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City Club of Portland Information Report on Three-year Serial Levy to Continue Jail Operations

City Club of Portland (Portland, Or.)

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**CITY CLUB OF PORTLAND
INFORMATION REPORT ON
THREE-YEAR SERIAL LEVY TO CONTINUE JAIL OPERATIONS**

The Multnomah County Board of Commissioners by resolution submits to the electors of Multnomah County a tax levy which will appear on the ballot as follows:

QUESTION: Shall Multnomah County operate jails with a three-year levy of \$0.5288 per \$1,000 assessed valuation, outside tax base, beginning 1993-94?

SUMMARY: This measure continues the existing three-year serial levy approved by voters in 1990, at **exactly the same rate that is now levied**. The County would continue to collect approximately 53 cents per \$1,000 of assessed value, about \$34.37 per year on a home assessed at \$65,000.

Approval of the levy would allow the County to continue:

* Operating the 514 secure beds at Inverness Jail;

* Operating 80 secure residential drug and alcohol treatment beds for offenders.

If the County is not able to operate Inverness Jail, which provides about 40 percent of the County's total jail beds, additional offenders will have to be released. Estimated releases would total nearly 1,000 offenders per month.

This continuing levy is within the \$10 tax rate limit in Ballot Measure 5.

This serial levy will provide revenue estimated **NOT TO EXCEED** \$14,443,421 in 1993-94, \$15,454,460 in 1994-95, and \$16,536,272 in 1995-96 *dedicated to jail operation.*

The estimated tax cost for this measure is an **ESTIMATE ONLY** based on the best information available from the County assessor at the time of the estimate.

The levy is subject to the \$10 limit in Section 11b, Article XI, Oregon Constitution, (1990 Measure 5). This Measure would reduce property tax collections for some other units of local government due to the \$10 rate limitation of the Oregon Constitution.

I. BACKGROUND

Multnomah County operates five county jails totaling 1,331 beds. The largest is the Inverness Jail ("Inverness") with 514 beds. The Multnomah County Board of Commissioners has focused its levy request on funds needed to continue operation of this facility. Inverness represents 40 percent of the County's jail capacity. Distribution of the total beds is as follows:

Inverness

11540 NE Inverness Drive, Portland
514 beds

Courthouse Jail

1021 SW 4th, Portland
71 beds

Detention Center

Justice Center, 1120 SW 3rd, Portland
476 beds (125-145 leased to the federal system to
incarcerate local federal criminals)

Restitution Center

1115 SW 11th, Portland
80 beds

Correctional Facility

1906 SW Halsey, Troutdale
190 beds

Volunteers of America (VOA) Men's Residential Center

2318 NE Martin Luther King, Jr., Blvd., Portland

VOA Women's Residential Treatment Center

200 SE 7th, Portland
80 beds total (contracted to VOA and not included in
Multnomah County total)

The Inverness Jail was opened in October 1988 in response to a shortage of jail space in the County — a shortage made more acute by a 1987 federal court order which set a limit on the number of inmates which could be held at the Multnomah County Detention Center and the Multnomah County Courthouse Jail.

In response to the County's jail space crisis, the increasing crime rate, and other urgent needs in the criminal justice and human services systems, two symposia recommended that a minimum amount of additional jail space be made available immediately. In 1987, this recommendation resulted in the passage of a three-year serial levy expressly for additional jail space. Cost for the construction of the first phase of the Inverness Jail, "Inverness I," was \$5,200,000.

On November 7, 1989, voters passed another three-year serial levy to include the ongoing operation of Inverness and a 254-bed expansion. Since November 1991, with the 254-bed expansion ("Inverness II") completed, Inverness has had the capacity to house 514 inmates, becoming the largest county jail in Oregon.

Most of Inverness is operated as a "direct supervision" dormitory-style jail and includes nine separate dormitories and three single-room housing units for special management inmates. Each dorm includes an inmate eating area, exercise yard and

Even with the Inverness beds, the County is forced to release low-risk offenders in order to meet federal guidelines for jail capacity. The County uses a criteria called "matrixing" — releasing the least dangerous offenders first. In January 1993, 481 individuals were matrixed out of the jails. Ninety percent of those in custody in Multnomah County jails are convicted felons.

II. THE LEVY

This three-year serial levy is requested to maintain jail capacity and drug treatment programs in Multnomah County, with emphasis on funding for continued operation of the 514-bed Inverness Jail, the community restitution program, 80 secure alcohol and drug treatment beds for prisoners, and 35 outpatient treatment spaces. While the County Board of Commissioners intends to dedicate the levy funds to the above programs and facilities, it is not legally bound to do so. However, as stated, levy revenue must be spent on jail operations in general. No capital improvements beyond partial fleet replacement and upgrades in the radio communications system at Inverness are included. Normal maintenance and cost-of-living adjustments are covered by these funds.

The levy will renew the existing jail levy at approximately the same tax rate, \$0.5288 per \$1,000 of assessed property value (outside the tax base), about \$39.66 per year on a home assessed at \$75,000, the average residential property value in Multnomah County. Constitutionally in Oregon, the only way the County can increase its tax revenues by more than 6 percent each year is to levy additional funds through voter approval.

While the previous levy was based on collecting a fixed amount of \$13.5 million annually, under Measure 5 the County has selected a rate-based levy for two reasons:

1. *Meeting the Need*

The Multnomah County Board of Commissioners has resolved that anticipated County revenues for 1993, 1994 and 1995 will be insufficient to maintain adequate jail capacity and drug treatment programs, and that it is necessary to collect monies over and above the tax base by continuing the County's jail levy for three years. Projected revenue from the levy alone will not raise the total amount needed to maintain public safety services, specifically the Inverness Jail and drug and alcohol treatment beds, at current levels. The shortfall in the first year is estimated at \$2.7 million, which will be made up from the County's general fund.

The rate-based levy allows revenue to grow as a result of expected increases in property values in each of the three years, and therefore provides more revenue each year to meet the increased cost of jail operation. Estimated revenues from the levy are based on a property value growth of 7 percent each year. The levy clearly states the County's intent not to collect more than the estimated amounts which are: \$14,443,421 in 1993-94, \$15,454,460 in 1994-95, and \$16,536,272 in 1995-96. The County Budget Office has stated that if property values increase more than 7 percent in any year, the tax rate of \$0.5288 would be reduced so as not to collect more than the estimated revenue. By law, if the County should collect more than its stated estimates, that money must be put in a contingency fund to support jails and drug treatment. These funds could only be spent to supplement revenues after the first year of the levy.

2. *Sharing the Tax Pie*

Measure 5 limits property taxes to \$10 per \$1,000 in property value. Throughout Multnomah County, taxing districts for cities, the County, the Port of Portland, Metro, etc., overlap. Under Measure 5, the sum of the rates for all taxing districts cannot exceed \$10 per \$1,000. When it does, ALL taxing districts have their assessed revenues proportionately reduced to fit the \$10 tax pie. This proportionate reduction in revenues is termed "compression."

Multnomah County has passed a resolution that commits the County not to increase its proportional share of the property tax pie unless the City of Portland acquiesces. The County is committed to not exceed its 1992-93 share of the \$10 cap within Portland's boundaries. In 1992-93, after compression, the County received 36.8 percent of property taxes paid by taxpayers within the City of Portland and Multnomah County. Included in that 36.8 percent are the monies dedicated to jails through the existing levy. According to the Multnomah County Budget Office, the jail levy is designed only "to lock in the same proportional piece of the tax pie" currently collected for jail operations.

The levy states that its passage would reduce property tax collections for some other units of local government. It is the understanding of this committee that in actuality, renewing the jail levy does not directly reduce the tax collections of other units, or districts, by any additional amount but rather is intended to maintain the status quo. Failure of this levy, on the other hand, would increase property tax collections for other taxing units of local government. Figuring out just who gets what after compression, whether the levy passes or fails, is very complicated and at this time must include a number of assumptions. Measure 5 has moved assessment dates from January 1 to July 1. County officials will not receive hard figures on anticipated revenues until late in September. The County Budget Office is not prepared to make predictions at this time for circumstances that will change by the time tax rolls are actually assessed.

On paper, the County's general fund would also benefit if the levy fails. However, as stated previously, such an increase in County revenues would not cover the cost of continuing public safety services at their present levels. The general fund would become the sole source of support for jails and drug treatment.

If the County levied a fixed dollar amount annually, as it has in the past, the proportional tax collections of other taxing units in the county would definitely be jeopardized due to compression, at least in the first year of the levy. As stated previously, this was not the intent of the County Commission.

Due to the Measure 5 cap, tax bills for residents of Portland and Troutdale will not increase with passage of this levy, because the sum of the rates of all taxing districts within those cities already exceeds the \$10 cap and is subject to compression. The cities of Wood Village and Fairview may also reach the cap in the coming year. This does not mean that actual tax bills throughout Multnomah County will not increase due to an increase in assessed property values. It simply means that the jail levy will not be responsible for the increase.

In Gresham, where the Measure 5 cap has not been reached, failure of the levy would result in reduced tax bills. Passage of the levy will continue the present tax rate on Gresham residents but will not increase it.

III. YOUR VOTE

What are the consequences if the levy fails? No one knows for sure. County officials state that no conclusive dialogue concerning the possibility of budget cutting due to levy failure has occurred. No fixed strategies have been developed, although speculations include: closing the Inverness facility; cutting the drug and alcohol treatment program; relocating inmates to other facilities and accelerating matrixing; downsizing Inverness and/or treatment programs; subsidizing Inverness 100 percent from the County general fund, thereby reducing funds for other County services. At this writing, the County Board of Commissioners has not publicly identified the options.

The most likely immediate scenario is that the levy would be resubmitted to voters in June for reconsideration should it fail in May.

The jail levy will be on the May vote-by-mail ballot. Ballots will be mailed to voters on approximately April 28 and must be returned to the Multnomah County Elections office before 8 pm, May 18.

Respectfully Submitted,

Nancy Glerum
Lorraine Robertson
Law and Public Safety Standing Committee

Sources:**Multnomah County**

Mark Campbell

John Dubais, Legal Counsel

Carol Kelsey, Executive Assistant to Multnomah County Commissioner

Tanya Collier

Hank Miggins, Executive Assistant to Multnomah County Chair

Gladys McCoy

Tom Simpson

Dave Warren, Budget Manager, Budget and Planning

Multnomah County Sheriff's Department

Robert Skipper, Sheriff

Gary Walker, Captain

Bart Whalen, Public Information Officer

Bill Wood, Commander, Program Division

Citizens Crime Commission

Patrick Donaldson, Executive Director

Multnomah County Tax Supervising and Conservation Commission

Margaret Bauer

Citizens for Jails and Libraries

Joan Pasco

Washington County Administration Office

Britt Ferguson