

The Linking Letter

A City Briefing by Anne Scheck *to Neighbors in Independence, Oregon*
Vol. 1, issue 1; May 1, 2015

Preface:

I began attending City Council meetings after a resident of my neighborhood emphatically stated that our city government seemed to be selling us down the river. I joked that city officials could do that from the convenience of City Hall -- the Willamette rolls right by it. But I decided this dim view was worth exploring at a few council sessions -- and I volunteered to write a few mini-reports. I thought maybe this would prove helpful to my own understanding ... and, perhaps, to others who've been concerned about our seemingly uber-strained city coffers. With time, I began to suspect that -- like all roads leading to Rome -- debt from the installation and operation of our fiberoptic cable, MInet, was a central cause of city struggles. So I began asking questions. Below is the first of my inquiries. (In the future briefings, others will follow).

Why did "accounting errors" result in over-spending of \$1.2 million, requiring a loan?

Three years ago, documents from the city show a costly mistake was made: a sum of \$1.2 million had been over-spent from the Urban Renewal District (URD), apparently due to book-keeping errors. This required a loan to the URD, to bring it to a zero balance. Money to do that came from another city fund -- the Water & Sewer System Development Funds.

These water and Sewer funds appear to be of interest to the community at large, as you probably know. Monthly water-and-sewer fees already have been well-researched by our neighbors. A comparison of other nearby cities -- Salem, Monmouth, Dallas -- show all three have sewer & water rates that, when combined, are \$20-\$30 less per month than that of Independence, which has an average single-family combined use-fee of \$98.26.

Ten percent of these fees (in Independence) subsidize Minet, our own truly stellar but fiscally challenged fiberoptic cable, Sadly, it has been losing money since its inception, according the city's former auditing firm. In contrast, payments to sewer & water have been a reliable source of revenue. The URD (to which this million-dollar-plus loan was made) will pay the money back to

the Sewer and Water System Development Fund once gentrification -- or other improvements -- increase the value of property in the URD, causing tax revenues to rise based on those new values ... or, as the 2012 budget states: "loans will be repaid with anticipated growth in the district."

I contacted David Clyne, Independence City Manager, by mail about this ... so that we might be able to discuss it before or after the City Council meeting last Tuesday. I then followed up with an e-mail, telling him my intent to attend the meeting. In an e-mail reply, he said he'd been on vacation, and, upon return, he'd planned to look into it. He also ...

- affirmed that a debt repayment schedule is likely to be set up soon;
- observed that the URD hasn't yet realized its potential due to the Great Recession;
- said such issues will be dealt with via overall accounting.

He then invited me to listen in on Budget Committee meetings, which are currently underway. I didn't even have time to make it through the entire City Council session this past week, so this doesn't seem to be an option for me. Mr. Clyne said he'd provide me answers in the near future.

Till next time, Anne Scheck