

Multnomah County Library Hearing Minutes

**Tuesday September 22, 2020 10:00 am
Virtual Hearing
Via WebEx**

Multnomah County Library \$387 Million Bond Measure to Expand, Renovate, Construct
Library Branches

Measure 26-211

November 3, 2020 General Election

Present:

TSCC:

Chair David Barringer, Vice Chair James Ofsink, Commissioner Margo Norton, Commissioner Mark Wubbold, Commissioner Harmony Quiroz, Executive Director Craig Gibons, and Budget Analyst Tunie Betschart

Absent:

None

Multnomah County Library:

Chair Kafoury, Commissioner Lori Stegmann, Commissioner Sharon Meieran, Commissioner Jessica Vega Pederson, Commissioner Susheela Jayapal, Director of Libraries Vailey Oehlke, Director of Operations Donald Allgeier

Due to technical difficulties Chair Barringer was unable to connect to the hearing at the onset so Vice-Chair James Ofsink opened the Public Hearing.

Vice-Chair Ofsink stated that this was a hearing on Multnomah County's Bond Measure to expand, renovate, and construct library branches. He said the commission is a neutral body in this matter and is holding this hearing for the public's benefit. The Commission will take no formal action today. The "action" will be taken by the voters in November. The purpose of this hearing is to discuss and take public testimony on Measure 26-211 which Multnomah County has put on the November ballot. Those from the public who wish to testify can sign up to speak following the formal questions. He asked the TSCC Commissioners, staff and Multnomah County Commissioners and staff to introduce themselves.

At this point, Chair Barringer was able to get connected to the WebEx hearing and asked the County to give a brief overview of the purpose for the bond measure.

Chair Kafoury explained that she and her colleagues were here to answer any questions and provide information about the bond measure they will build, renovate and expand eight library spaces. She said this measure reflects more than four years of analysis, community engagement and diligence to better serve the community. She went on to say the County library system is just too small and inadequate to serve the residents now and in the future. She emphasized that east of Interstate 205 this was very true, as 40% of the population lived there and yet only 20% of the public library space was there. This measure would build an Eastside flagship library similar in size to the Central Library downtown and significantly increase library space across the entire county. She explained that the commissioners first considered a proposal in January and moved on the measure in March. With the onset of COVID-19 pandemic they re-evaluated the proposal increasing a number of projects and reducing the cost. In June the board voted to move forward with the amended package and place it on the November ballot.

Chair Barringer thanked County Chair Kafoury on for the overview of the measure and said with that the commissioners will start the prepared questions.

TSCC Questions:

Commissioner Norton asked the following question:

When we met in June for the budget hearing, when we talked about the library closure, we asked if the experience of the closure had prompted any new thinking about the projects and design planning related to the bond. At that time you explained that the architects have some conceptual plan to rebuild and reconstruct these libraries, whether it's the brand new library, a renovation or remodel or rebuild, they don't have the exact plans down. I have two questions.

First: So now it's the end of September and the district is more experienced with the library closure. Have any additional concepts emerged during this intervening time? And if so, what's the new thinking? Has this new thinking been vetted with the community that worked so hard to help that the bond measure?

County Chair Kafoury fielded this question explaining the design for the majority of the projects will be based on community engagement feedback. So the design work will be completed after a thorough community engagement process, which has been built into the timelines, and expect the experiences of the community during this pandemic will influence their feedback on how the county can build buildings that will best serve them when they open and then into the future. She said the amount is set but the plans are not set.

Second: Final design and changes in design always translate into cost, usually upward. The amount for this bond was set under the pre-COVID thinking. What flexibility is there in this bond to make significant design changes?

Chair Kafoury replied saying there are contingencies in place for design changes. She said when they were planning the bond measure, they built in a process for community feedback and design so that they would have enough contingency to cover costs associated with building and renovating spaces yet to be designed.

Ms. Vailey Oehlke added that during the planning they built in time and the associated costs for a fairly robust community engagement on each of the projects. So that was already factored in. From the outset, even pre COVID, they were planning on designing spaces with the greatest degree of flexibility possible knowing the future was going to be even less predictable than it was decades ago when the libraries were designed and built. She concluded by stating they are in a good position in terms of the opportunity for community engagement and the impact of that, as well as the contingency and the associated costs.

Chair Barringer asked the following questions:

When first approved by the Board this was a \$405 million bond measure. Why was the final amount reduced by \$18 million?

County Commissioner Lori Stegmann answered saying the onset of the COVID-19 pandemic prompted the library to reexamine its proposal in consideration of new economic realities and heightened community need. The library was able to identify ways to both reduce costs and support more buildings throughout the library system that differed from the original bond measure approved by the Board. Those changes will result in savings for taxpayers and greater benefit for communities in Multnomah County. The final Board-approved bond measure includes North Portland and Northwest libraries while removing Capitol Hill Library with an \$18 million reduction in overall costs.

That was my next question. The Capitol Hill library has been removed. Can you just tell us how that decision was made? There is a large immigrant community in that area.

Ms. Oehlke responded saying the changes were about this moment in time. Extricating Capitol Hill Library would allow the district to add a facility to the list. The Capitol Hill facility is in pretty good shape. She said Chair Barringer was right, there is a large Somali population in that area.

Commissioner Ofsink asked the following questions:

What is the district doing to assure that the budgets for these projects are adequate? How large are the contingencies?

County Commissioner Stegmann fielded this question saying the library went through an extensive project budget planning review. Project cost estimates were prepared by a professional cost estimator in consultation with architects retained to assist in the planning process. Estimates were reviewed by a second independent cost estimator and a Blue Ribbon Committee, which included members that are familiar with construction and development. Costing estimate approaches and methods were compared to more recent large scale County capital projects such as Central County Courthouse and Gladys McCoy Health Department Headquarters and other municipal projects to ensure completeness and accuracy.

The project budget includes a 4.5% annual escalation, and the net contingency is slightly above 15%. Contingency was applied to hard and soft costs and was compared to other major County capital project contingency rates. The project budget and contingency approach was vetted by the County's CFO and Budget Office.

Commissioner Norton asked this follow-up question:

Are contingencies considered for each project or just as just one amount for all projects?

Ms. Oehkle said each project would have its own contingency.

Mr. Don Allgeier added that each project would contain a contingency but contingency for the overall project would also be considered.

Ms. Oehkle added that they have asked independent entities to take a look at the estimates and hired an additional external estimator. The district also had members of the Blue Ribbon Committee study those costs. Several of those people are involved in the industry. They gave the district good feedback. Staff also informally talked to a number of government organizations around the area who had recently completed projects. We wanted the highest degree of confidence possible and to ensure that contingencies hit that sweet spot of not being outrageous, but adequate for unanticipated costs.

Commissioner Wubbold asked this follow-up question:

Did you talk to Portland Public Schools?

Ms. Oehkle said they did. It was very helpful.

Commissioner Wubbold asked the following questions:

The 2017 Library Framework Report recommends that the district "...prioritize early acquisition of land/sites for expanded libraries." How does the spending plan for this bond measure address that recommendation?

County Commissioner Sharon Meieran answered saying this plan will allow the library to acquire 2 or 3 major land sites needed to pursue the framework's goals. By far the largest and most complicated land acquisition is the East County Flagship Library, which is accounted for in this plan. The bond measure also creatively plans for the space needs of the outreach, technical services, and distribution system by seeking to lease or build space for these services while relocating Albina Library and Library Administration to suitable and adjacent existing sites those services currently occupy.

So you've touched on my follow up, but just to be clear, the plan is to replace leased facilities primarily with owned facilities?

Ms. Oehkle said they have five leased facilities which are expensive, unpredictable, and uncontrollable. The current goal is to reduce the number of leased facilities but this is unlikely. The long term goal is to eliminate the leased facilities but this will take time.

Currently there seems to be a lot of commercial property available. Are you factoring the shift in the market into your thoughts?

Ms. Oehkle said she has had some conversations with people in the commercial real estate industry and has heard different things from different people. After these conversations we decided that there seems to be greater availability in the short term, but it is unknown what will happen in the longer term. So, the library district would be open to that, assuming there's a cost benefit analysis on the district's long-term operations costs. A good example is the Northwest branch. Real estate in that neighborhood is very expensive and very limited, at least in terms of the size of space the district is interested in for the library. The best option for Northwest Branch would be another leased facility given the reality of that neighborhood.

Commissioner Quiroz asked the following question:

\$23 million is allocated in this bond measure to the Outreach/Tech Service facility/function. What is that and who is served?

County Commissioner Jessica Vega Pederson fielded this question saying the Library Outreach Services serves people throughout the community who cannot access the library for one reason or another, including those in elder care, jails, shelters and transitional housing, schools, daycares and other spaces outside of library buildings. These services require space to manage the collections and to stage the services for the people they serve. Much of the work of these teams is focused on library users in

North and East County. These services would ideally be set up closer to the populations that they serve.

The technical services work group serves patrons throughout Multnomah County by ordering, cataloging, and processing new physical materials for library patrons. They also plan for and acquire digital materials. In addition, this facility would be the central point through which each item is routed on its way to a hold shelf for patrons. It would serve as an efficient new sorting and storage facility, allowing the library to automate some processes currently done by hand that are commonly automated at other library systems in the region and around the country.

Will this new facility expand the program? Will the library district have a bigger outreach with this new facility or is it just a more efficient use and a more efficient processing location?

Ms. Oehkle explained that they are continually assessing the needs of the community and adapting library services to respond, in particular, to people in this community with the greatest needs and facing the greatest barriers. One of the most impactful ways this is done is through the outreach programs, because it is library staff going to where people are. Often those folks are folks who can't get into the branches for a variety of reasons. This sorting facility will automate a lot of work that's currently done by hand. This will free up additional staff who will then be able to do more one-on-one which would include outreach services into the community. So ideally yes, that the outreach services expand where they're needed.

Chair Barringer asked the following questions:

The library district has been building a capital projects reserve, presumably for the type of expenditures that are anticipated in this bond measure. What are the plans for that reserve now that you have the bond measure in play?

County Commissioner Jessica Vega Pederson answered saying the Library District has been fortunate enough to build a reserve during the first eight years of operation even as it levies less than the permanent rate of \$1.24 approved by voters. The library district plans to utilize the reserve to support the management of the capital program and to ensure the continuation of library services.

What will the reserve be used for?

She explained that it would be used for both managing the capital projects program and continuing library services. Going into the future, because of property tax limitations, the library faces the same structural deficit as do all Oregon entities that rely on property tax.

Let me make sure I understand correctly. The current bond measure, you're not planning to take money from that and use it for the management of these projects correct?

Ms. Oehkle fielded this question saying there would be a mix. The County Library is definitely planning for the appropriate costs related to bond are included in the bond. They also anticipate there will be additional needs that will likely rely on that capital reserve monies. And a portion may be used for contingency in addition to the contingencies that were talked about earlier.

The district is intentional in building a reserve. This was started eight years ago when the district levied only \$1.18 of the \$1.24 authorized and maintain that level for many years. We have still not accessed the full \$1.24 levy. She concluded by stating that gives the district more flexibility and some reserves in the future.

Commissioner Norton asked this follow-up question:

For the past several years we've asked you about your plans as you edged closer to that property tax ceiling. What I heard now from Commissioner Vega Peterson and I believe that Ms. Oehkle confirmed is that there is now potentially the opportunity to re-characterize this from a capital reserve to an operating reserve. Is that correct?

Ms. Oehlke stated that as the district has anticipated reaching the \$1.24 ceiling, they have been working at leveling operational costs so they can weather that as well as possible. Most plans have included things such as, looking at staffing models and creating more efficiencies. The automated materials handling improvement in this bond measure is a big piece of that. The different kinds of buildings and spaces in this measure will contribute to the ability to maintain a level of operations costs that the district wouldn't have been able to achieve in prior models.

Mr. Allgeier added that they have been pushing out the horizon of when they expect to see that operational deficit start to emerge. So that money sits in a capital reserve budget right now so that they can allocate it towards capital needs. At some point the district may need to approach that differently in order to preserve library services over time. That time is still in the distance. He said he believes that right now they have a positive operating balance.

Commissioner Wubbold asked the following question:

In some ways this question is similar to the previous discussion about using different sources of money in different buckets to cover operational expenses. Having this new flagship library in the East County the district will have a more equitable distribution of

library space and resources. That's wonderful. But you're going to have a bigger library system. There will be additional operating and maintenance costs because of that. In general, what plans are the district making to pay for the additional staffing and operational costs of a larger and growing library system?

County Commissioner Sharon Meieran fielded this question stating that the library is continuing to modernize and adapt the work of running the libraries to ensure that new library spaces will have the resources they need to be successful. This includes evaluating the staffing model to adapt it to efficiently serving library patrons, utilizing automated systems to cut down on repetitive work and allow library staff to focus on in-person library user needs, and setting aside funds to absorb additional operations and maintenance costs.

Design is a primary driver of staffing needs. Contemporary library spaces are far more open and flexible. Modern designs allow for more openness and lines of sight. In contrast to the Central Library, which has multiple separate areas and floors and tall view-blocking bookshelves, making it difficult for staff to monitor activities. A flagship library will also offer the Library the opportunity to integrate more self-service, comfortable seating areas, and meeting rooms— which all do not require extra staffing. This configuration will then allow current staff to serve patrons who need more one-on-one help; offer additional programming; and conduct library outreach in the community.

Commissioner Norton asked the following questions:

The County hasn't had a GO bond for some time and this is the County's bond. Most of the jurisdictions who have recently put forward bonds have included provisions for both oversight committees and independent audits, specifically of the bond program. So my question relates to the audit portion. Are you contemplating performance audits or financial audits or both? What type of auditor or contractor will be engaged to perform this?

County Commissioner Susheela Jayapal answered saying the bond measure includes independent audit oversight for these projects and it will be in addition to any audit procedures performed during the County's annual financial audit. This will be a performance audit. Though the full scope of the audit is still being determined, it will include the following: compliance with bond expenditure requirements, audit of dedicated construction funds, government compliance, etc. The audit oversight will be in place for the duration of the project and information will be shared with the bond oversight committee. Though these services will go through a formal procurement process, at this point the county has engaged the external auditors, Moss Adams LLP, to discuss service options.

You're discussing with Moss Adams, who is your financial auditor, and yet you characterize this as a performance audit. The examples you gave, legal expenditures for bonds sound financial in nature, not performance. By performance, I would mean something like whether the outreach services have expanded your outreach capacity, or if you are reaching more communities of color? These have more of the programmatic objectives. Those are more what I would consider to be performance audits. Does that change your answer?

Ms. Oehlke clarified this saying the commissioner has said the district does have annual financial audits as part of Moss Adam's work with the County. That will continue on this bond. The library may get performance audits from the County's auditor. But the district will also be hiring an agency to do those sorts of performance audits that you mentioned. As the commissioner said, staff has been talking to Moss Adams about what that looks like and what would potentially be included in that. Staff is putting out an RFP for that to ensure that they get the right combination of services that are going to help staff understand if the district is meeting the benchmarks as part of this.

Thank you. As many of you perhaps recall, I retired from Metro. Metro's mantra has always been "Promises made, promises kept". Our interest is in how you inspire confidence with your voters by fulfilling what you say you are going to do.

Ms. Oehlke said that she couldn't agree more. The County takes their responsibility to tax payers very, very seriously. This has been demonstrated over many decades of service. She concluded by stating they are especially sensitive right now to the commitments to the community around this project, given all of the demands on people's resources.

Commissioner Quiroz asked the following questions:

And continuing on that idea of oversight, what are the board's expectations of the independent bond oversight committee that's mandated by the bond measure?

County Commissioner Jayapal fielded this question saying the independent bond oversight committee would provide community review of the progress on bond projects, monitor spending and serve in an advisory capacity should construction costs exceed budget estimates. This committee will provide annual reports to the Multnomah County Board of County Commissioners over the course of the bond program.

When would this committee be formed? And in relationship to the community outreach, which will give weight to and input on the design and all of the process points before construction and before initiation of those projects, when will this happen?

Ms. Oehkle explained that they have really looked to organizations like Metro, where they did the Zoo Bonds and they had a bond oversight committee. In fact, one of the members of that effort was on the Library District's Blue-Ribbon Committee. Staff learned a lot from her about Metro's experience and what was valuable about it. She said she would want that team to be in place pretty early on in the process so that they are part of the progress moving forward. She went on to say that a big part of that accountability is hearing from and then implementing the feedback received from the community as the district starts to conceive of these projects

County Chair Kafoury added that they do have experience in their own jurisdiction of doing these oversight committees. She gave the example of the Historical Society levy, that has been renewed a few times. So the county has experience in that area. She added that she knows how important it is to have the community involved in looking at how the project is moving forward. The library is no stranger to having oversight committees as they have so many different organizations such as the Friends of the Libraries, the Library Foundation, and, internally the Library Advisory Board. So they know how to work with community members and the value that adds.

Commissioner Ofsink asked the last formal question:

How is the board reaching out to the public about this bond measure and, with the current economic uncertainties, the pandemic, and the aftermath of the fires, how confident is the board that this bond measure will pass?

County Chair Kafoury responded saying the Board considered the current economic climate and evolving community needs in its deliberation preceding referral of the amended measure in June. Since then, the pandemic has continued, the community's pleas for social justice and the dismantling of systemic racism and oppression have been heard, and, most recently, massive wildfires that have caused further harm to people and communities already facing the greatest barriers.

The Board must navigate current realities and also chart a path forward, through good times and hard times. The Library's vision is one that more equitably serves the community and takes significant steps to remedy historic inequity. Public opinion research conducted last year by the library showed clear public support for investment in library spaces to address the current deficit.

While any request to taxpayers for investments in public services or infrastructure is something the board takes very seriously, the community has a real strong love for the libraries. She said they also know that times have changed and there is a need to have new spaces that can better fill the needs of the community. She concluded by saying, each voter will make her or his own decision on the merits of the proposal and she is confident in this bond passing.

Chair Barringer asked if anyone had expressed a wish to speak at this hearing. No one had. He thanked the County Commissioners and staff for their thoughtful answers to the questions. He said with that the hearing will close since the commission will take no action on the measure but rather leave that to the voters.

[Minutes Approved by Commission on November 5, 2020](#)

[C.Gibons](#)