

MINUTES OF THE METRO COUNCIL BUDGET BRIEFING

Wednesday, March 31, 2004
Metro Council Chamber

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

Councilors Absent: Brian Newman (excused)

Council President Bragdon convened the Metro Council Budget Work Session Meeting at 1:35 p.m.

1. OREGON ZOO --Casey Short, department of Financial Planning commenced the discussion about the zoo. Mr. Short referred to the Council Budget and discussed replacement of free Tuesday at the zoo with \$2.00 Tuesday. Also discussed was the idea of changing the school admission price from \$2.50 to \$3.00. The winged wonders butterfly exhibit will resume in May and it is anticipated that the exhibit will produce another \$75,000 in gross revenues. Contributions and donations are expected to be down next year

President Bragdon asked about when the admission charges would be locked in. Mr. Short stated that the Council would have authority to decide whether or not to lock that price in.

Kathy Rutkowski stated that there is a realistic expectation that the zoo or another department will receive revenues from a specific source, one should budget for that revenue.

Councilor Monroe asked questions about auxiliary income and specifically mentioned the Zoo gift shop. He stated that it has been nearly a year since Metro has changed the operation of the gift shop, however, the change has not yielded a result. Mr. Short stated that it is too soon to make a definitive judgement. That a full year should be realized before Metro can make an assessment.

Mr. Short then discussed paid parking at the zoo. He referred to the zoo's proposed budget note **see handout #1**. He stated that charging for parking would not likely make money in the first year. Also, there are logistical and political problems in making the paid parking happen immediately. He stated that Metro would need to work with Portland and Forestry Center and that a greater feasibility analysis will be given to Council in September.

Councilor Hosticka spoke to the fact that the Council may want to discuss another way to structure the parking idea. Alternative 3 would be to charge everyone who used the parking lot, but to give them a break on zoo admission. There are people who use the parking lot who do not go to the zoo, but to other institutions, like the Children's Museum, the Forestry Center and the Arboretum. Perhaps we could validate a certain portion of the parking if a person parking in that lot is visiting the zoo.

Mr. Short discussed more of the zoo's budget with regard to expenditures. He discussed a decrease in personal services of \$270,000, which represents 8.8 FTE. He discussed the breakdown of changes and cuts in FTE, i.e. no merit increases for staff, the anticipated closure for species survival. He also noted that a few positions being added—an Analyst position to manage capital and construction services.

Mr. Short also noted that the materials and services has seen a significant increase of almost 1 million dollars. Utilities are going up \$220; water and sewer services are increasing by \$250,000. The water bill for zoo is budgeted at over one million dollars; however, there will be a decrease in natural gas charges. Also discussed were cuts to capital maintenance and professional dues. Mr. Short reiterated that the budget is not sustainable at this level, especially when maintenance cost is at \$1.7 million. He also spoke to the fact that the Condor facility operating costs are approximately \$250,000.

There will be an elimination of night keeper shift and positions will be reassigned. Also, the Winged Wonders projects a small deficit in the coming year, but because of implementation costs, costs should be recovered next year.

Councilor Hosticka asked if there is there a way to show what a business, *not* a fiscal year looks like at the zoo. He suggested it might help us to see what the zoo is doing on a calendar basis and it might help Metro to see the budget impacts.

Councilor Monroe asked if besides from deferred maintenance, if there are any cuts that are going to make it difficult to serve zoo patrons or threaten wildlife? He stated that the welfare of animals is paramount and that guests come second.

Zoo Director, Tony Vecchio spoke to the fact that cutting positions is always painful. At present, there is no concern about animal safety and animal health. The Zoo needs to tighten its belt and reshuffle the duties and responsibilities. Mr. Vecchio does not think visitors will notice some of the cutbacks and the quality of animal care will not change. He also stated that half of the eliminated positions are, at present, vacant. Four to five positions are currently proposed to be eliminated. While Mr. Vecchio feels badly about needing to make the changes that he has made, he said that it is the cost of running a business. He did comment that it is a huge mistake to let maintenance pile up; it is only deferring a problem that will eventually need to be solved.

President Bragdon asked Mr. Vecchio to touch on strategic planning for the future. Mr. Vecchio answered that he was directed by council to investigate doing this kind of planning and was concerned about the cost. One of the zoo board members did some pro bono work on this on planning—this helped them to do some big analysis identify some areas. Mr. Vecchio and staff are looking at the opportunities and challenges the zoo faces and then to create sub-groups to work on these issues. Currently, they are looking at 10 different areas. President Bragdon asked if that would assist the zoo and Metro in the next budget process? Mr. Vecchio replied that they have held two meetings each month with staff, which is used as a management tool and communications tool for revenue generating ideas. The zoo staff has enthusiasm for solving the zoo's revenue problem. Because the culture is shifting, the zoo staff is thinking about ways to be more entrepreneurial. Pages of ideas were

generated from these meetings and some ideas were implemented immediately. Mr. Vecchio invited Councilors to attend any meeting they could, in order to hear what employees are saying.

Councilor McLain referred to the parking study and asked the zoo to be proactive. Because the zoo has had past experience with its parking partners, it is a situation where we are not interested in numbers but in possibilities and ideas. The zoo has the parking equipment sitting there and needs to figure out what to do with it. Mr. Vecchio answered that Budget Analyst; Sara Chisolm has done a great job in looking at implementing the paid parking idea. He said that the analysis would be done prior to September 1st of this year.

Councilor Monroe spoke to the fact that the zoo received a sizeable donation to fix up the old steam train. The donation was from a zoo employee. All councilors applauded this employee's generosity to help save a historic piece of the zoo.

Mr. Vecchio spoke again of the night keeper position and state that other zoos do not generally have night keepers. There is a whole range of zoos, which use other forms of oversight during off hours at the zoo.

Mr. Vecchio also spoke about Aramark catering. He said that one of the great advantages is that the zoo has a guaranteed minimum contract with them.

2. MERC –Mark Williams spoke about the economic decline in resources at the Oregon Convention Center. The economy has been difficult and the OCC has reevaluated the reductions in that area. Most adjustments were made in this fiscal year in October. The OCC instituted several new revenue initiatives, which the Portland Center for the Performing Arts is implementing. There is also a Wine tasting room opening at the OCC. The OCC has reduced materials and services. President Bragdon asked how personal services relate to the expansion of the OCC? Mr. Williams state that they are now operating with 5 more FTE, which are 10 less than they should be operating with. What isn't being done now is the day-by-day maintenance and detail than really should be done in a facility of that size. Mr. Williams also stated that PCPA is implementing new user fees and rental rates. Resources are in position to meet the needs of the convention center.

Councilor Burkholder asked about Center Stage and the process for filling that tenant slot. Mr. Williams stated that he does not know when they are going to leave but feels it will not be in this fiscal year. He also state that there are many not for profit and commercial people who are eager to get into that building. He suggested that the Children's Theater might do quite well in the Newmark Theater, which would, in turn, open up Keller Auditorium for more weeks of Broadway Theater. Mr. Williams is approaching the question of how to fill the space very strategically. Councilor Burkholder asked if the Commission would be making the strategic decision? Mr. Williams answered yes; all long-term decisions go to the commission.

Councilor Burkholder asked for a progress report on the Request for Proposal process for a headquarters hotel. He wanted to know where PDC is on reviewing the proposals. He also stated that it would be highly useful for councilors to be in contact with PDC Board and commissioners, as the Convention Center will change dramatically with a headquarters hotel in the mix

Councilor McLain spoke to how Metro can be supportive with regard to the FTE or on the service level. She stated that the Council wants the OCC to have more money and opportunity for marketing and wondered if there a way Metro can be more supportive? Is there any way to be creative about using Metro's human resources to help the OCC. Councilor McLain wondered how can Metro can do a better job of cross referencing its people? Mr. Williams answered that they already do that. He said that local labor and the HR director have been helpful on "Pay for Performance". He also state that MERC Human Resources does work that is MERC related, but does not feel that there is money to be save between Metro and MERC, that there is not any overstaffing in their combined forces. Chief Operating Officer, Mike Jordan asked about the HR staff person at MERC and what is that person doing? Mr. Williams stated that they are a significantly different kind of operation supplying a number of different services.

He also mentioned that as far as human resources is concerned; the savings would be marginal to do a combination. Councilor McLain stated that she hopes to continue this process and to think about what can be done with one person instead of two.

Councilor Park stated that he would like to examine the whole concept and how it is integrated with the rest of the decision.

MERC Commissioner Trotter commended staff for their work, analysis and recommendations.

3. CIP UPDATE—See Handout #2

Karen Feher gave an overview of the 86 projects in the booklet, but stated that she would not go over them individually. She stated that on page F8, projects are listed individually lists projects and that the notebooks have been updated. She directed Council to look at the detail sheets and that current project status report would provide more information.

Karen also noted that all yellow projects are new and to be considered during the budgeted year. The Green sheets are also new and begin after the budgeted year. Councilor McLain stated that the book is a great improvement over past explanations.

Karen stated that she would be coming to Council with a process for amending the CIP. Councilor Park noticed that of all the CIP improvements, the lion exhibit is the only one, which is going to show a positive cash flow.

Mike Jordan stated that we need to do better. A project shouldn't be able to get on the CIP unless it has the proper operational analysis. It's easier to change the wording in procedures than changing the culture.

Chief Financial Officer, Bill Stringer added that the whole budget exercise has been across Metro, not just Budget and Planning. It will only continue to improve. Councilor Park asked that if Metro had done an analysis of the Convention Center, what would have been the numbers the Council would have seen?

Mr. Jordan stated that if one were to look at the examples on the page, as the process gets more sophisticated, Councilors should be seeing more positive numbers. Ms. Fehrer stated that occasionally we would see an efficiency. President Bragdon stated that this is good direction.

President Bragdon stated that the next three Wednesdays are scheduled to review different departments. Mike Jordan and Bill Stringer can give Council a calendar. Councilor McLain expressed concern over not having enough time to review and make changes. Mr. Jordan stated that there would be plenty of time to get the information needed and to let him know if there is something specific so that he can be assured of having the proper staff present to answer questions. Mr. Short added that finance staff is not planning on making presentations, but rather, they will be on hand to answer questions about impacts.

Mr. Short updated the 5-year forecast.

4. GENERAL COUNCIL DISCUSSION

There were none.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 3:15p.m.

Prepared by,

Cameron Vaughan-Tyler

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
MARCH 31, 2004**

Item	Topic	Doc Date	Document Description	Doc. Number
Proposed Zoo Budget Notes	Zoo Budget	03/31/04	FY 2004-05 Proposed Zoo Budget Notes	Budget Session #1
Capital Improvement Plan		03/31/04	Capital Improvement Plan Report FY 2004-05 to 2008-09	#2