

Metro 2022-23 Public Hearing Minutes

Thursday, May 26, 2022

12:30 pm

Via Zoom Meeting

Present:

TSCC:

Chair Harmony Quiroz, Vice-Chair James Ofsink, Commissioner Margo Norton, Commissioner Mark Wubbold, Commissioner Matt Donahue, Executive Director Allegra Willhite, and Budget Analyst Tunie Betschart

Absent: None

Metro Council:

Metro Council Members: President Lynn Peterson, Councilor Juan Carlos Gonzalez, Councilor Shirley Craddick, Councilor Christine Lewis, Councilor Mary Nolan, and Councilor Duncan Hwang

Metro Staff:

Deputy Chief Operating Officer Andrew Scott, Chief Financial Officer Brian Kennedy, Regional Housing Director Patricia Rojas, Oregon Zoo Director Heidi Rahn, and Metro's Attorney Carrie MacLaren,

Chair Harmony Quiroz opened the public hearing by welcoming everyone to the hearing and briefly describing the duties and responsibilities of the TSCC. She reviewed the hearing process and stated the reason for the hearing was to engage the district leadership and provide an opportunity for the public to comment before Metro adopts its budget. She asked the TSCC Commissioners and staff to introduce themselves and state if they have business relationships with the district that could be perceived as a conflict of interest. Each commissioner and staff member introduced themselves and stated they had no conflict of interest with the district. She asked the district to introduce Metro Councilors and staff present. Then she asked President Lynn Peterson to make brief introductory remarks about the budget. She stated that following her introductory remarks, testimony from the public would be taken.

After introductions, President Peterson briefly recapped Metro's activities, saying Metro has an unwavering commitment to financial responsibility, transparency, and integrity. She recognized Metro's financial team for their leadership during the budget process.

She said Metro is working on five key areas of service for the region.

- 1) Housing and Supportive Services teams that work to build affordable housing to address the needs of the people in the area
- 2) Garbage and Recycling System protecting public health and safeguarding the environment
- 3) Parks and Nature that brings people close to nature and protects parks and natural areas for current and future generations
- 4) Visitor Venue that engages the community in relevant, educational, and entertaining events

- 5) Planning Department and Research Department use data in collaboration to direct equitable investments that reflect the agency's values

Metro provides critical services to the region. The agency is focused on keeping promises and building back better by the principles of racial justice, climate justice, resiliency, and prosperity. Metro is committed to fiscal responsibility, administering the ballot measures the public has entrusted the agency with, and maintaining a strong bond rating.

President Peterson thanked commissioners for the opportunity to give this introduction to the budget and to discuss the questions with the TSCC.

Following this budget overview, Chair Quiroz asked if anyone would like to give testimony stating each would be limited to three minutes.

Mr. Eric Fruits, research director at the Cascade Policy Institute, wished to testify. He spoke concerning:

- Metro's Supporting Housing Services Fund ~Unreasonable revenue projections;
- Parks and Nature Funds ~Outrageous Administration Costs;

He concluded by stating the written testimony provides more detail on these issues and others. (See written testimony submitted via email on May 26, 2022, which is attached to these minutes)

Chair Quiroz thanked Mr. Fruits for his testimony. She said his written testimony has been shared with the commissioners and will be posted on the TSCC website as part of the official Metro Approved Budget Hearing minutes. Chair Quiroz said the commissioners appreciated Mr. Fruits sharing his thoughts and that the Commission will consider his comments in future conversations on Metro's budget.

Chair Quiroz asked Executive Director Willhite if any other written testimony had been received or if there were any other members of the public who wished to testify. Ms. Willhite said no written testimony had been received, and no one else had signed up to give testimony.

Chair Quiroz suggested moving to the TSCC questions.

TSCC Questions:

Commissioner Donahue asked the following questions:

The goal of "building back better" is embedded throughout the budget document – this indicates that Metro is taking the opportunity to evaluate the work and determine the best path forward in this new world. Can you give us examples of changes you are making to business as usual instead of returning to the status quo?

President Peterson said building back better is not only embedded into the budget document but was also an integral part of the budget development process. In spring 2021, Chief Operating Officer Marissa Madrigal presented a decision-making framework for goal setting and prioritization as Metro recovers from pandemic impacts. This framework laid out two fundamental commitments: keeping promises and building back better. It also provided guiding principles through which Metro can fulfill these commitments: climate justice and resilience; shared prosperity; and racial justice. These are core principles around which the budget development process was built.

Department directors were asked to build their budget modification requests on these commitments and principles, and the Chief Operating Officer prioritized the recommendations with this lens. A few key areas where Metro is changing the way they do business are climate and emergency management, central administrative services, garbage and recycling facilities, strategic planning, education program re-visioning at the Oregon Zoo, policing and security work, and the development of a results-based accountability cohort.

Metro is reimagining the approach to emergency management, climate justice, and resilience. One FTE is included in the emergency management program to focus on building resilience criteria into emergency planning specifically. The past two years have shown the importance of this work, time and time again, through ice storms, heat domes, and the pandemic.

Central administrative service departments have long been under-resourced at Metro. As Metro recovers from the pandemic and begins to rethink how the agency recruits, retains, and serves staff and what processes and systems it uses to administer work, strategic investments are being made across these departments.

Work is underway to develop the Garbage and Recycling Facilities System Plan that will outline and direct future infrastructure investments and services needed to fulfill the goals in the 2030 Regional Waste Plan and to replace aging infrastructure. The planning process will assess the region's current public, private and non-profit garbage, recycling, and reuse infrastructure, identify service gaps, and present potential approaches and plans for future system investments. Completion of the plan is anticipated in summer 2023.

As the Oregon Zoo recovers from and adapts to the impacts of the COVID-19 pandemic, it is taking time to reimagine the Zoo's celebrated, award-winning education program. The Zoo's new Education Director will reimagine a more robust, equitable education department by directing staff recruitment, strategic planning, and program development, including volunteer, outreach, internships, school partnerships, and youth development. The Zoo's rebuild of education programming will ensure that programs center on shared prosperity and equitable access while setting a course toward financial sustainability.

In the wake of George Floyd's murder and protests that gripped Portland and the country, the staff asked Metro to consider how, when, and why the agency uses police and security strategies, tactics, and incarcerated labor. A staff team across the organization led a process guiding Metro to build capacities for trauma-informed crisis management. They will shift towards relationship-oriented security services, reduce barriers to services and employment for people exiting incarceration, and strengthen the approaches to workforce development to promote community stability.

President Peterson said the Diversity, Equity, and Inclusion program recently launched a program to build capacity for equity evaluation and performance measurement using the Results-Based Accountability framework. Participants are working to develop standard approaches to equity evaluation using quantitative and qualitative methods, so Metro can better measure and communicate the impacts of efforts on BIPOC and other historically marginalized groups.

Commissioner Norton asked the following questions:

Metro's Supportive Services income tax bond has made progress, but perhaps not as much as citizens had hoped. Recent news suggests that your county partners, and Metro, have been spending the majority of funds on shelter and rent assistance, which received considerable pandemic funding from the federal government and the state and new eviction protections. Based on the plans you received from your county partners, what progress is being made on the other supportive services Metro defined in the measure: case management, mental healthcare, addiction, and recovery treatment, and employment services? When will the region see progress in these areas?

President Peterson said the Supportive Housing Services (SHS) program launched on July 1, 2021. While the measure passed in 2020, the 2021 tax season was the first year of SHS tax collection, with most funds being collected between February and May for this fiscal year. All three counties accelerated the program by using other funding until the tax money became available.

The SHS funds a variety of interventions that helps to end and prevent homelessness. SHS responds to a diversity of needs: from outreach and shelter to providing people with a home, ongoing rent assistance and services that help people stay housed, and a variety of services, like health and employment services, that people need to achieve and maintain housing stability. Counties leverage SHS with many other funding sources. This allows for investments to be made based on the best use of available funds. For example, counties could use American Rescue Plan Act (ARPA) resources to fund the shelter, allowing SHS funds to be used for other strategies.

Counties are making significant progress in moving people into housing. SHS has made it possible to create new and expanded partnerships with community-based organizations to provide housing placement and case management services. As of the third quarter, Clackamas County supported 68 households with supportive housing, and an additional 84 households were in the process of finding a home. Multnomah County supported 452 households with permanent supportive housing, and Washington County had placed 153 households into permanent supportive housing and was helping an additional 211 in the housing search.

President Peterson said progress had been made in critical service areas such as behavioral health, employment, and case management. Several behavioral health initiatives were launched in the first nine months of this program. Each county has made investments in behavioral health partnerships. Hiring in every field has been difficult in the middle of the pandemic.

Do the counties' plans provide future treatment beds instead of shelter beds?

Ms. Patricia Rojas said these resources fund homeless services and the work to get people into housing. Shelters in Multnomah County are opening up with a behavioral health focus. In each of the plans are strategies to bring behavioral health and special education along with various resources, from paring with shelters to paring with outreach, housing placement, and retention support. So Metro is looking at incorporating behavioral health resources matched with homeless service intervention.

The approved budget includes four new FTE for supportive housing regional coordination – what will these positions do? What outcomes do you expect based on the addition of these positions?

President Peterson said Metro is tasked with oversight, accountability, and regional coordination of the SHS program. The team is growing and will continue to add capacity to develop and support these functions. This budget reflects 4 FTE, which will support data reporting and tri-county regional coordination efforts.

Commissioner Donahue asked the following questions:

Last year the TSCC asked you about the results we would see from the affordable housing bond measure. What progress have you made over the previous year, and what has been the community impact? Are you still on track with your initial timelines for these projects? Are you anticipating delays or project challenges due to recent supply chain and inflation issues?

Councilor Lewis said as of March 2022, the housing pond portfolio included:

- Included 3,109 new affordable homes,
- Completed 180 apartments,
- Had 1,092 under construction,
- Had ten more (1,837 homes) projects d were in planning and preconstruction.

While some construction timelines have been longer than anticipated, no buildings have faced significant delays due to supply chain/inflation issues. Partners always planned for cost escalation and higher per-unit subsidy levels later in the implementation. However, the current inflation rates are beyond what was anticipated, and financial gaps challenge some projects planning to close next year due to cost escalation. Additionally, the state of Oregon faces new challenges related to the availability of private activity bonds (PAB), which creates a risk of delays in the availability of federal tax credits typically leveraged in affordable housing development. Metro is working with state and local partners to ensure a coordinated response to address immediate cost gaps, plan for contingency in the future pipeline, and ensure that Metro affordable housing bond projects don't face delays due to cost escalation or PAB availability.

Commissioner Ofsink asked this follow-up question:

Is it fair to assume Metro is feeling relatively good about being ahead of the time tables for the bond measure and having so far delivered more than projected by this time?

Ms. Lewis said she would not challenge that summation. Not even four years into this, many doors are opening in construction. They have plans of how to nail this despite the challenges.

Mr. Brian Kennedy said the agency has already programmed some estimate of the interest in the bonds. The interest earnings are subject to the same restrictions as the underlying bond funds. So, it would be up to the Metro Council to allocate those funds.

Commissioner Norton asked the following questions:

The Visitor Venues have been struggling through the pandemic, although federal funds have helped considerably. We have questions about the venues, beginning with the Oregon Convention Center and Expo. Can you talk about how you see the return of event

revenue and transient lodging tax coming about and in what periods? Will it be a change from the types of business/convention events before the pandemic? And will Expo continue to rely on more local events?

Councilor Lewis said Oregon Convention Center's (OCC) conventions and large consumer shows are contracted years into the future. Given the convention meeting demand generated by the Hyatt Regency Portland at the Oregon Convention Center before the pandemic, OCC convention bookings for the fiscal year 2022-23 are robust, and the year is relatively strong as smaller local meetings and events secure available calendar dates. While it varies between event types, attendance for most conventions has been about half historical levels. Metro expects increases over time as conditions recover and individuals gain confidence to travel. Less attended conferences mean fewer resources for the client to purchase conference amenities and services from OCC, such as catering. Fewer delegates also equated to fewer hotel room nights and dampened overall spending at regional businesses.

OCC's revenue is expected to follow historical patterns of peak business in the fall and spring, with fewer events and revenues in the summer and winter months. Total enterprise revenues for OCC are budgeted at \$21.5 million, about 67% of OCC's enterprise revenues in the fiscal year 2018-19 of \$32.1 million. OCC's net operations are budgeted close to break-even in the fiscal year 2022-23. The agency forecasts to end the period with a fund balance of about \$10 million, above OCC's operating reserve goal.

The Expo Center has seen a positive third quarter with several regional and local event traditions performing well and driving solid revenues across departments. Marketing segments such as sports (regional volleyball), touring concerts, and RV sales all showed significant gains in attendance. Strong RV event attendance and sales tend to be a precursor for favorable economic conditions ahead. At the most recent Travel Portland state of the industry event, the Jantzen Beach hoteliers were showing substantial gains that paralleled the return to a more robust schedule, with a significant number of events driving heads in beds from both exhibitors and attendees from out of town. Metro is hoping these trends will continue.

Transient Lodging Tax and Motor Vehicle Taxes budgeted for distribution to OCC total \$15.5 million in the fiscal year 2022-23, a 55% increase over the fiscal year 2021-22 forecast amount of \$10 million, and Expo total of \$374,000, which is just about a 25% increase from the fiscal year 2021-22. Lodging taxes are not expected to recover to pre-pandemic levels for five years. In contrast, motor vehicle tax collections are forecast to reach the fiscal year 2018-19 levels in the fiscal year 2022-23.

Addressing the question will it be a change from the types of business/convention events before the pandemic, Councilor Lewis said the OCC does not expect significant changes in the types of business/conventions held at the center in the future. Booking policies prioritize large conventions and events with associated hotel room night counts for future years, with smaller local events and activities filling the calendar for up to 18 months. Prospective national clients have shared that safety and livability issues broadcast in national media over the past two years are creating questions and concerns for clients to bring their events and delegates to Portland. Metro is working closely with partner governments, Travel Portland, and the hospitality community to address these concerns and communicate the reality of evolving and improving conditions.

Expo does expect some shift in the regional and national consumer-public show market. The Mecum Auto Auctions were canceled due to the national negative news media for Portland. That had less to do with the facility and more with brand concerns for this nationally syndicated television event. Other events did not survive the pandemic, while others sold or are under new ownership. Some events suffered from lagging sales from exhibitors wishing to skip the Portland market this past year. Those attitudes are changing, and businesses that held firm in keeping a market presence, such as the Sportsmen's Show, the Home Show, and the Auto Swap Meet, are returning stronger and reinventing themselves. The Expo Center has shown resilience and an openness to seek opportunities such as hosting Top Chef and new event growth with Sports Oregon, NASCAR, and others. Metro is developing a variety of new leaders and developing clients. Tradeshow events such as NW Food, Timber Processing, Subaru Ride and Drive, and others have expressed initial concerns. Still, the Sales/Events teams' continued efforts and Travel Portland have sustained these vital relationships.

Councilor Lewis said Metro is one of the few venues in the nation to welcome the return of Cirque du Soleil to the community with numerous performances of Alegria. This months-long partnership will bring a slow return to normalcy, a bit of joy for patrons, and a strong economic impact on the region.

Concerning whether Expo will continue to rely on more local events, Councilor Lewis said Expo's success depends upon several key partnerships. The Sportsmen's Show is the largest on the West Coast. The same can be said for the Portland Auto Swap Meet, the Dog Fanciers Rose City Classic, the Columbia Empire Volleyball Association tournament, and the Spring and Fall RV Shows. These events are integral to the agency's success, and Portland is very fortunate to have some of the finest event producers that put their flagship events right here in Portland. Many of these events tour elsewhere to other locations as well. The Expo hosts successful local events that drive economic benefits and welcomes national tradeshow/conventions, touring concerts, corporate training, cultural celebrations, film shoots, academic development, drive-in movies, and international artists such as Cirque du Soleil. Without these local, regional, and international partners, the facility would be unable to develop numerous jobs and millions of dollars of impact across the region.

It sounds like Expo is making shifts to recognize changing markets. They have some creative ideas. On the other hand, it sounds as if you told us the convention center would pursue its previous marketing strategies. Are the marketing folks talking about recognizing how some larger conventions will want an array of services?

Councilor Lewis said they are talking a lot about how almost every convention at the OCC will want to have some hybrid conventions, so they will use in-house technology from a vendor. Metro expects most conventions will have dial/call/video access to their conventions.

Chair Quiroz asked the following questions:

We understand you are working on a more sustainable financial strategy for the Zoo. We know you've raised prices in the past. What other strategies are you considering, such as cost control options or other funding sources? What is the timeline for this? Is the intent to receive a smaller share of General Fund revenue over time or perhaps even become self-funding?

Councilor Juan Carlos Gonzalez said Metro Council is very grateful for the employees' hard work at the Zoo. Metro is very excited about the projects they have completed at the Zoo and is optimistic about the Zoo's future potential. For the next two to three years, the Oregon Zoo will evaluate, pilot, and refine programs and events, focusing on cost-effectiveness and identifying additional funding streams. Key focus areas for other funding streams or models include education, conservation, and events. As the Zoo rebuilds the education programming, it seeks to create more community access and diversify funding sources in partnership with the Oregon Zoo Foundation. The Zoo continues to advance its role in species conservation and recovery. Thus, the agency will look for additional federal and state partnership funding.

Councilor Gonzalez said the Zoo's mission could not be met without providing an inspiring guest experience. The business operations team is exploring new events and programs that enhance the guest experience and attendance. The intent is not to receive a smaller share of General Fund revenue as that supports one-third of the current Zoo's operations. The idea is more so that areas such as the conservation and education programs are not so heavily reliant on regular gate admissions to continue the great efforts and services related to these programs.

Can you give us a general idea of how well the zoo attendance and other programs and activities such as field trips and summer camps have bounced back?

Heidi Rahn responded, saying they estimate about 80% return in attendance compared to pre-pandemic. They see busloads of students on field trips but do not anticipate reaching the pre-pandemic levels for a year or two. She said they would not be bringing camps back this summer due to staffing and recruitment challenges. Staff wants to be thoughtful as they bring programs back to ensure they meet their mission and outcomes and the programs are financially sustainable. She gave an example of the Conservation Programs that receive external funding. When revenue was not provided because guests could not come to the Zoo, they had to shut down one of the Endangered Species Recovery Programs at the Zoo. Some of those species only exist because of the work of the Oregon Zoo. That is just not a sustainable approach to help these species recover. They are looking at other funding sources and carefully considering every program. They are looking at different events and attractions to bring people to the Zoo. She encouraged everyone to come to the Zoo and see upgraded habitats, baby animals, and new exhibits. Staff is making various changes to make it a great guest experience.

Commissioner Ofsink asked the following questions:

With plans to identify sustainable financial models for revenue-driven attractions such as the Zoo and visitor venues, we can imagine that potential price increases may be a consideration. How will efforts for sustainable, long-term financial decisions be balanced against equity and access issues?

Councilor Gonzalez responded by saying one of the Council's priorities is the guest experience, the animals, and the facilities. But revenue and expenditures must line up. The annual budget process and any other financial decision process that the Zoo makes will also be evaluated through the lens of equity and its impact on accessibility to the Zoo and its programs. One of the Zoo's priority equity outcomes is to provide access to the Zoo, its services, and programs equitably with a priority on communities of color and ensure zoo experiences are welcoming and inclusive. Management will continue to evaluate its free

ticket program for community-based organizations and its discounted ticket program to ensure it meets the intended needs. The Zoo will be hiring a full-time equity and engagement coordinator to oversee the DEI efforts. It will be a key stakeholder for the community and staff throughout the Zoo's budget process and other long-term financial decisions.

Will the new equity and engagement coordinator overseeing the DEI efforts be focused on the budget, or will they look at DEI issues throughout the organization?

Ms. Rahn said that person would be looking both internally and externally. Internally at the culture and process, and externally in terms of how the organization is partnering with community and stakeholders and developing and designing new programs to ensure it is inclusive and accessible. This will be particularly important in the education programs to ensure equity is a key priority.

Councilor Gonzalez added that Metro has an agency-wide plan to ensure each department and line of business at Metro develop more programs with specific equity plans. This year the agency is piloting a performance metrics-based budget program that looks at how the organization is advancing DEI.

Relatedly, we are interested in understanding your vision for Metro's role in facilitating a regional arts environment as we (hopefully) transition out of the pandemic. Can you share more about that?

Councilor Gonzalez said the venues' most significant influence on the regional arts environment is through the Portland Center of the Arts (P5), where the performing arts have an established home. The FY23 proposed budget provides several levers P5 will use to aid the arts as everyone transitions out of the pandemic.

P5 is a leader among North American art centers and an extremely active participant in several industry initiatives focusing on COVID safety, audience readiness to return, and planning for re-opening and growth. P5 has shared webinar links and information with its user groups and regional venues, such as the new Patricia Reser Center for the Arts, who may not have the national contacts for this information.

P5 became a Global Bio-risk Advisory Council Star accredited performing arts center for COVID cleaning protocols and maintenance. The template developed by P5 became the template for all performing arts centers in the US. The user groups have benefitted from P5's actions in this area. Publicizing this to their audiences has upped their readiness to return to shows at P5 venues.

P5 has subsidized resident companies and local non-profits with a four-tier rental structure for many years: Tier 1-Commercial rate, Tier 2-non-profit rate, Tier 3 Featured presenting non-profit with a season, and Tier 4-resident company non-profit producing a season of events. This work continues in a few ways.

Over the next three years, the MERC commission approved a plan for P5 to create a subsidy-driven lower rental rate for BIPOC arts organizations, giving them more access to P5 venues. P5 will continue its arts education program focusing on Title I schools through on-site live performances and virtual streaming performances at zero cost to students. P5 partners with some of its resident companies to put no-cost tickets into the hands of

disadvantaged families. Portland 5 Presents will commit to 50% of its presentations to being BIPOC or people with disabilities artists. P5 plans to lead a broad discussion amongst its primary user groups to establish equity goals so that each organization can continue to listen to the BIPOC partners and provide opportunities for everyone to enjoy these public venues.

Commissioner Wubbold asked the following questions?

Metro has dedicated significant resources to addressing illegal dumping through the Regional Illegal Dumping program, and next year's budget also contains \$10 million in funding from the state. Will these funds be sufficient to address the problem region-wide? What will be the long-term cost of funding this program, and how do you anticipate covering these costs?

Councilor Shirley Craddick said the emergence of the pandemic in 2020 and increasing COVID-19 safety, and health restrictions greatly impacted Metro's ability to provide community cleanup services and resources. Metro's Regional Illegal Dumping (RID) program saw a significant increase in response times to clean up illegal dumps across the region and the program's capacity to support the houseless community and local jurisdictions in addressing impacts from people living in public spaces. In the spring of 2021, Metro Council approved a significant budget expansion totaling \$3.5 million focused on providing the staffing, equipment, and other resources needed to return RID Patrol to pre-pandemic service levels. Currently, RID Patrol has reduced the number of pending cleanup sites to 32, with an average response time of 2 days from an average high of 61 days during April 2021.

Despite this progress, the state recognized the need for additional short-term funding to leverage Metro's investments and other local governments' ongoing investments in addressing the backlog of cleanup needs and areas throughout the region. The \$10 million in state funding is a one-time allocation intended to help address acute litter and garbage impacts that increased during the pandemic. Before the one-time allocation of \$10 million in state funding, the FY 22-23 budget included \$6 million for cleanup programs and services to support the ongoing service level. As this backlog is addressed, it is expected that the existing budget allocations will allow Metro and other jurisdictions to meet ongoing needs for site cleanup and maintenance at pre-pandemic levels in the long term.

Councilor Craddick said the state funding and ongoing cleanup investments could not be expected to fully address issues related to litter and dumping region-wide due to the complexity and interconnected nature of the issue. Additional policies to mitigate dumping issues, such as improving access to bulky waste collection and investments to address critical needs related to houselessness and affordable housing, will also be required to support region-wide efforts.

We know other jurisdictions work to address illegal dumping sites and other cleanup efforts - what is Metro's role vs. that of other regional governments in addressing the visible trash we see in the community? How will Metro coordinate cleanup efforts with the City of Portland and other community partners?

Councilor Craddick said Metro serves as a key service provider in the region, addressing public property cleanup needs and coordinating closely with multiple jurisdictions such as the City of Portland, Oregon Department of Transportation, and others. Metro managers

and staff serve on committees alongside multiple governmental agencies and community organizations tasked with addressing cleanup and related needs to align and leverage efforts effectively. This ranges from joint cleanup efforts to allocating social services and other resources supporting houseless individuals and camps.

As it relates to state funding, Metro is the primary agency responsible for planning, coordination, distribution, and evaluation of outcomes of state funding with local governments and community-based organizations implementing cleanup projects region-wide.

Commissioner Ofsink asked the following questions:

Metro's role in regional transportation planning is a challenging one - what progress are you making in building consensus around transportation plans for the region? Does the region share a climate vision? How does equity fit into these conversations? Does the region share a climate vision? How does equity fit into these conversations?

Councilor Craddick said Metro's role in regional transportation planning derives from its federal authority and designation by the Oregon Governor as a Metropolitan Planning Organization (MPO). While building consensus around transportation is always challenging, Metro has long-standing processes, committee structure, and community engagement to get buy-in from elected officials and stakeholders.

One of the primary functions of an MPO is to develop a Regional Transportation Plan (RTP) with collaboration and involvement from the public, stakeholders, and decision-makers. The RTP is essential for building consensus around the region: it contains a vision, goals, and objectives for the regional transportation system. Metro updates the RTP every five years, and the FY23 budget includes significant investment in this work in preparation for council adoption in November 2023.

Metro created the Joint Policy Advisory Committee on Transportation (JPACT) in 1979 as the foundation for cooperative decision-making on transportation planning. JPACT membership consists of local elected officials, officials of transit and Port agencies, and State officials.

Metro goes above and beyond the federal MPO requirements when engaging the public in transportation planning. The agency has dedicated staff and funding for community engagement with a particular goal of engaging people who are unrepresented and underserved in the community. For example, before the formal RTP process even began, Metro took six months to scope out an RTP Public Engagement Plan and an RTP Work Plan. On May 5, 2022, JPACT and Metro Council formally adopted the 2023 RTP Public Engagement Plan and the 2023 RTP Work Plan. These materials, in addition to fact sheets, can be found on the Metro website.

Metro Council, in coordination with JPACT, identified four priority areas for transportation planning: Equity, Climate, Safety, and Congestion Relief. These four policy priority areas are not only goals for Regional Transportation Plan but are reflected in the goals and objectives of all the transportation decision-making that Metro does on policy, plans, or projects. For many transportation projects, the agency does both a technical analysis and a planning analysis of potential impacts or opportunities that a proposal may have on BIPOC communities. In summary, equity is embedded in all decisions, from high-level

values to detailed technical work.

The region has a vision for addressing climate in transportation and land use called the Climate Smart Strategy. This was in response to direction from the Oregon Legislature, which directed the region to develop and implement a strategy to reduce the region's per capita greenhouse gas emissions from cars and light trucks by at least 20% by 2035. From its inception, the Climate Smart Strategy has been defined by the partnership. To create the strategy, Metro worked with elected, community, and business leaders across the region and thousands of residents who shared their priorities. Metro developed state-of-the-art climate forecasting models and continues to invest resources to improve the ability to monitor progress on decreasing greenhouse gas emissions. The Climate Smart Strategy will be updated in 2023 as part of the RTP to ensure that transportation decision-making meets targets to reduce greenhouse gas emissions.

Commissioner Wubbold asked the following questions:

Metro used a budget equity tool this year to analyze all budget requests through a racial equity framework. Can you tell us more about this process? What parts of this process were most successful? What challenges did you encounter, and how do you plan to adjust the process for the future?

Councilor Mary Nolan responded by saying a budget is a profound value statement. What the agency chooses to invest in and how those services are provided says more about the agency's authentic values than any words on a page. That is the premise behind the budget directive. The new budget equity tool aims to uncover policies, programs, and practices that sustain structural or institutionalized racism. More specifically, departments were asked to apply a racial equity analysis to assess how existing and new allocations of resources affect communities and staff of color. Departments were tasked with convening an advisory group of equity leaders and staff of color, designing the internal budget decision-making process. They were instructed to include those voices and conduct a racial equity analysis of budget modifications to prioritize activities, programs, policies, or projects with high racial equity impact. They then use that information to influence their budget development. Staff limited the focus of this first-year effort to only budget modifications rather than looking at the entire base budget to manage the workload impact on staff.

What is a specific example of a budget decision that was altered based on the budget equity tool?

Councilor Nolan said it influenced the decision to expand programs for tribal relationships to bring tribal leaders to a government level, recognizing the tribal leaders as peers in decision-making around some investments Metro is making along the Willamette River.

Chair Quiroz asked the following questions:

In this budget, we see additional investments in central services like HR and IT. The budget message explains that these investments will assist with the high number of open recruitments Metro is experiencing. Do you anticipate that these investments will be ongoing, or will hiring demands lessen in the future? Are you planning other efforts to support hiring and retention, especially for part-time, temporary staff?

Councilor Noland said Metro expects that the hiring challenges will continue shortly. However, the agency hopes those challenges will curtail, so the new recruiter position being requested is an 18-month limited duration assignment. Should the demands not lessen within 18 months, HR may request from Council a limited or permanent extension of the position.

Additionally, Metro has other efforts to support the hiring and retention of all staff, including part-time variable hour staff. The agency invests in employee engagement and experience projects, enhancements to the new employee onboarding process, and increased access and participation in learning programs.

The IT investments in the proposed budget are intended to bring IT staffing back to pre-Covid-19 levels after the department experienced 15% cuts in staffing in 2020. Because Metro is now moving towards a hybrid model, the investments are significant to supporting staff working remotely, in the office, or both.

Significant IT resources are also directed towards enhancing backup systems for security and providing additional licensing for variable-hour employees. One staff resource being added to the budget is specifically directed toward improving the MERC Venues business system and helping the venues rebuild better.

Other districts have mentioned using recruitment and retention bonuses to acquire and keep employees. Is Metro utilizing this type of effort to draw employees to the agency?

Andrew Scott said they are looking at all those techniques with the Council's direction. The agency has increased wages for several employees throughout the organization. Metro may be leading in that area. They review some job classifications to ensure they retain the agency's employees. Metro Council is looking at all tools.

Chair Quiroz said this is the end of the formal questions by the commissioners. She thanked Metro's Councilors and staff for their attendance and contributions to the hearing. Chair Quiroz closed the public hearing and opened a meeting of the Tax Supervising and Conservation Commission. She asked if commissioners had any comments on the budget. There were none.

She asked Executive Director Allegra Willhite to give staff recommendations for the certification letter.

Ms. Willhite said TSCC staff found the budget estimates reasonable for the purposes stated and the budget to comply with Local Budget Law. She said staff have no recommendations or objections to the fiscal year 22-23 Approved Budget. Metro does a great job on the budget document. It is well organized, informative, and gives a comprehensive budget analysis. She thanked Metro staff for their quick responses to questions about the budget.

Chair Quiroz called for a motion.

Commissioner Norton moved to certify Metro's 2022-23 Approved Budget with no recommendations or objections as recommended by staff. Commissioner Ofsink seconded the motion, which passed with a unanimous vote of the commissioners.

There being no other business, Chair Quiroz closed the meeting.

ATTACHMENT
Mr. Eric Fruits testimony

Attachment to Metro's FY23 Budget Hearing

From: Eric Fruits <eric@cascadepolicy.org>

Message Body:

Tax Supervising and Conservation Commissioners:

Today, you are reviewing and certifying any objections or recommendations relating to Metro's budget.

OBJECTION: SUPPORTIVE HOUSING SERVICES FUND—UNREASONABLE REVENUE PROJECTIONS

The Proposed Budget (E-147) projects the two income taxes for the Supportive Housing Service Fund will total \$225 million in the next fiscal year.

This past fiscal year was the first full year the taxes have been collected. Metro estimates only \$180 million will be collected (E-147). While I don't have access to the same information Metro has, it seems unbelievable that Metro will see tax collections increase by 25% over the next year.

Because of the way SHS funds flow from Metro to counties, local jurisdictions, and service providers, it is crucial that Metro establish a reasonable estimate of anticipated tax collections. County and city budgets rely on Metro's projections of anticipated revenues.

I'm sure you are familiar with the concept of garbage-in/garbage-out. If Metro's forecast is unreasonably optimistic, so will be the budgets of many local jurisdictions. This can have political repercussions, as counties, cities, and their residents ask: "Where is all the money we were promised?"

You will recall this exact issue came up last year. Relying on Metro's overly ambitious revenue projections, Clackamas County hired staff in anticipation of the promised funding. When the funds were coming in slower and lower than projected, Clackamas County and Metro set off on a mad scramble to fill the holes. Metro runs a real risk of a repeat this year.

OBJECTION: PARKS AND NATURE FUNDS—OUTRAGEOUS ADMINISTRATION COSTS

Metro's Parks and Nature program has a big problem with administration costs. I have testified before Metro Council and the program's oversight committee on several occasions regarding these costs.

Metro's spending of 2019 Bond funds has attracted the attention of Willamette Week, which notes: "Of the \$9.9 million spent as of Aug. 31, fully 30%—\$3 million—went for bond issuance, legal fees and other administrative costs."

Metro staff tries to explain away the costs by claiming the admin costs are higher at the beginning and at the end of a bond program. But, beginning in FY 2019, these costs skyrocketed in ways never seen before. Put simply, Metro's explanation is not believable.

Staff will say that much of the admin spending from the 2019 Bond has been on Metro's "refinement" process. Ask anyone at Metro what "refinement" is and why it costs so much, and

you will walk away more confused than you began.

To be fair, the proposed budget indicates (D-17), “During FY 2022-23 many program areas will be exiting the refinement stage and entering the execution phase where the department will deliver the promises to voters made within the ballot measure.” Please do your constituents a favor and get some clarification on what “exiting refinement” and “entering execution” means.

RECOMMENDATION: SPIN-OFF METRO’S COMMERCIAL ENTERPRISES

Metro gets about a third of its revenues from the enterprises it runs: The Convention Center, the Expo Center, the Zoo, the arts venues, and solid waste.

Over the past four fiscal years, these enterprises have lost more than \$60 million. Metro’s proposed 2022-23 budget shows these enterprises combined are expected to lose \$6.4 million.

This explains, in part, why Metro has an unending appetite for more taxpayer money. Since 2018, Metro has imposed more than \$3 billion in tax increases for affordable housing, parks and nature, and homeless services. These ballot measures increased property taxes and imposed two new region-wide income taxes. Metro has made no secret that it plans to seek a “renewal” this year of its Parks and Nature operating levy property tax.

It’s become clear that Metro is using tax dollars to underwrite the losses on its commercial enterprises. If Metro cannot run these enterprises in the black, then it should spin them off to relieve taxpayers of the burden of subsidizing them.

Respectfully submitted,

Eric Fruits

Received Via email May 26, 2022