

MINUTES OF THE COUNCIL MANAGEMENT COMMITTEE  
OF THE METROPOLITAN SERVICE DISTRICT

August 20, 1987

Committee Members Present: Tanya Collier, Tom DeJardin  
(alternate\*), Jim Gardner, Gary Hansen  
and Sharron Kelley

Committee Members Absent: Larry Cooper and David Knowles  
(alternate\*)

Chairman Gardner called the meeting to order at 5:30 p.m.

1. Consideration of Minutes

Motion: Councilor Kelley moved, seconded by Councilor Hansen,  
to approve the minutes of July 16, 1987.

Vote: A vote on the motion resulted in all four Councilors  
present voting aye. Councilors Cooper and Collier  
were absent.\*

The motion carried and the minutes were approved.

2. Consideration of an Amendment to the Contract with Weiss,  
DesCamp, Botteri & Huber for General Counsel Services

Ray Phelps, Finance & Administration Director, reviewed staff's  
written report. He explained that Richard Botteri had been retained  
to perform General Counsel services until the vacant Counsel posi-  
tion was filled. Contract costs had been higher than anticipated  
because the Counsel recruitment process was extended. The position  
had been filled by Daniel B. Cooper who would start work on  
September 1.

Motion: Councilor Hansen moved, seconded by Councilor  
DeJardin, to approve the contract amendment.

In response to Councilor Kelley's question, Mr. Phelps explained  
that some of the work covered under the contract amendment had  
already been performed. Staff had requested approval of the amend-  
ment at the earliest possible time. Additional costs would not  
exceed \$25,000, he said. The bulk of Mr. Botteri's work had been in  
preparing an analysis on the impact of Senate Bill 629.

\*NOTE: Alternates' attendance is not mandatory unless a three-  
member quorum is needed. Absent alternate members are not listed in  
voting records.

Vote: A vote on the motion resulted in all five Councilors present voting aye. Councilor Cooper was absent.

The motion carried and the contract amendment was approved.

3. Consideration of an Amendment to the Contract with Stoel Rives Boley Jones & Grey for Resource Recovery Project Bond Counsel Services

Debbie Allmeyer, Resource Recovery Project Coordinator, reviewed the need for the contract amendment. She explained that Ed Einowski, the principle bond counsel on the project, had been asked by the Executive Officer to join the project negotiation team. Those additional services had not been anticipated in the original contract. The original contract had also not anticipated that negotiations would occur with three mass incineration vendors and that a preliminary negotiation phase be required. The requested \$45,000 amendment would cover additional costs.

A discussion followed about the difference between the services of bond counsel and general counsel services for the resource recovery project negotiations. Ms. Allmeyer explained Mr. Einowski's bond counsel services were valuable in discerning the veracity of costs proposed by vendors. Because the negotiations were heavily oriented toward finance and risk, his background was essential. Dean Gisvold, general counsel, served the negotiation team by providing advice on tax law and general legal matters.

Councilor Gardner asked why staff had not anticipated Mr. Einowski's services when the FY 1988 budget was being prepared. Ms. Allmeyer replied the budget had been prepared assuming a small negotiation team. However, top management later decided Metro would be better served to use the best negotiating team possible. Gersmann, Brickner & Bratton (GBB), project consultants, had also advised a broader negotiation team during the preliminary negotiations and a smaller team to negotiate Memorandums of Understanding (MOU).

Councilor Collier was concerned that project attorneys were billing at top rates for government services. She challenged staff to reduce project expenses by limiting the number of negotiation team members and to seek counsel willing to reduce fees for government service. Ms. Allmeyer reported that Stoel Rives Boley Jones & Grey had reduced its hourly rate from \$175 to \$135 for Metro's project.

Councilor Gardner said he was concerned the contract amendment did not contain the condition required in the original contract which had allowed for 60 percent of the attorney's billings to be deferred until project bonds were issued. Ms. Allmeyer explained she had not been able to retain that provision in the amendment but because Mr. Einowski's services were much in demand by other clients.

Main Motion: Councilor Hansen moved to approve the contract amendment and Councilor DeJardin seconded the motion.

Councilor DeJardin supported approving the amendment, explaining Metro would need expert assistance to negotiate a successful project.

Councilor Kelley acknowledged Mr. Einowski's services were valuable and necessary, but said she hoped a compromise could be reached to limit the size of the negotiating team for the MOU phase. Ms. Allmeyer replied the Committee could require staff to return to the Committee at the end of the preliminary negotiation phase before the contractor could continue with additional work.

Motion to Amend: Councilor Kelley moved to require the Council to evaluate the project before commencement of the Memorandum of Understanding negotiation phase.

The motion died for lack of a second.

Councilor DeJardin urged the Committee not to take any action that would weaken or limit the negotiation team. The Committee's role was to set policy and not to manage the project, he said.

Councilor Hansen agreed with Councilor DeJardin. He added the Council had historically been uneasy about departments managing legal service contracts independent from General Counsel oversight and hoped with a new General Counsel in place, centralized control would occur. He also suggested the Council Solid Waste Committee review the size and scope of the negotiation team before the project entered into the MOU phase. The bottom line, he said, was for Metro to put together the most effective negotiation team possible.

Motion to Amend: Councilor Kelley moved, seconded by Councilor Hansen, to require staff to return to the Council Management Committee with a report on the status of the Stoel Rives Boley et al. contract before commencement of the Memorandum of Understanding phase.

Councilor DeJardin again advised the Committee not to engage in an administrative level of review. The Council's proper role for control was in oversight of the budget, he said.

Councilor Gardner said he was tiring of the argument that because the resource recovery project was so important and large, the increased expenses were justified. He advised staff to control total project costs. He said he would oppose the amendment because it would not serve to control project costs.

Councilor DeJardin said he hoped staff would learn something from this discussion about project budgeting and building in contingencies.

Ray Phelps, Director of Finance & Administration, said he had reviewed the contract amendment request with Executive Officer Cusma. The Executive Officer was concerned about controlling project expenses and Mr. Phelps would be working with the new General Counsel to managing contracted projects. Once Metro's Counsel was on board, some legal work now being performed by contracted counsel could be performed in-house, he said.

Councilor Hansen reminded the Committee the Council had added an extra step in the negotiation process and had increased the field of vendors with which the team negotiated from two to three firms. Those decisions had been made to increase the Council's comfort level, he said, and the Council had to understand those types of assurances would cost extra money.

Vote on the Motion to Amend: A vote on the motion resulted in:

Ayes: Councilors Hansen and Kelley

Nays: Councilors Collier, Gardner and DeJardin

Absent: Councilor Cooper

The motion failed.

Vote on the Main Motion: A vote on the motion to amend the contract resulted in:

Ayes: Councilors Hansen, Kelley and DeJardin

Nays: Councilors Collier and Gardner

Absent: Councilor Cooper

The motion carried and the contract amendment was approved.

4. Consideration of a Purchase Order Contract with United Beer  
Distributing for Resale of Beer at the Washington Park Zoo

Gayle Rathbun, Zoo Visitor Services Manager, was available to answer questions of the Committee about the contract.

In response to Councilor DeJardin's question, Mr. Rathbun acknowledged the contract was being let late in the season, but staff had established the process for bidding the contract and would be in a position to start work for the next season much earlier.

A discussion followed about the Zoo's recent policy of not allowing those attending jazz and bluegrass concerts to bring in their own beer and wine and the impact of that decision on the Zoo's beverage sales. Mr. Rathbun reported that negative reactions to the decision had been minimal and beverage sales had increase dramatically. He also noted the Zoo had been the only OLCC licensed facility holding outdoor events to permit beer and wine to be brought in by attendees. The Zoo was now operating in parity with other organizations, he reported.

Motion: Councilor Collier moved to approve the contract with United Beer Distributing. Councilor DeJardin seconded the motion.

Vote: A vote on the motion resulted in all five Councilors present voting aye. Councilor Cooper was absent.

The motion carried and the contract was approved.

5. Consideration of a Purchase Order Contract with Henny-Hinsdale Wines, Inc. for Resale of Wine at the Washington Park Zoo

There was no discussion on the proposed contract.

Motion: Councilor DeJardin moved to approve the contract with Henny-Hinsdale Wines, Inc. Councilor Collier seconded the motion.

Vote: A vote on the motion resulted in all five Councilors present voting aye. Councilor Cooper was absent.

The motion carried and the contract was approved.

6. Consideration of a Contract with McFarlane's Bark for Purchase of Yard Debris Compost as Final Cover at the St. Johns Landfill

Jim Shoemake, Solid Waste Facilities Manager, presented staff's report, including a discussion of the advantages of using processed yard debris as landfill cover.

Motion: Councilor DeJardin moved the contract be approved and Councilor Collier seconded the motion.

Vote: A vote on the motion resulted in all five Councilors present voting aye. Councilor Cooper was absent.

The motion carried and the contract was approved.

7. Consideration of a Contract with Elder Leasing for Lease of an Office Trailer During Construction of the Zoo's Education/Administration Center

Alan Goff, Zoo Buildings & Grounds Manager, explained the need for temporary office space during the remodel construction of the education/administration building. He noted staff had requested Committee approval for a previous trailer lease contract in January but because construction was postponed, that contract had not been executed.

Motion: Councilor Collier moved, seconded by Councilor DeJardin, to approve the contract with Elder Leasing.

In response to Councilor Gardner's question, Mr. Goff explained the terms of the proposed Elder Leasing contract were almost the same as the contract proposed last January. Costs had increased slightly due to the contractor's heavy workload and the necessity of paying overtime for setting up the trailer.

Vote: A vote on the motion resulted in all five Councilors present voting aye. Councilor Cooper was absent.

The motion carried and the contract was approved.

8. Report on Investments for the Quarter Ended June 30, 1987

Don Cox, Accounting Manager, reviewed highlights of staff's written investment report. He noted average interest rates rose slightly during the fourth quarter.

Councilor Gardner asked why the total investments for June were smaller than those for May. Mr. Cox said he would get back to the Councilor with an answer to his question.

9. Report on the Investment Trust Agreement Between Metro and First Interstate Bank of Oregon, N.A.

Councilor Gardner noted the item was placed on the agenda in response to a request for information from Councilor Van Bergen. Rebecca Marshall, consultant to Metro, reported the agreement would give Metro an excellent level of control in making investments. That control would also be assurance to bond holders.

Mr. Phelps added staff had learned that trust agreements were not common for managing government obligation bonds: The procedure would break new ground. The trust agreement would make it very difficult for a mistake to be made, he said.

Councilor Gardner asked about the consequences of the bank making a mistake under the terms of the agreement. Ms. Marshall said Metro would be protected under the terms of its agreement with the bank.

10. Report on Proposed Investment Policies for Metro

Mr. Phelps and Ms. Marshall presented staff's report. Mr. Phelps proposed amending the agency's investment policies to reflect longer term investment practices. He pointed out when the initial investment policies were adopted, the Management Committee had reviewed staff's proposals and had made a recommendation to the full Council for adoption of the policies. The Council had then adopted the policies in the form of a resolution. Mr. Phelps suggested the same process be followed for staff's proposed revisions to the policies.

Mr. Phelps reviewed areas where significant changes were proposed as listed in staff's written report. Ms. Marshall also explained the entire Investment Committee had reviewed the policies document.

Motion: Councilor Hansen moved, seconded by Councilor Kelley, to recommend the Investment Policies for adoption by the full Council.

In response to Councilor Hansen's question, Ms. Marshall said the maximum limit of funds that could be invested with saving and loan institutions had been recommended to be lowered because confidence in those institutions had lessened. The recommendation was in line with other governmental institutions' investment policies, she said.

A discussion followed about the format for future investment reports to the Management Committee. Mr. Phelps said staff was working to upgrade the quality of reports.

Responding to Councilor Gardner's question, Mr. Phelps said the revised policies required staff to submit on investment reports to the Council which assumed the Management Committee had been delegated by the Council to consider investment matters. The generic use of the word "Council" would provide more flexibility, he said. Don Cox, Accounting Manager, added that the original investment policies used several, confusing terms to refer to Metro's governing body. To simplify the document, staff had used the term "Council."

Vote: A vote on the motion resulted in all four Councilors present voting aye. Councilor Collier and Kelley were absent.

The motion carried.

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There being no further business, the meeting adjourned at 7:00 p./m.

Respectfully submitted,

A handwritten signature in cursive script that reads "A. Marie Nelson".

A. Marie Nelson  
Clerk of the Council

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