

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

Wednesday, May 9, 2012 – 3:00 p.m.

Multnomah County Commissioners Board Room 100
501 S.E. Hawthorne Blvd., Portland, Oregon

**Multnomah County
Three Year Local Option Property Tax Levy
For Library Operations (Measure 26-125)**

Present:

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

Absent:

Commissioner Steven Nance

Multnomah County:

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

Chair Javier Fernandez convened the meeting at 3:03 pm and welcomed everyone for attending.

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

Chair Cogen gave a brief overview of the local option levy. He stated the Multnomah County Library system is one of the crown jewels of the county, consisting of the Central library and 18 branches throughout Multnomah County. It has the second highest circulation in the country. He added that people depend on the library and the library depends on local option tax revenue. Two-thirds of

the library's funding comes from local option tax revenue. The current levy expires June 30 2012. The levy will not increase but will remain at the same rate.

TSCC Questions:

Chair Fernandez asked the following question:

There was a considerable amount of input that went into the decision to seek renewal of the Local Option Levy versus asking voters to establish a separate Library District with its own permanent tax rate limit, at least for now. Can you explain why the current proposal was the best alternative given all of the competing demands?

Chair Cogen answered stating there has been a lot of discussion on this issue and all of the Multnomah County Commissioners believe the Library District with its own rate is the right approach. There was conversation about going to the voters in May to ask for a permanent rate or waiting until November. It was decided seeking a district in May carried too high a risk since a permanent rate would require taxes to increase. Given the economic climate the best option was seek a continuation of the local option levy. Hopefully voters will approve creating a Library District and it will not be necessary to ask for a local option levy again.

Commissioner McCall asked the following questions:

In the Resolution calling for the election you committed to providing \$10 million in one-time only support for library operations if the Measure passes. Is this in addition to the \$14 to \$15 million in General Fund support that the Library has received the last several years?

Commissioner Kafoury said yes, the \$10 million is in addition to the annual \$14 to \$15 Million in support. The County has historically always provided some level of General Fund support to the library, based on the then existing library levy becoming part of the county's permanent rate under Measure 50 in 1997. Without this additional \$10 million cuts would need to be made.

How much of the \$10 million are you prepared to provide in fiscal year 2012-13, which may end up being the only year the levy is needed?

Commissioner Smith answered saying the Chair's proposed budget allocates the entire \$10 million to the Library Fund; the library has proposed using \$3.4 million in fiscal year 2012-13 in recognition that the one-time only money may be needed to mitigate reductions for the next three years if the district is not implemented.

Commissioner Schneider asked the following questions:

Fees and other charges make up a relatively small percentage of annual resources to operate the library system, slightly more than four percent of total revenue in 2010-11. When was the last time the fee structure was reviewed and updated?

Commissioner Shiprack fielded this question stating that as part of the fiscal year 2012 budget process, the Budget Office conducted a comprehensive review of fees and charges at the library along with other county departments. In 2010-11, the library took in \$1.53 million in fees and charges, or 2.65% on total revenues of \$57.65 million. Of that \$1.53 million, 82% came from overdue fines.

Are there possibilities for raising fees to cover a higher percentage of operating cost?

Commissioner Shiprack explained that given the small overall percentage of fee revenue, even substantial increases in fees would not have a significant impact on total revenues. Raising fines, in particular, would likely have the opposite effect, as accumulating fines can cause people to quit using the library. Collecting library fines is a delicate balance between good stewardship of the taxpayer's investment versus creating a hardship on those with limited resources.

How does your level of fee income compare to other library systems of comparable size?

Commissioner Shiprack said that the average annual fee collection for public libraries serving a half million to one million people is \$771,512, based on 2010 data from the Public Library Data Service Statistical Report; Multnomah County is \$1.53 million so about double the average. She said this was due to the high volume of usage the library experiences.

The Library Budget Committee and members of the Library Advisory Board's Finance Committee put together a number of scenarios for reducing library operations in the event the measure fails. Two of those scenarios included closing the Central Branch. With all due respect to those individuals, is that really an option?

Commissioner McKeel responded saying that the Board of County Commissioners will make the final decision if such decisions become necessary. The group that worked on the scenarios did so with that understanding and with some guidelines from the library director, including prioritizing service to those with the greatest need and distributing services equitably across the geographic service area. The Central Library, because of its size and staffing, is by far the most expensive location to operate. She

went on to explain closing Central would allow the remaining library services to be dispersed far more broadly across the rest of the community. She emphasized that the decision would be the Board's to make and it would take considerable analysis.

Commissioner Sutherland asked the following questions:

Who is heading up the campaign in support of the measure and what activities are planned to inform the voters of the May election?

Chair Cogen said "Libraries YES!" is running the campaign which includes from 100 to probably over 1,000 volunteers who are handing out leaflets. There have been TV commercials, speaking engagements and a full service campaign effort. He added that he and his colleagues have given numerous presentations to community groups.

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

Commissioner Smith said they have not conducted any polling.

Commissioner Fernandez asked this follow-up question:

Do you have an indication of what the permanent tax rate for the Library District would be?

Chair Cogen replied that the Board would set the rate, but it would be around \$1.20 per \$1,000 assessed value which will be a 30 to 31 cent increase.

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

There being no further questions or discussion, Chair Fernandez closed the public hearing and the meeting was adjourned at 3:34 p.m.

Respectfully Submitted,

Tom Linhares, Executive Director
TSCC