

Assistant City Manager



Rob Massar

A: The following interview was conducted on behalf of the oral history program of Century High School. The interviewee is Rob Massar. The interviewer is Atira Noyes. The interview took place at Rob Massar's office in downtown Hillsboro on May 18th at 3:00.

A: So our question is to analyze the crime and law enforcement, over the past 25 years but we kind of wanted a perspective on how the budget is affecting that and just a perspective like that. SO just to start us out do you have anything you could say about that just like crime and law enforcement in Hillsboro?

M: Umm... well we... and the period your talking about over like the last 20 years?

A: Yeah

M: Okay...I've been with the city for the past 15 years and umm when I came to the city umm our law enforcement were providing about one sworn officer per thousand (of the population). And that was at that point in time seemed to be adequate for the level of crime and the activity in Hillsboro. Of course back then Hillsboro was probably less then a quarter thousand. And then about 1996-97 it became apart that we were falling further and further behind in umm keeping up with crime related activity. So we entered into a program looking at service levels in the police department, and went to the voters with a package that looked at increasing our police protection...the street crimes unit, the patrol, and just increasing our police force in general to keep up with the increased amount of crime and the increase of population. cause we were seeing increase in population by 4 or 5 thousand a year so.. 1998 we took that to the voters and the voted 70% yes so in 1999 we started collecting more property tax to hire more officers and built up the force. Since that time, in the last 15 years we've just about doubled the size of the police force. And some would say we are still starting to slip behind but there is just such an increase in activity in general in the city as it grows and becomes more dense.

A: So what exactly are your specific responsibilities as a city manager?

M: Well um I'm actually the assistant city manager and my specific responsibilities although broad and just in general city manager but specifically I oversee all of the support services, which would be finance, capital development, computer resources, purchasing, I work with police and fire, the water department, and parks and recreation. So I pay close attention to the support services. I'm also the budget officer which means I'm the one that puts the budget together, looks at service levels and all the different departments, works with all the different departments to determine where we'd like to be and what it would take to support those levels of service and put together a budget and present that to the public, to the budget committee which is our council and 7 members just in general of Hillsboro and present that and then they would either adopt it or not. But I am responsible for that process too.

A: Alright so how have you seen like the needs in budget like where or how you delegate the money, how has that changed over time? Like does a specific group need more now?

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M: Oh well that's real interesting, that's a good question, and in fact we track that we call that allocation of resources in the general fund so we will look at the total general fund that we were talking about right now.

The general fund is the fund that provides police service, fire service, libraries and parks and recreation there is some other thing like street lighting but those are the main department in the general fund. About 62% of the general fund is funded through property tax and the rest is through fees and charges and those sorts of things. So... what we do is we'll track the percentage of the total resources in the general fund and where they go to each one of those departments to see whether there is a shift in allocation of those resources from one to the other and in fact they've remained relatively even over the last 5-6-7 years it's been remarkably even in terms of its allocation to those departments, it really hasn't changed much. There is a little shift to parks and recreation; you'll see them taking a little bit more because we've grown a lot in parks and rec. You see a little shift away from library, and we're only talking about a percentage point, so there are minor changes there. Police and fire have remained pretty even in terms of the piece of the pie that they take. Now this is all true since we went through that process as I was just telling you about. Before we went through that process it was very different. There was much more of the resources going to what was there then, prior to 1999 (More going to parks and rec.).

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So once we started what we call the (low budget?) tax, which funded this increase in police and fire, we see a much greater shift right around 1999 and 2000. There was a big shift in funding to public safety, which is police and fire, but since then it has been pretty even. Now that's only part of the story, then there's all these other departments as I mentioned for support services which is human resources, finance, information services, and capitol planning and development, and purchasing. And there has been a shift in information services, it has grown, in fact when I came here 15 years ago there wasn't even an information services department., and now there is 15 or 16 people in that department, and that's all our computers, all of our computers, programming, just our information services. So that is what has grown tremendously, technology was grown tremendously so the support of the technology and all the people that support it has grown in the last 15 years from nothing to about 18 people.

A: So I read a quote online where you said that Intel has helped with the budget, like they made a donation or something. Can you talk more about that?

M: Right, it wasn't a donation. Back in 1994 or 95 Intel Corporation was growing and they were looking for places to put there plants and their research and development and their chip manufacturing plants. That business is what we call very capitol intensive, that means that they have a tremendous amount of money in resources, and the equipment that they have in their plants. They are a very unique business, because in their building they'll have machines sitting around that are worth literally millions of dollars. The state of Oregon's tax system is unique in the United States.

One of the unique points of Oregon's tax system is that for me as just a house owner you are taxed on just the value of your house, the real property. Businesses in Oregon, they are taxed not only on the building, but the equipment and the stuff inside the building. So the

tax essentially will figure out the value of all this stuff inside the building and then tax you on it. Well that really is not significant for most any business but for Intel that is huge because they may have 500 million dollars worth of buildings but they may have 10 billion dollars in equipment sitting inside of them, it's just extraordinarily expensive in value. So at that point they weren't interested in coming to Oregon or building any major facilities in Oregon because it was just too expensive for them because of the tax system.

ND. But we recognized that and went down to the legislator and developed this thing called the strategic investment program and the legislature adopted this program and its instant statute limit. What it allows us to do for a business like Intel, there is only a handful of them around the world that would be that size and Intel is one of them, it allows us to negotiate a deal with them so we exempt the equipment inside their building or at least bring its value way down for tax purposes. So that's what we did in 94 so they said ohh great okay here is a new program so we can consider Oregon, because they like Oregon and wanted to be here and because of that new tax system that we are now allowed to negotiate with them about that property tax. They decided to build the plants. We just last night went through a next strategic investment program negotiation that had both the county and the city meet jointly to consider another strategic investment program with Intel. It was passed last night, which basically ensures our future, they'll be here. That's a fifteen year program; it allows them to invest up to 24 billion dollars in Hillsboro. It's hard to understand how much money that is, but it was said last night, and it's true, that that this is the largest deal in the United States and probably the largest deal you see in the last decade in the entire United States, happened last night. That's a huge deal and then that allows us to negotiate this deal with them, and the strategic investment program, so in lieu of that instead of them paying property taxes for the full equipment, we don't tax them for the equipment inside the building, or not to the full degree, and in exchange for that they make payments to the city and to the county. It's called fee in lieu of tax. So they make those payments in lieu of tax, and this is by contract so we negotiate with them. Well for us they are making payments and we're getting about, we're estimating two million dollars a year in payments from Intel on this deal. Well we found out earlier this year that those estimated payments of two million dollars a year actually are now increasing to probably over three million dollars a year. There are a lot of reasons for that but basically the value of their buildings have risen to the point that its increased way beyond what we thought we would be receiving from that. So we're receiving another one to one and a quarter million dollars from that this year and next year and as far out in the future as we can see. And that's what that quote was about, that was money that we were not anticipating receiving from Intel, and now it appears as though we will continue to receive it so we made some choices on how to use that money. One of those was to help fund the general fund, and the police and fire.

A: So is there a deficit in our spending at all.

M: In the last two years yes, we had, through several years built up reserves in the general fund, and we had a total of being around what we call 15, our ending reserve funds are at least 15% of the total expenditure in the general fund, so that was our goal to get there, and we got beyond that, actually we got above 20% in our reserves, which is good in many ways.

We were a bit conservative and built that a little higher. So in the last couple years we have actually been drawing down the reserve a little bit. It estimated that this year it will be drawn down, and actually get below 15% so we're going to need to watch that and not draw it down much more, but that is what that deficit is we're actually spending a little bit more than we're actually bringing in by revenue and the difference is made up by drawing down some of those reserves. Now we don't want to do that over time, and there are reasons why we are in that situation right now and one of those is a long story (chuckles) and difficult to explain but it actually does have to do with the high tech sector and like I said before about 62 to 63% of our revenues in the general fund come from property tax, and for many many years that was increasing by 8 to 12% per year. That was fairly consistent through the 90's and into 2000 2001, and the brakes were put on in 2002 and all of a sudden that increase was like 2.3% which was the lowest in the county, and that really caught us by surprise. We were anticipating that conservatively it would be around 5 1/2-6% increase and it actually was only 2%, so what ended up happening was revenues in that year in 2002 didn't rise as much as we anticipated, yet our expenditures were rising so those lines crossed and actually our expenditures got a little bit higher than the revenues. That's happened over the last couple years where our increases in assessed value in property have been very low, relative to other cities around us. We've looked into that to understand what is going on, and we've discovered that it is specifically in the industrial sector that had significant decreases in value out there. This is outside of Intel and that SIP I was talking about. This is the rest of the industrial sector of Hillsboro. Hillsboro is unique in that it has a high percentage of its value in the high tech sector, so we have a much higher percentage being the silicon forest, and really this is the place for semi conductors that will work really around the world. We have a high percentage of value in that area, and that area is subject to global markets and when the high tech global market had suffered in this recession in the last couple years so did the value of their equipment. We felt that affect in the last couple years but that's rebounding and starting to change and come back, and so those couple years we have been operating in what you say deficit, which is true, we've been drawing down those reserves and that's why we have those reserves. We don't want to be in a position, like many governments are, where you have to react to changes every year and you're hiring people and you're firing people, and you're laying them off. We don't want to do business that way, we want to be as efficient and effective as we can and that's in part why we have those reserves, and so this is an important piece of that.

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A: How has the public reacted to this, do they understand that there isn't really a problem because of the backup?

M: Well you'll always have that large section of complainers and that's just a major part of this business. These issues can be very complex, particularly when you get into the high take sector and we get into the state department revenue and how they access it and what we were talking about. All of that becomes very complex and hard to understand and it's hard to simplify it to a point where anyone who's not involved on their own daily basis is going to pick it up, and understand it. So I think there are misunderstandings out there and I think there are those who don't fully understand but for the most part I think that people have understood that we have operated the city government pretty

efficiently and effectively. So I don't think that there has been too much pressure there.

A: Have any of these deficits, well they aren't really deficits yet, but have they effected the crime or law enforcement in Hillsboro at all?

M: No, I would say no. A deficit isn't going to create more crime out there, so the question is; are we able to keep up with the crime activity? If you ask a police officer, I'll talk from my perspective, but if you were to ask a police officer out there they'll tell you that there is never enough police ever, and that's true because you are never going to solve all crime, because it's always there. So the question is; what is the appropriate level of law enforcement? And we use a tool to measure as a guideline whether we are at that appropriate level or not, and what we use is called the Hobson model. What it does is take a sworn officer, a gun carrying cop on the street and it tracks that officers time. We do this through our 911 dispatch center, which keeps the records and then we analyze that. What we do is break down to find out how much what we call "committed" vs. "uncommitted" time that officer has on his hands. And the committed time is the time that they are running from call to call, reacting to a call, and the uncommitted time is the time that they are not going from call to call and they have time to do what we call community policing or what we would call pro-active labor. They will be doing crime prevention sorts of activities, they will be following up on other calls, finding out whether it was taken care of, doing community policing, getting out in the public, doing all those other things then just running to a call. So that's called uncommitted time or proactive labor and statistics would suggest that the sweet spot kind of is about 70% committed time and about 30% uncommitted time or time to do all this other stuff, so the research would suggest that its about 70 to 30, so we track that and see what's actually happening to our officers out there and in fact they have been running right around that 70 to 30 and depending on exactly how you'd measure it, you could argue that it's creeping up a little around 72-73% committed time, well that's still real close, so those numbers would tell us that generally we appear to be around the level we want to be. But again you have to just use that as a guideline you cant just look at those numbers and say well fine, there's a lot of other things obviously that are involved. But that, as a general guideline, would suggest that we are still right there. Now we were slipping a little bit and that's why in this last budget session we were looking at trying to add two more officers.

A: Do you live in Hillsboro?

M: I do not.

A: You've already said that Hillsboro has gotten larger. What else have you noticed in changes?

M: Oh there has been a tremendous amount of change. I would say a transformation, a fundamental change in this city. Now I'm actually born and raised in Portland, so I've known Hillsboro all my life, although I've never lived in Hillsboro. And I think that there has just been a fundamental change. It's interesting if you look at the demographics of Hillsboro, they have changed dramatically. Hillsboro used to be a small, kind of stand alone town, that's why we have this downtown that's far enough away from Portland to be kind of a stand alone, personal town. When I came here there was still that very strong sort of, whatever you want to call it, good old boy system, you know the long standing Hillsboro kind of power structure, and it's just exploded in growth in unique ways. Exploded in growth in high tech, and

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the high tech has attracted young, highly educated, highly mobile people. It's a very different sort of influx. So, as was mentioned last night in some of the testimony. It was actually the manager of the streets of Tanasbourne.

Have you ever been where the Streets of Tanasbourne are? (Yes) She manages all of them, and she was talking to us and you know from day one that is 100% leased out, that entire thing is, so it has so far outpaced what they thought it could be that those operations there, those restaurants are the highest producers in the state already. And she said that it is because of Hillsboro's high tech and that influx. You have a very...um...if you look at the average person that lives in Hillsboro they have a higher level of education then you would normally see. They have a higher level of income then you would normally see, and they're younger then you would normally see. All of those are really good for the things like the P.F. Changs and the Macaroni Grills, and just all the stuff...the Chipotle Grill, and just all of that stuff going on that you see. So it's a very different thing. It's also we just did a study that was real interesting; you may be interested in this.

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It was called the young and restless study, and it was done nationwide to look at, and the theory is that those who are aged between 25-35 years old are the highest educated, are the most global and are the most creative. And so the theory is that whatever metropolitan area is attracting that age group is ensuring its future because they are ensuring the most high educated the most creative age group. That age group actually in total has decreased by 10% in the last decade, because the baby boomers are getting older. So 25-35 is actually decreased by 10%, but when they studied nationwide, there were four areas in the nation that were attracting that age group, and Portland was one of them. And Portland, that age group in the last decade has increased by 50%, where overall it's decreased by 10%, so they are moving to Portland. Their moving to Portland, they are moving to Austin, Texas, they are moving to Raleigh Durham area (I don't know why), and I'm forgetting the last one, but that's where they are going. So we looked at that, and started wondering; why is that, why are they coming here. So we did some study in Hillsboro to find out. We did some focus groups with that age group to find out what and how engaged they are with the city and the activities. What you find is that they like the high tech and the things that are going on, but they aren't necessarily engaged with kind of the old Hillsboro, the downtown and those sorts of things. So there is kind of a disconnect in some ways with those that have moved here, particularly as you go East into the Tanasbourne area, that maybe don't even know that they are in Hillsboro. They don't even know that they live in... we see a lot of that. In fact we just had a Bogotá's restaurant built up in over by the streets of Tanasbourne and they went to Beaverton to get a business license, and Beaverton gave them one (chuckles). A business license to do business in Hillsboro, yet they don't even know they're in Hillsboro.



So I mean there is that sort of thing going on, and I think that is a huge change.

A: That's like right around the corner from my house.

M: Yeah? Are you right over by streets?

A: Yeah

M: But that's what we though was funny, is not only that they go to Beaverton to get a business license, which is funny enough, but that Beaverton gives them one, like they don't even know. So, how do you

expect a person that lives over there, that's got a Beaverton address, because the address that the postal office works in a very different system. You might have a Beaverton address, you might even have a Portland address but you actually live in the city of Hillsboro. So its that sort of identity crisis I think that has changed.

A: So you talked about the age group being young. Do you see like ethnicity mixed in that?

M: Yes, absolutely that came out and that was a really interesting focus group. I sat in one, they had about 15-20 in that age group and they were mostly from the high tech sector but it was a very interesting mix of different nationalities. I was listening to a woman from and Africa, and just people from all around the world talking about what they like about Africa. But having them coming from different places that you think would be a tremendous ethnic mix, talking about how Hillsboro feels like walking around the United Nations, because there are so many different cultures that are here now. I mean that's what they were saying; they were shocked at how diverse it is in terms of the different cultures that are here.

A: Did they like that?

M: Yeah, that was real positive.

A: What other positive things did they say?

M: They liked...well there were a lot of things they liked, they liked the vitality, and they liked just all the things that Oregonians love. It's the environment, its being an hour from the beach, and an hour from the mountain, going to the desert, living in a city that many many years ago figured out about this urban growth boundary and kept growth contained and not sprawled like Atlanta, or Las Angeles, or San Francisco. Just the traditional sort of model of an American city just grows and grows and grows, and Portland figured that out in the early 60's and drew a line around it and said you're not going to grow outside here; you're going to grow within it not outside it. So that's why looking out these windows you see all this, you look all around you and you look out in the hills, and that is all outside the urban growth boundary so there is this feeling. You know I will drive to work on country roads and when you are in a major metropolitan area you know that is just very unique. It's that that they love, it's the love the diversity, which is interesting. They will say they love the diversity but when you really start asking what does that mean, because to me that means diversity in ethnic races and background, and they don't necessarily mean that. What they mean is like diversity like in neighborhoods, diversity in independent businesses and restaurants. There's a kind of a frontier feeling. They'll say "I feel like I can be a part of shaping a community, its not like I'm moving to a place that's already done.

It's already been done, I just live there." They feel like they are a part of shaping something new, it's like the new frontier. You hear that sort of thing, and that's what they love about it. Plus, you can live here reasonably; it's not too expensive to live here. There is just all sorts of things you can get to in a matter of a couple hours, there are good of jobs, I mean it's just all of that. We just had Yahoo... You know Yahoo? (Um hmm) Yahoo is down in Silicon Valley, and they searched to move there business and research around the United States, I mean they had 28 cities that they looked at. Well they ended up announcing that they chose Hillsboro, so they're moving here and we worked with them to try to make that decision.

They were planning on moving just a section of the operative to whatever city that they decided on, and they decided Hillsboro and they

were planning on moving 90 of there top educated employees and when word got out down there they had 300 people come say "We want to go there. We want to move there." So now they're moving like 300 people. Because their business they all want to be here.

A: So we talked about what they liked about Hillsboro. Anything stand out on top about what they didn't like?

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M: Yes! Very clearly, they complained about the traffic, but you know that's not all that unique, but they will complain about the traffic. They will complain about the lack of choice in housing stock. And this is an interesting one, Portland has developed this model of high density so if you look around at all the new housing developments, they are all built on these tiny lots. They don't build larger lots like you see virtually everywhere else. That's all fine, but that's all that's being built, that's it! There's no diversity, there's no choice in new stuff really unless you want to spend millions and millions of dollars. So you will hear complaints about a lack of choice in diverse housing stock, is what it's called, you know different sizes and types of lots. But the most important thing and this is what I heard load and clear over and over again. We will complain about traffic, we will complain about lack of diverse housing stock, we will leave because of the schools. That is number 1. The rest of those things are complaints and annoyances but they say "we will leave about the school if you don't figure that one out."

A: So what changes have you made to figure that out?

M: Well, unfortunately we don't have a lot of control about that. We've got to figure that one out. That is number one. You just cannot have a vital community, a place where people want to be, and destroy your school system.

The two don't work.

A: Especially since everyone here, like you said, is really high and educated so they are going to want to keep that going.

M: Absolutely! Right! So we have got to figure that out. It really scares me because we're knocking on the door of really tearing down that system, and if we don't figure that one out its going to be too late. Look around you.

Go down to Los Angeles to San Francisco, and look at what our future could be. There's a system where it was just neglected and neglected and now it's failed. And there's just no way, I don't see, anyway back, I don't know how you build up something that you've allowed to fail. We've always had strong supportive schools in the past and we've had a very good public school system, but we're starting to knock on the door of neglecting and ignoring or letting it fall apart. I think that's real dangerous, if we go through that door, I don't think there's any coming back or it's very very difficult of coming back. Those that are moving here will tell you that, which is interesting because we're still not getting the votes to fund the school and so I don't know what the disconnect there is. I think people generally want to believe that its inefficiency or it's somebody else problem or I want all this but I shouldn't have to pay for it. The hard fact is that it's expensive and that of you want it, you got to pay for it.

A: So overall, just in general, do you view Hillsboro as a safe place to live?

M: Absolutely!

A: So I guess that's all there is, unless there is anything else you can add.

M: So I'm guessing that the general thing is public safety. (Right) You know I guess I'd say again...It is education; it is the school systems,

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because if you don't pay for it now, you'll pay for it later in public safety. This is a perfect example of prevention. We understand that in so many other areas but we just don't seem to understand that in this area. I mean we are starting to understand prevention in medicine; that we spend a dollar in preventative medicine that right now we are starting to see about a dollar sixty-five in return from that dollar we spent, in trying to make our employees healthier and have healthier habits, that sort of thing, so we have health promotion program, and we recognize that if we spend a dollar in trying to encourage that, then in terms of savings we get about a dollar sixty-five back. So there is an example of prevention. We see it in crime and other areas, but in education if you allow that system of basic education to fall, then you are going to pay for it in a big way, in a very different way. It's going to be down the line, it will be in crime in ignorance, in all the sorts of things that are just extremely expensive. So that scares me.