

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ESTABLISHING)	RESOLUTION NO. 92-1628A
A JOINT WORK PLAN BETWEEN METRO)	
AND TRI-MET TO STUDY MERGER)	Introduced by Presiding
OPTIONS)	Officer Jim Gardner

WHEREAS, The Council of the Metropolitan Service District considered Resolution No. 92-1613 for consideration at the April 23, 1992 Council meeting; and

WHEREAS, Approval of Resolution No. 92-1613 will authorize the issuance of an RFP for a financial impact study of a Tri-Met/Metro merger solely for the purpose of determining whether a merger will produce a financial benefit for the citizens, tax payers and transit riders of the region, and does not imply that such a merger will be ordered; and

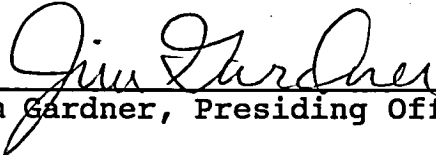
WHEREAS, The Council unanimously (12-0) passed a motion at its April 23 meeting to: delay action on Resolution No. 92-1613; direct Executive Officer Cusma to work with the Tri-Met General Manager to develop, in conjunction with Presiding Officer Gardner, a work plan for the two agencies to examine merger issues; bring forward that work plan at the May 28, 1992 Council meeting in resolution form, so that the resolution could be referred to the Council Governmental Affairs Committee for consideration; and

WHEREAS, Tri-Met has submitted a draft work plan which is attached to this resolution as Exhibit A; now therefore,

BE IT RESOLVED,

That the Council of the Metropolitan Service District agrees to assign the draft work plan to the Governmental Affairs Committee for further deliberation on all merger issues.

ADOPTED by the Council of the Metropolitan Service District this 28th day of May, 1992.



Jim Gardner, Presiding Officer

METRO-TRI-MET STUDY COMMISSION
ON MERGER OPTIONS

DRAFT PROPOSED WORK PROGRAM

May 28, 1992 Draft

MAY 1992

PREAMBLE

It is in the long term public interest of the Portland Metropolitan Region that the governing boards of Tri-Met and Metro establish a common effort that focuses on benefits and opportunities of the close integration of transportation and land use activities.

STUDY OBJECTIVES

- [a] Provide for joint Metro - Tri-Met coordination of activities aimed at establishing a specific regional agenda for transportation development, land use and the integration of transportation and land use projects and programs.**
- [b] Determine the appropriate structure to implement the integrated transportation and land use agenda.**
- [c] Determine the appropriate schedule and process to phase-in the preferred governance and management structure.**
- [d] Determine the appropriate level and methods of financing the transportation and land use agenda.**

STUDY PRINCIPLES

- [a] In order to understand fully the public benefits that could be realized in a new structure for the delivery of transit, and prior to establishing that structure, there must be a consensus definition of the role, objectives and plans for - transportation development, land use and the integration of transportation and land use in the region.**
- [b] The governance/management structure for transportation must be tailored to meet the specific needs of the defined role, objectives and plans.**
- [c] The study must examine the questions required of any merger investigation such as those factors included in the initial RFP prepared by Metro.**
- [d] In addition to these more typical analyses, the study must establish and implement a variety of joint ventures aimed at advancing the agencies' common interests in land use and transit development. These joint ventures are to be viewed as "cooperative projects" in which the theory of merging Tri-Met and Metro authorities, political structures and programs are put into practice, evaluated and refined.**
- [e] Discussion of the Public benefits of a new governance structure must include consideration of any inherent advantages or disadvantages of the presence of an elected board, or of a citizens board and be thoroughly defined.**

STUDY ORGANIZATION

- [a] Establish a Metro-Tri-Met Study Commission through a joint powers agreement (Intergovernmental Agreement). The Study Commission shall consist of three members of the Metro Council [one of whom must be the Presiding Officer of the Council], three members of the Tri-Met Board [one of whom must be the Chair of the Board] and a citizen member who will serve as Chair of the Study Commission.**
- [b] The Study Commission shall operate in accordance with the process set forth in the Intergovernmental Agreement.**
- [c] The Study Commission shall be funded through equal financial participation by Metro and Tri-Met.**
- [d] The Study Commission shall be staffed by the Metro Executive Officer and the Tri-Met General Manager.**

WORK PROGRAM OUTLINE

I. ESTABLISHMENT OF THE REGIONAL LAND USE/TRANSIT AGENDA

- Task I.1:** Coordinate a joint Metro-Tri-Met policy on the 2040 Plan, Tri-Met Strategic Plan and related transportation and land use plans and policies.
- Task I.2:** Prepare a transit/land use development agenda which integrates the major regional transportation and land use plans, programs, funding and governmental activities that are necessitated by the agenda.
- Task I.3:** Implement a regional consensus-building program on the proposed agenda and associated activities.

II. COLLECTION OF DATA AND PREPARATION OF BASELINE ISSUE ANALYSES REGARDING IMPACTS OF MERGER OPTIONS

- Task II.1:** Identify a detailed list of issues to be analyzed and data to be collected regarding the feasibility, desirability and impacts of organizational mergers of Metro and Tri-Met functions.
- Task II.2:** Prepare an assessment of labor and personnel issues involved with merger options including such factors as:
- [a]** Impacts on benefits, pay scales, and employee rights,
 - [b]** Impacts on union contracts and the status of bargaining units,
 - [c]** Potential litigation and settlement costs.
 - [d]** Advantages and disadvantages of merging retirement, pension and health care systems.

Task II.3: Prepare an assessment of legal and institutional issues involved with merger options including such factors as:

- [a] Impacts of multi-modal planning entity [MPO] having an operations responsibility.
- [b] Analysis of issues regarding status of legal authorities upon merger.
- [c] Impacts on existing contracts at Tri-Met and Metro [and potential buy-out requirements].
- [d] Impacts on contracting procedures.
- [e] Methods for resolving boundary issues.

Task II.4: Prepare an assessment of short-term and long-term financial issues involved with merger options including such factors as:

- [a] The expected short-term [transition] costs to Tri-Met and Metro.
- [b] Long-term impacts on existing bonds, other debt instruments and bond ratings.
- [c] Long-term impacts on existing Metro and Tri-Met funding sources.
- [d] Opportunities to restructure the revenue generating capacity of Metro and Tri-Met.
- [e] Opportunities for increased administrative efficiencies and reductions in overhead costs.

Task II.5: Prepare an assessment of the planning and implementation issues involved with merger options including such factors as:

- [a] Impact on financing options to meet the long-term needs of transit.
- [b] Impact on transit service planning and operations.
- [c] Impact on light rail expansion plans.

III. PHASE I ANALYSIS OF ALTERNATIVE GOVERNANCE/MANAGEMENT STRUCTURES FOR DELIVERING LAND USE AND TRANSIT SERVICES

Task III.1: Identify and describe governance/management alternatives for merging Tri-Met and Metro in order to achieve the regional land use/transit agenda.

Task III.2: Establish criteria for Phase I evaluation of governance/management alternatives. These criteria shall focus on:

[a] Ability to achieve the regional land use/transit agenda.

[b] Financial efficiency.

[c] Time, cost and other issues associated with implementation.

Task III.3: Prepare Phase I analysis of the governance/ management alternatives identified in Task II.1 in terms of the criteria identified in Task II.2.

Task III.4: Implement a public review and comment process on the results of the Phase I analysis.

Task III.5: Select promising option[s] for detailed [Phase II] analysis.

IV. COOPERATIVE PROJECT I: ESTABLISH AND IMPLEMENT A REGIONAL JOINT DEVELOPMENT PROGRAM

Task IV.1: Identify desired regional joint development program.

Task IV.2: Secure needed statutory authorities, if any.

Task IV.3: Secure needed funding

Task IV.4: Enact authority.

Task IV.5: Implement regional joint development plans.

V. COOPERATIVE PROJECT II: SECURE FINANCING FOR THE TRANSIT SERVICE STRATEGIC PLAN

Task V.1: Establish a coordinated Metro-Tri-Met position on the method[s] for financing the transit strategic plan.

Task V.2: Implement the agreed-upon transit service expansion financing plan.

VI. COOPERATIVE PROJECT III: SECURE FUNDING FOR THE NEXT PHASE OF LIGHT RAIL EXPANSION

Task VI.1: Establish a coordinated Metro-Tri-Met policy on the method[s] for funding the next phase of light rail expansion.

Task VI.2: Implement the agreed upon light rail expansion financing plan.

VII. PHASE II EVALUATION OF "PROMISING" GOVERNANCE/MANAGEMENT STRUCTURE OPTIONS FOR ACHIEVING THE REGIONAL LAND USE/TRANSIT AGENDA

Task VII.1: Evaluate cooperative projects as follows:

- [a] How successful were they?
- [b] To what extent and in what manner did having the merged effort assist or detract from meeting the cooperative project objectives?
- [c] Are there any refinements to the definition of governance/management alternatives that can be offered?
- [d] Are there any modifications to previously drawn conclusions that should be considered?

Task VII.2: Prepare detailed evaluation of "promising" governance/management alternatives using information compiled in Work Element II and Task VII.1.

Task VII.3: Implement a public review and comment program on the detailed evaluation.

Task VII.4: Prepare a recommendation on the preferred governance/management alternative[s].

Task VII.5: Prepare an implementation plan.

Task VII.6: Seek formal approval[s]

STUDY SCHEDULE

Work Element Start Date End Date

Finalize Work Program Commit Funding, Execute Joint Powers Agreement, Appoint Commission	6/92	9/92
I. Data Collection and Baseline Issue Analyses of Merger Options	9/92	9/93
II. Establish Regional Land Use/Transit Agenda	9/92	9/93
III. Phase I Analysis of Governance/Management Structures	12/92	9/93
IV. Cooperative Project I: Regional Joint Development Program	9/92	12/93
V. Cooperative Project II: Financing Transit Strategic Plan	1/93	7/94
VI. Cooperative Project III: Financing Light Rail Expansion	7/93	11/94
VII. Phase II Evaluation of Governance/Management Structures	12/94	3/95

STUDY STAFFING AND FUNDING NEEDS

WORK ELEMENT	MANAGEMENT	TECHNICAL CONSULTANTS	CONSULTANT FROM OTHER STUDIES
FINALIZE WORK PROGRAM, COMMIT FUNDING, EXECUTE JOINT POWERS AGREEMENT, APPOINT COMMISSION	X		
I. ESTABLISH REGIONAL LAND USE/TRANSIT AGENDA			X
II. DATA COLLECTION AND BASELINE ISSUE ANALYSES OF MERGER OPTIONS	X	X	
III. PHASE I ANALYSIS OF GOVERNANCE/MANAGEMENT STRUCTURES	X		
IV. COOPERATIVE PROJECT I: REGIONAL JOINT DEVELOPMENT PROGRAM			X
V. COOPERATIVE PROJECT II: FINANCING TRANSIT STRATEGIC PLAN			X
VI. COOPERATIVE PROJECT III: FINANCING LIGHT RAIL EXPANSION			X
VII. PHASE II EVALUATION OF GOVERNANCE/MANAGEMENT STRUCTURES	X		



METRO

Memorandum

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

DATE: May 14, 1992
TO: Metro Council
FROM: Jim Gardner, Presiding Officer
RE: INFORMATION PACKET ON TRI-MET

Attached is a copy of my May 10 memorandum to you, "Tri-Met Merger, progress to date on 'Workplan'"; a copy of my May 1 letter to Donald S. McLave; and materials provided by Mr. McLave dated May 4.

Attachments



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

May 10, 1992

MEMORANDUM

TO: Metro Council

FROM: Jim Gardner

RE: Tri-Met merger, progress to date on "workplan"

I am attaching copies of a series of letters/memos between myself and Don McClave of the Portland Metropolitan Area Chamber. This has been a totally amicable exchange, with me phoning him before sending my May 1 letter to make sure he would not misunderstand. I did feel it was necessary to formally set things straight regarding the Council's action on April 23, however. Mr. McClave's April 24 memo was distributed and discussed at his meeting with the Executive Directors. After reading it, I was concerned that the impression was created that the Council had agreed already to the proposal he described in his memo -- i.e., jointly agreeing with Tri-Met to put the current study "on hold," agreeing to the 3-5 year decision process, etc.

As my letter to Don made clear, what the Council did do on April 23 was to delay release of the merger study RFP until May 28, and on that date to take up both the resolution dealing with the RFP and whatever workplan proposal has been brought forward by the Executive Officer. This workplan is to be jointly developed by Metro administrative staff and Tri-Met, in consultation with your presiding officer.

Frankly, regarding my involvement so far in developing this workplan for a merger process, I must say there has been next to none. I have been very busy with efforts to secure reelection and have not initiated discussion about the Tri-Met workplan. On the other hand, no discussion has been initiated with me, either. I did ask Rena about the matter last Thursday, and she said Betsy Bergstein had talked with Dick Feeney of Tri-Met at least once about the subject. May 28 is not far away, though, and there are many issues to be addressed in that workplan, to the Council's satisfaction, before I believe we would find it a better approach than the RFP we had before us on April 23.

I'll keep you posted.

Jim Gardner
Councilor
District 3
2930 SW 2nd Avenue
Portland, OR 97201
221-2444 (work)
227-2096 (home)



METRO

2000 SW First Avenue
Portland, OR 97201-5398
(503) 221-1646
Fax 241-7417

May 1, 1992

Mr. Donald S. McClave
Portland Metropolitan Chamber of Commerce
221 N.W. Second Avenue
Portland, Oregon 97209-3999

Dear Mr. McClave:

A member of the Planning Department at Metro attended your April 24, 1992 meeting with the Executive Directors of the Portland Metropolitan Area Chambers of Commerce and forwarded your April 24, 1992 memorandum to me.

I understand that this memo was a "draft" but that it was distributed and discussed at your meeting. Unfortunately, your memo goes far beyond the action taken by the Metro Council on April 23. The memo also strongly implies Council approval of the process you proposed for further study of the merger issue.

I'd like to correct the Council position as described in your memo and request that you forward a copy of this letter to individuals who attended the April 24, 1992 meeting or have received your memo.

At the Metro Council meeting on Thursday, April 23, 1992, the Council discussed the revised RFP for a Financial Impact Study of a Tri-Met/Metro Merger. Resolution No. 92-1631 had been prepared to allow the Council to authorize the issuance of the RFP immediately. After receiving public testimony from yourself and Tom Walsh, General Manager of Tri-Met, the Council unanimously (12-0) passed a motion with these provisions:

- to delay Council action on Resolution 92-1631 until the May 28 meeting;
- to direct Executive Officer Cusma to work with Mr. Walsh to develop, in conjunction with Presiding Officer Gardner, a work plan for the two agencies to examine merger issues;
- to jointly come forward with that work plan, in resolution form, under the "Executive Officer Communication" agenda item at the May 28 meeting so that the resolution could be referred to the Council Governmental Affairs Committee for consideration;

Executive Officer
Rena Cusma

Metro Council

Jim Gardner
Presiding Officer
District 3

Judy Wyers
Deputy Presiding
Officer
District 8

Susan McLain
District 1

Lawrence Bauer
District 2

Richard Devlin
District 4

Tom DeJardin
District 5

George Van Bergen
District 6

Ruth McFarland
District 7

Tanya Collier
District 9

Roger Buchanan
District 10

Ed Washington
District 11

Sandi Hansen
District 12

- to reschedule Resolution 92-1613 on the May 28 agenda for adoption if the work plan is not submitted.

The Council expects the Executive Officer, the Presiding Officer and the General Manager of Tri-Met to come back with a mutual work plan and a process for the two agencies to jointly explore the issues related to a possible future merger.

This is the action the Council passed unanimously April 23, 1992.

Please phone me if you have any questions.

Sincerely yours,



Jim Gardner
Council Presiding Officer

Enclosures

cc: Metro Council Members, Executive Officer

April 24, 1992

TO: Executive Committee
FROM: Donald S. McClave
RE: Metro Takeover of Tri-Met

Last night, the Metro Council voted unanimously to accept a Chamber proposal to resolve the long-simmering controversy over whether or not it would be advisable for Metro to absorb Tri-Met. Tri-Met's management has also agreed to the proposal and will be taking it to their board of directors in the next week or so.

At issue presently is a proposal by a Metro Council committee that Metro immediately conduct a feasibility study and possibly absorb Tri-Met by November 1. The haste is brought on partially by a clause in the present draft of the Metro Charter Review Commission which would restrict Metro's present authority to effect such action. It is also caused by frustration over years of delay in doing a feasibility study to determine whether or not a takeover is appropriate.

These are several reasons why a Metro takeover of Tri-Met at the present time is undesirable:

- o No business case has been made for such a move, nor have its consequences been thoroughly evaluated.
- o A takeover is likely to upset the negotiations with federal authorities concerning funding for a Beaverton-Hillsboro extension of the West Side Light Rail Project.
- o The prospect of a Metro takeover may make it impossible for Tri-Met to negotiate a new labor contract because union representatives may feel that they should hold out for a better deal from Metro.
- o A Metro takeover in the present environment will be viewed by many as simply an action taken to secure a new source of revenue for that agency.

A long, acrimonious dispute between Metro and Tri-Met would be damaging to both agencies. In addition, it has the strong potential for further undermining the credibility of local government - thus adding to the already difficult task of passing any sort of tax reform package to deal with Ballot Measure 5.

The provisions of the Chamber's proposal are as follows:

- o Metro puts its present study plans on hold.

- o Tri-Met and Metro jointly agree to study the pros and cons of various types of potential affiliation arrangements, to determine what action, if any, is appropriate. Both sides agree in advance on a fixed decision date well into the future (3 - 5 years) to allow time for reasoned study and evaluation and to remove the study from current controversies surrounding Tri-Met's labor contract, Metro's funding problems, and difficulties which it would otherwise present for Tri Met in completing a full funding agreement with Federal officials.

- o Tom Walsh and I have agreed to request that Charter Review Commission not change any of Metro's authority in its soon-to-be-proposed ballot measure, as this simply puts pressure on Metro to act hastily lest they lose their present authority.

We believe that the proposal outlined in this memo is a means of resolving a long standing and potentially disruptive dispute between Metro and Tri-Met. Tom Walsh and Rena Cusma will be working out the details of a joint agreement during the next two weeks and plan to make their recommendations to the Metro Council on May 28.

Please let me know if you have any questions or concerns.

1313D/dmp



Portland Chamber

May 4, 1992

Jim Gardner
Council Presiding Officer
Metro
2000 S.W. First
Portland, OR 97201

Dear Jim:

Thanks for your letter of May 1 and the copy of resolution 92-1613, both of which I have forwarded to other area chambers of commerce who attended the April 24 meeting here. The actions described in your letter are exactly what I believe all of us understood to be the action taken by the Metro Council at its April 23 meeting.

I'm a little confused at what might have been in my memo to cause concern. As we understand it, you have delayed a vote on Tanya Collier's resolution 92-1613 until Thursday, May 28. The reason for the delay is to see if you, Rena and Tom Walsh can work out a mutually agreeable schedule for evaluating the pros and cons of a merger or other affiliation which would then need to be approved by both the Tri-Met Board and Metro Council. At the same time, Tom Walsh and I both pledged to the Council to try and see if a way can be found to persuade the Metro Charter Review Committee to modify the portion of its draft language which would restrict Metro's authority with respect to Tri-Met.

It is also our understanding that if these steps can be taken in a manner which is satisfactory to the Metro Council, then it may approve going ahead with a joint study which would result in a decision by a specified future date, which I have suggested be well in the future - after the present uncertainties are behind us.

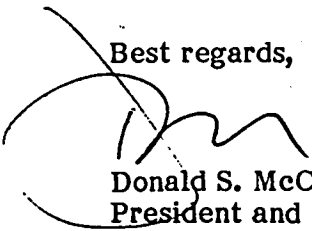
In addition, we understand that by agreeing to a joint study, neither Tri-Met nor Metro would be in any way committing to a merger or other combination. Each organization would simply be committing to a process to systematically evaluate and resolve this long-standing issue.

I hope this letter clarifies the Chamber's views on the Tri-Met study. In addition, I hope that you, Tom and Rena will be able to arrive at a mutually satisfactory proposal for a joint study which can be taken to the Metro Council on May 28.

So that you'll have it for your records, I'm enclosing a copy of the actual memo which was distributed at the Chamber meeting, as well as a letter which I sent to Rena a couple of days later. Jim, we are all on the same team here and the Chamber is delighted at the Council's willingness to delay action for a month to see if a better way to deal with the Tri-Met/Metro issue can be found.

If there are still any questions in your mind, or in the minds of any of the Council members, I hope you'll let me know. Otherwise, I'll look forward to seeing what you, Tom and Rena come up with.

Best regards,

A handwritten signature in black ink, appearing to be 'DM', is written over a large, light-colored circular scribble or stamp.

Donald S. McClave
President and
Chief Executive Officer

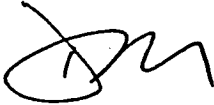
1318D/bjb

cc: Metro Council Members
Metro Executive Officer
Metro Chamber Executives



Portland Chamber

April 24, 1992

TO: Executive Committee
FROM: Donald S. McClave 
RE: Metro Takeover of Tri-Met

Last night, the Metro Council voted unanimously to accept a Chamber proposal to resolve the long-simmering controversy over whether or not it would be advisable for Metro to absorb Tri-Met. Tri-Met's management has also agreed to the proposal.

Background

At issue presently is a proposal by a Metro Council committee that Metro immediately conduct a feasibility study and possibly absorb Tri-Met by November 1. The haste is brought on partially by a clause in the present draft of the Metro Charter Review Commission which would restrict Metro's present authority to effect such action. It is also caused by frustration over years of delay in doing a feasibility study to determine whether or not a takeover is appropriate.

These are several reasons why a Metro takeover of Tri-Met at the present time is undesirable:

- o No business case has been made for such a move, nor have its consequences been thoroughly evaluated.
- o A takeover is likely to upset the negotiations with federal authorities concerning funding for a Beaverton-Hillsboro extension of the West Side Light Rail Project.
- o The prospect of a Metro takeover could make it impossible for Tri-Met to negotiate a new labor contract because union representatives may feel that they should hold out for a better deal from Metro.
- o A Metro takeover in the present environment will be viewed by many as simply an action taken to secure a new source of revenue for that agency.

A long, acrimonious public battle between Metro and Tri-Met would be damaging to both agencies. In addition, it has the strong potential for further undermining the credibility of local government - thus adding to the already difficult task of passing any sort of tax reform package to deal with Ballot Measure 5.

Proposal Details

Key provisions of the Chamber's proposal are as follows:

- o Metro puts its present study plans on hold.

- o Tri-Met and Metro jointly agree to study the pros and cons of various types of potential affiliation arrangements, to determine what action, if any, is appropriate. Both sides agree in advance on a fixed decision date well into the future (3 - 5 years) to allow time for reasoned study and evaluation and to remove the study from current controversies surrounding Tri-Met's labor contract, Metro's funding problems, and difficulties which it would otherwise present for Tri Met in completing a full funding agreement with Federal officials.

- o Tom Walsh and I have agreed to request that Charter Review Commission not change any of Metro's authority in its soon-to-be-proposed ballot measure, as this simply puts pressure on Metro to act hastily lest they lose their present authority.

We believe that the proposal outlined in this memo is a means of resolving a long standing and potentially disruptive dispute between Metro and Tri-Met. Tom Walsh and Rena Cusma will be working out the details of a joint agreement during the next two weeks and plan to make their recommendations to the Metro Council on May 28.

Please let me know if you have any questions or concerns.

1313D/dmp



Portland Chamber

April 27, 1992

Rena Cusma
Executive Officer
Metropolitan Service District
2000 S.W. First
Portland, OR 97201

Dear Rena:

Thanks for your willingness to work with Tom Walsh in exploring the concept of a joint Metro/Tri-Met study to determine the feasibility of a merger or other form of affiliation. I hope that the two of you can come up with a mutually agreeable process to arrive at a decision and put this issue to bed once and for all.

As we discussed, I believe it is absolutely imperative that the decision date regarding a merger be established well into the future (5 years would be ideal):

- o To allow time for adequate study and evaluation.
- o To remove any perception that Metro is "doing this for the money."
- o To avoid interfering with Tri-Met's labor negotiations.
- o To avoid jeopardizing the signing of a full funding agreement with the Federal government.

As promised, I will join Tom in urging the Metro Charter Review Commission not to alter the authority which Metro currently has with respect to Tri-Met, so as to remove that cloud from the horizon.

If I can be helpful to you or to Tom in any way as you work toward a study agreement, please let me know. Otherwise, I'll look forward to hearing your recommendations on May 28.

Best regards,

Donald S. McClave
President and
Chief Executive Officer

1315D/bjb

cc: Tom Walsh