

# **Metro**

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**Metro**

## **Minutes**

**Tuesday, November 14, 2017**

**2:00 PM**

**VIP Suite B, Oregon Convention Center**

**Council retreat**

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**2:00 Introduction, Background, and Goals for the Session**

Council President Tom Hughes called the Metro Council retreat to order at 2:05 p.m. Councilor Dirksen asked for the Council's approval to sign on to an Oregon Transportation Commission (OTC) comment letter; the Council approved unanimously.

Ms. Martha Bennett, Chief Operating Officer, provided a brief introduction as to the purpose of the retreat, explaining that the Metro Council would discuss its goals moving forward in advance of developing the next year's budget, and reviewed the agenda. She noted that her recommendations would include ways for the budget to reflect the Council's strategic direction given at the retreat on November 9 focused on potential future funding measures.

**Present:** 7 - Council President Tom Hughes, Councilor Sam Chase, Councilor Carlotta Collette, Councilor Shirley Craddick, Councilor Craig Dirksen, Councilor Kathryn Harrington, and Councilor Bob Stacey

**2:10 Review Major Budget Decisions for 2018 - 2019**

Ms. Bennett introduced Mr. Tim Collier, Metro's Finance and Regulatory Services Director, to provide an overview of revenue and expenditure trends. Mr. Collier shared upcoming financial headwinds for the agency, including significant Public Employees Retirement System (PERS) rate increases, local inflation, the zoo and natural areas bonds ending in 2019-2021, and the Metro Regional Center's needed upgrades. He then shared positive financial trends. He explained that while the general fund was limited in how it could grow, the agency did have substantial headroom inside of its spending limit. Mr. Collier provided an overview

of other positive financial trends, including a record quarter for construction excise tax (CET) and transient lodging tax (TLT) revenue. He added that the agency's enterprise funds, with the exception of the zoo, were poised to weather any potential financial storm due in part to healthy balances and a conservative spending program.

*Council Discussion*

Councilor Chase asked when PERS rates would begin to decline. Councilor Harrington asked about the Expo Center's capital program needs. Councilor Dirksen spoke to the difference between the consumer price index and the municipal price index.

Ms. Bennett then highlighted revenue issues in the general fund that might impact the Metro Council's priorities for the next fiscal year. She explained that it would be important to: work with the agency's unions to find ways to manage labor costs, manage the size of the agency's programs according to Council's priorities, and consider using solid waste excise tax for the purpose of generating revenue, given the agency's upcoming financial needs.

**2:40 Major Operational Issues for Upcoming Budget**

Ms. Bennett invited Mr. Paul Slyman, Metro's Property and Environmental Services Director, and Dr. Don Moore, Oregon Zoo Director, to provide an overview of major operational issues at Metro. Mr. Slyman explained that the region's solid waste system was incredibly effective in that it was well-regulated, efficient, and largely affordable. He shared upcoming issues that could impact the system, including changes in the market, industry, government policies, and public expectations. Mr. Slyman informed the

Council that 2020 would provide an opportunity for significant change as the contracts for operating the Metro Central and Metro South transfer stations would be up for renewal that year. Mr. Slyman provided an overview of the solid waste department's estimated timeline for the next fiscal year and highlighted major council considerations and decisions.

Dr. Don Moore then gave an overview of major operational issues at the Oregon Zoo. He explained that while 40 percent of the zoo campus would be transformed by the current bond, it would still experience challenges in the coming years. He provided an update on the zoo's financial planning work, noting that despite strong attempts to balance revenues against expenditures, the zoo still expected a deficit. Dr. Moore highlighted how the zoo planned to review its business model in order to respond to its expected financial needs, including exploring new revenue strategies, concentrating its conservation efforts, and reviewing potential staff changes.

#### *Council Discussion*

Councilor Harrington emphasized the importance of considering the potential impacts of options such as outsourcing, particularly on visitor experience. Councilor Chase asked that other options also be considered, such as realigning the visitor venues strategically, and highlighted that it was important to manage costs efficiently. Councilor Craddick expressed support for allowing employees to find hours at other venues during the off-season. Councilors discussed the timeline for potential changes.

### **3:10 Update and Confirm Council Initiatives and Timeline**

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Ms. Bennett stated that given the financial conditions shared, she wanted to ensure that the Metro Council's initiatives (discussed at the November 9 council retreat) aligned with the work program and spending plan for the next 18 months. She proposed a draft work plan and asked the Council to update and confirm the initiatives as needed, in order to ensure that desired products were adequately resourced with funding and council time. Ms. Bennett highlighted that the priorities defined at the November 9 would require a substantial body of work, as they relied on significant technical, political, and engagement elements. She recommended that the Council prioritize the three work programs related to housing, parks, and transportation funding discussed at the November 9 retreat in addition to the solid waste work outlined by Mr. Slyman.

**3:30 Break****3:45 Council Discussion**

Councilors discussed the initiatives and agreed on the priorities listed. Councilor Harrington expressed caution, noting that it did not look like a balanced checkbook. Councilors discussed the visitor venues and the capital needs of the agency's buildings. Councilor Harrington emphasized the importance of including the Committee on Racial Equity's (CORE) work. Councilor Stacey noted that the Council needed to remain aware of value pricing efforts. Ms. Bennett noted that it would be a heavy lift, but highlighted that it was an exciting work plan. She explained that the Council's priorities would shape the upcoming budget process as well as the council calendar.

**4:20 Next Steps and Debrief**

Ms. Bennett thanked the Council for their feedback.

Councilors discussed the two retreats and what worked well. Councilor Craddick questioned the potential impacts of new incoming councilors. Councilors commented on the different nature of the two retreats, noting that one focused on agency opportunities while the other focused on budget and strategic process needs. Ms. Bennett emphasized that the development of the budget would reflect the Council's strategic objectives through its spending plan.

**4:30 Adjourn**

Seeing no further business, Council President Tom Hughes adjourned the Metro Council retreat at 4:13 p.m.

Respectfully submitted,



Nellie Papsdorf, Legislative and Engagement Coordinator

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF NOVEMBER 14, 2017**

<b>ITEM</b>	<b>DOCUMENT TYPE</b>	<b>DOC DATE</b>	<b>DOCUMENT DESCRIPTION</b>	<b>DOCUMENT No.</b>
<b>4.0</b>	Handout	11/14/17	Draft Council Initiatives	111417cr-01
<b>4.0</b>	Handout	11/14/17	Draft Estimated Timeline of Council Initiatives	111417cr-02
<b>4.0</b>	Handout	11/14/17	Metro Survey Results	111417cr-03