MINUTES

MILWAUKIE CITY COUNCIL WORK SESSION

February 5, 2008

Mayor Bernard called the work session to order at 5:30 p.m. in the City Hall Conference Room.

Council Present: Mayor Bernard and Councilors Barnes, Chaimov, Loomis, and Stone

Staff Present: City Manager Mike Swanson, Community Development and Public Works Director Kenny Asher, Planning Director Katie Mangle, Resource and Economic Development Specialist Alex Campbell

Library District

Mayor Bernard welcomed Lynn Peterson, Clackamas County Commissioner, Gary Barth, Deputy Director of Business and Community Services and Dan Zinzer, Director of Business and Community Services.

Commissioner Peterson started by going over the history. In 1991, the County passed a 3-year levy at $.29 per thousand and then 3 years later it went back out for a levy for $0.35 per thousand. In 1997, at the end of that levy, they went out for a 5-year levy and it was approved by the voters, but failed to meet the double majority requirement and because of the timing it ended up getting rolled into the General Fund because of Measure 47. It did not go away even though it was not approved. Clackamas County decided to extend the library funding for 5 years. They did that and decided that over those 5 years they would develop a long-term strategy.

They were now in the second five-year extension and were looking at more specifics. The reason that it had now become an issue was because the County was losing timber receipts and there was a low probability if any that they would receive any more federal money to backfill the loss. $12.5 million was given to the County under the timber receipts and $1.5 million was going to the County libraries. $4.5 million was going to County roads and then there was the increasing demand on the general fund in all other areas, including dog services, DA's office, juvenile court and the rest of public safety as well as backfilling administrative costs on the health and human service side. They wanted to make sure at the least the admin staff was supported to maintain a high level of customer service. Due to those demands they had not been the most stable library partner for the cities and it had come to the discussion of a library district. She showed a graph of the declining amount of money the BCC decided that over the next 5 years starting in 2009 the County would decrease funding out of $7 million to the network by about 20% annually to zero. That would happen whether or not the district passes – both were on glide path to zero because they could no longer be a stable partner due to other demands.

Mr. Zinzer said there was a group called Local Network Intergovernmental Board (LNIB) that worked on library issues and meet to represent all the cities. They looked at some possibilities. They started by looking at what it would take to have an excellent level of libraries per the Oregon Library Association (OLA), but it

was far too expensive. The County proposed the threshold level and in order to get every city to the threshold level it would cost about $.39 per thousand. They were proposing $.3974 per thousand as the rate for the library district. That ensured every library provider got to the threshold level, plus it required the County to get out of the retail business of libraries. The Oak Lodge library would be a shared facility with Gladstone. The Town Center library would move east and be a shared facility with Happy Valley and Damascus and the Hoodland facility would become the responsibility of the City of Sandy. The County would not longer be in the retail business but would continue to provide the library network out of the County general fund. There was a lot of contention over the distribution formulas and a big debate over whether videotapes and books should be counted the same. They looked at something simple that everyone could understand and seemed fair. It was based on $.39 for the assessed value of that City. He provided a graph showing the service area boundaries that included the city plus the surrounding unincorporated area to make up the balance.

Councilor Barnes asked who made that decision.

Mr. Zinzer said it was a function of a sub committee of the LNIB called SAPS (Strategic Action Planning Subcommittee) that came up with the formula.

Mr. Barth said they looked at the existing boundaries and tweaked them modestly to ensure that every library achieved threshold level funding. There were only a couple of minor adjustments that had to be made.

Mr. Zinzer showed a slide with the 2008 – 2009 level of funding under the present County general fund distribution, and with the OLA threshold, and then the amount of funding for 2010 – 2011 under the new scenario. Each of the cities would achieve the threshold level of service.

Mr. Barth said that no library was at the threshold level today with just County funding.

Mr. Zinzer said they took the existing service area boundaries of the providers and did a few tweaks on some that didn't make sense. When they did the original distribution they followed precinct lines and didn't have a good mechanism to divide voter precincts. They could easily do that now. They also looked at areas close to urban growth boundaries (UBG), and tried to eliminate the possibility of being in someone else's boundary.

Commissioner Peterson said regarding the distribution by AV there had been a lot of angst over the distribution formula. With this plan one can see the equity and fairness between the cities. It was not just a competition of who could check out the most books, but it was based on more stable funding.

Mr. Zinzer said one of the issues was win or lose there was a declining allocation of the County general fund. In the event it is successful they still want to use the County general fund, but they propose to use it as a capital improvement fund. Since everyone would be at the threshold operation level they could use that $12 million over the next 5 years to divide among the 12 providers for $1 million each. They were drafting intergovernmental agreements (IGA) at this point. Once the district was formed they could enter into the IGA's with capital improvement plans for expanded or improved facilities.

Mr. Barth said the guiding principle would be the OLA standards to achieve that level.

Mr. Zinzer said the first step was that the Board of County Commissioners (BCC) needed to define the boundary of the district, which right now they were

proposing be County-wide. In order to include cities within that boundary Council would need to sign a resolution that the City would be a part of the District. Once that was done the BCC would initiate the formation of the district and put it on the November 2008 ballot and funding would begin July 2009. During the process they want to make sure everyone in the County understands so they proposed a $170,000 information effort, which was made up of $50,000 from the County and $10,000 from each city. It would consist of producing information that could be available in the libraries; articles for the citizen news; use of cable access, and to produce a mailer this summer for the fall, a postcard, and a reminder to vote.

Question #1 - Why is the $12.5 million being distributed the way it is proposed?

Mr. Zinzer said right now $4.5 million would be a reduction in the County road fund. $1.5 million that would come from the elimination of the County retail libraries, $2 million reduction in Title 2 and Title 3 funding, which affects soil and water conservation funds, outdoor school, search and rescue and 4.5 million would come from the elimination of the city share of the County libraries.

Commissioner Peterson said the question to go away from the more specifics was has the County hurt like the cities may hurt if the district failed? The answer was yes. Sitting on the budget last year there were a lot of people on the Committee that had been there a long time and one person said the County had been able to do more with less for every budget cycle that they had been there. This was the first time they were doing less with less. Because they did have to make the cuts they did take into account the fact that they knew it was coming. They had already started making the hits on their budget across the board. They already made the small cuts so not an easy answer. Doing less with less.

Mr. Swanson said he sat on the SAPS committee and admitted he should have asked how the cuts would be distributed. His problem was that he knew Milwaukie would suffer because $12.5 million was significant, but he didn't understand the extent of that or that it was going to be as large as it was. $480,000 out of a $13 million general fund would be a real hit. It was not a simple process because we had to look at the whole system. It wouldn't be that the library is losing $480,000 the whole system was losing. In this scenario the sheriff's department came out well. The irony was that Milwaukie has a system and we look at police and library as part of that system. If the district passes that was great with qualifiers. It would provide funding, but we were going to have higher demands on Ledding and we would have to deal with that. He was concerned about the scenario where it did not pass, and Milwaukie would suffer significantly. It appeared that 75% of the County general fund didn't appear to get hit very hard, but 100% of the cities did.

Commissioner Peterson had a list of things that would come out of the general fund. It was a big step to do the district. If it passed it would make a big difference in stabilizing funding for libraries. If it did not pass there would be some hard decisions made. The question was, were you willing to take the risk or go on the glide path.

Mayor Bernard said the City supported the district, but he was concerned about taking this large a hit.

Mr. Zinzer said public safety was 75% and was the priority.

Commissioner Peterson acknowledged that she had heard it said in many different meetings there was support for the district. If there were another option they would like to have heard it. They were closing 3 County libraries and those communities were in the same world of hurt and worse than the cities. It was an

issue and seemed to be overlooked that they were closing 3 County libraries and those communities will be at a loss.

Mr. Swanson said he did not think it was a question of district. It was a question of what happened if the district did not succeed. If the district succeeded then it was a win-win. If the district did not succeed Milwaukie and other cities with libraries would be hit hard. He understood there were other services that were going to be hit within the County, but Milwaukie's hit was 100% and there were other services not being hit. The City already had an issue that the DA was funded at a level that it did not allow for the prosecution of misdemeanors; and Milwaukie had to look at expanding its court. The City was looking at having to increase services to deal with what had been cut, and with a loss of $480,000 it would be very difficult to do that.

Mr. Barth said one assumption was that if it failed and people did not want to fund libraries keeping them open would create a real hardship. So if you close the libraries you then recapture what was coming from general fund.

Mr. Swanson said it was not that easy because he was not sure the question was if the district did not pass were the voters saying they did not want a library? He thought what they were saying on a county-wide basis was we were not willing to tax ourselves another $.39 per thousand. It was a difficult decision because every City department was a part of the system. If one department was weakened the system was weakened. He firmly believed if we weakened the library we would weaken our police capabilities, code enforcement and others because they are all apart of the system. A well-funded operating library contributed as much to every other service as it likewise contribute back.

Commissioner Peterson said there was an article on Sunday in the paper that talked about this and every jurisdiction that was interviewed in that article paralleled Mr. Swanson's thoughts. The question was that when the revenues decreased you still had to make priorities, and she agreed that any impact to the library had secondary impacts across the system. They were going to have to start making priorities, and they were going to have to start to figure out different ways to fund things. They were trying to figure out how to backfill to meet their needs because they did not have the overall tax structure to do it.

Mayor Bernard said one of the reasons we cannot increase revenue was because the County was providing urban services. If the County was going to get out of library business because you are getting out of the city service business was it the intention to get out of providing city services outside of cities. If the County did not provide those services then those areas would be begging to annex because they would need water, sewer and road systems.

Commissioner Peterson said another question was more far reaching than the library. She said they have not had that discussion on the Board recently. It was a difficult to have a discussion with the unincorporated area. It was not an easy question. As the county had less ability to fund those urban levels of service people would be looking at incorporating or annexing and there had to be incentives. It would be a long-term discussion because you cannot force people. If we forced people we end up with angry citizens.

Mayor Bernard said we provide an excellent police force that was willing to expand outside the City boundaries because Milwaukie believed it could provide better service at a better rate. If the county were providing police, sewer and water services there never would be an incentive. He thought it should be a short-term discussion.

Commissioner Peterson said she felt Mayor Bernard's angst. The police/sheriff issue was discussed in the last 5 years and there was a committee of the chiefs and sheriff and they got together to look at how they could provide that service more efficiently. The recommendation that came back was no change. It might be time to look at it again.

Mr. Swanson said he roughly calculated the tax payment of what the county's permanent rate and the urban area would raise for Milwaukie taxpayers, which was $3.4 million. One of the things they did see as a service was the return of the $480,000. The disappearance of $480,000 was 14% of the total transfer what would we be able to say we receive for that $3.4 million dollars?

Commissioner Peterson said the county was legally required to continue public safety, which was beyond the sheriff and included the jail, juvenile detention, juvenile system, community corrections, DA and the Court which was the $75 million; The assessors office was paid by the general fund, library network funding that would continue to fund all the libraries; central dispatch; veterans services; community solutions; community health clinics; homeland security and emergency management; arts and cultural affairs; public health; weatherization; public housing; planning; community environment; clerk; elections; treasurer; social services; parks; and dog services were all paid out of the general fund.

Mr. Swanson said it would be beneficial to value each of those services and see what Milwaukie taxpayers were getting, especially with the loss of $480,000.

Mr. Zinzer thought they were in the process of pulling those numbers together from Mr. Swanson's questions. They should be able to get some good numbers of how that broke out across the county on those services provided by the general fund.

Mr. Swanson said he would never claim that there was any responsibility or requirement that the County fund libraries out of general fund. $.35 of that general fund was there by virtue of hard work of the library volunteers from many years ago. In 1994, he recommended the $.35 levy, and the volunteers made it happen. Now the library volunteers were going to be in the position of selling in some cases survival in some of the smaller cities that operate on 100% of the county money. The question was how can we exempt some offices from doing that, but we call upon the library volunteers again to raise money and in some cases keep the doors open. He realized it was a choice he was just saying there were other choices that could have been made. It was more of a statement than a question. He was marveled at the hard work the volunteers did in 1994 to make that $.35 a reality.

Commissioner Peterson said it was the same answer as before. They had to make some priority decisions. She acknowledged the hard work that went into getting that levy, but we have to do it again for a district so we don't ever have to do that again.

Councilor Chaimov appreciated the difficult position that Commissioner Peterson was in as far as setting priorities from a diminishing pot of money. Although he may disagree with the decision made he understood it was a decision that was made and did not plan to argue that. Milwaukie was a town that was passionate about its library and all of the members of the board were at this meeting because they cared about the continued vitality of the Ledding Library. A levy may be a good policy despite their disagreement with the decision not to fund out of general fund. They were faced with having to sell this measure to not only Milwaukie neighbors but also the surrounding area. A

concern was that if he lived in Oak Grove the choices were if the levy failed he would not have a library, and he would have to go to Milwaukie or Gladstone to check out books. If the levy passes and he paid the additional $0.39 per thousand he had to go to Milwaukie or Gladstone to check out books. How did we convince those people to vote in support, and if all of those people were coming into our library, which is already at half of the size it is suppose to be for the number of people that it served, how did we survive and convince the people in Milwaukie that opening our doors to more people was a good thing to do?

Mr. Zinzer said the hope would be that with the capital improvement fund would help pay for the improvements to the individual libraries. The Oak Lodge area that is to the south will be in the Gladstone service area and they would work with them to build a new facility going from a 5,000 square foot library to a 25,000 square foot library that would be close to the border between Oak Lodge and Gladstone. They are working together to set up a committee with Oak Lodge and Gladstone. The library would have a neutral name and the committee would work together on what that new facility would be. They had the site and some money. The hope was that the libraries will get better and meet the threshold levels of service and that the $1 million that the county was giving would be a step towards that. He didn't know if $1 million would get Milwaukie were they need to be or to expand, but that was part of the hope of what they were trying to do.

Commissioner Peterson said the district would raise $1.4 million for Milwaukie and currently the City was getting $480,000. Not all of that money had to go into operations and maintenance. It could be used for capital. Some of that money could be put aside to create a capital fund that went along with the seed money of $1 million, and you could end up with several million dollars over a 5-year period. It could staff up slowly to the levels that were needed. If this did not pass, a lot of the cities would have to look at how they charge the unincorporated citizens to use the library and she would hate to see that happen, but that was one of the ways the cities would be looking at to fund that gap.

Mr. Swanson said if it did not pass and if people from unincorporated wanted to use the library Milwaukie would come up with something like buying a library card, which took us back to 1977. The people on the frontlines will be our librarians having to deal with the anger over that. That was something he wanted to acknowledge because they would have to be explaining and dealing with some fairly angry people. He was guessing that if it did not pass without any kind of backup funding, the network would lose some libraries. The Ledding Library was the library that he used because of circulation. One of the strengths is the network system. He was always intrigued by where he ends up getting a book from. They come from Estacada, Oregon City or Canby. He was not sure which libraries would survive, but it was an incredible system. He wanted to clarify what was being requested tonight. The County was really requesting approval of the resolution and for our purpose the 2 things to include were the geographical territory of the City of Milwaukie within any proposed district and a commitment of the $10,000. The IGA was not requested to be approved tonight only the resolution included in the material.

Councilor Barnes questioned the amount spent on the January activities for $22,000. She did not see that creating a PowerPoint presentation, taking pictures and putting together a speakers bureau came up to that much money. Any library would provide great pictures and any student could put together a PowerPoint. The first 3 months was $30,000. She did not really see the City's getting much for that $30,000 that could not have been done better in house.

Mr. Zinzer said their public and government relations division prepared it.

Commissioner Peterson said a lot of this was just prepping so there was information in the libraries when people ask, what will happen to my library?

Councilor Barnes understood that, but the demographic was not a library patron. The demographic was anyone who did not go to the library and how we can get him or her to buy into this. People going into the library were people that already cared about that library. She did not wish for Milwaukie to pay $10,000 for this kind of wastefulness.

Commissioner Peterson said January was over and the PowerPoint was done. She said for February through the spring if the City wanted to give them more specifics that was okay, but the line they cannot cross is into the political campaign. What they were doing to start out was more just within the library so that the library patrons understood. The second half was more about the facts of getting the educational campaign information out to the targeted people Councilor Barnes talked about. They were just trying to make sure they got information out to the library patrons.

Mr. Zinzer said the one expensive part in the January numbers was consultant expenses to help to build the website and establish the speakers bureau and information packets. They were going to bring someone in to help with the information packets to ensure they did not cross the line and only provide information. They did not think about going to each individual library to get talking points. That could possibly be done without a consultant.

Commissioner Peterson said this presentation was prepared because everyone would want to know how the money was being spent.

Councilor Barnes suggested the County talk to all the City library directors and public information officers. They were the people that knew best about their libraries and their patrons. Those people should be brought together as a subgroup to talk about what would help to sell this and what we could do to educate people who do not use the library.

Mr. Zinzer said that the library directors had been included, but up to this point the public information officers had not. They had asked every City if they wanted to have someone be a part of the process, and several cities volunteered participants.

Councilor Barnes said all of this meant nothing without a good communications plan for those who were already being taxed and who did not go to the library. It would not mean anything to them.

Mr. Barth commented that viral marketing was absolutely critical. The people who supported the library were instrumental in building the message.

Councilor Stone said it looked like the levy history had been successful. Prior to 1991 how were libraries being funded?

Mr. Swanson said libraries were funded by a levy that began in approximately 1977. Prior to 1977 each county and city library was on its own. It was pretty segmented, and people realized they needed to do something more coordinated. He thought the firsts library levy was about $900,000, and then the libraries lived on a series of 3-year levies between 1977-1997.

Councilor Stone asked if a 3-year or 5-year levy would we have a better chance of voter approval? She was looking at unincorporated areas in terms of what they were getting out of it.

Mr. Swanson said the SAPS committee was beginning to weigh the options and the chair attended a BCC meeting and came back and informed the committee that there was going to be a district proposal placed on the November ballot. They went from looking at alternatives to developing a district proposal. Another question he missed and should have asked was why that was the only option. The decision came from the BCC.

Commissioner Peterson said it came from the Clackamas County Coordinating Committee (C4) and other studies. The question again was did we want a stable funding source? Did you want to say this is always a priority or do you want to put it on a rollercoaster ride for the next 20 years? What was the best for the citizens of the County?

Councilor Stone said it bothered her that the decision was made by BCC and the committee that was put together to look at it never fully did its work. No one wanted to see services fail, but to look at what departments are funded by the general fund to pick on the library and not look at the $75 million that goes to the Sheriff's Department. She would like to see what that would really meant before going ahead.

Commissioner Peterson said that Mr. Swanson already brought up one issue of not being able to charge misdemeanors. They were already under pressure about how soon people were released from jail. They would not be able to afford to pay for the juvenile beds that they lease from Multnomah County. Those were the types of decisions that would have to be made. There would have to be a look at what the voters meant by voting in the Sheriff's levy and what kinds of promises were made. She could send an email to Councilor Stone as to what it would mean.

Councilor Stone said that minds were made up, and cities were backed into a corner. We were being presented with a proposal - take it or not.

Commissioner Peterson said the City could decide to be a part of the district or go it alone.

Mr. Swanson said Milwaukie would need to build a new courtroom if it expanded to a misdemeanor court. The cost of the courtroom was estimated to be $878,000. We have kept our employee level consistent since 2000, as the county continued to build new buildings. He was amazed that there were 2,272 county employees, which was a rather large increase in the number of employees. He had to explain to the Milwaukie employees there would be $480,000 less and he wanted to know how to explain that. The buildings were still going up, and he doubted the FTE's had dropped. It appeared to have jumped quite dramatically.

Commissioner Peterson said that the County decided to keep a lot of the social services in house rather than contracting. There were a lot of employees that worked directly for the County providing those services. Almost every other County in the state worked with non-profits to provide those services. The county had grown and had funds to grow those services.

Mr. Zinzer said the new building did consolidate a lot of employees from all over. They took people from Marylhurst, downtown Oregon City. They were leasing a lot of buildings and there was some cost savings on facility expenses.

Councilor Loomis said the system we have now does not work. He thought it was a great idea, and they should work hard at passing it. The critical issues were a lack of stable funding and a need for additional space. That was going to

be there regardless even if the County funded the libraries the way they were. He thought this was a great solution. Oak Grove residents would pay one way or another. Being negative about it would not help pass it. He did not go to the library but he would vote for it.

Mayor Bernard did not disagree but was concerned about how the decision was made.

Councilor Loomis said they all knew the Commissioners personally and did not think any of them were anti-library. He did not think it was an easy decision, and as elected officials it was important for them to understand that and support it. The BCC came up with a solution. They were being frank and honest that the funding was going away. If we cannot do it out of the general fund we will find a solution on our own. The current system was not working. We struggled every year to find the funding. If this were to pass the City would have the ability to do something with the Pond House. He thought the majority of the Oak Grove people would go to the new facility, and Milwaukie would have the money to expand or improve to serve people better. He thought of it as a win-win. He was willing to work hard. He did not think it was good going over the doom and gloom – we needed to work hard to pass it.

Councilor Stone asked if the $12.5 million that was going away from the County general fund was $4.5 million going away for roads?

Mr. Zinzer said the $4.5 million was what went into the library network. A piece of that money was Title 2 and Title 3, which was a grant program that they had used for dump stoppers, soil and water conservation and outdoor school. The split was $4.5 million for roads and $7 million for everything else. The library network would continue as long as there was network to provide for.

City Hall Court Facility and JCB Office Space Remodels

Mr. Swanson said the projects were both estimated to run in excess of $800,000 and he did not see room in the budget at this time. He was going to try and find a way to fund one or both projects. At this time no decision was needed he just wanted to introduce the projects and keep the Council informed.

Mayor Bernard asked if there would be a revenue analysis of the court done.

Mr. Swanson said he would be doing one because that was one of the potentials in terms of the court facility.

Councilor Barnes asked where everyone would park at the new court facility?

Mr. Swanson he had not solved that issue. He had only come up with a design for the court at this time, and did not know.

Councilor Barnes asked if the parking had to be at City Hall.

Mr. Swanson answered no. He said the fire bay looked like a good option for the court, but it could be anywhere in the City.

City Logo

Mr. Swanson said it was he did not intend for Council to make a decision tonight. They were really looking at engaging in a process that started with the NDA's. The medallion brought the whole issue to a head. He just wanted to make sure Council was comfortable moving it forward to do some work on it. The medallion used a lot of color, which was more expensive for printing purposes.

Councilor Stone suggested a logo contest. She liked the idea of refreshing it.

Mr. Swanson said there was much more to come. He handed out the retreat dates.

Mayor Bernard adjourned the work session at 6:47 p.m.

Pat DuVal

Pat DuVal, City Recorder