

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, November 28, 2006
Metro Council Chamber

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

Councilors Absent:

TOD Steering Committee Members Present:

Mark Ellsworth (Chair), Cheryl Twete, Vince Chiotti, Meg Fernekees, Tamira Clark, Dave Kunz, Betty Dominguez

Council President Bragdon convened the Metro Council Work Session Meeting at 2:06 p.m.

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

Council President Bragdon reviewed the November 30, 2006 Metro Council agenda. He noted that the Laborers' International Union contract was ratified last week.

2. TRANSIT ORIENTED DEVELOPMENT (TOD) STEERING COMMITTEE

Councilor Liberty reviewed the background and purpose of the program. Council was trying to be more strategic in transit projects and to make sure they were complementing other planning efforts such as 2040. He introduced the TOD members. Phil Whitmore, Planning Manager, said their program was both opportunistic and strategic. His experience was that the projects did attract the types of experiences that we had intended. Higher density per se did not necessarily work. A mix of amenities – a “there there” – was necessary. Travel behavior had been observed to change, with many people moving away from car trips. Regarding 2040 goals, these could well be exceeded with the right projects. He felt that repeated investment in the same area was more successful than spreading money around more thinly. Councilor Liberty observed that the TOD investment strategies were being met. Councilor Burkholder had some questions about the right size of a project. Mr. Whitmore talked about some of the variables that led to a good outcome and the fact that what worked in one area would not necessarily be successful somewhere else.

Mark Ellsworth, TOD Chair, mentioned some of the elements that had led to the success of the program. He felt it was important to face the reality of having to do more with less. Leveraging dollars would be critical. He shared some of the agency cooperation that had taken place.

Dave Kunz, Department of Environmental Quality (DEQ), said he was the newest member of the group. He felt that air quality was a great driver of getting these projects and programs going. He encouraged Council to continue their important work.

Tamira Clark, Oregon Department of Transportation (ODOT), said they were pleased to have been long-term partners of TOD. A lot had been learned over the years. Many challenges yet remained. She felt the success was due to the fact of its being an implementation program. The recognition of market forces was key. She acknowledged the need for more funding.

Jillian Detweiler, TriMet, felt her comments had been represented in her previously submitted memo.

Meg Fernekees, Oregon Department of Land Conservation Development (DLCD), was happy to have served on the committee. She wanted to explore an even greater variety of projects. Housing would continue to be a focus. She would like to see amenities available to a wider range of income levels.

Vince Chiotti, Oregon Housing & Community Services, agreed with Ms. Fernekees' comments. Housing was absolutely paramount. He mentioned some of the previous use of funds and focused on the importance of promoting housing to our other partners.

Cheryl Twete, Portland Development Commission (PDC), said one of the most important outcomes was creating choice in the marketplace, in terms of office, residential, and transit. Mixed-use was key, as was the need to remain financially feasible. Developers did not necessarily want to be pioneers. Having a committed partner was very valuable.

Betty Dominguez, Oregon Housing & Community Services, talked about the difficulty of financing any kind of development, given the shriveling of funds. New sources needed to be created. TOD could be valuable in pursuing the New Look. Many areas were struggling and should not be forgotten. She appreciated Metro's supports.

Councilor McLain said the experience had been frustrating and exciting. Combining tools and strategies was crucial. She mentioned the need to stay focused and complete projects and to learn from each experience. The existence of a varied mix of talents was very helpful.

Councilor Burkholder thought TOD could be used as a pilot project for the rest of the region. He said a lot had been learned that could be used in the New Look or other work. It was important to have the funds working toward the same goals. Councilor Liberty said the group had expressed a wish to put more funds into direct investment.

Council President Bragdon said it was a great program; now he'd like to see the plan for putting it out of business. Ideally it would not be needed forever, because market conditions would be changed to make it more attractive to private development. In the big picture, with so many people moving to our region, the old growth models were not going to work. TOD's message was that we were subsidizing to create things that wouldn't have happened otherwise. Growth happened under certain rules that had been created, not under some law of nature. The rules would need to be changed to accommodate future growth. There would never be enough public money to achieve everything we wanted; we needed to help create conditions that would encourage the types of development that were consistent with regional values. Ms. Dominguez felt a lot of the components were in place; they needed to be leveraged a bit more. Certain things would never be taken over by the market.

Councilor Newman said TOD was one of his favorite programs at Metro. It was a model for the rest of the country. To this point, a lot of the work had been project-based and opportunistic. To move to the next level, we would need to think about coordinating our investments with other efforts. We had a lot of carrots to offer. Making the investment at the right time could make a huge difference. Councilor Liberty confirmed that these were two very important questions—when to invest, and when were we finished? Lots of agreement around the table from Council, and the committee agreed that this would be a helpful discussion. Councilor Newman wanted to

explore ways to have funds available to take advantage of opportunities as they arose, so that when the time was right, we could act. Ms. Dominguez talked about a project in her experience that had achieved what Councilor Newman was talking about. They wanted “patient capital.” Mr. Whitmore stressed the importance of due diligence. These projects did involve risks. Debt coverage would be important. They would be exploring these concepts. It would not entirely replace grant funds. Oregon constitutional requirements imposed some constraints.

Councilor Park was interested in exploring the questions about timing, subsidies, and liftoff. He felt historic downtown Gresham was almost there. Ms. Twete observed that projects developed over time; they were difficult to predict. She said it was important to be patient early on. Leveraging and bringing in partners were crucial. Tax abatements were a great tool. She felt an important piece was recognizing when private money started to move in. Community support was a good bellwether. Ms. Dominguez talked about how hard it was for certain communities, even when they used some of the tools, to get anything going. She felt that sometimes government had to do the hard projects; private money would tend to go for the easy projects. Mr. Chiotti thought the work being done by government would never be done completely. There would always be a role. Councilor Liberty felt that even modest changes in policy could deliver big results. Geographic distribution of projects would remain a challenge.

Councilor Park shared his sense of when a project achieved liftoff. Councilor Newman acknowledged that change was not always an easy sell. Local sensitivities could be hard to predict. Some criteria to help evaluate when the agency investments would be changed would be good. Council President Bragdon felt a signal would be when people didn’t just ask for money but asked about some of the processes that we used, that anybody could use, to get them going on their own projects. Mr. Whitmore said they were working on a list of strategies and tools that could be offered.

Councilor McLain said she had supported a lot of the projects. But timing, size, and equity issues remained. Our partners should be learning from our projects and leaving the nest. Councilor Liberty observed that the committee had not spent a lot of time talking about the education and inspiration part of the program. Future discussion along these lines would be important.

Mr. Ellsworth agreed that the committee should explore the strategies behind the investments and make them transparent. He supported leveraging resources and making our investments as effective as possible.

Councilor Liberty released the coveted packet of materials (a copy is included in the meeting record). He summarized the discussion and issues. He recognized the hard work of the committee members, and Council President Bragdon distributed certificates of appreciation.

3. BREAK

4. LOCAL SHARE UPDATES

Jim Desmond, Regional Parks and Greenspaces Director, talked about the expertise and technical support that Metro could provide to local jurisdictions in implementing their funds. In the past, Metro had charged for such services. In the current instance, Mr. Desmond felt that Metro could offer the services without charge, but with an accounting mechanism to track the amount of services, so the jurisdictions would know the value.

Councilor Park did not want Metro to be penalized by increasing our own overhead when providing services to the jurisdictions. Councilor Hosticka asked about the timing of distribution on the local share. Mr. Desmond said it would vary – one was the acquisition, these were less predictable and would probably be farther down the road. Councilor Hosticka asked, did we hold the money and earn the interest? Mr. Desmond said yes. Councilor Hosticka said then we could have some interest earnings that could be spent for the staff support. Mr. Desmond said that was exactly correct. We would pay at the moment that was named to disburse.

Councilor McLain talked about her experience from last time. It might be good to specify criteria about when staff support would be given to the jurisdictions. There was the potential for some people to feel left out.

Councilor Liberty asked how much money would be involved. Mr. Desmond thought about \$25K-\$30K over five years. Council President Bragdon agreed it was a good idea, to track it, and outline some criteria. He felt it could be part of a publicity outreach strategy. He wanted to see big cardboard checks on cable TV with the mayor. Mr. Desmond thought that was great. Council President Bragdon thought it was a good example of revenue sharing. Councilor Burkholder wanted it to be equitable.

Mr. Desmond turned to the subject of “investment recovery.” There was a handout (a copy is included in the meeting record). There were some sensitive and difficult issues. The last time around, we held with the portfolio we assembled. We had not gone back and done any trading or filling-in. Citizens took their neighborhoods very seriously. Selling parkland was very sensitive. He started with an example from last time of a property with a functional home (not a tear-down) on it. Would the residence be split off? Councilor McLain asked about size limits. Mr. Desmond said a lot-line adjustment was almost always achievable.

Councilor Hosticka thought each instance would have unique circumstances and Council would want to see each one. He hated to disrupt any eco-systems by breaking apart the properties. Mr. Desmond said that was something staff was looking for – did Council want a list of criteria or to see each one? How much process would they want? Many properties would involve a mix of high-value and low-value habitat. Another situation would be land that was stranded. At some point, the land had become so fragmented with surrounding development that it was no longer able to fulfill our desires. When did we decide to sell it off? Councilor Newman expressed a preference for each instance to be brought before Council, assuming it would not be an overwhelming number of cases. He also wanted to make sure we didn't sell off something that would be useful to us in the future, such as an access road.

Councilor McLain asked if it would be in executive session. Mr. Desmond said yes. Councilor McLain said that these could be flashpoints and could harm the program if made too public.

Councilor Liberty said, regarding public notice, if we announced a policy ahead of time, there would be less reaction. He wondered if we would want some kind of advisory committee, not necessarily limited to executive session. Regarding conservation objectives, the use of easements to protect our values would make sense. Finally, the issue of splitting off the house. This had been very contentious in the state legislature. Yet-to-be purchased properties might need a different approach than already-purchased properties. Councilor Burkholder thought it would be smart to do an executive session first. Property location of inside or outside the urban growth boundary (UGB) would also be a big factor. He didn't like the term investment recovery; it sounded too much like we were speculating. He liked the purpose. Councilor Park assumed the house

purchases were incidental to the main purpose. Mr. Desmond said that was correct. They discussed the Rambleside incident. Councilor Park thought some sort of criteria would be good, as would Council looking at each case. He wanted to bear in mind the values of the farm community in keeping the integrity of the land.

Councilor Hosticka had a concern about selling property outright; what kind of uses would the new owner have available to them? Staff agreed to explore those angles. Council President Bragdon personally thought that it was worth doing, but it would require some time and thought. People voted for the protection of natural areas, not for the protection of houses. He was fine with the term investment recovery. He would like it to be described as things that did not fit the mission, that were purchased incidentally to enable us to acquire the land we wanted. It should all be driven by the science. Cases should come to Council, in executive session, and supported by the science of the system, its impact on water quality. Regarding the terms of sale, there should be no favoritism. Just get a broker and have them do their thing. But conditions of sale should apply to all buyers equally. These also should be according to the science and protection of water and habitat. Councilor Park pointed out that, in some instances, certain properties would only logically be attractive to certain buyers.

Council President Bragdon then attempted to frame the issues: people wanted to see some criteria; Council wanted to see the transactions; Council supported the concepts, but it would be case-by-case. Councilor Newman said we might want to consider excluding Metro employees from acquiring the property, even if it was through a broker. Staff agreed to see if this was legally possible. Councilor McLain observed that Measure 37 would be a factor. She sort of cringed to think about enlarging Metro staff's advisory capacity. We already had an advisory committee. She thought last time it worked well, after the refinement process, when the staff was given direction to go forward. There would probably not be a lot of them. Communication with the public would be very important.

Councilor Liberty was concerned about doing it ad hoc, without a broader public discussion, with our partners, people who worked with us on the campaign. Councilor McLain thought there was an opportunity for this during the refinement process. Mr. Desmond said the staff would create criteria that would cover the circumstances. Councilor Burkholder keyed in on the communication issue, to let people know the point behind it all. Mr. Desmond said they had a meeting with their bond counsel; they had some heartburn over the farm policy that was being developed. They were concerned that if we bought property with the express intent of putting it back on the market with an easement, this was a hair close to the line of tax-exempt bonds, being bought for a specific purpose. He hoped to find a workable solution.

5. QUARTERLY FINANCE REPORT

Margo Norton, Deputy Chief Financial Officer, distributed the quarterly financial report (a copy is included in the meeting record). Bill Stringer, Chief Financial Officer, said we did make the migration of the Metropolitan Exposition Recreation Commission (MERC) to the Event Business Management System (EBMS), at the beginning of this fiscal year. This was a powerful tool to coordinate events and measure their success. A similar situation was occurring with the Zoo Foundation—Metro staff presented their data but did not run the numbers. Councilor Liberty said the monthly tracking was very helpful. Mr. Stringer talked about the change in interest rates. Earnings had exceeded predictions. This may mean additional funds in the general funds. Ms. Norton talked about some cash flow issues. The CPI projection was only 0.1% off. Materials and supplies came out exactly on target. She talked about the new format of the report, the first one by

Team Finance. All agency finance managers contributed. Some graphical improvements had been made. The MERC accounting changes were quite a task.

Councilor McLain did not like the thought of putting staff to so much work. MERC was very special and important, but if such a tremendous amount of work should be avoided with the Zoo or other instances. Mr. Stringer talked about the limitations of the PeopleSoft program in providing the breakdowns that he wanted. Even with the huge amount of work, at least many of his goals had been accomplished. Councilor McLain said it was also more expensive to keep two separate systems. Better integration should be a focus.

Councilor Liberty had some questions about the seasonal expenditures under planning. Ms. Norton explained the basis of the funds coming in and out and the nature of the grants and how this somewhat skewed the results. It was the cycle of reimbursement revenues. Ms. Norton said, in presenting each report, they had decided on a theme. In the fourth quarter, they had focused on the balances. This quarter, they focused on the budget assumptions. She talked about future reports and where they would focus. Each theme was intended to be current with Council decision-making. She talked about the change from delivering the quarterly reports and follow with budget amendments. Their goal was to batch the budget amendments so they followed the quarterly reports. There would also be an auditor's amendment. The first quarter did not always show significant trends. There was nothing alarming as of yet. She pointed out some minor discrepancies in revenues and expenditures and said they would be keeping an eye on them.

6. COUNCIL BRIEFINGS/COMMUNICATIONS

Councilor Hosticka passed out a draft event brief on the New Look Shape of the Region in Hillsboro (a copy is included in the meeting record). The idea was to share the results, not engage in a broad policy discussion. The task was to broaden the support and find more buy-in. Ag/urban reserves would be a challenging topic. Council discussed strategy and timing of rolling out the research and criteria for metering. Michael Jordan, Chief Operating Officer, said he was targeting a December 2009 deadline. He outlined his perspective on how things would go moving forward. There were a lot of assumptions, based on the success of each stage. He felt we were at the point of coming down out of the clouds. There was basic agreement on going ahead. They recognized the inherent integration of all the efforts and the necessity of "making it everyone's problem."

Councilor Burkholder distributed a list of Transportation and Growth Management (TGM) application options (a copy is included in the meeting record). He described the process and the deadlines. Additional materials were available online.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 5:13 p.m.

Prepared by,



Dove Hotz

Council Operations Assistant

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
NOVEMBER 28, 2006**

Item	Topic	Doc. Date	Document Description	Doc. Number
1	Agenda	11/30/06	Agenda: Metro Council regular meeting, November 30, 2006	112806c-01
2	TOD	11/28/06	To: Metro Council/TOD Steering Committee From: Phil Whitmore Re: Joint Council/Steering Committee Meeting of Nov. 28	112806c-02
4	Local share	11/28/06	To: Metro Council From: Jim Desmond Re: Properties with infrastructure	112806c-03
5	Quarterly financial report	11/15/06	To: Metro Council From: Bill Stringer Re: 2006-07 First Quarter Financial Report	112806c-04
6	Councilor Communications	11/28/06	To: Metro Council From: Carl Hosticka Re: New Look Shape of the Region Event Brief	112806c-05
6	Councilor Communications	undated	To: Metro Council From: Rex Burkholder Re: TGM Application Options	112806c-06