

MINUTES OF THE METRO COUNCIL WORKSHOP  
ON  
LONG RANGE FUNDING ISSUES

May 25, 1994

Council Chamber Annex

**APPROVED**  
**Date** 6/9/94

Councilors Present: Judy Wyers (Presiding Officer), Rod Monroe (Chair), Richard Devlin, Jim Gardner, Mike Gates, Ruth McFarland, Susan McLain, Terry Moore, George Van Bergen, Ed Washington

Councilors Absent: Roger Buchanan, Sandi Hansen, Jon Kvistad

Others Present: Rena Cusma (Executive Officer), Donald E. Carlson, Dan Cooper, Jennifer Sims, Craig Prosser

1. Call to Order and Roll Call

Presiding Officer Wyers called the meeting to order at 4:00 p.m.

2. Introduction

Councilor Monroe chaired the meeting and said financial needs of the agency were to be the subject of discussion. Councilors Van Bergen and McFarland commented regarding their viewpoints pertaining to funding needs. Councilor McFarland clarified she held the viewpoint that the funding for Planning should not be placed on the backs of the region's garbage rate payers.

3. Presentation / Overview of Upcoming Financial Projects

- Review Briefing Book Materials
- Major Issues
- Project Timelines

4. Discuss Metro Funding Priorities

5. Discuss Funding Action Plan / Strategies

Jennifer Sims, Director of Finance and Management Information, referenced the document distributed for the workshop entitled: "Metro Long Range Funding Need and Projects Workshop." This document has been made part of the permanent meeting record. Ms. Sims directed attention to a display on the wall that presented a chronological timeline necessary for funding planning for upcoming programs. The timeline indicated key dates for filing of necessary ordinances, negotiations, and implementation.

Ms. Sims referenced page 5 of the document concerned with Regional Growth Management Funding, intended to replace local dues, provide Growth Management funding and Greenspaces planning.

Discussion of a possible construction excise tax and/or real estate transfer tax ensued. Chair Monroe commented regarding the work of the Tax Study Committee and the potential impact should the proposed ballot measure commonly known as "Son of Five" find its way on the ballot. The ballot measure would call for fees to be defined as taxes, and for any new tax to be brought before the people for a vote. Chair Monroe said it was his

hope that the revenues would be put in place prior to "Son of Five" being placed on the ballot and prior to this Council's leave-taking from office.

Councilor Moore suggested the possibility existed that people would be more likely to work harder to get "Son of Five" on the ballot if governments imposed taxes just prior to the elections.

Councilor McLain felt clarification was in order regarding possible replacement packages for revenue against the backdrop of the already approved budget. Councilor McFarland noted the majority of the revenue raised from excise tax came from garbage revenues. Councilor Gates commented on the relationship between the tipping fee and garbage rates back to the customers.

Discussion ensued regarding possible setting of a Construction Excise Tax set at 275% to be implemented November 1994 for the purpose of raising \$3 million. Ms. Sims noted it would range at about \$413 on a \$150,000 house, or \$6,875 on a \$2.5 million building.

Discussion ensued regarding the fluctuation of the building cycle and impact on revenue generated by such a tax. Andy Cotugno, Director of Planning, pointed out the wisdom of starting earlier enough on with such a tax to build up a reserve prior to expenditure.

Councilor Van Bergen expressed concern regarding the extent of such a tax and reconciling it with questions regarding building and occupancy permits.

Daniel B. Cooper, General Counsel, agreed investigation of the questions was necessary, and indicated work on such questions was in progress and would continue.

In response to Councilor Gates, Mr. Cooper said Metro was not currently legally able to charge system development charges.

Discussion ensued regarding collection of such a tax, and whether or not it would be amortized within the mortgage loan or would be a closing cost.

Discussion noted consensus that the potential for a real estate transfer tax was not likely.

Chair Monroe pointed out it was his hope to make this tax a dedicated revenue source. He said he intended to take the matter to the Home Builders Assn. for discussion if consensus to proceed was accomplished.

Councilor Van Bergen expressed concern that such a tax would not be equitable. Presiding Officer Wyers noted she believed the likelihood planning for such a tax being referred to the voters was high.

Councilor McFarland suggested the option of such a tax being referred directly to the voters by Metro itself.

Councilor Gates asked regarding the costs of implementation. Ms. Sims outlined the components of cost of implementation and said she did not have a real figure but felt it would not be proportionately extraordinary.

Mr. Cotugno did not feel the decisions made in the budget process could continue again to fund Planning; i.e., 7.5 or 7.5% excise tax and local dues for one more year. Mr. Cotugno felt such replacement packages for revenue sources were necessary. In response to Councilor Moore, Mr. Cotugno said such funding could be used as a basis for local match funding. Mr. Cotugno said approximately 80% of the funding base for Planning was from volatile outside sources and said Metro's core for funding its portion, 20%, was critical.

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Councilor Washington emphasized it was necessary for the Council to know just how much money was needed to fund Planning, and said it was the Council's job to go find out that money. Chair Monroe said the amount budgeted FY 1994-95 should be considered a minimal amount.

In response to Councilor Devlin's concerns, Mr. Cooper said a draft ordinance tied the excise tax and the possible defeat of "Son of Measure Five" together.

Chair Monroe asked for consensus regarding introduction of the proposed draft ordinance to be filed with the Clerk of the Council. Further discussion ensued as to whether or not such an ordinance should be introduced.

Chair Monroe called for a recess at 5:51 p.m.

Chair Monroe called the meeting back to order at 6:07 p.m.

Ms. Sims referenced page 7, the General Purpose Income Tax, which would be an income tax surcharge and would replace the 6% excise tax (\$5 million), the Construction Excise Tax (\$3 million).

Mr. Carlson explained the timing process as detailed on the wall display.

Councilor Van Bergen commented the General Purpose Income Tax would be equitable, although he did not support such a tax. Discussion ensued whether such a tax should be considered. The timing would involve the filing of an ordinance in July 1995 to refer the matter to the people for a vote in November, 1995.

Ms. Sims referenced page 13, South-North Light Rail.

Mr. Cotugno discussed the timing and the type of tax proposed; i.e., a local option motor vehicle registration fee of up to \$50 per year regional add-on to vehicle registration fee and the possibility of a constitutional amendment.

Chair Monroe commented regarding the timing of legislative actions to implement such a tax. Councilor Van Bergen recalled prior defeat for such action, and said he felt general obligation bonds would be the only solution Councilor McFarland agreed, and commented regarding involvement from the State of Washington on the light rail.

Chair Monroe commented the make up the 1995 legislature was still unknown as well as the governor, and felt it was too early to make a decision. Mr. Cotugno noted the time frame for capital was more critical than the time frame for operating expenses. Councilor Moore supported putting forth a referral of a constitutional amendment for a motor vehicle registration fee. Chair Monroe agreed.

Mr. Cotugno discussed the arterial system and funding options including a possible gas tax for urban arterial funding.

Further discussion ensued regarding such a tax as a possible revenue and its impact to the region, local jurisdictions and businesses.

Mr. Cotugno said the state did not support a regional gas tax, and discussed the possibility of an omnibus general obligation bond. He noted support at the state was more in favor of a constitutional amendment for a motor vehicle registration fee than for a gas tax. Mr. Cotugno indicated if the timing was to be for this year, it involved an input period in the month of June, the subject being dealt with in the month of July at JPACT, and filing in August. Some support was indicated for a gas tax.

Ms. Sims referenced page 15, Greenspaces Acquisition. Discussion ensued regarding timing of filing of a resolution.

Discussion centered around the impact of "Son of Five" on funding applications. Councilor McLain advocated a prioritizing of funding options now and a revisiting of the list of priorities in December. Discussion ensued regarding timing and priorities and whether or not Greenspaces and the Zoo measures should be on the ballot at the same time. Chair Monroe pointed out that the results of a recent Hibbits poll showed an omnibus inclusive of both measures would fail.

Discussion moved to the Zoo needs, the Oregon Territory! Exhibit which would involve a new Zoo exhibit and new Zoo entrance. Ms. Sims discussed the funding needs for the Washington Park Parking Lot as well and the impact of "Son of Five" on the parking lot project. Mr. Cooper felt the parking lot fees could conceivably be judged outside the parameters of "Son of Five."

Sherry Sheng, Director of the Metro Zoo, discussed the Oregon Territory! Exhibit and its potential benefits. She noted approximately \$5 million would be funded from the federal government. She said Friends of the Zoo were interested to know the level of Metro's involvement and commitment. She said a campaign for a measure initiative on the November ballot would be appropriate to serve timing needs.

Discussion ensued regarding the impact of such an exhibit as possibly duplicative or overlapping Greenspaces efforts. Councilor McLain discussed the light rail as an experience, as a means to get to the Zoo and a reason to go. Ms. Sheng felt people would ride the light rail to Washington Park to visit the World Forestry Center that was undergoing a \$10 million renovation timed for completion in 1997, the date the light rail station would open.

Charlie Ciecko, Director of Greenspaces, posed the question as to whether or not both matters should be on the ballot at the same time and asked for response.

Chair Monroe pointed out that for the entrance exhibit to be ready in time would have to be on the ballot in May, 1995.

Ms. Sims explained the allocations for the \$4.8 million for the Washington Park Parking Lot, structured by a General Revenue Bond, backed by the parking fees themselves. Chair Monroe emphasized the decision to connect the light rail to the Zoo was significant. Presiding Officer Wyers pointed out no other option was being offered from the Zoo from which to choose. Councilor Washington advocated for getting the issues out to the ballot in order for the public to express their opinion, and felt in this way the Council would be doing its job.

Chair Monroe suggested placing the Greenspaces measure on the ballot first could be beneficial.

Further discussion ensued whether the two measures should be placed on the ballot at the same time.

Ms. Sheng said a November 1995 ballot would result, if approved, following other matters in a one month construction phase, not enough time to accomplish the project.

Pat LaCrosse, MERC General Manager, discussed the Oregon Convention Center Expansion, a second phase of its operations conceived from its inception. He said the expansion would bring the OCC to 250,000 sq. ft., which would enhance its position in the market. He said a six month to one year process by committee would be established to examine the expansion needs. He said the possibility existed to build a 2 level parking lot below the ground that would house 1200 automobiles.

Chair Monroe raised the question of a Convention Center headquarters hotel. Mr. LaCrosse said the nature of the kinds of shows was altered by the level of hotel motel accommodations available, i.e. more consumer types of shows, which generate less dollars for the local economy, without a headquarters hotel rather than conventions, which generate more dollars for the economy. Further discussion ensued regarding the expansion.

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In response to Councilor Devlin, Mr. LaCrosse said little connection with Blazer Arena activity was foreseen, and said the connection with the Coliseum activities was seen as a greater potential.

Presiding Officer Wyers commented on prioritizing. She said she saw Regional Growth in November.

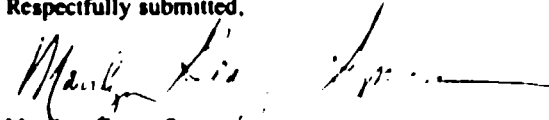
Further discussion on the issue of prioritizing occurred. Mr. Cotugno said he saw Metro's prioritizing of the matters as right on schedule.

Chair Monroe concurred with Councilor McLain regarding a lack of consensus regarding when a changed replacement package should occur, and said he only heard a consensus from the Council that the matter should be introduced for discussion at the Committee level.

Presiding Officer Wyers announced Metro had won an award from the Partners for Livable Communities which was to be presented in Washington, D.C. on June 16, 1994. She indicated she would attend to receive the award.

There being no further business, the meeting adjourned at 8:57 p.m.

Respectfully submitted,



Marilyn Geary-Symons  
Committee Recorder