

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, March 21, 2006
Metro Council Chamber

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

Councilors Absent:

Council President Bragdon convened the Metro Council Work Session Meeting at 2:01 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, MARCH 23, 2006/ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS

Council President Bragdon reviewed the March 23, 2006 Metro Council agenda.

Councilor Newman discussed agenda item 6.1, final action on the construction excise tax. Please advise him of any concerns before Thursday. Councilor Burkholder asked him what his sense of support was. Councilor Newman said it seemed pretty favorable. Washington County has chosen to participate.

Councilor Burkholder said he would be happy to meet to discuss details of agenda item 7.1, regarding the priorities of the Metropolitan Transportation Improvement Program (MTIP). The changes are not very extreme.

2. PRESENTATION AND DISCUSSION OF FY 2006-07 BUDGET

Kathy Rutkowski, Finance, distributed a more detailed list of which departments would be presenting, and at what times, today (a copy is included in the meeting record).

Bill Stringer, Chief Financial Officer (CFO), presented an update on the appropriate level of cash reserves. He emphasized that, strictly speaking, these should be considered "cash balances" rather than "reserves." Metro's cash balances were \$100 million. He explained the factors that had been considered throughout the budget consolidation process. A new study would need to be done to see what had changed. The study would include a look at the variability between departments.

Councilor Liberty asked for more clarification of what was in the fund balance. Mr. Stringer provided a sheet with a summary of the reserve balances (a copy is included in the meeting record). Council President Bragdon asked what statutory or legal requirements were inherent in this reporting. How much flexibility was there? Ms. Rutkowski detailed the reserve balance spreadsheet and the various restrictions. Council and staff discussed the specifics of the spreadsheet. It was a combination of required fund balances and discretionary/prudent fiscal policy fund balances.

Council President Bragdon asked for more information about the appropriateness of the fund balances. Mr. Stringer replied that it was forthcoming later in the year. Councilor Burkholder said the overall effect of such a high fund balance was to tie up money that might otherwise be used operationally. Council and staff debated the risk analysis that was behind the decisions to keep

the funds at their various levels and what strategies would be used to identify more appropriate balances.

Council President Bragdon asked about the Public Employees Retirement System (PERS) reserve. Mr. Stringer agreed that all these figures needed to be re-evaluated. He reviewed the history of how the PERS fund had been approached. The risk management fund was not recovering as quickly as was hoped.

Councilor Liberty asked about re-insurance and what was covered under that. Mr. Stringer said we had very high deductibles for things such as liability. Under the State Accident Insurance Fund (SAIF) we have some coverage for workers' compensation. Metro is mutually self-insured through the risk management but also carries catastrophic insurance. Mr. Stringer promised to provide more information. He discussed the factors that had been considered in self-insurance and re-insurance. Councilor Liberty asked about tort liability, what had past payments gone toward? Mr. Stringer said the bulk of the activity was through workers' compensation but the largest settlements were tort claims.

Karen Feher, Finance, distributed the Proposed Five-Year Capital Budget (a copy is included in the meeting record). She presented it as an opportunity to look at priorities. Councilor Liberty asked how a project got onto the un-funded list. Ms. Feher said it was usually because a project became less of a priority. Mr. Stringer clarified that the reason these projects were kept on the list was to be able to explain why they were unfunded, rather than just dropping them as if they had never existed.

Councilor Newman asked why the hospital/quarantine project at the Zoo was not on the list. Staff responded it was because the Zoo had not added it. Council asked to have this added, even if it was just a placeholder, and to add it to the package of technical amendments.

Ms. Feher described the capital funding process for Council President Bragdon. Councilor Liberty asked about projects that looked further out than five years. Mr. Stringer said he would be thrilled to be able to do this, but at this point the process was not in place. Councilor Park asked about the projects at the solid waste facilities. He wondered how these would be affected if we "got out" of the solid waste business. Ms. Feher responded these were the best business practices whether we stayed in or not.

Tony Vecchio, Zoo Director, presented next, after a brief introduction from Councilor Newman. Councilor Newman said there was some concern on the part of The Zoo Foundation board about consolidation and whether Zoo resources would be diverted to other Metro activities. Mr. Vecchio added that this was more of a potential problem than an immediate problem. He distributed a highlight sheet (a copy is included in the meeting record). Personal services, fueled primarily by PERS, would go up 4.3%. A noteworthy item was that he was requesting that a \$0.25 conservation fee be added to each admission. This was an opportunity to educate people about how much of their money was going to conservation.

Councilor Burkholder asked if this would be considered an increase in the zoo admission – would it require an ordinance? Staff responded in the affirmative. Councilor Burkholder asked when the last admission charge had increased. Mr. Vecchio said not this year but last year. They were not considering any additional increases to admissions.

Councilor Newman noted the President's budget contributed \$500K to Zoo deferred maintenance. They discussed details. Mr. Vecchio said that some projects would be under \$50K, some would be over. They discussed the excise tax and how this money would be un-encumbered. Councilor Newman asked about the use of greywater at the Zoo. Mr. Vecchio said that they had a lot of great ideas and would be implementing some small projects soon, with an eye toward expanding this concept. They talked about details of water usage at the Zoo. Councilor Park asked about approaching the City of Portland for a special rate. Mr. Vecchio said the City was upset that the Zoo had been conserving so much water, because it was costing them revenue!

Councilor Liberty was interested in sharing the utility-consumption reduction strategies system-wide. Michael Jordan, Chief Operating Officer (COO), stated that all these issues were being looked at. Councilor Liberty asked what the sense of the five-year fiscal health of the Zoo was. Mr. Vecchio said he had concerns. The business model had not been solved, especially the increase in costs. Councilor Liberty asked how our issues compared nation-wide. Mr. Vecchio said we were comparable, but he said that government-run zoos tended to be more expensive to operate, especially due to the existence of PERS. More and more zoos nationwide are trending toward public/private partnerships.

Stacey Triplett, Nature in Neighborhoods, and Jeff Tucker, Parks, filled in for Jim Desmond. They were basically dealing with a current level of service budget, without a lot of large changes. The passage of the bond measure was not assumed under their budget. If it were to pass, we would be able to go back and change things. Council and staff discussed details of how the parks bond funds should be handled.

The Cooper Mountain master plan received unanimous approval last week from the Washington County Commission, so this would be going forward. Mr. Tucker discussed some details of the target areas and how work was being done to work out any problems. Regarding a potential golf learning center, a site analysis was taking place. Councilor Burkholder asked if any market studies had been done about the golf center. Mr. Tucker said yes, the market study was completed in March 2004. He was currently doing another look at it, to be completed this week. The draft report claimed that the market was the same as before; the 2004 numbers were still considered conservative. Councilor Park said there was some unhappiness with the fact that Gresham golf course had been sold and housing would be built there. Councilor Park identified some of the opposition to the project, around the area's environmental value and also its water quality role. Mr. Tucker said this was being considered in the study.

Council President Bragdon shared that when we added the \$1.50 a ton, it had an escalator for inflation, but also an escalator for tonnage. Did this budget rectify his? Mr. Tucker said yes, it would take away the dedication. He discussed the way the budget had been decreased, including staff reductions, to accommodate the reduced income.

Councilor Newman discussed the consolidation of the general fund and the need to keep departments motivated to continue to save money even if it didn't benefit them directly. Mr. Jordan thought the performance measurement was one good tool.

Mr. Tucker discussed renewal and replacement projects, including staffing and funding planning. Mr. Jordan added that the longest long-term issue for Parks was perpetual care for the cemeteries. There was no way for us to take care of the cemeteries once they were full. There would be no more revenue and the fund wouldn't be enough. Council and staff discussed the future of the perpetual care.

Ms. Triplett said implementation of Nature in Neighborhoods continued. Development practices, restoration and conservation, and long-term reporting were included. Councilor Newman asked about sequestering \$40K, as a placeholder to lead up to the design competition. How would that be handled? Ms. Triplett said she thought that would be a budget amendment. \$40K might not be enough.

Andy Cotugno and Jenny Kirk, Planning, referred to a separate planning budget that was required for grant purposes. It was 95% consistent with Council President Bragdon's budget. He discussed the differences. The New Look budget has a materials and supplies (M&S) budget for two fiscal years. This would need to be re-evaluated in June. It was a similar situation with the Regional Transportation Plan (RTP) M&S. There was a bit of a lag. There was some ongoing discussion in regards to the consulting fees for the scoping work.

Mr. Cotugno reported that the housing survey would be a big item. They were asking for money from Tri-Met and the Oregon Department of Transportation (ODOT). It looked promising. He was hoping to get some good general information out of this survey but had not identified any tolling activity. If anything happened, it would be budgeted for at that time. If the tolling study grant application was successful, that would have an effect. The Transit Oriented Development (TOD) program had been budgeted for two levels, one in case additional work was required.

Re: Measure 37. The budget included a nominal amount to assist the legal department with any potential claims. There was no budget for the windfall tax. Councilor Hosticka asked what total Measure 37 claims might be. We were budgeting to process the claims, not to pay them. It was possible we would want to pay some claims rather than waive regulations. Mr. Cotugno agreed to provide information on the claims that have been presented to us so far. Council and staff discussed how Metro's Measure 37 claims compared to other agencies'.

Lastly, Mr. Cotugno talked about budgeting for the PERS reserve. The PERS refinancing has occurred, there was a payment made to PERS and now he was incorporating an add-on into our PERS rate that was the repayment of that debt. This was a grant-eligible expense. The PERS reserve, where we've chosen collectively to set aside money for future liability, was not grant-eligible. Grants can only pay real expenses, not speculative expenses.

Councilor Liberty asked if the committee had ever provided advice on what a bigger project would be. Mr. Cotugno said this would be forthcoming. Councilor Liberty talked about a time analysis for the department. How did this year's and last year's figures compare? Mr. Cotugno said they were similar. They were up in the corridor area. Councilor Liberty asked if they found it useful. Mr. Cotugno said he had not plugged the updated numbers into that format.

Councilor Burkholder asked about RTP finance. The program has doubled in size. Mr. Cotugno will provide a report for him. Councilor Hosticka asked about citizen involvement. Why was this in Planning instead of Public Affairs? Mr. Cotugno said there were four people in his group who reported to Kate Marx in Public Affairs. But he paid for them; they were working on his projects. Same for M&S, because it was transportation grant-funded.

Councilor McLain shared some information on streetcars that were made in France.

Council President Bragdon clarified that Mr. Cotugno would get back to Rex on RTP finance. Mr. Cotugno said it depended on where the Council and Joint Policy Advisory Committee on Transportation (JPACT) finance committee wanted to take the topic. Councilor Park questioned

\$60K for additional outreach. Mr. Cotugno said that that was a decision option over and above the base budget. Council had chosen the base area in this budget.

Councilor McLain talked about the connection between the RTP and land use. Councilors discussed the processes that were in place to look at this. Councilor McLain wanted to emphasize citizen participation in the process. Let's not just depend on the consultants to do this. Mr. Cotugno said the meeting on the 20th would include neighborhood groups, not just electeds.

Council President Bragdon discussed the upcoming budget presentations.

3. COUNCIL BRIEFINGS/COMMUNICATIONS

Councilor Burkholder apologized for the article in Saturday's paper, regarding outdoor school. The article gave the impression that things were much further along than they actually are. He passed around a ballot measure proposal (a copy is included in the meeting record). He clarified that the Metro contribution to outdoor schools was in the very early, preliminary planning stages. He described the work that had been done to date. It would be approached as a citizen initiative. He outlined program costs, taxes, tipping fees, etc. Council discussed strategy for the ballot initiative.

Councilor Liberty was interested in doing something with the land between I-85 and I-205. The higher areas were very noisy, although with great views. But down below it was relatively peaceful. The concept might include some development, perhaps named Gateway Gardens. Access would be expensive. Council President Bragdon said the fumes were terrible; the Rocky Butte jail used to be there and was closed due to fumes. Councilor Liberty then proposed that Metro create a photo map of the region, about 40x30 feet, to accompany the New Look. Surprisingly, such a map was more affordable than he had thought, about \$2900. It would be printed on strips of permeable plastic. Council agreed he could proceed with fundraising for the map.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:41 p.m.

Prepared by,



Dove Hotz

Council Operations Assistant

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
 MARCH 21, 2006**

Item	Topic	Doc Date	Document Description	Doc. Number
1	Agenda	3/23/06	Metro Council Agenda for March 23, 2006	032106c-01
2	Budget	3/21/06	To: Metro Council From: Kathy Rutkowski Re: Breakdown of budget presentations	032106c-02
2	Budget	Undated	To: Metro Council From: Bill Stringer Re: Summary of FY 2006-07 Bginning Reserve Balances	032106c-03
2	Budget	March 2005	To: Metro Council From: Karen Feher Re: Proposed Five-Year Capital Budget	032106c-04
2	Budget	3/21/06	To: Metro Council From: Tony Vecchio Re: Oregon Zoo FY 2006-07 Proposed Budget	032106c-05
3	Councilor communications	Undated	To: Metro Council From: Rex Burkholder Re: Conservation Education Ballot Measure Proposal	032106c-06
2	Budget	Undated	To: Metro Council From: Bill Stringer Re: Fiscal Year 2006-07 Proposed Budget, Volumes 1 and 2	032106c-07