

MINUTES OF THE METRO COUNCIL WORK SESSION

Thursday, July 26, 2007
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Kathryn Harrington, Robert Liberty, Rex Burkholder, Rod Park

Councilors Absent: Brian Newman (excused), Carl Hosticka (excused)

Council President Bragdon convened the Regular Council Meeting at 2:05 p.m.

I. INSTRUCTIONS TO WORK SESSION

Bill Stringer, Chief Financial Officer (CFO), provided an overview of the purpose and goals for this session. It was about strategic budgeting, proposed strategies to meet objectives. He provided a history of the past several years of budget changes. He noted the creation of a general fund, which opened up the budget to decision making. The missing key ingredient had been the lack of outcome targets. Today, he would propose a process for structuring performance measures and working those into the budget. He will not have totally formulated outcome measures today. He asked Council to guide them as to what programs they wished to have performance measures on. They would like to build outcome measures for each program discussed. They wanted to begin structuring outcome measures for FY 2008-09 and beyond. Second, not all performance measures had been established. They also did not have the completed asset study. They were doing an inventory of all of the assets, which should be completed by the first week in August. This should help inform the Council about how much money should be set aside for renewal and replacement. He sought guidance on the areas to look at and asked if this was the right process to pursue. It did add transparency to the budget. Michael Jordan, Chief Operating Officer (COO), spoke to the catalyst for today's meeting. The first half of the discussion, performance measures would be discussed. The second half would be about Council input on budget amendments, allocating resources, and some institutional recommendations from the COO. They wished to be as strategic as possible.

Mr. Jordan said they had reversed Item II and III on the agenda. Councilor Park said he didn't know about the future budgets. Where would we be in the next two to three years? He didn't know where the line was and where we were at in future years. Council President Bragdon suggested a review of this past year's budget in the near future. He felt it fit with what was described. There were also the Metro Code aspects of the budget process and should these be changed? Additionally, he was concerned about Council's time. If we were going to get this done by the end of September, we needed to know how to schedule these amendments.

III. PERFORMANCE MEASUREMENT AS ROAD MAP FOR STRATEGIC BUDGETING

Mr. Stringer introduced Jeff Tryens, past Executive Director of the Oregon Progress Board and currently a Metro consultant. Mr. Tryens said he had been doing measurement and linkage for about three years. He was here to help Council get this organized. They had been working to lay out a process. He provided an overview of the purpose of the project. He provided a PowerPoint presentation on performance measures (a copy of which is included in the meeting record). They wanted meaningful performance measures by next May. Council needed to be clear about what measurements were important. If this project worked, Council would be more informed about

outcomes. They were trying to anchor this into the budget process. They also hoped to achieve breaking down the silos. They were also going to bring 2040 into Metro's other goals and objectives. Councilor Harrington asked about programs that were done outside of the budget process, for example, the New Look Program. The New Look Program was developed out of cycle. She wanted to make sure this was part of the performance measures process. Councilor Liberty said he thought of a budget as a means. We have a budget to achieve objectives. Mr. Stringer said he didn't view the budget as an end goal.

Mr. Tryens said they were making goals more focused. This process allowed them to use four functions—strategic vision, community indicators, shared strategies, and performance indicators. He spoke to terms that meant a variety of things. He recommended using common language. The problem with the whole approach was external influences that Metro didn't control. They tried to develop some intermediate indicators. Were the strategies being implemented and were the strategies working? Metro was a stretch organization that worked with others to get them where you wanted them to go. He spoke to logic chains and provided an example in the solid waste department, recycling rates. There was a measure for each of the outcomes. He talked about where Metro was in five key areas: community indicators, Metro's roles, Metro's strategies, Metro's programs and Metro program performance evaluations. They were trying to clarify what Metro had in its inventory. Once this was done, he would work with staff. They had many layers of "stuff." He noted that they had high-level outcomes but very few that told citizens how Metro measured up. There was a lot of data but he wasn't sure we were measuring the right stuff. He had laid out a process where the indicators were worked into the budget process. He suggested Council needed to get some agreement about community indicators from stakeholders. Where was the data for that information? He also recommended that by a year from now where did they want to be in terms of targets. He also recommended as they do this process, Council came up with some headline measures. They wanted to layer the measures.

He then spoke to next steps. They were looking at how every one of the Metro departments linked up with the 17 objectives. He believed that they dealt with the policy information first. For each of the objectives, every program listed which subunit linked to the objectives. He talked about results teams and their role. The result teams developed logic chains for reserve allocation proposals. They were looking at trying this out with the reserves. They wanted Council to look at the logic models. They would use this as a trial balloon to see if it worked for Council.

Mr. Jordan said one of the things coming out of today was to use the proposed amendments and run them through the logic chains. The amendments may or may not line up with Council goals and objectives. Mr. Tryens' suggestion was to get various parts of the organization working on logic chains. Councilor Burkholder talked about programs that did not have outcomes. Mr. Tryens recommended that Council incorporate a quality control process. There would be a group that looked at all of the logic chains. Councilor Burkholder said there was a question about were we in the right business. Mr. Tryens said they would lay out a set of Metro roles for each of the 17 objective areas.

Councilor Park was curious about how you set the strategic vision. Was there another process that Mr. Tryens was suggesting? Mr. Tryens asked if the strategic vision was set. He was told that they were. It was Council's call when they wanted to redo the strategic vision. Council had a set of goals and objectives. He felt they were adequate but he would suggest opening that up right now. Mr. Jordan said the objectives were the Council's acceptance of the region's vision. He talked about biennial budgeting. Council President Bragdon commented about strategies and external impacts. He said we were an organization that needed to run efficiently and effectively. There was a whole list of internal management issues that we needed to get a whole lot better at. Mr. Tryens said he found that

all of the people that did the support work liked to know they were having an impact on the world. They needed management measures that should be used regularly. Mr. Jordan added that they would have performance measures for management. Mr. Tryens had focused on those external community outcomes, which were imbedded in the Smart Government area. Council President Bragdon said he felt the emphasis was totally reversed. He thought this was to improve management. Councilor Harrington said she understood the methodology. There were three thrusts or projects that needed to be attended to; first, organizational program performance improvement, second, the Council goals and objectives and third, budget amendments. She was disturbed about what were the next steps. Council had not yet had the opportunity to discuss the budget amendments amongst themselves. We were using this model and applying it for three different things.

Mr. Tryens said the Council goals and objectives were the basis for the project. Mr. Jordan explained the inventory of programs against how they lined up. That was how they wanted to measure the agency's performance. Councilor Harrington explained what she expected. She understood the model of the results teams. There was something in between the inventory and getting to completion. Mr. Tryens said they had just completed each department's programs and how they lined up with the objectives. The next steps would be looking at the results team and how they would apply those to the logic models as they went into September. Councilor Harrington said they could decide not to do any budget amendments but in parallel they could continue this process. She wished that the reserves could be set aside and take goals and objectives and the programs that Metro had and provide a timeline. She didn't see the need to test this methodology through the reserves. Mr. Tryens said the results team was the first step in organizing the high level outcomes as well as the agency's performance. Mr. Jordan said they would like to have the structure in place imbedded in the 2008-09 budget. Councilor Harrington said she wanted to see the measures put into practice. Performance measures got developed and then put on a shelf. The model could help with the regional performance but there was also the part about how it was practiced by every employee. She wanted to understand how management would use this on a day-to-day basis.

Councilor Liberty said he thought this was what he wanted. He knew from being here that there was a lot of performance measures that were external. He felt the inventory of the performance measures was very valuable. The sorting of performance measures was valuable as well. He felt this was the core of what we do and the budget was a product. The budget flowed from this effort. It ought to be a management tool and an external relations tool. The issue about how it was absorbed by the agency was useful. He said our dangers were that we have a lot of measures. We have a modest influence on some things. It seemed important to have external stakeholders review our measures. As a practical matter, he suggested bringing external stakeholders for a review. Second, what was an appropriate level of investment in this process? Mr. Tryens said he felt this was as important as Metro made it. If you don't use the measures, it was a waste of time. He said there was no organized process for when new indicators got adopted. What they had done at a state level was that any agency that wanted to add a measure, you had to get it approved and adopted. Council would have to review and approve the measures. Just because Metro had high-level outcomes did not mean Metro was responsible for it. The initial cost was time consuming. If you kept it up year by year the cost decreases. Mr. Jordan said at some point in this timeline, because Metro only had a portion of the role, it was important to get stakeholder input. Councilor Harrington said that would be accomplished through different phases. Councilors Liberty and Park said with regard to the budget amendments, this process would provide a filter. If it worked in this process, it might then work for the entire budget. Mr. Jordan said this was only a piece of the information. Councilor Park said it might be a way of seeing what they were trying to accomplish in the region. Mr. Stringer said one feature of the model, the logic chain, might become regional in scope. He felt it was a good addition. He felt the logic chain got them a long way.

Councilor Burkholder said he felt the logic chain needed to go outside the building. He felt that this was in line with Mr. Jordan's performance evaluation. This was considered best practices for any agency to see if they were achieving what they wanted. These needed to be tied to the outside purpose. He said this was a tool that let them see what was happening in the organization. Council President Bragdon said he felt there was a large piece that was missing. He wanted assurances that this was being done internally. He wanted some assurance that someone was interested in management. Mr. Tryens said they started in another area. Council President Bragdon said things could be going great in the region but the organization could be dysfunctional. He wanted a way of measuring how the agency operations were successful. He was concerned about the number of FTE, training, etc. Councilor Park said he was concerned that with Council President Bragdon's comments, we were getting into too much detail. Mr. Jordan said this system would help Council ask both of the questions. Council President Bragdon asked does management have a set of metric measurements internally?

Mr. Jordan said we should be benchmarking ourselves. Are we doing the right thing and are we doing it well? Council President Bragdon said some of the benchmarks were internal and some external. Councilor Liberty asked, was there a place where you could see these measures were being used directly in management and in the region? He wanted to make sure the model was working.

Council President Bragdon talked about this model as a management tool. Mr. Jordan hoped that the use of strategy development process could be used for the management process and at the policy level. Councilor Burkholder provided an example of public safety, what was the policy goal and how did you accomplish this? What was the best strategy to have the most impact? Councilor Harrington said they had suggested using this model to apply it to the reserves. She said she wanted them to apply this to both the reserves and the budget. All three of the thrusts were important.

Mr. Jordan said he wanted to make sure the Council was comfortable with the model. Councilor Harrington said she wanted to use this internally first, then go outside.

IV. BREAK

II. REVIEW OF AVAILABLE RESOURCES

Margo Norton, Deputy CFO, summarized the General Fund Reserves (see attachment). She spoke to appropriated and un-appropriated funds. Councilors asked clarifying questions. Councilor Liberty asked about the "pay yourself first" principle. Ms. Norton responded to his question. She then talked about renewal and replacement issues. She talked about the opportunity fund and the earmarked planning funds. She spoke to the Public Employees Retirement System (PERS) fund and the Recovery Rate Stabilization fund. These two funds were discretionary. Councilor Burkholder asked about the PERS reserves and if this was one-time monies. Ms. Norton responded to his question.

V. REVIEW OF CURRENT COUNCIL PROPOSALS

VI. SUGGESTED STEPS TO PLAN FOR DECISION MAKING – DISCUSSION

VII. NEXT MEETINGS

Mr. Stringer pointed out some expenditures that they saw on the horizon including the proposed amendments, the New Look, the Parks proposal having to do with the Connect Green, elements of the solid waste, Zoo Future Vision Plan, Headquarters Hotel, Conservation Education and changes in front of Expo. Many of these programs would have ongoing operational upkeep.

Councilor Liberty suggested setting a deadline for new ideas on how to use the money. Councilor Burkholder suggested being more cautious about spending all of the funds. Councilor Harrington suggested that we reaffirm which items would play into the regular budget. She needed help organizing the New Look items. Robin McArthur, Planning Department, explained where there might be crossovers. Councilor Harrington wanted to look at some bottom line numbers. Ms. McArthur said she would talk with Councilors who had prepared the amendments. Councilor Liberty asked if the numbers were fixed for the New Look. Ms. McArthur said they were certain about the numbers for 07-08. Councilor Park asked for clarification on the General #1. Councilor Harrington said \$1.7 million was requested for 07-08 with the assumption that the \$300,000 would be part of the \$1.7 million. Council discussed the headquarters hotel issue and monies that were earmarked. Councilor Park was curious about new programs, existing program and renewal and replacement. Would they be making a decision about these programs? That was a question for the Council. Mr. Jordan said they should have a better idea on renewal and replacement by September. Councilor Park said he brought this up because of the projected budgets.

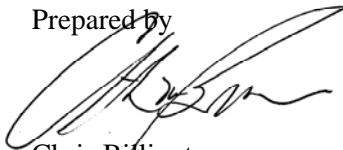
Council President Bragdon suggested establishing some deadlines. He asked for deadlines. Mr. Stringer said September 4th would be a good time to come back to Council. They would have information on the programs by then. September 15th they would have information on assets. Councilor Harrington asked where did we stand? Do we take these ideas with the model and apply the model. Mr. Jordan said they would run these through the model. They needed a deadline for new ideas. Mr. Jordan said they would come back to Council unless there was a new or existing criteria. Councilor Liberty suggested a deadline for new ideas (two weeks). Have Councilors run their idea through the model and have that ready before they leave on recess. Councilor Burkholder said he didn't know how economics affected regular revenue. Councilor Harrington proposed an alternative model. Councilor Park said he assumed that the deadline had already passed. Councilor Harrington said she was concerned about the timeline. Mr. Jordan suggested giving everyone a week for new ideas. He suggested asking Council to rank the proposals.

Councilor Harrington asked about footnote 3 on the New Look. Andy Cotugno, Planning Director, said there was crossover.

VIII. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:56 p.m.

Prepared by



Chris Billington
Clerk of the Council

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
JULY 26, 2007**

| Item | Topic | Doc. Date | Document Description | Doc. Number |
|-------------|-----------------------------|------------------|--|--------------------|
| III | PowerPoint presentation | 7/26/07 | To: Metro Council From: Jeff Tryens, Consultant Re: Metro Metrics: An Introduction to the Performance Measurement Project for Metro Council members | 072607cw-01 |
| VI | Revised proposed amendments | 7/26/07 | To: Metro Council From: Bill Stringer, CFO Re: Revised summary of proposed Councilor amendments to the FY 2007-08 budget and Planning's New Look proposals | 072607cw-02 |