

Convention, Zoo, and Visitor Facilities Committee
Special Work Session
Tuesday, January 19, 1989
4:00 p.m.
Metro, Room 330

Members Attending: Councilors Buchanan, Kelley, Knowles, and Van Bergen

Staff: Neil McFarlane, Sandy Stallcup, Jessica Marlitt, Dan Cooper, Don Rocks, Dominic Buffetta, Jeffrey Blosser, Lee Fehrenkamp, Nancy Meyers.

Other: Clifford Carlsen

The special work session on consolidation was opened by Councilor Knowles. He reviewed the memorandum of December 23, 1988 to the Metro Consolidation Task Force from Neil McFarlane entitled City/Metro Agreement Fundamentals, as a basis for review. The main purpose of the session was to review the issues involved and the committee was to focus on Metro's position.

Items 1 and 2, the agreement fundamentals, will be between the City of Portland and Metro and Phase 1 of a multi-phase process, which the Task Force envisions separating management responsibility from financial responsibility.

Councilor Kelley inquired about debates regarding alternate public policies for the facilities. The Performing Arts Center seems financially fragile, she said. The public paid for the building and because of current operating policies, the performances are not affordable by many of those who paid for its construction. Councilor Knowles indicated that with consolidation there would be joint agreement between the City and Metro ERC on policies.

Councilor Van Bergen questioned if Clackamas County Commissioners were interested in this consolidation. Is there a partnership between the City, Metro, and the three counties. Neil McFarlane added that under Phase 1 (management responsibility) the City returns financial responsibility. The City then delivers the policy aims. When Metro assumes the financial responsibility then Metro would be in a position to reassess the policies. Councilor Knowles indicated that first we need to define our position. Councilor Van Bergen stated he found it difficult to accept a phased distinction and that he was finding it difficult to divide financial responsibility from management

responsibility. Don Rocks reiterated the necessity of phasing into consolidation.

Lee Fehrenkamp gave an example of the food service contract timing requiring some phasing into consolidation. One major reason the date was set for July 1989, was the timing for consolidation. By setting this date, a combined bid with a better return on all facilities would be more likely. He illustrated that the Oregon Convention Center will be a summer market. The use of personnel by the contractor is important and contract would be more solid, i.e. \$3 million versus \$8 million, if combined.

Van Bergen stated that it still seems difficult to separate financial responsibility from management. Councilor Knowles indicated that there was an RFP that was sent out this week whereby we will receive a complete financial analysis of facilities. All the materials should be complete by April 15. Van Bergen questioned the need for more analyses. McFarlane listed the previous financial analysis and said they were for different purposes. For example the Laventhol Horwath study was done on marketing and operations for the convention center only. The new analysis will give us all of the information of all the facilities considered for consolidation.

Councilor Knowles continued with the memorandum review. Item 3, Phase 1 of the agreement stated that Metro ERC will provide operation and management of the OCC and all City ERC facilities, including the Memorial Coliseum Complex, Civic Stadium and the Portland Center for the Performing Arts. There were no questions of the committee.

On Item 4, the agreement will include a statement that the ultimate goal of consolidation will be to transfer full financial responsibility to Metro ERC. There were no questions on Item 5 the Expo Center, but not at cost of progress.

On Item 6, there was discussion of the ERC reserve funds. The reserve is \$5 million dollars. Councilor Buchanan inquired about where the cash reserves come from. Lee Fehrenkamp stated that they come from profits and that they are used for capital investments, repairs, such as a new roof, etc. In Phase 1, the Metro ERC would receive reserve funds annually as budgeted by the City Council.

Item 7 referred to segregated account for each facility. Lee Fehrenkamp stated that this would not be a problem as this is a current practice.

Item 8 was discussed and all agreed that the Metro ERC will report to the City regularly, such as on a quarterly basis.

Item 9 states the City ERC employees will become Metro ERC employees on July 1, 1989. Councilor Van Bergen asked what drives the July 1 date. Fehrenkamp said it was the original date set for joint management in the CTS master plan. Ray Phelps added that this is a fiscal year break point and it is a more convenient time to start moving the employees.

Item 10 and 11 concern insurance and liability issues and states Metro will be solely responsible for insurance and liability exposure at the Oregon Convention Center. Councilor Van Bergen inquired about our current and future liability. Dan Cooper discussed Metro's liability and the City's liability. Van Bergen believes that the City's self-insurance fund is insolvent. Phelps said he would work with Metro's insurance brokers and come back to the Task Force committee and this committee with a report on this topic.

Item 12 states the agreement will not include neither a termination or sunset date nor formal review date. Councilor Kelley asked for an explanation of the sunset. Perhaps it is reasonable to have each government have a way to get out. McFarlane stated there is not a formal review date, it is agreed that there should be steps for formal termination procedures. Clifford Carlsen suggested to the City that it draft desired avenues for termination. Councilor Van Bergen questioned if leaders in the outlying counties are willing to do this? Councilor Knowles suggested the leaders be asked.

Councilor Knowles suggested the staff prepare an organization chart and a general budget for the committee to review. Councilor Van Bergen stated that he looks forward to the financial results of the RFP. Councilor Knowles stated that there is a narrow group of issues. Clifford Carlsen illustrated the City has more at stake (employees pensions, etc). During the recent negotiations he found there are no easy answers. However, staffing is the key to a smooth change. Carlsen characterized the City's position. Everyone agrees that there must be complete turnover, but the City wants to see some results before they relinquish control. And Metro cannot have complete control until complete funding is in place. Councilor Van Bergen suggested we have already have proof of Metro's management ability, such as the work with the zoo. McFarlane stated that Metro went to the city with an approved five-year levy. Then the City gave a deed with restrictions for the Zoo. Councilor Knowles suggested we cannot have complete control until we are able to put revenue in place and secure financial coverage. Councilor Knowles suggested that two questions be

asked: 1) are you supportive of Metro's acceptance of management responsibility, and (2) can you eventually accept financial responsibility. This goes back to the Master Plan.

Councilor Knowles then took a straw vote and asked each councilor "Is consolidation a desirable objective?" Councilor Buchanan said yes. Councilor Kelley said she is concerned about financial responsibility and the public policies which should be involved. She is concerned and indicated that it will get more complex in the future. She is willing to take the first step and said yes. Councilor Van Bergen said it is very difficult to separate management and financial responsibility. He would say no today, however, he leaves the door open for future consideration. If the county commissioners are in agreement, he may say yes.

Councilor Van Bergen commended the Task Force study and stated that indeed there was a need for the group's work. He is looking forward to the completion of the financial study.

Councilor Van Bergen indicated that it appears that the City has really been doing their homework and that they have a lot of information. Clifford Carlsen stated that the city has produced many studies because they will be transferring many City employees to Metro. He has been working with Jeff Rogers and Chris Thomas who are representing the City. They have their list, but cannot agree on anything until staffing is taken care of. The City has approximately 90 full time employees and 500 part time employees. There are no real easy answers to the negotiations.

Councilor Knowles closed the session and stated that this issue will be revisited in another work session in the near future. Councilors left for other meetings and meeting was adjourned at 5:35 p.m.

Respectfully submitted,



Sandy Stallcup