

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, November 23, 2004
Metro Council Chamber

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

Councilors Absent: David Bragdon (excused), Rod Monroe (excused)

Deputy Council President Newman convened the Metro Council Work Session Meeting at 2:02 p.m.

1. ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS

Michael Jordan, Chief Operating Officer (COO), said we have had a request to lend money to Damascus. They were a general law city. He said there was a statute in general law cities that allowed \$5000 to be lent. Metro didn't have a financial problem in doing this. Councilor Hosticka asked why us? Mr. Jordan said they would rather go to us than other partners. If they were to enter into an Intergovernmental Agreement (IGA), there would have to be definition around what the expenditure was for. Dan Cooper, Metro Attorney, said they had analyzed it and that if they could start functioning as a city now, Metro could tie it into the comprehensive planning. Councilor Hosticka said if what they wanted the money for was something that we wanted them to do, could we tie it in? Councilor Park asked when could they begin getting state taxes. Mr. Jordan responded to his question. Councilor McLain said she thought this was a good opportunity. Mr. Jordan talked about uniqueness of the situation. Councilor McLain said she thought it might be a good public relations issue. Mr. Jordan asked Council if he could proceed and bring a proposal to Council. Councilors agreed to this. Deputy Council President Newman felt if concerns were addressed, it was a good opportunity. Mr. Jordan said they would continue to work on this.

2. DEPARTMENT PROGRAM BUDGET OPTIONS: MERC AND OREGON ZOO

Cheryl Manning, Metropolitan Exposition Recreation Commission (MERC) Acting General Manager said this was Kathy Taylor's, MERC Chief Financial Officer, presentation. Ms. Taylor said they had two missions, to operate and to build and maintain facilities. She spoke to secondary programs, which were aligned with existing accounting processes. She said MERC Commission had already adopted their budget. She spoke to revenues, primarily motel hotel tax. She talked about the Expo expansion debt service, Metro support services and the balance. She then talked about the second primary goal, build and maintain public facilities. She spoke to capital outlay. They would end up with \$140,000 reduction in the fund balance. She said the figures were fairly soft. They expected that the department return would be about \$52,000. She raised issues of concern.

Deputy Council President Newman asked about the status of the Portland Center for the Performing Arts (PCPA) fund from the City of Portland. Ms. Manning said they were confident they would get half of the funds. Councilor Park asked if that was a one-year promise? Ms. Taylor said yes. Ms. Manning said they were not budgeting for any Visitor Development Initiative (VDI) funds. Councilor McLain asked about the stadium, Portland General Electric (PGE) Park. Ms. Taylor said it came ahead of Metro getting VDI funding. Councilor McLain

asked about the VDI agreement. Councilor Burkholder appreciated the format they presented the information. He asked about projected revenues from the convention center. Ms. Manning said this last year was the best year ever.

Tony Vecchio, Zoo Director said he would start with page 2, which was a look at the programmatic budgeting. This was a new challenge. He felt Ms. Chisholm and the division managers had done a great job. He talked about multiple missions. They were having difficulty separating what were conservation, education and visitor and guest services. Deputy Council President Newman asked him to give examples. Mr. Vecchio explained about the cross over. Councilor Park suggested not getting too detailed. Sarah Chisholm, Oregon Zoo staff, said they tried to isolate what it took to run a zoo. Mr. Vecchio talked about the role of the Zoo Keeper and how you plugged these positions into each category. Councilor McLain talked about integration. Mr. Vecchio said he was still uncomfortable with the understanding of programmatic budgeting. He felt this was a good step. Ms. Chisholm said she had separated capital out. Councilor McLain said she liked how the Zoo presented their dollars. Councilor Burkholder talked about capital outlay, the condor project was conservation. He asked about the net resource requirements. Ms. Chisholm talked about property taxes. Councilor Burkholder asked about the capital fund and suggested presenting where the costs were going. Ms. Chisholm said they would do this. Councilor Park suggested splitting the capital fund would be helpful. It helped Council determine where we were putting funds for future revenue purposes. Councilor McLain said they wanted to make sure that they understood what was truly capital funds. Councilor Burkholder asked Bill Stringer, CFO, if there was going to be a line item budget as well as a programmatic budget. Kathy Rutkowski, Budget Manager, said they would get a programmatic view and a line item budget. Councilor Burkholder explained how that would help them determine where they might have to cut. Ms. Chisholm talked about challenges of looking at this in a different way. Councilor Burkholder said this gave a sense of magnitude. Mr. Vecchio explained the beginning assumptions for 05-06, which included revenue expectations and expenditure challenges. He talked about the low growth rate in the enterprise revenue. Councilor McLain asked if they were targeting weddings. Ms. Chisholm said there were many visitors for this reason. Mr. Vecchio said they were not getting corporate events as they used to. Bookings were picking up. Councilor McLain suggested some ideas about food. Mr. Vecchio said they would be bringing the butterflies back. The simulator ride contract had been extended. They had nothing to lose. This would be the first year for parking revenue. They didn't budget the transit incentive. They had to learn about parking revenue and the transit incentives. Mr. Vecchio talked about the personal services increases. He said they had eliminated 18 FTE in the last year. The utilities were increasing. They were looking at savings anywhere they could. He said central services costs had hit the Zoo very hard. Brad Stevens explained the cost allocations for the Zoo. Councilor Park asked about allocations. Casey Short responded to his question. Mr. Vecchio said central services were going up as FTE were going down. Councilor McLain suggested graphing central services use and what was needed. Mr. Jordan said the issue of central services had been an issue for a long time. The Zoo had a certain number of fixed folks in central services. The cost of the central services was going up. Councilor McLain said she felt charting the use of central services would be helpful. Mr. Jordan talked about how central services were allocated.

Mr. Vecchio said they had no extra funds for renewal and replacement reserves. He said they were in a \$1.5 million hole. This was a tough budget year for the Zoo. He then spoke to issues, opportunities, and priorities.

Councilor Burkholder said they had talked about what other areas could they look for special appropriations. He asked if they had successful experiences in other areas. Mr. Vecchio said he could provide this information. Councilor Burkholder said they could add these to their list. Mr.

Vecchio then talked about the UNO staffing. He said the model for the Zoo was not working. Parts of the model worked but part of the model didn't work. They needed a new model. One that gets rolled into the model was parking. Their only hope was to grow new revenue when people came to the Zoo. Parking was limited. They hadn't figured out how many people turned around and went home if the parking lot was full. Deputy Council President Newman asked about capacity. Mr. Vecchio said they still had capacity. They needed a solution to their parking problem. He wasn't sure how to grow revenue as fast as expenditures increased. Councilor Park asked about growing lightrail usage. Mr. Vecchio said the Sunset Transit Center was often full when people wanted to use lightrail. Councilor Burkholder wondered about the feasibility study of a structured parking. Deputy Council President Newman asked about the model and what were they exploring? Were they exploring traveling exhibits? Mr. Vecchio said they weren't sure of the cost effectiveness.

3. BREAK

4. DEPARTMENT PROGRAM BUDGET OPTIONS: PLANNING

Andy Cotugno, Planning Director, presented the departmental program budget, which included mandated functions. He then spoke to the matrix in the work session packet. They were still working their budget out. They didn't know what was a base budget for the existing programs. He talked about increases FTE in the transportation areas. He talked about the five to seven year periodic review issue. They were hopeful for the seven-year periodic review schedule. The second question was a policy question, the scope of the State's Big Look effort. They weren't sure what the interface was yet. He then talked the cost of outreach. Councilor Hosticka said as last week's business forum. They talked about the business group getting engaged. There might be some revenue sources. Mr. Cotugno said it was unlikely that the business community would pay Metro but a parallel effort would be helpful. Councilor Burkholder said he felt the first three concepts were tied together. They related closely to the discussion at the business forum. They were more interested in the outcome rather than having "a" number. Councilor Park said the Salt Lake City Utah funding was \$1.4 million. As the State was looking at their bigger look, where did Metro fall into this? You needed to make sure that you had the right people at the table. Mr. Cotugno said partnership was key. He talked about State changes. Should they be heading into a "from the ground up" building the visioning process? There was no guidance from the business community. Councilor Park talked about creating a new buy-in to get people to buy into the whole system. Councilor McLain said she supported the first three issues. We have to re-up. The first three helped us get there. She asked about the consultant.

Mr. Cotugno talked about issue #4, new urban area planning. He talked about grants for concept planning. #5 raised the question as to whether we wanted to do concept planning for centers that didn't have a concept plan for example, Beaverton-Hillsdale Scholls. #6 was the same as #5, they don't have staff assigned to recruit annexation into the Metro district. Councilor McLain felt that #6 was a pretty bid deal. There were quite a few in District 4. Councilor Burkholder suggested looking at other ways to do this effort. He felt it was people intensive. Mr. Cotugno talked about #7 and #8, regional water supply consortium and regional emergency management group. He then spoke to #9 concerning potential strategies for the priorities of 2006-09 Metropolitan Transportation Improvement Program (MTIP) update. Councilor Park said they had the potential for putting emphasis on habitat protection with these funds. Mr. Cotugno said #10 was an area that they saw some increases. They were estimating about 2 FTE to fulfill this requirement. #11 had to do with the expanded role in statewide transportation planning. #12 and #13 was a series of components to transition a fish and wildlife program. They wanted to talk about it on an integrated basis in the future. Councilor Park asked if NOAA Fisheries should be included in #13.

Mr. Cotugno talked about green development practices and the integration of three departments, natural resources, materials recovery and Transit Oriented Development (TOD). The third area was restoration. What were the proactive steps you needed to take? They felt that the watershed councils were possible partners in this area. Councilor McLain asked about measuring restoration efforts. Mr. Cotugno explained what they could do with stormwater management this year. Councilor Hosticka said stormwater management and restoration were interrelated. Mr. Cotugno then addressed #17 and 18, which had to do with streetcar projects and Milwaukie Lightrail (LRT) project. Councilor Newman asked about funding for the Milwaukie LRT. He asked about grant funding for the streetcar. Richard Brandman, Deputy Planning Director, shared how they were trying to fund this project. Mr. Cotugno talked about the Environmental Impact Statement (EIS) for the Carruthers Crossing. He then spoke to #19, which needed to develop overtime. He continued with other issues about funding for project development activities and a ballot measure for transit and highway projects. He addressed #24 where they thought they should implement a budget amendment this year. He spoke to activities that would allow getting the ball rolling. #25 was the engineering question raised in the last two years budget. They thought they should be adding an FTE in this area. Councilor Park asked about contracting that service. Mr. Cotugno said you could but they felt they should institutionalize the position. He addressed the TOD Centers program issues.

Councilor Park asked if they were envisioning the TOD program continuing to grow. Mr. Cotugno said that was a policy question. Councilor Park suggested that they needed to have a discussion as a policy goal. Councilor McLain said the timing issue was of importance. She said the analysis of what it would take to get us out of the TOD business. She agreed with Councilor Park scope. Councilor Park gave an example in the solid waste area. Mr. Cotugno addressed #27. He then talked about the Green Building program. He addressed #29 - did Council want to get more into economic development? Mr. Cotugno talked about #30, travel forecasting household survey and funding issues. #31 through #34 were existing work program efforts. Councilor Park asked about #35. Councilor Burkholder said he was looking for some assistance to Mr. Cotugno for some analysis. He felt that these issues were all mixed up. They were trying to analyze the programs and how much they costs. Deputy Council President Newman expressed concern about the amount of material and the limits of time. Councilors expressed concern about the need to continue the conversation. Deputy Council President Newman suggested having three councilors review the issues more specifically and then come back to Council. Mr. Cotugno explained the spreadsheet. Councilor Park said he felt they needed an entire day to discuss all of the program issues.

**5. EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660(1)(e).
DELIBERATIONS WITH PERSONS DESIGNATED TO NEGOTIATE REAL
PROPERTY TRANSACTIONS.**

Time Began: 4:27 pm.

Time Ended: 5:50 pm.

Members Present: Nancy Chase, Jim Desmond, Dan Cooper

6. COUNCILOR BRIEFINGS/COMMUNICATIONS

Councilor Park noted they are meeting with Ruth Warner concerning the legislative package. Councilor McLain noted she wouldn't be here next week, and asked that she receive the information by e-mail.

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Councilor Park ...

Councilor Hosticka noted they are trying to arrange things (outcome measures) a bit differently; how they differed in specifics.

There being no further business to come before the Metro Council, Deputy Council President Newman adjourned the meeting at 4:55p.m.

Prepared by,

Chris Billington
Clerk of the Council

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF NOVEMBER
23, 2004**

Item	Topic	Doc Date	Document Description	Doc. Number
2	Budget information	11/23/04	FY 2005-06 Oregon Zoo Budget Work Session information	112304c-01