

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, October 23, 2007
Metro Council Chamber

Councilors Present: Robert Liberty, Kathryn Harrington, Carl Hosticka, Rod Park, Robert Liberty

Councilors Absent: David Bragdon (excused), Rex Burkholder (excused)

Council Liberty convened the Metro Council Work Session Meeting at 2:04 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, OCTOBER 25, 2007/ADMINISTRATIVE/CHIEF OPERATING OFFICER COMMUNICATIONS

The meeting began with a discussion of JPACT and the Cleveland Avenue Project, Resolution No. 07-3864. Due to the benefits of completing a project under budget, Councilor Harrington wanted to assure that people were not rewarded for overestimating project costs. In regards to the Cleveland Avenue Project, she was more concerned with the policy issue than the project particulars. It was decided that the project would be removed from the consent for the Council meeting on October 25, 2007.

The Council next discussed Item 4.1. Councilor Harrington questioned why it was declared an emergency. The Council had adequate notice of this Agenda item. Michael Jordan, Chief Operating Officer (COO), told the Council he would look into the reason for the emergency declaration. Councilor Harrington had problems with the wording of the ordinance and the license expiration date. In response to that, it was noted that this is a first read and changes can be made.

Agenda item 6 was reviewed. The start time and time scheduling changes that may occur were discussed. It was difficult to estimate a time schedule due to the uncertainty of speaker turnout.

2. FINANCIAL ASSUMPTIONS FOR BUDGET PREPARATION

Kathy Rutkowski, Metro Budget Coordinator, and Bill Stringer, Chief Financial Officer, introduced the Financial Assumptions for FY 2008-09 Budget.

Mr. Jordan and Ms. Rutkowski discussed and explained Oregon tax law. Ms. Rutkowski explained Oregon budget law. She explained the economic assumptions and what was needed for a balanced budget. One purpose of budget law was to allow for citizen participation.

In the packet distributed there was a detailed report and summary of the FY 2008-09 Budget. The budget assumption development was a collaborative process with extensive input.

Salary

Salary assumptions make up the bulk of the financial assumptions, in addition Ms. Rutkowski provided a cost estimate for the budget. The 2007-08 budget provided the base budget, adjustments had already been made for cost of living increases, among other things.

Ms. Rutkowski explained the salary changes of elected officials, non-Metro employees including unclassified staff, non-represented staff and Metropolitan Exposition Recreation Commission salary adjustments.

Councilor Liberty questioned the use of the word “pool” in the salary discussion and asked for clarification on its meaning and use of “merit pay”. Ms. Rutkowski explained department budgets for existing recurrent base salaries. It was assumed that some adjustments would need to be made throughout the year, the “pool” was budgeted percent of current costs.

AFSCME recommended three adjustments; cost of living; a salary range step eligibility and minor various adjustments. A pool of 1.7% was recommended for the salary step eligibility. 45% of AFSCME employees were eligible for a salary increase in the next year, Councilor Liberty questioned whether this was a typical figure.

The LIU Local 483 had two recommended pools; a cost of living adjustment, and merit pay pool.

There were several additional smaller groups, which had various Consumer Price Index indicators. It was recommended that a 3% average cost of living increase be budgeted for these groups.

Benefits

There were three payroll taxes that Metro did not control; FICA, workers compensation and Tri-Met payroll tax. The two taxes that had changed slightly in this budget were the Tri-Met and workers compensation taxes. The miscellaneous benefits provided by Metro were; long-term disability, life insurance, accidental death, dependent life, employee assistance and the Tri-Met passport program. Minor changes had been made to life insurance and the Tri-Met passport program. Councilor Liberty asked for clarification on long-term disability.

Ms. Rutkowski explained that health and welfare were two of the most significant benefits. The AFSCME agreement required a 10% health and welfare cap increase. Metro had traditionally offered non-represented employees the same benefits as represented employees. It was recommended that all employees were budgeted the same cap increase.

Mr. Jordan clarified the “opt-out’ funding pool. Councilor Park asked for clarification on FICA salary changes.

Ms. Rutkowski informed the Council that there were no anticipated PERS rate changes. The “employee pick-up” option was discussed along with the bond recovery rate. Mr. Jordan expanded upon the bond recovery rate explanation.

Revenue Assumptions; Interest Rate and Excise Tax

Ms. Rutkowski explained the revenue assumptions that had been made, these related to interest rates and the excise tax. She explained that when making predictions, they were conservative with their interest rate assumptions. Cash balance assumptions and predictions were discussed.

Ms. Rutkowski discussed investment earnings and made an interest rate recommendation of 4%.

The excise tax was explained. Base solid waste and CPI indicators were discussed. It was explained that the solid waste revenue would vary based on tonnage received, estimations were allowed to increase by 3.4% yearly. The base excise tax would have an average increase of 6.4% from the 2007-08 FY.

Ms. Rutkowski provided a general inflationary factor, which budgets for basic costs figured through the average of five CPI indicators taken from the Portland and Salem region. She informed the Council that the general fund policy and reserves would be continued. A general contingency would be provided for both stabilization and an opportunity account. All other funds have been recommended to budget for their reserves, followed by a general contingency around 4%. Ms. Rutkowski discussed election expenses for the November 2008 Council seat runoffs and any potential regional ballot measure. She noted that there was a potential of up to four open seats, it was recommended that the budget plan for three Council seats be opened. The budget also recommended that funding from the current FY be carried over for potential regional measures in November 2008.

Councilor Hosticka thought it was premature to predict how many Councilors would be on the ballot and felt that we should budget for no more than two open seats. Councilor Liberty was the only Councilor who voiced his agreement with that prediction. Instead of assuming that current 2007-08 FY funding would be carried over into the 2008-09 FY, the assumption could be made that either the current allocated funding would be needed, that another regional measure would be needed, or an assumption of uncertainty could be taken with an amendment made, if needed.

Mr. Jordan noted that decisions relating to the May elections must be made by mid-March, he assumed that they will be made before that time.

Ms. Rutkowski assumed that sponsorship rates would remain the same. Councilor Liberty questioned the global and interest rate assumptions. Mr. Jordan reported that the interest rate was expected to drop, but that the yearly variable was not large. The Councilors discussed that revenues could be affected by construction decreases and by Metro dumps receiving less tonnage.

3. BREAK

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

Time Began: 3:00

Members Present: Kevin Dull, Michael Jordan, Metro Council

Time Ended: 3:25

5. COUNCIL BRIEFINGS/COMMUNICATIONS

Councilor Harrington gave an update on the waste shed. She reported that five local governments have asked for briefings; Clackamas County, Canby, Forest Grove, Wood Village, and West Linn.

Councilor Park briefly discussed solid waste issues and proximity to transfer stations.

The Councilors discussed upcoming absences and adjustments that should be made in preparation.

The Councilors discussed barge vs. trucking options. Councilor Liberty summarized a meeting he had attended on the subject. Councilor Hosticka questioned the number of people who had relocated for employment reasons.

There being no further business to come before the Metro Council, Councilor Liberty adjourned the meeting at 3:37 p.m.

Prepared by,

A handwritten signature in black ink that reads "Erika Storie". The signature is written in a cursive, slightly slanted style.

Erika Storie
Council Operations Assistant

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
OCTOBER 23, 2007**

Item	Topic	Doc. Date	Document Description	Doc. Number
1	Agenda	10/25/07	Agenda: Metro Council regular meeting, October 25, 2007	102307cw-01
2	Budget	102307	To: Metro Council From: Kathy Rutkowski Re: Financial Assumptions for FY 2008-09 Budget	102307cw-02