

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, September 4, 2007
Metro Council Chamber

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

Councilors Absent:

Council President Bragdon convened the Metro Council Work Session Meeting at 2:01 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, SEPTEMBER 6, 2007/ADMINISTRATIVE/CHIEF OPERATING OFFICER COMMUNICATIONS

Council President Bragdon reviewed the September 6, 2007 Metro Council agenda. There was also a joint Metro Council and Metropolitan Exposition Recreation Commission (MERC) meeting scheduled for Thursday.

Council discussed the process for passing the natural areas purchases as a block with Jim Desmond, Parks Director. Council decided they did not need a very detailed presentation but it would be helpful to at least show the public what district the purchases were in. Councilor Harrington thought so much outreach and staff time had already been spent, we didn't need to do a lot at the meeting. Councilor Liberty thought a quick review stating the objectives would be fine.

2. BUDGET AMENDMENT DISCUSSION

Bill Stringer, Chief Financial Officer (CFO), and Margo Norton, Deputy CFO, distributed four handouts (a copy of each is included in the meeting record). Michael Jordan, Chief Operating Officer (COO), stated that this was the first of a series of scheduled meetings, with follow-up as desired by Council. Ms. Norton reviewed the consolidated general fund balance. The actual ending balance was almost \$4 million more than the original estimate. Over half of this money was already committed. That still left over \$1.5 million undesignated.

Ms. Norton looked at the comparison of general fund forecast, as requested by Council, showing various assumptions regarding the use of the reserves. She did not see anything alarming in the projections. She reviewed the chart showing the charter limitation on expenditures. There was projected to be a period in about a year or so when the collection of the new excise tax would run us up again the charter limitation. This would require some careful designation and placement of funds; nothing to really worry about, but it would be closely watched. Mr. Jordan interjected that the Oregon legislature recently passed legislation creating an opportunity for jurisdictions to fund schools; they were preempted from passing construction excise taxes. There were a few exemptions, such as Metro's. This added a political complication with a potential sunset of the tax; it would not be possible to reinstitute it once it expired. However, the excise tax could be used for any purpose. Councilor Park asked if we could keep the authority without implementing it. Mr. Jordan was not sure. The thing to remember was that it was a wrinkle in addition to the budget balancing implications. Staff felt the potential collision could be managed. Mr. Jordan emphasized that our core costs were rising faster than core revenues. Councilor Hosticka asked if main core increases were employee costs. Mr. Jordan said yes, health care and such were increasing faster than inflation, while revenues were increasing more in line with inflation.

Mr. Jordan said the ongoing asset inventory status, which would be completed in a few weeks, would drive the contributions to renewal and replacement. The contribution might need to be enhanced, primarily due to Zoo facilities. Councilor Park asked about the status of the collection and expenditure of the construction excise tax. Ms. Norton said expenditures were lagging, due to the paperwork and process involved, but were not out of line with what we had anticipated. Mr. Stringer reviewed staff's efforts to establish the hierarchy and logic chains on performance measures. Mr. Jordan talked about integrating the performance measures with the budget. He then presented staff's best recommendation regarding the budget reserves, based on what they had heard so far from Council. It had been reviewed with senior management. He acknowledged some of the numbers were arbitrary with respect to size. Heavy emphasis had been placed on the New Look elements. He explained staff's rationale for the recommendations and commented on some of the proposed items. He referred to some potential budget implications of the new Chief Information Officer (CIO) position. The total recommendation left almost \$900,000 in reserves.

Councilor Harrington wanted to focus on the goal of this proposal. Was it to spend the reserves? The proposal was a good starting point. She asked why the proposals labeled Issues 1, 2, and 3 had been added. Mr. Jordan said urgency was one factor; also, he did not have much information about some of the others. It was a balance of importance and urgency.

Council President Bragdon listed his concerns. As far as staffing up for the New Look, he recalled past projects that had taken a lot of staff time. Shouldn't there be some staff time available from the previous projects that were now completed? Mr. Jordan stated that the planning department's proposals were based on their best estimates of the workload. Some of the proposed staff time would be limited-duration appointments. Consultants would probably be used as well. It would not necessarily be a permanent addition of full-time staff. He did not think it was an unreasonable projection. Obviously, we would not spend any money that we didn't need to. Council President Bragdon's other concern was that a lot of the resources seemed to be focused on the edge discussions, rather than on 2040 projects. Councilor Park echoed the comments about permanent versus limited duration staff or consultants.

Councilor Newman had a question about funding for the design competition. Jeff Tucker, Parks Department, replied that a lot of the funding was coming in the form of donations. The \$30,865 was a request from the general fund. Councilor Newman added that he was conscious about the capacity for grant programs, regarding Nature in Neighborhoods grants. He thought the quality of the grant recipients in the second year had not been up to the level of the first year. Was that overtaxing our staff? Also, regarding the transportation finance ballot measure, they had already raised \$30,000 for the polling. If the polling results were dismal, those expenditures could be returned to the fund.

Councilor Liberty's main concern was the implication that the affordable housing efforts did not have significant Council support. Mr. Jordan responded that had been his observation over the past four years. Councilor Liberty's other concern was about the opportunity fund. Mr. Jordan felt that, philosophically, it was better to have the strategy before making the investment.

Councilor Burkholder was more comfortable spending reserves on one-shot projects, such as bike modeling, than on ongoing basic agency functions. Looking at what was coming down the pike, would it be useful for Metro to convene a group around the issues of sustainability in general? He thought this was a window for us to engage the region in talking about it, perhaps to be ultimately

subsumed into the New Look work. Sustainability ought to be more highly visible in general. He would be willing to discard proposal Planning 4 (the New Look work program).

Mr. Jordan offered to have staff combine the Councilors' worksheets into a chart. Council President Bragdon thought it would be more valuable to have a more strategic, big-picture discussion with Council, rather than niggling over individual proposals. Councilor Harrington wanted to look at whether there was work we were currently doing that could be shifted to some of the proposals.

Mr. Jordan understood that Council was reluctant to commit to ongoing, out-year obligations from these one-time funds. Council President Bragdon agreed, saying additionally that he'd like to take stock of where our current resources were being spent and comparing those to where we wanted to go, such as were we spending money at the edges or in the core. Councilor Liberty agreed that it made more sense not to use one-time money for ongoing commitments. Also, they had had a long discussion about implementing 2040. Thirdly, were we building partnerships? Were we leveraging resources? Were we funding planning? Some of these issues would require focusing on our annual budget, not just the one-time funds.

Councilor Harrington had a technical question about option Parks 3 (priorities and implementation plan). Did the budget assume the dissolution of the Greenspaces Policy Advisory Committee (GPAC)? Mr. Tucker said GPAC was more of a staff effort, with no significant allocated funds. Councilor Harrington would like to see that staff resources were mindfully reallocated.

Councilor Liberty recalled that the budget staff had originally proposed not spending the entire amount. Mr. Jordan replied that there were varying opinions about whether to spend it at all. His own philosophy was, money was not to be locked in a drawer. It was the public's money and should be spent in the public interest. Our ending fund balance would almost certainly continue to be positive over time, since we spent and budgeted so conservatively. He felt it was prudent to spend the money, although we certainly wanted to be careful about assuming ongoing costs.

Council President Bragdon asked what the next step should be. Mr. Jordan said Council needed to achieve clarity on the affordable housing issue. Also, staff needed direction from Council on focusing on edge versus centers. Council President Bragdon thought the Council had created a gray area; apparently, there were always one-time things taking place. Were we blurring the line, especially in planning, as to what a one-time project would be? Mr. Jordan said, if you looked at it carefully, planning had actually been shrinking by about a person a year, until this year, over the last six years. He suggested that Council appropriate the first-year amount so that it was available. Perhaps put it into contingency. As the projects evolved, more detail could be provided, and a management strategy could be included along with the budget strategy. He saw the New Look as a three-year project with a ramp-up and a ramp down. It was certainly possible to manage the funds.

Councilor Park wanted to make sure that the focus stay on whether we were making tradeoffs in allocating funds, in terms of the edge versus the center. Councilor Burkholder thought we needed to talk about the nature of Metro. We had a unique role on the edge. Other agencies were involved in the centers. He wanted to focus on the key things Metro did, that no one else did, such as gathering data, analyzing the issues, etc., so we could provide information to help guide policies at other agencies. We were not a one-size fits all government. Councilor Liberty thought

that same philosophy could be applied to the conservation education project. A million dollars invested in affordable housing would be returned tenfold.

Councilor Newman bristled a bit about the center/edge dichotomy. Most of the work was about reforming our growth management process, rather than focusing on the edge. We needed to fix a broken system. Mr. Jordan said staff had approached their proposals with their realistic estimates of what it would take to get the work done. The recent discussion with Council on the overall direction of the planning department was also on their minds. Council President Bragdon felt more discussion was needed. Council did not feel tabulation of the worksheets would be helpful.

Council decided to talk about the overall budget process. Mr. Stringer said, as the specific projects unfolded over the next few weeks, that would affect the process discussion. It was tied to the 2008-09 budget discussion. Council President Bragdon saw it as a continuum from the old structure, when an independently-elected executive officer would bring in a budget proposal, set it before Council, they would tinker with it, and it would be approved. He thought the ideal new world was the seven of them sitting on Mount Olympus, then talking with the staff, who would translate the big thoughts into the budget. Where were we on the continuum today? Mr. Stringer felt we were moving toward Mount Olympus. Mr. Jordan said the first item on that was gathering Council feedback on the process.

Councilor Newman thought last year was the best since he'd been on the Council. We might have gone over the top with a few proposals. A few of the big decisions had been punted until now. Perhaps the opportunity fund should have been discussed previously. We had put off a few decisions. He liked the direction of the COO preparing the budget with Council input, rather than being the Council President's budget. Councilor Burkholder thought it made more sense, in terms of our goals of what we wanted to do and how the money was spent doing what we wanted to do. He wanted to have a process for dealing with opportunities. In terms of the basic budget of what we were spending our money on, he was supportive.

Councilor Liberty said it was helpful to set direction early on the big issues, and to have the assumptions. He liked the programmatic budgeting. It was hard, but it was better to have it focused. The direction was the right one.

Council President Bragdon said the only objective measurement he could use, was how much heat there was around the amendment process. He felt the heat had gone down from year to year, which was good. Secondly, some of the techniques they had experimented with were useful, such as the book that had been put together. The content was good, and the interaction with program staff had integrated thinking about the budgets with thinking about the programs. Thirdly, moving to this structure, it had been a coin flip whether the Council President or the COO would be the one to do it. He personally felt having the COO do it made sense. Any risks could be assumed by the Council through the amendment process. He was open to a code change to shift that responsibility.

Councilor Park said things were basically much better now. The strategic planning piece had been helpful. Last year was very good. He was still conflicted about whether the COO should propose the budget. It was one area where the Council President could clearly show leadership about direction. The amendment process allowed the other six to weigh in.

Councilor Hosticka agreed that the process was now much more transparent, with less gamesmanship. Don't forget that we had a budget surplus, which had made some decisions easier; it

wasn't just the improved process. The program budget had yet to realize its full potential. Generally, he wasn't sure if bi-annual budgeting was best for Metro. It would need annual reporting and review in any case. He would like the COO to be the one to propose the budget. It would reinforce that the COO was the head of management. Budgeting was an important tool in that portfolio. He'd like to see the budget process buffered from personalities and elections.

Councilor Harrington realized that she had joined the group mid-stream in the budgeting. She did not feel the budget required any additional time be spent on it. The programmatic budgeting session was very useful. Her chief concern was that she didn't know where we were on the move toward programmatic budgeting. There was room for improvement there, to help with future budgets.

Council President Bragdon asked staff to write up the ordinance for the COO to take over the budget proposal. Mr. Jordan said, next time, we'd go into more depth; if the COO took over the budget, the process would be a bit different. He would want to check in frequently and wanted to talk about the pros and cons of the biennial option. Maybe the off-years could be more strategic, the budget years more financial.

3. BREAK

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

Time Began: 4:02 p.m.

Time Ended: 4:32 p.m.

Members Present: Jim Desmond, Kathleen Brennan-Hunter, Paul Garrahan, Dan Cooper, Hilary Wilton, John Berry, Michael Jordan, Anthony Andersen, Jim Morgan, Wil Eadie

5. COUNCIL BRIEFINGS/COMMUNICATIONS

Council President Bragdon stated staff had requested to reschedule next week's Regional Transportation Plan (RTP) work session update. He reminded Council they had wanted to be more proactive about using time. Councilor Burkholder said the staff request was the result of a computer model that was taking longer than anticipated. He didn't think that the upcoming Joint Policy Advisory Committee on Transportation (JPACT)/Metro Policy Advisory Committee (MPAC) meeting would be affected. Council President Bragdon said he wanted to tighten up the reporting on the big stuff. Councilor Burkholder agreed and said there were monthly reports coming. Council President Bragdon asked about the best use of the work session time. Councilor Burkholder suggested that staff could be available for questions.

Councilor Burkholder talked about the funding for conservation education, in light of the budget reserves process. He was concerned about losing a month in that process; it had to be done by the end of January 2008. Councilor Newman commented that others were also working on projects, and they were all waiting patiently on the reserves discussion. He had been forced, with Richard Brandman, to raise \$30,000 for the polling, because of similar deadlines. Councilor Burkholder saw the opportunity fund as different from the reserves. Council discussed how the reserves process was being used and whether it was fair.

Councilor Newman said that Monday he and Councilor Burkholder were co-chairing the Lake Oswego study locally preferred alternative (LPA) discussion. They would represent Council concerns at the meeting. They wanted to see more information about revitalization in the foothills area, as part of the federal funding. Councilor Newman stated that regulations said the LPA decision could come at the end of the alternatives analysis or at the end of the draft environmental impact statement (DEIS) process. They talked about some of the issues surrounding the process, timelines, coordinating with other projects, action from other agencies, and the role of the park-and-rides.

Councilor Hosticka reported on the I-5/99W meeting. They had identified a range of alternatives. They wanted to make sure each alternative was examined whole-heartedly, not just as a baby step to get to the road. The meat of the discussion was on the criteria for evaluation of the alternatives. There would be time on Council's September 25 work session. He wanted to make sure the alternatives were evaluated not only against each other but against the full set of investments that might be made in the region.

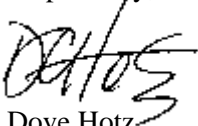
Councilor Liberty reported on some of the proposals and alignments coming out of the Sellwood Bridge project. The highest price tag was now at half a billion dollars.

Council President Bragdon made some observations about succession planning for Councilor Newman's resignation. We had to give four weeks' notice for an application period and have a hearing in the district. He was hoping to piggyback on the already scheduled October 25 Oregon City meeting. Council discussed the process for filling the vacancy. Mr. Jordan suggested thinking of it as a job interview process. There might potentially be a significant number of applicants. They talked about how to narrow down the applicants. Mr. Jordan thought the process was flexible, beyond what was specifically in the code. He recommended that Human Resources be the point of contact.

Councilor Burkholder said he would be absent through most of October. He had faith in the selection taking place without him.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 5:08 p.m.

Prepared by,



Dove Hotz

Council Operations Assistant

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
SEPTEMBER 4, 2007**

| Item | Topic | Doc. Date | Document Description | Doc. Number |
|-------------|--------------|------------------|--|--------------------|
| 1 | Agenda | 9/6/07 | Agenda: Metro Council regular meeting, September 6, 2007 | 090407c-01 |
| 2 | Budget | undated | To: Metro Council From: Bill Stringer Re: Consolidated General Fund | 090407c-02 |
| 2 | Budget | 9/4/07 | To: Metro Council From: Bill Stringer Re: Worksheet for Use of Undesignated General Fund Balance – Staff Recommendation | 090407c-03 |
| 2 | Budget | 8/16/07 | To: Metro Council From: Michael Jordan and Bill Stringer Re: Decision Making Tools for September Reserves Discussions | 090407c-04 |
| 2 | Budget | 9/4/07 | To: Metro Council From: Bill Stringer Re: Timeline for Developing Metro Performance Measures | 090407c-05 |