

Metro 2023-24 Public Hearing Minutes

Thursday, June 1, 2023
12:30 pm

Present:

TSCC:

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

Absent: Commissioner Matt Donahue

Metro Council:

Metro Council Members: President Lynn Peterson, Councilor Juan Carlos Gonzalez, Councilor Christine Lewis, Councilor Mary Nolan, Councilor Garrett Rosenthal, and Councilor Duncan Hwang were present. Councilor Ashton Simpson attended via Zoom.

Metro Staff:

Attorney Carrie MacLaren, Chief Operating Officer Marissa Madrigal, Deputy Chief Operating Officer Andrew Scott, Chief Financial Officer Brian Kennedy, Regional Housing Director Patricia Rojas, Fiscal and Tax Policy Director Josh Harwood, Diversity, Equity and Inclusion Director Sabrina Owens-Wilson, Major Projects General Manager Paul Slyman, Deputy Director of Waste Prevention and Environmental Service Marta McGuire

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 that the hearing was to engage the district leadership and provide an opportunity for the public to comment before Metro adopts its budget. She asked those present to introduce themselves and asked the TSCC Commissioners to state if they have business relationships with the district that could be perceived as a conflict of interest with Metro. President Peterson recognized Metro's financial team during introductions for their leadership during the budget process. She also recognized the various departments and described the purpose of each. Then she briefly recapped Metro's activities, saying Metro has an unwavering commitment to financial responsibility, transparency, and integrity.

Following introductions and the brief overview, Chair Quiroz asked if anyone would like to give testimony, stating each would be limited to three minutes.

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

Chair Quiroz suggested moving to the TSCC questions.

TSCC Questions:

Commissioner Norton asked the following questions:

Metro has successfully built new housing with the affordable housing bond dollars, and you are making steady progress toward the original goal of 3,900 new units: 20% of that goal is now built and another 65% is in construction or pre-construction. This represents impressive progress. Will it be enough? How does the number of units measure against the current and projected need? Are developers' interest in affordable housing still strong?

President Peterson said that based on a recent pipeline forecast, Metro expects to exceed the initial goal for the 2018 affordable housing bond by at least 20%, creating at least 4,700 new affordable homes. All funding is expected to be committed by 2024, with the final projects breaking ground in 2026 or 2027.

Metro did not expect to be able to solve the region's housing crisis through one bond alone. According to National Low Income Housing Coalition data, the Portland seven-county metropolitan statistical area (MSA) has a shortage of about 90,000 homes at or below 50% of the area's median income. Approximately two-thirds of the population for the MSA is located within Metro's jurisdictional boundary.

Investing in the construction of affordable housing buildings regulated for long-term affordability is a critical part of the solution. Still, it must be part of a spectrum of tools to address the continuum of housing needs in the community.

This region is seeing strong interest in bond funding from affordable housing developers. For example, a recent bond funding solicitation for a publicly owned site in Lake Oswego received seven proposals, and a City of Gresham solicitation received nine proposals to select two to three projects for funding.

Could you briefly discuss how Metro fits in the State of Oregon's plan for creating more affordable housing units? Are you a part of that conversation? What discussions have you had?

President Peterson said Metro plans to partner in supporting the Governor's goals of scaling up affordable housing production to meet the region's needs. Metro closely monitors the State's Housing Production Advisory Council and subcommittee meetings and regularly meets with State officials to offer support where needed.

The Affordable Housing Bond is a critical tool to support the Governor's goals. Metro is fully committed to working in partnership with the State to address the region's affordable housing shortage.

What are the future plans once the current bonds are committed to projects?

President Peterson said they will be in conversation with the leaders in the entire region to decide what is next.

Chair Quiroz asked the following questions:

How are you implementing the oversight role for the supportive housing services program? When recipients of the dollars are not on track with spending goals, as we've recently seen in the news with Multnomah County, what steps does Metro take to ensure accountability?

Councilor Christine Lewis said that in the first two years of supportive housing services implementation, Metro has been building out a housing team – now a department – with

staff who have developed reporting templates designed for Metro staff to monitor county spending and programmatic outputs. Through these new reporting templates, Metro staff were able to identify deviations from Multnomah County's SHS spend-down plan for FY23. Following discussions with Multnomah County, Metro staff opted to activate its oversight authority granted by the Intergovernmental Agreement to initiate a corrective action plan, referred to as the "CAP". The CAP is designed to correct deviations and include a set of immediate investments that can resolve any issues hindering funding distribution and ultimately provide more services to people experiencing homelessness. Metro is currently developing these investments in collaboration with Multnomah County. The CAP will include the strategies and investments to correct the problem and timelines and outcomes or goals to measure progress.

Metro has a unique vantage point. In the role of oversight and accountability, and as a regional coordinator and convener, the agency has a high-level systems view of where things are working or are not working. Metro has a regional and systems-level view of challenges and opportunities. The agency brings that view and strength into problem-solving with our county partners.

Can you give an example of one of the immediate options or mechanisms you will put in place to suggest how to spend these dollars?

Ms. Patricia Rojas said the workforce is one of the biggest challenges they face in being successful in this work. They are looking for ways to invest in attracting, hiring, and retaining folks to do the work. Metro is encouraging Multnomah County to incorporate these ideas.

Commissioner Norton asked this follow-up question:

When TSCC met with the County, they discussed assembling the providers at the end of June to assess the barriers. Will Metro be participating in this discussion? Do you think the testimony you have heard disclosed those barriers?

Councilor Lewis said they had heard several descriptions of barriers directly to the councilors through the tri-county planning bodies and the oversight committee. She explained the use of the reimbursement model being used.

Commissioner Wubbold asked the following questions:

Metro has waived penalties and interest on late payments for the housing services tax with the intent to increase payment rates through improved communication. It was estimated that two-thirds paid the tax timely while one-third were late with tax payments last year. What actions did you take to increase payments for this year? Were your efforts successful?

Councilor Lewis said in addition to regular taxpayer correspondence and waiving penalties and interest, Metro sent out individual postcards to all potential local taxpayers. Additionally, the agency continues to partner with the City of Portland and Multnomah County on communications with various tax preparation groups and businesses.

At this early stage, many taxpayers file an extension payment in April, not the entire tax filing, so it is difficult to gauge how successful those efforts are, except for actual receipts. Based on the limited information at this point, it appears that collection efforts by both Metro and its partners yielded more timely payments this fiscal year. As a result of those efforts and general compliance activities by the City of Portland Revenue Division, collections are expected to be substantially higher this fiscal year than last. FY 2021-22 collections were

about \$240 million, while FY 2022-23 collections are now anticipated to be approximately \$325 million. Most of the increase is related to late 2021 payments that were not received until the current fiscal year. As a result, collections in future years will likely return to levels more comparable with FY 2021-22, around \$250 million. Finally, the same factors resulting in record personal and corporate income tax kickers at the State level, including record capital gains and higher-than-expected business income, are also seen in Metro's Supportive Housing Services tax receipts.

The increased communication helped to raise awareness of the taxes and encouraged taxpayers to pay on time. While the agency cannot know who owes this tax before filing, Metro continues to try to collect the taxes owed efficiently. Even with this increased communication, some taxpayers will fail to file their taxes yearly and will be subject to penalties and interest. The agency is committed to improving communication with taxpayers and increasing compliance. These efforts are essential to ensuring the program's success.

Do you have an estimate of the tax revenue you will not receive?

Mr. Josh Harwood said roughly 80% to 85% of income is subject to tax and collected. In the fiscal year 21, approximately 80% of the money was received, and about 66% in the lower end of the high tax bracket.

Councilor Lewis expressed that the individual household is different than the business side. She said with personal taxes, programs used by individuals, such as Turbo Tax, are unwilling to make changes for a temporary tax.

Commissioner Ofsink asked this follow-up question:

Could you speak to the data piece? Does the agency feel like data is being collected that will assist the districts in making strategies about their spending?

Councilor Lewis explained that some data, such as "point in time," does not accurately represent the population and the services. All three counties are now doing a list using the names of the receiving parties. This gives a more accurate count.

Ms. Rojo added the counties are all working together to align practices. They all share a singular information system. This is providing more accurate data than what has been available. In terms of what Metro collects, she said they have quarterly reporting that reflects all the requirements for each County, giving the annual goals as well as ten-year goals. These reports will continue to improve.

Commissioner Ofsink asked the following questions:

Metro is planning for 11 FTEs in the DEI division, almost \$2 million per year. What have been your most effective DEI successes? What has been less successful?

Councilor Ashton Simpson said Metro's equity work officially began in 2010 with the Council's adoption of the six regional desired outcomes. In 2012, Metro initiated the Equity Strategy Program to address systemic inequities that impact communities. The growth has been iterative, with Metro Council adopting the Strategic Plan to Advance Racial Equity, Diversity and Inclusion in June 2016 and creating a DEI program to provide strategic support and tools to Metro staff, Metro Council, and community partners to develop an equitable region for all. The agency also created the Committee on Racial Equity, which is in its sixth year and was established in charter to advise the Council members on implementing the strategic plan and broader racial equity strategies. The current iteration

of this growth led to the DEI program becoming a department last November to further enhance the agency-wide and regional coordination work of the DEI team, increase their autonomy in their operations and strategic direction, and heighten their visibility as a leader in the agency and the region.

The primary successes of the DEI team include work centered on systems and culture change within Metro and across the region, which requires changing practices, policies, and ways of doing business, forging strategic partnerships, and shifting hearts and minds. Specific examples that illustrate the department's work include:

- The DEI department provides training that grows the staff's cultural competency and capacity to equitably serve all residents of the Portland metropolitan region. Last year, the DEI Department partnered with HR to implement required courses for all supervisors and managers. The training series *Tools for Inclusive Leadership* focuses on building more inclusive and diverse teams, leading with trauma-informed approaches, managing conflict, and conducting equitable recruitments. Metro also expanded DEI learning opportunities for front-line and variable-hour employees, offering courses online and in-person.
- Another example is developing and utilizing a *Racial Equity Framework* – a decision-making tool rooted in national best practices applied to dozens of projects and programs at Metro, embedding racial equity analysis in project planning. This is the second year of utilizing the *Budget Equity Tool* for the budget process. Through a DEI and Finance partnership, the agency integrates this new analysis into systems and practices around Metro's budget process, providing more transparency and engagement for the most impacted staff and supporting equitable outcomes across the region.
- Another example relates to DEI's leadership in developing and implementing Construction Career Pathways. This regional policy framework creates career pathways for BIPOC and women workers in the construction industry to meet the regional demand for a skilled workforce. To date, the program has supported nine agencies in adopting and implementing the policy framework, established a workforce funding collaborative, which raised \$2.9 million for workforce development in its first year, and applied one of the first multi-jurisdictional workforce agreements in the country to \$723 million of infrastructure projects.

Coordinating DEI efforts, organizing people, and moving systems to deliver equitable results is time and labor-intensive. Balancing this with the emergent and evolving urgencies is a challenge the DEI department regularly faces and grapples with. Through all the successes and challenges the DEI team has faced and will face, they have committed to sharing those learnings and collaborating with all partners to achieve equitable outcomes across the region.

Could you expand on how the equity lens is used concerning the budget?

Ms. Sabrina Owens-Wilson said each department must develop a budget advisor committee within the department. This creates a space where staff can engage in the budget process. Through the committee, they gain the capacity and understanding of how the budget process works and a place to inform what goes into it. As departments submitted their budgets, reports were generated on what came out of those committees and how that influenced the "what" that went into the budget proposals.

Commissioner Norton asked this follow-up question:

Can you give us an example of where the reports influenced decisions?

Ms. Marissa Madrigal said one of the benefits of this process is understanding the budget. The committees helped inform the leaders if a proposed approach was a workable suggestion, strengthening the product produced and keeping the focus on the public the agency serves. A more inclusive process has resulted in more robust, effective programs.

Chair Quiroz asked the following questions:

Metro is seeing competing pressures from recent state legislative changes, city priorities, affordable housing, climate change, protection of farmland, and attempts to encourage high-tech and other business development - how do these factors impact Metro's approach to the Urban Growth Boundary? What should the community expect to see during the next UGB review?

Councilor Juan Carlos Gonzalez said Metro will make its subsequent growth management decision by the end of 2024. Metro strongly believes the best path is to make the most of what they have. The work they do in all programs is around realizing this regional vision. Metro wants to refresh the 2040 vision and reactivate that plan. The agency intends to open communications for conversations about the tools needed to accomplish the goals and expectations. Metro council has invested in the infrastructure of the regional area. They have explored new tools such as land swap. He said that Metro's commitment to the region to bring in the needed housing and new jobs represents the goals of the current Council.

Can you talk about some engagement mechanisms you are using with the public and the partners? How are those mechanisms driving the next phase?

President Peterson said there has been an outreach to the cities asking if they can look at growth for the Urban Growth expansion. The response from most cities has been that they don't have the staff to plan for expansion. If they did expand, they can't afford to provide more police/fire as things grow. The cities do not have land readiness. This would be the first thing. She said they are working with the cities to address these issues.

For the first time, they will have a steering committee to be part of the process as Metro approaches the UGB review to be more transparent, which is a new approach.

Commissioner Norton asked the following questions:

Let's talk about the latest on the Expo Center - news reports have listed possible redevelopment opportunities ranging from a multi-use sports facility, museum, industrial buildings, and a reuse collective. The preferred alternative is reported to be the multi-use sports facility. Can you tell us more about the redevelopment at the Expo Center? What do you hope to accomplish at the site? How will your proposal honor the region's history and people?

President Peterson said Metro Council and the MERC Commission are unanimously supporting two overarching recommendations for the Expo's future use as proposed by Metro's Chief Operating Officer. They are:

- Objective 1: Metro will recognize Expo Center's Hall A as a site of national historic significance and meaningfully memorialize the site's history of forced displacement during World War II and the Vanport Floods, as well as the site's pre-colonial history and importance to Indigenous Peoples.

- Objective 2: Leveraging Oregon's status as an international powerhouse in the sports and outdoor industry, Metro will pivot Expo's future redevelopment as a community-centric destination venue that prioritizes amateur, professional, and recreational sports.

As part of the Expo Future Project Phase 2, Metro will conduct due diligence and community engagement, resulting in a proposed redevelopment plan that meets both objectives' outcomes and ensures the site's long-term financial sustainability. Metro will work with the communities most impacted by the site to co-create a community engagement plan to understand the community's desires for the site and develop a vision and funding plan for the meaningful memorialization of the site's history.

Concurrently, Metro will seek an independent market and feasibility study to examine how Expo can best pivot its operations toward a sports facility as a primary market, with other uses such as consumer, live entertainment, and community events as secondary and tertiary markets.

Commissioner Ofsink asked this follow-up question:

Is there a timeline for a decision?

Mr. Paul Slyman said they will soon be issuing a request for proposals (RFP) to study the feasibility of the concepts shared by President Peterson. Studies are being implemented to see what is best for this area. This is expected to be completed in late 2023 or early 2024. This decision-making phase is slated for completion by the fall of 2024. This phase does not build anything. It is the concept development portion of the project, mid-week anchor tenants, and opportunities.

Commissioner Wubbold asked the following questions:

In last year's budget, Metro received a one-time \$10 million grant from the State to help with the County and the Regional Illegal Dumping (RID) program. This budget includes a \$2.5 million carry forward from the original grant to complete planned work. Was the program successful? What is the current status of illegal dumping?

Councilor Gerritt Rosenthal responded by saying Metro has partnered with local governments, community organizations, and businesses to successfully clean up garbage, litter, and graffiti across the region with \$10 million from the State of Oregon.

Approximately 75% of the funding is allocated towards downstream efforts focused on removing litter, dumpsites, and other hard to dispose of materials. The three primary allocation categories include:

- 1) Expansion of cleanup crews along high visibility rights-of-way
- 2) Investments in partner-led regional cleanup and mitigation efforts
- 3) Targeted removal of essential problematic dumped items.

The remaining 25% is allocated to upstream efforts such as bulky waste collection.

The program has achieved successful outcomes addressing the priority areas. Through the state cleanup funds, local governments, community-based organizations, and Metro conducted 2,620 cleanup events, collecting 1,016 tons of waste in public spaces across the Metro region since summer 2022. This includes litter and dumpsite removal along 3,241 miles of ODOT-managed highways. In addition, 200 graffiti tags have been addressed, 58

derelict vessels safely disposed of, and 164 abandoned RVs towed. Funding also allows Metro to purchase and provide a long-term collection of up to 40 sharps collection boxes in 2023. These efforts have made a significant, visible difference in addressing litter, dumping, and graffiti impacts.

Ms. Marta McGuire added Metro has made significant progress in cleaning areas. The RID program is back to the pre-pandemic timeline for responding. She said not all the \$2.5 million funding was distributed and will be carried into FY24 to continue cleanup efforts.

How are you communicating this progress to the community?

Ms. McGuire said one way they communicate is the updates councilors present to their districts. Metro's website has a dashboard that identifies current dumpsites and the work being done to clean up these sites so the public can monitor progress in each area. This website reports the data across months and years. Neighborhood events are listed on the website to get the word out. Metro works with the media to inform the public about the cleanup events happening in various areas.

Commissioner Ofsink asked the following questions?

The budget notes the pressures facing solid waste - the region is seeing less waste generation, and that combined with solid waste tip fees capped at 8%, sees expenses exceeding revenues. We imagine this is a problem that other waste enterprises face: you want the public to produce less waste but need increased waste to meet revenue targets. What steps are you taking to bring expenses in line with revenue?

Councilor Duncan Hwang said the Waste Prevention and Environmental Services department is taking several steps to bring expenses in line with revenues. First, the department continually evaluates the alignment of resources with individual programs and regional priorities to reduce costs and reallocate resources where possible. For example, next year, Metro Paint will be developing a business plan to update its business model and develop a strategy to increase cost recovery while meeting its recycling, workforce, and community service goals. Staff will also work with Council and regional partners to set priorities for next year's budget and consider areas for further cost savings.

In terms of longer-term efforts, including the state Recycling Modernization Act, the agency is shifting responsibilities for funding and resources available for the garbage and recycling system. Specifically, under this act, producer responsibility organizations must provide funding or reimbursement to local governments or service providers for aspects of the local recycling system. Metro will be assessing opportunities for cost recovery for operations and programs.

He concluded that Metro Council adopted a higher increase for mixed solid waste this year that moves the fee closer to full-service cost to help mitigate cost increases in future years and address declining revenue and inflationary factors.

Chair Quiroz asked the following questions:

The latest Regional Transportation Plan update is underway, with a deadline of December 2023. As part of the process, Metro recently completed a community survey. What were the key takeaways from the survey results? How do you anticipate those will be reflected in the updated plan?

Councilor Gonzalez said the Regional Transportation Plan is the blueprint that guides investments for all forms of travel and is updated every five years. It is the spending plan for the collection of projects over the next 20 years. The agency has received input from community members and business and community leaders. The agency is nearing the completion of the recommendation to take to Metro Council members. They are reviewing the plan to ensure they are meeting all the goals and considering all comments from the public.

There continues to be strong public interest in the 2023 Regional Transportation Plan (RTP) update, with nearly 900 respondents to three online surveys. The results were:

- Safety is the over-riding concern
- Protect the environment by reducing greenhouse gas for the region
- Accessibility, reliability, and affordability of the transportation system

He concluded by stating he felt the process would help to move the transportation system to meet those goals.

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 Tax Supervising and Conservation Commission meeting. 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 2023-24 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 Ofsink moved to certify Metro's 2023-24 Approved Budget with no recommendations or objections as recommended by staff. Commissioner Norton seconded the motion, which passed with a unanimous vote of the commissioners.

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