable incomes over \$40,000 for individuals and corporations within Tri-County Metropolitan Area boundaries. This tax would raise a net \$8.5 million annually to pay for regional art programs. It would cost an additional \$48 a year for a household with \$40,000 taxable income.

37

54

9

A fifteenth of one percent sales tax on the sale of all goods in Tri-County. Food and drugs would be exempted. This tax would raise a net \$8.5 million annually to pay for regional art programs. This tax would add one cent to a \$10 purchase.

35

60

5

A 6% admissions tax on movie tickets, concerts, plays and other ticketed events plus a one fifteenth of a percent income tax on taxable incomes over \$60,000 for individuals and corporations. This tax would raise a net \$8.5 million annually to pay for regional art programs. This combination of taxes would add 36 cents to the price of a \$6 movie ticket and cost an additional \$89 a year for a household with \$60,000 taxable income.

32

60

8

Following are key highlights of this series on funding options for regional art programs:

1. No option received a majority of favorable responses. The only option to achieve a favorable plurality (49%) was the food and beverage tax. Key demographics were females (52%), 18-59 year olds (51-54%), Republicans (50%), Independents (55%), people with children (51%), people with incomes over \$30,000 (52-63%), and residents of Clackamas County (52%).
2. Interestingly, even though the food and beverage tax rate tested in this survey was larger (by a quarter of a percent) than the one tested in the November 1991 survey, this one fared significantly better. In the previous survey, only 39% approved a one percent food and beverage tax. Key demographics in this 10% favorable shift were females, people age 45-59, Republicans, Independents, and residents of Clackamas County.

It should be noted, of course, that the 1991 tax was being used for a different stated purpose - to pay for the operation and capital improvements for performing arts, sports and convention facilities - and the wording of the question was different. Specifically, though a smaller rate, it raised more money (\$10-11 million annually instead of a net \$8.5 million). It also made no mention of the impact on an average restaurant bill.

3. No other tax or combination of taxes in this series proved palatable to respondents. The only demographic group favoring the 7% admissions tax/5% hotel/motel tax increase were those with incomes over \$60,000. Key demographics opposing this combination were females, Republicans, those without children, and incomes from \$15,000-\$30,000. In a special crosstab, 42% of those who originally favored creation of the \$17 million Cultural Investment Program (24% of all respondents) now opposed a seven percent admissions tax/5% hotel/motel tax increase to pay for it.
4. Tying the admissions tax to an income tax moved it to the bottom of the list, even though it was one percent smaller in this combination. Not surprisingly, the only demographic group that favored this 6% admissions tax/one fifteenth of one percent income tax combination were the very poor (those with incomes under \$7,500). Key demographics opposing this combination were males (62%), 18-29 year olds (61%), 45-59 year olds (65%), Republicans (68%), those with children (65%), Washington (63%) and Clackamas (69%) County residents.

In a special crosstab, 48% of those who originally favored creation of the Cultural Investment Program (27% of all respondents) opposed this proposal.

FUNDING ALTERNATIVES FOR REGIONAL ARTS AND CULTURAL PROGRAMS

Though a substantial 69% said, earlier in the survey, they would choose to fund both regional arts and cultural programs, their enthusiasm flagged considerably when confronted with specific proposals to pay for them. The respondents were presented with the following information:

"Now, let's turn to suggested proposals to pay for regional arts and cultural programs such as Metro Washington Park Zoo, Oregon Museum of Science and Industry or OMSI, libraries, Children's Museum and the Oregon Historical Society. Each tax proposal would raise a net \$17 million annually for regional and cultural art programs. For each proposal I read to you, please tell me if you would FAVOR or OPPOSE that particular funding proposal."

Below are the three proposals presented, listed in descending order of favorability.

Funding Proposal	Favor	Oppose	Not Sure
<p>A one quarter of one percent sales tax on the sale of all goods in the Tri-County. Food and drugs would be exempted. This would raise a net \$17 million annually to pay for cultural art programs. This tax would add 3 cents to a \$10 purchase.</p>	33	63	4
<p>A one eighteenth of one percent payroll tax on all payrolls in the Tri-County metropolitan area. This would raise a net \$17 million annually to pay for cultural art programs. This tax would cost an additional \$867 to a company with a</p>			

payroll of \$500,000.

32

59

9

Funding Proposal**Favor****Oppose****Not Sure**

A one eighteenth of one percent income tax on taxable incomes over \$20,000 for individuals and corporations within the Tri-County metropolitan area boundaries. This would raise a net \$17 million annually to pay for cultural art programs. This tax would cost an additional \$54 a year to a household with \$30,000 taxable income.

27

69

4

1. All three proposals were opposed across the board by all demographic groups.
2. Key demographics opposing the sales tax were males (72%), 18-29 year olds (68%), 45-59 year olds (69%), 60+ year olds (64%), Republicans and Independents (both at 65%), income under 40,000 (64-73%), Washington (65%) and Multnomah (66%) County residents.
3. Key demographics opposing the income tax were males (71%), 45-59 year olds (74%), 60+ year olds (72%), Republicans (78%), \$7,501-15,000 income (83%), \$40,001-50,000 income (73%) and Washington County residents.
4. Key demographics opposing the payroll tax were males (61%), 45-59 year olds (65%), 60+ year olds (63%), Republicans (65%), Independents (61%), \$7,501-15,000 income (70%) and Clackamas County (71%).
5. Reviewing special crosstabs, the proposal that lost the most support among original supporters of the \$17 million Cultural Investment Program was the income tax option. Fifty-seven percent of those who originally favored the program (32% of all respondents) now opposed a one eighteenth of a percent income tax to pay for it.

3. Though respondents were quite clear about their distaste for an income tax, they were evenly divided on whether an income tax should be paid by both individuals and corporations. Forty-seven percent said yes, they would favor including a small income tax on corporations, if a small income tax on individuals were levied to support the cultural investment program. Forty-seven percent said no.

END OF THE OREGON TRAIL PROJECT

Respondents were asked a brief series of questions to gauge their awareness and support of the proposed End of the Oregon Trail Project. Again, there was substantial support for the program and substantially less interest in paying for it.

A very large 72% of respondents had read or heard about the End of the Oregon Trail Project. This represented a huge jump in awareness from the 42% figure in the 1991 poll. Support for the project also grew slightly to 72% from the already large 68% in the earlier poll.

While 72% supported the idea of developing such a project for the Tri-County area, only 39% said they would favor a \$38.5 million bond measure to pay for it. Another 44% were opposed and 17% were undecided. On the positive side, this represented a six percent favorable movement from the 1991 poll, while the opposition column decreased and the undecided increased from 1991.

Key demographics favoring the development of the End of the Oregon Trail Project were females, 30-59 year-olds, Republicans, all income levels except \$15,000-20,000, and residents of Washington and Clackamas counties.

Key demographics favoring the \$38.5 million bond measure were 30-44 year-olds, Republicans, Independents, all incomes over \$20,000 and, not surprisingly, residents of Clackamas County.

CONCLUSIONS

1. Schools/school funding, crime and urban growth issues lead the list of the most serious problems facing the Tri-County metropolitan area. Concern about crime continues to rate higher here than in statewide surveys.
2. The public perceives Metro less favorably than it did in November 1991. There appears to be confusion as to Metro's purpose and responsibilities.
3. The respondents who rate Metro most highly think it is responsible for mass transit. Again there is a lack of clear understanding and definition about Metro's role in the region.
4. What first comes to respondents' minds when asked to name cultural attractions are the performing and visual arts, but the cultural attractions they value most highly are the educational/scientific attractions that are encompassed by the broader definition of cultural attraction.
5. The three cultural attractions the public values most highly are the Washington Park Zoo, OMSI and the county libraries. Though the public also clearly values other attractions, there is a substantial percentage break between the top three and the remainder of the list.
6. A broad-based cultural investment program has far greater appeal than a narrower regional arts program -- until it's time to pay for it.
7. Females, 18-59 year olds, Multnomah and Clackamas County residents tend to support broad-based cultural programs and facilities at a higher rate than males, 60+ year olds, Republicans and Washington County residents.
8. The public feels children and the economy should be the chief beneficiaries of the cultural investment program.
9. In addition to children and economic arguments, strictly limiting administrative costs and guaranteeing a set amount of money annually for large regional programs such as the Zoo, OMSI, and libraries increases support for creation of the Cultural Investment Program.
10. The Cultural Investment Program has many positive themes working in its favor but is still in search of a tax package that will overcome public resistance to additional taxation.
11. In the abstract, a fairly large plurality of respondents are willing to pay something for a cultural investment program, particularly if the cost is under \$30.

12. This increase in support, however, occurred without reference to a specific tax source of funding.
13. Save one, every specific tax proposal offered in this survey would be rejected. Sales, income, admissions, payroll and hotel-motel tax proposals were all rejected.
14. The only one to receive a plurality of support was the one and a quarter percent food and beverage tax, but this proposal was to support regional art programs only.
15. Respondents are much more aware of the End of the Oregon Trail Project than they were in November 1991. While they support the idea of the project, they are still not ready to pay for it. Support for this project, however, is increasing.

**FINAL RESULTS
N=436**

Hello, my name is _____. I'm with The Nelson Report, a statewide public opinion research firm. We are conducting a survey in this area today. Could I take just a few minutes of your time to ask you some interesting questions? I promise I'm not selling anything.

First of all, are you registered to vote in the State of Oregon? **(INTERVIEWER - IF NO, POLITELY TERMINATE SURVEY)**

A. What are the two or three most serious problems facing the Tri-County metropolitan area today? **(PROBE)**

1. How would you rate the operation and performance of METRO ~ EXCELLENT, PRETTY GOOD, ONLY FAIR or POOR?

- | | |
|----------------|----|
| 1. Excellent | 5 |
| 2. Pretty Good | 34 |
| 3. Only Fair | 31 |
| 4. Poor | 11 |
| 5. Not Sure | 19 |

B. Why would you rate the operation and performance of METRO as (EXCELLENT) (PRETTY GOOD) (ONLY FAIR) (POOR)? **(PROBE)**

C. When someone mentions a cultural attraction, what type of attraction do you think of right away? **(PROBE)**

There are many definitions of cultural programs or attractions. In general, cultural attractions refer to zoos, scientific, historical and art museums, art programs, libraries, visual and performing arts programs such as exhibits, plays and concerts.

Some people place a high value to the community on these programs and facilities. Some people do not. Now I am going to read to you a list of individual cultural programs available in the Tri-County area. On a scale of one to four with "1" representing NO VALUE and "4" representing HIGH VALUE, please tell me how you would rate the value of the program to the community. (INTERVIEWER: ROTATE #2 - #18, BUT RECORD IN PROPER ANSWER BLANK)

1. 1-No Value
 2. 2
 3. 3
 4. 4-High Value
 5. Not Sure
-
- | | | |
|-----|--|-----------------------|
| 2. | Metro Washington Park Zoo | 0 - 7 - 20 - 72 - 1 |
| 3. | Oregon Museum of Science and Industry or OMSI | 1 - 7 - 18 - 72 - 2 |
| 4. | Portland Center for the Performing Arts | 9 - 20 - 31 - 34 - 6 |
| 5. | Portland Art Museum | 7 - 25 - 28 - 32 - 8 |
| 6. | County Library System | 2 - 7 - 20 - 70 - 1 |
| 7. | Children's Museum | 4 - 18 - 27 - 39 - 12 |
| 8. | Oregon Symphony | 9 - 19 - 36 - 32 - 4 |
| 9. | Arlene Schnitzer Concert Hall | 12- 22 - 28 - 31 - 7 |
| 10. | Portland Opera | 17- 26 - 26 - 21 - 10 |
| 11. | Oregon Historical Society | 5 - 20 - 35 - 37 - 3 |
| 12. | Oregon Ballet Theater | 16- 25 - 32 - 17 - 10 |
| 13. | End of the Oregon Trail Project in Oregon City | 11- 18 - 27 - 26 - 18 |
| 14. | Artists in the School Program | 11- 18 - 26 - 29 - 16 |

- | | | |
|-----|--------------------------------------|------------------------|
| 15. | Artquake | 19 - 33 - 21 - 17 - 10 |
| 16. | Concerts in local communities | 7 - 21 - 35 - 29 - 8 |
| 17. | Young Audiences | 6 - 19 - 22 - 24 - 29 |
| 18. | Oregon Shakespeare Festival-Portland | 11 - 25 - 32 - 24 - 8 |

Community leaders are currently reviewing two proposals to fund regional arts and/or cultural investment programs.

The first is a regional arts program which would help fund local facilities and programs such as:

- * The Portland Arts Museum,
- * Artists in School Program,
- * Oregon Symphony,
- * Oregon Shakespeare Festival-Portland,
- * Oregon Ballet Theater, and
- * art programs in local communities

The second proposal is a broader regional cultural investment program which would help fund the arts facilities and programs just listed plus:

- * Metro Washington Park Zoo,
- * OMSI,
- * libraries,
- * Children's Museum, and
- * Oregon Historical Society

There will be limited public funds to support either one.

19. If you had to choose, would you fund the regional arts program ALONE or BOTH a combination regional arts and cultural program?

- | | |
|--|----|
| 1. Alone | 11 |
| 2. Both | 69 |
| 3. Neither (INTERVIEWER: DON'T VOLUNTEER, JUST RECORD) | 14 |
| 4. Not Sure | 6 |

D. Why would you choose (ARTS ALONE) (BOTH) (NEITHER) program?
(PROBE)

20. (ALONE IN #19 ONLY) How much in additional taxes would you be willing to spend each year to support a regional arts program which includes funding for Portland Art Museum, Artists in School Program, Oregon Symphony, Oregon Ballet Theater and an arts program in local communities? (INTERVIEWER: DON'T READ ANSWERS, JUST RECORD)

1. \$1-\$9	2
2. \$10-\$19	2
3. \$20-\$29	2
4. \$30-\$39	1
5. \$40-\$49	0
6. \$50-\$59	3
7. More than \$60	2
8. None	14
9. Not Sure	74

21. (BOTH IN #19 ONLY) How much in additional taxes would you be willing to spend each year to support a combination regional arts and cultural program which includes funding for the arts programs I just named as well as the Metro Washington Park Zoo, OMSI, libraries, Children's Museum and Oregon Historical Society? (INTERVIEWER: DON'T READ ANSWERS, JUST RECORD)

1. \$1-\$9	7
2. \$10-\$19	6
3. \$20-\$29	7
4. \$30-\$39	1
5. \$40-\$49	2
6. \$50-\$59	5
7. More than \$60	13
8. None	17
9. Not Sure	42

Many individuals and organizations have different ideas and goals for a regional arts or cultural investment program. For each goal I read please tell me whether you believe it is a VERY IMPORTANT, SOMEWHAT IMPORTANT, SOMEWHAT UNIMPORTANT or VERY UNIMPORTANT goal for a regional arts or cultural program.

1. Very Important
2. Somewhat Important
3. Somewhat Unimportant
4. Very Unimportant
5. Not Sure

22. Enhance the economic development of the region through job creation, visitor attractions and new business development.

59 - 25 - 7 - 6 - 3

23. Ensure that all citizens can afford to attend regional cultural programs.

54 - 26 - 9 - 8 - 3

24. Ensure that all children have cultural education opportunities.

68 - 22 - 5 - 3 - 2

25. Stabilize the finances of the region's cultural organizations.

41 - 33 - 9 - 7 - 10

26. Promote cultural diversity.

41 - 30 - 11 - 8 - 10

27. Promote innovation, creativity and artistic excellence.

40 - 34 - 10 - 9 - 7

28. The Cultural Investment Program to fund both regional arts and cultural programs is estimated to cost \$17 million a year. Forgetting for a moment the type of tax that would be needed to fund this program, would you FAVOR or OPPOSE the creation of a Cultural Investment Program for the Tri-County region?

- | | |
|-------------|----|
| 1. Favor | 56 |
| 2. Oppose | 31 |
| 3. Not Sure | 13 |

E. Why would you (FAVOR) (OPPOSE) the Program? (PROBE)

29. If you knew the proposed Cultural Investment Program would emphasize educational attractions for children, would you FAVOR or OPPOSE the program?
- | | |
|-------------|----|
| 1. Favor | 77 |
| 2. Oppose | 16 |
| 3. Not Sure | 7 |
30. If you knew the proposed Cultural Investment Program would guarantee a set amount of money each year for large regional facilities and programs such as the Zoo, Performing Arts Center, OMSI and libraries, would you FAVOR or OPPOSE the program?
- | | |
|-------------|----|
| 1. Favor | 74 |
| 2. Oppose | 20 |
| 3. Not Sure | 6 |
31. If you knew the proposed Cultural Investment Program would increase availability of cultural attractions to children and families, would you FAVOR or OPPOSE the program?
- | | |
|-------------|----|
| 1. Favor | 75 |
| 2. Oppose | 18 |
| 3. Not Sure | 7 |
32. If you knew the proposed Cultural Investment Program would guarantee a percentage of funds to local arts and cultural programs outside downtown Portland, would you FAVOR or OPPOSE the program?
- | | |
|-------------|----|
| 1. Favor | 64 |
| 2. Oppose | 26 |
| 3. Not Sure | 10 |
33. If you knew the Cultural Investment Program and its funding would only be in affect on a trial basis for five years with another vote of the people required before it could continue, would you FAVOR or OPPOSE the program?
- | | |
|-------------|----|
| 1. Favor | 67 |
| 2. Oppose | 23 |
| 3. Not Sure | 10 |

34. If you knew legislation authorizing the Cultural Investment Program would have a strict limit on the amount of the tax dollars available for administrative costs, would you FAVOR or OPPOSE the program?
- | | |
|-------------|----|
| 1. Favor | 72 |
| 2. Oppose | 21 |
| 3. Not Sure | 7 |
35. If you knew funds for the Cultural Investment Program could not be spent on any other government programs, would you FAVOR or OPPOSE the program?
- | | |
|-------------|----|
| 1. Favor | 75 |
| 2. Oppose | 19 |
| 3. Not Sure | 6 |
36. If you knew that the City of Portland would contribute approximately \$1 million to the Cultural Investment Program, would you FAVOR or OPPOSE the program?
- | | |
|-------------|----|
| 1. Favor | 55 |
| 2. Oppose | 28 |
| 3. Not Sure | 17 |
37. If you knew the Cultural Investment Program would provide a regional approach to arts and cultural programs and facilities as opposed to trying to solve the problems city by city or county by county, would you FAVOR or OPPOSE the program?
- | | |
|-------------|----|
| 1. Favor | 63 |
| 2. Oppose | 24 |
| 3. Not Sure | 13 |
38. If you knew Ballot Measure 5 has and will continue to reduce public funding for regional arts and cultural programs and facilities, would you FAVOR or OPPOSE the Cultural Investment Program?
- | | |
|-------------|----|
| 1. Favor | 58 |
| 2. Oppose | 27 |
| 3. Not Sure | 15 |

39. If you knew the local cultural programs add over \$100 million to the local economy and provide more than 1,000 jobs, would you FAVOR or OPPOSE the proposed Cultural Investment Program?

1. Favor	75
2. Oppose	18
3. Not Sure	7

40. If you knew the cost of funding the Cultural Investment Program through dedicated taxes would cost the average METRO area household about \$35 a year, would you FAVOR or OPPOSE the program?

1. Favor	59
2. Oppose	35
3. Not Sure	6

41. If the cost was \$20 per year, would you FAVOR or OPPOSE the program?

1. Favor	69
2. Oppose	25
3. Not Sure	6

Several individuals and groups have suggested various proposals to pay for the Cultural Investment Program which includes both regional arts and cultural programs.

The first set of proposals will fund regional art programs such as the Portland Art Museum, Artists in School Program, Oregon Symphony, Oregon Shakespeare Program-Portland, Oregon Ballet Theater and art programs in local communities. Each tax proposal would raise a net \$8.5 million annually for regional art programs. For each tax proposal I read to you, please tell me if you would FAVOR or OPPOSE that particular funding alternative.

42. A one and a quarter percent tax on food and beverage sales in all restaurants and liquor establishments within the Tri-County Metropolitan Area. This tax would raise a net \$8.5 million annually to pay for regional art programs. This tax would add 12 cents to a \$10 restaurant meal.

1. Favor	49
2. Oppose	44
3. Not Sure	7

43. A fifteenth of one percent sales tax on the sale of all goods in Tri-County. Food and drugs would be exempted. This tax would raise a net \$8.5 million annually to pay for regional art programs. This tax would add one cent to a \$10 purchase.

1. Favor	35
2. Oppose	60
3. Not Sure	5

44. A one twelfth of one percent income tax on taxable incomes over \$40,000 for individuals and corporations within Tri-County Metropolitan Area boundaries. This tax would raise a net \$8.5 million annually to pay for regional art programs. It would cost an additional \$48 a year for a household with \$40,000 taxable income.

1. Favor	37
2. Oppose	54
3. Not Sure	9

45. A 6% admissions tax on movie tickets, concerts, plays and other ticketed events plus a one fifteenth of a percent income tax on taxable incomes over \$60,000 for individuals and corporations. This tax would raise a net \$8.5 million annually to pay for regional art programs. This combination of taxes would add 36 cents to the price of a \$6 movie ticket and cost an additional \$89 a year for a household with \$60,000 taxable income.

1. Favor	32
2. Oppose	60
3. Not Sure	8

46. A 7% admissions tax on movie tickets, concerts, plays and other ticketed events plus a 5% increase to the current hotel/motel tax. This tax would raise a net \$8.5 million annually to pay for regional art programs. The combination of taxes would add 43 cents to a \$6 movie ticket and an additional \$2.54 to a hotel or motel bill.

1. Favor	38
2. Oppose	54
3. Not Sure	8

Now let's turn to suggested proposals to pay for regional arts and cultural programs such as Metro Washington Park Zoo, Oregon Museum of Science and Industry or OMSI, libraries, Children's Museum and the Oregon Historical Society. Each tax proposal would raise a net \$17 million annually for regional cultural art programs. For each proposal I read to you, please tell me if you would FAVOR or OPPOSE that particular funding alternative.

47. A one quarter of one percent sales tax on the sale of all goods in Tri-County. Food and drugs would be exempted. This would raise a net \$17 million annually to pay for cultural art programs. This tax would add 3 cents to a \$10 purchase.

1. Favor	33
2. Oppose	63
3. Not Sure	4

48. A one eighteenth of one percent income tax on taxable incomes over \$20,000 for individuals and corporations within the Tri-County metropolitan area boundaries. This would raise a net \$17 million annually to pay for cultural art programs. This tax would cost an additional \$54 a year to a household with \$30,000 taxable income.

1. Favor	27
2. Oppose	69
3. Not Sure	4

49. A one eighteenth of one percent payroll tax on all payrolls in the Tri-County metropolitan area. This would raise a net \$17 million annually to pay for cultural art programs. This tax would cost an additional \$867 to a company with a payroll of \$500,000.

1. Favor	32
2. Oppose	59
3. Not Sure	9

50. If a small income tax on individuals were levied to support the cultural investment program, would you favor including a small income tax on corporations?

1. Yes	47
2. No	47
3. Not Sure	6

51. Have you heard or read about the End of the Oregon Trail Project in Oregon City?

- | | |
|-------------|----|
| 1. Yes | 72 |
| 2. No | 24 |
| 3. Not Sure | 4 |

The Oregon Trail represents one of the largest mass overland migration in all of the world's history. The End of the Oregon Trail exhibit in Oregon City is a proposed interpretative center assigned to celebrate and display this segment of Oregon's history. The project will have a living history exhibit similar to the one in Williamsburg, Virginia.

52. Do you support the idea of developing such a facility for the region?

- | | |
|-------------|----|
| 1. Yes | 72 |
| 2. No | 18 |
| 3. Not Sure | 10 |

53. If a special election were held today would you FAVOR or OPPOSE \$38.5 million bond measure with a 30 year term to construct the End of the Oregon Trail facility which would increase the current property tax rate by 6 cents per thousand?

- | | |
|-------------|----|
| 1. Favor | 39 |
| 2. Oppose | 44 |
| 3. Not Sure | 17 |

DEMOGRAPHICS

54. SEX

1. Male
2. Female

55. AGE: How old are you? (RECORD ANSWER ON ANSWER SHEET, THEN CATEGORIZE BELOW)

1. 18-29
2. 30-44
3. 45-59
4. 60+
5. Not Sure/Refused

56. **POLITICAL PARTY:** Are you registered to vote as a . . .
1. Democrat
 2. Republican
 3. Independent/Other
 4. Not Sure/Refused
57. **VOTING HABITS:** Which of the following statements best describes you?
1. Vote in EVERY local election
 2. Vote in MOST local elections
 3. Vote in SOME local elections
 4. Vote in FEW local elections
 5. Vote in NO local elections
 6. Not Sure/Refused
58. **CHILDREN:** Do you have children under 18 years of age?
1. Yes
 2. No
59. **INCOME:** What category best describes your household income?
1. Up to \$7,500
 2. \$7,501 - \$15,000
 3. \$15,001 - \$20,000
 4. \$20,001 - \$30,000
 5. \$30,001 - \$40,000
 6. \$40,001 - \$50,000
 7. \$50,001 - \$60,000
 8. Over \$60,001
 9. Not Sure/Refused
60. **PORTLAND RESIDENT:** Do you live within the City of Portland?
1. Yes
 2. No
 3. Not Sure

61. **GEOGRAPHIC AREA (DON'T ASK; JUST RECORD COUNTY FROM
PHONE LIST)**

1. Washington
2. Clackamas
3. Multnomah

DAVIS WRIGHT TREMAINE

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DAVID C. KNOWLES

May 25, 1993

Hand Delivered

The Honorable Judy Wyers
Presiding Officer
Metro Council
600 NE Grand Avenue
Portland, OR 97232

Re: Metro Funding Task Force - Interim Report

Dear Judy:

I am pleased to submit to you and the Metro Council an interim report from Metro's Funding Task Force for Regional Facilities and Programs. While I had genuinely believed that we would have completed our tasks and would be submitting a final report to you at this time, our tasks were more time consuming and complex than we originally imagined.

During the past year, the Task Force has made significant progress addressing your charge to us. We have identified funding needs, examined a wide range of funding options, developed program purposes and public policy goals, worked closely with the many parties throughout the region interested and involved in arts programs, and established strategies for informing the public.

During this process and because of our extensive research, however, we became convinced that opportunities exist to address a broad range of regional needs in a comprehensive fashion. Just as Arts Plan 2000+ documented the need for addressing both arts facilities and arts program needs, our research has shown that a broad cultural package would serve the region well in the coming years.

The accompanying status report summarizes our work to date. It provides a sense of the direction we have taken on developing a broad-based approach in addressing the arts and cultural needs of this region. It specifies the program details that we believe are necessary for success. And finally, it details what tasks remain for us to complete and a timeline for accomplishing those tasks.

The Honorable Judy Wyers
May 25, 1993
Page 2

To fully meet our charge, however, we have two requests. First, we respectfully request that the Council adopt a resolution extending the deadline for a final report from the Task Force by six months to December 1993. We believe that this additional time will enable us to thoroughly address our charge and produce recommendations that are well-researched and thoughtful. Second, we request that adequate resources and staff be provided. As volunteers, we rely on staff. Only with staff support can we successfully complete our tasks.

On behalf of the Task Force, I appreciate your consideration of our report. I look forward to formally presenting this report to the Council and obtaining your insights and comments.

Very truly yours,



David C. Knowles, Chair
Regional Funding Task Force

cc: Rena Cusma
Metro Councilors
Task Force Members

DCK:mjt
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CHILDREN'S SCIENTIFIC AND CULTURAL FUNDING PROPOSAL

Purpose

To ensure access to scientific and cultural institutions and programs for all of the region's children.

Funding/Distribution

The total amount of funding will be \$6 million. A small amount (maximum of 5%) will be allowed for tax collection and other administrative costs. The funds will be distributed as follows:

- 90% Operating grants to regional organizations to achieve/increase access for children
- 10% Innovation grants to achieve access for children

Eligibility

Operating Grants--90%

1. Scientific and cultural organizations that are public or non-profit with tax exempt status.
2. Organizations which serve the entire region.
3. Organizations that are primarily supported by local tax dollars (over 50%) must have support of at least \$250,000 from non-local tax sources.
4. Organizations that are not primarily supported by local tax dollars (under 50%) must have operating budgets of at least \$250,000.
5. Evidence of stability including a year-round professional staff, an active board of directors (if non-profit), and three years of operating experience that demonstrate a capability to operate regional programs.
6. Evidence of commitment to programs for children and for methods to enhance access to all children of the region, regardless of their income level.

Innovation Grants--10%

1. Public organizations or non-profit organizations with tax exempt status.
2. Organizations which propose innovative programs to achieve access for children.
3. Organizations with operating budgets of \$100,000 or more and evidence of stability.
4. Collaborative programs involving one or more organizations.
5. Organizations which will provide for dollar for dollar match (new money).

Organizations Not Eligible

1. Local organizations that have no regional customer or constituent base.
2. Public parks and recreation organizations.
3. Schools--either public or private.
4. Commercial, for profit, entities.

Fund Formula for Operating Grants

Each organization gets an amount based on their size of operating budget and proportion spent on children. Since the intent is not to fund those organizations that are primarily supported by local tax dollars, organizations that have operating budgets with more than 50% in local tax dollars shall have their budgets reduced by the amount of the tax support for purposes of the funding formula.

Administration

Operating Grants

- Organizations which can establish eligibility are entitled to annual allocations during the life of the program. They must provide information each year to compute formulas.
- Organizations must document their efforts to achieve access for children in order to continue annual grants.
- To verify eligibility and accuracy of data submitted, organizations must submit auditable records.
- The above information would go into the applicant's annual "statement of work," used as the basis for a contract between the organization and the taxing entity (Metro).

Innovation Grants

Organizations that can establish eligibility would compete for this source of funds on an annual basis. A regional citizens' committee would establish annual criteria and make decisions on funding. Staff would solicit applications, review eligibility and verify conformance to criteria. Some type of audit or verification of results should also be done.

Administrative Costs

These costs would come off the top to cover tax collection, accounting, fund management as well as staff work associated with eligibility determination, grant solicitation/review, grant award, evaluation/audit, and committee administration. A limit of 5% would be placed on the amount allowable for administration.

Renewal

The program would be renewed every five years as follows:

- Prior to the start of the five-year period, organizations would apply and eligibility would be determined. Those qualifying would be the only ones eligible for operating grants for the five-year period. The process would be repeated every five years to allow for change.
- The program would be submitted to the voters every five years for approval.

SIMULATION OF FUNDING FORMULA
AT \$6 MILLION *

Operating Grants = \$5,130,000

Innovation Grants = \$570,000

Administration/Tax Collection = \$300,000

Organization	Annual Operating Budget (in millions)	Annual Operating Budget (minus portion supported by local taxes if over 50%)	Annual Attendance/ Served-Age 18 & under (estimated) **	Amount of Operating for 18 & under	Proportion Factor	Amount of Funding for Operational Grant
Multnomah County Library	\$18.00	\$900,000	40%	\$360,000	.020	\$102,600
OMSI	14.00	14,000,000	60%	8,540,000	.467	2,395,710
Metro Washington Park Zoo	12.00	12,000,000	61%	7,320,000	.400	2,052,000
Washington County Libraries	8.50	350,000	40%	140,000	.008	41,040
Oregon Historical Society	3.00	3,000,000	40%	1,200,000	.066	338,580
Libraries--Clackamas County	8.50	350,000	40%	140,000	.008	41,040
Children's Museum	0.80	416,000	80%	332,800	.018	92,340
End of the Oregon Trail	0.50	500,000 ***	50%	250,000	.014	71,820
TOTALS	\$65.30	\$31,516,000		\$18,282,800	1.001	\$5,135,130

* This is a simulation of the funding formula for discussion purposes. It assumes that the listed organizations are eligible and have applied. At this point, none of these organizations have determined whether they would, in fact, apply.

** Estimates provided by individual organizations.

*** Estimate of proposed operating budget for Facility scheduled to open in 1996.

[Presented by Bill Bulick to the Regional Funding Task Force, 10/27/93.]

Regional Administration of Cultural Funding and Programs Structure and Governance Issues

The purpose of this paper is to describe two structural and governance models for regional administration of cultural funding and services so that the Regional Arts Funding Task Force (RAFTF) and other stakeholders can evaluate them and make appropriate recommendations. Existing examples will be cited, evaluation criteria proposed and advantages and disadvantages listed.

This summary is proposed as a tool. It records assertions about the advantages and disadvantages of the models -- many of which have already sparked healthy debate and disagreement. Policy makers must decide if additional evaluation criteria exist, which are the most important and which assertions are the most accurate. Politics and policy will intermingle. New factors will emerge as a result of ongoing dialogue among stakeholders.

The Metro Regional Arts Funding Task Force has set a deadline of December, 1993 for completion of its work. Other governments in the region will begin budget and policy making cycles in January which are inter-dependent.

BACKGROUND

Arts Plan 2000 Plus called for the transformation of the existing Metropolitan Arts Commission (MAC) into a regionally representative arts council (RAC) to administer funding and programs on a regional basis. In developing a funding package to meet the needs identified in Arts Plan and the Regional Facilities Study, the Metro Regional Arts Funding Task Force has embraced this concept.

Working concurrently to the Regional Arts Funding Task Force (RAFTF), a MAC/RAC transition team, with representation from regional governments and communities, studied structural options for eight months and recommended two models and some intermediary steps to transition the MAC towards a regional arts council. (Summary report, approved by RAFTF 1/21/93, attached.)

More recently, during development of a broader cultural package (OMSI, Zoo, etc.), administration of these added programs through the regional council has also been discussed, as one alternative. Examples of community's which administer funding for arts and cultural (science, history, children's museums) programs together through a single entity include Charlotte, Houston, New York, San Diego, Miami and Ft. Lauderdale.

MAC's board has already been expanded to include appointments from neighboring counties. It is now administering funding from Clackamas and Washington Counties and is offering a broad range of granting, technical

assistance and planning services to the entire region. A major NEA Challenge grant and other smaller grants are providing additional "bridge funding" to help support these expanded services. MAC is ready to take further steps towards regionalization.

Since 1973, MAC has operated as a Commission created through intergovernmental agreement between the City of Portland and Multnomah County which fund its programs through yearly, general fund allocations. Staff are employees of the City of Portland. In May, 1993, that agreement was amended to allow for appointments and funding from Clackamas, Washington and Clark Counties.

MODELS UNDER CONSIDERATION

The MAC/RAC Transition Team recommended two structural options for a fully regionalized agency. Either would be accountable to Metro through appointments and budget oversight if a regional dedicated tax is referred by Metro and approved by voters. It is assumed, for either model, that Metro retains, and must be reimbursed for, tax collection and accounting.

The Metropolitan Arts Commission with assistance from Metro, the City of Portland and an independent expert in non-profit management, has conducted a brief study of the setup and operating costs of these models.

- 1) A private non-profit organization that would contract with Metro to administer programs and funding. The organization would exist as a separate, independent, non-government entity, chartered under the State of Oregon non-profit corporation laws. Metro would exert authority through approval of appointments and a contract for the services and programs supported by the Metro developed regional funding source. This is the preferred option of the MAC/RAC transition team study. (Summary report attached)

Examples of non-profit entities which administer public programs under contract include the Private Industry Council, the Portland Oregon Visitors Association, Pioneer Courthouse Square, the Association for Portland Progress and community development corporations such as REACH. Major metropolitan regions which administer their arts programs through contracts with non-profit organizations include: Houston, New Orleans, St Louis, Charlotte, Fort Worth, Indianapolis, Tucson, Jacksonville and Columbus.

- 2) Metro Chartered Commission. Appointments to the board would be approved by Metro, which would also approve the Commission's budget, within guidelines set in the regional revenue package. The Commission would set policy, oversee programs and advise the Metro Council. Staff would be employees of Metro. Administrative support

services such as personnel, legal, risk management, etc. would be provided by Metro at prevailing costs. The Metro Council would have full authority over the affairs of the Commission. This would, in effect, be a transfer of the current MAC to Metro.

Existing Commission models include: MERC (Metro), the Metropolitan Human Rights Commission (Portland/Multnomah County) and the Portland Development Commission (Portland). Major metropolitan regions which administer their arts programs through commission structures include Seattle, Sacramento, Phoenix, Fulton County (Atlanta) and San Diego.

EVALUATION CRITERIA

During nearly two years of discussion about the various models for administration of regional funding and programs, the following assumptions have emerged about governance and structure. The organization will:

- 1) be **accountable** to sponsoring governments and the general public
- 2) be **acceptable to stakeholders**: Metro, other governments in the region, arts councils, arts groups, the public.
- 3) provide for **diverse representation** of regional jurisdictions and community leaders.
- 4) deliver **efficient, cost effective administration** of programs.
- 5) **not add or duplicate layers of administration**.
- 6) have the authority to assure the **policy priorities** of the regional cultural programs, such as education, access, cultural diversity, economic development can be met.
- 7) **respond to changing circumstances and needs**
- 8) **leverage private investment** in cultural programs.
- 9) **return cultural opportunities to the communities** providing resources.

ADVANTAGES AND DISADVANTAGES

The following are assertions about the pros and cons of either model which have emerged in the dialogue so far. They are, by nature, subjective, and must be debated.

Accountability

If created by Metro, a commission is accountable to the public through directly elected officials. All decisions and actions can be appealed to the Metro Council. Government contracting and administrative practices receive a great deal of scrutiny.

A non-profit entity would be accountable through appointments to its governing board and a yearly contract for services which lists and

describes measurable outcomes. Its daily practices and decisions are likely to receive less scrutiny from elected officials on a regular basis.

Acceptance to stakeholders

Because it is perceived to be more directly accountable, a commission is likely to be more acceptable to Metro Councilors, who would be responsible for any regional tax measure referred by Metro.

Regional counties and cities, whose support is critical to win a regional election and for ongoing collaborations, have expressed their preference for a more autonomous, non-profit entity.

Any entity must win support from and be able to work on an ongoing basis with a diverse range of stakeholders, including cultural groups, regional counties, cities and community based organizations. A more autonomous organization may be better able to juggle these diverse relationships.

Representation on the governing board is the best way to assure acceptance to stakeholders over the long term.

Efficient, Cost Effective Administration

Adoption of a commission model, very similar to the present Metropolitan Arts Commission, may involve less disruption for program administration and employees.

A recent cost analysis indicates that set up costs are comparable, but the non-profit model is likely to cost considerably less to operate on an ongoing basis. (The report is available)

A non-profit organization can remain focused on its primary mission and may expend less administrative time and energy responding to the requirements and activities within a government.

Contracting, payments, grant-making, personnel and other operations could be significantly streamlined under a non-profit model.

Layers of Administration.

Creation of a new Metro Commission is likely to appear to be "adding to government," though it would, in reality, be a transfer of the existing Metropolitan Arts Commission from Portland/Multnomah County.

There is a high level of cynicism among voters about "government." The extent to which the program can distance itself from government may help win support from voters. The non-profit option may be attractive to some stakeholders as part of a trend in "reinventing government" and "privatization."

Policy making

Either entity can be granted a strong policy making role to assure that public investment in cultural programs meets the education, access, cultural diversity, economic development and quality of life goals of the citizen driven planning processes and enabling legislation.

The decisions of a commission may carry more weight -- as public policy created through a representative government.

Open meeting laws, fair labor and employment standards, affirmative action policies, etc. are the law for government agencies. Analogous practices, as desired and appropriate, would have to be established through by-laws and contracts of a non-profit agency.

Respond to changing circumstances and needs

In the current climate, non-profit organizations are perceived to be more flexible, adaptable and quick to respond to changing circumstances and needs.

Leverage private investment

Although it has been assumed that the entity will exist primarily to steward public investment in cultural programs to meet public policy goals, some private fundraising has been anticipated and recommended. There are significant legal, bureaucratic and administrative impediments to private sector fundraising from governmental agencies.

A non-profit entity is perceived to be more able to broker and enter into public private/partnerships anticipated as central to the success of this program.

THE DEVIL'S IN THE DETAILS

The specific design of either model would allow varying degrees of accountability, autonomy and flexibility. The challenge will be to arrive at a structure which balances the priorities of stakeholders and is attractive to the public which must vote for new cultural funding. A united front is essential to a successful campaign.



Oregon Restaurant Association

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December 8, 1993

TO: Metro Regional Funding Task Force Subcommittee
FROM: Mike McCallum, ORA Director of Government Relations
REGARDING: Proposed Restaurant-Only Sales Tax

Oregon Restaurant Association is a state wide trade association representing over 3,000 food and beverage establishments and industry purveyors. We currently represent over one thousand restaurants in the Greater Portland area. We appreciate this chance to express our opposition to the Subcommittee's second funding alternative, a small restaurant tax.

In light of the recent vote on Ballot Measure 1, it seems almost inconceivable that a sales tax would be considered as a viable revenue option. The overwhelming rejection of a truly broad-based sales tax dedicated to a popular education program suggests the public will certainly reject a tax similar to the one you propose. The proposed restaurant tax is not broad-based and in all likelihood the programs targeted for funding are not as high a funding priority as education.

In addition, last spring Eugene voters defeated a restaurant tax by a 3-2 margin. A meals tax in Ashland, arguably Oregon's most tourism oriented community, narrowly passed last spring. Voters missed repealing that measure by only 141 votes in November. They will get another chance.

Oregon Restaurant Association is dedicated to opposing an industry specific sales tax that would target our industry. We were active in organizing and financing the Eugene restaurateurs \$70,000 opposition campaign. We strongly believe that such a tax is not only discriminatory in nature, it is also not sound tax policy.

We refer the Task Force to some basic criteria used in your own draft report section titled "Revenue Strategy." Section 4 makes a clear statement that the tax needs to be broad based in order to be fair. As is stated in this section, "Niche taxes, which impact a particular industry neither raise enough money nor tax all the beneficiaries." In section 5 the report states polling results show that no niche tax received a majority of support but that a restaurant tax

received a plurality when stated the tax would be approximately half as big as is now proposed. We suggest these already low numbers would be even less after all the publicity on Ballot Measure 1.

We are confused as to why this revenue option is being considered. We understand that until very late in your Subcommittee process the only tax being considered was a small income tax. We would be very interested in what spurred consideration of this tax so late in your process. It is certainly surprising that it would be actively considered without a definition of what a restaurant tax is and without any consultation of the industry targeted for the tax. Unfortunately, it appears as if the Subcommittee simply focused on a revenue source that they believe might yield a sufficient amount to meet their needs regardless of the relevance of the tax or the consequences to the industry or the community that imposition of this tax might bring.

At this point it is difficult to outline all our concerns. We have not seen how you actually propose to structure a meals tax, indeed it is not clear at all how the revenue estimate has been generated. Lacking these specifics, we will direct our arguments to the basic concept of an industry specific sales tax targeting restaurants.

OPPOSITION REASONS

- The average citizen in Oregon eats out 192 times each year. 58% of adults eat in restaurants on a typical day. This type of tax has often been called a "luxury tax", this simply is not the case. Food is a basic necessity of life.

- Contrary to popular belief, nearly 85% of restaurant patrons are local customers, it is local citizens who will be paying the bulk of any restaurant-only sales tax.

- A restaurant-only sales tax targets citizens who can least afford the tax. Low-income and fixed income citizens, such as seniors, will pay a proportionally larger percentage of their income to this regressive sales tax.

- Dining outside the home is rapidly becoming a way of life for ever growing segments of our society. With two family incomes being the standard, it has been shown that dining out is a critical factor in the busy lifestyle of today's families.

- Single adults do not find it economically feasible to prepare all their meals at home.

- Senior citizens with reduced appetites find that prepared foods fit their needs much more economically than food prepared at home. Over 34% of adults over the age of 65 eat out on a typical day.

- Local clientele does not have the ability to absorb increased costs. They will curtail the number of times they dine out; or dine out in restaurants outside of the tax entities limits. This loss of revenue will cause businesses to close and jobs to be lost.

- Equipment that is necessary to help businesses collect a sales tax is expensive, overburdening small businesses. This will cost jobs.

- Time spent to train current and future employees in implementation of this collection will be very significant and costly. Small operators will be the most likely to need updated equipment and larger operators will experience the increased cost associated with training. These factors will cost jobs.

- Operators who currently use computers in any fashion will likely be faced with software and hardware needs that can be very expensive.

- Operators who have units in other cities as well as Metro Portland, will experience real problems in tying their units together with a centralized accounting procedure. The local units would be different because of the sales tax. This will cause additional expense and inhibit growth of multi-unit food service establishments.

- This is potentially a very discriminatory tax. The fastest growing segment of the food service industry is convenience store food and in-store deli service. These types of operations are in direct competition with more

traditional food servers and could not be excluded from a tax without causing extreme discrimination.

- Imposing a restaurant tax would be going against the direct wishes of the people of Oregon who have repeatedly voted down any form of sales taxation.

- Without a statewide retail sales tax in place, this type of tax is difficult to collect and expensive to audit. The cost of implementing and monitoring this type of tax is not cost effective.

- This type of tax is not stable. It will rise or fall with the economy of the area which can be influenced by any number of factors.

- Increased cost of doing business within the city will raise the cost to the consumer which will deter business - not create it. Metro Portland spends hundreds of thousands of dollars promoting convention business. This segment of the industry will be severely disadvantaged by being the only large city in Oregon that charges a sales tax.

- Area restaurants already face a minimum wage that is among the highest in the nation. The cumulative effect of all taxes, fees and employer mandates erodes jobs. Adding a sales tax will erode the customer base and further exacerbate the struggle many small restaurants now have to survive.

In closing, we cite two studies that deal with a meals tax. First we draw attention to a study completed in Arlington County in Northern Virginia. It investigated the effect of existing meals taxes on the rate of growth of restaurant sales. The study found that restaurant sales grew five times faster between 1989 and 1990 in the immediately adjoining meals-tax free jurisdictions than in those jurisdictions burdened by a meals tax.*

The second study was in Canada. Canada imposed a national 7 percent tax on goods and services (GST) as of January 1, 1990. The 7 percent GST was followed by a dramatic reduction in sales by the Canadian food service industry of more than 19 percent between 1990 and the first 8 months of 1991. Although a recession period added slightly to the percentage, many Canadian restaurants became unprofitable as a result of the imposition of the GST. The rate of restaurant bankruptcies soared 45.5% in 1990 and another 12.1% in 1991.**

The restaurant community is not insensitive to the budgetary plight of the arts community. However, we strongly urge that a more appropriate revenue source be explored. Your initial analysis pointed to a much broader based revenue source such as the personal and corporate income tax. We suggest that any tax that is considered be as broad-based as possible.

Thank you for your attention. We look forward to discussing this with you further.

* "Economic Effects of the Proposed 4 Percent Arlington County Meals Tax", Fiscal Associates Inc. : Arlington, VA, March 8, 1991

** Sales figures from the Canadian Restaurant and Food Services Association, " Submission to the Honorable Donald Mazankowski, Minister of Finance, Regarding the 1992 Federal Budget", December 16, 1991.



*Institute for Research
on the Economics
of Taxation.*

Economic Consequences of a Meals Tax in Fairfax County

A Submission to the Fairfax County Board

by

Stephen J. Entin

January 27, 1992

This study was prepared under contract to a group of Fairfax County members of the Virginia Restaurant Association. The economic analysis and opinions expressed in the study are the independent analysis of Mr. Entin, as are any errors the study may contain. The assistance of Dr. Michael Schuyler in the preparation of graphics is gratefully acknowledged.

Economic Consequences of a Meals Tax in Fairfax County

The Fairfax County Board is considering steps toward enactment of a four percent tax on meals, beverages, and prepared foods purchased in restaurants and from other vendors in the County. The tax is estimated to raise nearly \$30 million a year for the County.

Wrong time for a tax increase

It is generally considered to be bad economic policy to enact a tax increase in a recession. Businesses and their employees are already suffering, and have no need for the further economic damage a tax increase would impose.

Furthermore, as unemployment grows and as wages slip in real terms, the County's citizens are generally cutting back their purchases of most private sector goods and services, and would rather cut back on County-provided services than have to pay more for them. For the County to act as a self-interested supplier, forcing the continued consumption of its services on the public, rather than as a purchasing agent in the service of its citizens, would be poor policy.

Meals tax will hurt County residents

Claims are often made that a meals tax will fall chiefly on commuters and tourists. In fact, a meals tax will chiefly hurt County businesses and residents. Examination of excise taxes in general, and meals taxes in particular, reveals that the ultimate burden or "incidence" of an excise tax never falls quite where the taxing authorities expect, and, furthermore, that the revenues collected by the tax usually fail to meet the expectations of the tax authorities. Much of the ultimate burden of the tax will fall not on the customers of the restaurants, but on the restaurants' employees and owners, many of whom live as well as work within the County. This is because the tax will induce a decrease in spending on restaurant meals in the County and a contraction of the restaurant industry within the County, with the result that the revenues collected by the tax will not meet expectations.

Initial impact of an excise tax

Following the imposition of an excise tax, producers of the taxed product or service would seek to maintain their net-of-tax prices to avoid a drop in their profit margins. They would wish to pass the excise tax on to consumers, resulting in an increase in the price of the product to the customer by the amount of the tax. This would be possible only in the case of a completely inelastic demand for the product, that is, no consumer sensitivity to price.

Consumer resistance and industry contraction

In the real world, consumers react to an increase in the price of the product or service (in excess of general inflation) by reducing consumption. The ultimate adjustment to the tax would therefore involve a contraction of the industry. Industries normally operate under conditions of rising unit costs. A contraction of operations would result in lower unit costs for the remaining businesses in the industry. Ultimately, the price to the consumer would rise by something less than the amount of the excise tax; the price charged by the producer would fall by something less than the amount of the excise tax; and the output of the product or service would decline. (Compare graphs 1 and 2 for pre-tax and post-tax pictures of a taxed industry.)

Consumer sensitivity to prices can vary

The degree to which people alter their consumption of an item in response to a price change is called an "elasticity". For example, if consumers were to reduce their purchases of widgets by 1 percent when the price of widgets rose by 1 percent, the price elasticity of demand for widgets would be -1, or "unitary". A price elasticity of demand between 0 and -1 is considered "inelastic". A price elasticity of demand greater in absolute value than -1 (in magnitude, omitting the minus sign) is regarded as "elastic".

A price elasticity of demand of -1 suggests that consumers of the product tend to spend a fixed amount on it. If the price per unit rises 1% and the quantity purchased falls 1%, then total spending, price times quantity, will be unchanged. Total spending would rise on an item in inelastic demand, and fall on an item with elastic demand, following a price increase.

The degree of demand elasticity is important for several reasons. It is one of the factors that will determine how much an industry will contract following the imposition or increase of an excise or sales tax. It is a factor in determining whether the tax will be borne primarily by the consumers or the producers of the product. (See graph 3.) Finally, the elasticity is an important factor in determining how much revenue will actually be raised by the tax, after factoring in the amount that will be lost due to a drop in the consumption of the taxed product.

Restaurant industry faces elastic demand

Food is, of course, a necessity. There is no substitute. When food prices increase relative to other costs, people cut back on the quantities of food they purchase only in small amounts, shifting spending from other items to maintain their food purchases. It would be reasonable to expect that a 1% rise in the price of food might induce only a 0.5% reduction in the quantity purchased.¹ One would then say that food exhibits a price elasticity of demand of only -0.5.

However, a meals tax does not apply to all food, but only to that purchased from restaurants and other vendors of prepared food items. There are ready substitutes for restaurant meals for many persons. People may prepare food at home rather than dining out, buying take-out, or having food delivered. They may prepare food at home to bring to work rather than go out or order out for lunch. For some people, dining out is more of a necessity, as for the elderly who can no longer shop or cook, and students living in dormitories or boarders without kitchen privileges. Even these people can economize on their restaurant spending by frequenting cheaper establishments and switching to lower cost entrees, skipping desserts, etc. The availability of substitutes does not mean that people will not be inconvenienced by being driven to their second best choice, only that they will indeed change their behavior.

Because of the close substitutes available for restaurant meals, it is highly likely that the demand for such meals is price-elastic, that is, with an elasticity of -1 or even -1.5. In that event, a 1% increase in the price of purchased meals would result in a 1 percent or 1.5 percent decline in the quantity (or quality, i.e., a shift to less expensive menu selections) of meals purchased.

An elasticity of -1 or greater is inherently plausible. In the absence of an increase in family income, the family budget devoted to dining out might well be fixed. An increase in the price of restaurant meals would be unlikely to cause the family to want to cut back on clothing, shelter, or medical care, for example, to support the dining out habit. Indeed, the increase in the cost of dining out would by itself encourage the preparation of meals at home. A family used to dining out once a week, or 52 times a year, could achieve a nearly four percent reduction in restaurant outlays by staying home on two occasions, thereby saving enough to offset the tax.

Meals tax would curtail industry sales and trim revenue gains

At an elasticity of demand of -1, an initial 4 percent increase in the price of a restaurant meal following a 4 percent meals tax would lead to an initial 4 percent cutback in the quantity purchased, or a shift to lower priced menu offerings to offset the higher cost per item. The restaurant industry would contract, and somewhat reduce its costs and prices per meal served. Ultimately, some of the reduction in revenue to the industry would be made up by price reductions rather than reductions in quantity.

At an elasticity of -1, the total dollar amount of spending on purchased meals would remain unchanged. The restaurant industry would see its total sales volume drop off by four percent. The tax would claim the rest of the spending. The County would not receive four percent of the original level of spending on meals. Rather, it would receive four percent of roughly 96 percent of the original amount spent, or roughly 4 percent less than if restaurant sales had remained constant.

In the case of an elasticity of demand of -1.5, there would be a cutback in total spending by consumers on restaurant meals. Receipts of the industry would fall to roughly 94 percent of previous receipts, and tax revenues would be 4 percent of that reduced sales volume, or roughly 6 percent less than if restaurant sales had remained constant.

Loss to the industry

There are about 1,200 restaurants in Fairfax County, employing between 20,000 and 24,000 people.² A reduction of 4 percent in the output of the Fairfax industry would be equivalent to losing 45 to 50 restaurants, and between 800 and 1,000 jobs.

National surveys by the National Restaurant Association provide an estimated breakdown of costs and profit per dollar of sales for various types of restaurants. Table 1 illustrates the breakdown of a dollar of sales for surveyed restaurants with full menus and table service. For illustrative purposes, the table applies that breakdown to the total sales for Fairfax County for the year ending with the 3rd quarter of 1991.³

Taxable restaurant revenues in the County in the latest twelve month for which data are available (the 4th quarter 1990 through the 3rd quarter of 1991) totaled \$723.8 million.⁴ At that level of sales, a 4 percent meals tax would generate nearly \$29 million in revenue. However, if it were to generate a 4 percent reduction in sales, the tax would cost those associated with the restaurant industry nearly \$29 million per year (more if the demand elasticity were larger in absolute value) in lost sales, income, and other tax revenue.

Restaurant owners would lose nearly \$1 million in profit.

Employees would lose nearly \$10 million in wages and benefits (excluding tips, which would raise the loss by roughly \$4 million more) until they found alternate employment.

Various suppliers to the industry would lose profits of about \$11 million (assuming a margin of 3% of sales).

Other taxes would be reduced.

Thus, the revenue received by the County would be accompanied by substantial additional losses to the restaurant industry and its employees and suppliers. In other words, the combined income loss to the consumers, employees, the industry and its suppliers would be nearly twice the revenue collected by the County. This is an indication that the excise tax is "inefficient", creating a substantial economic dislocation relative to the revenue raised.

Table 1

Breakdown of the Restaurant Dollar
For Full Menu Restaurants with Table Service
At Fairfax County Level of Sales*

<u>Expense</u>	<u>Percent of sales</u>	<u>\$ millions</u>
Cost of food and beverages	34.4	\$249
Payroll & benefits	33.6	\$243.2
General operating expenses**	17.9	\$129.6
Occupancy costs		
Rent	5.1	\$ 36.9
Property taxes	0.7	\$ 5.1
Other taxes (not income taxes)	0.5	\$ 3.6
Insurance	1.2	\$ 8.7
Interest and depreciation	3.6	\$ 26.1
Pre-tax income	3.2	\$ 23.2

* Based on breakdown of sales of full menu, table service restaurants in National Restaurant Association "Restaurant Industry Operation Report, 1991" and Virginia Department of Taxation estimate of taxable sales of restaurants in Fairfax County, 12 months ended September, 1991, \$723.8 million.

** Operating expenses, music and entertainment, advertising and promotions, utilities, administration, repairs and maintenance.

Shrinking tax base would reduce other revenues, raise welfare outlays

At a lower volume of restaurant sales, the state would collect less in sales tax revenue, a portion of which is returned to the County government. This would further erode the County's net revenue gain from the tax. The restaurant industry would experience lower profits, and the laid-off employees would experience lower incomes, depressing Federal and State income tax receipts.

Businesses in Fairfax County pay real-estate property taxes, personal property taxes, and BPOL (business and professional occupational license) fees. For restaurants, these levies may easily amount to between 1 and 2 percent of sales, a bit more if equipment has recently been upgraded and has not been subject to significant depreciation. Such taxes would shrink with the contraction of the industry.

The reduced employment in the County, and the increased unemployment, would raise County outlays for public services and assistance to the poor. Assuming 75 percent of the 800 to 1,000 lost jobs described above are held by adult full-time workers who might be eligible for health and welfare assistance, the cutback could cost the County several hundred thousand dollars in unemployment-related outlays in the first year of the tax.

A large reaction to a large tax

Four percent may seem like a small number. However, the magnitude of the tax is actually quite large.

Surveys taken by the National Restaurant Association show an average pre-(income)tax profit margin of only 3 percent to 4 percent of sales in recent years for full-menu table-service restaurants. (Margins ranged from less than zero -- losses -- to above 12 percent for the most profitable establishments.) Most of the establishments surveyed were independent, not part of national chains. Margins were up to 50 percent higher for cafeterias and limited menu restaurants with table service.⁵ A 4 percent meals tax, if "eaten" by these restaurants, would eliminate the average pre-income tax margin for this type of restaurant, and mean bankruptcy for many.

For large national restaurant chains, the tax would be somewhat less devastating, but still serious. Value Line figures indicate that the nationally traded corporate sector of the restaurant industry had an after-tax profit margin of 8.5 percent of sales in 1990. (Some national chains had higher margins, upwards of 12% for one industry leader. Other chains had sharply lower margins, some under 4 percent.) The pre-tax margin was 13.2 percent, with an average effective combined federal and state income tax rate of 35.5 percent. The imposition of a meals tax of 4 percent of sales, if "eaten" by these restaurants, would represent an average reduction of 30 percent in their average margins; the pre-tax margin would fall to 9.2 percent, and the after-tax margin to 5.9 percent. This can be put another

way. It is as if the effective income tax rate of 35.5 percent had been increased to 55.3 percent of the original pre-tax income, a jump of nearly 20 percentage points, or 54% of the initial rate.

The proposed meal tax will hit independent restaurants especially hard. The only means of restoring normal profitability to the industry after a profit margin reduction of this magnitude would be a sharp contraction in the capacity of the industry. At lower levels of operation, individual restaurants would have lower unit costs. And with fewer restaurants in existence, those restaurants that did survive would be able to charge more per meal. The customers would be willing to pay the higher per meal prices at their reduced frequency of dining out.

Uneven taxation increases economic losses

Any tax causes contraction of private sector activity and some "dead weight loss" to the economy. Resources (labor and capital) released by the taxed industry will remain unemployed for a time, but will eventually be employed again in other uses. Because these other uses would be second-best, the resources will be less productive than in their previous employment. (If their previous use had not been the most rewarding and productive available to them, they would have left earlier for more rewarding employment.) The drop in value of the resources as they are shifted to their second-best uses, and the loss of consumers' satisfaction as they turn to second-best products, represent a dead weight loss to the economy.

Uneven taxation makes the economic loss involved in raising a given amount of revenue higher than it needs to be. Excise taxes on narrowly defined activities cause more economic distortion and impose more economic hardship than more broadly based taxes, and are an inefficient means of financing general County activities.

Economic losses from taxation rise faster than the rate of tax. Indeed, for small changes, a rough rule of thumb is that losses rise with the square of the tax rate. (Graph 4.) A 2 percent excise tax on an industry will impose roughly 4 times the dead weight loss of a 1 percent tax. A 2 percent tax imposed on half of the economy will have double the total dead weight loss of a 1 percent tax imposed on the entire economy.

It is in the nature of excise taxes to distort activity. Indeed, such taxes are deliberately used for that very reason on occasion to reduce out-of-favor activities, such as smoking, drinking, gambling (except state lotteries), and the burning of fossil fuels and generation of auto exhaust. It is idle to deny that other excises, such as the meals tax, would reduce sales and employment in the affected industry.

Meals tax an uneven burden on a fraction of the County economy

On January 3, the Fairfax County Board projected the 1993 budget deficit to be \$137.67 million. The County is projecting revenue from the meals tax of approximately \$30 million. Retail trade constituted just over 9.1 percent of Virginia's gross state product in 1989.⁶ Nationally, sales by eating and drinking places constituted almost exactly 10 percent of retail sales.⁷ If Fairfax County follows the national pattern, food and beverage sales constitute about 0.91 percent of the County economy. Allowing for the County's tourist and convention business, enhanced by the proximity to the Nation's capital and the presence of Dulles Airport, the share of the food service industry may be slightly higher than the state average, but even a 50% higher share would be no more than 1.4 percent of County output. Thus, the County is planning to address about 21.7 percent of the budget deficit with a tax on approximately 1 percent of the economy of the County.

Raising a substantial amount of County revenue with a discriminatory tax on a specific industry is not merely unfair, it is wasteful, and unnecessarily damaging to employment and economic activity in the County. The County will pay for adopting an inefficient tax through higher outlays on public assistance and a greater-than-necessary reduction in the tax base that will offset a greater-than-necessary portion of the anticipated tax revenue.

These distortions relate to the effect of ongoing taxes. In addition to these permanent inefficiencies, there would be transition costs as capital and personnel in the restaurant industry would have to seek employment elsewhere.

Sales of meals affected in jurisdictions with tax

A study of the proposed meals tax in Arlington County investigated the effect of existing meals taxes in Northern Virginia jurisdictions on the rate of growth of restaurant sales. The study found that restaurant sales grew five times faster between 1989 and 1990 in the meals tax-free jurisdictions of Arlington County and Fairfax County than in the meals tax-burdened jurisdictions of Alexandria, Fairfax City and Falls Church.⁸

The same study warned against the argument that imposing a tax in Arlington just equal to that of neighboring jurisdictions would not hurt Arlington restaurants. Presumably, the pattern of dining in the region had adapted to the existence of the taxes in the various jurisdictions. The study warned that imposing a new tax in Arlington would raise the cost of dining in Arlington relative to the existing levels in the other locales, and cause a decline in the sales of Arlington eating and drinking establishments. Patrons from other jurisdictions would have less incentive than before to drive to Arlington to dine, and Arlington patrons would have less reason not to frequent out-of-County restaurants.

These points apply with equal force to the proposed imposition of a meals tax in Fairfax County.

The Canadian experience

Canada imposed a national 7 percent tax on goods and services (GST) as of January 1, 1990, to replace a troublesome manufacturers' excise tax. While manufacturers saw their tax liability under the GST more than offset by the elimination of the manufacturers' excise tax, the GST was an added tax for service industries such as restaurants.

The 7 percent GST was followed by a dramatic reduction in sales by the Canadian food service industry of more than 19 percent between 1990 and the first 8 months of 1991. Not all of this decline can be attributed to the price effect of the GST, as the Canadian economy was entering a recession at the time. However, the decline in restaurant sales in the current Canadian recession is roughly three times greater than the 7.2% decline in the previous recession (1981-1983), in spite of the fact that the current recession, to date, is barely one-third as severe in terms of reduction of gross domestic product (-1% vs. -3.2%), and only one-sixth as severe in terms of reduction in disposable personal income (-0.2% vs. -1.2%).⁹ The excess 15% reduction in sales in this recession following imposition of the 7% GST suggests a price elasticity of demand nearer to -2 than to -1 for food services. Many Canadian restaurants became unprofitable as a result of the GST and the subsequent decline in sales. The rate of restaurant bankruptcies soared 45.5% in 1990 and another 12.1% in 1991.¹⁰

An added factor in the contraction imposed by the GST was that the tax was not levied on food purchased in grocery stores. Store-bought food is a close substitute for restaurant meals. Consequently, one result of the GST was a sharp loss in market share of the restaurants and carry-out and home delivery trade to grocery items. For example, home deliveries of pizza fell and frozen pizza sales increased.

Competition extends to frozen foods and foods from scratch

One complaint raised by the food service industry in Virginia in past years was that early versions of the meals tax options available to County governments did not extend the tax to prepared food items, such as prepared sandwiches and platters, sold in grocery and convenience stores. Such prepared food items from non-restaurant vendors were thought to be a chief source of competition for the food service industry, and the failure to cover such sales was used as a potent argument that the tax was unfair. To counter that argument and make the tax less obviously objectionable, the tax option now extends to such store-prepared food items. The Canadian experience indicates that frozen foods and food prepared at home from scratch, not just prepared food in grocery and convenience stores, are close substitutes for dining out or carrying out. That is, extending a meals tax to foods prepared in convenience and grocery stores would not shelter the food service industry from serious loss of custom, and would not mitigate significantly the adverse consequences of this discriminatory tax. To be neutral across food options, the tax would have to be extended

right to the store shelves for packaged products and even to the "from scratch" ingredients, all of which are substitutes for restaurant and carry-out items.

Questionable claims that the tax would be borne by outsiders

Meals tax are often served up to the electorate as if they were a special treat, supposedly falling to a large extent on commuters from outside the jurisdiction. It is often claimed that such taxes are a free lunch, so to speak, for local residents who can then receive additional local government services at far less than their full cost. If this were true, it would represent an undesirable fiscal practice from an economic perspective. One of the most important functions of a tax is to cost out government services so that the public realizes the extent to which it is commandeering economic resources that could be employed elsewhere, and will not over-consume.

However, as shown above, much of the tax is borne by the industry, its employees, and its suppliers, not by consumers either within or without the County.

Arlington County officials recently approved a 4 percent meals tax. Arlington County Manager Anton Gardner had justified the tax in his February, 1991 budget proposal in part by claiming that a large portion of the tax, 71 to 83 percent, would be paid by non-residents.¹¹ It is hard to credit such claims.

In terms of numbers of customers, it is most unlikely that the Arlington lunch trade is so under-whelmingly composed of Arlington County residents working in the County, and so dominated by tourists and commuters, as to warrant such a low projection of taxes paid by Arlington residents. Certainly the claim is exaggerated with respect to dinner and week-end dining. More to the point, the claim relies on the assumption that the tax will be passed onto the customers. In reality, a significant portion of the tax will be shifted back onto the employees, owners, and suppliers of Arlington restaurants. The full tax is "paid" by the customer only in the semantic sense that the tax is described that way in the law and on the restaurant check. These legal pronouncements have no economic substance.

If a similar claim is made for the proposed Fairfax tax, County residents would be justified in demanding more substantial evidence than was presented in Arlington. In particular, Fairfax is a larger county than Arlington, with a substantial number of jobs held by County residents, and a substantial number of local shoppers.

Robin Hood in reverse?

Use of a meals tax to finance County government is likely to take from the poor to give to the rich.

The data furnished by the National restaurant Association indicate that the wages of restaurant employees in the County average nearly \$9,000 per year. Those employees who wait on tables receive tips from customers as well, although kitchen staff do not. If tips are roughly 15 percent of sales, they equal about half of paid wages and raise the average income to something under \$14,000. It is highly likely that the incidence -- or actual economic consequences -- of the meals tax will fall heavily on lower income individuals. On the other hand, Fairfax County residents are relatively affluent, on average. Consequently, expenditure of additional revenue by the County to maintain or expand County services and expenditures on County payroll will generally benefit relatively high income individuals.

It might also be noted that the restaurant industry provides an important source of entry level jobs to young workers, students, and minorities, to those still learning job skills, and to those newly arrived in the United States. These persons tend to be among the lower income, and from groups with above average unemployment rates. The industry, with its strong orientation toward ethnic cuisines, also provides an important opportunity for the creation of small family businesses by immigrants. From the point of view of social policy, this is not the ideal industry to be burdening with discriminatory taxation.

Stephen J. Entin

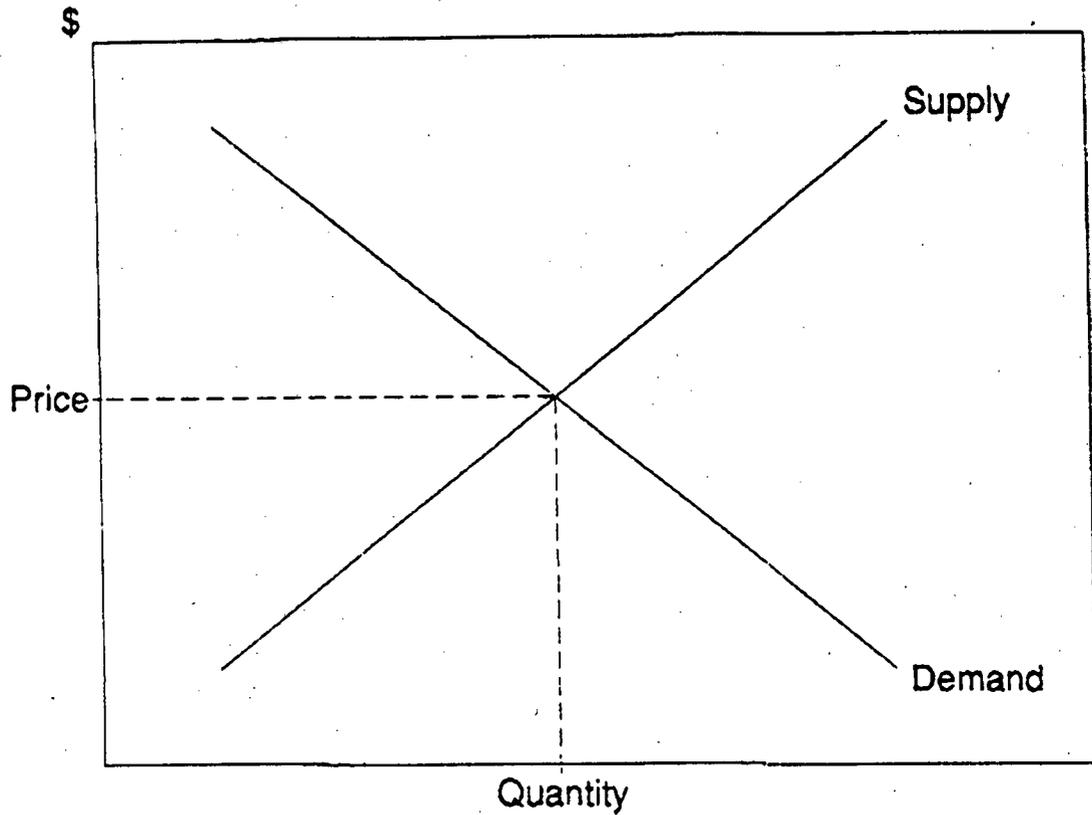
Institute for Research on
the Economics of Taxation

January 27, 1992

Notes

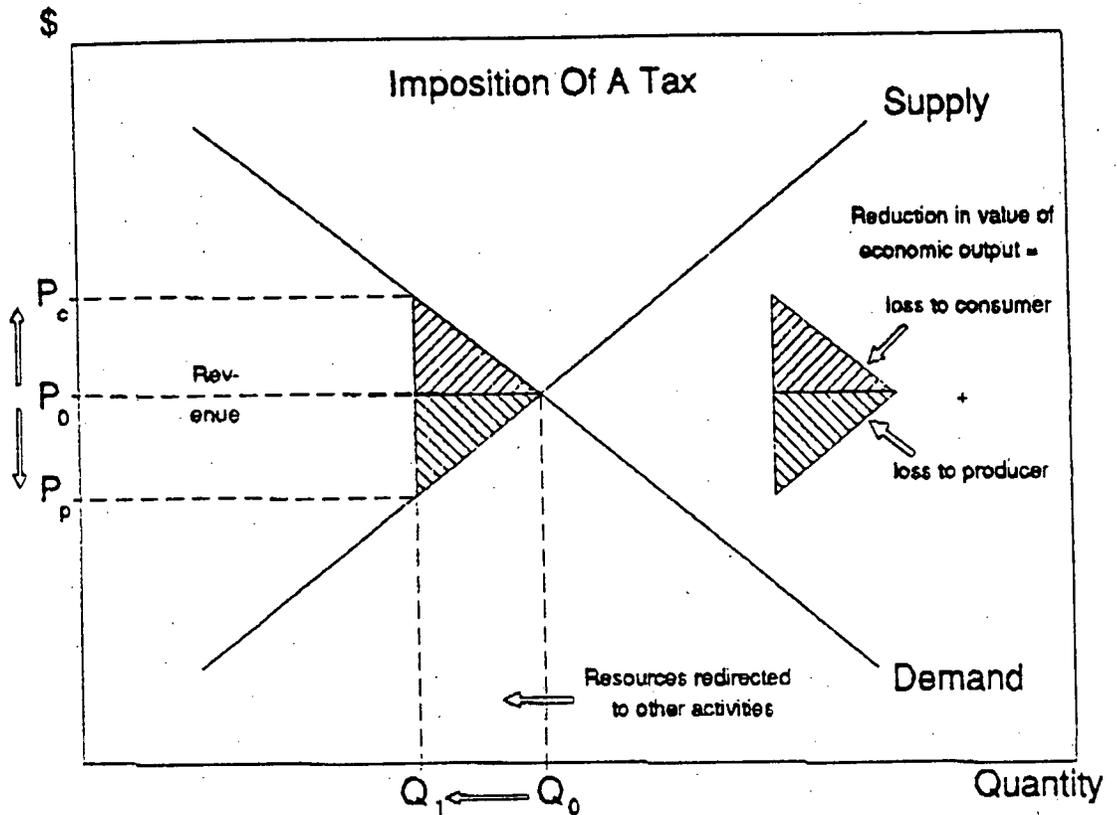
1. Ragnar Frisch, "A Complete Scheme for Computing All Direct and Cross Demand Elasticities in a Model with Many Sectors," in Readings in Economic Statistics and Econometrics, Arnold Zellner, ed., Boston, MA: Little, Brown and Company, 1968, pages 133-154.
2. Virginia Department of Taxation (number of taxable eating and drinking establishments) and National Restaurant Association (employment and payroll, adjusted for difference in estimates of numbers of restaurants between the VDT and NRA).
3. Real world results for Fairfax restaurants would undoubtedly differ from the breakdown shown for two reasons. First, there would be some variation of results if the actual mix of Fairfax restaurants among the various types surveyed -- cafeterias, limited and full menu restaurants with table service and without table service, i.e. carry-outs -- were known. Second, the actual breakdown of a dollar in sales for any given type of restaurant in Fairfax might differ from the national survey average.
4. Virginia Department of Taxation.
5. National Restaurant Association, "Restaurant Industry Operation Reports", various years, 1979 through 1991, tables entitled "statements of income and expenses".
6. Economics and Statistics Administration / Bureau of Economic Analysis, U.S. Department of Commerce, "Survey of Current Business", December, 1991 / Vol. 71, no. 12; Washington, DC, p. 56.
7. Ibid., p. 5-8.
8. "Economic Effects of the Proposed 4 Percent Arlington County Meals Tax", Fiscal Associates, Inc.: Arlington VA, March 8, 1991.
9. Sales figures from the Canadian Restaurant and Food Services Association, "Submission to the Honorable Donald Mazankowski, Minister of Finance, Regarding the 1992 Federal Budget", December 16, 1991. Recession figures, from Statistics Canada, courtesy of the C. D. Howe Institute, Ottawa.
10. Report of the Canadian Restaurant and Food Services Association, op. cit.
11. Anton S. Gardner, County Manager, "Advertisement of a Meals, Food and Beverages Taxation (Restaurant Meals Tax) Ordinance for Public Hearing." Memorandum to the County Board of Arlington, Virginia, February 1, 1991.

GRAPH 1



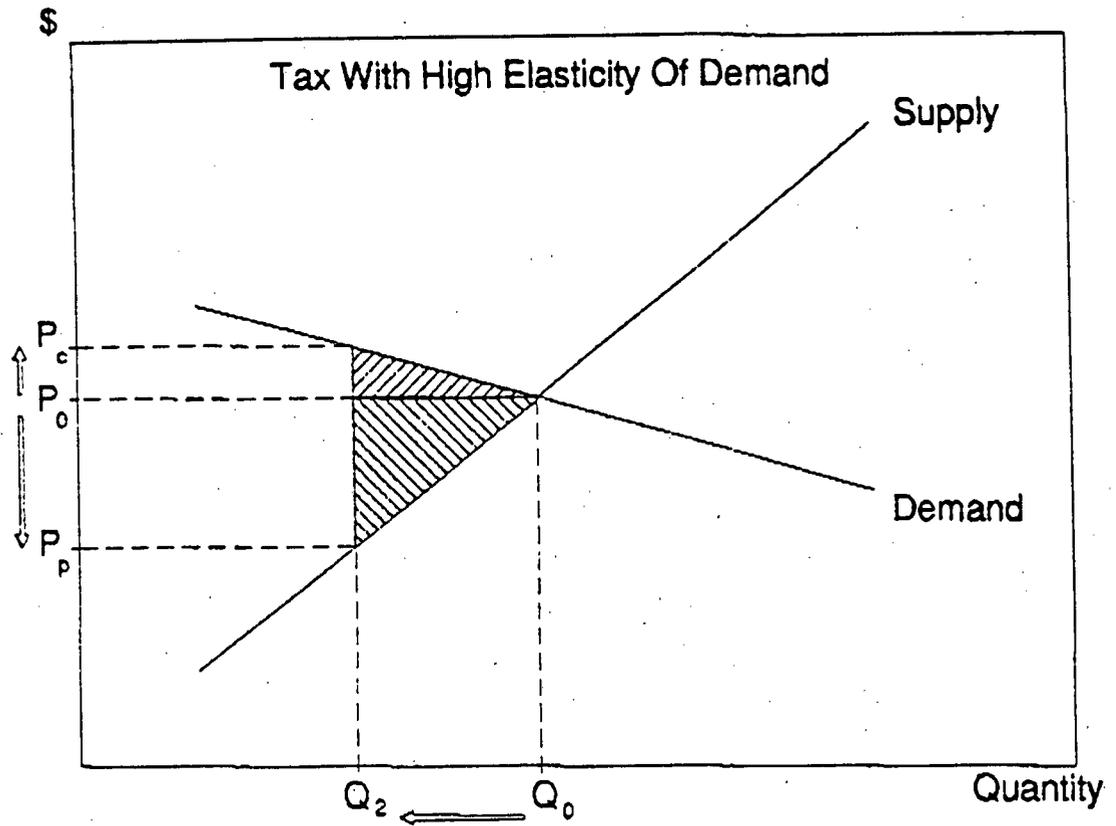
Graph 1 illustrates the quantity of output and the price of a product in an untaxed industry. The supply curve shows that producers will increase output as prices rise; the area under the curve also represents the value of the inputs used to produce the product. The demand curve shows that consumers will buy more as prices fall; the area under the curve also shows how highly consumers value each unit of output.

GRAPH 2



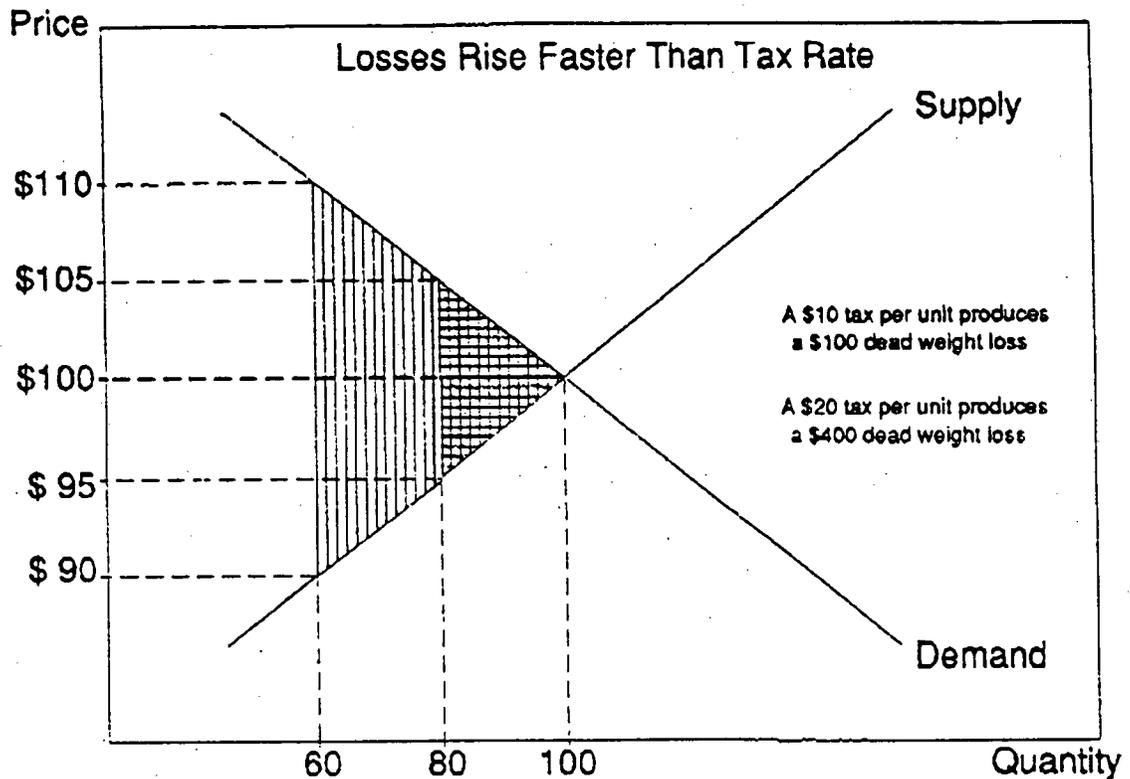
Graph 2 illustrates the effect of an excise tax on the production and price of the product. The price to the consumer will increase, and the price received by the producer will fall. Quantity of output will decline. The tax will impose a "dead weight loss" on the economy. Resources (labor and capital) released by the tax will eventually be employed again in other less productive uses. The dead weight loss to the economy (the shaded areas in the graph) is the drop in value of the resources as they are shifted to their second-best uses.

GRAPH 3



Graph 3, in contrast to graph 2, illustrates that a higher elasticity of demand will reduce the extent to which a tax may be passed on to the consumer. It will also increase the drop in output and increase the burden of the tax on the producers of the taxed product or service.

GRAPH 4



Graph 4 illustrates the point that a doubling of the tax rate roughly quadruples the economic loss associated with the tax. Pre-tax, output was 100 units selling at \$100 apiece. In this example, a tax of \$10 per unit reduces output by 20 units. The price to the consumer rises to \$105, and the price received by the producer falls to \$95. The tax revenue is \$800 (= \$10 x 80), less than the tax rate times the pre-tax output (\$10 x 100 = \$1,000) because of the drop in output. The economic loss associated with the tax is the area of the cross-hatched triangle, or \$100. (The resources under the supply curve between 80 and 100 units are released for employment elsewhere. The excess consumer satisfaction that would have been produced had they been used to satisfy the demand for the last 20 units is the area above the supply curve and below the demand curve.)

Raising the tax rate to \$20 cuts output further to 60 units, raises the price to the consumer to \$110, and lowers the price to the producer to \$90. Revenue does not double. It rises only to \$1200 (= \$20 x 60) because of the drop in output. The total shaded area represents an economic loss of \$400.

The State of the Industry

The past two years have been particularly devastating for Canada's foodservice industry. In 1990, real sales declined 2.0% compared to 1989. In the first 8 months of 1991, real sales fell a further 19.2%. All sectors are experiencing negative sales including fast food which, in the past, has been resistant to recession.

Bankruptcies in the industry rose 45.5% in 1990 and a further 12.1% in the first 8 months of 1991.

Profit margins on sales, which are typically thin (3% to 6%) in this very competitive industry, have virtually disappeared...as has financing. Several major chartered banks have stopped all loans to the industry as a matter of corporate policy.

The foodservice industry is clearly being hurt by the recession but there are other factors which are hampering the industry's ability to restore its competitiveness and attractiveness to consumers.

Competitiveness: Domestic

The foodservice industry has always competed for market share with grocery stores and other retailers of food products. A key measurement of industry performance has been its share of the food dollar which rose to 40% in 1989 but has since declined to 36% in 1991.

The Goods and Services Tax

In the past, competition between grocery products and foodservice was less obvious, since restaurants typically added value in the form of preparation and service while grocery stores sold ingredients for home preparation. In the 1970s and 1980s, however, this distinction became completely blurred.

The rapid growth of fast food and take-out operations has created a \$5 billion industry where consumers receive prepared meals but little or no service. At the same time, grocery product manufacturers have placed an emphasis on highly prepared meals which simply require re-heating.

The direct competition between convenience meals such as pizza sold by grocery stores and pizza sold by fast food outlets cannot be denied. It is widely recognized by both sectors of the food industry.

The competition between these sectors has also been acknowledged by most provincial governments in the application of retail sales taxes with either no taxes on restaurant meals or a sales tax exemption on low priced restaurant meals.

The GST, however, has ignored this market place reality with disastrous results in 1991. While all sectors have suffered from the recession and the inflationary effect of the GST, take-out and delivery has been hit far worse with a drop in real sales of 27.4% in the first 8 months of 1991 versus the same period of 1990. This is the sector that competes most directly with prepared grocery products such as tax-free frozen pizzas, microwavable burgers and other prepared, "ready to heat" meals.

The fast food industry has also suffered from the unequal application of GST. While its decline in real sales (15.5%) is less dramatic than take-out and delivery, it is clearly under performing in the 1990-1991 recession as compared to 1982-1983.

The distortion created by the unequal taxation of prepared meals should be corrected with the application of GST to all prepared meals sold in grocery stores.

Beverage Alcohol

The taxation of beverage alcohol has reached the point of diminishing returns with serious consequences for restaurants and other liquor licensed establishments.

Canadian consumers are familiar with "sticker shock" when they buy beverage alcohol on a retail basis but few are aware that licensees receive little or no concession for their volume purchases. In fact, with the GST and PST applied after restaurant mark-ups, consumers actually pay up to 25% more in taxes for beverage alcohol purchased in licensed establishments.

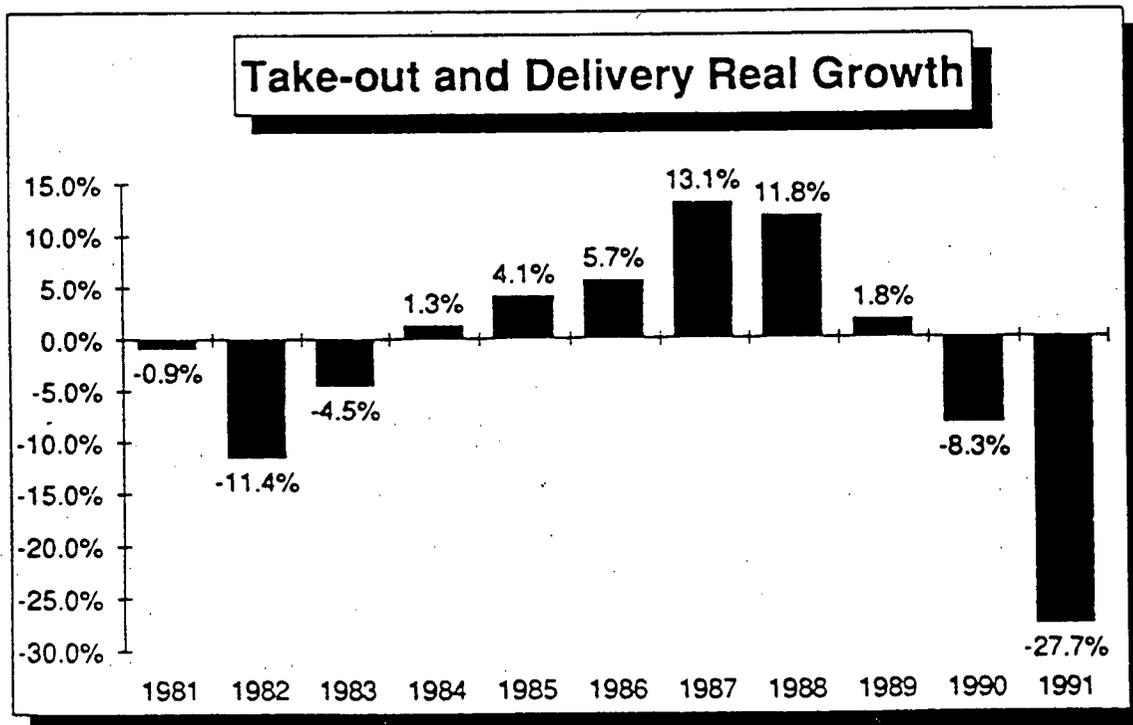
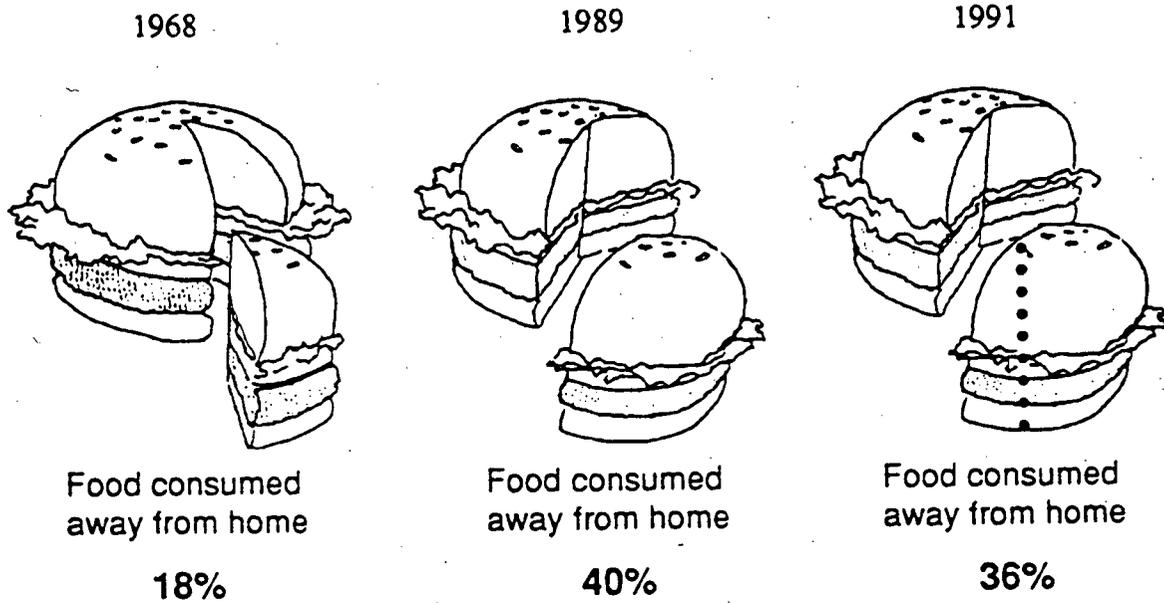
The taxation and distribution of beverage alcohol by both provincial and federal governments generally ignore their role as wholesalers to the hospitality industry. There are virtually no discounts for volume purchases or accommodation for the inflated tax revenue earned on sales through licensed establishments...not to mention the increased employment, payroll taxes, income taxes and property taxes generated by licensees.

With approximately 20% of beverage alcohol sales accounted for by licensed establishments, governments have an opportunity and rationale to adjust the rate of tax on this product without hurting their income on the other 80%.

In some respects the sale of alcoholic beverages in licensed establishments encounters similar problems to that of prepared meals sold in grocery stores versus take-out in fast food establishments. There is an element of competition between at home and away from home consumption.

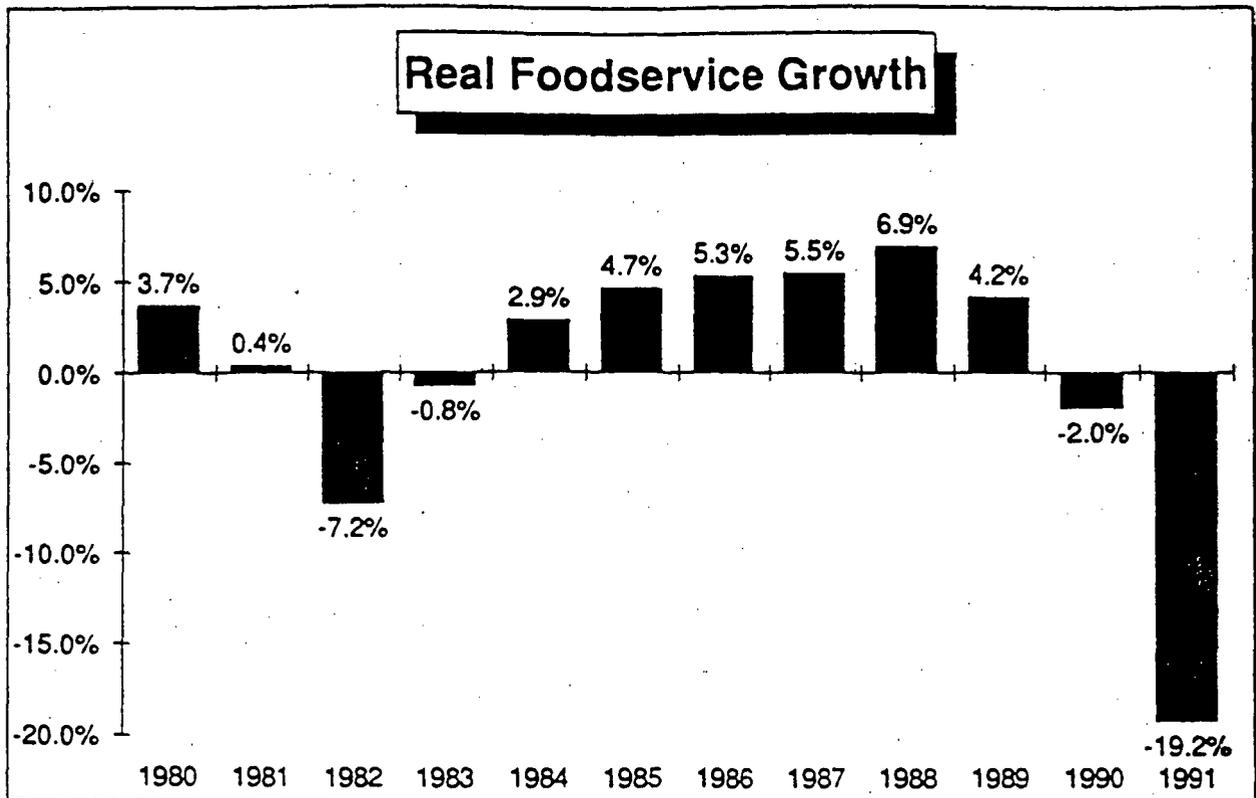
Market Share

Food at home vs food away from home

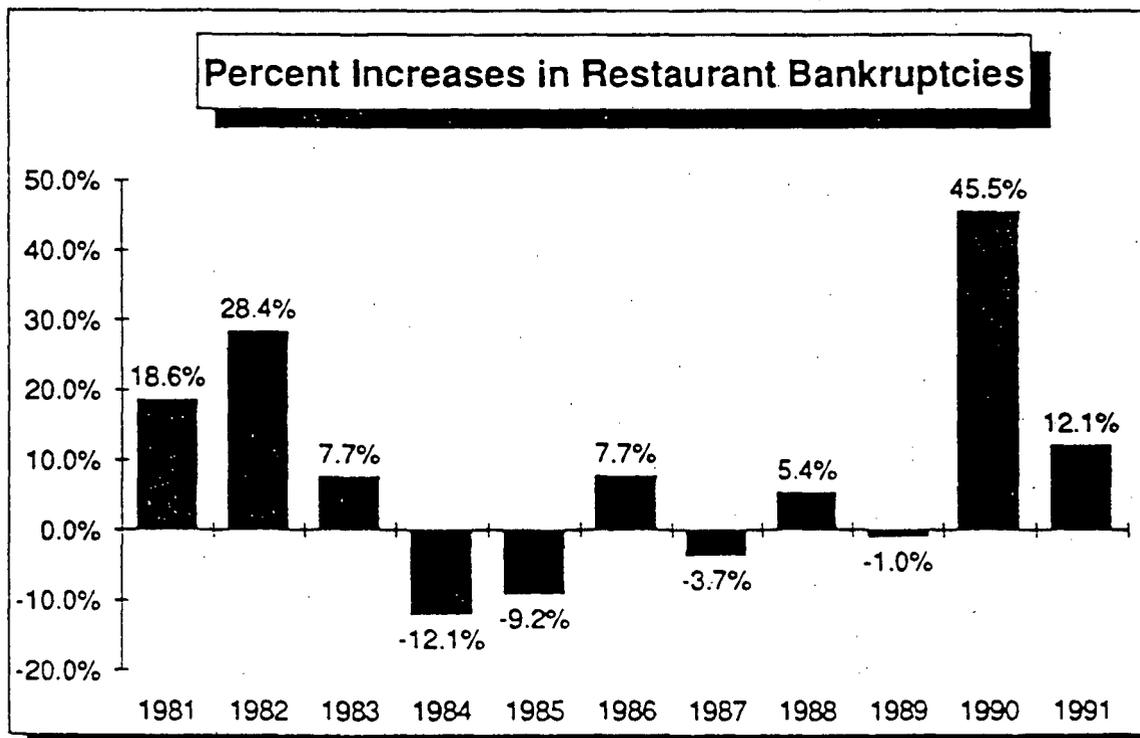


*1991 - year-to-date ending 31 August 1991.

SOURCE: CRFA's InfoStats Report and Statistics Canada



*1991 - year-to-date to 31 August 1991.



*1991 - year-to-date to 31 August 1991

REGIONAL CULTURAL INVESTMENT PROGRAM

Section-by-Section Analysis

Section 1. Matter of Metropolitan Concern. Under Metro's charter it can only assume a new function if the Council makes findings that the function is a "matter of metropolitan concern." This section makes those necessary findings.

Section 2. Definitions. This sets out definitions of organizations that are major beneficiaries of the program. It clarifies an intent to ensure that some of the funds go to local organizations outside the city of Portland. It defines the Regional Cultural Council.

Section 3. Description of Program. This section does three things: declares the intent to serve citizens within Metro's boundaries as well as other jurisdictions which specifically elect to participate; states that two programs will be funded and specifies the percentage allocation to each; and sets a goal of 50% match from private sources for the program as a whole. Regarding the match, it is a goal and not an absolute. The Regional Cultural Council would be responsible for determining how it would apply to each grant and what would qualify as match.

Section 4. Regional Arts Program. This lists the types of activities that will be eligible for funding under the arts program. It provides a minimum level of funds for arts councils in small communities outside of Portland. Fund distribution for all arts programs, except the PCPA, will be done by the Regional Arts Council. The PCPA will receive a direct allocation from Metro. Organizations which receive program funds must meet standards that the Regional Cultural Council will establish.

Section 5. Children's Scientific and Cultural Accessibility Program. This section describes how the funds will be allocated, for what purpose and what organizations are eligible. The purpose is access for children. Ninety percent of the funds go to operating grants for large regional cultural organizations that can meet the eligibility requirements. Ten percent of the funds are dedicated for "innovation grants". The large regional cultural organizations are eligible as well as somewhat smaller organizations (with operating budgets of \$100,000). In addition, collaborative efforts of several organizations are eligible.

Section 6. Funding Source. The income tax surcharge is identified as the funding source. It will exempt certain lower income levels and place a cap on the total amount of surcharge. Since these are not yet determined these limits are indicated by a blank. The language is general and does not specify whether the tax includes a surcharge on corporations. That decision is left to future determination.

Section 7. Program Administration. The requires Metro to enter into an initial contract with a private non-profit to act as a Regional Cultural Council for five years. The Council must meet criteria listed in this section. The contract will include requirements to meet goals, criteria and limitations in the ordinance. It provides for termination for cause or breach. After five years or after early termination, Metro may renew the contract or select some other entity or means to administer the program.

Section 8. Administration of Program Limited. Total administrative costs are limited to 3% of total program funds. Such costs will be paid to Metro and to the Regional Cultural Council only for specific activities listed in this section.

Section 9. Regional Arts Program Administration. This makes the Regional Cultural Council responsible for administering funds for the arts program.

Section 10. Children's Scientific and Cultural Accessibility Program Administration. For this program, the Regional Cultural Council must recommend an initial list of recipients for the operating grants to Metro. Once approved, these organizations will be the only ones eligible for five years. After that, eligibility is open and organizations must "re-qualify". The innovation grants will be awarded annually.

Section 11. Additional Jurisdictional Memberships. This provision allows another county or local government outside of the Metro boundaries to be a part of the program. They would need to provide funds in a manner similar to the tax supporting the program and then would be eligible to receive grants.

Section 12. Restricted Organizations. This section restricts funding of parks and recreation organizations and schools unless done in collaboration with eligible arts or cultural organizations.

Section 13. Effective Date. This makes the program contingent on passage of a ballot measure.

DRAFT

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CREATING)
A REGIONAL CULTURAL INVESTMENT)
PROGRAM)
ORDINANCE NO. _____
Introduced by _____

THE METRO COUNCIL HEREBY ORDAINS:

Section 1. A new chapter is added to the Metro Code to read as follows:

CHAPTER _____

REGIONAL CULTURAL INVESTMENT PROGRAM

SECTIONS:

1. Matter of Metropolitan Concern. The Regional Cultural Investment Program is a matter of metropolitan concern. Adoption of this Program will benefit the Metro region by ensuring that to citizens have access to regional cultural programs; ensuring that all children have cultural educational opportunities; enhancing the economic development of the region through cultural job creation, visitor attractions, and cultural programs which attract new businesses; stabilizing and strengthening the region's cultural organizations; promoting cultural diversity in programming, education, audience development and participation; and promoting a cultural environment for innovation, creativity, and artistic excellence. Cultural assets including artistic, scientific, and historical programs and facilities are vital to our region's economic, educational and recreational well-being. Preservation and enhancement of these assets are critical to continue economic development because they create jobs, bring in visitors, and help attract new businesses. The programs inspire our children, give them knowledge, and teach them discipline. By adoption of this Program, Metro declares that all citizens should have access to our cultural programs and benefit from the lessons of our heritage.

2. Definitions.

(a) "Program" means the Regional Cultural Investment Program established by this Chapter.

(b) "Qualified Local Arts Councils" means any local government entity or nonprofit tax-exempt corporation designated by one or more cities with a population less than

300,000 or a county or any combination thereof to serve the local arts needs of the residents of the city or cities or a specified portion of the unincorporated area of a county.

(c) "Qualified Regional Arts Institutions" means organizations such as the Oregon Ballet Theatre, Oregon Shakespeare Festival-Portland, the Oregon School of Arts and Crafts, Portland Art Museum, the Portland Opera Association, the Oregon Symphony, the Oregon Children's Theatre Company, the Interstate Fireside Cultural Center, and other similar nonprofit tax-exempt institutions providing music, theater, dance, performance or visual art to a regionally-based audience.

(d) "Regional Cultural Council" means a nonprofit tax-exempt organization selected by Metro to administer the Program, a Metro-established commission, or such other entity including Metro or a department thereof, designated by Metro as the Program administrator pursuant to Section 7 of this Chapter.

(e) "Scientific and Cultural Organizations" means OMSI, the Oregon Historical Society, the Metro Washington Park Zoo, the Children's Museum, the End of the Oregon Trail Foundation, and other similar nonprofit or governmental entities providing regionally-based scientific or cultural educational opportunities.

(f) "Qualified Community Arts Organizations" means a nonprofit tax-exempt corporation other than a Qualified Local Arts Council or a Qualified Major Regional Arts Institution whose primary purpose is the promotion or performance of artistic endeavors.

3. Description of Program. The Regional Cultural Investment Program is intended to serve the citizens of the Metro region, as well as the citizens of such additional jurisdictions adjacent to the Metro region who agree to participate in the Program. The Program is divided into two separate categories. The intent of the Program is to provide adequate funding for both categories in order to carry out the purposes of the Program. The two categories of the Program are the Regional Arts Program, more particularly described below in Section 4, and the Children's Scientific and Cultural Accessibility Program, more particularly described below in Section 5. It is the intent of the Program that tax revenues authorized by this Program should be allocated between the Regional Arts Program and the Children's Scientific and Cultural Accessibility Program. The Regional Arts Program shall receive _____ percent of available funds and the Children's Scientific and Cultural Accessibility Program shall receive _____ percent of the funds. As an incentive to leverage other funds and to facilitate public/private partnerships, the overall Regional Cultural Investment Program funds are intended to be matched by at least 50 percent from private sources. Individual grant or project match requirements may vary as long as the overall percent is met. Achievement of the goal of a 50 percent match from private sources shall be the responsibility of Metro and the Regional Cultural Council.

IT IS THE INTENT OF THE TASK FORCE THAT THE PROGRAM BE FUNDED AT A LEVEL OF \$14.6 MILLION AND THAT \$8.6 MILLION WOULD BE ALLOCATED TO THE REGIONAL ARTS PROGRAM AND \$6 MILLION TO THE CHILDREN'S PROGRAM. IF THE PROGRAM IS FUNDED AT THIS LEVEL THE APPROPRIATE PERCENT SHOULD BE INSERTED.

4. Regional Arts Program. The Regional Arts Program shall include categories of activities listed in this section which will be eligible for funding pursuant to the provisions of this Chapter. This Program will ensure access for regional citizens to the region's artistic endeavors and institutions. Eligible institutions must satisfy the Regional Cultural Council's standards by showing evidence of an ongoing commitment to providing acceptable arts programming to regional audiences. The annual allocation to the PCPA shall be that established herein and shall be made directly to the PCPA by Metro in its annual budget process.

Eligible programs are:

- (a) Portland Center for the Performing Arts;
- (b) Operating support for qualified local arts councils designated by cities with a population less than 300,000 or by counties to serve unincorporated areas within the Metro boundary for community development, coordination, and marketing assistance of the arts. Funding shall be in the form of grants not less than 50 cents per capita for the population served by such qualified local arts councils. Grants shall be subject to compliance with goals and objectives and performance criteria established by the Regional Cultural Council;
- (c) Arts education for children and adults;
- (d) Operating support for qualified major regional arts institutions that meet criteria established by the Regional Cultural Council, but not to exceed 10 percent of annual operating expenditures for such entities;
- (e) Special project support for "small arts organizations," individual artists, and community arts groups, including organizations located inside cities with a population greater than 300,000;
- (f) Audience outreach and marketing collaborations designed to respond to well developed collaborative initiatives to reach new or underserved audiences for communities

and/or arts institutions;

(g) Individual arts grants and services to foster the work of exceptional regional artists and to support marketing and information services for professional development;

(h) Outreach grants for special initiatives designed to better reflect and celebrate the ethnic and cultural diversity and the needs of special populations and constituencies;

(i) Outreach grants for special initiatives proposed by arts organizations to increase access for low-income citizens and children;

(j) Grants to non-PCPA facilities which are intended to meet the special needs of smaller cultural facilities in the region, and which respond to special community planning initiatives; and

(k) Business management and marketing assistance, facility planning, and non-financial services designed to assist organizations and individuals to develop sound business and marketing practices, and to assist communities considering new or renovated facilities to design effective feasibility and operating strategy.

5. Children's Scientific and Cultural Accessibility Program. This program shall ensure access to scientific and cultural institutions and programs for all the region's children. Ninety percent of the funds available for this portion of the Program shall be the form of operating grants to regional organizations to achieve and increase access for children. Ten percent of available funding shall be dedicated to innovation grants to achieve access for children. Eligibility for the operating grants shall be for institutions which meet all of the following eligibility and Program requirements. Institutions must satisfy the Regional Cultural Council that they are scientific and cultural organizations that are public or nonprofit with tax-exempt status and that they serve the entire region.

Organizations that are primarily supported by local tax dollars (over 50 percent) must have support of at least \$250,000 from non-local tax sources. Organizations that are not primarily supported by local tax dollars (under 50 percent) must have operating budgets of at least \$250,000. Organizations shall establish evidence of stability including a year-round professional staff, an active board of directors (if nonprofit), and three years of operating experience that demonstrates the capability to operate regional programs.

Eligible institutions shall also show evidence of commitment to programs for children, and for methods to enhance access to all children of the region regardless of their income level.

Innovation grants shall be available to public organizations or nonprofit organizations with tax-exempt status. Innovation grants shall be for the purpose of funding innovative programs to achieve access for children. To be eligible, organizations must have operating budgets of

\$100,000 or more and provide evidence of financial and organizational stability. The grants may be for collaborative programs involving one or more organizations and the organizations will provide a dollar-for-dollar match in new money to support the innovative grants.

6. Program Funding Source. Funding for the Regional Cultural Investment Program shall be obtained from a voter-approved Metro income tax surcharge on taxable income. The ballot measure by which voters are asked to authorize the tax shall also authorize Metro to assume the function of conducting the Regional Cultural Investment Program as a matter of metropolitan concern. No surcharge shall be imposed if the gross taxable income does not exceed _____. The maximum surcharge for any one year shall be _____.

7. Program Administration.

(a) Metro shall be responsible and accountable for the overall administration of the Program. Initially Metro shall enter into a contract with a nonprofit tax-exempt corporation that meets the criteria established by this Chapter. The contract shall have an initial term of five years. The contract shall establish clear goals, guidelines and objectives, and other requirements for the Program including a limit on the overhead expenses and administrative costs that the nonprofit organization may charge to the Program. The contract shall be subject to termination for cause or a breach thereof. In selecting a qualified nonprofit organization to act as the Regional Cultural Council, Metro shall be guided by the goal of ensuring that the Program is administered in the most cost-effective manner that allows the highest percentage possible of Program funds to be allocated to eligible organizations and projects. In addition, Metro shall in its judgment seek to select as the Regional Cultural Council an organization that best meets the following criteria:

- (1) The Regional Cultural Council should possess or demonstrate the capacity to acquire requisite staff expertise in arts and cultural programming, education, technical assistance, and grant administration.
- (2) The governing body of the Regional Cultural Council should be comprised of citizens of the Metro region, arts and cultural groups, and local jurisdictions.
- (3) The Regional Cultural Council should demonstrate the ability to successfully operate the Program.
- (5) The Regional Cultural Council may receive funds from other jurisdictions and may carry on activities separate from the Program.
- (6) The Regional Cultural Council should demonstrate and commit to ensuring that the goal for matching funds will be met.

(b) At the expiration of the initial five-year contract, or the early termination thereof, Metro may continue administration of the Program by entering into a contract as provided for in subsection (a) by designating another entity to administer the program including, but not limited to, another nonprofit tax-exempt organization, a Metro-established commission or a Metro department. The entity must meet the criteria and conditions established by this Chapter.

8. Cost of Administration of Program Limited. Metro and Regional Cultural Council direct and indirect administrative costs charged to Program funding sources shall not to exceed 3 percent of total Program funds.

(a) Metro's direct and indirect administrative costs shall be limited to:

- (1) Costs of oversight of the Regional Cultural Council including contract preparation and administration;
- (2) Tax collection costs;
- (3) Fund accounting costs; and

(b) Administrative costs of the Regional Cultural Council are limited to a reasonable allocation for payroll, accounting, bookkeeping, legal services, personnel administration, facilities and equipment, and contract negotiation costs generated by the Program. Otherwise, Program funds expended by the Regional Cultural Council shall only be for purposes authorized in Section 4 and Section 5 and not otherwise.

9. Regional Arts Program Administration. In administering the Regional Arts Program, the Regional Cultural Council shall on an annual basis allocate and enter into agreements with entities and programs eligible for funding pursuant to Section 4. The Regional Cultural Council shall adopt procedures and controls to ensure that all regional arts program recipients funded by the Regional Cultural Council expend all funds received for purposes consistent with this program.

10. Children's Scientific and Cultural Accessibility Program Administration. The Regional Cultural Council shall recommend to the Metro Council an initial list of grant recipients for this program for operating costs of those organizations described in Section 5. The initial grants shall be for a five-year period and shall commit for operating costs a stated percentage of available funding each year. With approval of Metro, the Regional Cultural Council shall administer the grants. On an annual basis the Regional Cultural Council shall enter into grant agreements for the innovative access portion of the program.

11. Additional Jurisdictional Memberships. Local jurisdictions outside the Metro region may enter into intergovernmental agreements with Metro to participate in and expand the

scope of the Regional Cultural Investment Program. Such agreements shall provide for:

- (a) Equitable funding for the Program from the jurisdiction on a comparable per capita level with that provided by Metro;
- (b) Allocation of funds to the Regional Cultural Council in a manner comparable to the Program;
- (c) At least one year's notice of termination, and termination in the event of a failure to contribute funds;
- (d) Representation of the jurisdiction on the Regional Cultural Council governing body;
- (e) Eligibility of organizations within the territory of the jurisdiction for funding from the Program on a like basis as provided for in Sections 4 and 5.

12. Restricted Organizations.

(a) Pursuant to Section 4 and Section 5, Program funds may not be granted to the types of organizations specified in this section unless the conditions established in paragraph (c) of this section are met.

(b) Restricted organizations are:

- (1) Public parks or recreation organizations;
- (2) Schools either public or private;
- (3) Commercial for-profit entities other than individual artists;
- (4) Nonprofit organizations with no membership or constituent base; or
- (5) Nonprofit social service organizations.

(c) Restricted organizations may receive Program funds if the organization enters into a joint proposal with collaborating nonprofit arts or cultural organization eligible for funding and the proposal establishes that the Program funds will be a supplement to and not a replacement for an existing arts or cultural program carried out by the restricted organization.

13. Effective Date. This Program shall be in effect only if the ballot measure referred to in Section 6 is approved by the electors of Metro.

ADOPTED by the Metro Council this _____ day of _____, 199__.

Judy Wyers, Presiding Officer

ATTEST:

Clerk of the Council

gl
1148b

VI. REFERENCES

Metro Resolution No. 92-1556
Metro Resolution No. 92-1649
Metro Resolution No. 93-1809A

"ArtsPlan 2000+: A Cultural Plan for Portland and the Surrounding Region"
July 1991
The Wolf Organization, Inc.

"Final Report of the Public Policy Advisory Committee for
Regional Convention, Trade, Performing Arts and Spectator Facilities"
December 1991



MULTNOMAH COUNTY, OREGON

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PLANNING & BUDGET
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PORTLAND, OR 97214
PHONE (503)248-3883

TO: Tim Reddington, Tax Supervising and Conservation Commission
FROM: Dave Warren *DCW*
DATE: June 4, 1994
SUBJECT: Follow Up Items from the Work Session on June 1

Attached is a list of items about which the Board of Commissioners would like additional information.

Please prepare a memo answering the Board's questions. I suggest that the responses state the question, and then state the response. The response may be a reference to an attached document.

I have two requests to make about the responses:

1. Please respond to all the questions by Monday, June 13. I realize that answers to several of the requests on the list will not be available by June 13. However, you will probably have a reasonable idea of when the answers will be available. The response to these items could be to say when the research is expected to be complete.

For example, the question about discussing possible legislation about the budget process will require a process of its own, leading to a separate policy discussion by the Board. My suggestion is to respond to questions of this type by describing a process you might follow to bring the issue back to the Board with some estimate of when that might be possible.

2. Please help us keep track of the responses. Send them to the Budget Office. We will copy them, attach a sequentially numbered cover sheet that will help the Board be sure that they are getting all the packets of information, and distribute them to the Commissioners and the Clerk of the Board.

Let me know if you have further suggestions.

c Board of County
Commissioners

Follow Up Items from the June 1 budget work session:

TAX SUPERVISING AND CONSERVATION COMMISSION

- 1. 1995 Legislature** - Please suggest a process that will allow the Board of Commissioners to join with the Tax Supervising and Conservation Commission in discussing the ideal role for TSCC and developing legislative initiatives to improve the statutory budget process.
- 2. Cross Governmental Responsibility Discussions** - Multnomah County would like to engage other governments in a dialog about ways to distribute responsibilities appropriate to the kind of jurisdiction as the most effective way to help address the impending funding crisis in local education. What would TSCC suggest as an appropriate role in convening, staffing, participating in, or evaluating such a discussion.
- 3. Progress Board Handout** - Please provide the Board with a copy of the TSCC handout prepared for the Progress Board meeting on June 1, categorizing services across jurisdictions.
- 4. Standardized Budget and Accounting Formats** - Please discuss the role TSCC is considering in advocating standardized accounting and budget display across all public jurisdictions in Multnomah County.
- 5. Strategic Plan** - Please send the Board a copy of the draft TSCC strategic plan.



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PORTLAND, OR 97214
PHONE (503)248-3883

TO: Gary Blackmer, Auditor
Meganne Steele, Chair's Office
Sheriff Bob Skipper

FROM: Dave Warren *DCW*

DATE: June 4, 1994

SUBJECT: Follow Up Items from the Work Session on June 1

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Bill Farver
Tom Fronk
Kathy Gillette
Tamara Holden

Susan Kaeser
Jim McConnell
Hal Ogburn
Mike Oswald
District Attorney Mike Schrunk
Tom Simpson
Meganne Steele
Kathy Tinkle
Betsy Williams
CIC
Patrol

Follow Up Items from the June 1 budget work session:

MANAGEMENT SUPPORT SERVICES

19 Budget Office - Suggest a mechanism to assure joint review with Portland of jointly funded agencies.

AUDITOR

1. Management Study - Describe the process anticipated to secure a contractor for the management study of the Sheriff's Office and arrive at cost estimates.

OFFICE OF THE CHAIR

1. Structure and Staffing - Please develop a schematic overview of the Chair's Office structure and role. Supplement it with notes on how staff is allocated.

2. Legislative Effort - Put together an overview of the 1995 legislative effort and the planned allocation of resources (staff in the Chair's Office, other departments, and contractual dollars) to it.

3. Progress Board - Discuss the staffing and funding of the Progress Board.

SHERIFF

18. Public Safety Committee Study - Prepare a funding proposal that will enable the County or the Public Safety Committee to determine the impact of each additional police officer on the rest of the justice system.

19. DUII - Please describe the plan to provide DUII patrol in 1994-95.



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TO: Hal Ogburn, Juvenile Justice Director
Lorenzo Poe, Community and Family Services Director

FROM: Dave Warren *DCW*

DATE: June 4, 1994

SUBJECT: Follow Up Items from the Work Session on June 1

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For example, the question asking for a briefing on "very young offenders" may require a process of its own, leading to a separate policy discussion by the Board. My suggestion is to respond to questions of this type by describing a process you might follow to bring the issue back to the Board with some estimate of when that might be possible.

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Tom Simpson

Sheriff Bob Skipper
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Follow Up Items from the June 2 budget work session:

JUVENILE JUSTICE

4. Cite and Release - Report the percent of those cited and released who fail to appear at the preliminary hearing

5. Mandatory Diversion - Discuss the potential for locating Diversion Case Managers in the Family Centers based on the numbers of offenders who fall into the service districts.

6. Schematic Overview - Update the schematic of the juvenile justice process to show the relative percentage of youth who are diverted through Family Centers and the percentage of youth who are directly assigned to programs.

7. Very Young Offenders - Arrange a briefing on "very young offenders."

8. State Funding - Arrange a briefing and discussion of State funding versus local General Fund funding issues in Juvenile Justice and their impact on accepting further probation and supervision responsibilities.

9. Evaluation -

- Provide evaluation data on GRIT/GIFT.
- Discuss the potential for grant funding of an evaluation process for the new sex offender initiative.

10 Sex Offender Initiative - Discuss the possible extension of the probation period for sex offenders for the purpose of evaluation. Discuss the possible risks incurred, suggest what activities would logically be associated with such an extension, and identify the costs that would be incurred in carrying out these activities.

11. Save Our Youth -

- Provide the Board with evaluation of the Save Our Youth program.
- Discuss the potential for using volunteers as facilitators in the Save Our Youth program.

COMMUNITY AND FAMILY SERVICES

18. Family Centers - CFS build a schematic view of diversions through the Family Service Centers that follows from the Juvenile Justice schematic chart.



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TO: Bill Bulick, Metropolitan Arts Commission
FROM: Dave Warren *DCW*
DATE: June 4, 1994
SUBJECT: Follow Up Items from the Work Session on June 1

Attached is a list of items about which the Board of Commissioners would like additional information.

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Follow Up Items from the June 1 budget work session:

METROPOLITAN ARTS COMMISSION

- 1. Long Term Funding -** What is Metro's plan and tentative schedule for a regional election establishing long term arts funding.
- 2. Overall Budget -** Provide the Board with copies of the total MAC budget.
- 3. Hotel/Motel Tax -** What outcomes does the Arts Commission expect from the additional \$100,000 planned to be diverted from the hotel/motel tax?



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TO: Helen Cheek, Metropolitan Human Rights Commission
FROM: Dave Warren *DCW*
DATE: June 4, 1994
SUBJECT: Follow Up Item from the Work Session on June 1

At the June 1 budget work session, the Board was interested in additional information about MHRC. Here is the question I recorded.

Goals and Objectives - Please provide the Board with a summary of the goals for each of the MHRC programs and plans for their evaluation.

I have two requests.

1. Please respond by Monday, June 13. If putting the answer together is going to take longer than June 13, you will probably have a reasonable idea of when the answer will be available. The response could be to say when the answer is expected to be complete.
2. Please help us keep track of the responses to the Board's questions. Send your response to the Budget Office. We will copy it, attach a sequentially numbered cover sheet that will help the Board be sure that they are getting all the packets of information, and distribute it to the Commissioners and the Clerk of the Board.

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