

**Metro Council Work Session  
March 21, 1996  
Minutes**

**Council Chamber**

**1. CALL TO ORDER AND ROLL CALL**

**Councilors Present:** Presiding Officer Jon Kvistad, Deputy Presiding Officer Susan McLain, Councilor Patricia McCaig, Councilor Rod Monroe, Councilor Ed Washington, Councilor Don Morissette and Councilor Ruth McFarland.

**Councilors Absent:** None.

The work session was called to order by Presiding Officer Jon Kvistad at 4:06 PM.

Councilor Ed Washington announced that he and Executive Officer Mike Burton attended meeting with Commissioner Lindbergh and Commissioner Kafoury as well as their staff people. The theme of the meeting centered around the Metro / City of Portland consolidation task force. Commissioner Lindbergh was going to introduce a resolution to the City of Portland to establish the Transition Study Committee. Councilor Washington stated that he had requested Commissioner Lindbergh to hold off on this committee until Metro had been afforded an opportunity to study the issues at hand.

One of the key issues identified by Councilor Washington is how Metro would pay for the facilities. In the transfer agreement, it states that when Metro is able to take financial responsibility for the facilities, then Metro would move into that second phase and culminate it. Up to this point, that has not happened. Metro does not have the monies presently.

Executive Officer Mike Burton stated that he, Councilor Washington and Councilor McFarland had served on the Consolidation Advisory Committee. That committee met for a long period of time with much study conducted and a great deal of information exchanged. MERC and the facilities that are under Metro's control including the county facilities which are now Metro's as of today; the Performing Arts Center which includes Arlene Schnitzer Concert Hall and the Portland Center for the Performing Arts as well as the Municipal Auditorium and the Stadium. These were originally transferred over to Metro through an Inter-Governmental Agreement signed between the City of Portland and Metro several years ago.

Of prime importance, according to Executive Officer Burton is the necessity to establish stable means of funding the facilities that the City of Portland would transfer to Metro. The Performing Arts Center and the Stadium are not facilities that actually generate revenue. They require a subsidy. The question is 'how does that subsidy occur?' The Performing Arts Center receives its subsidy through a transfer of the Hotel / Motel taxes collected in Multnomah County to the Performing Arts Center and that is an agreement that is currently in place with Multnomah County for a three-year period. This agreement expires next year.

Councilor McCaig stated that her understanding was that the Consolidation Committee made a recommendation about structure rather than financing. This structure recommendation had the votes of the two members of the Metro Council. It was also supported with some caveats by the Executive Officer. Since that time, there have been some questions raised by the Council regarding the structure proposal that has come to Metro from the City and Multnomah County. If that is true, Councilor McCaig would like an explanation of what the questions are about the proposal that has currently been adopted by the Consolidation Committee. In addition to that, there is the broader issue of the funding. The funding was not addressed and if Metro decides to move ahead with a specific funding proposal, does this have an impact on the structure recommendation that came out of the Consolidation Commission.

Executive Officer Burton answered in turn that the issue of funding was answered to some extent because there is behind the recommendations a financial projection summary that has been projected out to the year 2000. This comes up a little short and also makes certain assumptions. It breaks down the current firewalls that exist between the elements of this and it assumes a central, regional funding pot for the arts. It also does not include any capital funds. These are strictly operating funds. The concern that Executive Officer Burton identifies is that Metro has not addressed an ongoing funding subsidy. The report, however, clearly states that it should be funded with public subsidizing utilizing the pool funds. The estimate base need is \$1.5 million for annual needs. This is on the PCPA alone. The Advisory Committee recommended additional tenant support for marketing for an additional \$500,000. There is the recognition that there was some shortfall questions in the financial aspects of the deal.

Councilor McCaig asked whether there was agreement among the Metro Councilors on the conclusions about this recommendation. This proposal has costs to the agency in that it eliminates those support services that are currently a part of the MERC process which means they are spread out among fewer departments which increases our costs. Councilor McCaig questioned if Metro Council knew this or if this entity was new to the discussion.

Councilor Washington answered that the concern is that Metro has not held a discussion as a council about this report. It is necessary to get a sense from the Council of where they want Metro to go in the future with this issue.

Councilor McFarland asked if the discussion about support services was that at least one point of view was that MERC could go to Metro or other places for support services as they chose to.

Councilor McCaig understood that one of the proposals actually would recommend that MERC be a non-profit or a semi-profit organization and that in doing so, they would have the flexibility to contract with whomever they wanted and there would be no requirement or prohibition against them contracting with us but our assumption should be that they would not. Councilor McCaig continued by stating that in her opinion, people left the consolidation meeting believing that the Council had, in fact, had a little more discussion about this matter which is why there was a movement to begin to implement the process by enacting the transition resolution.

Councilor Morissette stated that the funding issue is the one with which Metro needs to directly grapple. He stated that he remembers sitting in that meeting last year with limited resources and without a tax base to support the facilities. Councilor Morissette stated that he is concerned that Metro does what it told the voters it would do as its primary function before a lot of other things are done. In his experience, Councilor Morissette stated that things end up being more complicated than they might seem at the outset. Councilor Morissette asserted that it is of primary importance that Metro not sacrifice the primary function which the voters placed upon the shoulders of the Metro Councilors when the charter was approved in 1992 (land use, transportation and planning).

Councilor Monroe stated that a primary concern of his is support services. The support services budget is not just 'tradition' types of services (use of telephones, printing, etc.) but also includes the entire auditor's budget. If MERC has the option of opting out of support services, that means that the other parts of this agency will have to pick up their share of the costs of the auditor's budget. As long as MERC is a part of Metro, one of the things that the Auditor has sought to audit are some the things that MERC gets involved with and the voters, when they created the new charter in 1992 and it was approved, had that in mind: that everything this agency is about will and ought to be audited. To let them 'off the hook' in terms of paying their fair share of that responsibility.

Presiding Officer Jon Kvistad stated that this is the time when Metro starts the decision process as what do 'we' want to do with these facilities. The Presiding Officer asserted that he would issue a memo to the Council that the three City of Portland facilities be returned to the city. Metro's efforts could therefore be concentrated on the Exposition and Recreation functions which are the Oregon Convention Center and the Expo Center. The Presiding Officer stated his belief that these two facilities are well matched since they 'stick to the same function.' PCPA, Civic Stadium and the Civic Auditorium, on the other hand, don't necessarily fit within Metro's consistent mission. If the City of Portland would be willing to contribute funding that would be a different matter.

Deputy Presiding Officer Susan McLain spoke to the historical aspects of the question at hand. In 1991 and 1992, both Metro and the City of Portland made commitments to be certain that funding was in place before acceptance of the facilities. According to Councilor McLain, Metro is still at that phase since a funding device is not currently in place. The whole purpose of the Metro - City of Portland Transition Team was to initiate conversations about that very issue. Councilor McLain suggested that staff provide a prioritized list as to what Metro could and should accomplish in this direction.

Councilor McCaig stated her belief that there is an assumption that the Metro representatives on the Consolidation Committee were entrusted certain negotiating powers and responsibilities and as a result of that, when they voted 'yes' on this proposal it was advisory but with a certain degree of commitment for this proposal from Metro Council. Councilor McCaig asserted that she did not wish Metro's partners in this endeavor to feel that Metro is 'going south' on the deal.

Councilor McCaig also questioned the stipulations that the facilities should be managed through a contract with a private, non-profit organization. She stated that it seems to be unclear, at this time, as to whether there is agreement on that most central point.

Councilor McCaig asked whether her assumption that there is a financial impact, is correct. Councilor Washington answered her in the affirmative. Executive Officer Burton commented that MERC had approached Executive Officer Rena Cusma asking that they be allowed to do a study of their support services costs. Executive Officer Burton continued that MERC submitted to him a report which was distributed to Metro Council. MERC predicted a savings of \$600,000 per year if they were not required to utilize Metro's support services. Metro would be required to redistribute \$1.2 million in support services costs.

Executive Officer Burton continued that, to his knowledge, that portion of the discussion ever occurred because the idea was on the question was more centered on the savings to MERC.

Councilor Monroe stated his concern, as Budget Committee Chair, over this issue. He also mentioned his reflections on the Presiding Officer's announcement. Councilor Monroe does not support returning the PCPA and Civic Stadium to the City of Portland at this time. This is, he asserted, a last resort. The funding needs will have to be worked out with the hotel/motel industry, the lodging association, the City of Portland, all three counties as well as Metro.

Presiding Officer Jon Kvistad stated that he does not support an independent MERC body. If Metro is to keep those facilities, it is a Metro body if it stays in its current configuration or whatever configuration it happens to be in.

Councilor McLain believes that the idea of a non-profit organization is a workable one at the present time. She also has a concern about the impact of such an organization to Metro. She stated the necessity of a public review before such a non-profit organization could be considered.

Councilor Morissette believes that it is important to let the people involved know that Metro Council will be holding deliberations. The discussion about where MERC might obtain support services should not be as important a discussion as to which kind of configuration would facilitate the need for the smallest amount of subsidy. With regard to private ownership, so long as public access were maintained, in some instances the private sector can do things better than the public sector. He is concerned about the cost to the excise tax which is Metro's only real base of support at this time which would be needed to fund these operations.

Councilor McFarland responded to Councilor McCaig's questions regarding the suppositions made by Metro's representatives on that committee. Several times, all three representatives kept reminding that people on that committee the Metro could only speculate as to whether this particular issue would be readily accepted by Metro Council. One cause for hesitancy with regard to funding among the committee members was the fact that Expo Center had not yet been acquired. Councilor McFarland restated the fact that there is in place a seven-member Commission for MERC; that it be appointive - each member of Metro Council nominates one member of MERC; that a budget overview of retained by Metro Council; that the Commission then operates within that framework with a certain distance between the two entities.

In response to Presiding Officer Jon Kvistad's suggestion that Metro give back Civic Stadium, PCPA and Civic Auditorium, Councilor McFarland stated that there has been a dramatic improvement in the management of those facilities since they have been managed in conjunction with the rest of facilities the Metro currently controls.

Councilor McCaig asked whether the Transition Team had been postponed. Councilor Washington answered that it had not been postponed but the ordinance had been postponed until the present discussion had taken place. Councilor McCaig asked if there was a general agreement amongst councilors that there is a willingness to see what a transition team could come up with an alternative structure.

Mr. Burton stated that there was a certain amount of assumption that MERC would become a different entity and perhaps would be somehow at arm's length. There would still be, however, a fiscal responsibility upon Metro. Multnomah County Commissioners have felt that they should be part of the ongoing discussion. Mr. Burton has meetings next week with Multnomah County Commissioners and discussions will be held on this topic. The money question is still short, according to Mr. Burton and the Hotel / Motel tax would need to be utilized. The funding issue must be resolved first.

Presiding Officer Jon Kvistad stated the governance is not the issue here. Either the facilities transfer with the operational dollars to make the transfer happen and become Metro facilities or it will not happen. He stated that these facilities are money-losing facilities. If they were to be transferred as revenue-neutral or revenue-positive, then they should be studied carefully.

Councilor McFarland responded to Councilor McCaig. Governance is important. The transfer process requires an ultimate time at which to answer to elected officials. Metro is that body of elected officials.

Councilor McLain asserted that the direction in which she feels consensus happening is the funding. She stated that she was not prepared, at this time, to vote on anything. A final product is not in evidence.

Councilor Washington concluded the session by stating that since Metro Council did vote for this original position, it should stay the course until the Transition Team decides that it wishes to go in some other direction.

Councilor McCaig asserted that the Consolidation Committee saw Item Six as a fairly major cornerstone of the agreement and that disagreement upon this point would obliterate the process. Councilor Washington answered that council simple needs to decide if the agreement would be workable as a basis of deliberations. There will obviously be some changes.

Executive Officer Mike Burton drew the Council's attention to Recommendation No. 10. The Consolidation Committee recommended that a transfer team of experts in organizational development should design a new structure within broad guidelines. Commission Lindbergh will place before Portland City Council a resolution which would state that Metro Council accepts the report. What is being urged is the formation of an

actual transition team. By so doing, Metro would then agree that the Transition Team would act in this capacity.

Councilor Washington stated that he observed an overall consensus among Councilors that Metro would look at the situation as well as the financing options. Councilor Washington announced that many people would be involved in the transfer process including MERC, Multnomah County, the Hotel / Motel Association, City of Portland, etc.

Art Alexander from the staff of City Commissioner Mike Lindbergh stated that the City of Portland Council would have to go through a process similar to the one Metro is going through at the present time regarding this issue. There is no guarantee that it would pass Portland City Council either.

Councilor Monroe commented that he was in agreement with Councilor Kvistad and Executive Officer Mike Burton in that trying to work out the minute details of governance of MERC prior to finding out whether or not Metro can locate a funding solution is putting the cart in front of the horse. Those details are, however, able to be resolved quite easily. The funding question is of much greater importance and is much more difficult to answer. He stated that his preference would be for Metro to work out the funding details first and then work out the details of governance.

Presiding Officer Jon Kvistad stated that Item No. Nine, relating to ownership of the facilities. Mr. Kvistad stated his belief that such ownership and operation should be in the name of Metro. Item Ten: In terms of a Transition Team and deciding its structure, he believes that Metro should be in charge of this entity. Regarding Item Eleven, he stated his disagreement with the packages being considered as a coherent policy in toto.

Councilor Washington thanked Metro Council for its time and input in this decision-making process.

Executive Officer Mike Burton introduced Judy Gregory, Metro's new Human Resources Director.

Presiding Officer Jon Kvistad adjourned the meeting at 5:06 PM.

Prepared by

David Aeschliman  
Recorder