

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING ) ORDINANCE NO 00-841  
A METRO FISCAL POLICY RELATING )  
TO COST IMPACTS OF GROWTH ) Introduced by Councilor Atherton

WHEREAS, growth can create significant fiscal impacts on the citizens and governments of the region; and

WHEREAS, many Metro area residents have expressed their desire that Metro should try to slow the pace of population growth; and

WHEREAS, inequity can occur when broad-based taxes paid by all residents of the region are used to fund facilities and services that primarily benefit new development; and

WHEREAS, subsidy of new development can distort the balance of supply and demand and cause overproduction or overbuilding; and

WHEREAS, providing a free market without government subsidies that mask the true costs of population growth can help to establish a carrying capacity process for the region as called for in the Metro Charter; and

WHEREAS, effective decision-making through the democratic process requires that citizens be informed about the costs-of-growth decisions that affect them in significant ways; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the following Chapter, "Growth Management Fiscal Policy" is hereby added to the Metro Code:

**Section 010: Purpose and Intent.**

This chapter is intended to enhance control of the fiscal impacts of growth and to substantially remove uncertainty regarding how public sector economic costs of population

growth will be paid. Furthermore, it is the purpose of this chapter to promote effective decision-making through the democratic process by ensuring that the public is informed about cost-of-growth issues that affect them in significant ways.

This chapter establishes a growth-neutral fiscal policy to guide Metro's use of regional funds for paying costs of accommodating increased population in the region and accomplishes this purpose by specifying the nature and extent of spending and taxing choices Metro may make that relate to the fiscal impacts of growth. The growth-neutral policy will have the effect of moderating growth by reducing the level of specified public subsidies.

### **Section 020: Definitions**

Capital Costs: Capital costs are the costs for the structures, land, equipment, planning, design, engineering, and financing of a regional facility or to increase the capacity of a regional facility.

Growth-Neutral Policy: Growth-neutral policy is the fiscal policy adopted by this chapter.

Growth-Related Expenditures: Growth-related expenditures are those expenditures of regional funds used to pay the capital costs of regional facilities designed to accommodate an increase in population in the region and include the following:

a) Expenditures to pay the capital costs associated with creating or increasing the capacity of a regional facility or regional service if the capital costs are not reimbursed through system development charges, local improvement district assessments or fees, or other user or impact fees that are not regional funds. Where regional facilities and regional services are expanded or improved, only the portion of the expansion or improvement that increases capacity designed to accommodate growth in population shall be used to calculate the amount of a growth-related

expenditure. Growth-related expenditures do not include expenditures to maintain, operate, or improve the level of service or quality of a regional public facility or service.

b) Expenditures to provide grants to local jurisdictions to prepare local plans or conduct local planning activities, or use Metro facilities or staff to do local plans or planning activities without full reimbursement to Metro for the costs of this service.

c) Expenditures or the allocation, programming, or reservation of federal or state revenues or grants, including transportation tax revenues, to pay the capital costs of facilities designed to accommodate actual or forecast increases in population in the region.

d) Expenditures for advertising, tax abatements, or grants designed to promote migration to the region or provide subsidies to private or government entities to locate or conduct operations in the region.

Local Planning Activities: Local planning activities are planning activities designed to prepare or amend a Comprehensive Plan as required by ORS Chapters 195 and 197, to annex land by a local jurisdiction, or to carry out requirements of any Metro Regional Functional Plan.

Region: The region is the Metro jurisdictional area.

Regional Funds: Regional funds are all broad-based taxes, levies, and fees collected in the region by Metro; sale or rental of any Metro facility at below market value; or any state or federal funds under the control, direction, programming, or allocation authority of Metro. Regional funds do not include system development charges (SDCs), construction excise taxes, assessments and fees related to any Metro local improvement district (LID), or any Metro development impact fee.

Regional Facilities: Regional facilities are the Oregon Convention Center; the Metropolitan Exposition Center; the Oregon Zoo; those facilities managed or owned by Metro to provide for solid waste management; transportation facilities identified as regional facilities in

the Regional Transportation Plan, but not facilities developed in a Transportation Oriented Development (TOD) program; and parks, green spaces, cemeteries, and pathways owned or managed by Metro.

Regional Planning Activities: Regional planning activities are those planning activities called for in Section 5 of the Metro Charter and designed to: a) establish a regional facility; b) manage the urban growth boundary; c) evaluate the impacts of local government actions or decisions, especially the cumulative impacts of local government actions or decisions on air quality; water quality; flood protection and prevention, or the ability to mitigate or prevent other hazardous conditions; agricultural and open space lands, natural and wildlife areas or pathways that are regional facilities; or regional transportation facilities as identified in the Regional Transportation Plan; d) other planning activities to protect individual communities in the region from development actions or land use decisions by neighboring jurisdictions in the region or outside the region.

### **Section 030: Adoption of a Growth-Neutral Policy**

A Growth-Neutral Policy shall be in effect on the effective date of this ordinance and Metro shall not use regional funds to pay for growth-related expenditures as defined and governed by this chapter. Furthermore, during the time when a Growth-Neutral Policy is adopted and in effect, Metro shall not adopt any standards of quality or service level for regional facilities below the standards of quality or service level existing at the time of the election.

### **Section 040: Payment for Regional Planning Activities**

The regional planning function required by Section 5 of the Metro Charter is Metro's primary fiscal responsibility and Metro shall ensure that adequate funds are available for this function. Regional planning activities do not include planning activities that local jurisdictions normally undertake to prepare comprehensive plans used to grant permits for development,

construction, annexations, changes in areas or levels of municipal service, or to prepare plans or assessments for any application to move the urban growth boundary.

**Section 050: Enforcement:** Plaintiffs who prevail in actions to compel Metro to comply with this chapter are entitled to reasonable attorney fees and Metro may establish and maintain a special fund for this purpose.

**Section 060: Growth Cost Accounting and Reporting**

Metro will identify and report growth-related expenditures in a manner that allows these expenditures to be readily distinguished by a layperson from non-growth-related expenditures in all annual budgets and budget forecasts. The accounting and reporting of growth-related expenditures shall be based on costs necessary to maintain standards of service or quality of regional facilities at or above the standards existing at the time of the election held pursuant to this chapter.

**Section 070: Urban Growth Report**

During the time that a Growth-Neutral Policy is adopted and in effect, any forecast of growth used by Metro to comply with ORS chapter 197 shall factor into the Urban Growth Report the impact of removing subsidies to growth covered by this chapter.

**Section 080: Severability**

The provisions of this ordinance are separate and severable. The invalidity of any clause, sentence, paragraph, section, subsection, or portion of this ordinance or the invalidity of the application thereof to any city, county, person or circumstance shall not affect the validity of the remaining provisions of this ordinance or its application to other cities, counties, persons or circumstances.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_ 2000.

WITHDRAWN

\_\_\_\_\_  
David Bragdon, Presiding Officer

ATTEST:

Approved as to Form:

\_\_\_\_\_  
Recording Secretary

\_\_\_\_\_  
Daniel B. Cooper, General Counsel

## STAFF REPORT

### CONSIDERATION OF ORDINANCE NO. 00-841, FOR THE PURPOSE OF ESTABLISHING A METRO FISCAL POLICY RELATING TO COSTS IMPACTS OF GROWTH.

Date: January 18, 2000

Prepared by: Michael Morrissey

**Proposed Action:** Ordinance No. 00-841 amends Metro code, adding a new chapter titled "Growth Management Fiscal Policy." Ordinance 00-841 establishes a growth-neutral fiscal policy for Metro, the outcome of which will impact the expenditure of certain identified Metro funds, and the established standards of level of service for Metro facilities, such as transportation.

**Factual Background and Analysis:** The 1992 Metro charter defines in its preamble (the establishment of) a regional government that "...undertakes, as its most important service, planning and policy making to preserve and enhance the quality of life and the environment for ourselves and future generations..." The charter also states in Section 4 that that Metro has jurisdiction over matters of metropolitan concern. The amount, location and effects of growth in the metropolitan region are anticipated in the Metro Charter.

State law and Metro code require periodic review of the Metro urban growth boundary's ability to accommodate future growth for a 20 year period. In 1996 Metro added about 18,500 acres of urban reserves, and is currently concluding a legislative process to modify the urban growth boundary, in furtherance of meeting these requirements.

Metro is also required to periodically issue a forecast of projected growth for the region. For example, for the period 1998-2017, the four county population of Clackamas, Clark, Multnomah and Washington is anticipated to grow by about 520,000 people. Based on a capture rate of about 70% the share of that increase that is expected to be contained in Metro's jurisdictional boundaries will be about 364,000. About 1/3 of this growth is due to natural increase of people already in the region. i.e. births/deaths. The rest is due to an estimated net in-migration. Regional growth increase is calculated to be about 1.5% per year for the '1998-'2017 time period; double the national average.

However, these calculations are predicated on certain assumptions that individuals and organizations make concerning, among other things, how urban services and facilities will be paid for, e.g. transportation facilities, schools, public safety or utilities. Ordinance 00-841 reassesses the process for calculating regional growth, if a growth neutral approach is taken, by for example, factoring into Metro's population and employment forecasts the effects of this ordinance.

Ordinance 00-841 is predicated on the carrying capacity for the Metro region being established through a process involving choices made by individuals and communities. The choices involve understanding the costs of development and determining how those costs should be allocated, protecting standards of liveability, and registering the desires of individuals and communities. Currently, the information needed to make those choices may be hidden from public scrutiny, and even from clear policy directive.

This policy impacts the expenditure of Metro's "regional funds" for identified "growth related expenditures" such as those associated with (non-reimbursed) capital costs for facilities, assistance for local planning and activities designed to produce immigration of jobs and population. Regional funds would not be allowed to be paid for growth-related expenditures, as defined. However, Metro's charter mandated regional planning activities shall continue to receive "adequate funds" (section 5).

As a practical matter, the net effect of precluding the expenditure of federal or regional funds for defined capital costs could largely be expected to relate to transportation facilities, to the extent that they are expected to accommodate growth. This type of expenditure is most likely to be associated with Metro's MTIP process and Regional Transportation Plan.

Metro assistance to local jurisdictions for local planning, through grants or direct Metro staff assistance is also called out. Limiting these expenditures will impact both the Growth Management and Transportation departments. For example Transportation Growth Management (TGM) grant coordination, functional plan compliance assistance and urban reserve planning, could be impacted.

In addition, a growth-neutral policy would disallow the adoption by Metro of any lesser standards of quality, or service level existing at the time of the election. For example, this could be applied to level of service standards adopted in a regional transportation plan, or parks standards, which are currently under development.

### **Budget Impact**

The fiscal and budgetary impact of the limitations directed by a neutral-growth policy are unclear at this time. Further dialogue with the Transportation and Growth Management departments will help clarify this issue. Expenditures from Parks and other departments could also be affected.