
Coordinated by:

**Smith & Bybee Lakes Wildlife Area
Management Committee**
Nancy Hendrickson, Chair

Metro

600 NE Grand Ave.
Portland, OR 97232
(503) 797-1870

Smith & Bybee Lakes Management Committee Meeting

5:30 p.m. - 6:30 p.m., Tuesday, January 22, 2002
Metro Regional Center, Room 270
600 N E Grand Ave.
Portland, Oregon 97232

AGENDA

Welcome and introductions/ 5 min.	5:30 - 5:35 pm
Metro overhead costs / 20 min. (Stewart, Tucker)	5:35 - 5:55 pm
Review and approve November '01 meeting notes/ 5 min.	5:55 - 6:00 pm
Introduction of Capt. Jay Heidenrich, Wapato Correction Facility/ 15 min.	6:00 - 6:15 pm
Updates/ 10 min. Recreational facility status St. Johns Landfill North Marine Drive construction	6:15 - 6:25 pm
Setting February agenda/ 5 min.	6:25 - 6:30 pm

**Smith & Bybee Lakes Management Committee
Summary Meeting Notes**

January 22, 2002
5:30 pm

In attendance:

Patt Opdyke *	North Portland Neighborhoods
Troy Clark *	Portland Audubon Society
Dennis O'Neil	Metro Regional Environmental Management
Dan Kromer	Metro Operations & Maintenance Manager
Denise Rennis *	Port of Portland
Jim Morgan *	Metro Executive
Jim Sjulín *	Portland Parks
Pat Sullivan	Metro Regional Parks & Greenspaces
Emily Roth *	The Wetlands Conservancy
Pam Arden *	40 Mile Loop Trust
Nancy Hendrickson *	Portland Bureau of Environmental Services
Jack L. Smith *	St Johns Neighborhood Association
Jeff Tucker	Metro Regional Parks Financial Mgr
Holly Michael *	Oregon Dept of Fish & Wildlife
Elaine Stewart	Metro Regional Parks Wildlife Area Mgr
Frank Opila *	Friends of Smith & Bybee Lakes
Bill Briggs *	Merit USA Inc
Rex Burkholder *	Metro Councilor
Capt. Jay Heidenrich	Multnomah County Sheriff's Office

* denotes voting member

Wapato Correction Facility Update

Capt. Jay Heidenrich of the Multnomah County Sheriff's Office provided a progress report on construction of the correction facility. Copies of the site plan with accompanying photos were distributed and a report on the recent groundbreaking ceremony was given. Scheduled plantings at the facility will begin with large evergreens in mid-spring, bare-root and sensitive plants as weather and soil conditions allow and smaller plants will be set in an on-going process, in stages, over a two-year period. Heidenrich reported the irrigation pipes should be in by the end of January as should off-site work, including roads to and utilities for the facility. Also scheduled for end-of-January completion is the installation of 2000 pilings into the sandy soil in which the foundation will be set. These are necessary to meet building and seismic codes written to resist earthquake damage.

According to Heidenrich, between \$100,000 and \$200,000 in funding from the jail construction budget has been earmarked for "a defineable piece of artwork which will be environment-oriented" and installed at Smith & Bybee Lakes Wildlife Area. The Wapato Correction Facility project is estimated to be completed by January 2004. Members of the Smith & Bybee Lakes Advisory Committee who are participating on the committee referred to as the "jail working group" are Troy Clark, Nancy Hendrickson and Elaine Stewart.

Clark recommended following up on the art work funding by regularly scheduling it as an agenda item in the coming months, at least as an update. Holly Michael requested information on contact names and numbers for on-site supervisors and Multnomah County construction inspectors should problems develop concerning damage to the natural resources.

Metro Overhead Costs

Jeff Tucker, Finance Manager for the Parks and Greenspaces Dept., spoke on the issue of the increase in Metro overhead costs, and in particular the allocation to the Smith & Bybee Lakes Trust Fund. Indirect costs are comprised of those central services paid for agency-wide, e.g., accounting services, human resources, legal services and Information Technology. As he pointed out, it is often beneficial for individual departments of an agency who share the same central services to also share in their costs and, in the instance of Metro, to share in repayment to the General Fund. It is the responsibility of the Metro Council to make the decisions as to what is an appropriate expense for those central services and then allocate them out to each department.

For the FY 2002-03 the Parks Dept. has been assessed approximately \$1.1 million in overhead costs which will be shared by the following divisions: Parks & Visitor Services (formerly Operations & Maintenance), Planning & Education, Administration, including Natural Resources Stewardship and Property Management, and Smith & Bybee Lakes. These divisions together employ 40 regular FTE. Smith & Bybee Lakes' share of the overhead costs will amount to approximately \$41,000 based on its 1.5 FTE.

Discussion points on overhead costs and the FY 2002-03 in general included:

- May want to consider applying for a North Portland Enhancement grant
- If the S & B facilities are not adequately maintained, including inflation, there will be a loss of investment
- Green Ribbon recommendation which included S & B Lakes as one of four main sites given significant funding priority for development and ensuing operating costs; may involve either a 5-year program that requires voter approval or a 10-yr program that may or may not require such approval
- A strong statement directed to Council of funding needs and impact of overhead costs was suggested

A sub-committee consisting of Nancy Hendrickson, Jim Morgan, Emily Roth and Elaine Stewart will work to draft a letter to Council expressing its concerns about overhead costs and funding in general.

November meeting notes were approved by consensus.

Updates

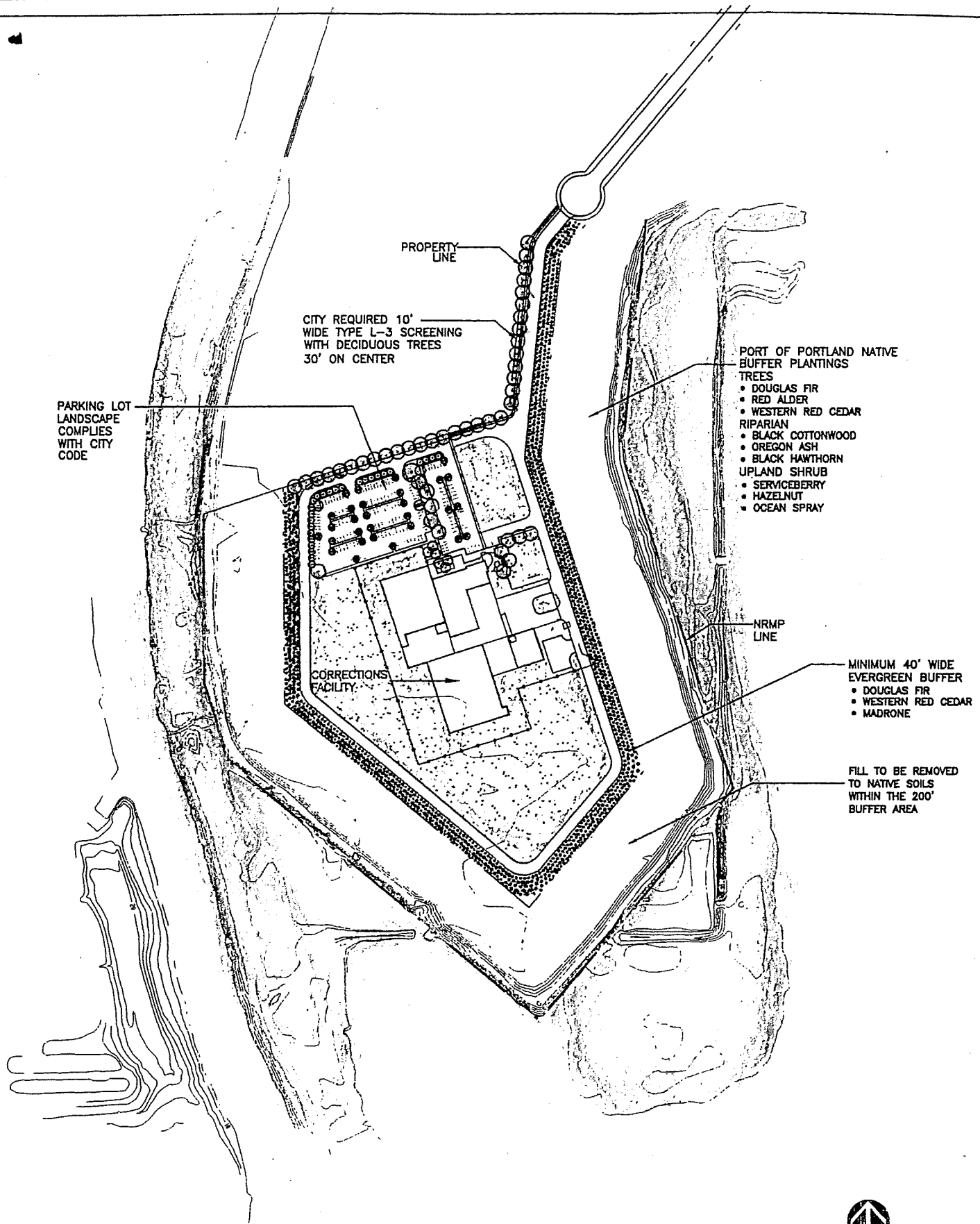
Recreational facility status - the RFP for this project will include a feasibility study of the canoe access site at either the "triangle piece" or the old "informal" site; and the costs for each.

The application for a special use permit at the St. Johns Landfill by the PAMAA has been denied by Metro's Executive Officer based on safety concerns

Construction on the North Marine Drive project is proceeding. Stewart reported on some construction problems. A suggestion was made to determine if assessed fines could go into the trust fund.

Metro Council has approved the proposed water control structure at the lakes.

Suggestions for February agenda - facility planning for the landfill - including a trails plan.



SCALE: N.T.S.

Figure 7-2 Landscape Plan for Buffer Area

Plan View

Multnomah County's New Corrections Facility

WALKER·MACY
111 Southwest Old Street, Suite 301, Portland, OR (503) 252-1110

7 July 2000

WAPATO FACILITY

INTER-DEPARTMENTAL RELATIONSHIP WITH MCSO AND ACJ

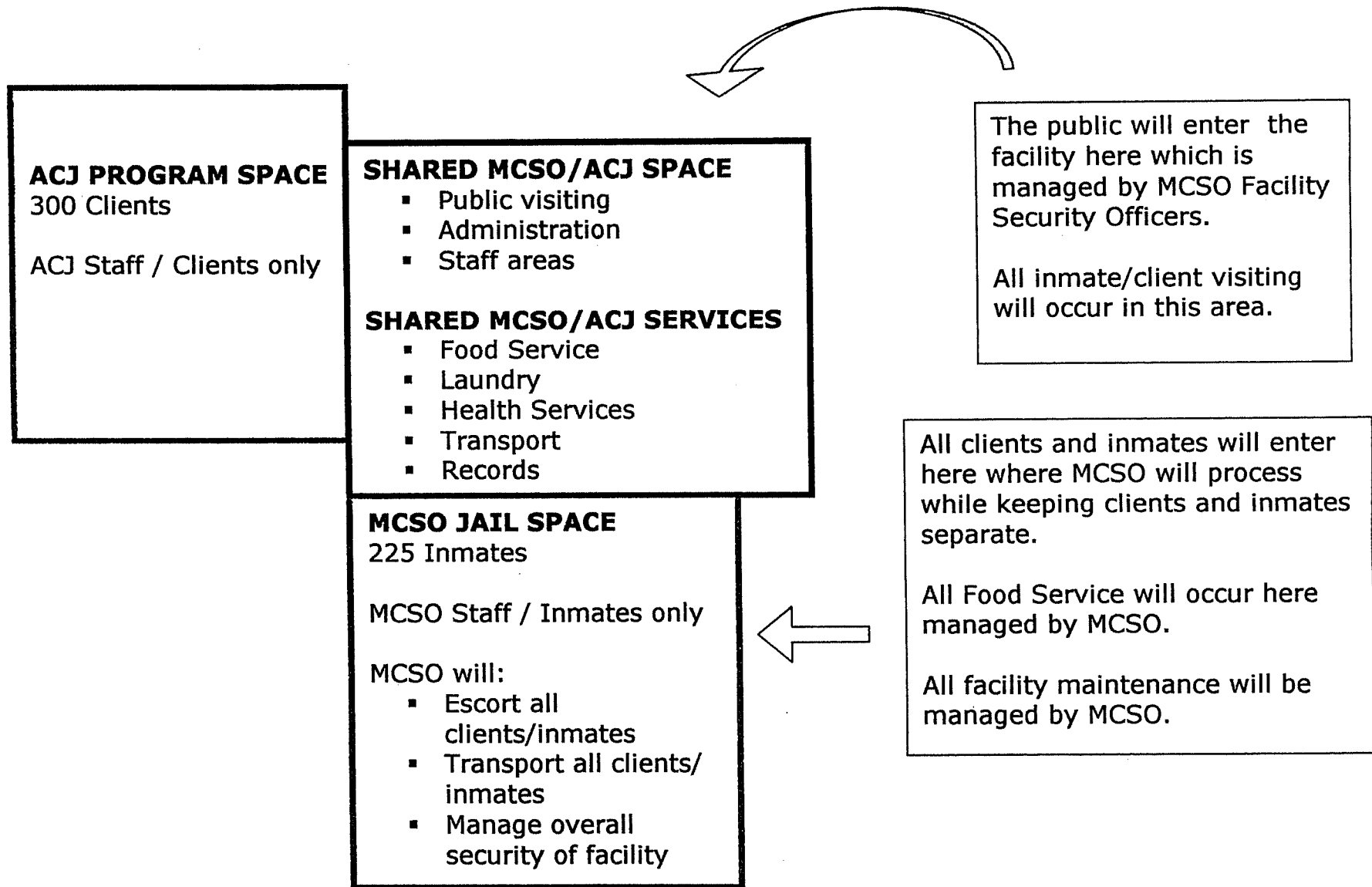


Table 1-1

Multnomah County's New Corrections Facility – Planned Development
Facts and Figures

	Initial	Buildout*
Site Size – Project Area (acres)	26.7	26.7
Site Size – Proposed Site Boundary (acres)	18.2	18.2
Developed Area (acres)	7	17
Building Area (square feet)	155,400	706,500
Building Height (max-feet)**	45	45
Inmate Population***		
Jail	225	1,000
Alcohol & Drug Treatment	300	1,000
Total	525	2,000
Employees (by shift)		
Days	94	281
Swing	66	223
Graveyard	20	64
Total	180	568
Visitors		
Per Weekend Day****	117	430
Per Weekday	96	332
Official Visits (per weekday)	12	27
Buses / Vans (daily average)*****	14-16	31
Parking Spaces	204	450 to 610

* The timing for future expansion isn't known.

** Height above finished first floor level. Top of parapet will not exceed 45 feet (78 feet above mean sea level).

*** The ratio of jail inmates vs. alcohol & drug treatment program participants isn't yet known for expansion / buildout. These figures show maximum impacts.

**** Most jail visits will be scheduled for weekends. Treatment program visits will occur weekday evenings, and also on weekends.

***** For inmate transfers.



METRO

January 16, 2002

Ms. Nancy Hendrickson, Chair
Smith & Bybee Lakes Management Committee
600 NE Grand Avenue
Portland, OR 97232

Dear Ms. Hendrickson:

This is in response to your letter of December 5, 2001, in which you state your concern with the indirect (overhead) charges assessed to the Smith & Bybee Lakes Trust Fund, and ask questions about the nature of those charges. Following an update on the budget preparation, I will discuss the cost allocation system in general and how it applies to Smith & Bybee Lakes, then I will address your specific questions. At the end, I will present alternatives to the current method for determining support costs.

There have been some changes to the proposed FY 2002-03 budget for Smith & Bybee Lakes since the last time you were updated by the Regional Parks and Greenspaces staff.

The budget you reviewed in October assumed that the interest earnings rate for FY 2002-03 would be 3%. Since then, the department has revised that estimate down to 1.5%. This translates into a reduction in revenue of just over \$50,000. At this time, \$107,747 of fund balance is budgeted to be spent in FY 2002-03, according to the Department's Proposed Budget.

The proposed budget expenditures have not changed since the last time you reviewed them. There is no reduction in permanent FTE, although the 0.33 FTE seasonal employee was eliminated. There is \$12,154 budgeted for the maintenance of past restoration projects, with no budget available for new restoration projects. It is clearly understood that the low levels of maintenance and restoration and the significant draw on fund balance are not acceptable long-term management strategies for the wildlife area. If interest rates do not increase during the next fiscal year, and if additional Metro resources are not allocated to this fund, then a different financial and management strategy for the wildlife area will need to be developed.

You have asked a number of questions about the allocation of indirect costs to the Smith & Bybee Lakes Trust Fund. Attachment A provides some historical budget information for your reference.

The indirect cost allocation system we use at Metro is based on the use or benefit of support services received by the agency's various departments and programs. Charges for internal support services are based on data collected on dozens of allocation bases, which determine how the costs are to be shared among departments. For budget preparation purposes, each department's share of these costs is calculated as a percentage of the department's Personal Services costs (all costs for staff, including salaries and fringe benefits). This percentage is determined by establishing what that percentage was for the prior fiscal year. The percentage is provided to the department, for it to apply in calculating the indirect costs it is to include in its budget request.

For Regional Parks, the percentage is applied to its four principal program areas: Operations & Maintenance; Administration; Planning & Education; and Smith & Bybee Lakes. (Operations & Maintenance's percentage is somewhat lower – 34.3% vs. the 39.7% for the other programs – because much of its operations are off site and therefore are not charged for costs associated with occupancy of Metro Regional Center.) It is important to note two things here. First, Smith & Bybee Lakes is assessed indirect charges on the basis of its being a part of Regional Parks: there is not a separate allocation developed for Smith & Bybee (except for its share of the costs for use of the Metro Regional Center building, which is based on square footage occupied). The second point is that Personal Services is used as a basis for determining indirect costs.

Financial Planning uses Personal Services costs as the guide for estimating indirect costs – not total budget nor total operating budget ("operating budget" is Personal Services plus Materials & Services, without Capital Outlay or transfers). Personal Services is a more stable base for estimating the costs, because it tends to fluctuate less than other measures that might be used. This provides greater overall stability for departments in estimating their indirect costs, but the practical effect of this method, as it applies to Smith & Bybee Lakes for next year, is that the significant reduction in Materials & Services in Smith & Bybee's requested budget for 2002-03 does not reduce the fund's transfers for indirect costs.

For most of Metro's operations, the calculation of Personal Services is a guideline, an estimating tool, for roughly figuring indirect costs in preparing a department's budget. Actual budgeted indirect costs end up being based on the Cost Allocation Plan, which takes all the various allocation bases into account. For Smith & Bybee, however, we have historically not collected the data to determine its actual share of the costs based on the allocation plan; sharing a part of the Regional Parks Department's costs has

seemed to work adequately in the past. Developing a separate set of data for Smith & Bybee Lakes is possible, though it has some drawbacks, which I will discuss later.

You asked specifically, what is the Smith & Bybee Lakes budget paying for at Metro? The Smith & Bybee Lakes budget pays a portion of the full range of support services provided to all Metro departments. These include legal services, accounting, payroll, information technology, purchasing, building management, financial planning, insurance/risk management, the elected Auditor's office, and portions of the Council and Executive Officer budgets. As noted above, Smith & Bybee Lakes' portion is a pro-rated part of the overall costs for the Regional Parks Department.

You also asked for the justification for the increase in the overhead rate over the past five years. As one would expect, there are a number of factors that contribute to the growth in costs. In this five-year period, there have been significant increases in the total allocated costs at Metro, driven by growth in some of the programs funded by allocations, addition of new programs funded by allocated costs, and inflation. The total growth in allocated costs in this period is in the neighborhood of 25%. In addition, some of these costs were partly subsidized early in this period from surplus Risk Management reserves, and that subsidy has been ended. The costs for occupancy of Metro Regional Center for the Smith & Bybee Lakes program have risen significantly (from \$4,463 in the 1997-98 budget to \$7,278 in 2001-02), as the full allocation for the square footage in the building used to support the Smith & Bybee staff has been implemented. Finally, charges for Risk Management have increased, ranging from a low of \$749 in 1998-99 to a high of \$3,199 in 2000-01. This is primarily attributable to Smith & Bybee's charges being tied to Parks' charges: Parks had a large claim in 2000, which increased its Risk Management costs.

There are three ways to approach future indirect charges to Smith & Bybee Lakes.

- Make no change – continue to allocate Support Service charges based on percentage of Personal Services, through the Regional Parks allocation.
- Establish a separate allocation for Smith & Bybee Lakes.
- Establish an internal allocation for Parks, to allocate a fair percentage of its charges to Smith & Bybee Lakes.

All three of these options have drawbacks. Continuing the status quo poses the likelihood that the Smith & Bybee Lakes program's indirect charges will be higher than they would be if the program had its own separate allocation. This is largely a function of the relatively high proportion of the program's budget being dedicated to staff costs. Establishing a separate allocation has some problems with data collection, as it would require development of a new program to collect the pertinent data for this rather small program. In addition, there is some benefit to Smith & Bybee Lakes sharing costs with

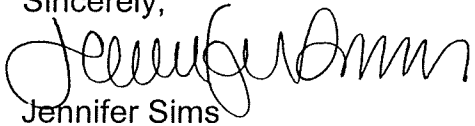
Nancy Hendrickson
January 14, 2002
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Regional Parks, as it provides for sharing of the cost burden in the event of a large claim against the Smith & Bybee program: should there be a costly liability claim, it would be difficult for the program to absorb the full costs on its own. Finally, development of an internal allocation scheme within the Regional Parks Department would place an additional administrative burden on a Parks staff that is already pretty thin in administrative staff.

Despite the drawbacks of all the options, I will be directing Financial Planning staff to work with Regional Parks and Smith & Bybee Lakes staff to recommend a more equitable method for allocating indirect costs to the Smith & Bybee Lakes program for fiscal year 2003-04. It is probably too late in the budget development process to change the system for the coming year's budget, but we will work to find a better method for the following year.

Thank you for sharing your concerns with me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Sims". The signature is fluid and cursive, with the first name being more prominent.

Jennifer Sims
Chief Financial Officer

Enc: Attachment A

**SMITH AND BYBEE LAKES TRUST FUND
INDIRECT COST HISTORY**

Attachment A

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Support Services	0	16,380	19,079	21,653	25,082		
Building	0	4,345	5,833	5,421	7,929		
Risk	0	1,200	749	1,048	3,209		
Indirect Actual	0	21,925	25,661	28,122	36,220		
Indirect Budget	0	22,720	25,661	31,877	38,892	39,993	40,593