

**A G E N D A**

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736  
TEL 503 797 1542 | FAX 503 797 1793



**METRO**

**Agenda**

MEETING: METRO COUNCIL INFORMAL MEETING  
DATE: April 1, 2003  
DAY: Tuesday  
TIME: 2:00 PM  
PLACE: Metro Council Chamber

**CALL TO ORDER AND ROLL CALL**

- |           |    |  |          |
|-----------|----|--|----------|
| 2:00 p.m. | 1. | <b>SALEM LEGISLATIVE REPORT</b>  | Cooper   |
| 2:15 p.m. | 2. | <b>DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, MARCH 20, 2003.</b> |          |
| 2:20 p.m. | 3. | <b>BUDGET BRIEFING - DEPARTMENTAL ISSUES AND PRIORITIES FOR FY 03-04</b> | Williams |
| 3:30 p.m. | 4. | <b>CITIZEN COMMUNICATION</b>   |          |
| 3:35 p.m. | 5. | <b>COUNCILOR COMMUNICATION</b>   |          |

**ADJOURN**

A G E N D A

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METRO

Agenda

MEETING: METRO COUNCIL REGULAR MEETING  
DATE: April 3, 2003  
DAY: Thursday  
TIME: 2:00 PM  
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. CONSENT AGENDA

3.1 Consideration of Minutes for the March 27, 2003 Metro Council Regular Meeting.

4. ORDINANCES - FIRST READING

4.1 Ordinance No 03-1001, For the Purpose of Adopting the Annual Budget for Fiscal Year 2003-04, Making Appropriations, and Levying Ad Valorem Taxes, and Declaring an Emergency (*Public Hearing*)

5. ORDINANCE - SECOND READING

5.1 Ordinance No. 03-998, For the Purpose of Amending the FY 2002-03 Budget And Appropriations Schedule by Transferring \$740,000 from Contingency To the MERC Operating Fund to Transfer of Resources (to the Convention Center Project Capital Fund); and Declaring an Emergency. Monroe

5.2 Ordinance No. 03-1000, For the Purpose of Amending Metro Code Chapter 5.02 To Amend Disposal Charges and System Fees. Park

**6. RESOLUTIONS**

**6.1 Resolution No. 03-3312, For the Purpose of Adopting the Hearings Officer's Proposed Order and Authorizing the Chief Operating Officer to Issue a Final Order Imposing a Monetary Fine and Revoking Non-System License No. N-033-00, Issued to A & R Environmental Services, LLC /A. Noble Inc.**

**McLain**

**7. COUNCILOR COMMUNICATION**

**ADJOURN**

**Cable Schedule for April 3, 2003 Meeting (TVTV)**

	Sunday (4/6)	Monday (4/7)	Tuesday (4/8)	Wednesday (4/9)	Thursday (4/3)	Friday (4/4)	Saturday (4/5)
CHANNEL 11 (Community Access Network) (most of Portland area)						2:00 PM	
CHANNEL 30 (TVTV) (Washington County, Lake Oswego)	12:00 PM			11:00 PM		6:30 AM 7:00 PM 11:00 PM	3:30 PM
CHANNEL 30 (CityNet 30) (most of City of Portland)		2:00 PM					
CHANNEL 30 Willamette Falls Television (West Linn, Rivergrove, Lake Oswego)	5:30 AM 2:30 PM	12:30 AM 3:30 PM 10:31 PM		12:30 AM 3:00 PM 10:30 PM		12:30 AM 3:30 PM 10:31 PM	5:30 AM 2:30 PM
CHANNEL 23/18 Willamette Falls Television (23- Oregon City, West Linn, Gladstone; 18- Clear Creek)							
CHANNEL 23 Milwaukie Public Television (Milwaukie)			10:00 AM 9:00 PM				

**PLEASE NOTE THAT ALL SHOWING TIMES ARE TENTATIVE BASED ON THE INDIVIDUAL CABLE COMPANIES' SCHEDULES. PLEASE CALL THEM OR CHECK THEIR WEB SITES TO CONFIRM SHOWING TIMES.**

<b>Portland Cable Access</b>	<a href="http://www.pcatv.org">www.pcatv.org</a>	<b>(503) 288-1515</b>
<b>Tualatin Valley Television</b>	<a href="http://www.yourtv.org">www.yourtv.org</a>	<b>(503) 629-8534</b>
<b>Willamette Falls Television</b>	<a href="http://www.wftvaccess.com">www.wftvaccess.com</a>	<b>(503) 650-0275</b>
<b>Milwaukie Public Television</b>		<b>(503) 652-4408</b>

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, 797-1542. Public Hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be considered included in the decision record. Documents can be submitted by email, fax or mail or in person to the Clerk of the Council. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

04/01/03 cr-02

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# Budget Notes

## Auditor

*Budget Note 1. The Auditor will make changes in operating processes to enhance public accountability.*

- A system will be set up to track the cost of each audit initiated after July 1, 2001.
- The Annual Audit Review report will be expanded to include a statement of need for each audit or report; a comparison of the actual to the estimated cost and timeline for each audit or report initiated after July 1, 2001; and a status report on audits or reports in progress.

## Council

*Budget Note 2. Explore the feasibility of converting the Zoo parking lot from a cost center to a profit center. Staff is directed to determine the feasibility of converting the Zoo parking lot from a cost center to a profit center, including an analysis of the impact on associated costs of debt service, maintenance, security, and operating expense, and to report back to Council by October 1, 2001. The report should include an analysis of the advantages, disadvantages, and challenges to such a conversion, along with a recommendation and timeline for implementation, if the project is deemed feasible.*

*Budget Note 3. Overall agency funding strategy in conjunction with strategic planning process. The Executive Officer is requested to direct a cross-departmental team of staff to evaluate the following issue, and to return to Council no later than October 1, 2001 with a determination of the cost, timeframe, and scope of work required to fully and satisfactorily address the questions raised and to produce a recommendation for action.*

Metro faces long-term funding challenges agency-wide, but particularly in excise-tax supported programs such as Parks and

Planning. What groundwork would need to be laid to develop a comprehensive funding strategy for the agency? How would this initiative need to be tied in with a process of strategic planning?

*Budget Note 4. Challenges to general fund. The Executive Officer is requested to direct staff to evaluate the following issue, and to return to Council no later than September 1, 2001 with either a response, or a determination of the cost, timeframe, and scope of work required to fully and satisfactorily address the questions raised and to produce a recommendation for action.*

Given bargaining agreements and equity issues at Metro, what adjustments could be considered in the areas of COLAs or merit increases to offset General Fund challenges or shortfalls, and what would the impact be?

*Budget Note 5. Agency standards. The Executive Officer is requested to direct staff to evaluate the following issue, and to return to Council no later than September 1, 2001 with a determination of the cost, timeframe, and scope of work required to fully and satisfactorily address the questions raised and to produce a recommendation for action.*

1. Currently each department is responsible for staff development and training. What would be the impact of developing agency-wide standards for training and curriculum and/or in utilizing in-house expertise for training? How might such standards address the question of equity across differently funded departments, so all staff, regardless of budgetary constraints, have similar opportunities for development and training?

2. What standards are in place for evaluating the need for obtaining personal service contracts? Under what circumstances do departments utilize in-house staff versus contracting out with consultants or temporary staff?

## Reporting to Citizens

One of our most important tasks is reporting back to citizens on the results of our work. We inform the public in several ways:

- MetroAudit, our newsletter, is distributed twice a year.
- Audit reports are distributed to the Metro Council and Executive Officer, interested citizens and the media.
- Audit reports are formally presented at televised meetings of the Metro Council.
- Our web page includes summaries of audit reports and other information about our work.
- We attend Metro Committee for Citizen Involvement meetings and brief the committee on our work.
- The Metro Auditor Citizen Advisory Committee meets during the year to discuss current and planned work.

## Suggestion Hotline

Share your ideas for audits or improvements in Metro's services, kudos for jobs well done or to report alleged waste, fraud or mismanagement of public resources at Metro.

Use the confidential suggestion hotline set up by the Office of the Auditor.

### How to Reach Us

Phone (503) 797-1891  
 Fax (503) 797-1831  
 e-mail [dowa@metro.dst.or.us](mailto:dowa@metro.dst.or.us)  
 Website [www.metro-region.org](http://www.metro-region.org)  
 Hotline (503) 230-0600  
[MetroAuditor@metro.dst.or.us](mailto:MetroAuditor@metro.dst.or.us)

### Metro

#### People places • open spaces

Metro serves 1.3 million people who live in Clackamas, Multnomah and Washington counties and the 24 cities in the Portland metropolitan area. The regional government provides transportation and land-use planning services and oversees regional garbage disposal and recycling and waste reduction programs.

Metro manages regional parks and greenspaces and owns the Oregon Zoo. It also oversees operation of the Oregon Convention Center, the Portland Center for the Performing Arts and the Portland Metropolitan Exposition (Expo) Center, all managed by the Metropolitan Exposition Recreation Commission.

For more information about Metro or to schedule a speaker for a community group, call (503) 797-1502 (executive office) or (503) 797-1540 (council).

Metro's web site:  
[www.metro-region.org](http://www.metro-region.org)

### Who Audits the Auditor?

Professional standards require an independent peer review of the auditor every three years. We successfully passed our most recent review in 2001.

Executive Officer  
Mike Burton  
(503) 797-1502

Auditor  
Alexis Dow, CPA  
(503) 797-1891

Council  
Presiding Officer  
District 3  
Carl Hosticka  
(503) 797-1549

Deputy Presiding Officer  
District 4  
Susan McLain  
(503) 797-1553

District 1  
Rod Park  
(503) 797-1547

District 2  
Bill Atherton  
(503) 797-1887

District 5  
Rex Burkholder  
(503) 797-1546

District 6  
Rod Monroe  
(503) 797-1552

District 7  
David Bragdon  
(503) 797-1889

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2002-10808-AUD  
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# Audit Review

# 2001-2002

It has been a satisfying year – we focused our audit work on very interesting areas of Metro and we again were honored with a national award.

This year's audit reports spotlight construction management at the Oregon Zoo, the transportation of solid waste, Metro's financial trends and how the Portland Center for Performing Arts settles accounts with touring companies and others that use its facilities. In addition, we rolled out a new audit plan and reported on the progress of audit recommendation adoption. Highlights of each report are summarized inside.

Once again, the National Association of Local Government Auditors honored us with its top award for Special Projects. This year's award recognizes our March 2001 report on Metro's transit-oriented development program.

In our audit work, we continue to perform our charter-mandated charge:

- Make continuous investigations of Metro's operations, including financial and performance auditing and review of financial transactions, personnel, equipment, facilities and all other aspects of those operations.
- Make reports about the investigations with any recommendations for remedial action.

Since beginning operations in 1995, my staff and I have focused on practical, effective solutions in areas where change is needed. We strive to keep residents of the region informed of our investigations and results. This annual report to you demonstrates that we continue to achieve our purpose.

Alexis Dow, CPA  
Metro Auditor

*Our mission: to assist and advise Metro in achieving honest, efficient management and full accountability to the public.*

Metro Auditor –  
Promoting performance  
and accountability

Address service requested

600 NE Grand Ave., Portland, OR 97232-2736



METRO  
PEOPLE PLACES  
OPEN SPACES

# Results Matter

Our audits are only as effective as the results they produce. Each year, we follow up on our audits to see if our recommendations have been implemented. The current survey shows that about 90 percent of audit recommendations have been implemented or are in the process of implementation.

- 148 of our 210 recommendations have been fully implemented.
- 37 recommendations are in the process of implementation.
- 9 recommendations have seen no action.

Others apply to future activities or no longer apply.

Of the 37 recommendations in progress, 20 were carried over from the previous year. Several are close to resolution. The remaining 17 were made in recent audits and should be implemented this year.



## General Metro

### Metro's Financial Trends: 1993-2000 July 2001

With hundreds of millions of dollars flowing through Metro each year, it is important for area residents to understand how Metro works. Examining Metro's operating funds is one of the best ways to gain this understanding.

This report focuses on the history and health of Metro's operating funds and explains how the outlook for Metro programs can vary greatly between the different funds. The graphic presentation in this 26-page report also gives citizens a snapshot of how Metro collects and spends money.



### Regional Environmental Management Solid Waste Hauling Contract: Metro's Consideration of Risks and Rewards of Change Order 24

March 2002

This report looks at the decision-making process that led to the 1999 contract modification under which Metro advanced the solid waste hauler nearly \$6.6 million in exchange for reduced fees and other considerations. We also report on what has happened since. We undertook this review because local news media ran several stories during 2000 and 2001 about the financial difficulties of Metro's solid waste hauler and its potential inability to fulfill contract requirements.

The study concluded Metro took appropriate steps to make an informed decision. Benefits already realized include nearly \$2 million savings from reduced operating costs and another \$1 million savings from avoided construction. Savings are expected to continue accruing over the remainder of the contract. Other benefits include improved traffic flow, safety and material recovery.

### Additional Information

We set up an expanded audit tracking system to enhance public accountability. Our experience to date shows that the Metro Auditor's Office work is being done mostly within budget and that all reports are being issued within a month of planned completion. We are pleased with this initial success.

Using the new system, we projected that we would complete the waste hauling contract amendment work in February 2002 with a direct cost of \$31,000 for field work and reporting. We issued our report in March 2002 at the budgeted cost. We expected the

## Reports Issued 2001-2002

### Portland Center for the Performing Arts: Event Settlement Activities - System Works, Some Enhancements are Needed

June 2002

We studied the process used to determine the amount promoters and groups owe for using PCPA facilities - a process known as event settlement. Revenue from this process totaled about \$3.2 million in 2001, or about 70 percent of PCPA's operating revenue.



### The Oregon Zoo: Construction Management September 2001

This study addresses a voter-approved \$28.8 million bond measure for zoo improvements. Much of the project has been completed, resulting in increases in zoo attendance and revenue and better

Overall, event settlement is functioning. Management processes ensure that settlements are accurate and complete, appropriate rental and labor rates are applied, and bank deposits are processed timely. However, improvement can be made in the following areas:

- Streamlining information systems
- Developing additional written policies and procedures
- Resolving discrepancies in bank balances.

exhibits and facilities. High construction costs and incomplete and optimistic cost estimates caused some planned animal exhibits to remain unbuilt.

We recommend Metro develop a list of priorities for completing this project and also improve project management systems agency-wide. Suggested improvements are explained in the report and advocate establishing and monitoring project priorities, cost, scope and scheduling as well as the authority, training and responsibility of those involved in projects.

PCPA event settlement audit would cost \$37,000 and be completed in May 2002. It cost \$40,000 and the report was released in June 2002. We expected to complete our report on the implementation status of audit recommendations in August 2002. It came in on budget at \$22,000 and we issued the report in September 2002. In addition, we planned to issue our survey report on the solid waste management framework in June 2002 and released it in July 2002. The entire survey came in at its \$51,000 projected cost.

### Audit Plan and Progress

In September 2001, our office published the Audit Plan for audit reviews we plan to undertake within 18 months. Metro's elected officials, staff and citizens provided comments regarding audit priorities and areas of concern. This flexible plan can be modified for changed circumstances or emerging issues.

### Current projects and their status

1. Internal controls over revenue at Metro transfer station scalehouses

- Work on this project is nearing completion with a report expected in early fall 2002.

2. MERC's pay-for-performance system and its potential applicability to other Metro activities

- The survey phase of this project is done. Fieldwork began in August 2002 and the report is anticipated in March 2003.

3. Glendoveer Golf Course contract management and cash controls

- Survey work on this project is in the initial stages. Audit fieldwork and report timelines are set after the survey is done.

4. Oregon Convention Center expansion

- Survey work on this project began in late summer 2002. Again, reporting and fieldwork timelines are set after survey completion.

### Future audit areas

1. Metro's donation collection processes

2. Public information, outreach and education for land-use planning activities

3. Risk assessment of Metro operations

4. Issues related to the cost allocation plan

5. Affirmative action issues

In addition, we report annually on the implementation status of audit recommendations.

The Audit Plan report includes a list of all audit requests and a statement of need for each of the planned audits. It is available online or in hard copy. See "How to Reach Us" on back page.

### Other Activities

- The Auditor's Suggestion Hotline was set up in September 2001. See "Suggestion Hotline" on back page.

- We developed a more detailed tracking system for audits initiated after July 1, 2001, to enhance

public accountability. See "Additional Information" this page.

- We published a request for proposals and, with the help of a selection committee, we selected Grant Thornton LLP to be Metro's independent financial statement auditor through 2005.

### Financial Audit

State law requires Metro to have its financial statements audited annually by an outside CPA firm. The Metro Auditor oversees this audit. KPMG LLP audited Metro's financial statements for the year ending June 30, 2001, and delivered an unqualified opinion. This means that Metro's financial statements fairly present its financial status.

**2002-2003 adopted budget**

**-**

**2001-2002 carryover**

**Base budget for planning 2003-2004**

**+**

**Directions for COLA / inflation**

**2003-2004 basic package**

**AUDITOR  
BUDGET REQUEST**

**COUNCIL PRESIDENT  
PROPOSAL**

**Personnel**

- + .5 FTE restoration
- + .5 FTE added (governance change)

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**Materials & Services**

- + Required contract services:
  - Peer review
  - Bond covenant compliance letter
- + Transition review

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**Capital**

- + Conference room, staff office reconfiguration

**Personnel**

- No FTE increase

**Materials & Services**

- \$74,000 = 40% cut from basic package
  - Insufficient \$\$ for contract services (legal & contract obligations)
    - Financial statement audit
    - Performance audits
    - Peer review
    - Bond covenant compliance letter
  - Inadequate \$\$ for CPE/ travel (legal requirement)
  - No \$\$ for telephone & hotline
  - No \$\$ for computers
  - 74% cut in purchased services
  - 44% cut in subscriptions & dues

**Capital**

- No \$\$ for capital outlay