



METRO COUNCIL RETREAT

Meeting Summary

Feb. 26, 2013

Portland Center for the Performing Arts, Madison Room

Councilors Present: Council President Tom Hughes and Councilors Shirley Craddick, Bob Stacey, Sam Chase, Kathryn Harrington, Carlotta Collette, and Craig Dirksen

Councilors Excused: None

Staff Present: Martha Bennett, Scott Robinson, Alison Kean Campbell, Andy Shaw, Ina Zucker, Kelsey Newell, Colin Deverell, Ramona Perrault, Jonathan Jubera, and Tim Collier

Council President Tom Hughes convened the retreat at 9:01 a.m.

1. RETREAT OBJECTIVE AND AGENDA OVERVIEW

Ms. Martha Bennett overviewed the agenda and stated that the purpose of the Feb. 26 council retreat was for the Metro Council to provide direction on major budget assumptions and council initiatives.

2. SUMMARY OF 2013-14 BUDGET THEMES AND MAJOR ASSUMPTIONS

Mr. Tim Collier provided a brief overview of the general fund's current revenues and expenditures as of Feb. 22, 2013. Based on the current financials, staff anticipates a \$1.3 million shortfall for FY 2013-2014. Mr. Collier stated that the proposed FY 2013-2014 budget assumes:

- The natural areas levy is passed by the voters in May 2013;
- Departments maintain the status quo and no new programs are introduced and funded; and
- The agency footprint is reduced by 12.44 FTE – which includes currently vacant and filled limited duration positions.

Mr. Collier presented four policy options for Council to consider that could help to reduce the \$1.3 million shortfall. The policy questions and Council's discussion were as follows:

POLICY QUESTION	COUNCIL DISCUSSION AND/OR DIRECTION
Reduce required Stabilization Reserve for one-year to balance budget. Reduces from the required reserve from 3 percent to approximately 2.3 percent.	<p>Councilors were concerned about potential impacts to the agency's bond rating. Staff recommended that the use of reserve funds not become a trend, but stated that the agency's current situation was an appropriate use of the funds. Staff will develop a plan to restore the reserve funds by FY 2015-16.</p> <p>While councilors expressed a varying degree of discomfort in reducing the Stabilization Fund, the majority supported the policy option.</p>

Reduce Council Opportunity Account from \$500,000 to \$200,000.	<p>Councilors requested information that outlines how the Opportunity Account was used in the previous fiscal year.</p> <p>The Council was divided on the option and expressed a broad spectrum of support – or lack of support – for the policy option. Some councilors viewed the account as a luxury and stated that the cut was prudent given the current projections. Other councilors stated that their support was dependent on the availability of contingency funds should the Council identify a project at a future date. Councilors opposed to the reduction stated that the fund provided the only money for amendments short of using contingency, and asked for additional options to be presented.</p>
Eliminate \$200,000 in new funding to P & D for development opportunity fund. Budget request assumes \$495,000 in carryover from previous years.	<p>Councilors requested information that outlines how the Development Opportunity Fund was used in the previous fiscal year.</p> <p>Similar to the above, Councilors expressed varying levels of support for this option. In general the majority of the Council supported the option pending information on the percentage of the funds already allocated in the current fiscal year.</p>
Additional revenue from local option levy. Currently at \$945,000. Brings transfer to \$1.2 million. Requires additional reductions in PES and Sustainability Center if levy fails.	<p>Council expressed their support for this option.</p>

General Council discussion on the policy options included:

- Councilors requested additional time be scheduled to discuss the agency's FY 2013-14 budget should the levy not pass.
- Councilors asked for information regarding special appropriations and a list of how contingency funds have been used.
- Councilors inquired about the changes in the budget process over the years, and specifically the one-one-one councilor briefings. Councilors requested, if possible, a programmatic briefing of the budget as opposed to a high-level overview focused solely on the Council's initiatives. Staff indicated the councilors would receive budget briefings April 11-15.
- Councilors recommended that the Council have a broader strategic discussion around the agency's programs. Some councilors cautioned that government agencies have a tendency to protect themselves first and cut programs that reach out to partners.
- Councilors asked for information regarding the total cost of the Metro Export Initiative and specifically regarding Metro staff's involvement in the project.

- Councilors requested more information on transportation and land use policy development and compliance, community development tools and services, and a discussion on the Council's current large-scale initiatives.
- Staff stated that a work session on the Planning and Development Department's programs would be scheduled.
- Councilors cautioned that the Tax Supervising and Conservation Commission (TSCC) would have questions and possible concerns should Metro decide to spend a portion of the Stabilization Reserve.

In addition to the above, Mr. Scott Robinson briefly overviewed the solid waste fund. Metro's presence in the solid waste disposal industry is declining; Metro now controls only 39 percent, down from 79 percent in 1990, of the market. The decline has impacted the tip fees. Mr. Robinson asked whether Council supports utilizing some solid waste reserve funds to offset higher tip fees. Some possible ways to accomplish this:

- St. Johns' Landfill: Use reserve fund and set aside for closure costs that are coming in lower than anticipated;
- Temporarily suspend the allocation of funds to the solid waste renewal and replacement and solid waste operation accounts; and
- Use the solid waste reserves to fund resource conversation and recycling.

The proposed actions would be necessary to keep all tip fees in the region down, and allow Metro to finish the solid waste roadmap. This proposal would be in place for two years.

Council was supportive of the staff's recommendation regarding the solid waste funds. Council asked clarifying questions about community enhancement funds. Staff clarified that the community funds would not be impacted by the proposed recommendation. Councilors also inquired about Metro's ability to be competitive in today's market. Staff indicated that an additional discussion would be needed after the Solid Waste Roadmap council liaisons have been briefed.

3. OVERVIEW OF WORK PRODUCT FROM PREVIOUS RETREAT

Mr. Robinson stated that councilors' Feb. 12 goal statements were refined and consolidated into 11 draft goal categories. From there, using the SMART technique, staff drafted 11 goal statements for Council's consideration. Mr. Robinson led the Council in an activity to map each of the Council's current large-scale initiatives to the 11 draft goals.

The result of the exercise was as follows:

GOAL	CURRENT LARGE-SCALE INITIATIVE
Goal #1: Within 10 years, achieve development targets in regional centers that reflect the 2040 growth concept as measured by the six regional outcomes (GPP+).	<ul style="list-style-type: none">• Southwest Corridor Plan• Climate Smart Communities• Blue Heron site• Regional Transportation Plan• Powell-Division Corridor

<u>Goal #2:</u> Over the next 5 years, achieve regional consensus on the next UGB decision which delivers on the 2040 growth concept by protecting farm and forest land and supporting sustainable growth.	<ul style="list-style-type: none"> • Urban Growth Management (UGR/UGB) • Solid Waste Roadmap • Venue strategic plans
<u>Goal #3:</u> By 2025, achieve Council sustainability targets at Metro facilities, while maintaining fiscal viability in a manner which allows Metro facilities to stand out as an exemplary model for sustainable practices.	No current large-scale initiatives were mapped to this goal.
<u>Goal #4:</u> Within 5 years, develop a regional consensus on necessary actions required to prepare for and respond to a major seismic event.	No current large-scale initiatives were mapped to this goal.
<u>Goal #5:</u> Within 5 years, develop a regional consensus and pursue a permanent funding source and model to support regional natural area, park and trail maintenance as a replacement for an ongoing operating levy.	<ul style="list-style-type: none"> • Natural Areas Levy • Willamette Falls
<u>Goal #6:</u> Over the next 5 years, build a regional consensus on the highest priority matters of regional concern through proactive outreach and use of Metro tools among the communities of the region.	No current large-scale initiatives were mapped to this goal.
<u>Goal #7:</u> Within 5 years, develop regional consensus and put in place a funding mechanism and governance structure for a regional infrastructure financing mechanism that leads to delivery of the first funded projects.	<ul style="list-style-type: none"> • Community Investment Initiative
<u>Goal #8:</u> Within 5 years, adopt measureable equity indicators, a strategy, and begin implementation across the agency to better support achievement of the six regional outcomes embraced by regional partners and the equity community.	<ul style="list-style-type: none"> • Equity strategy
<u>Goal #9:</u> Within 5 years, develop a regional consensus and mechanism to coordinate and fund children's services throughout the tri-county area.	No current large-scale initiatives were mapped to this goal.
<u>Goal #10:</u> Within 5 years, develop and implement a coordinated economic development strategy supported by Metro tools and services, which yields increased economic prosperity for all.	<ul style="list-style-type: none"> • Convention Center Hotel • Blue Heron site

Goal #11: Within 5 years, develop a long term funding model which improves Metro's financial health with a minimum of impact to local communities and their traditional funding sources.	<ul style="list-style-type: none">• Solid Waste Roadmap• Venues strategic plans
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4. **BREAK**

The Council recessed for a short break.

5. **COUNCIL INITIATIVE REVIEW: DISCUSSION AND MODIFICATION**

Ms. Bennett stated that each of the large-scale initiatives, with the exception of the Blue Heron site, were included in the draft FY 2013-14 Metro budget. She asked the Council to review each of the current initiatives and ask questions of staff and provide any modifications and/or deletions to the current list. Councilors stated the following:

Southwest Corridor Plan	<p>Councilors questioned the level of general funding support for the project, if it was sustainable, and if Metro received a value from its added investments in the project. Additionally, councilors inquired if Metro has an effective project management control with regard to project scope, schedule and budget.</p> <p>Councilors stated that a project's value can take many forms, for example councilors pointed to the value added by East Metro Connections Plan for east Multnomah County. Members emphasized that advancing regionalism through these types of projects is hard to quantify. Additional discussion included the need for a future funding plan that incorporates project partners.</p>
Climate Smart Communities	<p>Councilors stated that Climate Smart Communities was an opportunity to change how Metro does business and could provide an opportunity to strengthen partnerships with local partners. However, while councilors stated that staff to staff communication was good, they stated that engagement with elected officials needed to improve. Councilors emphasized that jurisdictional partners were confused by the project, and that better messaging and clarity around why this work is required was needed. Additionally, councilors stated that communities need to want to participant in the CSC work. Councilors were concerned that the May 2013 date for the CSC summit was too soon and questioned how productive the summit would be due to timing.</p>

Community Investment Initiative	<p>Councilors asked for information on the CII's original allocation and how it has been used.</p> <p>Councilors emphasized the need to call the question and move forward to implementation. Councilors also noted the need to find alternative funding sources for the project. Councilors were enthusiastic about partnering with ULI and the Port of Portland on implementation.</p>
Solid Waste Roadmap	<p>Council supported this current large-scale initiative, but requested additional information be provided at a later date.</p>
Equity	<p>Staff indicated that the council liaisons to the initiative would be briefed on Feb. 28. More information will be available shortly.</p>
Convention Center Hotel	<p>Councilors asked what the proposed \$750,000 FY 2013-14 budget allocation would support. Staff clarified that the proposed allocation would cover personnel and consulting services required for the project.</p> <p>Council asked if a decision could be made in the fiscal year. Staff clarified an interim project decision would be made in June 2013.</p>
Natural Areas Levy	<p>Councilors expressed interest in long-term funding.</p>
Willamette Falls	<p>The initiative is not currently proposed for funding in the FY 2013-14 budget. Councilors requested more information on the project, Metro's role, and potential funding sources be provided. Councilors also asked for more information on the role the private sector could play in the project.</p>
Venue strategic plans	<p>Councilors asked what direction staff needed to draft a work program. Councilors requested that MERC not only scope each venue individually, but collectively as whole. Additionally, councilors stated that Metro's general fund may not be the appropriate account to fund the strategic planning and stated that a portion to all of the planning should be funded by MERC reserves.</p>

Urban Growth Management	<p>Councilors requested an informal discussion be held to learn from the previous UGM process and to discuss new ideas for the future.</p> <p>Some councilors discussed the possibility of introducing “positive competition” among local communities and creating incentives for communities to develop their existing regional centers and town centers. Additionally, some councilors recommended a “contest” be created among local areas to ensure if the UGB must be expanded, lands are added thoughtfully. Others cautioned that Metro should be careful not to create a “beauty contest” among developers and emphasized the challenges of the UGM process. Additional discussion included the possibility of packaging centers and possible expansion areas.</p>
Regional Transportation Plan	<p>Councilors stated that better alignment between staff and Council is needed on the project.</p>
Powell-Division Corridor	<p>Councilors inquired if there are regional or local funds available to fund this work.</p>

Additional discussion included:

- Some councilors expressed an interest in supporting other projects or programs, for example the Regional Active Transportation Plan, support for the Executive Council for Active Transportation, and industrial lands and brownfields work. The Council Opportunity Account was highlighted as a potential funding source for these projects.
- Councilors state that while *Advancing Regionalism* was really a subset of other goals, it would require funding. Councilors stated that that the region is not working and pondered how Metro could bring regional partners along.

6. SUMMARY AND NEXT STEPS

Ms. Bennett stated staff would take the above information and distribute a draft summary of the goals and mapped initiatives for Council consideration. Comments and/or edits to the summary should be forwarded to Mr. Robinson. Additionally, Ms. Bennett stated that in the future the Council may need to prioritize the 11 goals and ensure the their initiatives align with the goals they select.

7. ADJOURN

Seeing no further discussion, Council President Tom Hughes adjourned the Council retreat at 12:10 p.m.

Prepared by,



Kelsey Newell, Regional Engagement & Legislative Coordinator

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF FEB. 26, 2013

Item	Topic	Doc. Date	Document Description	Doc. Number
1.	Handout	N/A	Draft goal categories from Council retreat	22613c-01
1.	Handout	N/A	Current large-scale initiatives	22613C-02
1.	Handout	N/A	Current large-scale initiatives with project information	22613c-03