

Library District of Clackamas County Advisory Committee

Minutes - **UNAPPROVED**

January 3, 2018

Clackamas County Development Services Building, Rm. 119/120

ATTENDANCE

Advisory Committee Voting Members

MEMBER	LIBRARY	ATTENDANCE	NOTES
Kathleen Myron	Canby Public Library	Present	
Grover Bornefeld	Clackamas County Library - Oak Lodge	Present	
Connie Redmond	Estacada Public Library	Absent (excused)	
Natalie Smith	Gladstone Public Library	Present	
Al Matecko	Happy Valley Public Library	Present	Chair
Nancy Niland	Lake Oswego Public Library	Absent (excused)	
Karol Miller	Ledding Library of Milwaukie	Present	
VACANT	Molalla Public Library		
Don Wright	Oregon City Public Library	Present	
George Hoyt	Sandy Public Library	Present	
Pam North	West Linn Public Library	Absent (excused)	Vice Chair
Caroline Berry	Wilsonville Public Library	Present	

Others Present

NAME	NOTES
Greg Williams	Clackamas County Library Network - LDAC Liaison
Michele Kinnamon	Director, Estacada Public Library
Doug Erickson	Director, West Linn Public Library
Mitzi Olson	Manager, Oak Lodge Library
Pat Duke	Director, Wilsonville Public Library
Maureen Cole	Director, Oregon City Public Library Chair, LINCC Directors Group

Lauren Gunderson	Interim Director, Gladstone Public Library
Doris Grolbert	Director, Happy Valley Public Library
Irene Green	Director, Canby Public Library
Katie Newell	Director, Ledding Library of Milwaukie
Sarah McIntyre	Director, Sandy and Hoodland Public Libraries
Diana Hadley	Director, Molalla Public Library
Don Krupp	Clackamas County Administrator
Chris Storey	Clackamas County Counsel
Paul Savas	Clackamas Board of County Commissioners
Jim Bernard	Clackamas Board of County Commissioners
Kathleen Draine	Citizen
Suzanne Sager	President, Estacada Library Board
Stephanie Kurzenhauser	Citizen

MINUTES

Call to order and roll call

A quorum being present, the meeting was called to order by Chair Al M. at 6:00 PM.

Roll call was taken.

Proposed changes to the Library District Master Order

County Administrator Don Krupp reported that since the last time he had addressed LDAC, the County had had some time to become more familiar with the process of implementing the Settlement Agreement. Don K. described a 2-step process of amending the Library District Master Order (which defines what Library District dollars can do) and amending the Master IGA (which describes what Library Cities will do). Don indicated that, as the first step of implementing the Settlement Agreement, the BCC would need to take action on amending the Master Order before the end of January (in order to allow sufficient time for any remonstrance). The second step (amending the Master IGA) would be a longer-term conversation including a larger group of stakeholders. Changes to the Master Order could not be put into effect until and unless the Master IGA is changed. The BCC has the authority to change the Mater Order, however, amendments to the Master IGA require approval by the City Councils of at least 2/3 of the Library Cities.

Don K. then invited Clackamas County Counsel Chris Storey to elaborate further. Chris S. reviewed the history of the District, noting that the County used to contribute money from the General Fund to individual libraries (partly due to the fact that a pre-existing County-wide library levy had been “rolled up” into a general County assessment). The District was formed to

provide a stable source of revenue for libraries, without having to rely on County General Fund money. At the time of District formation, however, another library service district already existed within the County (to provide financial support for an expanded Estacada library); since state law prohibits overlapping service districts which collect funds for the same purpose, a distinction was made between the Estacada district (which raised funds for capital purposes) and the Library District, which was designated as raising funds for operations only.

About 4 years ago, the Estacada bonds were paid off, and the Estacada district was dissolved, leaving only one library district in the County (currently including all areas except for Johnson City).

At the time of District formation, the County indicated a desire to exit the “retail” library business. The City of Sandy took over operations of the Hoodland Library, and the City of Happy Valley eventually took over operations of the Town Center/Sunnyside Library. Similarly, it was envisioned that the City of Gladstone would build and operate a new facility to serve both the Gladstone and Oak Lodge service areas, and that the Oak Lodge Library would be closed. That plan, however, did not work out, and the County terminated its agreement with the City of Gladstone. The City of Gladstone sued. Eventually, an agreement was reached in which the County would stay in the “retail” library business and operate libraries in Oak Lodge and Gladstone. The current facilities in those areas, however, are inadequate, and the hope is to use Library District funds to support both operations and financing new buildings. Now that the Estacada district is gone, there is no legal need to maintain the former distinction between the two districts. The settlement agreement requires the County to change the Master Order to allow District funds to be used for capital purposes. The proposed Master Order amendments being presented tonight incorporate feedback from the 12/5 Board Policy Session.

Chris S. indicated that the BCC has sole authority to define the scope of the District; any Master Order changes are subject to remonstrance process. If enough signatures were gathered as part of any remonstrance, the changes would be referred to voters. In order to comply with the timelines in the Settlement Agreement, any such vote would need to happen in the May, 2018 election.

Chris S. pointed out that proposed Master Order changes do not require, or in and of themselves allow, any changes in how District funds are spent. That discretion would not be granted until changes to the Master IGA were made. These discussions could also include other topics, such as updating service standards. Amending the Master IGA requires affirmative votes of 2/3 of City Councils. IGA changes would not be imposed by the BCC, rather they would be the result of collaborative discussion.

Commissioner Savas then shared some ideas of his that hadn't originally made it in to the 12/5 board packet. His idea was that the current allocation of District revenue would not change, but there would be some criteria established for Library Service Providers desiring to use District revenue for capital purposes. The Provider would submit a proposal to LDAC, LDAC would make a recommendation to the BCC, and the BCC would decide whether or not to

approve the usage based on criteria (which would be spelled out in the Master IGA). Comm. Savas suggested these criteria could include:

- 1) Requesting library would have a minimum operating reserve. The exact level is to be determined, but the idea is to have enough operating reserves to ensure the intent of Measure 3-310 is honored.
- 2) The Library would create a financial plan showing that a certain threshold level of service (to be determined) would be maintained.
- 3) The Library Service Provider, not the District, would bond. General fund money would be used to guarantee bonds.
- 4) Whatever funds remained (after financing operations and reserves) would be approved by the BCC as being eligible to use for capital purposes.
- 5) There could also be language indicating that individual Library Service Providers would bear sole financial liability for their debt.

Chris S. indicated that while the proposed amendment would give the District the ability to borrow money, the intent is not for the District to do so. Rather, individual Library Service Providers would bond, and the revenue stream they receive from the District would be a financial factor to support their local borrowing. Revenue going to one Library Service Provider could not be pledged to service the debt of another Library Service Provider. Kathleen M. suggested that language to that effect be included in an amended Master Order. Chris S. noticed that some of these contemplated restrictions would likely end up in the Master IGA, not the Master Order. Any such amendments would have to be negotiated with and approved by 2/3 of Library Service Providers.

Karol M. observed that Cities bonding for capital could be problematic. She used Milwaukie's recent bond measure as an example. While City residents are paying for the bond, approximately ½ of Milwaukie's service area resides outside of the City, and those residents are not contributing funds for servicing the debt. Also, she worries that the bond amount might be insufficient; if they had gone out for bond to the entire service area, that might not have been the case. Chris S. indicated that the proposed changes would hopefully allow districts to be drawn which would allow an entire library service area to bond (not just cities), and would not qualify as overlapping service districts. Karol M. asked why Chris S. said "hopefully"; Chris responded that while he believes this is a reasonable approach, the scenario had never been tested in court.

George H. asked, since so many libraries are city-owned buildings, why change the Master Order to allow District funds to be used for capital? He expressed a concern that District funds intended by voters to support library services would be used to build City-owned facilities. Chris S. mentioned the Milwaukie example cited by Karol, where everyone in the service area was contributing funds to operations, but only City residents would be paying for a building which would be used by all within the service area. Al M. observed that he felt it was acceptable for libraries to put aside reserves for future capital expenditures. George H. indicated he felt libraries should be considered City buildings, and that allowing use of District

funds for capital raised several issues of concern. Don K. wondered whether offering cities greater flexibility in use of District funds might have some benefit, and thought that there were means to provide assurances that levels of service are maintained. George H. indicated that the intent of the District was for operations only, and expressed a concern that a City's use of District funds for capital could negatively impact other libraries in the cooperative. Al M. asked whether agreements were in place amongst libraries to purchase materials commensurate with patron demand. Pat Duke replied that such ratios, while voluntary, are in place. George H. expressed concern about the seeming lack of "guardrails" in the proposed changes. Comm. Savas acknowledged George's concerns, and indicated that under the model he discussed, usage of District funds which negatively impacted operations was much less likely to happen.

Kathleen M. indicated her understanding that some libraries receive no additional City support, and are also charged allocated costs by the City. Kathleen M. understood that a building is needed in order to provide service, but brought up the example of Canby, where budgets are already very tight. She also expressed a desire to have some sort of "guardrails".

From the audience, Kathleen Draine asked Chris S. whether proposed changes to the Master Order would create additional risk that Cities, in the future, would not be able to create smaller Districts to fund capital improvements. Chris S. replied that, in his estimation, such a risk already exists in the current District structure, and that proposed changes would not increase that risk. Kathleen Draine also asked how many citizens would have to remonstrate to refer proposed changes to a vote. Chris indicated he would need to review statute to provide an exact answer, but he believed the threshold was 10% of the number of voters in the affected area who cast a ballot for Governor in the last general election.

From the audience, Jack Frick indicated some discomfort with making broad changes now and working out implementation details in the future. He also indicated a concern that there were no current means of ensuring that Cities were using District funds appropriately (particularly when it came to allocated costs). He felt that it was unrealistic and unfair to expect Library Directors to question City Managers' decisions on use of funds. He indicated concern that voters were not being consulted about this change, and expressed concerns that the Master Order change was being driven by the settlement agreement between the County and Gladstone. Al M. indicated that LDAC had not been involved in settlement discussions.

After Natalie S. expressed a desire for more detail on Comm. Savas' proposal, Al M. asked if Comm. Savas would be willing to summarize his ideas on the whiteboard.

Caroline B. indicated she could see both sides of the issue.

In response to a query by Kathleen M., Chris S. confirmed that, during the period in which the Estacada capital district and the Library District both existed and overlapped, no challenge was ever made. Kathleen M. then summarized the concerns of the Canby Library Board and Canby City Administration with the proposed changes (which were also sent via letter to Chair Bernard), namely:

- 1) Allocation of district funds to meet debt obligations
- 2) The adoption of mandatory standards
- 3) Concern about redirecting liability for actions of the Library District to local jurisdictions

Kathleen M. also expressed concern that LDAC had only been consulted on these potential changes after the Settlement Agreement had been made, and while she understood the benefits of providing flexibility, she felt it would be wise and prudent not to be vague, given the financial circumstances some libraries (including Canby) are facing.

Karol M. indicated she was very concerned about using District funds for capital improvements. She did recognize that, at some point, all Cities would need to make improvements, but she would prefer to have clear guidelines about what is an acceptable use of funds and proper procedures.

Grover B. said that knowing how tight Oak Lodge's finances are, he is concerned about other libraries experiencing in similar situations, and how the proposed changes might put more pressure on the operating funds that Measure 3-310 was intended to provide. He is also concerned about making changes now which could preclude future capital districts. Chris S. indicated he believed the proposed changes would not preclude additional districts. Grover B. asked for clarification of how capital districts would be permissible with the proposed changes, as his understanding was that the Library District was originally designated as an operations district to avoid "conflicting" with just such a capital district (in Estacada). Chris S. indicated the legal distinction being made under the proposed changes would be in the type of debt instrument that could be issued (G.O. bond vs revenue bond). Grover B. also expressed concern over other issues (differing levels of City library support, the "aspirational" nature of the standards included in the District IGA, increasing cost allocations) and indicated a preference for addressing these issues in a more comprehensive, holistic manner.

Al M. indicated he felt that establishing reserves for future capital needs is prudent, especially knowing that library service is constantly changing and evolving. He pointed out that different cities have different resources and capabilities, which impact their ability to fund libraries. He indicated he thought it was important to define minimum thresholds of service, and to ensure that libraries were meeting those minimums. George H. observed that the current IGA does contain thresholds.

On the whiteboard, Comm. Savas ran through a potential process for approving the use of District funds for capital purposes. The applicant would submit a proposal to LDAC, then to the BCC. The criteria for evaluating the proposal would include:

- Applicant maintains a specified amount of reserves
- Applicant assures a minimum threshold of service will be maintained
- Applicant is bonding, not the District
- Applicant guarantees bond/debt service

- Applicant provides a pro forma, establishing what excess District funds are available for capital purposes

Comm. Savas indicated he felt there would be no negative impact to other District libraries under this model, and that the option of forming capital districts would still be available.

Comm. Savas also indicated the IGA could be written to require County cooperation in forming capital districts which include City residents and residents of unincorporated areas.

From the audience, Jack Frick asked how binding a recommendation made by LDAC on Master Order changes would be. Don K. said that the authority to amend the Master Order lies with the BCC. LDAC can indicate preferences on the Master Order, but those preferences aren't binding on the BCC. Chris S. said that LDAC does have the authority to make formal recommendations for amendments to the Master IGA. Chris S. also indicated that he would be taking LDAC's feedback back to the BCC, and summarized the feedback he'd heard thus far as follows:

- Concern over the "barn door" question – how big a barn door is being opened, both for the Master Order and IGA.
- Concern over original district structure, specifically a tension between the autonomy of Cities and accountability about how funds are used.
- Concerns about the "aspirational" nature of standards, and what they really mean.
- Concern about what ultimate Master IGA will look like.
- Concern about city contributions. The original intent of the District was to supplement library funding, and there is concern that some cities may have pulled back contributions. This could lead to a discussion of enforcement of existing IGA requirements.
- How do we apply changing standards, especially with facilities that have different capacities to offer different services?
- Request that the Master Order have some greater restrictions about how District money can be used, and clarification on the District owning assets and incurring debts.

Chris S. mentioned the timing issue, namely that Master Order changes would need to be done before the end of January in order to allow sufficient time for remonstrance and for the County to not be in breach of the Settlement Agreement. Chris S. indicated he didn't anticipate any Master IGA discussions would take place before the May election, and that those discussions might last between 9 – 12 months.

From the audience, Kathleen Draine asked if a capital district were created for an area consisting solely of unincorporated residents, who would own the building. Chris. S. answered it would probably be owned by the County.

Kathleen M. asked how the need to amend the Master IGA would impact the Settlement Agreement timeline, observing that getting approval for IGA amendments would presumably

be a longer process than amending the Master Order. Chris S. answered that some amendment(s) to the IGA would likely need to be made, even if the settlement agreement weren't implemented as originally foreseen.

After a question from Karol M., Chris S. clarified that the 2/3 majority requirement to amend the Master IGA refers to 2/3 of the Library Service Providers, not 2/3 of the Council members in any particular City. Chris S. also confirmed that if 2/3 of Cities did not approve an amendment, the IGA for all participants would remain unchanged.

Al M. then asked LDAC members to provide feedback on the general outline Comm. Savas had put on the whiteboard.

- George H. indicated he would like to walk through the process with an actual example, and indicated a concern that this might make government more complicated.
- Natalie S. indicated she was still absorbing the information. She appreciated that the process was more defined, however, she felt there might be a simpler process. She indicated a desire for revisions that were equitable, fair, and more consistent for all Cities in the District.
- Caroline B. agreed with Natalie, and would also like to see an example of how the process might work.
- Kathleen M. also said she's like to see an example of the process from start to finish.
- Don W. said he was pleased with positive efforts to solve a very complex problem. He felt progress is being made, but was not ready to vote on anything.
- Karol M. didn't have a problem with Comm. Savas' proposal, but had some concerns in other areas.
- Grover B. said he wondered why some of this could not be included in the Master Order. He is concerned that the Master IGA is not being followed uniformly, and that there is not sufficient accountability in how District funds are spent. He thinks there is an opportunity to address some of these issues. He also expressed a concern that residents of unincorporated areas within a library service area might not have sufficient input. He did feel that LDAC, as a body, has made significant progress.

Katie Newell asked if the intent was to incorporate the proposal made by Comm. Savas into the Master Order revision the BCC would be considering. Comm. Savas indicated a recommendation either way from LDAC would be welcome. Chris S. expressed a concern that by including contractual terms in the Master Order, it effectively imposes changes to the Master IGA, and he felt it would be detrimental for the BCC to exclude City Councils from that conversation.

Grover B. indicated he recognized that the BCC has the authority to change the Master Order, but expressed concerns that in doing so, voter intent to fund operations might not be recognized. George H. concurred.

Kathleen M. wondered why there wasn't greater public outreach as part of the Settlement Agreement.

From the audience, Jack Frick observed that the residents of the Oak Lodge service area still did not have adequate library service. He wondered whether there wasn't some other means of providing those residents with adequate service.

From the audience, Kathleen Draine advised the Commissioners to presume that there will be a remonstrance. She recognized that Comm. Savas' framework hoped to preserve minimum operational funding, but she reminded LDAC that the original hope of the District was for service in all areas to improve beyond the "threshold" level. The idea was that all taxpayers would benefit from all service providers aspiring to achieve higher service levels. She expressed a concern that Cities would only seek to meet minimum service thresholds (and not aspire to anything more) in order to free up funds to use for capital purposes. She recognized Comm. Savas' efforts to put constraints on using District funds for capital purposes, but indicated that using funds in this manner wasn't what voters intended.

Mo Cole shared that there were differing opinions amongst Library Directors about using District funds for capital purposes. Al M. observed that all Cities have different resources and unique circumstances.

From the audience, Chips Janger (Chair of the Oak Lodge Library Board of Trustees) acknowledged that this was a difficult situation. He would like to have access to accumulated District funds, but shares the concern about Cities having the ability to reduce library funding. He asked LDAC to keep in mind that revising the Master Order seems to be the only possibility for Oak Lodge to get a new library. He said he had found the evening's discussion enlightening, and thanked LDAC for addressing the issue.

From the audience, Stephanie Kurzenhauser asked what would happen if, under Comm. Savas' model, a library did not meet standards after a bond had been issued. Chris S. said he envisioned that the evaluation of whether services could be maintained while using a portion of District funds for capital purposes would only occur once, when the original application was made. Don K. agreed that he saw the formal "means test" evaluation being done once, but that he expected service providers would endeavor to continually meet the service level outlined in the application. Chris S. described it as a management and customer service commitment to maintain service levels, rather than a legal obligation.

In response to a question from Al M. about standards, Mo Cole shared that Oregon Library Association standards are recommended best practices, but not mandatory. Al M. shared a concern that as these standards changed over time, more funds might be necessary for a library to meet updated standards.

Al M. asked the Library Directors in attendance for their feedback.

- Doris G. – District libraries have different resources available, and Directors do their best to operate libraries that meet community needs. She observed that when the District was passed, the rate probably wasn't sufficient, but was set at what was believed would be approved by voters.
- Sarah M. and Lauren G. – Both felt that the discussion amongst LDAC representatives touched on the issues that needed to be discussed.
- Pat D. – Commended the discussion amongst LDAC members, and feedback from the audience. He observed that the main issue was a revenue issue, which is a difficult issue to deal with. District libraries are in very different circumstances, and City decisions do impact operations to a degree.
- Diana M. – Echoed what other Directors had said, namely that District libraries are coming from different places, and that everyone does their best to serve their communities.
- Michele K. – Introduced the president of the Estacada Library Board. The City of Estacada is very supportive of the library. Estacada has a City tax base of 3085 residents. Estacada has gone through some hard times in the past, and while the City might not always be able to write a six-figure check, the City has always been very supportive of the Library, and Michele expects this strong support to continue. The library is the center of the community, and there is reverence for what the library does. She pointed out that there may be very good reasons why some Cities might not be able to support libraries as much as others.
- Irene G. – Canby is going through hard times. The library does not receive City support, and the library is looking at likely hours cuts and layoffs next year. She feels stuck and frustrated, unsure about how to go about getting additional funds.
- Mo C. – Mo felt that the other Directors would agree with her observations, namely:
 - As a group, the LINCC Directors have the deepest desire for each library to be as successful as possible. The cooperative is only as strong as its weakest member.
 - The group understands that, when it comes to City support, libraries are at different places on the spectrum.
 - The group trusts that local boards and Directors are making the best decisions possible, and local innovation is strongly supported.
 - Everyone contributes to the cooperative, so it can function as a cooperative.
 - Directors want patrons to have as consistent an experience as possible (and this is a frequent topic of discussion and debate!).
 - Many Directors feel that they are in a “double-bind”. The District architecture is very complex system, with many stakeholders to consider and work with, and many different “bosses” to keep happy (City managers, library boards, LDAC, etc...). Directors do the best they can to ensure that taxpayer funds are spent appropriately and that services address the needs of the community.
 - The Directors sincerely appreciate how much LDAC members support libraries!
- Doug E. – Agreed with what his colleagues had said, and reiterated that every Director endeavors to do the best they can.

- Mitzi O. – Expressed her appreciation for LDAC members’ willingness to discuss these issues. The discussions have been invaluable for the Oak Lodge community.
- Katie M. – Expressed her appreciation for Mitzi, and how fortunate the Oak Lodge community and the County are to have her.

Al M. asked Don K. to discuss “next steps.” Don K. said he was interested and motivated to get to the point where it’s time to turn the first spade of dirt on new libraries for the Oak Lodge and Gladstone communities. Don K. appreciated the wide range of perspectives shared around the table. Don K. elaborated on Chris S.’s “barn door analogy”, envisioning a barn door with two separate locks and sets of keys.

Given the timeframe of the Settlement Agreement, Don K. anticipated bringing something to the BCC by the end of January, possibly at the 1/18 meeting. Don K. plans to debrief with the Board at their upcoming regular issues session. Don K. agreed with Comm. Savas that it might be helpful to hear any feedback the group might have about the initial framework Comm. Savas shared.

Grover B. said that any vote or opinion he offered tonight would be his alone, and wouldn’t necessarily reflect the opinion of the full Library Board. Don K. indicated he wasn’t necessarily looking for a vote, but rather some overall feedback or concurrence on what had been presented.

From the audience, Jack Frick said it could be premature for LDAC to vote on potential changes to the Master Order without knowing exactly what those changes might be. He felt a better sequence would be discussing whether or not the Master Order should be changed, and then discussing what those potential changes might be. Comm. Savas thought it would be useful for the group to provide feedback on whether they preferred the draft Master Order as written, or something more similar to what he had presented.

George H. indicated he agreed with Jack F. that the first question to answer was whether or not to change the Master Order to allow District funds to be used for capital purposes.

Al M. expressed his preference that Don K. take the group’s feedback and share it with the Board. That feedback, along with Comm. Savas’ ideas and feedback from other Commissioners, could be used to craft another Master Order revision. That revised version would then come back to LDAC for review and discussion. Chris S. indicated that, given the Settlement Agreement timeline, he did not think there would be time to come back to LDAC with another revision of the Master Order.

Chris S. indicated that some of the components shared by Comm. Savas could be reflected in a revised Master Order, while others could be reflected in a revised Master IGA. While potential changes to the Master IGA could be the subject of further discussions over the next 9-12 months, changes to the Master Order would be made this month. Chris S. indicated his intent

was to take the feedback he had heard tonight and incorporate it into a new Master Order revision to share with the BCC at their next meeting.

From the audience, Jack Frick reiterated his opinion that the first question to answer was whether or not the Master Order should be changed. Chris S. said that the BCC will have that choice; they could choose to change the Master Order, or choose to not change the Master Order and breach the Settlement Agreement with the City of Gladstone.

Grover B. indicated he was more inclined to consider a temporary adjustment or exception with a finite end date, rather than a permanent adjustment to the Master Order. This might help the current Gladstone/Oak Lodge issue and bring other cities into compliance. Al M. observed that a temporary fix might not address the needs of other libraries who might want (in the future) to do the same thing that Oak Lodge and Gladstone would be allowed to do now.

Comm. Savas reflected that Cities are already dealing with insufficient funds today. If the Master Order is changed and is subsequently remonstrated against/overtaken, everyone will be back in the same position. It's important for everyone to come together on a solution, whether it's changing the Master Order or library service providers (Cities and County) figuring out additional sources of revenue (although the BCC can't force Cities support libraries at a higher level).

Don W. made a motion for Don K., Chris S. and Comm. Savas to share the comments, thoughts, concerns, and criticisms heard tonight with the BCC at their upcoming session. Al M. observed that LDAC members could attend that session. The motion passed 4-2 with 2 abstentions.

Al M. expressed appreciation for everyone's input. Natalie S. asked for an update to be sent after the Board meeting.

Natalie S. made a motion to adjourn, Don W. seconded. Chair Al M. adjourned the meeting at 8:49 PM.