

MINUTES OF THE METRO COUNCIL MEETING

Thursday, September 27, 2007
Metro Council Chamber

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

Councilors Absent:

Council President Bragdon convened the Regular Council Meeting at 2:02 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

There were none.

3. RECOGNITION OF GALE CASTILLO'S SERVICE

Council President Bragdon recognized Gail Castillo for her years of service on the Metropolitan Exposition Recreation Commission (MERC). He presented Commissioner Castillo with an engraved clock.

4. CONSENT AGENDA

4.1 Consideration of minutes of the September 20, 2007 Regular Council Meeting.

4.2 **Resolution No. 07-3867**, For the Purpose of Confirming the Appointment of Susan Steward to the Regional Solid Waste Advisory Committee (SWAC)

4.3 **Resolution No. 07-3869**, For the Purpose of Confirming the Appointment of John Kilian to the Metro Committee for Citizen Involvement (MCCI).

Motion:

Councilor Harrington moved to adopt the meeting minutes of the September 20, 2007 Regular Metro Council and Resolution Nos. 07-3867 and 07-3869.

Vote:

Councilors Burkholder, Harrington, Liberty, Park, Newman, Hosticka and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.

5. ORDINANCES – SECOND READING

5.1 **Ordinance No. 07-1158**, Amending the FY 2007-08 Budget and Appropriations Schedule Recognizing Changes in Elected Officials Salaries and Declaring an Emergency.

Motion:	Councilor Newman moved to adopt Ordinance No. 07-1158.
Seconded:	Councilor Liberty seconded the motion

Councilor Newman introduced the ordinance and said this would amend our budget to allow the elected officials at Metro to receive a raise based on the circuit court judge's salary increase. He explained further the details of the raise.

Council President Bragdon opened a public hearing on Ordinance No. 07-1158. No one came forward. Council President Bragdon closed the public hearing.

Vote:

Councilors Park, Hosticka, Burkholder, Harrington, Newman, Liberty and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.

5.2 **Ordinance No. 07-1160B**, Amending the FY 2007-08 Budget and Appropriations Schedule to Implement Various Projects funded from Undesignated Reserves, and Declaring an Emergency.

Motion:	Councilor Burkholder moved to adopt Ordinance No. 07-1160B.
Seconded:	Councilor Park seconded the motion

Councilor Burkholder said this was unique opportunity through a combination of consolidating funds and PERS reserves to look at the needs of agency and fund programs that had not been adequately funded in the past. A total of \$5 million would fund a variety of programs such as urban and rural reserve process. It also funded \$1 million to an affordable housing revolving fund. Councilor Liberty said this proposal would commit seed money to a revolving housing choice fund. They thought this might help fund housing near light rail stations. There was a lot of support for this fund. He acknowledged the partners who were participating. Councilor Burkholder noted how the "B" version differed from the "A" version. He also addressed the proposals that had multiple years funding. The Council had been very involved in setting priorities for funding. He urged support.

Council President Bragdon opened a public hearing on Ordinance No. 07-1160B. No one came forward. Council President Bragdon closed the public hearing.

Councilor Harrington said there was great deal of deliberation about the various project. She did not see any of these as luxury items. They were "must have" programs. She spoke to the multi-year programs, one of which was the New Look. She was happy to support this ordinance.

Vote:

Councilors Park, Hosticka, Burkholder, Harrington, Newman, Liberty and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.

6. **RESOLUTIONS**

- 6.1 **Resolution No. 07-3868**, Authorizing Creation of Finance Plan for the Development of a 600-Room, Publicly Owned, Privately Operated, Convention Center Headquarters Hotel Project; Authorizing Execution of Development Agreement With Project Developer; and Authorizing Negotiations For Intergovernmental Agreements and Additional Project Funding.

Councilor Burkholder asked about clarification on the decision on November 1, 2007.

Motion:	Councilor Park moved to substitute Resolution No. 07-3868A.
Seconded:	Councilor Newman seconded the motion

Councilor Park said last week the Council heard much testimony on this issue. He explained what the resolution did and did not do. It removed the authorization to execute the development agreement with the developer, Garfield Traub. The development agreement was not yet ready for Council review. He expected it will be ready by November 1st and the Council would have an opportunity to review and vote on the agreement at that time.

It established the next two phases of the hotel project:

1. It gave us until November 1st to determine whether we could secure the financial and political support among our partners to move forward with the financing plan, and
2. If we could secure the necessary financial and political support, then we would be in a position to consider and move forward on the first-phase development agreement.

The amended resolution:

- Directed Metro staff to negotiate with other public entities and potential beneficiaries of the Convention Center to secure additional funding for the hotel project as may be determined necessary for the success of the hotel project, and directed Metro's chief operating officer to report to the Council by November 1 regarding the progress of these negotiations
- Directed Metro's chief financial officer to work with the hotel project underwriter and Metro's financial advisor to prepare and develop a financing plan which would call for the adequate funding of debt service, capitalized bond interest, bond insurance, sinking fund requirements, and other financing requirements as well as addressing reasonable risk scenarios
- Directed MERC to review the need for additional resources for marketing expenses of the Convention Center as well as to define an adequate level of funding for Convention Center capital and operations

What we were doing today was voting on whether to move forward with development of the financing plan and to negotiate additional financing with our other partners—both public and private—who stood to benefit from the development of a Convention Center hotel and the enhanced economic activity that it could bring to our region. Metro may be the owner of the Convention Center, and Metro may issue the bonds to build the hotel, but this would be a regional asset with benefits for the entire region. We needed the commitment – political as well as financial – of our partners to make this work.

He want to make this point very clear: We wanted to finance this hotel through its own net operating income, plus dedicated hotel taxes and other tourism-related revenues, and not through raising taxes on residents of the region. We were not looking to finance this hotel out of property taxes or other general taxpayer dollars.

This amended resolution **did not**:

- Make a final commitment on the part of the Metro Council to the development of a 600-room, publicly owned and privately operated headquarters hotel
- Approve a development agreement with the developers
- Commit 600 thousand dollars, as was discussed at last week's meeting, in the first phase of the development agreement. That would come up for discussion at a later date but we were not making a decision on the use of those funds today.

More importantly, what this resolution acknowledged was that we had studied this proposed hotel project and other alternatives to enhance the operations of the Convention Center and we had concluded, based on the findings of the best experts both locally and nationally who understood this market and the performance of similar hotels in similar markets across the country, that the 600-room hotel was the best option for Metro to pursue both in enhancing the operations and competitiveness of the Convention Center but, more importantly, in generating greater economic benefit to the region.

The Convention Center was built to maximize economic benefit for the Portland metropolitan region and the state of Oregon. Our job, as the Metro Council, was to ensure that Convention Center continued to bring economic benefit to the state and this region while protecting the public investment that had been made in the facility.

Adopting the amended resolution before us today enabled us to move forward and pursue the financing necessary to move forward with the development of the hotel and achieve greater economic development potential for this region that was at the core of the mission of the Convention Center.

Council President Bragdon said the Council had asked for some further work. Michael Jordan, COO, said he wanted to make sure that the Council had received responses from EcoNorthwest and HVS International (a copy of which is included in the record).

Councilor Hosticka clarified what we were doing and what we were not doing. He asked what was happening with the new resolution. Councilor Park responded that the Council would not authorize any funding until partners were committed. Councilor Hosticka said the success of the plan depended upon those partners committing to the concept. Councilor Liberty talked about his concerns about the risks.

Motion to amend:	Councilor Liberty moved to amend Resolution No. 07-3868A, to include at least one of the financing plan options hold Metro area taxpayers harmless from the use of taxes of general applicability.
Seconded:	Councilor Hosticka seconded the motion

Councilor Liberty explained his amendment, to prepare and develop more than on financing plan one of which would hold Metro area taxpayers harmless from the use of taxes of general applicability. Council President Bragdon asked for clarification on the type of tax. Dan Cooper, Metro Attorney, explained what the charter said about taxes of general applicability.

Councilor Liberty explained he would rather have the risk fall on the primary beneficiaries. He understood that we were looking for partners, which also provided additional security for the

financial package. It protected our taxpayers for financial liability. Councilor Park said he could support this amendment. He felt this was prudent.

Vote to amend:

Councilors Park, Hosticka, Burkholder, Newman, Harrington, Liberty, and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.
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Councilor Harrington said staff had worked with MERC hiring consultants that had been used by the private sector. We had done the due diligence required of us. We were looking for a financing package. We needed both financial and political commitments from our partners both private and public.

Council President Bragdon thanked staff for their hard work as well as Councilor Park. Councilor Newman also supported the amended version. He said most were convinced of the need but there were still questions concerning financing and partnership. He asked for participation of the lodging industry. He was concerned about their testimony last week. He was hopeful they would go back to the table as well. The whole region benefited from a successful convention center. He said the lodging industry benefited the most. He was hopeful they would continue to stay engaged. He wanted to make sure that our other programs and operations were not at risk. In 30 days the staff was to report back to the Council. Councilor Liberty appreciated his colleague's support. He also appreciated those who had testified that were skeptical. He looked forward to seeing what the financing plan was.

Councilor Park appreciated the Council's input to make this a better resolution. He felt the public testimony was very helpful. He then summarized what the resolution would do.

Vote on the main motion:

Councilors Park, Hosticka, Burkholder, Newman, Harrington, Liberty, and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.
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6.2 **Resolution No. 07-3839**, Approving the Natural Areas Acquisition Refinement Plan For the Stafford Basin Target Area.

Motion:	Councilor Liberty moved to adopt Resolution No. 07-3839.
Seconded:	Councilor Newman seconded the motion

Councilor Liberty introduced all three resolutions on refinement plans. He said once the vote takes place staff was free to work on acquiring land in these target areas. He provided some detailed goals for each area. He urged an aye vote.

Motion to amend:	Councilor Hosticka moved to amend Resolution No. 07-3839 with amendment #1 (a copy of which is included in the record).
Seconded:	Councilor Newman seconded the motion

Councilor Hosticka said this amended the Stafford Basin target area to include a Tier 3 target area. He explained further what the amendment did which was to provide up to 25% funding provided that there were other partners helping fund the site.

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

Members Present: Jim Desmond, Kathleen Brennan Hunter, William Eadie, member of the press, Carrie Belding, Nat Brown

Time Began: 2:49pm
Time Ended: 2:59 pm

Councilor Newman said he would be supporting the amendment. He commented that they had heard from the community about the Oak Savannah in this area. Those who had looked into it felt it should be a Tier 3 acquisition. He talked about the specific conditions of this area. They had heard strong community support. He talked about the Mt. Williams site, which was a similar situation. Metro would contribute no more than 25%. He thought regardless of how this Council voted, it was important to have an answer, one way or the other. This provided a definitive answer. He urged an aye vote. He thanked staff and Councilor Hosticka for their support. Council President Bragdon asked if bond funds were used for the Mt. Williams purchase? Mr. Desmond said there were not used. Council President Bragdon asked if patches of the Savannah Oaks site were scientifically recommended. Mr. Desmond said they were not. The cities and partners came together to make a recommendation. The Savannah Oaks were not recommended. Council President Bragdon wondered what amount of the local share program was given to the City of West Linn. Councilor Newman said \$600,000. Council President Bragdon asked if City of West Linn planned to contribute to the Savannah White Oaks site. Mr. Desmond said they had identified other areas for purchase. Councilor Burkholder talked about the capital grant program and the opportunity to obtain matching funds. He felt this property could apply and compete for those funds. He wanted to stick to our guns in using our scientific analysis. It remained the top priority for this agency. The grant process was open and he encouraged the group to apply. Councilor Harrington concurred with Council President Bragdon and Councilor Burkholder's comments. Councilor Liberty asked about what West Linn thought about this parcel. Councilor Newman responded to his question. Mr. Desmond said he didn't have their list in front of them. Their focus was on neighborhood parks. Paul Garrahan, Metro Senior Attorney, said City of West Linn received about \$800,000 in local share. Councilor Burkholder talked about priorities in the community. He encouraged the group to apply for grant funds. Councilor Park appreciated the discussion. He was sympathetic to why individuals wanted this area preserved. This particular site was not the kind of site that was put to the voters. Council President Bragdon said he was also sympathetic to the activist who wanted to preserve this site. This issue was a threshold issue of how this program was going to keep faith with the voters. They needed to follow the science to get the best value in terms of the environment. It was about keeping faith with the voters and was an important message to send. Councilor Hosticka appreciated the discussion we had and hoped the minutes would be distributed to the group. He talked about a priorities and that this amendment recognized that this was not a first priority. He explained further what the amendment said. He thanked his fellow Councilors for their discussion.

Vote to amend:

Councilors Park, Burkholder, Harrington, Liberty, and Council President Bragdon voted against the motion. The vote was 5 nay, the motion failed with Councilors Newman and Hosticka voting aye.

Vote on the main motion:

Councilors Park, Hosticka, Burkholder, Newman, Harrington, Liberty, and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.
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6.3 **Resolution No. 07-3850**, Approving the Natural Areas Acquisition Refinement Plan For the Tonquin Geologic Area Target Area.

Motion:	Councilor Liberty moved to adopt Resolution No. 07-3850.
Seconded:	Councilor Newman seconded the motion

Vote:

Councilors Park, Hosticka, Burkholder, Newman, Harrington, Liberty, and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.
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6.4 **Resolution No. 07-3859**, Approving the Natural Areas Acquisition Refinement Plan For the Willamette River Greenway Target Area.

Motion:	Councilor Liberty moved to adopt Resolution No. 07-3859.
Seconded:	Councilor Newman seconded the motion

Vote:

Councilors Park, Hosticka, Burkholder, Newman, Harrington, Liberty, and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.
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7. CHIEF OPERATING OFFICER COMMUNICATION

Michael Jordan, Chief Operating Officer (COO), thanked Councilor Newman for his service and for what has been a gratifying relationship for him.

8. COUNCILOR COMMUNICATION

Councilor Harrington said Solid Waste Advisory Committee (SWAC) held their meeting today. She noted two items. Staff had been working on collection impacts in our region. Proposals like this put pressure on local rates. She asked Council if they would like to broaden the discussion as they moved forward and talk about total program impacts. She also said they discussed the Regional Solid Waste Management Plan (RSWMP).

Councilor Newman said next week the Council would meet at the Zoo and then at 4:00 p.m. the Council would hold a joint meeting with the Oregon Zoo Foundation to discuss the master plan.

Councilor Hosticka said they had a meeting with the I-5/99W Connector group. He said they had a long discussion. There will be a final determination of criteria in late October. Councilor Harrington asked clarifying questions about this Council providing feedback on the new policy, the Regional Transportation Plan (RTP) goals and objectives. Councilor Hosticka said there were some discomfort but an acknowledgement that we had constrained funds.

Councilor Liberty said October 1st there would be a meeting of the Sellwood Policy group. He would forward Council's recommendations. He said on October 2nd there would be a workshop

on the Milwaukie Light Rail at Cleveland High School. On October 11th there would be another discussion held at Sellwood Middle School on the same subject.

Councilor Park said he attended to a transportation meeting where they discussed the shortfall, which was impacting the Oregon Department of Transportation (ODOT) funding. He spoke to positives and negatives of that shortfall. He wondered if Councilor Burkholder would have thoughts to share with the Freight Committee. Councilor Burkholder talked about constrained funds and the federal portion of the RTP. Councilors further discussed funding issues.

Council President Bragdon announced Council meetings that were cancelled, October 2nd, 11th and 18th.

**9. EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660 (1) (d)
FOR THE PURPOSE OF DELIBERATING WITH PERSONS
DESIGNATED TO CONDUCT LABOR NEGOTIATIONS**

Members Present: Kevin Dull, Michael Jordan, Dan Cooper

Time Began: 3:35 p.m.

Time Ended: 3:43 p.m.

10. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 3:43 p. m.

Prepared by

Chris Billington
Clerk of the Council

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
SEPTEMBER 27, 2007**

Item	Topic	Doc. Date	Document Description	Doc. Number
4.1	Minutes	9/20/07	Metro Council Meeting Minutes of September 20, 2007	092707c-01
6.1	Email	9/25/07	To: Metro Council From: Carla Murray, Senior Vice President of Operations for Starwood Hotels and Resorts Re: Headquarters Hotel	092707c-02
6.1	Email	9/26/07	To: Metro Council From: Carl Abbott, PSU Professor of Urban Studies and Planning Re: Headquarters Hotel	092707c-03
6.1	Email	9/22/07	To: Council Newman From: Edgerton Family Re: Headquarters Hotel	092707c-04
6.1	Letter	9/25/07	To: Council President Bragdon From: Janie Millican, President Oregon Native American Chamber of Commerce Re: Headquarters Hotel	092707c-05
6.1	Fax	9/26/07	To: Metro Council From: Henry Kane Re: Headquarters Hotel	092707c-06
6.1	Letter	9/26/07	To: Metro Council From: Greg Mindt, Executive Director Tri-County Lodging Association Re: Headquarters Hotel	092707c-07
6.1	Email	9/26/07	To: Metro Council From: Roddy Dagget Re: Headquarters Hotel	092707c-08
6.1	Email	9/26/07	To: Councilor Park From: Duke Shepard Re: Headquarters Hotel	092707c-09
6.1	Email	9/23/07	To: Councilor Burkholder From: Richard Pete Petersen Re: Headquarters Hotel	092707c-10
6.2	Amendment	9/27/07	To: Metro Council From: Councilor Hosticka Re: Amendment to Resolution No. 07-3839	092707c-11
6.1	"A" version	9/27/07	Resolution No. 07-3868A , Authorizing Creation of Finance Plan for the Development of a 600-Room, Publicly Owned, Privately Operated, Convention Center Headquarters Hotel Project; Authorizing Execution of Development Agreement With Project Developer; and	092707c-12

			Authorizing Negotiations For Intergovernmental Agreements and Additional Project Funding.	
6.1	Memo	9/21/07	To: Metro Council From: Tom Hazinski, HVS International Re: Cortright Memo	092707c-13
6.1	Memo	9/26/07	To: Metro Council From: Abe Farkas and Terry Moore, EcoNorthwest Re: Response to Memorandum from Mr. Cortright	092707c-14
8	Memo	9/25/07	To: Metro Council From: Andy Cotugno and Mark Turpel, Planning Department Re: Draft Evaluation Criteria – I-5/Highway 99W Connector	092707c-15