

## MINUTES OF THE METRO COUNCIL MEETING

April 15, 1999

Council Chamber

Councilors Present: Rod Monroe (Presiding Officer), Susan McLain, Ed Washington, Rod Park, Bill Atherton, David Bragdon, Jon Kvistad

Councilors Absent:

Presiding Officer Monroe convened the Regular Council Meeting at 2:09 p.m.

### 1. INTRODUCTIONS

**Presiding Officer Monroe** introduced Judge Laura Pryor from Gillam County, who was in the audience.

### 2. CITIZEN COMMUNICATION

None.

### 3. EXECUTIVE OFFICER COMMUNICATIONS

None.

### 4. AUDITOR COMMUNICATIONS

None.

### 5. MPAC COMMUNICATION

**Councilor McLain** said the MPAC agenda from the previous evening had on it three major topics: 1) the implications of the Endangered Species Act (ESA) listing for local jurisdictions and for Metro as well as the possible division of associated responsibilities; 2) the growth report, including capture rate; and 3) performance measures and changes in the Metro code that address land-use issues.

### 6. METRO LEGISLATIVE UPDATE

**Mr. Dan Cooper, Metro Legal Counsel**, said Councilor McLain had testified in front of the Senate General Government Committee. As a result, two Metro bills passed unanimously: Senate Bill (SB) 1031, which would grant Metro the ability to make its own decisions about annexations to its jurisdiction; and SB 1062, which put Metro on the list of governmental entities authorized to purchase conservation easements.

**Councilor Washington** congratulated Councilor McLain on her good work in Salem.

**Mr. Cooper** said SB 615, which was another bill Metro had been tracking, would exempt cities with populations of less than 25,000 from goals and rules related to transportation planning. Metro had been concerned about how that might fit inside the Metro region. Mr. Cooper said Mr.

Phelps, Metro's lobbyist in Salem, had discussed the bill with its sponsor, who also chaired the Senate committee. The sponsor said he was not attempting to exempt cities within the Metro boundary from those rules and recognized that roads in a region connect through small towns. He indicated he was amenable to clarifying amendments, perhaps by lowering the population threshold that would trigger the exemption.

Mr. Cooper said SB 964, the Metro bill designed to keep pool chlorine from forming poisonous gasses in the transfer stations, had had a public hearing. Marv Fjordbeck, Metro's Office of Legal Council, was present as was Terry Petersen, acting director of Metro's Regional Environmental Management (REM) department. Some of the testimony presented at the hearing opposed the bill. However, the committee seemed positive in its reception of Metro's concerns. At Mr. Phelps's recommendation, Councilor Washington's, chair of the REM committee will hold public hearings and invite testimony from those concerned about the bill. The results of the hearing will be forwarded to Mr. Phelps for him to work with the committee chair on amending the bill.

**Councilor Kvistad** asked who was in Salem lobbying in favor of chlorine gas.

**Mr. Fjordbeck** said testimony in opposition was presented by the Department of Environmental Quality (DEQ). The DEQ had qualms about the original format of the bill and about some amendments. Mr. Fjordbeck said he had been working with legal counsel for the DEQ to accommodate those concerns. Other testimony in opposition was offered by the Oregon Refuse and Recycling Association, which had concerns about amendments Metro had opposed banning the substance from disposal sites and landfills. The Association had traditionally opposed all landfill and disposal site bans.

**Mr. Cooper** said SB 454, which would eliminate the \$80,000/year income test for new dwellings in lands zoned for exclusive farm use (EFU), had also been of some interest to Metro. The vote on that bill had been postponed until early next week.

**Mr. Jeff Stone**, Council Chief of Staff, added that SB 87 passed the Senate on April 13th and was on its way to the House. The vote was close--16 to 13.

**Mr. Cooper** said at the last Council meeting, the Council had indicated opposition to HB 3005 and HB 2880. He said the public hearing was held Friday afternoon and much of the testimony opposed the bill. He said he anticipated that Metro in addition to the rest of those who opposed the bill would be able to keep the bill from going forward. On HB 2880, no effective public hearing was held. The committee ran short of time, so the chair quickly opened and closed a hearing for the record, but no testimony was taken.

**Councilor Park** asked what the predicted outcome was on SB 454.

**Mr. Cooper** said he had no prediction except that the vote would probably be close.

**Councilor Park** said he thought it was a bad bill. He said \$80,000 might sound like a lot of money, but considering a 10% profit margin, the income would be only \$8,000 from that. He said, furthermore, this was a one-time test--once the house was built, it was there. Those within the Urban Growth Boundary would be subsidizing a home built in an EFU zone for someone who simply wanted that lifestyle but could not be an actual farmer.

**Councilor McLain** said Jon Chandler from the Home Builders was willing to work with Mr. Cooper regarding Metro's concerns on HB 2080.

**Councilor Atherton** asked about communication from Representative Wilson on HB 2595, the 20-year land law.

**Mr. Stone** said he had called the chair of the committee but had not yet heard back.

## 7. CONSENT AGENDA

7.1 Consideration meeting minutes of the April 8, 1999 Regular Council Meeting.

**Motion:** **Councilor McLain** moved to adopt the meeting minutes of April 8, 1999 Regular Council Meeting.

**Seconded:** **Councilor Atherton** seconded the motion.

Councilor Kvistad said he had some minor grammar corrections.

**Vote:** The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously as amended.

## 8. ORDINANCES - FIRST READING

8.1 **Ordinance No. 99-802**, Amending the FY 1998-99 Budget and Appropriations Schedule in the Planning Fund Transferring appropriations from Capital Outlay to Materials and Services for the Transit Oriented Development Program; and Declaring an Emergency.

**Presiding Officer Monroe** assigned Ordinance No. 99-802 to the Transportation Planning Committee.

**Presiding Officer Monroe** announced a change in the order in which the rest of the agenda items would be heard. He said Ordinance No. 99-799 (item 9.2) would be next followed by No. 99-800 (item 9.3), with Ordinance No. 99-793 (item 9.1) last on the agenda.

## 9. ORDINANCES - SECOND READING

9.2 **Ordinance No. 99-799**, Confirming the Readoption of Metro Code 2.06 (Investment Policy); and Declaring an Emergency.

**Motion:** **Councilor McLain** moved to adopt Ordinance No. 99-799.

**Seconded:** **Councilor Kvistad** seconded the motion.

**Councilor McLain** said this bill had come directly to Council after staff review because work sessions have replaced what used to be a Finance committee. This ordinance would confirm the annual readoption of Metro's investment policy, the scope of which was detailed in Exhibit A.

**Councilor Atherton** said he wanted to make it clear to the public that Metro would not be participating in the stock market in any major way. Metro followed rules established by the state

and by good prudence. He wanted the public to understand that Metro's investments were conservative and prudent with a rate of return of about 5%.

**Howard Hansen**, Metro's Investment Manager, spoke in support of the Ordinance No. 99-799. He offered to answer questions.

**Councilor McLain** asked Mr. Hansen to summarize this ordinance.

**Mr. Hansen** said the portfolio managed by the Investment Code amounted to approximately \$200 million. It could not, by law, contain any securities--only debt-type instruments. The funds for these investments came from fund balances and bond proceeds. The whole portfolio was managed with the three primary covenants of 1) safety, 2) liquidity, and 3) yield. He said the portfolio must be managed so that no public money was lost, so that money was available when needed, and only after that to optimize yield. The policy and code addressed the diversification and maturity schedules to meet those needs and avoid losses. A five-citizen investment advisory board reviewed the portfolio quarterly to confirm adherence to policy before the report went to Council.

**Councilor Park** said he appreciated Mr. Hansen's briefing. He praised the quality of the portfolio and its management.

**Presiding Officer Monroe** opened a public hearing on Ordinance No. 99-799. No one came forward to testify, so he closed the public hearing.

**Vote:** The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

9.3 **Ordinance No. 99-800**, For the Purpose of Amending a Solid Waste Franchise Granted to USA Waste of Oregon Inc., Doing Business as Metropolitan Disposal and Recycling Corporation, to Operate the Forest Grove Transfer Station; and Declaring an Emergency.

**Motion:** **Councilor McLain** moved to adopt Ordinance No. 99-800.

**Seconded:** **Councilor Washington** seconded the motion.

**Councilor McLain** said this legislation was related to Change Order No. 8. She said Metro had had a franchise with the Forest Grove transfer station since 1985. The renegotiation of Change Order No. 8 entailed elements in this franchise that also needed to be changed. In 1996, the transfer station was purchased by USA Waste, which also entailed elements that needed to be changed. She explained that Metro did not have a limit on the amount of solid waste that went into this transfer station, but a limit was placed on the amount that left that station for landfills other than Arlington. She said that limit would no longer be necessary, since the same company that now owned the station also owned the Arlington landfill.

Councilor McLain said a resident of the neighborhood adjacent to the station had submitted concerns into the record about the change potentially allowing more waste to enter the station. She noted that there never had been a cap on the tonnage going in, so that would not be changed. She said the owner of the station and the manager had been working with the nearby residents and with the city of Forest Grove to be a good neighbor. She urged support for the resolution.

**Presiding Officer Monroe** opened a public hearing on Ordinance No. 99-800. No one came forward to testify, so he closed the public hearing.

**Councilor Kvistad** noted the declaration of emergency attached to this ordinance. He questioned why so many pieces of legislation had been coming through with emergency declarations. He suggested that emergency declarations be confined to true emergencies.

Regarding the allowance that 10% of the waste go to landfills other than Arlington, Councilor Kvistad said he viewed that as healthy for competition. He said that although he had no problems with USA Waste's management, he thought there should be more discussion about the effects of having one company become so strong.

**Presiding Officer Monroe** asked Mr. Cooper to explain the emergency declaration on this measure.

**Mr. Cooper** said this measure related to Change Order No. 8 and was part of a package. Change Order No. 8 would become effective immediately. To make the amendment to the franchise effective immediately, an emergency clause must be added to this piece of legislation.

**Vote:** The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

**Presiding Officer Monroe** said this was a monumental decision that would have a huge impact on this Council and on the management of this government for many years to come. He said Councilor Washington would, in the REM committee, be reviewing the options presented by this change order with an eye to making recommendations by late summer.

Presiding Officer Monroe recessed the Council meeting and convened the Contract Review Board.

## **10. CONTRACT REVIEW BOARD**

10.1 **Resolution No. 99-2766**, For the Purpose of Approving Change Order No. 8 to the Waste Disposal Services Contract.

**Motion:** **Councilor Washington** moved to adopt Resolution No. 99-2766.

**Seconded:** **Councilor McLain** seconded the motion.

**Councilor Washington** said the original contract was signed in 1988 with Waste Management. Last year, Waste Management merged with USA Waste Management to form a new company, Waste Management, Inc. A clause in the contract required that under these circumstances, a new contract must be approved by the Metro Council. Through a series of negotiations between legal counsel, the company and its legal counsel, and Metro REM department, a new contract was drawn up that would save Metro about \$6 million a year and lower the disposal rate from the highest to the lowest in the northwest.

**Terry Petersen**, Interim Director of REM, gave a slide presentation that summarized the history and effects of Ordinance No. 99-800 and Resolution No. 99-2766. (A copy of his review has been attached to the meeting record.) He thanked the negotiation team--John Ehinger, Scott Bradley, and Jim Benedict--for a job well done. He said the negotiations were not easy on either side. He said he looked forward to Metro's partnership with Waste Management, Inc.

**Councilor McLain** emphasized that the savings would be large --\$60 million over the length of the contract.

**Councilor Atherton** pointed out the value of competition as mentioned by Councilor Kvistad as well. He said Metro had seen the results of the lack of competition back in 1988, when the original contract was signed. He thanked the companies who were willing to invest in alternative transportation and disposal facilities. He said competition was important.

**Councilor Park** thanked former Councilor Don Morissette and Bruce Warner, former director of the REM department, for their hard work. He also thought it was important for people to realize that what appeared to be a \$5.00/ton reduction in the tipping fee, Metro had been subsidizing the tipping fee at the rate of 42.00/ton. In the meantime, it had been spending down that fund. In three years' time, the money would be expended. Thus, the savings to the region would not be as great as had been originally anticipated. The ultimate savings would therefore be closer to \$40 million, which was, nevertheless, significant. He said the contract would stabilize rates for some years to come and would solidify Metro's partnership with Gillam County. He said he still hoped Gillam County would pursue a program to send aggregate material back to this area.

**Councilor Kvistad** said he thought Metro lost an opportunity back in 1993, when contract amendment no. 4 was signed, which resulted in a lawsuit. Metro would have had savings based on the preliminary contract had it not thrown out the most-favorable customer rate and received nothing in return. Nevertheless, he recognized those who brought about the current favorable situation--former Councilors Morissette, Wyers, Van Burgin, and McFarland and the current chair of the REM Committee, Councilor Washington. He said USA, now Waste Management, Inc., had been a good partner. He gave kudos to the negotiating team, to the Executive Officer for negotiating for savings.

Councilor Kvistad said he had been a long-time critic of Waste Management as it had operated in the past. He said the current situation presented a good opportunity. He cautioned the Council against spending the savings before the dynamics of the rates were better understood. He recommended taking time to study the implications of further reducing the tipping fee. He recommended using this as an opportunity to put in place sound financial and policy directives. He thanked everyone who had been part of the negotiations.

**Councilor McLain** said Councilor Kvistad was correct in that it had taken five years for Metro to return to where it was in 1993. She said now Metro had a reasonable contract with a reasonable rate. She offered her personal thanks to Mike Burton, Dan Cooper and Bruce Warner for their work on Metro's behalf. She did not think that a better rate could have been set. She looked forward to the coming year.

**Councilor Washington** said everything had been said and everyone thanked except a few. He thanked Mr. Greg Nokes for his news coverage of this issue, and Ms. Godwin, Mr. White, Mr. Cross, and Mr. Cogan for coming to all the meetings. He thanked the Council staff, including John Houser, Michael Morrissey, Jeff Stone, and Beth Anne Steele, and Chris Billington. He said Metro had reduced its tipping fee twice in the past couple of years, which would pave the way for the REM committee to address how to deal with the coming savings. He thanked Mr. Warner for keeping the Council apprised.

**Presiding Officer Monroe** opened a public hearing on Resolution No. 99-2766.

**Phil Forker**, Tualatin, read an unpublished letter he wrote to the editor of The Oregonian in response to an editorial that appeared in the paper. The editorial was titled "A First Rate Accomplishment: Metro's newly renegotiated garbage contract contemplates remarkable turnaround in regional rates." Mr. Forker's read his response: "The Oregonian's praise of Metro in the 3/15/99 editorial 'A First Rate Accomplishment,' is completely inappropriate. The 20-year contract Metro negotiated with Waste Management back in the late 80s was a gross mistake and bad government on a grand scale. With St. Johns Landfill closing, our leaders panicked. Having not been pro-active on the problem, we settled for the only game in town and paid the price. The only deal is the best deal, but why our leaders made a 20-year commitment is beyond me. I'm glad to see the current council and staff has found a way to fix its blunder. Why does The Oregonian believe our leaders should be praised and lavished with a new tax base--half the savings--for simply fixing their own mistake. We as citizens have already paid more than we should have and way more than Seattle has--no Metro--to dump its garbage in Oregon. Is this the regional authority in action, sold to the tri-county in 1979 as our savior from redundant and wasteful government? Should we reward this agency with \$30 million on overpayments so they can unleash the forces of social engineering on us? The Oregonian sees a portrait of 'serendipity and diligence.' I see an out-of-control monster unleashing itself in every aspect of our public lives--parks, trash, planning, transportation, entertainment, etc. Given how badly Metro botched the relatively simple problem of garbage, think of the outcome and cost as they begin to 'serve us' in all of these new and self-appointed mandates. If I negotiated deals like this for my clients, they would rightly fire me. Where is Bill Sizemore with that petition, anyway? "

He added that because Metro operated on money not collected through deductible taxes, the citizens were subjected to taxation without representation. He said that was completely unfair.

**Councilor Atherton** asked Mr. Forker which planning mandates he objected to in his reference to social engineering.

**Mr. Folker** said making someone overpay for service and then using the money for other areas was not fair. He said the mandates were not the issue. The issue was should people, who have paid more than other people have paid, be asked to continue contributing that money without being able to deduct it. He said government was about people paying for services they wanted. Being overcharged would be inappropriate.

**Councilor Atherton** said being overcharged would always be inappropriate. He thought, however, that the reference to taxation without representation in connection with mandates and social engineering was a reference to the state mandate that forced communities to have a 20-year land supply and forced them to grow and prohibited communities from collecting the full cost of growth. He said he thought that was what he meant.

**Mr. Folker** said apparently not, although he disagreed with Metro on other issues. He said it would be counterproductive to go into those issues in the context of addressing uses for savings from the garbage contract.

**Councilor Atherton** said many of the costs of Metro had been mandated by the state, and he wondered if Mr. Folker would be in favor of eliminating those mandates.

**Mr. Folker** said within the greater scope of the charter you could ask people about livability. Everyone wanted that. But everyone had a different idea of what that meant. He said to him, livability meant paying an appropriate fee for an appropriate service.

**Councilor Atherton** said he and the witness were not communicating and he would need to discuss what he felt were hidden taxes at another time.

**Presiding Officer Monroe** said he felt the witness was concerned about something Metro had not yet decided upon, namely how savings would be re-allocated. That decision would be made only after months of deliberation and hearings. He noted that the change order would not take effect until January of 2000, so there would be plenty of time to hear from the public on how to use the apparent savings.

**Mr. Folker** said in his view, apparent savings would mean not charging more for the service than the service rendered. He said he recognized that his testimony was premature, and he would return when a hearing were held on the subject.

**Councilor Park** asked about the 20-year contract. He said he had similar concerns at the time. He said from the outside it looked different. Since being at Metro, he had learned that nothing else had been available at the time--siting of landfills was relatively new. He said if he were setting up a landfill, he would ask for a 20-year contract, also, as it required considerable investment in terms of money for research and planning and to build the facility itself. He said now that the technology had matured, competition had returned. He invited Mr. Folker to return when hearings on how to spend the savings were held.

**Councilor McLain** thanked Mr. Folker for being there. She said that in the nine years that she had served on the Metro Council, she had served with 21 other Councilors. She said all those Councilors had worked to lower the rate through attracting competition to the region. She suggested Mr. Petersen provide Mr. Folker with a copy of his presentation, which summarized how Metro would continue to ensure competition in contracts and other issues. She said with regard to panicking, Metro had tried to site a landfill in Washington County but couldn't. It had tried to site one in Clackamas County but couldn't. She said siting landfills would always be expensive. She said a good relationship had been established with Gillam County. She said the process was not based on panic, but based on the best that could be done with what was available at the time.

**Presiding Officer Monroe** closed the public hearing.

**Councilor Washington** closed by urging support for the resolution.

**Vote:** The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

Presiding Officer Monroe recessed the Contract Review board and reconvened the Council.

9.1 **Ordinance No. 99-793**, For the Purpose of Adopting the Annual Budget for Fiscal Year 1999-2000, Making Appropriations, and Levy Ad Valorem Taxes; and Declaring an Emergency.

**Presiding Officer Monroe** said the final vote would not be taken today; rather, today the Council would consider amendments and hold a public hearing on the ordinance.

**John Houser**, Senior Council Analyst, reviewed the four budget notes still listed as "pending" on Budget Notes Sheet 1, and the adopted amendments listed on Monetary Budget Amendments Sheet 1 (copies of which may be found in the permanent record of this meeting). He noted that at the final meeting at which the budget would be adopted, a number of amendments could be proposed. Some of those would be substantial, such as the proposed expansion of the Oregon



Convention Center and the recent JPACT approval to proceed with a Columbia extension of the light rail line.

**Michael Morrissey**, Senior Councilor Analyst, reviewed the five Monetary Budget Amendments Sheet 1 listed as still pending (a copy of which may be found in the permanent record of this meeting).

**Councilor Kvistad** said he would have two amendments, one dealing with rollover of all or part of the Council savings into this year's budget, and one to eliminate a position in the Executive department. He said that, as part of the rollover in the Council department, he would discuss annual dues to the National Association of Regional Council and AMPO dues the Executive Officer eliminated from the agency's budget.

**Councilor Park** said he would propose an additional amendment concerning the budgeting process in terms of how unexpended funds would be dealt with in the next fiscal year. He said he hoped to clarify where the funds came from and where they would go from year to year.

**Councilor Atherton** offered a budget amendment note that would address Metro's response to the endangered species listing. It would suggest that the Executive Officer report to the Council before April 29 on the feasibility of establishing Metro as a lead agency to coordinate an effective and rapid regional response to the ESA listing of anadromous fish. If the lead agency concept appeared feasible, then methods for implementing this concept would be included in the proposed budget.

**Presiding Officer Monroe** said that if Councilor Atherton meant April 29 of this year, this amendment would present a dilemma. The Ordinance would not be adopted until June, although it would be approved on April 29. This meant the requirement would be adopted after the deadline date had passed.

**Councilor Atherton** said his intention was to make a request that would impact this budget year.

**Presiding Officer Monroe** suggested that Councilor Atherton make his request directly, rather than in form of an amendment. He asked Mr. Prosser how Councilor Atherton might go about addressing his concern.

**Mr. Prosser** suggested Councilor Atherton put his request in the form of a separate resolution rather than a budget amendment.

**Councilor Atherton** agreed to do that. He said his intention was to address what had been termed "CPR" for streams. He said CPR was something you give in an emergency, putting aside everything else. He said that was what he intended this to do.

**Presiding Officer Monroe** said that given the next Council meeting would not take place until April 29, Councilor Atherton's best approach would be to submit a written request to the Executive Officer rather than go through Council.

**Councilor Atherton** said he appreciated the suggestion. He said he had presented this to WRPAC for its advice and consideration, also.

**Councilor Kvistad** confirmed that the Council meeting for April 22 had been canceled.

**Presiding Officer Monroe** said it had been, due to a lack of action items coming out of committees.

**Councilor Washington** said he would be offering a budget note after the public hearing.

**Presiding Officer Monroe** opened a public hearing on Ordinance No. 99-793.

**Robert Bole**, Enterprise Foundation, 1020 SW Taylor # 800, Portland, OR 97205, said the Enterprise Foundation worked with low-income non-profit agencies. Since the foundation was established in 1982, it had assisted more than 1500 non-profit agencies to build more than 100,000 homes nation-wide and invested more than \$3 billion. In Eugene, the foundation helped employ some 250 low-income people who created value-added products out of such diverted materials as appliances, textiles, glass, and wood. The foundation would like to replicate this project in other parts of the country. Projects were underway in Baltimore, Cleveland, Northern California, Central and southern Oregon. Its interest here was in helping non-profit agencies creating new markets for recycled materials. In the Portland area it was working with the Metro Sustainability Forum, to explore ways to enhance Metro's recycling efforts. Through this project, the foundation had come to believe a great deal of potential existed in this region to recapture and reuse waste in this region. Enterprise pledged to assist non-profit and for-profit businesses that sought to expand their capacity and thereby 1) to increase the number of living-wage jobs in low-income neighborhoods, 2) help revitalize depressed urban neighborhoods, and 3) promote environmental sustainability. The foundation would do this through providing training, technical assistance, and funds in the form of grants, loans, and equity to local partners. In return, the foundation asked Metro to consider the following. First, support the development of the business-revitalization work plan, but open that work plan to include other local intermediaries such as the Enterprise Foundation and other local loan efforts. Second, increase the general account recycling business revitalization fund line item by \$750,000 this year. Third, continue to increase the corpus of that fund each year for the next three years until a corpus of \$2.5 million was reached. Fourth, commit to working with the Enterprise Foundation and other local intermediaries, to create a sustainable-business loan fund. The foundation would like to work as a partner with Metro, matching its contribution dollar for dollar, leverage public money with private money. And finally, he asked that the Metro Council keep supporting programs that increased recycling.

**Jerry Rust**, St. Vincent de Paul and the Enterprise Foundation, 3417 No. Russell St., Portland OR, said when he reviewed the budget, he was struck by the lack of discretion the Council had. Most of the budget had been committed and mandated. He noted the one exception was in the solid waste fund. He said he would be requesting the Council to exercise discretion in spending that. He said he had been working with St. Vincent de Paul and the Enterprise Foundation identify places in the waste stream that might produce jobs and products. Mr. Rust said he had begun this process being skeptical of the potential for success, because he knew Metro already had a high recovery and recycling rate. He also knew that markets for most of the products were way down. He said he had become an optimist through working with businesses in this area and learned that several hundred tons of material that now went to landfills could be economically recovered each year. For example, construction and deconstruction materials, wood, asphalt, shingles, textiles, cloth fibers, glass, and electronics. He noted that Oregon currently had no program to deal with discarded electronics. He said when high-density televisions came on the market in the next ten years, current televisions, which contained four or five pounds of lead, would be discarded. He suggested something be in place to handle that kind of waste. He said there was the possibility of turning mixed, unrecycled plastics into diesel fuel. He noted that was currently being done in Kelso, Washington. Other places in the country were turning fats, oils,

and grease from commercial grease traps into bio-diesel fuel. Ash could be made into bricks. He said businesses in this area would like to be involved. He said Metro was the only large agency in the area that could use its revolving loan fund and target grants to facilitate these business ventures. Mr. Rust said on page 144 of the budget document were the ending balance figures and the contingency fund. He noted the contingency, which appeared to total some \$40 million, had not been dedicated to anything this year. He said he could forego rate relief from his \$4.50 a month garbage fee. He would prefer the money be invested into the recycling, renewable energy, renewable resource infrastructure of this community to make this region into the most renewable, reusable economy in the nation. He said that would put this area way ahead. He closed by urging the Council take this opportunity to exercise the only discretion it would have with this budget.

**Presiding Officer Monroe** said there would be two budget processes this year instead of one, the first was very lean as the solid waste revenues had been dropping. The second budget process would be how we go about implementing the Change Order 8 that had been approved today. That budget process would be starting as soon as the first process was complete. He had spoken to the Executive Officer, Councilor Washington and other leaders in the area and indicated that any budget changes made as a result of the Change Order 8 must increase the incentives for recycling, not allow them to be reduced. He was absolutely committed to this goal.

**Councilor Atherton** said he appreciated these gentlemen's comments. He asked Mr. Houser when the deadline was for budget amendments and notes.

**Presiding Officer Monroe** said the deadline was no later than Monday, April 26, 1999, prior to the April 29, 1999 Council meeting.

**Councilor Atherton** said the council had had a discussion at the most recent budget work session. There was \$300,000 allocated for an outreach program in the Solid Waste budget. He suggested that these moneys could go to the Enterprise fund. He thought these individuals brought an important message.

**Councilor Washington** thanked Mr. Rust for his comments. This was the testimony he had been referring to previously. Mr. Rust and he had had quite a bit of conversation. He asked the council to give him the courtesy to assess what the changes in budget would be because of Change Order 8. He had already talked with Mr. Houser about a budget note. He was very sensitive to Mr. Rust's and Mr. Bole's request but was also sensitive to what Metro had to do as an agency. He would not do anything that would undermine the goals of Metro. The department heads had requested some time to determine where the agency stood and what would be the impact of Change Order 8 on the agency's budget.

**Councilor Bragdon** agreed with Councilor Washington about the financial concerns. There was a lot that was in flux with the tonnage estimates and the change order. He applauded the efforts of Enterprise Foundation and their offer to help Metro. It validated this from a market point of view. He indicated he would be supporting the budget note that Mr. Houser proposed and wondered if the spirit of that note could be construed to include private sector foundation participation in those work plans. Participation would be welcomed and expected.

**Presiding Officer Monroe** concurred, called for additional testifiers, when no one else came forward, he closed the public hearing.

**Motion to**

**Amend #1:** **Councilor Kvistad** moved to amend Ordinance No. 99-793 by deleting an executive analyst position from the Executive Office. The savings from the approval of this amendment would total between \$70,000-\$75,000. These savings would be placed in the general fund contingency.

**Councilor Kvistad** expressed concerns about adding the new \$100,000 position in the Executive Officer budget. The opposition was not to the individual who was filling the new position nor to the fact that this position may be needed but rather that the department was creating a new position. He suggested that rather than eliminating Mr. Warner's proposed position, the vacant executive analyst position could be deleted from the Executive Office budget.

**Seconded:** **Councilor Park** seconded the amend.

**Councilor Washington** asked for clarification. Was there anyone filling the Executive Analyst position currently?

**Councilor Kvistad** responded that he thought that the position might be filled now but had not been when his budget amendment was prepared. He thought that the Executive Officer had made a preliminary appointment in the last few days.

**Councilor Washington** asked if someone from the Executive office would be addressing this issue.

**Mr. Bruce Warner** responded that the position that had been occupied by Mr. Raphael had been filled by Pete Sandrock for about a week and a half in a permanent manner.

**Councilor Kvistad** closed by saying that he had real reservations about adding a position in the Executive Office budget at this time. The Executive Officer chose to put Mr. Warner in this position. He felt that when it came to the council budget, the Presiding Officer and members of this council had stepped up to the plate and made some adjustments to provide savings to the agency even though he believed that the council office was grossly understaffed. He felt that to add the \$100,000 position at this time was extremely inappropriate not that he disagreed with the kind of position it was going to be or the individual who was to fill it. This being the case, he made a determination that the vacant executive analyst position could provide some savings given that we had just funded a position at a substantial increase over the cost of this position. He thanked Councilor Park for his second.

**Vote to**

**Amend #1:** The vote was 1 aye/ 5 nay/ 1 abstain. The motion failed with Councilors Atherton, McLain, Washington, Bragdon and Presiding Officer Monroe voting no and Councilor Park abstaining from the vote. (Later in the meeting Councilor Park requested that his vote be changed from abstain to aye. The amended vote was as follows:

**Vote to Amend #1**

**VOTE AMENDMENT:** The vote was 2 aye/ 5 nay/ 0 abstain.

**Motion to**

**Amend #2:** **Councilor Kvistad** moved to amend Ordinance No. 99-793 to roll over 1998-99 unexpended funds in the Council Materials and Services budget of at least \$11,415 to the Council's 1999-2000 budget.

**Seconded:** **Councilor Bragdon** seconded the amendment.

**Councilor Kvistad** said, with the exception of last year, it had been his policy to roll over excess unexpended funds in the council budget to allow the council more flexibility and opportunity. The Council Office should have a total estimated carry over of about \$84,000. Ms. Sims pointed out that by rolling the total of \$84,000 into this year's budget might create some concern because it was a large amount of money.

He said the year before last the dues to the National Association of Regional Councils were eliminated from the budget. Metro was the premiere regional government in the United States, the dues for this membership were important as a standing as a regional council government and our long standing leadership in that group. It was his understanding that the dues were approximately \$10,800. He added that it was this council that shared the MPO for this region as part of the American Association of Metropolitan Planning Organizations. He believed that being a paid dues member of that organization was something that was important to this agency as well as a council role. Both of these items were specifically within the council purview. Mr. Cotugno currently paid an AMPO dues for himself to participate.

**Presiding Officer Monroe** asked if Councilor Kvistad would be making those recommendations as additions to the budget?

**Councilor Kvistad** recommended that this \$11,415 roll over fund these items.

**Presiding Officer Monroe** asked if these funding line items were part of Councilor Kvistad's motion.

**Councilor Kvistad** responded that the motion was that the Council roll over at least \$11,415, the final amount to be determined by these specific projects in the general discussion. He had not set an amount for the end of the motion.

**Presiding Officer Monroe** clarified that Councilor Kvistad was speaking to how these rolled over funds would be allocated but noted that this was not part of the motion.

**Councilor Kvistad** said to be prudent, he wanted to roll over as much as we could from the M&S budget without rolling over what we saved in terms of personnel. He clarified that his motion would be to roll over as much as the Council Office saved in the M&S budget and potentially more if these priorities were ones that the member of the council would like to address.

**Councilor Atherton** said he loved the minutia of budgeteering. He suggested that the Water Consortium might also be considered a priority.

**Councilor Bragdon** said he seconded the motion because he supported Councilor Kvistad's overall intent with regards to how roll oversee were treated, not necessarily just for the council office but in general in terms of the signals that get sent to managers, in terms of the use it or lose it mentality and in terms of rewarding efficiency he thought there needed to be some reward built into the system so that roll overs do in some way or another accrue back to the people who have saved the money. That to him was part of the budget process that took place a few months prior to where we were right now with regard to the budget that would take effect July 1, 1999. He asked Ms. Sims about roll overs and how these had been treated for the up coming budget.

**Mr. Mike Burton**, Executive Officer, said four years ago the NARC bill was about \$20,000, of which there were two parts, AMPO (which was in the proposed budget and was paid by the

agency) and the Association of Councils of Governments. At the time the question was whether or not we could afford the \$20,000 that they wanted to charge Metro because it was based on a per capita dues bases. He dropped it out of the budget at that point. We continued to have negotiations. There was a new director that came in several years ago whom he was very impressed with and from a personal perspective he thought participation in that organization did have value. It was a matter of money, could we afford it. AMPO clearly gave Metro an advantage, an association of MPOs, particularly because of ISTEA and our congressional connections. It had not been in the budget for several years because of money. He addressed the roll over question. If the council adopted this policy he pointed out that his anticipated savings in the previous years was \$17,000 and in the current year it was about \$18,000. It was his hope that the council would let him roll it over also.

**Ms. Jennifer Sims**, Administrative Services Director, said when this matter was first brought up at the Budget Work Session she was asked to respond to specific questions (a copy of this document and responses may be found in the permanent record of this meeting). She was responding to what the actual projected underexpenditure was for the council office. She reported that at this point in time she thought this was about \$84,000. They had used an estimate of \$92,000 when they put the budget together. She thought what the council needed to be focusing on was the second question, which was what was the impact of this on the council's budget for next year. She noted an attachment that was given to the council on March 24th concerning the second part of these information about tonnage forecast. This document reported to the council what the impact of that forecast was on the general fund. She said the projected FY 1998-99 ending balance for the fiscal year because of the revision of the tonnage forecast building on actuals to date Metro would be about \$320,000 below what they projected. This figure was what they subsequently had built next year's budget on. She reviewed the 1999-2000 budget impact of \$320,000 and the revised forecast for excise tax for next fiscal year which was about \$286,000 reduction. If you rolled that through all of the planned spending or budget for next year, rather than ending the year with a \$717,000 combined contingency ending balance, it would really only be \$144,000. On a \$9.2 million fund, that was rather slim. She reviewed the second page of her second memo, with the projected ending balance of \$144,000, the council on March 18th approved a series of tentative amendments to the budget that still had an outstanding unresolved negative balance of \$13,700. There were two other amendments on the table at this council meeting, a MERC contract adjustment of \$17,000 from excise tax and the Water Consortium dues in addition to the council carry over of \$84,000. That would take them down to \$12,000. She said if this was the direction that the council wanted to go she would urge them to identify other areas that excise taxes was budgeted to and requested that the council make sure that the number was a little higher, the \$144,000 made her nervous.

**Presiding Officer Monroe** asked the Council Analysts what the practical effect of tying up this roll over rather than have it budgeted as the Executive was proposing.

**Mr. Houser** responded in that the council had not taken any other action to reduce departmental budgets that were dependent upon the general fund, the situation was as Ms. Sims' explained it. Unless the council made those kinds of changes the only place that any roll over amount that the council made could be reflected in the budget at this point was in the general fund contingency. Whatever amount the council rolled over would have the effect of reducing that contingency.

**Presiding Officer Monroe** summarized that the net effect of the proposed amendment would be to reduce our contingency which was already lower than it had been in many years.

**Mr. Houser** said that was correct.

**Councilor Park** asked Ms. Sims for clarification if the council had expended these funds where would we be now.

**Ms. Sims** said if they had known that was part of the forecast when the budget was put together then there would have been a lower spending plan for excise tax in other areas.

**Councilor Park** asked, in the prior council, if there was an amended budget brought back to the council in requesting a change of the prior council's appropriations of these funds. He clarified that in the prior budget the council approved through policy the allocation of funds. As proposed there had been a change of those allocation of funds which were approved in the prior budget. He asked Ms. Sims if there was an amendment that was brought back to the council to change the use of these funds and policies.

**Ms. Sims** said the existing current year budget continued to have the same level of appropriation as originally adopted, there had been no amendment to that budget. The council could still spend this appropriation. The way that they identify for budget purposes what the potential underspending would be was that they work with council staff concerning the spending plan. The council has had a position vacancy, we were told that this position would be held vacant and that was how they gathered this information.

**Councilor Park** said in actuality the answer was, no there was no amendment brought back. The council or any other department in Metro would be free to expend the funds they had on hand within the guidelines of the council and the executive. He said that there was a comment made at the budget work session that this was typically how municipal and state budgets were done.

**Ms. Sims** said she was not aware of how the state did their budgeting but the city and county finance directors that she worked with use this methodology for putting their budgets together.

**Councilor Park** asked if this budgeting technique had a tendency to overstate revenue.

**Ms. Sims** said in the budget it did show both times but because they anticipate that it would not be spent in the current year, the statement of revenues for next year was as accurate as any budget estimate could be.

**Mr. Burton** added that it served a duo purpose. It had always been a concern of his that when you do public budgeting that you asked the departments to project what their anticipated needs and costs were going to be. What Metro did, as you went through that fiscal year and you were managing off of your budget, as a management tool you were constantly checking with those departments to make sure that they were fiscally prudent. One of the things that you were anticipating and instructing the departments to do was not to spend more than was in their budget but in fact you were able to signal out that you wanted to see as much underexpenditure as you possibly could. If you know that you were going to be tight then you would want to maintain vacancies. As a budgeting process it required constant management attention to try and get Metro to that level of budgeting. What was missing was a joint process of policy decisions up front that decided how that budget ought to be spent in the first place. The management of the budget occurred on a close bases by asking the department to watch. This helped with determining what you started with for the upcoming budget cycle.

**Councilor Park** said either the correct way for accounting purposes was to amend the prior year's budget in terms of the actual expenditures so when you were projecting ahead you had an

accurate amount that you projected last year so that when you were figuring a constant line service budget that it accurately reflected what you actually did. His concern was that in this case the way it was being done was that it overstated revenue because you were taking dollars that were appropriated in this current fiscal year, projecting they were not being used and using them next year. So in fact you were ending up potentially on a deficit spending system because of the way the revenue was being counted. He thought, in looking at other organizations, that they figured what the carry over was at a certain amount, they did not add in what the underfund was to that amount. They were figuring that the current budget and their next year's carry over when they were starting would be 100% expended and that if they had any carry forward it was "gravy". This way it allowed the council to take those one time moneys and either bank them or spend them on another project but you always stayed constant with your carry over at a certain amount so you were not eating into that amount.

**Mr. Burton** said that in the one case it was a methodology to understate revenues and in fact the point that Ms. Sims had made about revenues off the projected solid waste, in the past they tended to rate those under, we were now getting a more accurate rating. The revenues from the MERC facilities for a number of years had been underestimated and the overrealized revenues were set back into a fund which was what allowed Metro to have the \$5 million currently and the \$9 millions previously for the buildings that had been and would be constructed. The question that TSCC asked on that was what was the policy decision for making those set asides in either case. He thought it was a matter of policy question whether you underestimated or overestimate revenues in any case you end up managing your budget to zero. The real issue for the council was a policy decision about set asides and what they would be going into. Were you saving these moneys to build a new building or anticipated that these funds went to something different. Councilor Park was correct in portraying a potential, we just managed it as close as you could and you hopefully got to sum zero.

**Councilor Washington** said this conversation had occurred before, they always seemed to take place at the very end of the budget process. This was frustrating to him because many times when there were things that needed to be done they occurred at this time and if those dollars were expended for whatever reason, they would not be there. It seemed that when the conversation revolved around the council and the management of the council's resources there was always this debate and this bothered him. He asked why didn't this conversation occur six months ago and why was it that it was always at the very end. He had made his wishes very clear and he thought that there had to be a better way.

**Councilor McLain** may choose to agree with Councilor Kvistad's amendment and the budget note from Councilor Park but there was one element of the conversation that needed clarity. The one role of the manager was to make sure that he was reviewing the budget and the spending throughout the year as manager of the agency. Sometimes when he thought there would be less tonnage that he might say to those departments, I want you to try and cut 5% of your budget, because we may need to roll it over so that we can have that for carryover so that we can revisit where that money was going to be spent, because we may have many things to do next year and we were not going to have as much of a string to actually put towards those actual obligations. She thought that Mr. Burton, in the four or five years that he had been here, had done that actively and very well. She didn't think that there was anything wrong with that approach to budgeting or that approach to managing. The second element was that both Mr. Park and Mr. Kvistad wanted an upfront talk about how we revisit and where we reallocate those funds. They wanted as much opportunity as possible for flexibility for the council office so that the council be allowed, if we did save money and there was money available to rollover for the next year, to use it for projects we thought were important. She didn't think that anybody in this room would disagree with that



ability or that need or that purpose. So, to get to Mr. Washington's thought, and that was if we didn't want to have this conversation at this point in the budget season every year then a really good thing to do would be to change the process and she really believed that Mr. Park had a budget note that would help us do that. In essence, she thought that there were two issues going on here: one was that actual amendment that Mr. Kvistad was bringing in front of us today and that was, did we want to rollover a portion of the council budget and then there may be other motions from Mr. Kvistad as to how we would use that rollover, and then number two, as far as the overall process in the future, how did we get to that revisiting of reallocation of funds before the reallocation actually took place in the proposed budget by the Executive that was presented to the council. She hoped that this summarized that 1) there was nothing wrong with our budget process, 2) there was nothing wrong with the way we managed our departments and 3) there was nothing wrong with rolling over dollars. The conversation really was about did we wanted to have a way to have a preconversation before we got to the Executive budget being presented to the council. She was all in favor of that. She suggested that Mr. Park go forward, conquer, and get your budget known out there. She added that she was more than willing to debate this issue with Councilor Kvistad about rollover for the council fund.

**Councilor Washington** thanked Councilor McLain for helping him. He felt there was nothing wrong with the process, but he thought that what really frustrated him was that what appeared, and maybe it was not intentional, but what always appeared to be this little fear factor about if the council did that the council was going to hurt the process or the budget. He was tired of it. Every year this frustrated him. The council's job was to set the policy, and if we needed to do a better job of that, then that was something we had to work on but he appreciated the explanation. He said that the 'fear factor element' was probably the most frustrating part to him, it was like "oh you guys are going to do this?" He said he was really tired of this. If there was a better process then let the council go forth and do it but he didn't want to be sitting here next year with the little fear factor coming up to the council again. He really didn't appreciate it.

**Councilor Bragdon** said Councilor Washington was absolutely right when he said the Council should have been having this discussion six months ago. Not all of the Council was here six months ago, granted, but he thought that maybe a positive way of putting that was let the Council resolve that six months from now. The Council would be having a similar policy-oriented discussion about the budget for FY 2000-2001 and how carryovers got treated. His concern was, again, if he were a cold, economically calculating actor in the pure economic sense and looked at an \$84,000 carryover and thought that he could spend that on all kinds of fancy machines in his department for the next two months and he would get to enjoy those nice toys, or he could just let the \$84,000 go and then it would go back into the general fund. Maybe he would get to get some of it back and maybe he wouldn't, if he didn't have the good of the whole organization in mind he would suggest spending the money down. Councilor Bragdon suggested that this was the wrong signal to be sending. He thought addressing the issue of how carryovers got treated for the next budget was very appropriate. His concern about doing it at this stage of the budget, which was going to be effective July first, was that it sounded like these particular rollovers because of policy decisions were committed and to try to recommit these rollovers at this point really did mean taking it from somewhere else.

**Presiding Officer Monroe** said to Councilor Bragdon that, in this agency and agencies that were directly run by elected people, those elected people had the authority to demand, when necessary, underexpending budgets. Mr. Burton had done that, we who controlled the Council had done that with our own budget. We had purposefully underspent our budget and the people that worked for us didn't really have any choice in the matter. These two gentlemen here would probably like to have a third cohort to share their duties but we didn't ask them whether they would accept that,

we did it to a degree “can you keep getting by with one less person?” but we basically told them “you will keep getting by” and Mr. Burton had done the same thing with his staff, because he knew that this was a tight situation that we were in right now and getting tighter. It was similar to another political job that he had, which was the director of a school district, where they really did have a problem, because, although the board of directors of the school district theoretically managed the budget, in reality they passed the budget once a year and after that it was in the hands of the superintendents, the principals and all of the other people. It would be very, very difficult, almost impossible to have the kind of close control of expenditures of an agency that was possible when your agency was being not only directed, but operated, by elected people. He did think there was a difference.

**Councilor Park** clarified what the Presiding Officer said in terms of passing the budget once a year which was what Metro did, Mr. Burton had control of the agency, the presiding officer and the council had control of their own budget in terms of the council staff, and the only part that the council did have a say in was their own particular staff. The question then was could, at some point, the Council say “O.K., I’m sorry half of you are gone” so we could save \$500,000, what would happen at that particular time with funds under the current budgeting system. He thought that was a question that Councilor McLain brought up since the process was O.K.. He would venture to say that he didn’t think the current process was O.K. because of the fact that as the prior council budgeted these funds for these purposes that to change them without okay of the council again was not correct.

**Presiding Officer Monroe** called for further discussion before Councilor Kvistad’s close.

**Councilor Kvistad** said all of this discussion had been really valid. He thought that the one thing that the Council was going to need to do in the future was state that the council budget was off limits for Executive to be making determinations if we had overexpenditures or underexpenditures. He said the council was not allowed to have overexpenditures but he suggested that if the Council had underexpenditures this money stayed in some sort of council contingency fund and was not rolled into the general fund. He really had a problem with getting to the end of the budgeting process where the Council saw some certain unmet needs and were then told “well, we are sorry, the rest of the agency had this money or the Council’s priorities didn’t count” or when the Council got to the end of a budget cycle, especially when the Council had been pretty fiscally prudent and responsible to be told that “well, the Council couldn’t take \$10,000 or \$11,000 and put it towards a project”. The fact that this type of request became a big deal was really offensive to him. He thought that retaining this additional contingency, taking the M&S dollars that we were expected to save, up to an amount of \$11,415, which was what the amendment was, and keeping that money in the Council’s budget would allow time for discussion about the NARC dues. The Council didn’t have to make those allocations at this particular time. He thought that this was prudent, it was money the Council could use, the Council had earned the right to have some flexibility and use with these moneys. He recommended to the Council that they vote this amendment forward. He recommended an aye vote.

**Presiding Officer Monroe** reviewed that the motion was to recapture at least \$11,415 of carryover from the Council’s M&S budget to have that earmarked for council expenditures in the next year.

**Councilor Kvistad** added that these moneys would be available for expenditures and the council do follow-up for exactly what those expenditures would be.

**Vote to**

**Amend #2:** The vote was 3 aye/ 4 nay/ 0 abstain. The motion failed with Councilors Bragdon, Atherton, McLain and Presiding Officer Monroe voting no.

**Councilor Kvistad** announced that he had to leave to go to the doctor.

**Presiding Officer Monroe** said they were sorry to lose Councilor Kvistad for the rest of the meeting, but he would let him know how it went.

**Councilor Park** asked that he would like to be able to change his vote on the first amendment from an abstain to a yes, and that amendment was regarding the elimination of the one position in the executive's office.

**Presiding Officer Monroe** called for objection to Councilor Park changing his vote on the previous vote on the previous motion? Without objection it was so ordered.

**Councilor McLain** said she didn't often do this, but she wanted to give a vote explanation on this particular vote. One of the reasons she hesitated and voted no was because she thought that M&S fund and what that rollover might be used for was not complete enough at this point. She didn't know if membership could come out of M&S in that particular line item. The question wasn't asked or was left answered so she was unable to feel comfortable voting that forward.

**Presiding Officer Monroe** announced the continuation of considerations of amendments.

**Mr. Houser** reviewed budget note page and the four items at the bottom of that page (a copy of which may be found in the permanent record of this meeting). These were all budget notes, the first of these was from Councilor Bragdon which had been reviewed at the Council Budget Worksession so the Council was aware of the nature and intent of the amendment, it directed staff to prepare an analysis of the effect of any change in the disposal rates resulting from Change Order 8 in the region's recycling rates, and encouraged staff to come forward with proposals to ensure that we not only maintained our existing rate, but created initiative to actually increase that rate of recycling.

**Motion to**

**Amend #3:** **Councilor Bragdon** moved the REM budget note; in the event that a change order in the disposal contract with Waste Management Inc. results in the possibility that Metro could lower the tipping fee, staff is directed to report to Council by October 1, 1999 regarding: a) Projection of how reduced tip fee would be likely to influence recycling rates in residential and commercial sectors, b) Proposed fiscal and/or programmatic efforts to mitigate that influence, and to ensure (through incentives, grants and other means) that recycling will increase despite such a reduced tip fee.

**Seconded:** **Councilor Park** seconded the amendment.

**Councilor Bragdon** said this amendment summarized what had been the sense of many of the Council that if the tipping fee did come down we wanted to be quite certain we knew what that would do to the recycling rate, we wanted to have very specific programmatic and fiscal suggestions for steps to mitigate any sort of negative effect. He noted today's testimony to that effect.

**Vote to**

**Amend #3:** The vote was 6 aye/ 0 nay/ 0 abstain. The motion passed with Councilor Kvistad absent from the vote.

**Mr. Houser** reviewed the second budget note, a REM budget note related to the creation of work plans before the expenditure of certain funds that were in the budget. It also requested that any contracts utilizing those funds be designated as significant impact, both the work plans and contracts would be subject to council approval.

**Motion to**

**Amend #4:** **Councilor McLain** moved the REM budget note related to the creation of work plans for expenditure of waste reduction outreach, organics processing capacity and business recycling grant program prior to expending funds.

**Seconded:** **Councilor Washington** seconded the motion.

**Councilor McLain** said this had been explained in budget workshop and again it gave the council an opportunity to review these programs and these contracts before they actually had those funds expended.

**Councilor Bragdon** reiterated his earlier comments when the witnesses were testifying, that if the work plans could involve foundations and private sector individuals that would be beneficial.

**Presiding Officer** Monroe said that was an excellent suggestion, he concurred.

**Vote to**

**Amend #4:** The vote was 6 aye/ 0 nay/ 0 abstain. The motion passed.

**Mr. Houser** said that the next budget note asked the Human Resources Department to analyze the supervisory and project management positions within the classification and determine if any clarification of those classifications were needed.

**Motion to**

**Amend #5:** **Councilor McLain** moved the budget note which asked Human Resources to analyze use of supervisory and project management positions within the classification system.

**Seconded:** **Councilor Bragdon** seconded the budget note.

**Councilor McLain** thought this budget note was a good clean-up and a good review of our classification system.

**Vote to**

**Amend #5:** The vote was 6 aye/ 0 nay/ 0 abstain. The motion passed unanimously of those present.

**Mr. Houser** said the next budget note dealt with the council office budget. It was being proposed by Councilor Park and it attempted to offer clarification as to the council's decision to eliminate the proposed assistant to the presiding officer position. Councilor Park had copies of his proposed budget note.

**Motion to**

**Amend #6:** **Councilor Park** moved the budget note which said that the council recognizes that FY 99-00 will be a year of limited general fund resources and that Metro, including the Council, must budget accordingly. Therefore, the Council has agreed to eliminate a proposed position which would have provided additional support to the Presiding Officer. However, the Council has already begun to address more complex growth, land use, environmental and facility-related issues, and our regional partners may request additional support from Metro in the near future. The Council recognizes that adequate analytical, outreach and support assistance staffing will be critical to the formation and adoption of sound regional policy. The Council reserves the right to revisit staffing needs at any time to insure the public's needs are being met.

**Seconded:** **Councilor McLain** seconded the motion.

**Councilor Park** said this budget note was a placeholder recognizing that to hold the position as a full-time equivalent created a further deficit in the budget. This was just a note that the Council recognized that in a tight fiscal year we all must tighten our belts. We were giving up this position, but also recognizing that we believed that in the future this council would be taking on more issues and we would need additional staff. This note allowed the Council to go back and revisit that issue with the recognition that they gave up the position this year, but it wasn't just given away lightly, and that the Council wanted that noted with the ability to come back and not be criticized in the future for adding staff. The fact that, with the ESA listing and with the other activities, we were being asked to do more with less. The Council just wanted to make sure that the public's needs were being met by this council. He thought that as he had mentioned before he believed this council was being quite proactive and quite honestly when we did that it required staff to be on hand with our partners in the region and to allow us to have that technical expertise that we needed to have there at the same time.

**Presiding Officer Monroe** clarified that the Council was not recreating the position and not filling it, which the Council was told you couldn't do, but we were simply saying that we reserved the right to revisit this issue at any time in the future based on any needs that we may have.

**Councilor Park** urged an aye vote.

**Vote to**

**Amend #6:** The vote was 6 aye/ 0 nay/ 0 abstain, the motion passed.

**Mr. Michael Morrissey, Senior Council Analyst**, said that the first monetary budget amendment had to do with the Regional Water Consortium dues which the Council discussed in a budget committee. The amount of the amendment was \$16,614 to be placed in the Growth Management Department and to be funded from general fund contingency.

**Motion to**

**Amend #7:** **Councilor McLain** moved an amendment which appropriated \$16,614 to be placed in the Growth Management Department's budget and be funded from general fund contingency to cover the Regional Water Consortium dues and to fund a conservation of water study.

**Seconded:** **Councilor Bragdon** seconded the motion.

**Councilor McLain** said Metro had been a member of that consortium since we started with the regional report talking about the supply plan for the region. There were 28 to 29 folks serving on this consortium. There were so many issues dealing with water quality and so many responsibilities in our charter dealing with Title III, Goal 5, water quality and supply that she believed we needed to be at that table. The Executive Officer also sent us a note saying that he did not mean to leave this out of the budget, that it was an oversight, and he did support this membership. She asked for an aye vote.

**Presiding Officer Monroe** asked Councilor Atherton why Metro should not do this.

**Councilor Atherton** said that the Presiding Officer correctly guessed that he would suggest a no vote on this. 1) we were already addressing water quality making the land-use/water quality connection in many other ways. The water consortium was an organization of water providers and water users. Metro was not one of those. And, indeed, one of the key reasons for forming the water consortium was to try to keep Metro out of the business. He thought that it was an unnecessary expenditure. Look at the amount of consideration the Council just gave to an \$11,400 expenditure, this was \$16,500, we provided a fine meeting place for this group, we were in constant contact with everyone that was involved. He thought that the \$16,500 expenditure could be looked upon as a control issue, but frankly he saw it as sound fiscal management and suggested not spending the money. He urged a no vote.

**Councilor Washington** asked for Councilor McLain's assistance on this one?

**Councilor McLain** suggested Councilor Washington vote his soul.

**Councilor Bragdon** was curious as to how they determined the dues. Was it according to population?

**Presiding Officer Monroe** asked if anyone knew how they determined the dues?

**Mr. Morrissey** said the note included the matter of the water consortium dues and there was also another smaller, several hundred dollar item that came over in the letter from the executive officer. The request totaled up to \$16,000 and that amount of change.

**Councilor McLain** said that Mr. Atherton wanted to answer the main question, which was fine with her, the additional fees basically were for a project that the consortium together decided to do. There was a study that dealt with conservation of water and some other elements that she thought was very important.

**Councilor Atherton** said that most of the fees were based on the water users that were in the district and in Lake Oswego's case he thought that the \$6000 to \$7000 annual fee was based on the population of Lake Oswego. This was not the way it should fit in with Metro. He thought that Metro would be better off to say to the group, you have your organization, we provide you a place to meet, we talked with your group all the time, but the water supply process, the plans, the conservation efforts were their business, it was not ours.

**Councilor Park** asked if someone would refresh his memory or educate him on water policy in terms of the regional framework plan? The reason he brought this up was because the old saying in agriculture was that whiskey was for drinking and water was for fighting. The water

consortium seemed to be the group that was in that business and that the role of Metro was to keep peace between the providers and the users.

**Councilor McLain** said in both the charter and the regional framework plan our partners had involved Metro in some of these issues in a number of ways. 1) The reason Metro joined the regional water consortium the first time was because they asked us to for our statistical abstracts, for some of our FTE support, and for the numbers that we had, the projections of growth. We were very much involved in that regional water supply plan because they were basing that supply plan on the growth numbers that Metro provided. 2) The situation was that they again said that they wanted Metro involved, because they felt that they didn't want us to do our own plan. Mr. Atherton was correct. Metro joined the effort because we felt that this way it was from the bottom up and not from the top down type of a regional water consortium plan which was requested and required of us from the charter. We felt that this was a very effective way of using our money so we would not have to do a study of our own as requested of us, by the voters.

**Vote to**

**Amend #7:** The vote was 5 aye/ 1 nay/ 0 abstain. The motion passed with Councilor Atherton voting no and Councilor Kvistad absent from the vote.

**Mr. Houser** said this monetary budget amendment implemented what was agreed upon for support services with MERC and made the appropriate changes in certain MERC and Metro-related funds to accommodate that action. This was discussed at yesterday's budget meeting, the Council had a sheet that outlined the specific amounts that would be involved in those changes (a copy of which may be found in the permanent record of this meeting titled "Overview of Changes Needed as a Result of Negotiations between MERC and Metro").

**Motion to**

**Amend #8:** **Councilor McLain** moved the monetary budget amendment which implemented the changes needed as a result of negotiations between MERC and Metro concerning support services.

**Seconded:** **Councilor Washington** seconded the motion.

**Councilor McLain** said this was explained thoroughly at the work session, she was happy to answer questions.

**Presiding Officer Monroe** said this was necessary to implement the agreement that was hammered out between MERC and the Executive at the request of the Presiding Officer.

**Vote to**

**Amend #8:** The vote was 6 aye/ 0 nay/ 0 abstain. The motion passed.

**Mr. Houser** said the Council had two separate memos dealing with technical amendments. One that the Council received several days ago, one that was brought to the attention of the budget work session yesterday and fully explained. These dealt with the normal kinds of carryover-related activities that occur ever year (copies of which may be found in the permanent record of this meeting titled "Technical Amendments to the FY 1999-00 Proposed Budget" dated April 7, 1999 and "Adjustment to the General Obligation Bond Debt Service Fund and Property Tax Levy" dated April 14, 1999)

**Motion to**

**Amend #9:** **Councilor McLain** moved the technical amendments.

**Seconded:** **Councilor Washington** seconded the motion.

**Councilor McLain** said these were truly technical and Mr. Prosser went through them very carefully with us during the work session. There were a number of them, she indicated she would be happy to answer questions.

**Councilor Park** said, just for clarification, these were all rollovers that were specific to certain projects, correct?

**Councilor McLain** said, yes.

**Vote to**

**Amend #9:** The vote was 6 aye/ 0 nay/ 0 abstain, the motion passed.

**Councilor McLain** clarified that there was a single page that was handed out with those technical amendments and she was not sure that that was actually part of this technical amendment. She asked Mr. Prosser if this should be voted on separately.

**Mr. Prosser** said, no, that it was part of the motion, and that was part of the vote.

**Councilor McLain** said if that was true than that was the one that was not a carryover. She just wanted to make that clear, because Mr. Park asked her if these were all carryovers. That one single sheet was not a carryover, and if you would like further explanation the Council could revisit that.

**Motion to**

**Amend #10:** **Councilor Park** moved the following policy: The Metro "Proposed Budget" should portray revenues, and department budgets in an accurate manner. To that end, unexpected funds from the prior fiscal year shall be built into the "Proposed Budget", and ultimately expended, only with the explicit approval of the Metro Council.

**Seconded:** **Councilor Bragdon** seconded the motion.

**Councilor Park** thought from Council discussion that there was a need to put clarification into how these funds were accounted for, how these funds were potentially expended in the future, and this budget note would pertain to building next year's budget. Councilors Bragdon and Washington had suggested being proactive. He thought this amendment would help the Council identify and match what he saw in terms of actual each year's revenues and expenses. The current budgeting, in his opinion, and he thought opinions of others, overstated revenue, by counting them in the current year and then counting them in the following year as part of the un-expended budget. Indeed, if those departments or the council chose to expend their full amount they would not be there. If we were not going to authorize those funds or to allow those to be expended, then we should not authorize the full amounts. This amendment just included some of what he considered to be good fiscal responsibility. The funds that were generated were only one-time funds. They were generated by not expending and were not available on a continuous basis. He would propose that if this budget note was adopted that we would have the ability to identify and create a budget that he thought was a little more responsive, a little more responsible, more complete. This would help complete that and put the discussion up front at the beginning of the process rather than now. He had not realized until now that we were counting unexpended funds into next year's budget as part of the carryover. He had assumed that unexpended funds would be in addition to the proposed carryover. In other organizations, the state government and the department of agriculture this had been the procedures as well as the one non-profit that he had been involved with. He thought it was a prudent procedure. It allowed you to accurately measure year-to-year, and match your actual expenditures and revenues so that you get an accurate picture



of what we were actually doing and you didn't end up in a deficit spending situation by accident. If we chose to do it on purpose, that was one thing, but he thought that our current budget situation as discussed pointed out the necessity of having a procedure like this and additional policy set which he thought would protect those of the council that were involved in this and was just prudent. He had talked to Mr. Prosser about this and he did not believe it would be that difficult in the carryover to identify and separate out those funds.

**Councilor McLain** said she was going to vote in favor of the budget note that was being brought forth by Mr. Park but she wanted to make it very clear about two things. First, she thought this would complete the conversation, and she believed that the council should be more proactive on where those saved dollars from different departments would go, including their own department, the council department, and that was a plus and why she would be voting yes. There was one element of the conversation that Mr. Park had now repeated twice that she didn't quite agree with and that was that it was a choice that we were making either as the council or as a manager, especially Mr. Burton as a manager, to ask departments to try and not spend their full budget, and that was because of new information that the manager and the councilor received during the year, whether it be because of new streams of revenue or smaller streams of revenue that were coming forward. So that was a choice, and a good manager was going to be very active in reviewing that information and making those choices to act for the department and himself, and even let us know so we as a council could be more active in saving ourselves and really watch our dollars because next year looked a little bit more complicated or more expensive or we had more projects.

Councilor Park said that the state did their budget differently and that was that they didn't count the money that was not spent, so that underspent money was just added on top of the budget that they budgeted for next year. She didn't like that, because, number one, you didn't then have again an active, complete conversation about where you may need to redistribute those dollars if the status quo and the programs and the issues that were at hand that the Council was responsible for or the state was responsible for had changed. She was going forward with this budget because she believed it would further the process of a complete dialogue, but not so Metro could just add on top of the budget process the money that wasn't spent last year. She thought that then again we have a complicated conversation that wasn't as accurate as far as what the public dollar was being spent for. Councilor McLain agreed with Councilor Park but was anxious to go forward in six months to have this conversation.

**Councilor Atherton** asked for clarification on the wording of the budget note.

**Mr. Morrissey** suggested that the council in accepting or adopting as a budget note the statement in issue as part of this note, then there were three options laid out and the Council could by implication be saying that they intended to continue exploration of those options or others and would give direction later as to how the budget would be built using some or all of these options.

**Councilor Atherton** said that he saw budgeting like this as a management tool, and the executive officer was very correct in his explanation of that. He thought that Councilor McLain's explanation was absolutely on target. We were not in the management business or shouldn't be, ours was a policy guidance, policy direction and he thought the conversation we could explain to the public, perhaps now, that we did plan to be up front early on in this budgetary process, but we were going to vision, we were going to set the direction, and then ask for the executive officer to come back with a budget that carried out that direction or explained various issues and options. That was the process that he was most comfortable with. Councilor Bragdon also spoke to this, we all had feelings about policy governance versus being in the management game. This was a real long budget note to explain in just a very short sentence what we were trying to do. We were going to take the carryover funds, put them in a pool and evaluate them, be able to separate them out, identify them, those that were for ongoing projects, capital projects versus more general

unexpended funds and then evaluate that portion of the pool, so it became clearer as to the ones that were for projects or for capital expenditures, those usually went forward.

**Councilor Bragdon** thought that it not only completed the conversation, it allowed the conversation to take place at the right time in the budget cycle. It was not a matter of micromanaging, it was a matter of giving us all the information and truth in packaging of it, so he would be voting yes. In terms of the length of it, his understanding when he seconded it was that Mr. Morrissey was going to wordsmith it a little bit, but the Council understood the intent of the three options that we would be going through, correct?

**Mr. Morrissey** was assuming as a matter of policy that was what Councilor Atherton talked about, the policy was in the statement, the policy direction was to try to get a clearer basis of year-to-year basis. These options could be a further discussion by you at a later date.

**Councilor Washington** said he was going to support this note. On the one hand, he didn't consider it managing anything. It was beginning to address what his frustrations were that he had expressed and in these situations they had never done it before. You couldn't expect the first thing to come out of the shoot to be perfection, but there was one thing about a piece of paper, you could always change it, and he was glad that we at least had something on the table. It was better than nothing, and this was not bad, and it was an excellent place to start. He didn't think there was anything in here that was going to tie anybody's hands, and if we had to work to change it, that was fine. He would support it in the form that it was in.

**Councilor Atherton** said this was a communication from the council to the executive officer and staff. He asked Ms. Sims or Mr. Prosser to explain what they thought this meant.

**Ms. Sims** said she heard two different conversations going on here, one where council staff, Mr. Morrissey, was going to craft this to simply refer to examination of these options, and Councilor Washington indicated he was ready to vote on the whole thing. In terms of the first approach, which would be to refer to options, he would prefer that approach, because he thought there maybe other matters that he thought could enhance the whole resolution of this, including some of the things Councilor Bragdon had suggested about providing incentives to departments on their spending patterns and other things. In terms of the specific options that were offered here, we would work with the council on any options that they gave us direction on in how the budget should be prepared. She was very pleased that the council was expressing an interest in giving us policy direction on the preparation of the budget, that would greatly enhance our ability to bring to the Council a budget that they would embrace and find satisfactory for meeting with the organizations priorities, that was going to be a great thing for us.

**Councilor Washington** thought the council had always given a sense of direction on what they wanted.

**Vote to**

**Amend #10:** The vote was 6 aye/ 0 nay/ 0 abstain. The motion passed.

**Ms. Sims** said that she had two items that she would like to make note of before they closed. She had in her notes approximately \$47,000 of actions that the council had taken regarding, for example, the water dues and the MERC amendment that had not had specific, identified sources. She just wanted to confirm that these would be from an appropriated balance?

**Presiding Officer Monroe** responded yes.

**Ms. Sims** said we had not and did not intend, at this point, to amend the revenue and ending balance numbers to reflect the solid waste forecast. We did discuss with the Tax Supervising and Conservation Commission as to whether that would be the best time to make that amendment, and they felt that it would be appropriate if we wanted to choose to do that with the adoption of

the budget so that we had the most accurate information from the year-to-date forecast. The council would continue to see a higher ending balance and beginning balance than ultimately we thought we would have, but for now we were just going to leave it like that.

**Councilor Park** said the Council had not touched on the ballot measure 56 issue and the question he had was there was a \$150,000 potential cost that we had not identified a funding source, and his only comment to that was that if we were being required to do this, he wished someone would come up with the money, rather than give us another unfunded mandate.

**Presiding Officer** said the unfunded mandate came from the voters, rather than from the legislature.

## 11. COUNCILOR COMMUNICATION

**Councilor Washington** complimented Councilor McLain on running the Council Budget Worksession the day previous in Presiding Officer's stead. He encouraged the light moments.

**Presiding Officer** Monroe expressed his thanks to Councilor McLain for taking over while he was conducting his other civic duty as a school board person.

## 12. ADJOURN

There being no further business to come before the Metro Council, Presiding Officer Monroe adjourned the meeting at 5:24 p.m.

Prepared by,

Chris Billington  
Clerk of the Council

Document Number	Document Date	Document Title	TO/FROM	RES/ORD
041599c-01	3/24/99	FY 1999-00 General Fund Summary of Fund - Revised 3/19/99	TO: Metro Council FROM: Jennifer Sims	
041599c-02	4/15/99	Slide presentation concerning Res No 99-2766 and Ord No 99-800 by Terry Petersen, Acting REM Director	TO: Metro Council FROM: Terry Petersen, Acting REM Director	Ord No. 99-800 Resolution No. 99-2766
041599c-03	4/15/99	Budget not on Metro response to ESA	TO: Metro Council FROM: Councilor Atherton	Ord. No. 99-793
041599c-04	4/13/99	Proposed Budget Amendment	TO: Metro Council FROM: Councilor	Ord. No. 99-793

041599c-05	4/15/99	Draft Budget Note	Kvistad TO: Metro Council FROM: Councilor Park	Ord. No. 99-793
041599c-06	4/15/99	Projected council budget status for FY 1998-99 and General Fund Status for FY 1999-00	TO: Presiding Officer Monroe FROM: Jennifer Sims, Director of Admin. Services	Ord. No. 99-793
041599c-07	4/12/99	Proposed note to REM Budget	TO: Metro Council FROM: Councilor Bragdon	Ord. No. 99-793
041599c-08	4/14/99	Adjustment to the General Obligation Bond Debt Service Fund and Property Tax Levy	TO: Presiding Officer Monroe FROM: Jennifer Sims, Director of Admin. Services	Ord. No. 99-793
041599c-09	4/15/99	Budgeting Procedures for Carryover of Unexpended Funds	TO: Metro Council FROM: Councilor Park	Ord. No. 99-793
041599c-10	4/14/99	Budget Status	TO: Metro Council FROM: Council Analysts Morrissey and Houser	Ord. No. 99-793