

Frequently Asked Questions About City Finances



The following are some questions we have heard frequently about the City's financial obstacles. If you feel that the questions weren't fully answered or you have additional questions, please [contact us here](#). We will continue to add key questions and answers to the bottom of this page as we get them.

Has the decision been made to have a bond election?

No, but the Council will be considering this at upcoming meetings in February and March. The scientific survey completed in December confirmed that the public would like to be given a vote before further service cuts are undertaken.

What new services do we get if we pass the proposed bond?

No new services will be created if the bond is passed. The proposed bond has been designed to refinance existing debt thus allowing the City to continue providing the services the public has come to value throughout the remainder of the economic downturn and to prevent any further cuts such as we experienced the past two years.

How does the bond allow the City to maintain services?

The bond provides three primary benefits. First, by consolidating and refinancing existing city debt to take advantage of much lower interest rates, the City will save up to \$300,000 a year in interest payments. Second, the refinancing of the debt will allow the City to smooth out the debt repayment schedule eliminating the spikes and valleys that make year-to-year budgeting more difficult. Third, the bond will provide a new revenue source for debt payment, which will allow revenues currently being used to pay for debt to be reallocated to support continued services to the community.

So, the bond would pay for city services?

No. That is not allowed. Rather, the bond would pay off and refinance much of the City's debt. The money currently being used to pay for that debt would be freed up and reallocated to preserve City services.

Would the bond put the city back on a stable financial footing?

Yes. The proposed bond would allow the city to maintain current staff and service levels while rebuilding depleted reserves. While the future is never certain, we believe the proposed bond would stabilize the City's finances and provide a solid foundation for future growth as the economy recovers.

How much will it cost me?

The Council expects that the net impact of the proposed bond cost to be no more than \$25 on the annual tax bill for a property with an assessed value of \$100,000. Please note that the vast majority of properties have a real market value well in excess of the property's assessed value. See your own tax statement to determine your property's actual assessed value.

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Does this mean that the City will be going even more in debt?

No. This is strictly a consolidation and refinancing of existing debt. No additional borrowing will occur.

Why does the City have to come to us for more money, why can't they cut waste?

The City has already cut its workforce by more than 20 percent in the last two years. Administrative staff were reduced from 6 to 3 the police department was reduced from 14 to 12 sworn officers, and public works was reduced from 10 staff to 8. This leaves us at the same staffing level we had in 2000 when Independence had a population of about 6,000. Additionally, the unions representing the employees have agreed to a new contract that will nearly eliminate all pay raises through June of 2015. Non-represented employees have generally not had a raise in three years. The City has placed the old City Hall building up for sale and continues to pursue additional revenue wherever possible. However, without this bond, the next set of cuts will have to be even deeper to programs such as police, library hours, leaf pickup, flood response, the swimming pool, and other services.

Wasn't this caused by the new Civic Center?

This was caused by the Great Recession, which slowed the rate of growth and reduced the revenues available to the City. These revenues pay for all of the City's investments including streets, parks, library services, and debt on facilities such as the new Civic Center. Without the economic downturn it is unlikely that the City would be facing these economic shortfalls. The Civic Center was just one of many investments the City made since the mid-1990's that created a vibrant and enjoyable downtown and community; such as the movie theater, the amphitheater, the downtown beautification improvements, and so on. In fact, the debt that is being proposed for refunding does NOT include the Civic Center debt.

What impact does the Independence Station project have on the shortfall of funds?

If Independence Station would have been completed as originally proposed by the developer, substantial additional tax revenues would have been raised from this project. In addition, the City is owed over \$500,000 from past due development charges! It is very important to note that while the City was originally a partner in the Independence Station project, it has been a fully private development for quite some time. As such, the City has limited control over the development. The City has been suing the developer for over two years to force performance. As we all know, the legal system can be very time-consuming, but we are pushing as hard as we can.

If we give you this money, how do I know you won't come back for more in the future?

My guess is if the City turned around and came back with another funding request in the near future, the voters would probably deny it.

What happens if the bond doesn't pass?

The City Budget Committee has prioritized cutbacks for an alternative budget in that event. That budget will contain many service cutbacks to make up for the shortfall. All told, about 1/3 of the workforce will either be laid off or reduced to part-time. Approximately 25% of the authorized staffing levels will disappear. With that, there will be elimination of a number of services and significant cutbacks to others. More specific information will be posted as it becomes available.

The Council will also need to consider further rate increases to make sure that a minimal level of service is available to meet the demands of our water, sewer and storm systems.

Speaking of rates, aren't our utility rates amongst the highest in the State?

No, actually the rates for water and sewer in Independence are below State-wide average.

What is happening with the old City Hall?

In addition to trying to sell or lease the building, another challenge in a poor economy, the City has opened it for different tenants (such as the Riverview Market and PCL) to help cover the costs of utilities and keep the building from deteriorating. Due to the poor economy, the City has not received any viable offers on the building yet.

If the City has these financial challenges, why are we loaning money to MINET?

The simplest answer is that we are loaning money to ourselves. The City (and the City of Monmouth) issued the debt, not MINET. MINET contracted to pay the Cities back for each payment, but due to its own financial challenges was not able to make December's payment. This was not a surprise and in fact both MINET and each of the two cities budgeted for this shortfall. MINET continues to grow and prosper, but it will be a bit longer before they can manage on their own the cost of all the investment that was needed to create one of the best fiber communications systems in the Country.

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Why did the City pay for a survey; why not just have staff do it and put it in with the utility bill?

The Council wanted a scientific survey to ensure that public funds would not be wasted on an election that had no chance of succeeding. As previously mentioned, the survey confirmed that the public would like to be given a vote before further service cuts were ordered.

Would it solve the problem to consolidate the two Cities?

This has been a long debated question and will probably be debated far into the future. The short answer is that consolidation would not net the kind of savings that the City of Independence is experiencing from the impacts of the bad economy. It is not even clear that any savings would be found from such a change. Similar efforts elsewhere reach differing outcomes. There may be a lot of good reasons to discuss and debate this issue, but one of them is not solving the current financial challenges.

Source URL (retrieved on 2015-01-28 14:16):

<http://www.ci.independence.or.us/citymanager/frequently-asked-questions-about-city-finances>