

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, June 10, 2003
Metro Council Chamber

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

Councilors Absent: Carl Hosticka (excused)

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

1. PERS BRIEFING

Casey Short, Chief Financial Officer introduced Mark Gardiner, Public Employees Retirement System (PERS) Board Member and Oregon Investment Council. Mr. Gardiner talked about the history of PERS. He spoke to the statutes concerning PERS. The level of benefits was set by the legislature, not by the Board. The State, the largest single employer, had never weighed in on PERS issues. There had been pressure on management from local jurisdiction about PERS. The other player was Oregon Investment Board. The legislature had continued to add benefits, which created an extremely difficult program. He provided a written overview of the problem, key points, proposed reforms, impacts of reforms as well as frequently asked questions (a copy of which is included in the meeting record). He talked about the City of Eugene dispute. He talked about the guidance from the Oregon Attorney General's Office. There was a very uncertain situation in the administration of the PERS system. He spoke to the investment losses and the impact on the rates, which had not been worked out yet. What was the legislation and what did it mean? He talked about an 8% floor for those individuals who were employed prior to 1996. The PERS reform occurred in 2003. He detailed the reforms. They were working on updating the mortality tables. The composition was changed on the Board so it was not weighted towards PERS members. He said there were over 30 bills that had PERS matters addressed in them. He felt that it was important to have a replacement plan. Both employees and employers would be better off with a replacement plan. The 2004 rates would be adjusted. He said many of the jurisdictions were reserving all or some of that savings. He noted that the Attorney General had issued an opinion.

Councilor Newman asked about the Attorney General's opinion. Mr. Gardiner said he didn't think it was politically motivated. They were educated by the decisions in the Courts. Council President Bragdon asked if they were going to hire outside Counsel to represent the State. PERS Board now had outside tax counsel. The PERS System needed reform. Mr. Gardiner strongly advocated closing out the existing program to new members and getting a new system. Councilor Newman asked about the lawsuit? Mr. Gardiner said he thought they were going after every key element. Councilor McLain spoke to her own history in the PERS system. She felt reforms needed to be fair and replaced in a fair way what was taken out. Michael Jordan, Chief Operating Officer, said they would advise Council that those savings be set aside until the litigation became more clear. Mr. Gardiner said most would be covered by legislation that would go to the Supreme Court. Councilor McLain agreed with Mr. Jordan's advice. She felt holding onto the savings was a good idea. Councilor Monroe said he kept getting asked if those who had already retired would be impacted. Mr. Gardiner explained who would be impacted. Councilor Monroe asked about a possible ballot measure to fix the system. Mr. Gardiner responded to his question. Mr. Short clarified what Council's guidance was concerning the savings. Council supported setting aside the savings until a determination had been made.

2. SALEM LEGISLATIVE REPORT

Dan Cooper, Metro Attorney, reported on what was happening in Salem. The possible adjournment date has now changed to July 22nd. He talked about the transportation bill. It was on its way to the Revenue Committee. He talked about Multnomah County amendment to the bill. Councilor Burkholder asked about the companion bill, payroll tax increase. Mr. Cooper said he didn't know what the status of that bill was. Mr. Cooper talked about the land use bills, amendments to the periodic review package. It was currently stuck in the Natural Resource Committee. He spoke to the amendment package. There was continued discussion on sub-regional rule and if there should be a bill on this issue. He noted Metro's moderate position on the sub-regional rule. Councilor McLain shared her concerns. Mr. Cooper said the ones that were in play were house bills. The Woodburn UGB amendment, Clay Street UGB amendment and the North Plains UGB amendment bills went through the House and were sitting in the Natural Resource Committee. He thought it was possible that nothing would move out of that committee. Councilor McLain expressed concern about the Hillsboro Landfill bill. Councilor Newman spoke to SB 351. The Governor next week would sign the bill. Mr. Cooper said Metro's self-insurance bill had passed and was on its way to the Governor. He briefed them about the solid waste bill. Councilor Burkholder asked about the self-insurance bill. He suggested further discussion on this issue at a future work session.

3. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, JUNE 12, 2003.

David Bragdon, Council President, reviewed the issues on this week's Council agenda. Councilor Park announced that he would not be available on June 26th for the Council meeting. Councilor Monroe asked about the Auditor's technical amendment. Council President Bragdon said he had asked about the scope of work and the timeline for each fiscal year. Mr. Jordan said they could amend the budget anytime during the year. Councilor McLain suggested further information on the four carryovers that passed last week.

4. METRO SOUTH & METRO CENTRAL EFFICIENCY THRESHOLD

Doug Anderson, Solid Waste and Recycling Department, presented a power point presentation (a copy of which is found in the meeting record) on transfer station cost study. Mr. Anderson spoke to tonnage flow and its effects. The basic issue was tonnage flow. Council President Bragdon spoke to tiers. Mr. Anderson some of the tiers were fairly narrow. He spoke to upcoming decisions effecting flow, which include non-system licenses possible renewals in December 2003, franchise renewals to be considered in December 2003, and a possible new transfer station. Councilor Monroe asked about other non-system licenses. Councilor Burkholder asked about the possibility of Metro building their own new transfer stations in an area of the region that none existed. Mr. Anderson noted what happened if our price went up and the effects on our contractor. He spoke to the upcoming operation contractor RFB and the timeline. Councilor McLain suggested adding talking about organics mid-July to include that issue in the formula. Councilor Monroe said he felt Central might be more profitable if we capped Forest Grove Transfer Station. There was waste going to Forest Grove that should be going to Central Transfer Station. Councilor McLain explained the issue of a cap for Forest Grove.

Mr. Anderson talked about the operations cost per ton and the impact on reduction of tonnage. He spoke to other impacts on the operation costs. They were losing more efficient loads. The transfer stations were getting older and maintenance costs were going up. Councilor Burkholder asked

what was included in the operations costs. Mr. Anderson responded that it was the cost to operate the facilities. He spoke to staffing costs as well. They were trying to get a better handle on when you make certain policies decisions. Councilor McLain said we had to figure out how to make the transfer station pay. She suggested creating new services and looking at re-trucking the wet waste. Mr. Anderson said the underlying costs seemed to be deviating from our profits. He said we needed to get a better handle on flow and truck travel. The more we knew the better our process could be. Councilor McLain talked about quality of service. Mr. Anderson made some suggestions on how Council could proceed. He said cost of transfer stations were effected by flow. The decisions about the non-system licenses will impact the flow. He noted why they should be doing a cost study; managing public costs, licensing decisions in the Fall, and improving operations RFBs. He talked about the elements of the cost study. Councilor Park asked about franchising service areas and would this be part of the cost analysis. Mr. Anderson said he had not included this in the study but felt this was worth considering in the study. Councilor McLain said there was a value to having services that you offered to the public. There was value with having contact with services as being a strategic link to the public. Councilor Burkholder asked why were we giving away business versus should we be in the business at all. The bigger picture was Metro's role. Mr. Anderson talked about market influence versus market share. Councilor Newman asked about the timeline for the study. Mr. Anderson said they were looking at starting the study very soon. Mr. Jordan talked about the decision making process and using the work session format. Council President Bragdon spoke to the interrelated issues. Councilor McLain said they needed to talk about the funding within the agency and how the funding was entwined with this department. Mr. Jordan said that was already on the list. Councilor Park suggested involving MERC to look at this from another angle.

5. INFORMAL DISCUSSIONS WITH METRO AUDITOR/IDENTIFYING MATTERS OF INTEREST TO COUNCILORS

Alexis Dow, Metro Auditor, said she had suggested getting together to talk about the auditor and the working relationship with the Council. She spoke to fundamentals. She said over the past eight years she had made it a point to talk about her role, the charter mandate and how the auditor fits here at Metro. She asked Council to raise issues, concerns that mattered to Council in terms of the Auditor's Office. She put together a list of questions that they could start the discussion with (a copy of which is included in the meeting record). She noted how she had developed the list. She suggested adding any questions that the Council had. She suggested a once a month discussion. Councilor Park spoke to 7e and 7f. One of the key issues for him was the policies' of the Council being carried out. He suggested keeping this in mind when doing an audit. Councilor Newman said what would be helpful would be defining what a performance audit was and what it was not. Ms. Dow clarified his request.

Council President Bragdon said that information would be helpful to him as well. He spoke to the Portland's Auditor role and his scope of work. Council President said he was also interested in the timeliness of special projects. He wondered if an auditor should be looking at this or should a contractor look at this. Councilor McLain talked about standards for a financial audit versus a performance audit. Council President Bragdon said what they were asking for was starting with the Council policy and what was the most effective way to implement the policy. Councilor McLain said implementation was an important component of review. Councilor Monroe spoke to the Auditor's job; her job was to help Council with the efficient implementation of those policies.

6. PERIODIC REVIEW UPDATE

Lydia Neill, Planning Department, provided an overview of the Industrial Land Locational and Siting Criteria (a copy of which is included in the meeting record). They were aiming towards an adoption of a resolution and a map. She gave an overview of the calendar. Councilor Park asked for a calendar. Councilor McLain reinforced that they would be just studying those areas. Councilor Burkholder said that it really helped to have a calendar. She highlighted the memo. Tim O'Brien reviewed a set of five maps including the UGB expansion and the five tiers. He spoke to filters, two-mile buffers of selected interchanges. Councilor Burkholder asked about the Springwater interchange. Councilor Park spoke to concerns about induced growth. Mr. O'Brien also presented a map looking at land, which was within of a mile of existing study areas. Councilor McLain said she needed to know how the model was run. Mr. O'Brien reminded that they were looking at new areas. Ms. Neill said they had to restudy all it. Councilor Park talked about other successful industrial growth models. Mary Weber, Planning Department, talked about the concentration of industrial areas we already had. Ms. Neill said there was a wide range of industry within the region. Andy Cotugno, Planning Director, said Councilor Park's question about models in Europe was a good one. Mr. O'Brien said he had done some research on this issue and explained the results of that research. Some industry was building on the edge, other industry was rebuilding on existing industrial sites. An important component was the work force. Councilor Newman asked about railroad access. Ms. Neill explained the interview information. Mr. O'Brien then presented a map on flood plain and steep slopes. He concluded with a map, which proposed study areas. Councilor McLain suggested listing all of the agricultural needs. There were other filters and components that needed to be run through the map. Councilor McLain brought up the issue of economic strategies. We had 2000 acres to add, an economic strategy needed to be looked at. Ms. Neill said they had a sense of where they needed to be going with the three industrial uses. Mr. Jordan spoke to Title 4 and possible amendments. Ms. Neill said there might be some consequences for that action. She noted that Mr. Yee was looking at some short-term demands. Councilor Newman asked about Title 4 restrictions. Mr. Cotugno said those lands that were brought in had those restrictions. He also talked about the economic policy task force. Ms. Neill said they needed about 2000 net acres. Mr. Jordan asked if there was anywhere in this analysis where we put a fiscal piece. Ms. Neill said they hadn't looked at this in the criteria. She said they would also be looking at transportation analysis in the next piece. Councilor McLain said it did affect the Regional Transportation Plan. Mr. Cotugno talked about internal versus external commuting trends.

7. CITIZEN COMMUNICATION

There were none.

8. COUNCILOR COMMUNICATION

Council President Bragdon spoke to George Bell's resignation on the MERC Commission. Mr. Jordan spoke to COLA for non-represented employees. His recommendation was to award a 2% across the agency. They were doing the class and comp study. He would be recommending new classifications. He noted internal equity issues. Councilor Newman asked about an update on the parks.

Metro Council Meeting

06/10/03

Page 5

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:55 p.m.

Prepared by

Chris Billington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF JUNE 10, 2003

Item	Topic	Doc Date	Document Description	Doc. Number
3	Agenda	6/12/03	Metro Council Agenda for June 12, 2003	061003c-01
1	PERS General Information	6/6/03	To: Metro Council From: Mark Gardiner, PERS Board Re: PERS Update, General Information and Frequently asked questions	061003c-02
5	Memo	6/10/03	To: Metro Councilors From: Alexis Dow, Auditor Re: Questions related to Auditing at Metro	061003c-03
6	Draft Memo	6/9/03	To: David Bragdon From: Lydia Neill, Planning Dept. Re: Industrial Land Locational and Siting Criteria Draft	061003c-04
4	Power Point Presentation	6/10/03	To: Metro Council From: Doug Anderson, Solid Waste & Recycling Dept Re: Cost Study Proposal	061003c-05