

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, December 6, 2005
Metro Council Chamber

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

Councilors Absent: Carl Hosticka (excused)

Council President Bragdon convened the Metro Council Work Session Meeting at 2:04 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, DECEMBER 8, 2005/ ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS

Council President Bragdon reviewed the December 8, 2005 Metro Council agenda. Councilor McLain asked to have items 4.3 (05-3615), 4.4 (05-3622), and 4.10 (05-3642) removed from the consent agenda in order that she could register a no vote on Thursday.

Councilor Liberty did not expect any amendments to agenda item 5.1 (05-1097), but there were some people still wanting map changes. So expect some testimony and possibly future policy implications. Paul Garrahan, Metro Attorney, said there would be an A version because of the timing of the final decision on industrial lands, and the effective date of Nature in Neighborhoods. Council President Bragdon suggested they do a second reading on the original version, then move to substitute the A version. Councilor Liberty agreed to move the A version.

2. HOUSING CHOICE TASK FORCE UPDATE

Council introduced the Housing Choice Task Force (HCTF): Gerry Uba, Planning Department; Hal Bergsma, Tom Cusack, Ramsay Weit, and Bill Ashcroft. The HCTF was tasked with identifying ways to increase the housing supply. They are close to finishing the first part of the work, with a goal of final adoption in March.

Mr. Uba talked about the approach the HCTF had been taking in identifying the problems and solutions. He distributed copies of the task force update, a copy of which is included in the meeting record. Mr. Cusack identified some of the main issues that the task force had been studying, such as identifying how many affordable housing units had been created under the voluntary approach, and the dysfunctional reporting mechanism for local governments.

Mr. Cusack gave Council a Windows Media Player presentation. This included a flyover of the area identifying the location of some of the older housing projects. He emphasized the economic advantages of keeping a supply of subsidized housing in the Metro region. Mr. Bergsma talked about the table of solutions developed by the land use solution team. Some of the areas identified were regional progress, regional policies, recommendations for Metro to consider in 2040 New Look, and process-related. He stressed the interconnectedness of housing, zoning, parking, transportation, location of amenities, and coordination with jurisdictions.

Councilor Newman asked what kinds of incentives were available. Mr. Bergsma replied that one would be incorporation into the Urban Growth Boundary (UGB). Councilor Newman asked if anything similar had been tried before in other areas. Staff mentioned some attempts in

California. Councilor Newman wondered if there was the potential for violating any kind of zoning. Staff discussed the voluntary versus involuntary nature of the recommendations. Councilor McLain said she voted for inclusionary zoning the first time, but we needed to be exceptionally careful about wording.

Councilor Park wanted to talk about other social issues that went along with affordable housing. How could he present this to his constituents, to mitigate the pushback? Mr. Cusack said there were groups in Washington and Clackamas counties working to educate and do outreach. The Housing Alliance also targets these issues. Councilor Burkholder said goals and quotas were not on the agenda of the task force.

Mr. Weit said that most people in the housing industry liked to see affordable housing integrated into any projects. They are very conscious of related services. He talked about funding solutions. The HCTF thoroughly researched old studies to keep from reinventing the wheel. Their proposals were broken down into long-term and short-term solutions. A short-term solution would be a construction excise tax (CET); a longer-term option would be a real estate transfer fee (RETF). He urged the expansion area planning committee to consider funding for affordable housing. This might generate around \$800,000 annually, or funds could be used to leverage into a greater amount. Metro could help by pushing for an affordable housing component of a CET or RETF.

Mr. Ashworth talked about the pilot project. He identified the strategies to be used in approaching potential pilot project sites. They have targeted a site in Wilsonville. Only 8-10% of the people who live in Wilsonville work there. Villebois will include some affordable housing, and a nice mix of values of housing. He passed around a draft of the pilot project proposal, a copy of which is included in the meeting record. One of the goals for the pilot project was help for sustaining existing housing. This would include an effort to mitigate the effect of conversions. Maybe local jurisdictions need to be alerted to conversions; this may require legislative action.

Mr. Weit observed that there was a logical connection between land and the raising of revenue. A new source of housing finance could be actually acquiring the land now before it gets even more expensive. Mr. Uba handed out a schedule of the remaining milestones, a copy of which is included in the meeting record. He had information that the Atlanta area was using Portland as a model.

3. METROPOLITAN EXPOSITION-RECREATION COMMISSION UPDATE

Jeff Miller, Metropolitan Exposition-Recreation Commission (MERC) General Manager, introduced the Event Business Management System (EBMS). This has been a very exciting transition. It provides more control and understanding of event management, labor costs, productivity, can analyze the Return on Investment (ROI) immediately after an event. It will have a perpetual inventory on rental space, food and liquor, revenue tracking, etc. There are lots of analysis tools, it really pulls everything together.

Jeffrey Blosser, Oregon Convention Center (OCC) Director, described events as a niche industry. One of the best features of the EBMS is the benchmarking; we can now compare against the competition. This allows better target marketing. Mr. Blosser said the information would be much more immediate, so changes and decisions could be input and the effects analyzed during the event.

Mark Williams, OCC Events Director, said this was a system that allowed us to get rid of all the side systems. It can be shared with all the entities within MERC. It will also produce contracts. All of this is done with a lot fewer steps. It can import information from other programs; it is web-based and real-time. It is very customizable, both in terms of the relational data and the views/screenshots. Another advantage is a cost analysis, which is a great help in marketing to tell event planners what their costs might be. It also allows for the event managers on the ground to make changes to the event needs on the fly and to make sure that this data gets captured, for example as clients request more resources.

Mr. Williams also complimented how the information could be captured in various formats to send it out so that other people could see it, for example in PDF format. It will also help POVA have access to viewing the MERC calendar and make requests for potential events. It's a great time-saver in re-booking – just input the data for the event the first year and then the next year the same logistics are available to update as necessary.

Kathy Taylor, MERC Finance Director, stated that the EBMS product was selected due to the expertise of the vendor; they are worldwide and have been servicing this market for a long time. In addition to the impressive technological aspects, the program incorporates a significant risk reduction feature; there is an audit trail providing accuracy and transparency.

4. PROGRAMMATIC BUDGETING

Bill Stringer, Chief Financial Officer, said Central Services consisted of four different departments – Finance and Administrative Services (FAS), Human Resources (HR), Public Affairs (PA), and the Attorney's Office; in addition, Council Operations support was shared, although technically financed by another fund.

He shared a chart showing the cost of Central Services, a copy of which is included in the meeting record. Central Services has remained fairly constant as a percent of the total Metro budget, at about 7%. FAS consists of 12 different programs, with a total of about 70.5 FTE. Total net budget is about \$8.8 million. Mr. Stringer discussed the accomplishments of the groups in his area, such as implementing the web-based version of PeopleSoft, significant improvements in performance budgeting measures, working with Public Affairs to develop a web-based grants management system. They consolidated 22 funds into 12 and changed the general fund from \$14.4 million to about \$80 million in order to allow the Council greater flexibility in using a general fund base. Metro's bond rating was improved from AA to AAA, and the solid waste bonds rating was restored back to double-A plus. The point of this is that as we go out for more bonds, we will save 0.25% on any new bonds. That can be a lot of money. They are working on a new system to replace the current timesheets.

More broadly, said Mr. Stringer, there is the issue of the charter spending limitation. This was set at about \$16 million for excise taxes, and we are currently at about \$13.5 million. One of the biggest concerns is the increase in health care costs and contributions to the Public Employees Retirement System (PERS). We have been setting aside \$2.5 million annually into a PERS reserve account. That money is earning about 3.5%; if PERS alerts us that we have an unfunded liability because of the court decisions, we would be charged 8%. Councilor Burkholder asked how well we do relative to other operations, private and public. Mr. Stringer said he would look into this and provide the information to Council.

At Council President Bragdon's request, Mr. Stringer provided a chronology of the business design team's work. Councilor Newman asked about the allocated cost formula. Mr. Stringer said this was very complex; there were 40 different elements, and it's basically a zero-sum game. He would like to present it later. Councilor Liberty asked if there had been any fallout from trimming down Central Services. Mr. Stringer would prefer to respond at the next presentation. He said that FAS has maintained the hiring freeze, eliminated some vacancies, and left some positions unfilled.

Ruth Scott, Human Resources Director, talked about the voluntary separation program; there were 33 employees who chose this option, saving \$183,000. Rachel Bertoni, Compensation Manager, said their department supported workforce excellence and financial excellence. They manage Metro's employee recruitment and selection, handle diversity outreach, as well as labor and employee relations. The Compensation unit monitors employee records, from changing addresses up through performance evaluation and controlling benefits costs. Lastly, organizational design and development helps with employee training needs and departmental reorganization.

In response to Councilor Newman's question, Ms. Scott observed that the overall staffing level in Human Resources has remained pretty consistent, at about 11 FTE over the past eight years. She also felt that this staffing level was about right for their current workload; they are pretty much at capacity. Councilor Liberty asked if people were happy working at Metro, and how we could know this. Ms. Bertoni said some people were very happy, and some people expressed unhappiness yet continued to work here. Our benefits packages were very good. She thought Metro was a good employer compared to some other entities. The performance evaluations might reveal more.

Council President Bragdon said that HR is instrumental to everything else. Over the last two years, there's been a lot of transition, along with ongoing maintenance. What percentage of HR's current projects were transitional, and what percentage ongoing? Ms. Scott estimated on-going projects at about 2/3 of current workload.

Chris Billington, Council Operations, said the Council budget this year had four programs – two allocated (COO administration, and record information management) and two general fund programs (Council leadership and policy development, and council operations). The Metro Policy Advisory Committee (MPAC) has been integrated under the Council leadership program. This year we are working on enhancing the policy development and implementation portion of the programs. Next year we will shore that up, hoping to add one intern. Becky Shoemaker, Council Archivist has used quite a few interns, through Portland State University (PSU); they have been working on the history of the Council, as well as managing planning records. These interns work for PSU credit; there is no cost to Metro other than the Archivist's time. Approximately 91% of the budget is personnel services, 9% materials and services. There is not a lot of fat. Main priorities are fulfilling Council goals, leadership excellence, and operational excellence.

Councilor Park said he was pleased with how Council operations were improving; he was getting a lot more assistance in policy development. Ms. Billington cogently observed that adding Reed Wagner in policy support and Dove Hotz in operational support has shored up the ability of the Council assistants to support their Councilors.

Kate Marx, Public Affairs, described her area as divided into five delivery systems – citizen involvement, community relations, workforce management, identity management, and policy

communications. They have lost one FTE this year. There has been some significant moving around of positions, building competencies in writing and political savvy. For the coming year, Ms. Marx wanted to stress two major areas: 1) Budgeting and pricing for citizen involvement activities; primarily they're transitioning away from more conventional public involvement meetings and more towards event management. The Centers program, mayors' forums, convening of other large groups; the cost for that labor and materials was embedded in the Planning department budget. Those added costs won't be in the PA budget, it will be by project in the planning department budget. The current office of citizen involvement has two people, all their costs are already allocated to existing transportation projects. 2) Don't forget the value of our web site. It is a great resource, and one of the primary ways we can express our leadership and our agenda. If we are to keep up with best practice, what's going on in other agencies, we need to think about making investments in this area. Some Councilors have requested translation of materials into foreign languages; there are significant costs associated with this. We are already backlogged in web site maintenance. Ms. Marx has one expanded request in the budget, to add \$30,000 for contracted assistance in managing transportation, legislation, lobbying for state projects.

Council President Bragdon said he thought the performance in this area had improved quite a bit. He still wanted improvements in communications, and recognized that Council had a role. They will have a retreat in January to talk about how to improve. He wanted to empower PA to coach Councilors in their public communications. We need Metro's reputation for leadership and trust to be sterling; we have a lot coming up the next year.

Councilor Park said he thought things were improving, but he wondered about the distribution of PA staff throughout the departments and asked if there weren't still opportunities for synergy. COO Jordan said that the recommendations that had been made and are being implemented, they have done what was recommended at the time, and they are integrating the reorganization, and now they are ready to examine the linkages and synergies, but that will require Council input and priorities.

Councilor Liberty wanted to emphasize the quality of the information received as well as our relationships in the community. These are somewhat invisible but nevertheless very important.

Chief Operating Officer (COO) Michael Jordan wanted to call attention to the diversity process; this has not been called out as a separate program, but he proposed to do this in the upcoming year. This would be more of a restructuring than a big new project.

Daniel Cooper, Metro Attorney, said the track record for the past year was pretty good. He identified a shift in the use of some attorney time – HR is a very different client now than it used to be. Their legal needs have changed from litigation due to terminated employees, towards being proactive to make sure they continue to help the managers manage the agency in a successful way. The business design team has the potential to reduce attorney time by drafting contracts that require less attorney review. At the same time, the Council are activists who want to initiate policy. This has required more workload on the attorneys. The attorney area is pretty close to capacity right now. Mr. Cooper has some flexibility for some half-time people to work more hours. The one big change would be if the open spaces bond measure passes, the due diligence would be affected a lot. This would be bond-funded work; it could ramp up gradually if the measure passes. He observed that, if the measure passed, it would be important to have separation on the acquisition side and the disposition side, so there was no perception that we were trying to keep prices down in areas that we want to acquire.

Mr. Cooper then addressed the attorney work in the legislative session. Since bringing in Randy Tucker, Legislative Affairs Manager, some of this function has been moved from the attorney area. They still support PA with bill tracking, as well as being a clearinghouse for comments.

Council President Bragdon wanted to know about possible code overhaul in the solid waste system. Mr. Cooper said unless some unforeseen litigation arose, he thought he could handle it. His budget is flexible enough to accommodate a variety of scenarios. He would prefer to use contracts for short-term projects instead of hiring someone for a short period of time.

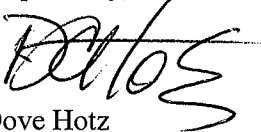
Councilor Liberty asked about "taxing increase in value" and spending the money, what is our legal involvement? Mr. Cooper said those kinds of things, if we went to the voters and were approved for a new tax resource for, say, \$80 million annually, there would be funds available through that, possibly to add staff.

5. COUNCIL BRIEFINGS/COMMUNICATIONS

There were none.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:50 p.m.

Prepared by,



Dove Hotz
Council Operations Assistant

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
DECEMBER 6, 2005**

Item	Topic	Doc Date	Document Description	Doc. Number
1	Agenda	12/08/05	Metro Council Agenda for December 8, 2005	120605c-01
2	HCTF update	12/06/05	To: Metro Council From: Housing Choice Task Force Re: HCTF Work Update	120605c-02
2	HCTF pilot project	12/02/05	To: Metro Council From: Housing Choice Task Force Re: Metro HCTF and City of Wilsonville Housing Pilot Project	120605c-03
2	HCTF schedule	11/16/05	To: Metro Council From: Housing Choice Task Force Re: Schedule of Remaining Milestones to Be Accomplished by HCTF	120605c-04
4	Budgeting	12/06/05	To: Metro Council From: Bill Stringer, CFO Re: Central Services Costs as a % of Spending	120605c-05