

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, June 8, 2004
Metro Council Chamber

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

Councilors Absent: David Bragdon (Council President)

Deputy Council President Newman convened the Metro Council Work Session Meeting at 1:10 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, JUNE 10, 2004.

Deputy Council President Newman reviewed the June 10th Council agenda. He noted financial ordinances that were on the agenda this week. Casey Short, Financial Director, explained the Zoo amendment. He highlighted that excise tax would be taken out of revenues. Deputy Council President Newman reminded Council about the TSCC public hearing was Wednesday, June 9, 2004 at noon. Councilor Monroe spoke to his amendments; regional system fee credit and neighborhood clean up grants. Deputy Council President Newman clarified the amendments from Councilor Monroe. Councilor Burkholder asked for clarification on Councilor amendments. Deputy Council President Newman asked if they had amendments on June 17th did they have to roll the adoption to the following week. Councilor McLain asked about the Zoo amendment and a budget note on maintenance projects at the Zoo. Michael Jordan, COO, said since it was in general fund contingency, Council would do with it what they wanted to. Councilor McLain said she would support such a budget note. Councilor Monroe concurred with the suggestion and thought the maintenance issue was a problem. Councilor Burkholder asked about MERC #4 amendment. Mr. Short talked about the 10 technical budget amendments that would be considered this Thursday (a copy of which is included in the meeting packet). Councilor Monroe asked about the PERS court decision. Mr. Short thought it might be this Fall. He noted the last two amendments, Parks #6 and MERC #3, were substantive. Councilor Park asked what the definition of a substantive technical amendment. Mr. Short responded to his question. Councilor McLain asked about Resolution No. 04-3450 and could she carry this? Councilor Burkholder said he would be happy to have her carry this.

2. FINANCIAL POLICY BRIEFING

Bill Stringer, Chief Financial Officer (CFO), said there had been strong suggestion that the agency have financial policies. He felt this codified policies that they had in place. Casey Short, Financial Planning Director, described the policies (a copy of which is included in the meeting record). It was a series of financial policies. One of the principle items included Council's review annually. He spoke to other major items, which included a direction that the CFO would develop guidelines and procedures. These policies included a definition of a balanced budget. Councilor McLain asked about capital improvement projects. Mr. Short said this must come before Council for discussion. He said the Council would receive at least quarterly financial reports. They would also look at long term costs of a new project before Council considered the project for adoption. He spoke to the Capital Asset Management policies. There was a resolution on the agenda next week for Council consideration.

3. CAPITAL IMPROVEMENT PROGRAM UPDATE

Casey Short, Financial Director, said these were covered in the technical amendments that he had spoken about previously.

4. COMPENSATION PHILOSOPHIES

Michael Jordan, Chief Operating Officer, introduced the topic. Last year the Council adopted a class compensation resolution. There were issues concerning contracts with directors. He talked about fiscal impact. He asked Council about their philosophies concerning compensation. He spoke to Pay for Performance and the Strategic Planning process.

Ruth Scott, Human Resources Director, took Council through some of the decisions Council made last year. Non-representative salary mid-point was set to the market median. We would neither lead nor lag the market. The Council recommended a change in the ranges. Council limited the increases in ranges from Manager II through Director II. Council also asked Human Resources (HR) to do a total compensation survey. Council asked HR to develop a merit pay plan, which would be applicable to both non-represented and represented. She updated Council on what had been done on each of those requests. They surveyed a variety of agencies concerning compensation practices. What things were included in total compensation? What was your practice for placing new employees in the salary range as well as advancing in the salary range. They learned that all of their competitors wanted to be market competitive. Most of the agencies did not include building in the compensation to salary. Councilor Burkholder talked about salary and total compensation. Ms. Scott said most competitors take the mid-point to the salary range. Most hire people at the base of the range. Half of the agencies communicate other compensation on a pay stub. The other half shared that information on an annual basis. She said they believed Metro ought to put in place a draft Compensation Practice. She detailed some of their recommendations (a copy of which is included in the meeting packet). Councilor Hosticka spoke to the philosophic problem, getting the best people versus paying the middle of the road salary. Mr. Jordan spoke to attracting good talent and the changes in the market. Ms. Scott spoke to previous public sector salary and compensation and what has changed. Mr. Jordan said there was recognition, at the management level, that security of the job was not there anymore and public work was getting more difficult.

Councilor Park clarified the compensation practice statement about salaries. Ms. Scott said she felt they needed to continue the practice of setting salaries and not include them in a total compensation package. If we were to include the salaries in the compensation package, we would show low salaries. If all agencies did this at once it would be competitive but if we did this on our own it would put Metro at a significant disadvantage. Mr. Jordan said they were trying to experiment with small groups to test what would happen. Councilor Park asked for clarification on salary and total benefits. Ms. Scott clarified what she had said. Mr. Jordan said they needed to know what other agencies had in total compensation. He spoke to barriers. Councilor Burkholder talked about the consultant's recommendation on compensation. He shared the difference between needs of each employee. Mr. Jordan spoke to price and value. He believed that we should be looking at trying to be innovated to providing value to the employees. Councilor Burkholder said they needed to think about why people come to Metro. What was valuable to people in coming to Metro. What does Metro add? Councilor Hosticka asked if they communicated total compensation on an annual basis, would they feel that they were losing or gaining? Ms. Scott said it was a very individual situation. Mr. Jordan talked about variance dependent upon where you were in the salary range. Councilor Monroe asked if they were losing people to our competitors because they could offer more? Ms. Scott said they had a very good

retention rate. The question was, were they happy when they were here? Councilor Park asked about turnover rate. Ms. Scott said Metro had a lower turnover rate. People liked working at Metro. They would be completing the at-will contracts for Director I and II by the end of June. This would tie goals and objectives to strategic planning so there was a direct correlation. The last piece on page three-redesign classification was reviewed and made recommendations for improvement. This was a total redesign. Mr. Jordan spoke to his concerns about internal equity. There was work that still needed to be done. Ms. Scott said their vision was to include as many people as possible in the process. She spoke to Exhibit A. She asked Council's consideration in taking the upper management ranges to KPMG's recommendations. She explained the salary range changes. She talked about the budget impact if ranges were increased. She noted that there will always be cost either to base salary or to bonus or to both. She asked for Councilor feedback. Councilor Park asked how this fed back into the Pay for Performance. Ms. Scott said you still couldn't exceed the mid-point. Mr. Jordan talked about performance goals and how this would be tied into merit. Councilor Hosticka asked about the associated costs and comparisons. Ms. Scott responded to his question.

Councilor Monroe said there had been a concern in the past about too many chiefs and not enough Indians. Was anything being done to deal with that issue? Ms. Scott said they were looking at span of control but this was not included in these recommendations. They were not exacerbating the problem but it was still there. Councilor Burkholder said because they were trying to reflect to the market, looking at the range between the lowest paid and the highest paid were we reflecting the public market? Mr. Jordan said a safe position was to pay to the market. He spoke to inequities within the work force. He spoke to ever increasing health care issues and equity. They run a risk of being a one choice health care agency. Councilor Monroe summarized the issue. Mr. Jordan said we were pricing our lower paid employees out of the system. He wasn't sure where the trend ended. Councilor McLain said she had concern about the value of the compensation package and meeting the individual's needs. Councilor Monroe said the broad philosophy of continuing to meet the mid-range was sound. Councilor Burkholder wanted information on the range of lowest paid to highest paid individuals. Mr. Jordan asked about the market midpoint. Councilor Burkholder said he felt the mid-point was high. He asked what this meant in terms of annual hit and overtime impact on the budget. Mr. Jordan explained the next step in the process was to bring a resolution to Council. Councilor Burkholder asked if they would need a budget amendment? Deputy Council President Newman agreed with both Councilors Monroe and Burkholder. Mr. Jordan summarized the Councilors remarks. He spoke to the possibility of phasing. The upper level management felt that they carry a lot of load of the agency and the feeling of equitably value was there. Councilor McLain spoke to value and recognizing your own resources. She said the transitional tactic made a difference. She urged thinking about the transition from status quo. Councilor Monroe asked how long it took for us to get this far behind. Ms. Scott said the last range adjustment was in 1997. Councilor Monroe urged that we keep up as much as possible.

5. CITIZEN COMMUNICATION

6. EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660 (1) (d) FOR THE PURPOSE OF DELIBERATING WITH PERSONS DESIGNATED TO CONDUCT LABOR NEGOTIATIONS.

Time Began: 2:47 pm

Time Ended: 3:05 pm

Members Present: Kevin Dull, Brad Stevens, Bill Stringer, Kerry Gilbreth, Ruth Scott

7. CHIEF OPERATING OFFICER COMMUNICATION

There was none.

8. COUNCILOR COMMUNICATION

Councilor McLain explained their work with Cornelius. She felt that this was usual stuff and not a trauma. She felt Deputy Council President Newman helped and was a voice of reason. She noted a Westside Economic Alliance conversation and that they needed to hear from Council. Cornelius made comments. They had been networking with the Westside. Cornelius wanted the land, the 91 acres. Councilor Hosticka asked if they would respond to the substitution. Councilor McLain said yes. Deputy Council President Newman said the Cornelius meeting went well. They were frustrated because they felt they were trying hard to make their case to Metro. There was some frustration with the 2002 decision. On process they felt that we didn't do a very good job this time. He agreed with that feeling. No one had raised flags about Mr. Jordan's recommendation. They felt they weren't notified of the amendments. He was sympathetic. Metro had not been completely communicative to them. Councilor Burkholder asked how critical was this piece? Deputy Council President Newman said there were people that were using Cornelius to get the sympathy concern. It was playing to the overall narrative. Councilor McLain said they were both trying to be good ambassadors. She had spoken to the Mayor about her amendments at a previous meeting. Deputy Council President Newman said he had told Cornelius he was comfortable with the recommendation. Councilor McLain mentioned 1000 Friends concerns. On the Big Picture, Councilor Burkholder asked how they calmed things down. Deputy Council President Newman said they finished their amendments last Thursday. Within a day, people who didn't like the decision emailed each other. Some of it was typical reaction. Some of it was misinformation. There was an agreement to have dialogue before Metro Policy Advisory Committee (MPAC). He suggested that Metro's attitude was to listen but to be honest about MPAC's actions. He spoke to process for today's meeting. What was the role of MPAC, what was their role vis-a-vis the Council? They would decide after this meeting what approach they would take. Councilor McLain said they made a commitment to talk about the amendments at MPAC before June 10th. Councilor Hosticka said what ever Lou Ogden did, was what he did. There were a lot of citizens that cared about the decision. They thought that by going to MPAC they thought they would have influence. Now these citizens were confused. We needed to address these issues. Mr. Jordan suggested talking about MPAC and Council's relationship.

There being no further business to come before the Metro Council, Deputy Council President Newman adjourned the meeting at 3:29 p.m.

Prepared by,

Chris Billington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF JUNE 8, 2004

Item	Topic	Doc Date	Document Description	Doc. Number
1	Agenda	June 10, 2004	Metro Council Agenda for June 10, 2004 Council meeting	060804c-01
1	Technical Amendments	5/28/04	To: David Bragdon, Council President From: Kathy Rutkowski, Budget Coordinator Re: Final requested amendment to the FY 2004-05 Budget	060804c-02
1	Budget Amendments	6/10/04	To: Metro Council From: Council Monroe Re: Solid Waste Amendment concerning Neighborhood Clean-up and Regional System Fee Credit Program	060804c-03