

Property Tax Measure Review

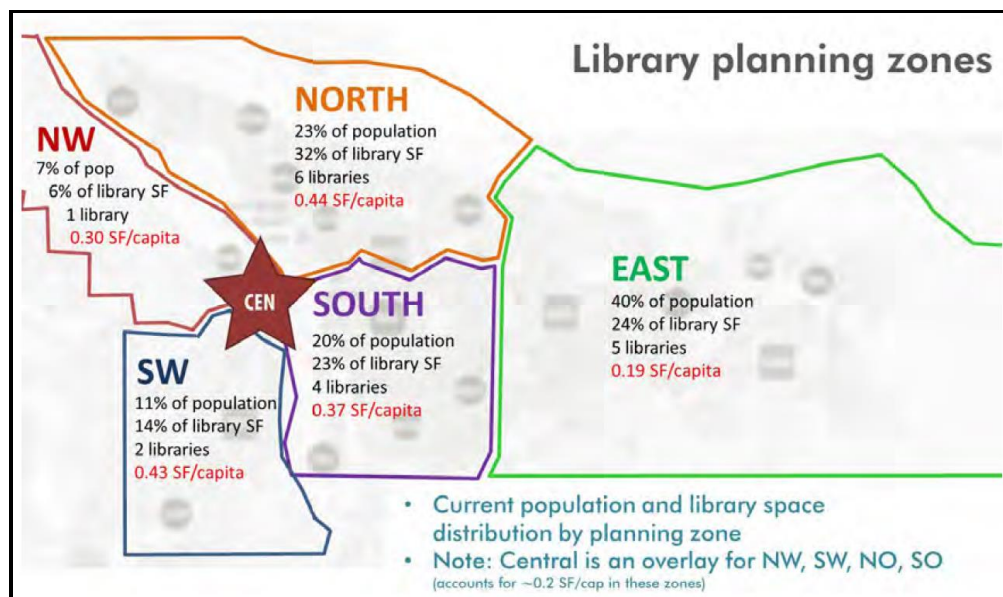


**Tax Supervising
and Conservation
Commission**

District	Multnomah County
Ballot Measure	26-211 Bonds to Expand, Renovate, Construct Library Branches, Facilities; Increase Safety (attached to this review)
Financial Details	\$387 million GO Bonds and an estimated tax rate of \$0.61 per \$1k AV with a 9-year term
Election	November 3, 2020
Hearing Date and Time	September 22 @ 10:00
Commissioner Discussion	September 15 @ 2:00
Date Review Prepared	September 10, 2020

Background

This Bond Measure’s formal origins date back to July, 2016. That was when the County Commissioners established a Citizen Action Committee to study the ability of the County’s 18 libraries to serve the community. A year later, in its “Library Framework” report, the Committee stated the primary issue succinctly: “The issue for Multnomah County Library is that it simply lacks space.”¹ The Committee stated that the library facilities service level amounted to 0.3 square feet per capita system wide, and only 0.19 square feet per capita in East County as shown in the graphic below. The Committee recommended enlarging total library space to 0.7 to 0.8 square feet per capita and specifically adding more library space in East County. From that work comes the core of this ballot measure.



¹ Library Space Planning Framework, June 16, 2017

https://multcolib.org/sites/default/files/Multnomah_County_Library_space_planning_framework_FINAL.pdf



Purpose

This bond measure seeks taxpayer approval to issue up to \$387 million in General Obligation Bonds, the debt service for which will be paid for with a property tax levy that the County estimates will be \$0.61 per \$1,000 of Assessed Value with a term of not more than 9 years. This tax will be levied on all property in Multnomah County.

The measure is specific about how the bond proceeds will be spent.

- Enlarge and modernize eight county libraries, some in each part of the county.
- Build a flagship library in East County, similar in capacity to downtown's Central Library.
- Expand, renovate, or construct seven branch libraries, including Albina, Belmont, Holgate, Midland, North Portland, Northwest, and St. Johns.
- Add gigabit speed internet to all libraries.
- Create a central materials handling and distribution center to increase efficiency and cost effectiveness. Pay for furnishings, equipment, site improvements, land acquisition, and bond issuance costs.

County/Library District Relationship and Collaboration

In preparing for this bond measure, the attorneys involved determined that the Library District was formed without clear statutory authority to issue bonds. Therefore, the County has put forward the bond measure. The County will use the proceeds from the bond to do the projects. Bond proceeds and project costs will be recognized in a new capital project fund in the county budget exclusively for this purpose. Property tax receipts and debt service payments will also be accounted for in a new and separate County fund.

Excluding leased facilities, all library buildings belong to the Library District. These buildings were originally county buildings, but ownership was transferred from the County to the District after the Library District was formed. Upon completion of the projects funded by this bond measure, ownership of the facilities constructed will be transferred to the district and the value of the new and improved facilities will be added to the district balance sheet's fixed asset schedule.

Property Tax Impact

Multnomah County currently has two property tax levies: its permanent rate levy (\$4.3434) and a local option levy (\$0.5000) on behalf of the Oregon Historical Society. The Library District has one levy, a permanent rate levy of \$1.2400

Levy	Rate	Purpose	FY20 Imposed Taxes
County Permanent Rate	\$ 4.3434	Operations	\$324.4 Million
Local Option Levy	\$ 0.5000	Historical Society	\$ 3.5 Million
Library Permanent Levy	\$1.2400	Library Operations	\$ 90.4 Million



The total combined levy for the County and the Library is \$6.0834, or \$608 per \$100,000 of Assessed Value on real property in the county. Approval of this ballot measure would increase that to \$670 per \$100,000 Assessed Value.

The three existing County and Library rates are all decreased by compression. The total reduction on the three levies was \$17 million (4%) in FY20. General Obligation bond levies are outside the property tax limits, so this bond measure will not be reduced by compression.

Use of the Funds

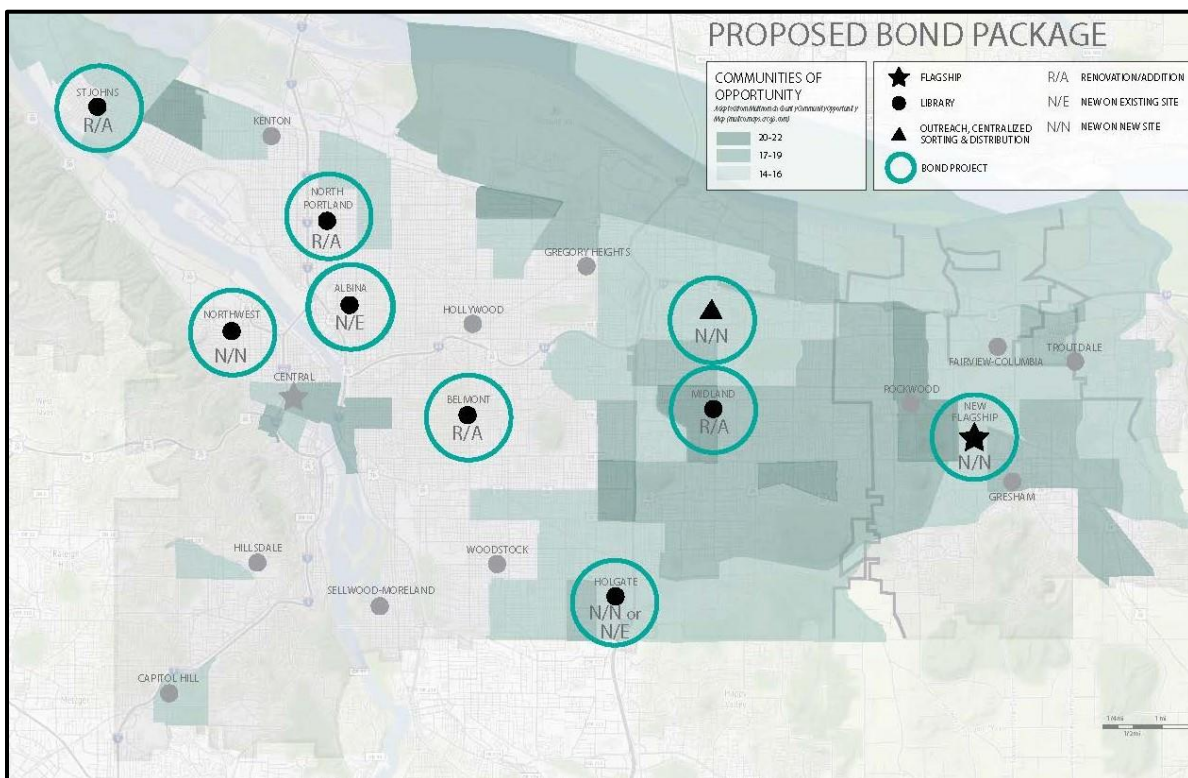
The funds would be used for the following capital improvements to Library District Buildings.

- East County Flagship Library: Builds an estimated 95,000 sf new flagship library on a new site. This library will be comparable in size to Central Library in downtown Portland and serve a similarly large segment of the county population.
- Up to date sorting, storage and distribution center: Tenant improvements or construction for approximately 45,000 sf warehouse space. An automated storage, sorting and distribution facility with ergonomically designed systems and equipment will greatly reduce the number of physical “touches” needed to process each item currently and modernize MCL processes to current standards. Such a facility would reduce overall materials handling costs and expedite delivery of patron holds.
- Updated support for services provided to the community outside of libraries (Outreach/Tech): Tenant improvements or construction for approximately 25,000 sf space for library staff and materials who serve people in schools, child care, shelters, transitional housing, detention facilities, senior centers and other locations outside of the library. This work is being performed at a central operating facility now, and under this bond measure a new facility would be constructed for it in East County where the majority of people and institutions served are located.
- Midland Library (Destination): Renovates 24,000 sf existing library with a roughly 6,000 sf addition on the existing site. Renovation is anticipated to be completed to life safety standards under the governing code at the time of construction.
- Albina Library (Destination): Builds an approximately 30,000 sf new library and includes library administration on the existing Isom/Knott Street site. The Knott Street building (historic home of Albina Library and formerly The Title Wave Used Bookstore) will be renovated, Isom will be removed, and the garage will be renovated or removed.
- North Portland Library (Neighborhood): Renovates roughly 8,700 sf of existing library, and builds an approximately 1,500 sf addition, all on the existing site. Renovation is anticipated to be completed to life safety standards under the governing code at the time of construction.



- **Northwest Library (Neighborhood):** Builds a roughly 10,000 sf new library at a new building/site, doubling the size of the existing library, and transitioning from leased to owned property.
- **Belmont Library (Destination):** Renovates roughly 3,000 sf of existing library, removes approximately 3,000 sf remaining portion, and builds an approximately 17,000 sf addition: all on the existing site. Renovation is anticipated to be completed to life safety standards under the governing code at the time of construction.
- **Holgate Library (Destination):** Builds an about 30,000 sf new library on existing or a new site.
- **St. Johns Library (Neighborhood):** Renovates roughly 5,600 sf existing library with an approximately 1,500 sf addition on the existing site.
- **Broadband:** Project would ensure gigabit-speed broadband internet at existing facilities.
- **Efficiency and interior improvements:** Reduce wait times on patron holds and increases efficiency with materials sorting and handling equipment. Refreshes paint, collection, furniture and finishes at locations across Multnomah County.

This map shows which library facilities planned for improvements with these bond proceeds. A graphic of all the district libraries is included as attachment 2 to this document.





Allocation of the Funds

Increasing library space in East County is the primary objective of this bond measure. A total of \$213 million (55% of the funding) is allocated to East County projects. Here is the recommendation from the Framework Report concerning this issue:

LIBRARY RECOMMENDATIONS BY PLANNING ZONE

Library space should be proportionate to and distributed among the five library planning zones.

- The East Zone needs at least three times as much library space to correct the current space deficit and expand to serve its projected 2035 population of more than 360,000 people. Because of the magnitude of the space increase, most facilities in this zone should be developed as destination libraries. In some cases this will require MCL to acquire and relocate to alternate, larger sites. One net new public service location may be added, for a total of six libraries in this zone. One of the libraries in this zone should be developed as a flagship library – an East Zone counterpart to Central Library in downtown Portland.

Right now, there is 60,800 square feet of library space in East County. This bond measure allocates funding such that the amount of library space in East County will increase by 100,000 square feet, a 160% increase. Additionally, two non-public “back office” library functions will be relocated to new East County facilities: the central sorting operation and outreach/tech services. These functions are both located in Portland now. The “Outreach/Tech” function serves predominately East County institutions and patrons.

The budget for the projects identified in the bond measure is in the following chart. This chart does not include bond issuance costs and project contingencies are not identified.

Multnomah County Library Capital Plan				
Projected Project Costs				
last update: 6/17/2020				
Zone	Project	Library Type	Scope, Bidding, & Contract Finalized	Escalated Project Cost
East	Sort Center	N/A	July 2022	\$32,588,586
East	Outreach/Tech	N/A	July 2022	\$22,672,080
East	East County Flagship	Flagship	June 2023	\$125,210,537
East	Midland	Destination	March 2023	\$32,410,105
North	Albina Library with Admin	Destination	October 2023	\$44,307,209
North	North Portland	Neighborhood	January 2024	\$12,304,682
Northwest	Northwest	Neighborhood	May 2024	\$11,761,976
South	Belmont	Destination	November 2024	\$27,604,843
South	Holgate	Destination	April 2025	\$43,045,982
North	St. Johns	Neighborhood	December 2025	\$9,926,033
Systemwide	Broadband	Existing Buildings	January 2022	\$1,612,745
Systemwide	Automation/Interior Improvements	Existing Buildings	varies	\$21,974,729
Projected Total Project Costs*				\$385,419,508

* does not include bond issuance costs



Summary

- The Library District, through Multnomah County is asking the voters to approve the issuance of \$387 million of General Obligation Bonds.
- The proceeds from the bonds will be used for capital equipment and capital improvements to library facilities, including construction of new facilities. Over half of the expenditures will be for facilities in East County where library services are constrained by limited library space.
- The district estimates that the tax rate needed to generate sufficient tax revenue to pay the debt service on the bonds will not exceed \$0.61 per \$1,000 of Assessed Value. The estimated annual cost to property owners county-wide will be \$61 per \$100,000 of Assessed Value.
- All revenues and expenditures related to this budget measure will be accounted for in the County budget. When construction is completed, the County will transfer ownership of new buildings to the Library District at no cost.

Notice of Measure Election

26-211

SEL 801

rw05/16: 085 250.015, 250.041, 250.175, 254.105, 254.160

County

Notice

Date of Notice
July 22, 2020

Name of County or Counties
Multnomah County

Date of Election
November 3, 2020

Final Ballot Title The following is the final ballot title of the measure to be submitted to the county's voters. The ballot title notice has been published and the ballot title challenge process has been completed.

Caption 10 words which reasonably identifies the subject of the measure.

Bonds to Expand, Renovate, Construct Library Branches, Facilities; Increase Safety

Question 20 words which plainly phrases the chief purpose of the measure.

Shall County expand, modernize, rebuild, acquire land for library facilities; issue \$387,000,000 in general obligation bonds, with oversight, audits? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

Summary 175 words which concisely and impartially summarizes the measure and its major effect.

If approved, this measure would authorize up to \$387,000,000 of general obligation bonds to finance capital costs to increase the size and update library facilities across the County. Specifically, the bonds are intended to:

Enlarge and modernize eight county libraries, some in each part of the county.

Build a flagship library in East County, similar in capacity to downtown's Central Library.

Expand, renovate, or construct seven branch libraries, including Albina, Belmont, Holgate, Midland, North Portland, Northwest, and St. Johns.

Add gigabit speed internet to all libraries.

Create a central materials handling and distribution center to increase efficiency and cost effectiveness.

Pay for furnishings, equipment, site improvements, land acquisition, and bond issuance costs.

Bonds would mature not more than nine years from issuance and may be issued in multiple series. The County estimates the average cost to be \$0.61 per \$1,000 of assessed value over the term of the bond. Actual rate may vary. An independent bond oversight committee and annual audits will help ensure funds are used as intended.

Explanatory Statement 500 words that impartially explains the measure and its effect.

If the county is producing a voters' pamphlet an explanatory statement must be drafted and attached to this form for:

→ any measure referred by the county governing body; or

→ any initiative or referendum, if required by local ordinance.

Explanatory Statement Attached? Yes No

Authorized County Official Not required to be notarized.

Name

Eric Arellano

Title

Chief Financial Officer

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Contact Phone

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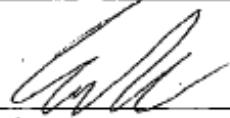
By signing this document:

→ I hereby state that I am authorized by the county to submit this Notice of Measure Election; and

→ I certify that notice of receipt of ballot title has been published and the ballot title challenge process for this measure completed.

Signature

Date Signed



7/21/20

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MULNOMAH COUNTY

Attachment 1 Page 2

Multnomah County libraries are the fourth busiest in the nation based on circulation and 102nd in amount of total library square footage. All 19 Multnomah County library branches, including the Central location, could fit inside the single, downtown Seattle library with room to spare. Additionally, that limited space is not equitably distributed: East Portland and East County are home to nearly 40% of the county's population, and have 20% of library location space.

Multnomah County Library's mission is "Empowering our community to learn and create." If approved, the bonds would fund capital costs to increase the size and update library facilities across the County, to help further the Library's mission throughout the community, for all those who seek to participate in its programs.

While Multnomah County libraries are funded through a dedicated library district, those funds cover only staffing, maintenance and operations of the Library, not facility updates, construction or modernization.

Most county library buildings were built in the last century for books and not much else. Now, libraries provide access to information electronically, as well as hands-on training and learning, in-person programs and technology. Examples of space constraints experienced by libraries include:

- Library programs cannot accommodate all those who want to attend. For example, librarians turn away families for Storytime and other reading programs due to lack of space.
- There are ten quiet study rooms across the entire library system, in a county of over 800,000 residents. And these are available at three libraries only.
- Libraries like Belmont have limited space to sit and read or for librarians to work with users.
- At some of the busiest libraries, approximately 70% of requests for public meeting rooms are declined because they are overbooked.
- Some locations cannot accommodate usage consistent with physical distancing guidelines.

If approved, the Library bond would authorize the County to issue up to \$387 million in general obligation bonds to update, renovate, construct, and refresh libraries across the county. More space would be provided for Library programs, and public meetings: and to sit, read, study, work and learn. Access to computers, digital devices and high-speed internet would be increased in every branch. More library space would be made available for East Portland and East Multnomah County.

Specifically, if approved, the bonds would

1. Enlarge and modernize eight County libraries, some in each part of the county; including Albina, Belmont, Holgate, Midland, North Portland, Northwest, and St. Johns;
2. Build a 'flagship' library in East County similar in capacity to Central Library in downtown Portland;
3. Add gigabit speed internet to all library facilities;
4. Create a central materials handling and distribution center to increase efficiency and cost effectiveness; and
5. Pay for furnishings, equipment, site improvements, land acquisition, and bond issuance costs.

If approved, the 9-year \$387 million bond is estimated to cost approximately \$0.61 per \$1,000 of assessed property value. Actual rates may vary. An independent bond oversight committee, and annual audits, will help ensure funds are used as intended.



Attachment 2

Current Multnomah County Library System Facilities

