

## MINUTES OF THE METRO COUNCIL REGULAR MEETING

Wednesday, April 16, 2003  
Metro Council Chamber

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

Councilors Absent:

Council President Bragdon convened the Metro Council Regular Meeting at 1:02 p.m.

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.

Mark Williams, Chief Operating Officer, presented the proposed Council budget. The Council had been sent all of the information. The proposed budget was based on the direction the Council had given him at the beginning year. He highlighted the changes. Councilor Burkholder asked about the Chief Operating Officer's compensation. Was this allocated? Mr. Williams said yes. Councilor McLain noted that she would be suggesting a cut in a particular line item. Councilor Newman asked about membership dues and wanted more detail. Kathy Rutkowski, Budget Coordinator, said the National Association of Regional Councils (NARC) dues were the large dues. Councilor Hosticka responded that we had budgeted but not paid the dues. We were not currently dues paying members.

John Donovan and Janice Larsen, Public Affairs Department, presented the proposed Public Affairs budget. Mr. Donovan noted the goals of the department. Their job was to support the departments, the Council and the Council President. The bulk of the public affairs budget was people based. The director felt the necessity to focus on the team. They had paired back the Materials & Services (M & S) budget by about \$32,000. They were dealing with two less FTEs than in the previous year. Ms. Larsen spoke to the Creative Services component of the Public Affairs budget. She talked about the history of the department. This year they would have one less FTE. She spoke to the challenges for the department. They would be tracking costs more carefully and working more strategically. Their goal was to provide good customer service. Councilor Burkholder asked how the interface between the centralized function and the outreach piece would improve "the message". Mr. Donovan responded to his question. Councilor Burkholder wanted to know about the mechanics of how that would happen. Mr. Donovan said they didn't have the new director hired yet. However, they were working closely with all of the departments and interfacing with the communications staff in each department.

Councilor McLain wanted to know how much we gained or loss in using excise taxes versus cost allocation. She talked about the communication plan. Some of the line items have been budgeted for the communication plan even though Council did not have a plan in place. She asked about the Other Purchased Services line item of \$18,000. Ms. Larsen responded that most was for printing services such as agency stationary. Mr. Williams responded to the excise tax versus allocation plan question. Councilor McLain agreed with simplification and following the grant requirements. The cost allocation plan was very complicated but should reflect services given and charged. She didn't think that these were explained well in the documents she had received. She suggested having a summary of the cost allocation plan. Councilor Monroe spoke to the history of the allocation plan and excise tax. He wondered if the cost allocation plan shift to excise tax had

to do with Metropolitan Exposition-Recreation Commission (MERC) suggesting that allocation costs were too high. Mr. Williams said MERC benefited very little, most who benefited were Planning, Parks and the Zoo. Councilor McLain talked about outreach and the need to continue the fair outreach. She would be continuing this effort on her own. Councilor Park asked about the reduction of 2 FTE and how much reduction of this reduction was because of the Urban Growth Boundary decision. Mr. Donovan said the department budget as proposed would meet the needs that the Council was currently looking at.

Casey Short, Chief Financial Officer, gave an overview of some of the basic materials in the budget that hadn't been presented by the departments (a copy of these documents are included in the meeting record). He noted the summary and overview materials. He spoke to the ending fund balance, the expected revenues, and the rate stabilization reserve. Councilor McLain talked about the rate stabilization reserve and what it could be used for. She said there was some flexibility with this fund. The main purpose was for short and long term stabilization. Mr. Short explained that the rate stabilization reserve was growing. Councilor Park talked about under collection by about \$200,000 because of a change in tonnage. He suggested that this money should have been in the undesignated fund balance instead of the rate stabilization reserve. Mr. Short continued with the total unrestricted excise tax and explained why this was increasing. There was a reduction in indirect charge fund and explained why. He talked about the requirements and the reduction in Council/Public Affairs of about \$500,000. Central Service transfers were going up slightly and explained why. He spoke to disallowed costs and why Planning showed a savings. Mr. Williams said, as a result of those changes, Planning had 7% more to work with. Mr. Short said this was similar in the Parks Department. He then reviewed the Special Appropriations piece of the budget and the changes for next year. Councilor McLain asked about the Water Consortium dues. Councilor Newman asked about the RACC contribution. Mr. Short then reviewed the Support Services summary. The beginning fund balance was down currently and explained the details. Mr. Short talked about the changes in enterprise revenues and indirect costs. Councilor Newman asked about the lobbyist contract. Mr. Short said it was less this coming year because of the off-session. They did put some money in, in case there was a special session. Councilor McLain asked about the carry over in the auditor's budget. Mr. Short said this had to do with annual audit. Work that was done on the annual audit tended to span fiscal years. He noted the significant reductions in the general fund and the increase in cost allocation and business service funds. Ms. Rutkowski explained further the details of the annual audit. Ms. Dow explained additional details. Mr. Short said there was continued increases in the risk management fund and explained the details. He then touched on the debt service fund.

Alexis Dow, Auditor, presented her proposed budget (a copy of the power point presentation was included in the record). She noted her presentation was somewhat different from the departmental presentations. Her responses to the ten questions were different because they reflected her proposed budget. She talked about proposed materials and services reductions of \$35,000. The recommended reductions were insufficient to allow her to operate. She felt that these reductions would impact other departments. Her goal was to make Metro be more efficient and effective and suggested several ways where her audits had generated revenue such as charging MERC employees for parking. She talked about the previous efforts to cut her budget, which weakened the audit function. She spoke to the expectation of the voters and the charge she had to audit Metro's programs. She needed to operate at the level she operated currently in order to continue effective audits. She said she planned to submit some amendments, which would bridge the gap between her original proposal and the Council President's proposal. She detailed her add package which including restoring an FTE, conducting an audit of the transition, adding capital for a conference room and restructuring her staff's office environment. She talked about the proposed reductions and how it impacted all of Metro. She felt that her cuts were more severe than the rest

of the agency. She talked about the series of questions that all departments were expected to respond to (a copy of which is found in the meeting record). She spoke to her goals and where the auditor needed to go in the future.

She reviewed her five amendments (a copy of which is found in the meeting record). The first was not an add package, the last found amendments were add packages. She noted that the auditor's budget was 0.2% of the total Metro budget. There were adequate resources to allow the auditor to continue with her proposed budget. She spoke to Metro revenues. She concluded with the charter mandate for the auditor. Councilor McLain asked about the first amendment. Councilor Park asked Ms. Dow to define full audits. Ms. Dow responded that a full audit meant that she would be issuing an audit report. Councilor Park asked about how many full audits were required annually. Ms. Dow said it was not really the number but dependent upon the needs of the agency. Some audits took more resources than other audits and gave an example of a short audit and a long audit. She said six was her rule of thumb. Councilor Park asked if she was budgeting for audits or auditors. Ms. Dow said she was budgeting for auditors. Councilor Newman asked about the annual audit. Ms. Dow responded that it was state budget law that required an independent audit. Councilor Burkholder asked about one of the add amendments concerning transition. Ms. Dow said this audit was in the work plan. Councilor Burkholder asked if this audit could be taken care of by her auditors. Ms. Dow said yes. Councilor Park asked about external or contracted audits versus in-house auditors. Ms. Dow said it was less expensive to have audits done in-house however it was difficult to have expertise in all areas. Councilor Newman talked about the two different audit model; one was having in-house auditors and the other was to have an elected auditor who contracted out all of the audits. Her decision to have in-house auditors was the best way to approach things and explained her research in this area. Councilor Burkholder asked about the auditing function if the budget was reduced by 22%, shouldn't she be reducing her auditing function by 22%?

Mike Hoglund, Solid Waste Director, returned to respond to questions Council had last week (a copy of this information is included in the meeting record). Mr. Hoglund talked about the market development programs. They would be focusing on the organics grant program as well as the construction and demolition program. They had recommended dropping the regional business assistance program. Councilor McLain said the reason for the business development program was to help develop markets. She said there was more need for market development. Mr. Hoglund said they had advertised extensively for grants and there hadn't been a lot of takers. He then provided more information on the thrift program. He said originally it was to prevent people from dumping non-saleable items at the thrifts. Councilor McLain said the tip fee rates were going up. This was not the only subsidy program we had. She talked about tire subsidies. She would like to see all of the subsidy programs. She suggested that some of these subsidy programs might need some review and changes. Doug Anderson, Finance Manager for Solid Waste & Recycling, gave a history of the tire subsidy program and the tire market. Councilor Newman asked about the credit program. Mr. Hoglund said the thrifts were more solvent than they were in the past. They had asked the thrifts to come and give the Council more information.

Mr. Hoglund talked about the regional system fee program. He explained the cut. It had become a permanent subsidy. The MRFing was about 0.6 of the current recovery rate. He gave a history of the MRFs and why the subsidy was established. He talked about the sunset, which had been eliminated. There appeared to be few changes in recovery. It was the only program that did not pay its own way. He spoke to the public cost. There was an opportunity to MRF more. The economic incentives were not sufficient to attract the MRFs. He passed out charts concerning the Regional System Fee Schedule, Raise Threshold, Raise Threshold-Facility meet it, straight-line effort curve, and drop curve (a copy of which is included in the meeting record). He talked to the

overall effects. Councilor Monroe talked about the history and past discussion of the regional system fee program. He had prepared Resolution No. 03-3320, which instructed continuing payment until the end of this fiscal year. He then talked about next year and the possibility of replacing the program with something else. He made some suggestions. He was recommending a straight-line effort curve (a copy of this chart is in the meeting record). He spoke to savings, incentives, and reduction in payments to the recyclers. He felt this would be a good interim step. He wanted dialogue with the people affected. He would be presenting an amendment for the FY 03-04 budget.

Councilor Park talked about next year's budget. He asked about the MRFs, the organics program, and source separated recyclables. Mr. Anderson responded to his questions. Councilor Park talked about the organics program. Councilor Hosticka summarized the cost of recovery curve and the theoretical cost curve. Mr. Anderson said he was correct. Councilor Monroe said he was not trying to impose his judgment or wisdom on the rest of the Council. The resolution for this year and the amendment for next year were brought forward with those ideas in mind.

Mr. Hoglund continued that these programs were not mandated but allowed. Councilor Newman asked about the neighborhood disposal program. Jan O'Dell, Solid Waste & Recycling, said Metro Code allowed Metro to waive disposal fees for particular reasons. The demands on the program have grown each year. She gave additional details about the program. There was some flexibility in the way the Code was written for this program. Councilor Burkholder asked about hazardous waste round-ups. He felt this program was very useful and valuable. Councilor Newman said he was interested in keeping the neighborhood and SOLV clean-ups. They were important. He asked how they were going to restructure these programs. Ms. O'Dell summarized what the funds were intended for and suggested some decision points for the Council. Council President Bragdon said this was an opportunity to talk about some of the administration of these programs. Councilor McLain said this budget review was not just a dollar review but also a program review. This was an opportunity to make sure programs were effective. She felt Ms. O'Dell's suggestions would be welcome. Council President Bragdon suggested budget notes giving direction to the department. Councilor Hosticka talked about changing behavior and what was most effective. Councilor Park asked if these programs waived the disposal fee. Ms. O'Dell responded to his question. Councilor Burkholder asked about the enhancement funds that we manage. We manage two in-house and two were managed out-of-house. He asked about accountability and accounting of the out-of-house funds. Ms. O'Dell talked about reporting and the accounting of those programs. Metro Code did require a level of reporting back to Metro. Councilor Burkholder wondered if we had these on certain facilities, why didn't we have them on all of the facilities? Councilor McLain talked about the ENACT budget reduction. She noted that she had an amendment for that program.

Council President Bragdon reviewed the upcoming schedule for the budget (a copy of which is found in the meeting record). Councilor Newman said he had requested some additional information about the archiving function and the plan. Roy Soards, Business Services Director, said he had an outline of an operation plan (a copy of which is found in the meeting record). He said he built the plan around the existing policies and the retention schedule. He talked about the development of a team. Their job would be to ensure compliance. This group would meet quarterly. All departments had staff who archive. There were two key tools, which needed to be maintained: the TRIM system and the contract with Iron Mountain. Councilor McLain said she didn't find anything in this overview to be contradictive of her two amendments.

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Ms. Rutkowski talked about the technical amendments (a copy of which is included in the meeting record). Council President Bragdon decided to cancel next Wednesday's Council meeting on the budget.

## **2. COUNCILOR COMMUNICATION**

There were none.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:15 p.m.

Prepared by

Chris Billington  
Clerk of the Council

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF APRIL 9, 2003**

ITEM #	TOPIC	DOC DATE	DOCUMENT DESCRIPTION	DOC. NUMBER
1	PROPOSED AMENDMENTS	4/16/03	TO: DAVID BRAGDON FROM: KATHY RUTKOWSKI RE: DEPARTMENT GENERATED PROPOSED AMENDMENTS TO THE FY 2003-04 PROPOSED BUDGET	041603C-01
1	SUMMARY	4/16/03	TO: METRO COUNCIL FROM: FINANCIAL PLANNING RE: SUMMARY OF GENERAL FUND COMPARISON OF FY 02-03 TO FY 03-04	041603C-02
1	POWER POINT PRESENTATION AND AMENDMENTS	4/16/03	TO: METRO COUNCIL FROM: ALEXIS DOW, AUDITOR RE: POWER POINT PRESENTATION ON METRO AUDITOR BUDGET PRESENTATION AND PROPOSED AMENDMENTS BY THE AUDITOR	041603C-03
1	FOLLOW-UP RESPONSES	4/16/03	TO: METRO COUNCIL FROM: MIKE HOGLUND, SOLID WASTE & RECYCLING DIRECTOR RE: FOLLOW-UP TO APRIL 9, 2003 BUDGET DELIBERATIONS	041603C-04
1	CHARTS	4/16/03	TO: METRO COUNCIL FROM: MIKE HOGLUND, SOLID WASTE & RECYCLING DIRECTOR RE: CHARTS CONCERNING REGIONAL SYSTEM FEE CREDIT	041603C-05
1	MEMO	4/15/03	TO: COUNCIL PRESIDENT BRAGDON AND COUNCILORS FROM: MIKE HOGLUND, DIRECTOR OF SOLID WASTE & RECYCLING RE: REGIONAL SYSTEM FEE CREDIT PROGRAM - FEBRUARY 2003	041603C-06
1	MEMO	4/15/03	TO: MARK WILLIAMS, COO FROM: ROY SOARDS, DIRECTOR OF BUSINESS SUPPORT RE: PROPOSED OPERATIONS PLAN FOR METRO ARCHIVIST FUNCTION	041603C-07