

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, July 18, 2006
Metro Council Chamber

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

Councilors Absent: Susan McLain (excused)

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

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, JULY 20, 2006/ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS

Council President Bragdon reviewed the July 20, 2006 Metro Council agenda. Senior Attorney Richard Benner briefly reviewed the claims and the Metro staff's conclusions. There would be two Measure 37 claims. One had been rescheduled from a previous session. The new one would be quite similar to the previous ones. The Thursday staff presentations promised to be fairly brief. Councilor Burkholder said he would like to give the petitioners "their day in court" but keep the time down as much as possible. He asked if any of the claims had been taken to the next level. Mr. Benner said the Hanks claim had been appealed. Counsel would ask for a summary judgment. Councilor Burkholder wondered what Metro's next step would be if we lost the appeal. Mr. Benner described the claim as a "complaint" that Metro owed them money. Dan Cooper, Metro Attorney, said we only needed one theory for the judge to rule on. There were other tools that could be used. Councilor Park asked about the timeline. Mr. Benner said we had to respond by August 3. Mr. Cooper said we had not asked for an extension. We could ask to go to the Court of Appeals. Councilor Park asked what would happen if other events occurred before the decision. Mr. Cooper said there was no way to predict it; we would just continue to practice law.

2. DISCUSSION WITH AUDITOR-ELECT SUZANNE FLYNN

Council President Bragdon introduced Auditor-Elect Suzanne Flynn and asked her to share her perspective on her job. Ms. Flynn talked about her many years of experience at Multnomah County. Every fiscal year, as close as possible to July 1, she issued a fairly ambitious audit schedule, averaging about 1.5 audits per auditor per year. Her target at the County was 1200 hours on average per audit. Once the audit schedule was made and announced, she met with the appropriate director and walked through the process. She gained an understanding of the audit, decided whether to proceed, and adjusted the scale. After investigation, the conclusions were presented to the director, then the report was written. Drafts were reviewed by the director.

Councilor Liberty asked where the ideas for the audits came from. Ms. Flynn responded that she had been gathering ideas for Metro already. She had met with each Councilor individually and has had tours of the different programs and facilities, meeting with directors. She would also try to evaluate public interest. Councilor Liberty asked her to describe what she felt had been her most successful audit. Ms. Flynn picked the three-year-long capital construction audit, which covered four projects and resulted in significant improvements to the County's construction process. She spoke about the process of "continuous monitoring."

Ms. Flynn distributed her annual report from Multnomah County (a copy is included in the meeting record). She walked through the charts showing expenditures, resources, staff, hours, and implementation rate for the various County departments. She talked about the value of follow-up audits. The County had stopped printing reports; instead, just a brief summary was printed out, with the full report available online or mailed by request. This was a cost-savings measure.

Councilor Newman asked if she was working with Metro's current auditor, Alexis Dow, on transition issues. Ms. Flynn said she had approached Ms. Dow but had not taken any steps yet. Councilor Newman wanted to include the current staff in any discussions about transitions. Ms. Flynn said that she would call Ms. Dow in the fall to meet with the current staff. She had an identified skill set that she felt were valuable in staff.

Council President Bragdon asked about the blend of expertise that she would look for in a particular audit. What was her opinion about the use of consultants? Ms. Flynn said she used consultants or temporary workers in certain situations, but she preferred in general to do the work with internal staff. She gave some examples. Sometimes not being an expert in a field could be a disadvantage. Bringing a "non-expert" set of eyes could break through the routine. Council President Bragdon asked how she would interface with the accounting staff. Ms. Flynn said she had talked to Chief Operating Officer (COO) Michael Jordan about it. She was concerned about the independence of the finance officer.

Councilor Burkholder commented on the amount of auditing that was taking place. It seemed like a lot. He wanted to make sure the money was spent wisely. Ms. Flynn said auditors were happy when managers were doing their own analyses. She would like to have directors contact her directly for audits, to establish a conversation and talk about how to make it happen. If her office was too busy to do it, she could work to develop a proposal for a consultant to do it.

Councilor Liberty asked if she thought there would be a need for different kinds of audits. Was the fact that so much of our income was enterprise-derived make much of a difference? We both generate income and spend it. Ms. Flynn hadn't really thought about that. She talked about managed care at the County, which was income generating. She did not feel it was an obstacle. The source of the funds should not affect the need for an audit. Council President Bragdon clarified that there were different issues in an enterprise, the transactions were different. Ms. Flynn felt the differences were not huge. Best practices for an entrepreneurial function might be more comparable to a private company's than to a purely governmental function.

Council President Bragdon asked about the role of an audit in a potential project, one that was more in the development stage, rather than an operation that was already up and running. Ms. Flynn said the rules had changed, the kinds of consulting had become more rigid. If she had input into the development of a project, it would affect her ability to audit it in the future.

Councilor Park emphasized that Ms. Flynn had the option to staff her office as she wished. What was her philosophy? Ms. Flynn said her employees were at-will but entitled to some protections. She had control of the hiring process at the County, because their process took so long, but once a person was hired, they were subject to whatever protections came with their job. Council President Bragdon assured her that our personnel staff would be available to work with her, and that Mr. Cooper was as much her lawyer as anyone else's in the agency.

Councilor Newman said, at the County, the auditor's budget was part of the executive's budget. Was this a lump sum? Ms. Flynn said it was a line-item budget. She and the chair talked about the

budget beforehand. She felt the auditor should model good behavior. Having a line-item budget helped to make her office accountable. Councilor Park asked if that was a point of contention, with the auditor's office asking for money and then not being able to see where it went. Ms. Flynn said, at the County, personnel costs were not transferrable. Materials expenses were more flexible, as long as the bottom line was the same. She believed in budgeting as a planning tool.

Councilor Liberty asked for advice on how to maintain a good relationship with an auditor. Ms. Flynn replied that communication was the most important. She appreciated how busy the Councilors were. She had tried at the County to meet with every Commissioner before every audit. That became an issue of time and she had to select the most highly visible audits. Verbal communication could soften the black-and-white realities.

Council President Bragdon said that, unlike at the County, the Metro Council was purely legislative. Most of the auditor's work would probably be in management. The Council's management role was mainly through the COO. Council brought their constituents' perspectives in with them. They would prefer not to see audit information first in the newspaper. Ms. Flynn anticipated that the working relationship with the COO would be a good one.

Councilor Burkholder said a major question was, what was the right size? Every penny spent on auditing was a penny not spent on programs or services. He wanted to talk about an appropriate budget for the Auditor's office. Councilor Newman added that there had been some tension about what was the appropriate sized budget for the Auditor's office. Councilor Liberty asked if there was an industry standard. Ms. Flynn said no. Her conclusion from the trouble at the Portland Schools was that one auditor was not enough. A lot of the examples she was seemed to be a result of chance. Part of it would be driven by the demand coming from within the agency.

3. BREAK

4. EASTSIDE STREETCAR LOCALLY PREFERRED ALTERNATIVE

Richard Brandman and Ross Roberts, Planning Department, reviewed the locally preferred alternative (LPA). Mr. Brandman had been spending a lot of energy working with the Federal Transportation Administration (FTA) to work through the new guidelines. The main factor the FTA was interested in was travel-time savings, but the eastside projects were not designed for this factor alone; they were also designed for things like accessibility. Staff presented numerous handouts and a slide show (copies of each are included in the meeting record).

Council President Bragdon said Council had questions about costs relative to other projects, level of commitment in terms of land use changes in the area, and were we still being project-oriented rather than policy-oriented on the Regional Transportation Plan (RTP). Mr. Brandman breezed through the presentation. He reviewed the 20-year history of the desire for a project of this type and talked about how needs had evolved from local funding to federal funding and the process Metro had gone through to become involved. We were at the point of fulfilling some National Environmental Policy Act (NEPA) requirements. Councilor Newman wondered who had funded the work to date. Mr. Brandman said it had been almost entirely the City of Portland. This would be followed by project development/final design, and then construction in 2008. Council President Bragdon wondered when issues of signalization or separation would be addressed. Mr. Brandman said this would be done in the project development/final design phase. There were numerous reviews and approvals during the process.

Councilor Burkholder questioned whether Martin Luther King (MLK)/Grand Avenue was a viable route. Was there any point in the process where Metro could change the LPA? Mr. Brandman said that was possible, it could involve environmental analyses. He gave the example of the Caruthers Crossing in 1998. Councilor Burkholder said he saw this part of town evolving. Was the process flexible enough to accommodate changes? Councilor Liberty asked about a Hawthorne crossing. Mr. Brandman said it was possible but didn't think it likely.

Mr. Brandman showed the adoptions that had happened to date. He reviewed the alternatives, including pros and cons, and discussed the evaluation criteria. This project was the first Small Start project to get this far in the process. He then talked about expected results and ridership. Council questioned some of the details. Councilor Newman asked about fareless square. Mr. Brandman said the model assumed it was paid ridership. No with-or-without fareless square analysis had been done. Fareless was a good motivator for transit use. He had some information about where rides would be going. Models supported that the project would serve as a circulator.

Mr. Brandman showed how westside development had occurred close to streetcar lines. Council President Bragdon reminded us that some pre-development agreements had been made, to occur if and only if the streetcar went in. Mr. Brandman agreed but emphasized that some also were spontaneous. Council President Bragdon said he thought there were no such agreements for the eastside. Mr. Brandman replied there were a few in process. Councilor Park emphasized that higher density was occurring closer to the streetcar.

Mr. Brandman described his efforts to convince the FTA that travel time savings was not the only value to a project, and that any way to get cars off the road was a good thing. We wanted to emphasize that increased ridership and economic development were important also. Council and staff discussed some developer agreements and the results of jobs and housing in connection with transit projects. Mr. Brandman reviewed ridership trends. In Portland, transit use was increasing much more than population. He also looked at projected construction costs of the different alternatives. The assumption was that we would receive no more than \$75 million in federal funds. He reviewed the potential capital funding plan and the effort to factor for inflation. Council had some questions about the various funding sources.

Councilor Burkholder asked about the potential for a public/private partnership. Mr. Brandman thought there was probably not a lot. There were more indirect means of capturing private funds. He then looked at some estimates of operation and maintenance costs; these would be in the \$4.8 to \$6.9 million range, depending on the option. He discussed the availability of Tri-Met funds. Councilor Newman wondered when we could look at Tri-Met's finances more closely. Would the current process open a window into the inner workings of Tri-Met? Mr. Brandman thought this would be available during the nitty-gritty negotiations. Council and staff discussed the finer points of the operations and maintenance costs model.

Mr. Brandman moved on to the details of the LPA, including mode (streetcar), alternative (full loop), and interim terminus (Oregon Museum of Science and Industry [OMSI]). The first construction segment would be to Oregon Street. The recommended alignment was the MLK/Grand Couplet. Councilor Hosticka asked what traffic analyses had been done. Mr. Brandman said the streetcar itself would not necessarily slow traffic. He talked about conditions to extend to Morrison or OMSI as well as work program considerations—other issues we care about locally that were not necessarily federal issues. Councilor Liberty was concerned that this be placed in the context of a larger streetcar plan.

**EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660(1)(e), DELIBERATIONS
WITH PERSONS DESIGNATED TO NEGOTIATE REAL PROPERTY
TRANSACTIONS**

Time Began: 4:43 p.m.

Members Present: Council President Bragdon, Councilor Burkholder, Councilor Park, Councilor Liberty, Councilor Hosticka, Councilor Newman, Joel Morton, Dan Cooper, William Eadie

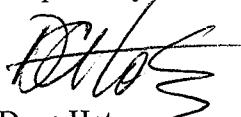
Time Ended: 5:01 p.m.

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 5:02 p.m.

Respectfully submitted,



Dove Hotz
Council Operations Assistant

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
JULY 18, 2006

Item	Topic	Doc Date	Document Description	Doc. Number
1	Agenda	7/20/06	Agenda: Metro Council regular meeting, July 20, 2006	071806c-01
2	Auditor-Elect	undated	To: Metro Council From: Suzanne Flynn Re: Multnomah County Auditor, Annual Report 2005	071806c-02
4	Locally Preferred Alternative	7/18/06	To: Metro Council From: Richard Brandman Re: Eastside Transit Alternatives Analysis	071806c-03
4	Locally Preferred Alternative	December 2005	To: Metro Council From: Richard Brandman Re: Downtown Portland to the Eastside Map	071806c-04
4	Locally Preferred Alternative	6/6/06	To: Metro Council From: Richard Brandman Re: Eastside Transit Alternatives Analysis, Locally Preferred Alternative Recommendation	071806c-05
4	Locally Preferred Alternative	6/7/06	To: Metro Council From: Richard Brandman Re: Eastside Transit Project, Work Program Considerations	071806c-06
4	Locally Preferred Alternative	June 2006	To: Metro Council From: Richard Brandman Re: Eastside Transit Alternatives Analysis, Public Involvement Summary	071806c-07
4	Locally Preferred Alternative	undated	To: Metro Council From: Richard Brandman Re: Resolution No. 06-3713	071806c-08
4	Locally Preferred Alternative	6/30/06	To: Metro Council From: Richard Brandman Re: Staff Report to Resolution 06-3713	071806c-09
4	Locally Preferred Alternative	May 2006	To: Metro Council From: Richard Brandman Re: Eastside Transit Alternatives Analysis, Evaluation Summary	071806c-10
4	Locally Preferred Alternative	May 2006	To: Metro Council From: Richard Brandman Re: Eastside Transit Alternatives Analysis, Evaluation Report	071806c-11