

Metro

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Metro

Minutes

Tuesday, November 29, 2022

10:30 AM

12725 SW Millikan Way, Beaverton OR, 97005, Training Center

Council retreat

1. Introductions

Council President Peterson called the budget retreat to order at 10:30 a.m.

Council President Peterson firstly introduced Marissa Madrigal, Metro's Chief Operating Officer, then proceeded to call on each attendee to introduce themselves.

Council President Peterson opened the retreat by speaking about the current state of Metro and the importance of creating a goals-based framework for continued success. She prompted the audience to question what our vision for the future of the region should look like, expressing that the goals and strategies outlined in this budget cycle should serve to bring this vision into reality. Highlighting the hard work of staff throughout the pandemic, Council President Peterson concluded by stating that now is the time to look ahead and ensure that all of Metro is heading towards the same strategic outcomes.

Andrew Scott (he/him) overviewed the agenda for the budget retreat and spoke to the timeline of the budget cycle.

2. Topics**2.1 Financial Forecast(s) Presentation**

Andrew Scott introduced Chief Financial Officer Brian Kennedy (he/him) to present on the topic.

Staff pulled up the Metro Council Budget Retreat: Financial and Solid Waste Forecasts Presentation to present to Council.

The presentation provided an in-depth analysis of both the broader economic context of Oregon as well as Metro's

finances and budget. Kennedy began by describing the current economic situation Metro finds itself in, a situation characterized by the prospect of a mild recession, high but potentially easing inflation, and a tight labor market. He noted that Metro will not be impacted uniformly by the economy, and thus different departments will face different obstacles in the coming years. Despite the turbulent state of the economy, Kennedy remarked that Metro's financial condition is better than expected, with most key revenue streams performing well. He spoke to the possibility of a recession and what its affects on Metro may look like, as well as discussing expectations for inflation. Graphs and charts displaying statistics such as employment and population growth rates were provided to give further context.

Kennedy shifted into discussing the solid waste forecast, which is predicting a slight decrease in tonnage over the next five years. **Councilor Nolan** interjected to ask if this forecast includes all solid waste, to which Kennedy responded affirmatively. The presentation then discussed trends amongst the drivers of solid waste, stating that housing starts are expected to decrease, and thus decrease the amount of waste. Kennedy mentioned the property tax rate, which is predicted to remain stable, and its economic impact on Metro. Income tax was also considered, although it was noted that Metro's income tax collection base is likely to be more volatile than the state of Oregon's statistics. This volatility was explained in relation to the volatility of the Supportive Housing Services tax. **Councilor Gonzalez** asked about the forecast of the corporate income tax, which reported a predicted 26% decrease, seeking clarification as to how this figure compares to average changes in previous years. Josh Harwood responded, stating that a 26% drop in the corporate income tax is fairly standard volatility.

Kennedy then presented on the state of the Transit Lodging Tax (TLT), comparing levels of travel over the past four years. Lastly, the presentation covered individual Metro fund forecasts. Charts and graphs detailing the total resources and expenses of the General Fund, Parks and Nature Operating Fund, Parks and Nature 2019 Bond, Planning, Development, and Research subfund, and Supportive Housing Services projections were provided. Andrew Scott commented on the large gap between the high and low revenue forecasts for the Supportive Housing Services program. Josh Harwood remarked that this difference captures the potential volatility inherent in the project. Scott questioned if the counties ramping up Supportive Housing Services offerings could smooth any potential decline to revenues. Council President Peterson asked if Metro has had a conversation with the counties about the Supportive Housing Services revenue projections, to which Kennedy replied that this discussion is scheduled for Friday, December 2.

Mayor of Beaverton Lacey Beaty entered the room. Council President Peterson spoke to Metro's historical relationships with local jurisdictions and counties, noting that it has taken many years for these governing bodies to learn to cooperate to create a stronger region. Mayor Beaty discussed the Beaverton City Hall building, commenting on fiscal responsibility and creating transit-oriented development. She then talked about the importance of multijurisdictional investment in building a forward-thinking region. The mayor then distributed gifts to each councilor.

Kennedy continued to detail the counties involvement in the Supportive Housing Services program. **Councilor Craddick** asked for clarification on why the revenue projection for the

SHS program exhibits a dip in the 2023-24 fiscal year. The presenter explained that this dip would be caused by the forecasted recession. Council President Peterson stated for the record for oversight at the county and regional level that these projections have been forecasted early, ensuring that partners do not unduly request Metro funds as these calculations had been explicitly discussed prior.

Councilor Gonzalez asked about the county reserves and rules around spending down these reserves, questioning how much they have in reserves. Kennedy explained issues and regulations imposed by the IRS on tax-exempt bonds and general obligation bonds. For the purposes of Supportive Housing Services, Kennedy remarked that there are no restrictions limiting the length of time counties can hold SHS reserve funds. **Councilor Craddick** requested clarification as to how intergovernmental agreements (IGAs) affect how counties spend down funds. The presenter explained that IGAs have required spend down plans that ensure that reserves are used. **Councilor Rosenthal** asked if new expenses and capital projects are incorporated into these forecasts, to which Kennedy replied that approved capital projects are included.

Kennedy proceeded to provide revenue forecasts for the Affordable Housing Bond, Waste Prevention and Environmental Services department, the Oregon Zoo, the Oregon Convention Center, Portland's Centers for the Arts, and the Portland Expo Center. **Councilor Hwang** clarified that the Portland's Centers for the Arts projection is based on the status quo. **Council President Peterson** noted that while the revenue and expenses are quite similar for P5 that there are still significant capital needs. Kennedy explained that this is due to some venues, such as the Keller Auditorium, having seismic issues that prevent them from

generating sufficient revenue under any circumstances.

Councilor Gonzalez asked the presenter what the primary driver of expenses is in these venues, to which Kennedy responded citing labor and aging facilities.

Councilor Rosenthal questioned if the gap between revenue and expenses for the venues would be even greater if major capital costs were included in the projections. Staff expressed that this would likely be the case, noting that a degree of uncertainty and volatility in revenue should be expected. Using parks as an example, he explained that Metro has more financing options available to them than simple revenue generation through admission and parking fees. **Council President Peterson** interjected to state that securing bond funding is a major undertaking and should not be viewed as a general fix-all solution to this issue.

Councilor Nolan reiterated this point, reminding the council that we must look beyond a single fiscal year to view Metro's financial situation accurately. At the request of **Councilor Lewis**, Kennedy explained the differences between MRC bonds from bonds requiring a campaign. Andrew Scott noted that revenue bonds are generally easy to issue but can be harder to pay. **Council President Peterson** restated how significant the effort is to issue general obligation bonds, highlighting that they require an entire campaign with required coalition building. **Councilor Gonzalez** spoke to revenue tools and exploring opportunities for economic development.

Kennedy reviewed the context surrounding the 2023-24 fiscal year budget, remarking on the importance of continuing to be aware of the larger economic situation, focusing on department-specific factors, and maintaining flexibility in the face of changing conditions.

Council Discussion

Councilor Gonzalez asked what our financial strategy should be in regards to rebuilding and increasing capacity given the state of the budget.

Kennedy firstly mentioned that strategy is dependent upon the funding source, then explaining that our approach moving forward should be to continue to operate as normal. He stated that as Metro is not expecting dramatic change to revenues we should maintain our course, building at an appropriate level.

Councilor Hwang reminded the council that the budget needs to be viewed from a community perspective when setting policy and priorities. He remarked that while a one-to-two-year recession may be minor in a greater economic context that this can majorly impact the livelihoods of individuals, particularly those from communities of color.

Ashton Simpson responded to Councilor Hwang, adding that it may be helpful to view economic metrics such as unemployment and consumer price index at a district level.

Andrew Scott expressed his support for this idea, discussing the importance of tailoring policies to help specific communities in need.

Councilor Nolan suggested that the Waste Prevention and Environmental Services forecast contradicts Metro's climate values. They commented that the projection viewed higher levels of waste and garbage as a positive, as it generates revenues for Metro, despite this directly opposing a climate vision that requires reduced levels of waste.

Councilor Rosenthal displayed his agreement with Councilor Nolan, adding that analyzing waste per capita may be a helpful metric for crafting future policy. He then asked how the predicted recession may affect unemployment.

Kennedy explained that it is expected that unemployment will increase in the recession. Josh Harwood remarked that while unemployment is likely to increase this jump will not be as drastic in comparison to past recessions, and that an oscillation in unemployment rates may occur. Kennedy spoke to inflation as well, noting that the tight labor market may have the effect of employers being more reluctant to lay off workers amidst the recession than they otherwise would.

Ashton Simpson stated that other factors of the labor market such as wages and employment development programs should be considered in this equation.

The presenter responded affirmatively, remarking the importance of creating appealing jobs and setting an appropriate minimum wage. However, Kennedy noted that at a local level there is only so much Metro can do to shape the federal and state economy.

Council President Peterson suggested that our focus needs to be bigger than just altering the minimum wage, instead creating specific tactics or programs such as employment readiness policies to further develop the job market and provide long-term term, structural change for communities in need.

Councilor Gonzalez asked how we should index our performance on procurement.

Kennedy stated that the budget equity information that Councilor Gonzalez is requesting will be presented to the council in the spring.

Councilor Nolan mentioned that we should view unemployment from the lens of shared prosperity, directly impacting BIPOC communities and changing the fundamental structure and function of the economy through our programs and policies.

Ashton Simpson agreed, explaining that Metro needs to create strong barriers ensuring that people can not only find work, but stay employed and find stability.

Marissa Madrigal spoke to what she had heard from the discussion, commenting on the prospect of a recession, the labor market, and the bond process.

Council President Peterson remarked on the importance of collaboration and coalition building in creating successful educational and legislative campaigns.

2.2 Review Strategic Framework

Andrew Scott shifted conversation to the strategic recovery framework, a framework built around two core values: keeping our promises and building back better. These values were chosen to guide Metro towards being a more just and equitable region, building out of the COVID-19 pandemic into something stronger.

Andrew Scott introduced Patrick Dennis (he/him), Metro's Budget Coordinator, to present on the topic.

Staff pulled up the Strategic Framework, Budget Equity Tool and Measures Presentation to present to Council.

The presentation provided a general overview of the tools, metrics, strategies, and goals of the budget's strategic framework for equity. The budget equity tool seeks to generate the outcomes of supporting the Diversity, Equity, and Inclusion department, deepening staff engagement, aligning the budget with Metro's community priorities, and ensuring accountability both internally and externally. Dennis explained that the budget's equity goals will be shaped through staff and employee resource group (ERG) engagement, as well as through the equity outcomes worksheet and through the reporting of key equity metrics.

Councilor Nolan asked for a clarification on what Dennis means with the word "metric." Dennis responded stating that a metric is a qualitative number that can illustrate the success of a desired outcome. Nolan then asked if the budget proposals will explicitly state what outcomes will be achieved if they are given their desired level of funding. Brian Kennedy expressed that it will vary for each proposal, stating that there are few areas in the budget in which a direct relationship between budget funding and specific, measured outcomes are listed. Rather, he explained that the departments will outline what goals they are seeking to achieve with additional funding and the way in which this goal will be measured. **Councilor Nolan** questioned if this will also apply to current service level funding, to which Kennedy mentioned that they will be conducting a program review exercise that overviews current spending levels by department and the equity impacts of this spending to compare with the new budget.

Council President Peterson requested clarification on if these goals are internally or externally focused. **Andrew Scott** explained that they are both internal and external.

Council President Peterson remarked that we need more context as to how this budget tool and metric development connects to larger goals of the region. She expressed that we need to better communicate our understanding of how the shared prosperity model connects and works in conjunction with the budget equity tool. Scott noted that this conversation is different than the three - five year strategic model conversation, and that the goals and ideas within the budget proposal will not remain static but rather constantly evolve and change to better reflect the council's priorities and the needs of the region. **Council President Peterson** commented that she does not feel comfortable moving forward out of COVID without a stronger, clearer long-term vision for the region.

Councilor Rosenthal expressed similar sentiments to Council President Peterson, stating that it is unclear as to what extent Metro will try to spread these ideas and encourage other jurisdictions to share these mechanisms and goals. He concluded by announcing that Metro needs to communicate more loudly to both counties and cities as well as the people what this vision is and what tools we are using to achieve it.

Councilor Gonzalez restated that Metro continually needs to improve their internal standards, but that the greater focus should be on recognizing our place as a part of a broader region and our responsibility to create transformative change.

Councilor Lewis commented that these metrics serve to answer the question of how these goals will be met, largely ignoring the question of what the purpose of the goals is in the first place.

Councilor Nolan noted the tension between budgeting and longer-term planning, stating that these visions must meet somewhere. Therefore, they argued that Metro should change their mind frame away from the incremental thinking that dominates budget discussions to comprise a strategy for creating lasting change. **Andrew Scott** highlighted that departments were asked specifically to not just apply the budget equity tool to incremental improvements but to their full set of programs.

Council President Peterson stated that it is long overdue for Metro to fill-in its vision for the 2040 growth plan, remarking that the pandemic played a large role in preventing this vision from receiving further depth. She discussed how there is no context for long-term plans and policies such as the 2040 growth plan, the Regional Transportation Plan, or recycling services until this vision is made clearer.

Dennis notified the room that the departmental metrics will be presented to the council in December, providing them with an opportunity to ensure that the metrics match the regional goals and set up Metro for future success.

Council Discussion

Councilor Nolan announced that they are far more interested in external equity metrics than internal.

Councilor Hwang pointed out that equity outcomes can be difficult to quantify, and therefore, we should view outcomes as serving to build resilience and capacity for services across the region.

Raahi Reddy spoke about results-based accountability work

and how it makes clear what levers are accessible to Metro to address disparities in the region. She commented on the importance of not relying solely on static numbers to gauge equity metrics, as this does not allow us to mark a trajectory of progress. Reddy informed the council that the Department of Diversity, Equity, and Inclusion is working to draft measures that will allow for this trajectory of progress to be clearly tracked in the strategic plan assessment, suggesting that these “better off measures” could be incorporated into individual department’s equity metrics.

Council President Peterson reemphasized the need for a regional strategic plan, as it is currently not clear how conversations about regional goals will connect back to the value of shared prosperity.

Councilor Rosenthal followed Council President Peterson’s thought, expressing that Metro cannot create a regional strategic plan alone. Rather, we must have an extensive number of conversations with other jurisdictions, leaders, and stakeholders to create a shared and cohesive vision.

2.3 Review COO and Council Goals and Priorities

Andrew Scott moved the discussion into the next segment of the agenda, Chief Operating Officer and Council Goals Priorities. He explained that each department submitted three to five departmental goals to work towards, and that these goals have been distilled into fifteen key goals for Metro. Scott announced these goals to the room, which were split into the groups of “Keeping our Promises” and “Building Back Better”. Scott prompted the councilors to talk about goals that they would like to prioritize.

Councilor Craddick, speaking about reinvigorating tourism after the pandemic, highlighted that she would like to see a

stronger strategy for identifying venues that need additional support and allotting the necessary funds to have these problems addressed. Councilor Craddick also announced Councilor-Elect Simpson's desires for the region, which included updating arterial roads, expanding tree canopy, boosting tourism, and continuing to support Metro's housing programs. She expressed that when faced with this many goals, all of which the council wants to address, that there needs to be a better system of prioritization to ensure that actual progress is made.

Councilor Lewis began by stating that they would like to see work around industrial lands resumed, as well as preparing to renew Metro's housing bonds. Similarly to Councilor Craddick, Councilor Lewis shared their desire for the region's venues to be equipped to handle large events like the regional arts assessment, stating that the venues must be prepared for increased levels of tourism. Councilor Lewis remarked that she would like to see another large policy step in the workforce development realm, specifically focused on mental health services. Lastly, the councilor declared that the next budget needs to provide adequate support to the new departments, particularly housing, ensuring that they have the funds to operate and generate change.

Councilor Hwang reiterated the importance of continuing to provide strong support for the Supportive Housing Services program, as well as increasing capacity for nonprofit partners. He highlighted that he would like to see more culturally-specific programming at Metro's venues, with these events being focused on accessibility and engagement. Lastly, he described his backing for efforts to facilitate shared prosperity, as well as commenting on the need to increase housing production across the region.

Councilor Gonzalez spoke to boosting tourism and economic development through improving the image of the region. To accomplish this, he remarked that Metro needs to emphasize both the strengths of Oregon, such as the beautiful wildlife and commitment to shared prosperity, as well as individual policies such as Supportive Housing Services. Councilor Gonzalez also commented that we should try to resolidify our relationships with local partners, such as ODOT, stating that planning more in-person meetings may be a useful tool for accomplishing this.

Councilor Nolan highlighted Mayor Beaty's point that cooperation between Metro and local jurisdictions should be widely communicated to the public. They stated that we need to play a leadership role in defining what climate success looks like, utilizing staff or outside contractors to paint a clear picture through data what the state of the climate in the region is and how it can be improved. They then spoke to their desire for Metro to have stronger internal mechanisms to ensure that equity goals are being actualized. The councilor requested that more resources are devoted to creating transportation planning that significantly improves travel options for transit riders and pedestrians. Councilor Nolan also commented on housing, arguing that this budget needs to include sufficient resources to ensure that Metro oversees a regional census of homeless persons that identifies the specific needs of individuals to achieve stable housing.

Councilor Rosenthal cautioned the council that what Metro can accomplish is heavily dependent on the success of Supportive Housing Services and other housing programs. He stated that he would like to see a regional committee to establish a transportation vision for the west-side, as well as

greater development of transportation options in rural areas across the entire Metro area. Councilor Rosenthal then remarked that we should no longer ignore areas outside of the metropolitan region, such as Yamhill and the Aurora Airport, as these regions are inextricably tied to Metro's region. Noting the unlikelihood of this occurring, he stated that he would like to see Metro take charge of the tolling project from the Oregon Department of Transportation.

Council President Peterson declared that her priorities lie in two areas: jobs and housing. She explained that if we want to live up to "building back better" for the region, that we must work on collaboration and coalition building with local governments and leaders. She articulated that we are woefully unequipped to meet our own vision for the region in 2040 because we have not had the necessary conversations to actually plan for the desired level of growth. Council President Peterson cited reducing the inflow into homelessness as the number one thing Metro can do for the people and environment of the region. She ended her statement by saying that we cannot have a genuine conversation about planning for the future and addressing the needs of the people if we are not focused on jobs and housing.

Andrew Scott proposed that the councilors each mark their top priority goals with stickers. **Council President Peterson** suggested that we save this step until the goals have been summarized and sorted. Scott agreed, recommending that the last section of the retreat be devoted to wrapping up lingering thoughts.

Marissa Madrigal provided her thoughts on the discussion of the retreat. She noted that the primary goals of Metro

before the pandemic, being improving climate, transportation, and housing outcomes, have not changed but only intensified.

Councilor Rosenthal commented that Madrigal left out the goal of economic development.

Councilor Nolan expressed hesitancy to the idea that we should attempt to return to the path we set in 2016. They argued that the world we live in today is drastically different than our vision in the past, and therefore our planning should adapt to the needs of 2022 and the future.

Marissa Madrigal clarified that the general goals of strengthening the climate, economy, and housing remain the same, but that the last several years have presented additional obstacles that we must also overcome.

Councilor Lewis affirmed that the goals and tools of Metro are the same as they were in 2016, however the expectations surrounding Metro's role in solving these issues are significantly higher than they were in the past.

Council President Peterson restated this point, giving context to why the public's eye is on Metro and what steps we must now take to work as an effective governing body.

Councilor Gonzalez commented on the council's structural issues caused by the charter.

Council President Peterson emphasized Councilor Gonzalez's comment, stating that Metro is completely dependent upon ballot measures to be successful. This limits the council's capacity, as campaigns drastically slow down the council's progress.

Councilor Craddick suggested implementing a fundraising system of some kind, reducing the pressure on the council to craft successful ballot measures.

Marissa Madrigal concluded the retreat.

5. Discussion

6. Adjourn

There being no further business, Council President Peterson adjourned the Metro budget retreat at 2:02 pm.

Respectfully submitted,



Jeffrey Kain, Legislative Assistant

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE BUDGET RETREAT OF NOVEMBER 29,
2022**

Item	Topic	Doc. Date	Document Description	Doc. Number
1.0	PowerPoint	11/29/2022	Council Budget Retreat Presentation	112922-01