

Charter: Local officials seek advisory role

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about 36 cities, counties and special districts that have banded together to keep a close watch on the charter committee.

"That's what Metro can do that we can't," McRobert said.

The group wants a strong Metro with a broad grant of powers. But in exchange, it wants a seat at the table.

"As long as I have a process, I don't care about structure," McRobert said.

The problems come in defining what is regional, and under what circumstances the government can take on new services.

For example, the charter committee's outline says Metro could get involved in the regional water supply or park business with a simple majority vote of the council. Current statutes say Metro has to get voter approval to add those functions.

Local governments have recommended creation of a regional advisory committee consisting of local officials that would study new Metro functions. A two-thirds majority of this group and a two-thirds majority of the council would be required for the agency to embark on any new services without a vote of the people.

Sen. Ron Cease, D-Portland, a charter committee member, said the two-thirds requirement would make it virtually impossible for Metro to use the broad grant of authority that local officials say they want the government to have.

Charter committee member Frank Josselson launched a strongly worded attack on the local govern-

Hearings set on Metro charter

Here's a list of upcoming hearings of the committee reviewing Metro's charter and the groups invited to testify. Time will be available at the end of each meeting for the public to testify.

● Wednesday, 5 p.m. to 9 p.m., Room 602, Multnomah County Courthouse, Portland Metropolitan Area Chamber of Commerce, League of Women Voters, Portland Metropolitan Area Local

Boundary Commission, City of Portland.

● Thursday, 6 p.m. to 9 p.m., conference room, Wilsonville Community Development Annex, 3454 S.W. Ellingsen Road, Tri Met, Citizens Crime Commission

● Thursday, Jan. 30, 6 p.m. to 9 p.m., Room 440, Metro, 2000 S.W. First Ave. Metro councilors and the executive officer.

ment proposal, saying that local officials had initially wanted a charter that would limit Metro's powers and now they had completely changed their minds after he had worked so hard to put their desires into the charter.

Josselson said a broad grant of authority to Metro would create "more suspicion and no progress, or progress imposed from the top down."

That prompted an emotional reaction from Mary Tobias, former mayor of Sherwood and a representative of Washington County cities on the committee.

"I'm absolutely livid," Tobias said. She said Josselson's remarks did not represent the views of the committee.

McRobert acknowledged that many local officials started out fearing a stronger Metro. "But we trust Metro more than the charter com-

mittee, at this point," she said.

The Metropolitan Service District Council has adopted a resolution also calling for a more general approach, but councilors can be expected to bristle at giving other elected officials veto power over their decisions.

Charles Hales, executive director of the Homebuilders Association of Metropolitan Portland and a charter committee member, said the committee's charter proposal contains a lot of specific detail because members are worried that the regional government will fail to act quickly to deal with growth without clear direction to do so.

Rena Cusma, Metro executive officer, said in an earlier interview she would support some kind of role for local governments, but not necessarily the approach recommended by the other local governments.

As a practical matter, Cusma

said, Metro can't do anything without the approval of other local governments.

"Having authority and using it are two different things," she said.

There's little dispute that the regional government should continue to provide the services it does now — garbage disposal, regional transportation planning, and operating the zoo, convention center and Performing Arts Center.

In addition to an outline of possible functions for the regional government, the charter committee has offered some choices for the government's structure. But it has not discussed in any depth the topic likely to generate the most public heat: taxes.

Options abound regarding the structure of the government. Major issues include whether the executive should be appointed or elected, how many councilors should there be, and whether they should be part time or full time.

Another option would limit the Metro Council to setting overall policy and dealing with planning issues, with all services handled by independent commissions, in the manner of the current Metropolitan Exposition-Recreation Commission. A Portland Metropolitan Chamber of Commerce committee and some members of the charter committee have promoted versions of this idea.

The notion appalls Cusma, who sees it as an effort to take government out of the hands of elected officials. She calls it "government of business, by business and for business."

Political maneuvering, clout play key roles in PERS policies

By JEFF MAPES
of The Oregonian staff

Some \$55 million a year was on the table when the Oregon Public Employees Retirement Board held a tense meeting in Portland in August 1990.

After a decade of spectacular investment growth in the state's retirement fund, then-Gov. Neil Goldschmidt insisted that it was time the taxpayers start seeing some savings.

"These earnings were getting turned around in each legislative session and put into increased benefits," said former state Budget Director Jon Yunker, who sat on the retirement board at the time.

At the governor's direction, Yunker pushed for a cut of more than 9 percent in the \$630 million a year that state and local governments and school districts pay into the retirement system.

The move sparked a bitter debate as opponents fretted about having enough to afford future benefit changes.

Yunker's proposal was defeated on a 3-4 vote. But a month later, the board was finally persuaded to reduce the amount employers pay under the condition that the decrease be delayed until July of this year.

Welcome to the politics of the Oregon Public Employees Retirement System. The system deals with staggeringly large sums of money — the retirement fund totals more than \$12 billion — but operates with little public attention.

Supporters praise the retirement system for being well-managed and careful to have enough money to pay future pension obligations.

But critics say it is an overly generous system that operates with few checks and balances.

"I'd call it a system of no brakes," argued Portland City Auditor Barbara Clark.

Clark and other critics contended

the retirement board has been reluctant to lower employer rates paid to the Public Employees Retirement System. Instead, the board has kept the rate up while the public-employee unions have gone into the Legislature every session to win improved benefits.

Former state Sen. Mike Thorne, who co-chaired the Legislature's Joint Ways and Means Committee from 1985-89, said he faced constant pressure to approve bills increasing PERS benefits.

Thorne said the pressure became intense after the state agreed in 1979 to pay the entire cost of retirement system contributions in lieu of a pay raise for state workers that year. Before that, employees contributed 6 percent of their salary to the system.

With the cost borne entirely by the state, there was little incentive from employee unions to hold down the cost of the public retirement system, Thorne argued.

And the legislators themselves have a big interest in the retirement system. In 1975, the Legislature granted itself the more generous retirement formula given public-safety employees.

Phil Lang, who was House speaker at the time, said he and the late Jason Boe, who was Senate president, were trying to professionalize the Legislature and thought higher pension benefits would help make up for the low salary.

In the last decade, the Legislature has lowered retirement ages, provided partial health benefits to retirees and given an ad hoc raise to retirees on top of the annual 2 percent increase.

Altogether, these changes raised benefits that had an equivalent cost of 3.24 percent of payroll. That amounts to about \$115 million a year.

Union officials defend the benefit increases, saying that many of the changes may actually save money for the state. For example, providing some health benefits to retirees helps spur earlier retirements,

reducing salary costs as new workers replace them at a lower wage level, they say.

But the politics of Public Employees Retirement System has increasingly led critics to argue that the state should follow the lead of private industry and go to so-called "defined contribution" plans.

Those are similar to 401(k) plans in which a retiree gets the amount put in the plans, plus any investment earnings. While the system has some options allowing retirees to get extra benefits from investments, it is basically a "defined benefit" plan. That means retirees get a pension based on their years of service and their three highest salary years.

With a defined-contributions plan, "there's no opportunity to manipulate the system" by lobbying the Legislature for higher benefits, said Rick Gustafson, a former legislator and the first chief executive of the Metropolitan Service District.

Gustafson set up a defined-contributions plan for Metro employees. However, Metro is returning to the PERS system, despite its higher cost, because the agency is having trouble attracting experienced public employees who don't want to leave the public retirement system.

But union officials said they will strongly fight any attempt to change the system, despite the fact that any changes can only affect new hires. (This means benefits of the 57,000 retirees and the 122,000 government workers in the public employees' retirement plan cannot be changed.)

"Where's the incentive to be a long-term state employee if you have a second-class pension plan?" asked Dawn Morgan, president of the Oregon Public Employees Union.

House Minority Leader Peter Courtney, D-Salem, sent a newsletter to his fellow Democrats warning them of the political dangers of supporting changes in the pension system.

"I'm just not messing around with PERS," said Courtney. "I'm very reluctant to get into that."

Metro charter panel seeks public input

□ The committee begins a series of meetings to find out what people think of its proposals for the regional government

By JAMES MAYER
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of The Oregonian Staff

A Metropolitan Service District charter could give the nation's only elected regional government broad powers to deal with such issues as urban growth, water supply and open space.

Or it could place new limits on a bulging bureaucracy whose budget has grown by 500 percent in the last five years.

The charter, bound for the November ballot, will describe what the regional government should do, and how it should go about doing it.

A 16-member committee charged with writing the charter began a series of hearings Saturday at Portland State University to find out what the public thinks of its work.

Probably the single biggest philosophical question to resolve is this: Should the charter attempt to list all the potential functions of the government, or should it instead describe some general principles and methods for making decisions?

The committee's approach so far has been to attempt an exhaustive list of dos and don'ts. However, a powerful coalition of other local governments opposes this approach. So do current Metro officials.

"The mission of Metro should be to protect the livability of the region," said Gusnie McRobert, mayor of Gresham and a member of the Regional Governance Committee, a group consisting of



McROBERT

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