

MINUTES OF THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

May 3, 1990  
Special Meeting

Councilors Present: Tanya Collier (Presiding Officer), Gary Hansen (Deputy Presiding Officer), Lawrence Bauer, Roger Buchanan, Tom DeJardin, Richard Devlin, Jim Gardner, David Knowles, Ruth McFarland, Mike Ragsdale and George Van Bergen

Councilors Absent: Judy Wyers

Presiding Officer Collier called the meeting to order at 5:30 p.m.

1. INTRODUCTIONS

None.

2. CITIZEN COMMUNICATIONS TO COUNCIL ON NON-AGENDA ITEMS

None.

3. EXECUTIVE OFFICER COMMUNICATIONS

(Presented immediately following Agenda Item No. 5.) Executive Officer Rena Cusma introduced recently hired Personnel Manager Karen Delaney.

4. MINUTES OF FEBRUARY 22, 1990

Motion: Councilor Van Bergen moved, seconded by Councilor Buchanan to approve the minutes of February 22, 1990.

Vote: The ten councilors present voted in favor of the motion. Councilors DeJardin and Wyers were absent.

The motion carried.

5. REPORT ON PERFORMANCE AUDIT

Presiding Officer Collier explained that by adoption of Resolution No. 89-1030, the Council accepted the performance Auditing Plan prepared by Talbot & Korvala. She said that plan identified Metro support service functions among a list of activities to be initially evaluated in a performance audit. Resolution No. 90-1214 subsequently approved a three-year contract with KPMG Peat Marwick to perform performance audits for the District. Presiding Officer Collier said that the contract's

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initial scope of work for FY 1989-90 was a review of several support service functions of the District and that the auditors' final report had been previously distributed to councilors. She said that Peat Marwick representatives Bob O'Neill and Hal D'Ambrogia would review the report and findings with the Council.

Councilor Gardner then explained that the audit had been conducted in two phases--Phase I was an overview of the operation of the entire Finance and Administration Department with recommendations on where specific efforts should be concentrated during Phase II. Councilor Gardner said that the Phase I report had been presented to the Finance Committee in March, 1990 and that the Committee had approved the report's recommendations for areas of in-depth audit.

Messrs. O'Neill and D'Ambrogia said that in their analysis they had reviewed the organization, staffing, overall management and day-to-day management of the Department. They then summarized the findings contained in their report titled "Report to the Metropolitan Service District Council Regarding the Performance Audit of the Finance and Administration Department, Final Report, May 3, 1990" which has been filed with the official record and is hereby incorporated in these minutes by reference.

During their review, Messrs. O'Neill and D'Ambrogia pointed out that staffing for the Finance and Administration Department had not grown at the same rate as the Department's responsibilities. Therefore, the Department has had to prioritize activities and perform some activities less frequently than desired. They said that they recommended additional staff in the areas of Accounting, Data Processing and Personnel.

Messrs. O'Neill and D'Ambrogia said that in regard to the Metro/ERC consolidation, they felt that additional areas that warranted further consideration were payroll, vendor payments, bank accounts, fixed assets and construction management oversight. The audit team also recommended streamlining the contracting procedures and consolidating procurement.

Councilor Bauer asked if any major shortfalls were noted between checks and balances and fiscal controls. Mr. O'Neill replied there were not, however in some areas the controls were deemed insufficient for the level of risk. In response to Councilor Bauer's questions regarding whether any discrepancies of procedures, ethics or administrative policy were observed in the area of contracting. Mr. O'Neill said that the only discrepancy noted in contracting concerned time required to process contracts.

Councilor Gardner asked Mr. O'Neill if his recommendations for support services staff for Metro ERC were consistent with the Council Budget Committee's recommendation. Mr. O'Neill said that they were.

**6.1 RESOLUTION NO. 90-1257, FOR THE PURPOSE OF APPROVING THE FY 1990-91 BUDGET AND TRANSMITTING THE APPROVED BUDGET TO THE TAX SUPERVISING AND CONSERVATION COMMISSION**

**Motion:** Councilor Gardner moved, Councilor Bauer seconded to suspend the Council's rules regarding non-referred resolutions introduced at the Council level be referred to a committee in order that the Council as a whole could consider Resolution No. 90-1257.

**Vote:** The eleven councilors present voted in favor of the motion.

The motion carried.

**Motion:** Councilor Van Bergen moved, seconded by Councilor Gardner to adopt Resolution No. 90-1257 which included approval of the FY 1990-91 budget as recommended by the Council's Budget Committee and budget notes recommended by the Budget Committee and listed in the Budget Committee's report dated April 27, 1990.

Councilor Van Bergen then summarized the Budget Committee's written report and recommendations dated April 27, 1990 to the Metro Council, from George Van Bergen, Budget Committee Chair, regarding Budget Committee Report and Recommendations on the FY 1990-91 Budget, which has been filed with the official record and is hereby incorporated in these minutes by reference.

The Presiding Officer opened the public hearing. **Mr. Richard Ares, Metro ERC Commissioner,** requested that the Purchasing Coordinator position and the three personnel positions in the Metro ERC Management Fund be housed at the Commission facilities, and therefore, be funded in the Metro ERC fund. He noted that monies had been placed in contingency for additional legal services which would require Council action to appropriate. Mr. Ares said that he felt Metro General Counsel's approval would be more expedient and would be sufficient safeguard. He noted that there was a transfer of overhead costs of \$67,500 from the Metro ERC budget to the Metro budget. He requested that those funds be placed back in the Metro ERC fund.

The Presiding Officer appointed a task force consisting of Councilors Knowles, Gardner and herself to work with the City of Portland to reach agreement on the budget issues. The public hearing was then closed.

Councilor Bauer said that he felt that in the future, prior to budgeting, the Council should set goals. He said that those goals should then be the framework upon which the budget was built. He said that he was particularly concerned that funds had not been appropriated to staff the Bi-State Committee. Councilor Gardner pointed out that an additional Council Analyst position had been budgeted, and part of that person's responsibilities would be to staff the Bi-State Committee.

**Motion:** Councilor Bauer moved, seconded by Councilor DeJardin to appropriate \$6,000 for Bi-State transition funds in FY 1990-91 and to increase the excise tax by \$6,000 and increase Council Miscellaneous Professional Services by \$6,000.

**Vote:** The nine councilors present voted aye. Councilors Knowles, Wyers and Hansen were absent.

The motion carried.

Councilor Devlin referred to a memo dated May 2, 1990 to the Metro Council from Richard H. Carson, Director, Planning and Development Department, regarding FY 1990-91 Budget Adjustment. That memo has been filed with the meeting record and is incorporated in these minutes by reference. Councilor Devlin explained that an intergovernmental agreement with Portland State University for a natural areas inventory which had been budgeted in FY 1989-90 would not be completed within FY 1989-90, and therefore, the Department had requested a budget adjustment to reflect the expenditure in FY 1990-91. Councilor Devlin pointed out that the budget would need to be amended in several places per the budget sheets attached to Mr. Carson's May 2 memo.

**Motion:** Councilor Devlin moved, seconded by Councilor McFarland to amend Resolution No. 90-1257 to reflect budget adjustments for an intergovernmental agreement with Portland State University for a natural areas inventory per the memo dated May 2, 1990 from Richard Carson to the Metro Council regarding FY 1990-91 Budget Adjustment.

**Vote:** The nine councilors present voted aye. Councilors Hansen, Knowles and Wyers were absent.

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The motion carried.

Vote on Main Motion:            Nine councilors voted aye.  
   Councilor Ragsdale voted nay.  
   Councilors Wyers and Hansen were  
   absent.

The motion carried, and Resolution No. 90-1257 was adopted as amended.

Councilor Ragsdale explained that he had voted nay and requested the record reflect that the reason he voted nay was to reflect his disagreement over the Budget Committee's policy decision to set the dues level at \$.43 cents and the excise tax at 5 percent. Councilor McFarland said that she, too, disagreed with the Budget Committee's policy on the dues level and excise tax.

There was no other business, and the meeting was adjourned at 7:25 p.m.

Respectfully submitted,

*Gwen Ware-Barrett*  
Gwen Ware-Barrett  
Clerk of the Council

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