

## **METRO COUNCIL RETREAT**

Meeting Summary

Nov. 28, 2012

Oregon Convention Center, VIP D Room

Councilors Present: Council President Tom Hughes and Councilors Carl Hosticka, Shirley Craddick, Carlotta Collette, Rex Burkholder, Kathryn Harrington, and Barbara Roberts

Councilors Excused: None

Staff Present: Martha Bennett, Scott Robinson, Alison Kean Campbell, Andy Shaw, Ina Zucker, Annierose Vonburg, Kelsey Newell, Nikolai Ursin, Colin Deverell, Ramona Perrault, Katie Shriver, Kathy Rutkowski, Tim Collier

Public Present: Councilor-Elects Craig Dirksen and Bob Stacey

Council President Tom Hughes convened the retreat at 2 p.m.

### **1. BUDGET PHILOSOPHY**

Ms. Martha Bennett of Metro briefly outlined the goals for the retreat and emphasized that the retreat would serve as the first of several meetings to set the council's strategic work program. The desired outcomes for the retreat were to:

- Provide Council with an updated five-year financial outlook for the agency;
- Initiate the FY 2013-14 strategic budgeting process;
- Identify and confirm Council's strategic budgeting direction and priorities; and
- Provide guidance to the next Metro Council.

### **2. OVERVIEW OF 50-YEAR FORECAST**

Mr. Tim Collier of Metro provided a presentation on Metro's financial forecast for FY 2012-13 to FY 2016-17. His presentation included information on:

- The solid waste revenue fund gap analysis for current revenue versus current expenditures beginning in FY 2012-13 forecasted through FY 2016-17;
- The MERC fund gap analysis for current resources versus requirements beginning in FY 2012-13 forecasted through FY 2016-17; and
- General fund gap analysis for current resources versus requirements beginning in FY 2012-13 forecasted through FY 2016-17.

Mr. Collier overviewed the analyses' assumptions and forecasted results for each of the above. Highlighted assumptions included, but were not limited to, increased healthcare costs, reductions in federal transportation funding, decreases in tonnage rates, shortened Broadway play series, and program support for the Community Investment Initiative, Greater Portland Inc., and the

Metropolitan Export Initiative. Mr. Collier stated that the agency's general fund is approximately \$3.9 million short FY 2013-14 and overviewed a breakdown of Metro's finance reserves. Mr. Scott Robinson stated that there were three ways to address and reduce the funding shortage: (1) amend the employee compact and benefit platform, (2) focus Council attention and priorities, and (3) reduce Metro's employee footprint. While he did not make a recommendation on how the council should proceed, he did state that Metro had already amended the employee compact and benefit platform and did not see more room for change.

### ***Council discussion***

Council asked clarifying questions about the forecast assumptions, the Oregon Zoo's projected funding gap, PCPA's current agreements with theater companies, how much of the local option levy would fund existing projects, and the Patient Protection and Affordable Care Act (PPACA), commonly called Obamacare. Councilors requested additional information on how much money, to date, of Metro's general fund has been allocated to maintain parks and natural areas. Additionally, councilors recommended that the agency should do more to educate the public and partners on Metro activities.

### ***Key budget discussion takeaways***

Mr. Robinson led the council in an exercise to identify the key takeaways regarding the FY 13-14 budget forecast. Council responses included:

- Metro is generating less revenue while costs continue to increase.
- Metro will have hard choices on which programs to financially support, especially discretionary activities.
- The policies around non-system licenses need to be reevaluated.
- Federal funding for Metropolitan Planning Organizations is decreasing. Also, the federal funds actually provided are less than the required expenditures.
- The responsibilities and direction to the Planning Department must be clear. A lot of the department's workload is cyclical; however, the department continues to be asked to maintain a flat expenditure level.
- Metro cannot be everything to everybody. The breath of the agency's programs must be prioritized according to the agency's mission prior to fixing funding gaps.
- The Council should discuss the impact and costs associated with the agency's transition from serving as a regulator to a collaborator/tools and service provider. Councilors would like to discuss their choices and what it would mean to maintain the status quo.
- Councilors asked if Metro's partners should be included in the discussion and prioritization of Metro's budget; specifically to ask if partners receive a value from Metro services.
- The Metro Council needs to be educated on the actual cost of current Metro initiatives, such as Metro's industrial lands work.
- Metro should explore revenue reform and opportunities to increase the agency's revenue generated. Examples included utilizing development directors, seeking grant opportunities, and reevaluating Metro's role in the solid waste and land use planning industries.
- The agency has assumed responsibilities for programs that were run by, or received funding from, the state. Councilors asked clarifying questions and desired further discussion on the cost of state and other programs currently in Metro's portfolio.
- Metro's equity work and the Equity Atlas could present significant challenges for funding.

### 3. OUTLINE LARGE SCALE FINANCIAL CHALLENGES

Ms. Bennett asked the council for direction on the proposed A/B budget for the parks and sustainability programs, the planning and development department, and the research center. She stated that the council would discuss solid waste programs at a future retreat.

Ms. Bennett stated that she planned to direct the parks and environmental services and sustainability department directors to develop two budgets for FY 13-14. The first budget would be built assuming the Metro Council refers a local option levy and voters approve the bond measure in May 2013. The second "B" budget would be built with the assumption the measure does not pass. Examples of reductions council could anticipate as part of the "B" budget would be park closures in winter months, less park staffing, higher park admission rates, no trail or park planning, and less park maintenance. Ms. Bennett recommended that the \$1.2 million in reductions come from the PES and sustainability departments FY 13-14 budgets. Councilors supported this direction.

In regards to the Planning and Development department and Research Center, Ms. Bennett stated that Metro is anticipated to have a \$1.3 million shortfall due to reductions in federal and state funding. She led the Council in an exercise to identify areas in the departments' core programs, regional collaborative initiatives, implementation tools, and client services to scale back Metro operations. Councilors used a scale of magnitude of X to XXX to represent a desire to reduce the program a little to a lot.

#### ***Planning and Development Department***

CORE PROGRAMS	
• Compliance	X
• RTP updates, local TSPs	XX
• UGB and UGRs	X
• MTIP and Regional Flexible Funds	No changes recommended
• Concept Planning	XX
• 2040 Performance Reporting	No changes recommended
COLLABORATIVE INITIATIVES	
• Climate Smart Communities	XX, recommendation to not do more than the requirement
• SW Corridor Plan	No changes recommended
• East Metro Connections Plan	Remove from list; project completed
• Lake Oswego to Portland Transit Project	Remove from list; project shelved
• Next Corridor (Powell)	Council undecided; more information required

IMPLEMENTATION TOOLS	
• Making the Greatest Place Implementation	X
• Development Opportunity Fund	XX
• Large Lot Industrial Sites	X; note that project may have been completed
• Coordination Greater Portland, Inc.	XXX
• Station Area Planning	Council undecided; more information required
• Freight Planning Implementation	XXX
• Transportation System Management	XXX

***Research Center***

CORE PROGRAMS	
• Reduce Travel Demand Model	XXX
• Eliminate management position	Council undecided; more information required
CLIENT SERVICES	
• Climate Smart Communities	XX
• DRC External Support	XX
• DRC Internal Metro Support	X

***Council discussion***

Council discussed the use of construction excise tax funds, a potential increase in CET funds, and if the funds could be used for internal programs. Councilors were concerned and requested more information on the station areas planning, development opportunity fund and customer and community service areas of the research center. Council also discussed potential services in the research center and planning department that could generate revenue.

Some councilors struggled with the exercise, and requested additional information on the short and long-term impacts if a program was to be scaled back. More specifically, councilors inquired how the reductions could impact services provided to the region. Councilors emphasized the need to draft the budget using the Council's desired outcomes, and then look for areas to streamline resources.

**4. BREAK**

The Metro Council recessed for a short break.

**5. IDENTIFY COUNCILOR PRIORITIES AND DIRECTION**

Ms. Bennett led the Council in an exercise to reevaluate their short and long-term priorities determined in December 2011. The priorities were categorized based on if the project or program generated revenue or required revenue. Councilors recommended the following:

	Short Term	Long Term
<b>Takes Revenue</b>	<ul style="list-style-type: none"> <li>• Equity</li> <li>• Visitor venues</li> <li>• Local Engagement Strategy (outreach)</li> <li>• Regional Vision</li> <li>• Regional Active Transportation Plan</li> <li>• Community Investment Initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Willamette Falls</li> <li>• Climate Preparedness</li> </ul>
<b>Generates Revenue</b>	<ul style="list-style-type: none"> <li>• Headquarter Hotel</li> <li>• Solid Waste Roadmap</li> <li>• Parks funding measure</li> </ul>	<ul style="list-style-type: none"> <li>• The Intertwine Alliance</li> </ul>

#### ***Council discussion***

Councilors discussed the value of the CII program and recommended that Metro's support be scaled back. Councilors stated that part of the program's true value is that it be placed outside of Metro. Councilors supported the CII *Regional Infrastructure Enterprise* and *Development-Ready Communities* work groups, but believed that the transportation work group would be picked up by JPACT. Councilors stated that they would entertain a proposal for a fourth year of funding for the program as it relates to 2040.

Councilors discussed scaling back Metro's contributions to The Intertwine. Councilors requested a clear agenda be created for the Council's involvement and membership in The Intertwine.

Councilors also discussed, and moved up in priority, the Solid Waste Roadmap and the agency's equity work. Additional discussion included the timeliness of the Willamette Falls project, the Active Transportation Plan, and climate preparedness.

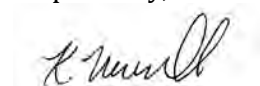
#### **6. SUMMARY, Q&A, NEXT STEPS**

Ms. Bennett stated that a follow up retreat on the budget would be scheduled at the beginning of 2013.

#### **7. ADJOURN**

Seeing no further discussion, Council President Tom Hughes adjourned the Council retreat at 4:47 p.m.

Prepared by,



Kelsey Newell, Regional Engagement & Legislative Coordinator

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF NOV. 28, 2012**

<b>Item</b>	<b>Topic</b>	<b>Doc. Date</b>	<b>Document Description</b>	<b>Doc. Number</b>
	Handout	11/28/12	Short term, long term project statuses	112812c-01