

MINUTES OF THE METRO OPERATIONS COMMITTEE MEETING

Wednesday, December 8, 1999
Council Chamber

Members Present: Ed Washington (Chair), Bill Atherton (Vice Chair)

Members Absent: Jon Kvistad

Chair Washington called the meeting to order at 3:40 P.M.

1. Introductions

There were none.

2. Citizen Communications

There were none.

3. Consideration of the Minutes of the October 20, November 3, and November 17, 1999, Metro Operations Committee Meetings

Motion:

Councilor Atherton moved to adopt the minutes of the October 20, November 3, and November 17, 1999, Metro Operations Committee meetings.
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Vote:

Councilors Atherton and Washington voted yes. Councilor Kvistad was absent. The vote was 2/0 in favor and the motion passed.
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Chair Washington noted that while Councilor Kvistad was not able to be at the meeting, this would be the last meeting of the year, and the minutes needed to be adopted.

4. Ordinance No. 99-832, An Ordinance Amending the FY 1999-00 Budget and Appropriations Schedule for the Purpose of Transferring \$510,000 from Contingency to Capital Outlay in the Convention Center Project Capital Fund, Authorizing an Interfund Loan from the Solid Waste Revenue Fund to the Convention Center Project Capital Fund to Provide for Cash Flow; and Declaring an Emergency

Norm Kraft, Assistant Director of Fiscal Operations, Metropolitan Exposition-Recreation Commission (MERC), represented David Biedermann, Director of Administration, MERC, who was not able to attend.

Kathy Rutkowski, Financial Planning Division, Administrative Services, presented Ordinance No. 99-832. She represented Tony Mounts, Manager of the Financial Planning Division, Administrative Services, who was not able to attend. A staff report to the ordinance includes information presented by Ms. Rutkowski, and is included in the meeting record.

Councilor Atherton asked why the ordinance included an emergency clause.

Ms. Rutkowski said the purpose of the emergency clause was to make the ordinance effective immediately. Without an emergency clause, an ordinance does not go into affect for 90 days.

Councilor Atherton asked about the rate of interest. He said he could understand pooling interest at the average of the pool for investment purposes, but not necessarily for loan purposes. He asked why that would be done, and added that in his opinion, they should repay the solid waste at the interest that was foregone at the time of transaction.

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Ms. Rutkowski said that was, in essence, what they intended to do. They intended to make the solid waste fund whole. For example, if in January the solid waste fund loans \$100,000, they will determine what interest had been earned during those months for those periods. So the interest rate in January might be 5.8%: they would pay interest on 5.8% on whatever balance was outstanding in January, loan a little more in February, and have a higher cumulative balance. The average interest rate in February might be 6.2%, so they would pay interest on that outstanding balance at 6.2%.

Councilor Atherton asked for an explanation of why some of the money would not earn interest.

Ms. Rutkowski said in the budget, they had assumed the Convention Center Project Capital Fund receive about \$6.5 million up front from the City of Portland. That \$6.5 million would then earn some interest during the year for the Convention Center Project. Now that Metro is not getting the money up front, and the City is loaning the money as needed, there will be no balance in the fund to earn any interest for that fund. She said as a technical, administrative function in the budget, they were showing that the interest for the Capital Fund will not be accrued, and therefore, cutting back part of the budget also.

Motion: Councilor Atherton moved to recommend Council adoption of Ordinance No. 99-832.

Vote: Councilors Atherton and Washington voted yes. Councilor Kvistad was absent. The vote was 2/0 in favor and the motion passed.

Councilor Atherton will carry Ordinance No. 99-832 to the full Metro Council.

5. Resolution No. 99-2860, For the Purpose of Appointing Jennifer Allen, Ron Hernandez, and Juliet Hyams to the Metro Central Station Community Enhancement Committee

Chair Washington pulled Resolution No. 99-2860 from the agenda. He said the Council adopted the resolution on December 2, and the confusion may have occurred if the resolution was referred to two different committees.

6. Resolution No. 99-2869, For the Purpose of Adopting the Capital Improvement Plan for Fiscal Years 2000-01 through 2004-05

Tony Mounts, Financial Planning Division Manager, Administrative Services Department, represented Bruce Warner, Chief Operating Officer, who was unable to attend.

Cherie Yasami, Program Analyst, Administrative Services Department, presented Resolution No. 99-2869. A staff report to the resolution includes information presented by Ms. Yasami and is included in the meeting record.

Councilor Atherton said during the Council/Executive Officer informal sessions, they discussed reserves, and the difference between true capital expenses and hidden deferred maintenance. He asked how the plan, as currently written, clarified that important question, and how the language could be modified if it did not.

Mr. Mounts said the plan, as currently written, followed the agency policy of identifying a capital project as something that would cost \$50,000 or more, and would have a useful life of 5 or more years. Within that definition there was the creation of new assets, like the Oregon Convention Center, and repair of existing assets. From Mr. Mount's perspective as a relative newcomer to Metro, the purpose of the current definition was to provide a basis for looking at future capital needs, as opposed to operating needs and personnel, rather than to speak to the issue of asset creation versus repair and maintenance.

Councilor Atherton said good bookkeeping was important because it helped the Council make decisions. An important part of that decision making was to segregate out where Metro stood in its assets and liabilities. If Metro had deferred maintenance that was being masked as capital improvements, that was a deceit that should not stand.

Mr. Mounts noted that the Government Accounting Standards Board recently issued a pronouncement that will require government agencies, over the next few years, to report their asset base and depreciate those over time, in

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their annual financial reports. He said in the future, that could be used as the basis for Council’s review of capital needs, and looked at that in the context of Metro’s financial planning.

Councilor Atherton asked if Metro had to wait for the standards board to come up with this direction?

Mr. Mounts said it had been almost 10 years since Metro had conducted a physical asset inventory. They had a list of the capital budget, but the list had not been verified nor updated recently. He said right now, they had a lack of capacity to do the type of planning to which Councilor Atherton referred.

Councilor Atherton said he appreciated what Mr. Mounts said. However at the last informal meeting with Tony Vecchio, Director of the Oregon Zoo, Councilor Atherton saw multiple deferred maintenance expenses, such as painting and roof repair, which totaled approximately \$1.2 million. When questioned, Mr. Vecchio said the Oregon Zoo’s reserve account totaled \$5 million. In reality, however, the zoo did not have a \$5 million dollar reserve, it had a \$3.8 million reserve. He said it aberrated the Council’s decision making if that was not clean.

Mr. Mounts said if he understood Councilor Atherton correctly, his point was that if staff had a full understanding of the depreciation on those structures, then what staff currently believed to be a reserve, in reality may not meet the outstanding need of those capital assets today. He said Councilor Atherton may be correct.

Councilor Atherton said for example, if a carpet’s life was 5 years, and it cost \$500,000 to replace the carpet, then \$10,000 needed to be put in the bank every year. He said the Council had discussed this, and it appeared that everyone wanted to do this, but he wanted to make sure it was actually done. He said right now, he could not vote for Resolution No. 99-2869 because language was not included which he felt was of critical importance to a capital improvement plan. He said he was trying to find a way to modify the language.

Chair Washington recommended that the committee forward the resolution to full Council without recommendation for adoption, at which time Councilor Atherton could submit an amendment to the resolution.

Councilor Atherton agreed.

Motion: Councilor Atherton moved to forward Resolution No. 99-2861 without recommendation for Council adoption.

Vote: Councilors Atherton and Washington voted yes. Councilor Kvistad was absent. The vote was 2/0 in favor and the motion passed.

Chair Washington will carry Resolution No. 99-2869 to the full Metro Council.

7. Resolution No. 99-2872, For the Purpose of Providing an Exemption from Competitive Bidding Requirements for a Request for Proposals for Construction Management/General Contractor Services for the Oregon Convention Center Expansion Project

Scott Moss, Assistant Director, Administrative Services Department, gave the committee an update on the Convention Center expansion project.

Berit Stevenson, Project Manager, Administrative Services Department, presented Resolution No. 99-2872. A staff report to the resolution includes information presented by Ms. Stevenson and is included in the meeting record.

Councilor Atherton asked if the proposed construction was avant-garde in any way, which made it preferable to exempt it from competitive bidding.

Ms. Stevenson said one difficult aspect of the construction would be the minimum use of columns in the exhibit space. In addition, the Convention Center would be open and operating during the construction, which made the project much more complex. The new parking structure also needed to be open before the new building, which added to the complexity.

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Motion: Councilor Atherton moved to recommend Council adoption of Resolution No. 99-2872.

Vote: Councilors Atherton and Washington voted yes. Councilor Kvistad was absent. The vote was 2/0 in favor and the motion passed.

Councilor Atherton will carry Resolution No. 99-2872 to the full Metro Council.

7-A. Steel Bridge Walk Way Local Improvement District (LID)

Mr. Moss said the Council has been asked to give its approval for Metro to enter into an agreement with the City of Portland to establish an LID to create a walk way over the Steel Bridge, connecting Tom McCall Waterfront Park to the Eastbank Esplanade Improvements. A memo from Mr. Moss to the Metro Council regarding authorization to execute an agreement with City of Portland includes information presented by Mr. Moss and is included in the meeting record. Mr. Moss said MERC was interested in the project for several reasons: it wanted to be a good neighbor to the City of Portland, and it would encourage convention center attendees to walk downtown to shop or stay at hotels downtown. MERC has authorized payment of \$60,000 for the LID, as confirmed in a memo from Mr. Biedermann to Mr. Moss. A copy of the memo is included in the meeting record. Mr. Moss said legally, Metro did not have to participate in the LID, because it was a government agency. However, MERC felt it was important to participate in order to be a good neighbor.

Michael Morrissey, Senior Council Analyst, said that if the Council chose to not take formal action against the proposal, the Executive Officer would be authorized to sign an agreement for Metro, including MERC, to participate in the LID. Both Chair Washington and the Presiding Officer felt the Metro Operations Committee should informally review the proposal and decide if any action should be taken. The memo from Mr. Moss included paperwork indicating that the City of Portland needed a decision by the end of the year, and it would be very difficult for the Council to take formal action by then. He added that the Council did not need to act action, if it did not object to Metro's participation.

Chair Washington asked Mr. Moss to give a short report to the full Council tomorrow.

Mr. Morrissey said he would speak with Presiding Officer Monroe and request that the item be added informally to tomorrow's Council agenda.

Councilor Atherton noted that the project was estimated to cost \$7,600,000, and that the City of Portland planned to issue Transportation System Development Charge (TSDC) Credit to property owners under this LID. He asked how an SCD applied to this situation.

Mr. Moss said he did not know, but he would try to find out before Thursday's Council meeting.

Councilor Atherton said he had a potential conflict of interest in this, because he owned property in the proposed LID.

8. Councilor Communications

Councilor Atherton asked how the committee had decided to approach issue of changing Metro's slogan, "Creating Livable Communities."

Chair Washington said the committee spoke with Beth Anne Steele, Council Outreach Coordinator, and decided to wait until the Communications Team had the opportunity to address the issue next year.

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There being no more business to come before the committee, Chair Washington adjourned the meeting at 4:18 P.M.

Prepared by,

Suzanne Myers
Council Assistant

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ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF DECEMBER 8, 1999

The following have been included as part of the official public record.

TOPIC	DOCUMENT DATE	DOCUMENT DESCRIPTION	DOCUMENT NUMBER
Steel Bridge Walk Way LID	12/6/1999	Memo to Metro Council from Scott Moss RE: Authorization to Execute an Agreement with City of Portland	120899mop-01
	12/7/1999	Memo to David Biedermann from Scott Moss RE: Steel Bridge Walk Way LID	120899mop-02