

MINUTES OF THE METRO COUNCIL MEETING

Thursday, February 27, 2003

Metro Council Chamber

Councilors Present: David Bragdon (Council President), Susan McLain, Brian Newman, Carl Hosticka, Rod Monroe, Rex Burkholder, Rod Park

Councilors Absent:

Deputy Council President Park convened the Regular Council Meeting at 2:04 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

There were none.

3. BEST GOVERNMENT RECYCLING PROGRAM AWARD COMMUNITY RECYCLING LEADERSHIP AWARD AND SPECIAL WASTE EXCELLENCE GOLD AWARD

Gretchen Dunn, Co-chair on Oregon Zoo's Green Team, applied for an Association of Recycling award. She spoke to the non-profit's recycling goals. Oregon Zoo had received an award for their recycling efforts. She explained further their recycling goals. She said the Zoo's Green Team was national recognized. She thanked Metro Council for the invitation to be recognized at a Council meeting. They received the Best Government Recycling Program Award of the year.

Councilor McLain thanked the Team. The award was all made of recycle material. The Zoo was working hard to meet our overall goal. Deputy Council President Park spoke to the award. Councilor Monroe included his accolades.

Jim Quinn, Solid Waste and Recycling, shared that they had received two awards, Community Recycling Leadership Award and the Special Waste Excellence Gold Award from Solid Waste Association of North America. He explained further why they had received these awards. He talked about the specifics of recycling batteries and paint.

Councilor Burkholder asked what he should do with the batteries? Mr. Quinn suggested that they collect all of the hazardous waste from their home and bring in all of this waste at one time or bring their hazardous waste to one of the many neighborhood events that Solid Waste and Recycling would be holding this Spring. Council President Bragdon congratulated both Ms. Dunn and Mr. Quinn for their good work.

4. SECOND QUARTER FINANCIAL REPORT

Casey Short, Chief Financial Officer, briefed the Council on the second quarter financial report (a copy is included in the record). He gave an overview of the format of the report including the executive summary. He said grant funds in planning were down but this would not affect staffing levels. He said that grants were also down in the Parks Fund. He talked about Metropolitan

Exposition Recreation Commission (MERC) Operating funds and that business was sluggish. He said Portland Center for the Performing Arts (PCPA) was doing well and should meet their spending goals. He talked more specifically about Oregon Convention Center (OCC) and Expo expenditures. The Solid Waste fund total revenue was down a bit and expenditures were within budget. Total revenue for Oregon Zoo was down. Expenditures continued to track close to appropriations. He spoke to the Support Services Fund and specifically the Information Technology department budget. Capital funds were tracking. He said projection for the excise tax was at 2.8% above budget and provided specifics. The net result for the excise tax was within 1%, but was down. They expected that they would end the year a bit higher than they projected and gave specifics on the tax. The General Fund hadn't change. The beginning fund balance was well over what was projected. He noted that they were projecting full expenditure of the Council and Executive Office budgets. Lastly, he talked about appropriations versus expenditures.

Councilor McLain asked about the excise tax and if Mr. Short had looked at last year versus this year and where we were. Mr. Short said that they had looked at previous years and compared them with this year. He said they didn't expect that OCC would meet its revenue projections. Councilor McLain asked about specifics of the OCC projections and construction. She also talked about the trending of tonnage in solid waste. Mr. Short responded to her comments and questions. Councilor Newman asked about General Fund beginning fund balance. How much was from the rate stabilization fund? Mr. Short responded to his question. Councilor Newman said he needed further orientation on the rate stabilization fund. Mr. Short reminded the Council that this fund was restricted. Councilor McLain explained the stabilization fund money. They had made a commitment to put that money into the fund to hold the rate. Councilor Newman said the excise tax from solid waste was up but our facility revenue was down. Mr. Short responded that they were projecting .8% less at the second quarter.

5. FINANCIAL STATUS AND TRENDS

Mark Williams, Chief Operating Officer, gave a power point presentation on the trends from 1998-99 through the current year (a copy of the power point presentation is included in the meeting record) and projections out to 2007-08. He talked about the major operating fund revenue and expenditure trends. Metro had been over expending for several years. He detailed some of the issues in the Regional Parks Fund, Zoo Operating Fund, MERC Operating Fund, Solid Waste Revenue Fund, General Fund, Planning Fund and cumulative percentage change in central service expenditures as well as the total of all of the major operating funds.

Councilor Newman asked about the Parks Fund, what happened when we run out of fund balance? Mr. Williams responded, presumably you would not allow this to happen. If you saw it trending this way, you would take action by adding another tax or directing staff to take significant expenditure reductions. If you didn't take corrective action, your functions would cease. Councilor Newman asked why was this happening? Mr. Williams said the answer was different for each fund and explained the specifics of the solid waste planned spend down versus the unplanned spend downs such as at the Oregon Zoo. The concern overall was that at the same time you were doing a planned spend down you had spending in excess in your other funds. Councilor Newman asked what were the assumptions? Mr. Williams gave an example of assumptions at the Oregon Zoo such as increases in attendance. Councilor Newman asked about the MERC scenario. Mr. Williams said MERC was developing some plans to increase and enhance some of those revenues.

Councilor Hosticka asked about the overall fund balance, which was 30% of revenues. How did this compare with other local governments? He thought it was high compared to other

governments. Mr. Williams responded that funding at Metro was different than for local jurisdictions. He suggested that it might not be comparable. Councilor Hosticka asked if there was a target that we were considering of what we would consider a healthy fund balance. Mr. Williams said there was not an overall Metro fund balance targeted goal and gave specific on each fund. Councilor Hosticka asked about the central services fund and if they were funds that were transferred from other departments. Mr. Williams said yes, and explained the exceptions. Councilor Hosticka asked if we budgeted first and then allocated out or did we transfer and then budget. Mr. Williams responded that first the central overhead budget was prepared. The gross amount was decided on and through the allocation system each operating arm was told what their share would be. Councilor Hosticka summarized that we could control those costs through the budget process. Mr. Williams said yes they could control those costs. Councilor Hosticka summarized why the central service costs have gone up.

Councilor Burkholder commented that we have a long-term process. If we continue the practices that we have had in the past we wouldn't maintain that fund balance. He asked Council President Bragdon what his plan was to have sufficient fund balance. Council President Bragdon said they would all be answering those questions over the next month. He spoke to his guidance to Mr. Williams in working through the fund balance. He shared Councilor Burkholder's concerns.

Councilor McLain asked about revenue sources, did the assumptions include the \$1 for parks continuing and the hotel-motel tax continuing? Mr. Williams said they did not make those assumptions in the projections. Councilor McLain asked about the assumptions concerning the fundraising at the Oregon Zoo. Mr. Williams said he would get that information to Councilor McLain. She then made some suggestions on fund balance and ratings. What economic conditions had they used in their assumptions? Mr. Williams explained their assumptions were not overly rosy. He then spoke to renewal and replacement. There were two arms that were in compliance with this policy, MERC and Solid Waste. He explained that the Parks and Oregon Zoo did not have money for renewal and replacement. He cautioned that in those two funds the need was greater than what they were showing. Councilor McLain said they had asked the departments last year what it would take to do the inventory? Her assumption was that in this proposed budget, there would be at least a plan for an inventory. Mr. Williams said, with respect to the inventories, they had been done or were in the process of being completed. He noted that the Zoo's inventory was not in the same type of format as other inventories. The funding part was not all there. Councilor McLain asked about central services expenditures. She asked Council President Bragdon and Mr. Williams about their thinking on these expenditures. Councilor President Bragdon said they had scheduled a three-hour Informal meeting to discuss this topic.

Councilor Park talked about revenue and expenditures in the past. He noted expenditures in central services were continuing to increase. He asked why? Mr. Williams responded that there were some areas that had increased significantly higher than others which include risk increases, health insurance costs, Information Technology, legal, and Council itself. There had been added FTEs overtime that had accounted for these increases. He noted Councilor Hosticka question on how you approach this expenditure. It was a philosophical question. Councilor Park asked for suggestions on how to trim down or slow the rate of expenditures. Can we hit sustainability? Mr. Williams said he thought they could hit stability by adjusting spending to make sure you don't exceed existing revenues. You may not be able to address capital needs. Council President Bragdon said this provided a foundation for what would happen over the next four weeks. He spoke to the Council's commitments and mission. We have an expenditure issues in certain areas but he thought they could make sure we were working towards fulfilling our goals. He felt that with some adjustments we could achieve sustainability. He thanked Mr. Short and Ms. Rutkowski for their efforts on this presentation.

6. CONSENT AGENDA

6.1 Consideration of minutes of the February 20, 2003 Regular Council Meetings.

Motion: Councilor Park moved to adopt the meeting minutes of the February 20, 2003, Regular Metro Council meeting.

Vote: Councilors Park, Hosticka, Burkholder, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.

7. ORDINANCES - SECOND READING

7.1 **Ordinance No. 03-995**, For the Purpose of Amending the FY 2003-03 Budget and Appropriations Schedule by Transferring \$3,500,000 from Contingency to the Debt Service Account, Authorizing Defeasance of Certain Solid Waste Revenue Bonds, and Declaring an Emergency.

Motion:	Councilor Park moved to adopt Ordinance No. 03-995.
Seconded:	Councilor McLain seconded the motion

Councilor Park provided the history as to why they were bringing this ordinance forward and explained why the ordinance was necessary. We must maintain at least a 10% margin over what we plan to spend. We were now looking at taking some other measures to maintain that margin by defeasance on these bonds. The point was by paying this down we would be allowed to stay within our covenant. There will also be measures in next year's budget to maintain our bond covenant rate. Councilor McLain added that both the Rate Review Committee and Solid Waste Advisory Committee supported the ordinance.

Council President Bragdon opened a public hearing. No one came forward. Council President Bragdon closed the public hearing. Councilor Park urged approval.

Vote: Councilors Park, Hosticka, Burkholder, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.

8. RESOLUTIONS

8.1 **Resolution No. 03-3282**, For the Purpose of Approving Portland Regional Federal Transportation Priorities for Federal Fiscal Year 2004 Appropriations.

Motion:	Councilor Park moved to adopt Resolution No. 03-3282.
Seconded:	Councilor Hosticka seconded the motion

Councilor Park said the first resolution was an authorization request from the federal government in the FY 2004 appropriations. The second resolution was ensuring that other jurisdictions had local authorization for Metro Transportation Improvement Projects. The third resolution had to do with a reauthorization of a transportation equity act of the 21st century. This was a six-year program.

He said in Exhibit A of Resolution No. 03-3282, there was a list of projects that Metro was requesting appropriation of funds from the federal government. He gave an overview of those projects found in Exhibit A. This would allow for release of funds.

Councilor Newman asked about item 9, was there prioritization among those projects? Andy Cotugno, Planning Director, responded that there was no prioritization implied by this. In part these were options for the individual congressional members to select from. The distinction was that the authorization resolution, which covered the six-year period, included the list below. Since it was a six year period those numbers tended to be bigger. The first year of the authorization period was 2004. The list above was smaller numbers because it was only one year worth of funds. That was one distinction. Part of the issue was they didn't know if there was going to be this program in the new bill. This list was a menu for the delegation to pick from depending upon what happened with the program.

Councilor Newman asked about item #4, was it truly discretionary on the part of the TriMet Board or was there a list of projects that had been identified for that money? Mr. Cotugno said the TriMet transit investment program would dictate the use of that money. That was actually still something that was under development. Councilor Newman asked for a copy of the draft. He asked about item #6, did this achieve what Congresswoman Hooley identified as her priority?

Mr. Cotugno responded this was what Congresswoman Hooley identified as her priority. This was one of two steps. This was the engineering step in anticipation of doing a construction step in 2007. Councilor Burkholder said Council had reviewed and approved a very similar list already. Mr. Cotugno corrected Councilor Burkholder and said this resolution was entirely new, but there were three distinct changes to the other resolution and the Council had already adopted the initial list.

Vote:

Councilors Park, Hosticka, Burkholder, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.
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8.2 Resolution No. 03-3284, For the Purpose of Approving Metro's Application for Federal Transportation Funds through the Regional Priorities 2004-07 Solicitation.

Motion:	Councilor Park moved to adopt Resolution No. 03-3284.
Seconded:	Councilor Burkholder seconded the motion

Councilor Park reviewed that this resolution was the approval by Council of our selection of what should go into the Metro Transportation Improvement Projects. This list was in Exhibit A.

Councilor Burkholder said the Council did had a chance to go over these projects in an Informal. The Transportation Committee had reviewed these projects in 2002 before they were put into the hopper. They wanted to make sure that the full Council had a chance to take a look at these projects as well.

Councilor McLain talked about the Rx for big street. She supported the spirit behind the street projects. She thought there should be some language changes. This one needed further discussion before we spend money. Councilor Park urged an aye vote.

Vote:

Councilors Park, Hosticka, Burkholder, McLain, Monroe, Newman and

Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.
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8.3 Resolution No. 03-3287, For the Purpose of Endorsement of a Regional Position on Reauthorization of the Transportation Equity Act For the 21st Century (TEA-21).

Motion:	Councilor Park moved to adopt Resolution No. 03-3287.
Seconded:	Councilor Monroe seconded the motion

Councilor Park reviewed the resolution. This act was about to expire in September. This was where the funding was established for the next six years of federal programs, earmarked for more specific projects in all areas of the county and established the upper limits on federal amounts. He explained further how you got those particular dollars. He noted that the projects requested were in the exhibits. He suggested Mr. Cotugno review the changes to the list.

Mr. Cotugno explained that this resolution, which Council had adopted last month, included most of the projects. This was a substitute authorization resolution adding three items to it. There had been several issues raised by Councilors, environmental streamlines, and two projects, one in Wilsonville and one by Oregon Department Of Transportation. Joint Policy Advisory Committee on Transportation (JPACT) had recommended everything that was in the resolution.

Councilor Monroe said it was appropriate that they were dealing with this package of resolutions today because three councilors will be going with the delegation to Washington D.C. He talked about the history of the delegation. Government officials had been chastised for not coming up with enough state and local match money. This year the Oregon Transportation Investment Act (OTIA) provided state match, the task force had recommended some local sources of money, and they were working with the state legislature on another package of funding. Second, they were successful because they got together, through the JPACT process, and work out our priorities so we speak with one voice. Third, some of the projects were across the river in Vancouver. This was important because if we were going to be successful in getting federal funding for our transportation projects, we need to have the full support of the Oregon and Washington delegations. They were trying to work together as a bi-state region to support each other's important transportation needs.

Councilor Newman asked about the issue of environmental streamline. Mr. Cotugno said it was on page 10 and 11 of Exhibit B. He spoke to the added language and the standards issue. Councilor Park said they were looking forward to bringing back the funding.

Vote:	Councilors Park, Hosticka, Burkholder, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.
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8.4 Resolution No. 03-3291, For the Purpose of Completing Metro Council Office Transition by the Elimination of Some Current Classifications and Positions, and the Creation of some new Classifications and Positions.

Motion:	Council President Bragdon moved to adopt Resolution No. 03-3291.
Seconded:	Councilor Newman seconded the motion

Council President Bragdon said this was another step in the transition. He explained further the specific job proposals. He urged approval. Councilor McLain asked about the Council Operations Manager. She expressed her concern with this position and the specific responsibilities. She felt this person looked to be super human.

Council President Bragdon explained the Council Operations Manager would not be doing analytical work but would keep the legislative business of the council moving along. He explained further the duties of the position. He noted Councilor Newman had brought forward a similar position from City of Milwaukie, called a City Recorder, which combined supervisory as well as documentation functions. Mr. Williams explained that there were similar positions in other governments. He thought what was being proposed seemed reasonable. Councilor McLain responded that Milwaukie was a small government and Metro had different functions. The point was that the more this person had to do, the more they will put on the Council Support Specialists. She said they would be hiring Council Support Specialists who they had been assured would not be given a lot of other tasks. She thought that those who voted in support of this position needed to recognize they would be getting less time from the assistants. She supported the team approach and efficiency approach but one person could only do so much. She felt that if they had to vote on these positions as a package, she would have to vote no because the Council Operations Manager was not a position she could support as written.

Councilor Burkholder said he hoped that other agency personnel would be taking on many of the functions that our staff had done in the past. He noted the financial trends at Metro. We needed to look at our overall costs. He shared Councilor McLain concern about quality of time of the assistants. Councilor McLain said she agreed with Councilor Burkholder that we have to do our part. We had already cut 5 positions. She was concerned about cutting to the quick. The other element was the skill set for all three roles. She also expressed concern about the Public Relations positions. She suggested Ms. Carlin Ames talk about her team approach.

Sarah Carlin Ames, Public Affairs Director, said she inherited staff that came from Council and Executive Office. The challenge had been to propose a structure that merged them into a public affairs department. She talked about the main mission of the department. She explained the process she had gone through. She then detailed the Creative Services proposal and the Public Affairs section of the department. Council President Bragdon underlined some of the options for decision points concerning governmental affairs and lobbying. There will be some future decisions that will have to be made and explained further.

Councilor McLain said she felt Ms. Ames had done a good job demonstrating how you covered all of the responsibilities. She talked about updating the communication plan. She felt that Ms. Ames was looking at essential functions as well as savings. She said this was a test of faith on what they were asking this department to do. She noted that there was one less position proposed.

Councilor Newman said he was generally supportive of this resolution. He understood that this was a leap of faith. With the transition we were trading council staff for agency staff. He was willing to revisit this if he found it was not working. He had seen this model work well in Milwaukie. He wanted to be assured that no additional functions would be expected of Council support staff. Ms. Ames added that if there were open houses and mailings that these would not be dumped on Council staff. She saw it as their responsibilities. They would work in tandem with Council and Council support staff. Councilor Newman spoke to the archivist duties. These were very important responsibilities. He would like to see the TRIM system continue. He wanted assurances that there was plan to continue the archivist functions. Council President Bragdon said that was correct. Further discussion about this position would be during the budget process.

Councilor Hosticka expressed his concern about not addressing the issue of government relations. A very large majority of what Metro did had to do with relationships with other levels of government. Our practice up until now had been to do this in an informal way. He anticipated that the Director of Public and Governmental Affairs would be doing or directing that work. We needed to be sure that the work gets done in a coordinated way. Council President Bragdon said he shared this concern and explained the history of this work. He talked about the outside contract resources. Councilor Hosticka said they had discussed many times the role of the Council and the administration. He hoped they discussed the nature of the person they would like to see in that job. He felt there were implications if the director was not focused on governmental affairs.

Councilor Monroe said Metro was a unique government. It had two distinct constituencies, the public and local jurisdictions. In the past they hadn't done a good job with either of those constituencies. Intergovernmental relations was critical. He hoped that the new structure would meet both needs. He was troubled by this structure. He felt it was too lean. He felt there would be intensive pressure to steal time from the Council Support Specialists. Once again they won't be given the time they needed. He agreed with Councilor McLain. He felt they had loaded too much responsibility on one person. He would more be comfortable with adding a council clerk position.

Motion:	Councilor Hosticka moved to separate the Council Operations Manager position from the rest of the resolution.
Seconded:	Councilor Monroe seconded the motion.

Councilor Hosticka said he felt they were discussing to separate things. He felt that some of the Councilors would be more comfortable voting on these positions as separate issues.

Lilly Aguilar clarified that the motion should included a part of 'be it resolved' #2 and all of #5.

Vote:

Councilors Park, Burkholder, Newman and Council President Bragdon voted against the motion, Councilors Monroe, McLain, Hosticka voted in support of the motion. The vote was 3 aye/ 4 nay/ 0 abstain, the motion failed.

Councilor McLain said she supported Councilor Hosticka statement that we weren't done. She explained why she was voting no on the main motion. Council President Bragdon closed by saying this was a change and a leap of faith. If the department had to be configured, the Council reserved the right to come back and make adjustments.

Vote:

Councilors Park, Hosticka, Burkholder, Newman and Council President Bragdon voted in support of the motion, Councilors Monroe and McLain voted no. The vote was 5 aye/ 2 nay/ 0 abstain, the motion passed.

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

Executive Session began: 4:36 p.m.

Members Present: Lilly Aguilar, Ed Ruttledge, Roy Soards, Mark Williams, Alexis Dow, Casey Short, Marv Fjordbeck, and council staff

Executive Session ended: 5:02 p.m.

10. COUNCILOR COMMUNICATION

Councilor McLain noted the ENACT resolution. She thought Mr. Fjordbeck had done a good job on the resolution. There were some debatable issues. She said this was limited in scope and there were also budget implications. She suggested discussing it further at a Council Informal. She also talked about the farm neighbors land use farm conversion package as well as an economic interrelationship with small farming in the area. She had put a copy of this information in the Councilors mailboxes. She suggested talking about the Ag Task Force at one of the upcoming Informals. They were anxious to get started on the work.

Councilor Park said the National Association of Counties Organization information talked about projects that were done under TEA-21. He had provided this information in the Councilors' mailboxes.

Alexis Dow, Auditor, said she was not on the agenda but wanted to update the Council on an anonymous notice that she had received with three allegations of improprieties at Metro. She said they were in the process of looking into the allegations. As an overview, the first one dealt with improper use of the purchasing card by an employee, the second one dealt with one of the departments having a second set of books and the third one had to do with improper charges between one department and another. The purchase card was used inappropriately but the charges were reimbursed, unbeknownst to the department supervisor. She noted that they were looking a purchasing card practices and she would be bringing some recommendations to Council in conjunction with that report. They were tightening up controls on purchasing cards. The second set of books allegation was just a management tool that the department used to project expenditures. There didn't seem to be any substance to that allegation. With respect to the third one about the inappropriate cost transfers between departments, they were still looking at this.

Councilor Burkholder said these sounded like management issues. Had she shared this with Chief Operating Officer? Ms. Dow responded that a copy of the allegations had gone to Council President Bragdon and he had shared that with the COO. Councilor Burkholder asked Mr. Williams if he had an opportunity to look into these allegations. Mr. Williams responded that they had assigned Dan Cooper, Metro Attorney and Casey Short, Chief Financial Officer, to investigate and report back on these allegations. They had not yet finished their investigation. Councilor Burkholder asked that Council be informed once the investigation was complete.

Council President Bragdon talked about trucking vendor between here and Arlington. Metro had not received their holding company's guarantee, which was expiring at the end of the month. It had been received yesterday. He said the Grande Ronde tribe had visited Metro. They were making their rounds with regards to the stadium proposal. They also expressed interest in the headquarters hotel. He then reminded Council that the next Council meeting would be 3/13/03.

11. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 5:10 p.m.

Prepared by,

Chris Billington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF FEBRUARY 27, 2003

ITEM #	TOPIC	DOC DATE	DOCUMENT DESCRIPTION	DOC. NUMBER
6.1	MINUTES	2/20/03	METRO COUNCIL MINUTES OF FEBRUARY 20, 2003 SUBMITTED FOR APPROVAL	022703C-01
4.0	METRO QUARTERLY REPORT	DEC 31, 2002	TO: METRO COUNCIL FROM: CASEY SHORT, CFO, RE: QUARTERLY REPORT SECOND QUARTER, FY 2002-03	022703C-02
5.0	POWER POINT PRESENTATION	2/27/03	TO: METRO COUNCIL FROM: MARK WILLIAMS, COO, RE: FINANCIAL PICTURE AND TRENDS COMMENT SHEET	022703C-03
5.0	POWER POINT PRESENTATION	2/27/03	TO: METRO COUNCIL FROM: MARK WILLIAMS, COO RE: FINANCIAL PICTURE AND TRENDS	022703C-04
5.0	NEWS RELEASE	FEBRUARY 2003	TO: METRO COUNCIL FROM: SARAH CARLIN AMES, PR RE: METRO FINANCIAL TRENDS REPORT SUMMARY	022703C-05
7.1	ORD No. 03-995	2/27/03	TO: METRO COUNCIL FROM: FINANCIAL PLANNING DEPT. RE: AMENDED EXHIBIT B TO ORDINANCE NO. 03-995	022703C-06