



**UMATILLA COUNTY  
SPECIAL LIBRARY  
DISTRICT**

Strengthening our community libraries

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**Ad Hoc Tax Distribution Committee Meeting Minutes**

March 29, 2016

10:00 am

Pendleton City Hall – Community Room  
Pendleton, Oregon

**ATTENDANCE – COMMITTEE MEMBERS**

Jean Eckles, Chair	Mardel James-Bose, Vice Chair	Robb Corbett
Blair Larsen	Erin Wells	Marsha Richmond

**COMMITTEE MEMBERS – ABSENT**

Larry Dalrymple	Ann Burnside
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**GUESTS**

Mary Finney, Pendleton Public Library Director  
Linda Hall, Milton-Freewater City Manager  
Kathleen Schmidtgal, Weston Public Library Director

**CALL TO ORDER**

Jean called the Ad Hoc Committee Meeting to order at 10:04 am. It was mentioned the Committee had the Community Room until 11:30 am.

Jean opened the meeting by reminding the committee they were to have recommendations for this meeting and that this will be the last Ad-Hoc Committee meeting.

Blair asked for a recap of the previous meetings.

Jean – The committee was formed to address the distribution formula based on a common idea. The ideas included:

- Base Amounts
- Tiers
- Per Capita (Population)
- Tax distribution based on property values

The formula should not be based on only one of the above distribution methods, rather on multiple criteria. She also reminded them the Ad Hoc Committee was not established to explore new funding avenues and not to critique the District budget.

Linda – Asked to have an overview of how the current budget is handled. She questioned whether the money was there to be distributed. The District budgeting is unclear to her and would like to know about the budgeting process.

Blair – He shares some of these concerns. He doesn't believe the current formula is being followed. He would like some of his concerns addressed by the Board. He thinks the formula should be a flexible base amount with the balance being allocated per capita. He thinks that would be the best way to protect the small libraries and still support the larger libraries.

Kathleen – Asked for an explanation of that comment.

Blair – There is no narrative to the current distribution formula. It was never updated. Amounts were increased as money came in. The formula doesn't take into account population changes.

Kathleen – Let the Committee know she was around when the District was formed. The founders of the District wanted to be careful not to change the intent of the voters. One of the main goals was to insure there would be small town libraries. She doesn't think that should change. The libraries need the dedicated funds. Any change in funding could be the death knell for the smaller libraries.

Erin – Small town libraries have been a part of the discussion.

Blair – The base needs for the smaller libraries should not change what they are getting now and should be met at the current level.

Kathleen – Reminds everyone the larger libraries have the use of shared services provided by the District. She believes the larger public libraries in the County benefit when all the libraries are viable. (The public libraries in the County are only as viable and healthy as the smallest libraries.)

Erin – A base amount should be a threshold to get the door open. Then the remainder of the funds be divided and distributed by population.

Jean – We will follow the current formula for the 2016-2017 Budget year.

Jean – Ken Reading was a one-man-show for 25 years. When Ken retired there was a new director and a strong learning curve. Unfortunately, the new director was ill for part of her tenure. Board members tried to step in to assist with the day-to-day operation. Marsha came aboard less than a year ago and there are three new Board members. She found some errors with the Budget which the Board is addressing. The District will fulfill its obligations.

Marsha – She is working through the budget errors. She was hoping the Ad Hoc Committee would generate a distribution formula that could be explained. The District has been getting about a 2% increase in tax revenue each year. She understands PERS costs and how they are increasing. It is very clear that the pot of money is just not big enough. She says with a formula we could move forward, do some planning and get things started to address these concerns with expenses in the future possibly increasing faster than income. It all has to work together. We need to support libraries beyond the 2016-2017 budget cycle. She found some errors in working with next year's budget that caught her by surprise. She's been telling Library Directors to base their budgets on what the District has told them they can expect.

Jean – Whatever the distribution formula is – it should be reviewed every three years. There are some glaring issues and the District needs to have conversations with City Managers. She asked the City Managers on the Committee what the District can do to engage all the City Managers.

Blair – The City Managers don't micromanage, they just want to review. Appoint City Managers to the Budget Committee.

Erin – She had requested to be on the Budget Committee but was told that would be a conflict of interest.

Blair – A conflict of interest might not be the case for a City Manager.

Marsha – Special District Association of Oregon (SDAO) can be asked if it would be a conflict of interest.

Jean – The District doesn't know how to get City Managers to meet with the Board. The Ad Hoc Committee has brought City Managers to the table. However, Governance Meetings don't work due to very low attendance.

Blair – I'm not sure how to have a sustainable dialog. City Managers should be invited but he doesn't know how to have sustainable dialog.

Linda – Budget Law says the Budget Committee has to be composed of citizens plus the Board. City Managers need to be in communication with the District. That doesn't matter, rather how is the District going to fix its current errors. The District pays for accountants – didn't they tell the District about problems?

Did the Budget Committee approve next year's budget? Or will the Board reconvene the Budget Committee?

Marsha – The Board has not adopted the Budget; that will be done in June. There is time to make changes.

Robb – The District gave the libraries 80% for the current year. But did they not include the back taxes?

Blair – To honor your commitment you have to give them 80%.

Marsha – It's a carryover issue. Next year's budget paying everything based on tax revenue – current and back. We need to go to the projected 2017-2018 budget to see what kind of carryover there will be. It has a cumulative effect. We need to see how it will work out.

Robb – Are you saying you might not be able to distribute 80%?

Marsha – I think I can figure out how to do that. This issue was just found. Our main goal is not to have this situation arise again. The cash reserves have been depleted in the past; there are less revenues and increased expenses. As of today, next year's budget numbers are the same as last year's for the libraries, however we are still working on the budget.

The error surprised her and quite a few of us.

Robb – I'm okay with that now. I can use the figures you gave me. If the District comes back to Pendleton and says they aren't going to get the amount told – there will be a problem.

We have a program that has doubled in size and doesn't support any libraries. I want to support the small libraries. I can't support anything that doesn't support libraries.

Marsha – I hope the cities can continue to support their libraries.

Robb – You can help us by getting more revenue.

Marsha – You can help us. We have been talking about Governance Meetings – the information exchange needs to happen and it hasn't been. However, the Board and I realize that maybe the format needs to change and we are looking at options for that. The discussions and communication needs to happen between the cities and the District and we welcome any ideas the cities have about this.

Linda – Just send me your monthly financials. I will send you mine.

Blair – Every month the west end cities get together with the County Commissioners and maybe we can get Marsha included.

Marsha – Robb, if something similar happens on this side of the County, please let her know.

Erin – Created a chart of 15%-18% of tax revenue to the District and base amounts to the libraries. Can we come to a consensus on base amounts?

Blair – Is in favor of base amounts.

Erin – The chart is a combination of her earlier proposal and Blair's proposal.

Linda – Based on the chart – Echo, Pendleton, and Weston lose funds.

Blair – It is a result of how out of whack the formula has become. We can try to mitigate that over time.

Erin – There is no way to make funding the way it is today without taking it from the District's percentage and/or finding new revenue. Someone is going to take a hit no matter what.

Robb – I've heard from the District there's no way they'll take less than 20%.

Erin – We have to look at – are we going to support the District or the libraries? We have to talk about ways to reduce spending – get rid of *Take Off!*

Marsha – Populations have shifted. If we'd looked at the figures every three years it would have worked out. But, this far out it is very painful.

Kathleen – Per Capita formulas kill small libraries.

Jean – We cannot postpone the inevitable. Someone needs to take a hit – possibly all of us. We need to start the process and implement it in stages.

Blair – I've been meeting with other groups: police, call center. Let's get a formula in place that everyone thinks is fair. We will ramp up gradually.

Erin – We can't absorb it in a year. We need to implement it over time.

Blair – Given the growth we are seeing here, it would take an incredibly long time. If we freeze everybody where they are now and hold them until they are where the formula works out – it could take 10 years or more. The way the \$20,000 base figure was determined was to use the library receiving the least amount of District funding and using that as a base.

Kathleen – The base feels arbitrary. The money allotted for the base may not work in the real world.

Blair – That's the problem – how things work in the real world.

Kathleen – You disregard the use of tiers?

Erin – Tiers are equitable. Blair made it clear why it wasn't equitable.

Blair – There is always going to be someone on the edge of a tier.

Kathleen – Base doesn't take in to account what it takes to run a library.

Linda – Are you budgeting on assessed value? You can go up to 3%.

Marsha – The County says they are recommending 2%. So the District is budgeting at 2%.

Robb – Tax assessed value finally caught up with Real Market Value so you no longer have 3% growth rate. The tax assessed value is now the real market value.

Marsha – When the District gets more money, it is passed on to the libraries. But if you budget high and it doesn't come then you have a problem. So the District budgets low.

Erin handed out her proposals.

Robb – How did we come up with a base number?

Erin – The base right now is \$20,000. That is how I get the 1.5%/1.4% to keep it around \$20,000 we were talking about. I wanted it to be seen as a percentage so it would be easier to change.

Marsha – They talked about how much it cost per hour to staff a library, open hours, etc. That's how the original group got to the base amount.

Linda – How could you vote for something that would have that kind of impact on a small library, like Weston? To me the small libraries need service more than the big libraries. It bugs me Hermiston chose not to be in the District.

Robb – Larry pointed out that the City of Pendleton gets more from the District than they pay in taxes. I just did the math and under Erin’s system, Pendleton would be a net debtor and the city would get \$28,000 less than they send to the District.

Erin -- Hermiston would only be paid based on population and would receive no base amount.

Blair – The only recommendation is to put forward the formula but not implement it immediately.

Erin – Says yes, then the shortfalls could be made up.

Blair – I don’t know how you can get all winners.

Marsha – It is not a good idea to get rid of Hermiston (regarding a levy) – it would backfire.

Blair – The Stanfield/Hermiston fire consolidation didn’t fly last time. It was the voters outside of Hermiston who voted it down.

Robb – Moved the District be given 15% and a 1.5% base allocation be given to the libraries.

Erin – Is there a quorum with only three voting members present?

After a brief discussion, it was decided there are enough voting members present for a quorum.

Robb – We should ask the District to reduce the cost of *Take Off!* by 50%.

Erin – I would like to write the proposal to the District.

Jean – Asked if Erin would like to make the presentation to the Board?

Blair – I would like to see something in the proposal that it was not taken lightly and it was thought out.

Erin – That is why I want to write the proposal. I want the Board to know we thought about this. The Ad Hoc Committee will review it before it is presented to the Board.

Vote called for: Robb Corbett, Blair Larson, Erin Wells – Yes  
Jean Eckles, Mardel James-Bose – Abstained

Kathleen – When will the proposal go to the Board?

Erin – I don’t know, maybe at the May Board meeting.

Blair – It won’t change this year’s budget. I don’t think it matters when it gets done.

Erin – Her goal is the May meeting.

Blair – Made a motion to include a recommendation to increase funding by going for a levy and program services provided by the District be reviewed with the main criteria being how they benefit all the libraries.

(Program services include: cataloging, databases, etc. Do they benefit all the libraries? I would be wary of anything that doesn't benefit all libraries.)

Erin – Seconded the motion.

Vote called for: Robb Corbett, Blair Larson, Erin Wells – Yes  
Jean Eckles, Mardel James-Bose – Abstained

Kathleen – Is there a way to make the language of the current proposal work so libraries don't lose current funding.

Blair – Said no.

Jean – Please include in the proposal how often the formula needs to be reviewed.

Blair – 5 years is too long – three years or every year.

Jean – Every three years. You aren't totally burnt out.

Erin – Money based on population every three years.

Blair – Add to the recommendation every three years.

Rob – Second

Vote called for: Robb Corbett, Blair Larson, Erin Wells – Yes  
Jean Eckles, Mardel James-Bose – Abstained

Meeting adjourned at 11:34 am.  
Respectfully submitted by Mardel James-Bose

Signed by Jean Eckles, Chair

**No further meetings are scheduled.**