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NEWSPAPER SECOND CLASS POSTAGE PAID AT PORTLAND, OREGON

City Club of Portland

BULLETIN

Portland, Oregon

Vol. 56, No. 55

Benson Hotel, Mayfair Room

12:00 Noon

Friday, May 14, 1976

THE SPEAKER:

DAVID COHEN

National President, Common Cause

THE TOPIC:

MAKING THE SYSTEM WORK

Mr. Cohen is Chief Operating Officer of Common Cause with overall responsibility for all financial, legislative, litigative and field operations of this national citizens' group. As a public interest lobbyist, he has participated in a number of major Common Cause issues. He will discuss the current presidential primary campaign as well as the issue of reconstituting the Federal Elections Commission.

Also to be presented for discussion and action:

**Committee Reports on
MULTNOMAH COUNTY LIBRARY LEVY
(County Measure No. 5)**

(Printed herewith)

ZOO—METROPOLITAN SERVICE DISTRICT FUNDING PROPOSAL

(Ballot Measure No. 26-2)

(To be presented as an oral report; conclusions and recommendation herewith)

DISCIPLINE OF JUDGES

(State Measure No. 2)

(Distributed last week in Issue No. 54)

THIS MEETING WILL START PROMPTLY AT 12:15 P.M.

PROPOSED FOR MEMBERSHIP AND APPROVED BY THE BOARD OF GOVERNORS

If no objections are received by the Executive Secretary prior to May 28, 1976, the following applicants will be accepted for membership:

Brenda Gehring, Finance Manager, Fine Arts Engravers & The Crown Company. Proposed by Philip Barrager.

Frank E. Blachly, Partner, Blachly-Stenberg. Proposed by Alex Pierce.

Lynn Hingson, Mental Health Administrator, Multnomah County.

Phyllis McGraw, Student, Portland State University. Proposed by Evelyn Crowell.

Richard P. Bullock, Political Consultant. Proposed by Tom L. Mason.

Martha Hart, Librarian, Portland Law Library Service. Proposed by Allan Hart.

Kenneth A. Manske, Public Relations Director, Lloyd Center. Proposed by Cindy Banzer.

Dr. George Ronning, Periodontist. Proposed by Dr. Robert A. Sonnes.

Melinda R. Maginnis, Court Reporter. Proposed by William M. Maginnis.

William V. Cross, Public Information Officer, Tri-County Government Commission. Proposed by G. Charles Bukowsky.

ELECTED TO MEMBERSHIP

W. Douglas Caudell, Audit Supervisor, Peat, Marwick, Mitchell & Co. Sponsored by R. G. Yingling, Jr.

Michael L. Ellmaker, Attorney, in practice. Sponsored by Michael J. McMorine.

Philip Rubin, Attorney, Morton H. Zalutsky, P.C. Sponsored by Richard M. Botteri.

Dale Courtney, Professor of Geography, Portland State University. Sponsored by Clarke Brooke.

James G. Ashbaugh, Professor of Geography & Urban Studies, Portland State University. Sponsored by Clarke Brooke.

Gilbert E. Parker, Jr., Attorney, Morrison, Dunn, Cohen, Miller & Carney. Sponsored by George Cooper III.

Robert K. Haley, Attorney, Haley & Haley. Sponsored by Charles Markley.

David H. Wilson, Jr., Attorney, Dezenendorf, Spears, Lubersky and Campbell. Sponsored by Leigh D. Stephenson.

REINSTATEMENTS

Robert S. Ball

Marion Thompson

MAJORITY REPORT OVERTURNED

In a close 59 to 51 vote, Club members attending the meeting of May 7 supported the Minority Report on State Measure No. 3 which recommended a "no" vote. The measure, "Housing Bonds for the Elderly," would authorize bonds to provide funds for multifamily housing for elderly households. The Committee majority, represented by Chairman Max Bolte, recommended a "yes" vote. The minority report was given by Dale Duvall.

Other committee members included Marc Kelley, Sidney Spiegel and Nedra Thatcher.

ATTENTION, PLEASE!

You have already been advised via this Bulletin that the meeting of May 21, at which presidential candidate Jimmy Carter will be the speaker, will be limited to **members only**. You will be asked to bring your Bulletin for identification.

CITY CLUB OF PORTLAND BULLETIN

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REPORT
ON
SERIAL TAX LEVY FOR LIBRARY
(Multnomah County Measure No. 5)

Purpose: On March 11, 1976, the Board of County Commissioners of Multnomah County submitted a serial tax levy to the people of the County to be voted on at the primary election on May 25, 1976. The purpose of the measure is to provide funds to maintain services of the Multnomah County Library. If the measure passes, Multnomah County will be authorized to levy taxes outside the limitation imposed by Article XI, Section 11 of the Oregon Constitution in the aggregate amount of \$6,600,000, of which \$2,200,000 will be levied in each of the three fiscal years beginning July 1, 1976.

To the Board of Governors,
The City Club of Portland:

I. BACKGROUND

The Multnomah County Library and its various branches are operated by the Library Association of Portland, a private non-profit corporation. The operation is financed primarily through a contract between Multnomah County and the Library Association of Portland. This method of Library financing is specifically authorized by state law.¹

Because Multnomah County officials project a budget deficit totaling \$8.5 million for the fiscal year 1976-77, the County proposes to reduce its allocation of general tax revenue to the library budget by \$1.8 million (approximately 50 percent of the total library budget) and replace the deficit with funds raised under a property tax increase outside the six percent limitation imposed by the Oregon Constitution. As of the writing of this report, the County officials indicated plans to make up the balance of the substantial dollar deficit through various other special taxes.²

A. Library Operation and Budget

The Multnomah County Library consists of one central library and 16 branch libraries, as well as three bookmobiles (140,000 annual circulation) and service to nursing and retirement homes and other institutions (132,000 annual circulation). The library also provides a film service and other library programs such as musical records and storytimes for children.

Compared with other public libraries in the Western United States, based on statistics³ relating to expenditure per capita and circulation figures, the Multnomah County Library is efficiently and productively managed. For example, in the 1974-75 fiscal year, the circulation for the Multnomah County Library was 2,547,483. The total operating budget was \$3,287,662, for an expenditure per capita of \$5.90. This compares with a per capita expenditure of \$10.55 in Denver, Colorado, and \$9.60 in Seattle, Washington. Of the 24

¹ORS 357.410 reads in part "Any local government unit may: . . . (2) Contract with an established public library or with a private society or corporation owning and controlling a secular or nonsectarian library for the purpose of providing free use of the library for the residents of the local government unit, under such terms and conditions as may be agreed upon."

²Excise tax on gas, excise tax on car and truck rentals and a business income tax.

³Survey by the Fort Wayne Public Library of public libraries in the United States and Canada serving 100,000 population or more. (1975)

major libraries in the Western United States surveyed, no community receives library service at a lower expenditure per capita.

The County general fund contributions to the library operating budgets for the last three years have been:

<i>Fiscal Year</i>	<i>Budget</i>
1973-74	\$3,018,000
1974-75	\$3,287,662
1975-76	\$3,591,669

The County's contributions to anticipated library operating budgets, if the levy is successful, will be:

<i>Fiscal Year</i>	<i>Budget</i>
1976-77	\$3,890,000
1977-78	\$4,200,000
1978-79	\$4,510,000

B. Library Operation if the Levy Fails

The County's proposed budget allocates only \$2,000,000 per year to the library from general funds. Commissioner Clark told this Committee that the Board of County Commissioners is committed to this maximum amount even if the levy fails.

The Library Board and management project that operating at the \$2,000,000 level will cause the following reductions in services:

1. Closure of 15 library branches, leaving only the Central Library and one branch library open.
2. Reduction in hours of operation at the Central Library from 65 hours per week to 40.5 hours per week.
3. Reduction in days of operation from six days per week to five days per week.
4. Elimination of bookmobile service.
5. Elimination of home and institutional service.
6. Elimination of film service.
7. Reduction of book and periodical budget with an almost complete elimination of the purchase of new books.
8. Elimination of special library programs.
9. Elimination of binding and repair.
10. Reduction of library employees from 255 to 132.

C. Cause of County Budget Crisis

County officials say the County budget crisis has been caused by two factors:

1. The impact of inflation on the County budget has been greater than the County's authority to increase taxes.
2. The County has relied on federal funds to help finance the library in the past. These funds are no longer available for the library.

Faced with a budget deficit, the County Commissioners unanimously voted to make the library the subject of a special tax levy because they are convinced that the people of Multnomah County will support the library. The Board of Commissioners has kept all other County tax measures off the ballot, so that this measure will be given a good opportunity to pass.

D. Cost to the Taxpayer of the Levy

The library levy will be assessed at the rate of 31 cents per year for each \$1,000 of assessed property valuation. For example, the impact will be \$9.30 on a \$30,000 home within the County. (It should be noted that residents outside Multnomah County are permitted to use library lending privileges by payment of a \$15.00 annual fee.)

E. 1972 Utility Tax

In 1972, a City Club committee recommended against a Multnomah County utility tax to underwrite an \$800,000 library deficit. The principal arguments against the 1972 library tax were related to the fact that the tax was intended to be a special tax that discriminated against particular services and businesses within the community and it was for those reasons the City Club adopted the report rejecting the measure. The County subsequently reinstated the full library budget prior to the election because of the acquisition of federal revenue sharing funds.

II. ARGUMENTS FOR AND AGAINST

The following arguments are offered in favor of the tax levy:

1. A library system is an appropriate subject of public revenue support.
2. The County has a budget crisis.
3. The property tax is a fair, albeit imperfect, method of spreading the cost of public services.
4. A library tax should be submitted to the voters rather than other county services taxes because the library is a popular service likely to be supported by the voter.
5. The library levy will be in effect for only three years, giving the County time to develop long-term financing solutions for the library system.
6. The library serves all segments of society and deserves the broad support of the voters.

Although the Committee found no organized opposition to the library levy, the following arguments might be made against the levy:

1. There is a question whether it is fair to submit the library budget to a vote of the people and finance other less popular county services from the general funds of the County.
2. The property tax is not an equitable way to distribute the costs of public services.
3. It is not appropriate to dedicate the proceeds of a property tax levy to one county service.
4. The County precipitated its funding crisis through undue reliance on federal funds and therefore should not be permitted, at the last minute, to use a popular service like the library to cover past management decisions.

III. DISCUSSION

Your Committee has not attempted to analyze in depth the cause of the County budget crisis. We are convinced that there is a substantial budget deficit and that the serial library levy and the other special taxes proposed by the County will make up for this deficit. We also have no reason to believe that if the serial levy fails, the County will reconsider and allocate a greater share of its general revenue to the library; in fact, the Chairman of the Board of County Commissioners specifically stated the Board was committed to the \$2 million level of financing, no more, no less.

A library is an appropriate and necessary public institution in a civilized society. The library provides services to all members of the public, and is particularly valuable to the elderly and to other persons on fixed incomes.

Your Committee was impressed with the professional competence of the County Librarian and his staff and with the efficiency and productivity of our Multnomah County Library system.

The drastic cut in the budget of the library, should the levy fail, will result in serious and irreparable injury to the operation of the library in the future. The library's ability to purchase new books, periodicals and continued reference services will be lost, and in most cases, such losses cannot be made up in the future. Perhaps even more serious is the termination of trained professional employees who will undoubtedly have to find

jobs elsewhere, and will therefore not be available for rehiring even if the budget is restored at some time in the future. For those reasons, even if the library is able to obtain other financing within a year, the harm caused by reducing its operation for that period of time could never be fully repaired.

Although the property tax may not be a perfect method of allocating the costs of public services, it is the method often used by county governments to support their budgets, and until other revenue sources are developed and approved, the County must rely on this form of taxation.

One reason the County Commissioners placed the library serial levy on the ballot is because the library is a popular institution within Multnomah County and therefore is more likely to be supported at the polls by the voters; however, it should also be recognized that the library is not one of the many services that the legislature has mandated the County to provide such as court services and tax assessing services. For that reason, the library system, as an "optional" county service, is more appropriate to be voted on by the people than most of the services provided by the County.

Your Committee believes that a property tax levy, outside the six percent limitation, is not a satisfactory long-term solution to the financing requirements of the library system. However, such a three-year levy, if passed, would give the County an opportunity to work out a **long-term solution**. For that reason, and because the injury to the library system if the measure fails would be serious and irreparable, the three-year levy should be supported.

The Committee also believes the City Club should select the long-term financing of the library system as the subject of a special report to be completed within the next two years.

IV. RECOMMENDATION

Your Committee recommends that the City Club of Portland go on record as supporting the proposed serial tax levy and urges a "yes" vote on Multnomah County Ballot Measure No. 5.

Respectfully submitted,
 Spencer Ehrman
 Chris McLeod
 John Russell
 Bruce Samson, *Chairman*

Approved by the Research Board April 29, 1976 for transmittal to the Board of Governors. Received by the Board of Governors May 3, 1976 and ordered published and distributed to the membership for consideration and action May 14, 1976.

APPENDIX

Your Committee interviewed the following individuals and consulted the following sources:
 Warren Braley, Past President, Library Association of Portland.
 James Burghardt, Librarian, Library Association of Portland.
 Donald E. Clark, Chairman, Board of County Commissioners of Multnomah County.
 David L. Davies, President, Library Association of Portland.
 Gilbert Gutjahr, Administrative Officer, Tax Supervising and Conservation Commission (for Multnomah County).
 Dennis West, Director, Office of County Management, Multnomah County.
 Linda Wood, Assistant Librarian, Library Association of Portland.
 City Club of Portland. "Report on County Utility Tax Ordinance for Library,"
Bulletin, Vol. 53, No. 20, October 13, 1972.
 Fort Wayne (Indiana) Public Library. Survey of Public Libraries in the United States and Canada Serving 100,000 Population or More. (1975)
 1974-75 American Library Directory (R.R. Bowker Co.).

**CONCLUSIONS & RECOMMENDATION FOR
ORAL REPORT ON
ZOO—METROPOLITAN SERVICE DISTRICT FUNDING PROPOSAL
(Ballot Measure 26-2)**

Ballot Title: A measure providing for continued operation and maintenance of the zoo by authorizing and directing a continuing five-year special tax levy within the Metropolitan Service District, comprising portions of Clackamas, Multnomah and Washington Counties, effective July 1, 1976, of \$2,000,000 each year for five years, a total of \$10,000,000 for the five year period, in lieu of continued zoo financing through the City of Portland.

CONCLUSIONS

1. The Metropolitan Service District was empowered by the 1975 Oregon legislature to administer and operate metropolitan zoo facilities. The Metropolitan Service District intends to administer and operate the Portland Zoo in the event the voters approve Ballot Measure 26-2.

2. Ballot Measure 26-2 is a five-year special tax levy to furnish \$2 million per year in tax monies to the Metropolitan Service District. All of the \$10 million to be raised by the levy is to be utilized by the Metropolitan Service District with respect to the Zoo facilities.

3. At this time it is expected that \$3 million of the total \$10 million will be available for capital improvements to the Zoo with the remainder used in operating the current and new facilities. For the fiscal year beginning July 1, 1976, the Metropolitan Service District has budgeted \$682,000 for capital improvements; the remaining \$1,317,800, plus admission and other revenues, are budgeted for operations.

4. The Metropolitan Service District has reached a tentative agreement with the City of Portland whereunder the City of Portland would, in the event Ballot Measure 26-2 is approved, transfer all of the Zoo facilities to the Metropolitan Service District, except the zoo train facilities which will be leased to the Metropolitan Service District. All facilities will be transferred or leased without cost to the Metropolitan Service District. The City of Portland will be entitled to the return of the facilities only at such time as the Metropolitan Service District ceases to operate the Zoo.

5. The Metropolitan Service District intends to administer the Zoo through a zoo director who will be hired by the Metropolitan Service District Board of Directors and will be directly answerable to this board. It is understood from the interviews conducted by your Committee that the Metropolitan Service District Board will hire as the executive director of the Zoo Warren Iliff, the current executive director of the Zoo.

6. It is contemplated that Iliff will continue to serve as executive director of the Portland Zoological Society after he becomes an employee of the Metropolitan Service District. Your Committee finds that such a dual role would be unwise due to the obvious conflicts of interest which could arise when Iliff, as a Metropolitan Service District employee, is required to administer a policy with which the Portland Zoological Society, with Iliff as its executive director, takes exception.

7. The Portland Zoological Society will no longer have any management responsibilities with respect to the Zoo at the time Metropolitan Service District assumes control of the Zoo facilities. The Society is expected, however, to continue to operate those functions performed by volunteers such as the gift shop, tours for the deaf and blind, Zoomobile program and various educational activities.

8. It has been stated to your Committee that the Society would serve as an advisory committee to the Metropolitan Service District Board. Your Committee finds this arrangement to be contrary to the recommendation for an advisory board of citizens which reflects a cross-section of the community (which recommendation was approved by the City Club on April 9, 1976). A preferable arrangement would be for the Board of the Metropolitan Service District to establish an advisory committee of which some Portland Zoological Society members are a part, but not a majority of the committee.

9. The policies articulated by Iliff and reflected in the budget approved by the Metropolitan Service District Board are in keeping with the recommendations set forth in the report approved by the City Club of April 9, 1976.

10. During 1976, a reordering of priorities has been made at the Zoo and a greater emphasis has been placed on the recreational and educational functions of the Zoo as recommended in the City Club report. Paid attendance during the first four months of 1976 is significantly higher than any comparable attendance period during the past six years.

11. Although a reordering of priorities and other changes have been made at the Zoo, the fulfillment by the Zoo of its recreational and educational functions is dependent upon greater financing than that presently furnished to the Zoo by the City of Portland. Such financing would be made available by Ballot Measure 26-2.

12. At this time, the City of Portland has provided no funds for the Zoo in its budget for the fiscal year beginning July 1, 1976. It is unknown at what level the City of Portland can provide funding to the Zoo, but it is unlikely that it can do so at the current level of \$610,800, and any such funding level will not enable the Zoo to fulfill its recreational and educational functions.

13. Ballot Measure 26-2 is expected to result in an initial tax rate of 15 cents per thousand of assessed valuation, which rate would decrease each year to the extent that new property and higher property values increases the total assessed valuation in the Metropolitan Service District. For a thirty thousand dollar home the initial tax rate would mean an additional tax of \$4.50.

14. Although the City of Portland will no longer operate the Zoo if Ballot Measure 26-2 is approved, there is no expectation that any portion of the tax paid will be offset by a reduction in the property tax paid to the City of Portland. The extent to which the taxpayers within the City of Portland would be benefitted by Ballot Measure 26-2 is that their property tax might have to be increased if the Zoo would continue to be financed by the City. Of the \$2 million to be raised each year from within the Metropolitan Service District, approximately \$887,500 will come from the taxation of property within the city limits of Portland.

15. To offset the impact of the property tax to be assessed the residents of the Metropolitan Service District living outside of the City of Portland, the admission prices to the Zoo will be reduced to the amounts presently charged Portland residents: 75 cents for adults, 25 cents for children 6 or older and 25 cents for senior citizens. Classes of students from schools within the Metropolitan Service District will be admitted free.

16. The Zoo is visited by students from many schools within the Metropolitan Service District but outside the city limits of Portland. Likewise, many residents of the Metropolitan Service District outside the city limits of Portland attend the Zoo. A random survey conducted on the Zoo premises by J. d. Lorenz & Associates during July, August and September of 1975 showed that approximately 16 percent of the visitors were residents of Portland and an additional 16 percent of the visitors resided outside the City of Portland but within the area encompassed by the Metropolitan Service District. The remaining 68% of the Zoo visitors resided outside the Metropolitan Service District (20 percent Oregon residents, 20 percent Washington residents and the remainder from other areas). The survey was taken during the peak of the Zoo's tourist season and it would be expected that a greater proportion of Zoo visitors during the off-season would be local residents.

17. With such apparent attendance patterns, the Metropolitan Service District appears to be a reasonably appropriate vehicle for the more equitable funding of the Zoo.

RECOMMENDATION

It is the recommendation of your Committee that the City Club favor a "Yes" vote on Ballot Measure 26-2 in the May 25, 1976 election.

Respectfully submitted,

R. Paul Aragon

Ann Hoffstetter

Donald C. Jones

Jack R. Sullivan

Stephen B. Hill, *Chairman*