

MINUTES OF THE METRO COUNCIL

November 23, 1993

Council Chamber

Councilors Present: Presiding Officer Judy Wyers, Richard Devlin, Jim Gardner, Mike Gates, Sandi Hansen, Jon Kvistad, Ruth McFarland, Susan McLain, Rod Monroe, Terry Moore, George Van Bergen and Ed Washington

Councilors Absent: Deputy Presiding Officer Roger Buchanan

Also Present: Executive Officer Rena Cusma

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

Presiding Officer Wyers announced this meeting was being held on a Tuesday rather than the normal Thursday to accommodate for the Thanksgiving Day holiday.

Presiding Officer Wyers announced that Agenda Item No. 9.1, Resolution No. 93-1876 had been added to the agenda, and would be considered as a non-referred resolution and would be considered before Agenda Item No. 7

1. INTRODUCTIONS

Councilor Kvistad introduced State Representative Delna Jones, District 6, to those present.

CITIZEN COMMUNICATIONS TO THE COUNCIL ON NON-AGENDA ITEMS

None.

3. EXECUTIVE OFFICER COMMUNICATIONS

None

4. CONSENT AGENDA

4.1 Minutes of November 10, 1993

Motion: Councilor Devlin moved, seconded by Councilor Gates, for adoption of the Consent Agenda.

Vote: Councilors Devlin, Gardner, Gates, Hansen, Kvistad, McFarland, McLain, Monroe, Moore, Washington and Wyers voted aye. Councilors Buchanan and Van Bergen were absent. The vote was 11/0 and the Consent Agenda was adopted.

5. ORDINANCES, FIRST READINGS

5.1 Ordinance No. 93-525, An Ordinance Amending Ordinance No. 93-487A Revising the FY 1993-94 Budget and Appropriations Schedule for the Purpose of Transferring Contingency to Fund Remaining Metro Regional Center Project Commitments; and Declaring an Emergency

The Clerk read the ordinance for a first time by title only.

Presiding Officer Wyers announced that Ordinance No. 93-525 had been referred to the Regional Facilities Committee and the Finance Committee for consideration.

METRO COUNCIL

November 23, 1993

Page 2

6. ORDINANCES, SECOND READINGS

6.1 Ordinance No. 93-510, For the Purpose of Amending the Regional Wastewater Management Plan and Authorizing the Executive Officer to Submit it for Recertification (Public Hearing)

The Clerk read the ordinance for a second time by title only.

Presiding Officer Wyers announced that Ordinance No. 93-510 was first read on October 28, 1993, and referred to the Planning Committee for consideration. The Planning Committee considered the ordinance on November 9, 1993, and recommended it to the full Council for adoption.

Motion: Councilor McLain moved, seconded by Councilor Devlin, for adoption of Ordinance No. 93-510.

Councilor McLain gave the Planning Committee's report and recommendations. She explained the Regional Wastewater Management Plan was required by the federal Clean Water Act and that Metro now reviewed their plan annually after adopting the first one in 1980. She said after adoption by the Metro Council, the Plan would require recertification by the Department of Environmental Quality (DEQ) and the Environmental Protection Agency (EPA). She noted the Metro Policy Advisory Committee (MPAC), the Water Resources Policy Advisory Committee (WRPAC), and the Council Planning Committee had each reviewed and endorsed the Plan also. She said adoption of the Plan ensured the correct information on regional wastewater management would be submitted to the federal government.

Presiding Officer Wyers opened a public hearing.

No persons present appeared to testify and the public hearing was closed.

There were no Councilor discussion or questions.

Vote: Councilors Devlin, Gardner, Gates, Hansen, Kvistad, McFarland, McLain, Monroe, Moore, Washington and Wyers voted aye. Councilors Buchanan and Van Bergen were absent. The vote was 11/0 and Ordinance No. 93-510 was adopted.

6.2 Ordinance No. 93-517A, An Ordinance For the Purpose of Adopting a New Title to the Metro Code Pertaining to Elections

The Clerk read the ordinance for a second time by title only.

Presiding Officer Wyers announced that Ordinance No. 93-517 was first read on October 14, 1993, and referred to the Governmental Affairs Committee for consideration. The Governmental Affairs Committee considered the ordinance on October 21, November 4, and November 18, and recommended Ordinance No. 93-517 Δ to the full Council for adoption.

Motion: Councilor Hansen moved, seconded by Councilor Gates, to return Ordinance No. 93-517 Δ back to the Governmental Affairs Committee for additional work.

Councilor Hansen said a draft copy of the ordinance had been sent several weeks ago to the Multnomah County Elections Director who suggested several small changes the date of this meeting. She said the Governmental Affairs Committee should review those changes and review the ordinance again.

General Counsel Dan Cooper said the recommended changes related to current deadlines which could change and also how the Voters Pamphlet would be coordinated between their office and the three counties during the time period when Metro had no

METRO COUNCIL

November 23, 1993

Page 3

access to the State Voters Pamphlet. He said no major policy issues had been raised, but that the necessary work would more properly be done at the committee level.

There was no Councilor discussion or questions.

Vote: Councilors Devlin, Gardner, Gates, Hansen, Kvistad, McFarland, McLain, Monroe, Moore, Washington and Wyers. Councilors Buchanan and Van Bergen were absent. The vote was 11/0 and Ordinance No. 93-517A was referred back to the Governmental Affairs Committee.

6.3 Ordinance No. 93-518, An Ordinance Amending Ordinance No. 93-487A Revising the FY 1993-94 Budget and Appropriations Schedule For the Purpose of Funding Replacement of Personal Computers in the Office of General Counsel; and Declaring an Emergency

The Clerk read the ordinance for a second time by title only.

Presiding Officer Wyers announced that Ordinance No. 93-518 was first read on October 28, 1993, and referred to the Finance Committee for consideration. The Finance Committee considered the ordinance on November 10, 1993 and recommended Ordinance No. 93-518 to the full Council for adoption.

Motion: Councilor Devlin moved, seconded by Councilor Gardner, for adoption of Ordinance No. 93-518.

Councilor Devlin gave the Finance Committee's report and recommendations. He explained the Information Services Division said two computers in the Office of General Counsel were beyond repair and that replacing both would cost \$750 per unit.

Presiding Officer Wyers opened the public hearing.

No persons present appeared to testify and the public hearing was closed.

There was no Councilor discussion or questions.

Vote: Councilors Devlin, Gardner, Gates, Hansen, Kvistad, McFarland, McLain, Monroe, Moore, Van Bergen, Washington and Wyers voted aye. Councilor Buchanan was absent. The vote was 12/0 and Ordinance No. 93-518 was adopted.

ADDITIONAL ITEM

9. NON-REFERRED RESOLUTIONS

9.1 Resolution No. 93-1876, For the Purpose of Designating a Metro Representative to Participate in County Tax Coordinating Meetings

Motion to Suspend: Councilor Gates moved, seconded by Councilor Devlin, to suspend the Council's rules requiring resolutions be referred by committee so that the Council as a whole could consider Resolution No. 93-1876.

Vote on Motion to Suspend: Councilors Devlin, Gardner, Gates, Hansen, Kvistad, McFarland, McLain, Monroe, Moore, Van Bergen, Washington and Wyers voted aye. Councilor Buchanan was absent. The vote was 12/0 and the motion to suspend passed.

Main Motion: Councilor Gates moved, seconded by Councilor Devlin, for adoption of Resolution No. 93-1876.

METRO COUNCIL

November 23, 1993

Page 4

Don Carlson, Council Administrator, explained the resolution would appoint Jennifer Sims, Director of Finance & Information, as Metro's representative to serve on the various county tax coordinating committees. Councilor Van Bergen asked if those committees would also have a representative from each county. Mr. Carlson said they would. Presiding Officer Wyers asked if Ms. Sims could send a designate in her place if she were unable to attend a meeting. Mr. Carlson said she could.

Vote on Main Motion: Councilor Devlin, Gardner, Gates, Hansen, Kvistad, McFarland, McLain, Monroe, Moore, Van Bergen, Washington and Wyers voted aye. Councilor Buchanan was absent. The vote was 12/0 and Resolution No. 93-1876 was adopted.

Councilor Van Bergen asked for what purpose would a Metro representative attend county tax coordinating meetings and whether that representative would have a full vote. Mr. Cooper said the purpose of Metro's participation was to assist with tax coordination between the three counties and prevent the overlapping of efforts. Councilor Van Bergen said it should be made clear that the Metro representative did not set Metro policy at those meetings. Presiding Officer Wyers said such concerns were valid and that she did not feel free to speak at other meetings or entities until the Council had decided upon a policy as a whole.

8. COUNCILOR COMMUNICATIONS AND COMMITTEE REPORTS

Presiding Officer Wyers noted the meeting was running ahead of schedule and asked Councilors if they had any Councilor communications and/or committee reports to give at this time.

Councilor Gates discussed cabling the Chamber to allow live broadcasts of Council meetings.

Councilor Monroe reported on his activities during and after the Tax Study Advisory Committee (TSAC) had completed its work. He said at one point it appeared as if the TSAC would have trouble meeting its November 15 deadline and not have sufficient time to meet with other governments and business representatives. He said he urged them to ask for an extension, but that the chair didn't accept that recommendation. He said TSAC members simply wanted to complete the job and submit their report to the Council. He said, in consultation with the Executive Officer and the Presiding Officer, that he had met with a variety of representatives in the region, had held phone discussions with key industry leaders, and had met with affected industry leaders. He said in all of those discussions, he had structured a certain approach. He said first he had asked the Executive Officer to prepare a budget within existing resources which included an excise tax at 6 percent with the assumption that there would be no local governmental dues. He said that request was very difficult for her to fill, although she did agree to prepare a "base budget" based on existing resources only. He said he further suggested that the Executive Officer might wish to attach addendums to the budget for Council consideration, and that she could recommend which of the packages in her estimation were absolutely essential for Metro to carry out the new Charter mandate. He said the primary question was how to fund planning functions. He said most of what Metro did was funded by fees, but planning was not. He said the Budget committee and the full Council would look at the budget and addendums. He said the Council could alter the base budget, then make determinations on what addendums would be chosen and how much they would cost, and then look at revenue options. He said the Council would look at more than just revenue options submitted by the TSAC, but also at options they reviewed and rejected and others they did not consider.

Councilor Monroe said a higher excise tax was a possibility. He said Metro could also ask local governments to consider voluntary dues again. He said local governments had stated Metro had to fulfill its Charter planning to assist them. He said realtors and home builders objected to real estate taxes. He said all parties concerned had legitimate concerns. He said for any entities/parties to consider a tax, it had to be clear that Metro had a lean budget and was focussed about what it was going to do and that the Council had decided what it was going to do.

Councilor Hansen asked if the base budget would be done on an annual basis or every five years. She asked if Metro would do long-term budgeting. Councilor Monroe said the budget process would not be zero budgeting, it would be budgeting based on existing resources. He said any new revenue source Metro adopted had to have a sunset clause. He said niche taxes

METRO COUNCIL

November 23, 1993

Page 5

recommended by the TSAC would sunset in four years and that any broad-based tax had to be approved by the voters. He said if Metro adopted a niche tax, it would be available until the sunset clause took effect. He said the sunset date would be up to the Council and those resources would be available for consideration during the budget process.

Councilor McLain said she had received calls since the TSAC had completed its report. She said many Councilors had gotten ideas from citizens and local officials. She said it was important to remember the citizen involvement process. She said citizens were concerned they would not have enough time for input. She said the Finance Committee should have a form/forum in which all Councilors could submit their ideas and provide input.

Councilor Monroe advocated citizen input and noted this meeting had been specifically slated for that purpose. He said the Councilors had likely all gotten letters complaining about the lack of opportunity for citizen input to-date.

Councilor McLain noted the public's mood about taxes and new taxes. She said the Council should be particularly aware of that mood, particularly since the failed sales tax ballot measure.

Presiding Officer Wyers said the Council would receive the budget on February 17, 1994, approve it May 1994, and would have such discussions concurrently with the budget process.

Councilor Devlin said the Council should not allow debate to degenerate into sound bites about the mood of the public. He said Ballot Measure No. 1 had failed, but that others had passed. He said when the public saw the value of the service for which they were paying, they were more amenable to the taxes necessary to pay for the service. He asked if there was any other additional examination that Councilor Monroe thought would be necessary over the next several months to look at other options in more detail. Councilor Monroe said before a revenue measure could be successful, need had to be proven. He said it would be helpful if people saw the relationship between Metro and the services it provided. He said the TSAC provided economic considerations, but failed to consider political considerations. He said politicians had to take into consideration whether revenue proposals would work or not. Presiding Officer Wyers said she believed that also, but said there were also unanswered questions such as who would be taxed, what exemptions there would be, and how much a tax would cost to administer and implement. She welcomed input on how such discussions should occur. She said the Council needed information, which could be costly in terms of staff time, but said it was difficult to do decision-making until the necessary information was in place.

Councilor Gardner concurred with Councilor McLain about the need to have as much citizen participation as possible. He said a good way to start would be to develop some good, readable public information pieces about why Metro was looking for new revenue. He said they should be clear that it was not just because of the passage of the Charter, but also because of anticipated growth, and said they should also explain the recommendations the Council had received and the process the Council planned to embark upon. He said such information pieces should be written in user-friendly terms and should also draw the connection between the taxes asked for and those who would pay them. He said because of the anticipated growth, that new growth should pay for planning. He said the Council should make it very clear it did not have any preconceptions about what it would do, and should also make it very clear that Metro had not made up its mind, particularly with regard to sunset clauses. He said he was not confident about any government passing any successful new tax. He said he had thought Metro could do so in two or three years, but was not confident of that now.

Councilor Gardner said the Council should not dismiss the possibility of governmental dues when working on the budget. He said he thought local governments would continue to pay voluntary dues. He said there was a choice between good public policy and what was the popular thing to do. He said he hoped the Council could have the courage to do good public policy. He said good politics and good policy were not interchangeable.

Councilor Monroe said he appreciated Councilor Gardner's comments. He said the Council needed to do a good job immediately to explain why planning was important. He said he had been giving talks to local neighborhood groups and explaining why planning was crucial to citizens. He said he was not yet comfortable about explaining why Metro might need new taxes. He

METRO COUNCIL

November 23, 1993

Page 6

said the Council had to assume at this time that a base budget was the only option. He said until it concluded otherwise after the budget process, the Council could not go out to constituents and ask for more revenue. He agreed with Councilor Gardner and said he had told the TSAC that Metro's permanent funding was currently little to zero. He said getting voters to adopt a property tax base now would be impossible and said the chance of getting an income tax passed was extremely small in light of Oregon's higher income tax rates. He said, if necessary, Metro would have to use the niche tax with a sunset clause in the hope of finding a new tax base in three to four years. He said once Metro determined its budget, the local governments could be contacted about the possibility of dues. He said he knew good politics was not synonymous with successful politics because he had sponsored unpopular legislation at the State Legislature. He said he did not know if was possible to reconcile the two.

Councilor Washington said the Council knew what it was up against. He asked what would happen if Metro did not find a new source of funding.

Councilor Monroe said Metro had the powers authorized via the Charter to solve the problem. He said if Metro was thwarted in its first attempt, another attempt could be made or another alternative explored.

Presiding Officer Wyers said the question of need could be explained in terms of what services were offered. She said it had to be determined how many people were needed to provide the services considered necessary. She said some believed there were enough, some believed there were too many, and others believed there were not enough.

Councilor Moore said she had hoped more information on options listed in Appendix B would be offered. She asked Finance & Management Information staff to provide more detailed information on the options listed. She said the Council should be careful not to limit its conversation to just funding planning. She said regional planning should be defined to help define something, that up to this point, had many different interpretations. She noted the TSAC's final report recommended Metro continue local governmental dues payments.

Presiding Officer Wyers asked Councilor Monroe if there would be time to refine questions for staff or if such questions could be asked during the budget process. Councilor Monroe said the Council could do both. Presiding Officer Wyers asked the Finance Committee to schedule a regular discussion item at its meetings to give the public an opportunity to testify on the issues on a regular basis.

Councilor Monroe noted the Charter allowed Metro to impose two specific taxes. Councilor Gates said it should be very clear during the budget process what function and/or tax was mandated by the Charter and what was not. Councilor Monroe said the only source of available revenue not mandated was local dues. He said any other source would be subject to referendum. Councilor Hansen said the niche tax recommended by the TSAC was the only reason Metro was thinking of the construction industry as a possible source of revenue. Councilor Monroe said there had been some discussion as to whether a utility tax was a niche tax, but said a general tax on all utilities was considered a niche tax.

Councilor Hansen said she had difficulty with stating that new-construction-only areas were the only ones requiring planning. She said there were long-established areas in the region that required planning and/or modernization also. She said it was expensive to put light rail transit (LRT) into established neighborhoods. She said that also raised the question of whether funds raised would only apply to the new areas built.

Councilor Monroe stated again that the Council would not consider any new taxes until after it saw what the base budget looked like. He said to look at new revenue sources now was premature. He said the TSAC had narrowed the scope and that he was now trying to widen the scope of options to be looked at. He said the issue of fairness was a debate that would happen. He said the Council had to prove Metro's needs to itself and to the public.

Councilor Van Bergen concurred with Councilor Monroe about defining specific needs before asking for new revenue. He said a distinction should be made between the terms "mandate" and "require." He said planning was a mandate of the Charter, but

METRO COUNCIL

November 23, 1993

Page 7

was not required. Councilor Van Bergen did not know how planning could be explained that well to the public and did not think a tax revenue measure would pass until 1995, or even then.

Councilor Devlin concurred with Councilor Monroe and disagreed with Councilor Van Bergen on the previous points given. Councilor Devlin said discussion of RUGGOS was the beginning of looking at regional planning in an orderly fashion. He said even the Charter stated the framework plan did not need to be in place until 1997. He said there was a great deal of resistance, but that there was also unity of opinion on the issues. He said local governments wanted their say, but also agreed the issues should be addressed. He said with regard to the real estate transfer tax, it would not just be paid by new residents, but also paid every time property changed hands.

Councilor Kvistad said these issues presented the opportunity to redefine what Metro was and not just accept the status quo, but also ask if Metro did what it did for a reason. He asked if it was possible to downsize and define what the scope of Metro's government was. He asked if the Council was going to debate a real estate tax or a tax on a real estate.

Presiding Officer Wyers called a recess at 5:23 p.m.

The Council reconvened at 5:35 p.m.

7 OTHER BUSINESS

7.1 Presentation of Tax Study Committee's Final Report

Wayne Atteberry, Tax Study and Advisory Committee (TSAC) chair, submitted the TSAC's final report to the Council. He introduced Rebecca Chao, TSAC vice-chair and subcommittee on fiscal policy and philosophy chair, and Gene Seibel, subcommittee on functions chair. (Written transcript of Mr. Atteberry's testimony filed with the packet of this meeting.)

Executive Officer Cusma and Presiding Officer Wyers both thanked Mr. Atteberry and the TSAC members for their hard work on the issues.

Presiding Officer Wyers opened the public hearing.

Greg Specht, National Association of Office of Industrial Parks representative, 15400 Millikan Way, Beaverton, submitted written testimony for the record (filed with the agenda packet for this meeting). He said he supported planning, but opposed the inequity inherent in a tax structure which would burden the real estate and construction industries for additional planning funds that would benefit the community as a whole. He said such proposed taxes appeared to be politically expedient, and challenged Metro to take its expanded financial requirements to the voters for approval. He recommended delay on consideration and adoption of any new tax until the new Council effective in January 1995 was elected. He said the proposal for additional taxes filed in the face of current political thinking that bigger was not necessarily better. He said the vast majority of the real estate industry believed that Metro's current budget should be reviewed by independent outside auditors to determine whether the Charter-mandated functions could be incorporated into current staffing levels. He said the TSAC probably believed that voters, when approving the Metro Charter in November 1992, hoped certain efficiencies would be created which would result in a reduced tax load at all levels of local government. He said he was critical of the restraints placed on the TSAC which precluded their review of Metro's current budget as it related to existing staffing levels and job descriptions. Mr. Specht said additional study of Metro's budget was warranted and alternative staffing responsibilities for mandated requirements should be reviewed before additional taxes were levied upon any segment of the community, to say nothing of taxes which only targeted the real estate and construction industries as funding sources.

METRO COUNCIL

November 23, 1993

Page 8

Councilor Van Bergen said he agreed with Mr. Specht's testimony, but did not know how the Council could perform what he recommended. He said because of the way Metro's budget process was structured, it was difficult for the Council to make many, if any, cuts.

Mr. Specht said he approached Metro for assistance on how local jurisdictions would implement local transportation planning rule requirements per LCDC. He said since then, his group met on a regular basis with Metro staff. He said in that spirit, assistance could be offered to the Council in working on the budget.

Councilor Monroe said he would be happy to meet with Mr. Specht. Mr. Specht said again another level of review should be taken with regard to Metro's budget and any proposed new taxes.

Gene Grant, BOMA Hillman/REM, 1211 SW 5th, Suite 1700, Legislative Committee of Building Owners and Managers of Oregon representative, said he was also testifying at the request of Hillman Properties NW. Mr. Grant said his practice was limited to real estate transactions. He agreed with Mr. Specht's testimony that the Council should focus on a broad-based funding source because it would be more equitable and fair. He said a niche tax should be necessary only in the case of critical need. He said the Council should look at Metro's best interests in the long-term and asked if it would make sense to adopt a short-term sales tax on real estate. He asked how it would be perceived if Metro adopted a discriminatory sales tax that was not clearly tied to Metro's functions. He noted he had heard on the radio that signatures were being gathered to put an initiative on the ballot requiring every new tax proposed be put directly to the vote. He said a niche real estate tax would be dangerous to Metro's image in the long term. He discussed current economic conditions and said Oregon commercial real estate was in the best shape in the country and said such a tax at this time would shoot it in the foot. He asked the Council if they wanted to adversely affect every young couple trying to buy a house. He said such a proposed tax would also apply to refinancing. Mr. Grant urged the Council to focus on a long-term tax that would be fair to all voters.

Councilor Devlin noted Washington County was the only local government with real estate taxes currently in place. He said if Metro did look at that tax as a potential source of planning funds, it would be looking at a relatively small amount to pay for planning infrastructure. He said he recalled a discussion years ago on whether or not real estate taxes should pay a local share for LRT. He said he knew the real estate and construction industry was opposed to taxes on their industry, but asked Mr. Grant how the industry would deal with schools and other entities looking at the same or a similar tax. He noted the effects of Ballot Measure No. 5 were beginning to be the same as those of Proposition #13 in California in that user fees were beginning to be enacted.

Mr. Grant said user fees made sense because then citizens felt they were paying for something they really used. He said if real estate taxes were tied to what they were used for, that would be acceptable, but said if there was no correlation between the use and revenue source, then there was an inherent unfairness which caused taxpayer revolt.

Councilor Hansen said there were other fees on real estate transactions and said the real estate industry profited from planning. She asked when the real estate industry would pay for the growth planning it was promoting. Mr. Grant and Councilor Hansen discussed the issues further. Mr. Grant said the fairest method was for everyone to share the costs. He said what created the problem was that citizens had the liberty to move where they wanted to move and that developers merely responded to demand.

Councilor McLain said equitable taxation was fine, but said putting multiple homes in an already constricted area was not good planning. She asked Mr. Grant what was important to his industry and what it was willing to pay for. Mr. Grant said the industry did not have a problem with sound planning. He discussed other states with little or no planning. He supported regional planning for the metropolitan area. Mr. Grant said, however, that Metro could not force a tax down the voters' throats and in any case, a short-term niche tax would be too damaging. Councilor McLain asked Mr. Grant what part of regional planning would help his industry or what planning they were willing to pay for. Mr. Grant said he was not authorized to state what taxes or what planning efforts his industry would pay for, but said everyone should pay on an equitable basis. Councilor McLain said Metro needed specific data from the industry on what was worthwhile to them to spend money on.

METRO COUNCIL

November 23, 1993

Page 9

Councilor McFarland said she would reiterate what had already been said. She said the Council was not proposing a tax at this meeting or at this time. She said the Council had simply accepted a report at this meeting and was starting the process of taking public testimony from citizens/entities on what functions they believed to be important. She said Metro was starting with the assumption that the budget would not be expanded at all. She said if Metro discovered, after the budget process, that it could not live with a base budget, then it would look further afield.

Presiding Officer Wyers said the Council should also pay attention to what the TSAC said about finding efficiencies in government. She said the Council's job as elected officials was to pay attention to what the public wanted, and said the public wanted government to cut back when and where possible before they were asked for more revenue.

Robin White, Portland Metropolitan BOMA, 1211 SW Fifth, Portland, said until planning services were clarified to the public, Metro should not seek a tax to pay for them. She said Metro should define what it did first.

Councilor Gardner concurred with Ms. White, but noted she had stated Metro needed no additional funding. He asked her, if Metro did determine it needed additional funding, what funding source should be sought.

Executive Officer Cusma noted during every budget process for the last three years that Metro had downsized itself and said it was one of the few governments in Oregon to do so.

Councilor Gates noted Metro's budget this year was \$200 million and that last year's budget was \$210 million. He said this year's smaller budget was not the result of Ballot Measure No. 5, but because of the Council's efforts. He said Metro's budget was constantly being reviewed and pared down to keep expenditures at a minimum and in recognition of the limitations on resources for the agency as a whole.

Genoa Ingram, Oregon Association of Realtors, PO Box 351, Salem, said she was relieved to find out that the proposed real estate property tax had not progressed as far as she had been led to believe. She said she had studied and provided information on real estate transfer taxes. She said there seemed to be some kind of myth that was some kind of windfall profit contained in real estate sales. She said, in reality, that there was less and less affordable housing and more and more hardship sales. She said middle and lower income properties were trading hands more often. She expressed concern about Washington County residents because they would bear the burden of a third real estate tax if Metro imposed a real estate niche tax. She expressed concern that an additional tax would have a trickle down effect on families. She offered to make various studies on real estate transfer taxes available to the Council for review if they so desired.

To Councilor Gardner's question, Ms. Ingram said the Oregon Association of Realtors represented diverse groups. She said realtors did not pay property taxes and that property owners did. She said the Association spoke for them because they saw customers having difficulty purchasing homes. She said such taxes did not affect her clients directly, but those they were trying to serve.

Councilor Gardner and Ms. Ingram discussed the issues further. Ms. Ingram noted, at one point, a one-time only real estate transfer tax had been discussed rather than having "little" taxes all over the state. She said the Council could decide that a real estate transfer tax was the best option, but hoped Metro would look at all the options before deciding on such a thing. She noted the federal government had considered a real estate tax, but had decided it would be "blatantly unfair." Councilor Gardner said he wanted to ensure that the burden did not fall on those least likely to pay and become even more of a difficulty.

Both Councilors Gardner and Gates said they would like copies of the reports Ms. Ingram referred to in her testimony. The Council and Ms. Ingram discussed the issues further, including housing affordability. Ms. Ingram said people did not realize how even the smallest of fees added up. Councilor Devlin asked why the industry did not appear amenable to more affordable housing. He said it appeared as if only \$100,000 and up homes were being built. Ms. Ingram said her organization sold mostly existing homes.

METRO COUNCIL

November 23, 1993

Page 10

John Liljegrn, Westwood Corporation, 3030 SW Moody, Portland, said there had been misunderstandings at this meeting. He said a lot of parties did not understand Metro's process or how things were done.

Councilor Monroe said this meeting was the first time that the Council as a whole had received or discussed the TSAC's final report. He said the Council was not seeking to impose new taxes at this time.

Mr. Liljegrn discussed the differences between broad-based and niche taxes. He said with niche taxes, only 10 percent of the population was likely to bear the burden. He noted Metro's own Data Resources Center tracked such statistics and said the Council could ask for similar statistics on construction. He said he believed there was a major error in the TSAC's Exhibit F because it estimated 32 million square feet in retail would be built. He said there was only 50 million square feet in existing retail space in the metropolitan area. He said he was told that retail construction last year totalled 9,000 square feet. He said the number given was likely six to ten times higher than the real estimate. He said agreed with previous testimony given and said it would be worth Metro's time to research all the fees that developers did pay now.

Councilor Hansen said developers did not build to lose money and that they paid to mitigate building on wetlands when that happened. She said developers should pay for the cost of doing business within the community.

Jon Chandler, Common Ground, Homebuilders Association, 15555 SW Bangy Road, Lake Oswego, said he was a staff attorney for the Homebuilders Association (HBA) chastised the Council for a flawed process. He said the Council should have given the TSAC more direction and had a clearer idea of what the process would be and how it would be conducted. He said home builders had just as much interest in planning and livability issues as other parties did and discussed the HBA's efforts to maintain livability in the region.

Mr. Chandler and the Council discussed the issues further. Councilor Devlin discussed various broad-based taxing options and their possibilities. He said there was no broad-based tax that would be acceptable to the public at this time. Mr. Chandler said the TSAC had discussed the same issues with him. He said Metro should be very sure of what the public wanted before it asked Metro to support it. The Council and Mr. Chandler discussed the issues further.

John Rumpakis, COMPA president, 3440 NE 41st, Portland, said it was interesting that Metro was asking for additional funding when it had moved its headquarters to a lavish, new building. He discussed other governments and their planning efforts. He said Metro stood for consolidation and efficiency in the region. He asked why Metro could not charge each jurisdiction a user fee and tell jurisdictions they could eliminate one or more staffers via the savings received from Metro. He said he understood Metro's desire to do visionary planning for the next 50 years. He expressed opposition to niche taxes. He said he was for good, strong planning, but said all those using planning should pay for it. He said he had opposed the Tri-Met payroll tax also. He urged the Council to sell the idea of planning. He said not to segregate part of the population and make them pay for planning.

Mary Tobias, Tualatin Valley Economic Development Corporation (TVEDC), 10200 SW Nimbus St., Tigard, said the Council had conducted the process backwards. She said it should have determined what the budget would be first and then researched financing options if necessary. She said the Charter Committee's original intent was to set up a committee similar to a budget advisory committee. She said the Joint Policy Advisory Committee on Transportation (JPACT) and the Regional Policy Advisory Committee (RPAC) were really valuable planning items and said she would be willing to pay for their operations with a regional sales tax. She said she was not sure that an initiative could not now be passed to dissolve Metro because of the attitude displayed at this meeting. She said growth was good and that it was best not to test the electorate in such incendiary times.

Councilor McLain told Ms. Tobias she could help the Council by not creating barriers and said attacking the process at this meeting created a barrier. She said she did not believe circumstances were so dismal as Ms. Tobias had portrayed them.

Councilor Kvistad concurred with Ms. Tobias about the attitude taken toward some of the testifiers.

METRO COUNCIL

November 23, 1993

Page 11

Councilor Devlin said there was a difference between dedicated and discretionary revenue. He said Metro had asked the local governments to give one year of local dues and had convinced the federal government to give some funding for the Region 2040 Program. He said that the excise tax was becoming a burden for the services it had been placed upon. He and Ms. Tobias discussed the issues further.

Presiding Officer Wyers asked if any other persons present wished to testify.

No other persons appeared to testify and the public hearing was closed.

Councilor Monroe said he would hold various meetings with local governments and testifiers at this meeting tonight in addition to other parties, but said the Finance Committee had no plans to review actual revenue sources until after the budget process and then only if Metro had determined a need for additional revenue.

Councilor Gardner said it was obvious the Council needed more in-depth information and said that could be gathered before the FY 1994-95 Budget process began. Councilor McLain said she supported the concept of base budgets and addendums, but said the Finance Committee had to decide how to pursue a revenue source if it was needed. Presiding Officer Wyers said she could appoint a small task force of Councilors to determine what process should be used. Councilor Gardner said the Council did not have to go through the whole budget process to determine if more funds were needed for planning functions because the Council went through the same process last year. He said Metro would need more money this year. He said last year, the Council as a whole committed to working on these issues before it embarked on the FY 94-95 budget process. He said the Council should get work on the issues going on a parallel track. Presiding Officer Wyers said the Council did not require a two-track process and said not everyone agreed about the level of need. Councilor Devlin said more funds were needed for planning. He said a large portion of such funds would be to replace existing revenue this year that Metro would not have next year. Presiding Officer Wyers said there were many different issues to be worked on, especially the dues issues.

All business having been attended to, Presiding Officer Wyers adjourned the regular meeting at 9:20 p.m.

Respectfully submitted,



Paulette Allen
Clerk of the Council
MCMIN93.327