

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, March 28, 2006
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 2:02 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, MARCH 30, 2006/ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS

Council President Bragdon reviewed the March 30, 2006 Metro Council agenda.

2. OREGON ZOO STRATEGIC PLAN UPDATE

Tony Vecchio, Oregon Zoo Director, said the task force has convened. He clarified the use of the “master planning” versus “strategic business plan.” The long-term planning, with big-picture issues for the Zoo, was to start in April. Mr. Vecchio said he realized that a strategic business plan was needed, as well as the logistical review of Zoo grounds. He has consulted with The Oregon Zoo Foundation. One of the directors offered to work pro bono to lead the Zoo through the strategic planning process. This was begun in 2002. They wanted to wait to make sure that the Zoo’s business plan was compatible with the rest of the agency. The focus at that time was on increasing attendance. This concerned Mr. Vecchio because he felt there was too much attention on raising revenue at the expense of the Zoo’s other missions.

He gave Council a summary of the draft plan (a copy is included in the meeting record). He reviewed the strategies for the five different areas—conservation, community relations, employee relations, spreading the excitement, and exhibits and facilities. Mr. Vecchio felt they had done a very thorough job of brainstorming strategies. The process of going through the planning had been very exhilarating for the staff. They were committed to implementing some of the pieces right away.

Councilor Burkholder asked how Mr. Vecchio envisioned the role of the Zoo Foundation in implementing the business plan. Mr. Vecchio replied it would depend on the objective. Councilor Newman stated that Mr. Vecchio had articulated the challenge as changing the business model of the Zoo because the traditional model of increasing attendance has not worked. Mr. Vecchio said the April task force would be looking at the big picture business model. The exhibits and facilities was the old business model. The proposal under consideration was basically a stopgap to make the old model work as well as possible, until the new business model was up and running. He gave the example of the new warty pig exhibit, where costs had been kept to a minimum.

Councilor McLain admired the Zoo’s combination of new exhibits, entertainment, and conservation education mission. She felt the connection with Parks was a natural complement in this area. She asked Mr. Vecchio where some of these connections would be. Mr. Vecchio identified several of the strategies that had explicitly done so. Councilor Liberty asked about some of the uncontrollable expenses that were driving the blown budgets, such as health care and utility costs. Was this the reason the current model was not working? Mr. Vecchio thought yes. The retirement system and

medical benefits were out of control, and revenues could just not keep up. Councilor Liberty asked for updated information on retirement costs. Michael Jordan, Chief Operating Officer, said that actuarial information was updated approximately bi-annually. He hoped that some retirement contributions would be leveling off soon. Health care costs were still a phenomenal problem, with double-digit increases and no end in sight. Mr. Vecchio said that he recognized certain things were outside the Zoo's control. His current focus was on things that he could control.

Council President Bragdon thought the phrase "the business model is broken" applied to systems which were experiencing a paradigm shift. The costs of retirement benefits and health care were expenses which were actually external to the business model. There wasn't anything wrong with the business model; it was just that certain costs were increasing faster than was sustainable. Councilor Liberty agreed; saying the business model was "broken" implied that something was internally flawed, whereas the reality was that the problems were external.

Councilor Burkholder thought that one problem was that the Zoo was reaching capacity. He wondered if a seasonal admission model was an option. Could we charge more during the summer, where demand was higher? Council President Bragdon asked if other zoos did this. Mr. Vecchio was aware of some that did. The general experience was that zoo admissions were not price-sensitive, they were weather-sensitive. Councilor Liberty asked about exhibits that sheltered patrons from the weather. Councilor Newman identified some possibilities for Zoo-related indoor conservation education experiences, to attract more winter-time admissions. Children's museum, OMSI, and forestry centers experience large attendance during the rainy periods. Mr. Vecchio would like to achieve more winter-friendly exhibits.

3. COMMUNICATIONS PLAN

Kate Marx, Public Affairs Director, introduced Bruce Cappelli and Mark Hass of Cappelli-Miles, the communications project consultants. They offered a media presentation (a copy is included in the meeting record). Mr. Cappelli described the project as a communications audit. He defined branding as a strong bond with customers. Mr. Hass emphasized the importance of relationships. Previous generations of branding emphasized adjectives – stronger, whiter, bigger, etc. Now it was the relationship of the customer to the organization. Mr. Cappelli defined some of the characteristics of a successful brand and reviewed the elements of the branding strategy. He gave some examples of different approaches to reaching out toward the same demographic. He felt the branding strategies could actually reflect or even change the culture of an organization.

Mr. Cappelli gave his opinion of why Metro should invest in more brand identity strategies. Mr. Hass spoke specifically to the importance of branding in government. Mr. Cappelli noted that citizens were busy and over-communicated with, but they were sophisticated media users. He described the five critical steps for a successful branding strategy—delve, unmask, create, declare, and live. Council President Bragdon discussed the difference between consumer attachment to some brands – such as Mac to Apple – where consumers identified both with the product and with the parent company – versus people who use a certain toothpaste but don't care that it came from Proctor & Gamble. How does this distinction apply to Metro? Mr. Hass used the example of General Electric, which is a huge diverse corporation with the slogan "we bring good things to life." Metro has an opportunity to tie things together in a similar way.

Councilor Liberty asked for more justification for the marketing/branding project. Mr. Cappelli referred to Metro's mission statement from 1992 – having a strong articulated brand with internal understanding of our role in the organization, helps us fulfill this better than just an organic

growth. Councilor Liberty agreed this was a compelling argument. But in Metro's case, we did not have to advertise to provide the services. It made the level of relationship very different. Councilor McLain thought there was a value to branding. To her, good branding and messaging should include 1) quality, our unique value; 2) no redundancy within the agency, use this opportunity to clarify what "only" Metro does; 3) highlight our silent success stories – recycling hotline, latex paint; 4) she appreciated the opportunity to think about the Council's identity.

Councilor Park stated that Metro had a unique problem that differentiated us from the commercial industries. There were people out there actively trying to paint us with a poor image, no matter how we tried to brand ourselves. How could we combat this? Mr. Hass thought a strong brand could help defend against such attacks. Mr. Cappelli agreed; the best defense was a good offense.

Councilor Burkholder thought this process was important. He asked Ms. Marx, in terms of timing, how we could start using these strategies and communications sooner than later, such as with the New Look. He thought the branding needed to be more than Nature in Neighborhoods. We had huge needs for a communications tool. Ms. Marx said we wanted to have a brand map/platform delivered within 10 weeks. The New Look and Nature in Neighborhoods required special attention. He felt community communications were key.

Councilor Newman identified Metro as a government agency that had a defined leadership role – we were clear about our goal to maintain quality of life. Ms. Marx said Metro spent a lot of money doing social marketing, to help citizens understand that their behaviors had impacts. Councilor Newman emphasized the future focus, saying this was sometimes the more controversial part. Councilor McLain wanted people to see Metro as trustworthy, helpful and responsible. We didn't want to be just mush. Let's be the real good rolled oats and rolled wheat.

Councilor Liberty feared that a quick, glossy approach might be perceived by the media as a band-aid. So he had modest expectations of the current project. Real solutions needed to be more long-term and ongoing. Mr. Cappelli felt the results could be very honest and thorough. Ms. Marx spoke to Metro's role as a convener of events as an opportunity to live our branding; this could be much more powerful than advertising or logos.

Councilor Burkholder asked about people who came to Metro to address health care issues. Others have asked us to talk about collaborations in higher education. Metro was getting a reputation as a convener. Our actions could help brand us. Councilor Park mentioned the lack of a Metro name on the Zoo or the Convention Center. Were we missing out on positive association with these organizations? How did we make sure we got the credit for this stuff? Trust in competency in one area can cross over to other areas (if people like the Zoo, maybe they'll trust our long-range planning).

Council President Bragdon summarized that the Council had expressed overall support for the project. Personally, he agreed with Councilor Burkholder about policy matters. The New Look planning and Regional Transportation Plan had a lot to do with communications.

4. BREAK

5. REPORT OF THE RATE POLICY SUBCOMMITTEE

Councilor Park said the rate policy review committee had done a lot of good work and covered a lot of territory. Mike Hoglund, Solid Waste Director, said the report had been approved by the

Solid Waste Advisory Committee. He gave a media presentation (a copy is included in the meeting record). He analyzed Metro's Tip/Transaction fees with its breakdown of disposal/transaction fees, regional system fee, excise tax, and other (Department of Environmental Quality and enhancements). About half the tons go through Metro facilities; the other half through private facilities. He described the philosophy and practice behind cost allocation. There were two philosophies – "public goods" and "cost-of-service." Before 2004-05, we leaned more towards the public goods. Since then, some of the debt service has been shifted over and we were currently in a hybrid situation. Councilor Liberty wondered if one of the philosophies was more applicable to the different rates. Mr. Hoglund reviewed the categories of sustainable purchasing, self-haul, private facility regulation, and tip fee issues, including the findings and recommendations of the committee.

Councilor Burkholder said one of the goals was to make the social and environmental costs more visible. Council President Bragdon agreed; he liked to see direct and indirect costs identified independently. Mr. Hoglund stated that, in addition to private individuals hauling their own trash, there was a class of small business, "clean-up companies," that pick up trash and take it. More information was needed about this, such as the total tonnage. We had some pretty good idea about our own facilities but not the private ones. Councilor Park gave an educated guess of around 100,000 tons. He emphasized that franchised haulers were paying for the franchise in a certain area. Council discussed the difference between the different types of business that disposed of waste. Councilor McLain wanted to see more discernment amongst the different categories.

Councilor Burkholder asked what Metro's concern in this was. Maybe it was more of a local government concern. Mr. Hoglund agreed. Mr. Jordan asked if there was a breakdown between wet and dry waste. Mr. Hoglund said it was classified as wet waste, although in fact most of it was dry in quality. It is mostly non-putrescible.

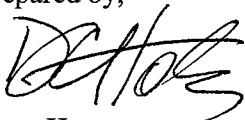
Councilor McLain thought the Disposal System Plan should be completed before making any changes. If Metro went from being part of the system to just being a regulator, that would be one of the biggest changes ever. Councilor Burkholder appreciated the subcommittee for providing such clarification on a complex topic. He would like to look at other impacts on the system as a whole, such as diesel retrofit. People didn't like diesel trucks driving through their neighborhoods. Council and staff discussed some of the larger issues regarding disposal systems.

Council overall appreciated the recommendations and the presentation. Council President Bragdon appreciated that the committee had gone back and examined issues that had been previously overlooked. Councilor Park thanked the staff. He brought up the future of Metro's role in disposal; if we were just a regulator, how would we set prices?

6. COUNCIL BRIEFINGS/COMMUNICATIONS

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:42 p.m.

Prepared by,



Dove Hotz
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**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
MARCH 28, 2006**

Item	Topic	Doc. Date	Document Description	Doc. Number
1	Agenda	3/30/06	Metro Council Agenda for March 30, 2006	032806c-01
2	Zoo plan	Undated	To: Metro Council From: Tony Vecchio Re: Oregon Zoo Strategic Plan	032806c-02
3	Communication plan	3/28/06	To: Metro Council From: Cappelli-Miles Re: Branded Communications Project	032806c-03
5	Rate policy	3/28/06	To: Metro Council From: Mike Hoglund Re: Final Report and Recommendations	032806c-04