

MINUTES OF THE COUNCIL BUDGET COMMITTEE
OF THE METROPOLITAN SERVICE DISTRICT

March 18, 1991

Council Chamber

Committee Members Present: George Van Bergen (Chair), Judy Wyers
(Vice Chair), Richard Devlin, Sandi Hansen

Committee Members Excused: Roger Buchanan

Chair Van Bergen called the first meeting of the Budget Committee FY
1991-92 to order at 5:35 p.m.

1. SUPPORT SERVICES FUND

A. Fund Purpose and Overview

Jennifer Sims, Director of Finance & Management Information Department, presented staff's report for the Support Services fund, an internal service fund for central services which supported Metro operating units. She said overhead transfers to the fund were made by each department according to actual incurred cost based on the Cost Allocation plan. She noted the functions in the Support Services fund had been separated from the General Fund to distinguish functions based on demand from Metro general government functions such as the Council and Executive Officer. She noted a transfer in the Support Services fund to the Insurance & Building fund, and noted the fund also included a contingency amount for unanticipated departmental expenses.

B. Finance & Management Information Department

Ms. Sims provided an introduction to the Finance & Management Information Department, and said the department had been reorganized as authorized by the Council on February 28, 1991 into five divisions which included:

- 1) Accounting
- 2) Information Systems
- 3) Office Services
- 4) Financial Planning
- 5) Risk Management

Ms. Sims said the department included 29.5 FTE, and said current year department expenses were divided into two areas:

- a. Support Services fund
 - \$2.1 million
- b. Insurance fund
 - \$4.6 million (\$3.7 million in reserves)

(Continued)

Ms. Sims said the overall proposed budget requested:

- a. 11.5 FTE new regular positions
- b. 1.25 FTE temporary positions

Ms. Sims said the proposed budget requested additional contract services and a computer upgrade - total cost/ \$700,000. She discussed departmental growth, responsibilities, management needs and benefits to Metro. She outlined future financial issues such as Washington County System financing, short term funding deficits for Metro ER Commission and the ZOO, the Charter Commission, the Tri-Met study, the possibility of a new building purchase and moving Metro's offices, the need for a five-year financial planning, the Metropolitan Greenspaces program, and the Smith & Bybee Lakes Trust fund. She noted the proposed budget devoted 1% of Metro's net budget (which excluded the transfers) to Finance & Management Information requests.

o Accounting

Don Cox, Chief Accountant, gave staff's report for the Accounting Department, which he noted was responsible for all of Metro's accounts payable and accounts receivable transactions, all payroll transactions for Metro, which included MERC, financial reports and for departmental budgets and for auditors. He noted proposed budget request highlights:

1. \$100,000 in Materials & Services for the proposed Procedures Manual
2. 3 FTE:
 - a. 1 position, Data Entry
 - b. 2 positions, Junior Accountants

o Information Systems

LeRoy Nollette, Data Processing Administrator, gave staff's report for the department, which he noted was responsible for operation, maintenance and upgrade, technical support for Metro's large computer systems, the operating system, for Metro's major application which was the financial information system and support to Metro's computer functions. He said budget program request highlights were:

1. 1 FTE, Systems Analyst/Micro Computers & Networks
2. 1 FTE, Programmer
3. Additional .5 FTE, Secretary
4. Upgrade of A Series computer memory capacity

o Office Services

Ms. Sims gave staff's report for Office Services, which she noted was responsible for the operation of the Print Shop, Courier Service, office machine maintenance, and Administrative Assistant support to contract management. She noted budget program request highlights:

1. 1 FTE, Assistant/Print Shop
2. 1 FTE, Courier

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o Financial Planning

Bob Ricks, Senior Management Analyst, gave staff's report for Financial Planning, which he said was responsible for central coordination, preparation, monitoring of and implementation of Metro's annual budget, long range financial planning, credit/debt management, cash/investment management. He noted budget program request highlights:

1. 1 FTE, Associate Management Analyst
2. 1 FTE, Management Analyst Supervisor

C. Public Affairs Department

Vickie Rocker, Public Affairs Director, gave staff's report for the Public Affairs Department. Ms. Rocker said program areas in Public Affairs were management and administration, public information and media relations, graphic design and production, the Recycling Information Center and the promotion and education programs for waste reduction. She listed a range of support materials produced by Public Affairs for Metro departments. Ms. Rocker noted budget program request highlights:

1. 1 FTE, Secretary
2. large screen & compatible VCR for training sessions for Metro
3. 1 FTE, Graphics Designer
4. reclassification/upgrade for 3 Graphics positions
5. implementation of new Metro Communications Program

Janice Larson, Graphics Coordinator, gave further information regarding the Metro Communications Program plan, which she said was designed to raise the level of awareness of Metro within the region and to improve operations to provide better service to constituents. Ms. Larson noted implementation of the plan would produce cost savings over time for Metro by consolidation of functions such as stationery printing.

D. Office of General Counsel

Larry Shaw, Senior Assistant Counsel, gave staff's report for Office of the General Counsel, which he said represented Executive Management, the Council and Metro ER Commission in legal matters and was responsible for preventive law services for Metro. Mr. Shaw outlined Metro development projects and increased requests for services, and he noted budget program request highlights:

1. 1 FTE, Attorney

Councilor Devlin asked Mr. Shaw for information about the status of funds authorized by Council for outside legal services for MERC last fiscal year.

Councilor Wyers asked Mr. Shaw to give further information to the Committee concerning legal counsel work in Solid Waste rate provisions.

Councilor Hansen asked Mr. Shaw for documentation which compared costs saved by Metro preventive law services to costs otherwise projected.

Mr. Shaw said he would provide reports to the Committee on the questions.

E. Personnel Department

Kim Huey, Acting Personnel Manager, gave staff's report for the Personnel Department, which she said was responsible for the human resources function for Metro, which included classification, recruitment and selection; benefits administration; labor and employee relations; collective bargaining; affirmative action and Equal Employment Opportunities compliance; and training. She noted budget program request highlights:

1. 2 FTE, Assistant Management Analysts / entry level
2. \$30,000 for Metro agency wide training
3. \$20,000 for Employee Assistance program

F. Regional Facilities Department

Neil Saling, Regional Facilities Department Acting Director, gave staff's report for the department, which he said was divided into four divisions and he noted budget program request highlights for each division:

- 1) Facilities Development - 4.1 FTE / \$28 million;
- 2) Facilities Construction - 4.3 FTE / \$389,000;
- 3) Facilities Management - 5.6 FTE / \$910,000;
- 4) Procurement Management - 4.5 FTE / \$297,000.

Mr. Saling noted the decision regarding Metro headquarters would impact construction assets and contract management assets which were part of the Facilities Development division budget. He noted that the Building Management function was embodied in the Construction portion of the Regional Facilities Department, which was Agenda item no. 2.

In response to questions from Councilor Hansen, Ms. Sims said she would provide information to the Committee regarding hours of overtime for staff other than professional staff. She said the proposed funding for a Courier also included a vehicle, and that the Courier position would provide both regularly scheduled and unscheduled deliveries for Metro facilities.

In response to a question from Councilor Devlin, Ms. Sims said budget requests in the areas of regulatory and compliance issues would be essential to Metro.

In response to questions from Councilor Hansen, Mr. Cox said the proposed Procedure Manual would take two forms: 1) instructions to the

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Accounting Department for generation, use and authorization required for Metro forms; 2) instructions for use of computer on-line systems and forms by Administrative staff in other Metro departments. He noted also that the Procedure Manual in present use in the Accounting Department had not been updated since 1984. Mr. Cox said also that the Accounting Department needed additional staff to be cross-trained as back-up on Accounting computer system.

In response to a question from Councilor Hansen, Ms. Huey said she would provide for the Committee a summary of job descriptions for the series of Metro job categories. Donald E. Carlson, Council Administrator, said the Classification Plan in the Metro Code would also provide information which related to job positions in the budget.

Ms. Huey responded to a question from Councilor Devlin, and stated the Employee Assistance program should be considered a necessity to be used in crisis cases with short term counseling available to Metro employees, and said that a Wellness program in comparison would be considered a luxury.

Ms. Huey said she would provide the Committee with information regarding the percentage of minority staff employed by Metro in response to a question from Councilor Hansen.

In response to a question from Chair Van Bergen Ms. Sims noted that additional space would be available as leases terminate in the present Metro headquarters, and said additional staff and equipment would be housed in Metro Center.

Chair Van Bergen called a recess at 6:58 p.m.

The Committee reconvened at 7:08 p.m.

2. INSURANCE FUND

Ms. Sims responded to a previous question from the Committee regarding Metro's reserve funds, and said that the proposed structure would establish accounts to which each operating unit would contribute. She said the entirety of the reserve as proposed could be accessed by an operating unit if needed, and that the unit would be accountable for the replenishment of their share. She said the Committee had inquired whether all reserve funds could be placed into one common fund, which would reduce the accounting burden and would enable operating units to share equally once the initial risk contribution was made. Ms. Sims said that legal counsel had advised this would be feasible, and noted that the reserve would be an estimated charge for service based on exposure.

Ms. Sims responded also to a previous question from the Committee concerning how a single occurrence such as a \$1 million car accident claim could adversely affect a small department. Ms. Sims indicated that special coverage costs were prohibitive, but said that a common fund reserve such as formerly discussed would be beneficial in such an instance.

Ms. Sims noted a letter had been received by Metro from City of Portland Risk Manager, Fred Cuthbertson, which discussed the possibility of combining with Metro in a self-insurance program. She noted also that a subsequent letter had been written to the Executive Officer by Mayor Clark which asked that Metro evaluate such a proposal.

Chair Van Bergen asked that the Committee be provided with a report on the matter. Ms. Sims responded to a question from Councilor Devlin, and noted that the adoption of the budget would implement the Risk Management program. She said that a four year plan would be provided to the Committee.

3. COST ALLOCATION PLAN

Ms. Sims presented staff's report for the Cost Allocation plan and referred to the appendix, page 830 of the budget document. She said the department maintained over the calendar year detailed records of time spent, copies made, miles driven, personnel actions processed, and accounting transactions performed, and said these were the basis for allocation of costs.

In response to a question from Chair Van Bergen, Ms. Sims said the computer financial management system acquired at a cost of \$600,000 was completely installed and was operating successfully, and noted that the department wanted to further tailor the system to Metro's needs.

4. GENERAL FUND

A. Fund Purpose and Overview

Ms. Sims noted the levy rate for the excise tax had been set at 5.61%. Councilor Devlin noted also the projected tax revenue was projected at 5.44%, and staff and the Committee discussed the difference in the margin this year and last year. Ms. Sims noted the excise tax was a new revenue source.

In response to a question from Councilor Devlin, Ms. Sims said she would provide a report for the Committee regarding the proposed contingency of \$375,800 FY 1991-92 as compared to \$100,000 contingency FY 1990-91.

B. Executive Management Department

Dick Engstrom, Deputy Executive Officer, gave staff's report for Executive Management, which he said was responsible for overall management and coordination of Metro's programs and projects, administrative policy formulation and recommendations to the Council, the Office of Government Relations, coordination and management of liaison with Council which he said included agenda coordination and management, and liaison with citizens, committees and study groups formed around Metro. He highlighted budget program requests:

1. \$156,000 / Tri-Met merger study
2. 1 FTE, Senior Management Analyst
3. .75 FTE FY 1991-92 / Manager, Office of Government Relations

Councilor Devlin asked Mr. Engstrom for a comparison in cost savings for the Office of Government Relations whether the contract was continued or budgeted for Metro staffing at .75 FTE plus associated materials and services costs.

In response to a question from Councilor Wyers, Mr. Engstrom said bar dues were paid for an attorney hired by Metro.

Chair Van Bergen asked Mr. Engstrom to relay to the Chair any concerns throughout budget proceedings.

C. Council Department

Mr. Carlson presented staff's report and identified three program areas:

- 1) General administration
- 2) Policy making and program oversight
- 3) Performance audit

He noted the Council budget was increased approximately 11% from FY 1990-91, and noted proposed budget request highlights:

1. convert a temporary office assistant to .75 FTE secretary/clerical position
2. \$100,000 election expenses / Charter Commission

Councilor Hansen said the full Council might want to consider lifting the present per diem cap for Councilors. Mr. Carlson said he would provide copies of the resolution which set forth the guidelines for Council expenditures. Chair Van Bergen noted the Committee should coordinate the matter with the Presiding Officer.

Mr. Carlson said that detailed analyses which compared actual costs and budget proposals for FY 1990-91 and FY 1991-92 along with questions would be provided to the Committee for Phase II.

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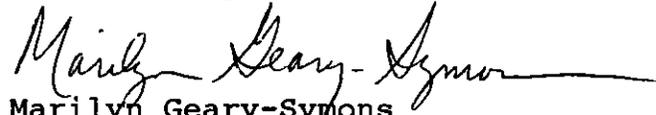
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The Committee and staff discussed the benefits and drawbacks of detailed budget review with each department vs. across the board budget cuts and the objectives of the Budget Committee.

The Budget Committee meeting adjourned at 8:05 p.m.

Respectfully submitted,


Marilyn Geary-Symons
Committee Clerk