

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, July 5, 2005
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Robert Liberty, Carl Hosticka, Rod Park, Rex Burkholder

Councilors Absent: Susan McLain (excused), Brian Newman (excused)

Council President Bragdon convened the Metro Council Work Session Meeting at 2:03 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, JULY 7, 2005/ ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS

Council President Bragdon reviewed the upcoming Council agenda for July 7, 2005. He said Columbia Environmental application would be considered. Michael Jordan, Chief Operating Officer (COO), talked about a transportation issue between Gresham and Multnomah County.

2. PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERS) UNFUNDED LIABILITY

Bill Stringer, Chief Financial Officer, introduced the topic. He said the current PERS rate was 7.14%. That amount had just increased by 4.67%. It was scheduled to go up in another 2 years another 4.67%. Metro had a rapidly increasing payment to PERS. If Metro were to cease operating today, we would still have liabilities that we would have to make, one of which was to PERS. We are currently \$23 million short, an unfunded actuarial liability. His concern was that that was a lot of money to make up. Metro was being charged by PERS 8% annually for the unfunded liability.

Carol Samuels, Vice President of Seattle Northwest Securities Corporation, talked about the fund and the negative years in 2000, 2001, and 2002. PERS had a new actuarial. She noted a presentation prepared by Seattle Northwest Securities Corporation, titled PERS Financing Updated for Metro (a copy of which is included in the meeting record). She noted the information was not available until two years from now. Councilors asked why it took so long to get this information. Ms. Samuels explained the process for the 18-month lag. She explained the Payroll Contribution Rates for Metro detailed on page 3. She explained the Metro's Unfunded Actuarial Liability (UAL). She estimated that Metro needed \$23 million in order become current. She talked about the legislative action taken in 2002 because the UAL was projected to exceed \$17 billion. Councilor Hosticka asked about the City of Eugene court case. Ms. Samuels explained the case. She then continued with the low investment returns in 2000-2002 exacerbated UAL. She talked about what Metro could do. Metro could issue full faith and credit obligation bonds and give the money to PERS. Mr. Stringer further explained the bond payment. Councilor Hosticka asked what happened if PERS liability was greater or less than what PERS had projected. Ms. Samuels explained what would happen to Metro's account. Mr. Stringer talked about the PERS reserve, which was currently about \$5 million. Ms. Samuels provided bonding examples and the pluses and minuses for bonds. Metro was borrowing money on the expectation that they would make more than we borrowed. She talked about why Metro wanted to consider doing this. She provided details of the savings and the risks on an annual basis. She reviewed issues to consider. She noted jurisdictions that had taken advantage of these bonds and their earnings.

Mr. Stringer said he had prepared a resolution that was scheduled for July 21st. He was looking for a reaction on two fronts and explained those fronts. Mr. Jordan added that Metro was budgeting for \$2.5 million a year. Councilors talked about the issue, both the advantages and disadvantages. Mr. Stringer said the interest rates were historically low right now. He felt the risk was low historically. He talked about the market consensus. Mr. Jordan shared his perspective of the issue, which was about Metro's ability to provide services. Councilor Burkholder asked about other strategies that other governments were doing? Mr. Stringer said they had been exploring every option that they could think of for some time. Ms. Samuels said some governments were joining the actuarial pool, which Metro had already done. Council President Bragdon asked about other vendors that provided the same type of bonding. Mr. Stringer said Seattle Northwest Securities was the only one doing the bond sale. They have a record of doing them. He suggested a non-competitive bid using Seattle Northwest Securities. Dan Cooper, Metro Attorney, said they could do a non-competitive bid and explained further the process. Ms. Samuels said the main reason they had structured these as pools was largely a function of the fact that these were taxable bonds and you needed a certain size bond. Kathy Rutkowski, Budget Coordinator, said should Council decide to do this, a supplemental budget would be required. She provided a timeline for the process. Mr. Stringer talked about next steps and other options.

3. URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN COMPLIANCE UPDATE

Sherry Oeser, Planning Department, said she was here to talk about compliance issues. 1) 2004 Compliance Report. Metro Code required a public hearing. She provided the reasons why this was important. She explained the need to finish the process. She noted the jurisdictions that were out of compliance and asked if Council wanted to invite those jurisdictions to come in and testify. Councilor Burkholder supported setting up a public hearing and specifically inviting the non-compliant jurisdictions to the public hearing. Council President Bragdon asked when was the best time to have the public hearing? Councilor Park said part of the Metro Transportation Improvement Plan (MTIP) process was requiring compliance with the Urban Growth Management Functional Plan. Council President Bragdon suggested scheduling the public hearing September 29th. Issue #2 had to do with general compliance issues. There were a variety of questions that had arisen. It raised question about what role compliance should have in the region. Councilor Park asked how much this completed the loop and satisfied the role that we play with Land Conservation and Development Commission. Dick Benner, Senior Metro Attorney, talked about capacity issues. Councilor Liberty asked if there was a process. Mr. Benner said part of the idea behind this annual report was to see if all of these were good requirements. He said there were different kinds of ways to respond when you had this annual accounting. Councilor Burkholder said we needed to have a discussion about the areas of concern as well as talking about incentives as well as enforcement. He suggested a process for Council to look at each of the compliance issues. Council President Bragdon asked if they should have the conversation at the public hearing. Councilor Burkholder felt they should have an informal discussion first before the public hearing. Mr. Benner said in the report there was a chart that had title-by-title compliance and the deadline. Mr. Jordan clarified what should be discussed at the work session. Council President Bragdon suggested September 6th as a work session date.

Ms. Oeser addressed Issue #3 which had to do with Title 11, New Urban Area Planning. She explained the ramification if local governments were going to be out of compliance on this title. She estimated 11 jurisdictions would be out of compliance next year. Council President Bragdon talked about convening a tax study group to look at funding issues for planning new areas. Councilor Park raised the issue of what was Metro's role, was it enforcement? Councilor

Burkholder raised the issue of having a plan in two years for a twenty- year capacity. Mr. Jordan suggested that this might be a retreat topic. The Functional Plan was maturing. Council would face the questions about enforcement and incentives. Council President Bragdon asked what obligations were municipalities under? How did those apply in the planning area? What was your entitlement? Mr. Jordan said under State statute you were entitled to having that planning done. Mr. Benner provided an example of what a citizen could do if the local jurisdiction didn't comply. Councilor Park talked about Corvallis. He wondered about the next steps. Councilor Liberty asked about how much would it cost to plan these areas. Mr. Jordan estimated at least \$4 million for concept planning. Councilor Hosticka suggested a longer conversation to discuss what does Metro want to be. Councilor Liberty talked about helping plan the new area. Ms. Oeser addressed Issue #4 which was the exceptions request from Clackamas County. Mr. Benner provided an understanding of the process and suggested some options. Council President Bragdon suggested scheduling a hearing in September.

4. BREAK

5. REGIONAL SOLID WASTE MANAGEMENT PLAN (RSWMP) ROLL-OUT

Janet Matthews, Solid Waste and Recycling Department, began her presentation on the Regional Solid Waste Management Plan. She introduced Marta McGuire, project manager. She noted where they needed Council feedback in each of the chapters. She provided a Council touch point diagram for RSWMP development. The question was how could they continue the momentum. Disposal system planning was on a completely different track. Could they develop a waste reduction program and have this process be adopted by a resolution. In 2005 they would come to Council concerning draft high level direction on vision, values, policies, and waste reduction plan. She reviewed the Fall 2005 agenda and the Spring 2006 agenda. By June 2006 there would be a draft ready for public comment. Councilor Park said they were trying to take the pieces ahead that were not dependent upon disposal system planning. Councilor Burkholder concurred with breaking it up into two pieces. It made sense. Councilor Liberty asked about potential new programs in terms of waste reduction. Ms. McGuire said there were two new programs, one of which was product stewardship Councilor Burkholder said one question he wanted to discuss was a regional approach to e-waste. Councilors liked the plan as it was rolled out. Councilor Burkholder asked if we looked at methane gas within the region. Ms. McGuire responded to his question. Ms. Matthews talked about greening the solid waste system, recommendations would be out in the next several months.

6. CORRIDOR PLANNING

Richard Brandman, Deputy Planning Director, summarized what had been talked about last week at work session. Council President Bragdon said Councilor Liberty outlined a different approach than had been used in the past. What was the chance to discuss the process in a different way? Mr. Brandman said what this program did was get projects from a conceptual stage to an on the ground stage. He felt there were practical issues to think about. What could we do if the goal was to improve the Centers? They were focusing on access to the Centers. The money that came to these corridors was available for the project development phases. How did a corridor plan fit into a centers plan? They had had the resources available. Councilor Liberty suggested looking at and evaluating all of the corridors to see how they would help the centers. He said it was looking at alternatives not a corridor. Councilor Park talked about having a WalMart Super Center in a corridor when it wasn't planned. Council President Bragdon asked about corridor planning. Bridget Wieghart, Planning Department, talked about Powell Foster corridor, approaches taken and criteria used. Councilor Liberty asked if embedded in these assumptions was access to jobs.

Council President Bragdon summarized that this was a study of that part of the region where Powell and Foster ran through. Ms. Wiegart talked about the Hwy 217 corridor plan. She also noted the bicycle plan for Hwy 217. Councilors talked about tying the facility to the centers. Councilors discussed funding issues. Councilor Burkholder suggested doing systemic types of things. The Regional Transportation Plan (RTP) needed to deal with the bigger issues. It would address what do we want out of this? Councilor Liberty pointed out that the problem definition was at a high level. Councilor Hosticka talked about the conclusion of the Hwy 217 study if you had the basic assumption that you live somewhere else from where you work, shop and recreate. Councilor Park raised the issue of the Bridgeport phenomenon. Councilor Burkholder suggested talking about the five-year plan. There were four corridors being proposed. He suggested integrating some of the discussion that had occurred today into those proposals. Mr. Brandman said this came out of the Corridor Planning work. They started with the Regional Transportation Plan (RTP). If you wanted to implement a corridor, you had to do some of this kind of study work. They were trying to blend in the environment that they were trying to ultimately serve and bring back to Metro the bigger picture.

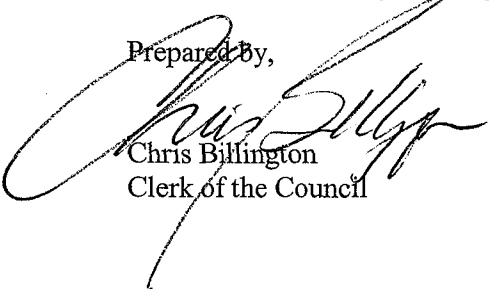
Ms. Wiegart said it was an iterative process between land use and transportation. People were choosing to live and work closer. They were not assuming that people wanted to travel a long way to work. Councilor Burkholder asked, do we need to do more? They also needed to work more to help the public understand what they got out of it. Councilor Liberty said he thought that we were doing better on Vehicle Miles Traveled (VMT) because we chose to invest in transit not roads. Council President Bragdon said the cost of government would get you there. He said what they call things and what we name things was important. Councilors talked about incremental changes. Ms. Wiegart talked about the criteria. She then addressed the work program for corridor refinement planning through 2020 and suggested which ones Metro could plan. Councilors talked about efficiency issues. They also talked about changing the names. Andy Cotugno, Planning Director, made suggestions on how to proceed: problem statement, pricing issues. In addition, they needed to be clear on the expectation where Metro was not the lead. Second, another suggestion was the RTP update and being specific such as access to a Center. Councilor Liberty said as long as we keep the same mindset, we wouldn't create the vision we wanted. He suggested having a discussion with the mayors group about money.

7. COUNCIL BRIEFINGS/COMMUNICATIONS

There were none.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 5:40 p.m.

Prepared by,


Chris Bjllington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF JULY 5, 2005

Item	Topic	Doc Date	Document Description	Doc. Number
1	Agenda	7/7/05	Metro Council Meeting Agenda for July 7, 2005	070505c-01
2	Draft Schedule	6/30/05	To: Metro Council From: Bill Stringer, CFO Re: PERS Liability Bonding Draft Schedule	070505c-02
2	Presentation materials	7/5/05	To: Metro Council From: Carol Samuels, Seattle Northwest Securities Corporation Re: PERS Financing Update for Metro	070505C-03
5	Draft Outline	12/04	To: Metro Council From: Janet Matthews Solid Waste and Recycling Department Re: Regional Solid Waste Management Plan Draft Outline	070505c-04
5	Timeline Touch Points	7/5/05	To: Metro Council From: Janet Matthews, Solid Waste and Recycling Department Re: Council Touch Points for RSWMP Development	070505c-05