

## MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, April 4, 2006  
Metro Council Chamber

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

Councilors Absent: Rex Burkholder (excused)

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

### **1. ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS**

There were none.

### **2. 2006-07 BUDGET DISCUSSION**

Kathy Rutkowski, Finance, distributed a more detailed breakdown of today's presenters (a copy is included in the meeting record).

Jeff Miller, Metropolitan Exposition-Recreation Commission (MERC) General Manager, said his was a clean budget. Expenditures were up 7%; personal services accounted for 9% of this. Revenues were up 6%. The budget included a conservative percentage from the hotel/motel tax. Council President Bragdon asked if any of this would be used to pay off the bonds. Mr. Miller said not at this time. Councilor Liberty asked if the budget assumed a 2.5% increase for next year. Mr. Miller said yes. Councilor Liberty had some questions about shifts in salary allocation. MERC would be adding some net positions. Mr. Miller stated that the focus this year was on maintenance versus capital projects. A sales position and booking coordinator position have been added to the budget for the Portland Center for the Performing Arts (PCPA).

Councilor Park asked about the ratio that Portland Center Stage paid, compared to a full-rate customer. Mr. Miller responded that resident companies paid \$600 per night, commercial shows paid \$3,000, and non-profits paid around \$1,500. So resident companies were heavily subsidized. More commercial shows should mean a higher percentage of revenue to PCPA. MERC was in the midst of their strategic business plan. There have been significant improvements in their business processes; the new business software was working very well. A classification/compensation study was on the horizon, as well as a financial review of the Visitor Development Initiative (VDI). The headquarters hotel project seemed to be becoming more viable. The Expo was doing a market feasibility study. They were very open-minded as to the results. Mr. Miller felt they had a pretty good handle on MERC's overall financial picture.

Council President Bragdon asked about the long-term issues at PCPA. Mr. Miller said they were capital and maintenance needs. He has been involved with some fundraising around this. The acoustics in the Schnitzer needed to be addressed. Capital projects were winding down and the focus was shifting toward maintenance. Councilor Park asked how the capital projects were compartmentalized. Mr. Miller explained that it involved agreements with the City of Portland. Councilor Park brought up the example of PGE Park, which experienced a change of direction after the project and arrangements were crafted. He wanted to make sure such agreements with Metro would not be detrimental to our own facilities. Mr. Miller thought the proposals were very

clean in that regard. Councilor McLain asked about marketing at the theatres and Expo. Mr. Miller said there was a marketing piece, at the Expo, about Halls A, B, and C. Expo had maintenance issues. The focus was on finding the right combination of spaces.

Councilor Liberty clarified that income was up 6% and expenses were up 7%. Mr. Miller said there were two unusual circumstances – the PCPA had the “Lion King” production, and the Oregon Convention Center (OCC’s) revenues were up 5%. Citywide conventions for 2006-07 were not as high. Mr. Miller said he had been careful and conservative. They have pushed the margins on food and beverage. Health care and retirement funding were the biggest factors. Councilor Liberty asked about the national forecast for convention business. Mr. Miller did not have a specific figure, but it has been rising. He felt the lack of a headquarters hotel was a drawback and was reducing bookings. Most cities have a 1000-room hotel attached, providing a competitive advantage. Nevertheless, they have been marketing aggressively.

Councilor McLain said it was a problem for a certain segment of the market, but weren’t there also groups who would not use a headquarters hotel? For example, high school students ought to be kept apart, not aggregated! Mr. Miller said the exhibitors, board members, and key conventioners wanted this amenity. His research showed that a headquarters hotel would attract more business for other local hotels. Councilor McLain had some questions about how the local convention players worked together. Mr. Miller described some of the partnerships.

Mike Hogle, Solid Waste & Recycling, distributed some information about his budget (a copy is included in the meeting record). The tonnage has been shifting away from Metro stations. This included both wet and dry waste. We have been continually losing market share. This was not surprising. Overall tonnage in the system had increased. This had the effect of reducing the regional system fee. He cautioned that these figures might change as a result of the Rate Review Committee’s work. He discussed the tip fee changes. They were favorable. The upshot was that we were able to provide the same level of service at less cost. This was not necessarily helpful for self-haulers. The Rate Policy Subcommittee recommended going to a two-tiered rate. Councilor McLain said this was a policy decision. Councilor Park said the rate review was driving these models. The question of self-haul was who used the bulk of the time at the stations. Councilor McLain thought it was significant. There was a staged situation with the budget and the rate review committee. She thought the Council should have more input on it. Council President Bragdon thought the process was sound. Councilor McLain asked how many self-haulers were on the rate review committee. Mr. Hogle described the makeup of the committee. The rate review committee would take the recommendations of the subcommittee and translate them into hard figures. He asked Councilor McLain if she wanted to see more information on winners and losers? Councilor McLain said that she would like to see the report. Mr. Hogle agreed to provide a copy. Council established that they had the final say on the policy direction.

Councilor Liberty observed that tonnage growth was about double the rate of population growth. Why was this? Mr. Hogle said consumption was up, but 2002 was a slow year, due to 9/11, so 2006 was probably a more realistic figure than 2002. Staff responded that consumption rates tended to increase even faster than population growth rates. Councilor Liberty asked if there were any capacity issues. Mr. Hogle said that capacity was more than adequate. He then discussed the “Solid Waste Fund Totals.” Program costs were reduced. The operating budget was up 2.6%, mostly from tonnage-related contracts. Councilor Newman asked about Full-Time Employee (FTE) levels. Mr. Hogle said there was a net additional 0.5 FTE.

Councilor Liberty observed that different departments had different items in their contingency; what did SW&R have in theirs? Doug Anderson, SW&R, said that it basically included St. Johns closure account, bond requirements, operating capital, and contingency reserves. They have tried to budget with a comfortable cushion. Councilor Park asked if we could pay off the bonds today if we wanted to. Mr. Hoglund said technically, yes. Councilor Park said, as they were currently doing rate-setting, this would need to be accounted for.

Council and staff discussed the possible uses of funds above and beyond the contingency requirements. Councilor McLain asked about the decrease of 9.6% in capital budget. Staff responded it was a down year in the Capital Improvement Plan (CIP). This could change in future years as a result of disposal system planning. Councilor McLain thought an examination of the plasticity of usage as a result of rate changes would be helpful. Mr. Hoglund described the future as dependent upon the results of the disposal system planning. Things might change considerably.

Councilor Hosticka asked about the participation of Columbia Environmental. Mr. Hoglund said the opening date was still uncertain; it would probably be in early 2007. He talked about Nature in Neighborhoods; they've had some success in integrating solid waste recovery into these programs, but there have been a few delays. They were waiting to hear about the results of the grant program. Some of them had cleanup activities in them. He also discussed a proposal to expand the illegal disposal enforcement. They were trying to coordinate with Washington County. This has been a bit up in the air due to staffing changes at the County. Council President Bragdon asked about responsiveness from local jurisdictions. Mr. Hoglund said it was mixed; some was going great, but there were also some problems were on the corrections side. Roy Brouwer, SW&R, said lately it had been going well.

Councilor Liberty asked about the difference between volume and weight in deciding how full a landfill was. There was new measuring technology that could help with this. Councilor Newman said, if everything was compacted, volume could change but weight would be the same. Mr. Anderson said that, overall, weight-based tended to be the most efficient. Council and staff talked more about the increase in per-capita weights. Mr. Anderson reported that the per household rate was stable; the increase was coming from the commercial side.

Alexis Dow, Auditor, described her mandate, her team, and Materials and Services (M&S) budget. It was very similar to all her previous budgets. She commented that Council President Bragdon had reduced this budget in three key areas. The largest one, \$117K, was the location of the monies for the financial statement audit; this wasn't a difference in the cost to Metro but a matter of where it was located. Also, although her office could really use an additional 0.5 FTE, at \$50K, she acknowledged the financial realities and agreed not to push it for this year. Lastly was \$36K for outside contracting. She felt there was a lot of value for outside contracting, to fulfill the mission of her office. Metro was a very diverse organization, and her staff of three or four simply could not have the breadth of expertise to address this variety. She felt the best way was to use part of an FTE to be able to contract for that expertise. This money had been used for a variety of expenses in the past. She would be putting forward an amendment to reinstitute the budget for outside contracting. She felt the budget had been handled unusually in certain ways; she wasn't aware of any other department that had been budgeted the same way. There was no other department that had zero in the contracting budget. She felt she was submitting a bare minimum budget, especially compared to other departments. Councilor Newman asked if she anticipated a technical amendment to carry over. She said it was being developed.

Chris Billington, Council Operations Manager, reported that there were no significant changes from last year, other than the increase in benefit, which necessitated a reduction in the 10% in the M&S budget; the total increase in M&S from last year was \$225, so count those paperclips! There had been some savings in office supplies. The internship program would be reduced. It came in under budget this year and should save more next year. She was trying to be more efficient and continued to post as much as possible electronically, to save on copying and postage. This included councilor newsletters. The Council Archivist continued to work with the Portland State University (PSU) students in their capstone projects. 61% of the budget was in leadership and policy development; 19% was operations; 14% Chief Operating Officer; and 6% record management. 20% of the budget was allocated; the rest was from the general fund.

Council President Bragdon thanked Ms. Billington for her eagle eye. He was grateful that the service level to the Council had remained impressive, even in the face of cuts. Councilor Park really appreciated the work of the interns, when he could get them away from Councilor Liberty! The reorganization of council assistants and administrative staff has allowed him to be much more productive. He hoped the interns found it valuable also. Ms. Billington reported very high intern satisfaction. Michael Jordan, Chief Operating Officer, offered thanks to Ms. Billington and Reed Wagner for their recruiting of Council staff.

Kate Marx, Public Affairs Director, said little had changed since her last presentation. She reminded Council of the three different funding sources: planning for the Office of Citizen Involvement; Creative Services/identity management; and the general fund. She came in at about a 2.5% increase. She took advantage of early outs; one has been replaced. There was a \$30K request to fund lobbyist augmentation (a contract service allocation) for contracted lobbying services. This would be for lobbying at all levels, but mostly in Salem. Mr. Jordan described Metro's lobbying "presences" at the various government levels. Lobbying needs were still somewhat uncertain. Ms. Marx thought Metro could use more visibility at the federal level.

Councilor Hosticka asked when the contract would be awarded. Ms. Marx said they were looking at it very closely. Councilor Hosticka suggested waiting until after the election. Mr. Jordan agreed. Ms. Marx thought the two new FTE had been very helpful, in adding rapid response, talking points, and preparation for testimony. Councilor Newman commented that a public affairs manager was retiring. What effects would this have? Ms. Marx said this position was funded out of planning. She had not yet advertised for the position. She wanted to wait until the business design team presented its recommendations, in order to preserve flexibility.

Councilor Liberty asked what we would be getting for the \$30K in lobbyist augmentation. Ms. Marx said some of it would depend on the climate after the election, as well as Council priorities for the legislative session. Councilor Liberty asked what portion of a warm body would be obtained for this amount. Mr. Jordan said it wasn't necessarily the number of hours, it was access, at around \$150/hour. Councilor Liberty asked about web sites. He used them a lot for basic information. He felt that Metro's web site was being under-utilized. There was a lot of good information there but it was not always easy to find. Compared to other agencies, were we under-investing here? Ms. Marx agreed. This tied into the new branding analysis that was taking place. It was a matter of prioritizing. Other things might need to be not done in order to do this. Councilor Liberty wondered about the web site being split between Information Technology and Creative Services. The web has so many features that we have not been capitalizing on. Mr. Jordan agreed; we would need to be investing more in the web. Our business software has been migrating to web-based. He was not sure what the correct mix of Metro FTE versus contract work would be, but the total investment would definitely be increasing over time.

Councilor McLain commented that there was a lot of good creative energy in the public relations group, with a lot of talent and personality. However, the process, the assignments, the organization did not feel as clear to her. She felt the structure could be improved. She would appreciate the input from the business design team; their work has been done but she felt she had not had enough reporting from this area. Mr. Jordan said that the first recommendation of the business design team had been to do a communications study. That was taking place now, and the other recommendations might have to wait. Mr. Jordan felt that the analysis of what was currently happening was fairly complete; what was needed was the policy level decision-making from Council. Councilor McLain thought that progress on this issue was very slow. The question was, what was the most efficient way for the organization to work? Mr. Jordan said he would be happy to discuss the business design team report individually with her.

Councilor Newman said there was the business design team report, and then there was the branding piece. Councilor McLain had a sense that things were stalled somehow. She felt that the whole area had been mush and there was a lack of direction and teamwork in the public affairs. She was concerned about moving forward. Mr. Jordan agreed that the fundamental structure of public affairs could be more efficient. He was waiting for direction from Council before making more changes. The reorganization would take place after the communications plan was reported to Council and Council decided their priorities. Departments felt strongly about their participation in communications. Councilor McLain was confused about how to direct her constituents. Council and staff agreed to have a work session on the business design team's recommendations.

Councilor Newman said he had been pleased by some of the support, such as targeted outreach. Framing the New Look and the Regional Transportation Plan (RTP) were crucial. Some of the changes were positive. Ms. Marx said that three of her four staff were brand-new. They had been trying to identify who was good at what. She would be happy to meet with Councilor McLain to discuss the assignments of the staff. Councilor McLain said she would like to see information on who was working on what projects.

Margo Norton introduced herself as the new 1-1/2-day wonder; she was the new deputy director of Finance and Administrative Services (FAS). She presented her work history. Similar to other departments, health benefits and retirement have been driving increases. Some changes were budget-neutral, but others had costs. One cost-neutral change was the shift of the payroll function to human resources. Another was the migration of four finance managers moving from department assignments into the office of the Chief Financial Officer (CFO). Council President Bragdon asked about centralization. In past years, the Council wanted to bolster the business procedures at the Zoo. How did this relate to bringing the managers into the central financing? Ms. Norton said the finance manager position at the Zoo was currently vacant; this was her top priority. Councilor Newman thought that position had been eliminated. Mr. Jordan said no, it had been held. It had been filled part-time, but it was decided that a full-time person was needed.

Ms. Norton identified the four finance managers as Jeff Tucker/Parks, Doug Anderson/SW&R, vacant/Zoo, and Jenny Kirk/Planning. She felt this would be a very valuable shift. She described a recommendation from the business design team: a new position to shore up grant management and contracts. Lastly, a systems analyst position was being requested. They had a goal of further deploying the Tower Records Information Management (TRIM) system. Three projects were included in capital requests; the plaza planters replacement, software upgrade to the phone system, and enterprise upgrades in automation system (budget and asset modules). Councilor Liberty asked about the new position of contracts administrator. David Biedermann, Information

Technology Director, said that one of the business design team recommendations was to strengthen grants management overall. That was going to be combined with the contracts manager, since a grant was basically a contract.

Mr. Jordan said that, in agency-wide FTE, we were down 20 over the last two years, according to his census report. Overall, he did not feel many positions were being added.

Ruth Scott, Human Resources (HR), pointed to a few changes, such as the transfer of the payroll folks to HR. They overlapped a lot, in areas such as labor relations and benefits, so this seemed to be a good fit. Two years ago, the benefits function had been transferred to HR, but administrative fees for health and welfare had not, nor had benefits administration. That was corrected in the current budget. There was a request for \$50K for project management training, for regional leadership initiative, under staff development. Those are the major changes. Other than that, the 2.5% was observed. Upcoming events included renegotiating the American Federation of State, County and Municipal Employees (AFSCME) agreement, implementation of Phase II of the performance evaluation program, a classification/compensation study, and three new training modules: 1) lead workers 2) what it is to be a public employee and 3) family medical leave and Americans with Disabilities Act (ADA) training. A request for bids would be done in September to see what the cost for outsourcing the payroll function would be.

Council President Bragdon asked about the \$50K for the leadership training. It should be acknowledged that this took administrative time. Ms. Scott agreed. She was not aware of any decisions that had been made about this. It was an AFSCME issue. Staff has been asking for it for many years. Councilor Liberty asked about the performance measures; were non-represented employees recognized at appropriate levels? Were we not paying competitively for non-represented employees? Ms. Scott said there was a range, depending how long folks had been in their position, for example. The effort was to get everyone more toward the average. This was a recruitment and retention tool.

Councilor Newman welcomed the new ideas that came with turnover. Ms. Scott said a normal attrition rate was 5%, but sometimes we might want it to be higher. She felt people should not stay at a job for 30 years. Council appreciated HR's work. Ms. Scott said she felt very supported.

Dan Cooper, Metro Attorney, said there was not a lot of change in his budget. He described some of the accomplishments of his department. Many projects ran over multiple budget cycles. He was proud that Metro had not been sued by a single employees this fiscal year. Councilor Newman asked about contracting for outside services; Mr. Cooper said this was never in his budget, it always came from the department that was affected. Mr. Cooper recognized the need to keep legal expenses down, both from his department and from other departments; this would be a good performance measure for him. He should be held to manage not just his own office but all outside expenses. Councilor Newman asked how much was typically spent on outside legal. Mr. Cooper said it could vary quite a bit. His team did not have a lot of trial capability. There has not been a Metro case go to jury for about 15 years.

Mr. Cooper reported the same level of FTE this year, with an exchange of 1/2 FTE more of an attorney and 1/2 FTE less of an administrative assistant. One-half AA took early exit; he kept the position open. He felt the administrative support staffing was adequate, but there was a need for more attorney time. If the bond measure passed, staffing may have to be readjusted. He reduced his M&S expenditures by a significant percentage. It was consistent with historical spending levels. He reserved the option to request additional emergency funds.

### 3. COUNCIL BRIEFINGS/COMMUNICATIONS

Mr. Jordan said he had been approached by a consortium, the Public Employees Retirement System (PERS) alliance, a group of local governments involved in PERS litigation for all these years. They have been trying to allocate future expenses across the governments. Metro was categorized as "other." Expect to see more on this. Also, he went to a meeting regarding the Oregon Energy Exchange, an Oregon front for a company named World Energy, who buy power for large consortiums, groups who can aggregate their load and get better prices. There were "green" purchasing options, kind of a purchasing co-op.

Councilor Newman commented on the purchasing co-op. Could this strategy be applied to health care costs? Mr. Jordan said we had received the health care bids; there were more bids this year than he had ever seen. The City/County Insurance (CCI) Trust was to provide a bid. Councilor Liberty wondered why it was always government partners we were looking at. Mr. Jordan said, on health care, it was, but with the energy it wasn't. No one was aware of any legal reasons that government couldn't pool with non-government agencies? Mr. Cooper said the CCI was a response to the large amounts of tort coverage, such as for civil rights cases, which hit local governments very hard. It expanded into health care. Metro was now an eligible participant in their pool. Mr. Jordan was not aware of any public/private consortiums.

Councilor Park gave a quick update on the April 11 work session. On the topic of mega highway projects, please concentrate on the I-5 project.

Councilor Hosticka raised awareness of the Service Employees International Union (SEIU) and their efforts to generate grass-roots support for a regional planning group on health care.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:47 p.m.

Prepared by,



Dove Hotz  
Council Operations Assistant

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF  
APRIL 4, 2006**

<b>Item</b>	<b>Topic</b>	<b>Doc. Date</b>	<b>Document Description</b>	<b>Doc. Number</b>
2	Budget	4/4/06	To: Metro Council From: Kathy Rutkowski Re: Review & Discussion of FY 2006-07 Proposed Budget	040406c-01
2	Budget	Undated	To: Metro Council From: Mike Hoglund Re: SW&R Budget	040406c-02