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# Functional Plan Compliance Process

## *Strengthen Redesign Efforts*

March 2008

A Report by the Office of the Auditor

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**M E M O R A N D U M**

March 21, 2008

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From: Suzanne Flynn, Metro Auditor

**Re: Audit of Functional Plan Compliance Process**

The attached report covers our audit of the process used by the Planning Department to determine compliance with the Urban Growth Management Functional Plan. This audit was included in our FY07-08 Audit Schedule.

This audit was intended to assist the Department in its redesign of the compliance process. An audit had originally been suggested by the Planning Department in the budget process and the Auditor's Office added it to the audit schedule.

The Planning Department is currently in the process of redesigning its compliance process and intends to make it more performance-based. We looked at how the Department had previously organized its compliance reviews and also at how the State manages a similar process. We also surveyed planning directors in the region to determine their views on changing the process. We are recommending that the Department strengthen the redesign process by developing a plan and timelines. We also note potential barriers based upon our survey and a review of data that might be used to measure performance.

We have discussed our findings and recommendations with Andy Cotugno, Planning Director, and Chris Deffebach, Manager, Long Range Planning. A formal follow-up to this audit will be scheduled within one to two years. We would like to acknowledge and thank the management and staff in the Department who assisted us in completing this audit.

A handwritten signature in cursive script, appearing to read 'Suzanne Flynn'.



# TABLE OF CONTENTS

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Summary .....	1
Background .....	2
Scope & Methodology .....	3
Results .....	5
Metro needs a plan for how it will redesign its compliance process	5
There are barriers to approaches Metro is considering	6
Metro cannot stop doing ongoing reviews but can improve process	8
Metro’s new system should address weaknesses with old system	10
Annual reports can be improved to be more useful	10
Metro needs a way to monitor compliance	11
Recommendations .....	13
Management Response .....	17



## Summary

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Regional growth management is the primary mission of Metro. To meet this mission, Metro develops a regional long-range plan, sets policies about transportation and land use, and requires local government plans and land use regulations be consistent with its policies. Metro is currently redesigning its process to ensure local government compliance with its Urban Growth Management Functional Plan (Functional Plan). This audit was initiated at the request of the Planning Director to examine how Metro monitors compliance and to recommend how the process could be improved.

Metro wants to shift the compliance process from what some view as a burdensome bureaucratic system to one that focuses on results and collaboration. It intends to use performance standards to evaluate progress in meeting Functional Plan goals. There are currently two projects underway that might be a source of performance measures. One is an agency-wide effort to develop budget performance measures and the other is a performance-based growth management initiative. Whichever project is used to redesign the compliance system, Metro needs to develop a plan and timelines to keep the redesign on track.

We found that there are some barriers that Metro also must consider in redesigning its system. For some areas of compliance, Metro proposes to use its own data to measure performance rather than requiring the local jurisdictions to report data. To do so would require that Metro address some weakness in the data that is available. It is also considering a system where compliance is voluntary but there are incentives provided. We surveyed planning directors in local government and found that there were reservations about this type of system.

There are also actions that the Planning Department can take to improve their compliance process. We examined the Oregon Department of Land Conservation and Development process for monitoring compliance. In comparison, Metro's process is less efficient. Metro needs to develop standard procedures for its review process and a file management system. We also reviewed annual compliance reports and found that they could be better designed to communicate more effectively.

We recommend that Metro set goals, develop a timeline, decide how to communicate to stakeholders and dedicate a team responsible for redesigning the process. We also make recommendations about improving the efficiency of the process and quality of the data that might be used.

## Background

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Metro plays an important role in coordinating regional land use in order to preserve and enhance the region's quality of life. Metro's home-rule charter, approved by voters in 1992, makes regional growth management the agency's primary mission. Metro develops a long-range plan for the region and a set of policies about transportation and land use. Metro can require local governments to ensure their comprehensive plans and land use regulations are consistent with Metro's policies.

The Urban Growth Management Functional Plan (the Functional Plan) establishes how local governments must change their comprehensive plans and land use regulations, if necessary, to comply with Metro's requirements. It contains 13 titles relating to, among other things, focusing growth in centers; using land more efficiently; preserving natural areas; improving mobility and use of alternative forms of transportation; and planning new areas brought into the Urban Growth Boundary. The Functional Plan also explains how Metro will monitor and report compliance.

The Functional Plan's compliance system has three parts:

1. **Initial review:** When a title is created or changed, Metro does an initial review to ensure that local plans and regulations are consistent.
2. **Ongoing review:** Local governments are required to send notice to both Metro and the Oregon Department of Land Conservation and Development (DLCD) when they change their comprehensive plans or land use regulations. Metro and DLCD review these changes and can challenge proposals they determine are not consistent with regional and state policies.
3. **Annual review:** Metro is required to produce an annual report on the status of compliance across the region.

Metro is currently redesigning its approach to compliance. It has suspended some of its compliance requirements due to concerns about their usefulness. It plans to create a more meaningful way of evaluating progress by integrating compliance with performance measures.

## Scope and Methodology

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The objective of this audit was to examine how Metro monitors compliance and recommend how it can improve the process.

To address our objective, we:

1. Compared Metro and the State Department of Land Conservation and Development (DLCD) compliance review processes.
2. Surveyed local planning departments to assess the perceived usefulness of reviews, ways to improve the process, and factors that help or impede local compliance.
3. Compared annual compliance reports with best practices in effective reporting.
4. Monitored Metro's activities to redesign the compliance process and evaluated them using best practices for transforming business processes identified by the U.S. Government Accountability Office (GAO).

Other audit activities included interviewing Metro and DLCD staff and local planning officials, reading compliance files, analyzing data available through Metro's Data Resource Center and attending meetings related to redesigning the process. We compiled the responses received from our survey of local planning departments and provided this information in a separate report to the Director of Planning for Metro.

The scope of this audit was Metro's process for reviewing local compliance with the Urban Growth Management Functional Plan. We initiated the audit at the request of the Planning Department. This audit was included in the FY07-08 audit schedule and was conducted in accordance with generally accepted government auditing standards.



## Results

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Metro is redesigning its compliance process; however, it will not be successful if it does not have a strategy for creating the new system. It will need to have a well-defined plan, a timeline with milestones and a team to create the new system. Redesigning the system won't be easy. Metro must overcome barriers to approaches it is considering and fix basic weaknesses in the old system.

### **Metro needs a plan for how it will redesign its compliance process**

Metro faces the challenge of how to best marshal local and Metro resources to ensure land use goals are met and policies are followed. It wants to shift from what some view as a burdensome, bureaucratic compliance system to one that focuses on results and collaboration. It intends to develop and use performance standards to evaluate progress.

Metro's leadership has demonstrated a commitment to redesigning the compliance process. The Chief Operating Officer (COO) has been actively involved in presenting the idea to the Metro Council. The COO sent a letter to local governments about Metro's intent to suspend some compliance requirements and redesign the process. The letter stated that Metro will work with local governments over the next two years to integrate compliance with performance measures.

There are two projects underway at Metro that might be a source for performance measures. One is an agency-wide effort to develop measures as part of the budget. The second is a Planning Department initiative to create a performance-based growth management system. At the beginning of the audit, redesigning the compliance process was linked with the agency-wide effort. During the course of the audit, it has become more closely tied to the performance-based growth management initiative. There are indications that the timeline for developing agency-wide performance measures is slipping.

Making such a fundamental change to the compliance process will require long-term, concerted effort. Metro has yet to develop a plan for what the new system will look like and how it will get there. Lacking a timeline and milestones, Metro cannot monitor progress or ensure that the change is accomplished in a timely manner. It should determine its goals and priorities for the new system, and assign responsibility for designing the new system to appropriate staff.

The U.S. Government Accountability Office (GAO) has identified key practices for organizations seeking to transform their business processes to be more results-oriented, customer-focused and collaborative. In the following table, we compared Metro's activities to some of these practices.

EXHIBIT 1: **Comparison of the redesign to best practices.**

Key practices	Good progress	Some progress	Little or no progress	Summary of findings
Ensure top leadership drives the transformation.	✓			Metro's Chief Operating Officer (COO) is active in leading the transformation.
Establish goals, principles and priorities to guide the transformation.		✓		The COO's memo established a goal "to develop and use performance standards to evaluate progress in implementing the 2040 Growth Concept." Metro needs to further refine this goal, its principles and priorities and describe what this new system will look like.
Set implementation goals and a timeline to build momentum and show progress from day one.			✓	Changes to the compliance process are expected to take two years to complete. Metro hasn't established a timeline or milestones.
Dedicate an implementation team to manage the transformation process and involve key stakeholders and employees.			✓	A team to revise the Functional Plan compliance process has not been established. Metro does plan to do outreach with local governments.
Establish a communication strategy to create shared expectations and report related progress.			✓	Only four of eighteen local government respondents agreed with the statement that they "know when and what they need to report".

*SOURCE: Auditor's Office based on comparison to GAO's key practices for organizational transformation*

**There are barriers to approaches Metro is considering**

Redesigning the process will not be easy. We identified challenges Metro will face for two approaches it is considering:

1. Using its own data rather than data reported by localities, and;
2. Making parts of compliance voluntary, but providing incentives to jurisdictions in compliance.

Staff would like to use data collected in-house through the Data Resource Center to streamline and improve compliance. The data includes building taxlot records, building permits and state employment data. Gaps in these data and delays in getting some data make it unreliable for compliance monitoring.

We reviewed a sample of taxlot data and building permit data for 2000 through 2006 and found the following weaknesses:

- Metro does not get building permit data for seven cities: Damascus, Durham, Gladstone, Johnson City, Maywood Park, River Grove, and Wood Village. It did not begin receiving building permit data for two additional cities, King City and Ridgefield, until 2005.
- Of 111,639 building permit records, 8571, or 8% of the records, were missing geolocation data which would associate the record with a jurisdiction and location, and allow it to be mapped.

- The number of units in new multi-unit buildings, such as apartment buildings and condos, are not captured. Determining residential capacity would require estimating these units.
- Taxlot and permit data is frequently missing data that may be of interest for compliance, such as building value, square footage, and sales price.
- Metro does not receive data on demolition permits, so it does not know when housing is lost due to demolition.

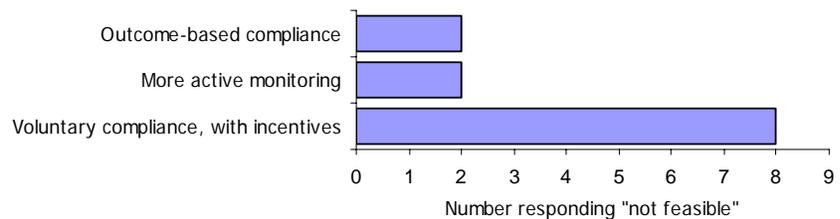
Additionally, we were told there is about a two-year lag in state employment data. Due to gaps and limitations in Metro data, local governments could easily contest compliance decisions based on this data.

Metro is considering making parts of compliance voluntary and using incentives to reward local compliance. We conducted a survey of planning directors to ask about the feasibility of three different options for transforming the compliance process. These options were:

1. Outcome-based compliance,
2. Voluntary compliance with incentives, and
3. More active compliance monitoring.

Local governments expressed reservations about a voluntary, incentive-based system. Exhibit 2 shows for each of the three options the number of respondents stating it was not feasible.

**EXHIBIT 2: Local governments' response to different compliance approaches.**



*SOURCE: Auditor's Office survey of local planning directors*

Respondents' concerns with voluntary, incentive-based compliance included:

- Jurisdictions in compliance may feel at a disadvantage to jurisdictions that are not in compliance.
- Making compliance voluntary would dilute the region's shared commitment to 2040.
- Smaller jurisdictions will be less likely to comply and less likely to receive incentives if compliance is voluntary due to smaller staff and competing demands on their time.
- If money used as incentives is intended to be used for regional priorities, it shouldn't be withheld based on a city or county's Functional Plan compliance.

**Metro cannot stop doing ongoing reviews but it can significantly improve the process**

Local governments are required to send in notice of proposed comprehensive plan changes and new land use regulations to both Metro and the Oregon Department of Land Conservation and Development (DLCD). Metro and DLCD review these proposals to ensure they are consistent with state and regional goals and policies. Metro believes that these reviews are not duplicative because they review against different requirements. If Metro disagrees with a proposal, it must take action within certain deadlines or the proposal will become final if approved by the local government. Metro must continue to review local proposals; otherwise, it risks not having standing to contest undesirable land use actions.

Metro and DLCD organize their reviews very differently. DLCD's process is structured. DLCD has written procedures, maintains files for every proposal it receives, and uses a database to track proposals. It also has a dedicated coordinator to manage the review process. In 2006, DLCD received 901 proposals from local governments. Exhibit 3 provides an overview of the DLCD process.

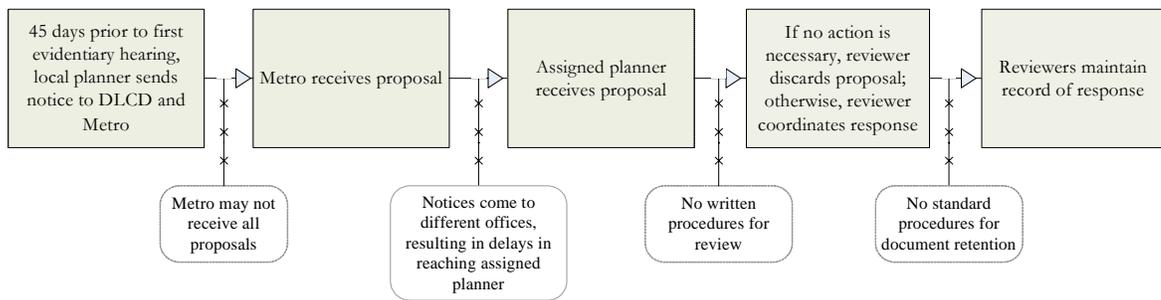
**EXHIBIT 3: DLCD's review process**



SOURCE: Auditor's Office based on interviews with DLCD staff

Metro's process does not have the same structure, and this can lead to inefficiencies. While staff have developed checklists to guide reviews for some titles of the Functional Plan, there are no written procedures for how proposals sent to Metro are managed. Proposals are received by different offices within Metro, which can result in delays to reviews of over two weeks. Metro does not keep records consistently and there is no easy way of knowing if Metro has commented on a land use proposal. Local planning offices are not aware if Metro receives or reviews their proposals, as there is no acknowledgement process. Exhibit 4 highlights some of the challenges with Metro's process.

**EXHIBIT 4: Metro's review process**



*SOURCE: Auditor's Office based on interviews with Planning Department staff*

Not all local governments are aware that they must submit notices of proposed changes to Metro. Of the 18 planning offices responding to the survey, 15 were aware that they must notify Metro, compared to 17 that knew to notify DLCD. Therefore, Metro may not be receiving all the required documents. Based on a review of 20 weeks of notices sent to DLCD, we concluded that Metro should receive about 260 proposals a year, or about one proposal every work day.

Metro can save resources, while improving its review process, by building on DLCD's activities. DLCD scans all documents received so that they can be sent to reviewers electronically. There are two DLCD regional representatives who review proposals for the Metro region. Metro could request to be copied on proposals emailed to these regional representatives, eliminating the need for local governments to send proposals to Metro and reducing the burden on Metro of processing these proposals.

DLCD prepares a cover sheet for each proposal emailed to a reviewer. This cover sheet includes a summary of the proposal, a list of state goals impacted, a unique tracking number, the date of the local hearing and a deadline for staff to respond. Not only could this information speed Metro's review, Metro could use DLCD's deadline as a basis for setting their own response deadline and DLCD's tracking number to keep track of proposals. Metro can also use DLCD's procedures as a guide in developing their own.

**Metro's system should address weaknesses with old system**

*Policies and procedures.* Metro lacks written policies and procedures for how it conducts its reviews. Without a standard way of determining if local actions are appropriate, it risks having inconsistent reviews and missing important deadlines. It also makes it difficult for staff and local government to understand how compliance is determined and what their role is.

*File management system.* Metro does not have a standard way of managing its compliance files. This increases the likelihood that documents will be lost, unneeded documents retained, and unnecessary staff time spent locating documents. Metro discards most of the notices it receives. Those it does keep are stored in different locations. Some planners keep files at their desk, others are put in a correspondence file, in the central filing area or on the hard drive.

A good file management system allows users to store and find records quickly. Metro's Records Retention Schedule outlines requirements for how long and which documents should be kept. Creating written procedures for file management is a useful tool for ensuring the system is understood and followed. While the department may choose to have a centralized or decentralized filing system, one individual should be assigned responsibility for ensuring the proper care and management of records.

**Annual reports can be improved**

We reviewed the three annual compliance reports Metro published for 2002-2004 and an unfinished 2005 report to identify areas for improvement. We found that the reports grew longer over the three years Metro produced them. The 2002 report was 35 pages and had 6 tables. This increased to 80 pages and 58 tables in 2003, and 109 pages and 59 tables in 2004. Reports did not have tables of contents, summary information was often located in the middle of reports, and data tables were not formatted consistently, alternating from portrait to landscape orientation and organized variously by city/county, title, title element and project.

Each annual report is required to include an evaluation of the Functional Plan's effectiveness in achieving the 2040 Growth Concept; however, we found this evaluation to be limited. The text for the section on Functional Plan effectiveness is the same in the 2002 and 2003 reports. An unfinished 2005 report shows improvement and includes some pertinent performance data.

Should Metro move to a different approach to monitoring compliance, it will presumably continue to produce an annual report. A 2006 audit by this office identified several best practices in reporting and presenting data:

- Keep reports short, focusing on critical aspects of performance.
- Structure the report in an executive summary format and provide further levels of detail in layers, or even supplementary reports.
- Ensure the relationship between data and its intended purpose is clear.
- Use well-designed charts and graphs to summarize large datasets and complex relationships. Limit the number of charts and graphs.
- Use consistent layouts for similar data relating to multiple locations or periods.

**Metro will need a way to monitor compliance and will need to change its Code to reflect its new compliance system**

Metro is not performing all of the compliance activities required by the Functional Plan. It has not produced an annual compliance report or a biennial performance report since 2004 and has suspended some of its other compliance activities. In addition, Metro may not be meeting state requirements. While not explicitly stated, Oregon state statutes do require that Metro enforce its land use regulations and have a way of ensuring that local governments are complying with the Functional Plan.

The Oregon Land Conservation and Development Commission has accepted the compliance process outlined in the Functional Plan as the way Metro will enforce its land use regulations. Once Metro develops its new approach, it should revise Metro Code 3.07, which will also change the Functional Plan, and submit the changes to the state for review.



## **Recommendations**



## Recommendations

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1. **In redesigning its compliance system, Metro should:**
  - a. Dedicate a team to be responsible for managing the redesign.
  - b. Develop a timeline with milestones in order to measure progress and identify obstacles.
  - c. Clarify goals, principles and priorities.
  - d. Develop an approach for how Metro will communicate with stakeholders about the new process.
  
2. **If Metro will use data from its Data Resource Center as a basis for evaluating local compliance, Metro should:**
  - a. Address gaps in permit and tax lot data and missing permit data for some communities in Metro.
  - b. Monitor the quality of data, and
  - c. Establish a way to collect and report data regularly for compliance.
  
3. **Metro should improve the efficiency of ongoing reviews by coordinating with DLCD to receive local proposals electronically.**
  
4. **Metro should have written procedures to guide how notices of local plan changes and land use regulations are managed.**
  
5. **Metro should create a file management system for its compliance documents that:**
  - a. Follows the schedule listed in Metro's Records Retention Schedule for Functional Plan records.
  - b. Has written instructions for the organization of files and records to promote consistency.
  - c. Assigns a lead records coordinator to develop and supervise compliance files.

6. **Metro should make reports more useful by:**
  - a. Providing a table of contents.
  - b. Starting with a summary overview.
  - c. Keeping reports short and concise.
  - d. Including a substantive evaluation of the effectiveness of the Functional Plan in achieving the 2040 Growth Concept.
  - e. Using a consistent layout and organization in presenting information.
  
7. **Once Metro redesigns its Functional Plan compliance process, it should revise the Metro Code and submit the changes to DLCDC for review.**

## **Management Response**

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March 20, 2008

**To:** Suzanne Flynn, Metro Auditor  
**From:** Andy Cotugno, Director, Metro Planning Department  
**Subject:** **Functional Plan Compliance Process Audit – Management Response**

The Auditor's review of Metro's compliance process makes several accurate observations and helpful suggestions. More significantly, the report recommends that staff develop a work program to redesign the functional plan compliance system. In this response, the Planning Department reviews the history of the compliance system and identifies the steps involved in a redesign. It is our hope that this will give Council information necessary to discuss the options and make appropriate direction to staff. This response should make clear that a redesign would require a level of commitment from the Council, staff and local partners.

Following the short history and steps involved in a redesign, the Planning Department response addresses the individual recommendations.

#### Functional Plan Compliance – A short history

“The purpose of the Urban Growth Management Functional Plan is to implement the regional goals and objectives adopted by the Metro Council as the Regional Urban Growth Goals and Objectives (RUGGO), including the Metro 2040 Growth Concept and the Regional Framework Plan” (UGMFP section 3.07.010). Cities and counties are required to implement the comprehensive plan changes and related actions required by the functional plan, as required by the Metro Charter.

The compliance report itself has a role (1) to provide a legal basis to cities and counties to assert that they comply with the functional plan requirements (upon which they can rely in court to defend their decisions, and to show citizens who contend that they do not comply); and (2) provide the Council with feedback about the effectiveness of Functional Plan requirements.

The compliance report is not intended to be the document that describes the region's performance in achieving the goals and objectives. This is the role for the performance measure report.

The Functional Plan includes two types of requirements:

- Requirements for local comprehensive plan changes, and
- Requirements intended to help the region monitor progress in meeting the goals and objectives adopted for the region.

Most of the changes required in local comprehensive plans have been completed. Following the adoption of the 2040 Growth Concept in 1995, Metro staff provided assistance to local governments

in the successful changes to local comprehensive plans to provide a level of consistency and support in such areas as: lot size, minimum density, parking standards, street connectivity, accessory dwelling units, water quality standards, and designations of centers, corridors, employment and industrial areas.

The exception to this compliance status is the relatively new requirements adopted by the Council in the last few years for completion of concept planning, regionally significant industrial areas, and for nature in neighborhoods. Staff is continuing to assist local governments in meeting these requirements. The Metro Council, through the adoption of the construction excise tax, has demonstrated additional support for the concept planning.

A major shift in implementing the goals and objectives through the Functional Plan came with a successful lawsuit against Metro's affordable housing requirements. Through the required mediation, Metro adopted a set of requirements for voluntary actions, including the requirement that cities adopt a voluntary goal for affordable housing production and a requirement that local governments "consider" a variety of strategies to support production of affordable housing and report to Metro on their progress. Though later revised, these requirements focused on local jurisdiction consideration of plan amendments and staff review of outputs and not on performance. The latest functional plan changes shifted the tone by requiring Metro staff to work with local governments and other partners to produce estimates of the actual affordable housing stock and to revise estimates of affordable housing need.

The Functional Plan includes other requirements intended to help the region monitor progress in meeting the goals and objectives adopted for the region. Experience has shown that some of these are cumbersome to collect and ineffective in measuring performance. These include requirements that cities send Metro notices of zoning changes to demonstrate that they have not fallen below their required minimum population and employment targets, that cities submit progress reports on their centers implementation strategies and submit reports on supply of affordable housing.

In addition, not all local governments in the region have the time or staff resources to devote to completing compliance forms and submitting information to Metro consistently.

### The New Paradigm

In recent years, Metro Council has expressed the intent to shift focus from regulation and process to efforts focused on results and to shift from monitoring local compliance to supporting our cities with incentives, tools and expertise needed to create vibrant communities. Part of the objective of the New Look (now Making the Greatest Place) was to identify how to support this shift.

Staff priority has been to support activities that "inspire, engage, teach, and invite" local jurisdictions to act in ways that support the adopted regional goals and objectives. Examples include efforts to identify policies that, if changed, could support redevelopment and to devote staff to promoting those changes in parking, system development charges, design and code barriers and others.

### Redesign of the Functional Compliance Plan

Completing the shift to this new paradigm will involve redesigning the approach to local jurisdiction compliance as set out in the Functional Plan. The purpose of this redesign would be to clarify local jurisdiction responsibilities in reporting, to focus reporting on data that helps the region monitor progress and to revise some of the titles to match current needs, if a regulatory approach is still useful, and to eliminate the titles if not. This redesign would require a significant level of commitment from the council, local governments and other partners.

In a letter to local jurisdictions in November of 2007, the Chief Operating Officer suspended the progress reporting that staff considered not especially helpful to implement the regional goals and objectives or monitor performance. Suspensions included: annual dwelling unit and job capacity report, biennial report on actual experience of new residential density per net developed acre; annual report on number and location of new parking spaces; report on centers strategy; biennial progress report on centers; and the affordable housing supply report. Local governments must continue to submit proposed zone changes to Metro for review and use in determining that capacity does not drop below the in Title 1 targets. The letter confirmed the continuation of requirements for compliance for industrial and employment areas, concept planning and nature in neighborhoods.

The letter called for development of better integration of compliance process with performance standards.

### Proposed Approach to Redesigning the Functional Compliance Plan

As the Auditor notes, “Making such a fundamental change to the compliance process will require long-term, concerted effort. Metro has yet to develop a plan for what the new system will look like and how it will get there.” (Auditor report p. 9) Staff agrees with the Auditor’s comments. Staff has not identified a schedule to resolve the status of this suspension and revise the functional compliance plan to align it with the new paradigm.

The new approach, illustrated on Figure A, shows a system that would rely on a combination of comprehensive plan requirements and a compliance report that tallies progress on adopting these requirements. Replacing multiple monitoring requirements, the new approach emphasizes technical assistance, targeted investments, and other support to implement the regional vision. This is coupled with measures of performance that monitors progress in achieving that regional vision and provides information needed to make additional policy changes.

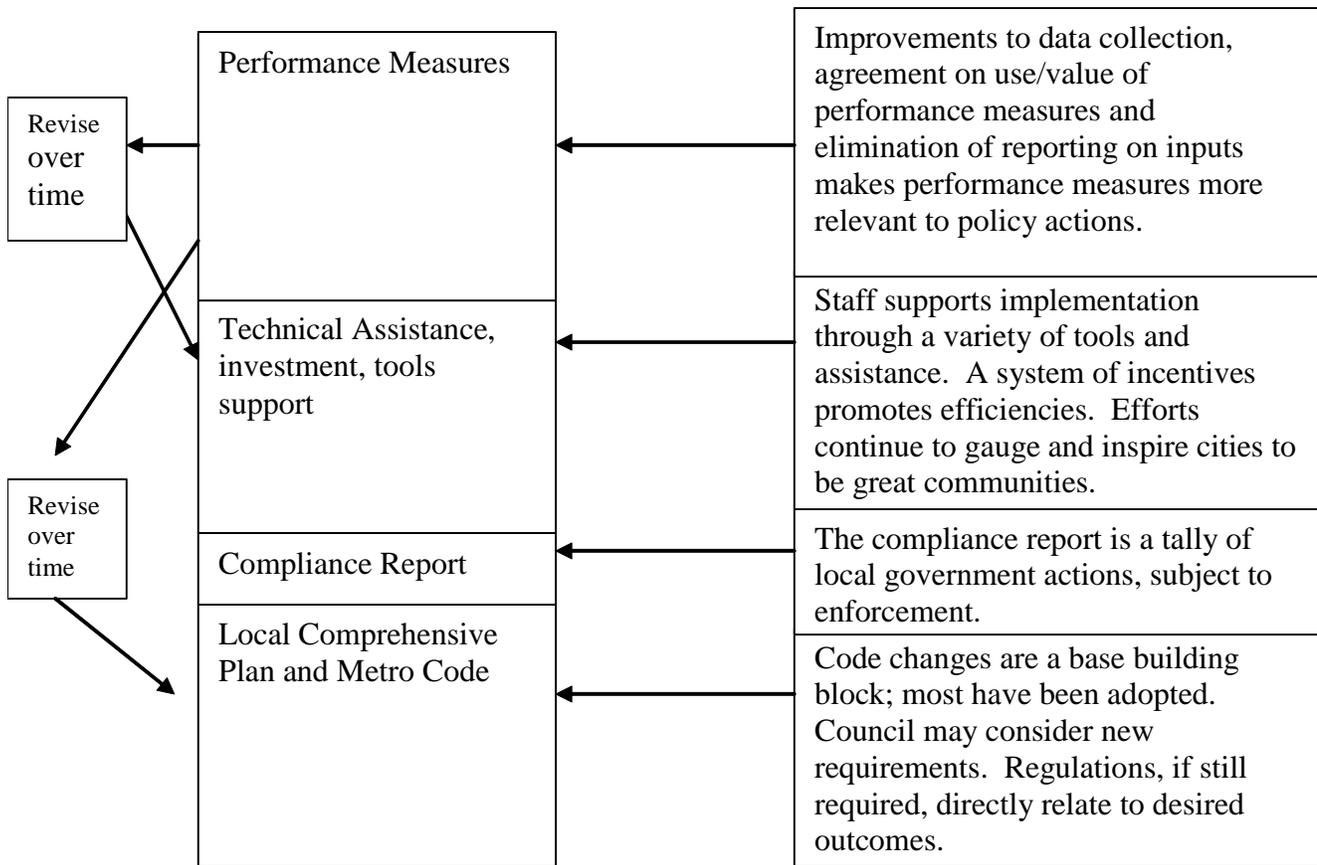
A key in the redesign is to determine the value or not of a regulatory approach and determine the best way to obtain data for monitoring performance.

As the New Look, now called Making the Greatest Place, has progressed, many of the issues involved in this redesign have begun to be raised in the discussion of the Performance Based Growth Management concept. Being more explicit about how the changes implied with the performance based approach could affect functional plan compliance will be needed. The “Road Map” calls for initiating modifications to plans and policies to implement recommendations from the Making the Greatest Place beginning in late 2008.

### Conclusion

The auditor’s report on compliance presents an opportunity to clarify the nature of Metro’s functional plan requirements and the need to update them to align with the emphasis of the agency on ‘inspire, engage, teach, and invite’ as well as report on the progress of the region in implementing the 2040 Growth Concept. Some of the recommendations call for increased efficiencies and staff appreciates and will move forward with implementation. Staff also looks forward to implementing the recommendations on redesigning the compliance process. This will require a greater level of discussion at Council and with local jurisdictions about the role of the functional plan in implementing the 2040 Growth Concept. This is a significant topic that will require the need for an open discussion among multiple stakeholders.

**Figure A**  
**Redesigned Compliance System simplifies reporting requirements and emphasizes performance measures**



## **Response to Recommendations in the Auditor's Report**

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The following summarizes the Planning Department's response to the seven separate recommendations in the Auditor's Report:

### **Recommendation 1: In redesigning its compliance system, Metro should:**

- a. Dedicate a team to be responsible for managing the redesign.
- b. Develop a timeline with milestones in order to measure progress and identify obstacles.
- c. Clarify goals, principles and priorities.
- d. Develop an approach for how Metro will communicate with stakeholders about unrolling the new process.

**Response:** Staff can clarify the schedule, team, and approach for redesigning the compliance system and bring this to Council for consideration.

The current process to revise the compliance system is included in the Making the Greatest Place Initiative as part of each of the tracks. The "road map" does not highlight revision to the compliance system as a specific task. It is implied in the reference to updating plans and policies in the Focus Investment Track and identifying performance indicators as part of the Performance Based Growth Management Track.

Our approach has been to identify the new tools, plans, and policies needed to support the region's outcomes and then figure out the best way to implement them, including the need to revise the Functional Plan. Efforts to revise the Functional Plan will likely take staff and council resources and extend into the 2010 time and beyond. Developing such a plan will require greater level of discussion of the Functional Plan and its role in an agency that now has an emphasis on "inspire, engage, teach and invite" than we have had to date. Redesigning the Functional Plan is a much bigger task that redesigning the look of the compliance report and the process for evaluating compliance of local actions with the existing Functional Plan.

### **Recommendation 2: If Metro will use data from its Data Resource Center as a basis for evaluating local compliance, Metro must:**

- a. Address gaps in permit and tax lot data and missing permit data for some communities in Metro;
- b. Monitor the quality of data; and
- c. Establish a way to collect and report data regularly for compliance.

**Staff response:** Agreed.

The shift to an emphasis on performance measures instead of monitoring compliance will require additional data collection. Through the Performance Based Growth Management and Agency Wide Performance Measure work, staff is identifying data needs to better reflect regional performance. The Planning Department recognizes that gaps in the data exist that make reporting on performance difficult and are evaluating options to improve data.

**Recommendation 3: Metro should improve the efficiency of ongoing reviews by coordinating with DLCD to receive local proposals electronically**

**Response:** This recommendation has potential that staff will explore.

The benefit of using DLCD records is that we would receive the local comprehensive plan changes electronically, convenient for filing, with due dates already established. Another benefit is that the process may increase our coordination with DLCD, leading to potentially greater efficiencies in coordinating comments.

The disadvantage is that the using the DLCD process would result in a delay of approximately 5 days in our receiving the notice. Many of the items that Metro requires of local jurisdictions are not subject to review by DLCD. Thus, it wouldn't replace staff need to review a variety of other notices, such as zone changes for compliance with Title 1 targets and local zoning changes in industrial areas for the Title 4 map.

**Recommendation 4: Metro should have written procedures to guide how notices of local plan changes and land use regulations are managed.**

**Response:** Staff can complete the written procedures to cover all functional plan requirements.

Staff has written procedures for the review of some but not all of the requirements

**Recommendation 5: Metro should create a file management system for its compliance documents that:**

- a. Follows the schedule listed in Metro's Records Retention Schedule for Functional Plan records.
- b. Has written instructions for the organization of files and records to promote consistency.
- c. Assigns a lead records coordinator to develop and supervise compliance files.

**Response:** The Planning Department will designate a lead records coordinator.

Our current records retention schedule includes maintenance of only those plans/actions for which Metro drafted a response, not for all of the ones we review and have no response. Expanding the records system to include all local actions would be burdensome.

Written instructions for the organization of files and records, beyond that listed for the records retention would be helpful and staff can do this. A more efficient way to receive information from local jurisdictions and more clarity on how Metro uses this information, as determined through the redesign of the compliance system, would be helpful to know how to structure the files.

**Recommendation 6: Metro should make reports more useful by:**

- a. Providing a table of contents so readers can find information easily.
- b. Starting with a summary overview
- c. Keeping reports short and concise.
- d. Including a substantive evaluation of the effectiveness of the Functional Plan in achieving the 2040 Growth Concept so that the relationship between compliance and the region's vision is clear.
- e. Using a consistent layout and organization in presenting information so that data can be found easily on the page.

**Response:** Staff agrees that this is the ultimate goal.

Metro code requires the compliance report to be presented and hold a public hearing to document progress that jurisdictions have made in implementing functional plan requirements. The current requirements for what needs to be reported in the compliance report focuses on outputs, not about performance of the region. As currently structured the compliance report is not the place to present this information, which is part of the need for the redesign.

**Recommendation 7: Once Metro redesigns its Functional Plan compliance process, it should revise the Metro Code and submit the changes to DLCD for review.**

**Response:** Agreed. The key is to be explicit about the redesign of the compliance system and to incorporate them into the code.



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