

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, November 1, 2005
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Susan McLain, Carl Hosticka, Rod Park, Robert Liberty, Rex Burkholder, Brian Newman

Councilors Absent:

Council President Bragdon convened the Metro Council Work Session Meeting at 2:03 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, NOVEMBER 3, 2005/ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS

The November 3, 2005 Council Meeting has been cancelled.

2. PROGRAMMATIC BUDGET DISCUSSION

Council President Bragdon expressed appreciation for the document prepared by Finance and encouraged Councilors to examine it carefully.

Bill Stringer, Chief Financial Officer, stated that each department was asked to identify which goals were most appropriate for their areas. He submitted three documents for Council review (copies of which are included in the meeting record). In response to Councilor McLain's question, he described the role and location of support services, adding that this portion was still in the refinement process. Councilor McLain emphasized that the programmatic budget information needed to be accessible to the public as well as Metro staff.

Mr. Stringer reminded Council that there would be four more presentations – on November 15 and 22 and December 6 and 13. The target date for completion of the budget, based on Council's request for this information to come out earlier than it has historically, is March 16, 2006. Mr. Stringer emphasized that the current document was prepared as an agency-wide collaborative effort, with major support and input from every department. Department heads were asked to identify the link between the goal and the program, but an effort was made to keep from pigeon-holing the goals into specific departments.

Mr. Stringer mentioned that Metro is coming close to its spending cap. The future of the transfer stations, the fate of the Public Employees Retirement System (PERS), and increasing health premiums are of large importance. The current document is a snapshot of the current reality; it does not attempt any projections. He then pointed out some weaknesses of the document: program definitions were sometimes too broad; Council goals still need refinement; and performance measures are not always the best measurement of outcomes. It has been difficult to relate the program to the outcomes; work on this aspect is ongoing. Overall, Mr. Stringer described the document as a giant step forward, and he welcomed constructive criticism.

Councilor McLain asked about the effects of the recent organizational restructuring; Michael Jordan, Chief Operating Officer (COO) responded that most vacated positions are being replaced; most attrition was happening in the area of central services. He agreed to provide more detailed information to the Council. Councilor McLain then asked about the relationship between training

and productivity; Mr. Stringer described the paradox where additional training would reduce Full-Time Employees (FTE) and increase productivity, but the funding for training was not available.

Councilor Hosticka asked how accurate the dollar figures were; Mr. Stringer replied that they were real estimates, but they were not meant to be exact figures. Council President Bragdon considered the document to be a starting point for Council discussion. Councilor Hosticka questioned the lack of information about the auditor's office; Mr. Stringer thought that this area was separate from the other programs. Councilor McLain stated she would like to see the auditor's office included in some manner, to identify whether they had program goals to contribute; Council agreed they would like this information included.

Department heads then addressed Council to present their specific areas. Tony Vecchio, Zoo Director, has realized the value of the programmatic budgeting approach as he has been working with it. He was relieved that Zoo finances had weathered a few challenging years and was looking forward to being able to focus on growth and improvement. The major issues are veterinary care and quarantine facilities, planning, growth versus operating costs, labor costs, utility increases, deferred maintenance, and conservation/Nature in the Neighborhoods. He was concerned about finding funding for the latter. Councilor Newman asked how the quarantine project would be approached. Mr. Vecchio said he would want to work with an experienced architect. He shared the good news that the Oregon Zoo's five-year accreditation inspection was approved to be delayed from 2009 to 2010, because the last inspection had been such a success. Council President Bragdon stated that the Nature in Neighborhoods program should not be a financial concern to the Zoo. Mr. Vecchio responded to other Councilors' questions about specific financial data.

The next to present was Jim Desmond, Parks Director. He spoke about six main program areas – 2006 open spaces bond measure, \$1.50 solid waste excise tax to open 4 new parks, golf learning center at Blue Lake Park, Nature in Neighborhoods, regional trails planning and implementation, and Greenspaces policy system planning. Open spaces bond measure planning is being done assuming the measure will pass. He talked about the challenge of increasing costs compared to basically flat revenues. He was trying to be creative about opportunities for revenue enhancement. He wondered how much support for the Greenspaces Policy Advisory Committee (GPAC) would be required from Parks and questioned whether existing resources would be sufficient. Councilor Newman stated that he would like to see more collaboration between the Council and GPAC. Councilor McLain and Council President Bragdon agreed. Mr. Desmond recommended an informal meeting between GPAC and Council.

Councilor Liberty said he would be interested to see how well this portion would be integrated with the 2040 plan. Mr. Desmond said he had been talking to Robin McArthur about this. Councilor McLain commented on the use of any additional FTE, and she thought that any FTE would be better placed in areas of potential revenue generation – such as at Blue Lake, rather than GPAC support. Councilor Park agreed, but he said we should be prepared for certain constituencies who would not approve of the golf program. Councilor Burkholder commented that the programmatic approach allowed us to examine the distribution of resources and the program goals and to see whether any efficiencies could be obtained.

The next department discussed was the Metropolitan Exposition Recreation Commission (MERC). Jeff Miller, MERC general manager, mentioned his concerns about the projected funding gap and the end of the Visitor Development Initiative (VDI) support. He emphasized that a headquarters hotel was essential to maximize convention business, although any revenue from

this would be several years in the future. Other major areas of concern were the VDI intergovernmental agreement, the Portland Center for the Performing Arts (PCPA) funding gap, PERS and healthcare rising costs, facility maintenance and long-term renewal and replacement, and Expo phase 3 construction.

Councilor Burkholder questioned the inclusion of PCPA funding gap, since Portland Center Stage would be leaving. What would be the impact of this on revenues? Mr. Miller thought there was an opportunity to bring in some other productions that might increase revenue. Councilor Burkholder asked if there was policy direction that we were working under, that assigned a certain percentage to community versus commercial groups? Mr. Miller did not think there was but would find a more specific answer for him. Council President Bragdon commented that there was a continuum between non-profit and commercial; he also expressed interest in more information about this. Councilor McLain stated that the VDI agreement could be renegotiated. Councilor Park has been working on the issue and said he was about ready to come to Council with a proposal.

The remaining programmatic budget presentations will continue in two weeks.

3. MEASURE 37 BRIEFING

Dan Cooper, Metro Attorney, said that there had been a lawsuit filed against Measure 37, and that a circuit court opinion invalidated the measure on two grounds – 1) legislatures have historically never paid people to comply with the law, and that was the basis of the measure; 2) compensation under the measure was not rationally connected to the harm, if any, that may have been caused. The difference in value is computed based on many other factors than the impact of the regulation. The judge found no rational basis for determining a compensation mechanism and that the measure was therefore a violation of equal protection. In response to a question from Councilor Liberty, Mr. Cooper said the judge had identified a proper class – the ones who would benefit under Measure 37 – to which the benefit had to be rationally related. Councilor Liberty asked whether this rationale had some case law behind it; Mr. Cooper responded that the stronger precedent lay in this part of the decision.

The five defendants named in the litigation – the State of Oregon and the Counties of Jackson, Marion, Clackamas, and Washington – were bound under the ruling not to take any more actions. Metro was not a party to the suit, although we have had a few claims presented to us; at this point, these cannot be considered terribly dangerous. Basically, there was not much to do but wait for the appeals process to be completed; this could take something like 18 to 36 months.

4. VALUE CAPTURE

Councilor Liberty distributed four documents (copies of which are included in the meeting record) to facilitate discussion of this issue. The main topic at this time was brainstorming potential ways to spend the revenue. There could be a measure on the ballot as early as November 2006. The big question is – what needs are we trying to address?

Councilors looked over the various proposed needs; local jurisdictional master planning and capital improvements in the Urban Growth Boundary (UGB) expansion area, and for paying Measure 37 claims, were particularly popular. Councilor McLain wanted to make sure that the proposal was both specific and easy to understand for the public. Councilor Newman thought Metro had a leadership opportunity regardless of the fate of Measure 37.

Councilor Hosticka emphasized that the proposals were complementary, not competing efforts. There was a feeling that development ought to pay its own way. He agreed that fairness in land use would continue to be an issue with or without Measure 37.

Councilor Park asked if the project hadn't started out as a way to compensate Measure 37 claims. Councilor Liberty said that the assignment given to the Council was to reconcile achievement of growth with Measure 37. Councilor Park thought that the proposal most relating to basic fairness was buying easements to protect rural farmland.

Council President Bragdon's opinion was that master planning and capital improvements within the UGB expansion area were the best options. Councilor McLain agreed and added that other parts of the proposal, such as buying up properties, seemed to put Metro in the role of a bank; she preferred a more cohesive plan. Councilor Newman said there would never be enough funds to acquire all the desirable easements. He thought the current project should be more focused and limited. He preferred to emphasize infrastructure, given the limited funds that would be generated. Councilor Hosticka liked the addition of compensation to government's existing tool of regulation.

Council President Bragdon observed some areas needing further discussion – was the current proposal about Measure 37 or not? Was it about growth paying its own way? He preferred that the project be compatible with concept planning. He questioned whether a ballot measure could be ready that quickly. Councilor Hosticka proposed a series of round-robin discussions to take place during the next several weeks.

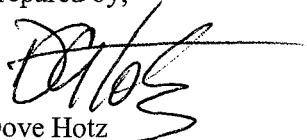
Mr. Cooper desired the opportunity for some attorney/client confidential discussions regarding his viewpoint on the legal issues.

5. COUNCIL BRIEFINGS/COMMUNICATIONS

Councilors discussed some of the presentations they had been making regarding the New Look. There has been mostly favorable response so far.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:48 p.m.

Prepared by,



Dove Hotz
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**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF NOVEMBER 1,
 2005**

| Item | Topic | Doc Date | Document Description | Doc. Number |
|-------------|------------------------|-----------------|---|--------------------|
| 1 | Agenda | 11/3/05 | Metro Council Meeting Agenda (Notice of Cancellation) for November 3, 2005 | 110105c-01 |
| 2 | Programmatic Budgeting | 11/1/05 | To: Metro Council From: Bill Stringer Re: FY2006-07 Program and Performance Budget | 110105c-02 |
| 2 | Programmatic Budgeting | 11/1/05 | To: Metro Council From: Bill Stringer Re: Department Directors' Cover Letters | 110105c-03 |
| 2 | Programmatic Budgeting | 11/1/05 | To: Metro Council From: Bill Stringer Re: Council Goals FY 2006-07 Program Budget | 110105c-04 |
| 4 | Value Capture | 11/1/05 | To: Metro Council From: Robert Liberty Re: Work Session Worksheet | 110105c-05 |
| 4 | Value Capture | 11/1/05 | To: Metro Council From: Robert Liberty Re: Regional Needs That Could Be Addressed by Urbanization Windfall Tax | 110105c-06 |
| 4 | Value Capture | 11/1/05 | To: Metro Council From: Robert Liberty Re: Metro Policy Statements Regarding the Protection of Farm and Forestlands | 110105c-07 |
| 4 | Value Capture | 11/1/05 | To: Metro Council From: Robert Liberty Re: Update on Consultations Regarding Farmland, Fairness, Fine New Neighborhoods Project | 110105c-08 |