

MINUTES OF THE METRO/TRI-MET MERGER SUBCOMMITTEE
OF THE COUNCIL INTERGOVERNMENTAL RELATIONS COMMITTEE
OF THE METROPOLITAN SERVICE DISTRICT

September 18, 1990

Room 440

Subcommittee Members Present: Jim Gardner (Chair), Richard Devlin, Ruth McFarland and Executive Officer Rena Cusma

Subcommittee Members Absent: Loren Wyss, Tri-Met Board of Directors President

Others Present: Councilor George Van Bergen and Andy Cotugno

Chair Gardner called the fourth Subcommittee meeting to order at 5:36 p.m.

1. Worksession with Consultants to Develop Final Scope of Work for Metro/Tri-Met Merger Study

Sumner Sharpe, Cogan Sharpe Cogan (CSC), introduced Larry Custer, also of CSC, and Kent Franklin, Management Technology Associates (MTA), CSC's subcontractor.

Mr. Sumner discussed various approaches to take with regard to the proposed merger between Metro and Tri-Met. He said Metro could assume the merger was a foregone conclusion and look at alternative models. Or, he said, Metro could identify costs and benefits and advantages/disadvantages and then decide if it were appropriate to proceed with the proposed merger. He said the Subcommittee could stop or proceed dependent on the merger services contract's findings. He said the study should maintain as much objectivity as possible. He said there were several models available the Subcommittee could discuss and decide upon as models for the proposed merger.

Councilor McFarland said she discussed the proposed merger with Metro General Counsel Dan Cooper. She said she knew Metro could legally absorb Tri-Met, but said CSC should determine if such a merger had more negative than positive aspects as well as determining if the reverse were true also.

Mr. Sharpe said he understood the first priority was to determine the costs and disadvantages of the proposed merger. Chair Gardner said the Metro Council wanted to know costs and what the potential models were. Mr. Sharpe said it was advisable to determine costs/disadvantages first because one large negative factor could be enough to rule out the proposed merger and said it was important to determine all the issues. Councilor McFarland said it had been estimated by the Mayor of Gresham it would cost \$4 million to put all Tri-Met employees in the Public Employee Retirement System (PERS). She said the Council required specific facts on the benefits factor alone.

Councilor Devlin concurred with Councilor McFarland and said the study should objectively measure the advantages and disadvantages of appointed versus elected officials in an oversight capacity. Mr. Sharpe said that type of analysis assumed a departmental model and that CSC could find examples of that scenario. He noted transit agencies usually acted as specific bodies and Metro represented an unusual entity in that it was regional and administered a variety of functions. He said the structuring decisions would arise when discussing models.

Councilor Devlin referred to the transition approach. Mr. Sharpe said that approach raised the issue of how to phase the merger. He said if the Subcommittee decided to pursue the proposed merger, concerns about PERS and from Tri-Met had to be identified. He said the state legislature could be asked to act on some aspects if necessary.

Councilor McFarland asked how the different boundaries could be resolved and said Metro would not change its boundaries. She asked how difficult it would be to change Tri-Met's boundary. Mr. Sharpe said the work plan assumed several things. He said as laid out in the proposal, the time line and budget were tight. He assumed there would be timely cooperation from Metro and Tri-Met. He assumed data received would be based on as much work already performed as possible, rather than CSC gathering its own data base with which to work. He said this study dealt with the proposed merger at the mid level and not at the beginning. He said if the Subcommittee desired more detail, it would take more time at further cost. He said CSC would finalize the project schedule after this meeting with Metro staff and begin the financial analysis.

Mr. Sharpe noted the Scope of Work had already started late and CSC would begin financial and management analysis immediately. He said CSC would contact interested parties outside of the agencies involved. He said CSC's goal was to return to the Subcommittee in the third or fourth week of October with a report and would send memorandums in the interim.

Chair Gardner said the end date for the merger services contract was mid January but said the study had to be completed by the end of 1990. Mr. Sharpe asked why the end of 1990 was important. Chair Gardner said 1) The Subcommittee's charge was to complete its work and report to Council by that date; 2) Metro should make its decision before the legislative session began in case legislative changes were needed or legislative language had to be drafted; and 3) If there was opposition to the proposed merger, Metro should complete its work quickly. Executive Officer Cusma noted January 1991 there would be several new Metro Councilors and it would be unfair to burden them with issues on the proposed merger. Chair Gardner said the Subcommittee could speed up the decision-making process at the end.

The Subcommittee and Mr. Sharpe discussed quorums, advance time for public notice, full presentations, evaluation of alternatives/scenarios and data assessment.

Chair Gardner noted many of the issues were evaluated by the 1988-89 Interim Task Force on Regional Governments chaired by Senator Glenn Otto. He said CSC should talk to citizen advocacy groups, transit groups and the Tri-Met unions. Councilor Devlin suggested CSC identify interest groups to get broad regional representation. He suggested CSC select two or three cities in each county and talk to their planning and development staff people to get their views on transit as they pertained to their geographic location.

Councilor McFarland noted Wilsonville and Damascus removed themselves from Tri-Met's boundaries, but were within Metro boundaries. Mr. Sharpe said CSC would investigate that aspect and asked if CSC should contact chambers of commerce in Beaverton and similar cities. Chair Gardner suggested CSC talk to large payroll tax payers. Mr. Sharpe said he would make a list of contacts to show Metro staff. Councilor McFarland noted enabling legislation dealt with the boundary issues and if Metro annexed Tri-Met, annexation would settle the question also. Chair Gardner said many questions were legal in nature and General Counsel Cooper would review them. Councilor Devlin said it would be helpful to look at the Tri-Met Board of Directors long-term goals and also a study completed a year ago on urban mass transit. He asked what had been done to implement that study. He said that study would help to determine if providing arterial or circumvential transportation would become pertinent to the decision to merge or not.

Executive Officer Cusma noted PERS-issues were not just cost issues and discussed issues of employee and retirement benefits, specifically costs of not including Tri-Met employees under PERS with regard to turnover and other related issues. She said contracting issues were controversial. Executive Officer Cusma discussed the suburban services issue and more specifically how it related to Metro's MPO responsibility. Mr. Sharpe said salary scales and levels regarding buy-in/buy-outs were also issues.

Chair Gardner said the Subcommittee needed a fairly specific look at the amount of transit planning done by both agencies and if duplications existed. Executive Officer Cusma said logical points of duplication between the two agencies should be assessed and whether cost savings were possible through consolidation. Councilor Devlin said JPACT's role should be assessed with regard to their coordination with any structure. He asked if there would be a decision-making role for them if a merger took place.

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Councilor Van Bergen suggested Mr. Wyss draft a letter to Tri-Me so that second and third level people get a "license to function and are able to provide CSC with the information needed in a timely fashion."

Chair Gardner adjourned the Subcommittee at 6:04 p.m.

Respectfully submitted,



Paulette Allen
Committee Clerk
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