

## MINUTES OF THE METRO COUNCIL/EXECUTIVE OFFICER INFORMAL MEETING

March 12, 2002

Council Annex

Councilors Present: Carl Hosticka (Presiding Officer), Susan McLain, Rex Burkholder, Bill Atherton, Rod Monroe, Rod Park, David Bragdon

Councilors Absent:

Others Present: Mike Burton

**Presiding Officer Hosticka** convened the Council/Executive Officer Informal Meeting at 2:07 p.m.

### 1. UPCOMING LEGISLATION

**Jeff Stone**, Legislative Policy Officer, reviewed upcoming legislation for the Metro Council meeting on 3/14/02, both pieces of legislation dealt with solid waste. Richard Brandman, Deputy Planning Director, will review South Corridor Study.

### 2. DRAFT ECONOMIC FORECAST

**Presiding Officer Hosticka** said they would be talking about Metro's role of land use and economic development. Andy Cotugno and Dennis Yee would be presenting the official forecast. Betty Atteberry and Joe Cortright would be talking about economic development on the west side. These were part of the tools for accomplishing the yearlong periodic review.

**Andy Cotugno**, Planning Director, said the draft economic forecast was the first driver in the periodic review decision making process. This forecast included the five-county area and the economic drivers that effected our growth both long term and short term trends. Adoption of the forecast by the Metro Council would be a critical step as a basis for decision making. They had obligations to coordination responsibilities concerning the forecast.

**Councilor Bragdon** asked if the percentage that was captured was a policy decision or an aspiration decision as well. How did Council play into that in terms of setting policy goals?

**Mr. Cotugno** responded that the decisions were not part of this forecast but part of the periodic review decisions about our growth boundary, the amount of growth and which part came to our region. He spoke to the possible changes in capture rate, the impact on the UGB and the fundamental policy choices the Council would need to make. This forecast provided their best efforts on where the economy as a whole was going in the region. The forecast was an attempt to remain neutral.

**Dan Cooper**, General Counsel, added that, the way statutes had been amended by the legislature on this whole process in making these predictions, there were now some limits that didn't used to be there that explicitly tied being over aggressive in terms of predicting stronger growth than the actual neutral economic forecast. You can't wish yourself into a need for large amounts of land; you had to tie it to something. There wasn't much discussion about what actions you could take to limit the need. The assumption was that you were going to be policy neutral and do a base job of predicting the long term forecast. All of the nuances of what else you could do were on supply and capacity side than on the need side.

**Presiding Officer Hosticka** clarified what policy neutral meant. The assumption was that the current policy configuration continued during the period of the forecast, it didn't mean that the current policy was neutral. He asked if a peer review panel had reviewed the draft? Was it being released for public discussion?

**Dennis Yee**, Planning Program Supervisor of Forecasting and Modeling, said this was a power point presentation that he had been refining with two advisory groups. It was subject to change based on the council policy direction. How much and where? These were integral pieces to assumptions that he needed to have nailed down to complete this forecast.

**Mr. Cotugno** said it was a draft out for public comment. Changes could occur until Council adopted the report. Once the Council adopted the report it would become a basis for their decisions.

**Mike Burton**, Executive Officer, reminded this was a forecast. Many components effected the forecast.

**Councilor Park** noted that capture rate on jobs and how that related to capture rate in houses did effect the types of communities they were building. If your capture rate on jobs was higher then the actual numbers of jobs were out of balance with the population you were capturing, then you were creating potentially satellite cities. They may be exporting jobs into other areas and keeping the population. They could move the numbers around through choices Council made. Given that they had adopted the 2040 Growth Concept, he would assume that satellite cities were kicked out for a reason, we would not want to have policies that would foster those satellites.

**Mr. Cotugno** said they were not presenting any kind of recommendations today about employment or housing capture rates in the Metro UGB. This was the platform of a five county overall employment populations and household forecast.

**Presiding Officer Hosticka** reminded the Council that this was a forecast. What did the Council have to accept out of it as a number when they determined whether or not they had a 20 year land supply?

**Councilor Park** said you had to use the best available information.

**Presiding Officer Hosticka** asked if this was the number that they had to accommodate? The law required them to have a 20 year land supply, they had to indicate what the demand was that they had to meet. Were the Urban Growth Report (UGR) numbers the drivers?

**Councilor McLain** clarified that these were part of the assumptions that went into the UGR that created the number that they accepted to decide if they had enough land or other strategies.

**Mr. Yee**, gave a power point presentation on Draft Forecast Economic Report to the Metro Council (a copy of which is found in the meeting record). The 2000-2030 Regional Forecast included employment, population, and income for the Portland-Vancouver Metropolitan Area (a copy of the report is found in the meeting record). He noted several typos in this document.

**Councilors** asked questions about the report to which Mr. Cotugno and Mr. Yee responded.

### 3. ECONOMIC DEVELOPMENT

**Betty Atteberry**, Westside Consortium for Economic Health spoke to their study which reflected the area's forecast for the west side of the region. She introduced Joe Cortright, Consultant.

**Joe Cortright** spoke to the five major points in the analysis (a copy of the Westside Economic Study Highlights may be found in the meeting record). Washington County was a net provider of jobs; they had outpaced metropolitan employment for several years. It had been the leading force in the metropolitan area. The west side remained very connected to the regional economy; transportation, business connections, consumption. There was a strong interconnection. The major driver had been the growth in the high tech industry, about 85%. The west side played a fundamentally different role than it did in the economy twenty years ago. Most critical evidence was that today Washington County accounted for a larger share of the region's employment than it did for the region's workers. It was a net provider of jobs to the rest of the region. The focus of their analysis included job clusters, economic analysis, and the economic outlook for the west side. Economic development was an evolutionary process for the area; he noted major events that had impacted the west side economy. He suggested that the region lacked an explicit economic strategy. Where do we want to go? Policy neutral economic forecast indicated we were not making a judgement about where we wanted to go. He spoke to Council's choices in terms of growth. The Council could also influence the type and character of growth, not only how many jobs but what kinds of jobs and industries there were in the region. The Portland area was weak in the knowledge creation assets.

**Mr. Burton** clarified what was lacking, he argued that it was both education and training.

**Mr. Cortright** concurred. Higher education was smaller relative to our metropolitan economy compared to other metropolitan areas such as Sacramento, Seattle, San Diego, etc. This was a strategic disadvantage in an increasing knowledge based economy. This also effected reputation ranking.

**Councilors Atherton and Monroe** asked questions about higher education needs?

**Mr. Cortright** responded both quality and quantity were lacking in the region. In the past they had made up for that deficiency with the quality of life and having people want to move here. Research indicated that we were among the best-educated metropolitan areas in the United States but not by virtue of our higher education system.

**Councilor Park** said the Research and Development was lost. We don't have these so we don't get the spin offs like other cities so we don't generate new ideas and new dollars locally.

**Mr. Cortright** countered, we did well in R & D, compared favorably and had a lot of spin-offs in venture capital, particularly in electronics.

**Councilor Park** asked why they didn't see more spin-off companies?

**Mr. Cortright** said there were a lot of spin-off companies in the electronics area but it were a down cycle right now.

**Ms. Atteberry** said there were a lot of start ups in electronics.

**Councilor Park** said he brought this up because he was hearing the exact opposite in some of the reports given for the Oregon Science Technology Park. He hoped the experts were talking off the same page.

**Mr. Cortright** said they had done a comparison study in 2001 concerning high tech and found that they compared very favorably but not necessarily in other areas such as biotechnology. The Portland metropolitan area over the past twelve months had out performed the U.S. in high technology employment. The Oregon economy was more dependent upon durable goods manufacturing than the U.S. economy as a whole. Oregon had greater growth in the electronics industry than the U.S. did over the past

ten years. That engine was pulling the rest of the economy along. He shared comparisons in growth between Oregon and the U.S. over the past ten years.

**Councilor McLain** asked about the report and conference?

**Ms. Atteberry** said the report focused on the Westside but showed the connectivity to the rest of the region and state.

**Councilor McLain** said she asked because she wanted to know how the report made those connections. In looking at the assumptions, she asked them to explain how the rest of the regional economy effected the west side.

**Mr. Cortright** responded, in a variety of ways. There were a number of assets in the regional economy that benefited everyone regardless of where they were such as the airport, the transportation system, the labor market. Different parts of the region took on different roles. West side was the center of high technology and sporting goods and apparel cluster. Financial and professional services were located elsewhere in the region. Entertainment, cultural and aesthetic roles that central city played were also important.

**Councilor McLain** asked, in looking at the west side connection to the regional economy, was there anything that they noticed that the west side could benefit from if other parts of the region were doing things differently or had different components?

**Mr. Cortright** said he didn't know, some functions such as financial services were specialized and related directly to the high tech industry.

**Mr. Burton** asked about transportation linkages.

**Ms. Atteberry** said those linkages were a factor. Four out of the top five air exporters were on the west side.

**Mr. Cortright** said the reason that high tech was here was access to the people who were here and access to the people who were working in other high tech firms here. The critical mass factor and access to people was the critical elements in that business compared to more traditional industries.

**Councilor Atherton** asked about high tech locating on the east side?

**Mr. Cortright** responded that high tech companies worked closely together. There was a lot of collaborative work among companies. Washington County was where the high-end, research oriented and interactive work occurred in the region.

**Presiding Officer Hosticka** asked about local policies. What was it that Metro did or could do to influence the kind of things that he suggested in the economics.

**Mr. Cortright** framed the answer, one of the paradoxes of a global economy was globalization was making nation-state location less important and local-region location very important. One of the characteristics of region that was decisive was how effective local institutions were in responding to problems. The kinds of policies that they had enacted at certain junctures in the industry's evolution had been pivotal in shaping its future. He suggested that there was a more general conclusion, which was, governments as a whole all needed to be effective problem solvers in a real time way to deal with these issues as they arose in order for these industry clusters to evolve. Timing and making smart decisions at the local level was going to get even more important.

**Presiding Officer Hosticka** said Metro dealt with long timeframes. Within the constellation of governments and government as a whole where did Metro fit given the kind of portfolio of tasks and issues that they dealt with?

**Mr. Cortright** said the best answer he could give was viewing the economy as a set of clusters and understanding the different needs of those clusters and not being a slave to a defunct classification system would be the framework they needed to use to make those decisions.

**Greg Wolfe**, PSU, said he was directing the National Consensus. They were hosting a project called Oregon Solutions, which was the governor's sustainability effort. The governor moved it to PSU because he wanted to get it out of state government to see if it could be sustained beyond the administration. Metro could play a role of a convener relative to problems and opportunities that existed on the ground. He explained how this could work. Metro was in a place where they could function as the anointer of convenors or provide a convening role themselves. They needed to have all of the players at the table to get a good solution. They were experimenting with this new model of governing.

**Presiding Officer Hosticka** said recently they had been more the battleground. Metro was attempting to take the overall regional view.

**Councilor McLain** said she thought Mr. Burton had done a good job on that model when the Council had to deal with the service boundary issue. She asked about the details of the conference.

**Ms. Atteberry** said they had a database of about 2200 including individuals across the region including elected officials. They expected to have about 350 participants.

**Presiding Officer Hosticka** asked Mr. Cortright about regions, quality of life, and knowledge.

**Mr. Cortright** said they had touched on this when they talked about higher education and they way they had dealt with their deficiencies and disadvantages. In a knowledge-based economy, companies were drawn to the most talented specialized people. These people seemed to be gravitating towards places with good quality of life. Quality of life was playing a larger and larger role in driving business location decisions. Access to people was the scarcest resource and the one that had the biggest impact. Quality of life influences where people were.

**Presiding Officer Hosticka** said the quality of life was qualified in different ways dependent upon the environment.

**Mr. Cortright** said there was not a single definition of quality of life.

**Councilor Atherton** said Mr. Cortright had talked about those people who were well educated. He asked about those who didn't have those skills, how did that cast those individuals?

**Mr. Cortright** said the short answer was the health of the regional economy would be determined by the productivity of the best-educated people in the region. The difference between the areas that were struggling in the US and the places that were doing well in the US was correlated with how many talented people they had and the industries that were feeding off of them. Indirectly, regardless of your educational level, your economic prospects were dependent upon the knowledge level of your peers.

**Councilor Park** said this region was in the top ten in terms of college educated individuals. He asked about the projected shortage of workers over the next twenty years. Quality of life was a big factor. Portland was one of the hardest places to promote someone away from once they were here.

**Mr. Wolfe** said his bent on this had to do with sustainability. He spoke to long and short term strategies.

**Mr. Burton** asked how they achieved a balance and explained what he meant. As a convenor how do you maintain your neutrality and convene the issues.

**Mr. Wolfe** said they had experimented a little bit with this with the governor. He functioned, as the convenor then would not be present. He then actually participated at strategic times. He suggested that what the system did not do well was integrate environment, economy and social factors. The thing that had not evolved yet was some of these governance systems that actually allowed that integration to happen. If they were successful in doing that he thought they would be able to bring some of those opposing forces together around projects on the ground that actually achieved interests of both. He thought this was what might evolve from this convening function.

**Ms. Atteberry** said it was critical to look at all of the different factors; quality of life, livability, and transportation. She suggested sharing the summit report once completed.

**Presiding Officer Hosticka** said this was a beginning step in a further discussion. Metro had spent a lot of its efforts in dealing with the effect of the economic booms and large influx. Did they see themselves as a leader getting ahead of that curve; most councilors would appreciate guidance on how they might do that. He thanked all those that participated.

**Councilor Monroe** summarized today's meeting.

#### **4. EXECUTIVE OFFICER COMMUNICATION**

There were none.

#### **4. COUNCILOR COMMUNICATIONS**

There were none.

There being no further business to come before the Metro Council, Presiding Officer Hosticka adjourned the meeting at 4:10 p.m.

Prepared by

Chris Billington  
Clerk of the Council

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF MARCH 12, 2002**

TOPIC	DOCUMENT DATE	DOCUMENT DESCRIPTION	DOCUMENT NUMBER
POWER POINT PRESENTATION	3/12/02	POWER POINT PRESENTATION ON ECONOMIC REPORT TO COUNCIL GIVEN BY DENNIS YEE, METRO ECONOMIST	031202CE-01
DRAFT ECONOMIC REPORT TO THE METRO COUNCIL	MARCH 2002	2000-2030 REGIONAL FORECAST FOR PORTLAND-VANCOUVER METROPOLITAN AREA	021202CE-02
WESTSIDE ECONOMIC STUDY HIGHLIGHTS	NONE LISTED	WESTSIDE CONSORTIUM FOR ECONOMIC HEALTH BULLETS PRESENTED BY BETTY ATTEBERRY TO METRO COUNCIL	021202CE-03
FLYER	4/4/02	SUSTAINING THE WESTSIDE ECONOMY SUMMIT INFORMATION PROVIDED BY BETTY ATTEBERRY TO METRO COUNCIL	021202CE-04